

Strategies, Policies and Guidelines

This section details SDS support for the development and implementation of sector strategies, policies and guidelines. It also provides a listing of strategies and best practices papers.

STRATEGIES

[www.iadb.org/sds/publication_type_3_e.htm]

IDB sector *strategies* identify priorities for Bank action in its operational, technical and

analytical work. Thus, strategies have broad implications for the character of lending and advisory work, budget and staff allocations, and the development of operational policies and guidelines. Following the Eighth Replenishment of Resources in 1994, the Sustainable Development Department played a significant role in the development of new strategies in the areas of agriculture and rural development, infrastructure and financial markets, environment and natural resources, social development, modernization of the State, urban and subnational development, and private sector development.

In 1999, the Board endorsed an

The IDB Board Endorsed 20 Strategies by 2001

- Agriculture
- Capital Markets
- Coastal and Marine Resources
- Energy
- Integrated Water Resources
- Financial Markets
- Information Technology for Development
- Infrastructure Development
- Higher Education
- Microenterprise
- Poverty Reduction
- Primary and Secondary Education
- Rural Finance
- Rural Poverty Reduction
- Science and Technology
- Small and Medium Enterprise
- Social Services Delivery
- Subnational Development
- Using Social Investment Funds to Combat Poverty
- Vocational and Technical Training

institutional strategy that called for adapting and revising the sector strategies in order to provide clear guidance to IDB staff, government officials, executing agencies, and civil society. In 2000, the action plan for implementing the institutional strategy recommended that SDS should coordinate the rationalization, consolidation and updating of the sector strategies and policies. This led, among other things, to the development of a renewed strategic framework for the Bank that includes two overarching strategies, four priority area strategies and a crosscutting strategy, endorsed by the Board in 2003.

The two overarching strategies—sustainable economic growth, and poverty reduction and promotion of social equity—are compatible and interrelated. Indeed, sustainable economic growth is a necessary condition for reducing poverty. It provides the flow of resources needed for employment and income generation, and for programs to alleviate poverty. At the same time, a number of studies have shown that persistent poverty and inequality limit a country's growth potential. For instance, inequalities in human capital in Latin America and the Caribbean act as a deterrent to growth and higher productivity, and tend to perpetuate poverty. Targeted interventions to assist the poor, such as investments in human capital and infrastructure, and providing access to financing for productive activities, will not only promote social justice and equity, but will also encourage economic development. Given this double causality, economic and social development policies should not only focus on actions to promote sustainable economic growth, but also include specific actions to promote social equity and targeted efforts directed to the poorest populations, excluded groups, and low-income geographic areas. This allows for the mutual reinforcement of policies and strengthens the benefits of growth for the poorest populations.

The four priorities highlighted in the institutional strategy (*competitiveness, social development, regional integration, and modernization of the State*) are areas where the Bank has a comparative advantage in assisting countries to make progress toward the two overarching objectives. Current challenges were taken into account in the development of these four strategies. Additional factors that were taken into consideration include, among others, the Bank's presence in the region; its experience in working in areas that require capacity for diagnosis and dialogue; actions that require persistence over time; programs that depend on developing consensus; policy and institutional reform; and actions that demand technical and financial assistance. The strategies also recognize the crosscutting nature of the environmental dimension (developed in the environment strategy), which aims to adequately internalize environmental sustainability.

In addition, in the first half of 2004, the Bank's Board of Executive Directors favorably considered a private sector development strategy and a strategy for promoting citizen participation in IDB activities, bringing to 29 the total number of strategies whose development has been coordinated by SDS.

