

THE MILLENNIUM
DEVELOPMENT GOALS IN
LATIN AMERICA AND THE CARIBBEAN

CHALLENGES, ACTIONS, AND COMMITMENTS

MAY 2004



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This report was prepared by a working group headed by Carlos M. Jarque (SDS). The members of the working group were Felipe Albertani (SDS/ENV), Trond Augdal (RE3/RE3), Neville Beharie (RE3/OD6), César P. Bouillon (SDS/POV), José Brakarz (SDS/SOC), Mayra Buvinić (SDS/SOC), Georges Cahuzac (SDS/SDS), Robert Devlin (INT), Marta Durán (SDS/EDU), Ruben Echeverría (SDS/RUR), Viola Espínola (SDS/EDU), Elisa Fernández (SDS/SOC), Janine Ferretti (SDS/ENV), Kari Keipi (SDS/ENV), Christof Kuechemann (SDS/SDP), Ernest Massiah (SDS/SOC), André Medici (SDS/SOC), Juan C. Navarro (SDS/EDU), Janine Perfit (SDS/SGC), Danilo Piaggese (SDS/ICT), Claudia Piras (SDS/WID), Michael Pollan (SDS/ENV), Ricardo Quiroga (SDS/ENV), Fernando Regalia (RE2/RE2), Charles Richter (RE2/OD3), Diego Rodríguez (SDS/ENV), Eduardo Rojas (SDS/SOC), Alfredo Solari (SDS/SOC), Fernando Straface (SDS/SGC), Michael Toman (SDS/ENV), Gabriela Vega (SDS/WID), Tito A. Velasco (SDS/POV), Carlos Vélez (SDS/POV), Aimee Verdisco (SDS/EDU), Robert Vitro (SDS/ICT), Mark Wenner (SDS/RUR), and David Wilk (SDS/ENV).

The opinions expressed in this report are those of the authors and do not necessarily represent the official position of the Inter-American Development Bank.

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Inter-American Development Bank
Sustainable Development Department
1300 New York Avenue, N.W.
Washington, D.C. 200577

E-mail: sdsinfo@iadb.org
Fax: 202-623-2405
Web site: www.iadb.org/sds

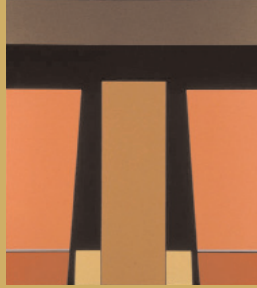
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George Struikelblok
Suriname
I miss you, 2000
Oil and acrylic on canvas
Art Collection of the Inter-
American Development Bank



Fanny Sanín
Colombia
Acrylic No. 7 (Acrílico no. 7),
1993
Acrylic on canvas
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Haiti
Haitian Landscape, 1970
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FOREWORD

In the past decade the countries of Latin America and the Caribbean have made significant efforts toward achieving macroeconomic stability and implementing key structural reforms to improve competitiveness and social conditions. These efforts have been quite fruitful, producing lower inflation, higher volumes of trade and investment, increased growth during the first half of the 1990s, and substantial improvements in average social indicators, such as the United Nations Human Development Index. However, despite these efforts and achievements inequality and social exclusion have not declined. In fact they continue to hamper economic growth and poverty reduction as well as social and political progress in the region.

Most countries in the region are aware of the urgent need to overcome these obstacles to development, although they are still seeking effective ways to do so. The so-called “first-generation reforms” have still not produced the expected results in terms of improving capacities and opportunities for low-income sectors. Inequality impedes stable and sustained development in the region. Conflicts over distribution have become more apparent in a context of relative price stabilization and progress toward democratization, decentralization, and privatization. In the face of these serious challenges, the main message is to highlight the importance of restarting development for both social and economic objectives. Sustainable growth must be fostered and poverty must be reduced. Hence, policies for macroeconomic stability and governability, which are essential ingredients for poverty reduction, must be complemented with comprehensive social investments to attack inequality by broadening the asset base and offering opportunities to the poor and excluded.

Under this development agenda, the commitment to the Millennium Development Goals and their adaptation to the specific conditions of the region provide a significant opportunity to create consensus at the international level, particularly between the countries of Latin America and the Caribbean, and the donor countries and multilateral development agencies, on the high priority that must be given to efforts aimed at identifying effective tools and solutions for improving the assets and opportunities offered to the poorest and the excluded. We believe that advances in education, progress toward gender equality, and improved health services, together with environmental sustainability in the region, are essential for reducing poverty.

