

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK



**POVERTY REDUCTION AND PROMOTION OF SOCIAL EQUITY:
REPORT ON ACTIVITIES IN THE YEAR 2000 AND AN ACTION PLAN
IN THE AREAS OF SPECIAL EMPHASIS**

**Poverty and Inequality Unit
Sustainable Development Department**

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CONTENTS

EXECUTIVE SUMMARY

I.	INTRODUCTION	7
II.	POVERTY AND INEQUALITY IN LATIN AMERICA AND THE PROGRESS MADE TOWARD REACHING INTERNATIONAL DEVELOPMENT GOALS	8
III.	LENDING FOR POVERTY REDUCTION AND PROMOTION OF SOCIAL EQUITY IN 2000	11
	The contributions of the MIF and the IIC	14
	The action plan in areas of special emphasis.....	14
IV.	GOOD PRACTICES IN LOANS DIRECTED AT POVERTY REDUCTION AND PROMOTION OF SOCIAL EQUITY	15
	Social development.....	15
	Modernization of the State	16
	Competitiveness.....	16
	Regional integration.....	17
	National poverty reduction strategies	17
V.	NON-LENDING SERVICES THAT ADVANCE THE GOALS OF POVERTY REDUCTION AND SOCIAL EQUITY ENHANCEMENT	18
	Knowledge building and dissemination	18
	Improvement of data.....	20
	National poverty reduction strategies	20
	Policy discussions	21
	Other activities	22
VI.	ACTION PLAN IN AREAS OF SPECIAL EMPHASIS FOR POVERTY REDUCTION AND EQUITY ENHANCEMENT.....	23
	National poverty-reduction strategies.....	24
	Actions in nonsocial sectors	26
	Institutionalization of comprehensive social protection systems	27
	Actions in the social sectors	29
	Monitoring and impact evaluation.....	31
VII.	CONCLUSIONS	32
VIII	ANNEX	31

LIST OF ABBREVIATIONS

APEC	Asia Pacific Economic Cooperation
ENRP	National poverty reduction strategies
ERRP	Strengthened Poverty Reduction Strategy
EXR/SPE	Office of the External Relations Advisor / Special Programs Section
HIPC	Heavily Indebted Poor Countries Initiative
HRD	Human Resources Department
IIC	Inter-American Investment Corporation
INCRA	Instituto Nacional de Colonização e Reforma Agrária
INT/INDES	Integration and Regional Programs Department / The Inter American Institute for Social Development
INT/ITD	Integration and Regional Programs Department / Integration, Trade and Hemispheric Issues Division
INT/RTC	Integration and Regional Programs Department / Regional Technical Cooperation Division
MECOVI	Program for the Improvement of Surveys and the Measurement of Living Conditions in Latin America and the Caribbean
MERCOSUR	Common Southern Market
MIF	Office of the Multilateral Investment Fund
OVE	Office of Evaluation and Oversight
POBRED	Poverty Network of the Poverty and Inequality Unit
PTI	Poverty Targeted Investments
RES	Research Department
RE1/FI1	Regional Operations Department 1 / Finance and Basic Infrastructure Division 1
RE2/FI2	Regional Operations Department 2 / Finance and Basic Infrastructure Division 2
RE2/SO2	Regional Operations Department 2 / Social Programs Division 2
RE3/SO3	Regional Operations Department 3 / Social Programs Division 3
SDS/EDU	Sustainable Development Department / Education Unit
SDS/ENV	Sustainable Development Department / Environment Division
SDS/ICT	Sustainable Development Department / Information Technology for Development Division
SDS/IFM	Sustainable Development Department / Infrastructure and Financial Markets Division
SDS/IND	Sustainable Development Department / Indigenous Peoples and Community Development Unit
SDS/MIC	Sustainable Development Department / Micro Enterprise Unit (Now included in SDS/MSM)
SDS/MSM	Sustainable Development Department / Micro, Small and Medium Enterprise Division
SDS/POV	Sustainable Development Department / Poverty and Inequality Unit
SDS/RUR	Sustainable Development Department / Rural Development Unit
SDS/SGC	Sustainable Development Department / State Governance and Civil Society Division
SDS/SOC	Sustainable Development Department / Social Program Division
SDS/WID	Sustainable Development Department / Women in Development Program Unit
SEQ	Social Equity Enhancement Loans
SISBEN	Beneficiary identification and selection system

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EXECUTIVE SUMMARY

The Eighth General Replenishment and the Bank's Institutional Strategy rank poverty reduction and the promotion of social equity in Latin America and the Caribbean among the IDB's principal areas of action. The Eighth Replenishment mandated that the Bank was to be active on a number of fronts, which included analysis of the determinants of poverty, improved poverty data, the countries' poverty-reduction strategies and social equity enhancement.

These Bank priorities are consistent with the commitment undertaken by all countries in the region to this issue, a commitment reaffirmed at the highest level at the recent Summit of the Americas in Quebec. There, the Heads of State and of Government of the region committed themselves to further efforts to reach international development goals, especially the goal of reducing the percentage of those living in extreme poverty in 1990 by 50% by the year 2015.

Although poverty levels in Latin America were down in the 1990s, it was a modest decline of just 10% from 1990 to 1998. In the same period, however, the absolute number of persons living in poverty increased by some 8 million. Today, more than a third of the region's population -approximately 180 million Latin Americans- lives on less than two dollars a day (in purchasing power parity), considered to be the extreme poverty line for our region, given its level of development. The modest progress achieved thus far is partly due to the recurrent economic crises and natural disasters that have beset a number of countries in the region. Another factor is the ever-widening disparity between wages and incomes in various countries, a product of technological change and a temporary volatility created by liberalization of trade and finance. Taken together, these problems are jeopardizing the region's chances of accomplishing its international development goals. While accelerating economic growth in the countries of the region is critical, that alone will not suffice. Other measures are needed to ensure that the benefits of growth accrue equally, if not more so, to the poor.

¹ This document was prepared in SDS/POV by Gustavo Yamada and Omar Arias using information supplied by the Bank's regional and central departments and with the collaboration of Arianna Legovini, José Antonio Mejía and Isidro Soloaga and under the guidance of Nora Lustig. The authors would also like to thank José Montes, Carmela Pérez, Neli Vera Díaz and Daniel Romero for their assistance in preparing this document.

In 2000, a substantial portion of the Bank's lending and non-lending activities and services went towards poverty reduction and promotion of social equity in the region, with the emphasis on socially responsible macroeconomics. That year, one half (51.8%) the total volume of IDB-approved lending went directly to poverty reduction and social equity enhancement (SEQ loans), well above the 40% of the total volume of lending that the Bank's Eighth Replenishment mandated as the indicative target for SEQ lending. Conversely, 46.8% of all operations approved were SEQ loans, slightly below the 50% indicative target that the Eighth Replenishment set. The shortfall is due to the fact that on average, SEQ loans were for larger amounts than other Bank loans. Counted among the SEQ loans are the poverty-targeted investments (PTI), which in 2000 represented 31.7% of the lending volume and 40.7% of the total number of approved investment loans. Examining the Bank's activities from a qualitative perspective, innovative operations have been conducted in the four priority areas that the Bank singled out in its Institutional Strategy, namely: investing in the social sectors, modernizing the State, fostering competitiveness and promoting regional integration. Correspondingly, sector loans with components to protect social spending continued to be approved. Then, too, MIF operations involving microenterprise, microfinance, and labor training contributed directly to the IDB's poverty reduction goals, while other IDB-group lending operations like the IIC's loan and investment operations indirectly served to reduce poverty.

In the case of non-lending services, a number of initiatives in 2000 prioritized poverty reduction and social equity enhancement. The regional departments and the SDS/POV, for example, allocated resources to help devise the national poverty reduction strategies for Bolivia, Guatemala, Honduras and Nicaragua. Dialogue with the governments and representatives of civil society was organized under initiatives such as the SDS/SOC-coordinated Social Policy Dialogues, the Regional Policy Dialogue organized by INT/RTC and SDS/POV, the "Encerronas" coordinated by RES and the regional departments, the SDS/POV-organized Social Equity Forum, and other seminars and conferences.

Likewise, IDB research, its dissemination of best practices and its assistance in generating better data on living conditions have enriched the design of the countries' poverty-reduction policies and projects and improved their implementation. Major new initiatives were launched in the areas of infrastructure, rural development and microenterprise, modernization of the State and civil society's participation, investment in human capital, social exclusion, promotion of social protection policies to minimize the impact that adverse shocks have on the poor, and improvements in the quality and use of household surveys under the MECOVI program. The SDS/POV-coordinated MECOVI program was one of the strategic programs that the Bank introduced at the recent Summit of the Americas in Quebec. It is making important contributions toward improving the generation, dissemination and analysis of data on living conditions in the countries of the region, and has an extensive permanent program to carry out involving technical support to the countries. Because the practice of financing the MECOVI program with technical cooperation funds will cease once and for all in 2001, efforts will be undertaken to make the program part of the Bank's formal and permanent structure effective 2002.

To deepen Bank action on the various fronts mandated by the Eighth Replenishment, SDS/POV coordinated with the central and regional departments an action plan in areas of

particular emphasis for purposes of poverty reduction. The plan uses a multidimensional approach to combat poverty. In addition to the activities already initiated in 2000, the activities planned for 2001 and 2002 fall into five groups: 1) national poverty-reduction strategies; 2) actions in nonsocial sectors whose benefits accrue directly to the poor; 3) institutionalization of comprehensive social protection systems; 4) actions in social sectors whose benefits directly accrue to the poor; and 5) monitoring and evaluation of the impact of Bank-supported projects. A highlight of the action plan is the Bank-sponsored and SDS/POV-coordinated initiative to devise an action plan to help all borrower countries, particularly the middle-income countries, to develop poverty-reduction and social-equity enhancement strategies, to match the strategies already being implemented in the low-income countries. The features of that plan will be mainstreamed into the Bank's strategy for poverty reduction and promotion of social equity, currently being updated.

The actions to support the poverty reduction strategies, institutionalize comprehensive social protection systems and improve data on poverty and social development were included among the future IDB strategic programs introduced at the recent Summit of the Americas.

SDS/POV is also pursuing other initiatives with the operations departments. These include a review of the projects proposed for 2001 to identify those with the potential to focus benefits on the poor, and dissemination, within the various sectors where the Bank is active, of prototype operations that have strong poverty-targeting potential. Also, the Unit is currently updating the Bank's strategy for poverty reduction and social equity enhancement and is helping to map strategies for the four priority areas identified in the overall Institutional Strategy, to mainstream the poverty-reduction objective into those strategies and future Bank loans.

I. INTRODUCTION

1.01 In keeping with the mandate of the Eighth General Replenishment, later echoed in the Bank's Institutional Strategy, poverty reduction and promotion of social equity in Latin America and the Caribbean figure among the institution's chief objectives (see "Report on the Eighth Replenishment of the Capital of the Inter-American Development Bank," AB-1704 and "Renewing the Commitment to Development, Report of the Working Group on the Institutional Strategy," GN-2077-1 and GN-2077-9). The Eighth General Replenishment stipulated that the Bank was to be active on several fronts, which included analysis of the determinants of poverty in the countries of the region, support for improving data on poverty and standards of living, building consensus with the countries for preparation of strategies wherein poverty reduction figures as one of the primary objectives, and loan assistance for poverty-targeted and social equity-enhancing programs. On this last point, the indicative targets mandated by the Eighth Replenishment were that 40% of the total volume of Bank lending and 50% of the total number of Bank loans were to go toward poverty reduction and promotion of social equity.

1.02 In recent years, the Bank has devoted a substantial portion of its financial and non-financial activities to complying with the Eighth Replenishment's mandates. This report recounts the poverty-reduction and social equity enhancement activities conducted in 2000, with the focus on the following indicators: i) cumulative quantitative figures on the loans program, such as the volume and percentage of operations targeted at poverty reduction and promotion of social equity, and a summary of certain loans with components that target the poor (for example, policy loans with a social protection component), including MIF operations; ii) qualitative aspects of the lending program, singling out certain operations that are particularly well targeted and/or feature innovative ways of combating poverty and enhancing social equity; and iii) a report on non-lending activities instrumental in generating and disseminating information about poverty and its determinants, policy dialogues to make poverty reduction a top national policy priority, and preparation of national poverty reduction strategies, among other activities.

1.03 Section II of the document sets the stage for the report. It briefly describes the poverty indicators in the region and the progress made toward achieving the international development goals proposed for 2015, particularly that of reducing poverty by half. Section III of the document summarizes the quantitative results of the portfolio of loans approved in 2000 directed at poverty reduction and promotion of social equity. Section IV is a sampling of projects approved in 2000 in the Institutional Strategy's four priority areas, all of which take an innovative approach to reducing poverty and enhancing social equity. Section V summarizes the many non-lending activities directed at that goal, as mandated by the Eighth Replenishment. The action plan in areas of special emphasis is laid out in Section VI, while Section VII summarizes the report's conclusions and the additional activities that the Bank is undertaking to do more to mainstream the poverty-reduction objective into its activities.

II. POVERTY AND INEQUALITY IN LATIN AMERICA AND THE PROGRESS MADE TOWARD REACHING INTERNATIONAL DEVELOPMENT GOALS

2.01 Poverty reduction is one of the main challenges facing Latin America and the Caribbean. In the Final Declaration signed at the Quebec Summit on 22 April 2001, the Heads of State and Government of the Americas committed themselves to further efforts to reach international development goals, especially to reduce the percentage of persons living in extreme poverty in 1990 by 50% by the year 2015. The extreme poverty line considered most appropriate in the case of Latin America and the Caribbean is an income of less than US\$2 per day in purchasing power parity.²

2.02 The latest figures confirm that Latin America did manage to reduce poverty in the 1990s, but only to a limited degree. Various studies all show that in relative terms, the percentage of the population living in poverty was down some 10% from where it was at the beginning of the 1990s.³ Some improvement was also made in the depth and severity of the poverty, as their indices were down by approximately 10% during this period. Most of what little progress was made, especially in reducing indigence, came in urban areas. Measured by the percentage of persons living on less than \$2 a day in purchasing power parity, some 35% of the population were living in poverty.⁴ With population growth, however, the number of poor people actually increased by nearly 8 million between 1990 and 1998 and today stands at approximately 180 million Latin Americans.

2.03 A number of factors conspired to prevent a further reduction in poverty levels in the 1990s. On the one hand, the recurrent economic crises and natural disasters that have plagued a number of countries of the region caused abrupt increases in poverty, revealing just how very vulnerable large sectors of the population are when exposed to such events. Then, too, the renewed economic growth had little impact on the poor. Indeed, the widening gap in wages and income in a number of countries was the product of a technological revolution that places a higher premium on skilled labor, and of the immediate volatility caused by trade and financial liberalization. From 1990 to 1999, income inequality measured by the Gini coefficient rose by some 3% region-wide: it increased in seven countries of the region and remained constant in the others.⁵ By the end of the 1990s, the most prosperous 5% of the population were receiving 25% of all income, while the poorest 30% accounted for only 7.5%.⁶

² On average, this poverty line is closer to the national extreme poverty lines of the low-income countries in the region than the US\$1 PPP poverty line generally used to measure progress toward the international goal.

³ The characterization of recent trends in poverty in the region is sensitive to methodological problems. However, other recent studies done by different methods also show that poverty in the region declined moderately in the 1990s. See, for example, Wodon, Q. et al., 2001, "Poverty in Latin America: Trends (1986-1998) and Determinants," World Bank.

⁴ Based on figures from Behrman, J., Birdsall, N. and M. Székely, 2001, "Poverty, Inequality and Trade and Financial Liberalization." Inter-American Development Bank.

⁵ Behrman et al. Op. Cit.

⁶ Inter-American Development Bank, 1999, Facing Up to Inequality in Latin America.

2.04 Still, the income indicator does not capture the considerable progress the countries have made by other measurements of well-being. Specifically, the human development indicators in the region have improved markedly. The decline in the rate of infant mortality has been one of the largest among the developing countries. The average number of years of schooling has also increased.

2.05 Indeed, the progress the region has made on most other international development goals has been higher than the average for the developing countries. The latest statistics show that the region's progress toward reaching those goals has been as follows (see charts in Annex I):

- **Reducing the percentage of those living in poverty by half between 1990 and 2015.** As noted earlier, the progress toward reaching this goal has been too slow.
- **Universal access to primary education by 2015.** Adequate progress has been made toward the goal of universal access to primary education, which now reaches 93% of the school-age population, although that figure is still below those for the Pacific and East Asian regions (97%). The most recent Summit of the Americas proposed an even more challenging goal for 2010, calling for universal access to and completion of quality primary education, by boys and girls alike, and secondary education for at least 75% of all young people.
- **Gender equality in primary and secondary education by 2005.** For all practical purposes, this goal has already been reached. In most countries of the region, the basic schooling differences between boys and girls have disappeared.
- **A two-thirds reduction in infant mortality and mortality among children under age 5 between 1990 and 2015.** While mortality among children under age 5 in Latin America (37 deaths for every 1000 live births) has declined and is lower than the rates in Sub-Saharan Africa (151 per 1000) and even the Pacific and East Asian regions (43 deaths per thousand live births), the pace of progress has to pick up if the goal of reducing the rate by two thirds is to be reached.
- **A 75% reduction in maternal mortality between 1990 and 2015.** While maternal mortality in Latin America is lower than it is in Sub-Saharan Africa or South Asia, here again the progress made thus far is less than what it must be if the goal of a 75% reduction is to be reached by 2015.
- **Access to reproductive health services for all individuals of appropriate age by 2015.** The region has also made more progress on access to contraceptives (70% of married women) than other developing countries (26% in Sub-Saharan Africa, for example). However, access is still not universal.

- **Implementation, by 2005, of a national sustainable development strategy that ensures that environmental degradation trends are reversed by 2015 and that, between 1990 and 2015,** cuts by half the percentage of the population without access to drinking water. Latin America does not have an advantage over other developing regions where this goal is concerned. Very few countries are implementing national sustainable development strategies, and no significant progress has been made toward the goal of increasing access to clean drinking water.

