Southern China International MUN

Official Background Guide

United Nations Development Programme: On measures to alleviate Multi-dimensional Poverty in the Caribbean and Latin American Regions

Agenda Overseen by: Elena Li

1 Description of the Issue

1.1 History of the issue

The Caribbean and Latin America region's poverty is partly caused by its geography. Since more than 70% of countries of the region are in the tropics, the region is more vulnerable to diseases and more separated from key markets than other regions of the world. In addition, colonial history also predisposed factors of poverty by leaving the continent relatively weak institutional arrangements, a monotony of agriculture plantations, and fragmented cultural sectors.

The inability to diversify domestic productions makes the Caribbean and Lain America region more vulnerable to foreign economic crisis, another factor that contributes to unstable economy. The vast majority of countries in the region, with Mexico being an exception, experiences the economic terminology "premature deindustrialization". That is to say, the nations' export were largely from less tech driven industries: mineral, agriculture, and raw materials. Such trend further leads to the slow growth, and even deterioration, of commodity industries.

"End poverty in all its forms everywhere" is the first among the seventeen Sustainable Development Goals (SDG) of the United Nations. It is the UN's top priority to eradicate extreme poverty, reduce half of the poverty population, and ensure equal rights and access to social services for all by 2030.
According to the world bank, the Caribbean and Latin America region is facing increasingly complex poverty crisis as a result of the COVID pandemic. The percentage of poverty rose from 28% to 30% from 2019 to 2021, accompanied by the trend of less dependency on income, more dependency on government subsidies, increased urban poverty rate, and threats of long term poverty due to the shut down of schools.
Therefore, multidimensional poverty measures are essential to achieving SDG1 given that multiple studies, such as the one done by the world bank, reveal that the term poverty describes deprivations beyond the lack of income.

1.2 Recent Developments

The United Nations primarily focused on developing measures, visual representations, and virtual labs to accurately record the amount and change of multidimensional poverty population in LAC regions.

The creation of the global Multidimensional Poverty Index by UNDP and OPHI estimated for over 100 countries in developing regions since 2010. The index measures poverty through three dimensions, each containing their own sub divisions, as shown in the figure below.
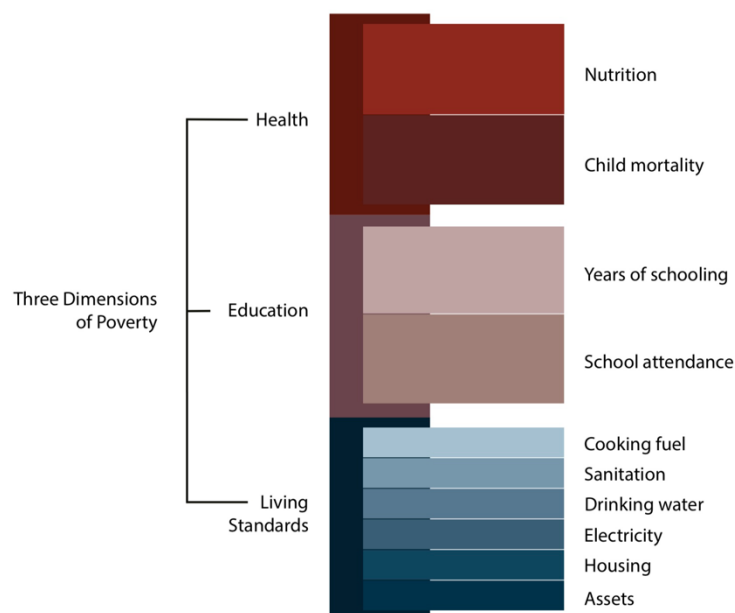
© Oxford Poverty and Human Development Intiative (OPHI)
Source: OPHI (2018).

This MPI Index covers 21 counties in the LAC region, and collects two thirds of its data from international surveys and a third of its data from national household surveys. This index is an internationally recognized database for poverty alleviation, and provides information for many secondary analysis.

