

Reducing poverty amidst high levels of inequality: Lessons from Latin America and the Caribbean



Simone Cecchini

Social Development Division

Economic Commission for Latin America and the Caribbean (ECLAC)

Segment Two “Evaluating the Implementation of the Second United Nations Decade for the Eradication of Poverty (2008-2017)”

Session 10 United Nations system coordination for poverty eradication -- implementation of the objectives of the Second UN Decade for the Eradication of Poverty

United Nations Headquarters, New York, 19-20 May 2015

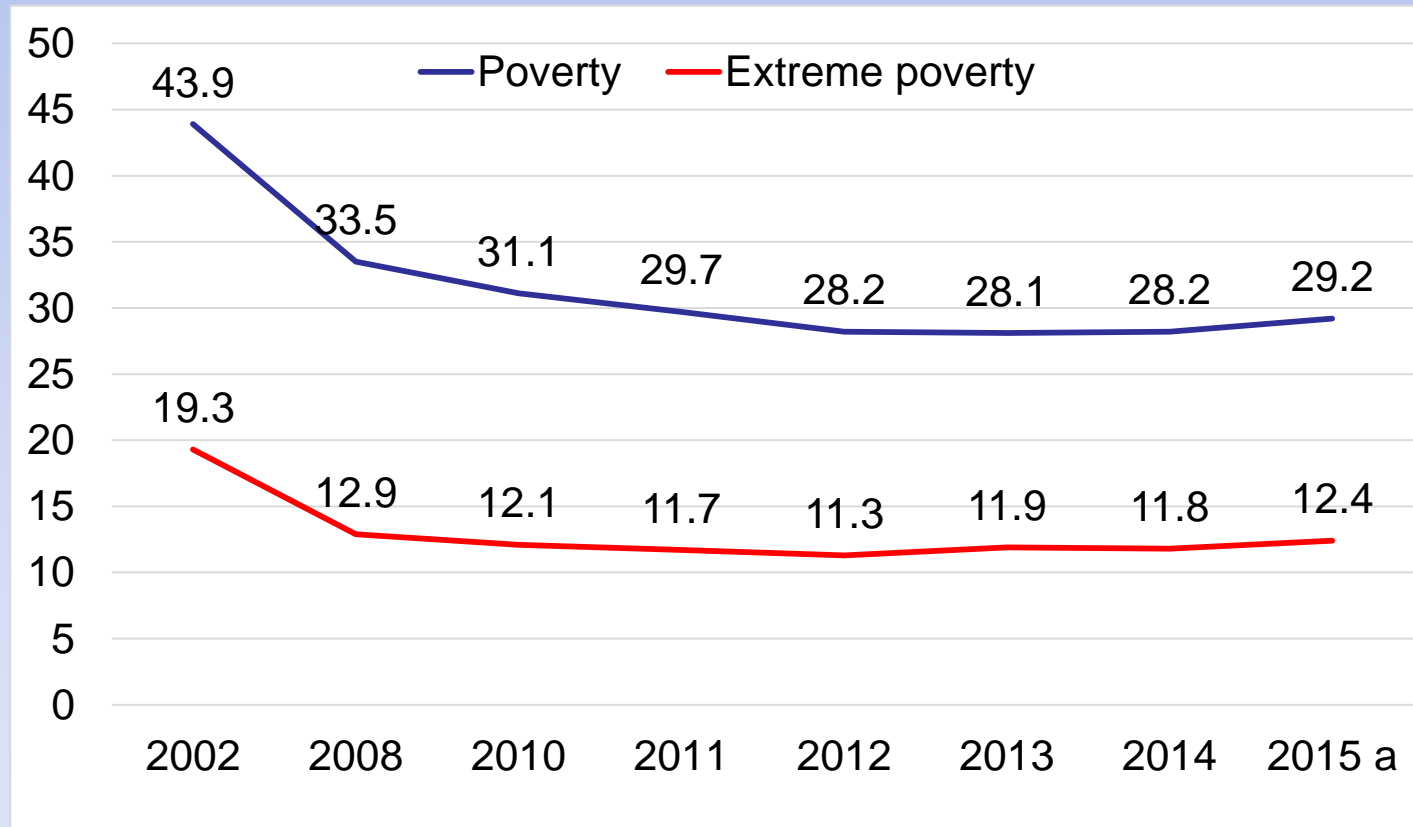
Reducing inequality is an essential condition for eradicating poverty

