

Toward a system of basic cash transfers for children and older persons

An estimation of efforts, impacts
and possibilities in Latin America

Fernando Filgueira
Ernesto Espíndola



UNITED NATIONS

ECLAC



**NORWEGIAN MINISTRY
OF FOREIGN AFFAIRS**

**SOCIAL
POLICY****Toward a system of basic
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This paper was prepared by Fernando Filgueira, Consultant to the Social Development Division of the Economic Commission for Latin America and the Caribbean (ECLAC), and Ernesto Espíndola, Research Assistant, under the supervision of Simone Cecchini, Social Affairs Officer in the same Division. The paper is intended as a contribution to the joint cooperation programme of ECLAC and the Government of Norway entitled "Promoting equality in Latin America and the Caribbean". Fabiola Fernández and Álvaro Brunini assisted in processing and preparing the information used in this document.

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Introduction

This paper seeks to estimate the costs and impacts of expanding the coverage and improving the quality of cash transfers to older people and to families with young children in the countries of Latin America.

The ability to achieve material well-being in modern societies depends on four key factors: the market (especially the labour market), the State, families, and the community. It is these four spheres that offer the means and the mechanisms whereby individuals can obtain goods and services.

These four spheres provide individuals with social protection, services and money. When it comes to providing money, in effect, the labour market does this through wages or returns from work; the State does it through transfers; families, while they tend to focus mechanisms on the direct provision of goods and services (care, feeding, clothing), may also on occasion provide such support through monetary transfers from parents to their children, from grandparents to grandchildren, or in the form of loans between siblings and, in general, from the income-earning members to the dependent members, while the community also makes transfers of goods, services and occasionally money through charities and philanthropic organizations.

While the market performs this operation via systems based on competition and merits, families do so on the basis of values, obligations and rules of reciprocity, whereas the community does it through more diffuse ties of solidarity. It is only with the State that the principles governing such transfers are based on the notion of rights —and in some cases of obligations and rights¹— by establishing a set of mandatory provisions.

There are three principles involved in defining people's eligibility for cash transfers (Esping Andersen, 1990 and 1999): contributory schemes for the maintenance or partial replacement of actual or

¹ The State also has a presence as a player that regulates or influences the cash transfers that take place in the market, family and community spheres. In the market, for example, it does this by setting a minimum wage. It influences families in at least two direct ways and also in a more indirect way: the rules and tax systems affecting inheritances, and the rules and transfer systems that apply to parties when they dissolve a marital union that leaves dependents. In a more diffuse way, it does this through the general obligations of parents with respect to the maintenance and care of their children. Lastly, the laws that offer tax exemptions to businesses or individuals who contribute to a student scholarship fund, for example, also have an impact on intra-community cash transfers.

potential incomes; situations of need; and general criteria relating to citizenship.² While the first ones tend to be organized in their financial focus and their eligibility criteria as self-contained systems where the principle of justice is retributive and based on specific obligations that generate specific rights, the "need" and "citizenship" approaches in principle have no other criterion than the identification of a given situation (for example poverty, indigence, unmet basic needs) or a given status (citizen, resident etc.)³ and they do not establish a priori systems of equivalencies between specific obligations and benefits.

The money available to individuals may come in the form of current incomes derived from wages, returns on capital or government transfers, special or extraordinary incomes derived from capital, the disposal of property, and savings by others (in the form of inheritance), or a person's own monetary savings. A fourth modality that may take either current or extraordinary shape derives from the various systems of insurance (property, life, health and income) available from private, State or mixed sources.

Cash transfers from government, in those countries of the region that have more developed social welfare states, constitute a significant portion of total public expenditure, and may in some cases amount to 50% or more of government outlays. The most important items of such transfers are retirement allowances, pensions and transfers to families with children, followed by sickness insurance, unemployment benefits and maternity leave. In the region, most of these benefits were historically based on contributory systems in which the people covered were those who contributed to the social security system, and the value of benefits bore some relation to those peoples' salaries, through defined replacement rates. The exception, within the categories defined, related in general to cash transfers to families which, although they were often of a contributory nature, tended to be of the flat-rate type, or bore little relation to the income of working members of the family.

This paper seeks to demonstrate the need and the feasibility of establishing a basic floor for cash transfers to older persons and to children, in contrast to contributory models or those narrowly focused on the poor or indigent population groups. The idea is to lay the basis for a universal or quasi-universal model of cash benefits that will allow the construction of broadly based pro-distribution coalitions that will support such benefits and defend their quality.

In this paper we shall not delve into the specific and admittedly important fiscal dilemmas inherent in expanding cash transfers or those linked to social services. Both benefits are of key importance for social citizenship and for investment in human capital. Both are essential for combating poverty and inequality. The first seek to redistribute income and thereby redistribute opportunities and capacities. The second are aimed primarily at equalizing opportunities and access to basic goods and services. In the first case, the State does not attempt to steer use of the funds in terms of consumption patterns. In the second case, the State determines and subsidizes a specific set of services to promote or supplement patterns of consumption. In the first case, the State is transparent in its redistributive efforts, while in the second case it hides them, as part of what are, despite their more restrictive technical definition, increasingly known as "public goods".

Nor does this document take into consideration other important transfers that may be contributory, targeted or financed from general revenues: paternal, maternal and family leave for the birth of children, sickness leave, and unemployment benefits.

We shall focus here solely on those transfers that are designed to protect the two extremities of life: childhood and old age. These two extremes were long subsumed under a model based on workers' contributions. Old age fit most closely into this tradition: persons would contribute during their working life and thereby earn the right to be protected in old age in a manner proportionate to their contributions. Childhood has a more complicated tradition. In many European countries and in some countries of Latin America, family allowances were a means of topping up the family income when children arrived. These

² A fourth criterion may be defined as the principle of reparation. When the State considers that a person or a category of persons is being or has been negatively affected by a given action, it can repair that damage through cash transfers. This approach can be seen at work in the compensation paid for accidents due to faulty State infrastructure, based on the principles that support affirmative action.

³ Many "citizenship-based" cash transfers are specific for certain stages of the lifecycle (old age, infancy, paternity and maternity), but this does not detract from their universal nature, for these are stages through which all persons pass or are very likely to pass.

benefits were designed to maintain the model of the male breadwinner and the traditional family. It started with recognizing the effect of the additional cost of having children and the value that society places on that phenomenon. In Latin America another justification has increasingly appeared, and it runs counter to this formal or contributory model. Poor families with children are especially vulnerable and must be supported monetarily. This is typically a flat-rate model and it tends to be highly targeted.

In the proposal that we put forward here we depart even further from the contributory model, but also from the forms of restrictive targeting. We propose a modest model that provides guaranteed basic incomes for children and older persons, financed out of general revenues, on the grounds that such models are better aligned with a rights- or citizenship-based concept, they are more egalitarian, they are more effective in combating poverty and cause less distortion in the labour market, and at the same time they are crucial for controlling the growth of social expenditure and for strengthening our societies' human capital, because they rely on a substantial increase in social spending on children or on families with children.

I. Background

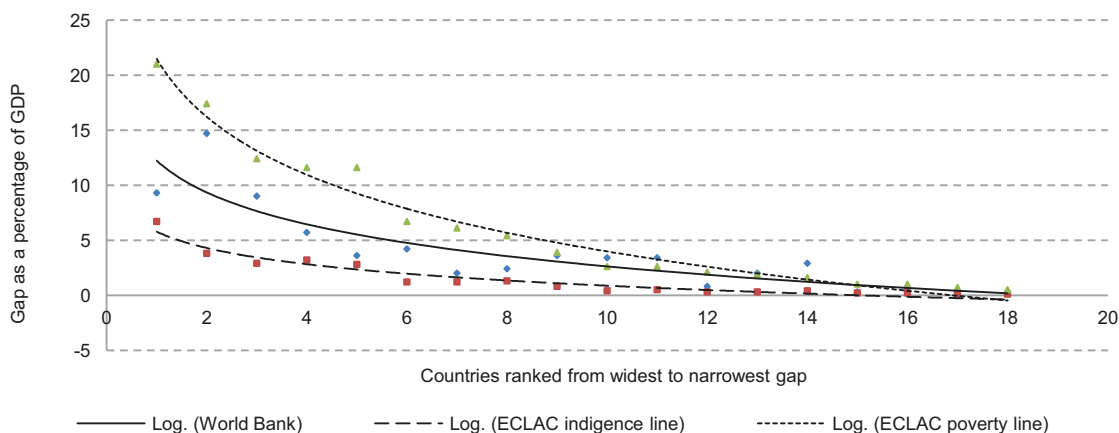
There are two antecedents for studies of this type that seek to develop estimations and general simulations of income (and in some cases, services) transfer systems on a regional basis. The pioneering work in this area was done through a series of analyses conducted by the Social Development Division of the Economic Commission for Latin America and the Caribbean (ECLAC, 2010). The outcomes from those analyses were published for the first time in May 2010 in a document for the 33rd Session of ECLAC, entitled "Time for Equality". The other antecedent lies in the work done by Gasparini and Cruces (2013) at the Universidad de la Plata, which involved a very similar exercise (see figures 1 and 2).

In both studies, the analysis is based on micro data from ongoing household surveys and it uses simulations to develop a series of measures for expanding the coverage of monetary transfers and broadening the coverage of education, quantifying the numbers of people incorporated, setting parameters for benefits and eligibility, estimating the fiscal cost of each measure and of different combinations of measures and, finally, simulating the impacts that such measures could be expected to have on poverty, the poverty gap and inequality.

Both studies yield a preliminary estimate of the poverty gap, and the percentage of GDP it represents in each country. In an ideal world, if we wanted to eliminate poverty at the lowest possible cost, and if we could recognize and allocate the amounts needed for all households that fall below the poverty line, we would arrive at the magnitudes that this estimation generates. Such an alternative is of course not feasible, and in any case its function is merely to provide an order of magnitude of the ground that each country must cover in an economic effort to deal with income poverty. Since ECLAC works with its own poverty lines and indigence lines, while Gasparini and Cruces use the poverty lines defined by the World Bank (US\$ 2.5 a day at purchasing power parity (PPP)), the data vary among the two estimations.

FIGURE 1
POVERTY AND INDIGENCE GAPS

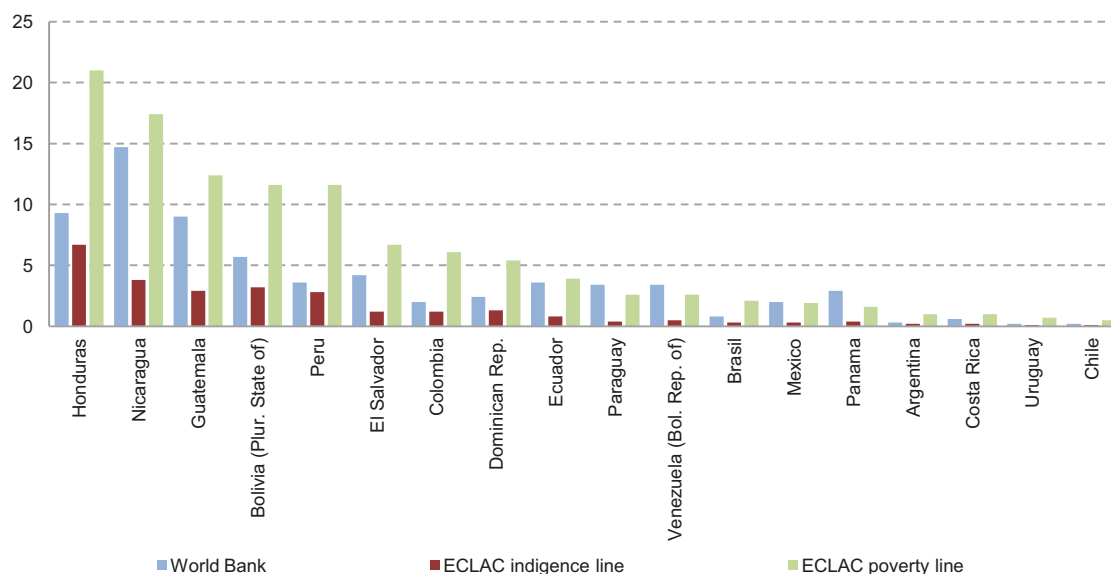
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), 2010, *Time for Equality: Closing gaps, opening trails* (LC/G.2432(SES.33/3)), Santiago, Chile, 2010; Cruces, Guillermo and Leonardo Gasparini, "Políticas sociales para la reducción de la desigualdad y la pobreza en América Latina y el Caribe. Diagnóstico, propuesta y proyecciones en base a la experiencia reciente", *Documento de Trabajo*, No. 142, Centre for Distributive, Labour and Social Studies (CEDLAS), Universidad de la Plata, 2013.

FIGURE 2
POVERTY AND INDIGENCE GAPS

(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), 2010, *Time for Equality: Closing gaps, opening trails* (LC/G.2432(SES.33/3)), Santiago, Chile, 2010; Cruces, Guillermo and Leonardo Gasparini, "Políticas sociales para la reducción de la desigualdad y la pobreza en América Latina y el Caribe. Diagnóstico, propuesta y proyecciones en base a la experiencia reciente", *Documento de Trabajo*, No. 142, Centre for Distributive, Labour and Social Studies (CEDLAS), Universidad de la Plata, 2013.

Except in a few specific cases, the different estimations yield magnitudes that rank countries in similar ways. The estimation of the ECLAC indigence line produces the lowest figures, the one using the World Bank poverty line parameters is intermediate, while the ECLAC poverty line is the most exacting and therefore implies the highest figures. As this initial analysis shows clearly, there are enormous

variations in the efforts that would have to be made to attack poverty in different countries. The measure used here is a simple indicator of poverty gaps quantified as the distance between the income of the population below the poverty line and that line itself, expressed as a percentage of GDP.

One recent study sought to formalize groupings that reflect the heterogeneity of social welfare gaps, and not only of poverty gaps, by analysing a set of variables that include economic capacity, fiscal effort, and countries' achievements in terms of coverage and basic well-being (Cecchini, Filgueira and Robles, 2014). This exercise yields three broad groupings representing countries with severe, moderate and modest welfare gaps (see table 1).

TABLE 1
COUNTRIES GROUPED BY RELATIVE POVERTY GAPS, AROUND 2012

Severe gaps	Moderate gaps	Modest gaps
Bolivia (Plurinational State of), El Salvador, Honduras, Guatemala, Nicaragua, Paraguay	Colombia, Ecuador, Mexico, Peru, Dominican Republic	Argentina, Brazil, Costa Rica, Chile, Panama, Uruguay, Venezuela (Bolivarian Republic of)

Source: Cecchini, Filgueira and Robles, 2014.

In order to estimate a system of cash transfers and the fiscal feasibility of such a system, we must obviously take into account the differing capacities of countries to support such initiatives, as well as the degree of those social divides. Consequently, after making a simple estimation of gaps as a percentage of GDP, both ECLAC (2010) and Gasparini and Cruces (2013) propose a set of measures that consider different “needs” parameters in terms of the coverage and the value of benefits. The ECLAC exercise assumes that these benefits will be financed entirely with new allocations from general revenues. In other words, the costs are estimated on the basis of the entire eligible population (in universal and targeted mode) regardless of whether people are already receiving benefits of some kind.

In the case of pensions, Gasparini and Cruces consider only the population that does not receive pensions, although in the case of transfers to families with children this is estimated in a manner similar to ECLAC, without considering whether those households are already receiving some benefit. In the case of ECLAC, it is clear that the effort is overestimated, as many of the people to whom a benefit is allocated, for example a basic pension, are already receiving a similar or even higher amount in retirement allowances. In the case of pensions, Gasparini and Cruces produce a slight overestimate, for they do not consider persons receiving pensions in amounts lower than the parameters they set. In the case of families with children, their overestimation is similar to that of ECLAC (see figures 3 and 4).

