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Improving poverty alleviation strategies in Latin America: Revamping data, strengthening communities, and redefining social protection systems

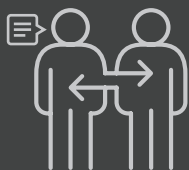By the Working Group on Social Inclusion in Latin America

Key messages

Population information systems that reflect the multidimensional nature of poverty and vulnerability are key to designing effective poverty alleviation strategies.

Recognising and potentiating local organisations' indispensable role in managing crises and assisting vulnerable populations in Latin America can maximise synergies in policy design and implementation.

Enabling effective state–community partnerships and equipping community leaders with adequate resources helps mitigate vulnerable populations' risk of being pushed into poverty and extreme poverty.

Progressing towards comprehensive social policy schemes that respond to individuals' differentiated journeys is key to reducing the growing number of poor in the region.

Integrated social protection policies that articulate education, healthcare, labour, and crisis-preparedness can enhance the sustainability of poverty alleviation strategies and mitigate fiscal capacity deficits across the region.

■ Introduction

Poverty in Latin America increased during the COVID-19 pandemic. From 2019 to 2021, the number of people living in poverty increased by 6%, affecting 201 million people. The rate of extreme poverty also rose by 13%, amounting to 86 million people (Economic Commission for Latin America and the Caribbean [ECLAC], 2022). Based on evidence collected by the Working Group on Social Inclusion in Latin America[1] and think tankers' expertise,[2] this policy brief presents three recommendations to improve poverty alleviation strategies in the region. The brief seeks to contribute to the ongoing discussions on poverty reduction in Latin America, the development of resilient protection and recovery systems, and the search for innovations ahead of the 2025 World Social Summit.

Lessons learned from the projects and activities led by the Working Group are analysed through the lens of the social institutionality of poverty alleviation. This concept refers to the rules and organisational approaches governing social policy, ranging from the identification and prioritisation of goals to the implementation of strategies and evaluation of outcomes (Martínez, 2019). Adopting this perspective allows us to shift the focus from *which* policies are needed to reduce poverty, to *how* existing policies and programmes can be improved. It invites us to examine closely (among others) public information systems, the state's relationship with organised civil society, and intersectoral and intergovernmental coordination mechanisms (Repetto, 2004; Martínez, 2019).

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The recommendations presented are far from exhaustive. Instead, they underscore three problems, lessons learned, and recommendations identified by researchers of the Working Group to improve the region's economic and social well-being. These are summarised in the chart below and discussed in the following sections.

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1 The Working Group on Social Inclusion is a collaborative research initiative facilitated by the International Development Research Centre (IDRC) and Southern Voice. For more details on the Working Group, see the acknowledgement section below.

2 Members of the Working Group interviewed between January and February 2023.

Table 1. Problems, lessons learned, and recommendations

Problem	Lesson learned	Recommendation
Binary definitions of poverty create exclusion errors and data gaps that render populations, individuals, and/or vulnerability factors invisible in poverty alleviation strategies.	Capturing poverty's multifaceted nature and the spectrum of vulnerability factors that affect different population groups is key to designing effective poverty-alleviation strategies.	Revamp population information systems by moving away from binary categorisations of poverty to address the specific pressures each population faces.
State capacity deficits, policy rigidity, and lack of trust hinder the government's ability to reach and assist vulnerable and poor populations, especially in a context of crisis.	Local organisations play a pivotal role in assisting vulnerable populations and managing crises but lack capacities to independently address complex issues, such as tackling poverty.	Maximise synergies in public policy design and implementation by recognising and potentiating the role of community organisations and leaders in managing crises and assisting local vulnerable populations.
Fragmented policymaking, contributory-based social protection mechanisms, and reliance on cash transfers fall short in addressing poverty's complexity.	Effectively addressing poverty requires developing comprehensive and integrated social protection systems that respond to individuals' and populations' differentiated vulnerabilities and risks in specific contexts.	Redefine social protection systems by embracing comprehensive approaches that adopt a life-cycle perspective (including crisis-preparedness) and employ cross-sectoral coordination and sustainable financing strategies.

Note. Elaborated by the authors.

Revamping population data: uncovering poverty's drivers to shape targeted policies

Poverty is not a binary experience as often portrayed in official statistics. Beyond being 'poor' or 'non-poor' once an income level is attained, poverty is experienced in multiple dimensions. These include, for example, access to services and networks, work and care conditions, or instances of exclusion and discrimination. There is also a spectrum of vulnerability factors that can push individuals and population groups into poverty when left unaddressed, especially during crises.

The fragility of irregular migrants' livelihoods, for instance, emerged as a

significant catalyst for the region's growing number of poor during the pandemic. In a roundtable organised by the Working Group, researchers emphasised that many Venezuelan migrants in Colombia and Peru were largely dependent on economic solidarity networks, which came to a standstill during the lockdown (Southern Voice & International Development Research Centre [IDRC], 2022). Irregular migrants and those in informal work could not access government assistance programs and saw their livelihoods greatly compromised (Southern Voice & IDRC, 2022). Being unregistered is a poverty driver absent from binary definitions of the concept, therefore not often identified in population data systems or prioritised in poverty alleviation strategies.