- ECLAC defines equality as the ultimate aim of development, structural change are the path towards achieving it, and policymaking as the instrument to that end
- Equality is about much more than income distribution; it means entitlement to civil, political, economic, social and cultural rights
- Equality implies access to decent work and social protection; equality of opportunities and capacities; autonomy and dignity
- Poverty refers not only to socioeconomic status, but also to deprivation of citizenship



Substantial reduction of poverty and extreme poverty between 2002 and 2012. Challenges in recent years

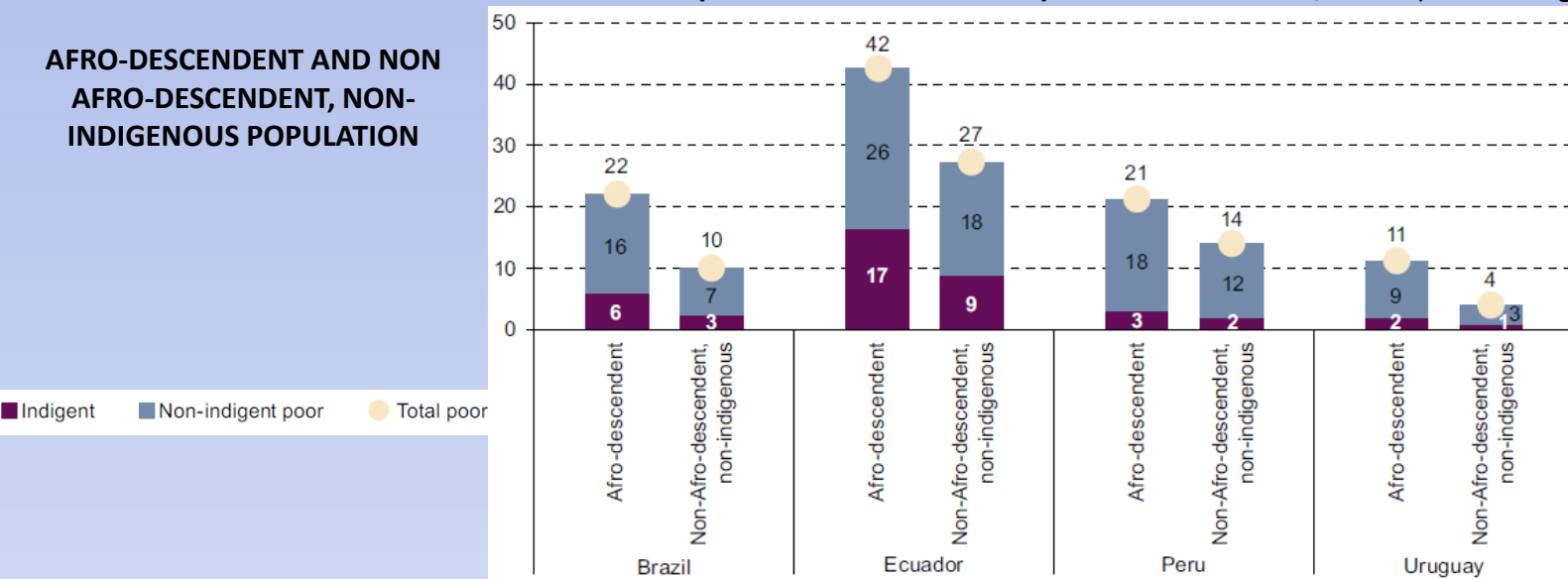
LATIN AMERICA: POVERTY AND EXTREME POVERTY RATES, 2002-2015 (PERCENTAGES)