2.06 While the average country-specific indicators are well ahead of many parts of the developing world, they mask the enormous disparities in income, assets (including human capital), social indicators and quality of life that exist from one country to another at a different level of development within the region. Most of all, they mask the disparities that exist within the countries themselves, between the high-income and low-income groups, among various ethnic groups, between men and women, between rural and urban areas and/or between more advanced regions and the more backward regions. Thus, whereas for the poorest two deciles the average number of years of schooling is 4, for the wealthiest two declines the average is 10 years. In primary school, attendance is generally lower among children of indigenous and Afro-Latino families, and children of these families have higher repeat and dropout rates than their white peers. The gender gaps are also pronounced, especially with regard to property rights to family assets. The incidence of infant mortality and malnutrition in the poorest areas and among low-income groups also tends to be higher than in the more prosperous regions and groups. Where country-specific information is available, malnutrition among boys and girls in the poorest two deciles of the population is three times what it is in the most prosperous two deciles. Mortality among children under age 5 also tends to be several times greater in rural areas than it is in urban areas. Access to electric power for the poorest two deciles is far from the virtually universal access that the most prosperous two deciles of the population enjoy. Less than universal access to drinking water is also more prevalent among the poorest population. Disparities in access to telephone service are even more pronounced among the poor: less than 1% of the population in the poorest two deciles of the population has access to telephone service, even in countries where coverage among the most prosperous two deciles is 90%.

2.07 These enormous gaps stand as obstacles to poverty reduction and to the region's economic and social development. A number of studies have shown that the persistent inequality in the region can do more than just curtail prospects for reducing poverty with sustained economic growth; it can also limit the countries' growth potential.⁷ Hence, the economic and social development objectives for the region must have specific targets for the poorest population, for excluded groups, and for backward geographic areas in order to narrow the gaps separating the various populations groups and the gaps existing within each country.

2.08 While the countries' economic growth must gain much greater momentum to raise income levels among the low-income population, economic growth alone will not suffice. Assuming ideal conditions, where the benefits of growth are equitably distributed (without

⁷ World Bank, 2000, World Development Report, Attacking Poverty.

altering income distribution), the average annual growth of per capita income in the region would have to be 3.4% to reduce the percentage of people living on incomes of under US\$2 per day in purchasing power parity by half by the year 2015. This is *more than double the average per capita growth registered in the last decade* (1.5%). It will mean annual per capita growth rates of between 2% and 6%, depending on the country. In countries where the incidence of poverty is high, that much greater effort will be required. For example, to achieve the goal in Central America, average annual per capita growth will have to be 4.5%, three times the average for the Central American Isthmus in the 1990s.

2.09 Recent research has raised questions as to whether the poor benefit from the economy's general growth at a ratio of one to one. A recent study suggests that the income of the poorest increases anywhere from 0.4% to 0.8% for every 1% increase in average income.⁸ Assuming the 0.4% increase, Latin America's annual per capita growth would have to be 8.6% to achieve the international goal, with the range varying from 5% for some countries to as much as 15% for others. Assuming the 0.8% increase, the region would need average annual per capita growth rates of 4.3%, with country-specific figures ranging from 3% to 7%.

2.10 More effort is therefore needed to ensure that the benefits of growth accrue as much, if not more so, to the poor. Initiatives will have to be promoted to create economic opportunities for the poor, to better manage the risks with which the poor must contend, to eliminate the structural inequalities in asset distribution (especially in education), to broaden their access to the physical and social infrastructure, to eliminate the social barriers that keep ethnic groups, racial groups and women excluded, and to create an efficient and effective State and institutions that are sufficiently responsive to the excluded groups' needs. To the extent that these measures increase productivity among the poor and create a peaceful environment and secure citizenry, they also accelerate growth.

2.11 The Bank is now assisting the countries of the region with projects to reach the international development goals and advance the region's economic and social development. Those initiatives are reflected in the report on the activities carried out in 2000 and in the action plan set out in this document.

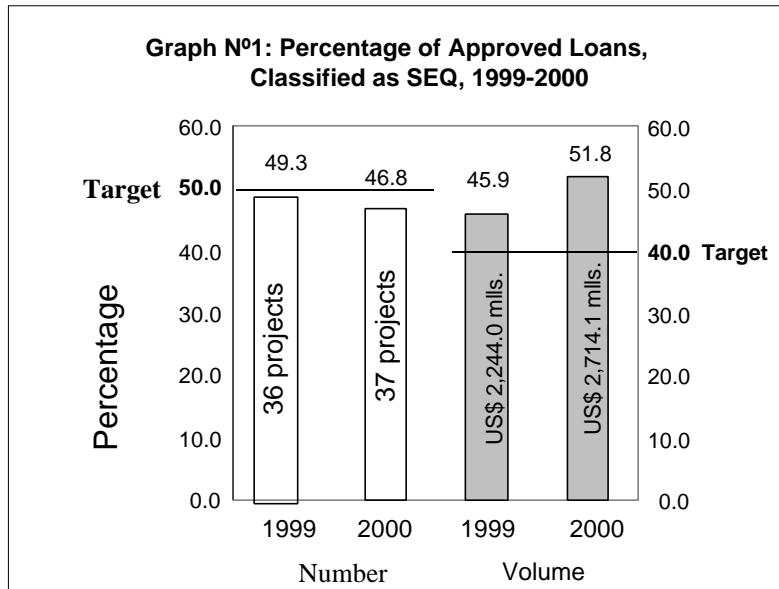
III. LENDING FOR POVERTY REDUCTION AND PROMOTION OF SOCIAL EQUITY IN 2000

3.01 Reducing poverty and enhancing social equity in Latin America and the Caribbean is one of the principal objectives of the IDB's activity, as mandated by the Eighth Replenishment and the document on the Bank's Institutional Strategy. One of the indicative targets established by the Eighth Replenishment was that loans for poverty reduction and promotion of social equity (SEQ loans) were to account for 40% of the total volume of lending and 50% of the total number of Bank loans. Such loans also include the poverty-

⁸ Foster, James and M. Székely, 2001, "Is Economic Growth Good for the Poor? Tracking Low Incomes Using General Means," Inter-American Development Bank.

targeted investment loans (PTI). Charts 1-3 in Annex I contain detailed figures for the 1995-2000 period.⁹

3.02 In 2000, the approved volume of lending to promote social equity and reduce poverty (SEQ) was US\$2.7141 billion, more than the US\$2.244 billion in 1999 (see Graph 1).¹⁰ The volume of SEQ lending in 2000 was 51.8% of the total volume of loans approved that year, significantly higher than the 45.9% registered in 1999 and well beyond the 40% indicative target mandated by the Eighth Replenishment. That figure is eloquent testimony to the Bank's commitment to reducing poverty and enhancing social equity in the region. As for the number of loans, 37 SEQ loans were approved in 2000, which was one more than the number approved in 1999. This figure represents some 46.8% of the total number of loans approved in 2000, which is less than the 50% indicative target mandated in the Eighth Replenishment and the 49.3% achieved in 1999. This was because the SEQ loans were, on average, larger than the Bank's other loans.



⁹ The current classification criteria and their changes over time appear in Annex II.

¹⁰ The 2000 SEQ figures have been revised with respect to the document "Report on the 2000 and 2001 Lending Program" (GN-2143).

3.03 Chart 2 shows the approved SEQ loans, classified by groups of countries. In terms of numbers of loans, the percentage of SEQ loans in the total lending to Group A countries increased from 28.6% in 1999 to 45.5% in 2000, whereas the percentage of SEQ loans in the total lending to Group D countries held steady at 61% in the two years. Groups B and C saw their number of SEQ loans decrease in relative terms. As for the volume of SEQ lending, the percentage of SEQ volume in the total lending to Group A countries increased from 33.4% in 1999 to 46.6% in 2000; in Group B it went from 45.7% to 61.5%, and in Group D it went from 71.4% to 79.7% in the same two years. Group C's percentage of its total volume of lending for poverty reduction and promotion of social equity was off sharply.

3.04 Chart 3 is a sector breakdown of approved SEQ loans. The percentage of nonsocial projects geared to poverty reduction and promotion of social equity increased in 2000. Prominent here were the positive trends in the productive and State-modernization sectors. In percentage terms, the number of SEQ loans in nonsocial sectors increased from 18.9% in 1999 to 25.5% in 2000. The volume of SEQ loans in nonsocial sectors rose from 16.6% to 28.6% in the same two years. As for the social sectors, subject to automatic SEQ classification, the number of operations approved in the education sector increased appreciably in 2000, as did the funds approved for social investment projects. Larger amounts were also approved for SEQ lending in the urban development and environment sectors.

3.05 The universe of SEQ loans includes poverty-targeted investment loans (PTI). In 2000, 24 PTI loans were approved, one more than in 1999. This figure represents 40.7% of the total number of investment operations approved in 2000, as compared to 46% in 1999. The volume of PTI loans approved in 2000 was US\$1.1252 billion, as compared to US\$1.403 billion in 1999, which was 31.7% of the total volume of investment loans approved in 2000, as compared to some 37.4% in 1999. These declines were due to fiscal constraints in a number of countries of the region and problems with saturation and the performance of loans approved in previous years, especially in the social sectors.¹¹

3.06 However, sector loans with components that protect social spending (as in the case of Ecuador's Sector Investment Program, approved in 2000 in the amount of US\$150 million) and that strengthen macroeconomic policy, public finance, and the financial systems in order to prevent crises, are not counted as PTI even though such loans can have a major impact by preventing abrupt increases in poverty. Technical cooperation operations, private sector operations and investment operations that have PTI components whose benefits accrue directly to the poor are not included either. And yet all these operations can be classified as SEQ loans and, as such, are a truer measure of the very considerable effort the Bank is making to reduce poverty and promote social equity.

3.07 The Bank will continue to sharpen its criteria for classifying loans geared toward reducing poverty and promoting social equity (SEQ/PTI). In particular, investment

¹¹ See the document titled, "Report on the 2000 and 2001 Lending Program" (GN-2143), which enumerates the factors that figured into the dampened demand for investment loans in the last two years.

operations where the bulk of the components are targeted at the poor should qualify as poverty targeted investments (PTI).

The contributions of the MIF and the IIC

3.08 The Multilateral Investment Fund (MIF) is directly contributing to the goals of reducing poverty and promoting social equity through the grants and investments it makes available for the development of microenterprise, microfinance, and labor training. In 2000, the MIF approved 24 microenterprise projects for a total of US\$26.9 million. The Fund approved a disaster recovery fund of US\$10 million to ensure that microenterprise and microfinance institutions have access to emergency funding when natural disasters strike. It also provided support to set up a private loan guarantee fund to back up loans that commercial banks make to new businesses established by young entrepreneurs in Peru.

3.09 The MIF is an undisputed leader in cultivating the region's microfinance institutions. MIF-supported microfinance institutions supply two thirds of all microfinancing in Latin America and the Caribbean. Through investment mechanisms and technical assistance, the MIF is helping microfinance NGOs to make the transition to regulated financial institutions. While the MIF's own portfolio of active investments in these institutions was at US\$143 million in 2000, it was instrumental in raising another US\$632 million from other investors. Through the Line of Activity Program, the MIF allocated US\$3 million in 2000 for institutional strengthening of microfinance institutions in such countries as Guatemala, Guyana, Nicaragua and Paraguay.

3.10 In its eight years in operation, the MIF has supported 22 job training projects focused on the training needs of poor and vulnerable sectors such as youth, women and rural workers. In the year 2000 specifically, one salient MIF undertaking was the support approved for the Regional Employment Program for the Blind, to improve the employability of the blind in Argentina, Chile and Uruguay, and for the Distance-Learning System for Technology Education to bring training opportunities to rural areas of Peru.

3.11 Other IDB-group lending operations with more general economic growth and development objectives have an indirect impact on poverty reduction. Prominent here are the loans and investments of the Inter-American Investment Corporation (IIC) that encourage the establishment, expansion and modernization of small- and medium-sized private enterprise in the region. The US\$820 million that the Corporation has committed in the past eleven years, either in loans or investments, is estimated to have benefited some 2,500 small- and medium-sized enterprises in the region, helping to create some 175,000 jobs. In 2000 specifically, the Corporation approved 14 loans and 6 capital investments totaling US\$143 million.

The action plan in areas of special emphasis

3.12 The cumulative loan figures presented thus far in this report show that there is room to increase Bank support to operations in nonsocial sectors that directly benefit the poor. Hence, the action plan in areas of special emphasis included in Section V of this document contains a wide assortment of specific activities to which Management has committed itself

2001 and 2002. The idea is to identify and promote implementation of innovative projects in nonsocial areas that are directly beneficial to the poor and the very poor. That action plan also features numerous activities that Management will carry out to identify and promote social projects in new areas, where novel approaches are used to get the benefits of the social portfolio to the region's poor. Furthermore, SDS/POV and the regional departments are identifying prototype operations in all sectors where the Bank is active and that can be engineered to be poverty-targeted right from the time the project is designed. SDS/POV is also updating the Bank's strategy for poverty reduction and promotion of social equity and is participating directly in all the working groups engaged in preparing the strategies for the four priority areas of the Bank's Institutional Strategy, so as to mainstream the poverty reduction objective into those strategies and future Bank lending operations.

IV. GOOD PRACTICES IN LOANS DIRECTED AT POVERTY REDUCTION AND PROMOTION OF SOCIAL EQUITY

4.01 In 2000, 37 approved projects were geared toward poverty reduction and promotion of social equity in the countries of the region. This section presents a sample of approved projects that are innovative in design. They represent each of the four priority areas of the Bank's Institutional Strategy.¹² Also, given the Bank's commitment, this section includes operations associated with the development and implementation of anti-poverty strategies.

Social development

4.02 The *Social Safety Net Program* in Colombia (PR-2524), for US\$270 million, is a comprehensive social protection program with three main thrusts: emergency employment, job training, and conditional grants to poor families. The program will increase income in low-income urban areas through projects that require a high content of unskilled labor. It will also offer poor youth training and practical job experience in industry and will supplement the incomes of families living in extreme poverty so that they can afford more health care and formal education for their children. The program uses a detailed method by which to evaluate its impact and will employ self-targeting and geographic-targeting mechanisms and the beneficiary identification and selection system (SISBEN) to focus its activities on the poor.

4.03 In Brazil, the objective of the *Rio de Janeiro Urban Upgrading Program "Favela-Barrio" – Stage Two* (PR-2478) for US\$180 million, is to improve the quality of life of the urban poor who live in Rio's *favelas* and subdivisions. The program consists of a combination of urban infrastructure investments, community development activities, and institutional development. It is intended to reduce social inequalities within the population, while preventing and reducing poverty-associated risks among the most vulnerable groups. Other benefits include a reduction in crime in the communities.

4.04 The main objective of *Ecuador's Beneficiary Identification Mechanism for Social Programs* (PR-2502), to be carried out with a loan of US\$4.5 million, is to help establish a

¹² Included in Annex I is a list of all poverty reduction and social equity enhancement loans approved in 2000.

mechanism for individually identifying social program beneficiaries, in order better to target families living in poverty and indigence. With the new system, institutions that conduct social programs will get the information they need to plan their activities. The system will also involve interagency coordination, boosting the impact of social spending by eliminating duplication and monitoring execution.

Modernization of the State

4.05 El *Modernization Program for the Municipality of Managua* (PR-2487), for US\$5.7 million, seeks to strengthen the municipal government's institutional capacity by promoting further decentralization and enlisting greater community participation in the design and implementation of projects of high socioeconomic priority. Using an explicit "learn-by-doing" approach the program will finance technical assistance and investments in pilot projects to modernize the municipality with concrete improvements in the delivery of basic services. The program will also work to increase community participation by institutionally strengthening the municipality's district offices and by conducting investment programs in low-income neighborhoods selected through participatory processes.

4.06 In Argentina, the *Loan for Modernizing the Cordoba Provincial Government* (PR-2536), in the amount of US\$215 million, will improve the province's financial and administrative management capacity, so as to lay the groundwork for a sustainable fiscal balance in the medium and long terms. The project will introduce greater transparency in fiscal management by making results public and involving citizens in strategic decision-making. It will enhance the quality of public spending by enforcing stricter controls. One important component of the Project is the support it will provide with management and implementation of public policies in the social sectors, particularly school coverage, assistance for vulnerable groups, especially among families with female heads of household, and access to justice.

Competitiveness

4.07 In Brazil, the *Consolidation and Self Sufficiency of Agrarian Reform Settlements Program* (PR-2488), for US\$51 million, will enable families living in land reform settlements to reach self sufficiency faster, where they will no longer be reliant on subsidies from the Instituto Nacional de Colonização e Reforma Agrária (INCRA). While the settlements' participation in the program's graduation plans is voluntary, opting to participate will bring immediate, tangible benefits offered under the program (infrastructure works, technical assistance, training) in exchange for being gradually weaned off the credit program that INCRA now operates. The pilot program, which includes a detailed impact-evaluation plan, targets 75 settlements selected using indicators of relative need for access to infrastructure and social services. If successful, the model will be replicated in a nation-wide graduation program.

4.08 In Honduras, the *Program for Revitalization of the Rural Economy* (PR-2508), for US\$30 million, seeks to improve the competitiveness of rural productive sectors, including the agrifood sector. Two important features of the program are strengthening the Honduran government's capacity to put together and implement public policies for the rural sector, and

the financing of investments in plant and animal health and food safety services. The project targets municipalities where the incidence of poverty is high. It plans investments in small, local infrastructure works using a rigorous, competitive and participatory selection process. A detailed method is ready to evaluate the program's impact on poverty.

4.09 Ecuador's *Rural Transportation Infrastructure Program* (PR-2540), for US\$9 million, will lay the foundation for a sustainable rural road management model that will give poor rural communities continuous access to social services, markets, and other income-generating activities. The program introduces a new road management model that features the beneficiary community's participation and routine maintenance performed by microenterprises composed of local residents. The program will rehabilitate rural roads and nonmotorized paths in provinces and municipalities where the incidence of poverty is high. The local governments and beneficiary communities will be involved in monitoring and evaluating the program so that any necessary adjustments can be made while the program is still underway.

