



Poverty and Social Change in Colombia

Diagnostic and Main Challenges

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Revisiting Socio-economic policies to address poverty
in Middle Income Countries

Beirut, May 8, 2018

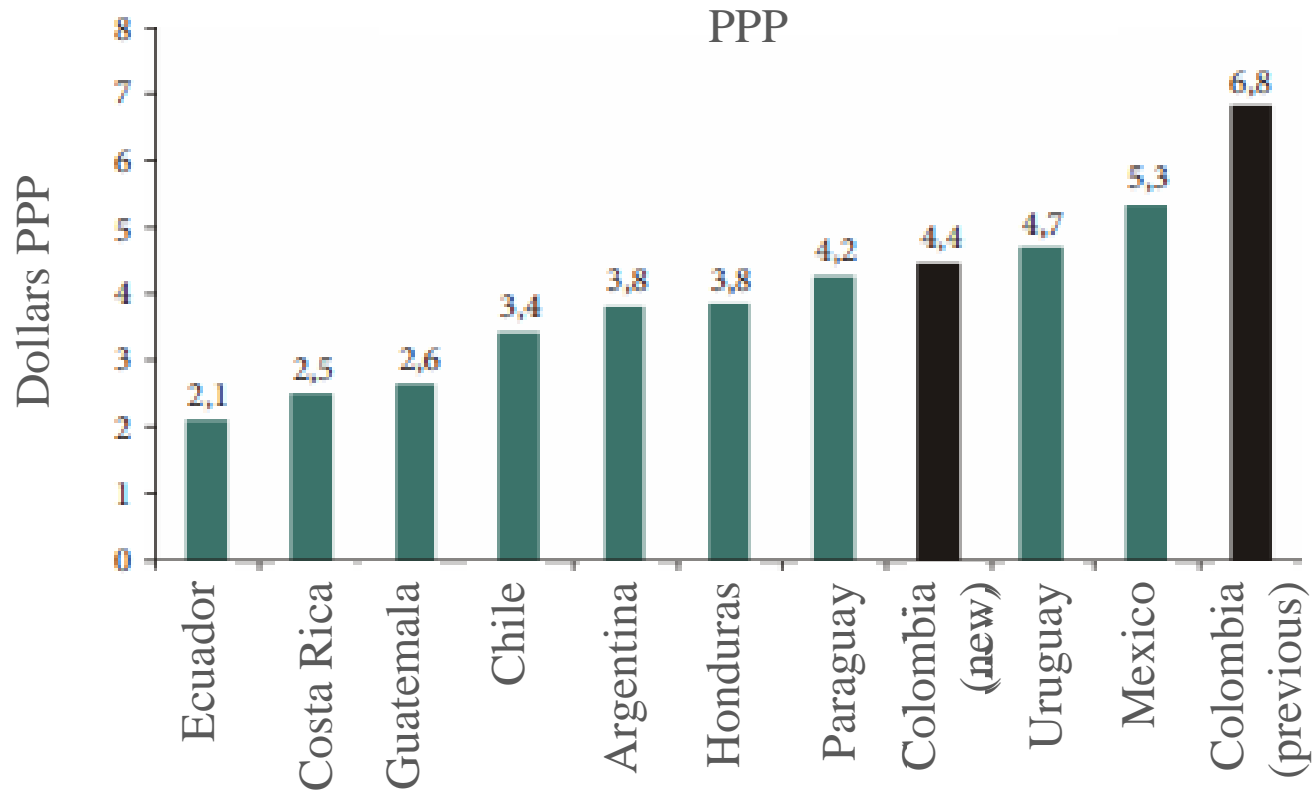
1. Social Change in Colombia 2002 - 2016
2. Main factors behind social change since 2002
3. Main challenges

