

## BOARD OF ADVISORS

### Diego Arria

Director, Columbus Group

### Devry Boughner Vorwerk

Corporate VP, Global Corporate Affairs  
Cargill

### Joyce Chang

Global Head of Research,  
JPMorgan Chase & Co.

### W. Bowman Cutter

Former Partner,  
E.M. Warburg Pincus

### Dirk Donath

Senior Partner,  
Catterton Aimara

### Barry Featherman

Senior Director,  
International Government Affairs,  
Gilead Sciences

### Marlene Fernández

Corporate Vice President for  
Government Relations,  
Arcos Dorados

### Peter Hakim

President Emeritus,  
Inter-American Dialogue

### Donna Hrinak

President, Boeing Latin America

### Jon Huenemann

Vice President, U.S. & Int'l Affairs,  
Philip Morris International

### James R. Jones

Chairman, ManattJones  
Global Strategies

### Craig A. Kelly

Director, Americas International  
Gov't Relations, Exxon Mobil

### John Maisto

Director, U.S. Education  
Finance Group

### Nicolás Mariscal

Chairman,  
Grupo Marhnos

### Thomas F. McLarty III

Chairman,  
McLarty Associates

### Carlos Paz-Soldan

Partner,  
DTB Associates, LLP

### Beatrice Rangel

Director,  
AMLA Consulting LLC

### Gustavo Roosen

Chairman of the Board,  
Envases Venezolanos

### Andrés Rozental

President, Rozental &  
Asociados and Senior  
Policy Advisor, Chatham House

### Shelly Shetty

Head, Latin America  
Sovereign Ratings, Fitch Inc.

### Roberto Sifon-Arevalo

Managing Director, Americas  
Sovereign & Public Finance Ratings,  
Standard & Poor's

## FEATURED Q&A

# Will Peace Boost Financial Inclusion in Colombia?



Colombian President Juan Manuel Santos and FARC leader Rodrigo Londoño signed a renegotiated peace accord last November. Development has lagged in certain sectors, including financial services, in locations hard-hit by the conflict. // Photo: Colombian Government.

**Q** Banco de Bogotá recently announced plans to expand its “Route to Financial Inclusion” financial literacy program to an additional 50 municipalities in Colombia this year. The initiative is rooted in the bank’s efforts to expand coverage in areas of the country where development has lagged, particularly in rural areas ravaged by the country’s five-decade armed conflict. Now that Colombia’s peace accords have been signed, what are the chances for increased banking penetration in the country? To what extent should banks operating in Colombia invest in increasing financial literacy and adoption of financial products? What are the main obstacles that still block some Colombians from being part of the formal financial system?

**A** Wally Swain, senior vice president for emerging markets at 451 Research in Bogotá: “The long conflict has left the Colombian countryside significantly behind the curve on a number of fronts, from basic infrastructure to education to health care to banking. The only bank with significant coverage is Banco Agrario, a public institution without sufficient resources to lead a ‘banking the unbanked’ initiative. I remember a trial a few years ago led by the coffee growers’ association and Telefónica that for various reasons never got beyond a limited test. The coffee growers had very broad objectives, including improving how farmers managed their rather ‘spiky’ cash flow: they only get paid when they deliver their harvest, which in Colombia means twice a year. The biggest barrier has been the rural dwellers themselves, who would rather work with cash than a remote and perhaps

Continued on page 4

## TODAY’S NEWS

### POLITICAL

## Brazil’s Temer to Allow Corruption Investigation

The president’s lawyers withdrew an objection to the probe on corruption claims, expressing confidence that his name will be cleared.

Page 2

### ECONOMIC

## Peru Cancels \$525 Million Airport Contract

President Pedro Pablo Kuczynski’s government canceled the contract with the Kuntur Wasi consortium, which includes Argentina’s Corporación América and Peru’s Andino Investment Holding, due to financing concerns.

Page 2

### POLITICAL

## U.S. Extends Temporary Protected Status for Haitians

The Department of Homeland Security extended the program until January, but Secretary John Kelly hinted that further extensions are unlikely.

Page 2



Kelly // File Photo: U.S. Department of Homeland Security.

