

Department for International Development

The Department for International Development (DFID) is the UK Government department responsible for promoting sustainable development and reducing poverty. The central focus of the Government's policy based on the 1997 and 2000 White Papers on International Development, is a commitment to the internationally agreed Millennium Development Goals (MDGs), to be achieved by 2015. These seek to:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

DFID assistance is concentrated in the poorest countries of sub-Saharan Africa and Asia, but also contributes to poverty reduction and sustainable development in middle-income countries, including those in the Middle East, Latin America, Caribbean and Eastern Europe.

DFID works in partnership with governments committed to the Millennium Development Goals, with civil society, the private sector and the research community. It also works with multilateral institutions, including the World Bank, United Nations agencies, and the European Commission.

DFID has headquarters in London and East Kilbride, offices in many developing countries, and staff based in British Embassies and High Commissions around the world.

WHAT ARE REGIONAL ASSISTANCE PLANS?

Regional Assistance Plans set out the broad framework for how DFID aims to contribute to the achievement of the Millennium Development Goals in a specific region of the world. Regional Assistance Plans focus on areas where DFID has smaller country programmes which are close geographically and face similar development challenges or where DFID primarily works only through cross-regional initiatives. They explain how DFID will work more effectively with a range of partners (at the national, regional and multilateral levels), building on experience from any bilateral country programmes, to address economic, political and social challenges that inhibit poverty reduction. Regional Assistance Plans will be available electronically at www.dfid.gov.uk. Major reviews of Regional Assistance Plans, leading to new printed documents, are expected to be undertaken every three to four years. A summary of the consultation process undertaken to develop this strategy is at Annex 2.



Latin America Regional Assistance Plan 2004–2007

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Part 1 – Context

A. Summary

- A1. This Regional Assistance Plan (RAP) sets the framework for DFID's involvement in Latin America over the three years up to 2006/07. Latin America has high levels of persistent and severe poverty, with 132 million people living on less than \$2 per day. Inequality is severe, and is fuelled by widespread social, political and economic exclusion. The region is on track to meet its 2015 Millennium Development Goal (MDG) targets for education, access to water and sanitation, and reducing hunger, but on current trends will fail on the proportion living on less than \$1 a day and maternal mortality targets. Regional progress masks marked variations within and between countries. Indigenous and black populations are well behind the rest of the region in achieving the MDGs.
- A2. Reducing poverty and inequality are priority policy objectives for many of the region's governments and for the multilateral and regional institutions, however policies are not always translated into implementation. Brazil and Mexico are significant international players, with Brazil promoting public policy reform across the region. There is much in terms of development policy innovation that other developing countries could learn from the region. Obstacles to reaching the MDGs include weak government accountability and corruption, political, economic and financial instability, and lack of co-ordination among donors.
- A3. Our goal is to reduce poverty and inequality in Latin America in line with the international community's commitment to help achieve the MDGs by 2015. Our purpose is to enhance the impact of international community support for poverty reduction in Latin America, focusing primarily on the Inter-American Development Bank (IDB) and World Bank. DFID's bilateral programme will work on the following three objectives, with the greatest effort on the first:
- Help the IDB and World Bank better enable poor people to shape, participate in and benefit from:
 - a. access to markets and international trade
 - b. accountable and responsive public sector management, and political systems;
- Improved donor harmonisation in support of government led poverty reduction strategies; and
 - Improved regional analysis and lesson sharing on global policy issues to achieve:
 - a. trade policies that better reflect the impact of trade on poverty and inequality;
 - b. improved quality and effectiveness of HIV/AIDS prevention, treatment and care.
- A4. DFID's contribution will be to enhance the effectiveness of IDB and World Bank operations and analytical work by strengthening the focus on poverty, inequality and inclusion, facilitating greater participation and engagement by a wider range of stakeholders, deepening the political analysis underpinning their work and supporting institutional change processes where appropriate. We will undertake cross-regional and country specific activities which best support change in the IDB and World Bank. In addition to a small team in London, we will retain a presence in the Andes (based in Bolivia), Brazil and Central America.
- A5. DFID's main financial contribution to the region will be through its funding of the IDB, World Bank, European Commission (EC) and United Nations (UN) concessional activities - estimated at about £300 million over the period 2004/05-2006/07. DFID's Latin American bilateral programme over this period will provide £41 million (£11 million a year by 2005/06) to complement this direct support to multilateral agencies. The region will also continue to benefit from funding from the UK Government's Global Conflict Prevention Pool and the efforts of other UK Government Departments, such as the Foreign and Commonwealth Office, to promote better governance.
- A6. DFID will strengthen its cooperation with international non-governmental organisations (NGOs) working in the region, benefiting from their links with Latin American civil society. In addition to continued support through DFID's Civil Society Challenge Fund and Partnership Programme Agreements (PPAs), DFID will provide a further £7 million a year from 2005/06 for PPA NGOs working in Latin America and the Caribbean.

B. Challenge

B1. This section assesses the issues of poverty and inequality in the region, the responses of governments and the international community, the resulting risks and DFID's role in managing these. Latin America is a heterogeneous region including comparatively developed economies such as Uruguay, with a per capita Gross National Income (GNI) of over \$4,000 and countries which are either low income (Nicaragua) or at risk of falling back into low income status (e.g. Honduras and Bolivia).¹ Several countries, notably Brazil, are increasingly important players in the international economic and political system.

Nature of poverty

B2. Latin America is relatively advanced compared to other developing country regions, and together with the Caribbean, has the highest GNI per capita, life expectancy at birth (70 years), and attracts the most private capital (\$45 billion in 2002). However, this masks high, persistent, and severe **levels of poverty**. Out of a population of over 520 million, some 57 million people live in extreme poverty (below US\$1/day) while 132 million live on less than US\$2/day (26% of the total population)². Inequality levels are among the highest in the world: half of the 20 countries with the widest income disparities are in Latin America.³ The highest rates of poverty occur in the poorest, low income and lower middle income countries, but numerically most of the region's poorest people live in richer, middle income countries (see Figure 1). Extreme poverty affects over 10% of the population in the Andean countries of Bolivia, Ecuador and Peru, and the Central American countries of El Salvador, Honduras and Nicaragua⁴. In terms of numbers, Brazil faces the greatest challenge, with 20 million in extreme poverty and 40 million below the US\$2/day line⁵. The incidence of poverty is highest in isolated rural areas. However, due to rapid urbanisation, an increasingly significant number of poor people are found in the towns and cities. The link

between rising average incomes and falling poverty levels did not hold for Latin America, unlike South Asia. Poverty levels remained at 11% through the 1990s although per capita incomes increased at an average annual rate of 1.6%.

