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Banco Interamericano de Desarrollo
Inter-American Development Bank
1300 New York Avenue, N.W.
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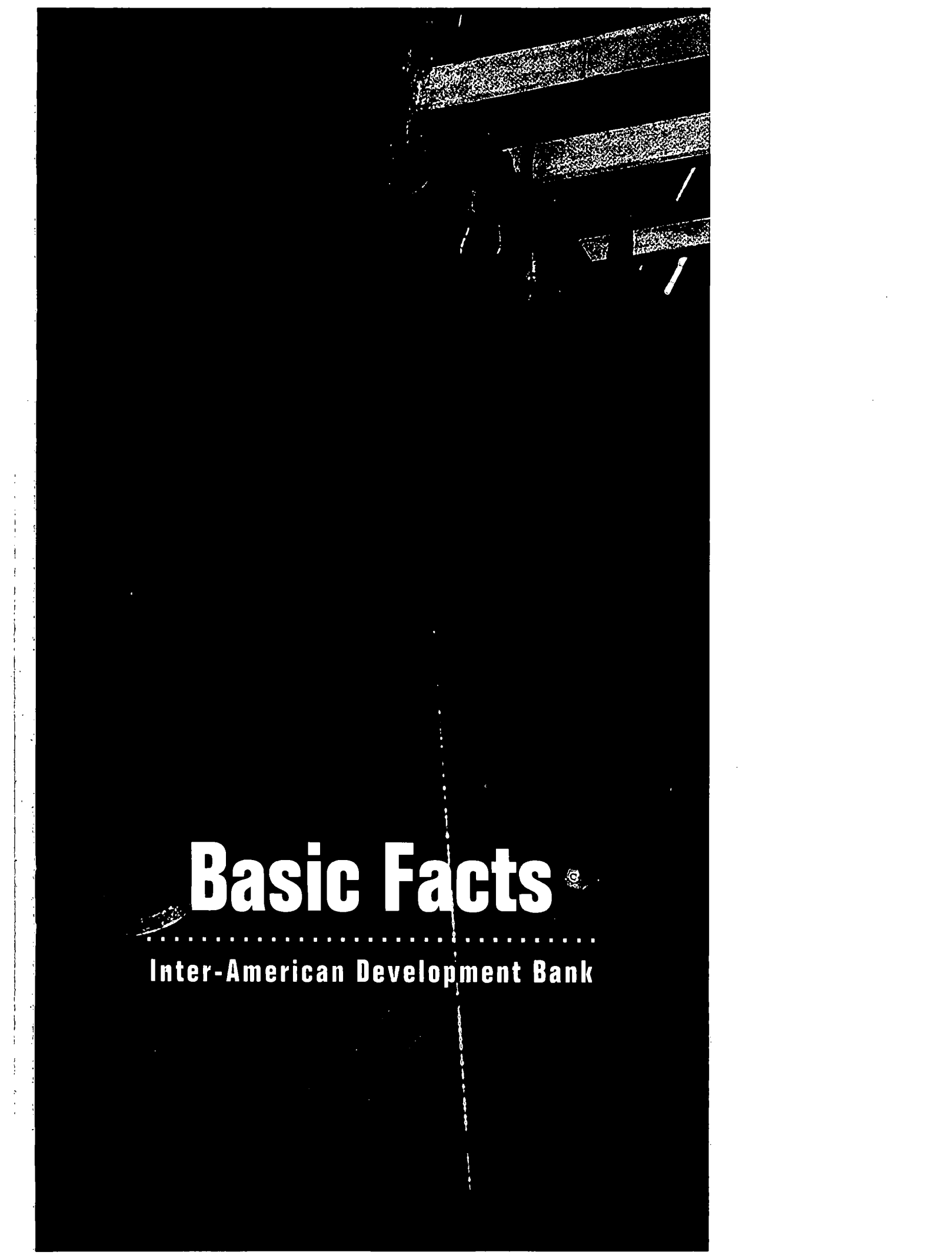
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Fax (202) 623-1403

E-mail pic@iadb.org

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■ INDUSTRY'S TINY TITANS ■ SAMBA TO SUCCESS

■ LABOR UNIONS SEEK DIALOGUE

IDB AMÉRICA

Magazine of the Inter-American Development Bank

April 1998



Will she make it?

The struggle
to keep girls
'n school

**Making Education
a Catalyst for Progress:**

**The Contribution of the
Inter-American Development Bank**

April 1998

**Inter-American Development Bank
Sustainable Development Department**

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A Time for Education Reform

This is education's moment in Latin America and the Caribbean. There is a growing regional consensus on the need for reform and its urgency. Education reform is driven by growth, productivity and global competitiveness concerns, as well as concerns for social equity.

After more than a decade of market-oriented economic reforms, the low level of educational achievement of most of the workforce, and the large disparities in social and economic opportunities among citizens continue to undermine the region's development potential. Despite substantial gains in reducing illiteracy, improving gender equality and providing access to primary education, much remains to be done.

- *Learning* in schools remains strikingly deficient in all but a few elite institutions. The region's educational institutions are among the worst rated by international leaders and the investment community. Teachers are inadequately trained and work in poor conditions.
- *Citizenship* and civic education show important deficits among the population of emerging or consolidating democracies. In a modern society, a good education not only includes learning the usual school subjects, but also an increased awareness of the basic rules of citizenship.
- *Equity*. Large income gaps translate into disparities in educational opportunities. As a result, education becomes a factor that reinforces inequities rather than reducing them.

- *Attainment*. Young workers enter the labor force ill-prepared compared to their counterparts in South East Asia, and the gap is widening. The percentage of children who fail to complete the primary cycle is almost twice what would be expected given the region's level of income.

Today, these accumulated deficits are mobilizing growing constituencies that include parents, students, teachers, businesses and nongovernmental organizations and government authorities. These groups are demanding more resources, new policies and better decisions for the education sector. This is happening because education is increasingly being perceived, and correctly so, as a pivotal factor in promoting economic development, and reducing poverty and income inequality. Beyond this, it is the natural incubator and safeguard of contemporary citizenship and democratic values.

After years of lack of innovation and poor quality, change is now brewing. And it is systemic change, hence the emphasis on the idea of reform rather than just adding resources to institutions or practices already in place. In Latin America and the Caribbean, education is not only becoming a real budgetary priority; it is also becoming a priority in the minds, words and actions of leaders who are investing substantial political influence and technical ability to revamp education systems and upgrade performance levels. Education is increasingly seen as the most important catalyst for development.

Education reform is particularly challenging given the many factors that affect it. Social, cultural, organizational and political elements strongly influence the nature of reform. There is, at the same time, a varying set of conditions in the region.

Differences exist not only between countries but also among regions in some countries. To add complexity, education reform can take place across several dimensions—it is by no means predetermined in terms of content or sequencing. Yet, after decades of increases in quantity, reform is today focusing on quality. To the extent that expansion represents a challenge for some countries, quality access (rather than just access) is being put forward as the proper goal of reform.

