



## **URBAN POVERTY IN LATIN AMERICA:**

## **CHARACTERISTICS, TRENDS AND EXAMPLES OF KEY PROGRAMS IN THE REGION**

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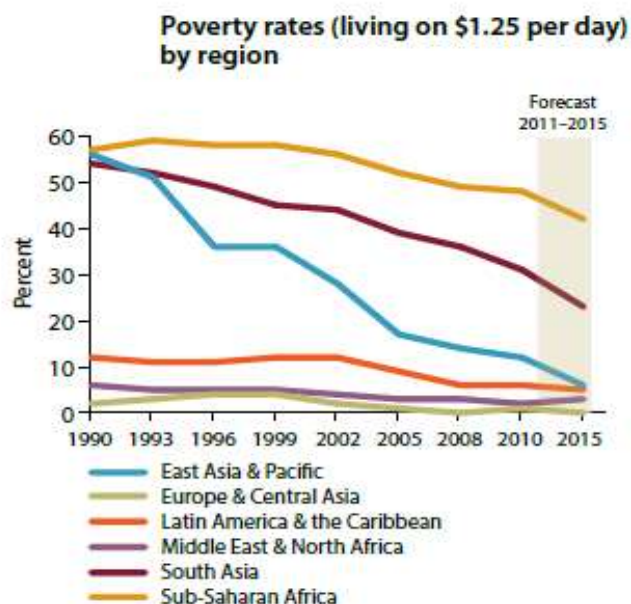
# POVERTY IN LATIN-AMERICA: AN OVERVIEW

**Over the last decades, poverty and inequality in Latin America have been steadfastly decreasing**

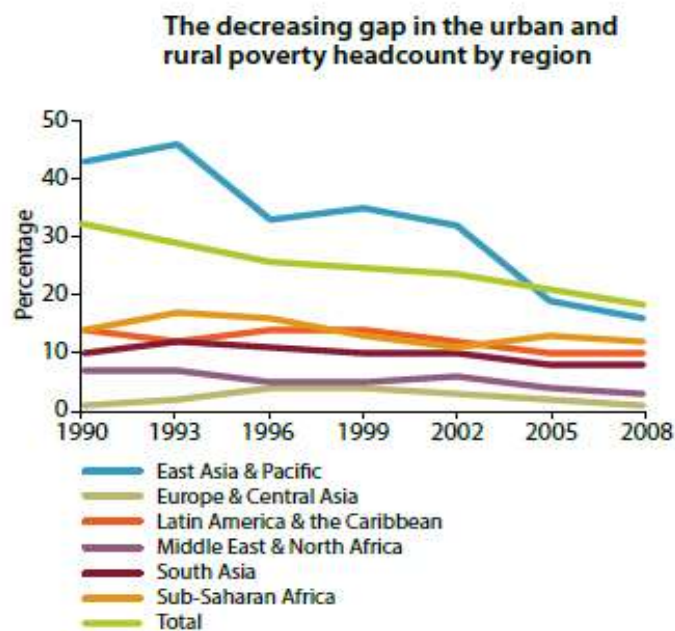
- **Poverty:** From 2000 to 2011, people living on less than \$2.50 per capita per day fell from 27% to 13% (55 million fewer poor people).
- **Inequality:** From 2000 to 2011, the Gini coefficient fell by 6 percentage points or more in Argentina Brazil, Peru and Venezuela; and by more than 3 percentage points in Chile, Mexico and Colombia.
- **Trends on Poverty and Extreme Poverty:** Moderate and extreme poverty are going down (2002: 44% moderate and 19% extreme; 2009: 33% moderate and 13% extreme).
- **Trends on Rural and Urban Poverty:** Poverty rates are falling in both rural and urban areas, but are decreasing faster in urban areas (2002: 20% rural and 8% urban; 2009: 13% rural and 3% urban).

# POVERTY IN LATIN-AMERICA: AN OVERVIEW

**Regional Comparison: Although significant, advances in LA are less impressive than other regions'...**



Source



Sources: World Bank Staff calculations and Household Surveys.

# POVERTY IN LATIN-AMERICA: AN OVERVIEW

**Poverty in Latin America is primarily an urban problem...**

- **World's most urbanized region:** presently 80% of its populations (490 millions) lives in urban areas, and it is expected that by 2050 this will reach 90% (550 millions).
- **Rise of intermediate cities:** 140 cities with a population between 100,000 – 2 million residents.
- **Concentration of urban poor:** Two out of three persons living in urban areas of LA countries live in poverty conditions (118 millions).
- Although poverty rates in cities are relatively low and declining, poverty in many countries is increasingly becoming an urban phenomenon as more and more people live in cities.