We must recognize that the region is lagging behind in terms of the goal of reducing poverty by 2015 with respect to 1990. While at the aggregate there has been progress made at the country level in attaining many of the other objectives, especially in primary education and gender equality in school enrollment, there are still great disparities in the advance between high- and low-income groups, different ethnic groups, men and women, rural and urban areas, and between more advanced and more backward regions. In order for the Millennium Declaration to reach its full significance in the region, its commitments must be interpreted broadly, with the understanding that progress toward each of the

targets must be attained without leaving any population group behind, regardless of its ethnic origin, gender, socioeconomic condition, or geographical location. Only in that way will achieving the Millennium Development Goals be able to consolidate human development in the region.

The documents presented in this CD-ROM include elements that may be used as a basis for adapting the Millennium Development Goals to the specific characteristics of the region. They also include a progress report, suggestions for investment priorities, and an agenda of reforms for achieving those goals. In addition, they present a set of tools that the Inter-American Development Bank has used and can use in the future to support countries in their efforts toward attaining these goals.

Reaching the Millennium Development Goals demands a broad set of coherently articulated policies and programs so as to avoid dispersion of resources, duplications, and even potential incompatibilities. In order to achieve this policy and program coherence in the support that the IDB provides to countries, the Bank is working to integrate the Millennium Development Goals into all its activities with the borrowing countries. This CD-ROM is an integral part of this effort at dialogue and collaboration between the Bank and its member countries aimed at achieving the Millennium Development Goals in Latin America and the Caribbean.

Enrique V. Iglesias
President
Inter-American Development Bank

I. Introduction: The IDB and the Millennium Development Goals



I. INTRODUCTION: THE IDB AND THE MILLENNIUM DEVELOPMENT GOALS¹

Achieving the Millennium Development Goals, in particular the goal of poverty reduction, requires a wide range of policies and programs in the economic, political and social realms to attack its many causes and manifestations. It is also important to ensure that all policies and programs are coherently articulated.

In order to achieve such policy coherence, the Bank is focusing its efforts on transversally integrating the Millennium Development Goals into the process of planning its financial support to borrowing countries and assisting countries in the preparation of poverty reduction strategies that include achieving the MDGs as a central element. These actions have been incorporated into the Bank's new package of sector strategies and into its implementation plan, which seek to guide Bank action in the countries in order to respond to their needs and demands and to optimize its contribution to their development process.

The Bank's strategic framework sets forth targets for operations aimed at achieving the MDGs in its loan portfolio. Thus, the Bank will monitor loan operations that support reaching the MDGs, in sectors such as poverty reduction, education, gender equality, empowering women, health, sanitation, and environment; and in dialogue with the countries, it will seek to increase loans aimed at achieving the Millennium Development Goals. The determination of which actions will be prioritized by the Bank and the countries for optimizing the Bank's contribution to achieving the MDGs will be made in the context of programming the Bank's financial support and developing its country strategies.

In accordance with the renewed strategic framework and following its institutional mandates, the Bank supports countries in their efforts to achieve sustainable and equitable economic growth and focuses a significant portion of its assistance to countries on targeted initiatives and comprehensive poverty reduction strategies that include operations aimed at fulfilling the Millennium Development Goals and other regional commitments. The Bank will continue to help the borrowing member countries to analyze the causes of poverty and social exclusion and the constraints on social progress. The diagnosis, made in coordination with other agencies, includes an analysis of the situation and determinants of poverty, taking into account the gaps to be bridged in order to attain the Millennium Development Goals. These documents help to set the Bank's action priorities by country and serve as basic inputs for the full incorporation of the MDGs into the Bank's financial support programming process.

1. This chapter was prepared by Georges Cahuzac and César P. Bouillon.

I. INTRODUCTION: THE IDB AND THE MILLENNIUM DEVELOPMENT GOALS

In addition to the specific actions for attaining the Millennium Development Goal of reducing poverty, the Bank's renewed strategic framework also emphasizes a key set of actions for achieving the MDGs in health, education, and the environment. In the health area, the Bank is providing support to the reforms required for meeting the MDGs, linking them to the specific country health needs and objectives. Taking into account the nation's epidemiological profile, this focus emphasizes maternal mortality, neonatal mortality and morbidity, and contagious diseases—in particular AIDS, malaria, dengue, tuberculosis, and other infectious diseases—stressing equity and a gender perspective in the provision and utilization of services.

In the area of education, the Bank is seeking to reach the MDGs as well as other regional commitments, by placing emphasis on the goals of equity and quality adjusted to each country's conditions. In its support for education reform in the region, the Bank adapts its approach to the realities of each country, including the timetable of reform, the capacities of the institutions responsible, and the prevailing economic and educational conditions, emphasizing equity through targeted interventions, including preschool education. The Bank is supporting secondary education without ignoring its ongoing commitment to primary schooling. In regions that are in danger of failing to meet the objective for primary education, the Bank will promote the exercise of the rights of marginal populations, increasing their entry into primary education and their ability to remain in school until they finish the cycle. In secondary education, the Bank will help governments meet the goal that at least 75 percent of young people attend secondary school, by financing the capital costs involved in increasing access, with emphasis on improving quality, increasing equity and efficiency, ensuring sustainable financing, and promoting better school management.

