



Inter-American Sustainable Social
Development Development Development
Bank Department Division

From the Division Chief

In Durban, South Africa at the UN World Conference on Racism, the IDB participated both in the NGO Forum and the official UN session. We organized and hosted: (a) two seminars during the NGO Forum, an operationally oriented seminar on how to work with the IDB in promoting social inclusion and a panel on research advances on the same topic; (b) a breakfast meeting with representatives from delegations from Latin America and the Caribbean attending the official meeting; (c) an informal tea with NGO representatives from the region; and (d) at the request of Mary Robinson, UN High Commissioner for Human Rights, a dialogue with multilateral and donor agencies present at the conference. The IDB delegation included K. Burke Dillon, Executive Vice-President, and Chair of the Delegation, and Germán Quintana, Executive Director for Chile and Ecuador.

More than 60 high-level representatives from government delegations (including the Vice Governor of the State of Rio de Janeiro in Brazil, the Minister of Planning of Chile, and the Head of the Anti-Discrimination Commission in Mexico) attended the breakfast offered by Ms. Dillon and moderated by Mr. Quintana.

During the discussion, government delegates underscored the importance of having the IDB facilitate dialogues among

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Daniel Oliveira, IDB Executive Director for Brazil (left) and Pedro Chequer, UNAIDS Inter Country Program Advisor for the Southern Cone and former head of the Brazilian National AIDS Program at an IDB Forum on HIV/AIDS in Brazil.

ARLETTE MARE PEDRAGLIO

IDB Intensifies Efforts to Eradicate HIV/AIDS in the Region

BY ERNEST MASSIAH

 At the end of 2000, UNAIDS estimated that there were 1.8 million adults and children living with HIV/AIDS in Latin America and the Caribbean. In 1999, an estimated 210,000 adults and children became infected in this region: 25 percent of them were women. Already the region has lost 112,000 lives to AIDS.

Currently, in Latin America and the Caribbean HIV/AIDS prevalence rates range from 0.3 to 5 percent of the adult population. While overall infection rates are lower than in sub-Saharan Africa, the Caribbean has the fastest growing epidemic rate outside of that region, and in parts of Central

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"We no longer have the luxury of pointing fingers at 'official racism.' Now we must look in the mirror and address the deeper, subtler, and more entrenched issues of racism and intolerance in each of our societies, each of our organizations, and each of our hearts."

RICHARD FLETCHER



K. Burke Dillon, Executive Vice President of the IDB, addressed the Plenary Session at the U.N. World Conference on Racism, in Durban, South Africa.

"Poverty reduction and growth are the central objectives of our organization, and we have become increasingly convinced that we cannot address either poverty reduction or growth without confronting the issues of race and exclusion within our region."

HIV/AIDS, *continued from 1*

America there are fears that HIV/AIDS will soon be “generalized,” that is, in over 5 percent of the population. HIV/AIDS is a development issue. The disease has brought to the fore fundamental questions about resources allocation and, of course, equity. As the disease touches sub-populations and expands into the wider community, societies are forced to consider the tensions that can emerge between social policy and economic realities.

Poverty facilitates HIV/AIDS transmission. The poor are more vulnerable to infection, and the effects of the disease increase poverty. The costs of HIV/AIDS include, not only the resources needed for treatment, but the loss of assets and income of family members who have died, as well as reduced income from those who must devote time to care for the sick. The poor who in many countries have low levels of literacy and access to information are often not reached by or understand HIV/AIDS education messages. Poverty also increases labor-related migration to urban areas where, separated from familial and social norms, individuals are more likely to engage in risky sexual behaviors. Limited access to health care by the poor prevents individuals from being tested; HIV positive individuals unaware of their status can spread the disease to their spouses, and mothers can pass this on to children at birth. Malnutrition and lack of access to potable water increase susceptibility to the opportunistic infections associated with AIDS and can accelerate death.

The epidemic in Latin America and the Caribbean can be described as a mosaic of transmission patterns in which HIV continues to spread primarily through three routes: male-to-male sex, sex between men and women, and injecting drug use. The range of populations and modes of transmission suggest that an expanded response to the epidemic will

require collaboration between the public and private sectors and civil society. In some countries where the overall prevalence rate is low, high prevalence levels have been observed in sub groups—commercial sex workers, men who have sex with men, and intravenous drug users—that are not easily reached by the public sector. However, even in urban areas access to public sector health and social services is not universal and there is a significant role for non-governmental organizations in the delivery of services, particularly to communities that may be marginalized.

The Inter-American Development Bank is actively working with countries to assist them in developing comprehensive HIV/AIDS programs. Within this framework, some of the main challenges are increasing access to affordable medications; developing effective prevention programs, including reducing mother-to child transmission; working with the business sector; building institutional capacity for program management; and ensuring the human rights of the millions who are living with HIV/AIDS.