Regional integration

4.10 Paraguay's *Western Integration Corridors Program*, for US\$100 million, will promote the expansion of the western region's participation in the Paraguayan and international economy. The program will rehabilitate National Route 9, the region's main artery, thereby making it possible to move produce from the Central Chaco to the nation's capital. It will also consolidate the Central Chaco's internal roads system, which links the small farm regions to route 9, ensuring that the roads are passable year-round and extending the system up to the borders with Argentina, Bolivia and Brazil. The program is expected to have a positive effect on Paraguay's trade with the other MERCOSUR countries and with countries on the Pacific, which will further development of productive activities and improve the rural population's living conditions.

National poverty reduction strategies

4.11 The Eighth Replenishment established that one of the key fronts for Bank action in the area of poverty reduction is to provide support to and build consensus with the countries in favor of strategies that count poverty reduction among their principal objectives. The IDB has carried out a complete line of activity in this area, one that includes a set of lending activities and non-lending services to assist the HIPC countries and other low- and middle-income countries of the region (see paragraphs 5.10 and 6.06 to 6.11). The Bank also included this line of activity among the strategic programs featured at the Summit of the Americas in Quebec. The first loan approved in this line was for Nicaragua.

4.12 In Nicaragua, the objective of the *Program to Support Implementation of the Poverty Reduction Strategy* (PR-2556), for US\$10 million, is to create an effective model for implementation of the *Estrategia Reforzada de Reducción de la Pobreza* [Strengthened Poverty Reduction Strategy] (ERRP), a model that can be replicated in the country on a sustained basis. The program, to be implemented in 8 of the 65 municipalities with the highest incidence of poverty and the most severe, emphasizes comprehensive, coordinated and targeted implementation of a number of measures at the same time, including

institutional strengthening. In each participating municipality the program will carry out at least one education project, one health project, one nutrition project and one basic infrastructure project. The program's system for evaluating and monitoring the ERRP is based on indices and goals agreed upon with civil society and the international community.

V. NON-LENDING SERVICES THAT ADVANCE THE GOALS OF POVERTY REDUCTION AND SOCIAL EQUITY ENHANCEMENT

5.01 The Bank's arsenal of weapons for its war on poverty in the region includes non-lending services that help tilt the countries' priorities in favor of poverty reduction and promotion of social equity. The Eighth Replenishment mandated that the Bank was to be active in the non-lending area as well, engaging in such activities as analysis of the determinants of poverty in the countries of the region, improving the quality of information on poverty and living conditions, and building consensus with the countries to devise strategies in which poverty reduction figures as a principal objective.

Knowledge building and dissemination

5.02 Poverty reduction and social equity enhancement policies and programs must be configured with a solid grasp of poverty and its determinants in Latin America and the Caribbean. The Bank continues to break new ground in building and disseminating knowledge about poverty and inequality in the region in the following main areas:

5.03 *Research projects.* SDS/POV published two books titled *Social Protection for Equity and Growth* and *Shielding the Poor: Social Protection for the Developing World*. These two publications examine the reasons why the poor are so economically vulnerable to adverse shocks, and offer policy recommendations to enable the poor to cope with income losses and to minimize the impact that adverse shocks have on the poor. SDS/POV also prepared technical documents on a variety of topics, among them socially responsible macroeconomics, investment in human capital and poverty reduction, the effects of natural disasters on the poor and the effects of trade reform on labor markets. In cooperation with the World Bank, the Unit completed the initial phase of the Project on the "Microeconomics of income distribution in East Asia and Latin America," containing fresh insights into the underlying dynamics of changes in income distribution and the implications for social policy priorities in the region, especially in the area of education. SDS/POV also continued to help set up the Network on Inequality and Poverty (LACEA/IDB/WB), which held its annual meeting in Rio de Janeiro. There, the most recent academic advances on the subject were introduced, including research on the economics of child labor, the social costs of crime, and impact-evaluations of anti-poverty programs.

5.04 RES, working in cooperation with SDS/POV, conducted the study titled "Do We Know How Much Poverty There Is?" which tests the sensitivity of poverty indexes to various methodological alternatives such as assumptions about economies of scale in consumption, choices of adult equivalence scales, under-reporting of income, and different poverty lines. Through the IDB's Research Network Project, RES also coordinated studies on the role that assets play in reducing poverty and on the problems that youth and

adolescents in the region face. It has also prepared a number of research papers on poverty-related themes in the areas of job markets, inequality and saving in low-income households, to name just a few.

5.05 SDS/SOC, working in coordination with an interdepartmental Bank group, has developed technical cooperation operations to carry out a series of studies in 2001 on the costs and causes of social exclusion based on race or ethnicity and the policies for combating it, including specialized household surveys on various aspects of the problem. SDS/MSM published the study titled *Microenterprises and poverty*, which examines poverty levels among microentrepreneurs in the region. SDS/ENV prepared technical papers on reducing vulnerability, on the development of financial instruments for disaster risk management and on the socioeconomic impact of “El Niño” in the region. SDS/EDU evaluated youth training programs and did a study on expanding the use of information technology to low-income groups in the region. SDS/WID also examined the impact of technical training on employment among women.

5.06 *Dissemination of good practices.* The Bank continued to disseminate good practices in programs to combat the many faces of poverty. SDS/POV continued to publicize major advances in the area of poverty reduction through its POBRED electronic network, its six-month newsletter “*Equidad*”, conferences and informal seminars. The Unit teamed with other multilateral finance institutions in working groups to produce the “Global Poverty Report” for the G-8 and a document titled “Social Safety Nets in Response to Crisis: Lessons and Guidelines from Asia and Latin America” for the Asia-Pacific Economic Cooperation (APEC) Forum and several Latin American and Caribbean countries. SDS/POV also gave a presentation to the Board of Executive Directors and prepared a document of good practices in targeted human development programs that featured cash transfers, additional food and school fellowships to beneficiary families living in extreme poverty, in exchange for those households’ active commitment to investing in their own human capital. SDS/POV also continued to assist the regional operations departments with the design of poverty-targeted and social equity-enhancing projects and their proper classification. It conducted an internal workshop for Bank staff to share knowledge and experiences with impact evaluations with experts who have evaluated the impact of poverty-targeted projects in the region.

5.07 SDS/MSM continued to work for development of microenterprise in the region and to disseminate the best practices in this area at the III Inter-American Microenterprise Forum. The latter was devoted to promoting alliances or partnerships for this sector’s development. SDS/RUR coordinated preparation of documents on good practices in the new rural institutions, land markets, off-farm rural productive activities and successful cases of rural development. It has also participated in the work of the Interagency Group for Rural Development (in which the regional departments also participate) on implementation of the action plans for the Rural Poverty Reduction Strategy and the Agrifood Development Strategy. SDS/ENV organized regional dialogues and campaigns to raise political and public awareness of disaster risks, as part of the IDB Action Plan on Poverty and Vulnerability to Natural Disasters. SDS/EDU devised a system to monitor the Bank’s education projects –starting with project design, all the way through to project implementation- and applied it to the Bank’s portfolio of projects in technical and vocational

training. SDS/IND held an international workshop on the inclusion of indigenous populations in social projects. SDS/SOC and other international organizations and agencies jointly sponsored the launch of the Inter.-American Coalition for the Prevention of Violence and organized a seminar on the subject in Panama. SDS/WID completed a technical cooperation operation on the prevention and control of domestic violence and circulated publications on the topic among mayors in the region.

5.08 In addition, RE1/FI1 staged a workshop that examined the idea of using small-scale, unconventional technologies to supply infrastructure in low-income communities. RE2/FI2 held a technical forum on the delivery of rural energy. RE2/FI2, RE3/SO3 and SDS/MIC collaborated on a workshop, studies and good practices documents examining the feasibility of supporting housing solutions for low-income groups. RE1/SO1, for its part, did studies on the educational reforms and school decentralization strategies in the Southern Cone countries and on the experiences and lessons learned from them.

Improvement of data

5.09 As for the assistance to improve data on poverty and living conditions in the region, mandated by the Eighth Replenishment, the SDS/POV-coordinated Program for the Improvement of Surveys and the Measurement of Living Conditions in Latin America and the Caribbean (MECOVI) continued to provide technical assistance and training to Argentina, Bolivia, El Salvador, Nicaragua, Paraguay and Peru, to improve their questionnaires, sampling techniques, fieldwork, quality control and analysis of household survey data. Guatemala was also added to the program. The MECOVI program organized two regional training courses. It has now made the “Household Surveys Data Bank,” containing data from 150 household surveys in 21 countries, available to in-house users; arrangements are being made to make the data bank available to outside users as well. Based on the MECOVI surveys, RES introduced the “Social Data System” service that in 2000 was used in 25 Bank projects on poverty and development.

National poverty reduction strategies

5.10 To accelerate growth and poverty reduction, a number of countries of the region have opted to begin developing national poverty reduction strategies (ENRP), with specific goals and indicators to monitor and evaluate the efforts and the results as they are achieved. These are medium- and long-term strategies subject to periodic review, and are put together by the national governments using a participatory method involving consultations with a wide array of interested national and international parties. The Bank is helping Bolivia, Guyana, Honduras and Nicaragua to develop and implement their strategies. It is doing so through assistance and technical cooperation operations under the Heavily Indebted Poor Countries Initiative (HIPC) and in coordination with the national governments of those countries, the IMF, the World Bank and the donor community. In Bolivia, the Bank took the lead in introducing the social matrix into the ENRP. It has also encouraged preparation of ENRP in other countries of the region. Guatemala was the first country outside the HIPC group to undertake a national poverty reduction strategy and has asked the Bank to head up the process of international support for the strategy’s development. The Bank instituted its support for the preparation of these national strategies using technical cooperation funds of

close to US\$1 million and through loan operations such as its loan to Nicaraguan (NI-0140) for US\$10 million, approved in 2000 (see paragraphs 4.11-4.12 and 6.06-6.11).

Policy discussions

5.11 Poverty reduction and social equity-enhancement must be priority goals on the policy agenda of all countries in the region. The IDB has helped to facilitate dialogue and to build a consensus on the objectives of poverty reduction and social equity enhancement through the procedures it uses for programming and preparation of country papers and through the following instruments:

5.12 “*Encerronas*”. RES and the regional operations departments organized “encerronas” workshops for the governments of Bolivia, Ecuador, El Salvador, Guatemala, Mexico and the Dominican Republic. Their purpose was to identify policy priorities to accelerate those countries’ economic and social development. These workshops enable dialogue within the governments, and between governments and the Bank, and serve as a foundation for the policy discussions between the governments and civil society organizations. Similarly, they provide input for the Bank’s programming work with the countries.

5.13 *Social Policy Dialogue*. This initiative, headed by former Chilean President Patricio Alwyn and coordinated by SDS/SOC, strives to build national consensus on specific social policies. In Honduras, the Dialogue made it easier to build a consensus among policymakers, the private sector and civil society on the reform of that country’s educational system and is helping to draft an educational reform bill. Within the Bank, efforts are underway to mainstream the Dialogue’s method into the institution’s practices and projects, through workshops and circulated documents.

5.14 *Social Equity Forum*. SDS/POV staged the first two meetings of the Social Equity Forum, which brings together a select group of political and technical leaders and leaders of civil society from throughout the region to elevate social equity to the forefront of the economic and social policy debate and to build knowledge on the correct public policies to pursue to promote social equity in Latin America and the Caribbean. The first meeting discussed socially responsible macroeconomics, employment and the politics of social sector reforms; the second meeting examined the impact of the new economy on equity in the labor market and its implications for public policy.

5.15 *Regional Policy Dialogue*. At the request of the IDB Board of Executive Directors, SDS/POV and INT/RTC organized a Network of Policymakers on Poverty Reduction and Social Protection, made up of high-ranking government officials who are experts in these subjects. The Network’s goal is to share experiences and learn about best practices from within the region and elsewhere, to craft effective strategies, policies and programs in poverty reduction and social protection in Latin America and the Caribbean. The meeting held to prepare the Network discussed international experiences with the design and implementation of social protection systems and programs and mechanisms to protect social expenditures in times of fiscal austerity. There, the agenda was set for the Network’s first formal meeting, slated for June 2001.

5.16 *Seminars and conferences.* On the occasion of the Annual Meeting of the IDB Board of Governors in New Orleans, the Bank held a number of regional conferences on topics directly linked to poverty and social equity. In the area of social protection, SDS/POV organized a conference on policies and programs that will minimize the impact of macroeconomic crises on the poor, while SDS/ENV organized a conference on poverty and reducing vulnerability to natural disasters. SDS/RUR held a regional conference on the development of the rural economy, where various rural investment options were examined and the Interagency Group for Rural Development in Latin America and the Caribbean was created, with various international agencies and the Bank participating. SDS/ICT, for its part, held a seminar on the new information technologies that was an opportunity to share experiences in how public, private and civil society organizations are using these technologies to fight poverty in the region. EXR/SPE organized a conference on policies and programs to create greater opportunities for youth and to involve them in the region's development process. SDS/SGC staged seminars and meetings on policy and development issues in Quito, and on democracy and poverty in Santiago, Chile. Participating were civil society organizations and high-ranking authorities and officials from the Bank. SDS/EDU staged seminars on poverty, growth and cultivation of productive job skills and alternatives to higher education for low-income groups.

Other activities

5.17 As for relations with civil society and citizen participation in Bank activities, SDS/SGC has taken specific measures to promote citizen participation at the various levels of the Bank's activities. Officers have been posted at the Bank's country offices and headquarters units to liaison with civil society. It has also instituted specific liaison and consultation functions in the countries (the civil society advisory councils, for example). In the training area, INDES conducted national training programs in Nicaragua and Honduras, targeting professionals in government and civil society organizations in those two countries with the goal of improving the design and management of social policies and programs and of making them more effective in reducing poverty and inequality. On four separate occasions, INDES conducted the course on guidelines for designing and managing social policies, training one hundred social managers from the region. In the Dominican Republic, RE2/SO2 is working to increase private enterprise's social investments by promoting social projects that demonstrate the advantages of private enterprise's participation, in partnership with civil society organizations.

5.18 In conclusion, the Bank has been active in non-lending services on numerous fronts, to advance the objectives of poverty reduction and promotion of social equity in the region, in keeping with the mandate of the Eighth Replenishment. Prominent among the activities in research and dissemination of best practices are new initiatives in the areas of infrastructure, rural development and microenterprise, modernization of the State and participation of civil society, investment in human capital and social exclusion, and consolidation of the thematic area of social protection with publication of two books that provide a comprehensive overview of the underlying principles and concepts of this thematic area and policy recommendations to help minimize the impact that adverse shocks have on the poor. MECOVI has been particularly effective in improving information and its use, especially with its implementation of the databank of household surveys in the region. As for policy

dialogue, the Network of Policymakers on Poverty Reduction and Social Protection, created as part of the Regional Policy Dialogue, is a new initiative implemented in 2000. On a final but important note, significant progress has been made with the development of poverty-reduction strategies in the region.

VI. ACTION PLAN IN AREAS OF SPECIAL EMPHASIS FOR POVERTY REDUCTION AND EQUITY ENHANCEMENT

6.01 Working in coordination with the central and regional departments, SDS/POV prepared this plan for the purpose of furthering Bank action in areas of particular emphasis for purposes of poverty reduction and equity enhancement, pursuant to the recommendation of the Policy and Evaluation Committee of the Executive Board, at its meeting of July 6, 2000. The plan builds upon the recommendations that appear in the document titled "IDB Activities in Poverty Reduction and Promotion of Social Equity in 1999" (GN-2110-1) and is consistent with the lessons included in the document titled "Lessons Learned from Evaluations of Poverty-Reduction Programs" (RE-236-1).

6.02 The plan is premised upon a multidimensional concept of poverty that encompasses four interrelated problems for well-being: an income level insufficient to meet basic needs; lack of participation in decision-making institutions; the inability to avert or to cope with significant reductions in income, and a poor quality of life. Economic growth and macroeconomic stability are essential but not sufficient conditions for poverty reduction. A comprehensive anti-poverty strategy requires a cohesive and coherent set of economic and social policies to address these four problem areas, policies that ensure that the benefits of growth reach all sectors of the population and that draw upon the synergies inherent in regional cooperation. Particularly essential are activities that create economic opportunity for the poor and disadvantaged while at the same time expanding their access to the physical and social infrastructure; that correct structural inequalities in the distribution of assets (education, for example), that promote a more efficient, effective State more sensitive and responsive to the needs of the poor and more accountable; that establish comprehensive social protection systems, and that eliminate social ills that take a disproportionate toll on the quality of life of the poor, and that lift the social barriers that keep ethnic groups, racial groups and women excluded.

6.03 Hence, the plan includes activities in a number of areas of special emphasis, focusing on five groups of measures: 1) support with preparation and implementation of national poverty-reduction strategies with goals and indicators of effort and results, that are linked to the Bank's policy dialogue with the country and that enhance the content and scope of the country papers on the matter of poverty reduction; 2) identification, promotion and implementation of innovative projects in nonsocial areas that directly benefit the poor; 3) assistance with institutionalization of comprehensive social protection systems that include prevention and management of adverse shocks (economic crises, natural disasters, unemployment, disability, illness, and so on), social safety nets and labor and social policies; 4) identification, promotion and implementation of innovative projects in social sectors that directly benefit the poor; and 5) better monitoring of the progress made toward the region's development goals, including impact evaluations of the Bank's lending operations.

6.04 The plan is consistent with the recommendations emanating from the Bank's new Institutional Strategy. The latter ranks fighting poverty in Latin America and the Caribbean as one of the paramount objectives of the Bank's activities, identifies those sectors in which the Bank boasts comparative advantages, and stresses stronger programming and more evaluation of results. The proposed activities crosscut the four priority areas of Bank activity, in that they are closely associated with policies that prioritize the goal of poverty reduction in each one. SDS/POV is helping to get the poverty-reduction objective mainstreamed into the strategies being developed for each of the four priority areas and is also updating the Bank's strategy for poverty reduction and social equity enhancement.

6.05 This document briefly justifies the reasoning behind each activity and gives a concise, selective summary of the principal activities proposed for the 2001 action plan¹³ and others tentatively identified for 2002. At the end of this document is a summary of the action plan. The matrix in Annex I shows the plan in more detail, including those activities either already carried out or initiated in 2000 and the departments and divisions responsible for each activity. In future versions of this annual report on the Bank's poverty reduction and equity enhancing activities, SDS/POV will update the action plan and report what has been accomplished.

