AMBITIOUS GOALS TO DEVELOP INFORMATION SOCIETIES BY 2010

More than 80 targets to promote the use of information and communications technologies (ICTs) were adopted by the II Ministerial Conference on the Information Society in Latin America and the Caribbean, held 6-8 February 2008 in San Salvador, El Salvador.

The new goals are part of a renewed regional development strategy, the eLAC2010 Regional Action Plan, that poses new challenges and extends the objectives of eLAC2007, the blueprint in place between 2005 and 2007. These changes update regional priorities for ICT access, use and capacity in six areas: education and training; access and infrastructure; health; public administration and e-government; productive sector and e-business; policy instruments and strategies.

Access to shared Internet use, which in Latin America (continued on page 6)

RECESSION IN THE UNITED STATES COULD REDUCE REMITTANCES TO LATIN AMERICA

Remittances sent to Latin American countries exceeded US$60 billion in 2006. These funds supplement the income of receiving families, most of whom come from low and medium income sectors, and support their domestic consumption and savings. A reduction in these remittances as a result of a possible economic recession in the United States could have a recessive impact in receiving countries.

So states Andrés Solimano, ECLAC Regional Consultant, who notes that recession in the United States—home to 87% of the Latin Americans who leave the region—could reduce employment and salaries of migrants to the northern nation.

However, if more remittances were earmarked for savings, the recessive impact within receiving countries could be lessened, Solimano suggests. Research indicates that between 70% and 80% of remittance funds are spent on consumption, with the remainder saved or invested in housing, education and other areas.

If the percentage of remittances destined for savings by receiving families were to increase, the impact of a possible U.S. recession on consumption in home countries would be diminished. This could isolate one of the factors behind the possibility of recessive knock-on effect, according to Solimano.

Remittances account for a significant part of GDP in several Latin American and Caribbean countries, Solimano states in Migraciones internacionales, remesas y el desarrollo económico: la experiencia latinoamericana (International Migration, Remittances and Economic Development: The Latin American Experience), ECLAC Series N° 59, Macroeconomía del desarrollo, written in collaboration with economist Claudia Allendes.

Migration: Background

In the era in which Latin America was viewed as a “land of opportunity,” beginning around 1870, average per capita income in Italy, Spain, Portugal, Norway and Sweden was similar to that of Argentina, Brazil, Chile, Colombia, Mexico, Peru, Uruguay and
ECLAC AT 60: CONTRIBUTIONS TO THE DEVELOPMENT OF LATIN AMERICA AND THE CARIBBEAN AND THE CHALLENGES AHEAD

José Luis Machinea

This year marks the 60th anniversary of the decision, in 1948, by the United Nations to create the Economic Commission for Latin America. The Caribbean region was subsequently incorporated, giving birth to the institution we now know as ECLAC.

The mission given our institution was to collaborate with the countries of the region in their efforts to improve the living standards of their peoples. This is what we have done for the past 60 years, through support of economic and social development.

ECLAC has analyzed the diverse realities of the region in great depth and detail through two main instruments: economic and social research, and cooperation and technical assistance to governments.

A look back at some of the main contributions of ECLAC over the past six decades and reflections on the challenges to come are an appropriate way of marking this milestone.

ECLAC emerged in the years following the Second World War, in a world of reconstruction and Cold War polarization. Its first efforts pursued the construction of a development philosophy that the region could call its own and that reflected regional realities, without ignoring global trends.

The UN regional commission used the seminal theories of Raúl Prebisch, which changed the face of Latin American industrialization, as the foundation of its theoretical framework. Many economists and social thinkers participated in the construction of this theoretical vision of Latin American development, among them: Celso Furtado, José Medina Echeverría, Juan Noyola Vásquez, Osvaldo Sunkel, Jorge Ahumada, Aníbal Pinto, Fernando Enrique Cardoso and Enzo Faletto. Their contributions formed the era of Latin American structuralism.

