

CARIBBEAN DEVELOPMENT BANK



SPECIAL DEVELOPMENT FUND (SDF) 7

**POVERTY REDUCTION AND HUMAN DEVELOPMENT IN THE CARIBBEAN
ADDRESSING THE MILLENNIUM DEVELOPMENT GOALS**

JULY 2008

ABBREVIATIONS

BMCs	-	Borrowing Member Countries
BNTF	-	Basic Needs Trust Fund
CDB	-	Caribbean Development Bank
CPAs	-	Country Poverty Assessments
CSOs	-	Civil Society Organisations
CTCS	-	Caribbean Technological Consultancy Services Network
HRD	-	Human Resource Development
MDGs	-	Millennium Development Goals
MSME	-	micro, small and medium-sized enterprises
NPRSAP	-	National Poverty Reduction Strategies and Action Plans
PRS	-	Poverty Reduction Strategy
SDF	-	Special Development Fund
SLS	-	Student Loan Scheme
TA	-	technical assistance
UNDP	-	United Nations Development Programme
YBT	-	Youth Business Trust

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EXECUTIVE SUMMARY

1. The Millennium Development Goals (MDGs) were endorsed by the Special Development Fund (SDF) Contributors as strategic benchmarks for SDF Programming and as a framework for monitoring overall progress under SDF 6. The Caribbean-specific MDG targets and indicators which emerged from a process of customising the international targets and indicators to the Region were also adopted by the Contributors as part of the plan of action to assist borrowing member countries (BMCs) in assessing and monitoring the attainment of the MDGs. The first three MDGs in the Caribbean-specific MDG framework, *i.e.*, *eradication of poverty and hunger; achievement of basic minimum education; and the promotion of gender equality*, set targets which speak specifically to poverty reduction and human development.

2. An assessment of the status of BMCs in relation to attainment of these Caribbean-specific targets and indicators, reveals that with regard to the eradication of poverty and hunger, overall poverty levels in BMCs are relatively high, with significant pockets also existing in countries with relatively low levels. A large proportion of the poor live in rural communities but urban poverty is taking on greater significance in several countries. Other features of poverty in BMCs include, low educational attainment, larger than average family size and high unemployment particularly among the youth. The phenomenon of the “Working Poor” and indigenous people who are over-represented among the poor in their countries, persons with disability and older persons especially men living alone, are also important features of poverty in the Caribbean.

3. Universal primary education has been achieved in all BMCs except Haiti but several issues related to equitable quality are still evident. Several BMCs have implemented universal secondary education policies, but as with primary education, there are issues related to equitable quality across the system. The difficulty of poor households in some countries to meet the non-fee expenses is also affecting access to secondary education for children from these households.

4. Progress has also been made in relation to the promotion of gender equality and the empowerment of women, particularly with respect to primary education. However, the situation where male participation in secondary and tertiary education is quite low is drawing attention to other factors that may be contributing to the disengagement of men in these levels of the education system. The issues of quality employment as depicted by the disparity in employment and earnings for women and the engagement of large numbers of men in low-skilled, low-paying occupations are also areas of concern.

5. In response, the Bank proposes a strategy for SDF 7 based on a Results Framework that supports activities in the following areas:

- (a) Broad-based Economic Growth;
- (b) Human Resource Development (HRD);
- (c) Agriculture and Rural Development;
- (d) Indigenous Peoples Development;
- (e) Youth Enterprise Development;
- (f) Social Protection;
- (g) Country Poverty Assessments (CPAs);

- (h) National Poverty Reduction Strategies and Action Plans (NPRSAP);
- (i) Gender Equity and Mainstreaming;
- (j) Civil Society Organisations (CSOs) Capacity Building; and
- (k) Targeted Poverty Reduction Initiatives, including:
 - (i) Basic Needs Trust Fund (BNTF);
 - (ii) Caribbean Technological Consulting Services Network (CTCS); and
 - (iii) Student Loan Scheme (SLS).

The Bank's investments in these areas, along with similar investments by development partners in the Region, especially those areas with specific development outcomes for deprived and vulnerable households and communities, are vital for the further development of BMCs and for attainment of the MDGs poverty reduction and HRD goals.

1. INTRODUCTION

1.01 The MDGs, comprising eight goals, 18 targets and 48 indicators, were endorsed by BMC Governments along with other members of the United Nations in September 2000 as the basis for targeting development efforts and tracking progress to 2015 and beyond. In applying these goals to the Caribbean, it became evident that while the goals are appropriate, the targets and indicators needed to be customised to better reflect the Region's socio-economic conditions. In response to this, the Caribbean Development Bank (CDB) partnered with the United Nations Development Programme (UNDP) to develop Caribbean-specific MDG targets and indicators. These indicators and targets have been endorsed by SDF Contributors as strategic benchmarks for SDF programming. While the MDGs as a whole promote the need to achieve poverty reduction and human development, the first three Goals deal specifically with those issues, hence they are referred in this paper as the "poverty reduction and human development MDGs".

