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FEATURED Q&A

How Can Central America Mitigate Climate Risks?



Hurricane Eta caused deaths and destruction in Central America and Mexico this month. It brought floods and mudslides to locations including Honduras, pictured above. // Photo: Honduran Government.

Q Hurricane Eta hit Central America and Mexico in early November, causing more than 160 deaths across several countries and causing flooding, mudslides and damage to homes. To what extent are Central American nations prepared for an expected increase in natural disasters as a result of climate change in years ahead? What can governments do now in terms of strengthening infrastructure and supporting their countries' agriculture sectors to mitigate both material and economic damage wrought by hurricanes and other natural phenomena such as droughts in the future? Can multilateral institutions play a bigger role in financing such preparations, and what other funding alternatives are there?

A Mirza Castro, climate change specialist at CONGESA: "Central American countries' geographical position makes them highly vulnerable to the impacts of natural phenomena such as hurricanes, tropical storms and earthquakes, among others. However, each country has significant differences in their responses to emergencies. Honduras has a serious problem of territorial ordering and planning, especially at the level of human settlements in large cities such as Tegucigalpa and San Pedro Sula, where housing, shopping centers and other infrastructure are built in risk areas, increasing the country's vulnerability. Added to this is the high degree of environmental deterioration and the lack of political will to solve this type of structural problems. It is highly unlikely that Central American nations, and especially Honduras, will be prepared for future disasters if their central infrastructure and planning does not consider all risk factors,

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IDB Board Approves Vice Presidents

The Inter-American Development Bank approved four candidates for top positions following weeks of delays over objections raised by the governments of Mexico and Argentina.

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Colombia's Cerrejón Mine Seeks Arbitration

The leaders of Colombia's Cerrejón coal mine asked the country's Labor Ministry to convene an arbitration tribunal in an effort to end a workers' strike that has lasted more than 70 days.

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Peru's Interim President Resigns After Five Days

Peru's interim president, Manuel Merino, resigned amid violent protests after just five days in office. Congress was unable to agree on a replacement Sunday night, leaving the country without a president.

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Merino // Photo: TV Peru.

POLITICAL NEWS

Peru's Interim President Resigns After Five Days

Manuel Merino, who was sworn in as Peru's president last week after Congress ousted his predecessor, Martín Vizcarra, resigned on Sunday amid violent protests against his government, which lasted just five days, El Comercio reported. Lawmakers were unable to agree on a new president after Merino's resignation, leaving the country without one. "I want to make it known to the whole country that I irrevocably present my resignation for the office of the presidency and I call for peace and unity for all Peruvians," Merino said in his televised resignation speech, CNN reported. "My commitment is with Peru, and I will do everything in my power to guarantee a constitutional succession ... in order for Peru to move forward." Merino announced his resignation just minutes after Luis Valdez, the head of Congress, said politicians from all of the country's parties had agreed to call for Merino's resignation in order to restore order and save lives amid the deadly protests, the Financial Times reported. Merino had served as the head of Peru's Congress until last Tuesday when he was installed as president after Vizcarra's removal. Lawmakers had faulted Vizcarra over his handling of the Covid-19 pandemic, and he stands accused of taking bribes for construction contracts when he was a departmental governor. Vizcarra denies the bribery allegations and has not been charged. A Peruvian judge on Friday barred Vizcarra from leaving the country for 18 months as prosecutors investigate the allegations against him, state-run news agency Andina reported. Vizcarra's ouster led to some of Peru's largest protests in two decades. In three polls published in October, Vizcarra's approval ratings averaged 58 percent, The Economist reported. After meeting in closed-door negotiations for several hours late Sunday and into early Monday morning, congressional leaders said they were recessing without deciding on a new president, the Associated Press reported. They

added that they would reconvene later in the day. Congress could put forth a new president who could be installed on a simple majority vote, or the Supreme Court could step in, the AP reported. A network of human rights groups said that two people, a 22-year-old man and a 24-year-old man, were killed when they were shot in violent demonstrations. In addition, the rights groups said 112 people were injured.

