



# **Inter-American Development Bank**

Vice Presidency for Countries  
Grants and Co-Financing Management Unit

## **SOCIAL INCLUSION TRUST FUND (NSI)**

**ANNUAL REPORT 2007**

**APRIL, 2008**

**DOCUMENT PREPARED BY SUSANA CARDENAS (VPC/GCM), ANNA NILL, MARIA  
VICTORIA ARBOLEDA, NNENNA OZOBIA  
FORMAT AND EDITING BY MARIANA MENDOZA (VPC/GCM)**

## TABLE OF CONTENTS

I.	GENERAL BACKGROUND .....	1
II.	SOCIAL INCLUSION TRUST FUND IN 2007.....	4
III.	2007 APPROVALS.....	5
IV.	RESULTS: TECHNICAL COOPERATION PROJECTS COMPLETED IN 2007.....	7
V.	LESSONS LEARNED .....	8
VI.	GENERAL ACTIVITIES OF THE FUND.....	17
VII.	CONCLUSIONS.....	21

## ANNEXES

ANNEX I      FINANCIAL STATEMENT

## ABBREVIATIONS

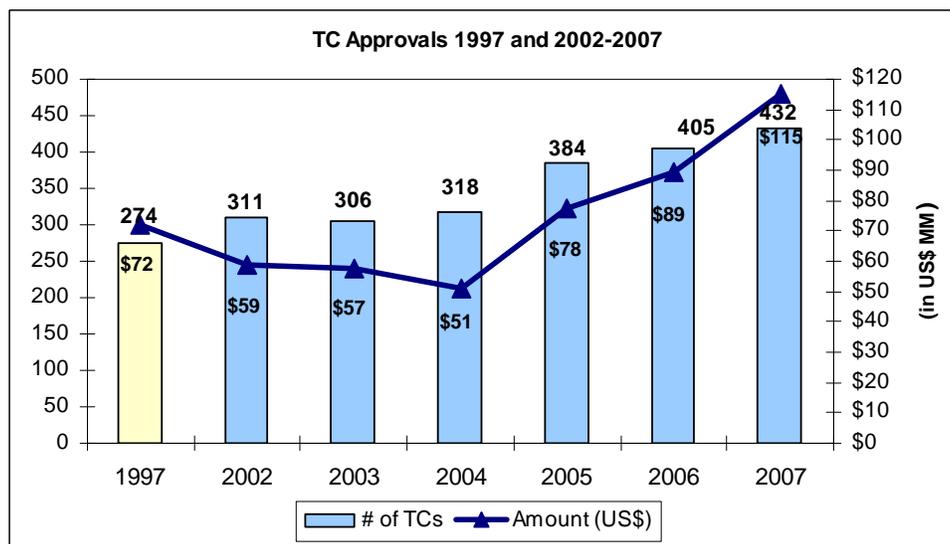
CIFANE	CENTRO DE INVESTIGACIÓN FAMILIA NEGRA
CONDAE	COUNCIL FOR AFRO-ECUADORIAN DEVELOPMENT
DNPI	NATIONAL DIRECTORATE FOR INDIGENOUS POLICY
FUDAP	PANAMERICAN FOUNDATION FOR DEVELOPMENT
GDI	GENDER AND DIVERSITY UNIT
GEF	GLOBAL ENVIRONMENTAL FACILITY
IDB	INTER-AMERICAN DEVELOPMENT BANK
INIM	NICARAGUAN WOMEN’S INSTITUTE
IPES	IDB REPORT ON ECONOMIC AND SOCIAL PROGRESS
IPN	INDIGENOUS POLICY NOTE
NGO	NON-GOVERNMENTAL ORGANIZATION
PDHRE	PEOPLE’S MOVEMENT FOR HUMAN RIGHTS LEARNING
SDF	SINGLE DONOR FUNDS
SIISE	ECUADORIAN SYSTEM OF SOCIAL INDICATORS
SISPAE	AFRO-ECUADORIAN POPULATION
NSI	SOCIAL INCLUSION TRUST FUND
STF	STRATEGIC THEMATIC FUNDS
TC	TECHNICAL COOPERATION

## I. GENERAL BACKGROUND

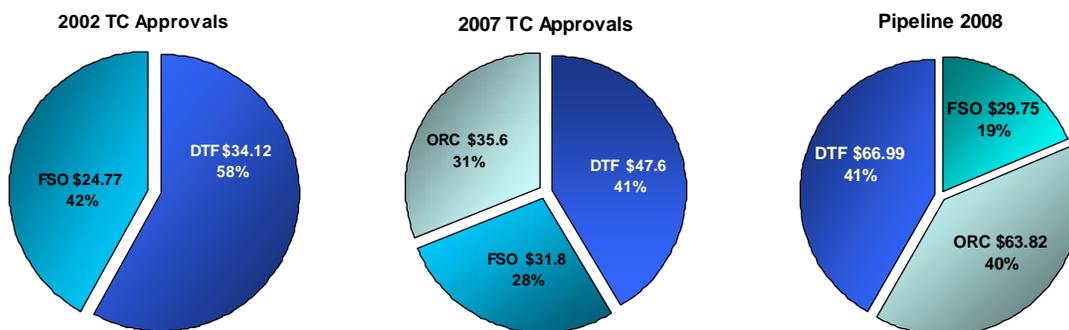
### A. THE TECHNICAL COOPERATION PROGRAM OF THE INTER-AMERICAN DEVELOPMENT BANK: TRENDS AND 2007 PERFORMANCE

1.1 The technical cooperation (TC) program of the Inter-American Development Bank (IDB) has grown significantly over the past five years as funding has diversified. Graphs 1 and 2 show how the TC program has grown and indicates how the use of donor trust funds has increased substantially and is expected to increase further in 2008.

**Graph 1**



**Graph 2**  
**Approvals by Source of funding**



FSO: Fund for special operations

DTF: Donor Trust Funds

ORC: Special program/grants financed with ordinary capital resources

## B. MODERNIZATION OF THE TECHNICAL COOPERATION PROGRAM

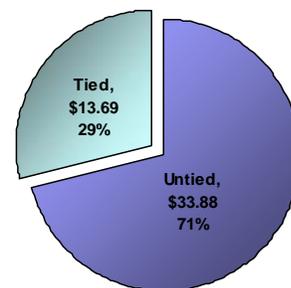
1.2 On April 1<sup>st</sup>, 2008, the IDB's Board of Directors approved two proposals: one to revise the TC policy that had been in effect since 1974, and the other to modernize the framework for TC operations and funding. The TC policy establishes a set of principles for the long-term and the framework establishes a platform relevant to and applicable over the medium term. The TC policy and TC framework are consistent with the objectives of:

- ❖ improving Bank capacity to respond efficiently and rapidly to growing demand from borrowing countries;
- ❖ aligning TC operations with country and regional program priorities.

