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y las naciones

**United Nations Development Programme
Seventh Ministerial Forum for Development in Latin America and the
Caribbean**

Multidimensional Progress and Inclusive Development:

Better redistributive instruments, higher standards and institutional strength in the social policy realm

**Mexico City, Thursday 30 and Friday 31 October, 2014
Ministry of Foreign Affairs, Plaza Juarez 20, 1st Floor**

V. 30.10.2014 09:00

Introduction

The Ministerial Forum on Development in Latin America and the Caribbean is organized annually by the UNDP Regional Bureau for Latin America and the Caribbean with the support of the Spanish Agency for International Development Cooperation (AECID).

The forum provides ministers and other decision-makers with a space to discuss public policy experiences in the fields of human and social development, and to discuss policy alternatives to the region's new development challenges. Since its inception in 2007, every edition of the Forum has focused on a particularly important theme for the region at that time, including opportunities for the youth, pre and post social responses to the global crisis, social policy finance, and social stratification.

Originally held at UNDP headquarters in New York, the forum has become an increasingly significant reference in the debate on development at the ministerial level. For that reason representatives of governments in the region have expressed interest in serving as hosts and, therefore, for the second time since it was established, the 2014 Forum will take place in one of the countries in the region.¹

¹ The 2012 edition was held in Brasilia, Brazil. All other editions have taken place in New York in the United States.

A decade of social progress...

Between 2002 and 2012, income poverty in the region, as measured by the proportion of people living on less than four dollars a day, has decreased significantly from 42% to 25%. During the same period, the percentage of people entering the middle class (with incomes of between 10 and 50 dollars a day) increased from 21% to 34%. And, although currently 37% of the Latin American population has an income level (between 4 and 10 dollars a day) that puts it in danger of falling into poverty, it is a fact that since 2009 the middle class is larger than the poor population and for the year 2016 it is also expected to exceed the number of the vulnerable population.² Furthermore, Latin America and the Caribbean will continue to consolidate as a middle-income region and, according to economic growth forecasts available today, some countries will even reach the middle-high income group, while others already in that category will show a significant improvement as well.³

Social progress that is wearing out...

Despite the good news of the past decade, in recent years the rate of poverty reduction in the region has shown a downward trend. While between 2002 and 2007 the rate of reduction of population with an income of less than four dollars a day was approximately 4.4% per annum, between 2007 and 2012 it was only 2.8%. Something similar happened in the case of inequality. Between 2000 and 2012, inequality decreased in 16 of the 18 countries for which comparable information is available, with a rate of decline of 0.9% per year and two countries, Nicaragua and Bolivia, surpassing the 2% annual decrease.⁴ However, recent information suggests that since 2010 the rate at which inequality has been decreasing in the region began to stagnate with countries like Chile, Mexico, Panama and Paraguay showing the most noticeable deceleration, followed to a lesser extent by Brazil.⁵

This brings old and new challenges...

Except for the years 2008 and 2009, when Latin American and the Caribbean were affected by the recent global crisis, the region as a whole enjoyed nearly a decade of significant economic growth rates of 5% to 6% between 2003 and 2007 and in 2010 respectively, mainly as a result of high demand from

² Information from the UNDP Regional Bureau for Latin America and the Caribbean, RBLAC, based on estimates provided by CEDLAS for the years 2000-11, and World Bank estimates based on CEDLAS for 2012. Population-weighted averages for the following 18 countries: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Dominican Republic, Uruguay, and Venezuela (the World Bank does not include Venezuela for 2012).

³ Guyana and Paraguay correspond to the first, while Panama, Suriname, Costa Rica, Mexico, Argentina and Brazil to the latter. UNDP estimates that are based on the World Bank Indicators database and the 2013 International Monetary Fund (World Economic Outlook). The exception to this trend is Haiti, classified as a low income country.

⁴ Lustig, Lopez-Calva, & Ortiz-Juarez, "Deconstructing the Decline in Inequality in Latin America", Policy Research Working Paper 6552, the World Bank (2013), and updated to February 2014 in the SEDLAC database (CEDLAS and World Bank). Of the 18 countries mentioned in footnote 2, only Costa Rica showed no significant change in inequality during these years and Honduras was the only case in which inequality appears to have increased (by about 0.60% per year).

⁵ See "Social Gains in the Balance. A Fiscal Policy Challenge for Latin America & the Caribbean", World Bank, February 2014.

abroad combined with high international commodity prices.⁶ Given the role played by economic growth during those years in reducing poverty and inequality by means of wages and government transfers, we cannot expect too much from the estimated growth figures for the years 2013 and 2014, of about 1.4% and 1.7% respectively, in terms of recovering the pace of poverty and inequality reduction above described.⁷ In addition, due to various shortcomings in the field of social protection in the region, such reduction might not only continue to lose speed, but eventually take the opposite direction and reverse the progress achieved so far –49% of those in Latin America and the Caribbean classified as vulnerable (with incomes of between four and ten dollars a day) lack access to medical services, 46% are not entitled to a pension, and 54.4% are in the informal sector.

