Latin America has turned in its best performance in 25 years in economic and social terms. Progress in poverty reduction, together with improvements in unemployment and, in some countries, income distribution, as well as increases in the number of jobs, are the main factors underlying the positive trend in a number of the region’s countries.

These encouraging trends are reflected in the most recent estimates of poverty and indigence, which decreased for the third consecutive year, in 2005. According to the latest available figures, in that year 39.8% of the population of Latin America and the Caribbean (some 209 million people) lived in poverty and 15.4% (81 million people) lived in extreme poverty or indigence.

This represents a decrease of more than 4% in relation to figures for 2002, which registered levels of poverty and indigence of 44% and 19.4%, respectively.

The Social Panorama of Latin America 2006, released recently by ECLAC, also gives estimates of the magnitude of poverty for 2006. Its projections for this year estimate that the number of people living in poverty and extreme poverty in the region will continue to decline to 38.5% (205 million people) and 14.7% (79 million).

These figures indicate decreases in rates of poverty and extreme poverty in numerous countries in the region, as compared to 2001 and 2002. The most significant improve-

Community Response to Domestic Violence Wins Social Innovation Competition

They suffered in silence from domestic violence, for fear, shame and the impossibility of defending themselves. Slowly, through the Cuzco (Peru) project Defenders: A Community Response to Domestic Violence, they raised their Quechua voices and together began to confront the difficult situation in which they live.

Today, these women are the first prize-winners of the Experiences in Social Innovation Competition 2005-2006, held by ECLAC, with support from the W. K. Kellogg Foundation.
Our region can achieve more
José Luis Machinea

The recent economic achievements of Latin America and the Caribbean demonstrate that, over the coming decade, our region can reach more ambitious targets for poverty reduction than those established in the UN’s Millennium Development Goals (MDG).

The outlook for sustained recovery (begun in 2003) of regional growth lets us view the last four years as the best period of economic and social performance of this quarter-century.

The progress made in reducing poverty rates over three consecutive years, the drop in jobless rates in countries with growth rates near or above 4%, and some improvement in income distribution are highlights for us to reflect upon. For the first time in many decades, the international environment is encouraging and national authorities are reconciling financial stability with economic growth.

Rarely have current and future prospects for regional progress justified the note of optimism brought by the year 2006. This scenario is a product of positive factors that may prove to be sustainable over time. According to the latest ECLAC projections, all signs indicate that Latin America and the Caribbean will continue to expand economically (although not necessarily at the average rate of 5.3% of the last three years).

New figures on poverty and indigence released in ECLAC’s Social Panorama of Latin America 2006 point to improved living conditions for the people of Latin America and to the enormous challenges that lie ahead. Poverty and indigence rates show an appreciable drop between 2002 and 2005, a trend which is expected to have continued during 2006. But we must not forget that the region has taken 25 years simply to return to the poverty levels of 1980. Today, 205 million Latin Americans are poor, and 79 million indigent.

Given these recent advances, Latin America and the Caribbean has to grow just 2.8% annually over the next nine years to meet its first Millennium Development Goal for 2015: reduce indigence to 11.3% (a target corresponding to half its 1990 level). With the pace of GDP growth similar to that of the past 16 years, it is highly probable that Latin America will indeed meet this target.

This is an achievement, but it is not an adequate goal. Once the region meets its first Millennium Development Goal, the year 2015 will still see 68 million Latin Americans living in misery. Moreover, this Millennium Development Goal will be met through a low growth rate (2.8%) that is not sufficiently dynamic to spur progress in other areas – like lowering un-and under-employment rates – that are central to the region’s well-being and the sustained reduction of its poverty levels.

For this to occur, Latin America must set itself a more appropriate goal to fight dire poverty than the one established in 2000 by the MDG agenda for developing regions overall. A new Latin American goal would impose stricter requirements for economic growth and for narrowing the inequality gap in income distribution. Given our recent progress, this should not be considered beyond our reach.

A new regional goal for 2015 could be the reduction by half of poverty and not just indigence rates from their 1990 levels. This can be achieved if the region grows by an annual average rate of 4.7% – a figure that matches the highest rate registered during the volatile 1991-2005 period but beneath the 5% rate of the past three years. Meeting this target would accelerate the reduction of extreme poverty to a regional rate of 8% in 2015. Many countries, including the region’s two most populous, would see their poverty rates drop to 5% or less.