1. Social change in Colombia 2002-2015

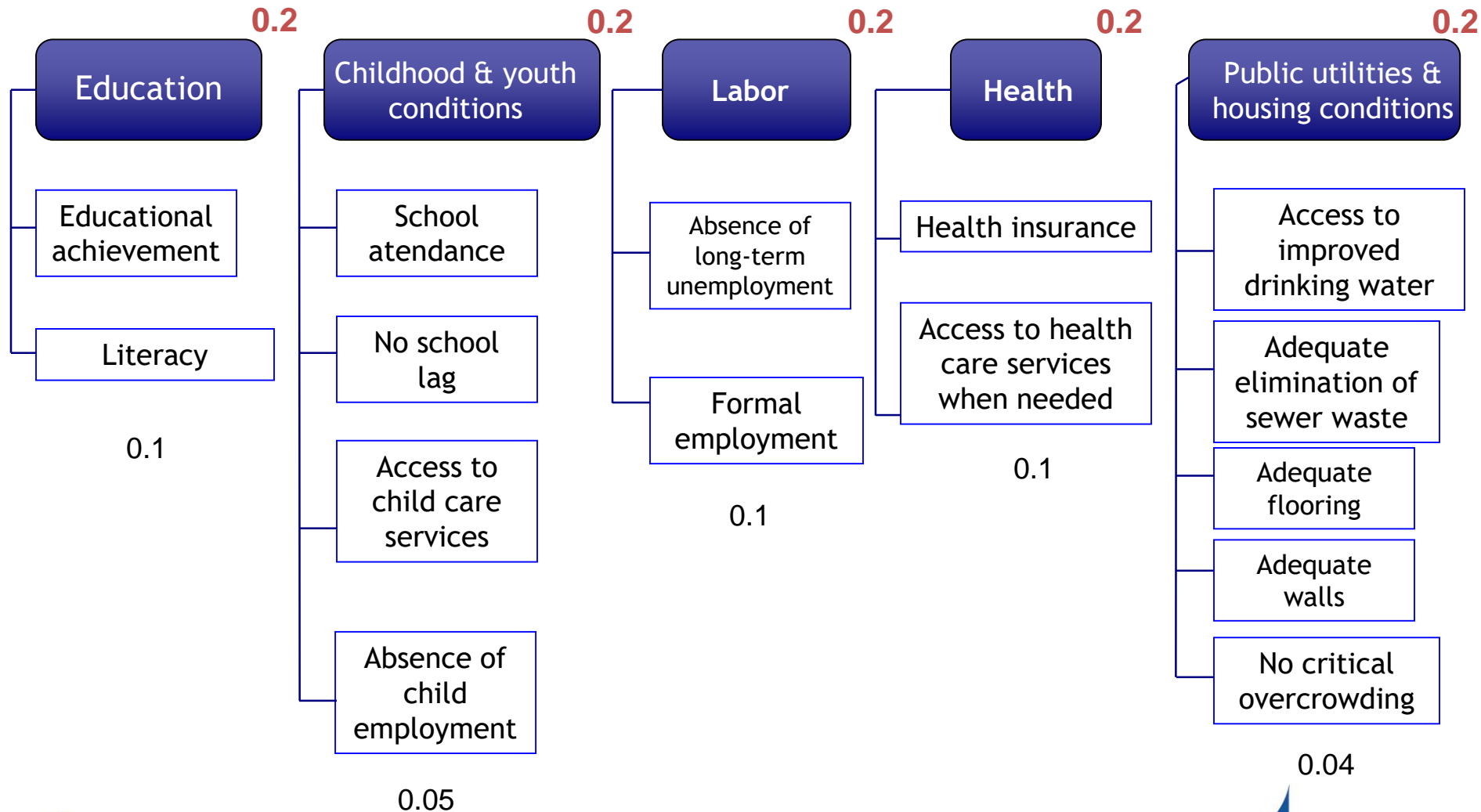
Measurement – Poverty Line

Poverty Line in Colombia vs. other L.A. Countries

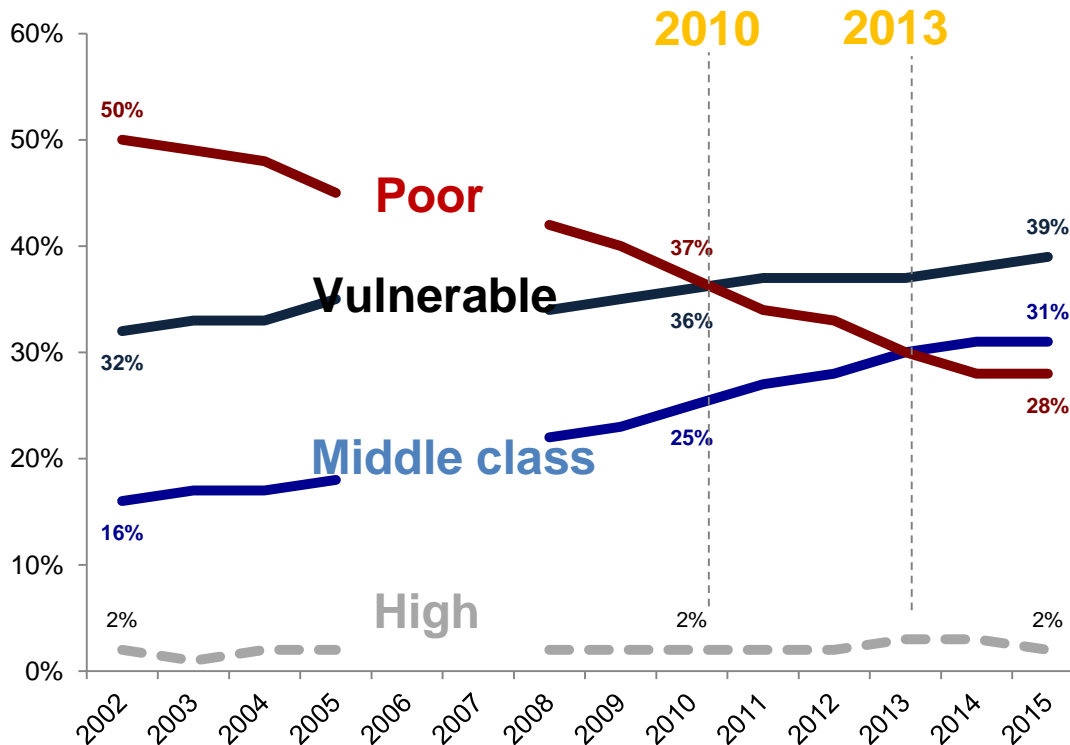
Daily value per capita LP in dollars



Measurement – Multidimensional Poverty



Social change in Colombia 2002-2015