Latin American and Caribbean countries face the old challenge of promoting economic growth without negatively affecting the labor conditions of their working population, and creating instead a virtuous circle of growth with redistribution. At the same time, each country also faces the challenge of tuning the instruments it is most able to control to accelerate the pace of social progress, such as the right balance of taxes and social benefits that should result in ensuring better living conditions for those who are today the most disadvantaged.

The condition of a (mostly) middle-income region with several countries classified as medium-high income implies challenges that differ from those of other regions. In Latin America and the Caribbean the gaps between people, groups and areas are such that a decade of progress has not prevented citizens from feeling dissatisfied. On the contrary, the new middle classes have been the source of many voices demanding, with increasing intensity, greater progress that can be measured not only in higher standards while, at the same time, worrying about those who have been left behind in recent years: youth, women and indigenous peoples have not been able to see as much of the benefits of the much celebrated economic growth of last decade.

...And the need for better distributive instruments, higher standards and institutional strength in the social sector.

A social agenda for the future of the Latin American and the Caribbean region must necessarily reflect on **i) more ambitious multidimensional progress goals;** **ii) specific instruments to allow a more progressive distribution of every country's resources;** **iii) policies for economic growth with greater social inclusion and iv) the necessary institutional strength to ensure better results in the social policy realm.** The seventh edition of the Forum will be structured around these four main themes.

⁶ From 2003 to 2007 this economic growth was led mainly by Mexico and South America. In 2010 the contribution of the Central American and the Caribbean to regional economic growth also proved to be significant. See De la Torre, Augusto, Eduardo Levy Yeyati, Samuel Pienknagura. 2013. "Latin America and the Caribbean as Tailwinds Recede: In Search of Higher Growth." LAC Semiannual Report, World Bank, Washington, DC.

⁷ "Social Gains..."

PROGRAMME

Thursday 30 October

Location: Conference Area, Ministry of Foreign Affairs

Address: Plaza Juárez 20, 1st Floor

13:30-14:30	<p><u>Transport from hotels:</u></p> <ul style="list-style-type: none"> • Krystal and Fiesta Inn Responsible: Sedesol • Other hotels Responsible: Embassies or hotels' transport services
14:30-15:00	<p><u>Access</u> Registration at the Lobby in the 1st Floor Registration for day 2 discussion sessions</p>
15:00-16:00	<p>Opening ceremony Location: José María Morelos y Pavón, 1st Floor</p> <ul style="list-style-type: none"> • Mr. José Antonio Meade Kuribreña, Minister of Foreign Affairs, Mexico • Mrs. Vanessa Rubio Márquez, Vice Minister for Latin America and the Caribbean, Mexico • Mr. Juan Carlos Lastiri, Vice Minister for Prospective, Planning and Evaluation, Mexico <hr/> <ul style="list-style-type: none"> • Mrs. Helen Clark, Administrator, United Nations Development Programme (UNDP) • Mrs. Jessica Faieta, UN Assistant Secretary General and UNDP Regional Director for Latin America and the Caribbean <hr/> <ul style="list-style-type: none"> • Mr. Gonzalo Robles, Secretary General for International Development Cooperation, Government of Spain <hr/> <ul style="list-style-type: none"> • Mrs. Rosario Robles, Minister for Social Development, Mexico
16:00-16:05	Time Adjustment
16:05-16:45	<p>Keynote Address</p> <ul style="list-style-type: none"> • “Multidimensional progress in low and medium income countries”.⁸ Sabina Alkire. Director, Oxford Poverty and Human Development Initiative (30 min.)

⁸ Exact conference title to be confirmed.