# POVERTY IN LATIN-AMERICA: AN OVERVIEW

## ...And observes some clearly distinct patterns

- Incidence of **poverty is higher in intermediate cities** than in largest cities. Intermediate cities account for a large share of the urban poor.
- **Dual trend of migration** (rural to urban and urban to urban). LA stands out as the only region where migration between urban areas is a significant determinant of urban population growth, accounting for nearly 50%.
- **Informal settlements** are the face of urban poverty in LA: 117 millions (27% of the urban population) are affected by absence of land tenure, unsafe housing and the lack of basic urban and social services, and environmental risks.
- High levels of **informality** (57% of employment in the region's urban areas is informal) and high levels of **violence** (world's 10 most violent cities are in LA).

# POVERTY REDUCTION IN LATIN-AMERICA

**Poverty reduction has been effective and sustained, aided by...**

- Positive trends in **macroeconomic development** in the region starting in 2000, with annual growth rates averaging 4.9% of GDP, help poverty declined substantially.
- Consolidation of **stronger institutions** in most countries and advances in decentralization policies and mechanisms.
- **Innovative and sustained poverty reduction programs** based on a more comprehensive definition of poverty, beyond low levels of income and consumption, covering also basic human needs and human development deficits.

# POVERTY REDUCTION IN LATIN-AMERICA

## Innovative and sustained poverty reduction programs were built on...

- **Large background experience** of countries in the region with various anti-poverty programs, including vouchers and transfers (basic goods and services), many of which were not integrated.
- **Continuous evolution of programs'** design and implementation based on experience and lessons learned stirred by monitoring and evaluation exercises.
- **Active sharing of knowledge and experiences** among countries, facilitated by multilateral institutions and donor agencies, fueling the continuous revision and adaptation of programs' design and implementation.
- **Robust government ownership**, ensuring sustainability and continuity of those programs that evidenced effectiveness.

# KEY PROGRAMS FOR POVERTY REDUCTION:

**Conditional Cash Transfer (CCT)**

**Integrated Neighborhood Upgrading (INU)**



# KEY PROGRAMS FOR POVERTY REDUCTION: CCT

- Conditional Cash Transfer (CCT) Programs: Non contributory social protection programs that aim at alleviating poverty through the transfer of a cash grant, and at fostering human capital development through a set of co-responsibilities focusing on health and education.
- Currently in 18 LA countries (covering about 25% of the population).
- Basic characteristics:
  - ✓ National level programs with local implementation schemes.
  - ✓ Prioritize attention to vulnerable families.
  - ✓ Promote co-responsibilities as a mean to change beneficiaries' behaviors and accessing basic social services.
  - ✓ Rely on robust and unified registry systems.
  - ✓ Provide monthly payments subject to compliance. Free use of transferred resources.

# KEY PROGRAMS FOR POVERTY REDUCTION: INU

- Integrated Neighborhood Upgrading (INU) Programs: In-situ urbanization programs that aim at the physical, social and economic integration of the informal settlements into the city to improve living conditions of low-income dwellers.
- Currently in 19 LA countries. There are both national level programs and city/metropolitan area programs.
- Basic characteristics:
  - ✓ Prioritize attention to vulnerable neighborhoods/areas. Territorial focus.
  - ✓ Promote infrastructure improvements and service provision of basic services.
  - ✓ Incentivize attention to improve social and economic wellbeing of dwellers
  - ✓ Emphasize the regularization of land tenure.
  - ✓ Address environmental vulnerability (areas of risk, preservation, degraded).
  - ✓ Offer ample degree of flexibility in its application, depending on the actual needs of beneficiaries and the economic capacities of governments.

# KEY PROGRAMS FOR POVERTY REDUCTION: MAIN FEATURES

- **Multidimensional understanding of poverty:**
  - ✓ Derived from the notion that poverty reduction goes beyond monetary income.
  - ✓ Promote a comprehensive approach involving various spheres of public action.
- **Enhanced coordination of social programs:**
  - ✓ Promote interventions that require coordinated planning and delivery schemes.
  - ✓ Strong promoters of joint work among sectors at the national/city/community levels.
- **Effective targeting and registry systems:**
  - ✓ Rely on quality beneficiary selection mechanisms to ensure effective public spending.
  - ✓ Have robust registry systems of beneficiaries.
- **Local implementation:**
  - ✓ Implementation is based on horizontal models that require local delivery structures.
  - ✓ Decentralization policies promote local level capacities.
- **Capacity to address urban needs:**
  - ✓ Promote new features to address emerging urban needs and vulnerable groups/areas.
  - ✓ Based on Public participation to identify and prioritize needs

# BRAZIL: Bolsa Familia

CCT with 10 years of implementation and a leading social assistance support network in the region; 13 million beneficiary families, presence in all 5565 municipalities. Currently underway.

