

RESILIENCE IN ACTION: SOCIAL POLICIES TO NAVIGATE UNCERTAINTY IN LATIN AMERICA AND THE CARIBBEAN

XVI Ministerial Development Forum for Latin America and the Caribbean

Side Event 2: From Measurement to Policy Poverty Data to Guide Resilience-Building Policy Design

Concept Note

After two decades marked by strong strides in poverty reduction, Latin America and the Caribbean have faced a troubling decline in these rates in recent years, a situation precipitated by a confluence of factors. The early years of this century were a testament to progress, with monetary poverty falling from 45 percent to 25 percent between 2000 and 2014, measured against a \$4-a-day poverty line (or from 28 percent to 14 percent at the \$2.50 level). This remarkable decline can be attributed to a combination of robust economic growth and strategic public policy initiatives, particularly the widespread implementation of conditional cash transfers. Multidimensional poverty also saw significant reductions, product of sectoral policies that yielded improvements across various dimensions, enabling some of the region’s most impoverished nations to halve their multidimensional poverty rates.

However, the momentum shifted dramatically after 2015, as growth slowed and the region grappled with various crises, notably the COVID-19 pandemic. This downturn has not only hampered poverty reduction efforts but has, in some instances, reversed them.

Deepening this troubling trend is a noticeable decline in public discourse surrounding poverty. The multitude of crises—political polarization, governance challenges, climate change, citizen security, migration, and sluggish post-pandemic economic recovery—has understandably taken center stage in public discussions across Latin America and the Caribbean. Yet, this shift has obscured a fundamental challenge to human development and the very fabric of democracy: poverty itself.

Re-establishing a robust trend of poverty reduction will need innovative public policies and a renewed focus on poverty within public discourse. The region is still reeling from the pandemic's effects, and significant economic growth is unlikely in the near future. Moreover, many countries are navigating tight fiscal conditions resulting from the pandemic’s fiscal toll. Thus, to reinvigorate poverty reduction efforts, the region must optimize social spending and leverage innovative strategies that can deliver results despite fiscal limitations. The success of previous efforts demonstrates that such achievements are indeed possible, but any new policy framework must be equipped to tackle the contemporary challenges facing the region, with resilience being a key component.

This side event will explore innovative tools arising from initiatives aimed at income and multidimensional poverty reduction, with the goal of building resilience in the LAC region. Presentations will cover topics ranging from handling “complexity” for budget allocation for multidimensional poverty reduction, to real-time welfare measurement techniques that allow for timely policy adjustments in response to shocks. It will also present a

private sector initiative for energy poverty reduction. By highlighting these innovative strategies, the event seeks to identify pathways to accelerate poverty reduction even amid fiscal constraints.

This one-hour event will present five poverty reduction tools that can contribute to building resilience in the region:

- Multidimensional poverty indices for effective poverty reduction – Sabina Alkire, Director, Oxford Poverty and Human Initiative, University of Oxford.
- Multidimensional poverty microsimulations for goal setting, coordination and monitoring – Roberto Angulo, Social Integration Secretary of the Government of Bogota.
- Real-time measurement of welfare for fine-tuning policy responses to shocks – Kim Bolch, Economist and Special Assistant to the Global Director for Poverty and Equity
- Dealing with “complexity”: budget allocation for multidimensional poverty reduction – Almudena Fernandez, Chief Economist, Regional Bureau for Latin America and the Caribbean, UNDP.
- Energy Poverty Index: introducing equality variables to efficiency considerations for decision-making of private firms in the energy sector – Francisco Espinoza on behalf of Juan Manuel Rojas, President, Promigas, Colombia.