## POLITICAL NEWS

## Brazil's Temer to Allow Corruption Investigation

Attorneys for Brazilian President Michel Temer on Monday withdrew an objection to a Supreme Court investigation against him, saying the embattled president now will allow the probe into obstruction of justice and corruption charges. Temer's lawyers say that a secret recording that surfaced last week and appears to incriminate him has been edited 70 times, Reuters reported. "We want this investigation to be concluded as soon as possible," said one of his lawyers, Gustavo Guedes, who added that an audio expert hired by the president's team has concluded that the tape would not stand up as evidence in a court of law. "The only evidence against him, the recording, is useless," said Guedes. Meanwhile, accusations of corruption surrounding Temer continue to build steam. Federal police have issued arrest warrants for an aide close to Temer as well as two former governors of the federal district over an alleged scheme stemming from construction of the Mané Garrincha stadium in Brasilia for the World Cup, O Globo reported today. Former governors José Roberto Arruda and Agnelo Queiroz, and the former deputy governor Tadeu Filippelli, who is currently advising Temer and heads his PMDB party operation in Brasília, are accused of receiving money diverted from the project. When completed, the bill came to 1.57 billion reais (\$480 million), over twice the budgeted amount for the renovation.

## U.S. Extends Temporary Protected Status for Haitians

The administration of U.S. President Donald Trump announced Monday that it will extend Temporary Protected Status until January for Haitians living in the United States, the Associated Press and NBC News reported. At

the same time, the administration hinted that it is unlikely to extend the humanitarian program beyond that point, with Department of Homeland Security officials saying they "strongly encourage" Haitians under the designation in the United States to "resolve their affairs to include obtaining travel documentation." The administration of then-President Barack Obama granted Temporary Protected Status to Haitians fleeing the devastation of Haiti's catastrophic 2010 earthquake, which killed approximately 220,000 people and displaced some 1.5 million. The program had been extended three times before

**The administration hinted that it is unlikely to continue extending the program.**

the Trump administration extended it once more on Monday. "This six-month extension should allow Haitian TPS recipients living in the United States time to attain travel documents and make other necessary arrangements for their ultimate departure from the United States, and should also provide the Haitian government with the time it needs to prepare for the future repatriation of all current TPS recipients," Homeland Security Secretary John Kelly said in a statement. Kelly added that the move was based on a "careful review of the current conditions in Haiti and conversations with the Haitian government." He said that Haiti's economy is recovering and growing and that "96 percent of people displaced by the earthquake and living in internally displaced person camps have left those camps." However, in December, U.S. Citizenship and Immigration Services said in a report that Haiti was still beset by a cholera epidemic, poor medical care, a shaky economy, a lack of adequate food and housing, as well as security threats. U.S. Rep. Frederica Wilson (D-Fla.), whose district includes Miami's Little Haiti neighborhood, called the six-month extension a "blessing for the Haitian community." Marleine Bastien, the executive director of Haitian Women of Miami, however, said recent statements by U.S. Citizenship and Immigration

## NEWS BRIEFS

## Peru Cancels \$525 Million Contract to Build Airport

Peru's government has canceled a contract worth \$525 million to construct an airport near Cusco, citing concerns with financing, Reuters reported. The Peruvian-Argentine consortium Kuntur Wasi and then-President Ollanta Humala's government had signed the 40-year contract in 2014 to build and operate the airport in the town of Chinchero. The consortium said it regretted the decision and would consider legal action. Public contracts in Peru have faced increased scrutiny following revelations of bribery by Brazil's Odebrecht.

## Barrick Eyes Full Operations at Veladero Following Plan Approval

Officials in Argentina's San Juan province have approved a plan for improving Canadian miner Barrick's Veladero gold mine that could allow full operations to resume in early June, Reuters reported Monday. Operations at the mine were halted earlier this year following its third spill of cyanide solution in 18 months. Eduardo Machuca, the province's secretary of environmental management and mining control, told Reuters in a phone interview that tests that would enable the mine to begin operations again could be completed as soon as June 10.

## Mexico Raises Growth Estimate for This Year

Mexico's Finance Ministry said Monday that it is raising its 2017 economic growth estimate slightly, to between 1.5 percent and 2.5 percent from its previous range of 1.3 percent to 2.3 percent, Reuters reported. Also on Monday, state statistics agency INEGI said GDP showed a real increase of 0.7 percent in the first quarter as compared to the previous quarter, with seasonally adjusted data. The figure marks the highest growth rate since the third quarter of 2015, according to Goldman Sachs.

Services that conditions have improved in Haiti contradict its statements from December, when Obama was still president. "They are trying to play with words, claiming they are extending it for six months," she said. "If it's only six months, it is clear that their decision is to terminate it, which would be a disaster."