The IDB shares with its borrowing member countries a long trajectory of educational development and, more recently, reform (see Appendix A). During three decades, and particularly in the nineties, the Bank's involvement in the education sector has partially evolved from top-down methods of program preparation and implementation to more participatory approaches to service delivery. It has also moved from an almost exclusive focus on construction and infrastructure to an explicit concern for other aspects of educational policy such as managerial and pedagogic issues. Support for expansion and coverage has shifted to greater concern for quality improvement. Centralized control and monitoring have given way to school-centered, community-based, decentralized approaches.

These changes in the Bank's actions support similar shifts in educational priorities and policies in member countries. Several countries are pursuing the organizational and financial challenges of systemic reform, beginning to address developing secondary education now that student flows are better established in primary education, and are turning to training and vocational education as a result of the economic restructuring taking place in the region.

Yet, many challenges remain. This document reviews some of the most important challenges and provides illustrations of the ways in which the IDB is seeking to support the region's efforts to address them. Five major cross-cutting issues are:

- institutions
- information
- teachers
- technology, and
- finance

Each of the above is directly connected to one or several of the major objectives of improving quality, equity and educational attainment.

The right incentives and management arrangements are a requirement of effective schools, accountable to the communities in which they operate. Accountability, however, will hardly be possible in the absence of clear, reliable and timely information about how educational institutions are producing learning and at what costs. Teachers are clearly key to whatever reform is implemented since, in the end, they will be the ones operating in classrooms. By necessity, they must be put in a position to deliver the best possible performance, be it through training, incentives, school environment or pedagogic support.

Teaching, in turn, cannot be thought of exclusively along the traditional lines of classroom resources: distance education, through radio and television-supported learning processes, plus the still uncharted potential of interconnectivity and computers are already becoming an important part of the educational landscape of the region. Substantial resources will be needed for this: not only additional resources, but also decisive improvements in the efficient use of already available resources that are often trapped in systems with little inclination to be cost-conscious or efficient.

Finally, reform will not happen without effective leadership and widespread social involvement. Policy dialogue and stakeholder development will have to be deliberately built into reform processes as a requirement of political feasibility and long-term sustainability. The IDB is active in all these fronts, and it will continue to be present in supporting the governments of the region in changing educational systems for the better.

Institutions, Incentives and Accountability

School autonomy, often supported by greater decentralization, is a focus of major reform efforts both at the primary and secondary levels. This regional trend is worth encouraging. There is no shortage of innovation in school autonomy and decentralization, many of which are supported by the IDB, such as: El Salvador (Basic Education Modernization Program), Paraná (Secondary Education Improvement Program), Argentina (Education Reform and Investment Program), Uruguay (Secondary Education Modernization Program), and Venezuela (Basic Education Modernization Program), to name just a few (See Appendix B for a sample of IDB projects).

The underlying issue common to almost all countries is accountability. Highly centralized education systems are often detached from local community needs. School principals, teachers and parent associations, in turn, have no say in the way schools are run and supervised. The schools are accountable only to a distant education authority who rarely receives the information needed to make key decisions and, in any case, has little capacity or motivation to use the information that he or she might receive.

Ongoing reforms aim at providing more autonomy and choice to school officials. Autonomy, in turn, allows officials to better respond to institutional challenges and to better serve students and their parents. In this way, the education system can be

made accountable to deliver promised results. Decentralization, can provide a needed push toward greater accountability. While not directly linked with autonomy, greater decentralization may be necessary to further the process of autonomy and break the bureaucratic inertia that inhibits more initiative and innovation.

The Bank's Higher Education Strategy and New Projects

The Bank's strategy for higher education recognizes the positive trend toward institutional differentiation. Furthermore, it commits the IDB to supporting systemic reforms that are consistent with the goals of more equity, efficiency in the use of public resources, and responsiveness to social needs. For example, programs in Argentina (nonuniversity technical higher education reform) and Venezuela (Programa de desarrollo y transformación de la educación superior) are already being developed.

There are risks to decentralization, such as a loss of control over policy by national authorities, growing regional inequities within countries and "capture" by local interest groups. Nonetheless, many government bureaucracies have proven better at limiting innovation than at correcting poor practices at the school or classroom level. The issue then is how to set up incentives that promote innovation along

with mechanisms that ensure accountability and better performance. To achieve these goals may entail redefining the role of the central government. A stronger role in norm-setting, policy design, information and evaluation is needed to complement the strengthening of the school at the local level.

Although the focus here is on the lower levels of education, it is worth noting that many of the issues of accountability and institutional change are also relevant for tertiary education. The impetus to reexamine higher education is the rapid growth in the number of students and the accompanying growth in the number and type of educa-

tional institutions. These trends call for steps to improve the responsiveness of traditional institutions to national needs and priorities, link newly created institutions and labor markets, and boost the quality of courses and programs being offered

by private and public institutions. Stronger evaluation and accreditation systems, and better links between institutions and communities are as important for higher education as for primary and secondary education.

The Value of Information in Education Policy

Without better information about the education systems and the students they serve, achieving greater accountability and community involvement will hardly be possible. Information must have a broad scope and be readily available in the following areas: i) statistical and other data on inputs, outputs, flows, processes and costs, ii) system output information as measured by student assessment and labor market performance, and iii) policy-oriented research results on the relationship among these variables.

Availability of information in and of itself is not enough. Better management, improved quality, and sustainability require making information accessible to the relevant stakeholders. Furthermore, information must be user friendly while allowing comparisons across countries, regions and even schools.

Stakeholders in the education process are increasingly more demanding users of information. Policymakers, for example, seek more sophisticated analyses that go beyond the static input indicators of enrollments, staffing and financing. Data on the number of students enrolled are now being re-appraised from the perspective of progression and completion indicators. Flow statistics are replacing

stock statistics. Staffing information is being analyzed from the perspective of compensation policies, career patterns and recruiting profiles. The focus of financial studies has shifted from aggregated resources to issues such as per student cost and the cost of alternative input mixes.

The Growing Use of Standardized Testing

The region has already made great strides in implementing standardized tests. Still, many areas require more work. Steps are needed to properly use these tests to improve management and/or classroom performance, and to build links between evaluation and accountability. Even in those countries where testing has progressed, the appropriate use and dissemination of test information remains an unresolved issue.

Concern for quality and accountability has also raised demand for measures of system output. National assessments of student learning are being adopted by the countries in the region. These tests may help to evaluate the progress of teachers, schools, municipalities or states in achieving curricular and other goals. Moreover, testing can identify problem areas in a country's curriculum and classroom instruction, while providing guidance on reform efforts. The IDB is

funding a region-wide effort on testing developed by OREALC/UNESCO: the *Programa de Medición de Calidad de la Educación a Nivel Regional*.

Research is needed to gauge and track education reform. In this sense, the information already being generated by the educational systems provides the raw material for research. Too often reform efforts

overlook the role of research on education policy which can provide feedback that improves the quality and relevance of information.