The two estimation exercises differ markedly in the generosity of coverage and benefits. Table 2 summarizes the parameters of the three scenarios estimated by ECLAC and by Gasparini and Cruces.

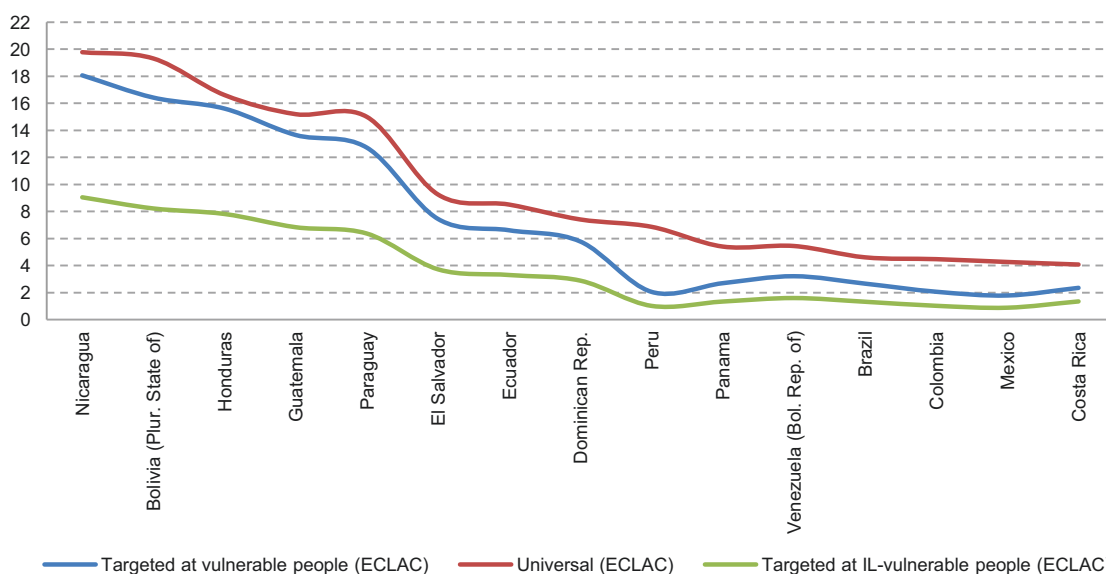
TABLE 2
SIMULATION MODELS FOR GUARANTEED BASIC TRANSFERS

ECLAC (2010)			Gasparini and Cruces (2013)			
	Coverage	Benefits	Amounts	Coverage	Benefits	Amounts
Universal model	All children ages 0-14 years (0-5, one PL; 6-14, half PL), all older persons (65 and over, one PL), all unemployed persons of working age seeking work.	Family allowances, basic pensions, unemployment benefit.	All benefits are estimated for one PL and one IL. In single-parent households, the child benefit is increased to 1.5 PL.	All older persons and all children under 18 years attending school.	Family allowances and basic pensions.	A benefit B is set at 50% of the World Bank PL at PPP. For children there are three scales: 0-4 years, one basic allowance; 5-12 years 1.15; and 13-17 years, 1.5.
First targeted model	Children, older persons and unemployed persons in situations of vulnerability (below 1.8 PL).	Family allowances, basic pensions, unemployment benefit.	All benefits are estimated for one PL: same for single-parent households.	Only poor older persons who receive no pensions and children in households below the World Bank PL who are attending school.	Family allowances and basic pensions.	A benefit B is set at 50% of the World Bank PL at PPP. For children there are three scales: 0-4 years, one basic allowance; 5-12 years 1.15; and 13-17 years, 1.5.
Second targeted model	Children, older persons and unemployed persons in situations of vulnerability (below 1.8 PL).	Family allowances, basic pensions, unemployment benefit.	All benefits are estimated for one-half PL, approximately one IL.	Older persons with no pensions and children in households where no member is formally employed.	Family allowances and basic pensions.	A benefit B is set at 50% of the World Bank PL at PPP. For children there are three scales: 0-4 years, one basic allowance; 5-12 years 1.15; and 13-17 years, 1.5.

Source: Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), 2010, *Time for Equality: Closing gaps, opening trails* (LC/G.2432(SES.33/3)), Santiago, Chile, 2010; Cruces, Guillermo and Leonardo Gasparini, "Políticas sociales para la reducción de la desigualdad y la pobreza en América Latina y el Caribe. Diagnóstico, propuesta y proyecciones en base a la experiencia reciente", *Documento de Trabajo*, No. 142, Centre for Distributive, Labour and Social Studies (CEDLAS), Universidad de la Plata, 2013.

Note: PL, poverty line; IL, indigence line; PPP, purchasing power parity.

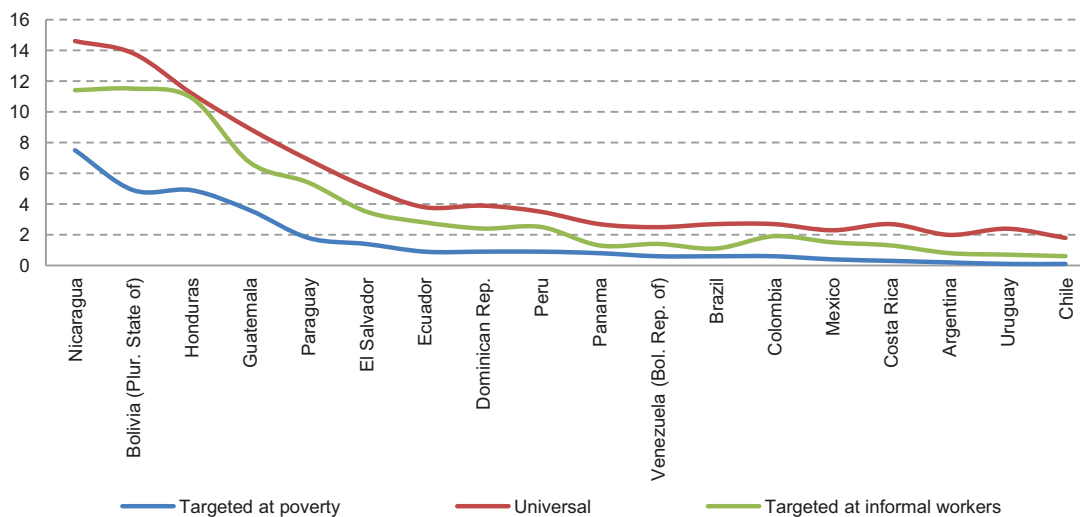
FIGURE 3
ESTIMATED COSTS OF THE ECLAC MODEL, 2010
 (Percentages of GDP)



Source: Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), 2010, *Time for Equality: Closing gaps, opening trails* (LC/G.2432(SES.33/3)), Santiago, Chile, 2010; Cruces, Guillermo and Leonardo Gasparini, "Políticas sociales para la reducción de la desigualdad y la pobreza en América Latina y el Caribe. Diagnóstico, propuesta y proyecciones en base a la experiencia reciente", *Documento de Trabajo*, No. 142, Centre for Distributive, Labour and Social Studies (CEDLAS), Universidad de la Plata, 2013.

Note: IL, indigence line.

FIGURE 4
COST ESTIMATES FOR THE GASPARINI AND CRUCES MODEL, 2013
 (Percentages of GDP)



Source: Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), 2010, *Time for Equality: Closing gaps, opening trails* (LC/G.2432 (SES.33/3)), Santiago, Chile, 2010; Cruces, Guillermo and Leonardo Gasparini, "Políticas sociales para la reducción de la desigualdad y la pobreza en América Latina y el Caribe. Diagnóstico, propuesta y proyecciones en base a la experiencia reciente", *Documento de Trabajo*, No. 142, Centre for Distributive, Labour and Social Studies (CEDLAS), Universidad de la Plata, 2013.

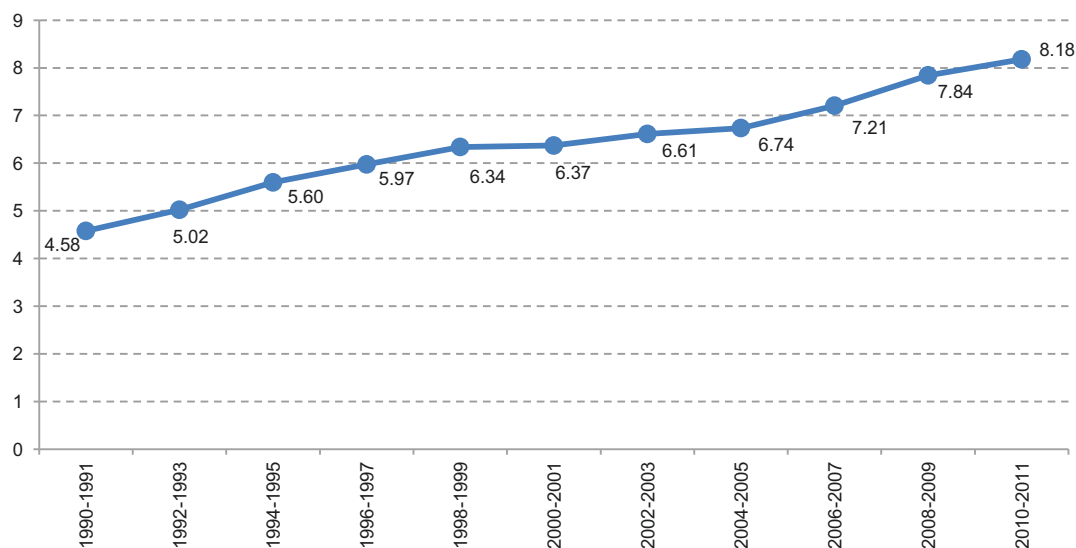
II. Efforts to expand coverage: the new frontiers of universality, contributory systems and targeting

For more than a decade now, Latin American and Caribbean countries have been making a sustained effort to boost social protection coverage. This is apparent in at least four areas of social policy: (i) retirement benefits, pensions and other cash transfers to older persons; (ii) cash transfers to families with children; (iii) access to health services and insurance; and (iv) worker protection (sickness and unemployment insurance, together with policies to promote labour rights such as indemnity, overtime, layoffs etc.).

Within these four spheres the frontiers between contributory and noncontributory, between targeting and universality, and between the contributor and the recipient of the benefit are being redefined. The specialized literature is increasingly advocating expanded coverage, calling for non-contributory approaches and seeking, with variants, to generate models either with a basic floor (ILO, 2011) or with basic universality (Filgueira and others, 2006), as well as universal non-contributory insurance for workers (Levy, 2011). The most ambitious and best-argued version of this new trend was expressed by Rubén Lo Vuolo in his works on “citizenship incomes” (*ingreso ciudadano*, Lo Vuolo, 2010).

We shall concentrate our attention here on regional progress with cash transfers to older persons and families with children. It is important to determine both the magnitude of the efforts relating to coverage and the forms that such coverage has taken. With respect to the magnitude, one way of approximating the incremental effort is to measure the increase in spending on social security and assistance (see figure 5). With respect to coverage, there appear to be four key trends: (i) increased pension coverage for persons 65 years and older; (ii) increased numbers of families with children receiving some form of cash transfers from the State; (iii) increase in the working population contributing to social security; and (iv) increase in the population with some kind of health care coverage (see figure 6).

FIGURE 5
LATIN AMERICA AND THE CARIBBEAN (21 COUNTRIES): GOVERNMENT EXPENDITURE
ON SOCIAL SECURITY AND ASSISTANCE, 1992-1993 TO 2010-2011^a
(Percentages of GDP)

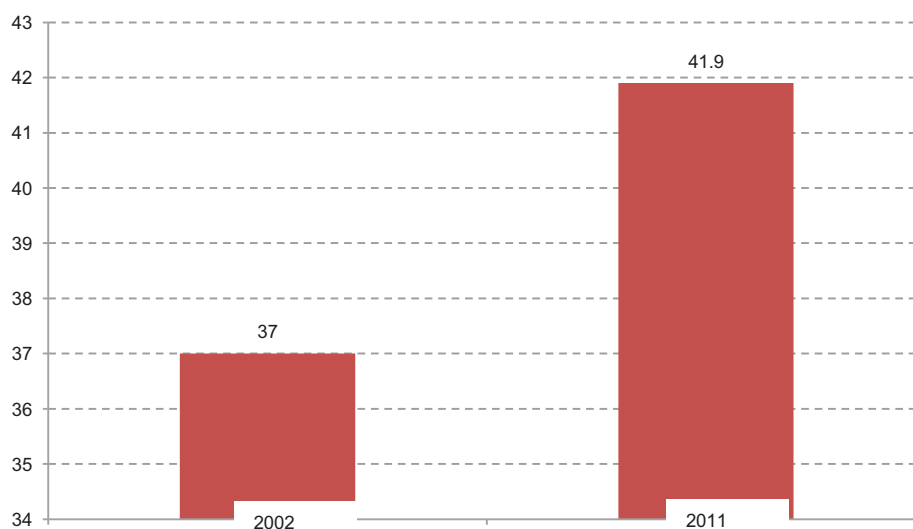


Source: Economic Commission for Latin America and the Caribbean (ECLAC), database on social expenditure.

^a Weighted average for the countries.

FIGURE 6
LATIN AMERICA AND THE CARIBBEAN: INCREASES IN SOCIAL PROTECTION COVERAGE

A. Persons 65 years and over receiving pensions, 2002 and 2011^a
(Percentages)

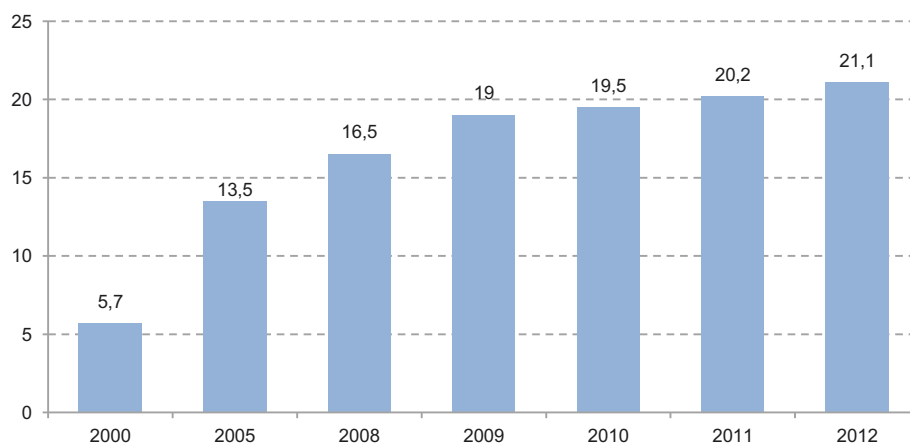


Source: (ECLAC), database on non-contributory social protection in Latin America and the Caribbean and Social Panorama of Latin America, 2013, Santiago, Chile, 2013.

^a Simple average for 14 countries.

B. Coverage of conditional cash transfer programmes, 2000-2012^a

(Percentage of total population)

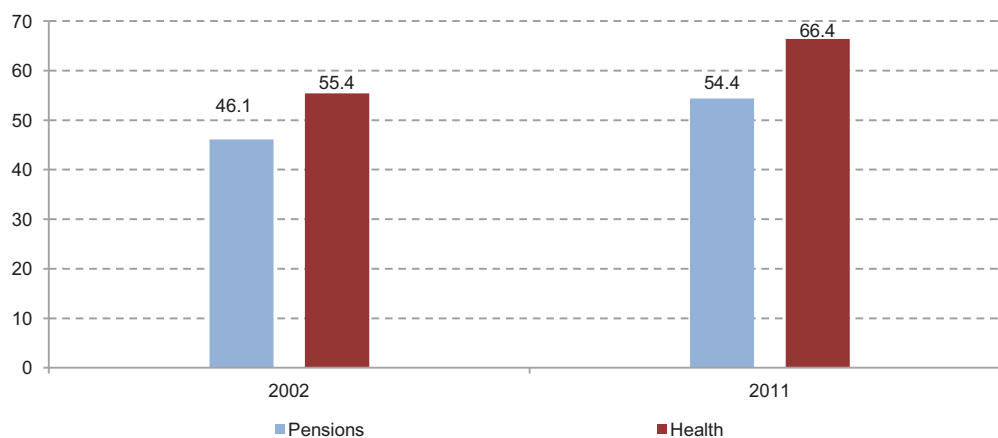


Source: (ECLAC), database on non-contributory social protection in Latin America and the Caribbean and Social Panorama of Latin America, 2013

^a Weighted average for 19 countries.