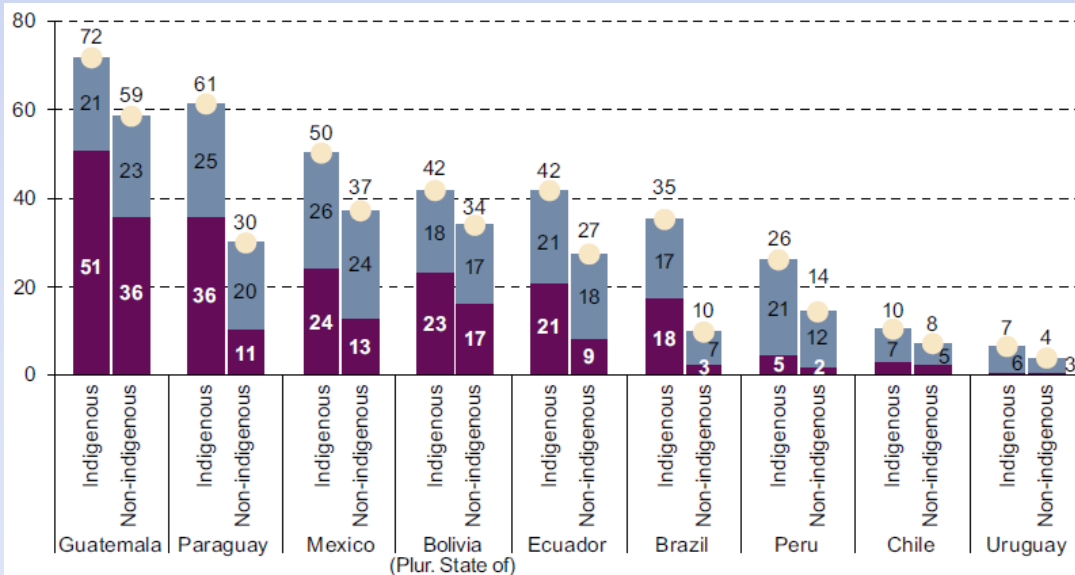
Poverty is higher among some population groups: indigenous and Afro descendent people

LATIN AMERICA (SELECTED COUNTRIES): POVERTY RATES, 2014 (Percentages)