B3. During the 1990s Latin America made progress towards the **Millennium Development Goals** (MDGs). In early 2004 the region appeared to be on track to meet its 2015 targets for education, access to water and sanitation, and reducing hunger. However, on current trends it will fail on income poverty, HIV and AIDS and maternal mortality targets. Recent work by the Pan-American Health organisation (PAHO) indicates that infant mortality may be worse than previously thought.⁶ Achieving the goal of gender equity also remains a major challenge. Regional progress masks marked variations within and between countries and disaggregating national data by race, gender and ethnicity is critical.

Causes of poverty

B4. The level and persistence of **inequality and exclusion** are major obstacles to poverty reduction. Latin American countries are among the most inequitable in the world. In the region as a whole, in the late 1990s, the richest 20% received some 60% of total income, while the poorest 20% received barely 3%. The inequity reflects disparities in asset distribution between high and low-income groups, rural and urban areas, different ethnic communities, men and women. Exclusion is closely correlated to ethnicity and race. In Brazil, Peru and Bolivia, the poverty incidence for indigenous and afro-descendants is twice the prevailing level for the rest of the population. Although the exclusion of indigenous people and afro-descendants has its roots in the historical exploitation of cheap slave labour, it continues through discrimination, language barriers, geographical isolation, insecure and limited access to land, inadequate education and limited access to public services and credit. Excluded groups have limited economic opportunities and little voice and minimal

1 The World Bank classifies low income countries as those with per capita GDP of \$735 or less (Nicaragua); lower middle income as \$735-\$2,935 (Bolivia, Brazil, Colombia, Ecuador, El Salvador, Guatemala, Honduras, Paraguay, Peru) and upper middle income \$2,936-\$9,075 (Argentina, Chile, Costa Rica, Mexico, Uruguay, Venezuela). World Bank analysis indicates that Bolivia is expected to stay below the IDA threshold for some time.

2 World Bank World Development Indicators 2003. Poverty rates calculated on the basis of 1993 international prices adjusted for purchasing power parity (PPP)

3 Gini coefficients above 0.5 1998 figures, World Bank WDI 2003

4 Meeting the Millennium Poverty Reduction Targets in Latin America and the Caribbean, ECLAC, IPEA and UNDP, 2002

5 UNDP Human Development Report, 2003

6 IDB 2003 Poverty Reduction and Promotion of Social Equity Strategy Document, Washington, DC

FIGURE 1: POVERTY STATISTICS FOR SELECTED LATIN AMERICA COUNTRIES⁷

Country	Gross National Income per capita (2001)	Population (millions) 2001	% living below \$1 day (%)	numbers living below \$1 a day (millions)	% living below \$2 day (%)	numbers living below \$2 a day (millions)
Bolivia	950	9	14	1	34	3
Brazil	3,070	172	10	17	24	41
Colombia	1,890	43	14	6	27	12
Honduras	900	7	24	2	44	3
Mexico	5,530	99	8	8	24	24
Nicaragua	730	5	45	4	80	5
Peru	1,980	26	16	4	41	11
Latin America & Caribbean		524	11	57	26	132

Sources: UNDP Human Development Report 2003; World Bank World Development Indicators 2004 and background papers; World Bank Global Development Finance 2003.

influence over the political system. Other population groups such as those living with HIV/AIDS, the disabled, vulnerable children, youth and older people are also affected. Although there is good progress towards the MDG target on gender equality in primary school enrolment, poor women continue to suffer from multiple processes of exclusion. In urban areas, poverty is highest among female-headed households, with children bearing the brunt of poverty.

B5. The impact of **economic performance and growth** on poverty varies widely, reflecting high levels of inequality in the region. Macro-economic reforms in Latin America during the 1990s, in line with the "Washington consensus", were accompanied by positive rates of growth in most countries. By 1997 this meant that the proportion of people living in poverty had fallen, but the reforms were not sufficient to prevent the absolute number of poor people increasing. A combination of relatively high population growth rates and poor economic performance in predominantly low-wage or subsistence sectors was mainly to blame. In some countries the economic slowdown and contagion from economic crises around the world reversed gains made up to 1997. This has led to widespread disillusionment with the Washington model. Meanwhile, lack of competitiveness, and lack of adequate regulatory frameworks and market opportunities for small and medium enterprises, threaten the region's growth prospects.

B6. Tax revenues and government expenditure are lower than elsewhere, with above-average resources devoted to debt service on both external and domestic debts. The region includes three of the world's ten most severely indebted countries (Argentina, Brazil and Mexico)⁸. The crises precipitated by this indebtedness not only exacerbate poverty levels, but also create serious problems for International Financial Institutions (IFIs) and private local and international banks with high exposure to defaulting public sector borrowers. Renewed growth in some regional economies may have widened income disparities because of the emphasis on skills-based technologies from which the inadequately educated poor were excluded. In addition, the initial boost to economic development attributable to trade and financial liberalization proved to be transitory in the face of poor economic management and the low priority for policy reforms designed to reduce poverty and inequity.

B7. Continuing poverty, inequality and social exclusion are symptoms of **poor governance**, evidenced by weak government accountability and responsiveness to poor people. Whilst almost all Latin American countries have made the transition to democracy in the last 20 years, political processes continue to be dominated by elites with limited accountability to the poor. Many of those living in poverty are also disenfranchised by a lack of identity documents. Democratic institutions are often presidential in nature, with weak judicial systems viewed as corrupt and overly politicised. Public confidence has been weakened by widespread corruption, ineffective

⁷ From http://www.developmentgoals.org/Latin_America_&_the_Caribbean.htm 15 August 2003

⁸ From http://www.developmentgoals.org/Latin_America_&_the_Caribbean.htm 15 August 2003

public services, inadequate public finance systems, and inequitable and inefficient taxation regimes. Social sector resource allocations are either too low to match governments' poverty reduction aspirations or are absorbed by generous public sector pensions and pay commitments. Poor governance has been a key contributory factor to widespread disillusionment with democracy, as manifested by instability and political unrest in countries such as Venezuela, Bolivia, Ecuador and Peru in the past two years. Future elections could lead to former dictators or demagogues seizing the reins of power.

