I work in poverty alleviation and at the heart of alleviation of poverty are issues about governance and poor governance, unfortunately; so how to fix an efficient, dysfunctional, corrupt institutions in developing countries is a big challenge and I think that the academic community working on development has come to realize how important governance is really for poverty alleviation. Alleviating poverty is not really only about investment and creating new jobs, obviously that really goes a big way in alleviating poverty and creating opportunity but often much more than that is needed is -- really you need state action to coordinate education systems, to coordinate and run health systems and to bring safety to poor communities and without that form of government action, you cannot really alleviate poverty.

In the case of Latin America today, criminal violence has become a really big issue and that issue effects the poor the most. Latin America has 41 of the 50 most dangerous cities in the world and a lot of these places are really pockets of poverty and violence, that's shanty towns in Rio, the shanty towns in Caracas and this is really I think a neglected side of the story of poverty.

In Brazil and Mexico and other countries, there has been success in alleviating extreme poverty but now we see these new challenges and to me, the biggest challenge there really has to do with this, you know, the disintegration of order in these communities, no? So it's really about -- unfortunately, it's about violence and that's not really easy to fix. And that's, I think, our countries are really now in this what is called like a poverty trap, so from violence, you go to more poverty and for more poverty, you go for more violence and you're stuck in that circle.

You have a city that has been peaceful and then suppose that you can find a very similar city that has had a -- what we call a turf war; the city's very, very similar so you have two cities and how much the war really impacts the economy. And we were able to show that has a huge impact on these communities so you have a turf war, the first year is 7% less, the second year 8% less and then by the third year, you're already in 15% less so you have lost a lot. And then we were also trying to understand what are the mechanisms; so we found that when you are exposed to violence, there is less investment -- less generation of new enterprises, the small enterprises and less employment. In one study that we just finished, we find that if you are exposed to -- in a violent turf war among drug cartels in your community, you lose half a year in terms of achievement in school because the teachers don't arrive to school, the parents are afraid to send the kids to school and also the kids are traumatized so we are, you know, after we -- you know, we are able to show this link, we really are starting to work with Ministry of Education in Mexico to think of some possible interventions to deal with these issues.

We tend to think that poverty's only located in rural isolated areas but the developing world today is mostly urbanized and really the key challenge is going to be how we are going to manage these mega cities with these pockets of violence and poverty.

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