C. Working population affiliated to social security, 2002 and 2011^a

(Percentages)



Source: (ECLAC), database on non-contributory social protection in Latin America and the Caribbean and Social Panorama of Latin America, 2013.

^a Simple average for 16 countries.

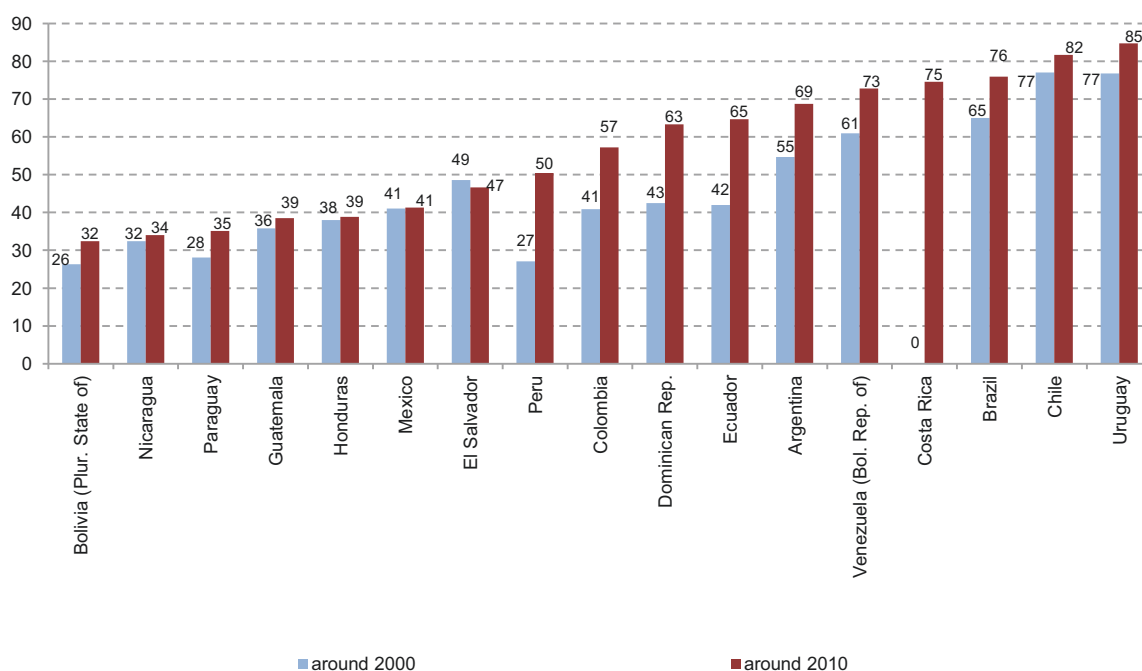
The case studies on social protection systems prepared by ECLAC (Cecchini, Filgueira and Robles, 2014), in turn, provide institutional data on the modalities of expanded coverage. It is important to distinguish the various causes behind this increased coverage, and arrange them conceptually. We can identify three immediate causes for the improvements in coverage: (i) improvements in the labour market (due either to greater employment opportunities or to regulatory aspects), which tend to increase formal employment and thereby expand the contributions base; (ii) changes in contribution rules that facilitate access by making eligibility conditions and criteria more flexible; and (iii) the spread of non-contributory social assistance policies, financed from general revenues: whether these policies are universal or targeted.

An important aspect of the improved coverage of social security for the working population in the region relates to substantive improvements in the quality of employment and an increased oversight and

regulatory role for the State. Nearly all the case studies revealed improvements in employment and many of those studies mentioned improvements in the regulatory role of the State.

Uruguay offers an example of improved control over social security in general (Filgueira and Hernandez, 2012), and Ecuador provides an example in the health area (Naranjo Bonilla, 2013). But in fact nearly all countries have increased the levels of affiliation in contributory social security schemes for wage-earning employees and for the working population in general. Figure 7 illustrates the progress with contributory pensions for employees.

FIGURE 7
LATIN AMERICA AND THE CARIBBEAN: EMPLOYEES CONTRIBUTING TO THE PENSION SYSTEM,
AROUND 2000 AND 2010
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America*, 2013 (LC/G.2580), Santiago, Chile, 2013.

A portion of the increase shown in figure 4 also reflects explicit policies that have sought to make access more flexible and to subsidize various social security programmes. Whereas the privatizing and parametric reforms of the 1980s and 1990s sought to limit social protection benefits by the capacity to pay, and to subject them to fiscal and actuarial controls, the reforms of the new century have gone in the opposite direction, by expanding access to social security beyond exact contributory equivalencies.

There are two clear pieces of evidence of past restrictions on pensions. The reform initiated at the beginning of this century in Costa Rica has resulted in a significant increase in the coverage of independent workers. Something similar occurred with the Uruguayan reform of 2007 relating to pensions and retirement benefits, whereby the required years of contribution were reduced, but with a corresponding downward adjustment in replacement rates, to avoid increasing the risk of actuarial insolvency that has for some time now threatened the Uruguayan system. Another approach that expanded coverage significantly was to incorporate dependent family members into the insurance system, if one of the adult members is contributing to the system. Uruguay's creation of the National Health Fund is a good example of this semi-contributory, family-based approach.

The other path followed in expanding coverage has been through non-contributory modalities. The dominant non-contributory modality in the region has been to apply targeted policies, although there have also been some universal-type options.

In the pensions area, there are few cases of a clearly universal and non-contributory approach: the outstanding examples are to be found in the Plurinational State of Bolivia and in Trinidad and Tobago. The universal pension (originally called the *pensión alimentaria* or "food pension") of the Federal District of Mexico is another example. No country in the region has a universal, non-contributory model of transfers to families with children.

When it comes to targeted policies, it is important to distinguish between those that target the poor or extremely poor (indigent) population and those that grant benefits to all persons who lack contributory coverage. Rofman, Apella and Vezza (2014) distinguish between those two types of targeting in the case of pensions, but it is also appropriate to do so in the case of health and transfers to families with children, although in this last area targeting is clearly based on need or poverty, rather than targeting to round out universality, since few countries have extensive contributory systems of family allowances. The case that comes closest to this universality option in the area of family allowances is Argentina, with its universal child allowance (*Asignación Universal por Hijo*, AUH), paid to persons who have no contributory benefits. The remaining countries of the region have made some important changes in income coverage for families with children, but they have done so in a targeted way, linking eligibility to some form of means test. The dominant vehicle for these transfers has been the conditional or "co-responsibility" cash transfer (CCT) programmes.⁴

In the pensions area, several countries have created or expanded their social pensions systems, in some cases to reach the poor or very poor population and in other cases to make coverage universal by filling the gap in contributory systems. Among the second group of countries, Argentina, Chile, Costa Rica and Uruguay have segmented universality models, while Panama targets the over-70 population without pensions and with unmet basic needs (Rodríguez Mojica, 2013). Mexico is moving closer to a very modest universal, basic floor for pensions, drawing upon experience in the Federal District, together with the examples of Ecuador with its Human Development Grant and the Plurinational State of Bolivia with its *Renta Dignidad* ("decent income") programme.

⁴ An interesting example is the new benefit for overcoming extreme poverty under Brazil's CCT programme, the *Bolsa Família*, which provides a non-conditional cash transfer to indigent families regardless of whether they have children or not.

III. An initial estimation: cash transfers for older persons and families with children

A. Methodology

In this section we estimate the fiscal costs of extending the coverage and improving the quality of cash transfers for older persons and for families with children.

1. Protection for older persons

With some important differences, the region is now experiencing an ageing of its population profile, a process that will become more marked over the next 30 years. In some countries, such as those in the Southern Cone, this ageing has already begun and will accelerate in coming years, accompanied by an "ageing of ageing". There are essentially two central factors driving these processes: on one hand, fertility has declined and at the same time the baby boom cohorts are entering into their "golden years", resulting in a higher proportion of older persons in the total population. On the other hand, life expectancy is increasing, contributing to the same outcome and boosting not only the percentage of older persons but also the proportion of the oldest persons within the older persons cohort. Both processes pose complex challenges for the coverage of social protection systems (particularly health and pensions), for their fiscal sustainability, and for the health of national economies.

At the present time, the coverage of retirement benefit and pension systems is in fact very low. That low coverage relates both to the present (with few older persons accessing cash transfers) and to the future (given the eligibility structures and the formalization and density of contributions by the working population). These two challenges vary in magnitude among the different subregions of Latin America, and they also pose different challenges to countries (present and future coverage, fiscal sustainability, stratification and segmentation).

With the exception of the countries of the Southern Cone, Brazil and Costa Rica, there is an enormous deficit in coverage for the older population and in social security contributions by the working population. In countries with the highest coverage, given their fiscal architecture and the ratio of contributors to recipients, there is a yawning deficit that must be confronted. More important yet is the

fact that even in countries with modest welfare systems, the balance between social contributions and social security benefits is in deficit.

The first challenge proposed here is to expand coverage for older persons (65 years and over) on a non-contributory basis, i.e. funded from general revenues. The burden this implies will depend on current coverage and on the age structure.

With the exception of the "pure" universality model (where the all-in cost is calculated by simply multiplying the number of older persons by the benefit of one poverty line (PL)), all the other estimations must be made on the assumption that the additional cost stems from the fact that the guaranteed basic floor —whether targeted or not— arises from considering the difference between what is already received by way of pensions (contributory or not) and the values of the model proposed here. In other words, if the basic pension (BP) assumes a value of

$$BP = z$$

and a person eligible for the new regime is already receiving a pension $P = x$ of such a value that:

$$x > z$$

that person's entitlements are calculated as part of that basic pension and that amount will be adjusted in accordance with the new criteria defined for the system. In other words, the person in question will continue to receive x but the portion z of x will be adjusted according to the new regime, while $x - z$ will be adjusted according to the previous benefit system.

In the case where:

$$x < z \rightarrow BP = x + (z - x)$$

Thus the simplest way of expressing the total cost will be to sum the difference between the basic pension to be paid and the pension already received. If the latter is zero, we sum the full value of the basic pension; if a pension is already being received, but is lower than the basic pension, we add the difference; if the pension already received is greater than the basic pension, the value to be added will be zero. Thus, the annualized relative fiscal cost (as a percentage of GDP) is expressed as follows:

$$Cost\%GDP = \left\{ \frac{(\sum_i^n = 1Pi * z - Pi * y) * 12}{GDP} \right\} * 100$$

where P_i is a member of the defined population n , while y has a range from 0 to z , assuming the value z in all cases where $x \geq z$.

The parameters of the basic pension and the projected costs arise from considering the following alternatives:

- Coverage parameters: , $n = Pob_{65+} \cdot Pob_{65+y < 1,8pl}$.
- Value parameters will be half of the median income (or relative poverty line), the ECLAC poverty line for each country or half of that basket, which amounts to a basic food basket:

$$z = \left\{ \frac{MED}{2} \right\}, \{PL\}, \{FB\}$$

2. Protection and investment for families with children

Families in Latin America must generally bear their children and see them through the first years of life without much support from the State in terms of care services, income transfers or maternal, family and paternal leave.

A quick look at these three indicators for the region shows huge gaps in coverage and supply, both among the poor and vulnerable population and among the middle classes. In most countries of the region, the education system's coverage of the population between three and six years was less than 60% in 2010, and the situation was even worse for low-income groups (Itzcovich, 2013). There is also a clear lack of protection for families with children in terms of income transfers, especially for the poorest income quintiles. Finally, a basic comparison across the region shows that families are essentially unprotected from the dual demands of labour force participation and reproduction. When measured against the minimum leave obligations defined by the International Labour Organization (ILO), Latin America for the most part lacks such mechanisms, even though some of its countries have levels of GDP similar to those of Eastern and Central Europe (Repetto, Bonari and Langou, 2013).

In this paper we shall attempt merely to estimate monetary benefits in the form of family allowances, leaving it to others to estimate the costs of leave and care systems.

We argue here for achieving universal coverage—or coverage for all vulnerable families with children—with a monthly benefit equal to a basic basket, in three modalities: (i) a single allowance for each household with children; (ii) an allowance for each child in the household; and (iii) an allowance for each child up to a maximum of three children, using a staggered scale (adding 0.66, or two-thirds, of the allowance for each additional child after the first, up to the third child). We estimate these costs for two basic groups: households with children under 14 years and households with children under 18 years of age. In the "pure" universal modality we calculate the total cost of generating these new allowances. Under the other modalities (completing universal coverage and providing coverage for all vulnerable families) our proposal will cover only the additional amount needed to reach the defined value⁵ in cases where families are already receiving this allowance or a similar one. Under the modality for completing universal coverage or ensuring coverage for all families that fall below 1.8 poverty lines, we apply a method similar to that used for estimating pensions:

$$Cost\%GDP = \left\{ \frac{(\sum_i^n = \mathbf{1}f_i * (j * \alpha) - f_i * h) * 12}{GDP} \right\} * 100$$

where n are eligible families f , j is the amount of the basic allowance, α is the multiplier depending on the number of children in the family and the allowances model⁶ and h is the allowance that such family already receives through transfers to families with children, or the maximum to be subtracted in case that allowance exceeds the value of $j * \alpha$.

Coverage parameters: $n = Pob_{0-14}$, Pob_{0-17} , $Pob_{0-14 < 1.8pl}$, $Pob_{0-17 < 1.8pl}$

- The value parameter will be half of the income median, the poverty line, or half of the PL, which amounts to a basic food basket (FB) or indigence line:

$$z = \left\{ \frac{MED}{2} \right\}, \{PL\}, \{FB\}$$

Table 3 offers a summary of the allowances proposed and used throughout this paper.

⁵ In the first model, the value corresponds to a basket per family with children; in the second, to a basket for each child; and in the third, the result for each household depending on the number of children, with a maximum of one basket plus two 2/3 baskets up to three children. The 0.66 ratio responds to the estimate of economies of scale for the number of children, drawn from the Uruguay case. The difference in the age cut-off point (14 years and under, and 18 years) responds respectively to the ages at which paid work is allowed (and the cut-off point which defines dependency rates), and to the minimum age that in many cases is set as the desired or mandatory limit for remaining in the formal education system.

⁶ Variable α will be equal to 1 when there is only an allowance per family with children; it will be equal to the number of children when there is an allowance for each child in the family; and it will be equal to the staggered value that emerges from considering the first child at absolute value and then granting 66% of the allowance for the second and third child.