Countries like Bolivia, Guatemala, Honduras, Nicaragua and Paraguay with poverty levels of 60% and more are not likely to meet this goal, which requires annual growth rates of at least 9%. In these countries, the reduction by half of extreme poverty and hunger remains our most pressing challenge and one in which greater official development assistance (ODA) is indispensable.

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The author is the Executive Secretary of ECLAC.
ments occurred in Argentina (26% poverty rate in 2003-05, compared to 45.4% in 2000-02) and Venezuela (37.1% in 2003-05, compared to 48.6% in 2000-02). Colombia, Ecuador, Mexico and Peru also presented decreases of nearly 4 percentage points.

While overall progress in Latin America is encouraging, poverty levels remain high and the region still faces a great task, the ECLAC report states.

ECLAC uses these new figures as the basis for a fresh examination of regional progress toward the first target of the UN Millennium Development Goals (MDG): eradicate extreme poverty and hunger by the year 2015. The projected decrease in extreme poverty for 2006 represents a 69% advance toward meeting the first MDG.

In this respect, the region is well-positioned in its commitment to reduce extreme poverty by half by the year 2015.

While the long-term perspective suggests that income disparities will persist, the past six years have seen overall improvements, especially in four countries: Brazil, El Salvador, Paraguay and Peru.

This year’s ECLAC report addresses two issues of special relevancy for Latin America and the Caribbean: the socioeconomic inequalities faced by indigenous peoples, and the changes currently underway in the region in family composition.

As regards families, the Social Panorama of Latin America analyses changes in its structure and reviews family-oriented programmes and policies in the region. The report takes account of the continuing trend toward greater variety of family types, and particularly the greater proportion of single-person and female-headed single-parent households.

This requires changes to overcome the current limitations of public institutions responsible for family issues in the region and a new approach by governments to family policies and programmes.

Unemployment falls

Following more than a decade of persistent growth in unemployment, the past four years (2002-2005) have seen a decrease in urban unemployment rates in most Latin American and Caribbean countries. This trend, and the parallel upturn in job creation in cities, are factors that have contributed to recent advances in combating poverty.

According to the Social Panorama, the year 2002 saw a reversal of the unemployment trend and the beginning of a partial recovery in waged employment.

The regional unemployment rate, based on official figures from the countries, went from 11.0% to 9.1% between 2002 and 2005, and is expected to decrease even further in 2006, to about 8.5%.

At the same time, the yearly job creation rate increased between 2003 and 2005, as compared to the 1991-2002 period. In 2003-2005, the total number of job-holders in urban areas rose by just over 5.3 million per year, well in excess of the 3.3 million per year increase over the 12 previous years.

The sharpest falls in unemployment took place in Argentina, Uruguay, Panama, Venezuela and Colombia (in that order) – countries whose economies expanded the most over the past three years.

Youth unemployment, which remains well above average, showed the greatest decline. But despite this progress, the decline in urban unemployment failed to improve the gender gap, as women’s unemployment rates remained higher than men’s.

The ECLAC report cautions that unemployment in Latin America continues to be high – around 3 percentage points above the 1990 level.

This is partly due to rising rates of participation in the labour force, primarily through the increasing incorporation of women: between 2002 and 2005, around 2.8 million women and 2.5 million men joined the workforce, compared with 2.2 and 2.0 million, respectively, in 1990-2002.

Pending challenges in social security protection

While recent years have seen an important rebound in waged employment, this has not been accompanied by significant changes in the quality of employment. The Social Panorama indicates that, between 2002 and 2005, some 77% of all people employed in urban areas held salaried employment, and almost 91% of them found jobs in the formal sector, although some one-in-four entered positions with no social security protection. Currently, two-out-of-three wage earners in the region are covered by social security.

As noted by ECLAC at its 31st session (held in Montevideo, in March 2006), the current levels of employment-based social security coverage – and the low wages paid to workers who are not covered (US $226 dollars monthly, on average, at 2000 prices) – limit progress towards a universal system of retirement and similar pensions that would establish minimum benefits with sufficient long-term funding.