Women in Latin America also faced distinct challenges that heighten their risk of being pushed into poverty as compared to their male counterparts. By the end of 2021, 4.2 million women had not recovered from job loss at the height of the crisis,[3] while men had almost entirely recovered their jobs during the same period (International Labour Organization, 2022). In addition to higher unemployment rates, exacerbated during the pandemic, women are more likely to work in informal sectors, which typically are lower paid, less secure, and lack social protection (United Nations Entity for Gender Equality and the Empowerment of Women, 2021). These challenges are intricately related to care responsibilities, which hinder women's opportunities for job-seeking and formal employment (Gender in Latin America Working Group, 2022). Since households' care needs are neither captured in information systems nor part of income-based definitions of poverty, they are often left unaddressed in poverty alleviation strategies.

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Members of the Working Group also pointed out that the Latin American LGBTQI+ community is virtually invisible in national-level official data. Despite recent progress, the community suffers significant rights violations and discrimination that extend to the state and public institutions (Stang, 2019; A. Agüero & A. Soberón, personal communication, January 27, 2023). Especially concerning is the exclusion of trans individuals from education and healthcare services, which often leads to joblessness and poverty (Carpio et al., 2020). Lack of targeted data, exclusion from essential services, and structural discrimination are poverty drivers that remain overlooked when poverty is solely measured by income level.

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3 Second quarter of 2020.

The latter are three examples of how vulnerable population groups may differ from those typically identified as 'poor' in national statistics. Moving away from binary and income-based categorisations of poverty can help us shape more targeted and effective policies by alleviating each population's specific pressures. Comprehensive information systems can also help us better grasp how poverty's different dimensions may be amplified by factors such as migratory status, gender, or sexual orientation. Revamping population information systems to capture poverty's multifaceted nature is, therefore, crucial to improving the identification and prioritisation of goals within poverty alleviation strategies.

▪ Maximising synergies between state-led policies and community organisations

Local organisations played a pivotal role in managing the pandemic's social and health effects in the region's vulnerable communities. Many Latin American cities experienced a (re)emergence and strengthening of community-based organisations that went to great lengths to support families in need. In Argentina, for instance, they organised health and hygiene campaigns, set up community kitchens, and distributed food and basic goods (SIEMPRO, 2021). Similarly, *ollas comunes*[4] organised in low-income neighbourhoods in Santiago de Chile, Montevideo, and Lima combatted food insecurity and care needs by preparing and distributing meals, organising self-led school support groups and recreational spaces for children, and providing assistance to the elderly (Alcázar & Fort, 2022; Fuentes & Fernández, 2022; Fernández, 2022; Gender in Latin America Working Group, 2022).

Besides acting as catalysts for collective action and amplifying local needs, these community-led organisations filled in gaps to reach and assist vulnerable and poor populations in a crisis context (Alcázar & Fort, 2022; Fuentes & Fernández, 2022; Fernández, 2022). Yet despite their pivotal role, community organisations and networks lack the infrastructure, resources, and technical and operational capacities to independently address complex issues (Alcázar & Fort, 2022; Fuentes & Fernández, 2022; Fernández, 2022; F. Coda & T. Cárdenas, personal communication, January 25, 2022). They also rely on voluntary participation and often operate on the basis of social ties, affinity, and interpersonal relationships, which means that equity and continuous delivery cannot be guaranteed (Gender in Latin America Working Group, 2022).

While community organisations cannot replace state-led interventions, recognising them as key stakeholders in designing and implementing

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4   The term translates to 'common pots,' referring to soup kitchens that are community-led, self-managed, and informal.

public policies can yield positive results. *Territorios en Acción* in Argentina, for example, helped map vulnerable communities' capabilities, needs, and challenges through a community-led system for self-identification, activity listing, and resource sharing among organisations (Gradin, Rofman, & Rosa, 2021). The experience illustrated the power of state–community partnerships for strengthening poverty alleviation measures and crisis management. Similarly, the Metropolitan Municipality of Lima strengthened the effectiveness of *ollas comunes* by implementing a policy to identify, register, and resource these local organisations (Alcázar & Fort, 2022; R. Fort, personal communication, January 27, 2023). Despite pending challenges, the initiative demonstrated how the co-management of a public policy between the state and community organisations can ensure food security (Alcázar & Fort, 2022).

Evidence from the *COLABORA.Lat* initiative also showed that promoting inclusive and collaborative governance can significantly enrich policy formulation and implementation (Cyr et al., 2021). The project studied the governance models of public policies and social initiatives implemented in response to the pandemic in Argentina, Bolivia, Chile, Colombia, Guatemala, and Mexico. A key lesson highlighted by the researchers is that state–community collaborations can yield better impacts when implemented in communities where there is a pre-existing active social fabric, with a certain degree of organisational structure (F. Coda. & T. Cárdenas, personal communication, January 25, 2023). While national-level partnerships with community organisations may be more difficult to implement, organising exchange tables with local government instances and providing incentives and training at the local level can maximise synergies and impact (F. Coda & T. Cárdenas, personal communication, January 25, 2023).