With regard to achieving environmental goals, the new strategic framework defines two fundamental realms that will make a crosscutting contribution to confronting environmental problems in the region and meeting the Millennium Development Goal for the environment. These are environmental governance and the comprehensive policy framework for developing appropriate incentives for environmental management. In order to incorporate these areas of action into the totality of its operations, the Bank will carry out sector studies and formulate diagnoses related to the environment and natural resources in borrowing countries; promote processes of participation and broad feedback from different actors for setting priorities; and facilitate inter-sector dialogue on policies, especially between institutions related to the environment and ministries of economy and finance. The outcome of this process should be a more targeted and strategic role for the Bank's action in terms of supporting public and private investment to meet the MDGs.

The Bank is also placing special emphasis on helping create capacity to monitor and evaluate progress in reaching the MDGs. As was established at the recent Conference on Financing for Development in Monterrey, measuring and monitoring the effectiveness of development actions require special attention. Monitoring and evaluating achievement of the MDGs require the adequate generation of information, which, according to the conclusions of the international seminar organized at Bank headquarters in June 2002 with the World Bank, ECLAC, and UNDP, is one of the greatest challenges that implementing the MDGs poses to the countries of the region, especially in terms of evaluating the financial cost entailed in achieving them.

Responding to this need, the Bank is placing special emphasis on programs to improve information systems on socioeconomic conditions in the region, including programs for improving surveys of living conditions (such as the MECOVI program), demographic surveys, censuses, improvement of administrative records, and strengthening of national statistics institutes. The Bank's action in this field gives priority to generating information on progress in indicators of effort and results associated with the MDGs, and other regional commitments, placing special emphasis on countries with less capacity in the field.

The strategic framework also stresses the importance of coordination with other multilateral and bilateral development agencies to support borrowing member countries in making progress in implementing their national development strategies and programs and achieving the Millennium Development Goals.

In keeping with this priority, starting in January 2004, the IDB established a joint technical cooperation with the UNDP, the World Bank, and ECLAC, to support governments in implementing and monitoring the MDGs. This technical cooperation will make it possible to: (i) strengthen and enrich dialogue between governments and civil society; (ii) contribute to the elaboration of a consensus-based strategy within countries for the implementation and attainment of the MDGs and the goals defined in development policies or poverty reduction strategies; (iii) improve national information and analysis capacity; and (iv) support the preparation of progress reports or working documents that report on fulfillment of the MDGs, placing emphasis on the elaboration of methodologies and information systems. That initiative seeks to respond to the need to adapt the MDGs to the specific realities of the region; to the recommendation of the Presidents of the Multilateral Development Banks in March 2002 to improve measurement, monitoring and managing results in the area of development; and to the intentions expressed by the Bank, the UNDP, ECLAC, and the World Bank, of closer partnership and coordination in the evaluation and monitoring of progress toward the MDGs.

I. INTRODUCTION: THE IDB AND THE MILLENNIUM DEVELOPMENT GOALS

In November 2003, the World Bank, ECLAC, the UNDP and the IDB, with the support of the government of Brazil, jointly held an international conference to promote a regional political consensus on the MDGs. This event, which was attended by the Presidents of Bolivia, Brazil, Guyana and the Dominican Republic and high-level representatives from governments, parliaments, and civil society organizations from the region and the international community, has made it possible to: (i) reaffirm the commitments made by the region at the International Conference on Financing for Development held in Monterrey (Mexico) in March 2002; (ii) specify the responsibilities shared by all the actors involved in the process of implementing and achieving the MDGs, both in the countries of the region and in developed countries; and finally (iii) highlight in what is called the “Brasilia Declaration” the greatest and most urgent needs of the region in order to implement the MDGs and achieve the eradication of poverty and inequality. The declaration specifically refers to the structural reforms required nationally and internationally.

The documents presented in this CD-ROM draw on the Bank’s renewed strategic framework and the results of its most recent initiatives in the area of the MDGs to present a reflection on advances, actions, and challenges in the region for reaching those goals. The CD-ROM includes ten more documents or chapters. Two present the background that led to the adoption of the Millennium Development Goals; their general implications for the region and the Bank; and the situation of the region in terms of poverty, inequality, and advances in the sectors considered by the MDGs. The following eight chapters propose for each one of the eight Millennium Development Goals a diagnosis of the situation in the region, the investment priorities and challenges in each of the fields and recent actions taken by the Bank to aid the efforts made by the countries to attain each of the goals.