Poverty reduction program of the Japan Special Fund

6.06 In March 2001, the Japanese government established the US\$30 million Poverty Reduction Program to support the Bank's activities to reduce poverty in the LAC region. The objectives of this 5-year program include the support of well-targeted poverty reduction and social development activities that would have a direct impact on the population affected by poverty. The Program supports innovative loan-preparation and stand-alone technical cooperation projects as well as small-scale investment projects developed in the framework of the Japan Special Fund, and is expected to play an important role in the achievement of those activities in the proposed Action Plan.

National poverty-reduction strategies

6.07 The Bank will continue to actively assist governments of borrower countries with preparation of national poverty reduction strategies (ENRP) through extensive consultations with the national and international actors involved. The Bank included this line of activity among the future strategic programs it introduced at the recent Summit of the Americas in Quebec. Ideally, this strategy should include: (i) a thorough analysis of the determinants of poverty and how the latter figures into the economic, juridical, political and social picture; (ii) the prioritization of poverty-reduction objectives and goals that are achievable and measurable; (iii) a logical framework consisting of a set of activities and policies compatible with the objectives and goals and the funds available; and (iv) an action plan that establishes the cost of these activities and policies, mechanisms to monitor and evaluate their impact, and the role of multilateral agencies and donors in funding specific programs and projects.

¹³ The list of projects for 2001 is based on the portfolio of proposed projects (pipeline A) as of February 12 of this year and on individual contributions from the regional departments. Some of these projects may not be approved in 2001, since they are either still on the drawing board and under negotiation.

6.08 The support the Bank offers to the countries of the region to help them develop and implement their strategies will be linked to the policy dialogues with those countries and will enhance the content and scope of the country papers on the poverty-reduction issue. In 2001, the Bank will continue to assist Bolivia, Guyana, Honduras and Nicaragua with their ENRP, under the Heavily Indebted Poor Countries initiative (HIPC). The support it provides to Guatemala with development of its ENRP will be in the form of assistance, technical cooperation operations and loans. For the immediate future, the Bank plans to encourage the process in other countries of the region that show an interest in this initiative.

6.09 A comprehensive poverty-reduction strategy should come up with a set of priority programs and projects financed using national and multilateral resources. At this stage of the process, the Bank, through its policy dialogue and programming process, offers its support to the country mainly, although not exclusively, in those areas in which it has comparative advantages, such as development of social sectors, modernization of the State, promotion of competitiveness and support for integration initiatives. In 2001, the Bank will lend some US\$300 million for implementation of the national strategies in Bolivia (BO-0203) and Honduras (HO-0185), and to commence preparation of the national strategies in Mexico (ME-0236) and the Dominican Republic (DR-0140).

6.10 The action plan recognizes that the substance and scope of the country papers' treatment of poverty reduction need to be improved, as these papers are vital tools for programming the Bank's support to the countries. This must be done in the case of countries that are in the process of developing their poverty reduction strategies and in the case of the remaining countries that do not yet have such strategies. The country papers are to contain a section with specific proposals on policies and projects that will directly benefit the poor and the very poor, as established by a diagnostic study of their chief determinants. The first countries where this proposal will materialize will be Bolivia, Haiti and Mexico.

6.11 Particularly noteworthy within this plan is the SDS/POV-coordinated Bank initiative for development of poverty reduction and social equity promotion strategies in all borrower countries, particularly middle-income countries, to match the strategies already being carried out in the low-income countries. The parameters of that plan will be built into the Bank's strategy for poverty reduction and promotion of social equity, now being updated. This initiative is responsive to the commitment that all the heads of State and of government made to international poverty-reduction goals at the Quebec Summit of the Americas.

6.12 SDS/POV is helping to devise the strategies for the four priority areas of the Institutional Strategy to ensure that the poverty reduction objective is fully mainstreamed. It is also updating the Bank's strategy for poverty reduction and promotion of social equity. The following are some issues that the updated Strategy will feature: adaptation of the international development goals to the Latin American and the Caribbean reality; inclusion of the objectives of reducing poverty and inequality in the Bank's policy dialogues and loan programming, the mechanics of consultation with civil society, and the systems for monitoring and evaluating efforts and results.

Actions in nonsocial sectors

6.13 A comprehensive poverty reduction strategy must include specific measures to ensure that the immediate benefits of nonsocial projects in areas like infrastructure, microeconomic deregulation, finance products, productive activities and modernization of the State accrue to the poor. The idea is to help the poor become more productive and to make government institutions more efficient and effective. These measures must include the following: development of markets by investing in infrastructure in limited access areas; greater access to information, credit, technology and productive assets; minimizing the risks that the poor confront in their productive options; greater linkage of the productive activities of the poor to the dynamic sectors of the economy, through assistance to microenterprise and environmentally sustainable rural activities; institutional reforms in the delivery of public services; greater transparency and accountability on the part of the State; and the participation of the poor in the policy dialogue.

6.14 To increase Bank support for investments in nonsocial sectors that target the poor, the plan contains a broad set of measures to build and disseminate knowledge within the Bank and in the countries about innovative productive, technological and organizational systems that directly benefit the poor.

Infrastructure and finance products

6.15 The Bank is placing particular emphasis on innovative solutions to the basic infrastructure problems that affect all groups living in extreme poverty in the region. In 2001, SDS/IFM will do a series of studies on good practices for delivering, regulating and overseeing basic infrastructure services (energy, telecommunications, water supply and sewerage) and, working with SDS/POV, will identify priority finance products for the poor, such as crop insurance and health insurance. Through the Research Network on Inequality and Poverty in the region, SDS/POV will sponsor studies on the distributive effects of the privatization and deregulation of public services. SDS/IFM will also develop an action plan for property titling, while RE2/IF2 will continue activities that promote and support the design of operations that finance housing solutions for the poor, including a housing strategy and workshops with governments to disseminate good practices in this area. SDS/IFM will also develop a proposed method to research the impact of financial sector policies on the poor, and will identify finance instruments to manage the risk of natural disasters.

Development of microenterprise and the rural economy

6.16 Within the productive sectors, SDS/MSM will promote development of microenterprise in the region and will disseminate best practices in this area through the annual inter-American forums it organizes. It also plans to lay out a regional strategy for developing microenterprise in the Caribbean, as the first step toward the creation of a fund. In the case of rural development, SDS/RUR will coordinate implementation of the action plans for the Rural Poverty Reduction Strategy and the Agrifood Development Strategy. In the years ahead, preparation of rural development strategies and national rural development dialogues in a number of countries of the region will identify investment opportunities and projects that directly serve the poor. The national and regional policy dialogues, the Social

Equity Forums, the *Encerronas*, regional programming papers and missions to identify and program activities will also be instrumental in getting new productive and infrastructure programs adopted. With INDES' participation, public officials will be trained in rural poverty reduction strategies.

Modernization of the State and civil society's participation

6.17 Cognizant of the indissoluble link between a more robust democracy, development, and the fight against poverty and inequity, the Bank has been particularly attentive to its relations with civil society and, in particular, to citizen participation at the various levels of Bank activity. Accordingly, SDS/SGC will continue to strengthen its civil society liaison mechanisms in the field offices and headquarters units and the specific liaison and consultation mechanisms in the countries (the civil society advisory councils, for example), through flexible guidelines for citizen participation in Bank activities. Citizen involvement will be enlisted using participatory methods, among them a wide-ranging process of consultation in the region.

6.18 In the area of modernization of public management, SDS/SOC will develop operating guidelines to steer Bank support of development activities by local governments (at the municipal, provincial or state levels), particularly in the areas of planning and management, infrastructure and delivery of public services. INDES will continue to train public officials and leaders of civil society from the region in how to formulate and administer public policy.

6.19 For some time now the Bank's regional departments have been engaged in projects in these key areas. Fourteen infrastructure projects are being prepared for 2001, involving a total sum of US\$467.0 million (in Bolivia, Brazil, Ecuador, El Salvador, Guatemala, Guyana (2), Haiti, Jamaica, Honduras (2), Paraguay (2) and Peru), five housing projects for US\$209.8 million (El Salvador (2), Guatemala, Nicaragua and Suriname), two microenterprise projects for US\$50 million (Brazil and Colombia), seven in the rural productive sector for US\$743.9 million (Brazil, Ecuador (2), Haiti, Honduras, Mexico and Peru), and four in State modernization for a total of US\$319.0 million (Barbados, Nicaragua, Peru and Venezuela), also targeted at the poor population. In the field of microfinance, the MIF will continue to strengthen microfinance institutions, while the Social Entrepreneurship Program will continue to support small projects of microentrepreneurs from the region. The Bank will also promote regional programs for development of border areas (where poverty tends to be high) and support the initiative to create development and integration hubs in South America using regional infrastructure.

Institutionalization of comprehensive social protection systems

6.20 Adverse shocks like economic crises, natural disasters, unemployment and disease drastically reduce the income of the poor and are underlying causes of the region's chronic poverty. The countries must be equipped with adequate policies to reduce the incidence of adverse shocks and to help the poor protect themselves and to cope with these risks. Many countries still do not have comprehensive social protection system that guarantee minimum levels of consumption, access to basic services and protection of investments in human

capital in times of crisis, and that reduce the risk factor in the productive decisions that the poor take. These systems must feature ways to protect (social and nonsocial) spending that benefits the poor population in times of fiscal austerity, better management of the risks of systemic shocks like economic crises and natural disasters, and social protection systems to protect the poor in the event of unemployment, crop losses, illness and for old age.

6.21 The Bank will support institutionalization of comprehensive social protection systems that include macroeconomic and fiscal policy, management and prevention of natural disasters, social protection systems, and policies on labor, education, health and nutrition. This was one of the lines of action of the future strategic programs the Bank introduced at the recent Summit of the Americas in Quebec. It will actively lobby for these initiatives in its dialogue and meetings with political leaders, public officials and representatives of civil society, such as the Regional Dialogue for Poverty Reduction and Social Protection, promoted by the Board of Executive Directors and organized by INT/RTC and SDS/POV, the latter's Social Policy Dialogues, the so-called "Encerronas" organized by the regions and RES, and the INT/IND regional programming documents. SDS/POV will advocate institutionalization of comprehensive social protection systems at annual international conferences on the impact of the macroeconomic volatility on the poor and the challenges posed by globalization, and will support the inclusion of social protection components in sector loans. For its part, SDS/ENV will continue to implement the action plan to reduce vulnerability to natural disasters and poverty. This includes preparation of technical papers on reducing vulnerability and development of financial instruments to protect against the risks of natural disasters, regional dialogues, political and public awareness campaigns about the risks of natural disasters, the design of institutions and indicators for managing disaster risks, and stronger environmental management offices in the countries of the region.

6.22 The Bank's regional departments are putting together a considerable number of operations specifically in social protection. For 2001, social safety nets are planned for three countries, totaling US\$575.0 million (Brazil, Ecuador and Jamaica) and operations are being developed to reduce the risks from systemic shocks and promote rapid response to such shocks, including projects in the finance sector in three countries, totaling US\$700 million (Argentina, Guatemala and El Salvador) and projects in the fiscal sector in another four, for US\$482 million (Bolivia, Colombia, Ecuador and Honduras). Among the projects for disaster preparedness and mitigation are five loans for US\$72.6 million, for four Central American countries (El Salvador (2), Guatemala, Honduras and Nicaragua). Pension reform is the goal of loans to two countries (Brazil and Nicaragua) totaling US\$77 million.

6.23 Another important operation supports Brazil's policies in the social sector. The US\$500 million involved will go toward a number of innovative programs that are part of a social protection system for those in the early stages of life, from birth to 18 years of age. These programs transfer cash to poor families in exchange for fulfillment of a list of commitments, among the preventive health care, school attendance and an end to child and adolescent labor.

Actions in the social sectors

6.24 Development of the social sectors is vital to the fight against poverty in the region, as the Bank's new Institutional Strategy acknowledges. Among the actions essential in this area is stronger investments in human capital for the poor, while ensuring access to education and health services of adequate quality by means of supply- and demand-side interventions. Also needed are measures to combat social exclusion based on race, ethnicity, gender and disability, and to prevent social vices like child labor, crime, violence, drug and alcohol abuse. The goal here is to eliminate discriminatory practices and create opportunities for excluded groups, to promote the well-being of mothers and aid child growth and development, to prevent child and teen pregnancy, to promote youth participation and leadership, to elevate the quality of life in poor urban areas, and to support community campaigns to wipe out crime and domestic violence and that encourage an early end to conflicts and disputes.

6.25 The Bank has an established record and lead role in the area of operations in the social sectors that target the poor. This action plan identifies new areas and new approaches to broaden the benefits of the social portfolio to the poor of the region.

Investment in human capital

6.26 The Bank will persist in its strong support for investment in human capital for the poor as a fundamental way to fight poverty in the countries of the region. In 2001, SDS/POV will examine the institutional factors that either help or hinder better delivery of social services and will devise a framework for making them more effective and more accountable. SDS/SOC will examine the regulatory frameworks governing medical insurance services, while INT/RTC will coordinate activities associated with investments in child growth and development, including nutrition-related activities. SDS/WID, for its part, will develop reproductive health guidelines for Bank operations. SDS/EDU and SDS/SOC will conduct studies on good practices in educational quality programs and the experience with the *Fe y Alegría* programs, policies to break the poverty cycle, and programs on education for girls. RES will complete studies on the impact that training policies have had. RE3/SO3 will devise strategies for development of the social sector in Jamaica and Guyana, while SDS/EDU will examine the experience with educational quality programs in the region.

Combating social exclusion

6.27 With the support of an interdepartmental Bank group, in 2001 SDS/SOC will coordinate studies on the costs and causes of racially or ethnically motivated social exclusion and policies to combat it. These studies will involve specialized household surveys on various aspects of the problem. Coupled with these studies will be research by SDS/POV, which will hold a special session on social exclusion at the annual meeting of the Network on Inequality and Poverty, and an RES-coordinated project of the IDB Research Network on this topic. These studies will provide input for the conference that the IDB is organizing on this subject for June 2001 and for the World Conference on Racism that will be held in South Africa in August 2001. In early 2001 the Bank held an in-house retreat to

promote an understanding of this problem and sensitize the staff to its importance in the region. HRD is also heading up preparation of guidelines to promote greater diversity within the Bank's staff, which includes the country offices.

6.28 The purpose of these initiatives is to strengthen the Bank's work in the area of social exclusion. Since new programs will be developed, Bank-supported operations in various countries of the region have been reviewed. SDS/IND will create an internal and interagency working group on providing health care to indigenous peoples, and will review good practices in bilingual and intercultural education. INT/INDES has plans to conduct training courses in social management, specifically targeted at leaders and officials involved in formulating and implementing social policies and programs for the indigenous and Afro-Latino population.

6.29 The Bank will continue to carry out activities to advance gender equality in employment and productive opportunities in the region. In 2001, SDS/WID will conduct studies and hold a forum on policy issues that affect women's employment and will identify good practices and lessons learned from previous projects with a gender focus. At the same time, SDS/SOC will conduct various activities on disability, including a seminar and publication of a book dealing with the problems that disabled persons in the region face, compilation of data on the problem and policy options for promoting the inclusion of these groups.

Prevention of social problems

6.30 Work on the prevention of social problems will continue in 2001 with an SDS/SOC study, being conducted with assistance from INT/RTC, into the causes and consequences of child labor, and the design of pilot projects, an SDS/POV study on the effects of inequality on crime, establishment of local networks to prevent and control domestic violence, and SDS/WID circulation of publications on this subject among the region's mayors. A special focus this year will be improving living conditions in low-income urban neighborhoods. RE1/SO1 will review the Bank's experience with programs in this area, as will SDS/SOC, which will also study good practices for rehabilitating urban downtown areas.

6.31 The Bank's regional departments are currently developing innovative projects in the social areas that will directly benefit the poor. Eleven projects for investment in human capital are planned for 2001, involving a total of US\$1.4390 billion and ten countries (Argentina, Bahamas, Colombia, Dominican Republic, Guatemala, Guyana (2), Haiti, Panama, Uruguay and Venezuela). Also being developed are three comprehensive social inclusion operations (Chile, Guatemala and Honduras) and six projects with components or measures that specifically target socially excluded groups, totaling US\$283.0 million (Bolivia (2), Ecuador, Paraguay and Peru (2)). A credit program will be created for rural women in Central America and the Caribbean. Ten projects totaling US\$309 million (Argentina, Barbados, Brazil, El Salvador, Guatemala, Jamaica, Nicaragua (2), Venezuela, and Trinidad and Tobago) will target prevention of social problems.

Monitoring and impact evaluation

6.32 The importance that the governments of the region and the Bank attach to poverty reduction objectives must be matched by proper and timely measurement of the progress made on this front. On the one hand, measurement of the social poverty and inequality indicators must continue to be improved. On the other hand, more impact evaluations must be done of IDB projects, using rigorous methods to establish what progress has been made toward the poverty reduction objectives that the operations propose.

6.33 As for improving the indicators of the region's social development, the SDS/POV-coordinated MECOVI program will continue to play a pivotal role by helping current beneficiary countries and encouraging others to join in developing household surveys able to measure the degree of social development and poverty levels. As of 2000, the program had provided technical assistance to seven countries in the region and had compiled a databank of 150 household surveys from 21 countries of the region, for use within and outside the Bank. The Bank will continue to provide technical assistance and financial resources to the MECOVI program to build up the technical capacity in the participating countries, add new countries and continue with the training and sharing of information on best practices at the regional level. At the recent Summit of the Americas in Quebec, the Bank featured this line of action among the set of strategic programs it has slated for the future.

6.34 The next step planned is theoretical and functional development of a set of indicators of efforts and results to gauge the countries' social development, particularly the progress made toward accomplishment of the goals established in the national poverty reduction strategies. This SDS/POV project, approved in 2000, will get underway in 2001. RE2/SO2 is coordinating a similar initiative with SDS/POV. Its focus will be to put together a high-level institutional framework for monitoring poverty indices, which the offices in charge of tracking poverty reduction strategies will then use to make decisions. Two other activities to be carried out in this field are a project on social indicators for indigenous peoples (SDS/IND) and a project to improve the measurements of quality of life in the region (RES).

