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The IDB, Poverty and Racial Discrimination

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Mr. President, I rise today to bring attention to the situation of Afro-Latinos throughout Latin America, in the hopes that we can encourage more action on this issue. From Colombia to Brazil to the Dominican Republic to Ecuador, persons of African descent continue to experience racial discrimination and remain among the poorest and most marginalized groups in the entire region...

In places where civil conflict has taken hold, Afro-Latinos are much more likely to become victims of violence or refugees in their own countries. In many areas, Afro-Latinos are also subject to aggression by local police forces at far greater rates than those perceived to be white. Access to health services is another serious concern, and recent studies have shown that Afro-Latino communities are at greater risk of contracting HIV/AIDS.

In the last Congress, there was not one mention in the Senate of the millions of Afro-Latinos who continue to experience this widespread discrimination and socioeconomic marginalization. Now is the time for more action on this issue, not less...I look forward to working with my colleagues in the Senate and House on this critical concern in the coming months, and I believe that together we can and will make a difference.

Senator Barack Obama
May 25, 2005

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EXECUTIVE SUMMARY

Development organizations and multilateral aid agencies agree that Latin America, as a region, exhibits the highest levels of income and wealth inequality in the world, and conservative estimates show that poverty now affects over 180 million people.¹ The population of the region includes over 150 million Afro-Latinos¹ and 50 million Indigenous people,² who, together, make up 40 percent of the region's total population and are disproportionately represented among the poor.³

The Inter-American Development Bank (IDB), established in 1959, is the most important multilateral lender to the region, and the application of the principle of racial equality in the identification, preparation, and implementation of IDB programs or projects, as well as in its hiring, retention, and promotion practices, remains a challenge.

Substantial resources of the IDB come through periodic capital replenishments: the contributions of donor governments. The most recent of these increases was the Eighth Replenishment, approved in 1994, which made the US contribution contingent on the Bank's commitment to lending for poverty alleviation. The Bank is currently negotiating its Ninth Replenishment.

In the context of the Bank's Ninth Replenishment, US taxpayers will be asked once again to contribute significant capital resources.⁴ At the same time, in the US, the plight of Afro-Latinos, as well as Indigenous communities, has attracted high-level concern. In June, 2009, Afro-Latinos and Indigenous members of IDB watchdog groups approached the Government Accountability Project (GAP)⁵ about the lack of projects and loans designed to address the needs of their communities, as well as the under-representation of these populations on the Bank's staff. Sources also reported that the lack of targeted lending for projects to benefit Afro-Latino and Indigenous communities represents a violation of the conditions placed on the Eighth Capital Replenishment, made 15 years ago. Since hearing these concerns, GAP has examined the issue by interviewing current and former staff at the Bank, surveying knowledgeable observers, analyzing project information where available and reviewing published personnel data for 2007, the most recent year for which information is available. Official project and personnel information

¹ The term 'Afro-Latino' is used to identify a person of African descent born in one of the Spanish or Portuguese speaking countries of Latin America and raised in a household identifying with the norms, folkways, and values of Hispanic and Black cultures.

² Estimates are based on the number of respondents to surveys and censuses typically self-identify as Indigenous or report proficiency in an Indigenous language.

³ In June, nine non-governmental organizations (NGOs) delivered to IDB management a "Concept Note," in which they explained their concern that the lending of the IDB had failed, over the years, to reduce poverty and inequality in the region.

⁴ The single largest shareholder of the IDB is the United States, which controls 30 percent of the voting power and contributes 30 percent of the capital stock.

⁵ GAP is an NGO and law firm that represents whistleblowers in Washington, DC.

was provided by the US Executive Director's office and the IDB in response to written questions (Appendix A).

In the past, the IDB faced significant obstacles in addressing poverty as it affects Afro-Latino and Indigenous populations subject to racial and ethnic discrimination: the myth of "racial democracy" strongly prevailed in the region. According to this theory of race relations, the racially excluded could overcome the effects of discrimination through intermarriage or the accumulation of wealth. A growing body of national data demonstrating the persistence of inter-generational racial discrimination and poverty has challenged this myth, however, and many countries have enacted legislation to mitigate the negative impact of racial and ethnic exclusion. In contrast, the IDB has lagged behind on this front and the myth lives on there, most evidently in the lack of targeted lending and projects for the populations suffering this type of discrimination, and in the Bank's own personnel practices.

Information released by the IDB shows that the institution lent approximately \$45 billion between 2001 and 2005. During the same period, \$58.3 million in loan funds supported projects that incorporated components explicitly benefiting Afro-Latino and Indigenous communities – approximately 0.13 percent of total lending and technical cooperation grants (Appendix A). And yet, according to studies prepared for the World Bank and the [US Congress](#), over 50 percent of the poor in the region are Afro-Latino and Indigenous people.ⁱⁱ

The Bank's most visible effort to address the needs of these two populations was the Social Inclusion Trust Fund, operated between 2003 and 2006. Resources from the Fund financed grants to support small pilot projects (maximum amount US\$80,000). Staff members familiar with lending negotiations reported that governments expressed an unwillingness to scale up these projects using loan funds if the project objectives explicitly identified Afro-Latino and Indigenous communities as beneficiaries. Lack of awareness or commitment from Bank officers apparently impeded the use of the institution's considerable leverage with borrowing governments to fulfill its own commitment to social inclusion and poverty alleviation.

In terms of race-related personnel initiatives, research shows a clear increase in planning activity at the IDB related to the UN World Conference against Racism held in Durban, South Africa in 2001. To prepare for the conference the IDB developed a number of strategies designed to address racial discrimination in staffing. These initiatives, however, lacked binding targets that would ensure accountability. The omission of goals and deadlines disabled (i) the Institutional Strategy (1999) with a mandate to encourage internal diversity; (ii) the Human Resources Strategy (2001) with a mandate to expand and enhance human resource processes and practices to value and promote diversity at the Bank; and (iii) the Action Plan to Promote Diversity at the Bank, approved by the board of directors in December 2001. The more recent Diversity and Inclusion Strategic Framework includes certain targets and implementation mechanisms, but they seem to relate principally to gender diversity.

Data produced by the Department of Human Resources (HR) show that the Bank employed 1,745 staff members in 2007. This year, HR asserted informally that the Bank employs about 50 Afro-Descendant staff members. Anecdotal evidence (from numerous independent sources), however, indicates that fewer than 10 Afro-Latinos are employed at IDB headquarters, most in administrative/support positions. These same sources reported that only two self-identified Indigenous people work at the Bank's headquarters, one a permanent staff member and the other currently inscribed in the Young Professional Diversity Program. Most Afro-Descendants that are employed permanently at headquarters in Washington are Caribbean nationals and African Americans. Informal information indicates that they are fewer than 25 in number, but this figure could not be confirmed. Official data for race and ethnicity of Bank staff members are not available.

The Gender and Diversity Unit was created by the organizational realignment that began in 2006. Apparently, the staffing of the unit has been slow to consolidate, and it is not yet clear whether the Unit has been effective in promoting diversity among personnel.

In order to promote inclusion and diversity among Bank staff, the IDB created, between 2004 and 2005 the Diversity Internship Program, the Summer and Winter Employee Programs and The Young Professional Diversity Program. During the process of collecting information and conducting interviews for this report, GAP did not find any reference to Afro-Latino or/and Indigenous staff members from Latin America who were appointed to a permanent staff position at the IDB between 2004 and 2009 through any of these programs.

The Young Professional Diversity Program, launched in 2005, for instance, expanded the existing Young Professional Program to incorporate new positions for Afro-Descendants and Indigenous candidates. Its first two candidates, one Afro-Latino and one Indigenous specialist were not appointed to permanent positions at the Bank. They were the only 'graduates' of the program during the past twelve years who did not receive such appointments.

The Young Professionals who entered the IDB in 2008 included four Afro-Descendants, one of whom is Afro-Latino; an Indigenous applicant was also included in this group. Through this same program in 2009, ten Young Professionals were contracted by the IDB, four of whom applied through the Diversity Program. Nevertheless, none of these four was either an Afro-Latino or Indigenous applicant.

Recommendations

As the Bank comes forward to request a Ninth Capital Replenishment, management must be obliged to take the steps necessary to address the needs of those who suffer the impact of racial and ethnic discrimination in the region. **These actions must be undertaken according to set timetables with binding targets.**

- A larger percentage of the Bank's ordinary capital resources must be made available to the victims of ongoing racial and ethnic discrimination. This

adjustment must be reflected by the inclusion of this objective in country strategies.

- The IDB must compile and analyze data on race, ethnicity and poverty. The actual life conditions of Afro-Latinos and Indigenous communities in the Americas must be documented and published in order to orient decision-making and permit monitoring of lending and aid effectiveness.
- The Bank should incorporate representatives of Afro-Descendant and Indigenous civil society organizations in its consultative mechanisms at the regional, sub-regional and national levels, especially in consultations associated with the formulation of country strategies.
- The Bank must collect and publish data on its permanent staff by race, ethnicity, grade level and department.
- The IDB should implement diversity recruitment and retention goals in order to incorporate a range of perspectives on socioeconomic development and to promote trust between the Bank and historically marginalized populations.
- The Diversity Advisor should be given greater autonomy and authority. The position should be upgraded and should be assigned a budget that is independent of the Department of Human Resources.
- The IDB must gather, analyze and publish information about the impact and effectiveness of its operations and procurement activities on Afro-Latino and Indigenous populations.
- In order to evaluate the efficiency of efforts to recruit a diverse staff, figures must be released documenting the expenditures of the Diversity Internship Program, the Summer and Winter Employee Programs and The Young Professional Diversity Program between 2004 and the present.
- The Bank should establish a capacity-building initiative through internships for Afro-Descendants and Indigenous professionals at its country offices to enhance the potential for hiring members from these communities in permanent staff positions.