1.3 To achieve these objectives, the TC policy and TC framework include:

- A preference for **Multi-donor Strategic Thematic Funds (STF)** that can be sector, sub-region or country focused. For donors who want to target their contribution to specific countries within sectoral multi-donor STF, this would be possible within country-focused STFs or through Single Donor Funds.
- **Single Donor Funds (SDF)** will be permitted provided they use the Bank's standard procedures, cover more than one theme and focus on a group of countries. New SDF will be assessed a one-time fee, in addition to the standard 5% fee, to help defray the additional cost of setting up a separate fund with separate reporting.
- **Tied funds.** The Board has agreed a process for phasing out tied funds. No new tied funds will be permitted. Existing tied funds (at 50% tied) can be replenished until December 31, 2009 and then used until depleted. Donor Trust approvals for 2007 clearly show that there is a marked preference for untied funding as seen in Graph 3.

**Graph 3**  
**2007 Trust Funds Approvals**  
**by Procurement Condition**



- **Streamlined procedures for approving TC.** The Bank is elaborating a set of streamlined, standardized procedures to simplify access to grant resources and expedite approvals. If a single donor fund requires a capital consultation on project approvals, it will be on a time-bound non-objection basis (15 working days after submission a project would be taken to be approved, if not otherwise stated).
- **Broader delegation of authority for TC approval and execution.** The Board agreed to delegate approval and execution authority for TC operations up to US\$1.5 million to the President or his representatives. To maintain the Board

informed about innovative or greater risk TCs as well as to facilitate substantive dialogue, Management has agreed to send a sample of TC operations to the Board for discussion prior to approval.

- **Negotiation and approval of trust funds** is delegated to President and his representatives. Management is updating the guidelines for the establishment of private sector partnerships, which will be presented to the Board for information.

#### 1.4 What does the approval of the TC policy and TC framework mean for the donors?

With TC modernization the Bank has indicated that its focus has shifted from approvals to results. The TC framework places the responsibility for TCs' technical quality, including their evaluability, in the sector divisions. All new trust funds will have a results framework attached and team leaders will be entrusted to report on outcomes of TC operations. The result of this combined effort will be improved reporting to the Board and donors that will permit a better assessment of the TC program.

Approval of the TC policy and framework facilitates other required improvements, including the development of a new TC information system that will give donors access to real time information on the TC program and progress of their funds.

For donors with tied funds the new TC policy and framework will mean discussions to agree their incorporation into the structure agreed by the Board. These discussions with some donors could include the complete untying of existing tied funds.

The Bank and the donors will also need to agree the incorporation of single donor funds into the Bank's standardized operating regulations. In addition, the TC modernization is the opportunity to discuss with donors the creation of multidonor trust funds in those thematic areas where two or more single donor funds exist currently.

With the TC policy and framework approved, the Bank can move ahead with the organization of a donors' meeting that will be the opportunity to provide more information, answer questions regarding the changes in the TC program and listen to donor ideas on future work together.

The TC policy and framework documents are available at the following address:  
[www.iadb.org/trustfunds](http://www.iadb.org/trustfunds)

However, if you have specific questions regarding these changes prior to the donors' meeting, please contact the fund manager of this trust fund, Susana Cardenas ([susanac@iadb.org](mailto:susanac@iadb.org)), Peter Sollis ([peterso@iadb.org](mailto:peterso@iadb.org)) or Sonia Rivera ([soniar@iadb.org](mailto:soniar@iadb.org)).

## II. SOCIAL INCLUSION TRUST FUND IN 2007

- 2.1 The Social Inclusion Trust Fund (NSI) is intended to support sustained and integrated programs and policies to address social inclusion in the IDB and in Latin America and the Caribbean member countries. Meeting this objective entails dedicated resources to increase awareness among governments in the region regarding the importance of social inclusion as a development objective. It also requires a focus on increasing the institutional capacity of both the Bank and of civil society institutions to promote social inclusion goals in programming and project work.
- 2.2 The Fund may lend direct support to the Bank loan project cycle, particularly in the upstream and design phases of the project, as well as finance research and analysis initiatives and support organizational strengthening and awareness-raising processes. The fund finances activities directly benefiting four excluded groups - Indigenous Peoples, Afro-descendants, persons with disabilities, and people living with the stigma of HIV/AIDS- as well as activities to advance the understanding of social inclusion more generally in the region. Gender considerations are mainstreamed across targeted groups.
- 2.3 2007 was one of strong demand for Fund resources. A total of 47 proposals were eligible for support and the Bank approved 12 projects for a total of US\$780,500 in fund resources. In addition, the Bank completed the execution of 9 other projects, for a total of US\$328,775.55. This report focuses on the results of those completed projects and discusses the contributions of general fund activities to the broader goal of mainstreaming social inclusion in Bank operations and strategy.
- 2.4 The contributions of the Fund to the Bank's Annual Meeting in Guatemala and the Social Inclusion seminar are worthy of highlight, as are the contributions to the Bank's flagship publication, the 2008 IDB Report of Economic and Social Progress entitled *Outsiders? The Changing Patterns of Exclusion in Latin America and the Caribbean*. Other noteworthy events are the seminars on Advancing Democratic Participation Processes: Challenges for African-descendant Communities in Latin America, and Advancing Equity: Putting Policy into Practice (see section V). Overall, the Fund helped create and seized several opportunities to underline the importance of tackling social exclusion as a poverty reduction and equity building mechanism.
- 2.5 The Bank's recent realignment, along with the establishment of a new Framework and a new Policy for Technical Cooperation, provide donors and the Bank with a clear opportunity in 2008 to assess Fund progress to date, formulate options, and make joint decisions on its future of the Fund. This report presents a picture of strong demand for resources, successful interventions on social inclusion, and the need to sustain work that tackles the most pervasive sources of exclusion in the region.