6.35 As for impact evaluation, through workshops, seminars and empirical research programs SDS/POV will continue to disseminate information on techniques and practical experiences with impact evaluation using rigorous methods.

6.36 In-house training is needed to implement a multi-year plan to evaluate the Bank's impact. Under this plan, a group of projects will be selected that are representative of the various sectors in which the Bank is active (education, health, sanitation, social investment, urban development, environment, microenterprise, infrastructure, productive sectors and modernization of the State) with the idea of building in the impact-evaluation component at the time these projects are designed. The projects are to construct benchmarks and use control-group techniques to isolate the project's true impact.

6.37 In consultation with the regional and central departments and OVE, SDS/POV has devised guidelines for implementing this plan. When a project is examined to decide whether it will be selected for an impact evaluation, the guidelines recommend that the

nature and complexity of the evaluation problem be factored in, along with the information required, the costs of the evaluation and its potential benefits in terms of what it can teach. The main considerations in the selection process will be the following: (i) the project or project component that will be evaluated will show who the individual or community beneficiaries will be; (ii) the project design is at a stage where construction of benchmarks and control groups can be built in; (iii) evaluating the program will make an important contribution to the Bank's knowledge and understanding of what constitutes effective interventions in the anti-poverty area; (iv) the cost of the evaluation as a percentage of the project's total is not in excess of a certain percentage, to be determined taking account of international experience with projects of the kind involved. International experience suggests that on average the evaluation represents some 1% of the loan total, with the range varying from 0.3% to 1.5%.

6.38 An initial review of the 37 SEQ projects in 2000 shows that 5 projects approved in 2000 had impact-evaluation components: two social protection system projects, one program for strengthening agrarian reform settlements, one local development project and one program to support implementation of an anti-poverty program. It was found that the impact evaluation could in theory be extended to a number of components in ten other projects that include construction of base lines, if these include control groups in the evaluation's design. This inventory of the 2000 projects would indicate that for 2001, the number of operations featuring impact evaluation components could be increased, if the countries in question so agree and if done in accordance with the plan guidelines.

6.39 It is therefore suggested that, starting in 2001, an impact evaluation be a feature of at least two projects per regional department per year. The regional departments will select the projects from social and nonsocial sectors alike, according to the guidelines outlined above. One key aspect of Brazil's sector program now being prepared is the impact evaluation of the social programs it will support.

VII. CONCLUSIONS

7.01 Poverty reduction is one of the critical development challenges for Latin America and the Caribbean. At the recent Quebec Summit of the Americas, all the heads of state and of government committed to further efforts to reach the international development goals, particularly the goal of reducing the percentage of people living in extreme poverty to one half of the 1990 level by the year 2015. However, the modest progress the region made in reducing poverty in the 1990s compromises its chances of achieving that goal. Therefore, while the economic growth of the countries in the region must be accelerated, that alone will not suffice. Additional measures are needed at the same time, to ensure that the poor benefit from growth on an equal if not greater scale.

7.02 In keeping with the Eighth Replenishment, the IDB's Institutional Strategy ranks poverty reduction and promotion of social equity and environmentally sustainable growth in Latin America and the Caribbean as fundamental objectives of the Bank's work. All IDB lending and non-lending activities must, either directly or indirectly, serve to advance these objectives. In 2000, the Bank directed a substantial part of its lending and non-lending

activities toward poverty reduction and promotion of social equity, with the emphasis on the concept of socially responsible macroeconomics. The action plan prepared here builds upon the Bank's previous work in this area.

7.03 In the year 2000, half (51.8%) of the total volume of IDB-approved loans went toward poverty reduction and promotion of social equity (SEQ loans), well in excess of the indicative target of 40% for SEQ loans, mandated by the Eighth Replenishment. Some 46.8% of the total number of approved lending operations were SEQ loans, slightly below the 50% indicative target mandated by the Eighth Replenishment. The shortfall in the number of SEQ loans is a function of the fact that they were, on average, for greater amounts than the Bank's other loan operations. Included among the SEQ loans are the poverty targeted investments (PTI), which in 2000 accounted for 31.7% and 40.7% of the total volume and number, respectively, of approved investment loans.

7.04 In qualitative terms, innovative operations are being developed in the Bank's four priority areas. Then, too, sector loans with components for protection of social expenditure continued to be approved. The MIF operations in microenterprise, microfinance and labor training contributed directly to the IDB's poverty reduction objectives. Other IDB-group lending operations –including the IIC's loans and investments- had their own impact on poverty reduction, albeit indirect.

7.05 As for non-lending activities, in 2000 numerous efforts were made to make poverty reduction and promotion of social equity a priority on the policy agendas of the countries of the region. Both the operations departments and the central departments have put a significant volume of human resources and technical cooperation to assist in developing national poverty reduction strategies and to organize dialogues with the governments and representatives of civil society to build a consensus around the urgency of comprehensive measures and plans to combat poverty and promote social equity. Also, the research activities and measures to help generate better information on living conditions have improved the design and implementation of poverty reduction policies and projects in the countries of the region.

7.06 This action plan, prepared by SDS/POV in coordination with the central and regional departments, is an important step toward furthering the Bank's work in the area of poverty reduction and promotion of social equity for three reasons. First, it is built upon a renewed, multidimensional concept of the fight against poverty. Second, it is a collaborative effort among the various areas of the Bank, involves concrete actions assigned to the various departments, and reflects a renewed commitment to the poverty reduction goal. Finally, progress toward fulfillment of that objective will be followed and updated on an annual basis in the document "Report on poverty reducing and social equity enhancing activities," so that the collaborative effort can learn from experience and make any necessary adjustments along the way. In that way, the impact of the Bank's activities in the area of poverty reduction and promotion of social equity will continue to grow.

7.07 A highlight of this plan is the SDS/POV-coordinated Bank initiative to develop an action plan to assist all borrower countries, particularly the middle-income countries, with development of poverty-reducing and social equity-enhancing strategies to match the

strategies already being carried out in the low-income countries. The parameters of that plan will be incorporated into the Bank's strategy for poverty reduction and promotion of social equity, which is currently being updated. This initiative echoes the commitment that all the Heads of State and of Government attending the Quebec Summit of the Americas made to the international goals for poverty reduction.

7.08 The Bank will also continue to improve its classification criteria for poverty reducing and social equity enhancing loans (SEQ/PTI). Specifically, operations where the bulk of the investment benefits the poor should rightly be classified as poverty targeted investments (PTI).

7.09 The MECOVI project, coordinated by SDS/POV and featured by the IDB at the recent Summit of the Americas in Quebec as one of its strategic programs, is making important contributions to strengthen the generation, dissemination and analysis of information on living conditions in the countries of the region and has an extensive agenda to carry out, which includes technical support to the countries. In 2001, MECOVI will cease to be funded with technical cooperation resources. Given that fact, efforts will be made to make the program part of the Bank's formal, permanent structure, effective 2002.

7.10 During the programming phase and preparation of country papers, the Bank will continue to step up efforts to have the objectives of poverty reduction and promotion of social equity prioritized, thereby creating a portfolio of projects that are consistent with those objectives.

7.11 In addition to the activities proposed in the action plan, SDS/POV is conducting other initiatives to support the operations departments' programming and preparation of projects. These include: i) a review of the projects proposed for 2001 to identify those with poverty-targeted potential; ii) dissemination of prototype operations in those sectors of Bank activity with good poverty-targeting potential; iii) explanations of how to use the PTI/SEQ classification criteria; and iv) demonstrations of the household surveys databank with primary-source information on living conditions in the countries of the region. Lastly, the Unit is updating the Bank's strategy for reducing poverty and promoting social equity and is helping to prepare the strategies for the four priority areas of the Institutional Strategy so as to mainstream the poverty-reduction and social equity-enhancement objective into those strategies and into future Bank loans.

SUMMARY OF THE ACTION PLAN IN AREAS OF SPECIAL EMPHASIS FOR POVERTY REDUCTION AND PROMOTION OF SOCIAL EQUITY

Action	Initiatives in areas of special emphasis	Activities 2000 (Carried out)	Activities 2001 (As of May)
1) <i>National poverty reduction strategies.</i>	a. Support the countries with development of national poverty reduction strategies (Spanish acronym ENRP) b. Enhance the substance and scope of the country papers c. Mainstream the objective of poverty reduction and social equity enhancement into the Bank's sector strategies.	* Technical assistance and support to 5 countries * ENRP implementation (1 loan for US\$10.0 million)	* Technical assistance and support to 4 countries * Implementation of ENRP (2 loans for US\$ 60.0 million) * Action plan ENRP middle-income countries. * 3 country papers * SDS/POV participation in the working groups mapping sector strategies
2) <i>Actions in nonsocial sectors whose benefits accrue directly to the poor and the very poor.</i>	a. Build and disseminate knowledge in: * Infrastructure. * Finance products that target the poor. * Microenterprise. * Rural poverty reduction strategy. * State modernization and civil society's participation. * Bank investment options b. Develop specific projects.	* 3 workshops and 2 studies * 1 strategy and seminars * 1 book and III Inter-American Microenterprise Forum * 2 strategies, studies in 4 countries, papers done in conjunction with the Interagency Group for Rural Development (Spanish acronym GIDR), national dialogues * Appointment of liaison officers and creation of consultation mechanisms, 2 seminars * Social Equity Forum, <i>Encerronas</i> , missions, 1 regional conference, 1 workshop * <u>Infrastructure</u> : 5 countries, 6 loans for US\$144.8 million * <u>Housing</u> : 1 country, 1 loan for US\$505.0 million * <u>Rural Productive</u> : 4 countries, 4 loans for US\$101.0 million * <u>State modernization</u> : 3 countries, 3 loans for US\$225.2 million * Social entrepreneurship programs and MIF	* Good practices, studies, 1 strategy, guidelines, action plan * 2 technical papers and 1 workshop/seminar * 1 innovations initiative and IV Inter-American Microenterprise Forum * 4 national strategies, 1 sector strategy, 4 studies on good practices, 3 training workshops, update of the FONTAGRO plan, work in conjunction with the Interagency Group for Rural Development (GIDR) * 2 regional and national training courses, studies, guidelines * Social Equity Forum, <i>Encerronas</i> , missions, 1 seminar * <u>Infrastructure</u> : 11 countries, 14 loans for US\$467.0 million * <u>Housing</u> : 4 countries, 5 loans for US\$209.8 million * <u>Rural Productive</u> : 6 countries, 7 loans for US\$743.9 million * <u>Microenterprise</u> : 2 countries, 2 loans for US\$50.0 million * <u>State modernization</u> : 4 countries, 4 loans for US\$319.0 million * Social entrepreneurship programs and MIF
3) <i>Institutionalization of comprehensive social protection systems</i>	a. Promote establishment of social protection systems. b. Implementation of the action plan on natural disasters. c. Develop specific projects.	* Policy Dialogues, Social Equity Forums, <i>Encerronas</i> , 1 seminar, 1 book, good practices, participation in APEC paper * 1 report, 2 technical papers, 1 seminar, 3 technical cooperations * <u>Social safety nets</u> : 2 countries, 2 loans for US\$279.0 million * <u>Labor</u> : 1 country, 1 loan for US\$200.0 million * <u>Social Security (Health)</u> : 1 country, 1 loan for US\$5.8 million * <u>Finance-crisis prevention</u> : 3 countries, 3 loans for US\$550.0 million * <u>Disasters</u> : 1 country, 1 loan for US\$20.0 million * <u>Fiscal</u> : 3 countries, 3 loans for US\$612.5 million	* Policy Dialogues, Social Equity Forum, <i>Encerronas</i> , 1 seminar, 1 conference, 1 book * 3 technical cooperations, 2 meetings, 1 regional dialogue * <u>Social safety nets</u> : 3 countries, 3 loans for US\$575.0 million * <u>Pensions</u> : 2 countries, 2 loans for US\$77.0 million * <u>Finance-crisis prevention</u> : 2 countries, 2 loans for US\$600.0 million * <u>Disasters</u> : 4 countries, 5 loans for US\$72.6 million * <u>Fiscal</u> : 4 countries, 4 loans for US\$482.0 million.
4) <i>Actions in social sectors whose benefits accrue directly to the poor and the very poor.</i>	a. Build and disseminate knowledge. * Investment in human capital. * Combat social exclusion. * Prevention of social ills. b. Develop specific projects.	* 1 good practices document, miscellaneous studies, 2 seminars, 3 technical cooperations * Miscellaneous studies and 1 international workshop * Miscellaneous studies, 2 technical cooperations, publication of technical notes and bulletins, launch of the Inter-American Coalition to Prevent Domestic Violence, 1 seminar, 1 regional conference. * <u>Human Capital</u> : 5 countries, 5 loans for US\$150.3 million * <u>Pro social inclusion</u> : 3 countries, 3 loans for US\$100.3 million * <u>Prevention of social ills</u> : 4 countries, 4 loans for US\$219.1 million	* 1 document on good practices and 1 document on guidelines, miscellaneous studies, national strategies, 3 technical cooperations * Studies, 1 workshop, 3 regional conferences, 2 technical cooperations, 1 book, training courses, documents on best practices and guidelines * Technical cooperation, disseminate findings of technical cooperation, 1 study, 2 papers on good practices, publication of technical notes and bulletins, 1 seminar * <u>Human Capital</u> : 10 countries, 11 loans for US\$1.439 billion * <u>Pro-social inclusion</u> : 6 countries, 8 loans for US\$283.0 million * <u>Prevention of social ills</u> : 9 countries, 10 loans for US\$309.0 million
5) <i>Monitoring and impact evaluation.</i>	a. Continue to improve measurement of indicators. b. Disseminate knowledge and know-how. c. Plan for impact evaluations.	* Improve data collection and MECOVI databank, studies 1 regional technical cooperation for indicators * Workshops and studies * Program with 5 loans for US\$365.0 million	* Improve data collection and the MECOVI databank, develop social goals and indicators for indigenous projects and peoples, improve measurements of quality of life * Workshops, program of empirical research on evaluation * Identify projects among various sectors for each reach (minimum of 2 projects per regional department) * Social Sector Program in Brazil (BR-0360)

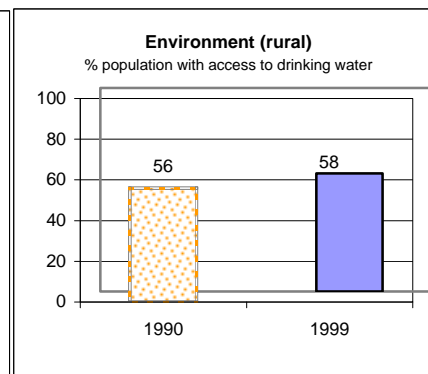
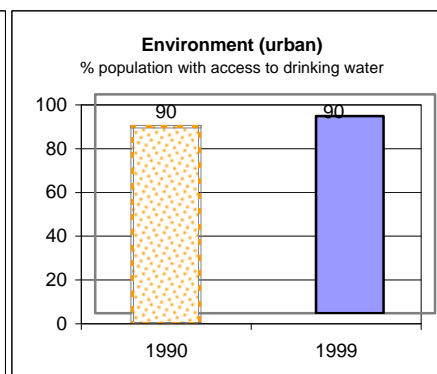
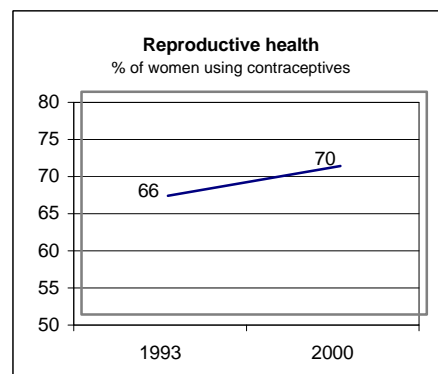
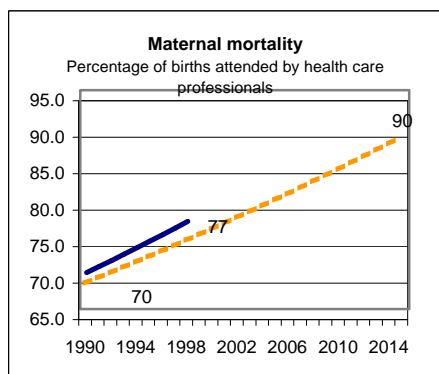
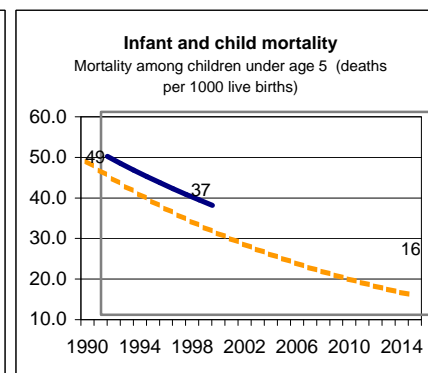
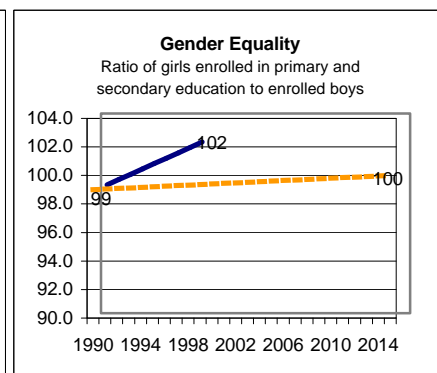
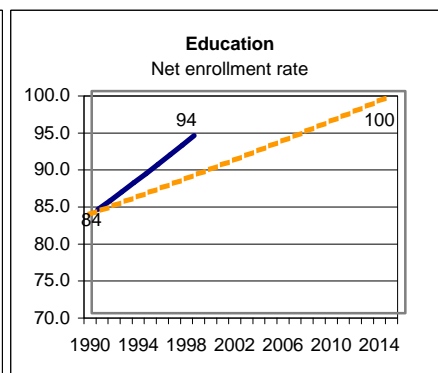
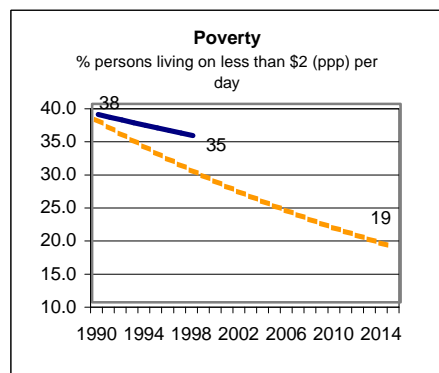
VIII. ANNEXES

ANNEX I

Annex I

PROGRESS TOWARDS ACHIEVEMENT OF THE INTERNATIONAL DEVELOPMENT GOALS, 1990-2015

— Progress
 - - - - - Goal



Source: "A Better World for All - Progress towards achievement of the international development goals", 2000. IMF, OECD, UN, WB., except for the figures of incidence of poverty estimated based on figures from Behrman, J., Birdsall, N. y M. Székely, 2001, "Pobreza, Desigualdad y Liberalización Comercial y Financiera en América Latina". Inter-American Development Bank, who use a poverty line of \$2 PPP per day. This line is considered more appropriate for measuring extreme poverty in Latin American and the Caribbean. If \$1 PPP is taken as extreme poverty line, the regional performance in extreme poverty has been a slight reduction from 17% in 1990 to 16% in 1998, the goal being 8% in 2015.