It is therefore important, the ECLAC report states, for countries to adapt their social protection systems to the conditions prevailing in Latin America’s labour markets. This requires alternative forms of contributions, the integration of contributory and non-contributory systems, and a clear definition of the benefits provided.

Only these steps will bring progress in the provision of social protection to workers and their families.
The continuing relevancy of the vision of ECLAC economist Fernando Fajnzylber, who passed away 15 years ago, is enormous. The words of former ECLAC Executive Secretary Gert Rosenthal – “Fernando lives among us” – are anything but rhetorical.

Fajnzylber’s intellectual legacy lives on in today’s economic and social debate about Latin American development.

In meetings, courses and seminars, inside and outside of ECLAC, I continually hear students and young colleagues refer to Fajnzylber’s vision of “truncated industrialization” and the empty box syndrome where economic dynamism and acceptable levels of social equity come into play.

I hear them addressing the idea of equity not simply as an ethical imperative but as a necessary component of development in the age of knowledge.

The urgency of adding value to our productive base, of technological innovation, the centrality of education and knowledge, the importance of comparative analysis, a systemic approach in a world where not only businesses but also countries compete: these contemporary concepts are essential elements of Fajnzylber’s intellectual contribution to regional economic development theory and policy.

It is just as impressive to discover the validity of Fajnzylber’s tremendous intuition, in his later writings, concerning the importance of environmental sustainability and of cultural contexts and social cohesion as requisites for success in the quest for development – ideas that, anticipating the times, he had only begun to reflect upon and sketch out in conversations with friends. All now form part of ECLAC’s intellectual production.

As a heterodox economist, Fajnzylber was equally a free and structured thinker who disdained intellectual fashions and the absence of solid memory, and who recoiled from both conservative nostalgia and opportunistic transformations.

Fajnzylber’s was “weak thought” as used by Vattimo; that is, fed by provisional truths and open to the possibilities of new evidence. At the same time, Fajnzylber’s thinking was strong in convictions and energetic in its message. He coincided with French sociologist Alain Touraine (who had enormous respect for Fajnzylber) in believing that Latin America must become “even more aware of its possibilities than of its difficulties.” And he concurred with José Aricó, the esteemed Argentine historian, in rebelling against “the philosophy of the complaint” in which Latin America “cannot be because someone condemns us not to be.” Theories of dependence and under-development emerged to tell us that the essence of our maladies comes from elsewhere, and not from our capacity to govern or administrate, nor from our own development. “I’m not saying,” Aricó stated, “that dependency does not exist or that under-development does not exist: I’m talking about the ideological and political use of this kind of categorizing.”

Fernando was completely detached from this school of thought; he believed realistically and responsibly in the possibility that we would change things. He noted, firmly, that the task of achieving productive transformation with equity required an “internal, indispensable, non-transferable and non-postponable effort.”

This volume compiled by Miguel Torres not only shows us the highlights of Fajnzylber’s work and lexicon – the source of terms like spurious competitiveness and authentic competitiveness that are used today as if they had existed always. This biography also shows us, rightly, the human being, dear friend and enlightened presence.

Fernando’s smile was quick and friendly; his humour caustic and directed, first and foremost, at himself. His constant metaphysical musings on life and its finite mysteries never sunk into melancholy paralysis, and his horror of pompous fools was unforgiving. Fernando could jump from the greatest intellectual abstraction to the quaint, amusing detail without missing a beat.
A circle of affection surrounded and protected him from the inevitable small-mindedness and jealousies of human nature, and to which he paid no notice.

One day, he summarized his philosophy of life as follows: “We will never truly know if what we are doing makes complete sense but, like children playing at make-believe, we must do it as if it were meaningful and ‘for real’ and we must put all our effort into doing it well.” His eternal doubting brought him not to Nihilism but to practical Humanism. As Montaigne wrote: “Nothing is as beautiful nor as legitimate as carrying out duly and well the mission of humanity.”

His entire life was marked by this mission.