THE IDB, POVERTY AND RACIAL DISCRIMINATION

The Inter-American Development Bank (IDB) was established in 1959, with initial resources of \$1 billion and is headquartered in Washington, D.C. In December, 2009, the Bank will celebrate its 50th anniversary, and during its years of operation, the institution has grown from its original 18 member countries in the Americas to 48 nations on all continents, except Africa. In 2008, its most recent fiscal year, the Bank lent nearly \$10 billion to 26 borrowing members. Lending programmed for 2009 will be sharply increased because of the effects of the financial crisis on the region: expected lending will total approximately \$14 billion by the end of the fiscal year.

PROJECTS AND PROGRAMS

1. The Eighth Replenishment of the IDB

Over the years, the stated mission of the IDB has been amended by its board, but it has always expressed a commitment to promoting economic development in the Americas. As the Bank increased in size and capital, it successfully underwrote economic growth in its borrowing members between 1960 and the early 1980s. When the debt crisis hit the region in the '80s, however, critics began to show that growth in countries with the extremes of inequality that characterize most of Latin America did not mitigate persistent problems of poverty for a majority.⁶ Accordingly, the IDB began to focus more attention and rhetoric on the issue of poverty and the obligation of the Bank, as the largest lender in the region, to contribute to its alleviation. In effect, policy makers acknowledged that because of unequal income and wealth distribution, even high rates of economic growth did not adequately benefit the poor.

The periodic renewals of capital for the IDB are known colloquially as “replenishments,” and under the terms of the Bank’s Eighth Replenishment, approved in 1994, member states mandated a broadened focus on social as well as economic challenges. The Eighth General Increase in Resources added \$40 billion to the ordinary capital fund of the IDB, for a total of \$101 billion, and \$1 billion to the Fund for Special Operations, which raised resources to over \$10 billion.

As a priority, donors directed the Bank to use resources for the purpose of reducing widespread poverty and mitigating inequality in the region. In compliance, the IDB describes its primary activities as partnerships with countries “...to combat poverty and promote social equity through programs tailored to local conditions.”ⁱⁱⁱ

And yet, as the IDB accounts for its progress toward these twin goals and the US Congress considers the Ninth Replenishment, the Government Accountability Project (GAP) has heard claims from both inside and outside the Bank about racial

⁶ Income and wealth inequality is more extreme in Latin America than in any other region of the world.

discrimination in programs and personnel practices. This issue has direct relevance to the Bank's effectiveness in fulfilling its mission for two reasons. First, Afro-Latinos and Indigenous people account for such a large proportion of the poor in the Americas, and secondly, without advocates at headquarters and in country offices who represent and understand these excluded groups, poverty and problems that specifically affect them are likely to be neglected, minimized and misunderstood. While committed, progressive and knowledgeable specialists undoubtedly work on the issue of discrimination at the Bank, their efforts could only be strengthened by collaboration with new staff members who have direct experience with the culture and the challenges facing Afro-Latino and Indigenous populations.

2. Denial of Racism in Latin America

In general terms, Latin American elites exhibit a reluctance to acknowledge the impact of racial and ethnic discrimination and maintain that 'non-racialism' prevails. Many sociologists have remarked the uniqueness of the dominant racial perspective in the region.^{iv} In Brazil, for example, where approximately 45 percent of the population is of African descent, "racial democracy" is the recognized point of departure for analysis of race relations.^v

Those who profess the theory of racial democracy ascribe the relatively impoverished conditions under which Afro-descendants in Latin America live to class differences rather than racial discrimination. Essentially, the term "racial democracy" connotes a belief that discrimination based on race is hardly an influential factor in determining one's life chances. Although the conviction persists, it has weakened in recent years due to empirical evidence that it is inaccurate and that dramatic differences in income and opportunity by race continue over time, from generation to generation:⁷

The racial democracy theory has been challenged by recent data revealing a strong and persistent correlation between race and poverty in Latin America. In both Brazil and Colombia, the countries with the largest Afro-latino populations in South America, Afro-descendants are (and always have been) among the poorest, least educated, lowest paid citizens.^{vi}

Despite progress at the national level, the multinational IDB's approach to poverty mitigation reflects, in many ways, the implicit denial of the impact of racial and ethnic discrimination. Ironically, because Afro-Latinos and Indigenous people are so effectively and quietly excluded from an elite environment like the IDB, where nearly 75 percent of all staff are university educated, the dynamics of exclusion are virtually unspoken and invisible.

⁷ "Evidence shows that racial and ethnic inequalities are linked to poverty, poor indicators of health and education, low income-generation opportunities, depletion of natural resources, forced migration and lack of access to knowledge and information about rights" (See Peter Oakley's "Social Exclusion and Afro-latino," May, 2001).

The lack of public discussion about people of African descent in the Spanish and Portuguese-speaking countries of the Americas has translated directly into a lack of recent available data, and data collection has now become a major issue. For people working at the development banks, the absence of accepted data seriously disadvantages any effort to address the issue or target programs at disadvantaged communities. The culture of the development banks is quantitative; if reliable data cannot be produced about a particular population or problem, then claims cannot be substantiated as true. At the same time, because development banks have important research infrastructure and resources, they have the best capacity to address the data deficit.

Nonetheless, such survey data as do exist show that approximately 150 million people in Latin America are Afro-descendent.⁸ The Indigenous population in the region numbers about 50 million people.^{vii}

The most recent data available for Afro-Latinos at the regional level were compiled by the IDB in 1997, and the fact that they are 12 years old is telling. The statistical profile of this population has not been of compelling interest to governments in the region (with the possible exceptions of Brazil and Colombia) or, by extension, to the IDB since shortly after the Eighth Replenishment. It was not until the last 10 years that many countries in Latin America have included some indicator of race and/or ethnicity in the national census and begun to incorporate racial identification in periodic household surveys. Resulting figures show that, if the populations of Cuba and the Dominican Republic are excluded from the calculations, 60 percent of Latin America's Afro-descendant population live in conditions of poverty. At the same time, a minimum of 50 percent of Latin-America's poor are either Black or Indigenous people.

According to a literature review done by the IDB in 2001, the vast majority of Afro-Latinos in the Americas are among the poorest of the poor. Their communities are also geographically concentrated in the less developed areas of northeastern Brazil, the Pacific coast of Peru, Ecuador and Colombia, the Northern coast of South America and the Caribbean coast of Central America.^{viii}

Where data on race are accepted as reliable, the life conditions revealed are markedly deprived and human development indicators fall well below the average for the rest of the population. In Brazil, differences in income by race are dramatic: nearly 70 percent of the extremely poor in Brazil are Afro-Latino, and Afro-Latinos earn 44 percent less than their white counterparts.^{ix} The same pattern prevails in neighboring Colombia, where 80 percent of Afro-Colombians live in conditions of extreme poverty. In the department of Chocó, where the largest number of Afro-Colombians are concentrated, per capita government investment in health, education and infrastructure is the lowest in the country.^x

⁸ While definitions of the Afro-descendant population are not uniform and estimates of their numbers therefore vary widely, the term 'Afro-Latino' identifies a person of African descent born in one of the Spanish or Portuguese speaking countries of Latin America and raised in a household identifying with the norms, folkways, and values of Hispanic and Black cultures. A widely accepted and conservative estimate of the size of this population is 150 million people.

As countries in the region strive to achieve the Millennium Development Goals (MDGs) by 2015, the lack of reliable data on Afro-Descendant and Indigenous populations will lead to the allocation of resources for more easily identifiable groups, where a positive impact is most easily achieved and demonstrated. This difference in visibility can and will lead to an increasing development gap between those who are most isolated and excluded and the rest of the poor in the region. As a result, any projected gap in reaching the MDGs will be attributable to the exclusion of Afro-Latinos and Indigenous communities and the increasing concentration of poverty among them.

3. International Law, Discrimination and Compensatory Programs

The “International Year of Mobilization against Racism, Racial Discrimination, Xenophobia and Related Intolerance.”

In anticipation of the World Conference Against Racism (WCAR) held in Durban, South Africa in 2001, many in the international human rights community struggled with the need to protect minority populations around the world from current discrimination while allowing governments to address the continuing impact of racial and ethnic trauma, including slavery, genocide and Diaspora. Those drafting the declaration to be endorsed at the conference wanted to ensure that all forms of discrimination would be prohibited, but they also recognized the significance of historical exclusion and extremes of exploitation. Human rights advocates wanted to codify the need to compensate for past injustice by establishing that the anti-discrimination principle must not be used to preserve and justify present inequality. In other words, legal principles of anti-discrimination had to allow for *positive* action on behalf of traditionally deprived populations.