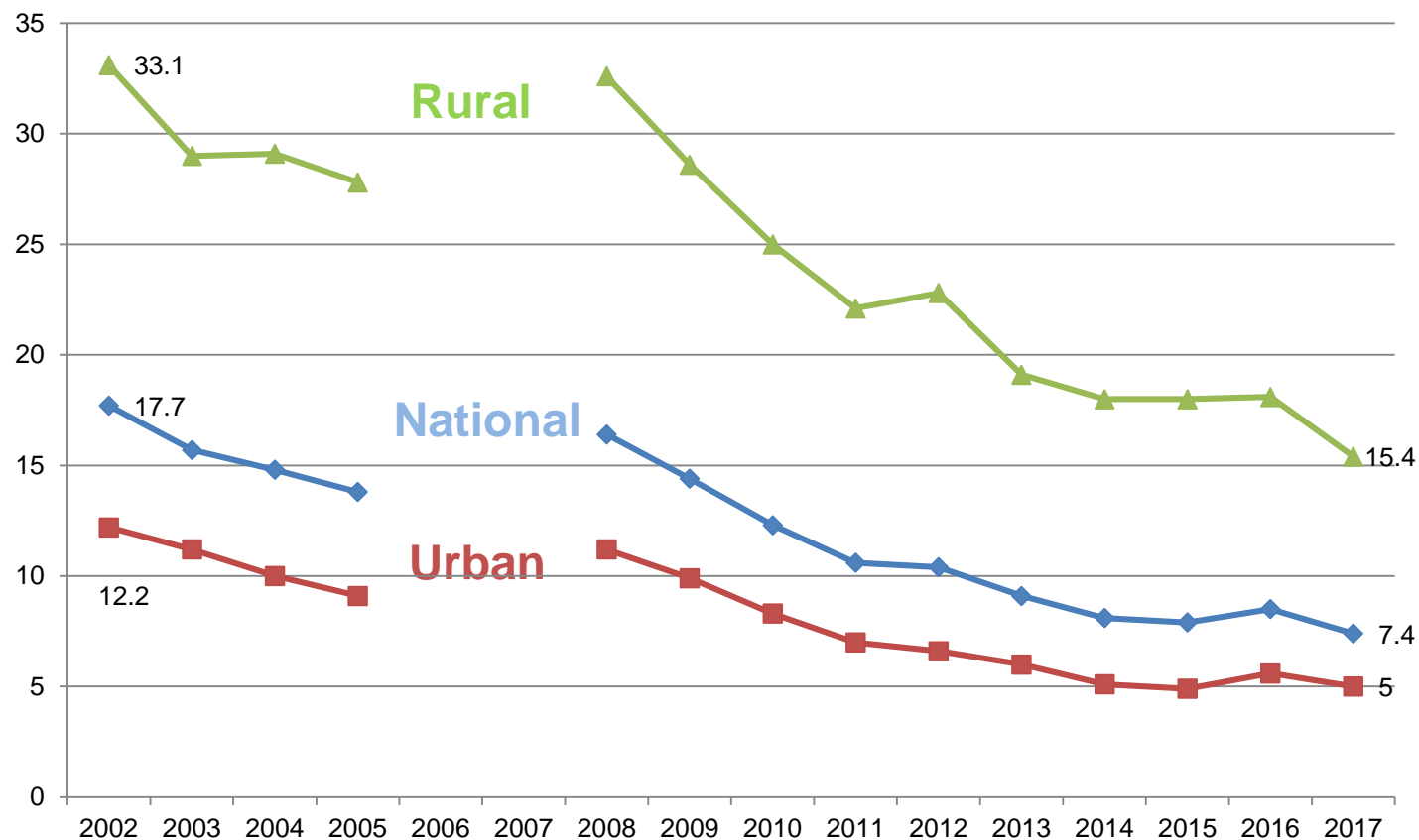


Source: calculations Angulo et al (2013) for 2002-2011 y DPS for period 2012-2015 based in DANE, GEIH and methodology by the World Bank

Since 2013 middle class surpasses poor population.

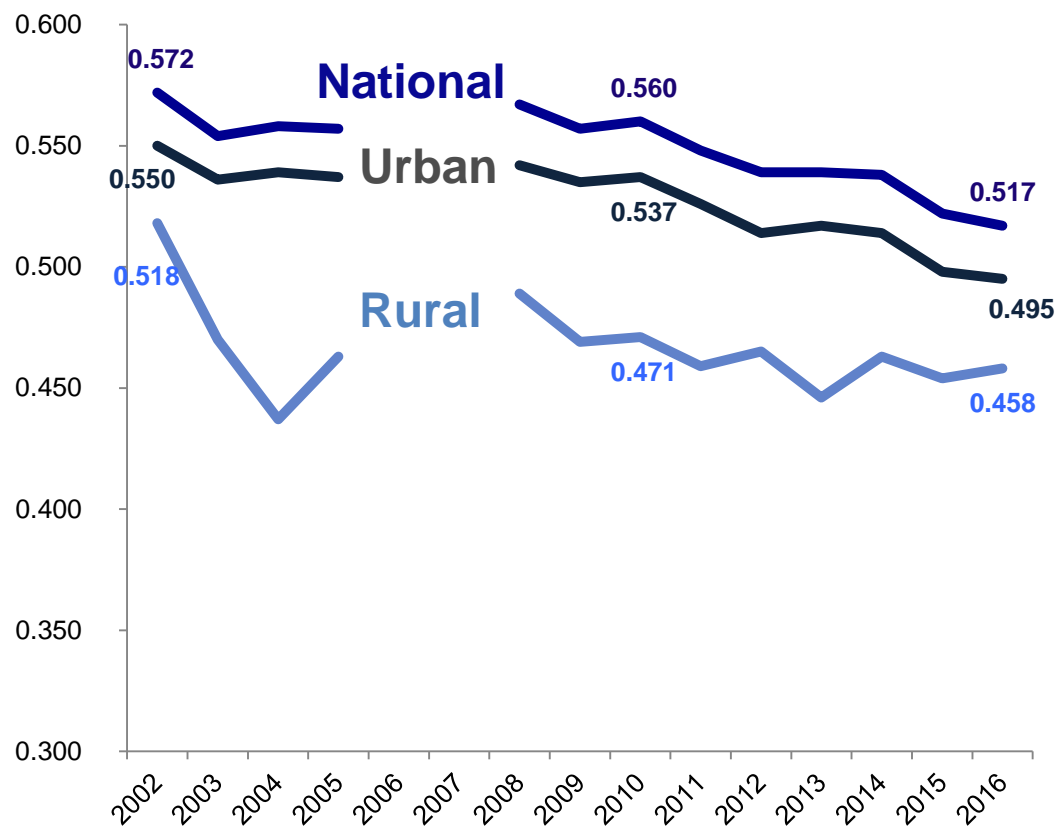
Since 2010 vulnerable population is the largest group. **THIS IS A CHALLENGE!**