### **III. 2007 APPROVALS**

- 3.1 In 2007, the Bank approved 12 projects with resources from the Social Inclusion Trust Fund, for a total of US\$780,500 (Table 1). More than half of the budget was directed to projects related to organizational strengthening and awareness raising (63%). A significant amount was directed to research projects (30%), and 7% supported Bank loan operations directly. Of the approved projects in 2007, 32% of the budget addressed cross-cutting issues involving two or more beneficiary groups, and 35% was focused on disabilities issues. Afro-descendant issues accounted for 20% and Indigenous Peoples issues 13%. There were no approved projects on HIV/AIDS issues.
- 3.2 In 2007, all Regions obtained grant financing from the Social Inclusion Trust Fund. The Caribbean Region received 31% of funding, the Andean Region 21%, Central America 12%, and the Southern Cone 10%. A considerable amount of funding was directed to projects related to regional issues on social inclusion.

Country	Project	Project Objectives	Approval Date	Amount Approved US\$
Belize	Policy Note on Indigenous Peoples in Belize (ATN/NI-10438-BL)	To develop a policy note on Indigenous Peoples in Belize that will strategically support the preparation of the IDB Policy Dialogue Paper (PDP) for the Country Strategy	Jun/26/2007	30,000
Ecuador	Support for Persons with Disabilities in Ecuador: Identifying and Targeting Unmet Needs (ATN/NI-10555-EC)	To produce disaggregated socioeconomic and demographic analyses on disability in Ecuador in order to effectively target services and formulate policies for persons with disabilities	Aug/13/2007	80,000
Ecuador	Inclusive Development for Persons with Disabilities in Ecuador (ATN/NI-10538-EC)	To advance the inclusive and participatory development, without discrimination, of persons with disabilities in Ecuador	Aug/11/2007	80,000
Nicaragua	Technical Note on Afro-descendants and Indigenous Peoples in Nicaragua (ATN/NI-10254-NI)	To support the development of a policy note on Indigenous and Afro-descendant Peoples in Nicaragua to strategically support the preparation of the IDB Country Strategy paper with Nicaragua	Jan/26/2007	20,000
Panama	Diagnostic Assessment and Action Plan for Indigenous Entrepreneurial Development in Panama Focusing on Indigenous Women and Intellectual Property (ATN/NI-10239-PN)	To carry out a diagnostic assessment on indigenous entrepreneurial activities in Panama to generate the needed information for the design of a Loan Enhancement program tied to a Competitiveness and Trade loan (PN-L1014)	Jan/10/2007	71,000
Regional	Quality of Life in the LAC: Measuring the Perceptions of Afro-Descendants and Indigenous Peoples (ATN/NI-10232-RS); focus on Ecuador	To improve the ability of the IDB to assess subjective dimensions of poverty with emphasis on quality of life (QL)	Jan/12/2007	80,000
Regional	Gender and Ethnicity and Under-Registration in 3 L.A. Countries (ATN/NI-10232-RS)	To study the relationship between gender and ethnicity and the lack of registration	Jan/12/2007	77,500
Regional	Strengthening the Use of Evidence-Based Advocacy Skills in Disability NGOs (ATN/NI-10374-RS); focus on Guyana, Panama, Ecuador	To strengthen evidence-based advocacy skills in Disabled People's Organizations (DPOs) by increasing their access to and understanding of disability data and building their capacity to develop and improve their advocacy strategies	Apr/11/2007	52,000
Suriname	The Mobile Library Project - Increasing Access to Literacy and Information Technology for Maroon and Indigenous Youth (ATN/NI-10535-SU)	To provide increased access to literacy and IT training courses for young people (ages 10-25) from Maroon and Indigenous communities in rural districts and the Interior	Jul/30/2007	70,000
Suriname	Sustainable Livelihood Program for Saramaka (Maroon) Women (ATN/NI-10613-SU)	To establish a program to support the Maroon women's CBO Konikulibi in the development of a sustainable enterprise project along the Upper Suriname River	Oct/1/2007	80,000
Trinidad y Tobago	Awareness Building and Baseline Research on Children with Disabilities (ATN/NI-10553-TT)	To reduce the stigmatization and social exclusion of children with developmental disabilities in Trinidad and Tobago	Aug/07/2007	60,000
Uruguay	Strengthening of Mechanisms for Race and Gender Equity Promotion 9 ATN/NI-10623-UR)	To contribute to the reduction of social exclusion due to race and ethnicity via the institutional strengthening of the Secretariat of Afro-Descendent Women	Oct/16/2007	80,000
<b>TOTAL</b>				<b>US\$780,500</b>

#### IV. RESULTS: TECHNICAL COOPERATION PROJECTS COMPLETED IN 2007

4.1 In 2007, the NSI completed 9 projects for a total of US\$328,775.55. 47% of the total amount disbursed was utilized for research projects, 33% for projects related to Bank loan operations, and 20% for organizational strengthening and awareness raising processes.

Country	Project	General Objective	Amount Disbursed US\$
Bahamas ATN/NI-9126-BH	Participatory Process to Develop an Inclusion Policy in Bahamas	To contribute to the development of policies to enable the education system to respond to specific demands of Haitian-Bahamanians and illegal Haitian immigrants	59,200
		<b>Subtotal, Caribbean: 18%</b>	
Bolivia ATN/NI-9048-BO	Structuring of a Pilot Project for Community Land Management for Indigenous Communities in the Bolivian Altiplano	To help the Quechua community of Chaquilla (in Porcos, Potosi) develop a proposal to request resources for a mid-size project in the Global Environmental Facility (GEF) Operational Program on Sustainable Land Management	20,000
Colombia ATN/NI-9066-CO	Diagnosis on Situation of HIV/AIDS in Colombia's Atlantic Department	To conduct a diagnostic about the situation of HIV/AIDS in Colombia's Atlantic Department	55,000
Ecuador ATN/NI-9100-EC	System of Social Indicators for the Afro-Ecuadorian Population (SISP AE II)	To contribute to the process of institutionalizing a System of Social Indicators on the Afro-Ecuadorian Population (SISP AE) as part of the Ecuadorian System of Social Indicators (SIISE)	40,000
Peru ATN/NI-9504-PE	Technical Note on Ethnic Groups and Social Exclusion in Peru	To support the preparation of the IDB Strategy with Peru so that issues regarding the social exclusion of indigenous peoples, <i>campesinos</i> and Afro-Peruvians would be raised in an integral way	20,000
		<b>Subtotal, Andean: 41%</b>	
Chile ATN/NI-10061-CH	Participatory Dialogue with the Rapa Nui regarding Special Status	To support the Chilean government to carry out a participatory process designed to generate sufficient technical elements for the elaboration of a concrete and culturally pertinent Special Administrative Statute for Pascua Island	29,645.60
		<b>Subtotal, Southern Cone: 9%</b>	
Nicaragua ATN/NI-9860-NI	Country Gender Assessment for Nicaragua	To contribute to the preparation of the Nicaragua Country Gender Assessment, a joint initiative between the IDB, World Bank and the Nicaraguan Women's Institute (INIM)	20,000
Nicaragua ATN/NI-10254-NI	Technical Note on Afro-descendants and Indigenous Peoples in Nicaragua	To support the development of a policy note on Indigenous and Afro-descendant Peoples in Nicaragua to strategically support the preparation of the IDB Country Strategy Paper with Nicaragua	20,000
Panama ATN/NI-9024-PN	Institutional Strengthening of the Department of National Indigenous Policy	To contribute to the institutional strengthening of the National Directorate for Indigenous Policy, particularly in its capacity to define and promote an indigenous development policy within the Ministry of Government and Justice and promote government interventions to improve the impact of public investments in indigenous communities	64,929.95
		<b>Subtotal, Central America: 32%</b>	
<b>TOTAL</b>			<b>328,775.55</b>