In attempting to walk this legal line, those who drafted the declaration of the WCAR had many precedents in the Americas on which to draw. One of the primary legal models was Law 70 of Colombia, promulgated in 1993 in elaboration of Article 55 of the Colombian Constitution: the Law of Black Communities. A resolution cited as a guideline for the drafting of Law 70 specified that the Colombian House of Representatives would reserve two seats for elected members from the nationally-recognized Black communities.^{xi} The entire body of Law 70, in fact, set out specific guidelines and actions that the central government of Colombia was to take in order to guarantee the social and economic development of the Afro-Colombian population.

Similarly, the Mexican government recognized the need for targeted educational programs to ensure that Indigenous children could benefit from public schooling to the same degree as the majority of the school-age population.⁹ Despite the isolation of many

⁹ For the Mexican government, this has long been a complex undertaking. According to the 2000 census, over 7 million Indigenous people speaking more than 80 languages and dialects live in Mexico, the majority in geographically isolated areas. See *Programa Nacional de Educación 2001-2006*, Secretaría de Educación Pública, México, DF, p. 109.

of Mexico's Indigenous communities, the Secretariat for Public Education (SEP) collected detailed data on the access to schooling for all rural children. The SEP had found that Indigenous children showed disproportionately low rates of enrollment and significantly higher drop-out and grade-repetition rates.^{xiii} As a consequence, from 1995 to the present, the SEP has provided targeted educational services to these children. The National Education Program 2001-2006 first established the principle of "equity and quality," with an emphasis on the application of the principle in Indigenous communities.

Similarly, in Brazil, the Constitution acknowledges the special status of the Afro-Latino and Indigenous communities. Article 242 accords these populations historical recognition and, after the Durban conference, the Brazilian government became much more active in implementing programs designed to address the needs of Afro-Brazilians. Specifically, in March 2003, the government created the Special Secretariat to Promote Racial Equality Policies, with a mandate to establish initiatives to combat racial inequality.^{xiii}

In short, popular pressure on governments from Afro-Latinos, Indigenous peoples, and human rights advocates has produced "compensatory programs" to improve access to social services for the racially and ethnically excluded. Many of these programs and legislative mandates, however, are chronically under-funded or not funded at all, which prevents their full implementation and hence, little measurable impact is recorded. Nevertheless, by 2001, there was widespread recognition that geographical and linguistic isolation had created a need for focused social and economic interventions funded by central governments. Broad-brush poverty reduction programs were not enough, and Latin American governments established and expanded compensatory programs to address what had become an internationally visible concern.

At the IDB, the prospect of the United Nations World Conference Against Racism galvanized a certain support for addressing these issues. The US-appointed Executive Vice President (EVP), K. Burke Dillon, promoted the formation of the Inter-Departmental Technical Working Group on Social Inclusion, which prepared the "Action Plan for Combating Social Exclusion Due to Race or Ethnic Background," and it followed up with a second plan for the period between 2002 and 2003. The objectives of the plans were ambitious and comprehensive: they were to involve all Bank departments in developing an institutional framework for inclusion, project formulation, research and technical assistance, and outreach both inside and outside the Bank on the issue of racial diversity.

The first Action Plan, released in May, 2001, three months before the Durban conference, was "to promote and govern Bank activities to advance social inclusion of racial and ethnic populations in the region and in Bank policies, projects and practices."^{xiv} An institutional framework was to be established, and the Inter-Departmental Working Group on Combating Social Exclusion Due to Race and Ethnicity was formed, to include a member from each operational division and from each country office. The Working Group was to report to the High-Level Steering Committee on Race and Ethnicity chaired by the EVP.

These actions were taken against a backdrop of increasing international concern about racism. In preparation for the Durban Conference, the United Nations General Assembly declared 2001 the “International Year of Mobilization against Racism, Racial Discrimination, Xenophobia and Related Intolerance.” From August 31-September 8 of that year, the UN hosted the World Conference Against Racism, which, the UN believed, would be “a landmark in the struggle to eradicate all forms of racism.”^{xv} Midway through the proceedings, however, on September 3rd, the conference collapsed. On that day, the United States and Israel recalled their delegations in response to proposed declaration language that equated Zionism with racism.^{xvi}

Despite the absence of the US and Israeli delegations, the WCAR produced a declaration that called slavery a “crime against humanity” but that stopped short of promoting reparations.^{xvii} The statement also recognized the need for social and economic development, debt relief, poverty eradication and other measures to benefit the populations suffering from persistent discrimination. The statement from Durban also recognized the importance of cooperation among:

[S]tates, relevant international and regional organizations, the international financial institutions, non-governmental organizations and individuals in the worldwide fight against racism, racial discrimination, xenophobia and related intolerance...[S]uccess in this fight requires specifically taking into consideration the grievances, opinions and demands of the victims of such discrimination.^{xviii}

The declaration also urged:

States in their national efforts, and in cooperation with other States, regional and international organizations and financial institutions, to promote the use of public and private investment in consultation with the affected communities in order to eradicate poverty, particularly in those areas in which victims of racism, racial discrimination, xenophobia and related intolerance predominantly live...^{xix}

And the declaration called upon:

States and international financial and development institutions to mitigate any negative effects of globalization by examining, *inter alia*, how their policies and practices affect national populations in general and indigenous peoples in particular; by ensuring that their policies and practices contribute to the eradication of racism through the participation of national populations and, in particular, indigenous peoples in development projects; by further democratizing international financial institutions; and by consulting with indigenous peoples on any matter that may affect their physical, spiritual or cultural integrity.^{xx}

In short, the UN declaration called upon governments and the multilateral development banks, specifically, to acknowledge the impoverishing effect of racial discrimination, take steps to reduce and ultimately eliminate it, and include affected communities in the formulation and implementation of the measures designed to help them.

The final declaration was important in establishing the legitimacy of analyzing the impact of racism and designing and funding initiatives to mitigate it at the development banks. The issue, however, was all but lost in the conference aftermath; the attacks of September 11th, 2001 on the United States overshadowed virtually every other international development consideration. Because the WCAR had been vocally denounced by the US government for the perspective adopted on the conflict in the Middle East, some commentators even described it as the “ideological prologue to September 11.”^{xxi}

The Inter-Departmental Technical Working Group on Social Inclusion at the IDB

Nevertheless, about this time at the IDB, the Working Group and the Committee on Racism were established, and Dillon, the EVP, assumed responsibility for coordinating activities. It has not been possible to ascertain whether the goals of the first Action Plan were achieved, as the website reporting on them is now inactive. Interviews indicate that when Dillon left the IDB in mid-2002, interest in and commitment to the issue of racial and ethnic discrimination departed with her.

Under the second Action Plan (2002-2003), project development was to be improved, and the IDB would increase the number of new projects that addressed the issue of ‘social inclusion.’ Research and related technical assistance would also get a boost, and outreach, both internally and externally, would be promoted. Unfortunately, no reports on the achievements of either Action Plan are currently available publicly.

Bank activities on race and ethnicity were then to be coordinated at an inter-agency level through the Inter-Agency Consultation on Race and Ethnicity in Latin America and the Caribbean (IAC). The Consultation included the IDB, the World Bank, the Pan-American Health Organization, the Inter-American Human Rights Commission, the Ford Foundation and the Inter-American Dialogue (IAD), among others, and worked to formulate a resolution against racism.

Unfortunately, however, by this time, consideration of the international resolution in the Americas had shifted from the high visibility forum of the United Nations to the lower profile Organization of American States (OAS). The Resolution, “Against Racism and All Forms of Discrimination and Intolerance” was to be negotiated in the Permanent Council of the OAS and adopted by the OAS General Assembly. Begun in 2005, the negotiations on the resolution have been contentious, and over the course of five years, they have yet to produce a final result. In May, 2009, after four years of discussions, position papers, speeches and proposed amendments, the Committee on Judicial and Political Affairs of the OAS Permanent Council resolved to continue working on the issue, pending the availability of budgetary resources. In practical terms, this tepid

statement meant that the issue had lost priority and that little could or would be accomplished within the OAS.

Similarly, research indicates that the two Action Plans developed at the IDB around the Durban conference have suffered a silent demise; there were no final implementation reports, no evaluations and no penalties for failing to reach stated goals. By 2005, the IAC was also defunct.

Meeting of the Afro-Descendant Legislators of the Americas and the Caribbean

In November, 2004, the First Meeting of the Afro-Descendant Legislators of the Americas and the Caribbean convened at the House of Representatives in Brasilia with participants from seven Latin American legislatures. The meeting produced a declaration setting out the primary concerns and objectives of the newly constituted group. In part it read:

We Afro-Descendants account for more than 150 million in the Americas and the Caribbean, the majority of which live in poverty, a situation disproportionately affecting Afro-descendant women;

Our governments have signed the Declarations of Durban and Santiago, although the majority of them have not fulfilled the commitments assumed by these declarations.

Thus, the meeting identified the two principal socioeconomic difficulties facing Afro-Descendants as a group: i) Afro-Descendants and Indigenous communities suffer disproportionately from poverty, and ii) financial commitments made by governments to address (i) go largely un-realized.