1.02 Poverty and human development in the Bank's BMCs are affected by a number of inter-related social and economic issues. Significant in this regard are the issues of high income inequality, changing terms of international trade, vulnerability to economic shocks, natural hazards and climate change. The development experience of BMCs in which wealth tends to be concentrated in small segments of the population has resulted in relatively high disparity in wealth distribution in these countries. CPAs for the last decade indicate that out of the 14 BMCs with reported Gini Coefficients, 12 have values which are greater than 0.35.^{1/} When compared with developed countries where only 5 of the top 20 countries on the Human Development Index have values in excess of 0.35, this suggests that income inequality in the Caribbean is relatively high. Such disparity in income distribution contributes to social exclusion, erodes social capital and results in unproductive and untapped human capital.

1.03 In addition, the effects of hurricanes and other related adverse weather conditions have greatly affected the productive sectors of the economy, *viz.*, agriculture, tourism, manufacturing, and have also had a severe impact on communities and community infrastructure. The majority of CDB's BMCs are also vulnerable to seismic and volcanic hazards. The destruction of communities and the dislocation of families and other social structures lead to increased anxiety and feelings of hopelessness from which residents can take an inordinate length of time to recover. Climate change also adversely impacts livelihoods, human health and water supplies, among other factors. Under these circumstances, even the prosperous can be impoverished and the impact on the already marginal livelihoods of poor people can be tragic.

1.04 The changing terms of international trade involving the removal of preferential arrangements for exports and the reduction of import tariffs have affected the level of economic returns once enjoyed by rural farm households and small manufacturers in the Region, as well as Government revenue derived from import taxes and duties. Associated with this is the recent dramatic increase in basic food prices. Poor households use a significant proportion of household expenditure on food. The most recent CPAs conducted in Antigua and Barbuda and St. Lucia CPAs for example, indicate that while on average about 25% of household expenditure nationally is on food, it is approximately 41% for households in the poorest quintile in Antigua and Barbuda and 38% for St. Lucia. This situation has amplified the need for BMCs to review existing food production and social protection policies and to develop new and effective ways of mitigating the adverse impacts of globalisation on the poor and vulnerable. The combined impacts of these challenges affect the countries' abilities to respond strategically to the social and

^{1/}The Gini Coefficient measures the extent to which actual income distribution in a country differs from a hypothetically uniform distribution. It ranges from 0 for absolute equality, with each individual or household receiving an identical share of income, to 1, which indicates that one person or household receives all the income.

economic challenges facing them. As a result, the gains in social and economic development made by some BMCs in the last few decades are at risk of being reversed.

1.05 SDF Contributors have agreed that as part of the SDF 7 Replenishment process, one of the central themes for SDF 7 will be poverty reduction and achieving the MDGs. The Bank proposes that this theme focuses specifically on the poverty reduction and human development MDGs, indicated in Goals 1, 2 and 3 of the Caribbean-specific framework which relate to *eradicating poverty and hunger; achieving a basic minimum education; and promoting gender equality*.

1.06 This paper assesses the status of BMCs in relation to these MDGs and indicates how the Bank proposes to use SDF 7 resources to enhance progress in poverty reduction and human development. In cases where Caribbean-specific MDG data and information are not available, data for the international MDGs targets and indicators are used instead. The paper also addresses the context as well as the proposed operational strategy under this theme for SDF 7 and sets out an overall Results Framework (Appendix 1) which will be developed in more detail in the context of country-specific programming.

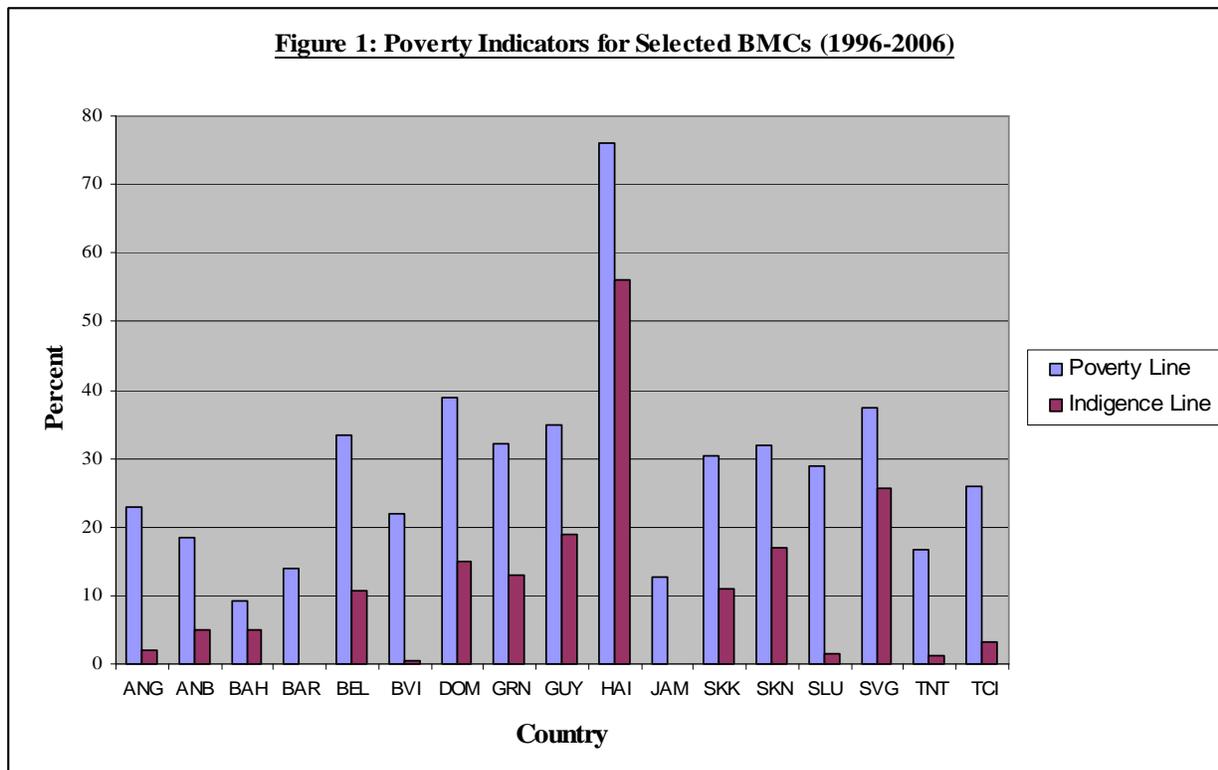
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2. SITUATIONAL ANALYSIS