TABLE 3
TARGET POPULATION AND BENEFIT MODELS

Target population	Universal model	Universal model discounting current allowances	Model targeted at the vulnerable population, discounting current allowances
Older persons	An allowance equal to one domestic poverty line (PL) for all persons 65 years and over.	Top up allowances to reach one domestic PL for all persons age 65 years and over.	Top up allowances to reach one PL for all persons age 65 years and over, in households with per capita incomes below 1.8 PL
Older persons (variant for countries with severe welfare gaps)			Top up allowances to reach one-half PL for all persons age 65 years and over, in households with per capita incomes below 1.8 PL
Families with children (first model)	An allowance per household equal to one PL. This is calculated for two universes: households with children under 15 years and households with children under 18 years.	Top up the household allowance to one PL. This is calculated for two universes: households with children under 15 years and households with children under 18 years.	Top up the household allowance to one PL for all households with incomes below 1.8 PL. This is calculated for two universes: households with children under 15 years and households with children under 18 years.
Families with children (second model)	A per-child allowance equivalent to one PL. This is calculated for two universes: children under 15 years and children under 18 years.	Top up an allowance per child equivalent to one PL. This is calculated for two universes: children under 15 years and children under 18 years.	Top up an allowance per child equivalent to one PL for all households with incomes below 1.8 PL. This is calculated for two universes: children under 15 years and children under 18 years.
Families with children (third model)	An allowance for the first child equivalent to one PL and an additional allowance of 0.66 PL for the second and third child. No further allowances are added for the fourth child and beyond. It is calculated for two universes: children under 15 years and children under 18 years	Top up an allowance for the first child equivalent to one PL and an additional allowance of 0.66 PL for the second and third child. No further allowances are added for the fourth child and beyond. It is calculated for two universes: children under 15 years and children under 18 years.	Top up an allowance for the first child equivalent to one PL and an additional allowance of 0.66 PL for the second and third child, for all households with incomes below 1.8 PL. No further allowances are added for the fourth child and beyond. It is calculated for two universes: children under 15 years and children under 18 years.
Families with children (variant for countries with severe welfare gaps)			(a) Top up an allowance per household with children, per child and staggered per child, equal to one PL (an additional allowance of 0.66 of one-half PL for the second and third child) for all households belonging to the first three income quintiles. No further allowances are added for the fourth child and beyond. It is calculated only for children under 15 years. (b) The same, but half the value for all allowances.

Source: prepared by the authors.

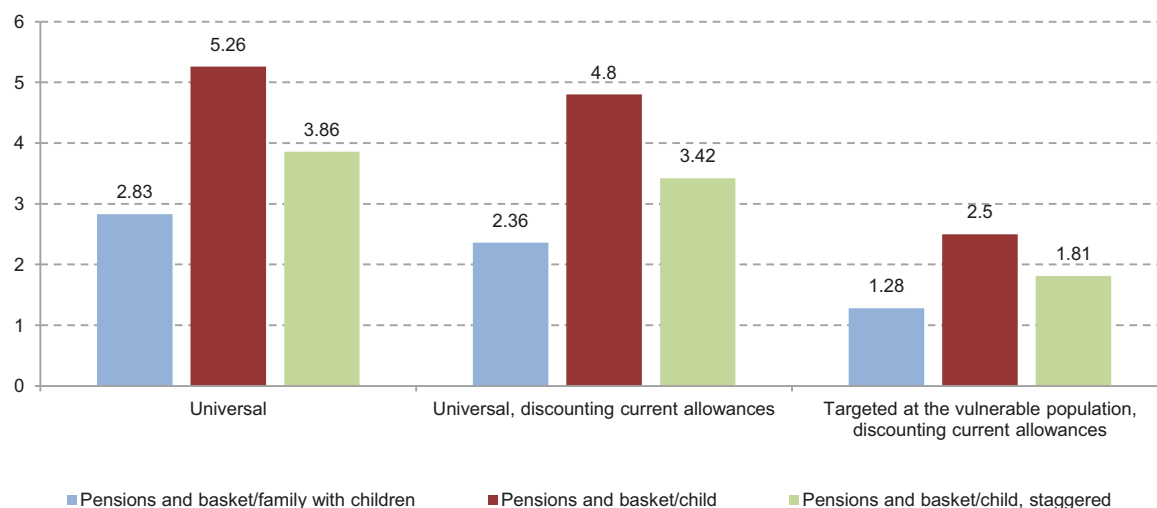
B. Overall outcomes

The overall cost of offering a basket of cash transfers to families with children and to older persons⁷ in Latin America amounts, in the "pure" universal modality (i.e., without considering the costs already incurred with the existing system and adding all persons 65 years and over and all families with children), to 0.87% of regional GDP for pensions and 4.39% of GDP for allowances to families with children (if an allowance is provided for each child), for a total of 5.26% of GDP. This is clearly the most onerous option and one that, as we shall see below, is fiscally unfeasible, or at least undesirable, for nearly all countries in the region.⁸

There are however some more modest variants of this same system of basic transfers which would allow the overall cost (for both pensions and family allowances) to be significantly lowered. Even in those universal models that do not consider existing allowances, the option of delivering to each family with children a single allowance equal to one PL reduces the total cost from 5.26% to 2.83% of GDP.

This same variant—but merely completing coverage in terms of quantity and level of benefit—brings the total to 2.36% of GDP. If that model is used only to complete coverage for the vulnerable population (with per capita incomes below 1.8 poverty lines), the total cost declines to 1.28% of GDP as a non-weighted average for countries of the region.

FIGURE 8
LATIN AMERICA (18 COUNTRIES): AVERAGE REGIONAL FISCAL COST OF CASH TRANSFERS TO OLDER PERSONS AND FAMILIES WITH CHILDREN, BY MODEL^a
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

^a Simple average.

The results of figure 8, which combine the costs of pensions and cash transfers to families with children under 18 years, are presented for a benefit amount corresponding to the poverty line in each country. If we take half of that basket, the average cost for Latin America of universalizing coverage

⁷ It should be noted that a household that has both elderly members and children will receive both transfers.

⁸ See the fiscal feasibility parameters in section V of this paper.

to all older persons and to all families with children under 18 years, through a single per-family allowance, would amount to 1.18% of regional GDP.

If that model is applied only to vulnerable families, the amount declines to 0.64% of GDP. In both cases, we consider only the outlays additional to the pensions, family allowances or conditional cash transfers already received, needed to cover the target population at the level of benefits defined here.

As we shall see below, the impacts on poverty and inequality flowing from these more modest transfers will be lower. It will be recalled, however, that this exercise does not seek to eradicate income poverty through cash transfers, but rather to reduce its probability, moderate its intensity, and help people to escape from that situation.

These average outcomes show significant variations among countries. According to Cecchini, Filgueira and Robles (2014), we can distinguish three broad groups of countries in the region: those with modest welfare gaps, those with moderate gaps, and those countries that, because of their lower level of economic and social development, have severe welfare gaps (see table 1). The following pages address these variants.

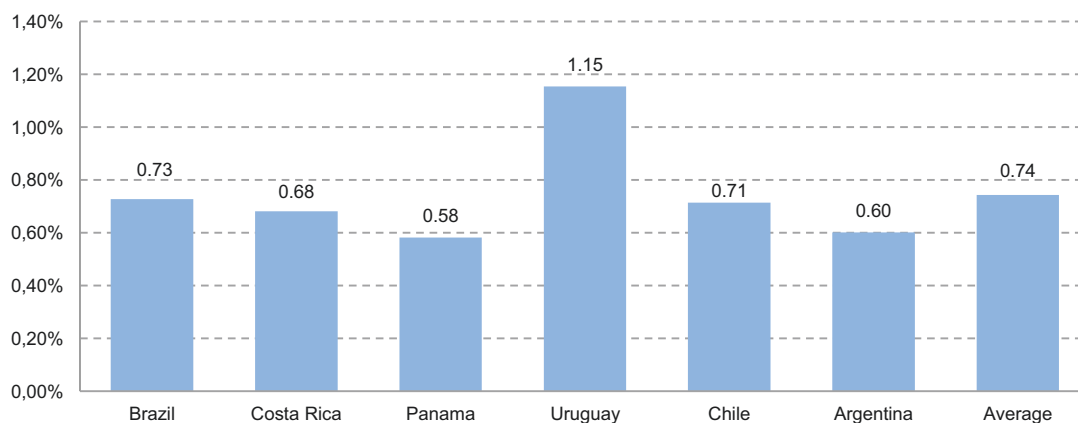
C. Outcomes by country groupings

1. Countries with modest gaps

Countries with modest welfare gaps reveal three characteristics that make the transfer systems proposed here less burdensome and more effective, at least in relative terms. First, they have lower poverty levels and gaps, second, they already have significant social protection systems, in terms of coverage and the value of benefits; and lastly, they are the richer countries, and the required effort accordingly represents a smaller proportion of their GDP.

The all-in costs of topping up the existing older persons' benefits with a universal basic pension are relatively high. This is not surprising, given the more advanced age structure of these countries. Average costs amount to 0.74% of GDP, and they vary from 0.58% of GDP in Panama to 1.15% in Uruguay, the country with the oldest population profile (see figure 9).⁹

FIGURE 9
ESTIMATED FISCAL COST OF A BASIC UNIVERSAL PENSION
(Percentages of GDP)

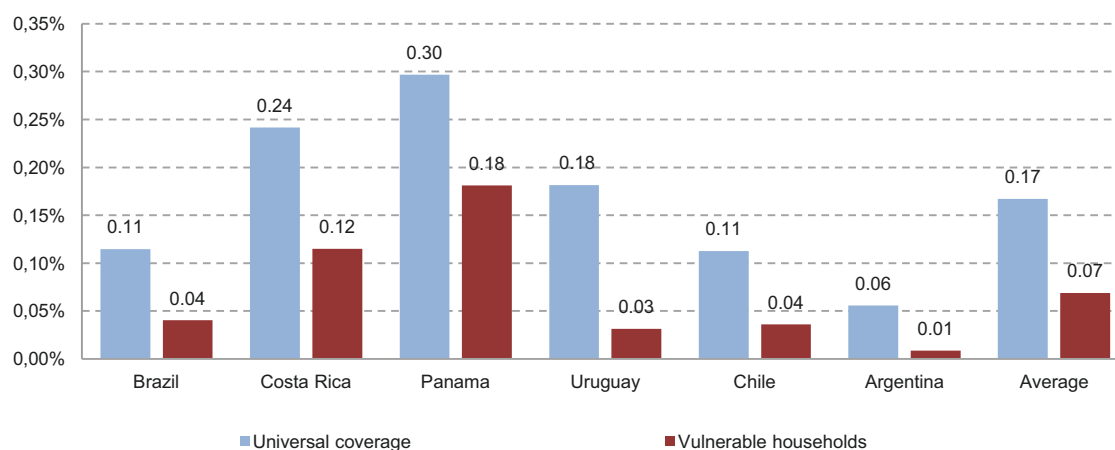


Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

⁹ Figures are not shown for the Bolivarian Republic of Venezuela, as it was not possible to make the required adjustments to the statistics for this first estimation.

However, when we estimate the costs after subtracting existing older persons' benefits, the situation changes drastically. As a simple average, the cost of achieving universality in those countries with a guaranteed cash transfer equivalent to the national poverty line is 0.17% of GDP. In this case, the country that will have to make the greatest effort among this group (amounting to 0.3% of GDP) is Panama, which is today the least generous in terms of older persons' allowances. By contrast, for Uruguay, which presented a high total cost for universality, the incremental cost of moving to universality is only 0.18% of GDP (see figure 10).

FIGURE 10
ESTIMATED INCREMENTAL FISCAL COST FOR THE UNIVERSALIZED
AND TARGETED PENSIONS MODELS
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

The remaining countries have virtually achieved universality, with the "Solidarity" reform in Chile, expansion of the Continuing Allowance Benefit (BPC) and the rural pension in Brazil, and the welfare moratorium in Argentina: Chile and Brazil would have to top up their programmes by only 0.11%, and Argentina by 0.06%. If these allowances are geared solely to the vulnerable population, it will be noted that the costs are very modest for Uruguay, Argentina, Chile and Brazil. In fact, this indicates that these countries would not have to make any major fiscal effort in terms of transfers to older persons. It may however be argued that one PL is a very modest amount, and that higher values should be estimated. However, as older persons already have sufficient welfare coverage and as the incidence of poverty is higher among children, expanding transfers to older persons is not a particularly urgent task for this subgroup of countries with modest gaps. By contrast, Panama and, to a lesser extent, Costa Rica will have to make a greater effort to ensure the coverage and quality of allowances in general, and those for the vulnerable population in particular.

Despite the demographic trends that have resulted in smaller cohorts of young people in these countries, they still outnumber those over 65 years. The cost of providing a transfer equivalent to one poverty line to all households with at least one child at home would average 1.15% of GDP, with its highest value in Brazil and its lowest value in Argentina. These figures rise to an average of 2.13% of GDP if the allowance is set at one PL for every child at home, and declines to 1.63% if a full allowance is provided only for the first child and 66% for the second and third child, capped at that amount.¹⁰

If we look, not at a new universal allowance, but at the cost of supplementing the benefit to these defined parameters of value and coverage, the average cost drops moderately, for example in the case of

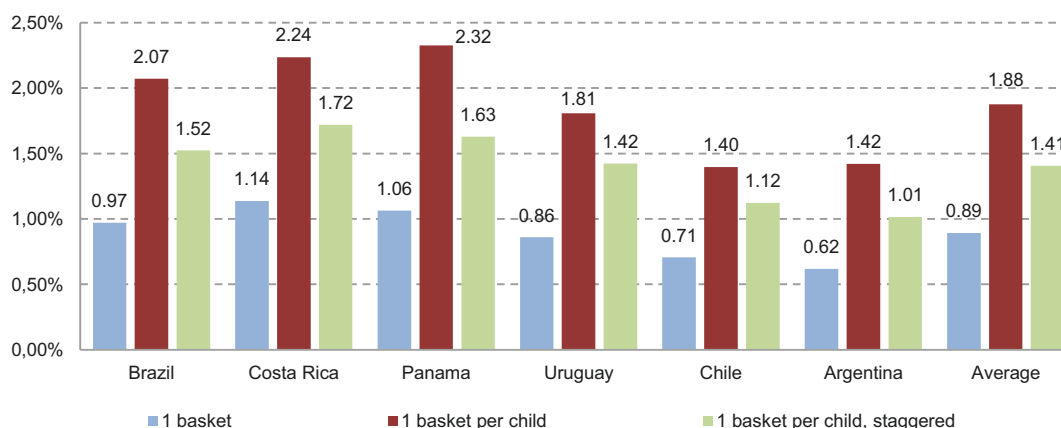
¹⁰ These data are not shown in the figures, as they relate to the universal model without adjustment or discount.

a staggered child allowance, from 1.63% to 1.48% of GDP. However, this reduction is underestimated, as in the case of Brazil it does not capture transfers to families with children.¹¹ By contrast, in other countries the fiscal efforts, once the population already covered at current amounts is taken into account, will be less than those inherent in adding a universal benefit, falling in the cases of Costa Rica, Uruguay, Chile and Argentina by approximately 20% to 30% of the cost, without discounting existing transfers. In the case of Panama, the decline is less (slightly more than 10%).

In any case, the amounts needed to achieve universality are generally clearly affordable in the models that provide a single benefit for each household with children, although they appear rather burdensome even in countries with modest gaps, if they provide an allowance for each child. On average, for this group of countries, it would involve nearly 2 percentage points of GDP – again, it is important to recall that a downward adjustment must be made, on average and in the case of Brazil. There are four parameters governing the continuum from greater to lesser fiscal effort: the number of allowances per household, the value of the allowance, the age range to be covered, and coverage of the allowance by level of income. The most costly formula is to grant one poverty line for each child at home, for all households. The most modest formula is to grant a single benefit equal to one poverty line only to households below the vulnerability threshold (1.8) with children under 15 years.

By way of illustration, and looking beyond the average, the most onerous formula would cost more than two percentage points of GDP in Panama (2.32) and Costa Rica (2.24), although it would be more affordable in Chile (1.40) and Argentina (1.42). If however we opt for the less costly modality, the amounts become once again much more feasible, as shown below¹² (see figure 11).