This pattern affected the IDB itself, which helped to sponsor the Brasilia meeting. While the Bank, like other international donors, focused on the race issue in the run-up to and the aftermath of the Durban conference, as time passed the initiatives stalled. Ultimately, they apparently disappeared in the Bank's organizational realignment of 2006.

4. Technical Cooperation, Lending and Social Inclusion

The Social Inclusion Trust Fund

The Social Inclusion Trust Fund (SITF) at the IDB was created in 2003 with support from the governments of Norway (\$10 million over 5 years), Canada (\$1 million) and the UK (less than \$1 million). It was originally designed to finance small scale pilot projects

for Afro-Latinos and Indigenous communities, which would then be scaled up through loans to governments.¹⁰

Trust Fund technical cooperation projects have been small relative to other Bank operations: the Call for Proposals the SITF issued set a limit of \$80,000 for projects to be financed during the 2003-2005 phase. The final report on the activities for this phase showed that the SITF approved 26 projects, with total financing of about \$1.4 million.¹¹

Anecdotal evidence suggests that SITF projects and activities were under-resourced and isolated from the central policy concerns at the IDB. In general, a number of those familiar with the Trust Fund described it as gaining momentum during the final term of Bank president Enrique Iglesias, who left the IDB in 2005. The Trust Fund Technical Selection Committee, which approved project proposals, was made up of Bank staff members who supported the idea of providing targeted technical assistance to Indigenous communities and Afro-Latinos, and the Committee allocated scarce resources strategically. "Overall," a former staff member said, "There was such a lack of interest in the unit that technical selection committee members had the latitude to be quite imaginative as they tried to make expenditures effective. No one was really watching."

Despite its minimal resources, the Trust Fund financed a number of seminal studies. A paper entitled "Racial and Ethnic Disparities in Health in Latin America and the Caribbean" was published by the Andean Group at the Bank in October 2007.^{xxii} The publication was disseminated in the region, as programmed, and reported to be completed on November 6, 2005.^{xxiii} Apparently, the initiative also generated follow-up action. Project BR-T1045: Capacity Building Process & Strategic Experiences for Afro-Brazilian Women's Organizations, approved in 2007, appears to build on the conclusions derived from the study.^{xxiv} This project sought "to increase the access and involvement of the community organizations in the strengthening of the Central Health System, its social control organisms, and specific policies and programs such as the *Programa Saúde da Família* (Family Health Program), encouraging the development of programs focused on the health of the Black population in general and Black women in particular" in Brazil. Despite the ambitious goals, however, and the size of the Afro-Descendant population of Brazil (about 80 million), the project was allocated less than \$160,000.

In February 2006, the IDB published the report *Social Exclusion in Education in Latin America and the Caribbean*, which was also funded by a grant from the SITF. While a number of related studies were subsequently carried out, it is unclear if any of them were formulated as specific follow-up to this research.¹²

¹⁰ It should be noted that although the Eighth Replenishment directed the IDB to address poverty explicitly, the Bank contributed no funds of its own to the SITF in the first phase of the Fund's activities.

¹¹ In contrast to the amount awarded through technical cooperation grants made by the SITF, the IDB paid the Washington, DC consulting firm Booz Allen Hamilton about \$6 million for a study completed in less than 90 days to guide the Bank's organizational realignment in 2006.

¹² This report, which is available at idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=1442354, was authored by Jeffrey Marshall and Valentina Calderón. The project is listed as "completed" on the Bank's website: <http://www.iadb.org/projects/project.cfm?id=RS-T1038&lang=en>.

The body of the project paper identified a number of serious problems confronting Afro-Latinos and Indigenous communities. First, the researchers found that the myth of ‘racial democracy’ that is so widely accepted by social and economic policy makers in the region had affected the availability of relevant data:

[P]olicymakers may feel that there is no public policy justification for collecting demographic data of this sort because of a perceived lack of discrimination. Regardless of the explanation, the fact that out of more than 20 surveys in the region, we can only present summary data by community (including language) for a handful of countries highlights one of the difficulties of carrying out research on social exclusion in the region.^{xxv}

Despite a lack of data, the study of social exclusion and education showed marked deficiencies in enrollment, grade attainment and income for minorities in the region. The methodology used was quantitatively sophisticated and controlled for socioeconomic status and rural residence using statistical regression techniques. Results showed that neither of these two variables completely explained differences between Afro-Latinos and Indigenous populations and their white counterparts. The study concluded, "These results highlight the importance of additional research in this area..."^{xxvi}

IDB Lending to Afro-Latino and Indigenous Communities

In addition to the Trust Fund, the IDB cites five loans, made over a period of five years to governments for the specific benefit of Afro-Latinos and Indigenous communities. According to the information released, the IDB provided approximately \$58.3 million in loans funding projects that incorporated components benefiting Afro-Latino and Indigenous communities. During the same period – 2001 to 2005 – the Bank lent approximately \$45 billion to its borrowing member states. Targeted lending, therefore, for Afro-Latino and Indigenous populations equaled about 0.13 percent of total lending during these years. Yet, according to studies prepared for the World Bank and the US Congress, over 50 percent of the poor in the region are Afro-Latino and Indigenous people.^{xxvii} These five loans included:

COUNTRY NAME	PROJECT NAME	PROJECT APPROVAL DATE	PROJECT AMOUNT (millions US\$)	PERCENT OF TOTAL IDB FUNDING IN COUNTRY
Honduras	Comprehensive Development Autochthonous People	November 23, 2005	9.90	2.0
Ecuador	Strengthening The Cocoa Production Chain In Afro Ecuadorian Communities	December 2, 2004	0.43	0.0
Brazil	Diversity In University	June 7, 2002	5.00	0.1
Ecuador	Social Investment Fund	November 28, 2001	40.00	4.0
Ecuador	Decentralization Support Program	October 31, 2001	3.50	0.35
Total Funding			58.83	NA

According to information from the IDB, the member government that requested the most financial support from the Bank for Afro-Latino and Indigenous communities during this period was Ecuador. Between 2000 and 2001, the government of Ecuador borrowed about \$40.5 million to support investments for its Afro-Latino and Indigenous populations.¹³ At the same time, the total borrowed to assist these groups represented about five percent of the \$1 billion that the IDB lent to Ecuador during the same period overall.

In 2006, after two years of consultations with Indigenous organizations, the IDB approved a policy on Indigenous issues that would serve as a guideline for Bank operations. Shortly thereafter the Bank approved three loans targeting Indigenous peoples. The first, for \$45.2 million, partially financed a program of integrated development for Indigenous communities in Chile. By 2009, however, allegations of corruption and fraud had affected the project, although at this date no charges have been filed.¹⁴ Two additional loans were to be dispersed in Guatemala – in amounts of \$15

¹³ IDB staff knowledgeable about these loans, however, said that Afro-descendant and Indigenous staff members were not assigned leadership positions in the implementation of them.

¹⁴ In Santiago, on August 25, 2009, Senator Roberto Muñoz Barra alleged publicly that a series of irregularities had affected the disbursements of project funds for the Indigenous community. The irregularities were ascribed to procurement and contracting procedures at the National Corporation for Indigenous Development (CONADI).

million and \$30 million – to address poverty and social development for Indigenous rural communities, respectively. Currently, however, the implementation of one of the loans has not yet begun, and only 1 percent of the funds available for the other have been disbursed. IDB staff members consulted about the loans point out that their apparent failure in implementation highlights the need for personnel at the Bank who represent and work closely with these communities.

In accounting for its attention to the needs of Afro-Latinos and Indigenous communities, the Bank points out that it finances extensive social and infrastructural programs in the regions where these populations are concentrated.

Support extends beyond stand-alone programs that directly address Afro-descendant issues or communities. The Bank's contributions also include large-scale investments in areas such as infrastructure, water and sanitation, education, health or social protection in regions whose residents are predominantly Afro-descendants.¹⁵

This broad approach to poverty mitigation for Afro-Latinos and Indigenous communities, however, fails to acknowledge and correct for the impact of racial discrimination. The statement strongly suggests that the collective conclusions of the WCAR in Durban, as well as the anti-discrimination principles in the national laws of many IDB member states have been overlooked by the Bank. If skin color and ethnicity effectively bar certain groups from access to opportunity and services, and if exclusion is aggravated by geographical and linguistic isolation, then large-scale untargeted interventions will, for the most part, fail to reach them. Moreover, the execution of large-scale infrastructural projects without community engagement in leadership roles during design and execution may actually harm rather than help the silenced and excluded inhabitants of the affected areas.

In this sense the IDB has lagged behind many of its borrowing member countries. Brazil Colombia, Ecuador, Panama, Nicaragua and Venezuela, among others, all have compensatory programs to address the needs of Afro-Latinos and Indigenous communities. Governments recognized that these populations need outreach because of their cultural and economic isolation, as well as their history of exploitation and exclusion.

Outsiders? The Changing Patterns of Exclusion in Latin America and the Caribbean.

In 2008, the IDB released its Economic and Social Progress Report, entitled *Outsiders? The Changing Patterns of Exclusion in Latin America and the Caribbean*. The report represented a compilation of research and data on “social exclusion” in the region, much of which was descriptively informative. In preparing the report, however, the authors avoided emphasizing the particular significance of exclusion based on race or ethnicity.