The Department is currently involved in an effort to consolidate and update other Bank strategies, including those for education, health, rural development, financial and capital markets, infrastructure, information technology for development, and small and medium enterprise development. Once the consolidation process is finalized, there will be an updated, integrated, and consistent set of sector strategies, as follows:

Poverty Reduction and Social Equity

- Poverty Reduction and Promotion of Social Equity Strategy OP-1002 (GN-1894-7)

Sustainable Economic Growth

- Sustainable Economic Growth Strategy OP-1001 (GN-2227-1)

Social Development

- Social Development Strategy OP-1003 (GN-2241-1)
- Reform of the Delivery of Social Services Strategy (GN-1932-1)
- Education Strategy
- Health Strategy
- Indigenous Development Strategy

Competitiveness

- Competitiveness Strategy (GN-2243-1)
- Private Sector Development Strategy (GN-2270-4)
- Energy Sector Strategy (GN-1969-4)
- Financial and Capital Markets Strategy
- Microenterprise Development Strategy (GN-1938-3)
- Small and Medium Enterprise Development Strategy (GN-1885 corr)
- Rural Development Strategy
- Information Technology for Development Strategy (GN-2024-3)
- Science and Technology Strategy (GN-1913-2)

Modernization of the State

- Modernization of the State Strategy OP-1004 (GN-2235-1)
- Strategic Framework for Promoting Citizen Participation in Bank Activities (GN-2232-2)
- Subnational Development Strategy (GN-2125-3)

Integration

- Regional Integration Strategy OP-1006 (GN-2245-1)
- Infrastructure Development Strategy (GN-1884-1)

Environment

- Environment Strategy OP-1007 (GN-2208-4)

The strategies are the product of the work of inter-departmental teams. They have extensive public consultation and research into the various areas addressed, including research into best practices and lessons learned from previous efforts in the sector. They also benefit from a valuable consensus-building exercise throughout the region. The strategies go through a detailed consultation and dialogue process that brings together input from member governments, nongovernment organizations, civil society and other stakeholders. Their aim is to respond to national needs and demands, and to maximize the Bank's contribution to national development processes. Strategies provide thematic guidance for the Bank's commitments to its member countries. The outcome of these efforts is a progressive improvement in the alignment of the Bank's mechanisms, instruments, criteria and capacities with national needs. This enables the institution to increase the effectiveness of its contribution to the development of Latin America and the Caribbean.

Detailed implementation plans were also approved by the Board of Executive Directors for the seven priority area strategies (GN-2195-3), as well as the Private Sector Development Strategy (GN-2270-7). These strategy implementation plans establish specific activities to be undertaken during the period 2003-2007, thus creating a strategic framework for IDB support to its member countries.

- **SUSTAINABLE ECONOMIC GROWTH**
[www.iadb.org/sds/publication/publication_3434_e.htm]: The objective of this strategy is to contribute to increases in per capita GDP and income, improving the quality of life, alleviating poverty, and preserving or improving the natural resource base.
- **POVERTY REDUCTION AND PROMOTION OF SOCIAL EQUITY**
[www.iadb.org/sds/publication/publication_3433_e.htm]: This strategy aims to promote faster progress in the reduction of poverty by tackling its root causes and fostering inclusion and greater social equity, which are essential elements of development.
- **MODERNIZATION OF THE STATE**
[www.iadb.org/sds/publication/publication_3437_e.htm]: The objective of this strategy is to establish the basic concepts that will guide Bank actions in promoting state reforms to consolidate democratic governance.

- COMPETITIVENESS [www.iadb.org/sds/publication/publication_3955_e.htm]: This strategy contributes to improving the economic and institutional environment in order to support the development of the private sector and increase productivity.
- SOCIAL DEVELOPMENT [www.iadb.org/sds/publication/publication_3436_e.htm]: This strategy is guided by the principles of universality, solidarity, efficiency and sustainability. Its objective is to foster social progress by helping to create a social environment conducive to improved well-being, with special emphasis on reducing poverty and inequalities in opportunities.
- REGIONAL INTEGRATION [www.iadb.org/sds/publication/publication_3438_e.htm]: The main goal of this strategy is to guide Bank support for regional cooperation, creating regional public goods while taking advantage of the globalization process.
- ENVIRONMENT [www.iadb.org/sds/publication/publication_3439_e.htm]: This strategy establishes environmental sustainability as an underlying objective that is linked to all of the Bank's priority areas. It lays out two key principles for action: improved environmental governance, and development of an enhanced policy and incentive framework for environmental management.
- PRIVATE SECTOR DEVELOPMENT: This strategy provides a roadmap for the IDB intended to help it place a strategic focus on private sector development activities. Its objective is to deepen and complement the essential role of the private sector in promoting economic growth and generating income by creating jobs that contribute to sustained poverty reduction.