FIGURE 11
ESTIMATED INCREMENTAL FISCAL COST OF UNIVERSALIZING BENEFITS
TO HOUSEHOLDS WITH CHILDREN
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

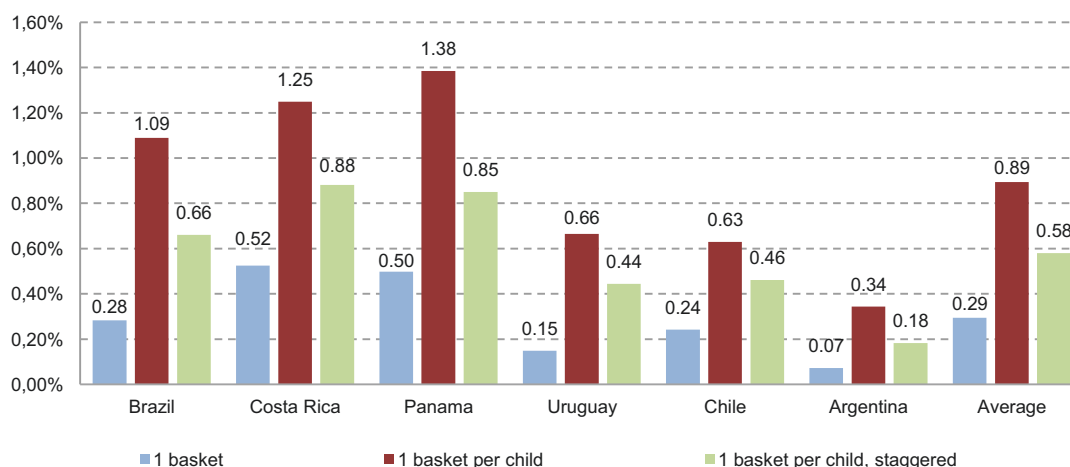
As can be appreciated in figure 12, providing a single benefit to vulnerable households with a child at home reduces the costs, bringing them to an average of 0.37% of GDP. In this case, the country for which the system demands the greatest effort is Panama (Brazil cannot be considered, for the reasons

¹¹ Given the importance of the *Bolsa Familia* and its coverage, this implies a significant overestimate of the population already covered and the expenditures already generated. For this reason, the cost of the universal allowance in Brazil, which is the same as that of achieving universality with data from the household survey, is adjusted by the actual expenditure on the *Bolsa Familia* programme (0.47% of GDP on the basis of information available in the ECLAC database on non-contributory social protection in Latin America and the Caribbean) under the assumption that the bulk of such benefits goes to families with children.

¹² See physical possibility parameters in the sixth section of this paper.

already mentioned), with 0.52% of GDP, while it is lower by one quarter of a percentage point of GDP for Uruguay, Chile and Argentina. If we add a further coverage criterion, limiting the benefit to households with children 14 years and younger, the figures become even more modest and manageable, and the average is one quarter of a percentage point of GDP lower for all countries in this group.¹³

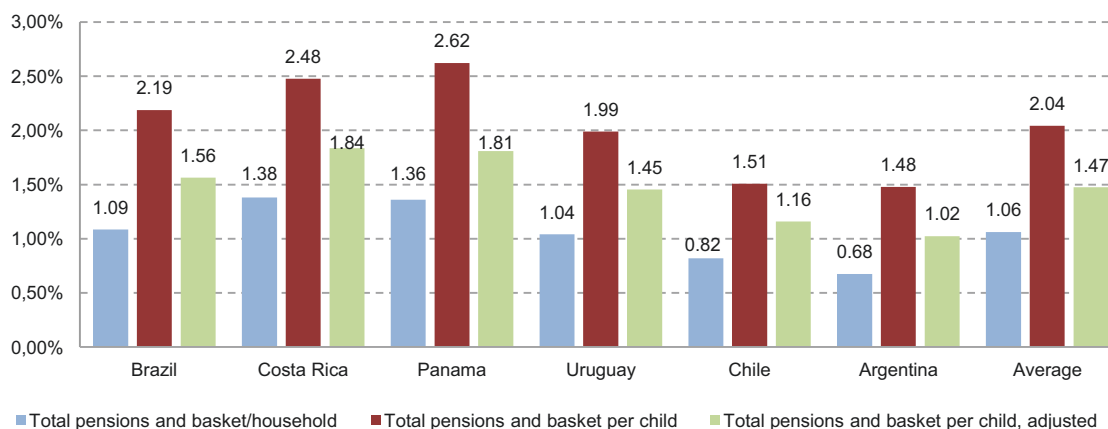
FIGURE 12
ESTIMATED INCREMENTAL FISCAL COST OF PROVIDING BENEFITS
TO ALL VULNERABLE FAMILIES WITH CHILDREN
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

Combining pension benefits and coverage for households with children provides more options: the least costly is the universalized pension combined with one PL for each child in all households (see figure 13).

FIGURE 13
INCREMENTAL FISCAL COST OF UNIVERSALIZING PENSIONS AND CHILD ALLOWANCES
(Percentages of GDP)

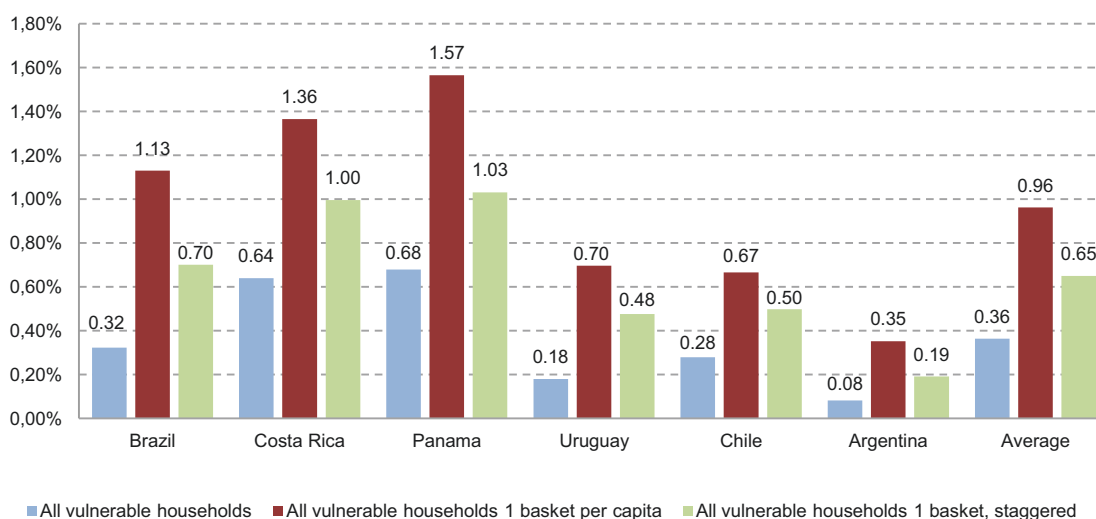


Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

¹³ See statistical appendix.

Once again, the most affordable option is a combination of a single allowance for vulnerable households with children and an allowance for all older persons in vulnerable households (see figure 14).

FIGURE 14
INCREMENTAL FISCAL COST OF PROVIDING PENSIONS
AND CHILD ALLOWANCES FOR ALL VULNERABLE HOUSEHOLDS
(Percentages of GDP)

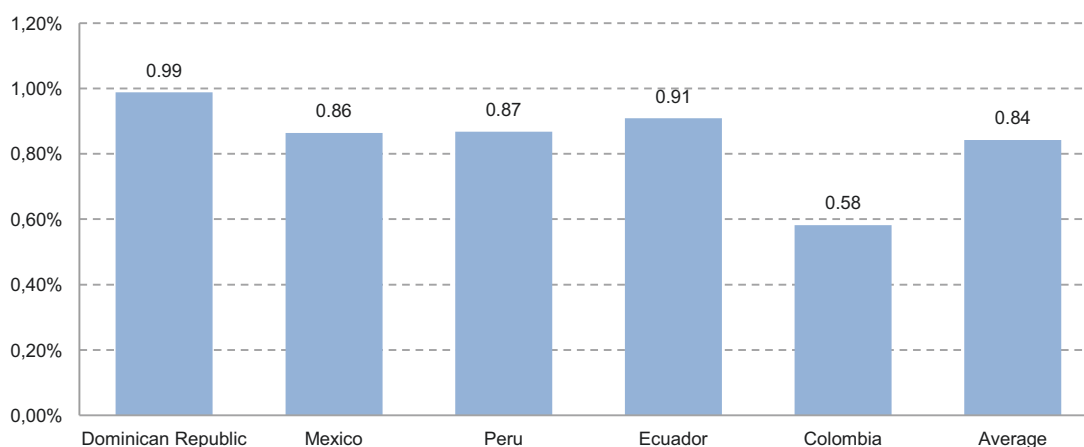


Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

2. Countries with moderate gaps

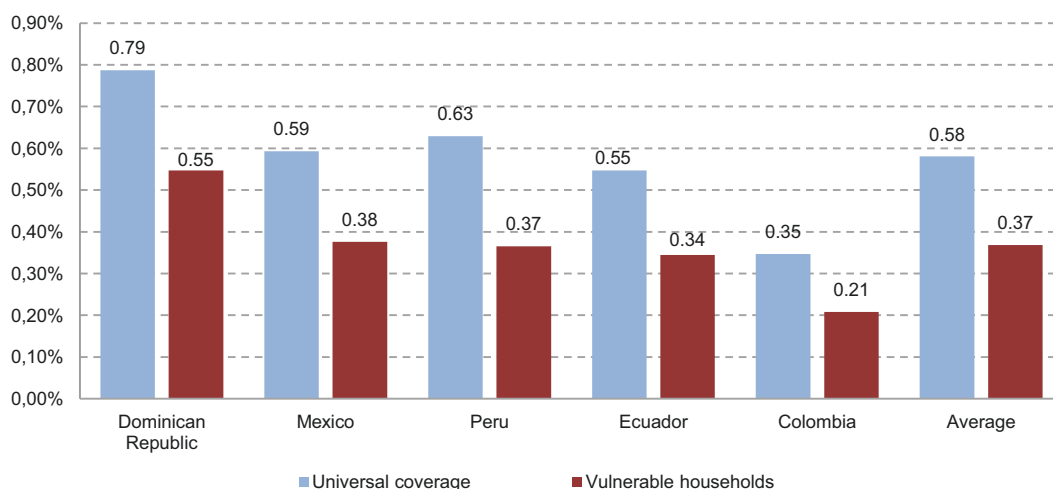
In countries with moderate gaps, although their population is younger than in countries with modest gaps, their lower GDP means that the average cost of creating an entirely new, universal floor of support will be slightly higher.

FIGURE 15
ESTIMATED FISCAL COST OF A UNIVERSAL BASIC PENSION
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

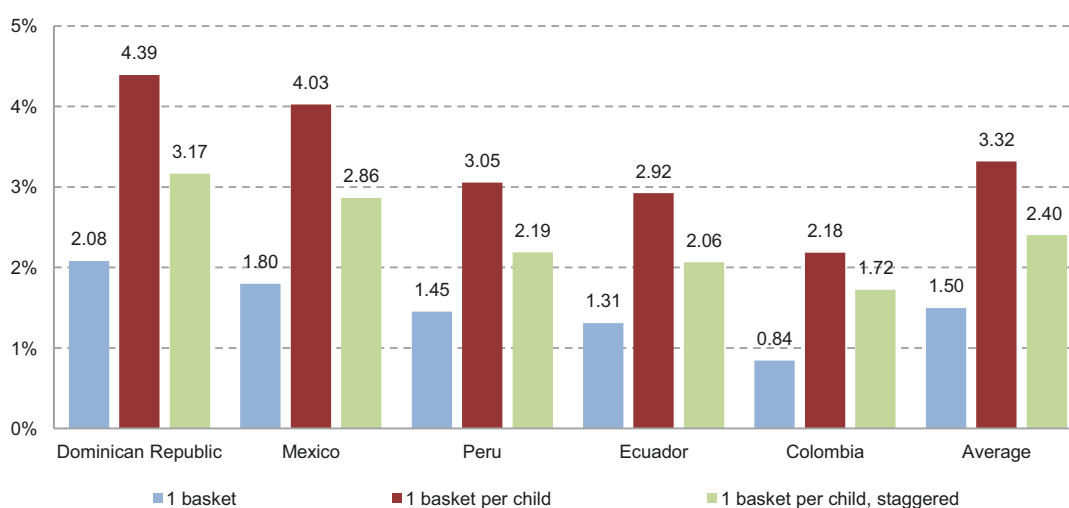
FIGURE 16
ESTIMATED INCREMENTAL FISCAL COST OF UNIVERSALIZED AND TARGETED PENSION MODELS
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

The fact that the coverage shortfalls are much greater in these countries than in the countries with modest gaps means that, when considering the cost of full coverage with values based on the established parameters (universal and for the vulnerable population, with benefits equal to one poverty line), the total effort will be clearly greater than in the preceding group, amounting on average to 0.35% of GDP in the case of universal coverage and 0.21% of GDP where all older persons in vulnerable households are guaranteed one PL.

FIGURE 17
ESTIMATED INCREMENTAL FISCAL COST OF UNIVERSALIZING BENEFITS TO FAMILIES WITH CHILDREN
(Percentages of GDP)

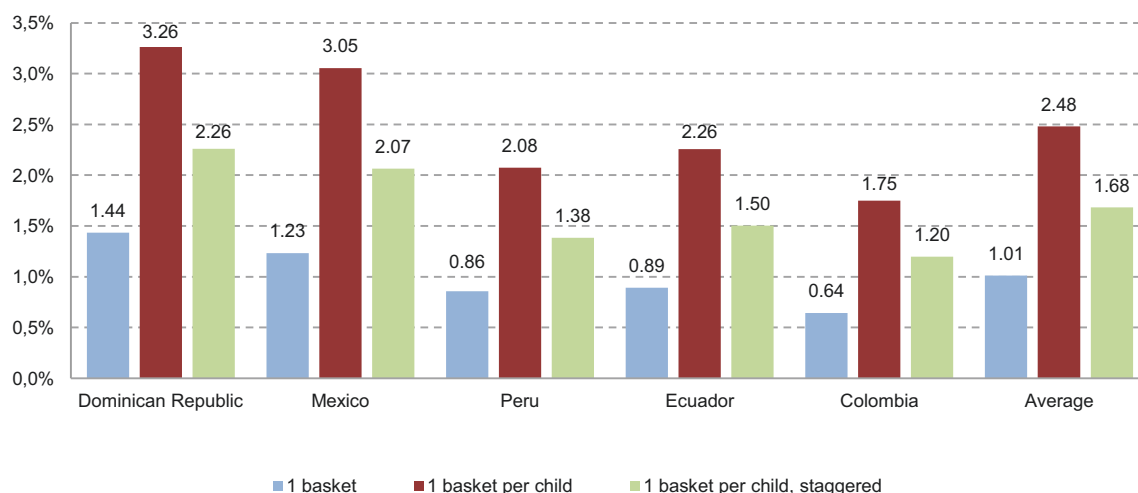


Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

Given their current stage in the demographic transition, the total or the incremental cost of achieving universality, or of targeting benefits at vulnerable houses with children, will require a greater fiscal effort for this group of countries, in nearly all cases, than for the group with modest gaps.

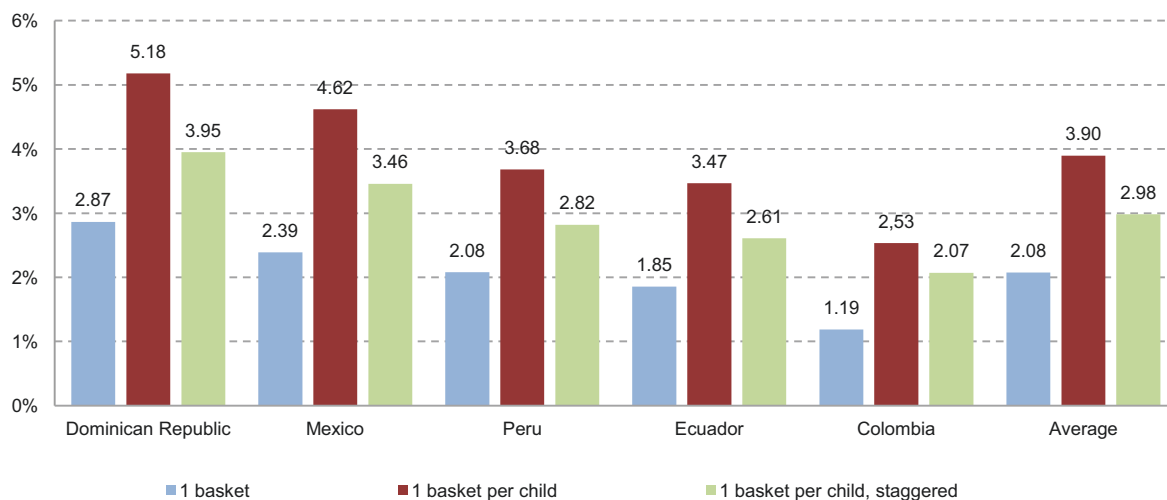
Consequently, a model that involves a new, universal basic floor for each child is essentially unaffordable in these countries (2.79% in Colombia, but more than 4.5% in the Dominican Republic): topping up coverage for households with at least one child is much more feasible, and if the benefit is targeted at vulnerable households the cost, while still significant, will be even less.