Fernando enjoyed ECLAC and served it with tenacity, considering himself privileged to work in this institution that allowed him to think about and be near the problems of Latin America. The region was his realm, as was Chile and the world, since his cosmopolitanism was candid, curious and unblinking. He marveled equally at Mexico, Paris, Tokyo and San Francisco, absorbing knowledge or simply basking in diversity.

In a tribute held shortly after Fajnzylber’s death, then-Minister of Education of Chile, Ricardo Lagos, noted that perhaps the one thing that Fernando had failed to do as a professional was to hold public office. He received many offers but accepted none. On one occasion, he told me he’d “only leave ECLAC if Lagos were President of Chile.” The timing never coincided but throughout the six years of Lagos’ presidency, Fernando’s serene gaze – the one that looks out from the cover of this book – was always near the Presidential office.

On the final day of his life, Fernando Fajnzylber was particularly content; he had just completed, that afternoon, the introduction to his book “Educação y conocimiento: eje de la transformación productiva con equidad” (“Education and Knowledge: Basic Pillars of Changing Production Patterns with Social Equity”). His animated conversation buzzed with the intellectual spirit of 1991 and with new ideas surging urgently and nervously for the coming year.

This is the Fernando who remains in our minds’ eye, and whose presence there makes more absurd his absence and more unbearable our grief.

Fernando’s final publication, whose precepts on education and knowledge remain valid today, was presented at ECLAC’s XXIV Session in 1992. Gert Rosenthal asked me to present it. It was a great honour for me – the most painful honour of my life.

It is true: Fernando remains among us, and this book will strengthen his forceful, kind and creative presence.


The author is Acting Deputy Executive Secretary of ECLAC.
year’s prizewinners in showcasing their projects at the Social Innovation Fair, held on 8-10 November at the Universidad Autónoma Metropolitana’s Xochimilco campus in Mexico City.

“We particularly value the linkages among social sectors and between the public and private spheres,” said Nohra Rey de Marulanda, the Selection Committee spokesperson. “We see this trend toward associativity emerging with great force.” She also highlighted the number of projects using a platform of rights as the basis of action to benefit indigenous communities, women and youth.

Second prize went to the Argentine project Support System for Youths in Court Custody, which provides alternatives to jail for young law-breakers by helping them move forward in life. The project accompanies youth offenders in the reinsertion process, using scholarship grants to promote respect by these youths for both their rights and their responsibilities. The model works with the public sector to establish synergies there and with other social actors, and provides an excellent example of efficient resource use.

Third prize was shared by two projects, both in rural development, income generation and food security, and both conducted by indigenous communities. These are Peru’s Sustainable Trout Production in Extensive/Intensive Systems in Lagoons and Cages, and Colombia’s Improving Living Standards through Recovery and Value-Added Improvements to Traditional Seeds in Rioblanco (Sotará, Cauca).

Health, education for visually-impaired, indigenous communication and opportunities for youth

Taking fourth prize was the Responsible Health for All programme from the Paraguayan community of Fram. This decentralized healthcare delivery model has brought marked improvements to the quality and outreach of community health services, including a 74% increase in pre-natal visits, a 90% increase in pediatric controls and a 100% increase in child vaccinations. Results are so successful that the model is now being replicated in 35 towns nationwide.

Fifth prize went to Pintando O Sete (‘Mischief makers’), an educational experience from Brazil that mainstreams visually-impaired youth into community and rural schools. Visiting specialists are recruited to train classroom teachers and school communities and to work with families. The project is noteworthy for the way it hooks into public health services, facilitating social, academic and labour integration for the visually-impaired and their families.

Given the outstanding accomplishments of this year’s contestans, the Selection Committee awarded two special Honourable Mentions. The first went to Argentina’s Indigenous Communications Network, in the category of Social Responsibility. The network promotes indigenous culture and community communication through radio broadcasts and newsletters. Some 135 radio stations broadcast its weekly show, produced by young reporters.

The second special distinction went to Colombia’s Phoenix Programme: Integrated Development and Opportunities for Youth in Situations of Conflict and Social Risk. This social responsibility project by Medellín businesses is aimed at youths at risk living in situations of conflict.