¹⁵ See Appendix A.

To accomplish this, *Outsiders* adopted a complex and highly subjective definition of the concept of "social exclusion."

Social exclusion is an inefficient and dysfunctional dynamic social, political, and economic process, whereby individuals and groups are denied access to opportunities and quality services to live productive lives outside poverty.^{xxviii}

Applying this definition, social exclusion is a nebulous 'process' that is 'dysfunctional' for everyone: it is therefore without responsible practitioners and it affects non-specific "individuals and groups." In this way, the study precludes examination of the fundamental disputes that disadvantage the victims of racism, such as conflict over employment, land ownership, water and fishing rights and access to scarce public resources. Thus, Afro-Latinos and Indigenous people are marginalized even in analyses that should be, according to any set of quantitative criteria or and empirical assessment, about them.

What follows in this study is a complicated and not entirely successful effort to apply the concept.

Social exclusion, historically rooted in different forms of stigmatization of groups traditionally identified by race, ethnicity, or gender has changed as much as the region itself has changed and is now affecting much more diverse and growing groups among the population, especially those who eke out a living in precarious jobs without any prospect of improvement.^{xxix}

The idea presented seems to be that poverty has become much more widespread, affecting groups that had previously been spared its ill effects. From here on, the theoretical framework of the study seems to represent an elaborate attempt to establish that the impact of racial and ethnic discrimination *per se* is exaggerated. The report contains repeated empirical efforts to show that racial discrimination is simply one factor in an extended array of variables that constrain an individual's access to opportunity.^{xxx} Even so, it is not entirely possible to deny the impact of this kind of discrimination convincingly. As a result, the study is internally inconsistent, and confusing.

For the IDB, diminishing the impact of racial and ethnic discrimination has translated directly into lending figures. Interviews with former IDB staff members knowledgeable about the SITF show that pilot projects initiated by the Fund targeting impoverished Afro-Latinos and Indigenous communities were only infrequently scaled up into loans. One respondent said:

Sometimes the pilots would go with SITF staff, when they moved to other units. They would try to scale up the pilot into a loan, but governments were typically not interested. Government negotiators would ask that phrases like "Indigenous People" or "Afro-descendant" be taken out of loan documents, and then they'd support the loan. Governments did not want a direct reference to these groups.

This respondent also claimed that a lack of awareness or commitment from Bank officers apparently impeded the use of the institution's considerable leverage with borrowing governments to fulfill its own commitment to social inclusion and poverty alleviation.

As a result, in this particular study, when the IDB considers 'social inclusion,' the concept merges all disadvantaged groups, regardless of whether the group characteristics are immutable and historic or not. Thus, social *inclusion* is an initiative directed at Afro-Latinos, Indigenous communities, people living with HIV/AIDS, the physically disabled, rural residents, the mentally challenged, recent migrants and the landless, among others. In effect, the "socially excluded" are the poor. Thus, while appearing to become more 'inclusive' and progressive, the IDB has instead adopted an analysis of poverty that obscures meaningful knowledge about its *causes* in much of the region for many of its victims.

The logic behind this view of *Outsiders* is tortured. In the third chapter of the study, the authors explore the reasons for discrimination in Latin America, and they discover that, according to a regional survey, the poor are the most likely to suffer from it.

Most of the individuals in the region think there is some sort of discrimination. Nonetheless, when asked about the reasons for this discrimination, most people in the region do not believe that it operates in regard to the traditionally discriminated-against groups (indigenous peoples, Afro-descendants, and women, to cite the most prominent historical examples), but that the poor are the ones who suffer the most from this discrimination. After the poor, Latin Americans believe that the uneducated and those who lack significant social connections are those who suffer discrimination the most.

In this way, the study disables social exclusion as a useful operational concept. Presumably, the report was to inform policymakers about the factors that condemned people to poverty, one of which is, indisputably, racial discrimination. However, the thesis presented here argues that being poor is likely to subject one to discrimination. In other words, logic has been turned on its head: people are not poor because they suffer discrimination; people suffer discrimination because they are poor. Effectively, *racial* discrimination as a causal factor is itself "excluded" from consideration because *Outsiders* equates discrimination with poverty. In tautological terms, then, discrimination is the process through which one is forced to remain poor, and being poor subjects one to discrimination.

Without an accurate assessment of the impact and economic reality of racism, Afro-Latinos and Indigenous communities will lack the differentiated approach they need in order to close the development gap between them and those who are socially "included." If not given a specific focus, these groups will be left behind as the countries strive to achieve the Millennium Development Goals for 2015. Even the member governments of the Bank, in passing national legislation that recognizes the need for compensatory programs, are now far ahead of the IDB in addressing the racial issue.

While the overall message of *Outsiders* seems to minimize the impact of racial and ethnic discrimination on life chances, the authors do, in fact, cite it many times as a determinant of poverty. When reviewing the literature on earnings gaps in the region, for example, they write:

As far as the relationship between earnings and racial differences is concerned, in Peru there is a statistically significant premium for whiteness on earnings among wage earners, but not among the self-employed, suggesting the existence of employer discrimination.^{xxx1}

and further:

There are now well-documented differential outcomes in most of the region's markets, according to gender, race, and ethnicity, with an emphasis on the unfavorable situation of minority groups.^{xxxii}

But a qualifier follows this statement: "However, documentation of differentiated outcomes is not necessarily a proof of discrimination. The presence of unobservable factors limits researchers' ability to assess discrimination along these avenues."^{xxxiii} The overall message of the study is clear: "These perceptions about the identity of the discriminated-against groups pose interesting and challenging questions for the research agenda. They point towards the existence of some sort of discrimination on the basis of economic reasons, rather than others of a biological or sociological nature."^{xxxiv}

In analytically minimizing the impact of racial discrimination, the study attributes poverty to other factors, such as a lack of education, thus ignoring the close correlation between these variables. *Outsiders* simply does not acknowledge the cascade of negative effects caused by racial discrimination. Rather the study sees those effects (such as lack of education or income) as the cause of discrimination itself.¹⁶

The adoption of this exclusionary analysis is not without its ideological antecedents and policy consequences. Since the establishment of the IDB and, indeed, of all of the multilateral development banks, lending has been dedicated to the promotion of economic growth. If the persistence of poverty is simply the result of randomly distributed scarcity, then promoting growth makes sense. If, however, poverty is instead concentrated in large populations identified by skin color, language and custom then no amount of economic growth will contribute meaningfully to its mitigation. While the size of the economic pie may increase, the portion of it that belongs to communities suffering the consequences of racial and ethnic discrimination will remain the same. This reality has implications for the policies underlying IDB lending. As former IDB President

¹⁶ It should be noted that the IDB's own study of social exclusion and educational opportunity demonstrated empirically that, at the regional level, racial and ethnic discrimination is an important factor in determining who has access to schooling and who does not. In other words, discrimination is likely to deprive Afro-Latinos and Indigenous people of education, which in turn, deprives them of "human capital" and "income generating" opportunities.

Enrique Iglesias once said in an unguarded moment, “It's easier to talk about growth than about redistribution.”^{xxxv}

The demotion of racial discrimination to a marginal factor in limiting opportunity for people and depriving them of basic necessities also has implications for the personnel practices of the IDB and the types of specialists the Bank hires. At the Bank, the vast majority of technical professionals are economists. Despite the fact that the IDB includes large and important departments putatively focused on social development and sustainable development, knowledge that is valued and acted upon is almost exclusively based on economic analyses. For example, on October 12, 2009, the IDB released a new study, *New Century, Old Disparities. Gender and Ethnic Wage Gaps in Latin America*. In contrast to much of the work included in *Outsiders*, this new study documents the continuing impact of race, ethnicity and gender on income.^{xxxvi} But the study provides no insight into the *causes* of discrimination and therefore treats it as a social accident or oversight that is ‘dysfunctional.’ for everyone. A broader social science perspective, however, would maintain that any widespread social phenomenon that persists over generations is ‘functional’ for some social force that is powerful enough to sustain it.

At the IDB, there is a virtual absence of Afro-Latinos and Indigenous people, as well as a paucity of anthropologists and sociologists. Professionals of this description would, in all likelihood, be sensitive and trained to identify and address the causes of discrimination effectively.

HIRING, RETENTION AND PROMOTION PRACTICES

It appears that the virtual absence of Afro-Latino and Indigenous staff at the technical/professional level has hobbled efforts at the IDB to address the needs of both populations. Because data on race, ethnicity and rank are not collected at the IDB, however, there is some controversy over staffing statistics.

1. The Gender and Diversity Unit

The organizational realignment that restructured staffing and operations began in 2006. While the process eliminated the Social Inclusion Trust Fund, it created the Gender and Diversity Unit. After the establishment of the unit was approved, Afro-Descendant and Indigenous staff members waited expectantly for management to fill the professional positions assigned to the Unit in Guatemala and Brazil. The delay in carrying out interviews and hiring for these positions was protracted; in fact, the sole self-identified Indigenous specialist in the Unit was so frustrated with the lack of progress that he left the IDB before the search was completed. In part, his pre-departure note, written in November, 2008, read:

In this, the second year of the implementation of the realignment, the situation of the Gender and Diversity Unit – particularly in the area of indigenous populations – remains critical – if not en route to virtual disappearance...