AFRO-DESCENDENT AND NON-
AFRO-DESCENDENT, NON-
INDIGENOUS POPULATION



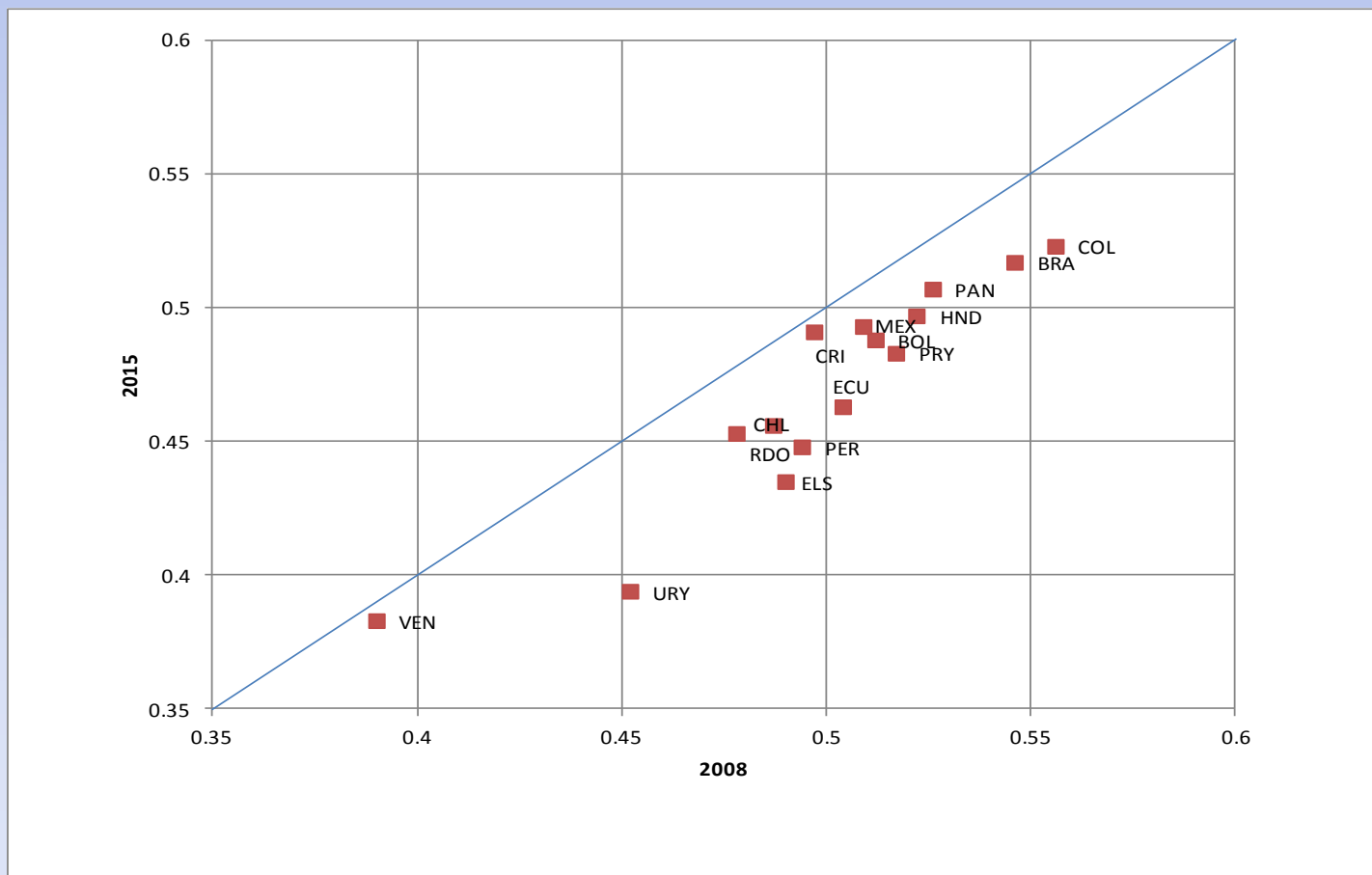
INDIGENOUS AND NON-
INDIGENOUS POPULATION



Source: ECLAC, The social inequality matrix in Latin America (2016).