- **Beyond monetary income:**
  - ✓ Promotes activities to improve child and maternal health, basic education and social assistance. Recent productive inclusion activities.
- **Targeting and registry system:**
  - ✓ Poverty maps.
  - ✓ Registry system is *Cadastro Unico*, which currently serves 9 social programs.
- **Complementarity:**
  - ✓ Conditionality follow up requires efforts within education, health, and social assistance.
  - ✓ Promotes links among services and programs (i.e. productive inclusion - PRONATEC).
- **Local level implementation:**
  - ✓ Municipalities sign a “collaboration contract” and commit their local social assistance network to register and update family information at *Cadastro Unico* and provide support to families.
- **Capacity to address urban needs:**
  - ✓ Some cities, like Rio de Janeiro provide an additional cash transfer benefit for the poorest families on top of *Bolsa Familia*’s benefit. It uses *Bolsa*’s original operative structure, including same registry system and bank accounts.



# COLOMBIA: Familias en Acción

CCT with 7 years of implementation; 2.7 million beneficiary families, presence in all 1104 municipalities. Currently underway.

- Beyond monetary income:
  - ✓ Promotes activities to improve child and maternal health, basic education and early childhood development. Recent productive inclusion activities (labor training).
- Targeting and registry system:
  - ✓ Quality of life index.
  - ✓ Registry system: SISBEN and Info-Unidos.
- Complementarity:
  - ✓ Conditionality follow up requires coordinated efforts within the education and health sectors.
  - ✓ Promotes links with other programs (Red Unidos, Early Childhood Development programs).
- Local level implementation:
  - ✓ Municipalities sign a “participation agreement”, where the mayor commits to assigning a liaison person responsible for coordinating the program and feeding information on SISBEN.
- Capacity to address urban needs:
  - ✓ Adopted an additional benefit targeted at vulnerable youth living in cities.

# BRAZIL: Favela Bairro (Rio)

One of first urban upgrading programs in the world (1994); has benefited more than 130 thousand dwellers in 100 low income neighborhoods. Currently on its 3th Phase.

- Beyond monetary income:
  - ✓ Finances infrastructure and basic service provision like water, sanitation, road pavement and electricity, plus improvements in public spaces and in environmentally degraded areas.
  - ✓ Recent focus on economic activities and violence prevention.
- Targeting and registry system:
  - ✓ Targets low income neighborhoods according to national and municipal estimates of poverty and unmet needs.
  - ✓ Beneficiaries receiving social benefits are encouraged to register at *Cadastro Unico*.
- Complementarity:
  - ✓ Promotes coordination with other government programs. Recently it is coordinating efforts with UPPs-pacifying police and social/cultural programs.
- Local level implementation:
  - ✓ Rio's Municipal Housing Secretariat is responsible for implementing the program. It promotes coordination with other secretariats (urbanism, public works, environment, social development) as well as with civil society.
- Capacity to address urban needs:
  - ✓ The *Postos de Orientação Urbanística e Social* (POUSOs) are being implemented to provide support and legal information to beneficiaries in the consolidation of low income areas.





Morro de Telégrafo, Favela Bairro - Phase I – Rio de Janeiro





Parque Royal, Favela Bairro – Phase I - Rio de Janeiro



# COLOMBIA: Proyectos Urbanos Integrales (Medellin):

Most successful INU in Colombia and a model of intervention for other cities in the region. Since its inception (2004) it has benefited 800 thousand residents. Currently 5 projects under implementation.

- Beyond monetary income:
  - ✓ Finances land tenure regularization, infrastructure and basic service provision plus improvements in public spaces, transportation and in environmentally degraded areas.
- Targeting and registry system:
  - ✓ Targets areas with low investment of public resources identified by a combination of sources such as the Quality of Life Index and the Human Development Index. It is supported by SISBEN
- Complementarity:
  - ✓ There were more than 290 social programs introduced in beneficiary areas, with a focus in improving social services.
- Local level implementation:
  - ✓ The urban operator was Medellin's Urban Development Enterprise, which was in charge of coordinating actions with other government offices (urbanism, public works, environment, social development) as well as with civil society.
- Capacity to address urban needs:
  - ✓ The program has promotes the construction of emblematic buildings, such as libraries and schools that are generating a sense of pride in low income neighborhoods.





**PUI – Nororiental- Medellín. Parque Biblioteca España - Fuente: EDU, 2007.**



PUI – Nororiental- Medellín. Fuente: EDU, 2004.





PUI – Nororiental- Medellín. Fuente: EDU, 2004.

# CONCLUSIONS & NEW CHALLENGES

- Main trend: towards urban poverty...but diminishing.
- Effective programs: multidimensional approaches, coordination with other social programs, well-identified demand and targeting, local control, clear urban focus.
- Main impact: Significant reduction of poverty in Colombia and Brazil: confirms effectiveness of approach and programs.
- Emerging challenges:
  - ✓ Sustained urban poverty reduction would require **greater integration and coordination of programs** – both socially and territorially focused – and the development of systems to address comprehensively the challenges of poverty and inequality in cities, and promote a more effective use of public resources.
  - ✓ In addition to effective programs and systems, rapidly urbanizing countries would require **more regulation and effective planning** in order to attend the demands for affordable houses, better services & infrastructure, and thus to avoid the proliferation of informal settlements.

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