At the same time that the Gender and Diversity Unit has been unable to strengthen its actions and structure, other units and divisions have received proactive management support and have moved ahead in contracting a significant number of specialists. In contrast, as you know, the team in the Gender and Diversity Unit continues to be reduced, especially in the area of indigenous communities....¹⁷

This e-mail circulated widely. Nearly one year later, the Gender and Diversity Unit includes on its staff one Afro-descendant specialist and two Indigenous specialists to represent 150 million and 40 million Afro-Latinos and Indigenous people, respectively.¹⁸ The head of the unit was an Italian national and gender specialist, but she has been transferred and the post is currently vacant. Efforts to “mainstream” the topic so that it is not an ‘afterthought’ in routine deliberations, policy dialogues with borrowing governments, and the design of lending programs remains a distant goal. Outside groups often observe that many Bank staff both at headquarters and in country offices seem uncomfortable and reluctant to engage on this issue.

2. The Gender and Diversity Multi-Donor Fund

¹⁷ The original e-mail circulated at the IDB on November 24th, 2008.

¹⁸ The IDB also employs a diversity advisor in the Human Resources Department. This officer is a Norwegian national with expertise in gender issues.

A somewhat confusing organizational decision made during the realignment also established the Gender and Diversity Multi-Donor Fund, which finances projects for racial and ethnic groups, but is not administered by the Gender and Diversity Unit. The Fund received a \$10 million contribution from the IDB's ordinary capital fund and now includes an initial \$4 million allocation approved for 2009. The resources are to address the needs of the Bank's 26 borrowing member countries. The Fund accepts donors' contributions, and at this date, Norway, Canada, the United Kingdom, Switzerland and Austria have expressed initial interest.

The Fund was established more than six months ago and became operational on October 1st, 2009. It is a concern that the administrative guidelines for the Fund do not distinguish the proportion of resources that can be used to finance projects for Afro-Latinos and Indigenous communities from those to be used to fund projects on gender. Nor are there clear criteria regarding the types of institutions/NGOs that can apply for these resources. According to all available information, the committees and departments associated with the administration of the new fund inside the Bank lack the presence of Afro-Latino or Indigenous staff members or technical consultants. Moreover, like earlier diversity initiatives established by Bank management but allowed to languish and subsequently expire, the Multi-Donor Fund lacks specific targets, indicators, benchmarks and measurable goals. Several staff members interviewed for this report felt that the problems of the Fund are illustrative of what can happen when donor governments have good intentions, but the IDB lacks a critical mass of trained staff committed to realizing them.

3. The Young Professional Program

The IDB has long had an extremely competitive Young Professional Program in place that channels especially talented entry and mid-career specialists into technical positions after a two-year period of rotations among several units/division/country offices. To promote diversity among professional career staff, the Program expanded in 2005 when the Department of Human Resources launched a Diversity Young Professional Program for Afro-Descendants and Indigenous Peoples. For 2006, the Program hired seven candidates, including an Afro-Latino man and an Indigenous man, out of a pool of over 2,000 applications. These prospective IDB staff members were to rotate through select departments over a period of two years. At the end of that time, the Department of Human Resources assumed, all candidates in the program would have received offers of permanent positions and would be "absorbed."

Three years later, however, the Department of Human Resources (HR) reported that the two staff members admitted to the program in 2006 to promote diversity have left the IDB, although their white counterparts entering the same year were retained. Data show that these two professionals were the only ones not offered a permanent staff position over the course of the past twelve years of the program's operation.

The Young Professionals who entered the IDB in 2008 included four Afro-descendants, one of whom is Afro-Latino; an Indigenous person was also included in this group.

The same program in 2009 includes ten Young Professionals, four of whom are Afro-Descendant. No Afro-Latinos or Indigenous applicants are included among the ten, however; the Afro-Descendants are US, Caribbean and UK nationals.

Moreover, the Young Professionals tend to be an extremely elite and homogeneous group, with the exception of nationality. The majority of the group each year consists of economists, most of whom obtained their final degrees outside of Latin America at elite universities.

Given the minimal results produced by these programs over the course of the past five years, the IDB was asked to divulge the amount of funding spent on them during this period. The Legal Department of the Bank responded that such information should not be released because it is confidential. It is difficult to imagine a legitimate explanation for maintaining that the budget for diversity programs must be secret, especially in light of the fact that the IDB's largest donor government conditioned its 1994 replenishment on the Bank's attention to this particular issue.

4. Personnel Data on Race and Ethnicity

Although the Eighth Replenishment directed the IDB to focus its lending on poverty reduction 15 years ago, the Bank still appears to lack sufficient staff with the training and the cultural background needed to effectively act on the mandate as it relates to the needs of Afro-Latinos and Indigenous peoples. While it is clear that both Afro-Latinos and Indigenous people are severely under-represented on the Bank's permanent staff, the exact numbers remain unconfirmed.

The lack of official data on race, ethnicity and rank is inexplicable, in light of statements made by Bank management when adopting the Diversity Plan for staffing in 2002. Clearly, at the time, management was well aware of the implications of this deficit for the institution's ability to comply with the terms of the Eighth Replenishment:

The Eighth Replenishment mandates that operational programming be earmarked to racially and ethnically diverse groups: "The Bank will step up its efforts to obtain additional financing for programs benefiting indigenous groups in order to adequately address their needs." "The Human Resources Strategy calls for establishing the link between operational programming mandates and internal staffing: "Within many member countries there is a significant diversity in ethnic origin. The majority of borrowing countries have relatively large indigenous populations and/or constituencies of African or Asian origin. A greater representation of these groups on Bank staff would enhance the dialogue with Borrowers, particularly in relation to the issues of importance for poverty reduction within the region."

One of the primary obstacles for working effectively with diversity in the Bank is the lack of available data for race and ethnicity for staff. The laws of many member countries prohibit the determination of race and ethnicity for purposes of recruitment. The Bank does not currently gather such data either at the point of hire or during staff member's employment. By not having data on diverse groups' problems and opportunities remain submerged.

Despite the lack of available data, the current mandates of the Bank provide ample justification for hiring qualified staff of diverse races and ethnicities. A tool tailored to the Bank and designed to monitor the representation of diverse races and ethnic groups among staff, such as an internal Bank-wide census, will be a significant step to fill the information gap and establish an adequate baseline for measuring and managing progress.¹⁹

Seven years after this document was issued, the internal census has yet to be conducted. As the US Executive Director reported, "The Bank does not currently collect data on the ethnicity and rank of its staff." The Manager of the Department of Human Resources has said recently, however, that a survey will be conducted in 2010 in which staff members will be asked to self-identify by racial or ethnic group. Nonetheless, for this initiative, as well as others described above, there is still no accountability, no deadline and no penalty for failing to meet it. In an institution such as the IDB, that is so quantitatively oriented, where projects and programs are structured with benchmarks, goals, and quantifiable results, these omissions, when it comes to addressing racial and ethnic discrimination, are remarkable. In fact, Bank documents show a persistent avoidance of a focus on race or ethnicity: the Green Book, the annual record of the IDB personnel statistics, provides tables and descriptions of the staff by nationality, gender, educational attainment, age, language proficiency, and grade level. In short, every commonly quantified demographic characteristic for the IDB staff is reported, except for race and ethnicity.^{xxxvii}

As a consequence of a lack of official data, such figures as are available about the grade level, race and ethnicity of staff are controversial and impressionistic.²⁰ According to the Department of Human Resources, the Bank employs about 50 Afro-Descendants, including Caribbean nationals, African Americans who are US nationals, and Afro-Latinos, on a staff of about 1,745 people (in 2007). Anecdotal evidence, however, (from a number of different sources) puts the actual number much lower. GAP was informed that there are actually fewer than 10 Afro-Latinos, about 15 Afro-Descendant Caribbean nationals, and three African-American citizens employed as staff at headquarters in Washington, D.C. Sources also say that the IDB also employs only one African-American in a supervisory position at headquarters. In addition, four Afro-Descendant Caribbean nationals are Country Representatives, all of them serving in Caribbean Country Offices. There are reportedly no Afro-Descendant Caribbean nationals or Afro-Latinos in supervisory positions or in senior advisory positions at headquarters.

¹⁹ Action Plan to Promote Diversity at the IDB, para. 2.17 – 2.20, November 20, 2001.

²⁰ See Appendix A: Correspondence from Miguel San Juan, US Executive Director, to the Government Accountability Project, September 3, 2009.

This staffing pattern represents a retreat from commitments to diversity made during the terms of the previous IDB president, Enrique Iglesias. In the final years of Iglesias' last term, sources say, the Bank employed about 25-30 Caribbean nationals, five of whom held senior advisory and supervisory positions, and six African-Americans, two at senior or supervisory levels, at headquarters. Likewise, during the Iglesias era, the first self-identifying Indigenous staff person from Latin America was hired.

Moreover, accounts suggest that in recent years, the two Indigenous employees from Latin America – one a staff member and one a 'Diversity' admission to the Young Professional Program – have now departed. Only one Indigenous staff member remains, a Canadian national.