The Bank's Role: The IDB has supported reforms to improve the collection, analysis and dissemination of educational information. Continued support will be provided to replace or upgrade existing systems of educational information. An example is the Strengthening of Education Management Program in Colombia. The focus of these

efforts will be comprehensive. In addition to promoting the collection, on-time delivery and use of key data (including student learning), the systems should be able to explore causal relationships through research. The IDB will encourage participation of countries in international testing, such as the TIMSS, and in studies on civics education and reading conducted by the IEA. The Bank will also support inter-country cooperation in this area by providing financing for the international exchange of personnel and experiences.

Teachers: Partners in Reform

Reform is not possible without the participation and endorsement of teachers and the organizations that voice their concerns. Teachers are, after all, the ones who implement innovations in the classroom.

To teach effectively, teachers must not only know the content of lessons, but must also have access to the most effective pedagogic techniques. Notwithstanding the progress in cognitive psychology, much work remains to select and adapt these advances to Latin America and the Caribbean. Questions abound in the area of teaching: Are new instructional technologies needed? What about team teaching? What is the role of applied academics? Some of these issues are already being addressed in Bank projects. While recognizing the need for further research and evaluation, some basic orientations are emerging, such as the focus on classroom-based teacher development. A "learning approach" is called for that allows the accumulation of expertise and well-founded policy lessons from actual experiences.

Training, however, is only one factor that influences teacher performance. Others such as the role

of supervision, incentives, accountability, working conditions and, more generally, career regulations and mechanisms for the recruitment, selection and promotion of teachers are largely unexplored. These other factors, however, are good candidates for policy interventions that could improve teaching. Already some countries are turning to these other areas.

The Bank's Role: The IDB has strongly supported efforts by government authorities to upgrade the quality of the teaching force. Today, one out of every five teachers in the region has received or is expected to receive IDB financed training. Moreover, nearly all education projects currently in execution in this area contain training components. Still dissatisfaction with the impact of this training is widespread, leading to the search for new approaches to teacher development both within the Bank and elsewhere. At the same time, the IDB is carrying out research to address topics such as teacher salaries, incentives and careers that are expected to shed some light on future policy actions. Effort such as these are needed to uncover alternatives and best practices.

The Promise of Instructional Technology

More and more, technology and information management are fundamental to economic and social development. These management skills call for educational systems that build higher-order cognitive skills, encourage inquiry and project-focused modes of operation, and support more collaborative working styles. Today, technological "fluency" may stand next to reading and mathematics as one of the skills essential for success.

Information technology plays an important role in the process of change in education, expanding access to a new information, facilitating inquiry, and engaging the interest and attention of the learner. Furthermore, through the medium of technology, education can reach populations not normally served by traditional institutions. Yet, technology is not a panacea. In fact, combining technology and education on a large scale often creates new problems.

As a result, a proper course is to carefully introduce technology into education always beginning with the educational problem to be addressed, then focusing on defining objectives and content, seeking consensus, providing training, and incorporating feedback.

The growth of computers and increased interconnectivity worldwide is truly impressive. But the promise for education is still not proven. Although

many small-scale experiments in computers have shown positive effects on learning, the wider use of computers and the Internet may not be affordable or cost-effective, especially in elementary and secondary education. In Latin American and the Caribbean, the issues of cost and inadequate human resources are critical. Even so, rapid

changes in costs and technology make starting with pilot projects and developing appropriate education software imperative.

Information Technology

To date, Latin America's record in the use of radio and television for distance education and training is impressive. This is especially true when used outside traditional classroom settings. Many of these programs are successful and cost effective. Of particular interest are Telesecundaria in Mexico, Telecurso 2000 in Brazil, Teleaprendizaje in El Salvador, and interactive radio instruction in Venezuela. Given the record, the region should move forward to expand and develop a wide variety of distance education programs using radio and television, both to increase the quality of learning and to offer new opportunities for learners. Possibilities exist at all levels, ranging from pre-school to graduate education.

The Bank's Role: Until recently the IDB had done little in the area of technology and education. Over the last year, however, it has undertaken a major information technology initiative: *Informatics 2000*. As a result of this initiative, the Bank supported a seminar in Cartagena (Colombia) where it declared its commitment to expanding support for technology in education. A book entitled *Education in the Information Age* examining these issues also resulted from the seminar.

In all its activities the IDB supports technology through information sharing, technical assistance, and financing. Projects such as those in Barbados, Brazil and El Salvador reflect this commitment. The IDB will identify cost-effective technology alternatives in its education and training projects. It will also support regional initiatives in coordination and cooperation, and is considering support for a regional initiative to raise learning standards (particularly in mathematics and science), through

technology.

Resource Availability and Financing Arrangements

Advancing on all the fronts outlined here will require substantial financial resources. On average, regional spending on education as a proportion of GDP is as much as would be expected. The regional average, however, masks wide variations. Expenditures on education in the English-speaking Caribbean countries are well above average. Other countries in both in Central and South America are below average. Some countries, especially those that were most severely hit by the crisis of the eighties, have not yet recovered the per capita spending levels reached twenty years ago.

Some countries are moving ahead. Chile, for example, is committed to a major increase in public resources devoted to education: programs aimed at strengthening schools are coupled with the extension of the school year and longer school days. Aware of the need to reach funding levels that resemble those typical of the East Asian countries, other countries in the region are expected to follow Chile's example.

A first line of action must be to make better use of available resources. The region spends no less than \$3 billion a year to finance the education of repeaters, a persistent and widespread phenomenon. Distorted budget allocation rules or procedures systematically create a scarcity of textbooks and teaching materials. Meanwhile, teachers complain bitterly about being underpaid. Under-funded lower levels of education coexist with expensive public higher education institutions. In all of this, students and parents have little say in the way resources are allocated.

Distortions in the way education resources are managed also have equity consequences. Students from a relatively high socioeconomic background get medical degrees free of charge, while students from poor families are prevented from pursuing university degrees owing to a lack of financial aid. Rural education gets less. Public education is abandoned by the upper and middle classes and the gap in the quality of education widens between the privileged few and the general population.

Financing issues also revolve around questions of incentives and accountability. Why would communities try to influence the use of resources in schools or school systems when they have little if any information and decision-making power? Why should public institutions become cost-conscious or diversify funding sources if the government will keep financing it fully year after year? Why should a teacher improve his or her performance lacking appropriate incentives to do so? Why should a school director become active in managing school resources if they are allocated directly from a faraway center?

The Bank's Role: Resolving problems in resource allocation and financing is a basic requirement for education reform. In addition, to providing support through its loans, the Bank makes efforts to improve the management and incentive regimes for the use of resources. The recent trend to considering education a social responsibility, not just a government responsibility, allows new financing arrangements. Leveraging of private resources for education and the move from supply to demand subsidies are important innovations.

Making Reform Happen: Policy Dialogue, Social Marketing and Consensus Building

A variety of factors directly affect what can be achieved through education reform.

Reform requires leadership, although that alone is rarely sufficient to make reform successful. Effective reform cannot be decreed from the top down. Policymakers need to adapt to changing realities during implementation. Leaders must foster consensus among bureaucrats and businessmen, unions and public opinion, principals and teachers, as well as parents and students. These other participants will ultimately interpret and implement the reforms. In the end, in order to succeed, reform must seek commitment and engage stakeholders.