Extreme Poverty Ratio (%)



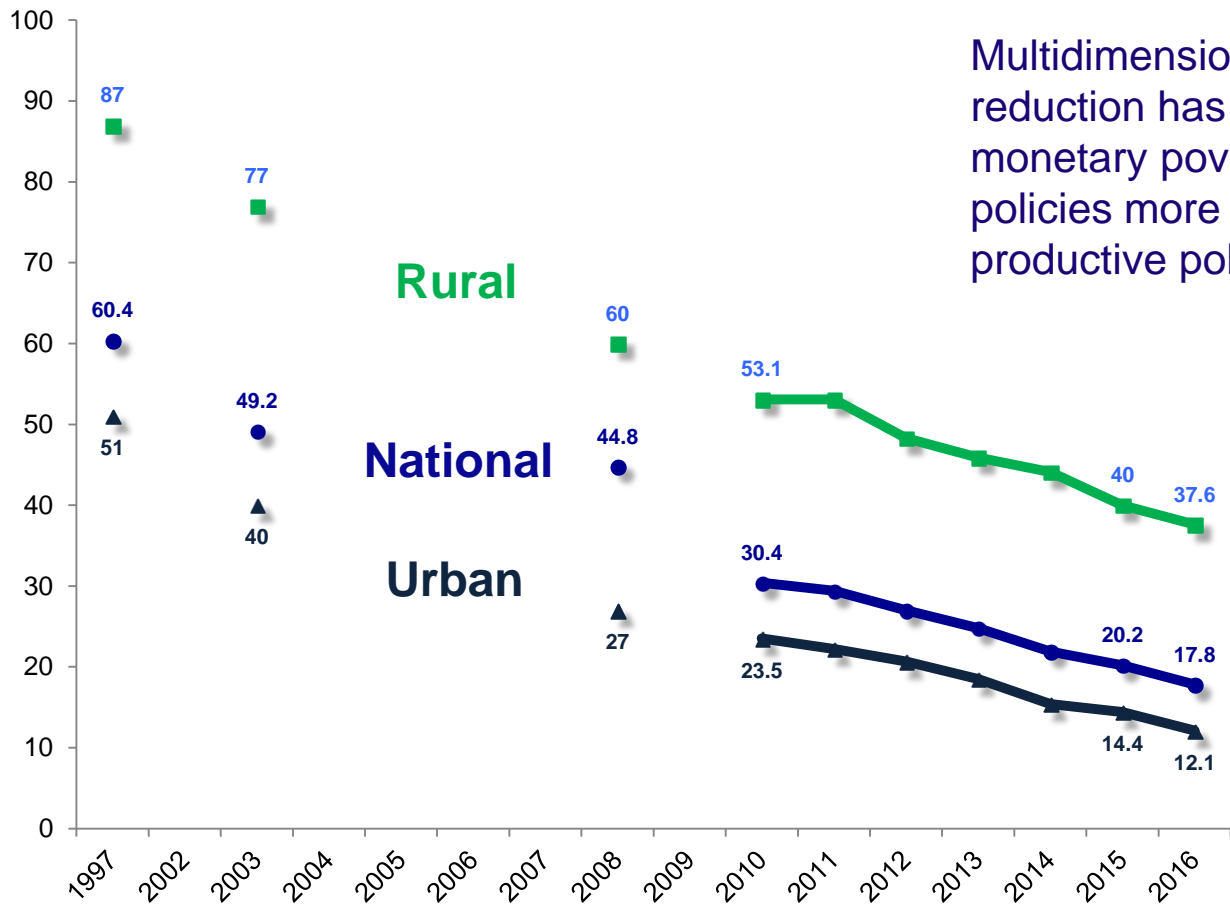
Source: DANE -ECH (2002-2005) and GEIH(2008-2016)

Gini Coefficient



Source: DANE -ECH (2002-2005) and GEIH(2008-2016)

Multidimensional Poverty Incidence (%)