Two separate sources mentioned the national office of the IDB in Brazil, one of the largest of the country offices, as an obvious locus of racial under-representation. In a country where approximately 45 percent of the population self-identifies as Afro-Latino, the IDB office has no Afro-Latino staff.

It is true, of course, that conducting a survey of racial and ethnic identification by rank incorporates a series of methodological problems, especially in an institution that employs people from such diverse regions as Latin America and the Caribbean. Nevertheless, the governments of countries characterized by extremely diverse populations, such as Mexico and Brazil, have managed it, simply by allowing respondents to self-identify and by using simple criteria for identifying ethnic groups, such as language. Moreover, the IDB employs a relatively small staff, most of whom work in two buildings in Washington, D.C., such that, operationally, the exercise could be accomplished quickly and at low cost.

To help address issues of staff diversity, in May, 2009, the IDB retained a Diversity Advisor to the Director of Human Resources. At her initiative, the Bank will convene the IDB's Leadership in Diversity Conference, in November, 2009 for two days. At the conference, partners in IDB operations, managers and staff from headquarters and from country offices will meet with external diversity experts to analyze possibilities for increasing under-represented groups' access to staff positions and to the finance mechanisms of the IDB. According to the agenda, ideas and proposals will be submitted via social networks, such as Facebook, and a jury will select the ten best submissions on November 20. A report on their implementation will be presented to management and posted on the Bank's website in November, 2010.

CONCLUSION

The history of the Inter-American Development Bank shows an increasing refinement of its mandates. In the beginning the IDB simply promoted economic growth in borrowing countries, but when critics showed in the 1980s and '90s that such a broad-brush approach to development did not necessarily reduce poverty, the Bank began to allocate

resources to large-scale poverty reduction projects and loans. Now critics can show that this untargeted approach to poverty alleviation does not adequately benefit racial and ethnic groups suffering the impact of discrimination. Racial and ethnic discrimination, which may affect over 40 percent of the population in the region and 50 percent of the region's poor, unless specifically addressed, systematically imposes barriers between the benefits of poverty-alleviation programs and those who need them the most. While governments in countries with significant Afro-Latino and Indigenous populations have made substantial progress in affording legal protections and affirmative projects to them, the IDB has not kept pace.

An important circumstance that allows racial and ethnic discrimination to continue to exclude Afro-Latino and Indigenous communities from access to the services they need is a deficit of accurate data. In the econometric world of the multilateral development banks, if a problem cannot be quantitatively documented, it does not exist. Further, for a region that actively perpetuates the myth of racial democracy, a lack of data demonstrating the fallacy of this belief translates immediately into a lack of resources for targeted interventions. In fact, as we have shown, the myth of racial democracy can only be sustained in an environment where data about the socioeconomic realities of Afro-Latinos and Indigenous people are scarce and intermittent. Such data as do exist conclusively demonstrate persistent intergenerational discrimination and poverty for both populations.

Recommendations

In concrete terms, the IDB over the years has been given repeated directives to target poverty reduction programs at communities that suffer from racial and ethnic discrimination. The Bank has also stated an intention to collect and publish data on the race, ethnicity and rank of its staff. Management has failed to comply, and as a result, actions to address the needs of these communities have not been taken. As the Bank comes forward once again to request a capital replenishment, management must be obliged, this time, to implement specific actions that will address the real needs of those who suffer from discrimination in the Americas.

- A larger percentage of the Bank's human and financial resources must target the victims of racially discriminatory policies and institutions. Programs to address the poverty *associated with* racial and ethnic discrimination must come to represent a significant proportion of Bank activities. As the classification of technical cooperation grants and project lending shows, targeted actions account for only a small fraction of Bank operations, although those to be targeted account for the *plurality* of poor people in the region. This adjustment must be reflected by the inclusion of this objective in country strategies.
- As better data are being collected at the national level on the socioeconomic status of Afro-Latinos and Indigenous peoples, the IDB should compile and analyze data on race, ethnicity and poverty. The actual life conditions of Afro-Latinos and Indigenous communities in the Americas must be documented and published in

order to orient decision-making and to permit monitoring of lending and aid effectiveness.

- The IDB must also establish alliances with Afro-Descendant and Indigenous civil society organizations (CSOs), both in the US and the region, to become social auditors of the Bank's operations in their respective communities. Such a step would ensure the appropriate targeting of resources, follow-up and impact of program implementation. These CSOs must be included in consultative mechanisms at the regional, sub-regional and national levels, especially in the consultative bodies associated with the formulation of country strategies.
- The Bank must keep pace with its borrowing member states by collecting data on its staff by race, ethnicity, grade level and department. The IDB has a staff of fewer than 2,000 people, and such an exercise could be carried out immediately. The Bank must also be obliged to publish these statistics and post them on the web.
- The IDB must implement diversity recruitment and retention goals in order to incorporate a range of perspectives on socioeconomic development and to promote trust between the Bank and historically marginalized populations. The academic, racial and ethnic profile of the IDB staff should be examined closely and adjusted. In simple terms, the Bank must actively recruit qualified people of color in order to explore a range of perspectives and approaches to a difficult issue. In addition, all staff should be encouraged to gain expertise on the topic of racial inclusion. Confidential sources at the IDB report that currently experience in this field or strong advocacy of the topic is seen as 'not helpful' in terms of career advancement and mobility.
- The Diversity Advisor should be given greater autonomy and authority. The position should be upgraded and should be assigned a budget that is independent of the Department of Human Resources.
- The IDB must gather, analyze and publish information about the impact and effectiveness of its operations and procurement activities on Afro-Latino and Indigenous populations.
- In order to evaluate the efficiency of efforts to recruit a diverse staff, figures must be released documenting the amount of funding expended on the Diversity Internship Program, the Summer and Winter Employee Programs and The Young Professional Diversity Program between 2004 and the present.
- The Bank should establish a capacity building initiative through internships for Afro-descendants and indigenous professionals at its country offices to enhance the potential for hiring members from these communities in permanent staff positions.

These actions should be undertaken according to set timetables. A lack of binding targets, established to ensure at least a measure of accountability, characterized: 1) The Institutional Strategy (1999) with the mandate to encourage internal diversity; 2) the Human Resources Strategy (2001) with the mandate to expand and enhance HR processes and practices to value and promote diversity at the Bank; 3) the Action Plan to Promote Diversity at the Bank (GN-2155-3) approved by the Board of Executive Directors in December 2001. The IDB Diversity and Inclusion

Strategic Framework may include targets and implementation mechanisms, but the details of these two dimensions of the framework remain unclear. Without a link to mandated and measurable achievements, these strategies and action plans are at high risk for remaining little more than vague intentions that exist only on paper.

Measures taken and resources allocated to address the problems that affect racial and ethnic groups in the Americas must be subject to objective quantitative assessment and evaluation. New programs must begin with benchmarks, measurable goals, deadlines, penalties and incentives. The record of the IDB over the past 15 years shows a strong preference for rhetoric about investment to aid "vulnerable groups." When international attention was fixed on the vulnerability of Afro-Latinos and Indigenous communities before the WCAR, the Bank responded. At present, however, all of the initiatives that surrounded the UN's World Conference Against Racism in Durban in 2001 have vanished, and the new initiative, the Gender And Diversity Multi-Donor Fund, became operative only on October 1, 2009. This situation could never have developed if a strong commitment to addressing race-related poverty existed at the level of Bank leadership, and if Afro-Latinos and Indigenous populations were fairly represented on the IDB staff and had positions of decision-making authority there.

ENDNOTES

ⁱ [Social Panorama of Latin America: 2008 ECLAC](#), United Nations, New York, 2008.

ⁱⁱ "Economic Opportunities for Indigenous Peoples in Latin America," The World Bank, Washington, DC, March, 2007; "Afro-Latinos in Latin America and Considerations for U.S. Policy," CRS Report for Congress, Washington, DC, November 21, 2008. 27 October 2009
<http://pdf.usaid.gov/pdf_docs/PCAAB697.pdf>.

ⁱⁱⁱ Inter-American Development Bank; <http://www.iadb.org/aboutus/whatWeDo.cfm?lang=en>

^{iv} Frances Winddance Twine, *Racism In a Racial Democracy*, Rutgers University Press, New York, 1997.

^v Antonio Sergio Alfredo, Guinanes in *Beyond Racism: Racism and Inequality in Brazil, South Africa and the United States*, Charles V. Hamilton et al, editors, 1995.

^{vi} "Afro-latinos in Latin America. And Considerations for US Policy." Clare Ribando Seelke, Analyst in Latin American Affairs, Foreign Affairs, Defense, and Trade Division, Congressional Research Service, Washington, DC, November, 2008, page 2.

^{vii} Economic Opportunities for Indigenous Peoples.

^{viii} Peter Oakley, "Social Exclusion and Afro Latinos. A Contemporary Review." mimeo. May, 2001.

^{ix} "Afro-latinos in Latin America," page 5.

^x *Ibid.*, page 5.

^{xi} Resolution No. 071, 1993, Bogotá, Colombia.

^{xii} *Dirección Nacional de Educación Intercultural Bilingüe*,
<http://www.sep.gob.mx/work/resources/LocalContent/43713/1/ESTADISTICA2003-2004.pdf>.