## BUSINESS NEWS

# Veolia to Build Plant in Mexico to Convert Waste to Electricity

Paris-based Veolia announced Monday it had won Mexico City's public call for tenders to build and operate the first waste-to-energy plant in Latin America. With a capacity twice that of the largest such facility in France, the unit will treat around 1.6 million metric tons of household waste a year and generate 965,000 MWh of electricity per year to power Mexico City's subway system. The 30-year operation



Frérot // File Photo: Matthieu Riegler via Creative Commons.

and maintenance contract will provide an estimated cumulative revenue of 886 million euros (\$993 million) for Veolia, which is led by CEO Antoine Frérot. Each day, the inhabitants of Mexico City generate 13,000 metric tons of waste, two-thirds of which is landfilled, the company said. Once in operation, the plant will convert about one-third of Mexico City's household waste into energy. Construction is expected to take three years, with operations scheduled to start in 2020. Veolia currently employs 3,000 people in Mexico, where it treats 2.3 million metric tons of waste a year.

## COMINGS & GOINGS

### BT Names Burger a Chief of Global Services

Bas Burger, the head of BT's business in North America, Canada and Latin America, has been promoted to be the communications company's chief executive of Global Services, the Financial Times reported Monday. He replaces Luis Alvarez, who left the company earlier this month amid news that BT faces a potential financial hit of over 232 million pounds (\$302 million) in taxes due in Brazil. BT says it is contesting 35 court cases brought by local states over unpaid tax in the country related to its international business. The dispute comes against the backdrop of two bigger scandals at the Global Services unit in Italy and Hong Kong that have triggered a review and restructuring of BT's largest division, according to the report. BT entered Brazil in 2007.

### Entertainment Execs Launch Invivo Media Group

Two Latin America-focused entertainment executives, Vincent Cordero and David Torres, have launched a new company, Invivo Media Group, Broadcasting & Cable reported Monday. The business will specialize in live music promotion, talent commercial partnerships and strategic media consulting focusing on the U.S. Latino and Latin American markets. Cordero, who will serve as CEO, was formerly chief operating officer of HBO Latin America and executive vice president and general manager of Fox Deportes, as well as a senior executive with Univision in Chicago. Torres, an independent music entrepreneur, will serve as president. The company plans to have a presence in Los Angeles, New York, Chicago and Miami, aiming to produce and sell 100 live music events in its first year.

### ABC News Taps Oquendo for Miami-Based Role

ABC News said earlier this month it is bolstering its coverage in South Florida and Latin America by adding Victor Oquendo as a Miami-based correspondent, starting in July. The New York-based network said Oquendo has covered some of the biggest stories in the region, reporting on the United States' restored diplomatic relations with Cuba and traveling to the island to cover visits there by Pope Francis and U.S. President Barack Obama. He also reported in Brazil on the World Cup in 2014. Both of his parents worked at Univision, where his mother currently co-anchors "Aqui y Ahora."

### Reuters Promotes Latin America-Based Journalists

Reuters last week announced new promotions in its Latin America team. Dan Flynn, who has been based in Brazil as the wire service's bureau chief, will remain there in his new role as Latin America editor. Brad Haynes will take over for Flynn as interim Brazil bureau chief. Reporting to Flynn is Frank Jack Daniel, who has been promoted to bureau chief for Mexico and Central America. He had been serving as Mexico bureau chief on an interim basis. Prior to that, he had been chief correspondent covering the Caribbean and doing enterprise coverage in Mexico. Paulo Prada will be originating a new role as Latin America enterprise editor, a position that will be based in Mexico City.

## FEATURED Q&amp;A / Continued from page 1

dubious bank. Cell phones get stolen all too frequently so are not perceived to be safer than cash—even though bank balances would presumably be protected if the phone is stolen. That is why the participation of a respected bank like Banco de Bogotá is critical for success. They have brand presence and, more importantly, an understanding of barriers and risks. Colombian banks are too powerful politically for disruptive solutions like Kenya's M-Pesa system or a similar peer-to-peer payment system in the Philippines to pass regulatory muster. The large banks are central to any successful implementation."