Participation and political commitment are major forces behind successful education change. Therefore, "social" marketing and attention to the process of policy dialogue and consensus building are major components of reform.

An important lesson is that reform cannot be piloted from afar. Each country has a unique starting point based on its history, culture, and the degree of corporativism of key groups. While the IDB or any other multilateral agency can help the process of consensus building, the success of reform rests on local initiative.

For instance, the Bank-funded PREALC/Inter-American Dialogue project, which was built on the premise that domestic NGOs can, with some foreign assistance, provide undersupplied leader-

ship, policy analysis and strategic direction to reform processes, has had interesting experiences. Along the same lines, recent IDB projects have included social marketing and investments in mapping public opinion and building consensus as a key art of the preparation and execution of education projects. The IDB has also undertaken larger regional initiatives for working out common views of important issues. Examples are the regional conference on education reform in Argentina, the conference on uses of information technology in education in Colombia, and the forthcoming conference on education in Central America (which was developed jointly with the Harvard Institute for International Development and the government of El Salvador). Bank strategies for lending in higher education and science and technology have incorporated extensive consultation and meetings with stakeholders. The process of consultation will be followed for the development of the strategies on basic education and vocational education and training.

More generally, as education becomes a priority of governments and society, and as innovation proliferates, the IDB is uniquely positioned to play a role in collecting, systematizing and disseminating good practices in the field of education reform. In this role, the Bank can make available the stories of success and failure for the benefit of each new attempt at tackling the challenges of improving learning, equity and educational attainment in the region.

Appendix A

Recent Evolution in IDB Lending for Education

Evolution of Education Investments in the Bank's Portfolio

Since 1965, the year the Bank extended its first education loan, it has committed, on average, close to 5% of its yearly lending to the education sector. Education lending accounted for one out of every five dollars invested yearly by the Bank in the social sectors. Although lending to education has remained more or less constant over time, both as a percentage of total and of social sector lending, there have been important qualitative changes. These changes are reflected in the loan components and in the education level (primary, secondary) receiving the bulk of the investment.

Evolution of Education Lending by Category of Investment

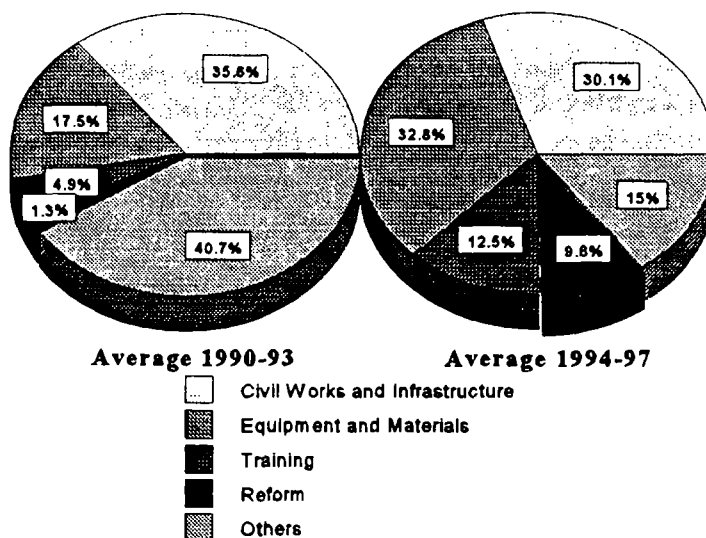
First, over time, and particularly with the implementation of the Eighth Replenishment in 1994, IDB lending for education has experienced important qualitative changes (see Graph 1). For example, even though investment in physical infrastructure within education loans has remained constant in percentage terms (in the last eight years one of every three dollars invested has gone to finance physical infrastructure), the focus of this category of investment has changed.

Infrastructure investments now gives preference to renovation as opposed to construction. The bulk of the resources invested continues to be concentrated on adapting existing facilities to new uses (e.g., to new curricula, to preschool and/or to secondary education).

The category "equipment and materials" has experienced important growth in the last four years, reflecting the importance of Bank resources in purchasing and distributing textbooks and guidebooks. In addition, a more recent lending trend shows that the Bank is supporting the acquisition or updating of equipment such as TV sets, VCRs, and computers. This equipment is used for distance education or in innovative pilot programs that use information technologies designed to improve the quality of teaching.

Finally, the categories with the most impressive growth have been reform and training. Reform activities include institutional strengthening and improvement of information systems, while training comprises both training of teachers and administrative personnel. The emphasis on reform and training are part of an effort to design more "integrated" projects making possible the implementation of mutually reinforcing activities such as training, assessment, and incentives. The goal is to make the teacher-learning link more explicit and thus enhance accountability. Over time, and particu-

Graph 1 - Recent Evolution of IDB Education Lending



larly with the implementation of the Eighth Replenishment, the reform of curricula is integrated with other components, such as the production of books and materials and teacher training activities.

The concern for improving educational coverage is being replaced by concerns for quality improvement. This change is a function of greatly improved levels of coverage at the basic level of education across the region. Recent IDB loans deal with the remaining problems of access to basic education by favoring policy designs that help to increase access while minimizing quality losses or even improving quality.

Evolution in Education Lending by Level of Education

From a historical perspective, Bank lending in support of education has evolved considerably since the approval of the first loan that included education components. These components, evolving into full-fledged loans by 1965, supported higher education; support for teacher training and vocational/technical education became evident by 1967. Thus implemented, Bank investments in education reflected the idea that limited resources available for education should be devoted to the existing and prospective centers of excellence in the more developed countries, thereby serving regional and national needs; support for poorer, smaller countries was reserved for institutional improvement and leadership development.

The focus on higher and vocational/technical education remained uninterrupted until 1976. In that year, the first loan in support of primary education was made to Colombia as part of an integrated rural development project. Given the realities of the region at that time (e.g., rapidly increasing enrollment at the primary level), the pace of Bank investments in primary education accelerated quickly.

The trends evident since the approval of the first

loan to primary education point to the gradual increase, and then outpacing, of higher education and vocational training by primary education. Investments in primary education have increased at an annual rate of almost three times that of overall Bank investments in the education sector.

The region is now facing an increase in secondary education enrollment similar to the surge in primary education enrollment in the 1970s. This trend justifies the new focus on secondary education lending and also suggests that the Bank has to be prepared to deal with post-secondary education. It is in this light that the new wave of operations supporting reform in vocational and technical education must be considered. Current projects in these areas reflect the Bank's concern with providing quality technical education to those less likely to have access to higher education. These projects also support efforts to implement innovative models aimed at integrating the upper levels of secondary education with post-secondary education.