IDB has supported AIDS prevention and eradication efforts through health sector reform loans that have strengthened epidemiological surveillance, and improved program planning and monitoring capacity. The IDB first provided direct funding for HIV/AIDS in 1994 when a grant of \$1.8 million for Honduras was approved, similar initiatives have been developed in Jamaica and the Bahamas, and an intensified regional plan of action is being developed to combat rising prevalence levels. In March 2002, at the Bank’s Annual Meeting in Fortaleza, Brazil, the Bank will host a seminar on HIV/AIDS in Latin America and the Caribbean.

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Inter-American
Development Bank

Sustainable Development
Department

Social Development
Division

Mission Statement

The Social Development Division (SDS/SOC) supports IDB operations and helps to identify and promote new opportunities for Bank action in social development that will accelerate growth and improve the well-being of people in Latin America and the Caribbean. Working in tandem with the Bank’s operational Departments, the Division offers technical advice on priority issues for women and indigenous groups through the Women in Development Unit and the Indigenous Peoples and Community Development Unit. It gives similar assistance in the areas of early childhood development, health, labor markets, urban development, violence prevention and control, social inclusion, and the formulation of social policy.

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*From the Division Chief, continued*

governments and between governments and civil society to achieve regional and national commitments to social inclusion. They also highlighted the IDB's financial role in supporting work on social inclusion.

The IDB-hosted seminars and informal tea during the NGO Forum were marked by rich exchanges of ideas. These occasions were especially welcomed by the NGOs because we provided interpretation (professional and ad hoc); therefore overcoming the difficulty that many NGO participants encountered in other Forum sessions that failed to provide these services. A recurrent theme in the dialogue with the NGOs was their need to be consulted in the design of IDB projects and to be active participants in their implementation.

At these different events, the Bank distributed a portfolio of materials, including a CD ROM containing research papers the Bank had produced, special editions of both the SOC newsletter, *Social Development*, on a Bank sponsored High-Level Dialogue on Social Inclusion, and *IDB America* on the Bank's work with indigenous people, as well as an IDB video on the topic of social exclusion.

The LAC Region was well represented and very visible at the NGO session as well as the official meeting. This, and the salience that was given to the intersection of race/ethnicity and gender in the processes of social exclusion, were two important and positive features of the conference. Overall, the IDB's active participation reflected the Region's interest in the conference and in the goal of social inclusion to both reduce poverty and promote economic growth.

For more information on IDB materials on Social Inclusion, contact Juliana Pungiluppi: julianap@iadb.org or 202 623 2045.



Mayra Buvinić

Health Accounting Is an Important Policy Tool

Some 40 participants representing eight Caribbean countries and Mexico benefited from a training course on the "Development of National Health Accounts (NHAs)" held at the Caribbean Programme Coordination (CPC) Office of the Pan American Health Organization September 10-14.

NHA is designed to generate reliable and valid estimates of expenditure and better inform the countries' health policy-making agendas. The extensive training includes a demonstration of how NHA can contribute to the analysis of health financing at the national level and to the development of reform strategies; NHA macro-economic and macro-social accounting methodology; and the NHA approach in undertaking disease-specific analyses. Furthermore, health accounting can help policymakers determine the level of efficiency of the health care system, and so identify areas of under or overspending. Participants in the first training course will subsequently undertake preliminary calculations of the NHAs in their own countries and later share these results at a regional workshop in 2002.

The initiative represents part of the *Shared Agenda for Health in the Americas* program, launched in 2000. The Inter-American Development Bank, the World Bank, and the Pan-American Health Organization coordinate efforts under the *Agenda* to help Latin American and Caribbean countries improve health conditions and public health services. Other issues currently being addressed include disease prevention and control, pharmaceutical products, basic sanitation, and institutional strengthening of public health programs, among others.

For more information on the Shared Agenda for Health in the Americas program, contact Alfredo Solari: alfredos@iadb.org or 202 623 1345.

Did You Know?