This year’s finalists came from Argentina (2), Bolivia (1), Brazil (3), Colombia (4), Paraguay (1), Peru (4) and Uruguay (1). All were commended by the jury for making tremendous contributions to the fight against poverty.

Winners received the following prizes: first place, US$30,000; second place, $20,000; third place $15,000; fourth place, $10,000; and fifth place, $5,000.

2006-2007 Round Opens

The Experiences in Social Innovation project aims to identify, analyze, recognize and promote the creative replication of innovative social initiatives in a framework of active community participation that strengthens citizenship and democracy.

For more information, see ECLAC’s website, at: http://www.cepal.org/des/Innovacionsocial; or the W.K. Kellogg Foundation Latin America and Caribbean website, at: http://www.wkkf.org/default.aspx?LanguageID=1, or call (56-2) 210-2272. Or send an e-mail to: innovacion.social@cepal.org.

The deadline for receipt of applications for the third round (2006-2007) of the competition is 12 January 2007.
Latin America is a region of great ethnic and cultural diversity. Today its States recognize 671 indigenous peoples, each with its particular demographic and territorial characteristics within the countries where they reside.

The emergence of indigenous groups as active social and political agents is one of the outstanding developments of the past two decades in Latin America and elsewhere, and has long-term impacts on democracies in the region. At the same time, indigenous groups face forms of discrimination – marginalization, exclusion and poverty – rooted in structural factors.

According to ECLAC’s recently-released *Social Panorama of Latin America 2006*, the region’s indigenous population numbers 30 million people (based on 2000 census data). Peru, Mexico, Bolivia and Guatemala have the largest indigenous populations, ranging from 8.5 to 4.5 million; Nicaragua, Honduras, Argentina, El Salvador, Panama, Paraguay, Costa Rica and Uruguay have less than 500,000.

Indigenous populations are predominantly rural (including some groups living in voluntary isolation), but also include communities living in urban areas and migrating internationally.

The regional socio-demographic panorama gathered by ECLAC gives new insights into the inequalities faced by indigenous peoples and the violation of their individual and collective human rights.

These include the right to non-discrimination; cultural integrity; ownership, control and access to land and resources; development and social welfare; political participation and free, prior and informed consent.

Overall, indigenous populations show a demographic structure that is younger in age than the national average, with higher fertility rates and higher infant and child mortality rates than non-indigenous groups. According to ECLAC, these findings point to the necessity of taking specific demographic, cultural and territorial realities into account in the design of public policies.

Part of this process is the shift to an international standard of individual and collective indigenous rights that generates new State obligations to respect, promote and guarantee these rights, and to design corresponding public policies and mechanisms for evaluation and implementation.

The ECLAC report also reflects the indissoluble link between indigenous people and their lands, which tend to be located in ancestral areas. But poverty, the invasion of colonists, and the interests of domestic and international corporations are fueling migration from these traditional areas to urban areas and even across national borders.

The construction of pluricultural democracies in Latin America as the 21st century unfolds demands not only the elimination of inequities, ECLAC states, but also real recognition of the identity, cosmovision, origins and humanity of the region’s indigenous peoples.
1. Capacidad de innovación en industrias exportadoras de Chile: la industria del vino y la agroindustria hortofrutícola (The Innovative Capacity of Chile’s Export Industries: Wine and Fruit) by Graciela Moguillansky; Juan Carlos Salas and Gabriela Cares. November 2006 (LC/L.2619-P). International Trade Series No. 79. This document evaluates the capacity for innovation of two food production chains in Chile – the wine and fruit industries.


4. Espacios Iberoamericanos (Ibero-American Spaces) by the Economic Commission for Latin America and the Caribbean (ECLAC) and the Ibero-American Secretariat (SEGIB). October 2006. (LC/G.2328/E). This document was elaborated for presentation before the XVI Ibero-American Summit of Heads of State and Government, which took place 3-5 November 2006 in Montevideo, Uruguay.

5. Financiamiento para el desarrollo: América Latina desde una perspectiva comparada (Financing for Development: A Comparative Perspective on Latin America) by Bárbara Stallings, with Rogério Studart. July 2006. (LC/G.2316-P/E) The authors express their disagreement with the new literature on financing and argue for a more balanced outlook that focuses on the specific conditions of each country.