Therefore, as a consequence of improved coverage and better student progress at the primary level, many countries are facing a large increase in the demand for secondary education. The IDB is quickly adjusting to this trend. Primary education lending shows signs of leveling off through 1998. Even though the Bank's investments in education are still concentrated in primary education (42% of total lending and 59% of the financing from loans currently in execution), such investments appear to have peaked in 1994 reaching a total of US\$773 million. No loans were made in support of primary education in 1996, the year in which Bank lending to secondary education made its debut. Lending for primary education resumed in 1997 but secondary and vocational education accounted for more than 80% of the year's lending. Given the recent approval of a new IDB Higher Education Strategy, the tertiary level is expected to receive renewed attention, but not the predominant position it held in the past.

Este documento fue preparado por Claudio de Moura Castro, Juan Carlos Navarro, Larry Wolff y Marcelo Cabrol de la Unidad de Educación del Departamento de Desarrollo Sostenible.

IDB PROJECTS

The Inter-American Development Bank has an active Women in Development policy that strives to achieve gender equity in project participation and impact. In addition, IDB's eighth capital replenishment mandates that the Bank give priority to the social sectors (health, education, urban and local development) and firmly commit the institution to the tasks of poverty alleviation and providing services to vulnerable populations.

Issues of gender equity in access to education and gender-sensitive educational content, materials and methods, are receiving increasing attention in projects. The working strategy on gender issues in Central America specifically identifies girls' access to education as a major thrust. The Bank is particularly concerned about the education of indigenous and rural girls, and with girls' successful transition from basic to secondary education in Latin America and the Caribbean.

CONTACTS:

-WOMEN IN DEVELOPMENT UNIT

Mauricio Bertrand
(202) 623-2156
E-mail: mauriciob@iadb.org

IDB PRESS: (202) 623-1414

Christina MacCulloch
(202) 623-1718
christinam@iadb.org

-INDIGENOUS PEOPLES AND COMMUNITY DEVELOPMENT

Anne Deruyttere, Chief
(202) 623-1254
E-mail: anned@iadb.org

-PROJECTS IN CENTRAL AMERICA

Isabel Nieves	Alexandra Santillana	Paulina Gonzales-Pose
(202) 623-1542	(202) 623-1250	(202) 623-3832
E-mail: isabeln@iadb.org	alexandras@iadb.org	paulinag@iadb.org

Girls Education Project in Guatemala

Charles Richter, team leader
(202) 623-2432
E-mail: charlesr@iadb.org

Anki Sundelin (Guatemala)
(502-3) 35-2650
E-mail: ankis@iadb.org

-PROJECTS IN THE ANDEAN REGION

Maria Rumbaitis
(202) 623-2155
E-mail: mariaru@iadb.org

-PROJECTS IN THE SOUTHERN CONE

Viola Maria Espinola
(202) 623-2546
E-mail: violae@iadb.org

Maria Teresa Traverso (gender issues)

(202) 623-3566
E-mail: mariat@iadb.org

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IDB EXTRA

Educational reform

Supplement to *THE IDB* • Publication of the Inter-American Development Bank • 1996

We can change the future

The news is both good and bad.

First the good. Literacy rates in Latin America and the Caribbean have been improving steadily in recent years, and now top 85 percent. Primary education is now mandatory throughout the region, and 82 percent of Latin American children attend school.

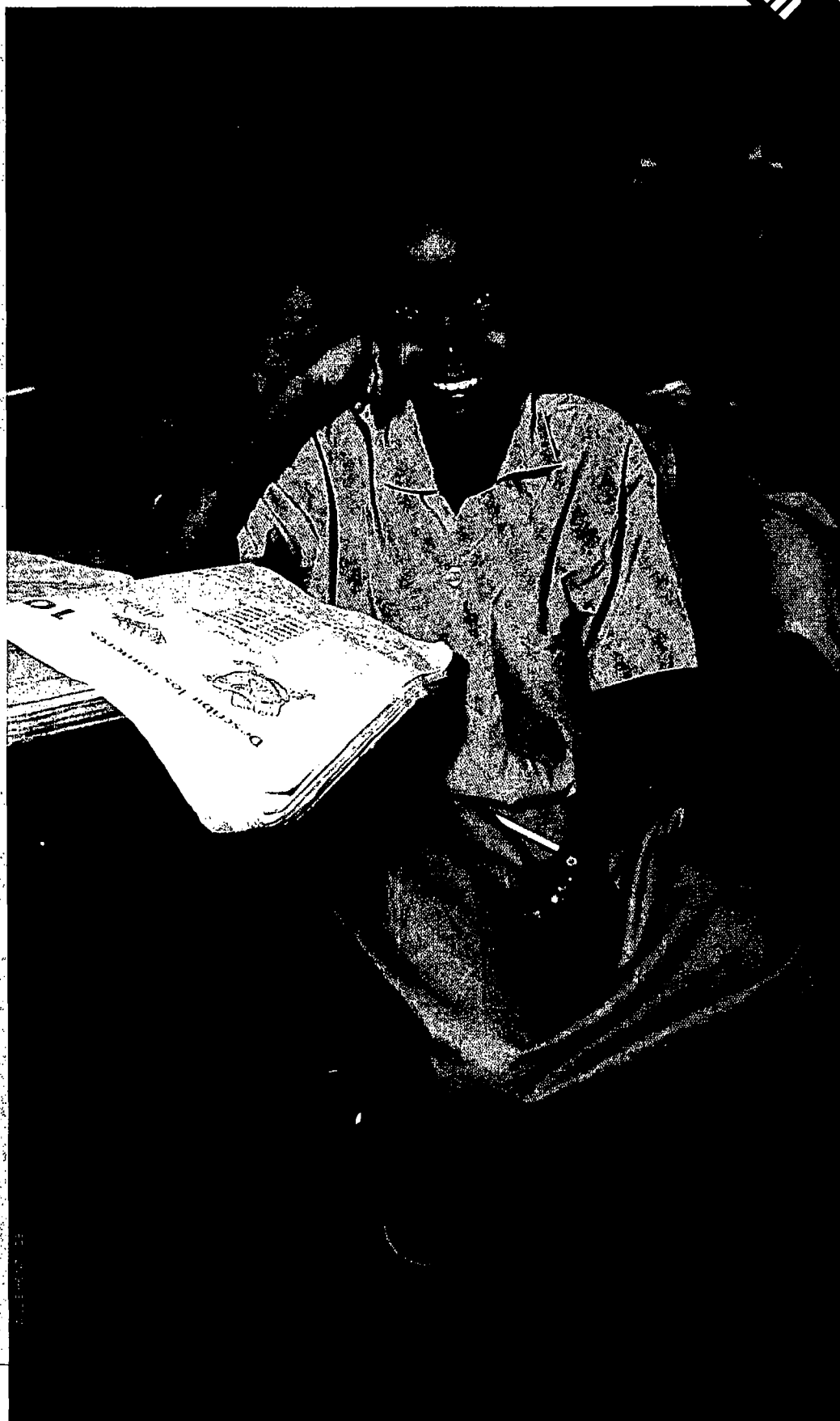
Now for the bad. Three of every four Brazilian first-graders will never complete their primary education. Half of Argentina's primary school graduates cannot read adequately. In Peru, 70 percent of all schoolchildren have no textbooks.

The coverage of education has improved over the last few years, but quality has suffered.

