

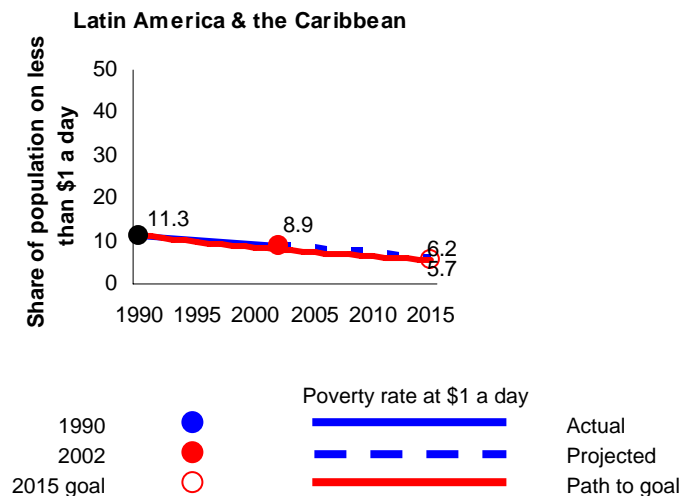
Latin America And The Caribbean



Progress Toward The Millennium Development Goals

Poverty Levels

- In Latin America, growth is up over the past two years, but it is still too low to make strong inroads into poverty reduction.
- In this region, where 2002 poverty rates were lower than other developing regions, the rate of poverty reduction has been slower—less than one percentage point between 2002 and 2005.



- In 2005 the region's middle-income countries grew more than three percent, likely supported by better macroeconomic policies. However, the few low-income countries in the region grew more slowly than low-income countries overall.

The Investment Climate: According to the World Bank's Investment Climate Surveys, the local investment climate has facilitated greater international integration in Latin America. In Brazil, labor market flexibility has resulted in greater productivity. According to the World Bank/IFC's *Doing Business in 2006*, the region is reforming at the second-fastest rate of all regions: three-quarters of the region's countries demonstrated reforms in at least one aspect of "ease of doing business" over the previous year.

The State of Infrastructure: In Latin America, both coverage and quality of infrastructure have seen sustained improvements in the last decade. Still, as with macro reforms in the region, these improvements have not yet yielded the expected growth payoff.

Trade Reform: Tariff liberalization by OECD and developing countries caused a two-percentage point reduction in the overall trade restrictiveness index (OTRI) for the world as a whole, to 14 percent on average. OTRI for Latin America and the Caribbean overall is 17 percent.

Meeting the Human Development Goals

- While there is variation among countries, the Latin America and Caribbean region overall is on track to meet the goals of universal primary education, gender parity in primary and secondary education, and maternal mortality.
- In Argentina, the female share of nonagricultural wage employment rose from 36 percent in 1990 to 48 percent in 2003.
- Outside of Africa, all low-income countries are making some, if insufficient, progress in the area of child mortality. Some countries are achieving exceptionally sharp increases in child survival, Peru among them: In 1990 the under-five mortality rate was 80 per 1,000 live births; in 2004 it was 29.
- No region has yet achieved a declining rate of new HIV infections. But Haiti's epidemic, one of the oldest, could be turning a corner: HIV prevalence among pregnant women there fell from 6.2 percent in 1993 to 3.1 percent in 2003–4, with the most pronounced decline in urban areas. The number of people on antiretroviral treatment now exceeds 80 percent in Argentina, Brazil, Chile, and Cuba. As a result of the scale-up in treatment, between 250,000 and 300,000 deaths were averted in 2005.
- Latin America and the Caribbean is one of just two regions (with East Asia) on track to meet the MDG target for water and sanitation.

Monitoring And Improving Governance

In the new framework for monitoring governance outlined in the GMR, factors that help sustain effective governance include appropriate checks-and-balances institutions such as accountable local governments and a free press, the voices of citizens and firms, clear rules and expectations within the system, transparent information to monitor performance and enforcement mechanisms that reward success and address failure. Some examples:

- Chile invested on average 5 percent of GDP in infrastructure during the second half of the 1990s without resorting to significant borrowing, primarily through reallocation of expenditure, increased efficiency and the use of public-private partnerships. One consequence was that the country's credit rating increased, enlarging its unused borrowing capacity, and giving it greater fiscal flexibility for potential future use.
- Investing well across sectors, in Coahuila, Mexico, the "piso firme" program has upgraded dirt floors to cement floors in slum housing, benefiting more than 34,000 people since 2000. An impact evaluation found clear health benefits for children under age five: 20 percent less diarrhea and anemia, and 12 percent less infection with parasites. The improved health also translated into better brain development (children in the treatment homes scored 8 percent higher on cognitive tests), and older children missed fewer days of school.
- Half a dozen countries in the region have adopted Freedom of Information Laws; nearly a dozen more are currently considering them.

- A case involving the Dominican Republic shows how the extraterritorial reach of the AML/CFT framework can help developing countries support their governance efforts at home
- One of the more successful cases of international asset recovery was in Peru: Vladimiro Montesinos, former head of the Peruvian National Intelligence Service, who had fled Peru in September 2000, was captured and prosecuted on corruption charges. In the end, some \$170 million was recovered—owing to the high level of cooperation among Swiss, U.S., and Peruvian judicial authorities.
- The Inter-American Convention against Corruption, adopted in 1996, was the first anticorruption convention. All 34 members of the Organization of American States have ratified the convention, although only 15 have provided the required legal information. At the urging of civil society groups, state parties established a follow-up mechanism for implementation in 2001. Since then, a committee of government-appointed experts has started to produce country review reports, 23 of which have been published. In 2005 it was decided to post annual country progress reports, and 20 are currently available.
- During the first nine months of a 1996–7 crackdown on corruption in Buenos Aires, Argentina, the prices paid for basic inputs at public hospitals fell by 15 percent. In customs, the use of private international firms to conduct pre-shipment inspection of imports has been associated with increases in the growth rate of import duties of 6 to 8 points annually.