## V. LESSONS LEARNED

### A. AFRO-DESCENDANTS

Projects benefiting Afro-descendants in the Bahamas and Ecuador highlight the important role of government entities in institutionalizing the information and resources necessary to facilitate the design and execution of programs that address priority needs and engender policy solutions at the national level. In both cases, successful inter-institutional collaboration is a key component.

Specific work in Ecuador on institutionalizing social development indicators on the Afro-Ecuadoran population also emphasized the importance of examining municipal government policies and designing strategies to address the situation of Afro-descendants in urban areas. In the Bahamas, the marginalization of Haitian immigrants in the primary and secondary systems confirmed the need for qualified staff to incorporate multicultural approaches into education delivery and the need for schools to adopt culturally appropriate curriculum and materials. The following project summaries refer to the 30% of projects completed in 2007 which tackle directly matters of development and inclusion of Afro-descendants.

#### 5.1 BAHAMAS - ATN/NI-9126-BH. PARTICIPATORY PROCESS TO DEVELOP AN INCLUSION POLICY IN BAHAMAS

According to existing data, such as the enrollment census of the Ministry of Education, Haitians (legal and illegal immigrants) make up the largest of all immigrant communities in the Bahamas, with the fastest growing participation in the student population of the Bahamian education system. The objective of this project was to analyze the assimilation process of immigrant children, assess the capacity of the school system in the Bahamas to meet the demands of these populations and design an inclusion mechanism.

The project provided for a study of schools in the Northern Bahamas (New Providence, Grand Bahama, Abaco and Eleuthera) at the primary and secondary school levels which recommended that the Ministry of Education augment its current inclusion policy of equal opportunity and higher achievement for all by providing specific programs to immigrants and poor Bahamians who are academically behind. In order to implement this policy, a “scaling-up approach” comprised of the following three phases was proposed: (i) pilot an ESL and remedial education program; (ii) build broad support from society for a comprehensive immigration and education policy through open dialogue and evaluation of ESL and remedial education programs; and, (iii) scale up to a national program focused on school districts with the most immigrants and poor Bahamians with learning difficulties.

Upon completion, the project contributed information from interviews with 130 people in twenty-five focus groups that was presented and validated in two workshops in Freeport and Nassau. Interviews and focus groups with students, teachers, principals, administrators, government officials, and other community stakeholders revealed the issue must be tackled by the government in an inter-institutional manner and solutions center on national policies and regulations regarding the treatment of immigrants in the country –legal or otherwise. The social exclusion problem was also identified as one that does not just involve individual or collective prejudices, but is also influenced by globalization dynamics and immigration flows.

The project underlined the need for a policy to strengthen and expand current local school and community initiatives and mandate the implementation of multicultural approaches in the delivery of education services. Additional elements to keep in mind when shape an inclusive education policy include adequate resources to develop appropriate curriculum and materials, obtain qualified staff for limited English proficient students, provide appropriate and ongoing professional development for teachers, promote strong leadership at the district, school and classroom levels, and promote extensive and ongoing parent involvement.

## **5.2 ECUADOR - ATN/NI-9100-EC. SYSTEM OF SOCIAL INDICATORS ON THE AFRO-ECUADORIAN POPULATION [SISPAE II]**

The objective of this project was to contribute to the process of institutionalizing a System of Social Indicators on the Afro-Ecuadorian Population (SISPAE) as part of the Ecuadorian System of Social Indicators (SIISE), which implied its adequate management and use by the State of Ecuador as an efficient diagnostic and monitoring and evaluation instrument to support their demands.

The major outcome of this project was that SISPAE is now fully integrated to the work of the Technical Secretary of the Ministry of the Coordination of Social Development (MCDS) and, specifically, within version 4.5 of SIISE. SISPAE has become a tool of information and consultation in different State entities and its official launch, in the last trimester of 2007, involved widespread participation from governmental and non-governmental entities, international organizations, and grassroots organizations. It has also facilitated the incorporation of ethnic variables into the Quality of Life Survey in Ecuador and SELBEN (Beneficiary Identification and Selection System), on a regular basis.

The updated SISPAE indicators [SISPAE II] were subsequently published in the form of a CD and Manual produced by SIISE and on the SIISE public government webpage. Six workshops with Afro-Ecuadoran civil society institutions and organizations were organized during project implementation and agreements with Ecuador's Public Defender Office and CODAE (an NGO federation of Afro-Ecuadoran organizations).

The results of this project served to create further visibility for Afro-descendant issues in Ecuador, a process started with SISPAE I (ATN/SF-8095-EC), funded by the IDB Fund for Special Operations. SISPAE I compiled information on Afro-descendants from surveys and censuses that integrated self-identification variables. An important lesson learned is that civil society played a crucial role in accompanying the project process, providing feedback and helping to ensure the dissemination of products, such as the SISPAE CD. The interactive CD became a major dissemination tool, used by the central government, colleges and universities. The SISPAE experience was also presented at a meeting of Latin American institutions working on racial discrimination, the Tercer Encuentro Latinoamericano de Equidad Racial de Grupos Negros in Quito, Ecuador, which recognized SISPAE II as a unique experience in the region with potential to be replicated in other countries.