Chart 1

IDB: Loans Approved by Type and Social Equity and Poverty Reduction Classification, 1995-2000

	Number of Loans Approved						Approved Amount in US\$ Millions					
	1995	1996	1997	1998	1999	2000	1995	1996	1997	1998	1999	2000
I. Loans Program												
1 Investment (2+3)	50	58	68	76	60	63	4,609.0	4,721.8	5,271.5	5,685.1	3,792.1	3,581.1
2 Eligible PTI	41	50	58	66	50	59	4,469.3	4,639.8	5,183.0	5,615.8	3,748.8	3,545.4
3 Technical cooperation loans	9	8	10	10	10	4	139.7	82.0	88.5	69.3	43.3	35.7
4 Sector policy loans	12	10	4	4	3	5	2,464.6	1,808.4	422.8	725.0	460.0	1,150.0
5 Emergency	-	-	-	3	6	0	-	-	-	3,050.0	4,570.9	0.0
6 Private sector	5	6	8	11	10	11	145.7	198.0	320.3	576.8	634.7	511.8
7 Total loans	67	74	80	94	79	79	7,219.3	6,728.2	6,014.6	10,036.9	9,457.7	5,242.9
8 Total regular loans (7-5)	67	74	80	91	73	79	7,219.3	6,728.2	6,014.6	6,986.9	4,886.8	5,242.9
II. SEQ Loans ^{a/}												
9 Number and amount of SEQs	24	28	31	51	36	37	2,477.5	2,222.4	2,075.0	3,619.8	2,244.0	2,714.1
<i>PTI</i>	(27)	(26)	(26)	(30)	(23)	(24)	(2,540.6)	(2,000.1)	(1,734.6)	(2,167.2)	(1,403.1)	(1,125.2)
10 SEQ loans as a percentage of total regular loans	35.8	37.8	38.8	56.0	49.3	46.8	34.3	33.0	34.5	51.8	45.9	51.8
<i>PTI loans as a percentage of the universe to which they apply</i>	(65.9)	(52.0)	(44.8)	(45.5)	(46.0)	(40.7)	(56.8)	(43.1)	(33.5)	(38.6)	(37.4)	(31.7)

Source: IDB. Database

Preparation: SDS/POV

^{a/} Because of changes in the classification criteria (see Appendix), the SEQ series is only comparable for 1999 and 2000, whereas the PTI series is comparable for 1998 through 2000.

Chart 2

IDB: Amount and Number of SEQ Loans Approved by Country Group, 1999-2000

	Number of SEQ Loans Approved						Amount of SEQ Loans Approved, in US\$ Millions					
	1999			2000			1999			2000		
	Total Regular Loans	SEQ	Percent.	Total Regular Loans	SEQ	Percent.	Total Regular Loans	SEQ	Percent.	Total Regular Loans	SEQ	Percent.
	(1)	(2)	(2)/(1)	(3)	(4)	(4)/(3)	(5)	(6)	(6)/(5)	(7)	(8)	(8)/(7)
A	21	6	28.6	22	10	45.5	2,859.2	956.0	33.4	2,939.2	1,364.7	46.4
B	10	5	50.0	9	3	33.3	660.6	301.6	45.7	1,121.5	690.0	61.5
A & B	31	11	35.5	31	13	41.9	3,519.8	1,257.6	35.7	4,060.7	2,054.7	50.6
C	8	4	50.0	11	2	18.2	325.1	242.4	74.6	367.2	41.8	11.4
D	34	21	61.8	36	22	61.1	1,042.0	744.0	71.4	775.0	617.6	79.7
C & D	42	25	59.5	47	24	51.1	1,367.1	986.4	72.2	1,142.2	659.4	57.7
Regional	0	0	0.0	1	0	0.0	0.0	0.0	0.0	40.0	0.0	0.0
Total	73	36	49.3	79	37	46.8	4,886.9	2,244.0	45.9	5,242.9	2,714.1	51.8

Source: IDB. Database

Preparation: SDS/POV

Chart 3

IDB: Amount and Percentage of SEQ Loans Approved, by Sector, 1999-2000

	Number of SEQ Loans Approved								Amount of SEQ Loans Approved in US\$ Millions							
	1999				2000				1999				2000			
	Total Regular Loans (1)	SEQ (2)	Percent. of SEQ (2)/(1)	Percent. of total (2)/(1)	Total Regular Loans (3)	SEQ (4)	Percent. of SEQ (4)/(3)	Percent. of total (4)/(3)	Total Regular Loans (5)	SEQ (6)	Percent. of SEQ (6)/(5)	Percent. of total (6)/(5)	Total Regular Loans (7)	SEQ (8)	Percent. of total (8)/(7)	Percent. of total (8)/(7)
Social	31	28	90.3	77.8	22	22	100.0	59.5	1,879.6	1,762.6	93.8	78.5	1,728.0	1,728.0	100.0	63.7
Education	4	4	100.0	11.1	6	6	100.0	16.2	400.4	400.4	100.0	17.8	270.3	270.3	100.0	10.0
Health	5	5	100.0	13.9	1	1	100.0	2.7	472.4	472.4	100.0	21.1	9.8	9.8	100.0	0.4
Sanitation	8	8	100.0	22.2	2	2	100.0	5.4	491.5	491.5	100.0	21.9	145.0	145.0	100.0	5.3
Social Investment	9	9	100.0	25.0	11	11	100.0	29.7	360.9	360.9	100.0	16.1	617.9	617.9	100.0	22.8
Urban Development	5	2	40.0	5.6	2	2	100.0	5.4	154.4	37.4	24.2	1.7	685.0	685.0	100.0	25.2
Other social sectors	5	1	20.0	2.8	6	2	33.3	5.4	180.6	11.5	6.4	0.5	141.8	20.9	14.7	0.8
Environment	4	1	25.0	2.8	6	2	33.3	5.4	80.6	11.5	14.3	0.5	141.8	20.9	14.7	0.8
Microenterprise	1	0	0.0	0.0	0	0	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Nonsocial^{1/}	37	7	18.9	19.4	51	13	25.5	35.1	2,826.7	469.8	16.6	20.9	3,373.1	965.2	28.6	35.6
Infrastructure	16	5	31.3	13.9	16	4	25.0	10.8	1,294.7	465.0	35.9	20.7	868.6	159.5	18.4	5.9
Productive sectors	7	0	0.0	0.0	13	5	38.5	13.5	360.7	0.0	0.0	0.0	621.0	135.0	21.7	5.0
Modernization of the state	14	2	14.3	5.6	22	4	18.2	10.8	1,171.3	4.8	0.4	0.2	1,883.5	670.7	35.6	24.7
Total	73	36	49.3	100.0	79	37	46.8	100.0	4,886.9	2,243.9	45.9	100.0	5,242.9	2,714.1	51.8	100.0

Source: IDB. Database

Preparation: SDS/POV

1/ Infrastructure includes energy, transportation and communications; productive sectors include agriculture, exports, fisheries, forestry, industry, mining, pre-investment, tourism, science and technology, and others.

PTI and SEQ Loans Approved in 2000

PROJECT NUMBER	REGION	PROJECT NAME	TYPE	SECTOR	TOTAL US MILLIONS	PTI	SEQ/POV
BO0176	RE1	AGRICULTURAL SERVICES PROGRAM	Investment	Agriculture	34.0	Yes	Yes
BR0274	RE1	CONSOLIDATION AGRARIAN REFORM SETTLEMENTS	Investment	Agriculture	51.0	Yes	Yes
BR0250	RE1	RIO DE JANEIRO URBAN UPGRADING PROGRAM	Investment	Urban Development	180.0	Yes	Yes
PR0117	RE1	PROGRAM TO STRENGTHEN BASIC EDUC. REFORM	Investment	Education	40.0	Yes	Yes
HO0144	RE2	REVITALIZATION OF THE RURAL ECONOMY	Investment	Agriculture	30.0	Yes	Yes
DR0112	RE2	MODERNIZATION OF SECONDARY EDUCATION	Investment	Education	52.0	Yes	Yes
HO0141	RE2	NATL. EDUCATION REFORM, THIRD LEVEL BASIC	Investment	Education	23.0	Yes	Yes
NI0144	RE2	MODERNIZ. & ACCREDIT. TERTIARY EDUCATION	Investment	Education	3.8	Yes	Yes
HO0161	RE2	POVERTY REDUCTION AND URBAN DEVELOPMENT	Investment	Social Investment	25.0	Yes	Yes
HO0184	RE2	COMPREH. PILOT PROG. TO FIGHT URBAN POVERTY	Investment	Social Investment	8.1	Yes	Yes
ME0118	RE2	LABOR MARKET MODERNIZATION PROGRAM, II	Investment	Social Investment	200.0	Yes	Yes
NI0075	RE2	SOCIAL SAFETY NET PROGRAM	Investment	Social Investment	9.0	Yes	Yes
NI0108	RE2	FIGHT POVERTY AND STRENGTHEN LOCAL CAPACITY	Investment	Social Investment	50.0	Yes	Yes
NI0136	RE2	STRENGTHENING MINISTRY OF FAMILY AFFAIRS	Investment	Social Investment	1.0	Yes	Yes
NI0140	RE2	SUPPORT. IMPLEMENT. POVERTY REDUCTION STRAT.	Investment	Social Investment	10.0	Yes	Yes
NI0111	RE2	MODERNIZATION FOR THE MUNICIPALITY MANAGUA	Investment	Modernization of the State	5.7	Yes	Yes
NI0142	RE2	ENVIRON. SANITATION, LAKE MANAGUA	Investment	Sanitation	15.0	Yes	Yes
HO0164	RE2	FINANCIAL SUPP., ROAD INFRASTRUCTURE	Investment	Transportation	26.8	Yes	Yes
VE0126	RE3	STRENGTHENING OF RURAL COMMUNITIES	Investment	Agriculture	10.0	Yes	Yes
JA0059	RE3	PRIMARY EDUCATION SUPPORT PROGRAM	Investment	Education	31.5	Yes	Yes
CO0247	RE3	SOCIAL SAFETY NET PROGRAM	Investment	Social Investment	270.0	Yes	Yes
SU0020	RE3	COMMUNITY DEVELOPMENT FUND	Investment	Social Investment	10.3	Yes	Yes
VE0120	RE3	EARLY CHILDHOOD AND ADOLESCENCE SUPPORT	Investment	Social Investment	30.0	Yes	Yes
EC0196	RE3	RURAL TRANSPORTATION INFRASTRUCTURE	Investment	Transportation	9.0	Yes	Yes
BR0316	PRI	ENERGIA NORTE	Private	Energy	23.7	No	Yes
PR0084	RE1	MODERNIZATION & DIVERSIFI., SMALL-SCALE FARMING	Investment	Agriculture	10.0	No	Yes
AR0257	RE1	MODERNIZING THE CORDOBA PROVINCIAL GOVERNMENT	Investment	Modernization of the State	215.0	No	Yes
CH0161	RE1	EFFICIENCY AND MANAGEMENT OF REGIONAL INVEST.	Investment	Modernization of the State	300.0	No	Yes
BR0345	RE1	FED. DIST. BASIC SANITATION PROGRAM	Investment	Sanitation	130.0	No	Yes
PR0113	RE1	WESTERN INTEGRATION CORRIDORS	Investment	Transportation	100.0	No	Yes
ME0137	RE2	HOUSING FINANCE PROGRAM	Investment	Urban Development	505.0	No	Yes
BL0014	RE2	HEALTH SECTOR REFORM	Investment	Health	9.8	No	Yes
PE0170	RE3	IMPROVEMENT QUALITY OF SECONDARY EDUCATION	Investment	Education	120.0	No	Yes
EC0195	RE3	BENEFICIARY I.D. MECHANICS, SOCIAL PROGRAMS	Investment	Social Investment	4.5	No	Yes
GY0059		GEORGETOWN WATER SUPPLY AND SEWERAGE, II	Investment	Environment	0.9	No	Yes
VE0122	RE3	EMERGENCY TORR. RAINS, FLOODS, LANDSLIDES	Investment	Environment	20.0	No	Yes
EC0194	RE3	INVESTMENT SECTOR PROGRAM	PBL	Modernization of the State	150.0	No	Yes
TOTAL					2,714.1	24	37

MATRIX OF ACTIVITIES IN AREAS OF SPECIAL EMPHASIS TO IMPROVE THE IDB'S PERFORMANCE IN POVERTY REDUCTION AND SOCIAL EQUITY ENHANCEMENT							
ACTIVITIES (UPDATED TO MAY 2001)							
Action	Initiatives in areas of special emphasis	Responsible	2000 (already carried out)	2001	2002	Products	
1) To support the countries of the region with development and implementation of their national poverty reduction strategies, linking the process to the Bank's policy dialogue with the country and strengthening the content and scope of the country papers.	a. Support formulation, preparation and implementation of the national poverty reduction strategies -ENRP- (technical support, support to the process dialogue and the procedures involved with loan operations).	Regions, SDS and RES (technical assistance and participation in missions to identify and map out the strategies).	* Guatemala and Haiti. (RE2/SO2 and SDS/POV) * HIPC: Bolivia, Guyana, Honduras and Nicaragua. (RE1/SO1, RE1/EN1, RE2/SO2, and SDS/POV)	* Guatemala. (RE2 and SDS/POV) * HIPC: Bolivia, Guyana, Honduras and Nicaragua. (RE1/SO1, RE1/EN1, RE2/SO2, y SDS/POV)	* Still to be identified.	Report on national poverty reduction strategies, workshops and dissemination activities, technical cooperation operations and projects associated with the strategies.	
	b. Strengthen the content and scope of the country papers where poverty reduction is concerned. (Include a section on policies and projects that have a direct impact on the poor, based on a diagnostic study of the poor).	Regions and SDS (technical assistance and support for preparation of the papers).	* Support for implementation of Nicaragua's ENRP (NI-0140). (RE2/SO2) * FORTAL: Program to Strengthen Alliances against Urban Poverty in Latin America and the Caribbean. (INT/RTC)	* Support for implementation of the ENRP of Bolivia (BO-0203), Honduras (HO-0185), start of support for preparation of the Dominican Republic's ENRP (DR-0140). (RE1/SO1, RE2/SO2) * Mexico, technical cooperation and support loan (ME-0236) to devise a system of social indicators to monitor poverty-reduction targeted programs. (RE2/SO2) * Plan of action for development of poverty-reduction strategies in the middle-income countries. (SDS/POV)	* Mexico (RE2/OD4 and SDS/POV) and Haiti (RE2/OD4). Begin Bolivia (RE1/OD1).	* Complete Bolivia (RE1/OD1). Other countries to be identified.	Guidelines document Country papers with a section on policies and projects that have a direct impact on the poor.
	c. Mainstream the goal of poverty reduction and social equity enhancement into the Bank's strategies.	SDS	* SDS/POV participation in the working groups that will prepare the strategies of the four priority areas of action of the Institutional Strategy. (SDS/POV)	* Update of the Bank's Poverty-Reduction Strategy. (SDS/POV)		Strategies in the four areas with specific policies geared toward poverty reduction.	
2) To identify and promote implementation of innovative projects in nonsocial areas that directly benefit the poor and the very poor.	a. Generate and disseminate knowledge within the Bank and in the countries about innovative productive, technological and organizational systems that directly benefit the poor. Promote their adoption in the countries of the region. * Plans to supply infrastructure and build up the asset base in low-income communities.	Regions, RES and SDS. Regions and SDS.	* Workshops sponsored by Region 1 to examine the feasibility of supplying infrastructure (energy, telecommunications, transportation, water supply and sanitation, solid waste management, etc.) in low-income communities, using small-scale unconventional technologies. (RE1/F1) * Technical forum on rural energy. (RE2/F12) *Study on lessons learned about Bank housing programs in Region 2, and the countries' policies and programs for the sector. (RE2/F12)	* Good practices to improve the delivery of basic infrastructure services (energy, telecommunications, water supply and sewerage) to the poor. Technical document. (SDS/IFM) * Studies on privatization and regulation of public utilities through the research Network on Inequality and Poverty. (SDS/POV) * Development of an action plan to establish institutional and legal regulatory structures that improve land titling and recognition of property rights. (SDS/IFM) *Preparation of a housing strategy for region 2 and workshops with the governments to disseminate good practices in the sector and microlending solutions for low-income groups. (RE2/F12)	* Guidelines for regulating and supervising the delivery of basic services to the poor. Technical document and seminar. (SDS/IFM)	Regulation and supervision policy proposal. Technical document. Seminar. Document on good practices and a strategy.	