FIGURE 18
ESTIMATED INCREMENTAL FISCAL COST OF PROVIDING BENEFITS
FOR ALL VULNERABLE HOUSEHOLDS WITH CHILDREN
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

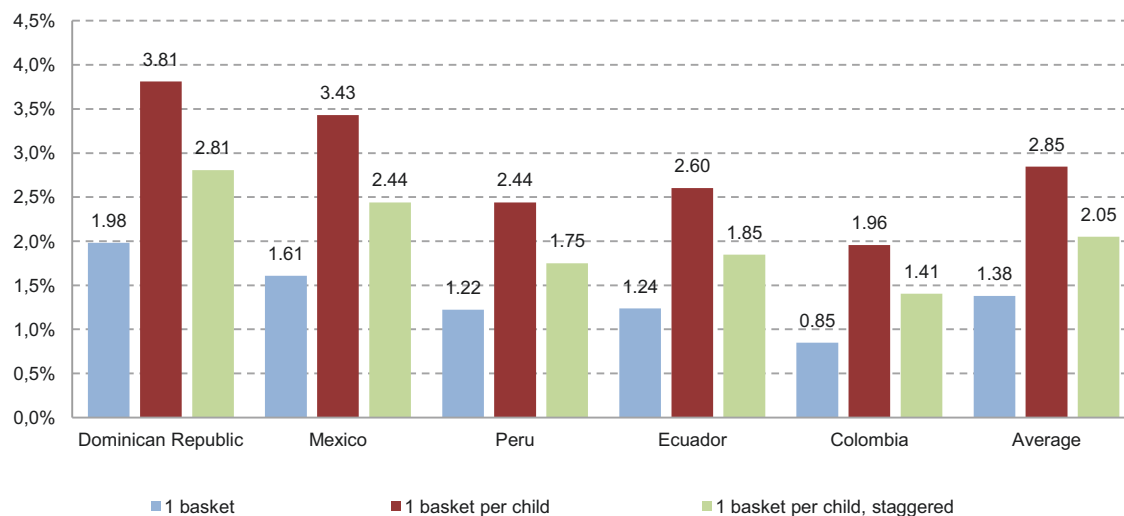
FIGURE 19
INCREMENTAL FISCAL COST OF UNIVERSALIZING PENSIONS AND CHILD ALLOWANCES
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

If we combine the costs of benefits for older persons and children, we find that the effort, in half of the cases considered, is very significant even under the least ambitious hypothesis: targeting vulnerable households and, in the case of children, providing only one benefit per household. While the cost for Colombia and Ecuador is less than 1.5% of GDP, it is higher for Mexico and it is nearly two percentage points of GDP for the Dominican Republic.

FIGURE 20
INCREMENTAL FISCAL COST OF PROVIDING PENSIONS AND CHILD ALLOWANCES
FOR ALL VULNERABLE HOUSEHOLDS
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

The scope of the additional effort to achieve universality in Colombia using the model of staggered benefits per child is high but, as we shall see below, not unaffordable,¹⁴ amounting to 2.07% of GDP. In other countries, achieving this model of universality will only be possible through an effort that extends over time. As illustrated below, these efforts can have a substantial impact on poverty and inequality, and consequently, despite the great sums involved, countries in this group should not give up on the goal of universalization.

3. Countries with severe gaps

The most complex problem arises when we look at countries with severe gaps. The cost of universality or even of programmes targeted at vulnerable sectors will nearly always exceed their fiscal capacity by far. One of the reasons why moving from a universal model to one targeted at vulnerability does not make much difference is that the vulnerable population in these countries generally includes more than 70% of the total. This means that models targeted at vulnerability in these countries are in effect quasi-universal models.

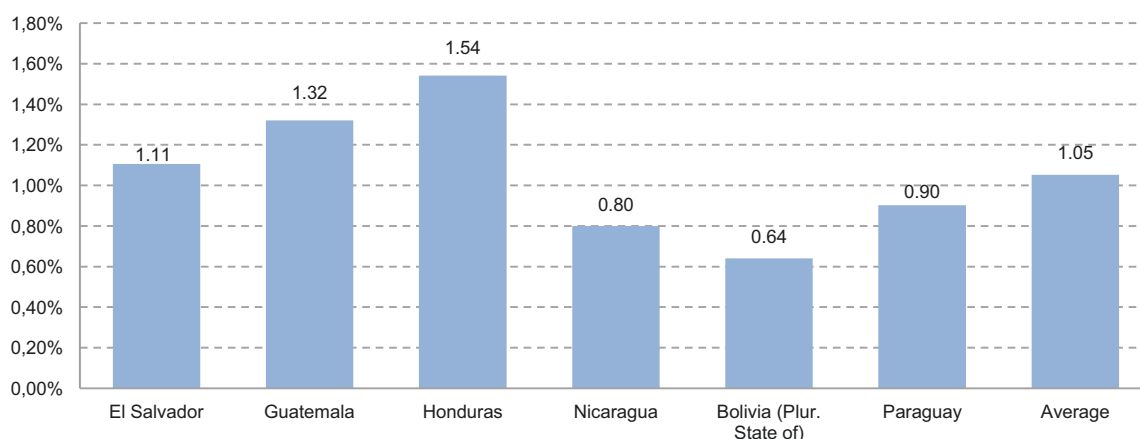
That said, it must be noted that, with the exception of Honduras, it is not with pensions that the greatest stumbling block lies. While the numbers are significant, achieving universality for the most vulnerable adult population will in no case cost more than one percentage point of GDP.

¹⁴ See the sixth section on fiscal possibilities.

A strategy of this kind makes sense, if these countries do not at the same time pursue a contributory strategy for the upper-middle and upper income groups (who still account for less than 30% of the population). The reason is simple. A strategy such as that proposed here presupposes a strong redistributive bias in their governments' diminished fiscal capacities.

If an important part of social charges falls on the payroll in a non-progressive manner, and applies equally to contributory social security outlays, this leaves little room for funding and targeting pensions in a truly redistributive way. New Zealand offers an example: while it was still a relatively poor country,¹⁵ it opted for a pure, flat rate universal pension model, with no contributory pillar, and as the country's economic and fiscal capacities grew it faced at the same time increasing demands from a steadily ageing population.

FIGURE 21
ESTIMATED FISCAL COST OF A UNIVERSAL BASIC PENSION
(Percentages of GDP)



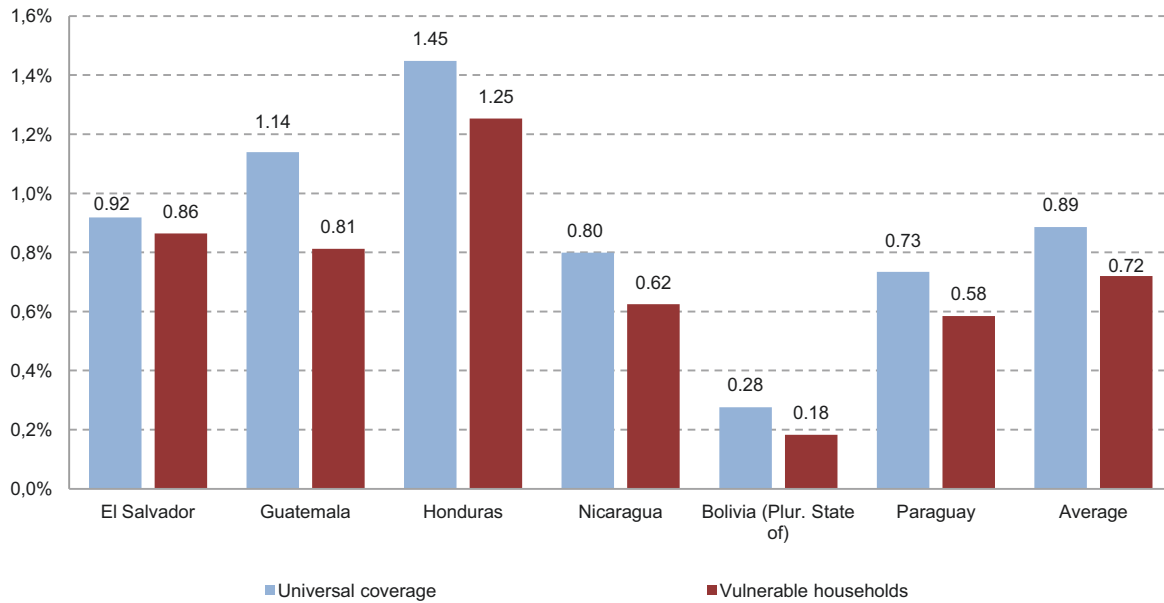
Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

While a pensions model of this kind (universal or quasi-universal in coverage) is both sensible and feasible, it is more difficult to regard child allowance models as viable.¹⁶ The most economical or least onerous models are, as always, those designed to cover only the vulnerable population and, in the case of child allowances, to do so with a single benefit per family, which may have little in the way of redistributive effects. While this is true in all the cases considered, a model that provides a single child allowance per household runs the risk, in this group of countries, of being non-progressive and even regressive, given the important gap in the average household size between the poor and indigent sectors, on one hand, and the sectors that are vulnerable but not poor.

¹⁵ New Zealand has had a targeted support model for the population 65 years and over since 1898. In 1938 it adopted a universal income support model for persons over 65 years and another, targeted model for the over-60 poor. In 1975 it attempted to integrate a contributory model, but this was eliminated two years later with adoption of the model that persists today. That model pays a flat rate universal benefit equal to approximately 80% of average national income to all persons over 65 years, provided they have been residents for 10 years or more before reaching the age of eligibility, or 20 years in the case of those who did not live in the country before age 20. Today, according to OECD data, New Zealand is among those countries that spend least on pensions as a percentage of GDP, and have the lowest levels of poverty among persons 65 years and over.

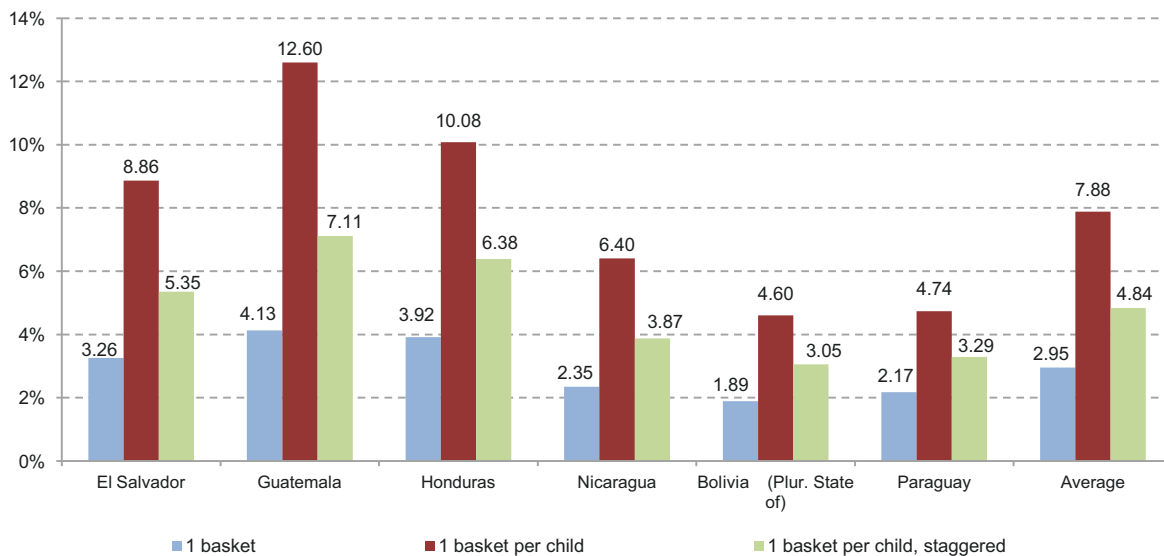
¹⁶ The estimated fiscal costs of child allowances for Guatemala and Honduras are adjusted by administrative data on their expenditures under conditional transfer programmes (0.32% and 0.24% of GDP, according to the ECLAC database on non-contributory social protection in Latin America and the Caribbean), as they face the same problem as Brazil when it comes to information sources: continuous household surveys do not capture those transfers. Nor do they seem to do so in the case of Nicaragua, but as there is at this time no system of conditional cash transfers that would allow a concrete effort to be estimated, it is not possible to deduct any expenses already incurred from the universal estimate.

FIGURE 22
ESTIMATED INCREMENTAL FISCAL COST OF UNIVERSALIZED
AND TARGETED PENSION MODELS
(Percentages of GDP)



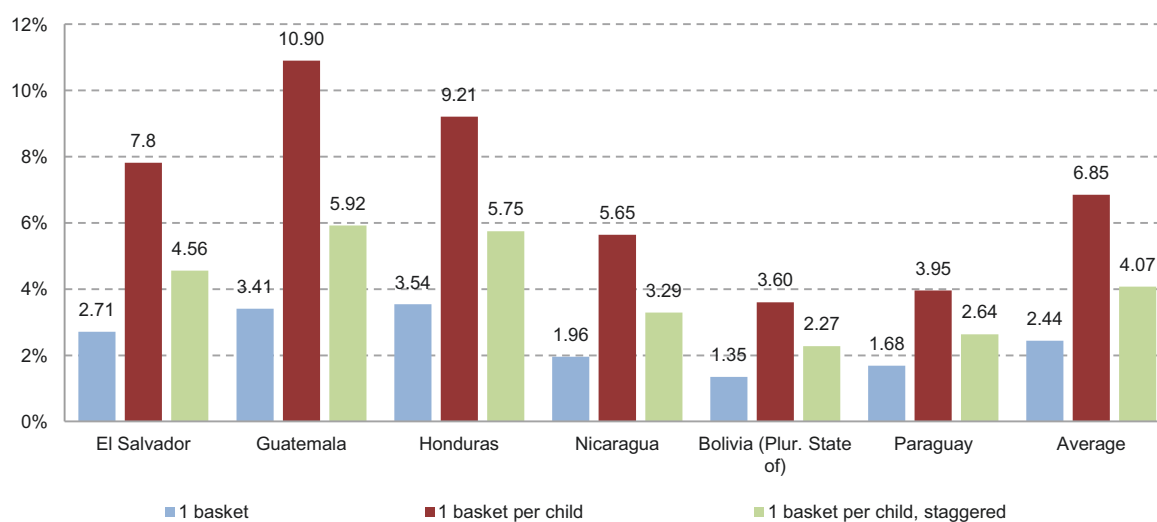
Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

FIGURE 23
ESTIMATED INCREMENTAL FISCAL COST OF UNIVERSALIZING BENEFITS
FOR HOUSEHOLDS WITH CHILDREN
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