- B8. **Social conflict** fuelled by inequality is endemic to the region. Periodic outbursts (e.g. Bolivia and Venezuela in 2003) undermine the consolidation of democracy. The ongoing conflict in Colombia has led to 2 million displaced people. Urban crime and social violence pose a major challenge to the police, judiciary and penal systems. In a United Nations Development Programme (UNDP) index measuring risk of crime, half of the top ten most violent cities can be found in Latin America⁹. There are major problems with cross-border crime in the region, particularly related to drugs production (in Andean countries) and trafficking.

Regional challenges to poverty reduction

- B9. The relative importance of **trade** with the rest of the world is lower than all other regions except South Asia. There are considerable gains to be made from better integration within the region and better access to Northern markets, particularly for agricultural goods. Progress on multilateral negotiations could produce better outcomes for the region than a series of bilateral agreements, though the majority of Latin American countries also perceive sufficient benefits to pursue bilateral or sub-regional agreements (as in the US-Central America Free Trade Agreement agreed in principle at the end of 2003). However, simultaneously negotiating several different agreements, including the hemispheric Free Trade Area of the Americas in 2005, imposes a heavy analytical and negotiating burden, particularly on smaller countries. There are also concerns about whether governments will be able to help vulnerable groups adjust.

- B10. An estimated 2 million people are living with **HIV and AIDS** in Latin America and the Caribbean. The epidemic is well established in several countries in Central America with prevalence rates of over 1%, and reaching 10% among the black Garifuna population in Honduras. Elsewhere in Latin America the epidemic is largely concentrated in socially marginalised populations (men who have sex with men, injecting drug users and commercial sex workers) and women and the poor are more vulnerable to infection and to its consequences. In the absence of a comprehensive regional response to the epidemic it will continue to spread, and may undermine progress towards the MDGs. Effective prevention, care and treatment programmes have led to declining prevalence rates in Brazil.

- B11. Negative **environmental trends** are observed throughout the region, with evidence of severe environmental degradation and depreciation of natural capital, which may undermine future growth. Unsustainable use of resources is having a direct and indirect impact on the availability and quality of resources such as forest, soils and water. This contributes to poorer health, reduced productivity, quality of life and income, and greater physical vulnerability, with the poorest and marginalised most likely to be affected. The region is vulnerable to natural disasters, with over \$20 billion in damages and 40 million people affected across Latin America and the Caribbean in the last decade.

Meeting the challenges and managing the risks

- B12. Despite the size of the challenges, there is an increasing awareness among Latin American Governments of new responses to poverty reduction and inequality. The 2003 Iberoamerican Summit and 2004 Summit of the Americas reaffirmed the political willingness of Latin American countries to put in place concrete policies to resolve the main causes of poverty in the region, particularly those related to income and employment generation, and social policies to reduce exclusion and inequality. The effectiveness in terms of poverty reduction strategies, economic policies and inclusive democracy are assessed below. A more detailed analysis of risks to achieving the MDGs is set out in Annex 1.

- B13. In many Latin American countries, governments are becoming more committed to developing coherent poverty reduction policies, including national and sub-national **poverty reduction strategies (PRS)**. In Brazil, following the election of President Lula da Silva, poverty reduction and social equity have been placed at the heart of government. Three Latin American countries are participating in the Heavily Indebted Poor Countries (HIPC) initiative – Bolivia, Honduras and Nicaragua – and all have prepared Poverty Reduction Strategy Papers (PRSPs) based on some degree of consultation with civil society. These are becoming increasingly accepted as important tools of government policy. PRS are also being prepared for a number of other middle-income countries in the region, including Colombia, Peru, Paraguay and Guatemala. There is some concern that PRSPs have been driven more by donor demands than by national priorities and that ownership and civil society participation is weak. To address this risk, DFID will continue to engage bilaterally in PRS processes in Honduras (at least until 2005), Nicaragua and Bolivia, and to promote improved donor networking on PRS processes.
- B14. Macro-**economic** stability has not led to expected improvements in social conditions for all and further **reforms** are needed to improve competitiveness and the effectiveness of government expenditure. Labour supply has grown faster than employment, in spite of increasing flexibility in labour markets. Financial market and competitiveness reforms have not addressed the needs of small and medium enterprises (e.g. by providing sufficient access to credit), and the accompanying volatility has impacted disproportionately on the poor. Efforts to address tax evasion and to improve the targeting of social expenditures have also been mixed. These weaknesses have made economies vulnerable to external shocks, with the potential for a debt crisis in one country spreading to others. Even in the absence of any external shocks there is a risk that the pursuit of economic growth alone, without consideration of ways to reduce inequality, could impact negatively on poverty reduction. To address this risk DFID will work with others to ensure that the issues of employment generation and economic opportunities for poor people are considered in the process of developing domestic competition, productivity and financial strategies as well as broader regional trade policies.
- B15. Attempts by governments, civil society and donors to address the weaknesses of the **democratic system** by increasing government accountability and bringing government closer to poor people have had mixed results. The innovative experiences with decentralisation in Brazil, Bolivia, Colombia, Peru, Venezuela, Chile and Central America have had varying degrees of success and increasing influence throughout the region. Indigenous and afro-descendent groups are becoming more organised and better able to influence the political process. Social movements, NGOs and unions have historically been very strong and, with support from NGOs, are promoting new mechanisms for social accountability, although there are questions over the extent to which such movements represent poor people. Human Rights Ombudsmen have been established in over half the countries in Latin America, and many constitutions and legislative systems are increasingly recognising the rights of vulnerable and marginalized groups, but poor implementation of legislation remains an issue. Incentives for politicians to prioritise the needs of these groups are weak and the threat of their co-optation by the state significant. Concerns remain that widespread and deep-seated corruption at all levels of national and local government will divert substantial national resources away from poor people. We have been managing these risks by supporting activities that strengthen dialogue between state and society and in the future will continue to facilitate greater civil society participation in national policy dialogues (including previously excluded associations as well as political parties).

The international system

- B.16 The IDB and World Bank are the largest development partners in the region and are highly influential over fiscal policy and reform agendas across the region. The IDB is the largest lender to Latin America, committing \$6.8 billion in 2003. Majority owned by Latin American countries themselves, borrowers regard it as a trusted partner. Together with a growing interest in harmonisation, this gives it the potential to have

an influential role among donors. During 2003, the IDB approved overarching strategies for both its two overall goals (sustainable economic growth, and poverty reduction and the promotion of social equity) as well as strategies for four priority areas: governance, human and social development, competitiveness, and regional integration. Although these strategies contain many positive elements (including a strong commitment to poverty reduction, tackling inequality, and social inclusion) the IDB is aware that it needs to do much more to integrate effectively its strategic aims into its operations so that the poverty impact of its work is increased.