- A drop in the crime rate in Bogota, Colombia has left the city not only statistically safer than Caracas and Rio de Janeiro, but also more secure than cities in the U.S., such as Washington, D.C. and Baltimore, Maryland.
SOURCE: *The New York Times*, September 15, 2001. "Conflict Rages, but Capital Basks in Good Times."
- Eighty percent of the Afro-Colombian population in Colombia lives in extreme poverty and have annual incomes per capita of between \$500 to \$600, while the national average is \$1,500.
SOURCE: Dirección Nacional de Planeación, Colombia: 1999.
- Between 1985 and 2000, infant mortality rate decreased by 56 percent in Latin America and the Caribbean.
SOURCE: Health Situation in the Americas: Basic Indicators 2000, Pan American Health Organization.
- The female-to-male hourly wage ratio in Colombia and Costa Rica is over 100%, where females earn more by the hour than males.
SOURCE: S. Duryea, A. Cox Edwards, M. Ureta. "A Survey of Women in the Labor Market." IDB.
- Although Brazil has one of the most progressive anti-AIDS programs in the world, women—housewives in particular—are becoming infected at an alarming rate. A recent government survey showed that the number of new AIDS cases reported among women shot up 75.3 percent from 1994 to 1998, compared with a 10.2 percent increase among men.
SOURCE: *Washington Post Foreign Service*, September 30, 2001 (page A34). "Brazilian Women Ravaged by AIDS."
- Almost 50 percent of pregnant women seen in health centers in Tegucigalpa and the surrounding area show evidence of some type of obstetric risk, with advanced age being the most frequently recorded, according to medical researchers from the Post-Graduate Nursing Program at the National Autonomous University of Honduras (UNAH).
SOURCE: *Diario Tiempo, Nacionales*: October 15, 2001.
- In the Dominican Republic, 19.3 percent of the working male population are paid a salary lower than the legal minimum, while among women workers that figure increases to 33.4 percent, according to the National Household Survey of Income and Expense conducted by the Central Bank.
SOURCE: "Hoy" October 14, 2001, "Citan cifras del empleo arroja última encuesta."



Women: Agents and Beneficiaries in the Fight against Poverty

BY CLAUDIA PIRAS

The Government of Mexico, with funding from the IDB, is committed to the consolidation and expansion of its Program of Education, Health and Nutrition, known by its Spanish acronym, PROGRESA. Created in 1997, PROGRESA is considered the most innovative program for combating poverty to be implemented in Latin America in recent decades. Presently, PROGRESA serves approximately 2.4 million families, representing 60 percent of all families classified as extremely poor. The goal of the Mexican government is to achieve 100 percent coverage by the year 2004.

The program ties monetary support to children's enrollment and ongoing attendance at school, and food support to regular clinic visits. The clinics provide a basic health package and educational sessions on hygiene, health, and nutrition.

A fundamental characteristic of the program design, and one that has been identified as a key factor in the program's success, is that monetary transfers are channeled through mothers in the beneficiary families. This decision was motivated by reliable evidence that shows that, when resources are controlled by women rather than men, the likelihood of major improvements in the well-being of children and the family is greater. In addition, PROGRESA empowers women. Considering that the amount of resources transferred to families by the program is equivalent to a 22 percent increase in beneficiary family income, PROGRESA's impact on altering the balance of power in favor of Mexican women is large.

A recent evaluation of the impact of PROGRESA on the status of women¹ documents the effect the program has

on decision-making within the home. Although the individual characteristics of husband and wife (education, work experience prior to marriage, and fluency in Spanish) are the most important determinants of patterns in decision-making, the economic transfers provided by PROGRESA decrease the incidence of husband as the only decision-maker in five of the eight situations studied.² The evaluation also showed an increased likelihood that women will decide how to use their additional income by themselves, and a decreased likelihood that they will allow their husbands to make such decisions.

The program requires that women go outside their homes to perform a series of activities, including picking up the monetary transfers and attending monthly meetings and health and education talks. These collective group activities encourage women to talk to other women and share their problems and solutions, while giving them greater confidence, experience, and self-assuredness to speak in public.

PROGRESA also strengthens the future status of women through subsidies or scholarships designed to encourage enrollment and regular attendance of children at school. Given the evidence that in poor fami-

lies girls tend to drop out of school with greater frequency and at a lower age than boys, the program provides larger scholarships for girls than for boys at the secondary school level. According to the assessment, the program has been successful in increasing girls' enrollment, despite the prejudices of their fathers.

The emphasis on women that has been incorporated into the design of PROGRESA by the government deserves recognition. Indeed, this fact alone has served to promote discussions on gender issues in many communities where the program is being implemented.

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1 Adato, M., B. de la Brière, D. Mindek and A. Quisumbing. 2000. *El impacto del Progreso en la condición de la mujer y en las relaciones al interior del hogar*. July. International Food Policy Research Institute, Washington, D.C.

2 The decisions surveyed referred to decision making with regard to children, household expenses and use of women's additional income.

Women's Leadership, Good Governance Promoted

The IDB's *Women's Leadership Program* (PROLEAD) recently awarded grants to eight organizations in Central America to implement projects in women's leadership and good governance. Based on their own experiences and results, and the achievements of other NGOs working in the areas of women's leadership and good governance, the projects will contribute to a compilation of strategies that work in the region. A total of \$670,000 has been awarded in grants ranging from \$30,000 to \$230,000 each. Two of the eight institutions selected also will serve as regional intermediary organizations, transferring over 60 percent of their grant to similar (or sister or colleague) organizations in the six countries. A ninth project will be co-financed with the Organization of American States/Inter-American Commission on Women (OAS/CIM).