The challenge moving forward will be for the incorporated indicators to be applied towards the effective promotion of public policies that benefit Afro-Ecuadorans and, eventually, towards future project design and implementation.

## **B. INDIGENOUS PEOPLES**

A consistent observation resulting from the 2007 projects designed to promote the social inclusion of Indigenous Peoples is that the Bank needs to adopt procedures that ensure greater accountability and involvement of Indigenous communities in the planning, implementation and monitoring of social sector programs. This was a key element of projects in Bolivia, Chile and Panama. 35% of the projects completed during the year were directly related to Indigenous Peoples development and inclusion.

In Bolivia, a project related to the restoration and sustainable use of wetland areas originated in the community of Chaquilla. Its citizens held full ownership over the process and took advantage of the opportunity to increase their technical knowledge on land management and strengthen community leadership. In Panama, it was evident that the direct involvement of beneficiaries in plans to strengthen public institutions that are designed to serve their interest is crucial. The success of the consultative process in that case hinged on going to Indigenous peoples first and focusing on their demands, then incorporating that information into processes to define the relationship and communication between Indigenous Peoples and the government.

It is also imperative to invest in resources to enable Indigenous Peoples involved in projects to have the option to express themselves in their own language and participate effectively. There should also be alternatives identified in order to support the establishment of a stakeholder dialogue that is as open as possible and considers power dynamics. On Pascua Island, a special administrative territory under Chilean purview, an international expert served as a helpful intermediary in

facilitating a dialogue Chilean government and Rapa Nui peoples on important legal issues related to their statute process.

The following summaries offer further insight into the results of Fund projects benefiting Indigenous Peoples in 2007 and subsequent lessons learned.

**5.3 BOLIVIA - ATN/NI-9048-BO. STRUCTURING OF A PILOT PROJECT FOR COMMUNITY LAND MANAGEMENT FOR INDIGENOUS COMMUNITIES IN THE BOLIVIAN ALTIPLANO**

The objective of this project was to assist the Quechua community of Chaquilla (in Porcos, Potosi) to develop a project for a mid-size grant from the Global Environmental Facility (GEF) for sustainable land management of its wetlands. At the outset, civil and political unrest in Bolivia affected the execution and made it very difficult to gain momentum. In the end, a project proposal was successfully completed and submitted to GEF for financing. Due to the Bank realignment and changes in leadership and procedures at GEF, the proposal approval process has been delayed. Nonetheless, the project team is still hopeful they will get a positive response. In addition, a positive outcome of the project has been that the Chaquilla community, characterized by low incomes and little access to articulate their views, became empowered to retake control and was enthusiastic that the Bank responded as it did to their community's request. Project workshops resulted in the enhanced technical capacity of community members related to proper land management and contributed to the growth of new leadership, which is now injecting hope into the community.

**5.4 CHILE - ATN/NI-10061-CH. PARTICIPATORY DIALOGUE WITH THE RAPA NUI ON SPECIAL ADMINISTRATIVE STATUTE**

The major outcome of this project was the successful delivery of technical assistance to the Chilean government that opened up a dialogue with the Rapa Nui on important legal issues regarding a Special Administrative Statute for Pascua Island and the possibility of implementing related demands.

An advisor on international law traveled to Pascua Island to support the community in understanding the legal aspects of the statute and formulated a series of recommendations related to the statute process. The consultant also met with authorities from the Interior Ministry of the Chilean government, who were key project collaborators, and local government authorities on the Island. Additional consultancy services developed, facilitated and organized a participatory workshop on Pascua Island with community representatives, Rapa Nui authorities and other local actors that resulted in concrete proposals to be included in the Special Administrative Statute.

In terms of lessons learned, the project team observed that the Rapa Nui valued the opportunity to work with an international consultant and expert who was not linked

to the government or the continental Chilean world. They also valued the knowledge the expert possessed regarding working with insular communities. This helped facilitate the opening of the dialogue and recognition of the expert as an intermediary. Another important observation was regarding the need the Rapa Nui to express themselves in their native language during the course of the project activities. The project did not contemplate the hiring of a Rapa Nui translator and, due to the limited resources available, was not able to fulfill the request when the issue was addressed by the community.

Public representatives from Pascua Island turned in their proposal for a special statute for administrative autonomy to the Chilean government in January 2007. The Sub-secretary of Regional and Administrative Development went to the island to receive it officially, in the name of President Bachelet. The statute addresses four major areas: institutional aspects, development issues, financing and land administration. It also requests that Chile better decentralize public services and adapt centrally developed policies to the characteristics of their territories.

In July 2007, a constitutional reform establishing the special territories of Pascua Island and the Archipelago of Juan Fernandez was officially approved (Law 20.193). The next month, the Chilean Secretary of State and Minister of National Goods held a ceremony in which land titles and decrees for land subdivisions were handed over. This is the first step in establishing the government modalities of the respective statutes. There is another constitutional reform project at the regional government level (Bulletin 3436-07) that reiterates that Pascua Island and the Archipelago of Juan Fernandez will have their own statute as well as be governed by their own organic law. That project is being negotiated at the time of report writing.

## **5.5 PANAMA - ATN/NI-9024-PN. INSTITUTIONAL STRENGTHENING OF THE DEPARTMENT OF NATIONAL INDIGENOUS POLICY**

The objective of this project was to contribute to the institutional strengthening of the National Directorate for Indigenous Policy (DNPI), particularly in its capacity to define and promote an indigenous development policy within the Ministry of Government and Justice and promote government interventions to improve the impact of public investments indigenous communities.

The principal outcome of the TC was an action plan, and operations and human resources manuals that incorporated inputs from an active consultation process with indigenous authorities in five *comarcas*, as well communities not in *comarcas* seeking collective, territorial recognition. The government and IDB were subsequently informed of local needs resulting from those consultations. The project also financed the installation of new technology and computer equipment.

A key lesson learned from the project is that direct involvement of beneficiaries in plans to strengthen public institutions that are designed to serve their interest is

crucial to achieve successful results. The DNPI action plan incorporated a sector-based perspective that focused on the demands of indigenous peoples and services offered by the State, as well as structural analyses defining the relationship and communication between indigenous peoples and the government. Special emphasis was given to guarantee the participation of Indigenous women in the information-gathering and consultation processes and the issue of gender was specifically integrated within the results of the study, as well as within the proposal for the restructuring of DNPI.