The Index illustrated a heterogeneity in multidimensional poverty rate among LAC countries in recent years. Between 2016-2017, Haiti was with the highest MP rate, while Cuba was with the lowest. As shown in the figure below, the pace at which LAC countries alleviate MP varies largely from each other.
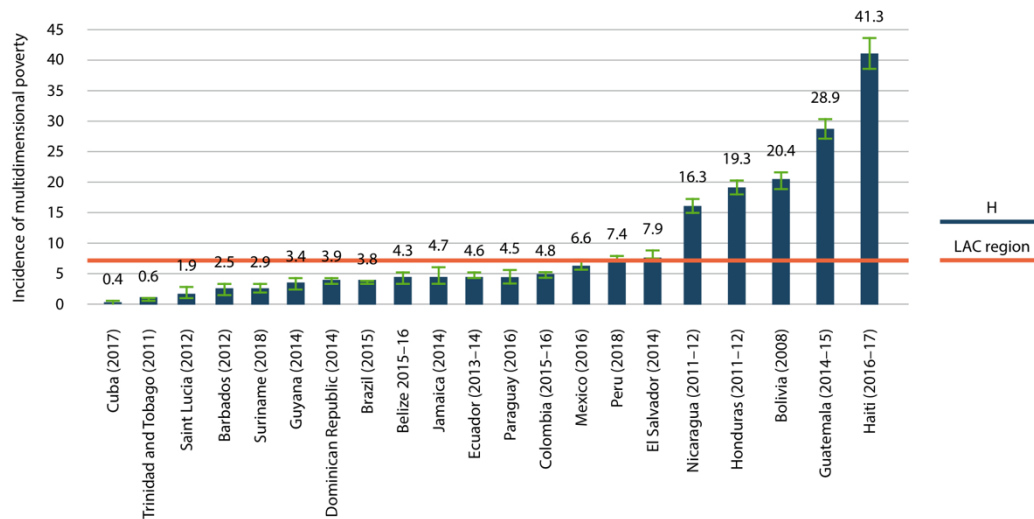
Source: Based on Table 1.1 in Alkire, Kanagaratnam, and Suppa (2020).

However, convergence is seen through the trend: " the poorest is growing the fastest",shown by the index. The poorer countries in the region was also the one experiencing the largest reduction of MP. For instance, between 2005/06 and 2011/12,Honduras, Nicaragua, and Haiti, where MP was 35% or higher, experienced a much more significant reduction of MP than countries like Peru and Suriname, where the MP index was much smaller initially. Within individual countries, regardless how high the MP index is, rural areas generally experienced faster MP reductions than urban areas, a progressive trend that is expected to fill the gap between urban and rural.

This index is not only essential for the analysis of past trends, but also an effective projector of future progress. Risk indicators, such as nutrition, drinking water, and cooking fuel, that directly impacts MP during pandemics, could be drawn from the index. A prediction on the percentage o population at risk of MP due to COVID 19, using the three risk indicators, is as follows.

Country	Three risk indicators	One risk indicator	MPI poor and at high risk	MPI poor and at risk
Belize	0.4	23.9	0.4	4.1
Bolivia	3.1	46.1	3.1	20.8
Brazil	2.8	17.2	1.1	2.4
Barbados	0.0	2.8	0.0	2.5
Colombia	6.5	18.6	2.8	4.2
Dominican Republic	2.0	17.4	0.6	2.4
Ecuador	0.6	27.1	0.6	4.3
Guatemala	6.6	89.6	5.6	28.8
Guyana	0.9	16.2	0.9	3.0
Honduras	3.7	77.9	3.6	25.5
Haiti	12.5	95.9	12.0	41.2
Jamaica	0.2	35.8	0.2	4.5
Mexico	0.3	24.1	0.3	6.5
Nicaragua	3.5	62.1	3.3	16.2
Peru	0.8	32.4	0.7	7.7
Paraguay	0.5	38.8	0.5	4.4
El Salvador	2.2	65.2	2.1	20.1
Suriname	0.0	11.4	0.0	2.1
Trinidad and Tobago	0.0	34.8	0.0	1.2

rce: Based on Alkire, Dirksen, Nogales, and Oldiges (2020).

The World Bank's creation of the LAC Equity lab provides a date sharing platform, featuring the latest indicators and analytics on MP in LAC regions. The Lab includes welfare indicators, visual representations, and poverty standard definitions for LAC poverty, inequality and shared prosperity progress. It further provides poverty statistics under the context of gender, ethnicity and disabilities, creating a more objective and comprehensive view on poverty. The lab allows for easy horizontal comparisons between LAC countries, and is a convenient tool for establishing co-prosper measures.