Before executing the projects, four of the organizations received technical assistance to enhance project management and implementation, monitoring and evaluation, and preparation of progress and financial reports. All the grantees will have an opportunity to share experiences and lessons learned in a gathering planned for 2002.

For further information on PROLEAD's grantmaking activities visit the website:
www.iadb.org/sds/prolead.



In Search of Causes and Consequences of Social Exclusion

By JULIANA PUNGILUPPI

On June 18, 2001, the IDB held a High-Level Dialogue on Race, Ethnicity and Inclusion in Latin America and the Caribbean. Presented at this international event were the results of a number of studies solicited by the Bank to determine the causes and consequences of social exclusion in the region.

The primary results of the research are as follows:

- If there is an end to racial discrimination in labor markets, and if indigenous peoples and individuals of Afro-descent are provided with the same educational opportunities as whites, then the economies of Bolivia, Brazil, Guatemala and Peru could grow by at least 36.7, 12.8, 13.6 and 4.2 percent, respectively. The materialization of these benefits will only occur over the course of many years.
- Mobilizations of ethnic groups have been successful in spurring the creation of public policies, but have not had the same success in guaranteeing the implementation of those policies.
- Greater incentives to encourage private attorneys to represent the victims of discrimination need to be created. In addition, the potential benefits of applying affirmative action measures as a mechanism to compensate for historic inequalities should be studied.
- Only one-third of the countries of Latin America include their ethnic populations in their census activities.

These studies also concluded that as long as ethnic populations are excluded from routine censuses and household surveys, they also will be marginalized in governments' development agendas. Some experts note that this situation is changing, as governments increasingly take steps to ensure that excluded populations are counted.

While specific data is meager, information that does exist shows that elim-

inating social exclusion requires an integrated strategy. Promoting social inclusion involves, among others, quantifying excluded population groups and helping them organize; strengthening legal mechanisms for those excluded by prejudice and providing incentives so attorneys accept discrimination cases; eliminating discrimination in labor markets and eventually eliminating racial profiles in society itself; opening up the educational system to all ethnic groups and taking steps to avoid school dropouts along the way; achieving the implementation



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of development policies that respect cultural diversity and reaching a point where ethnic populations are considered to be partners, as opposed to merely beneficiaries, in development. Experts at the conference approached social inclusion as a matter of development, deserving of policies, their execution, and follow-up that will advance sustainable development in the region.

To obtain copies of the studies and for more information on Social Inclusion, visit: http://www.iadb.org/sds/SOC/site_2529_s.htm. A special bulletin on Social Inclusion is available and can be requested via email: JULIANAP@iadb.org.



Collective Titling of Afro-Darien Lands in Panama

BY JESÚS ALBERTO GRUESO

Through social equity policies and land use planning, the Government of Panama has engaged an agenda to reduce poverty and inequality. The government identified the province of Darien as a priority area because of its high concentration of rural populations and corresponding high rates of poverty associated with factors such as unregulated land ownership and no sustainable land use plan.

Panama is well known for the complexity of its natural ecosystems. Many are located in Darien. Some 84 percent of the province consists of protected areas, with only 258,263 hectares (16 percent) open to legal question. Of the latter, a total of 151,034 hectares are classified as suitable for agricultural activities, while the remaining portion is best suited to forestry-related activities.

Following an assessment conducted by the IDB jointly with the Government of Panama, the *Darien Sustainable Development Program* was initiated. The program includes components for land use planning, land

titling, and environmental management and protection, aimed at providing solutions for the social problems affecting the inhabitants of this area, particularly its ethnic minorities.

The tri-ethnic population of Darien consists of Indians, latinos (campesinos from other areas of the interior of the country known as *campesinos interioranos*), and blacks. Indians make up 30 percent of the population, while latinos or *campesinos interioranos* represent over 45 percent (in 1970 this figure was only 10 percent) and blacks account for 25 percent. Immigration to the province by *interioranos* is one of the major problems existing in the region, as reflected in the indiscriminate use of natural resources, including unsustainable logging practices and shifts in land use to non-compatible activities. By way of contrast, the traditional practices of the Indian and black populations tend to be compatible with the protection and preservation of their habitat.

In addition, most private land ownership rights in Darien are held

by private *interioranos* (from the provinces of Los Santos, Veraguas, Herrera, Panama, and Chiriqui) and even by some foreigners, while natives of Darien hold a very small percentage (5.8 percent). The same is true with regard to possession rights (a precondition for land titling) granted to *interioranos*, with Darien natives holding only 6.8 percent.