Goal 1: Eradicating Poverty and Hunger

2.01 The main Caribbean-specific target for MDG 1 is to reduce by half, between 1990 and 2015, the proportion of people falling below the poverty line. With the exception of Jamaica, none of the BMCs have baseline poverty data for 1990 since most of the CPAs used for this purpose did not begin before 1995. Notwithstanding this, the CPAs conducted between 1996 and 2006, indicate that overall poverty levels for BMCs are relatively high (Figure 1). The proportion of the population living below national poverty lines ranges from 76% in Haiti to 9% in the Bahamas. The average poverty level for the BMCs (excluding Haiti) is about 26%. This includes about 10% of the population being indigent or extremely poor. Eleven of the BMCs have poverty levels well above 20% and an equal number have indigence levels over 5%, and in a number of cases are much higher, as in the case of Haiti and St. Vincent and the Grenadines, at more than 25%.^{2/}

^{2/} In the case of Haiti the International Poverty line of USD2.00 per day and the Indigence Line of USD 1.00 per day were used.



Source: World Bank data for Haiti, CPAs and National Surveys of Living Conditions for the other countries.

2.02 CPAs indicate that poverty is generally more prevalent in rural areas with as much as 50% of rural residents living in poverty (Table 2.1). This usually involves persons living in disparate, scattered and in some cases almost inaccessible rural communities with poorly maintained infrastructure, limited social and economic services and opportunities. The rural poor also experience little access to land, credit facilities, organised agricultural support and other means for sustainable livelihood.

Table 2.1: Poverty Indicators at National, Urban and Rural Levels in Selected BMCs

Country	Year	National		Urban		Rural	
		% Indigent	% Poor (inc indigent)	% Indigent	% Poor (inc indigent)	% Indigent	% Poor (inc indigent)
Antigua and Barbuda	2006	3.7	18.3	6.3	22.3	3.9	16
Bahamas	2001	1	9.3	-	8.3	-	16.9
Belize	2002	10.8	33.5	4.8	23.7	17.4	44.2
Dominica	2002	15	39	8.5	27	16	46
St. Lucia	2006	1.6	28.8	1.1	18.8	12.5	49.2
St. Vincent and the Grenadines	1995	25.7	37.5	-	35.4	-	38.7

2.03 Significant also is the relatively high proportion of urban residents in some countries being among the poor. In Dominica for example, which is primarily an agriculturally-based country, over 25% of the population of the capital Roseau and other urban communities is considered to be poor. This

situation which is similar to other BMCs, is related to high rural to urban migration where rural poverty causes residents, primarily the young people, to leave their communities for towns and cities in search of employment and a better quality of life. This creates several enclaves, in and around the urban communities, characterised by over-crowding, insecure land tenure arrangements, poor and poorly maintained housing and inadequate sanitation. Poor employment patterns, low social capital, poor health and sanitation services, high unemployment and criminal activities, also accompany urban poverty.

2.04 Low educational attainment depicted by a large proportion of heads in poor households being educated only up to primary school, is a consistent finding in all the CPAs. Such educational outcomes are related to the tendency for young people from poor households, primarily young men, to drop out of school early. These young men are often unprepared for the labour market, find it difficult to function in that environment and are therefore excluded from mainstream economic activities. As a consequence, they are affected by high unemployment and underemployment and resort in many cases to the informal sector or to low-wage occupations for livelihoods.

2.05 In poor households, the family size tends to be larger than average with fewer wage earners and larger numbers of child, youth and elderly dependents. These households often include single female headed households and those with high fertility rates. As a consequence, children and young people continue to be over-represented among the poor. This in turn contributes to high dependency ratios among the poor. In St. Lucia and Trinidad and Tobago for example, in 2005, about 55% of the poor in each country were less than 25 years of age.

2.06 Associated with this is the situation in some BMCs, where there are large proportions of employed persons numbered among the poor. The *Working Poor*^{3/} as they are known, are usually persons employed in low-skilled, low-paying jobs such as agriculture, construction and light manufacturing and persons employed in the informal sector. Even in some countries with very low unemployment levels, a significant proportion of persons employed are living below the poverty line. St. Kitts for example, had an unemployment level of only 4% in 2002, but 31% of the population was living below the poverty line. Similarly, Antigua and Barbuda reported an overall unemployment rate of 4% in 2006, but the CPA indicated that 13% of the persons employed were poor and that 93% of persons from poor households were employed.