ECONOMIC NEWS

IDB Board Approves Four Candidates for Top Positions

The Inter-American Development Bank announced on Friday that its board had approved four top candidates for leadership roles after they were proposed by the institution's new leader, Mauricio Claver-Carone. The board approved Reina Mejía, the chief executive of Citi Honduras, as executive vice president. She becomes the highest-ranking woman ever to serve the institution. The board also approved former Ecuadorean Finance Minister Richard Martínez as vice president for countries and former Paraguayan Finance Minister Benigno López as vice president for sectors and knowledge. Additionally, the board approved Gustavo De Rosa, an Argentine who currently serves as the bank's chief financial officer, as vice president for finance and administration. "Reina, Richard, Benigno and Gustavo are highly respected professionals who represent the very best of Latin America and the Caribbean," Claver-Carone said in a statement. The candidates' approval by the Inter-American Development Bank's 14-member board ended weeks of delays due to opposition by Mexico and Argentina, Reuters reported. Claver-Carone's proposal of candidates from smaller countries irritated Mexico and Argentina, the wire service reported. Earlier this month, Claver-Carone added De Rosa's appointment to those of the other three, though an Argentine government official said De Rosa was "not affiliated" with the Argentine government. "We don't believe that

NEWS BRIEFS

Hurricane Iota Takes Aim at Already-Devastated Part of Central America

Hurricane Iota became a Category 4 storm as it passed through the western Caribbean early today, heading toward the same part of Central America that was devastated by similarly dangerous Hurricane Eta less than two weeks ago, the Associated Press reported. Forecasters say Iota's maximum sustained winds had reached 155 miles per hour but were growing stronger and could potentially reach Category 5 status by the time it makes landfall. Honduras and Nicaragua have carried out evacuation plans in low-lying areas.

Bolsonaro Dealt Setbacks in Brazil's Local Elections

Brazilians went to the polls on Sunday to elect mayors and councilors in more than 5,000 cities, delivering a setback to President Jair Bolsonaro as allied candidates in key cities lost or are facing tough runoff votes, The Guardian reported. In Belo Horizonte, Brazil's third-largest city, Bolsonaro-backed mayoral candidate Bruno Engler lost to Alexandre Kalil, who won more than 63 percent of the vote. In Rio de Janeiro, evangelical mayor Marcelo Crivella will face Eduardo Paes in a second round. In São Paulo, Bolsonaro-endorsed candidate Celso Russomanno did not make it to the runoff. [Editor's note: See related [Q&A](#) in the Nov. 6 issue of the Advisor.]

Spain's Naturgy Selling Chilean Utility to China's State Grid International

Spanish power company Naturgy said last Friday it had reached a deal to sell 96 percent of its Chilean utility, Compañía General de Electricidad, to China's State Grid International Development for 2.57 billion euros, or \$3.04 billion, Reuters reported. Naturgy's earnings have taken a hit amid the Covid-19 pandemic.

cabinet represents governance for the region," the unnamed official told the wire service. Argentina and Mexico abstained from the vote to confirm the four candidates, Reuters reported. The selection of Claver-Carone, a U.S. citizen, to lead the Inter-American Development bank caused controversy as it broke an unwritten rule that the bank would always be headed by someone from Latin America or the Caribbean. [Editor's note: See related [Q&A](#) in the June 25 issue of the Advisor.]

BUSINESS NEWS

Colombia's Cerrejón Seeks Arbitration to End Workers' Strike

The leaders of Colombian coal mine Cerrejón last Friday asked the country's Labor Ministry to convene an arbitration tribunal in order to resolve a conflict with its largest workers' union, which has been on strike for more than 70 days, *El Tiempo* reported. The strike began on Aug. 31 after Cerrejón and union Sintracarbón failed to reach agreements over pay hikes, as well as health, education and living benefits for employees. The main point of contention is what the labor union calls the "shift of death," an additional work shift that Cerrejón has proposed, Reuters reported. The company argues that the new shift is necessary in order to guarantee the viability of its operations as coal prices have fallen, as has demand. However, Sintracarbón says the shift will make the workday longer, affect workers' health and lead to 1,250 job cuts, although Cerrejón says the measure would imply the loss of only 700 jobs. Cerrejón, which is equally owned by miners BHP Group, Anglo American and Glencore, said in a statement that it "trusts in that the arbitration tribunal will proceed in an agile manner so that operations can be resumed." The two sides have been engaging in meetings mediated by Colombia's Labor Ministry, the national association of entrepreneurs and the Central Union of Workers. No deal has yet been reached.

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including floods and earthquakes. Honduras currently has a government that is not interested in solving the problems of poverty, health, education and territorial planning for long-term development. In addition, there are many problems regarding the lack of skills of people in decision-making positions in the government, who are appointed by the president and who lack merit or experience. This nepotism largely breeds the government's inability to respond to disasters and damage. In this context, international cooperation and multilateral institutions play an important role in getting aid to the most vulnerable populations and supporting the implementation of development policies that consider long-term planning, including response and adaptation measures to the current and future impacts of climate change. Funding NGOs and other nonprofit organizations within countries is essential, as well as reaching out to private companies and supporting their corporate social responsibility."