LAC regions also increasingly opened themselves up to partnerships with organizations of the other parts of the world, namely the European Union. In 2011, the EU-LAC Foundation began its activities in promoting for ECOSOC developments, education, technology, multilateralism and Bi-regional cooperations, etc. This foundation opened up the opportunity for enhancing and expanding diplomatic ties, increasing international trade, and establishing mutually beneficial relations for its 33 LAC member countries.

Entering the 21st century, LAC countries initiated some social assistance programs that directly target the poor and aimed at reducing short run poverty rate.

Conditional Cash Transfers (CCTs) is one of the iconic programs of this kind. It was record that 19 LAC countries implemented close to 35 CCT programs. Under such programs, the government or charity gives out money to persons who meet their requirements, such as sending children to school, receiving vaccinations, and getting regular hospital check-ups. According to mass analysis on the effectiveness of such programs, CCT generally increased attendance of public sectors such as schools and hospitals. These programs, however, failed at altering outcomes of public sectors and services. Although school and hospital utilization rate increased, the changes in school completion, promotion, and public health improvement had all been very limited.

School Feeding programs in Chile, Costa Rica, El Salvador and Panama covered more than 85% of school aged, vulnerable children. As defined by the world bank, these programs provide both educational and health benefits to children. This type of program, in which schools provide meals for all its students, supposedly lessened the economic burden of food for low income households. They did increase school attendance rate in most counties where it was implemented, but had close to non effect on improvements in cognitive developments or test scores.

Social Pensions were also increasing rapidly, becoming the major social assurance strategy in Brazil, Uruguay, and Chile. In Mexico and Columbia, the portion of social pensions are relatively smaller, but increasing substantially as well. Social pensions are expected to have two potential effects, increased household consumption and reduced labor supply. In some cases, such as Mexico, data confirmed the former and denied the latter. In other cases, the result was reversed, as in the case of Brazil. Therefore, the implementation of social pension programs should be more carefully assessed based on individual countries' circumstance.

Youth Training programs was launched in no less than 10 LAC countries, with the pioneer being Chile. Such educational programs showed positive effect in employment and earnings, especially for women. It is concluded by meta analysis that the longer the program duration is, the larger effect is has. Interestingly, the country that implements the most youth training, Chile, is also the country with the lowest MPI (data from 2017).

Poverty rate: National
Latin America & the Caribbean
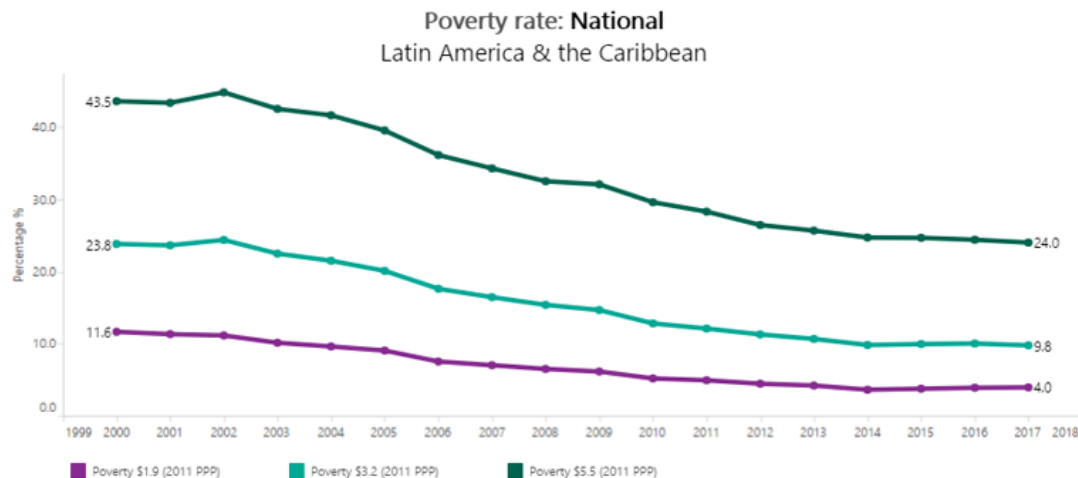
The poverty rate in LAC regions experienced progressive reduction at the start of 21st century, but had demonstrated a decreased rate of decline, especially from 2010 onwards. Such deterioration of effectiveness of existing policies urges for reforms and innovated solutions to poverty reduction. The existing policies analyzed in the previous section focused on "feeding and surviving", and is mostly based on necessity compensations, with youth training being an exception. While the programs increased participatory rate of citizens in public services, the outcomes were generally insignificant. Thus, the program is not considered suitable for long run growth.