Latin America has been an exception to the global trend of increasing inequality, but it still has some of the highest levels of income inequality in the world

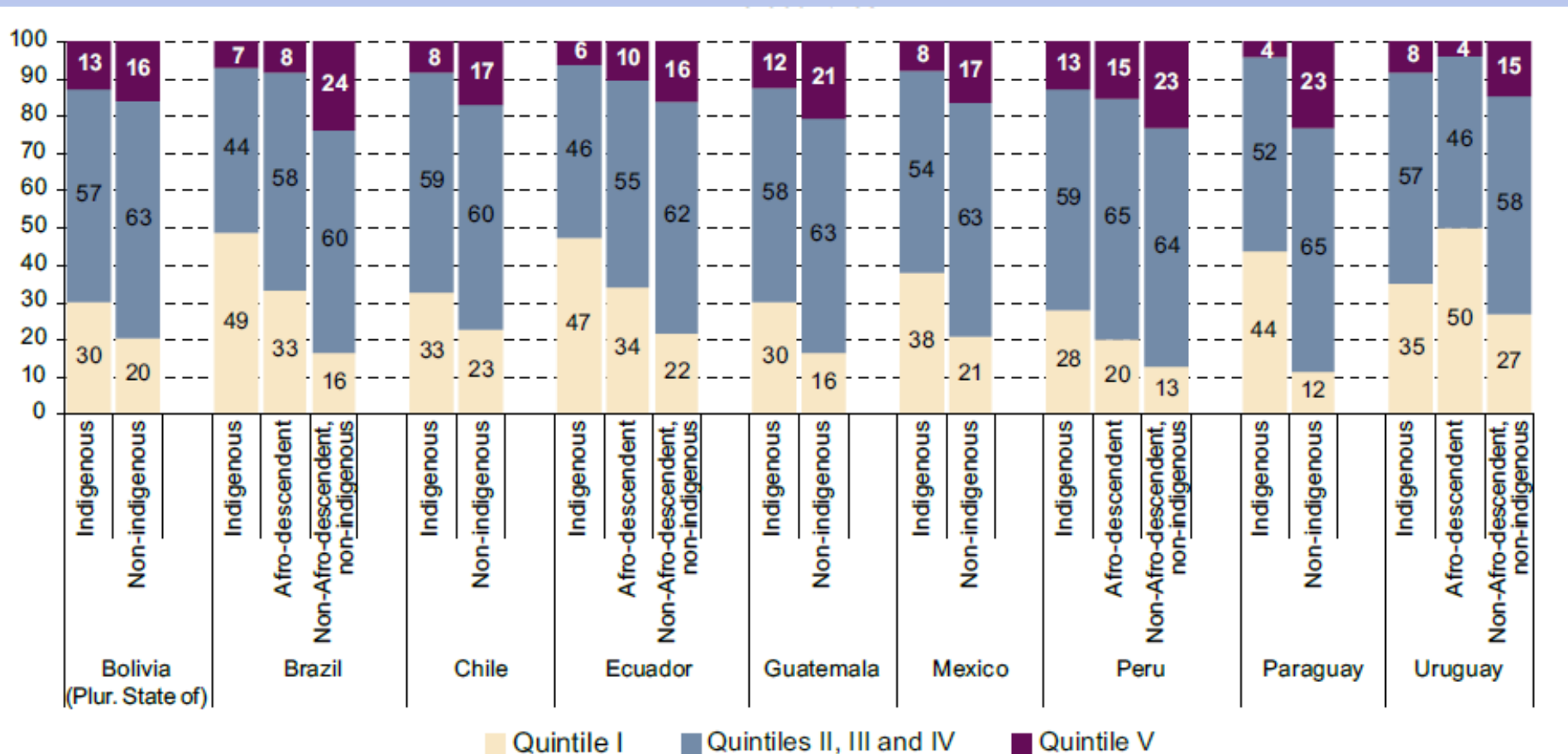
LATIN AMERICA: GINI COEFFICIENTS, 2008 AND 2015