In July 2001, a preparatory workshop, sponsored through the program, was held for Afro-Darien populations to discuss the experiences of other countries in the region, including Colombia, with regard to *collective* land titling for black communities. At the conclusion of the workshop, an agreement was reached to replicate the workshop in the villages of La Palma, Jaqué, El Real, Yaviza and Garachiné, with emphasis on disseminating the results of both the study conducted by the program and the Colombian experience on collective land titling for black communities. These local workshops were held in August and September.

Key among the conclusions are the need for Darien natives to strengthen their social fabric; recover their ethnic identity, origins, values, and traditions; obtain access to political, economic, social, technological, and scientific arenas as a way of participating and perpetuating the process of ethno-cultural integration. Accordingly, the workshop participants established as a short-term activity the initiation of processes of community organization at the local, regional, and national levels. In addition, they requested that a bi-national event be held in Colombia in order to observe first hand the evolution of collective land titling for black communities in that country.

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Afro-descendent populations in Panama are working toward collective land ownership.



Policy Dialogue Emphasizes Ethics

BY CHRISTINA MACCULLOCH AND ADA INÉS PIAZZE

The Social Policy Dialogue project, headed by former Chilean President Patricio Aylwin, made progress in Honduras and Nicaragua with wide ranging debates on the importance of ethics, not only in government policies but also in actions carried out by the media and all sectors of society.

The proposal for educational reform in Honduras, the result of a prolonged and broad based national debate, faces perhaps its greatest test with the imminent change of government in the year 2002. The continuity of the process depends to a great extent on maintaining a general understanding in public opinion, of the consensus developed on educational issues and the priorities agreed during local and national debates. For this reason, the IDB promoted a follow up to this initiative with an invitation issued to the media by the Honduran Commission for Social Dialogue to attend an event on May 16-17.

The diverse activities, organized with the Honduran School of Journalists, targeted media owners, directors as well as journalists and sought to create awareness about the importance of media participation in the processes of social transformation. The workshop provided journalists with tools to analyze the principal problems in the educational system and to evaluate whether social reforms were achieving its goals.

In a session held with communication specialist, Javier Darío Restrepo of the Gabriel García Márquez Foundation, stressed the close relationship between journalistic technique and ethics. "There is no quality journalism without ethics," he declared. "Technique must be infused by ethics, both joined inseparably, like the buzzing and the blowfly," he added paraphrasing

García Márquez. "Any firm that wishes to grow needs to generate confidence, and ethical values are critical to this end. People do not buy paper or ink; people buy confidence," he concluded.

In a response to an invitation by the National Economic and Social Planning Council (CONPES) of Nicaragua, former President Aylwin held a number of meetings in Managua from August 20 to 22. Given that these meetings took place during the pre-election period, Aylwin emphasized the need to work on social commitments that span changes in government administrations. Although in pre-election periods it is difficult to speak of state projects, he suggested beginning this process by reaching basic agreements on the country's priority problems.

In a public session, Aylwin rejected the opinion of those who, following Machiavelli's teachings—in particular his famous statement, "The end justifies the means"—hold that policy is an activity unrelated to morals, where all that counts is success measured in terms of gaining power. "It is essential to understand and accept that the purpose of political authority is not power, but rather the search for the common good," he stressed. Consequently, it is necessary to understand political activity as a form of public service, as opposed to an instrument for gaining influence or personal advantages.

Former President Aylwin's visit to Nicaragua launched a series of activities aimed at developing national consensus on social reform. The Social Policy Dialogue activities are funded by the Government of Denmark.

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- **Centros Históricos de América Latina y el Caribe.* Fernando Carrión, Editor. UNESCO/IDB/FLACSO/ Ministerio de Cultura y Comunicación de Francia: 2001 (Spanish only).
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- **Una Obra en Marcha: El Banco Interamericano de Desarrollo y la Protección del Patrimonio Cultural.* Eduardo Rojas. SDS/SOC: 2001 (Spanish only).

Publications can be obtained via email: sds/soc@iadb.org or phone 202 623 3533.

* To order this publication, contact the IDB bookstore: 202 623 1753 or visit the IDB publication website: www.iadb.org/exr/pub/idex.asp



Estimating the Costs of Violence to Society

BY ANDREW MORRISON

Measuring the price that society pays for violence is an interesting methodological challenge. Three broad approaches have been used.

- An accounting methodology, which breaks down costs into specific categories and adds up the total cost from each category;
- Hedonic housing and land models, which correlate public safety to the value of housing and land in a given neighborhood for the purpose of measuring how willing people are to pay for living violence-free;
- Contingent valuation methodology (CVM), which attempts to measure the value that the market would assign to decreased violence, under the assumption that public safety is a marketable asset.