- B17. During the fiscal year 2002-03, the World Bank committed \$5.8 billion in loans to the region. This lending support is aimed at helping countries in the region reduce poverty, and focuses on six priorities – education, financial sector support, equitable income growth and distribution, institutional reform and governance, empowerment and inclusion of excluded groups, and environmental sustainability. As indicated in DFID's Institutional Strategy Paper (ISP) for the World Bank,¹⁰ greater decentralisation of project management, increased participation by a wider range of stakeholders in the design of new loans, and more consistent involvement in donor co-ordination mechanisms, are all areas that could enhance World Bank operational effectiveness in the region. DFID will continue to support activities and areas of work that bring the two banks together or enable improved co-ordination.
- B18. The International Monetary Fund (IMF) has played a leading role in supporting Latin American economies adjust to the series of global crises through lending and policy dialogue. Brazil and Argentina were among the five biggest users of IMF General Resources Account credit as of January 31, 2004 and together, these two countries accounted for 45% of the total outstanding at that time. A Poverty Reduction and Growth Facility (PRGF) was established in 1999 to replace the Fund's Enhanced Structural Adjustment Facility as the main concessional lending instrument for HIPC, including Bolivia, Nicaragua and Honduras. These countries also benefit from debt relief entitlements under the HIPC

Initiative. In the past, IMF lending focused mainly on macro-economic stabilisation, the poverty reduction impact is still to be seen as PRGF and HIPC Initiative-driven credit begins to have an effect.¹¹

- B19. US Government policies are a key influence in the region, including in leading regional and bilateral trade agreements, and in its migration and anti-narcotics policies. It is the single largest grant giving donor to the region (\$1,400 million net overseas development assistance in 2001), with support focused on the poorer and most fragile countries in Central America and the Andes to promote better governance and combat coca production. Japanese (\$700 million) and Spanish (\$320 million¹²) aid is more broadly spread with a variety of objectives. Other European bilateral donors focus on Central America and the Andes, especially in PRSP/HIPC countries.
- B20. The EC provides about \$375 million a year (2004 estimate), although poverty reduction is only one of its objectives. Its potential impact is probably greater in terms of its trade relations (with a number of possible additional regional and bilateral trade agreements) and its political role. UN agencies are small contributors in terms of financial assistance but have an important role in providing advice and ensuring an increasing commitment to human rights.
- B21. Many international NGOs are active in Latin America and play a key role in strengthening the capacity of civil society organisations (and in particular excluded groups) to participate in national and local policy dialogues and political processes.
- B22. There is a risk that poor donor coordination and harmonisation in the more aid dependent countries of Central America and the Andes reduces the effectiveness of aid and places a burden on national governments. Recent commitments by the IDB and World Bank, and the readiness by some governments to take a greater lead, are encouraging, but more needs to be done. To address this risk we will continue to support greater progress by donors towards implementing international commitments on harmonisation.

¹⁰ DFID's Current Institutional Strategy Paper for the World Bank was published in March 2000 and is available on the DFID website: www.dfid.gov.uk. A new ISP is being drafted and is due to be published in September 2004.

¹¹ Source: SMF Financial Statements January 31, 2004

¹² Excluding exceptional debt relief to Nicaragua.

- B23. Brazil and Mexico are increasingly significant players on the regional and international stage. In terms of economy, population and size Brazil represents nearly 50% of South America. Both have global interests and an international presence, and a strong tradition of participation in international negotiations, such as their role in the G20 during trade negotiations. Under President Lula da Silva's leadership Brazil is also an important hub for public policy innovation and for promoting poverty reduction and social sector reform internationally. Brazil is the largest borrower from the IDB and the fourth largest borrower from the World Bank and a leading developing country shareholder for both institutions. Richer Latin American countries, including Brazil, Mexico and Chile, have their own development assistance programmes for other Latin American countries.
- B24. Other important regional institutions include those which generate and disseminate economic analysis (e.g. the UN's Economic Commission for Latin America and the Caribbean (ECLAC)), promote better governance and human rights (e.g. the Organisation of American States, sub-regional development banks (e.g. such as the Central American Bank for Economic Integration, the Andean Development Corporation and the Brazilian Development Bank which is increasingly active throughout South America), and those promoting regional integration (e.g. Mercosur and the Integrated Central American System).

C. What we have learnt

- C1. We have learnt the value of taking a more coherent approach to our work across the Latin American region as a whole, to help us to focus and maximise our overall impact. To maximise the benefits of regional knowledge sharing we need to develop more effective ways of communicating lessons learnt and sharing experiences within DFID and with other partners across the region. Similarly, we have recognised the increasing significance of Latin American players on the global stage and the valuable contribution Latin American countries can make to finding solutions to regional and global problems concerning poverty reduction. DFID, in partnership with key multilateral institutions, can have a role in facilitating the sharing of experiences between Latin American countries, and the transmission of knowledge from Latin American countries to other developing countries, and from elsewhere in the world to Latin America. For example, DFID was instrumental in facilitating an innovative exchange programme on HIV/AIDS prevention and care between Russia and Brazil in 2003 and in sharing Bolivian experiences of PRS and social accountability with stakeholders in Uganda and Kenya.
- C2. One of the key conclusions of DFID's Middle Income Countries (MICs) Strategy Paper¹³ is to recognise the significance of large hub-countries, such as Brazil, and the impact they have on their poorer neighbours. DFID needs to remain engaged in Brazil to have a regional impact and to support Brazil's role in supporting change in other countries and in fostering regional development.
- C3. Another key conclusion is that, as a modest sized bilateral donor, DFID can only achieve sustainable and significant contributions to poverty and inequality reduction if we use our bilateral recourses to enhance the effectiveness of key influential organisations in the region, in particular the IDB and World Bank. We need to engage more systematically with these institutions by focusing on a limited number of areas where we have a comparative advantage and can add value to their work.
- C4. In engaging with the IDB and World Bank we have recognised the importance of working at different levels, both with headquarters and at country level. Having an autonomous presence and voice in a number of countries has allowed us to complement their work, to engage more effectively and ground our work in country reality and experience. Retaining the ability to work both directly and indirectly (for example through civil society networks) with them will remain important. Our country programmes have demonstrated the benefits of retaining flexibility in the choice of aid instruments. We have also seen the benefits of small flexible funds aimed at achieving strategic impacts. These have enhanced DFID's ability to engage with key actors in the region and to respond quickly to support fast moving policy processes.