How can we explain this apparent contradiction? Easy. Efforts made over the past 30 years to improve education have focused on expanding *coverage*. Meanwhile—perhaps for that very reason—the *quality* of education has suffered.

The situation can and must change. "Deep reforms are needed," says Nancy Birdsall, IDB executive vice president. "Happily, change seems to be more and more a real possibility."

According to Claudio de Moura Castro, chief of the IDB's Social Programs Division, "to remain economically viable, Latin America needs to devote much more attention to education than it has thus far."



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DOMESTIC VIOLENCE



ILLUSTRATION BY BECKY HEAVNER

"HE CAME FROM A VERY GOOD FAMILY," says Lauralee Romole-roux of her ex-husband, the man who beat her many times during the years she was married to him. "He was quite well off. Nobody could believe he would have struck me."

Her story is far from unusual. On the contrary, it reflects a day-to-day reality for many families in Latin America. In some of the region's countries, battery and violence in the home are part of everyday life for a majority of women living with partners.

Anywhere from 25 percent to more than 50 percent of Latin American women—depending on the country where they live—are victims of some kind of domestic violence. Its most explicit form is physical abuse—beatings, pushing, shaking—but domestic violence also takes many other forms, such as verbal abuse, curtailment of freedom, and actions that destroy self-esteem.

Private pain, public issue

The limited data available for Latin America alert us to the seriousness of the phenomenon and the need to care for its victims. More importantly, they underscore the urgent need for prevention.

First, it is imperative to obtain more detailed information in each country of the region. Researchers must assess the levels of risk, the physical and psychological impact of violence on its victims, its direct economic costs, and its effects on the family and the community.

Reliable data are also needed on the magnitude of the indirect costs associated

with domestic violence in the region. It is vital to measure the economic repercussions of the problem in such areas as spending on health and social services, justice, and loss of productivity.

The IDB is supporting a number of initiatives to raise awareness among the public and policymakers through a series of televised debates, seminars and other dissemination efforts at the hemispheric level. The Bank is also identifying models for tackling the problem that encompasses all aspects of care, including public health, civil organizations, law enforcement, the courts and lawmakers.

With their formidable capacity to spread the word, the mass media can be a powerful force to bring about change. The media can sensitize the community to the problem, change attitudes within the family, report abuses to prevent recurrences, and publicize strategies for addressing the problem.

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IDB EXTRA

Supplement to *THE IDB* • Publication of the Inter-American Development Bank • 1994

CHILDREN AT RISK



As poverty has increased in Latin America, so has the number of children who spend their lives on the street.

Latin America: new help for street children

For millions of Latin American youngsters, childhood is an unaffordable luxury. Instead of spending their days at school or on the playground, the region's poorest children live on the streets, selling, begging or stealing just to survive.

Many street children go home to their families at night or on weekends. Others, however, have been abandoned by their parents or forced to run away from abusive homes.

As poverty has increased in Latin America, so has the number of street children. But there are also a growing number of nongovernmental organizations dedicated to providing them with education, training, health care and shelter.

New approach. In the past, street children were often sent to reformatories that provided them with basic care but little to make up for their

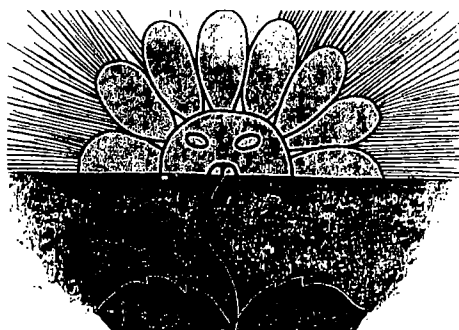
lack of a stable family. Many ended up back on the streets.

Today, the approach is different. "We go to the children," says Beatriz Harretche, an IDB consultant on projects for street children. "Our 'street teachers' seek the children out, develop a permanent relationship with them, and tell them where they can go for food, shelter and medical care." If the children have a family, social workers find out if it's

possible for them to go back. "The point is to have the children make the decision to find another way to live," says Harretche.

Flor do Amanhã, one of 20 IDB-supported street children projects in Brazil, uses this approach to help some of the 21,000 youngsters who live on the streets of Rio de Janeiro. The project's centerpiece is an alternative education center housed in a giant warehouse, where street children can go voluntarily to learn skills such as metalworking, carpentry, electricity and sewing. Organizers have found that when given the chance, many street children will change their way of life.

"Children need to leave the streets by their own will," says Flor do Amanhã cofounder Ligia Costa Leite. "They must be drawn by social and educational opportunities made available to them."



DAVID MANDRIAN-IDB

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IDB EXTRA

Supplement to *THE IDB* • Publication of the Inter-American Development Bank • 1995

The next generation



The region's youth are preparing themselves to lead their countries into the competitive new world of the 21st century.

Latin America's new enterprisers

The idea that youth hold the key to the future has taken on special meaning in Latin America. Some 54 percent of the region's population today is age 24 or younger, with an even higher proportion in certain countries. More important, Latin America has mapped out an ambitious future for itself that only a new generation—this new generation—could hope to achieve.

Latin America has begun a social and technological revolution, and the region's youth must finish it. As the 21st century approaches, it will be up to today's youth to assure that their countries:

- Become fully integrated into world markets as economically and technologically competitive players.
- Use their resources to achieve sustainable economic development.
- Consolidate democracy and broaden participation in the political process.

► Pursue social reform to reduce poverty and share the benefits of development more equitably among all sectors of society.

To help their countries meet these goals, the region's youth must be educated, healthy and equipped with the values and attitudes that will lead them to success.

Latin America has started a silent revolution. Now a new generation must finish it.

Today and tomorrow. While Latin America's young people prepare for the future, they also deserve to live out their childhood, adolescence and young adulthood to the fullest. This is sometimes difficult given the region's persisting economic and social problems, which have an even greater impact on children and youths than on adults.

High unemployment, for example, hurts youths even more than adults, since younger people have a harder time finding jobs. On the other hand, youths who are forced to work to help support their families instead of attending school lose the opportunity to create a better life for themselves and for their children. The same is true for those who receive a poor-quality education or who end up dropping out of school.

Young people also face the problem of a lack of political representation. As a result, they are unable to articulate their needs and concerns, and may fail to exercise civic and political responsibilities later as adults.

Latin America's youth today are the region's hope for a better future. With help from their families, communities and governments, they will be able to complete the "silent revolution" that their parents' generation has just begun.

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IDB EXTRA

Supplement to *The IDB* • Publication of the Inter-American Development Bank • 1994

MICROENTERPRISE



At home with her children, a bed-linens maker spins cotton into thread that she will later weave into sheets.

For women: big gains from micro-business

In much of the world, the image of a typical entrepreneur is that of a man. But in Latin America, millions of women have turned to self-employment to support themselves and their families. Most work alone or with family members as vendors, seamstresses, food makers and service providers in the so-called "informal economy." Others expand enough to hire employees or spin off micro-subsidiaries. Some even graduate from microenterprise into small business—and beyond.