Each one of these methods has its pros and cons. The main advantage of an accounting methodology is that it does not call for statistics in every category. Thus, when information is available for only one or a few categories, costs in the reported categories can be calculated. There are two major disadvantages to this method. The first one is the lack of control over the categories or groups of categories for which data is available, thus giving the method an arbitrary quality. The second disadvantage is the risk of counting one particular cost in more than one category thus rendering the calculation of total costs inaccurate.

In the *Technical Notes on Violence* (available on the web page www.iadb.org/sds/violence), an accounting exercise offers data on the costs of violence for countries of the region in the following categories: direct costs, non-monetary costs, economic multiplier effects, and social multiplier effects.

Hedonic models are sophisticated and enable analysts to measure how a lack of public safety has an impact on the value of housing or land. These models not only take into account

housing characteristics (number of bedrooms, size of lot, quality of construction, etc.) but also neighborhood characteristics such as paved streets, access to hospital services, access to schools, and the crime rate. The principal weak point of this method is that it requires a great deal of high-quality statistical information, which must be broken down by neighborhood and by housing unit.

CVM is conducted by interviewing a randomly selected segment of the population. Interviewees are informed in detail about the present state of public safety in their neighborhood and about several different intervention options that could be used to remedy the situation. On the basis of their responses, it is possible to estimate how willing residents are to pay to make their neighborhood safer.

Hedonic housing and contingent valuation methodologies have rarely been used in Latin America for gauging how willing people are to pay for safer neighborhoods, even though these approaches have proven to be useful in other countries. In the U.S., for example, a (1992 Brookshire) study for the city of Los Angeles found that as the crime rate doubles in a neighborhood,

the sale price of a house in that neighborhood decreases between eight and ten percent. Another study (by Clark and Cosgrove in 1990) documents that in the country as a whole, a doubling of the homicide rate is associated with a 12.5 percent decrease in the price of land. Recently, a hedonic model was used to estimate willingness to pay for safety in Mexico City; the authors (Teruel, Villoro, Morrison and Hammit, 2001) found that a doubling of the homicide rate in a county is associated, on average, with a 42 percent decline in housing rents.

Estimates of the socio-economic costs of violence are important inputs to the public policy debate, since they allow the costs generated by violence to be compared to those spawned by other social ills. Such estimates are, in other words, a shorthand measure of the policy importance of an issue. Poll after poll reveals the importance citizens attach to the reduction of crimes of violence. The use of hedonic and contingent valuation models allows precise estimation of citizens' willingness to pay for crime and violence reduction.

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Social Development Seminars

Joint Afro-Ecuadorian and IDB Workshop

In advancing the IDB's Action Plan to combat social exclusion, an information workshop was held in Atacames, Ecuador, July 11-12 with wide participation from the Afro-Ecuadorian Civil Society. Based on agreements reached at the workshop, next steps include formulating a Development Plan for Afro-Ecuadorian Communities.

For more information on the workshop's findings and agreements, contact Jesus Alberto Grueso: jesusg@iadb.org or 202 623 1401.

November Seminar on Labor Market

"First Regional Consultative Meeting on Labor Market Issues in Central America," a seminar hosted by the IDB, the Ministry of Labor of Panama and Programa Regional de Modernización del Mercado Laboral is scheduled for Panama City, November 26-27, 2001. The purpose of the seminar is to discuss key labor market issues in the Central American region, such as barriers and opportunities for labor market development, formal and informal sectors, youth unemployment, training programs, and job placement services.

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Early Childcare Programs and School Performance in Lima

BY RICARDO MORAN

Children born into poverty tend to remain poor for many reasons, but one is preeminent: they are much less likely to succeed in school. In today's Latin America and Caribbean region, school failure at the primary level creates a gigantic barrier towards a decent job, particularly for a child from a disadvantaged family. These children will most likely end up as casualties of the intergenerational transmission of poverty (ITP).

The typical sequence of school failure among disadvantaged children in our region is all too familiar: tardy enrollment in primary school followed by grade repetitions and eventual dropout or late completion. Conversely, children completing primary at the appropriate age are in a far better position to extend their education through secondary or beyond. Thus "at age" primary completion is a good marker and predictor of school success.

Findings from the Sustainable Development Department/Social Development Division's (SDS/SOC) ITP study, based on a probability sample of households in Lima, show that participation in an early childcare program (ECP) markedly increases children's likelihood of completing primary by age 13 (the "at age" norm in Peru). While 52 percent of children that never attended an ECP completed primary by age 13, the success rate for those that attended is 85 percent. After controlling for other factors expected to affect school performance, including family income, parental education, and number of siblings, the effect of childcare attendance on primary completion remains positive and statistically significant.