2.07 Some of the gender dimensions of poverty are indicated in issues like women carrying a disproportionately higher level of responsibility for nurturing and family care both in nuclear families and single parent households and having higher unemployment rates than men. Young males (with higher school drop out rates) tend to have lower educational attainment than females, have poor social skills and are vulnerable to alcoholism, drug use, crime and other anti-social behaviours.

2.08 Indigenous people are also over-represented among the poor being the social group with the single highest poverty level in the Region. Seventy-seven percent of Mayans in Belize, 70% of the Caribs in Dominica and 79% of the Amerindians in Guyana are living in poverty. While this is related to rural poverty, as it is the area where most indigenous people live and secure a livelihood, other social and historical factors such as decades of neglect and underdevelopment of the areas where they live, have also contributed to the large numbers living in poverty. Other groups at risk include persons with disability and older persons, especially men, living alone.

^{3/}“individuals engaged in either paid or self-employment that belong to households with an adult equivalent per capita household expenditure (or income) that falls below a specified poverty line”. *Statistical Report on the Working Poor in the Caribbean*, Labour Market and Poverty Studies Unit, Department of Economics, UWI, St. Augustine, Trinidad and Tobago, April 2006 pg 2

2.09 The factors associated with poverty and vulnerability in the Caribbean therefore are varied and complex and unless these factors receive persistent and focussed attention, some BMCs will experience much difficulty in achieving this Goal. Further progress is also uncertain in those countries that have made some gains in social and economic development in the last few decades with some of these gains at risk of being reversed if the issues of vulnerability and deprivation in BMCs are not adequately addressed.

Goal 2: Achieve Universal Primary (and Secondary) Education

2.10 The Caribbean target for MDG 2 is to “ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary and secondary education up to Grade 12” (Form 5). The original target of attaining universal primary schooling has effectively been achieved in most BMCs; hence the target was modified to include secondary education as the most relevant target for a basic education in circumstances of the Caribbean, necessary to reduce poverty levels and the risk of falling into poverty.

2.11 A progress report on the MDGs for Barbados and the Eastern Caribbean for 2004, prepared for UNDP, indicates that generally net enrolment ratio in primary education for Barbados and members of the Organisation of Eastern Caribbean States, is relatively high. For example, 100% in Barbados, over 90% in Anguilla, Dominica, St. Kitts and Nevis and St. Lucia and over 80% in St. Vincent and the Grenadines.^{4/} Notwithstanding this, issues related to disparity in quality among schools particularly between rural and urban schools in some countries, are affecting some of the primary education outcomes.

2.12 Although similar data are not readily available for secondary education, several BMCs have instituted universal secondary school education policies. While these policies facilitate access to secondary schools, issues like inconsistent quality among schools, high attrition rates for boys and the inability of children from poor households to attend school regularly, suggest that there are several challenges that require some concerted attention if this aspect of this Goal is to be achieved.

Goal 3: Promote Gender Equality and Empower Women

2.13 The major targets for this Goal relate to eliminating by 2015, gender disparity in primary and secondary education and in income and occupational opportunities at all levels and in all sectors. Data for the Eastern Caribbean indicate that in Dominica for example, the ratio of boys to girls in 2002-2003 was 1:0.94 for primary schools, 1:1.05 for secondary schools and almost 1:2.0 for tertiary institutions. In most countries, while the ratio of boys to girls enrolled in primary schools mirrors the actual population distribution of both sexes for the relevant age cohorts, the reverse exists with girls being in the majority in secondary and tertiary institutions and this runs counter to their age-group distribution in the population. This situation seems to be associated with high attrition rates for males and their apparent disengagement in post primary education. This in turn raises several concerns relevant to this Goal and the wider implications of such disparities for the Caribbean society.

2.14 Current data are not readily available to assess the elimination of gender disparity in income and occupations, but data from the 1990s indicate that women’s share of employment in the non-agricultural sectors has been increasing constantly in most countries with females accounting for over 40% of employment in these sectors.^{5/} Many of these occupations however, are low waged sales and clerical-related jobs in the service sector as well as data entry and other related activities in the manufacturing

^{4/} The Millennium Development Goals, Barbados and the Eastern Caribbean, A Progress Report 2004 by Andrew S. Downes and Doris A. Downes, UNDP, Barbados, pg 5

^{5/} *ibid* pg 8

sector. These occupations like the low-skilled occupations by men in the construction industry, highlight the issues associated with the vulnerability and poverty of low-income households. As one of the Bank's cross-cutting themes, this Goal is considered central to the Bank's development mandate. It is recognised therefore that despite the progress made so far, much more work is required both in BMCs and at the regional level to effectively address the issues associated with attainment of this Goal.

2.15 Based on the foregoing, it is clear that national and regional responses to achieve the poverty reduction and human development goals will require policies and programmes that facilitate substantial investments both in the social and economic sectors. Such investments should facilitate the creation of social and human capital, quality employment and income generation opportunities both in rural and urban areas. They should also help to build national resilience in the face of the countries' vulnerabilities to economic shocks, natural hazards, climate change and the effects of changes in the terms and pattern of international trade.