For most of the region's women, entrepreneurship is born of necessity: they cannot find regular jobs, their male partners are absent or underemployed, or they must find work schedules that allow them time to care for their homes and their children.

These women microentrepreneurs

fight a daily uphill struggle, with modest resources and against formidable odds. Their success is critical, both for their families and for their countries' economies as a whole. Their earnings buy essential food and clothing for their families, making them front-line fighters in the battle against poverty. At the same time, the goods they produce and the services they provide make up a significant portion of the region's gross domestic product.

Help without handouts. "What these women need is not charity, or having someone tell them what to

"Women microentrepreneurs are a blue-chip investment."

—Cristina Solari Ortiz
Chief, IDB Microenterprise Division

do," says Cristina Solari Ortiz, chief of the Inter-American Development Bank's Microenterprise Division. "What women microentrepreneurs need is access to credit on fair-market terms, and advice on managing their businesses and marketing their products."

Ortiz's staff is working with organizations throughout the region to provide women microentrepreneurs with loans and business training. IDB-financed credit programs, most carried out by nongovernmental organizations, have helped nearly 100,000 women to start, expand or consolidate micro- or small-scale businesses.

For the IDB, the payoff has been clear. "What we have learned in our two decades of working with microenterprise," says Ortiz, "is that women are a blue-chip investment."



Inter-American Development Bank

1300 New York Ave., N.W. Washington, D.C., 20577 • <http://www.iadb.org>

Press Section: (202) 623-1414 Fax (202) 789-2835

Public Information: (202) 623-1397 • E-mail: business@iadb.org

NEWS RELEASE

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*Daniel Drosdoff (202) 623-2407
E-mail: danielldr@iadb.org*

IDB REAFFIRMS ITS COMMITMENTS AT SUMMIT OF AMERICAS

10-point action plan for Latin America and the Caribbean

SANTIAGO, Chile – The Inter-American Development Bank, reaffirming its commitment to accelerate economic and social progress in Latin America and the Caribbean, today presented a 10-point action plan to the heads of state gathered in Santiago, Chile, for the Summit of the Americas.

In an address to the leaders, IDB President Enrique V. Iglesias outlined the contributions of the Bank to help the region achieve sustainable development upon the approach of the 21st Century. The action plan consists of the following steps:

1. Provide \$40 billion in financing, an average of \$8 billion annually for the five-year period beginning this year, and another \$3 billion in concessional loans during the same period.
2. Dedicate half the resources – a total of \$20 billion – to social sectors, for investments in health, education, sanitation, defense of vulnerable groups, neighborhood improvement, support for microenterprise, and the strengthening of the networks of social assistance to reduce poverty and improve social equity.
3. Double the amount of loans for education to a minimum of \$5 billion by the year 2002 as well as promote regional activities that include internships, virtual schools, distance education and information for education.
4. Mobilize \$20 billion in the next five years in private sector investment, through direct participation in the projects, for infrastructure, such as roads, energy health, water, irrigation, etc.
5. Lend a minimum of \$500 million in the next four years to microenterprise, and carry out special programs to support small and medium-sized enterprises. Both groups together signify 99 percent of the enterprises in the region, a total of 50 million entities.
6. Continue support for the development of modern financial systems and reinforce capacity for banking supervision, working with both the public and private sectors.
7. Contribute to the integration process through the creation of a “regional facility for commerce,” with initial resources of \$50 million annually, to help countries strengthen the capacity of technical negotiating teams and respond to the demands of the new international commercial agenda.

8. Continue strengthening judicial systems as the essential pillars for an efficient market economy and of just and participatory democratic systems as well as support projects for citizens security and the campaign to reduce violence. The Bank is now assisting six countries with reforms of their justice systems, and there are projects to assist another six countries.

9. Create the appropriate financing mechanisms for a more dynamic civil society and provide support for dialogue and cooperation among governments, civil society, and the private sector.

10. Support the region efforts to use informatics technology in areas such as social security, health, education, tax and customs administration, land titling, and administration of justice.

IDB APPROVES \$2.6 BILLION FOR SOCIAL PROGRAMS IN 1997

Education and health: keys for equity and social development

The Inter-American Development Bank approved loans totaling more than \$2.6 billion for 47 social programs in Latin America and the Caribbean during 1997, including projects to support education, health, poverty reduction, social investment funds, urban development, women, children, and indigenous communities.

The programs emphasized policy reform and institutional modernization in order to achieve greater efficiency in the delivery of social services and more benefits to the population.

IDB lending for social programs, which are focused on helping the least-advantaged sectors of the population, now constitute half of the Bank's operations. Programs for education and health are a priority because of their high impact in improving the quality of life of the poor and in forming the human capital that is essential to increasing productivity and development opportunities.

Initiatives for education and job training

IDB loans during 1997 supporting education programs totaled \$613 million. Projects for this sector, which in the past focused on building physical infrastructure, in recent years have included major reform components designed to improve the programs' effectiveness. Also, most development projects financed by the Bank now contain training components.

Education projects are focused on improving the quality of primary education, increasing years of schooling, guaranteeing greater access to education at the primary and secondary levels, and improving vocational training to meet the demands of the labor market.

Guatemala received a \$15.36 million loan to increase opportunities for basic education through teacher training and the preparation of texts and other materials in indigenous languages. The program includes preschool education and community participation. The project, whose total IDB financing eventually could reach \$100 million following the program's expansion, is being undertaken in the framework of the peace agreements, supported by the Bank, that are designed to end to civil strife and guerrilla warfare in that country.

A \$2 million grant by the Multilateral Investment Fund, an autonomous fund administered by the IDB, will promote the participation of the private sector in technical job training in rural areas of Guatemala.

Backed by \$28 million in IDB financing, Costa Rica plans to expand preschool education among low-income groups and increase educational opportunities in rural areas for children in grades seven through nine.

The MIF also provided a \$1.26 million grant for labor vocational training for 1,300 youth in Paraguay that will concentrate on benefitting women and indigenous groups, integrating them into the productive sector.

At the post-secondary level, a high-impact program in Brazil, supported by a \$250 million IDB loan, will improve technical and vocational training and increase job opportunities for youth and adults. The project will serve as a catalyst for a deep transformation of the country's educational structure in that it will separate vocational and technical education from the traditional academic structure. It will also modernize curriculum and equipment and establish close links between training and the needs of the labor market.

The Brazilian initiative – which integrates state, federal, and nongovernment institutions – will create a network of approximately 200 teaching centers that will train 120,000 technicians annually as

well as 600,000 other students who will take short, basic courses and receive retraining. The program will adapt curriculum to the needs of the labor market and provide skills certification. A communications campaign will disseminate the innovations and opportunities offered by the program.

Mexico, helped by a \$171 million IDB loan, will strengthen and expand distance education, using television as a tool, for youths and adults in grades seven through nine in isolated communities. The ongoing program, known as Telesecundaria, provides educational services to more than half the country's middle-school students.

A new trend in Latin America is the creation of networks of short, post-secondary courses closely linked to the labor market and supported by private sector financing. In this context, Argentina received a \$82.5 million IDB loan to improve vocational and technical post-secondary education to enhance the availability, quality, and relevance of skilled labor in the job market.