The study estimated the probabil-



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ity of finishing primary by age 13 for a statistically average boy associated with a representative undereducated Lima household, whose father and mother had completed 2 and 2.8 years of school respectively, with income of US\$1.52 per capita per day, and no ECP experience. His chances of finishing primary by age 13 are a dismal 11 percent.

The effects of other changes in the factors included in the analysis on his chances of completing primary "at age" were then computed. An additional year of father's education or an increase of 10 percent in household income improve his chances from 11

percent to 12 percent; an additional year of mother's education raises them from 11 percent to 14 percent; having one additional sibling reduces it from 11 percent to 5 percent. Having attended a childcare program, however, increases the probability of at age primary completion by 39 points (from 11 percent to 50 percent). The size of the estimated ECP impact, together with the controls for maternal education and other family variables, give high confidence that the ECP impact is indeed large. From the policy perspective, these findings strongly suggest that increasing coverage of quality *continued on page 10*



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ECPs among disadvantaged families in the region would have a large pay-off in improving the efficiency of education systems. More importantly, it would improve the life prospects of their children perhaps more than any other social investment. In effect, an aggressive investment program in early childhood care and development for undereducated households could rescue millions of Latin American children from the grips of the intergenerational transmission of poverty.

This above is based on: Enrique Aldaz-Carroll and Ricardo Morán, "Escaping the poverty trap in Latin America: The Role of Family Factors." Cuadernos de Economía (Santiago, Chile). 114:155-190 (August 2001).

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Each of the IDB's Regional Operations Departments has a Social Programs Division that works on projects related to the focal areas of the Social Development Division. A selection of these projects is highlighted below.

Region 1 (Argentina, Bolivia, Brazil, Chile, Paraguay, Uruguay):

The Initial Results of the Epidemiological Shield in Bolivia

BY ANDRÉ MEDICI

In 1998 the Government of Bolivia requested financial support from the Bank aimed at interrupting the transmission of and providing treatment for the country's principal infectious diseases—Chagas' disease, malaria and tuberculosis. The "Bolivian Epidemiological Shield and Support for Health Sector Reform" project was approved in 1999. The program focuses a considerable part of the overall effort on combating Chagas' disease, an illness transmitted by the *trypanosoma cruzi* parasite. The vector is an insect known locally as vinchuca. Bolivia has the world's highest rate of exposure to the risk of contracting this disease. The at-risk population involves those residing

between 300 and 3,500 meters above sea level, which includes almost the entire territory covered by the departments of Tarija, Chuquisaca, Cochabamba and Santa Cruz, as well as portions of Potosí and La Paz. It is estimated that in 1992 the at-risk population totaled some 3.5 million individuals; updated to 1998, that figure grew to 4.1 million, representing almost half of the country's population.

The Pan-American Health Organization estimates infection among children under age five residing in at-risk areas ranged from an average of 21 percent for children under age one, to 61 percent for the 14- to 15-year-old group. Chagas' disease is not reversible at the individual level, as a



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result prevalence is accumulative with increasing age. However, treatment of children up to age 5 has been effective in curing the disease, a phenomenon that does not occur among the adult population. For this reason, the program has earmarked part of its resources for children under age five.

In Bolivia, it was found that more than half of those infected are young adults, between 15 and 44 years of age, and that prevalence is distributed relatively evenly between men and women. This latter phenomenon is not typical in other countries, where significantly more men than women tend to become ill and die from the disease. It is estimated that those who are chronically ill with Chagas' disease reduce their ability to work by an average of approximately three months per year, as a result of which the disability rate is on the order of 8 percent.

With regards to mortality, current estimates indicate that the mortality rate calculates at 1 percent.

A baseline study conducted in 1998 during the project's preliminary stage revealed that 68 percent of all homes in Bolivia were infested with vinchucas. It would require a considerable logistical effort to reduce this level of infestation. Project support enabled purchase of insecticides and equipment and hiring and training brigades of workers to fumigate homes in the entire area at risk for the disease. The armed forces participated as did volunteers from the communities themselves, with the latter not only participating in spraying activities but also in social communication tasks and the creation of epidemiological surveillance mechanisms in coordination with municipal governments and departmental health services.

Between 1998 and 2000, the number of homes sprayed with a complete second cycle increased from 12,000 to 181,000. In 2001, the process of spraying some 300,000 homes is now almost complete, and in 2002 the project is expected to complete second-cycle spraying activities involving more than 360,000 homes. The results of a post-spraying assessment conducted in August 2001 (1st and 2nd cycles) have shown that levels of infestation have been reduced from 68 percent to 4 percent.

Even so, epidemiological survey and social participation activities need to be strengthened so that the fight against this disease will become ingrained in the cultural habits of the Bolivian population.