MATRIX OF ACTIVITIES IN AREAS OF SPECIAL EMPHASIS TO IMPROVE THE IDB'S PERFORMANCE IN POVERTY REDUCTION AND SOCIAL EQUITY ENHANCEMENT						
ACTIVITIES (UPDATED TO MAY 2001)						
Action	Initiatives in areas of special emphasis	Responsible	2000 (already carried out)	2001	2002	Products
	<p>* Promotion of innovative approaches and synergies to identify productive projects that benefit the poor.</p> <p>* Finance instruments that prioritize the poor.</p> <p>* Support to microenterprise</p> <p>* Implementation of the Action Plan of the Rural Poverty Reduction Strategy for Reduction (1998) and the Agrifood Development Strategy (2000).</p>	<p>RE2, SDS</p> <p>SDS, RES.</p> <p>SDS.</p> <p>SDS, INT.</p> <p>SDS and Regions.</p>	<p>* Workshop on housing microfinance programs. (RE2/FI2, RE3/DO3, SDS/MIC)</p> <p>* Sector study on gradual settlements and their impact on the housing solution for low-income groups. (RE2/FI2)</p> <p>* Establishment, within Region 2, of a network of functional divisions to identify synergies and develop productive projects for the poor. (RE2/SO2)</p> <p>* Rural finance strategy. (SDS/SMS)</p> <p>* Seminars on good practices for finance and savings products for the rural poor. (SDS/SMS)</p> <p>* Promotion of alliances to assist microenterprise development. (SDS/MIC)</p> <p>* Publication of the book "Safe Money: Building Effective Credit Unions In Latin America" (SDS/SMS)</p> <p>* III Inter-American Microenterprise Forum and dissemination of best practices in microenterprise development. (SDS/MIC)</p> <p>* National strategies for development of the rural economy (El Salvador, Honduras). (SDS/RUR)</p> <p>* Studies on: the new rural institutional structure; tele-centers in rural areas; agricultural biotechnology and rural development; land markets (Dominican Republic); options for development of nonfarm rural employment; and successful cases of rural development (Brazil, Ecuador and Guatemala).</p> <p>* Joint papers of the Interagency Group for Rural Development (GIDR) on land markets and preparation of national dialogues, among others. (SDS/RUR and RE)</p>	<p>* Operating guidelines for housing subsidies. (SDS/SOC)</p> <p>* Disseminate, in the regional departments, prototype finance operations with strong potential for targeting the poor population, use of PTI/SEQ criteria, and the household surveys databank. (SDS/POV)</p> <p>* Technical cooperation with a proposed method whereby the effects of the finance sector's policies and programs on poverty reduction can be examined. Technical document. (SDS/IFM and SDS/POV)</p> <p>* Identification of finance instruments to protect against the risk of natural disasters. Technical document and workshop/seminar. (SDS/IFM)</p> <p>* Initiative involving innovations in finance services and microenterprise development. (SDS/SMS)</p> <p>* IV Inter-American Microenterprise Forum. (SDS/SMS)</p> <p>* National strategies for development of the rural economy (Nicaragua, Panamá, Paraguay and the Dominican Republic. (RE1/EN1, RE2/EN2)</p> <p>* Studies on rural municipal development (Brazil and Bolivia) and a study on successful cases of rural development. (SDS/RUR)</p> <p>* Rural development experiences (US and Spain), and rural tele-centers. (SDS/RUR)</p> <p>* Sustainable Rural Development Strategy. (RE3/EN3)</p> <p>* Update of the FONTAGRO Priorities Plan, including social and environmental aspects. (SDS/RUR)</p> <p>* Joint papers of the Interagency Group for Rural Development in Latin America and the Caribbean. (SDS/RUR and RE)</p> <p>* Study on the complementarity between the GTZ technical cooperation and the financing of IDB rural development programs (SDS/RUR)</p>	<p>* Seminar to disseminate the method. (SDS/IFM)</p> <p>* Regional strategy for microenterprise in the Caribbean (first step toward establishing a fund). (SDS/SMS)</p> <p>* V Inter-American Microenterprise Forum. (SDS/SMS)</p>	<p>Workshops, new housing finance operations with components for low-income groups.</p> <p>New lending operations for productive projects that target the poor.</p> <p>Technical document. Strategy. Seminars.</p> <p>Technical document. Workshop and Seminar.</p> <p>Documents, book and dissemination activities.</p> <p>Forums</p> <p>Strategies for 3-4 countries.</p> <p>Technical documents and documents on good practices.</p> <p>Good practices papers</p> <p>FONTAGRO's new mid-term plan.</p> <p>Reporting/consensus on the various agencies' strategies for action.</p>

MATRIX OF ACTIVITIES IN AREAS OF SPECIAL EMPHASIS TO IMPROVE THE IDB'S PERFORMANCE IN POVERTY REDUCTION AND SOCIAL EQUITY ENHANCEMENT						
ACTIVITIES (UPDATED TO MAY 2001)						
Action	Initiatives in areas of special emphasis	Responsible	2000 (already carried out)	2001	2002	Products
	<p>* The Bank's identification of investment options for development of the rural economy and poverty reduction.</p> <p>* Modernization of the state and civil society's participation.</p>	<p>SDS, INT/INDES and Regions.</p> <p>Regions, RES and SDS.</p> <p>SDS, INT</p> <p>SDS, INT</p> <p>RES</p> <p>SDS</p>	<p>* Social Equity Forum. (SDS/POV)</p> <p>* Encerronas. (RES and RE/OD)</p> <p>* Identification and programming missions. (RE1, RE2 and RE3)</p> <p>* Regional rural development conference and an internal follow-up workshop. (SDS/RUR)</p> <p>* Regional programming papers. (INT/ITD)</p> <p>* Stronger contact between the Bank and the representatives of civil society in the countries through appointment of liaison officers at the country offices and headquarters units and creation of specific consultation mechanisms. (SDS/SGC)</p> <p>* Seminar on the impact that politics has on development. (SDS/SGC)</p> <p>* Seminar on democracy and poverty. (SDS/SGC, RE3/SC3)</p>	<p>* Instruction for public officials in how to devise policies and instruments to reduce rural poverty. Training workshops (Washington,DC, Nicaragua, Dominican Republic. (SDS/RUR, INT/INDES) (Washington,DC, Nicaragua, Dominican Republic. (SDS/RUR, INT/INDES)</p> <p>* Social Equity Forum. (SDS/POV)</p> <p>* Encerronas. (RES and RE/OD)</p> <p>* Identification and programming missions. (RE1, RE2 and RE3)</p> <p>*Seminar on priorities and strategies for reducing poverty, the Latin American and Asian experiences. (INT/INDES)</p> <p>* Regional programming papers. (INT/ITD)</p> <p>* Regional and national training courses (Nicaragua and Honduras) in social sector management and policies of the social sector, for public officials, university professors and leaders of civic groups such as youth organizations and the media. (INT/INDES)</p> <p>* Completion of studies of the Latin American network of research centers on trade unions and labor reform. (RES)</p> <p>* Operating guidelines for the Subnational Development Strategy. (SDS/SOC)</p>	<p>* Instruction for public officials in how to devise policies and instruments to reduce rural poverty. Training workshops. (SDS/RUR, INT/INDES)</p> <p>* Social Equity Forum. (SDS/POV)</p> <p>* Encerronas. (RES and RE/OD)</p> <p>* Identification and programming missions. (RE1, RE2 and RE3)</p> <p>* Regional programming papers. (INT/ITD)</p> <p>* Regional and national courses (to be identified) for training in social sector administration and policies, for public officials, university professors and leaders of civic groups such as youth organizations and the media. (INT/INDES)</p> <p>* To be identified.</p> <p>* Social Entrepreneurship Program. (SDS/SMS)</p>	<p>Number of officials trained.</p> <p>Consensus on policies and programs to be financed.</p> <p>Consensus on policies and programs to be financed.</p> <p>Activities reports. No. trained</p> <p>Technical documents.</p> <p>Operating guidelines.</p> <p>New lending operations in productive activities and infrastructure, with benefits accruing directly to the poor.</p> <p>Number and amount of operations approved.</p>
	b. Develop specific projects.	Regions (preparation of projects) and RES/SDS (technical assistance).	<p>* Infrastructure: Brazil (BR-0316), Ecuador (EC-0196), Honduras (HO-0161, HO-0164), Nicaragua (NI-0108) and Suriname (SU-0020).</p> <p>* Housing: Mexico (ME-0137)</p> <p>* Rural Productive: Brazil (BR-0274), Honduras (HO-0144), Paraguay (PR-0084) and Venezuela (VE-0126).</p> <p>* Modernization of the State: Argentina (AR-0257), Ecuador (EC-0195), Nicaragua (NI-0111).</p> <p>* Social Entrepreneurship Program. (SDS/MIC)</p>	<p>* Infrastructure: Bolivia (BO-0033), Brazil (BR-0351), Ecuador (EC-0203), El Salvador (ES-0129), Guatemala (GU-0066), Guyana (GY-0061, GY-0065), Haiti (HA-0079), Jamaica (JA-0113), Honduras (HO-0116, HO-0174), Paraguay (PR-0118, PR-0125) and Peru (PE-0140).</p> <p>* Housing: El Salvador (ES-0148, ES-0087), Guatemala (GU-0153), Nicaragua (NI-0064), Surinam (SU-0017)</p> <p>* Rural Productive: Brazil (BR-0246), Ecuador (EC-0191, EC-0201), Haiti (HA-0016), Honduras (HO-0179), Mexico (ME-0213), and Peru (PE-0107).</p> <p>* Microenterprise: Brazil (BR-0301), Colombia (CO-0189).</p> <p>* Modernization of the State: Barbados (BA-0055), Nicaragua (NI-0081), Peru (PE-0212), Venezuela (VE-0057).</p> <p>* Social Entrepreneurship Program. (SDS/SMS)</p>	<p>* To be identified.</p> <p>* Social Entrepreneurship Program. (SDS/SMS)</p>	<p>Number and amount of operations approved.</p>

MATRIX OF ACTIVITIES IN AREAS OF SPECIAL EMPHASIS TO IMPROVE THE IDB'S PERFORMANCE IN POVERTY REDUCTION AND SOCIAL EQUITY ENHANCEMENT						
ACTIVITIES (UPDATED TO MAY 2001)						
Action	Initiatives in areas of special emphasis	Responsible	2000 (already carried out)	2001	2002	Products
			* Program to Strengthen Microfinance Institutions (MIF-Line of Activity). (SDS/MIC)	* Program to Strengthen Microfinance Institutions (MIF-Line of Activity). (SDS/SMS) * Regional programs for border-area development (ES-0133, GU-0149, HQ-0182) and support to create development and integration hubs in South America, based on regional infrastructure.	* Program to Strengthen Microfinance Institutions (MIF-Line of Activity). (SDS/SMS)	
3) To support the institutionalization of comprehensive social protection systems that include macroeconomic and fiscal policy, management and prevention of natural disasters, social protection safety nets, policies in labor, education, health and nutrition.	a. Promote initiatives to establish social protection systems in the countries of the region (dialogues, conferences, identification and programming missions).	RES, SDS, INT and Regions.	* Regional Dialogue on Poverty Reduction and Social Protection (SDS/POV), Social Equity Forum (SDS/POV), Encerronas (RES), Social Policy Dialogues (SDS/SOC). * Seminar on Socially Responsible Macroeconomics. (SDS/POV) * Publication of the book "Social Protection for Equity and Growth". SDS/POV * Regional Programming Papers. (INT/ITD) * Involvement in the preparation of the document for APEC on social safety nets in response to crisis, and guidelines for social protection networks in Peru and Nicaragua. (SDS/POV)	* Regional Dialogue on Poverty Reduction and Social Protection Policy (SDS/POV), Social Equity Forum (SDS/POV), Encerronas (RES), Social Policy Dialogues (SDS/SOC). * Seminar on Globalization with a Social Response and Conference on macroeconomic shocks and poverty. (SDS/POV) * Publication of the book "Shielding the Poor: Social Protection for the Developing World". SDS/POV * Regional Programming Papers. (INT/ITD)	* Regional Dialogue on Poverty Reduction and Social Protection Policy (SDS/POV), Social Equity Forum (SDS/POV), Encerronas (RES), Social Policy Dialogues (SDS/SOC). * Regional Programming Papers. (INT/ITD)	Dialogues, conferences, seminars and their evaluation. Documents.
	b. Implementation of the action plan for reducing poverty and vulnerability to natural disasters.	SDS.	* Environmental management report. (SDS/ENV) * Seminar "A matter of development: how to reduce vulnerability in the face of natural disasters", and presentation of the plan of action on reducing risks from natural disasters, at the Bank's Annual Meeting. (SDS/ENV) * Preparation of the IDB/ECLAC technical document "A matter of development: how to reduce vulnerability in the face of natural disasters". (SDS/ENV) * Regional cooperation to heighten political and public awareness of the risks of natural disasters, including risks to the poor (Barbados, Chile and Guatemala). (SDS/ENV)	* Evaluation of projects for institutional strengthening of the ministries of the environment/ environmental management offices (first generation) (SDS/ENV) * Commence regional dialogue to reduce vulnerability in the face of natural disasters. (SDS/ENV) * Regional technical cooperation on responses to disasters caused by climate change in the Caribbean, with special consideration for the needs of the poor. (SDS/ENV)	* Preparation of second-generation projects that aim to involve civil society organizations in the environmental management processes. (SDS/ENV) * Execution of the regional dialogue on reducing vulnerability in the face of natural disasters. (SDS/ENV) * Execution of the regional technical cooperation on responses to disasters caused by climate change in the Caribbean. (SDS/ENV) * Regional seminar on the results of the regional cooperation to raise political and public awareness of the risks of natural disasters. (SDS/ENV)	Lessons from the evaluations and number of new projects approved. Dialogues and technical paper. Technical paper and activities report. Seminars and dialogues.

MATRIX OF ACTIVITIES IN AREAS OF SPECIAL EMPHASIS TO IMPROVE THE IDB'S PERFORMANCE IN POVERTY REDUCTION AND SOCIAL EQUITY ENHANCEMENT						
ACTIVITIES (UPDATED TO MAY 2001)						
Action	Initiatives in areas of special emphasis	Responsible	2000 (already carried out)	2001	2002	Products
			<ul style="list-style-type: none"> * Participation in the Inter-American Committee for Reduction of Natural Disasters. Presentation of a technical document on finance alternatives in cases of poverty, to the OAS Permanent Council. (SDS/ENV) * Commence the regional technical cooperation on the socioeconomic effects of "El Niño" in Latin America and the Caribbean. (SDS/ENV) * Technical cooperation for a program on information and indicators for managing the risk of natural disasters, with particular emphasis on reducing the exposure of the poor to disasters and protecting social spending and investments in low-income communities (10 countries). (SDS/ENV) 	<ul style="list-style-type: none"> * Two meetings on natural disaster insurance instruments that are responsive to the particular needs of low-income groups. (SDS/ENV) * Execution of the regional technical cooperation on the socioeconomic effects of "El Niño" in Latin America and the Caribbean. (SDS/ENV) * Execution of the technical cooperation for a program on information and indicators for managing disaster risk. (SDS/ENV) * Regional technical cooperation on the feasibility of investing in reforestation in urban areas, particularly for marginalized sectors (3 countries). (SDS/ENV) * Regional technical cooperation on innovative practices for reducing risks from natural disasters, which will include elements of solidarity and other informal insurances, as well credits for low-income groups. (SDS/ENV) 	<ul style="list-style-type: none"> * Meeting to establish disaster relief funds for the poor. (SDS/ENV) * Final results on the regional technical cooperation on the socioeconomic effects of "El Niño" in Latin America and the Caribbean. (SDS/ENV) * Final results of the technical cooperation for a program of information and indicators for managing the risk of natural disasters. (SDS/ENV) * Execution of the regional technical cooperation on the feasibility of investing in reforestation in urban areas. (SDS/ENV) * Execution of the regional technical cooperation on innovative practices for reducing the risks posed by natural disasters. (SDS/ENV) * Regional technical cooperation for designing disaster-risk management institutions (5 countries). (SDS/ENV) 	<ul style="list-style-type: none"> Activities report. Proposal for a risk management program. Proposal for an investment in reforestation. Activities report. Activities report. A proposed institutional framework.
	c. Develop specific projects (preparation and approval of identified projects).	Regions (project preparation) and RES/SDS (technical assistance).	<ul style="list-style-type: none"> * <i>Social safety nets</i>: Colombia (CO-0247) and Nicaragua (NI-0075). * <i>Labor</i>: Mexico (ME-0118) * <i>Social Security (Health)</i>: El Salvador (ES-0134) * <i>Finance-crisis prevention</i>: Ecuador (EC-0194), Jamaica (JA-0049), Mexico (ME-0227). * Disasters: Venezuela (VE-0122). * <i>Fiscal</i>: Argentina (AR-0271), Paraguay (PR-0115), Peru (PE-0201). 	<ul style="list-style-type: none"> * <i>Social safety nets</i>: Brazil (BR-0360), Ecuador (EC-0190), Jamaica (JA-0115). * <i>Pensions</i>: Brazil (BR-0327), and Nicaragua (NI-0101). * <i>Finance-crisis prevention</i>: Argentina (AR-0266), Guatemala (GU-0119). * Disasters: El Salvador (ES-0148, ES-0150), Guatemala (GU-0149), Honduras (HO-0182), Nicaragua (NI-0141). * <i>Fiscal</i>: Bolivia (BO-0180), Colombia (CO-0240), Ecuador (EC-0204), Honduras (HO-0185). 	* To be identified.	Number of new credit operations with social protection objectives and/or components.
4) To identify innovative projects in social sectors and that directly benefit the poor and the very poor, and promote their implementation.	a. Build and disseminate knowledge and promote project implementation through studies, technical support, national dialogues and conferences. * Investment in human capital	INT, SDS, RE2	* Document on good practices for targeted human development programs. (SDS/POV)	* Development of a framework for effective and accountable delivery of social services. (SDS/POV)		Documents on good practices and operating guidelines.