Existing programs faced limitations including mis-targeted coverage, shortage of supplies of services, and offset designs for interventions. Exclusion errors, where the poor is excluded and the non-poor is benefited from programs designed for the poor, was prevalent among the countries. Additionally, while civilians had more money to spend for schools and hospitals, governments failed to improve on the quality and quantity of these services, eventually leading to the stagnation of outcome improvements. Finally, as decades pass by, the primary focus should shift from "living" to "living with quality". For example, only feeding children without providing social emotional support and other preschool stimulations will no longer be sufficient to achieve a difference in children's furtive performance.

The COVID pandemic was also a strong factor that pushed back LAC region's poverty reduction progress. The trends in poverty reduction before the COVID-19 pandemic suggest that all countries in Latin America and the Caribbean with global MPI data were on track to halve multidimensional poverty by 2030. However, according to data released by the Economic Commission for Latin America and the Caribbean (ECLAC), the extreme poverty rate in 2021 represented a 27 year setback. Counties should also explore emergent recovery solutions to the consequences of the pandemic.

Key Terms

Latin American and Caribbean Region Countries (LAC): Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Kitts and Nevis, Saint Lucia, St, Vincent and the Grenadines, Suriname, Trinidad and Tobago, Uruguay, and Venezuela.

Extreme Poverty: The extreme poverty line $1.90 per day, defined by the World Bank.

Dimensions of Poverty: The world bank's classification of dimensions of poverty includes monetary poverty, education, and basic infrastructure poverty. The classification of the three dimensions seeks to understand poverty beyond monetary deprivations.

Global Multidimensional Poverty Index (Global MPI): An international measure of acute poverty covering over 100 developing countries. It complements traditional income-based poverty measures by capturing the deprivations that each person faces at the same time with respect to education, health and living standards.

Premature Deindustrialization: A state in which countries are running out of industrialization opportunities sooner and at much lower levels of income compared to the experience of early industrializers.

More Economically Developed Countries (MEDCs): The countries with more developed economies than the rest of the world, often also called developed or industrialized countries. The United States, Canada, Japan, Australia, New Zealand, and all the countries of Europe are MEDC countries.

Less Economically Developed Countries (LEDCs) : LEDCs are countries with a less developed industrial bas and a low Human Development Index relatively to other countries. Most countries in the LAC region, Asia, and Africa belong to the LEDC category.

2 Emphasis of the Discourse

2.1 Stance of LAC countries

LAC countries seeks to work towards transformation of direct assistance from government to integrated, sustainable long term solutions. To reform existing programs, LAC regions should increase assistance coverage, minimize exclusion errors, and expand supply to increasing citizen demand for public services. It is also essential for governments to re evaluate and design strategies according to advanced understanding of health, nutrition, education and other appropriate fields. In order to reduce such massive reliance on governmental subsidies, LAC countries should not only work on the expansion of education, but also reform labor and human capital markets so that education can have the potential to make a change. As of now, Younger cohorts of poor workers have more years of schooling and better health than their elder peers, but are not earning higher incomes. That is due to the highly dysfunctional LAC labor market, reflected by over half of its

labor force being only informally employed. Increasing the wage of the younger generation of workers is the key to solving "inter generational poverty" in the region. Therefore, governments are strongly encouraged to create a more productive environment to further alleviate multidimensional poverty.

2.2 Stance of MEDCs

MEDCs could view LAC as a potential trade and investment hub. LAC countries has relatively low cost of production, and large spaces for new industries and infrastructures. Assisting LAC countries could bring long term benefits to MEDCs including cheap imports, investment returns, and of course, good international reputation. MEDCs could select countries that brings them economic or political benefits to collaborate with.

2.3 Stance of International Organizations

International organizations mainly seeks to develop credible poverty index for LAC countries. The concept of a LAC MPI was proposed in 2013 but not implemented yet. This LAC MPI is expected to provide statistics of individual countries of LAC with unified units of measurements. While as national MPI don't allow for cross country comparison and global MPI fall short on defining poverty in LAC's context, MPI specific to this region allows for easy comparison, and provides a new database for collaborations.