Based on these experiences, one could argue that nurturing state–community partnerships and advancing the role of community organisations can help build more responsive and impactful social policies. To see these state–community synergies flourish, inclusive decision-making mechanisms and a long-term commitment need to be prioritised. Understanding how to better support community leaders in their roles, strengthen their capabilities and skills, and equip them with adequate resources is also key to maximising the impact of such partnerships. This involves providing training, financial assistance, capacity development, and enabling community leaders' access and abilities to leverage information and data. Building synergies also requires sustained dialogue, joint problem-solving, and regular feedback mechanisms. Through such collaborative approaches, both

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state and community actors can create more effective, equitable, and inclusive policies that meet the needs and aspirations of the communities they serve.

▪ Redefining social protection: A move towards universal, sustainable, and comprehensive policies

Latin American social protection systems often suffer from fragmentation and are designed to protect formal workers on a contributory basis, which results in critical limitations. For instance, migrant returnees in El Salvador, Guatemala, and Honduras faced important challenges in regaining access to health and employability services when returning to their countries of origin during the pandemic (Asociación de Investigación y Estudios Sociales et al., 2022; Flores & Hernández, 2022; Southern Voice & IDRC, 2022). They were more exposed to COVID-19 and experienced higher mental health issues but were less likely to access health services (Asociación de Investigación y Estudios Sociales et al., 2022; Flores & Hernández, 2022; Southern Voice & IDRC, 2022). They also had difficulties reintegrating into the country's economic activities, often due to employers' distrust or lack of recognition of their skills and experience acquired abroad. On top of this, they were excluded from receiving unemployment support (Southern Voice & IDRC, 2022).

The program *Emprendiendo una Vida Mejor* (EVM) serves as an example of how a more comprehensive approach to social protection can be built (Fundación Capital, 2022). The program combined cash transfer, productive assets transfer, financial education, training in life skills, and technical support through personalised visits. Building trust between participants and implementers, as well as supporting participants' capabilities were two integral elements to ensuring the program's success (T. Rincón, personal communication, February 17, 2023). The program showed positive impacts on household livelihoods, specifically in food security, subjective well-being, and finances, as compared to the control group (Fundación Capital, 2022). It also enhanced the resilience of at-risk households and facilitated their economic revival (Fundación Capital, 2022).

Another useful example is *Trabaja Perú*, an employability development program for vulnerable women implemented in Lima during the pandemic. The program consisted of money transfers to low-income women, digital skills courses, and mentoring sessions. Designing the contents and pedagogies based on the women's previous education led to positive results in skills development for the labour market, employability, and average income for those who completed the program (Alcázar & Huerta, 2023). The policy demonstrated how the

articulation of various areas like education, income guarantees, and labour policies can facilitate a sustainable approach over time, leading to more integrated social protection policies. Given the diverse fiscal capacities across the region, planning interventions with medium- and long-term budget sustainability in mind is essential (Alcázar & Fort, 2022).

Two areas that merit priority in redefining social protection systems are the 'demographic' and 'gender' bonuses. The demographic bonus involves investing in children, adolescents, and young people to enhance their future productivity, thereby fueling the financing of future welfare systems. The gender bonus pertains to establishing equal employment opportunities between men and women. This includes implementing anti-discriminatory policies and promoting care services to increase female labour force participation, thus expanding the taxable base and fostering fiscal sustainability over time. Additionally, redefining social protection systems for the future requires better responses to the effects of climate change on the lives of the poorest. This implies moving towards adaptive social strategies aimed at developing the capacity of vulnerable populations to cope with different types of shocks, including the climate crisis (H. Cuellar, personal communication, July, 2023).

Several experts of the Working Group pointed out the importance of building holistic and resilient social protection systems in the region that adopt a life-cycle perspective. Progressing towards comprehensive social policy schemes that respond to individuals' differentiated journeys in specific contexts, with their unique risks and vulnerabilities, is key to reducing the region's growing number of poor (Cecchini et al., 2015). A comprehensive and integrated approach, along with sustainable financing, can pave the way towards more effective social protection policies in Latin America.

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Acknowledgements

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Founded in 2013, Southern Voice is a network of think tanks from Africa, Asia and Latin America & the Caribbean. It contributes to the global dialogue on the UN Sustainable Development Goals (SDGs). Southern Voice's ultimate aim is to address the existing 'knowledge asymmetry' and 'participation deficit' in the development dialogue. It does this by producing, promoting, and disseminating evidence-based policy analysis by researchers from Global South countries.

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Keywords: Latin America; Poverty; Data; Inclusion; Social protection

Cite this content as: Working Group on Social Inclusion in Latin America (2023). *Improving poverty alleviation strategies in Latin America: Revamping data, strengthening communities, and redefining social protection systems* (Policy brief No. 21). Southern Voice.