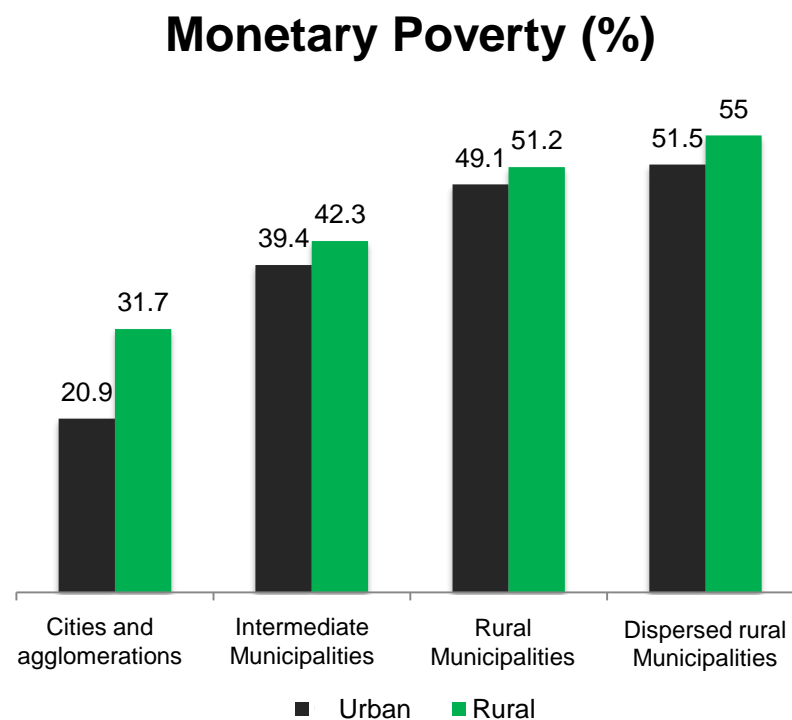
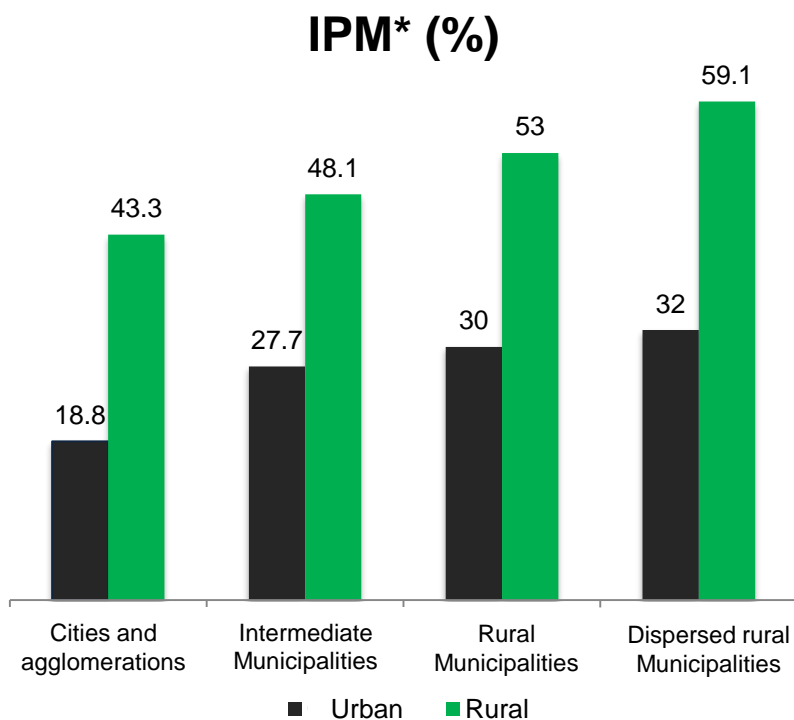


Source: Ocampo et al. (2015), DANE- ECV.

Main variables explaining changes in MPI 1997-2016

Deprivation	1997	2016	Change (p.p.)
Non Health Insurance	62.3	9.6	-52.9
Low educational achievement	70.0	46.4	-23.6
Barriers to access childcare services	28.8	8.7	-20.1
Critical overcrowding	23.9	9.5	-14.4

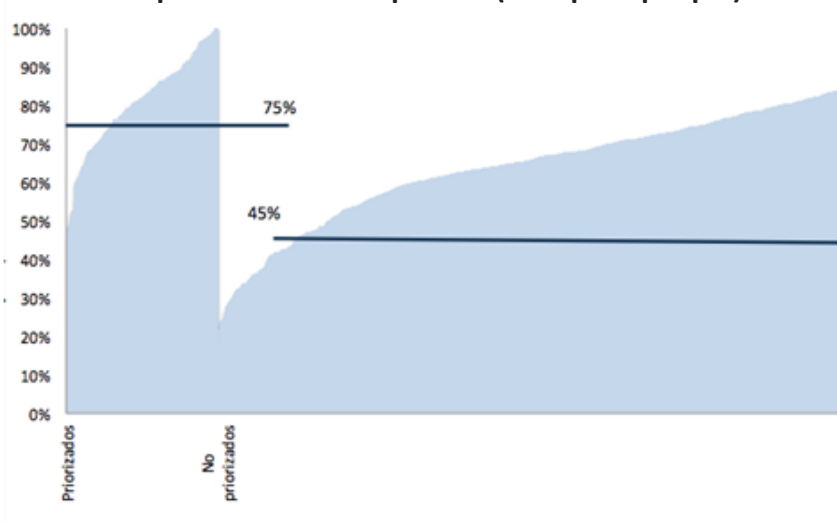
Main challenges remain in more rural territories...



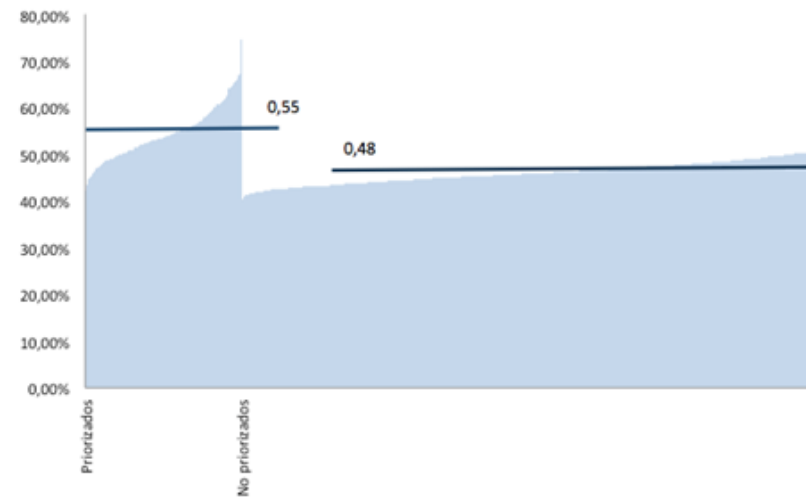
Source: DNP, Mission for Rural Transformation (2014)
*Adaptation of the official-IPM

And specially in the “post-conflict” territories...