By the mid-1970s, Latin America was immersed in crisis caused by shifting world markets, military dictatorships and foreign debts, culminating in the 1982 debt crisis. This particularly critical moment for ECLAC was met with intelligence and courage by Executive Secretary Enrique Iglesias.

For the past 60 years, our permanent concerns of growth, technical progress, social justice and democracy have constituted a comprehensive means of understanding economic and social development.

ECLAC has been able to adapt its historic view of development to new trends in the world economy. Fernando Fajnzylber’s work was key to helping ECLAC discern the root causes of inadequacies in the region’s development model: the absence of growth with equity and technical progress. These concepts gave birth to the idea of Productive Transformation with Equity (transformación productiva con equidad, TPE), which the ECLAC Executive Secretariat, under Gert Rosenthal, would propose as the development strategy for the region. The model of productive transformation with equity would later undergo numerous adaptations, incorporating environmental considerations and open regionalism. New ideas accrued under the direction of José Antonio Ocampo as ECLAC Executive Secretary, stressing the role of citizenry, financing for development and the impact of structural reforms in the region.

Over the current decade, the social dimensions of development have been intensely researched, with emphasis on poverty, income distribution, social protection, the Millennium Development Goals and social cohesion.

Productive development and technical progress have been permanent areas of research by ECLAC since its creation and feature in the proposal we will be making at the XXXII Session in June on public-private partnerships for technological innovation and sustained growth.

For the past 60 years, our permanent concerns of growth, technical progress, social justice and democracy have constituted a comprehensive means of understanding economic and social development. This is the legacy of the rich intellectual tradition we have inherited and that we must value and preserve with pride.

To this, we can add examination of emerging issues on the global scale. Sustainable development, climate change, energy security and social issues of gender, youth and ethnic minorities are among those that will define our next 10 years.

I am convinced that today, as over the past 60 decades, ECLAC collaboration will allow the countries of the region to achieve sustainable development through growth with equity and environmental protection.

The author is the Executive Secretary of ECLAC.
Ambitious Goals...

eLAC is an endeavor that supports the fulfillment of Millennium Development Goals for 2015 and those of the World Summit on the Information Society (WSIS). But the dynamism and speed of technological change means that public policies must be redefined every two or three years. As a result, just 20% of eLAC2007 goals remain unchanged, half have been readjusted to reflect ongoing developments and 30% are totally new.

Follow-up and measurement of targets is an important element of eLAC design, which tracks progress and setbacks in the region. According to Monitoring eLAC2007, between 2005 and 2007, the region advanced in 15 of 27 quantitative targets but showed moderate or insufficient advances in 12.

The process was launched through a wide-ranging consultation exercise involving government officials, academics, civil society and the private sector to update targets for the 2008-2010 period. Participants across the region made 1,454 contributions to the eLAC Policy Priorities Delphi, organized by ECLAC. It consisted of three rounds of online surveys and other non-electronic components. The experience has been hailed as a model for multisectoral participation and an innovative instrument for public policy development within the UN framework. Some 60% of the targets approved by government Ministers in eLAC2010 came directly from this exercise.

“The process to reach a new eLAC has been excellent,” said John Gillette of Trinidad & Tobago’s Public Administration and Information Ministry, and his government’s representative to Buenos Aires and San Salvador preparatory meetings. “Its targets relate to work we are already conducting in our own countries. Taking advantage of this synergy is one of the important benefits of the eLAC process.”

Participants in the Ministerial Conference praised the degree of regional integration achieved around issues of how to maximize ICT use and its potential as a tool to improve social inclusion and cohesion.

“eLAC is the major joint effort for ICT policy in Latin America and the Caribbean, and represents an agenda of policies developed regionally to facilitate ICT adoption through cooperation and the exchange of best practice,” ECLAC Executive Secretary José Luis Machinea said in his inaugural address to the II Ministerial Conference.