Income inequality is also connected with ethnicity and race

LATIN AMERICA: DISTRIBUTION OF THE POPULATION BY PER CAPITA HOUSEHOLD INCOME QUINTILES AND ETHNICITY, 2014

(Percentages)

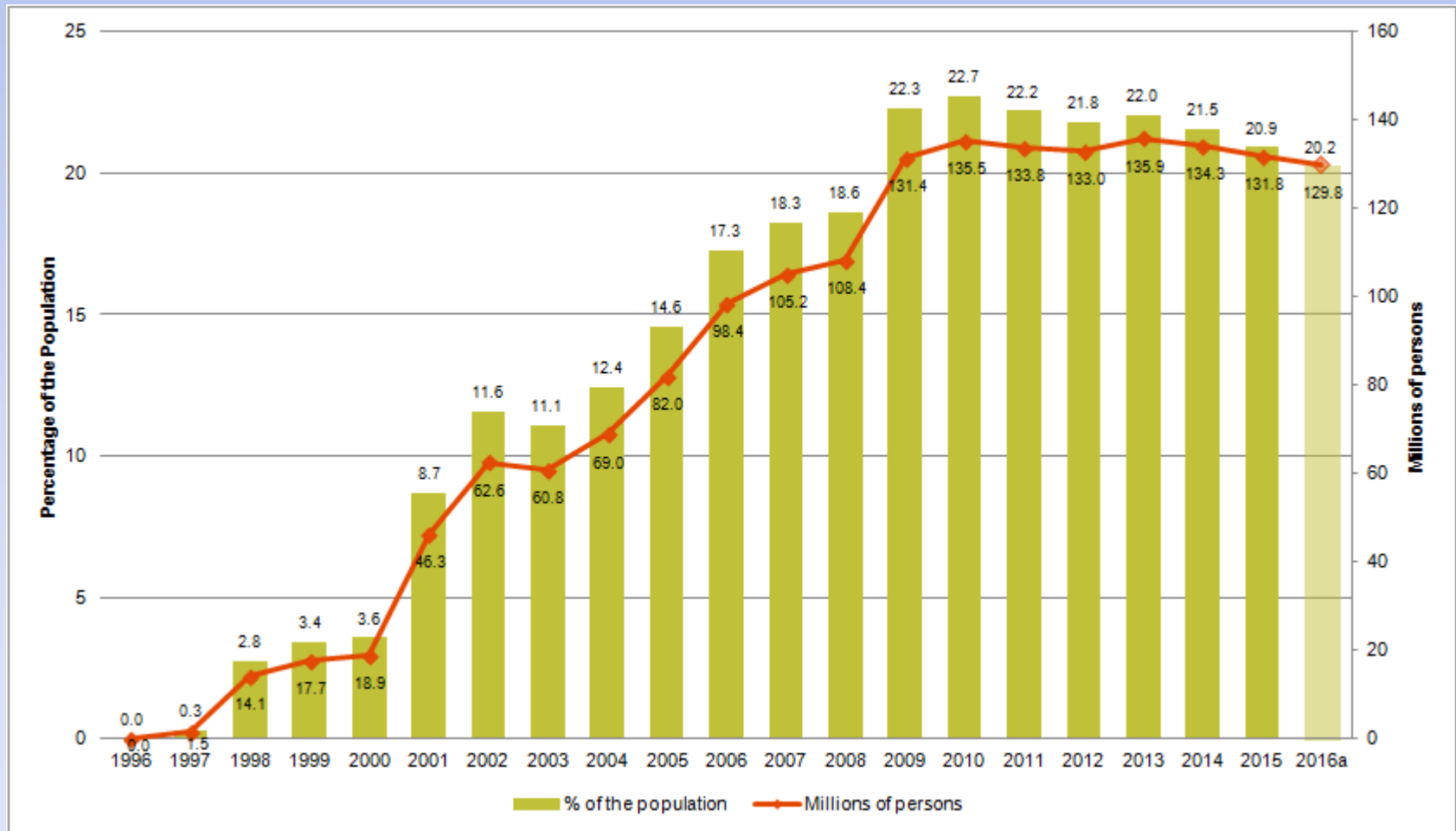


Determining factors in recent progress in reducing poverty and inequality in Latin America

- A context of economic tailwinds that facilitated formal job creation (unemployment: 11.5% in 2002; 7.4% in 2012) and wage gains
- More women entering the labour market
- A demographic transition with a demographic dividend in most of the countries (falling dependency rates)
- Political context that afforded high priority on the public agenda to the aims of eradicating poverty and reducing inequality
- Active social and labour market policies
 - Social investment increased, sustained by somewhat better taxation; counter-cyclical policies after the 2008-2009 crisis
 - Social programmes and non-contributory social protection transfers increased in importance and have had a positive impact

Latin American countries broadened the coverage of cash transfers to the poor

LATIN AMERICA AND THE CARIBBEAN: COVERAGE OF CONDITIONAL CASH TRANSFER PROGRAMMES, 1996-2016
(PERCENTAGES OF TOTAL POPULATION AND MILLIONS OF PERSONS)



Source: Cecchini and Atuesta (2017).

The rights-based approach: from programmes to policies, from emergency to entitlements

- Shift from needs-based social policies to policies based on social rights has been a key turning point in LAC
- The State has primary responsibility to promote ESCRs
- Challenge: moving from rhetoric to practice
- Some examples: Unified Health System & Continuous Benefit Programme in Brazil; Explicit Health Guarantees in Chile; Universal Pension in the Federal District of Mexico
- Comprehensive policies and programmes
 - Brazil: Bolsa Família & Brasil sem Miséria; Chile: Chile Solidario

Key learning to advance towards poverty eradication: programmes must be treated as part of an integrated social protection policy

- Coordinate poverty reduction programmes with a universal supply of quality health and education services
- Broaden coverage, based on the principle of actively seeking out those eligible and reaching the entire poor population
- Increase the amounts of transfers in order to overcome at least extreme poverty
- Coordinate CCTs with policies on labour and productive inclusion in order to open up access to decent work
- Gender mainstreaming
- Develop care policies
- Improve rural and urban infrastructure (electricity, drinking water and sanitation, housing and transport)
- Forge stronger links with the environmental and territorial dimensions; strengthen resilience to disasters



Key messages on inclusive social development of ECLAC's "Social Inequality Matrix" flagship report (2016)

1. Coordinate economic policy, environmental policy and social policy
2. Develop rights-based public policies with an integrated perspective to overcome social inequalities
3. Aim for social development policies that are universal but sensitive to differences
4. Ground high-quality (effective, efficient, sustainable and transparent) social policy in stronger institutions and social compacts
5. Strengthen the territorial dimension of social policy
6. Generate systematic statistical information on the different dimensions of inequality
7. Protect social spending and boost tax revenues
8. Move from a culture of privilege to a culture of equality as a matter of urgency