Multidimensional poverty incidence (H) in prioritized and non-prioritized municipalities (% of poor people)



Intensity of average multidimensional poverty (A) in deprivation of poor people

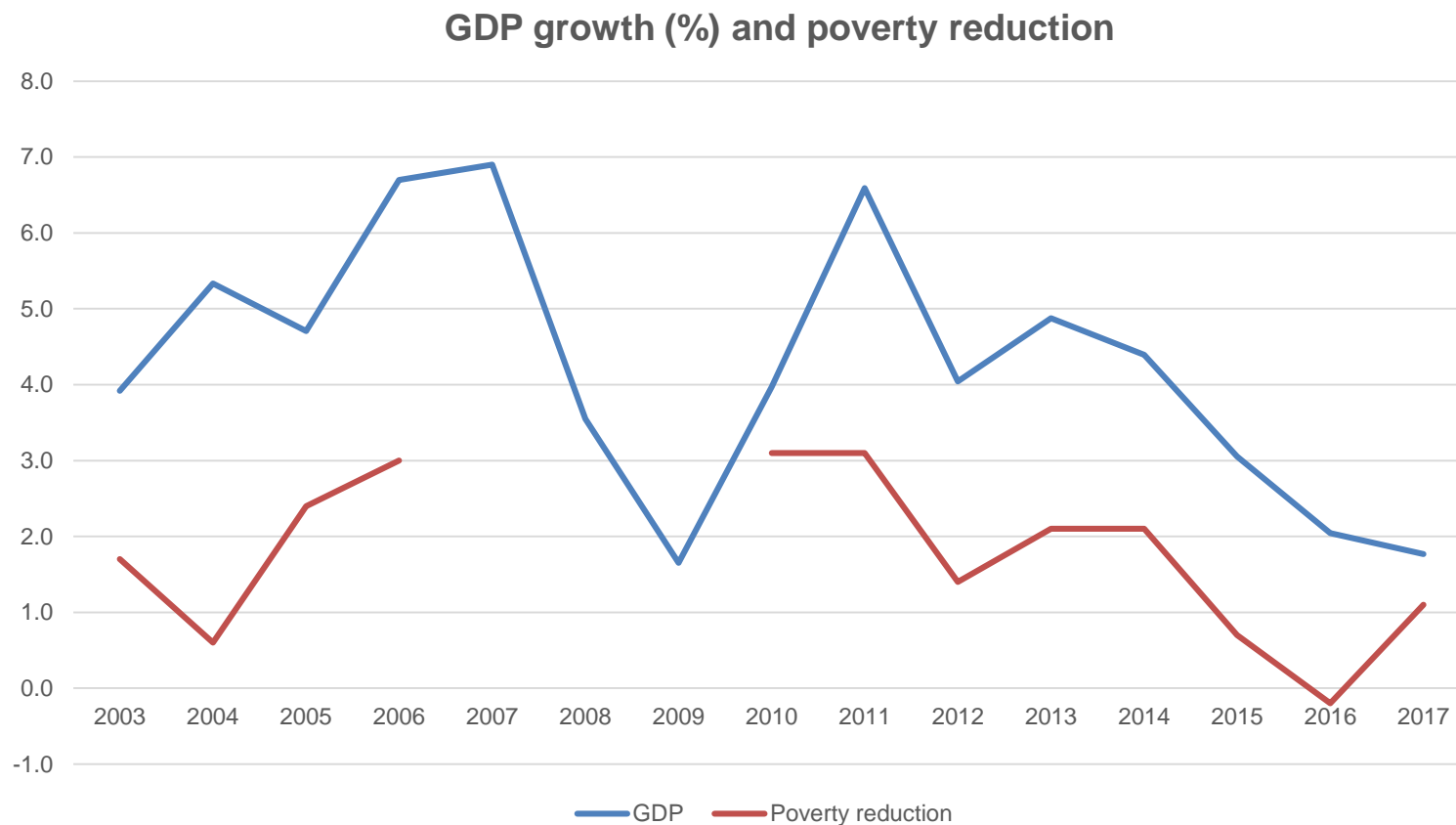


Source: DNP, Mission for Rural Transformation (2014)