In the current stage of Latin American and Caribbean economic development, the countries of the region are focused on improving their budgetary and financial administration practices, both at the national and local levels. This is taking place in a context characterized by better control of public financial balances and debt.

In the view of ECLAC, three principles must be taken into account during this new stage. The first is that of fiscal discipline throughout the macroeconomic cycle. This reflects the lessons of the recent past, which has clearly demonstrated that application of pro-cyclical policies can produce serious problems of financial sustainability.

It is important to incorporate into the budget formulation process itself the concept of medium-term equilibrium. This will help de-link the pace of public expenditure from the marked volatility of Latin America’s fiscal incomes.(1)

The second principle is fiscal transparency. While the inadvisability of granting excessive powers to the Legislative Branch has long been a watchword of budgetary practice, the current trend in many countries appears to do just that, entrusting the Executive Branch with a high degree of discretionary power. This inclination to “fiscal caudillismo” is not sound. While it is not synonymous with lack of discipline, it often obscures budgetary institutionality.

Moreover, case studies demonstrate that neither legislative bodies nor sub-national governments have escaped the clamor for greater transparency in allocation of public resources.

Efficiency and Efficacy

The third principle is to safeguard the efficiency and efficacy of public spending. In this respect, numerous countries have launched ambitious projects to evaluate the performance of public programmes. While these initiatives are praiseworthy, it is important to monitor their development, build adequate information systems, adapt existing institutions and create direct links between the evaluation process and the budgetary cycle.

This final challenge is perhaps the most relevant, since, in the past, and all too frequently, these evaluation exercises have had little real impact on resource allocation. This demonstrates the need to advance simultaneously toward more flexible forms of budgeting, eliminating rigidities and programming for a medium-term horizon.

ECLAC actively supports the governments of the region in their efforts to reform public administration and achieve greater fiscal transparency. It values the role of institutions in global macroeconomic performance.

The UN regional commission’s Latin American and Caribbean Economic and Social Planning Institute (ILPES), with support from the German cooperation agency GTZ, has conducted consultancies, national and international courses, and high-level workshops (in Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic Ecuador, Guatemala, Mexico and Peru) in budgetary practices and financial administration.

Results-based Management

In the macroeconomic sphere, the purpose of these initiatives is to demand a necessary but hard-to-achieve consistency between budget formulation and its execution, aiming particularly to strengthen relations between the Executive and Legislative branches. In the organizational sphere, the mission is to strengthen innovative processes in results-based management.

In both cases, a multi-annual and participative perspective is necessary to support planning in public administration. The aim is to promote and approve incorporation of new instruments for budget policy design and evaluation, and to disseminate best practice in results-based public administration.

The new ECLAC document *Presupuestar en América Latina y el Caribe* (Budgeting in Latin America and the Caribbean) presents material from meetings and seminars held between 2005 and 2007 and an overview of budgetary reforms in Argentina, Brazil, Colombia, Costa Rica, Dominican Republic Ecuador, Guatemala, Mexico and Peru.

(continued on page 5)
Rica, Ecuador, Mexico, Peru and Uruguay. Changes have continued, but these studies still promote a greater understanding of these national processes of financial governability.

Using these case studies, the document analyzes the relation between budget and planning. In some countries, government plans become instruments to establish spending priorities and budget allocation, with prioritized processes and systems (see chart). In others, performance evaluation systems have proliferated, aimed at strengthening accountability at the level of institutions and programmes.

Case studies show the enormous diversity of mechanisms, norms and institutions involved in the budgetary process, according to the 200-year tradition of each country. It is important to stress that there is no “one size fits all” model of financial administration. All countries share obstacles and limitations, and multiple “best practice” options exist."

The author is Head of Budget Policies and Public Administration at ILPES, ECLAC.
Recession in the United States...

Venezuela. By 1913, Argentina, Chile and Uruguay had higher per capita incomes than Italy, Spain and Portugal.

Immigration spilled onto the shores of Latin America. Argentina alone received some 6 million immigrants from Europe, mostly Italy and Spain.