Health sector reforms

During 1997 the IDB approved \$148 million in financing for health programs designed to increase efficiency and coverage, especially access to services by low-income groups.

In one of the major projects, the Dominican Republic received a \$61.2 million loan for the first phase of a program to modernize its health system. The Health Ministry will separate its financing and service functions from its policy-making activities and will establish modern information systems, assigning resources according to demand. Four hospitals will become model, autonomous institutions, and private providers will participate in two pilot projects to provide basic services.

Paraguay is undertaking a health sector reform with the support of a \$39 million IDB loan. The project is the first stage of a program to improve public management and the distribution of health resources. A public awareness campaign will be launched and incentives and other mechanisms will be established to reduce the high rate of maternal and infant mortality, two of the country's main health problems.

A \$17.7 million loan to Jamaica will support a national health insurance program and the decentralization of medical services into regions. The program will strengthen the regulatory and policy capacity of the Health Ministry.

Development strategies and regional

The IDB prepared documents during 1997 that outlined the Bank's strategy for higher education, poverty reduction, and the social investment funds. A new IDB unit will focus on initiatives in Bank programs to reduce poverty and inequality and benefit the least advantaged sectors of the population. A survey of projects and best practices will be conducted, and statistical information on the subject will be consolidated.

The Informatics 2000 initiative, launched by the IDB in 1997, has helped create greater awareness of the importance utilizing computers in the schools of Latin America and the Caribbean and of the possibilities of using technological advances in telecommunications to improve opportunities in such areas as health and agriculture. The Bank will provide technical assistance for the design of regional and national informatics plans and for regulatory reform that facilitates private investment in the sector.

The Latin American Educational and Information and Documentation Network, which is based in Argentina, received a \$1.5 million grant from the IDB to make information available on the Internet and to promote a regional approach to the analysis of educational policy.

For more information contact the IDB Press Section at tel. (202) 623-1414, fax (202) 623-3810.

EDUCATION

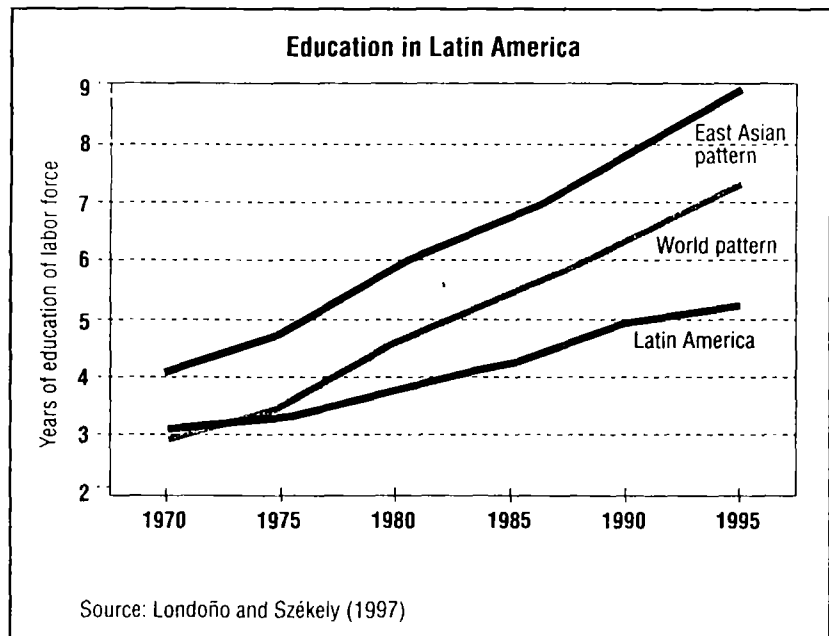
KNOWLEDGE DIVIDED

The link between schooling and economic growth

Economists have long assumed that rising levels of education contribute to economic development. But recently, little was known about how greater levels of education actually affect national productivity and growth.

Although that relationship will always be hard to quantify, the 1997 edition of the IDB report *Economic and Social Progress in Latin America*, due out in September, shows just how much of a return the region can expect from investments in education.

The report draws from several recent technical studies to calculate the effect on economic growth of increasing the average level of schooling of the region's workforce, which now stands at a comparatively low 5.3 years (4.9 years if adjusted for population), lagging behind world pattern (see graph).



"Latin America's potential growth rate could increase substantially during the next ten years if the average educational level of the workforce was raised by one year (above current tendencies)," according to the report.

The report estimates that such an increase in educational achievement would raise by one [percentage] point the average potential growth rate for the next decade.

In microeconomic terms, education enables individuals to acquire general skills and assimilate information more efficiently. Educated workers are better able to adapt to changing production processes; they have better communication skills, which allows them to cooperate with co-workers in solving production problems. Educated workers are consequently capable of taking on more complex manufacturing and service projects. They make better use of technology and ultimately add value to a country's economic output.

THE IDB IN BRIEF

- The Inter-American Development Bank was created in 1959 to help accelerate the economic and social development of its member countries in Latin America and the Caribbean and to promote regional integration.
- To achieve its goals, the Bank uses its own resources and those it raises on financial markets. In 1994 its authorized capital was increased by \$40 billion to \$101 billion. The Fund for Special Operations, the concessional window of the Bank, received new support of \$1 billion, bringing its total resources to \$10 billion.
- The Bank has 46 member countries: 28 in the Western Hemisphere, 16 in Europe, as well as Israel and Japan. The Latin American and Caribbean countries hold half the shares in the institution.
- The IDB's highest authority is its Board of Governors, which meets annually to review Bank operations and make major policy decisions. The Board of Executive Directors (14 office holders and 14 alternates) is responsible for the conduct of Bank operations.
- The Bank's president is chosen by the governors for a five-year term. President Enrique V. Iglesias, of Uruguay, was elected in 1988, re-elected in 1993, and re-elected for a third term that begins April 1, 1998.
- As of the end of 1997 the Bank had approved loans totaling more than \$84 billion for projects in such areas as energy, agriculture and fisheries, transportation and communications, industry and mining, environment, public health, economic and social reform, government modernization, urban development, education, science and technology, export financing, tourism and small enterprises.
- In 1997 the Bank approved \$6 billion in loans and \$73 million in grants for technical cooperation.
- Priority areas for future IDB support include those that promote social equity and poverty reduction; economic reform and modernization of the state; regional integration; private sector growth; and environmental protection. Education, small business and microenterprise, and science and technology are also key areas for development.
- The IDB administers the Multilateral Investment Fund for Latin America and the Caribbean, which finances activities to improve the investment climate in the region and mitigate the social impact of economic reforms. In 1997 the MIF approved 47 projects for a total of \$64 million.
- The Inter-American Investment Corporation, an autonomous Bank affiliate, supports small- and medium-sized enterprises with loans and equity investments. In 1997 the IIC approved 25 projects for a total of \$150 million. Since its founding in 1989, the IIC has approved 570 million in financing for 180 projects whose total cost is \$3 billion.

March 1998