MATRIX OF ACTIVITIES IN AREAS OF SPECIAL EMPHASIS TO IMPROVE THE IDB'S PERFORMANCE IN POVERTY REDUCTION AND SOCIAL EQUITY ENHANCEMENT						
ACTIVITIES (UPDATED TO MAY 2001)						
Action	Initiatives in areas of special emphasis	Responsible	2000 (already carried out)	2001	2002	Products
		INT, SDS SDS, RE1 SDS INT, SDS INT, SDS	* Oral health for low-income children (Ecuador, Panama and Uruguay). (INT/RTC) * Studies on reforms in education and health, and school decentralization strategies. (RE1/SO1) * Study and program to democratize information technology. (INT/RTC, SDS/EDU) * Program for use of the Internet as a classroom tool (Argentina, Chile, Ecuador, Peru, Colombia and Bolivia). (INT/RTC)	* Technical cooperation on child growth and development programs (pre-school) in the English-speaking countries of the Caribbean. (INT/RTC) * Preparation and publication of reproductive health guidelines for Bank operations. (SDS/WID) * Experiences with regulations for delivery of medical insurance services. (SDS/SOC) * Technical cooperation for nutrition-related activities in Central America. (INT/RTC) * Study on educational quality and dissemination of important experiences with the <i>Fé y Alegría</i> programs in Latin America. (INT/RTC, SDS/EDU)		Activities report. Technical papers. Documents on good practices. Activities report. Technical paper. Activities report. Technical papers.
	* Combating social exclusion based on race, ethnicity, gender and disability.	RES, SDS SDS, RE3 RES, SDS SDS SDS, RES SDS INT, SDS	* Studies of the Research Network on the role of assets in reducing poverty. (RES) * Seminars on poverty, growth and development of productive job skills, and on "community colleges" as a higher-education alternative in Latin America. (SDS/EDU) * Studies on youth training programs in Latin America (SDS/EDU) * Study on the impact of technical education on the employment of women. (SDS/WID) * Technical cooperation to support various studies and conferences on the causes of social exclusion and policies to combat them, in preparation for the UNDP World Conference on Racism, to be held in South Africa. (SDS/SOC) * Technical cooperation to study the costs of race- or ethnicity-based social exclusion and implement specialized household surveys that can analyze various aspects of social exclusion. (SDS/SOC) * International workshop on the inclusion of indigenous peoples in social projects, in cooperation with the World Bank and PAHO. (SDS/IND)	* Studies on how to break the poverty cycle (3 CA countries), and a study on the role of family background in the intergenerational transmission of poverty. (SDS/SOC) * National strategies for the social sector (Jamaica and Guyana) and a study on the family expenditures on public education and an agenda for strengthening human capital in Peru. (RE3/SO3) * Completion of the studies of the Research Network on the impact of training policies. (RES) * Document on good practices in educating young girls. (SDS/SOC) * Complete studies on the causes of social exclusion and policies to combat them. (SDS/SOC, SDS/POV) * Begin a project of the Regional Research Network on the topic of social exclusion. (RES) * In-house workshop on the Bank's role in combating race- or ethnicity-based social exclusion in the region (SDS/SOC, interdepartmental technical group) and a proposal to promote greater diversity within the Bank's staff (HRD). * Conference on combating social exclusion in the region. (SDS/SOC) * Guidelines for conducting sociocultural evaluations (SDS/IND), and a study on culture, social equity and sustainable development (SDS/EDU). * Formation of an internal and interagency working group on providing health care to indigenous peoples. (SDS/IND) * Review of documents on good practices for bilingual and intercultural education in the Bank's primary education projects. (SDS/IND, SDS/EDU) * Training in social management, for leaders and officials involved in formulating and carrying out social policies and programs that target the indigenous and Afro-Latino populations. (INT/INDES, SDS/IND)	* Complete studies of the Regional Research Network on the topic of social exclusion. (RES)	Technical papers. Activities report. Technical papers. Strategies. Technical papers. Technical paper and document on good practices. Technical papers. Technical papers, workshop and conference. Plan of action on social exclusion. Operating guidelines. Report/consensus on the various agencies' strategies for action. Number trained

MATRIX OF ACTIVITIES IN AREAS OF SPECIAL EMPHASIS TO IMPROVE THE IDB'S PERFORMANCE IN POVERTY REDUCTION AND SOCIAL EQUITY ENHANCEMENT						
ACTIVITIES (UPDATED TO MAY 2001)						
Action	Initiatives in areas of special emphasis	Responsible	2000 (already carried out)	2001	2002	Products
	* Prevention of social ills.	<p>SDS, INT, RE2</p> <p>SDS</p> <p>SDS, INT</p> <p>SDS</p> <p>SDS, RE1</p> <p>SDS, RE3</p> <p>SDS, Regions</p>	<p>* Studies on the economics of child labor and the social costs of crime, presented at the meeting of the Network on Inequality and Poverty. (SDS/POV)</p> <p>* Complete the technical cooperations on prevention of domestic violence and training for judicial personnel on the topic; and supervise execution of a technical cooperation to establish local domestic violence prevention networks. (SDS/WID)</p> <p>* Publication of technical notes on prevention and control of violence and the role of the police, and bulletins on violence prevention for mayors in the region (SDS/SOC); a study on domestic violence in Uruguay (RE1/SO1).</p> <p>* Launch of the Inter-American Coalition for the Prevention of Violence --IDB/CDC OAS/PAHO/UNESCO--; and a seminar on peaceful citizen coexistence in Panama. (SDS/SOC)</p> <p>* Studies of the Regional Research Network on the problems that youth and adolescents in the region face. (RES)</p> <p>* Conference on investing in the development and involvement of young people from the region. (EXR/SPE)</p>	<p>* Technical cooperation to study policy issues that affect employment among women. (SDS/WID)</p> <p>* Forum on "Women and employment: Challenges for development," Chile. (SDS/WID)</p> <p>* Good practices and lessons learned when carrying out projects designed with a gender approach, with emphasis on social investment funds and technical-vocational training projects. (SDS/WID)</p> <p>* Seminar on disability and inclusion (SDS/SOC, INT/ITD, RE2/SO2).</p> <p>* Publication of the book "Disabilities in Latin America: Challenges for Education and Urban Infrastructure". Development and implementation of a method for compiling data on the socioeconomic impact of disability. (SDS/SOC)</p> <p>* Technical cooperation in the prevention of HIV/AIDS and formation of networks of persons suffering therefrom, and human rights. Regional and subregional seminars. (SDS/SOC)</p> <p>* Technical cooperation to study the causes and consequences of child labor and design of pilot projects (INT/RTC, SDS/SOC), and a study on the effects of inequality on crime in Colombia. (SDS/POV)</p> <p>* Circulate results of the technical cooperations and supervise the technical cooperation to establish local domestic violence prevention networks. (SDS/WID)</p> <p>* Publication of technical notes on prevention and control of violence and bulletins on violence prevention for the mayors in the region. (SDS/SOC)</p> <p>* Participation in the Inter-American Coalition for the Prevention of Violence (SDS/SOC); and a seminar on citizen security in Ecuador. (SDS/SOC, RE3/SC3)</p> <p>* Review of the Bank's experience with neighborhood improvement programs. (RE1/SO1, SDS/SOC)</p> <p>* Good practices for rehabilitation of urban downtown areas. (SDS/SOC)</p>	<p>* Circulate results of the technical cooperation to study policy issues that affect employment among women. (SDS/WID)</p> <p>* Regional dialogue on compiling data on disability. (SDS/SOC, RES)</p>	<p>Technical paper and dissemination activities.</p> <p>Report on the Forum.</p> <p>Good practices document.</p> <p>Report on the seminar.</p> <p>Documents on good practices.</p> <p>Technical papers.</p> <p>Activities report.</p> <p>Technical notes and bulletins.</p> <p>Consensus and synergies within and among the various agencies' strategies.</p> <p>Documents on good practices.</p>

MATRIX OF ACTIVITIES IN AREAS OF SPECIAL EMPHASIS TO IMPROVE THE IDB'S PERFORMANCE IN POVERTY REDUCTION AND SOCIAL EQUITY ENHANCEMENT						
ACTIVITIES (UPDATED TO MAY 2001)						
Action	Initiatives in areas of special emphasis	Responsible	2000 (already carried out)	2001	2002	Products
	b. Develop specific projects.	Regions (project preparation), SDS and RES (technical assistance).	<p>* <i>Human Capital</i>: Honduras (HO-0141), Jamaica (JA-0059), Nicaragua (NI-0144), Paraguay (PR-0117) and Dominican Republic (DR-0112).</p> <p>* With a specific pro-social inclusion component or activities: Costa Rica (CR-0134), Honduras (HO-0161) and Suriname (SU-0020).</p> <p>* <i>Prevention of social ills</i>: Brazil (BR-0250), Honduras (HO-0184), Nicaragua (NI-0136), Venezuela (VE-0120).</p>	<p>* <i>Human capital</i>: Argentina (AR-0176), Bahamas (BH0016), Colombia (CO-0252), Guatemala (GU-0131), Guyana (GY-0062, GY-0063), Haiti (HA-0017), Panama (PN-0076), Dominican Rep. (DR-0140), Uruguay (UR-0133), Venezuela (VE-0130).</p> <p>* With a specific pro-social inclusion component or activities: Chile (CH-0164), Bolivia (BO-0033, BO-0203), Ecuador (EC-0203), Guatemala (GU-0162), Paraguay (PR-0118), Peru (PE-0107, PE-0140).</p> <p>* <i>Prevention of social ills</i>: Argentina (AR-0262), Barbados (BA-0055), Brazil (BR-0298), El Salvador (ES-0116), Guatemala (GU-0155), Jamaica (JA-0105), Nicaragua (NI-0153, NI-0155), Venezuela (VE-0115), Trinidad and Tobago (TT-0050).</p>	* To be identified.	Number of credit operations for prevention of social ills, social inclusion and investment in human capital.
5) <i>To better monitor changes in the indicators of the region's development, including the impact of the Bank's lending operations.</i>	a. Continue to improve the measurement of social indicators, of poverty and inequality in the region.	SDS, RES and Regions	<p>* Upgrade the countries' data-collection institutional capacity and practices, update and improve the MECOVI program's household surveys databank, while providing technical assistance to support the beneficiary countries and identifying new countries. (SDS/POV)</p> <p>* Statistical studies and an evaluation of education in the region. (SDS/EDU)</p> <p>* Regional technical cooperation to develop indicators of effort and results with social development goals. (SDS/POV)</p>	<p>* Upgrade the countries' data-collection institutional capacity and practices, update and improve the MECOVI program's data bank of household surveys, providing technical assistance to support the beneficiary countries and identifying new countries. (SDS/POV)</p> <p>* Commence the regional technical cooperation to generate indicators of effort and results with social development goals. (SDS/POV)</p> <p>* Initiative to design and build a consensus around a high-level institutional framework to monitor poverty indicators and facilitate policy decisions associated with the national poverty reduction strategies.</p> <p>* Project to improve measurements of well-being in the region. (RES)</p> <p>* Development of social indicators for indigenous peoples. (SDS/IND)</p>	<p>* Upgrade the countries' data-collection institutional capacity and practices, update and improve the MECOVI program's data bank of household surveys, providing technical assistance to support the beneficiary countries and identifying new countries. (SDS/POV)</p> <p>* Regional technical cooperation to develop indicators of effort and results with social development goals. (SDS/POV)</p>	<p>Number of countries assisted and number of surveys improved. Evaluation of the MECOVI program.</p> <p>New indicators of effort and results.</p> <p>Technical paper.</p> <p>Proposals of new indicators.</p>
	b. Through studies and workshops, build and disseminate the Bank's knowledge about techniques and practical experiences with impact evaluation in poverty reduction projects.	OVE, RES and SDS, INDES	<p>* Impact evaluation workshops. (SDS/POV)</p> <p>* Studies evaluating anti-poverty policies, done by the Network on Inequality and Poverty Research. (SDS/POV)</p>	<p>* Impact evaluation workshops (SDS/POV)</p> <p>* Start of the empirical research program on the best impact evaluation techniques, and case studies. (SDS/POV)</p>	* Impact evaluation workshops. (SDS/POV)	Summaries/reports on workshops.
	c. Develop a multi-year plan to conduct impact evaluations (using control groups) within a group of projects selected to be representative of the various areas in which the Bank is active (education, health, sanitation, social investment, urban development, environment, microenterprise, infrastructure, productive sectors and modernization of the State).	Regions (they suggest the projects to evaluate and include an impact-evaluation component when preparing those projects); OVE, RES and SDS (technical support with design of the impact-evaluation component in each project).	<p>* Social Safety Net Program (NI-0075).</p> <p>* Program for consolidation and self-sufficiency of agrarian reform settlements (BR-0274).</p> <p>* Social Safety Net Program (CO-0247).</p> <p>* Program to Support Implementation of the Poverty Reduction Strategy (NI-0116)</p> <p>* Poverty Reduction and Local Development Program (HO-0161).</p>	<p>* Propose at least two projects per region from among the following sectors: agricultural/productive, microenterprise, finance, infrastructure, social security, social inclusion, neighborhood improvement, and others.</p> <p>* Social Sector Program in Brazil (BR-0360).</p>	* Propose at least two projects per region from among the following sectors: agricultural/productive, microenterprise, finance, infrastructure, social security, social inclusion, neighborhood improvement, and others.	Projects that include components for evaluating the impact on poverty.

ANNEX II

SOCIAL EQUITY/POVERTY REDUCTION (SEQ) LOAN CLASSIFICATION CRITERIA (SEQ)

SEQ Criteria

The social equity and poverty reduction classification applies to all loans, with the exception of emergency loans. All eligible projects must show whether or not they will be part of the 50% of all loans and 40% of the volume of all lending that goes to social equity and poverty reduction. The project teams must use the following criteria to determine whether their projects qualify for the Social Equity/Poverty Reduction (SEQ) classification: operations in all social sectors (health, education, sanitation, nutrition, and housing solutions), any Bank investment operation that qualifies as poverty targeted (PTI) and operations in nonsocial sectors that although they do not qualify as PTI are expected to have a direct and appreciable impact on poverty reduction and equity enhancement.

PTI criteria

The poverty targeted investment (PTI) classification applies to investment loans, with the exception of technical cooperation loans but including innovation and pectoral facility loans.

Sector Automatic Classification: Projects automatically classify as PTI when they support programs in the following sectors: Pre-school, Primary Education, Early Childhood Development, Social Programs for At Risk Children and Adolescents, Primary Health Care, Nutrition, Urban Development of Marginalized Areas, Small-holder Agricultural Production, Microenterprise, Social Investment Funds and Emergency Employment Operations.

Geographic Classification: Projects can classify as PTI when project benefits are targeted at regions, cities, neighborhoods or areas identified as poor within each country. “Proxy” income measurements such as unmet basic needs, below country-average social indicators, or other characteristics that are strongly correlated with poverty may be used to classify such areas. There is no pre-defined cut-off point for the application of this criterion. Project teams must justify on a case-by-case basis, how the targeting mechanism used, given the specific characteristics of the operation, serves to target resources to the poor. As a rule, if the indicators are below the national averages, the project will classify as PTI.

Headcount Classification: Projects can classify as PTI when more than 50% of the potential beneficiaries of the operation are likely to be poor according to the selected PTI poverty line for each country. If the headcount classification is used, then the calculations must be included as part of the project document.

Changes in the criteria for PTI classification, 1995-2000

No comparisons can be made of the figures for SEQ and PTI operations in the last five years because significant changes have been introduced in the criteria used to classify a project as PTI. Since 1995, there have been three criteria for classifying a project as a PTI: (i) the first between the time the Eighth Replenishment was approved in 1994, and 30 June 1995. During this period, the classification criteria were the same as those used during the period of the seventh replenishment (document AB-1378), when projects were classified as PTI based on the impact the operations were expected to have on low-income groups; (ii) the second period was from 30 June 1995 to 23 April 1997, as document GN-1763-27 stipulated that PTI-classified projects were those that, by their geographic targeting, would benefit the poor and those projects where the majority of the beneficiaries were poor, according to conditions present in each country; (iii) the period since 23 April 1997, when new classification criteria were proposed in addition to the changes already introduced (document GN-1964-3).

The determination of the classification criteria became particularly important after 1995, because of the effort to introduce new incentives to target loans at poverty reduction and social equity. The *Mandate of the Eighth Replenishment* specifically authorizes those countries, if they so desire, to obtain another 10% in Bank co-financing for PTI projects: up to 60% for Group A countries; 70% for Group B countries; 80% for Group C countries, and 90% for Group D countries. The attached table summarizes the criteria applied during the three periods and the nature of the changes.

CHANGES IN THE CRITERIA FOR THE PTI CLASSIFICATION, 1995-2000

EIGHTH REPLENISHMENT			
Transition period from July 1994 to June 1995	Document GN-1763-27 Between July 1995 and 23 April 1997		Document GN-1964-s From 23 April 1997 to the present
<p>The projects were examined taking account of their anticipated distributive impact, i.e., the benefits expected to accrue to low-income groups from the operations. Efforts were made to ensure that the operations would generate specific benefits for minority groups like women, especially low-income women, indigenous groups and for areas like microenterprise, expected to have a positive impact on low-income groups not part of the formal labor market.</p>	<p>Sector automatic classification Paragraph 2.13 of the Eighth Replenishment document lists those sectors whose activities tend to make the most significant contributions to poverty reduction and social equity enhancement.</p>	<p>It applies to projects that support the programs in the following areas: Pre-school Primary education Primary health care Nutrition Urban development of Low-income areas Small-holder agricultural production Microenterprise Social investment funds Emergency employment operations.</p>	<p>Early childhood development and social programs for at-risk children and adolescents are added to the sector-automatic classification.</p>
	<p>Geographic classification In document GN-1763-27, this classification is interpreted as a country-automatic classification, in other words, applying to all countries in the region whose poverty index is over 50%.</p>	<p>Projects in Bolivia, Guatemala, Guyana, Haiti, Honduras, Nicaragua, and Peru, except for policy operations with an impact on the entire economy, debt restructuring, institutional development, energy and the majority of technical assistance.</p>	<p>The country-automatic classification is eliminated and replaced by the geographic location of the poor beneficiaries within a project's area of influence. Flexibility is allowed in the form of "proxy" poverty measurements such as percentages of the population with unmet basic needs, or economic and social indicators of the benefited areas/groups that are below the national or regional averages. There is no pre-defined cut-off point for the application of this criterion. Eligibility must be justified on a case-by-case basis.</p>
	<p>Headcount classification</p>	<p>Projects that do not qualify automatically by any of the above criteria, but that can show that more than 50% of their beneficiaries are poor.</p>	<p>The same as the above.</p>