This trend had been reversed by the end of the 20th century. Latin America has become a net exporter of population (and often of capital, as well), as growth slowed and economic volatility and bouts of financial crisis increased.

Additional factors in the waning of European migration to Latin America are the region’s persistent levels of poverty and unequal income distribution, chronic unemployment, informality, political crisis, violence, armed conflict and the collapse of its democracies.

The expansionary cycle of Latin American economies over the past four years –if maintained– could change the current trend of out-migration from the region.

Profile of Migrants

According to ECLAC research, migrants to the region represent nearly 1% of the total population, whereas out-migrants account for 3.8%. In 2000, the country with the highest level of out-migration was El Salvador (14.5% of the population), followed by Nicaragua (9.6%), Mexico (9.4%) and the Dominican Republic (9.3%).

In 2000-2001, documented Latin American residents of Organization for Economic Cooperation and Development (OECD) countries totaled 21 million (some 4% of the Latin America/Caribbean population). Of these, 18 million reside in the United States (87%); 840,000 in Spain; 620,000 in Canada; and 328,000 in Great Britain.

Three socio-demographic trends characterize Latin American migration: high levels of female out-migration; concentration of migratory flows in the age groups most economically active; out-migrants with a higher level of schooling than home-country peers.

Resources for Development

Between 2001 and 2006, remittances from Latin America and the Caribbean increased from US$24 billion to US$60 billion annually. These funds are an important source of financial resources for economic and social development in Latin America, according to Solimano and Allendes.

At the top of the list of countries receiving remittances is Mexico (US$23 billion in 2006), followed by Brazil (US$7.3 billion) and Colombia (US$4.2 billion). In three countries, remittances exceed 20% of GDP (in 2002 figures): Haiti (33%), Nicaragua (29%) and Jamaica (23%).

In the Caribbean countries, where remittances over GDP increased from 3% to 13% from 1990 to 2002, empirical studies indicate that (controlling for other factors) a 1% increase in remittances increases private investment over GDP by 0.6%.

“Collective” remittances sent home by immigrant associations in developed countries contribute to financing schools, hospital equipment and neighborhood improvements.

While no consensus exists among experts concerning the impact of remittances on economic growth in receiving countries, it is evident that these funds contribute to the well-being of individual families at the receiving end.

A World Bank study indicates that a 10% increase in the participation of remittances in GDP brings a 3.5% drop in the percentage of people living below the poverty line. ECLAC figures (2005) show that the impact of remittances on poverty across the total population of Latin America has not been significant.

Improvements in the efficiency of the international remittance market would increase their impact on development. One example of improvements needed is to accelerate the trend toward lower commissions charged by intermediaries and thus increase the amount of funds reaching families at the receiving end.
THE FAIR GOES TO THE PLAZA: “EXPERIENCES IN SOCIAL INNOVATION,” PORTO ALEGRE 2007

The Social Innovation Fair is a showcase for the most innovative initiatives presented to the “Experiences in Social Innovation” competition, organized by the Economic Commission for Latin America and the Caribbean (ECLAC) with support of the W.K. Kellogg Foundation.

This year, the Fair conducted its own innovation: it was held in a public park, open to passersby who could stop at the stands, get to know the projects and meet this year’s winners and finalists in the main plaza of Porto Alegre, Brazil.

A total of 17 of community initiatives were showcased, dealing with problems as diverse as water pollution, violence in schools, maternal/child health and the solitude of the elderly.

Winners of this third competition were chosen from among 900 applicants by the Selection Committee, ECLAC experts, external evaluators and site visits.

A highlight of the Fair, held 4-7 December, was the lecture on social development in Latin America and the Caribbean given by Enrique Iglesias, Ibero-American Secretary General. Presiding at the Awards Ceremony was José Luis Machíne, ECLAC Executive Secretary; Wenda Moore and Ramón Murguía, Kellogg Foundation board members; Fernando Schuler, Secretary of Justice and Social Development of the State of Rio Grande do Sul; and Eliseu Santos, acting Mayor of Porto Alegre.