	Q&A (15 min.)
16:45-17:30	Official photograph of Ministers and UNDP authorities/<i>Coffee Break</i> Location: Ground floor stairs
17:30-18:00	Presentation <ul style="list-style-type: none"> • “Multidimensional progress and public policy in Mexico”⁹ <p>Gonzalo Hernández. Executive Secretary, Mexico’s National Council for Social Development Policy Evaluation</p>
18:00-18:15	Presentation of the Forum’s conceptual framework George Gray-Molina, <i>Chief Economist</i> UNDP Location: José María Morelos y Pavón, 1 st Floor
18:30-19:00	<u>Transport to Reception</u> Responsible: Sedesol
19:15-21:30	Honor dinner (Guests: Ministers, social authorities, Ambassadors, Representatives of Agencies, UNDP RR/RC, RBLAC staff) Location: Franz Mayer Museum, Av. Hidalgo 45, Historic Center
21:30	<u>Transport to hotels</u> <ul style="list-style-type: none"> • Krystal and Fiesta Inn Responsible: Sedesol • Other hotels Responsible: Embassies or hotels’ transport services

⁹ Exact conference title to be confirmed

Friday 31 October - MORNING

Location: Conference Area, Ministry of Foreign Affairs

Address: Plaza Juárez 20, 1st Floor

8:30-9.00	<u>Transport from hotels:</u> <ul style="list-style-type: none">• Krystal and Fiesta Inn Responsible: Sedesol• Other hotels Responsible: Embassies or the hotels' transport services
9:10-9.40	Special presentation <ul style="list-style-type: none">• "Current economic and social trends in Latin America and the Caribbean"¹⁰ Alicia Bárcena, Executive Secretary, ECLAC Location: José María Morelos y Pavón, 1 st Floor
9:40-9:50	Forum's agenda for the second day George Gray-Molina, <i>Chief Economist</i> , UNDP Location: José María Morelos y Pavón, 1 st Floor
9:50-10:00	Coffee Break Location: Lobby, 1 st Floor
10:00-13:00	Simultaneous discussion sessions: Presentations and deliberations by Ministers and other social authorities in four simultaneous sessions: <ul style="list-style-type: none">A. More ambitious goals: Multidimensional poverty in the regionB. Improved tools for more progressive policies: fiscal equity initiativesC. Policies for a more inclusive development in the productive, financial and labor realmsD. Institutional strength for better results: institutionalization process in the social policy realm

¹⁰ Exact conference title to be confirmed

SESSION A. More ambitious goals: Multidimensional poverty in the region

Room: Emb. Carmen Moreno Toscano, 1st Floor

More than a decade of positive economic growth and reductions in poverty and income inequality have allowed most of the region's countries to attain a middle-income status. This is a significant step forward that brings new challenges in non-monetary dimensions of development, and at the same time shows clear signs of exhaustion. This once again makes clear that methods of measuring welfare based on income are insufficient. For several years now, some countries in the region have been successful in using multidimensional poverty measurement. In conceptual, methodological and political terms this is a significant advance and it is crucial to assess how such tools have been used until today, and will be used in the future, in the policy making realm.

Guiding Questions: Which specific methodologies are in use today? How does multidimensional measurement affect public policy decision making (e.g. resource distribution, programme design, territorial targeting of programmes, defining target populations etc.?). What have proven to be their most significant limitations as social policy decision making tool? How could multidimensional measurement in the public policy cycle be ensured / improved? What dimensions are not included in the present measurements?

Moderator: Mr. Enrique González Tiburcio, Advisors' Coordinator for the Minister for Social Development, Sedesol, Mexico

Rapporteur: Designated by the Ministers.¹¹

Presentations to open discussion: The experiences of Chile, Colombia, Ecuador and Grenada (10 min each).¹²

SESSION B. Improved tools for more progressive policies: fiscal equity initiatives

Room: Emb. Paula Alegría, 1st Floor

The combination of the tax system and the system of social protection and benefits as a whole is one of the most powerful instruments through which the State deploys its presence and guarantees the long-term stability of social contract in every country. The average tax revenues in LAC is hardly half what it is in OECD countries, and within the region there is great inequality in the tax collection level. Also, the current situation of the taxation vs social benefits relation in LAC is not evenhanded and

¹¹ UNDP will provide note takers to support the Minister designated as Rapporteur by his or her own peers. The rapporteur will present the most important issues discussed at his/her discussion session during the afternoon plenary session.

¹² This agenda contains an initial proposal for presentations on country experiences currently in process of confirmation with the representative of each country. In order to promote greater participation each session may include the presentation of up to four national experiences.

creates an imbalance in economic and political power. It also implies potential pressure from specific groups where the responsibility of governments will be to channel these pressures so that they are constructive and non-confrontational. Several countries in the region have begun transformation processes concerning fiscal and social policies, some of which are designed to build comprehensive social protection systems that are sustainable and responsive to such pressures.

Guiding questions: How much of the reduction in inequality and poverty is being achieved through social spending, subsidies, and taxes? What are the individuals or social groups on which the burden of taxes and the benefits of social expenditure falls the most? Within the limits of fiscal prudence, what actions could be undertaken so that taxes and transfers are more favorable to the population in poverty? What should be the characteristics of the next generation of social and fiscal reforms? To what extent is progress being made towards the construction of integrated universal social protection systems?