13 'Achieving the MDGs: The Middle-Income Countries. A strategy for DFID: 2005-2008' has been approved by Ministers and will be published mid-year 2004.

Part 2 – UK assistance plans for 2004–2007

D. UK development partnership

D1. Our goal is to reduce poverty and inequality in Latin America in line with the international community's commitment to help achieve the Millennium Development Goals (MDGs) by 2015. Our purpose is to enhance the impact of international community support for poverty reduction in Latin America, focusing primarily on the Inter-American Development Bank (IDB) and World Bank. As recommended by DFID's MICs Strategy, we will use our relatively small bilateral funding to maximize the effectiveness of our multilateral contribution by working to enhance the overall impact of the international system in the region.

Objectives

D2. DFID will take a regional approach to working in Latin America, with less emphasis on stand-alone country programmes. 2004–2005 will be a transition phase. Our regional programme will have three objectives, with the greatest effort given to the first objective:

- Help the IDB and World Bank better enable poor people to shape, participate in and benefit from:
 - a. access to markets and international trade
 - b. accountable and responsive public sector management, and political systems
- Improved donor harmonisation in support of government led poverty reduction strategies; and
- Improved regional analysis and lesson sharing on global policy issues to achieve:
 - a. trade policies that better reflect the impact of trade on poverty and inequality;
 - b. improved quality and effectiveness of HIV/AIDS prevention, treatment and care

Our efforts will be complemented by cooperation from other UK Government Departments and additional funding for NGOs working in the region.

Objective 1: Enhanced impact of IDB and World Bank on poverty reduction

D3. We will focus our bilateral assistance to Latin America on enhancing the impact on poverty and inequality of World Bank and IDB programmes in the region, in line with DFID's ISPs¹⁴. Our choice of these organisations reflects their comprehensive coverage of the region, the scale of their resources, their influence with governments on policies that affect the poorest, and their openness to lesson sharing with bilateral partners. As our own resources are limited, our overall impact will be maximised if we use our resources to support change and enhance the effectiveness of these much larger organisations in specific areas. This complements the role we play as a shareholder in both institutions and the cooperation provided by other parts of DFID .

D4. We will aim to help the IDB and World Bank better enable poor people to shape, participate in and benefit from:

- access to markets and international trade
- accountable and responsive public sector management, and political systems

These specific objectives were selected because they are essential for the reduction of poverty and inequality, and the promotion of sustainable development in the region; resonate with national governments and partners; correspond to major areas of the IDB and World Bank policy and operations; are complementary to the focus of other donors; and are areas where DFID can add value based on our international experience. Box D1 provides more detail on each area. Tackling systemic public sector management issues will also have an indirect impact on progress towards achieving broader goals, such as access by the poor to educational opportunities, reduced infant and maternal mortality, and gender equity.

¹⁴ DFID's Institutional Strategy Paper for the IDB was published in March 2002, and is available on the DFID website: www.dfid.gov.uk

BOX D1 FOCAL AREAS FOR SUPPORTING THE IDB AND WORLD BANK

Access to markets and international trade

We will work with the IDB and World Bank and others to strengthen the access, of poor and excluded people to local and national markets and the benefits of international trade. We will seek to bring about positive and environmentally sustainable changes for small businesses, especially those functioning in the informal sector. This could include: supporting measures to reduce bureaucracy around the establishment of small businesses and creating incentives to enter the formal sector; supporting changes in laws to make them more equitable for small businesses; increasing the access of poor and excluded people to credit, technical assistance and market opportunities; increasing capacities of businesses to comply with product and process standards and technical regulations (non-tariff barriers to trade); establishing business partnerships between small, medium and large enterprises to increase market opportunities; and strengthening the influence of small producers over government policies and regional trade negotiations. This complements wider trade policy work to support the development of trade policies that better reflect the impact of trade on poverty and inequality (see D13.)

Accountable and responsive public sector management, and political systems

We will work with IDB and World Bank and others to enhance the ability of the state to manage resources transparently and accountably and to effectively deliver services to poor and excluded people. World Bank and IDB loans and technical assistance in support of public sector reform include a range of activities aimed at improving service delivery, such as participatory policy-making, decentralisation, civil service reform, public expenditure management, fiscal reform and anti-corruption initiatives. The Banks have tended to take a technical approach, whereas DFID's contribution will be to encourage incentives and processes to ensure that public servants and politicians, institutions, systems and policy-making processes are inclusive and responsive to poor people.

- D5. The specific contribution of DFID within these two objectives will be to strengthen the focus on poverty, inequality and exclusion of IDB and World Bank operations and analytical work, facilitating (with international NGOs) greater participation and engagement by a wider range of stakeholders, deepening the political analysis underpinning their work, and taking a rights-based approach to ensure the inclusion of a strong perspective on gender and race equity. This will involve direct support to these institutions, as well as work with others such as the UN and international NGOs to support change from outside. We will support sustainable development and explore the potential for working with the IDB and World Bank to integrate environment as a crosscutting issue into its work on growth and trade, thereby supporting them in addressing environmental concerns at strategic and operational level.
- D6. To complement our work to achieve these objectives, we will support existing processes of institutional change within the World Bank and IDB that aim to enhance their overall effectiveness. Many of these are prioritised in DFID's ISPs and include for example: enhancing the quality and poverty focus of Country Strategies and their alignment with national priorities; supporting better knowledge management and lesson-learning; developing a stronger focus on results; improving the quality of monitoring and evaluation; and strengthening their capacity to tackle social exclusion. DFID's International Division and Latin America and Caribbean Department will work together to support these changes, engaging at different levels within the organisations. We will also seek to facilitate joint working and analysis between the IDB and World Bank, where appropriate.