SECTOR POLICIES AND OPERATIONAL GUIDELINES

The Bank Board of Executive Directors also called for updating and streamlining existing operational policies. Sector policies have a more narrowly defined normative purpose than the strategies and, in addition, are binding. They establish criteria to be applied in project design and implementation. The broad framework laid out in a strategy finds its specific application in an operational policy. A sector guideline, on the other hand, offers methodological guidance to the staff on the design and implementation of programs.

SDS also plays a role in the consolidation of existing sector operational policies in the areas of industrial development, public health and nutrition, telecommunications, and transportation. Work is underway for new policies in the areas of environment, energy, gender, indigenous peoples, involuntary resettlement, natural disasters and rural

development—all areas that fall under the purview of the Sustainable Development Department. Operational guidelines in the areas of education, governance, social development, reproductive health, and natural disasters are also in development.

BEST PRACTICES

[www.iadb.org/sds/publication_type_1_e.htm]

Informal guides, action plans, best practices and lessons learned studies, as well as sector performance reports, help to enrich and improve the quality of new development projects and the development impact of Bank operations. SDS has published many such papers.

Selected SDS Guidelines and Best Practices Papers

- A Tale of Four Village Banking Programs: Best Practices in Latin America
- Acceso a la justicia y equidad. Estudio en siete países de América Latina
- Action Plan for Combating Social Exclusion Due to Race or Ethnic Background
- Desastres naturales e instituciones microfinancieras. Guía para prevenir y aminorar el impacto
- ECCD Program Guide: A Toolkit for Early Childhood Care and Development
- Equipment Leasing and Lending: A Guide for Microfinance
- Estudio de casos de desarrollo económico local en América Latina
- Facing the Challenges of Natural Disasters in Latin America and the Caribbean: An IDB Action Plan
- Forest Financing in Latin America: The Role of the Inter-American Development Bank
- Gestión ambiental en América Latina. Evolución, tendencias y principales prácticas
- Guidelines for the Design of Violence Reduction Projects
- Guía metodológica para la preparación de estrategias de desarrollo empresarial y de la pequeña y mediana empresa
- Guía operativa para programas de competitividad para la pequeña y mediana empresa
- IDB Experience in Justice Reform: Lessons Learned and Elements for Policy Formulation
- Involuntary Resettlement in IDB Projects: Principles and Guidelines
- Lecciones aprendidas en la promoción de mercados de servicios de desarrollo empresarial. Un análisis de la experiencia del BID en el período 1995-2002
- Lecciones operativas para promover mercados de servicios de desarrollo empresarial a través de bonos y fondos compartidos
- Lessons Learned in Rural Finance: The Experience of the Inter-American Development Bank, 1961-1998
- Liberalization of the Gas Sector in Latin America: The Experience of Three Countries
- Manual de capacitación. Enfoque de género en programas y proyectos de desarrollo
- Operational Guidelines for Housing: Urban Development and Housing Policy
- Perspectivas sobre la reforma educativa: América Central en el contexto de políticas de educación en las Américas

- Principles and Practices for Regulating and Supervising Microfinance
- Sociocultural Analysis Guidelines
- Targeted Human Development Programs. Investing in the Next Generation
- Technical Guide for the Analysis of Microenterprise Finance Institutions
- The Experience in Primary and Secondary Mortgage Financing
- Violencia doméstica. Intervenciones para su prevención y tratamiento

The activities undertaken by the Department's Divisions and Units support the implementation of the new sector strategies that were approved by the Board of Directors. The next sections of this book provide an overview of these activities, which comprise support for project design and review, and knowledge creation and dissemination. Chapter 4 summarizes the activities to promote poverty reduction, equity and social development, and highlights the challenges to improving the pace of poverty reduction, and promoting social equity. Chapter 5 provides an overview of activities to promote economic growth, competitiveness and private sector development, under conditions that lead to improving the quality of life. This chapter highlights the challenges to increasing pro-poor growth and competitiveness for all producers, as well as activities to improve the business climate, infrastructure, financial markets and innovation systems. Finally, Chapter 6 details activities to foster environmental sustainability and reduce the region's vulnerability to natural disasters.