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Region 2 (Mexico, Central America, Haiti, and the Dominican Republic):

A Multifaceted Struggle Against HIV/AIDS

BY WOLFGANG MUNAR

UNAIDS describes the HIV/AIDS epidemic in Latin America and the Caribbean as multifaceted in nature, owing to the spectrum of risk factors that trigger the epidemic's behavior in the region. Despite significant progress reported by many countries in preventing and controlling transmissible disease, Central America has seen an increased risk of illness and death in productive and reproductive populations, due in part to HIV infection. This takes place against a backdrop of social vulnerability created by frequent natural disasters, displacement of population groups, migrations, malnutrition, inequality, and poverty.

The operational response to this situation has been as diverse as HIV/AIDS itself. The IDB's Social Programs Division of the Regional Operations Department 2 (RE2/SO2) utilizes elements that include: (a) an approach based on regional integra-

tion; (b) interagency collaboration; and (c) a multisectoral vision for national and regional responses in combating HIV/AIDS.

The Puebla Panama Plan (PPP) for strengthening the capacities of governments and civil society in the region to provide a comprehensive, strategic response to HIV/AIDS, demonstrates a regional approach. PPP's program on health and human development consists of a series of interrelated projects organized at the regional and national level. On the regional front, the program is meant to strengthen epidemiological surveillance systems and develop networks that would jointly respond to problems that cross national borders. The program also provides national level elements, including preparation of a health and human development program for the states of southern Mexico and implementing a series of non-reimbursable technical cooperation projects in Hon-

duras, Guatemala, and Nicaragua.

The principal finance and international assistance agents in the field of HIV/AIDS, both in Washington and the field, participate in program design, reformulation and/or implementation. For example, joint efforts by the IDB and the Pan-American Health Organization (PAHO) yielded a theoretical basis for the epidemiological surveillance activities in the PPP. Countries participate as well: the Government of Guatemala requested changes in the health program that IDB/Guatemala, PAHO, UNAIDS and USAID together have worked on.

Lastly, IDB activities in the fight against HIV/AIDS are now being included in programs beyond the health and even the social sectors, realizing in part IDB's multisectoral vision in addressing the AIDS epidemic.

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Region 3 (Colombia, Ecuador, English Caribbean, Peru, Venezuela):

Assuring an Adequate Safety Net During Crisis in Colombia

BY AMANDA LOUISE GLASSMAN

The IDB's Social Programs Division of the Regional Operations Department 3 (RE3/SO3) is completing a rationalization study on safety net programs and financing available for extending crucial programs during periods of economic crisis in Colombia.

Based on background papers prepared by two Colombian non-governmental organizations, Fedesarrollo and CRECE, and carried out in cooperation with the Government of Colombia and the World Bank, the study finds that Colombia is undergoing unprecedented economic contraction and severe and continuing deterioration of key social indicators, especially among the poor. GDP has declined by 4.5 percent in 1999 alone, the historical rate of unemployment and informality has doubled, and the poverty rate increased 15 percent between 1995 and 1999. Although economic growth recovered in 2000, poverty and unemployment are still much higher than before the crisis, and there has been a negative trend in some human development indicators, including an alarming fall in health insurance coverage, school attendance, and vaccination coverage rates.

These events were accompanied by spending cuts in already under-financed safety net programs, those programs directed to the temporarily poor due to crisis as well as to the structurally vulnerable (young children and elderly living in poverty). For every peso of decline in GDP, safety net spending fell by nine pesos. As a result, the poor became doubly vulnerable to the effects of economic crisis. Poor families became structurally vulnerable to income drops, while public spending cuts meant that the government failed to compensate for the effects of crisis, triggering irreversible losses to poor families' human capital through school drop out, low food consumption, and epidemic disease.

While past spending cuts were troubling, the efficiency and effectiveness of existing safety net programs also leaves much to be desired. A companion study carried out by the World Bank found that public social expenditure as a whole is neutrally distributed, favoring neither the poor nor the rich. Specific programs show wider variation; public childcare subsidies are progressive, while job training

(SENA) and family subsidies (*cajas de compensación*) are clearly regressive. Administrative costs are extremely high for programs aimed at displaced persons and housing. Finally, safety net programs have not been counter-cyclical and were not able to expand coverage during the crisis.

Based on the results of the studies, the Colombian government, with support from the IDB and the World Bank, has implemented a two-stage response to the situation. First, in 2000, the Banks approved investment loans to finance the implementation of effective and targeted programs to prevent irreversible losses to the human capital of the poor. Second, in 2001, the government is developing a policy reform loan with the IDB to put mechanisms in place for future counter-cyclical financing of safety net programs during crisis, and better targeting of subsidy and efficiency reforms in major social programs. Together these actions will help assure that government response to economic crises is timely and effective.

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