- D7. Progress against the objectives will be jointly monitored on an annual basis with each institution, and with other donors where appropriate, and revised if necessary in line with the ISPs. As this is a new and relatively high-risk approach, we will commission an independent evaluation of its effectiveness at the end of 2006, so that we can reflect on our experience to date and adjust our programme to incorporate lessons learnt.
- D8. Our engagement with other multilateral organisations in the region will primarily be through the work of DFID's International Division. In the case of the **European Commission** (EC), this will primarily focus on: 1) ensuring that the regulatory framework for development assistance has poverty reduction as its central objective, follows development best practise and allocates resources on the basis of suitable poverty-focused criteria; and 2) effective oversight and scrutiny of EC programmes in Latin America. We will also continue to work with the EC as part of wider engagement on harmonisation issues and support for poverty reduction strategies (see D10). We may also support other UK Government Department's work on EC trade issues (see D13).
- D9. The Latin American bilateral programme will be used to support the **UN** where there are opportunities to enhance the effectiveness of the IFIs or through our work on chosen global issues (e.g. in Brazil), complementing the core contributions we make to UN organisations. We will support the Treasury in their work to enhance the effectiveness of **IMF** programmes, and to help link the IMF with the World Bank and IDB, to ensure there are coherent strategies supporting economic reform and structural improvements for individual countries.

Objective 2: Improved donor harmonisation in support of government led poverty reduction strategies

- D10. We will continue to work with the IDB and World Bank, and the wider donor community to strengthen local ownership of poverty reduction strategy processes, particularly in Nicaragua and Bolivia, and embed their principles in country-donor relationships. We will also promote lesson learning and exchange of experiences around the principles behind Poverty Reduction Strategy (PRS) type approaches from HIPC countries to other Middle Income Countries (e.g. Colombia) and vice versa.

We will promote effective monitoring and evaluation of poverty reduction strategies and will work with others, particularly international NGOs, in support of government and civil society efforts to ensure that the voices and needs of the poor and excluded are central to poverty reduction strategies (e.g. by supporting sub-national consultations) and monitoring of their implementation. We will facilitate greater co-ordination of donor support to PRS processes through the new regional donor PRS network.

- D11. We will continue to encourage further progress to improve the effectiveness of development assistance and will press for the adoption of the principles agreed in the 2003 Rome Declaration on Harmonization. We will also continue to look for opportunities to work together with other bilateral donors, such as Spain, USA and the Utstein¹⁵ countries within the context of a common harmonisation agenda.

Objective 3: Improved regional analysis and lesson sharing on global policy issues

- D12. Our aim is to improve the understanding of Latin American experiences and priorities in the formulation of UK Government policies; to enhance the understanding of the relationship between poverty and global policy issues by Latin American policy makers; and to facilitate lesson learning between Latin America and the rest of the developing world. We will give particular attention to the role Brazil plays as a regional leader in global policy negotiations and lesson sharing. We will continue to work with other UK Government Departments to ensure a coherent UK Government approach to poverty reduction in Latin America.
- D13. Priorities for **trade work** include helping governments to identify potential losers and winners from trade integration processes, supporting the development of trade policies that better reflect the impact of trade on poverty and inequality, exploring trade-environment links to promote sustainable development, facilitating more pluralistic debates on trade policy, and supporting measures to help micro and small enterprises adapt to the new market conditions and mitigate the short-term impact of liberalisation. DFID's International Trade Department is working closely with the Department of Trade and Industry and the Foreign and Commonwealth

¹⁵ The Utstein Group of Ministers comprises UK, Canada, Germany, Norway, Sweden and the Netherlands.

Office (FCO) to get the Doha Development Agenda back on track following the serious setback at Cancun. We want the multilateral trading system to play a full part in recovery, growth and international development.

- D14. We will contribute to improved quality and effectiveness of **HIV and AIDS** prevention, treatment and care in the region through continued facilitation of regional and international lesson sharing on HIV and AIDS drawing, in particular, on experiences from Brazil and from regional organisations working with the Global Fund for AIDS, TB and Malaria. This will complement additional funds for NGOs working on HIV and AIDS in Latin America under DFID's Partnership Programme Agreements (PPA) (see D24).
- D15. Through the Government's Global **Conflict Prevention** Pool - jointly managed by the FCO, DFID and the Ministry of Defence - we will support security sector reform and small arms and light weapons reduction. The overall aim is to reduce armed violence, establish effective and appropriate rule of law in the region, and provide the security needed to enable development. A strategy for security sector reform in Latin America is currently being developed. Support will focus on reforming police and judicial systems; combating regional instability fuelled by the production of illicit drugs and the activities of armed groups; and promoting democratic accountability and respect for human rights. Confidence-building measures between Belize and Guatemala to help reach a border settlement will also be supported. We will encourage closer integration between DFID supported security related work and wider poverty reduction activities in the region.
- D16. Our support for **global environmental issues** will be primarily through DFID's Policy Division and their work on climate change, focusing on Latin American countries' participation in negotiating the post-Kyoto Climate Change framework, their future role in emissions trading in the carbon market, as well as the impact of climate change on important sectors (e.g. agriculture) and the costs of adapting to change. We will consider the environmental dimensions of growth and trade. We will also work with NGOs receiving grants under DFID's Partnership Programme Agreements to achieve joint environmental objectives relating to Latin America. In

addition, we will work with NGOs to ensure that the Global Environmental Fund is used more effectively for the benefit of poor people. We will support other UK Government Departments' environment activities, including the Department of Environment, Food and Rural Affairs's Darwin Initiative Fund to help countries conserve their biodiversity resources, and the FCO Global Opportunities Fund (GOF) Energy and Climate Change Programmes in Brazil and Mexico.

- D17. We will continue to highlight the development impact of policies concerning illicit drugs, migration, international security and terrorism and will work with the FCO in their **efforts to support economic and governance reforms** in Latin America. The FCO's presence in a large number of countries across the region and activities financed through the FCO's GOF (primarily in Argentina, Mexico and Brazil) will complement our regional approach, enabling closer working on economic reform and growth issues.
- D18. We will co-operate with the British Council in its work on governance issues in Latin America, in pursuit of its corporate purpose of building relationships between the UK and other countries and increasing appreciation of the UK's ideas and achievements. Working at national and increasingly at a regional level, it is implementing projects in areas such as human rights, judicial system reform, prison reform, policing, conflict resolution, civil service accountability, financing political parties, press freedom and citizenship education.