3. CDB'S RESPONSE

3.01 The Bank's response to these conditions is set within its lending and non-lending programmes and the framework for poverty reduction which consists of the strategic levers: *capacity enhancement, vulnerability reduction and good governance* elaborated in its Poverty Reduction Strategy (PRS). On the basis of this framework, loans and grants issued under SDF 6 to support *Capacity Enhancement* included economic infrastructure, economic restructuring of BMCs, human development initiatives, rural enterprise and rural development projects, micro and small enterprise development and gender mainstreaming. Under *Vulnerability Reduction*, financing covered areas in disaster risk reduction and response, improved delivery of public and social services and housing and shelter development. In the area of *Good Governance*, attention was given to improving the capacity of the public service for macroeconomic, fiscal and policy management, public sector modernisation and reform, the promotion of regional cooperation and mainstreaming governance.

3.02 The Bank is also making substantial contributions to each of the strategic levers through SDF-financed targeted poverty reduction programmes, *i.e.* BNTF, CTCS and SLS and other non-lending technical assistance (TA) including CPAs, National Poverty Reduction Strategies, Natural Hazards Vulnerability Reduction and Dialogues with CSOs.

3.03 The continuation of this type of support to BMCs by the Bank with SDF resources is vital to its efforts to achieve poverty reduction and human development. Interventions to improve social and economic infrastructure facilitate the reduction of poverty through economic growth and the furthering of HRD which is central to enhancing living standards and improving social and economic circumstances in BMCs. The vulnerability of BMCs to natural disasters and their environmental fragility has compelled the Bank to make significant investments in the area of vulnerability reduction and disaster risk reduction and response. Critical fiscal and debt performance difficulties have severely compromised the ability of BMC Governments to address the problems of indigence, poverty and vulnerability in a consistent and concerted manner. CDB's assistance to countries to improve their capabilities for macro-economic, fiscal and policy management also contributes to improvement in the quality of governance and the quality of life at all levels of BMCs' society.

An SDF 7 Strategy

3.04 Under this theme, a substantial portion of SDF 7 resources will be used to address areas pertinent to the objectives of reducing poverty and achieving sustainable human development in its BMCs in the areas indicated below. Drawing on the experience of SDF 5 and SDF 6 and the increased knowledge base

from the CPAs, SDF 7 resources for poverty reduction and human development will be increasingly well targeted as described in the following paragraphs.

- Broad-based Economic Growth. The Bank recognises that a critical strategic element for effecting poverty reduction is the enhancement of growth performance in the Region. In this regard, the Bank intends to continue to stimulate regional growth through increased provision of funding for physical, economic and social infrastructure. An increase in the quantity and quality of such infrastructure is necessary not only for enhancing productive capacity, but also for increasing international competitiveness which is an absolute necessity in the context of trade liberalisation and globalisation.

The private sector has an important role to play in poverty reduction since it is recognised as the “engine of growth”. An important factor therefore in achieving broad-based growth is to facilitate small enterprise and entrepreneurial development. It is the establishment and expansion of small and micro enterprises that will lead to job creation through which low income persons can become employed and enhance their household incomes.

The Bank also intends to ensure that the increase in development funding is available on manageable terms so as to prevent problems of fiscal and debt unsustainability. In this regard, the continued availability and adequacy of SDF funds for blending with ordinary capital resources is an integral part of the Bank’s strategy for stimulating investment and broad-based growth in its BMCs. At a less aggregative level, the Bank intends to channel increased resources to the development of the agriculture sector which, given high imported food prices, presents a substantial opportunity for expanding incomes in the rural sector where most of the poor reside.

- HRD. In keeping with the Bank’s *Education and Training Policy and Strategy*, priority will be given to areas that will increase and broaden equitable access to educational opportunities, improve efficiency and effectiveness in the educational system, strengthen the system’s institutional capacity and enhance its technological capability. This will include continued support to initiatives to improve, expand and construct new education facilities and to strengthen the institutional capacity of the education system. Programmes to help develop the technical and management capability at ministries, agencies and institutions as well as the provision of instruction resources, equipment and tools to enhance access to quality education at all levels of the system will also be included. Assistance will be provided to improve the quality, efficiency and effectiveness of schools curricula, performance-based assessments, pedagogical reform and strengthening.

In addition, the Bank will support the development of systems for early diagnosis of boys and girls with learning difficulties in primary and secondary schools, by building capacity at the school level to provide remedial education to these children and others requiring special attention and programmes to improve students’ literacy skills. In response to the challenges posed by “students at risk”, assistance will also be given to strengthen student support services particularly for boys and girls experiencing social and psychological challenges. This will include support to initiatives that build or strengthen parents’ capacity to provide quality parental support as this contributes significantly to boost children learning.

Attention however will not just be confined to the formal education system. Opportunities will be provided for persons outside the formal education system to upgrade their education and skills through programmes of continuing education. Successful models and practices in education in BMCs need to be shared among the countries. Facilities such as online programmes, conferences, exchange visits/study tours to share and to exchange ideas and information and to participate in international tests, need to be encouraged and supported. Hence similar support will be provided for the development and/or expansion of systems for information and knowledge sharing.