Showcase for Top Projects

- A community health program from Brazil, Four-Leaf Clover, won first prize. This municipal programme attends pregnant women and newborns in Sobral, Ceará, using a model of levels of care (pre-natal, childbirth, post-childbirth and neonatal) that corresponds to the lucky four-leaf clover.

“Makes the most of the community’s social energy.”
- Selection Committee

- An initiative that transforms a time-honoured community tradition into a tool for progress took second place. Bolivia’s Student Housing with Families project helps boys and girls from rural areas attend school, reviving the practice of housing students (uitawawa) but eliminating the obligation to work in exchange for room and board.

“Provides a message of tremendous optimism.”
- Selection Committee

- Third prize went to a local development project in San Rafael de la Laguna, Ecuador. What began as a water treatment project is now a sustainable development and business model that has helped the community to generate income and improve its quality of life.

“An example of the enormous will power for change associated with the use of appropriate technologies.”
- Selection Committee

- Taking fourth place was an association of small farmers in the Brazilian Amazon who have adopted a new, cooperative form of organic farming. RECA cooperative members who a few years ago were living at levels of basic subsistence now earn incomes over the national minimum wage.

- Fifth prize was shared by two projects. A programme to prevent violence in schools in Bariloche (Argentina) promotes conflict resolution and mediation by peers. A circus arts training school and scholarship programme in Belo Horizonte, Brazil tackles the often-hidden problem of child domestic labour.

Honorable Mentions

Two initiatives received special honourable mentions: a literacy programme that harnesses public and private sector efforts across Brazil; and a project of comprehensive care for young HIV/AIDS sufferers at social risk in Colombia.

Also chosen as finalists in 2007 were:

- A volunteer-staffed telephone network in Córdoba (Argentina) to accompany senior citizens provides supports to elders who live alone or simply need someone at the other end of the line.

- A programme to integrate boys and girls with special educational needs into the Peruvian school system.

- Employment opportunities for gang members in El Salvador helps young lawbreakers find employment and provides an option to migration abroad.

- Prevent child labour and shelter street youths in Mexico.

Summaries and photos of this year’s winners and finalists can be found in the Bank of Innovative Projects on the ECLAC/Kellogg Social Innovation website.

Competition 2007-2008

The deadline for application to the fourth round (2007-2008) of the competition closed on 25 January 2008 and this year’s Social Innovation Fair will be held in November in Medellín, Colombia.

Some 4,300 projects have entered the competition since its launch in 2004. The contest aims to identify, evaluate, provide recognition and disseminate widely innovative social development initiatives that benefit the under-privileged.

More information at http://www.cepal.org/dds/Innovacionesocial/portada_1.htm
These should correspond to regional characteristics of countries that, to a greater or lesser degree, operate market economies and democratic systems of government.

### Event Calendar

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<td>Seminar: Urban Mobility Policies and Urban Transport Infrastructure, <strong>ECLAC</strong> Natural Resources and Infrastructure Division.</td>
<td>Buenos Aires, Argentina</td>
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<td>Visit by the President of Italy, Giorgio Napolitano. Lecture: “Latin America and Europe: Parallel Processes of Integration.”</td>
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<td>Flag-raising ceremony, Republic of Korea.</td>
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<td>27</td>
<td>Launch: “Latin America and the Caribbean: Intellectual Property and Free Trade Accords,” Alvaro Díaz, Ambassador of Chile in Brazil.</td>
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<td><strong>APRIL</strong></td>
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<td>24</td>
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<td>28</td>
<td>High-Level 60th Anniversary Seminar: “<strong>ECLAC</strong>’s 60 Years: Visions of Latin America and the Caribbean.”</td>
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<td><strong>JUNE</strong></td>
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<td>9 - 13</td>
<td><strong>ECLAC</strong> XXXII Session</td>
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