Moderator: Mr. Juan Carlos Lastiri, Vice Minister for Prospective, Planning and Evaluation, Sedesol, Mexico.

Rapporteur: Designated by the Ministers.

Suggested presentations to open the discussion: The experiences of Costa Rica, Guatemala, and Uruguay (10 min each)

SESSION C. Policies for a more inclusive development in the productive, financial and labor realms

Room: Benito Juarez, 1st Floor

During the past twenty years the Latin American and Caribbean region has proven to be a laboratory for experimentation on a variety of development issues, particularly on alternative policy mechanisms to reach the most disadvantaged population. From large strategies to redirect public resources as widely as possible, to carefully targeted cash or in-kind transfer programmes, various initiatives have been tested with mixed results. While, in general, economic growth is not the most important development, it continues to be fundamental. Today, however, it is clear that it not only matters *how much* growth can be achieved, but also the *quality* of it, the specific instruments used to promote it, and especially the role people play and the concrete welfare gains they receive by acting as active agents and beneficiaries of these instruments.

Guiding questions: What types of specific policies for greater social inclusion have proven to be effective in the past few years? How have these policies complemented the region's most successful conditional cash transfer programmes? What is the potential role that specific policies might play in the productive, financial and employment areas in promoting a more inclusive development? How can these policies strengthen the process of building social protection systems taking place in the region in a manner that is increasingly proactive?

Moderator: UNDP

Rapporteur: Designated by the Ministers.

Presentations to open the discussion: The experiences of Argentina, Dominican Republic, and Mexico (10 min. each)

SESSION D. Institutional strength for better results: institutionalization process in the social policy realm

Room: Canciller Rosario Green, 1st Floor

The most important years of consolidation of democratic regimes in the region were accompanied by the reform and/or the creation of key institutions in areas such as the administration of justice, monetary policy, government transparency and the organization of elections. New and better institutions have provided greater certainty to social stakeholders and the general public about their rights and obligations. Similarly, the idea of devoting specialized attention to social well-being within the public policy arena became increasingly important, going from the very basic notion of accumulating human capital to a much richer one of guaranteeing a series of fundamental rights. Along that way, the social policy realm has also begun to join the institutionalization process above described. Not only various governmental entities and mechanisms specifically dedicated to ensure different dimensions of social welfare have been created, but a basic consensus on the importance of measurement, evaluation and accountability within the social policy arena has been reached in most countries.

Guiding questions: In what specific form has the institutionalization of social policy been achieved in each country? What new institutions and rules have been established? What challenges does this process present to government decision-making? What specific aspects of social policy have reached a satisfactory degree of institutionalization, and what aspects still need to be improved?

Moderator: Mr. Ernesto Nemer, Vice Minister for Social and Human Development, Sedesol, Mexico

Rapporteur: Designated by the Ministers.

Presentations to open discussion: The experiences of Belize, Brazil, Costa Rica, Ecuador and Nicaragua (10 min each)

13:00-14:30

Lunch

Location: José María Morelos y Pavón, 1st Floor

Friday 31 October – AFTERNOON

Location: Conference area, Ministry of Foreign Affairs

Address: Plaza Juárez 20, First floor

14:30-15:30	Plenary session where the rapporteurs will present the results of the discussion sessions Moderator: George Gray-Molina, <i>Chief Economist</i> UNDP Location: José María Morelos y Pavón, 1 st Floor
15:30-15:40	Coffee Break Location: Lobby, 1 st Floor
15:40-16:20	Open discussion on the results of discussion session: Policy challenges and opportunities Moderator: George Gray-Molina, <i>Chief Economist</i> UNDP Location: José María Morelos y Pavón, 1 st Floor
16:20-16:30	General conclusions of the Forum George Gray-Molina, <i>Chief Economist</i> UNDP Location: José María Morelos y Pavón
16:30-16:40	Signature of ECLAC-UNDP Agreement on the 2015 Ministerial Forum <ul style="list-style-type: none">• Mrs. Jessica Faieta, UN Assistant Secretary General and UNDP Regional Director for Latin America and the Caribbean• Mrs. Alicia Bárcena, Executive Secretary, ECLAC• Mrs. Ariela Luna, Vice Minister of Development and Social Inclusion, Peru (Host of the 2015 Ministerial Forum)
16:40-17:00	Closing remarks <ul style="list-style-type: none">• Mrs. Jessica Faieta, UN Assistant Secretary General and UNDP Regional Director for Latin America and the Caribbean• Mrs. Margarita Cedeño de Fernández Vice President, Dominican Republic• Mrs. Rosario Robles, Minister of Social Development, Mexico Location: José María Morelos y Pavón, 1 st Floor