**A Manuel Orozco, director of the Migration, Remittances and Development Program at the Inter-American Dialogue:**

"The end goal of financial education is to reach economic independence by building assets. Financial education provides tools and instruments to manage income and disposable income by motivating people to increase their savings, enjoy financial access and improve their income by better allocating their funds. Overall, Colombia has been quite successful at getting people into the financial system. It is one of the countries with a high bank account ownership among its population of nearly 60 percent. The efforts to continue getting people into the financial system are tremendously important. However, Colombia also faces the challenge of getting users to perform payments outside the cash-based economy. Although people own accounts, 97 percent of day-to-day transactional activities are performed in cash. The challenge is not only to expand the financial advising effort beyond account ownership and savings formalization, but also to perform electronic-based fund transfers. However, consumers believe that the costs of doing so are higher than for cash. Retailers also find it more expensive to charge electronic transactions because of tax regulations. Therefore, a strategy for financial inclusion is one that includes

advising as well as institutional reforms and incentives to consumers and retailers to promote greater adoption of electronic funds and enhance the role of domestic payment networks."

**A Enrique Gómez-Pinzón, executive partner at Holland & Knight in Bogotá:** "Financial inclusion is a decisive factor in development and economic growth. It is becoming more significant in Colombia, where basic needs of a major part of the population are not met, and where armed conflict has contributed to underdevelopment in certain areas. Colombians who are outsiders to the financial institutions are so for a variety of reasons. Accessibility to financial institutions in rural areas is difficult, since their telecommunication and transportation infrastructure is still inadequate. The environment in areas afflicted by armed conflict is still one of distrust, as people have long been robbed of their belongings. The income of this population is often barely enough—or not enough—for daily survival, which makes it difficult for them to even think about building capital or using financial services, since daily priorities seem to demand all of their resources. Amid the implementation of Colombia's peace agreement, and as the country increasingly invests in infrastructure, the game-changer for achieving financial inclusion has to be education. Efforts like the 'Route to Financial Inclusion' are crucial in order to achieve a cultural shift of both people and financial institutions. They help financial markets to truly understand the consumers' needs, and the consumers to become more familiar with financial services and options. With such a goal in mind, the young population is a strategic target, since it is composed of the potential financial consumers of the near future."

*The Advisor welcomes comments on its Q&A section. Readers can write editor Gene Kuleta at [ekuleta@thedialogue.org](mailto:ekuleta@thedialogue.org).*

## LATIN AMERICA ADVISOR

is published every business day by the Inter-American Dialogue, Copyright © 2017

**Erik Brand**

Publisher  
[ebrand@thedialogue.org](mailto:ebrand@thedialogue.org)

**Gene Kuleta**

Editor  
[ekuleta@thedialogue.org](mailto:ekuleta@thedialogue.org)

**Nicole Wasson**

Reporter, Assistant Editor  
[nwasson@thedialogue.org](mailto:nwasson@thedialogue.org)



**Michael Shifter**, President

**Genaro Arriagada**, Nonresident Senior Fellow

**Sergio Bitar**, Nonresident Senior Fellow

**Joan Caivano**, Director, Special Projects

**Michael Camilleri**, Director, Peter D. Bell Rule of Law Program

**Kevin Casas-Zamora**, Nonresident Senior Fellow

**Ariel Fiszbein**, Director, Education Program

**Alejandro Ganimian**, Nonresident Fellow

**Peter Hakim**, President Emeritus

**Claudio Loser**, Senior Fellow

**Nora Lustig**, Nonresident Senior Fellow

**Margaret Myers**, Director, China and Latin America Program

**Manuel Orozco**, Director, Migration, Remittances & Development

**Jeffrey Puryear**, Senior Fellow

**Tamar Solnik**, Director, Finance & Administration

**Lisa Viscidi**, Director, Energy Program

**Denisse Yanovich**, Director of Development and External Relations

**Latin America Advisor** is published every business day, except for major U.S. holidays, by the Inter-American Dialogue at 1155 15th Street NW, Suite 800 Washington, DC 20005

[www.thedialogue.org](http://www.thedialogue.org)

ISSN 2163-7962

Subscription inquiries are welcomed at [freetrial@thedialogue.org](mailto:freetrial@thedialogue.org)

The opinions expressed by the members of the Board of Advisors and by guest commentators do not necessarily represent those of the publisher. The analysis is the sole view of each commentator and does not necessarily represent the views of their respective employers or firms. The information in this report has been obtained from reliable sources, but neither its accuracy and completeness, nor the opinions based thereon, are guaranteed. If you have any questions relating to the contents of this publication, contact the editorial offices of the Inter-American Dialogue. Contents of this report may not be reproduced, stored in a retrieval system, or transmitted without prior written permission from the publisher.