The government of Panama has not yet approved the Decree to permit the modification of the internal structure of the Ministry of Government and Justice and determine its new functions. Nonetheless, DNPI continues to provide invaluable technical support on Indigenous issues and will serve on the technical advisory committee to support the political management and overall technical quality of two upcoming Bank operations that will contribute to fostering indigenous entrepreneurship, PN-L1014 (Competitiveness and Trade) and PN-T1032 (Indigenous Entrepreneurial Development Program), both approved in December 2007.

### **C. PERSONS LIVING WITH THE STIGMA OF HIV/AIDS**

This topic continues striving for support among national and local actors in the Region. Comprehensive approaches are critical, particularly on initiatives to improve knowledge and its dissemination, to improve service access and quality, and to openly tackle issues of stigma and discrimination.

### **5.6 COLOMBIA - ATN/NI-9066-CO. DIAGNOSIS ON SITUATION OF HIV/AIDS IN COLOMBIA'S ATLANTIC DEPARTMENT**

This diagnostic on the situation of HIV/AIDS in Colombia's Atlantic Department identified the principal barriers that prevent persons living with HIV from accessing integral care in Barranquilla and other geographic areas with high incidences of HIV/AIDS. Among these are the lack of knowledge and information, a lack of access to services and programs, regional customs and conducts that promote "machismo" and subject women to decisions made by men, sexual violence and assault, and other psychological and social barriers.

The project shared its policy recommendations to improve access to integral care at the public and private level with various national and local entities responsible for the control of HIV in Colombia, with media outlets, and with citizens in five Baranquilla neighborhoods. One of the principal lessons of the project was that its well-designed methodology and inclusion of people living with HIV in the studies were crucial elements to facilitate project success. The executing agency (Preventio/Center for the Research and Control of Infectious Diseases) used various tools to refine the methodology, such as 12 focus groups, surveys to approximately 3,000 people (mostly adolescents), mystery client approaches, and mapping.

Local schools and health providers were also important partners in generating crucial community participation from youth and persons living with HIV/AIDS. One of the main concerns raised in the neighborhood dialogues was the lack of facilities available to obtain information about HIV/AIDS. Currently, their primary sources of information are TV and newspapers. In general, the government needs to have a much greater presence in such media in order to reach the community and there is a need for more cross-sector, government intervention, in which each entity is accountable. Furthermore, it was concluded that more education of health professionals and teachers is essential for tackling discrimination against HIV/AIDS patients and promoting knowledge about HIV/AIDS among students.

#### **D. SUPPORT TO IDB PROGRAMMING PROCESSES**

The Social Inclusion Trust Fund enabled very specific contributions to the country strategy design of the Bank with Nicaragua and Peru and in the process helped raise the visibility of inclusion issues pertaining to Afro-descendants and Indigenous Peoples via the collection and dissemination of qualitative and quantitative socio-economic data. This information is crucial for public and private sector entities and community groups in order to identify strategic topic and sector areas on which future operations and activities should be focused. The Bank may seize opportunities presented by new legislation to work with governments and civil society institutions to achieve their social inclusion objectives.

The results also confirmed the importance of a participatory strategy formulation process. In countries where social exclusion is a crucial issue, a participatory process offers space for invaluable feedback from and dialogue between key stakeholders on priority issues, including how Bank or government interventions should be structured. The following summaries offer further insights on the outcomes of projects in this category completed in 2007 and subsequent lessons learned.

#### **5.7 NICARAGUA - ATN/NI-10254-NI. TECHNICAL NOTE ON AFRO-DESCENDANTS AND INDIGENOUS PEOPLES IN NICARAGUA**

The Fund supported the preparation of an Indigenous Policy Note (IPN) for Nicaragua which contributed to the implementation of the Operational Policy and Strategy on Indigenous Peoples and to the preparation of the IDB Country Strategy Paper. A principal outcome has been its use as a platform and strategic support for the discussions of a Technical Cooperation Consultative Group, government authorities and other key stakeholders around a potential Bank loan for the Atlantic Coast.

A key lesson learned was that greater thought needs to be given to the structure and content of policy notes on this topic in order to achieve maximum integration into the country strategy preparation process. The initial design, for example did not

integrate a report back seminar to contribute to building consensus on the resulting policy matrix. The experience did confirm, however, that IPNs are instruments that can initiate a country dialogue on indigenous and social inclusion issues and play an important role in assessing the socio-economic situation of Indigenous peoples and Afro-descendants. They also provide important strategic analysis for the identification of areas for potential Bank (or government) intervention. A most conducive methodology is based on in-country field work. A positive role for the IDB Country Departments is to take the leadership on follow-up to the IPN recommendations.

## **5.8 NICARAGUA - ATN/NI-9860-NI. COUNTRY GENDER ASSESSMENT FOR NICARAGUA**

The objective of this project was to contribute to the preparation of the Nicaragua Country Gender Assessment, a joint initiative between the IDB, the World Bank and the Nicaraguan Women's Institute (INIM). The assessment was the first gender study utilizing data from Nicaragua's 2005 household surveys and, consequently, provided the Nicaraguan government and the two Banks with more current information in areas where there were serious information gaps.

The consultancy identified and analyzed the priority gender issues within the rural economy, compiled and assessed data on the gender inequalities and women's issues in the Autonomous Regions of the Atlantic Coast, and analyzed the institutional framework for mainstreaming gender issues into public policies and programs in the country. The project also facilitated the consultation and dissemination of the Country Gender Assessment among key governmental, NGO and donor community stakeholders in Managua and Bluefields.

The collaboration with the World Bank in particular expanded the scope of the Country Gender Assessment and the issues addressed during workshops. The World Bank financed three additional studies in the areas of gender and poverty, migration and legal issues. The resulting studies from both Banks will be published and disseminated more broadly as "Carpetas de Género de Nicaragua" with additional funding from the World Bank in 2008.

In terms of lessons learned, it was evident that, due to its weak mandate and capacity, reliance on the National Women's Institute (INIM) as the primary counterpart for the study posed some challenges. Although other actors from relevant sectors were consulted for the study, the role of INIM was key. When the Nicaraguan government started to question the role of INIM in 2007 and there was a lack of clarity on the institutional arrangements and government commitment to gender/women's issues, the project team essentially lost its national counterpart. Moreover, the lack of mandate for INIM in the early stages of the new government's administration prevented their involvement in the final stages of the study and its dissemination. Nonetheless, since data availability on Indigenous and Afro-descendent women remains a challenge in the country, the information the

project consultants were able to access and analyze served as a valuable contribution for the two regional governments and women's organizations in them.