^{xiii} http://www.presidencia.gov.br/estrutura_presidencia/seppir/sobre/

^{xiv} Action Plan For Combating Social Exclusion Due To Race Or Ethnic Background, June 2002 – December, 2003, Inter-American Development Bank, Washington, D.C., p. 1.

^{xv} "The World Conference Against Racism, Racial Discrimination, Xenophobia and Related Intolerance: Basic Information." World Conference Against Racism. <http://www.un.org/WCAR/e-kit/backgrounder1.htm>

^{xvi} "U.S Abandons Racism Summit." *BBC News*. 3 September 2001.
<http://news.bbc.co.uk/2/hi/africa/1523600.stm>

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- xvii “The UN World Conference Against Racism: An NPR Special Report.”
<http://www.npr.org/programs/specials/racism/>
- xviii “World Conference Against Racism, Racial Discrimination, Xenophobia and Related Intolerance Declaration and Programme of Action.” Updated 31 January 2002. <http://www.un.org/WCAR/durban.doc>, para. 110.
- xix *Ibid.*, Programme of Action I.1.
- xx *Ibid.*, para. 208.
- xxi Puddington, Arch. “The Wages of Durban” *Commentary*, 112, 4 November 2001.
- xxii See idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=1148586
- xxiii <http://www.iadb.org/projects/project.cfm?id=RS-T1024&lang=en>
- xxiv <http://www.iadb.org/projects/project.cfm?id=BR-T1045&lang=en>
- xxv “Social Exclusion in Education in Latin America and the Caribbean,” Inter-American Development Bank, Washington, DC, 2006, p. 11.
- xxvi *Ibid.*, p. 28.
- xxvii Economic Opportunities for Indigenous Peoples in Latin America,’ The World Bank, Washington, DC, March, 2007; Afro-Latinos in Latin America and Considerations for U.S. Policy, CRS Report for Congress, Washington, DC, November 21, 2008.
- xxviii *Outsiders. The Changing Pattern of Exclusion in Latin America and the Caribbean*. Inter-American Development Bank, Washington DC, 2008, p. 2.
- xxix *Ibid.*, page 8.
- xxx *Ibid.*, page 3.
- xxxi *Ibid.*, p. 27.
- xxxii *Ibid.*, p. 42.
- xxxiii *Ibid.*, p. 42.
- xxxiv *Ibid.*, p. 42.
- xxxv Interview with Enrique Iglesias, Civil Society Consultation, Santo Domingo, Dominican Republic, November, 2000.
- xxxvi *New Century, Old Disparities. Gender and Ethnic Wage Gaps in Latin America*. IDB, Washington, DC, October, 2009.
- xxxvii 2007 IDB Personnel Statistics, Inter-American Development Bank, Washington DC, December 2007.

Appendix A



September 3, 2009

Beatrice Edwards
International Program Director
Government Accountability Project
1612 K Street, NW Suite #1100
Washington, D.C. 20006

Dear Ms. Edwards:

In response to your letter dated August 3, 2009 my office, with the help of the IDB's Office of External Relations, gathered the information you requested. I enclose the information below.

You should be aware that the U.S. Chair clearly understands the importance of diversity of the Bank's staff and making sure that its programming addresses the needs of traditionally excluded populations in the region. This year in Board committee meetings the U.S. Chair has been vocal on the issue. We strongly supported the creation of the Gender and Diversity Multi-Donor Fund, which will contribute to the integration of gender and diversity perspectives in member countries' development programs and objectives. Another objective of the Fund is to help combat discrimination in the region. When we voiced our support for the Fund we also challenged Management to increase diversity within the Bank's staff. We noted that the region's heads of state include women, afro-descendants, and indigenous persons. However, with few women in top management positions and without a large number of afro-descendants and indigenous staff, the current makeup of the Bank's staff does not reflect the diversity of the region. We will continue to work with Management to increase diversity at the Bank.

John Ferriter in the Office of External Relations will coordinate the meetings you requested. You can contact him at (202) 623-1394 or johnfe@iadb.org.

Please let me know if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Miguel San Juan".

Miguel San Juan
United States Executive Director

Appendix A

Cc: Luís Moreno, President, IDB
Representative Barbara Lee, U.S. Congressional Black Caucus
Representative Eleanor Holmes Norton
Senator John Kerry, Chair, Senate Committee on Foreign Relations
Senator Richard Lugar, Senate Committee on Foreign Relations

Enclosure: Response to GAP Data Request

Appendix A

Response to GAP Data Request

Information about projects and lending designed to benefit Afro-descendants in the Americas

On the operational side, we will send you hard copies of the 2008 Sustainability Review that reports on IDB's technical cooperation support for 2006-08 to Afro-descendant communities and a document detailing the programs reflected in that Review. Also, below, please find a list of loan projects that have directly supports Afro-descendants from 2000 onwards.

IDB's support extends beyond stand-alone programs that directly address Afro-descendant issues or communities. The Bank's contributions also include large-scale investments in areas such as infrastructure, water and sanitation, education, health or social protection in regions whose residents are predominantly Afro-descendants. This is the case, for instance, of Bank support for projects including the Costa Pacifica region of Colombia, the Colon area of Panama, the Santiago de Sula and Tela areas in Honduras, and the Stann Creek and Toledo Districts in Belize.

To cite further examples, Conditional Cash Transfer programs such as Brazil's Bolsa Alimentação/Bolsa Familia, Colombia's Familias en Acción, Ecuador's Bono de Desarrollo Humano, Honduras' PRAF, Jamaica's PATH, and Nicaragua's Red de Protección Social, have all targeted resources to the poorest populations, including important shares of Afro-descendant households. By providing cash to poor households, mostly in rural areas, upon compliance with a set of health and education-related conditions, CCT programs generate immediate results, including increased food consumption and school attendance and preventive health care utilization among the poor. Longer-term expected impacts are increases in the accumulation of human capital and associated returns in the labor market.

COUNTRY	NAME	PROJECT NUMBER	APPROVAL DATE
Honduras	Comprehensive Development Autochthonous People	HO0197	Nov 23, 2005
Ecuador	Strengthening the Cocoa Production Chain in Afro-Ecuadorian Communities	EC-S1002	Dec 2, 2004
Brazil	Diversity in University	BR0364	Jun 7, 2002
Ecuador	Social Investment Fund (FISE III)	EC0203	Nov 28, 2001
Ecuador	Decentralization Support Program	EC0204	Oct 31, 2001

The IDB's diversity policy, as well as any diversity programs now in place

Appendix A

On the HR side, the Bank has institutional mandates for working with diversity. These include the: IDB Charter (1959), with the mandate to recruit staff on as wide a geographical basis as possible, the Institutional Strategy (1999) with the mandate to encourage internal diversity; the Human Resources Strategy (2001) with the mandate to expand and enhance HR processes and practices to value and promote diversity at the Bank; and the Action Plan to Promote Diversity at the IDB (GN-2155-3) approved by the Board of Executive Directors in December 2001. The plan introduces new concepts and approaches for working with diversity with regard to three dimensions of diversity, namely: Nationality; Gender; Race and Ethnicity in African, Asian and Indigenous heritage. The overarching goal is to foster a Bank environment that best taps the ideas and efforts of its diverse staff for the enhancement of the Institution and the Region.

One of the recommendations that emanates from the Board-approved Action Plan is that the IDB appoint an advisor charged with implementing the diversity initiative, along the lines of the World Bank and the IMF, to include promoting best practices and positive initiatives, fostering leadership in diversity skills amongst Bank supervisors, and identifying and challenging barriers to diversity. In line with these efforts, the IDB in May 2009 hired the IDB's new Diversity Advisor, Ms. Tina Tinde, following an internal/external competitive process. A national of Norway, Ms. Tinde brings over 19 years of experience on diversity and gender issues. Prior to joining the IDB, she worked as a Special Advisor on Gender Issues for the United Nations High Commissioner for Refugees in Geneva.

The development of an IDB Diversity and Inclusion Strategic Framework is a priority project. The Framework sets a target of 50 percent men and women at all levels by 2015 and addresses actions to achieve this. Also to be included in the Framework: measurable goals that will allow the organization to better reflect the diverse composition of the people of Latin American and the Caribbean, as well as the Bank's non-Regional member countries; enhancements to the Bank's recruitment and career development processes with regards to the composition of selection/promotion committees; proactive succession planning; a HR policy on persons with disabilities: a review of work-life balance practices including parental leave; equal salary analysis; high-impact awareness-building activities such as diversity and inclusion training for management; and the periodic reporting of results.

In November 2009 IDB will gather managers and staff from field offices and HQ for a brainstorming on diversity both in human resources and operations. Recommendations from the meeting will be presented to the Presidency and Board of Executive Directors and a report will be published on the IDB website.

The Bank has employment programs in place dedicated to diversity candidates, specifically the Diversity Young Professional Program and the Diversity Internship Program for African descendents and members of Indigenous Peoples. These Programs generate opportunity not only for the candidates, but for the Bank to benefit from the ethnic and cultural heterogeneity and professional expertise that they offer.

IDB data on the race and rank of its staff

The Bank does not currently collect data on the ethnicity and rank of its staff.