Approach

- D19. We will use a variety of mechanisms to engage with the IDB and World Bank, choosing instruments that will best deliver the joint objectives. We will work at different levels with both institutions, exercising our responsibilities as shareholders to promote change at Board level while also providing support for initiatives at headquarters, sub-regional and country level. We will provide flexible and responsive funding, that combines a strategic blend of support through secondments and trust funds as well as small funds managed by our sub-regional offices and London. We may support high profile events hosted by prominent regional think-tanks (e.g. UN Global Centre on Poverty in Brazil and ECLAC

and networks to shape policy thinking throughout Latin America. We will also work with others, for example the UN or international NGOs and civil society networks, to facilitate co-operation between government and civil society organisations with the World Bank and IDB and learn from their experiences of supporting greater external accountability. We will seek to pilot innovative new approaches. During 2004/05 we will undertake new activities and establish better mechanisms for sharing information and experiences relating to these institutions, in order to improve our understanding of the processes driving change and the informal networks across the region that shape their agendas.

- D20. We will take a rights-based approach to working in Latin America, building on the approaches developed and lessons learnt from working in Peru and elsewhere, and in recognition of the recommendation of DFID's recent human rights review on how to integrate human rights into all our work.
- D21. We will take a regional approach to working in Latin America, with less emphasis on stand-alone country programmes. 2004–2005 will be the transition phase away from country-focused programmes, building on the work developed, relationships established and lessons learnt from the country programmes, towards sub-regional programmes. The sub-regional programmes will be designed and managed from the region, reflecting local priorities and recognising the diversity of the region as a whole. Reorientation of existing country-specific activities towards regional objectives is already well underway, including identifying resources to link to IDB and World Bank partnerships, and promoting linkages across the region.
- D22. From 2005 onwards we will maintain a small office in Nicaragua (to cover Central America), with staff also based in Bolivia (to cover the Andean region) and Brazil, closing our offices in Peru and Honduras in early 2005. The Andean and Central American units will have sub-regional remits and may support programmes outside these countries (e.g. in Peru, Colombia and Honduras), depending on priorities identified and opportunities for working with the IDB and World Bank as well as opportunities for working with the FCO. We will use

sub-regional level working to generate and disseminate lessons and best practice, through multilateral donors and within DFID.

- D23. We will retain a greater sub-regional engagement in Central America, reflecting Nicaragua's low-income status and the vulnerability of other countries in the sub-region. A short supplementary note will be published providing an overview of the Nicaragua programme in more detail to complement this Regional Assistance Plan. Our continued presence in Bolivia reflects the risk of regression to low income status of this country for a substantial period of time.
- D24. We will develop stronger partnerships with international NGOs working in the region to help deliver all aspects of this strategy. In particular, we hope to learn from their on the ground knowledge and network of civil society partners, and enhance their efforts to be more strategic in strengthening civil society. DFID's Civil Society Department supports major NGOs through long term Partnership Programme Agreements (PPAs) and smaller NGOs by providing grants for specific projects through the Civil Society Challenge Fund. Both schemes support activities in Latin America. From 2005 onwards, DFID will increase the funding available for NGOs under the PPA scheme for work in Latin America and the Caribbean. A specific objective will be jointly agreed and included in each PPA for those NGOs receiving these additional funds. They are likely to relate to strengthening the capacity of NGOs and networks of community-based organizations to engage in national and local dialogues on policy, as well as contributing to the delivery of DFID's objectives in relation to the IFIs. The detailed objectives will be negotiated during the preparation of the next PPAs over 2004 and will be included as a supplementary annex to this plan once finalised. DFID will explore mechanisms for more regular dialogue in London and in the region with interested international NGOs, not just those receiving support from the PPA scheme.

Risks related to the new approach

- D25. By adopting a regional approach rather than a country-focused approach there is a danger that our objectives could become too ambitious in relation to the available human and financial resources. There is also a risk that we may lose credibility due to our more limited country presence. We will guard against these by focusing on a narrow range of priority objectives. There is also a risk that the heterogeneity of the region prevents the development of effective regional initiatives and that lessons learned in one part of the region may not necessarily be applicable in another. This will be managed through the use of sub-regional hubs, which will focus on particular issues and partnerships in more cohesive sub-regions
- D26. There are potential risks for DFID in focusing on working with the IDB and World Bank. Our overall programme objectives might be co-opted towards the short-term interests of parts of these institutions, rather than retaining a focus on poverty reduction, thus reducing our overall impact. To guard against this, our approach will be to recognise that our work with institutions is not an end in itself, but a means to achieving the wider goal of poverty eradication. There is also a risk that we will be unable to reach common objectives, or have too insignificant an engagement to have a broader influence on institutional culture and policies. We believe these risks are low due to the high-level commitment to reform and poverty reduction in both institutions and are offset by the potential opportunity for DFID to have a much bigger overall impact by enhancing the effectiveness of the largest lending institutions to the region. We hope to mitigate the risks outlined above by (i) entering into an open dialogue to agree joint objectives of mutual benefit, (ii) making a long-term commitment to working in partnership with each institution, and (iii) working at different levels and in collaboration with other like-minded donors and shareholders, (i.e. not only working through the IDB and World Bank but also with others outside these organisations). We will retain good links with DFID staff seconded to IDB and World Bank, to ensure regular information flows and exchange of ideas.
- D27. We will develop indicators to measure the success of our implementation of the strategy, based where possible on national development outcomes.

E. DFID Resources

E1. DFID's main financial contribution to the region will be through its funding of the concessional activities of the IDB, World Bank, EC and UN - estimated at about £300 million over the period 2004/05-2006/07. In addition, the UK is a 5% shareholder in the World Bank Group and a 1% shareholder in the IDB. DFID's Latin American bilateral programme over this period will provide £41 million (£11 million a year by 2005/06) to complement this direct support to multilateral agencies. DFID will also increase its funding for international NGOs in Latin America - in addition to continued support through DFID's Civil Society Challenge Fund and Partnership Programme Agreements (PPAs), DFID will provide a further £7 million a year from 2005/06 for PPA NGOs working in Latin America and the Caribbean. The region will also benefit from activities funded under the Global Conflict Prevention Pool and programmes from other Government Departments. DFID's bilateral expenditure is shown in E1 below.

E2. DFID's Latin America and Caribbean Department will retain a sub-regional office in Nicaragua with staff also based in Bolivia and Brazil, backed-up by a regional team in London. Staff will play an important role in building partnerships with IDB and World Bank, both in-country and at headquarters; in engaging in national PRS processes; and in facilitating regional lesson learning and dissemination of best practice.