- Agriculture and Rural Development. The Bank's support to poverty reduction in BMCs by necessity requires considerable investment in the rural sector. This involves assistance with programmes and projects in both the agricultural and non-agricultural aspects of the rural economy that will remove the constraints which limit the production of food and commodities in the Caribbean. Examples of these include the financing of physical infrastructure to support the production and marketing of agricultural produce and integrated rural enterprise projects to address issues affecting rural poor households.

Experience from the latter indicates that these interventions should be accompanied by appropriate national policies and institutional frameworks to facilitate effective implementation and coordination. An analysis of the local institutional and political contexts will be necessary for identifying the appropriate mechanisms for change and for locating these initiatives within the existing administrative system. There is also the need to strengthen and support existing institutions and organisations to effect the changes required rather than create new organisations as these tend not to exist beyond the life of the projects.

In light of this, the Bank will continue to support initiatives that facilitate sustainable livelihoods in rural areas. This will include the provision of TA in collaboration with development partners to support the formulation of national policies and the strengthening of local and regional institutional arrangements for rural development. Specific attention will be given to equipping poor rural households with training in production, marketing and the other related areas and TA needed to generate household income. Support will also be provided to targeted segments of the production chain, to address constraints in the production and distribution of commodities in which the Caribbean has a comparative advantage. The financing of civil works, production facilities and other related initiatives such as the supply of water for on-farm irrigation to support the production of high quality fruits and vegetables year-round will be included. Support will also be given to the non-agricultural income generating aspects of rural life such as fisheries, craft production, agro-processing and nature and heritage tourism. These are areas with the potential for expanding the income of rural households and from which a livelihood can be secured.

- Indigenous Peoples Development. As is indicated in the CPAs, the prevalence of poverty is quite high among indigenous people in BMCs such as Belize, Dominica and Guyana. The need therefore exists to develop new initiatives to support national policies and programmes for the development of indigenous people. These initiatives would include but not limited to activities to:

- (i) strengthen indigenous people's organisations;
 - (ii) facilitate through skills enhancement and micro-enterprise development, the social and economic empowerment of men and women living in indigenous communities; and
 - (iii) assist with the development of social, economic and physical infrastructure in the communities.
- Youth Enterprise Development. The challenges of high youth unemployment resulting from both a lack of employment opportunities in the formal sectors and young people being ill-equipped for the opportunities that exist, are among the factors accounting for the prevalence of poverty among young people in many BMCs. The Youth Business Trust (YBT) is among the initiatives taken by the public and private sectors in the Region to address these challenges. The objective of YBT is to help young people become self-sufficient through entrepreneurship education and business support services. Through YBT, young persons are provided with seed financing to help them develop micro-enterprises. They are linked with business mentors in the private sector who help the young entrepreneurs with various aspects of their businesses. These aspects include the preparation of business plans, accounting, marketing and the identification of networking opportunities.

The private sector-initiated YBTs operate accredited or pilot Youth Business International Programmes that form part of an international network of 39 independent members. Given the nexus between youth unemployment and youth poverty, the goal of the global network in keeping with the MDGs of reducing poverty, is to facilitate poverty reduction by the start-up of 350,000 new enterprises and create approximately 1.2 million jobs by 2015.

CDB supports the position that equipping young people to create business enterprises and opportunities for quality self-employment, could make a significant contribution to addressing the challenge of high youth unemployment and poverty. In this regard, the Bank intends to support initiatives like the YBT that promote the development of youth business enterprises. This support could include TA to improve the skill capacity and technical competence of young entrepreneurs, help in developing a regional youth enterprise network, strengthen the institutional capacity of the network and finance appropriate aspects of the programme either at the regional or national levels.

- Social Protection in this context relates also to livelihood protection. Assistance will therefore be given to BMCs to develop policies, guidelines and programmes to safeguard the livelihoods of residents as a whole but specific attention will be given to the very vulnerable including older persons, women and children from poor households and persons with disabilities, to protect them against exclusion of any kind. These matters will be elaborated in the Bank's Social Protection Policy Paper scheduled to be prepared by the end of the year.
- CPAs. The Bank continues to place high priority on helping to build BMC's capability to collect, analyse and disseminate data and information on poverty and social development. This competence is essential to strengthen the pool and quality of poverty and social data

required for evidence-based decision making and policy formulation by BMCs and to monitor their progress with regard to the MDGs.

The assistance given in this regard to BMCs over the years has helped some countries develop a series of poverty and social data, formulate programmes that respond to their critical social and economic needs, and build their capacity to undertake such assessments in the future. Other countries have also made some progress in the conduct of CPAs but because of limited human and financial resources, they will continue to require TA for some time before being able to make significant progress in this area.

The Bank plans to continue this programme of support by helping BMCs improve the frequency of CPAs, with one CPA being conducted every four to five years in each BMC. In addition, emphasis will be given on further equipping BMC personnel (from the Statistics Offices and line ministries) with the skills essential for the conduct of household surveys, and to increase access to the CPA data. To this end, consideration will be given to supporting the development of more structured advanced training in collaboration with appropriate recognised training institutions and the establishment of a web-based databank to facilitate easier analysis and monitoring of the MDGs and other related development indicators.

