

TITLE: Strategy for poverty reduction.

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6	Expanding and diversifying sources of credit for this sector (microenterprise) is a major challenge that can perhaps be met by upgrading the NGO's that work in this area, and by helping banks reach out and down to smaller clients.
14	To the extent that indigenous people are enabled to respond to economic development opportunities on their terms and with their active participation in the planning and decision making process, they will often do so enthusiastically. Strong community support mechanisms, respect for nature and profoundly participatory decision making processes, which are all typical of most indigenous societies are strong assets when designing and implementing bottom-up development projects that are sustainable.
14	Projects should be based on a genuine dialogue with indigenous organizations so that they include indigenous views, aspirations and potential contributions in the design of social service deliver strategies, especially in the areas of health and education. Such projects should incorporate and strengthen indigenous health concepts and practices and recognize bilingual multicultural education as an important vehicle for improving the effectiveness of education and training programs for indigenous groups.
16	Typically the poor are underrepresented in the government which is one reason why the incidence of public expenditure is regressive. This is unlikely to change unless the poor are empowered to defend their own interests. To do this the poor need to be assisted in learning to deal with government authorities. They need to be helped to form local groups which can demand better schools and local health posts or which can support poor communities efforts to get a higher fraction of government social or development expenditures than they do at present. NGO's and local community groups are a natural focus for this sort of activity. But an important supporting role could be played by social investment funds, given their success in establishing local contacts in poor communities.
20	Poverty maps, recently developed in connection with social investment fund projects, permit quite exact targeting of projects to poor communities.
20	Another way to improve targeting is to empower the poor by giving them a greater role in the design and selection of projects. Community participation in project design should ensure that more of what is built is beneficial to the poor and desired by them.
ANNEX I Page 3 of 3	5., the Bank is going to assist a group of countries in the region in the creation of a national consensus on social issues. Under the leadership of former President Patricio Aylwin of Chile, government officials and local stakeholders will meet both in their home country and in Washington to

	debate key social issues and conduct a stakeholders analysis of options in social policy. This exercise should lead to a deeper and more integrated agreement between the Bank and the countries involved on politically and economically feasible solutions to social and poverty problems.
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