TABLE E1: BILATERAL SPEND (£000)

	2004/05	2005/06	2006/07 Indicative figure
LATIN AMERICA BILATERAL PROGRAMME			
Regional	16,000	7,250	7,250
Nicaragua country programme	3,000	3,750	3,750
Total	19,000	11,000	11,000
OTHER BILATERAL FUNDS			
Civil Society Challenge Fund/ Joint Funding Scheme (existing commitments only)	2,700	1,800	287
Policy Division research activities (existing commitments only)	1,264	616	-
Global Conflict Prevention Pool ¹⁶ activities (existing commitments only)	2050	-	-
Additional funding for Partnership Programme Agreements in Latin America and Caribbean	-	7,000	7,000
Total	6,014	9,416	7,287
TOTAL BILATERAL FUNDS¹⁷	25,014	20,416	18,287

¹⁶ The total GCPP funds for 2004/05 are made up of the Latin America Pod, and the Belize - Guatemala Pool

¹⁷ Includes ongoing country specific activities in Honduras, Peru, Bolivia and Brazil and regional activities in Central America.

Annex 1: Risk analysis

Risk to Achieving MDGs and Poverty Reduction	Impact	Probability	Mitigation open to DFID
Lack of political incentives to address needs of poor and excluded people. PRS driven by donor demands.	Weak ownership and commitment to PRS leads to low incentives to implement poverty policies. Poverty plans are not fully integrated into national policy in non-HIPC countries. Failure to reduce inequality.	Medium/High	Support IDB and WB in their policy influence over national governments. Continue to engage in PRS process in Bolivia and Nicaragua. Support Lula's leadership role in raising the profile of poverty reduction issues across the region. Maintain focus on reducing social, political and economic exclusion.
Widespread corruption in local and national government.	Social programmes undermined, resources diverted away from poor people. General population less willing to pay taxes and social accountability mechanisms are weakened.	High	Support national governments in their efforts to improve social accountability mechanisms. Support fiscal reform work through ongoing IDB project and assess potential for further cooperation with IDB and WB.
Political domination by elites. Electoral system fails to ensure adequate representation by poor and excluded (particularly afro-descendants and indigenous groups).	Weak representation and exclusion of poor people from government processes. The poor are unable to influence social allocations and expenditure, which do not reflect the needs of the poorest.	High	Encourage IDB and WB to address political questions, in particular political exclusion, in their work. Continue political parties work.
Political unrest and internal conflict in vulnerable lower middle income countries, such as Bolivia, encourages slippage back to low income status.	Political instability leads to violence, short-term administrations, poor macroeconomic management, and an inability to implement long term reform programmes that benefit the poorest. Reduction in growth with highest impact on poor and marginalised.	High	Remain engaged in Bolivia through work with IDB and World Bank and engagement in the PRS process to help ensure co-ordinated donor support at times of stress.
Threats to democracy.	Reduced support for democracy.	Medium	Global Conflict Prevention Pool activities that develop publicly accountable, well managed police and armed forces that are subject to the rule of law and international norms of behaviour
Poor management of economic shocks.	Growth undermined with biggest impact on poorest. Debt servicing becomes unsustainable. Financial crises spread across region.	Medium	

Risk to Achieving MDGs and Poverty Reduction	Impact	Probability	Mitigation open to DFID
Latin America gets a poor deal out of regional and global trade negotiations. Individual countries adopt a unilateralist approach to negotiations.	Unilateralism. Trade policies agreed on which the poor lose out.	Medium	Support Brazil and Central America in regional leadership roles on trade negotiations. Assess potential for working with IDB and WB on trade, including the IDB's role in supporting negotiations.
Economic growth pursued at the expense of environmental sustainability. Natural disasters and severe environmental degradation due to unsustainable management of natural resources.	Soil degradation, deforestation, desertification, climate change, extreme weather events, drought, urban and industrial pollution, poor waste management and contamination of water systems threaten livelihoods particularly of the more vulnerable rural and urban poor and exacerbate conflict.	Medium/High	Limited engagement on environmental issues in collaboration with NGOs receiving Partnership Programme Agreement funds (e.g. WWF). Collaboration with DEFRA. Assess potential for working with IDB on mainstreaming environment as a crosscutting issue into its work around growth and governance in the region.
International system fails to work effectively for poverty reduction	A failure to improve donor coordination and harmonisation of policies and instruments reduces the effectiveness of aid and places a burden on national governments.	Medium	Support IDB and World Bank in implementing international aid effectiveness commitments. Continue to support improved policy and aid delivery harmonisation through engagement in national PRS processes in Nicaragua and Bolivia.
Promotion of export-led growth policies and monopolistic/uncompetitive behaviour across the region does not have sufficient multiplier effect and fails to increase economic employment opportunities for the poor	Social protection for unemployed becomes an unsustainable burden. Poor people excluded from the benefits of growth.	Medium/High	Support together with influential players national and regional efforts to promote competition policy. Promote engagement of rural and urban micro-enterprise associations in policy making.
Exponential growth in HIV/AIDS epidemic (particularly in parts of Central America)	Significant socio-economic impact in medium term, exacerbation of existing poverty levels and reduced progress towards MDGs.	Medium/Low	No direct support for country level HIV activities. Continue to promote regional lesson sharing.

Annex 2: Consultation process

September 2003	Departmental retreat to brainstorm ideas, agree the main areas of focus and sketch out timetable and process for writing.
January 2004	Draft paper circulated within DFID and other Government Departments, and discussed with FCO, for initial reactions. Views invited from British Embassies in the region.
February 2004	Outline discussed informally with World Bank, Inter-American Development Bank and some NGOs working in Latin America who have Partnership Programme Agreements with DFID. Draft submitted to Parliamentary Under Secretary of State.
March/April 2004	Departmental retreat to review draft and develop more detailed ideas. Comments incorporated into draft submitted to Ministers.
May/June 2004	Following Ministerial endorsement of broad approach, paper circulated widely for formal public consultation and feedback. Consultation meetings held with the Governments of Brazil and Bolivia, and with the IDB and World Bank in Washington. Copies sent to the members of Parliamentary All Party Committees for Latin America, the International Development Select Committee, other interested MPs and Peers, British Overseas NGOs for Development (BOND) members, other donors, and Latin American Embassies in London. Open consultation meeting held with UK based NGOs in London. Further discussions with FCO and other Government Departments.
July 2004	Revised paper submitted to Ministers, and approval.