A Manuel Otero, director general of the Inter-American Institute for Cooperation on Agriculture (IICA): "An even more proactive approach to integrated risk management in Central America, and especially the 'Dry Corridor,' is urgent, as this is far more effective than responding post-crisis. Some important advances have been made in the region with early warning systems and improved policies, for example, but we need to do more, and faster, to adequately address the increasing climate risk. A key step is recognition that society's development decisions are resulting in Central America's high level of vulnerability to disasters caused by natural hazards, such as hurricanes, but also increasingly intense droughts, both of which cause significant losses in agriculture and affect food security, rural livelihoods and migration patterns. Half of the 1.9 million smallholders growing basic grains in the region are in the Dry Corridor, which has lim-

ited infrastructure, services and resources. This, combined with high levels of poverty and food insecurity, increase the vulnerability of these populations and areas to climate change. We need to address these underlying risk factors to reduce the impact natural hazards have on the region. Multilateral institutions are an important ally for national governments and regional coordination mechanisms, such as the Central American Agricultural Council, not only in financing integrated risk management but also in developing institutional capacities and promoting the implementation of practices and technologies that reduce the underlying vulnerability of producers and enhance the economic, social and environmental sustainability of production systems. This requires improved climate information as well as more inclusive financing mechanisms that allow producers to make the necessary investments to reduce climate and other risks. IICA and our partners are working hard to do this in the region's coffee sector, improving management practices, capacities and diversifying farms to enhance resilience."

A Juan Carlos Sikaffy C., president of the Honduran Council of Private Enterprise: "The whole world is going through serious changes in the environment due to climate change. Central American countries are no exception, and sadly, Honduras is among the most vulnerable countries in the world when it comes to the effects of climate change. This situation makes it necessary for governments and citizens to find innovative ways to protect the country and its population from climate events that seem to be increasing with each passing year. A national plan for climate change containment should be considered and worked on. This should include solutions to floods, droughts and landslides, as well as preventing damage to roads, bridges and buildings. This can be done by investing in sustainable infrastructure, that is, using technology and materials that

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withstand nature's force. Dams are needed to contain floods during rainy seasons and to provide water for people and crops during droughts. Levees must be reinforced to contain rivers that we know now, by many years of experiences, will overrun their banks. We need to invest in agricultural technology, improving seedlings that can support extreme climate change, and prepare new mechanisms for watering crop plantations. The funding for all these initiatives should be considered in government budgets, but multilateral agencies and international development banks should also make easier and more agile mechanisms for countries such as Honduras to access green funds. We need help to control the effects of climate change, which sadly are caused by other countries that damage the environment with their industrial processes. Only then will we be able to save these areas, which happen to be the lungs of the world due to the richness of natural resources we still have."

A **René Castro, assistant director general of the Climate, Biodiversity, Land and Water department at the U.N. Food Agriculture Organization and former Costa Rican minister of environment and energy:** "Climate change dramatically affects all of Central America, but it affects some countries more than others, and within each country, it disproportionately affects Afro-descendant and Indigenous populations. Guatemala, Honduras, Belize and Nicaragua suffer directly from hurricanes on the Atlantic coast, while El Salvador, Costa Rica and Panama receive only indirect effects, protected by their geographical location. For the northern countries of Central America, the impact on their infrastructure and affected populations is cyclical, and everything indicates that the frequency and magnitude of hurricanes is increasing, as predicted by scientific models. The entire region suffers

from climate fluctuations, with more extreme dry and rainy seasons. This has affected agriculture, destroyed roads and schools, and risks the entire region turning from being an exporter of food to an importer. Hundreds of thousands of people from rural communities

“**Hundreds of thousands of people from rural communities have had to migrate due to the impact of climate change.**”

— René Castro

have had to migrate due to the impact of climate change. A region that until a few years ago exported food has now become one that exports its people. Countries traditionally receiving forced migration, such as the United States and Mexico, have adopted less-open policies, and xenophobic reactions against Central Americans are growing. Afro-descendant and Indigenous populations throughout the region are mostly settled in low-lying coastal area, and many depend on subsistence farming, fishing and hunting. Sea level rise and extreme weather events that modify river flows negatively affect coastal settlements and have impoverished and made these minority groups vulnerable. Forest fires have increased in frequency and intensity, exacerbated by climate change. This affects natural and tropical forests and wild species, on which Indigenous and Afro-descendant communities depend. Costa Rica and Panama have implemented successful forest fire control programs and suffer less than their neighbors."

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