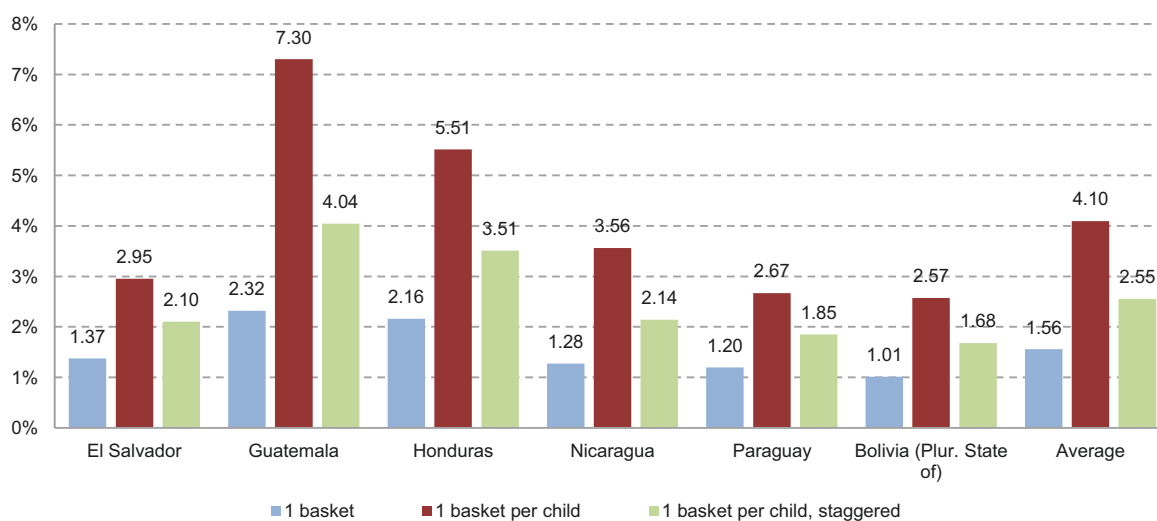
FIGURE 24
ESTIMATED INCREMENTAL FISCAL COST OF PROVIDING BENEFITS
FOR ALL VULNERABLE HOUSEHOLDS WITH CHILDREN
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

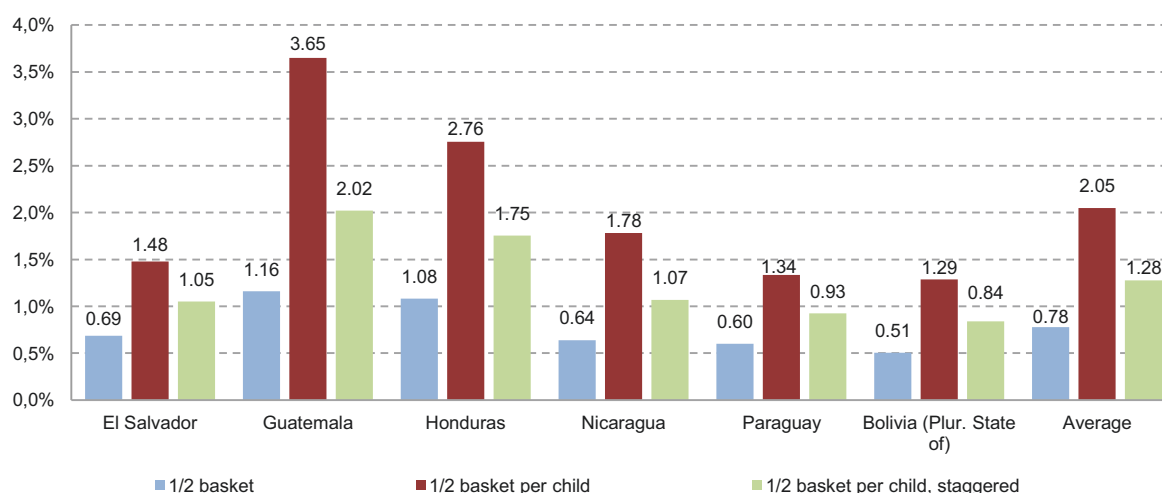
This suggests the wisdom of adding three further parameters for this group of countries: to consider only the vulnerable population under age 14, up to the third income quintile (i.e. 60% of the population) and to graduate the benefits while keeping them equal to a half-PL benefit, or similar to a subsistence (basic food) basket. Something similar can be done with the values of pensions, limiting them to the indigence line or to a half-PL benefit, but in this case for all vulnerable households (see table 3).

FIGURE 25
ESTIMATED INCREMENTAL FISCAL COST OF PROVIDING BENEFITS
FOR ALL HOUSEHOLDS IN THE FIRST THREE QUINTILES
WITH CHILDREN UNDER 15 YEARS
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

FIGURE 26
ESTIMATED INCREMENTAL FISCAL COST OF PROVIDING HALF-BASKET BENEFITS
FOR ALL HOUSEHOLDS IN THE FIRST THREE QUINTILES WITH CHILDREN UNDER 15 YEARS
(Percentages of GDP)

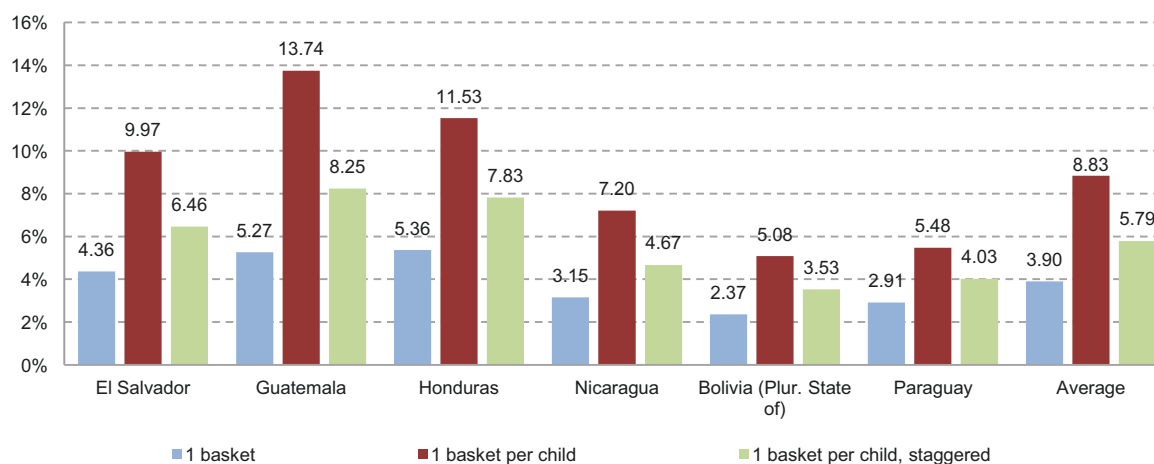


Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

The values for the child allowance already look more affordable in this model, even if this requires a long-term strategy. The advantage of this model is that it remains sharply progressive in its impact on poverty (see section V and statistical appendix), but at a more moderate fiscal cost, and at the same time it avoids restrictive forms of targeting that weaken broad-based pro-redistribution coalitions.

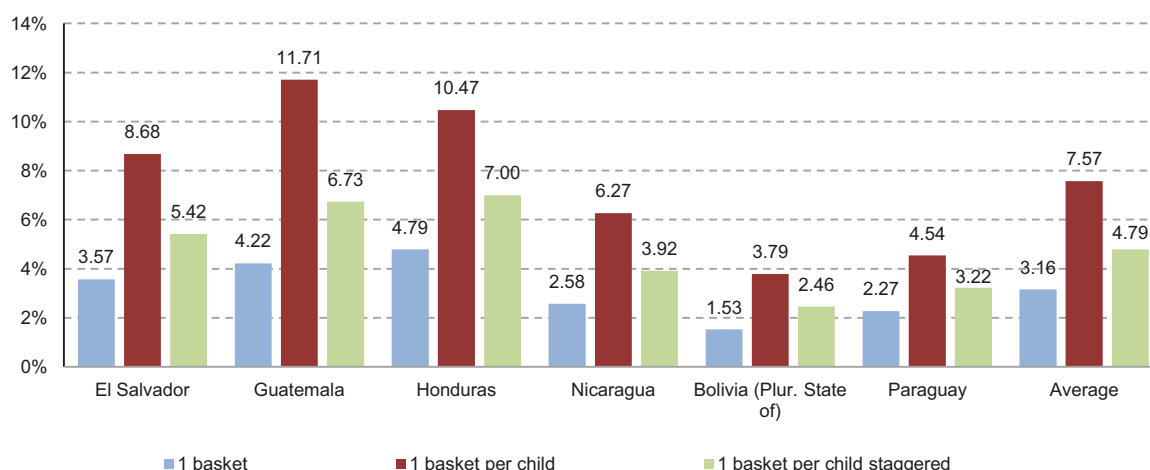
It is clear, moreover, that without such an adjustment to childhood benefits, the combined amount of the basic benefit system will become absolutely unmanageable for these countries (see section V and statistical appendix). Under the simple per-household benefit models, the cost for all countries is still more than 2% of GDP, and as we shall see below they entail an amount that exceeds the entire fiscal capacity of these countries, rising to as much as 10 percentage points of GDP (see statistical appendix).

FIGURE 27
INCREMENTAL FISCAL COST OF UNIVERSALIZING PENSIONS AND CHILD ALLOWANCES
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

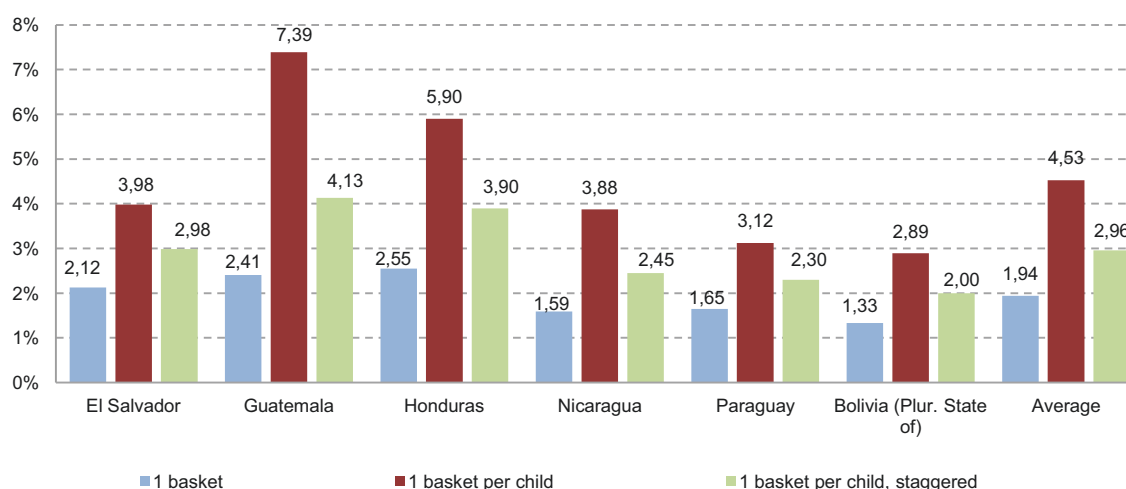
FIGURE 28
INCREMENTAL FISCAL COST OF PROVIDING PENSIONS AND CHILD ALLOWANCES
FOR ALL VULNERABLE HOUSEHOLDS
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

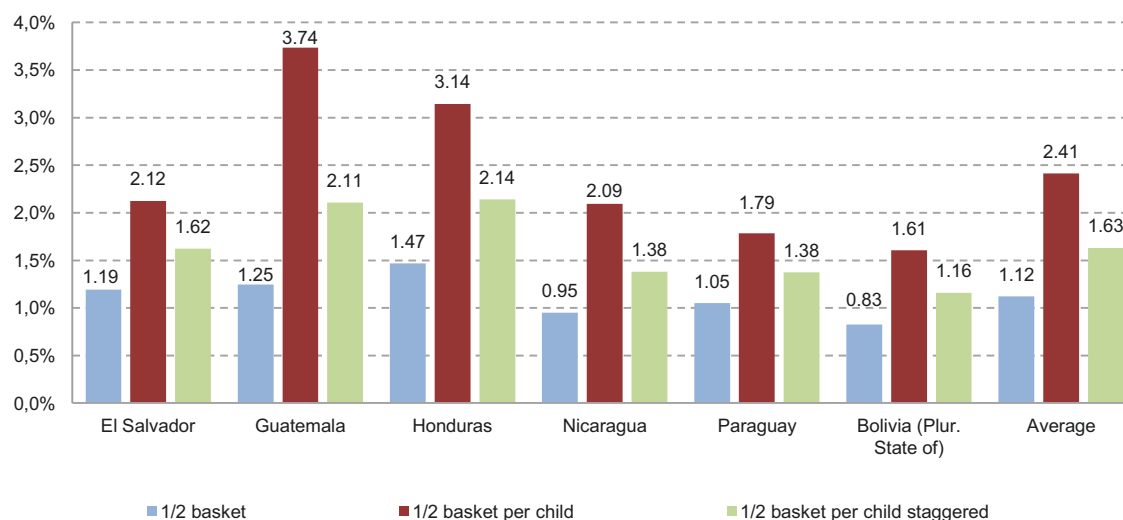
However, the sum of the last model of child allowances (0-14 years to the third quintile) plus half a pension benefit is more feasible. In the most onerous model of these basic parameters (providing one benefit per child, to a maximum of three children), only two countries (Guatemala and Honduras) appear not to be in a position to finance these measures. For other countries, although it implies a major effort as we shall see below, it is not impossible to propose such an objective, as the cost is generally less than 2% of GDP. This becomes even more certain if we choose the "half basket" model for pensions to vulnerable households, combined with the staggered system of half benefits for households with children in the first three quintiles of income distribution.

FIGURE 29
INCREMENTAL FISCAL COST OF PROVIDING HALF-PL PENSIONS FOR ALL VULNERABLE
HOUSEHOLDS AND ONE PL FOR ALL HOUSEHOLDS TO THE THIRD QUINTILE WITH CHILDREN
UNDER 15 YEARS
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

FIGURE 30
INCREMENTAL FISCAL COST OF PROVIDING HALF-PL PENSIONS FOR ALL VULNERABLE
HOUSEHOLDS AND HALF-BASKET FOR ALL HOUSEHOLDS TO THE THIRD QUINTILE WITH
CHILDREN UNDER 15 YEARS
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

It is clear that although this last, half-basket option still has significant effects on poverty and inequality (see section V), they fall well short of the resounding impact on poverty that the previous measures offer. Yet this should not always be the applicable yardstick. In our canons, welfare is often measured in a dichotomous manner—above or below the poverty line—whereas in reality people measure it continuously in their daily lives, and thus the poverty gap is often a better approximation of the real impact on people's lives. As can be seen from the statistical appendix, if to the poverty reduction that these measures involve we add the narrowing of the poverty gaps, the effects are by no means insignificant.

Moreover, if we observe the effect that these transfers have on the average income of households in the first two quintiles, we see that in many cases, while the effects on poverty levels are modest given the distance that separates these households from the poverty line, such transfers can nevertheless double their average original income (see annex).

IV. The social impacts of the measures considered

The measures proposed in the previous sections are designed to produce three immediate impacts: to reduce poverty, to diminish its intensity, and to attack inequality.¹⁷ These are immediate and static effects, as they do not consider the impact that these changes will subsequently have on the trend of these variables. From a statistical viewpoint, the poverty impact of universalizing transfers to older persons and families with children is always equal to the impact of doing this for the vulnerable sectors.

The reason is simple. Transfers that go beyond the vulnerability threshold have no impact on poverty levels, as no one with an income above 1.8 poverty lines can be considered poor, by definition. To put it another way, these transfers to vulnerable households affect poverty levels at a given point in time just as much as a model that covers people beyond those thresholds. However, the dynamic effect of setting the vulnerable population as the minimal threshold for coverage, rather than the poor population, is important, for not only does it rescue poor people from poverty but it also prevents the non-poor but vulnerable population from falling into poverty. These dynamic impacts are not estimated in this paper.

Nor does this paper estimate some other positive dynamic impacts. From a dynamic viewpoint, the literature has demonstrated that increasing the purchasing power of poor households tends to boost local economies and to improve employment, wages and returns from the informal activities of households, both eligible and not eligible (Barrientos and Sabates-Wheeler, 2006). As well, access to guaranteed basic incomes promotes proper nutrition for children, which will yield future benefits in terms of human capital (Kabeer, Piza, and Taylor, 2012).