- NPRSAPs. One of the objectives of the CPAs is to help BMCs develop information on the nature, causes, location and prevalence of poverty that could be used *inter alia* to prepare a programme to address these issues. Support in this regard is being provided to some BMCs. The Bank intends to continue this TA support to all the BMCs that have conducted CPAs. The objective is to assist them to formulate and implement either stand alone NPRSAPs or poverty strategies that are part of a wider national development plan.
- Gender Equity and Mainstreaming. The Bank is in the process of establishing a Gender Equality Policy and Operational Strategy to facilitate its promotion of gender equality and mainstreaming in the Region and to collaborate with other development partners in addressing the social and economic factors related to gender inequality, poverty and vulnerability. To this end, resources will be used to integrate gender analysis results, and data collection throughout the Bank's project cycle, support gender mainstreaming and integration activities and projects in BMCs, undertake a gender equality capacity needs assessment of Bank staff and BMCs and to implement a training programme to enhance the skills of staff from the Bank and BMCs in gender analysis.
- CSOs Capacity Building. The Bank's commitment to promote social partnerships and wider participation of all stakeholders in national decision-making requires the provision of support to the non-state sector. This in turn will involve initiatives to build the capacity of CSOs which are also actively involved in areas of social protection to the poor and vulnerable. To do this effectively, a special facility similar to CTCS is proposed as a mechanism to provide a dedicated programme of TA and support to CSOs in a systematic manner.
- Targeted Poverty Reduction Initiatives
 1. BNTF operations in the 10 participating BMCs are geared to reducing poverty and vulnerability of communities by improving basic social and economic infrastructure, facilitating skills development, generating short-term employment

and building the capacity of local organisations involved in community development and poverty reduction. Since its inception in 1979, the Programme has progressed through several iterations and has evolved to one that promotes active beneficiary participation and the targeting of poor and vulnerable communities.

In keeping with these objectives, BNTF resources will continue to support the reduction of vulnerability in poor communities through access to basic public services, increased economic activity and institutional strengthening. This will be achieved by financing local projects for infrastructure and skills training in health, education, water, sanitation, access and productive employment. Support will be given to:

- (i) expanding the stock of small-scale infrastructure construction, including minor maintenance of community facilities;
- (ii) improving the human resource base in communities through skills development for income generation and for social re-adjustment, with a focus on rural communities; and
- (iii) strengthening community organizations and key stakeholders and their capacity for decision-making, networking, leadership, standards setting and advocacy

The Programme will also complement investment in growth-supporting areas such as social infrastructure, development and diversification of the rural sector and enterprise development, with the incorporation of concerns for equality, empowerment and environmental sustainability.

In addition, the Programme will concentrate efforts on building broad partnerships among the community, state and the private sector to foster more effective dialogue and communication on community needs and priorities and their link to national strategies and opportunities for social and economic development. The use of participatory approaches will provide practical ways for the inclusion of communities in decision-making, implementation and promoting community governance. Support to non-governmental organisations will be offered for advocacy and to bring local communities into national-level policy dialogue. The Programme will contribute to BMCs in meeting their targets on poverty reduction and their commitments to covenants on equity and sustainability.

2. CTCS primary areas of focus have been to contribute to improving the sustainability of micro, small and medium-sized enterprises (MSME) by assisting with diagnostic assessments in areas of production, management systems, business processes, marketing and distributions systems. This has been achieved through individual TA, work placements and other forms of interventions.

Consideration will be given to other targeted assistance such as supporting training programmes that enhance the management capability, HRD and enrichment, as well as technical know-how of MSME operators and entrepreneurs. Attention will also be given to building export capacity of

MSMEs through hazard analysis, critical control point systems, International Organisation for Standards, labelling and packaging in collaboration with agencies and institutions in-country having responsibility for product standards and export promotion. In order to enhance knowledge transfer, promote best practices and to facilitate strategic targeting to avoid duplication of effort, support will also be given to the promotion of mentorship programmes for MSMEs, development of an interactive CTCS technical database of client experiences, studies and manuals. Initiatives to promote partnerships with other international, regional and local organisations involved in training and capacity building for MSMEs will be supported as well.

CTCS will provide supplementary technical support to other programmes of Bank with a specific focus on poverty reduction. Such support will include programmes in rural communities that encourage enterprise development, assist in the utilisation of improved agricultural practices and promote agribusiness and assist with youth entrepreneurship as a means of improving livelihoods and economic independence of young persons.

It will also promote greater use of client affordable Information and Communication Technology solutions and tools including e-commerce as a means of improving business processes, productivity enhancements, market positioning and penetration, knowledge management and business networking. In the context of the current energy crisis, its programme of support will include developing and supporting programmes that further the use of alternative energy and energy conservation practices among small businesses to address rising operating costs.

3. The SLS which provides financial resources to students pursuing studies in tertiary institutions within and outside the Region is an important part of the Bank's programme to build human capital in its BMCs. As such it is a vital contributor to the Bank's development effectiveness. Lessons of experience from the 30 years operation of the Scheme indicate that it has been making a significant contribution to the overall development of the participating countries. However, its potential contribution particularly to HRD, poverty reduction and gender equality could be enhanced by a more flexible, targeted and strategic approach. The application of a more systematic and rigorous system to monitor both the financial and non-financial aspects will also enhance both its efficiency and effectiveness.