International collaborations could also focus on establishing trade routes, opening up harbors, and signing treaties to stimulate LAC market. As of now, LAC countries are mostly exporting non-industrialized, raw products, with relatively few diversified export industries. The inability to diversify production and exports lead to LAC region's vulnerability in the case of national economic crisis of its major importers. The region is recommended to reform its foreign trade models to form a more self-sufficient economy while also stabling trade partnerships with the rest of the world.

3. Possible solutions

3.1 In favor of MEDCs
MEDC countries are expected to provide assistance to LEDC countries on the UN stage. However, they are not necessarily philanthropists. MEDC countries should explore for solutions that both effectively alleviate poverty fro LAC region and benefit their country.

a) Trade partners
Trade partnerships are mutually beneficial for it provided MEDCs with global investment and influence, and opened up new markets for LEDCs. The Belt and Road Initiative proposed by China is a great example of an influential country becoming economic partner with LEDCs. Although it is arguable whether the Belt and Road Initiative brought more benefit than debt to its partnering countries, there was no doubt that this project significantly increased China's global influence.

b) Advancing industries and infrastructures

As analyzed previously, the key to solving poverty in LAC region is to reform the labor markets. MEDCs could implement projects that assist LAC countries' industry reform and expansion. Such projects will open up job opportunities for LAC countries in the short term, and possibly also allowing for expertise knowledge spreading, which empowers LAC countries' ultimate self-sufficiency.

c) International Forums and Expert Visits

The key to international collaboration is always communication. International forums such as the BRIC forum and EU-LAC Knowledge Forum provide platforms for knowledge exchange on specific topics. Generally, the more positive interaction that takes place, the more countries can learn from each other.

3.2 In favor of LEDCs (including LAC countries)

a) Targeting poverty in the context of vulnerable communities

Huge inequalities are seen during poverty reduction process. When countering crisis, people from vulnerable communities are times more likely to be affected. Therefore, targeting poverty specific to vulnerable communities can effectively alleviate the problem of different in pace towards ending poverty. Governments are encouraged to design programs and policies specialized for all communities that are at risk of discrimination or exclusion of any kind, such as but not limited to gender, race, and religion.

b) Maximizing opportunities in the "great power disputes"

As conflicts over economy and territorial sovereignty intensifies, LEDCs may take advantage in such situation by not firmly taking a side. As MEDCs establish international programs to form allies, LEDCs will be at high demand. Therefore, LEDC countries will be offered a range of opportunities, resources, and supports to advance their national developments. LEDC countries are advised to build relationships with both sides and maintaining a nuanced balance in the conflict so that multiple sides will continuously view your country as a desirable partner, and provide opportunities for cooperation. Vietnam is successful at doing so by collaborating with both China and the United States, and utilizing both sides for their own growth. Nonetheless, notice that this strategy may not be applicable to all LEDCs. LEDCs with a firmly established political stance should not take this strategy into consideration.

4. Keeping in mind the following

When giving speeches, forming blocks, and drafting resolutions, delegates are recommended to keep the following questions in mind.

1. Your country's stance, are you representing a country in need of foreign assistance, or a country that is expected to offer assistance?
2. How can your country benefit from international collaboration?
3. What does your country's partnerships look like with the other countries you intend to work with?

4. How effective is your country in terms of its own poverty reduction progress?
5. What are your country's previous and ongoing interactions with LAC countries?
6. Have your country closely worked with UNDP in poverty reduction before? If so, what are the programs and their achievements?
7. What are the necessary steps towards reaching your proposal? Is it realistic to implement all of them in an international setting?
8. How would the non-economic factors, such as corruption, sexism, racism, and discriminations of any other kind influence poverty reduction?

5. Evaluation

Poverty has always been the most fundamental and critical global issue to solve. In the context of LAC regions, the complexity of long lasting poverty has escalated. As the world approach closer to 2030, it is crucial for member states to come together and form innovative strategies for the fist among all the Sustainable Development Goals, no poverty. Delegates of various stances may advocate from different solutions to ending poverty. Non LAC countries should also keep in mind the suggested policies' effect on their own countries. All delegates shall prioritize collaboration and compromises while also defending their own interests.

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