*Adaptation of the official-IPM

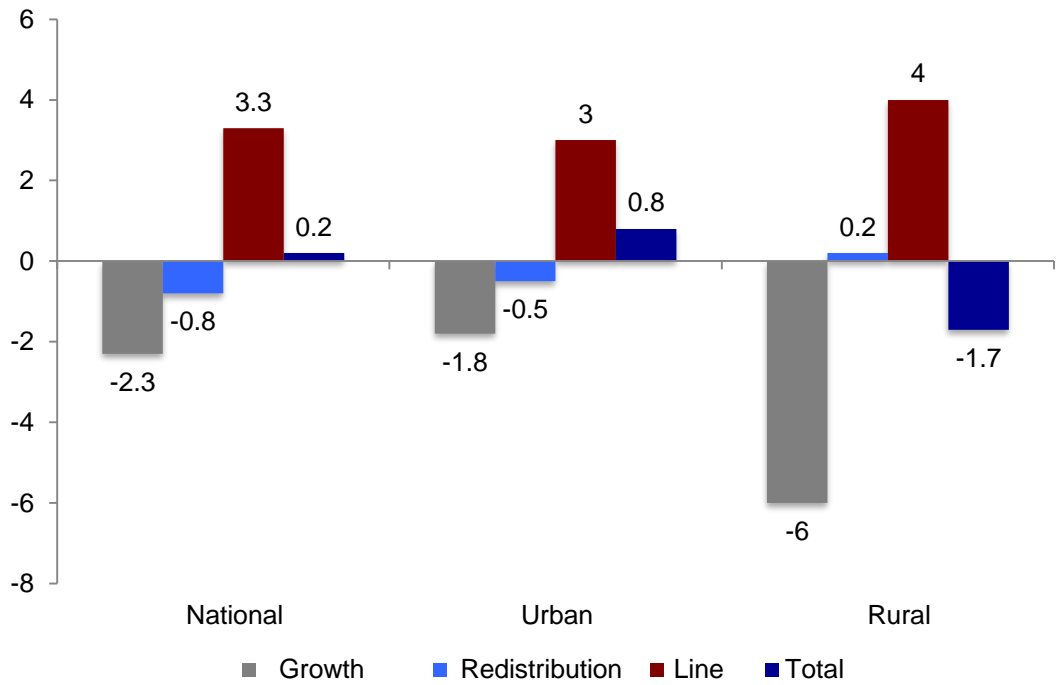
2. Main factors behind social change since 2002

GDP growth and monetary poverty



Source: own development based on DANE – Synthesis and National Accounts and GEIH.
* At constant prices, seasonally adjusted series.

Growth, distribution and inflation effects on monetary poverty change (Shorrocks decomposition) 2015-2016



Source: DANE (2017)

The role of Conditional Cash Transfers (CCT) in the reduction of poverty

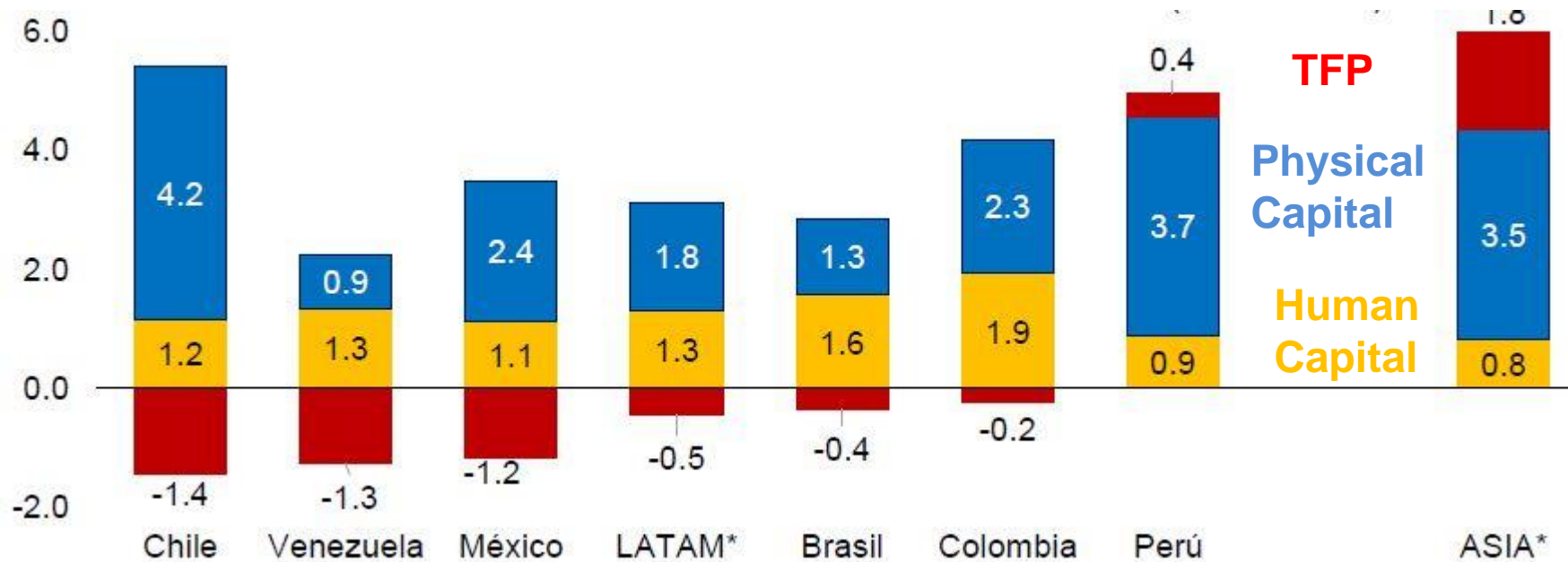
The Conditional Cash Transfers (CCT) contributes to the reduction of:

	Monetary Poverty	Extreme Poverty
Total	1,4 p.p.	1,5 p.p.
Urban	0,9 p.p.	0,8 p.p.
Rural	3,3 p.p.	3,0 p.p.

6. Main challenges

- Despite significant social progress there are large poverty gaps in regional terms: urban vs. rural territories and large gaps of disconnected and “posconflict” regions.
- Growth has not been sufficiently pro-poor: high inequality and high informality. Conditional Cash Transfers have a positive but limited impact on monetary poverty alleviation.
- A big challenge is to increase productivity to achieve a higher potential growth and to overcome the “middle income trap”.