Key outcomes of the project were the following: (i) current quantitative data on key gender issues in the rural economy became available for use by governmental and civil society organizations in Nicaragua, the IDB team preparing the Agriculture Support loan Program in 2008, the IDB Country Office, and World Bank specialists working on rural development initiatives in the country; (ii) current quantitative and qualitative information was collected on gender issues in the Atlantic Coast's northern and southern regions in the areas of economic opportunities, education, health and gender-based violence; and, (iii) it is anticipated that gender issues will be incorporated into the IDB Nicaragua Country Strategy.

#### **5.9 PERU - ATN/NI-9504-PE. TECHNICAL NOTE ON ETHNIC GROUPS AND SOCIAL EXCLUSION IN PERU (DECEMBER 2005)**

The objective of this project was to support a participatory process and dialogue on social inclusion with Peruvian and IDB authorities for the preparation of the IDB Strategy with Peru. The technical note produced underlined the importance of promoting cross-sector work and collaboration at the public level to facilitate the inclusion of ethnic groups in the country. It also emphasized the importance of involving beneficiaries in the design and implementation of programs and the need to differentiate programs based on distinct populations. The note recommended the following priority actions: (i) improve the public information and follow-up system on issues related to ethnic groups; (ii) involve beneficiaries in the design and implementation of programs and dedicate time during the project design phase to understand local dynamics; (iii) train public officials on ethnic and cultural issues and the complexities of existing legislation; (iv) differentiate programs catering to distinct populations, particularly given differences in the characteristics of identity issues for certain groups; and (v) support more cross-sector work on the topic at the country level. The Strategy, approved by the Board in March 2008, unfortunately contained little reference to ethnic groups. Nonetheless, the technical note and dialogue process with the Peruvian government were key venues to share the findings and recommendations on approaches to social inclusion.

## VI. GENERAL ACTIVITIES OF THE FUND

- 6.1 The year 2007 has been a major year for the Bank to promote social inclusion concepts and operations. In the process, the Fund has been a key instrument in promoting the mainstreaming of social inclusion in the agenda of the IDB. In particular, for the **2007 IDB Annual Meeting in Guatemala**, the Fund produced a *Newsletter on Social Inclusion* (English and Spanish) focused on social inclusion advances in the region, as well as various IDB policies, programs, and initiatives promoting social inclusion. Additionally, the Fund provided inputs to President Moreno's speeches to Civil Society (February 2007) and was instrumental in the preparation of the Social Inclusion Seminar at the Annual Meeting in Guatemala.
- 6.2 The increasing relevance of social inclusion in the Bank was also evidenced by the preparation of the IDB Report on Economic and Social Progress (IPES) 2008: *Outsiders? The Changing Patterns of Exclusion in Latin America and the Caribbean*, to which the Fund provided written contributions and comments. The report contributes to the ongoing dialogue on social exclusion, both with traditional and modern excluded groups.
- 6.3 In terms of its efforts to promote the mainstreaming of social inclusion in IDB operations, the Fund has maintained dialogue with Country Departments, particularly on Brazil, Colombia, Guyana, Mexico, Nicaragua, Paraguay and Venezuela. Specific outcomes were three technical notes on Afro-descendants and Indigenous Peoples in Nicaragua, on Indigenous Peoples in Belize, and on Indigenous Peoples in Paraguay, in support of the respective country strategy processes.
- 6.4 In addition, the Fund has continued to promote awareness-raising and lessons learned on issues related to Fund's target groups, both within and outside the Bank. For instance, the Fund provided technical input for a meeting on Afro-descendants of the Gender and Diversity Unit (GDI) led by Claire Nelson in December 2007, giving the Unit a clearer understanding of the importance of furthering a development agenda which may address specific issues faced by afro-latino communities.
- 6.5 The Fund also initiated videoconferences to strengthen the liaison with specialists in Country Offices and civil society institutions. For instance, in October 2007 the Fund organized a videoconference with the Country Office in Ecuador (COF/CEC) and the Council for Afro-Ecuadorian Development (CONDAE) for the preparation of a proposal on economic inclusion of Afro-Ecuadorian women. The proposal was considered favorably by the Fund in November 2007 as is pending revisions by the project team for formal approval.
- 6.6 In addition, the Fund participated in various meetings in DC with community-based organizations and foundations to support proposal development on issues related to Fund target groups, including Saldarriaga Concha (NGO from Colombia working

on disability issues), Panamerican Fundation for Development (FUDAP), People's Movement for Human Rights Learning (PDHRE) for proposals in Argentina and Chile, as well as a meeting with Economist Marcelo Paixao (expert on Afro-Brazilian economic and social inclusion).

- 6.7 The Fund also held meetings with government officials, including the Colombian Minister of Culture, Paula Marcela Moreno, in October 2007. The Minister demonstrated great interest in the Fund's financial and technical support and requested Bank support for two projects which are yet to be considered. On the other hand, the Fund was able to create a contact between the IDB Department of Human Resources and the Scholarship Program for Afro-Colombians of the Minister of Culture, to increase the quotas assigned to this population to study abroad.
- 6.8 In terms of public events, the NSI organized two important seminars regarding challenges on social inclusion for African descendants and the publication of a reference book on equity held at IDB Headquarters. The event Advancing Democratic Participation Processes: Challenges for African-descendant Communities in Latin America brought to the forefront the ongoing dialogue on discrimination and participation in the region. Representatives from various NGOs and countries in Latin America presented advances made in civic participation and political inclusion in their communities. During this seminar, NGO leaders from Colombia, Ecuador, Honduras and Panama presented recommendations as to what measures might be undertaken to improve the participation of African-descendants in Latin-America in the various levels of decision-making processes. These recommended measures included the following: (i) raise awareness on the importance of civil participation among African descendant populations; (ii) create the Regional Permanent Forum for Capacity-building to guarantee the strengthening of Afro-descendent leaders in decision-making processes, and the formation of new leaders; (iii) seek financial resources to train Afro-descendent communities in political affairs and effective civic participation; (iv) promote training of Afro-descendent organizations in collective intermediation and negotiation; among others.
- 6.9 The second seminar launched the publication Advancing Equity: Putting Policy into Practice, financed by the Social Inclusion Trust Fund. The publication brought together a range of ideas and experiences on Affirmative Action and its implementation around the world and potential opportunities in Latin America.
- 6.10 Another publication in 2007 was the Training Manual for Afro-Ecuadoran Leaders, financed with Fund resources. The project contributed to the elimination of social exclusion due to race in Ecuador by training young social leaders and their afro-Ecuadoran organizations. This manual is a tool for young leaders to plan and manage development programs and is the product of a joint effort between the youth participating in the program, the executing agency and the training agency.