As part of the Bank's PRS, the Scheme includes a facility that provides access to resources for students specifically from poor and disadvantaged households. This facility like the wider Scheme has greater potential to contribute to poverty reduction in BMCs than it has in the past. The Bank proposes to increase its focus on this facility by developing it into a fully-fledged modality to address the specific requirements of potential tertiary education students from poor and low income households.

3.05 Investments in the areas outlined in paragraph 3.04, especially those with specific development outcomes for deprived and vulnerable households and communities are essential to support further social and economic development of BMCs. Such investments will have to be undertaken in conjunction with policies and programmes that help to build national resilience in the face of the vulnerability of BMCs to

economic shocks, natural hazards, climate change and the effects of changes in the terms and pattern of international trade. They should also facilitate the creation of social and human capital, better quality employment and income generation opportunities for men and women in rural and urban areas.

3.06 The Results Framework for the strategy at Appendix 1 identifies the specific types of interventions associated with each MDG target and indicates the outcomes expected from these interventions. It is expected therefore that the Bank's support through this framework in conjunction with our development partners will contribute substantially to overall social and economic development of BMCs and to their ability to attain the poverty reduction and human development goals of the MDGs.

CDB's CONTRIBUTION TO OUTCOMES OF MDGs 1, 2 AND 3:
A RESULTS FRAMEWORK FOR SDF 7 THEME 1

TARGET	AREAS FOR CDB INTERVENTION	CDB's CONTRIBUTION TO OUTCOMES
<p>MDG 1: ERADICATING POVERTY AND HUNGER</p> <p>Target 1 Halve, between 1990 and 2015, the proportion of people who fall below the poverty line</p> <p>Target 2 Halve, between 1990 and 2015, the proportion of people who suffer from hunger</p>	<p>CPAs HRD Agriculture and Rural Development Indigenous Peoples Development Youth Enterprise Development CSOs – Capacity Building Social Protection National Poverty Reduction Strategy CTCS SLS</p>	<p>The collection and analysis of data will help with tracking changes in poverty levels.</p> <p>TA to assist with the preparation and implementation of specific policies, programmes and projects to address the poverty-related issues.</p> <p>Project financing and TAs to support policies, programmes and projects to improve household income and contribute to livelihood protection through employment creation and enterprise development for rural and urban households including youth and indigenous people.</p> <p>TA to support institutional strengthening and capacity building of CSOs will enhance their capability to respond to the issues of poverty and deprivation.</p> <p>Improved access to quality primary and secondary education and to resources for tertiary training by young persons from low income households will improve their life chances and help in breaking the cycle and culture of poverty for the households.</p>
<p>Target 3 Halve, between 1990 and 2015, the proportion of persons without access to basic services</p> <p>Target 4 Halve, between 1990 and 2015, the proportion of persons living in inadequate housing.</p>	<p>Indigenous Peoples Development Youth Enterprise Development BNTF Social Protection National Poverty Reduction Strategy CTCS SLS</p>	<p>Project financing and TAs to support policies, programmes and projects to improve household income and contribute to livelihood protection through employment creation and enterprise development will result in improved housing living conditions for rural and urban households, youth and indigenous people.</p> <p>Improved access to tertiary education will enhance overall life chances for low income households.</p> <p>BNTF's support to improved water supply and sanitation services in communities.</p> <p>Support from CTCS and the development of youth enterprises will contribute to employment creation, improved household income and result in enhanced living conditions for poor and low income households.</p>

TARGET	AREAS FOR CDB INTERVENTION	CDB's CONTRIBUTION TO OUTCOMES
<p>MDG 2: BASIC EDUCATION Target 5 Ensure that, by 2015, children everywhere (boys and girls alike) will be able to complete a full course of primary and secondary schooling, up to Grade 12.</p> <p>MDG 3: GENDER EQUALITY Target 6 Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015</p>	<p>HRD Gender Equality National Poverty Reduction Strategy SLS</p>	<p>Project financing and TA to support access to quality primary, secondary and tertiary education for males and females along with support to implementation of gender equality policies should help in reducing the disparities between males and females in the education system.</p> <p>BMCs project financing and TA to enhance access to quality primary and secondary education for boys and girls and will contribute to universal basic education.</p> <p>Establishment of a Gender Equality Policy and Operational Strategy by the Bank and support to the implementation of gender equality policies in BMCs should contribute to the reduction in disparities between boys and girls in the education system.</p>
<p>Target 7 Eliminate gender disparity in income and occupational opportunities at all levels and in all sectors, no later than 2015</p>	<p>HRD Gender Equality Social Protection National Poverty Reduction Strategy CTCS SLS</p>	<p>Project financing and TA to support access to quality primary, secondary and tertiary education for males and females, support to implementation of gender equality policies in BMCs, enhanced opportunities for employment and enterprise development for men and women should together help in reducing the disparities in the labour market.</p>
<p>Target 8 Reduce by 60% by 2015, all forms of gender based violence</p>	<p>HRD Gender Equality National Poverty Reduction Strategy</p>	<p>Project financing and TA support to bring about improved educational outcomes and enhanced opportunities for employment and enterprise development for men and women should address the critical factors such as lack of education, low self esteem and inadequate skills in conflict resolution that contribute to gender based violence.</p>