Growth Decomposition in L.A. Countries 2000 – 2016



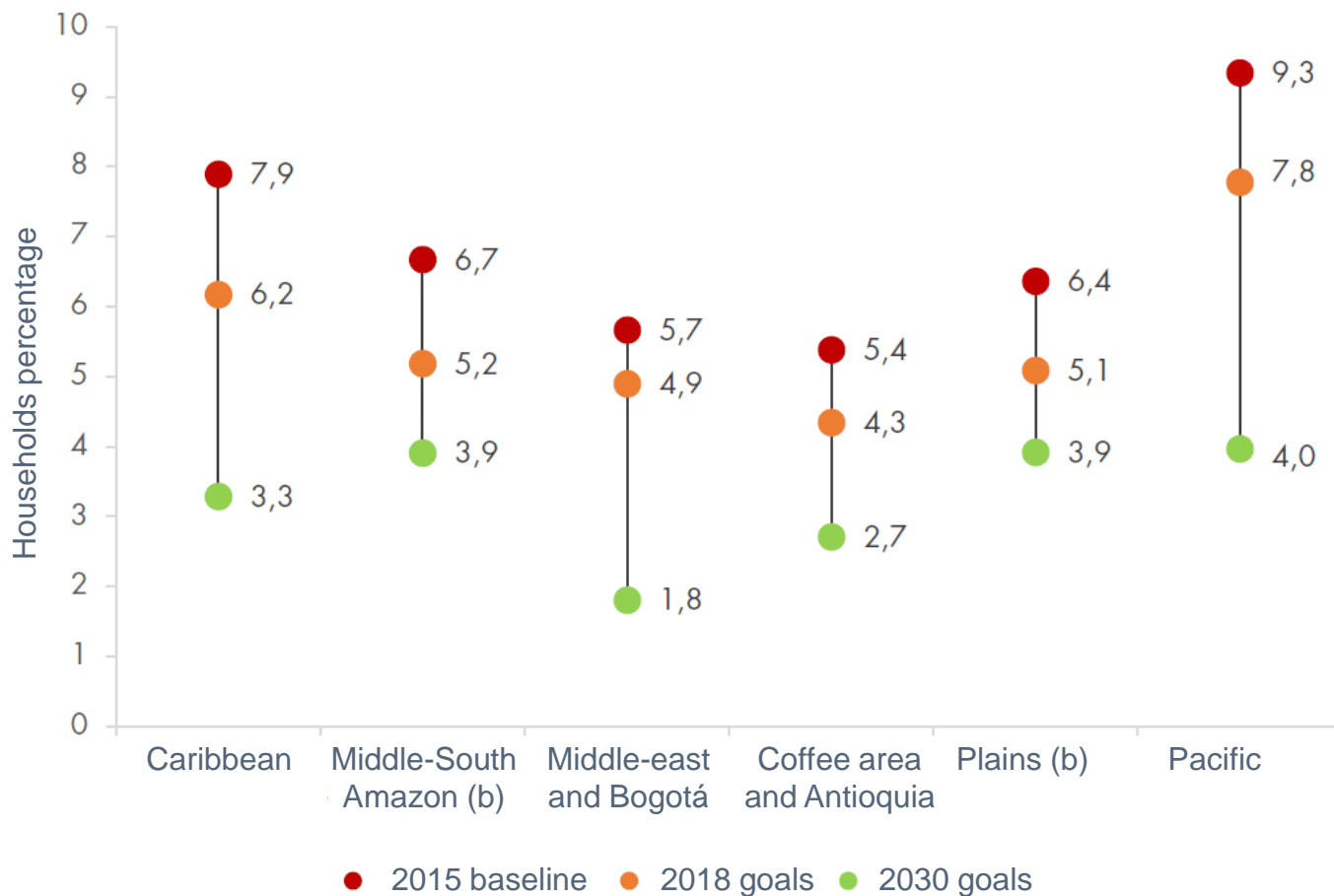
Source: DNP based on The Conference Board

- Multidimensional poverty reduction has been larger than monetary poverty... Are social policies more effective than policies to connect poor people and regions with markets?
- Behind the factors explaining the largest reductions in multidimensional poverty there are specific and successful social policies: (a) access to health services and health insurance, (b) early childhood services and (c) educational attendance policies.
 - Lessons from effective coordination horizontally (across various sectors) and vertically (across national, regional and sub-national levels).

- The main challenge is to accelerate social change:
 - Modernizing public policies and policy instruments with second generation objectives: productive inclusion, middle class consolidation, social mobility, Sustainable Development Agenda.
 - Social change speeds up but public policies tend to lag behind.
 - More effective policies to connect poor people with markets.
 - Example: Jóvenes en Acción (Youth in Action)
 - Address regional inequalities and gaps: rural – urban, disconnected territories.
 - Rural urban linkages
 - To increase spillovers from the System of Cities
 - The role of intermediate cities to promote rural development.

The SDA is an opportunity to address regional inequalities

Indicative regionalization, percentage of urban households with quantitative housing deficit



- The main challenge is to accelerate social change:
 - Demands for effective horizontal and vertical coordination.
 - Contratos Plan (Plan Contracts)
 - The need of a *Government Center* for social change
 - A different approach to decentralization.
 - To go beyond fiscal federalism schemes...
 - Capacity of local governments to coordinate with national and regional governments, and other municipalities.
 - Capacity of local governments to coordinate intersectoral agendas
 - Capacity of local governments to make clear local needs to national government and to adjust delivery of public goods and services from national government
 - Capacity of local governments to work with NGOs, international cooperation agencies and to coordinate initiatives with private sector.



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