The manual will be launched in July 2008 in a public event in Ecuador, and will be distributed among the 30 organizations participating in the program.

## **A. MISSIONS**

### **6.11 ECUADOR (MARCH 2007)**

The Social Inclusion Trust Fund conducted a mission to Ecuador to support the advancement of social inclusion processes in the country. In addition to meetings with social development specialists, Fund representatives exchanged information with the Country Representative for Ecuador and specialists in other thematic areas. The dialogues provided valuable feedback regarding their work and interaction with the Fund, highlighted past and current social inclusion projects and revealed opportunities for future collaboration. Related to Afro-Ecuadoran issues, events, projects, and studies were discussed and relevant documents were shared with Fund representatives. In addition, the Fund met with representatives of various entities working on issues affecting Fund target groups both in Quito and in Guayaquil. The mission included a visit to the headquarters of Centro de Investigación Familia Negra CIFANE and visits to areas where the NGO is supporting the cultivation of the tuna fruit and the *cochinilla* bug- an insect used to produce organic dye.

### **6.12 COLOMBIA (JUNE 2007)**

In June 2007, the Social Inclusion Trust Fund conducted a mission to Colombia, with the objectives to (i) strengthen the Fund's relationship with IDB Specialists in the Country Office in Colombia and with public, private and non-governmental entities working on social inclusion issues; (ii) collect first-hand information on Fund-supported projects in Colombia; and (iii) disseminate information about the role and resources of the Fund. The Fund initiated Bank staff meetings with 63 representatives from civil society organizations in Bogotá and Cali (including key universities and international organizations), representatives from various public entities and the Mission Chief at the Norwegian Embassy in Bogotá.

Fund dialogues addressed developments related to the country strategy process, as well as progress and results on projects dealing with HIV/AIDS and census analysis on ethnic groups at the municipal level. The Fund also gained valuable feedback regarding potential areas of collaboration with non-governmental organizations and government agencies such as the Ethnic Groups Division of the Justice and Interior Ministry, the Presidential Advisory Office of Special Programs, the Public Health division of the Social Protection Ministry, the Presidential Advisory Office on Gender Equality, and Colombia's National Planning Department.

**6.13 ECUADOR: JOINT MISSION OF THE SOCIAL INCLUSION TRUST FUND AND THE JAPANESE FUND (NOVEMBER 2007)**

The NSI participated in a joint mission with the Japanese Fund to Ecuador, with the purpose of supporting the Country Office (CAN/CEC) in the process of promoting social inclusion in the country. The objectives of this mission were the following: (i) to strengthen the role of CAN/CEC as a promoter of national processes of social inclusion by supporting the preparation of Ecuador's Poverty Profile, particularly the sections related to Afro-descendants, Indigenous Peoples, and persons with disabilities; (ii) to explore the possibility of launching a joint call for proposals with the Japanese Fund; and (iii) to compile lessons learned during the execution process of active projects in the country. As a result of the mission, the Fund completed the chapter on social inclusion of the Ecuador Poverty Profile. The Fund identified important synergies among project executors to increase their capacities for implementing social inclusion strategies. Lessons learned were also extracted from direct visits to project sites and interview with project leaders and beneficiaries.

## VII. CONCLUSIONS

- 7.1 Despite major organizational changes in 2007, the Social Inclusion Trust Fund had a strong demand for resources and financed a number of key initiatives and operations. There are positive indicators during 2007 of the enhanced awareness of IDB staff about the relevance of mainstreaming social inclusion, particularly among Fund clients in the Social Sectors –the Social Protection and Health Division, the Education Division, and the Gender and Diversity Unit.
- 7.2 During 2008, given high demand for such resources, the Fund intends to enhance its support to Bank loan operations. To this end, the Bank will make adjustments to the operational guidelines of the Fund to bring them in line with the new Policy and Framework for Technical Cooperation approved in April 2008 by the Bank’s Board of Executive Directors.
- 7.3 A review of the Fund during the 2<sup>nd</sup> quarter 2008 is meant to provide the main elements to structure a new phase of social inclusion work at the Bank, identifying the particular successes and pending challenges of the Fund’s current approach. Based on these findings and in preparation for the donor’s forum late in the year, the Bank will submit for discussion a proposal to strengthen its social inclusion agenda and further its grant-based operations on social inclusion.

**ANNEX I**  
**FINANCIAL STATEMENTS**



**Social Inclusion Trust Fund**

**December 31, 2007**



Social Inclusion Trust Fund  
Statement of Assets  
December 31, 2007  
(Expressed in thousands of United States Dollars)

Assets	
Cash	23
.....	
Investments	3,230
.....	
Total Assets	<u>3,253</u>
.....	



Social Inclusion Trust Fund  
Administrator's Accountability and Liability  
December 31, 2007  
(Expressed in thousands of United States Dollars)

	<u>Prior Years Accumulated</u>	<u>Current Year</u>	<u>Total</u>
Administrator's Accountability:			
Transfer from Other Fund	174	-	174
.....			
Funds Contributed	4,588	1,841	6,429
.....			
	<u>4,762</u>	<u>1,841</u>	<u>6,603</u>
Income from Investments	175	85	260
.....			
Income from Cash Accounts	8	2	10
.....			
Technical Cooperation Expense	(3,499)	(961)	(4,460)
.....			
Direct and Indirect Expenses	(13)	-	(13)
.....			
Administrative Commissions	(229)	(92)	(321)
.....			
	<u>(3,558)</u>	<u>(966)</u>	<u>(4,524)</u>
Total Accountability	<u>1,204</u>	<u>875</u>	<u>2,079</u>
.....			
Interfund Account Payable (Receivable)			137
.....			
Undisbursed Technical Cooperation			1,037
.....			
Total Accountability and Liability			<u><u>3,253</u></u>