These minimum incomes also moderate the destruction of assets and savings that vulnerable and poor sectors tend to suffer in the face of exogenous or idiosyncratic shocks, thus improving the relationship between the economic cycle and poverty (greater elasticity in times of growth and less elasticity in times of recession or crisis) by constituting a form of pre-insurance (Bastagli, 2009).

¹⁷ This paper does not present the impacts on inequality. These have been estimated, and they are generally significant, especially in the models that confine transfers to the vulnerable sectors. Child benefits have a much greater impact than do old-age benefits.

Lastly, the measures proposed in this papercall for levels of coverage that will promote stable and majority-based pro-redistribution coalitions which in turn can foster economic policies that will result (via wages, government services and other transfers) in subsequent redistributive progress (Huber and Stephens, 2012).

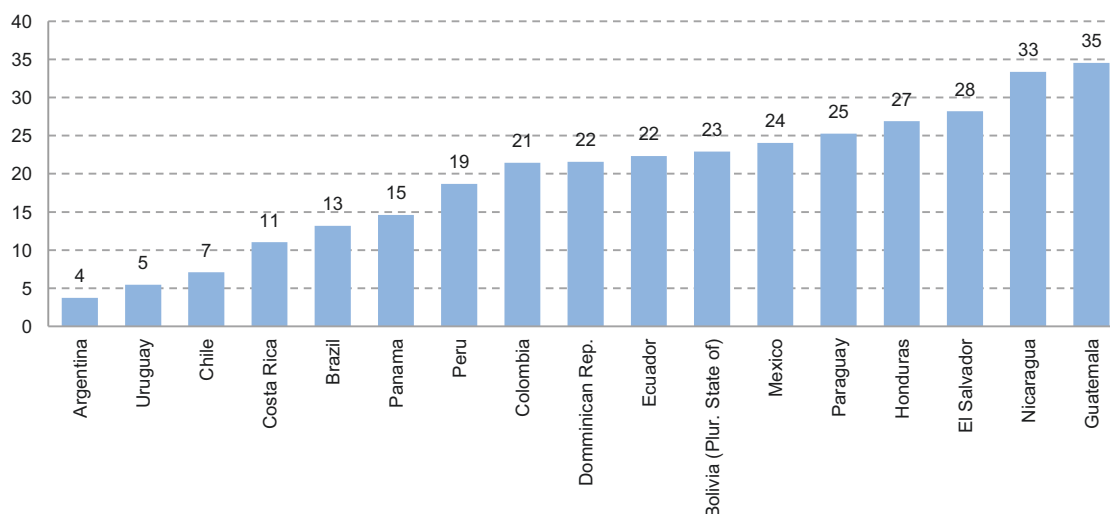
In the following section we focus on the immediate impact on poverty that these measures can have, for countries grouped by gaps. The statistical appendix presents the data on the impacts on poverty gaps and inequality that are summarized in the following pages.

A. “Pure” universality measures

Before presenting the impacts in detail, it is important to note the impact across all countries that pure universality measures can have on overall poverty, both through pensions and through transfers to families with children.

When it comes to transfers to families with children, the impact of providing a benefit equal to one poverty line for each child is in all cases important for reducing poverty, in terms of percentage points (see figure 31) and to an even greater degree in relative terms (see figure 32).

FIGURE 31
EFFECTIVE REDUCTION IN POVERTY UNDER A UNIVERSAL CHILD TRANSFER
(Percentage points)

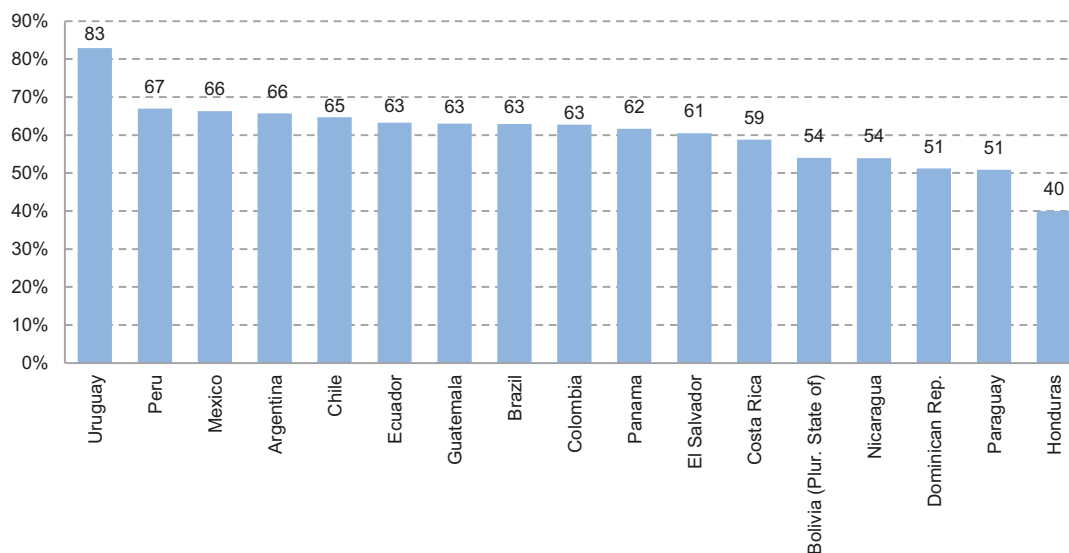


Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

While in countries with low poverty levels, for example Uruguay or Chile, the absolute impact of a measure of this kind may appear low, what is important is the relative impact. In fact, if poverty in Uruguay falls by slightly more than 5.4 percentage points, this represents a reduction of 82.9% in the number of poor households, thus virtually eliminating poverty (see figures 31 and 32).

On the other hand, countries that see a much greater absolute decline in poverty, such as Paraguay or Nicaragua, will experience an important relative decline as well, but it will be more modest than in countries that start from lower poverty levels: their poverty will fall to half of the pre-transfer levels.

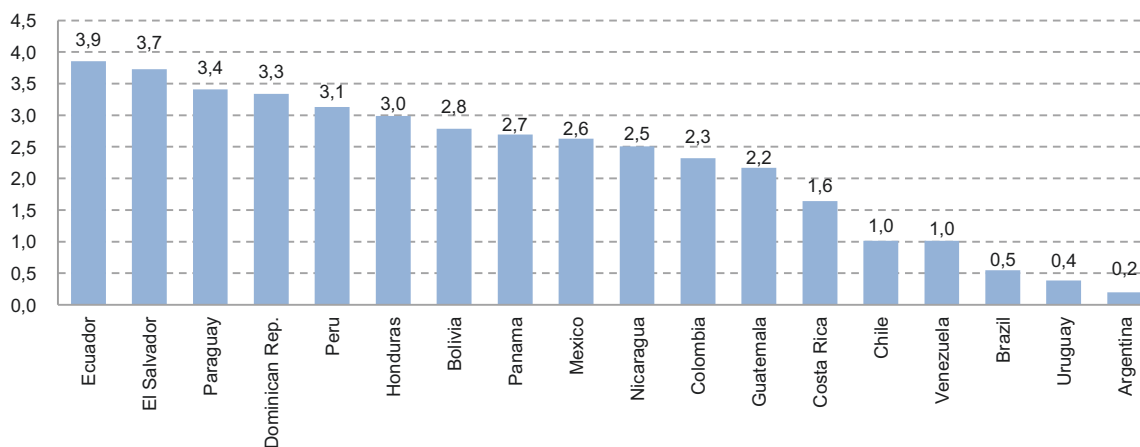
FIGURE 32
RELATIVE REDUCTION IN POVERTY UNDER A UNIVERSAL CHILD TRANSFER
(Percentages of initial poverty level)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

In the case of pensions, the reality is very different, and the impacts are much more modest (but the costs are lower, too) (see figures 33 and 34). This reflects in part the fact that the amount of the transfer is generally less, as in the previous case we were looking at one PL per child, while in this case it is one PL per senior.

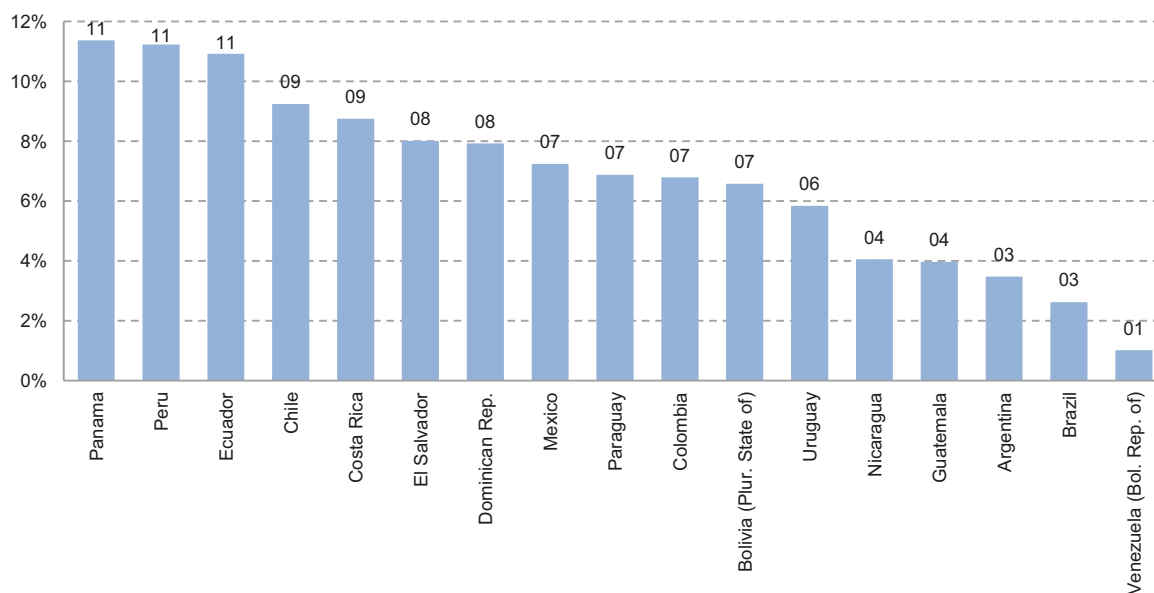
FIGURE 33
EFFECTIVE REDUCTION IN POVERTY UNDER A UNIVERSAL BASIC PENSION
(Percentage points)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

The fact that children are the primary victims of poverty, and that they are overrepresented in poor households, together with the fact that in many countries the poverty rate among older persons is low, means that the impact of this measure on poverty reduction tends to be limited.

FIGURE 34
RELATIVE REDUCTION IN POVERTY UNDER A UNIVERSAL BASIC PENSION
(Percentages of initial poverty level)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

Even so, the relative decline in poverty in Ecuador, Panama and Peru is significant, at around 10% of initial poverty. In these countries this effect occurs because there is a major cohort of older persons who are near the poverty line and for whom benefits are either nonexistent or fall short of the thresholds defined in these estimates.

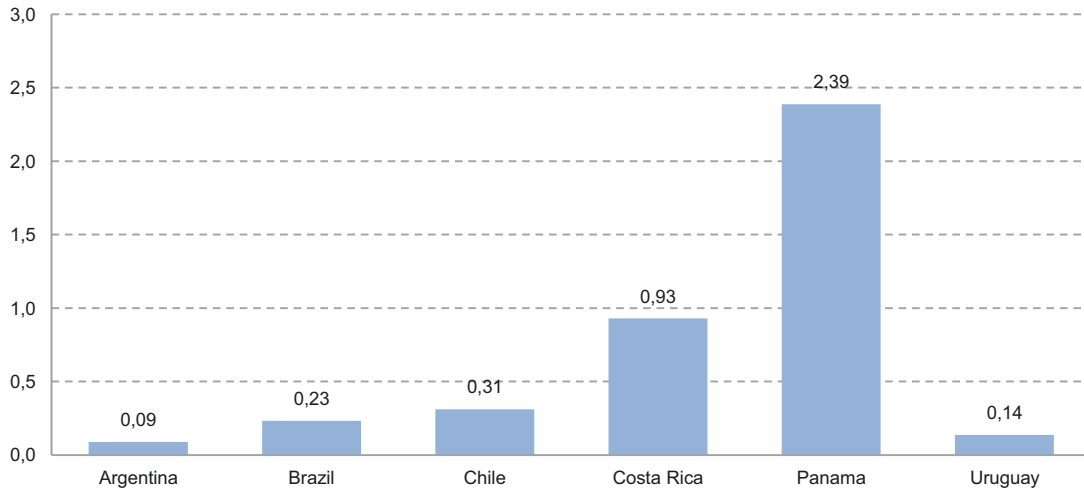
We have already maintained that a "pure" model of universal benefits is neither fiscally feasible nor reasonable, given the existing flows that go to these people and households. In presenting the following data, we focus on transfers from which existing benefits to these persons and households are discounted.

B. Measures to achieve universality or coverage for vulnerable sectors, discounting existing transfers

1. Impacts on countries with modest gaps

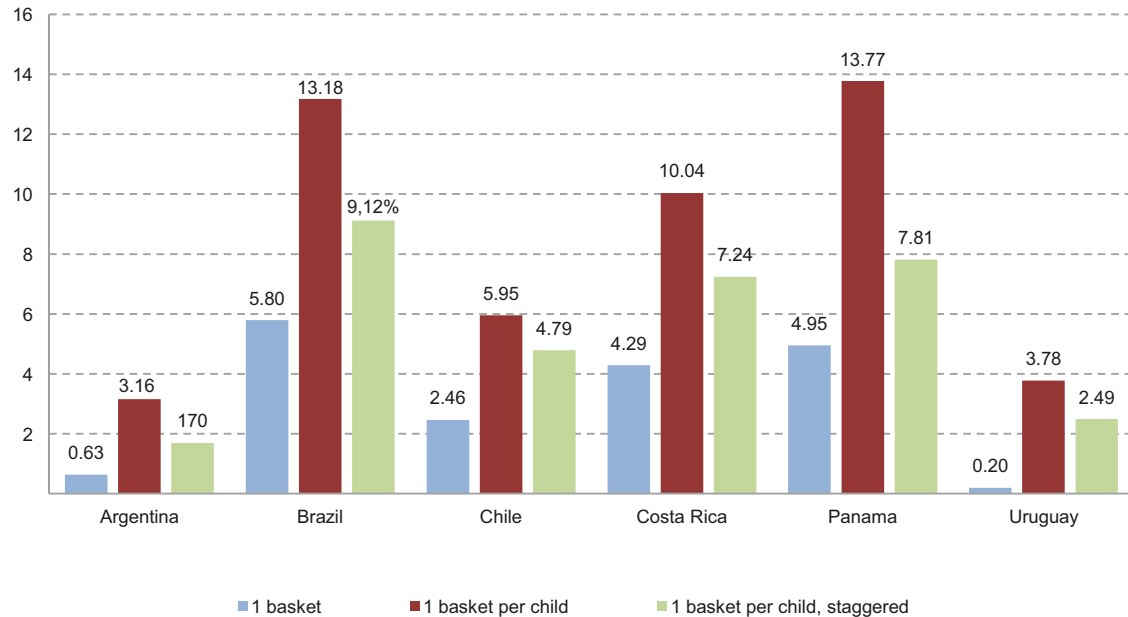
Countries with modest welfare gaps present the dual characteristics of lower levels of poverty and higher levels of coverage in transfers, especially for older persons. This means that the fiscal costs are lower, but that the impacts on poverty are also less (see figure 35 and 36).

FIGURE 35
COUNTRIES WITH MODEST GAPS: POVERTY REDUCTION IMPACT
OF UNIVERSALIZING PENSIONS
(Percentage points)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

FIGURE 36
COUNTRIES WITH MODEST GAPS: POVERTY REDUCTION IMPACT
OF UNIVERSALIZING CHILD ALLOWANCES
(Percentage points)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

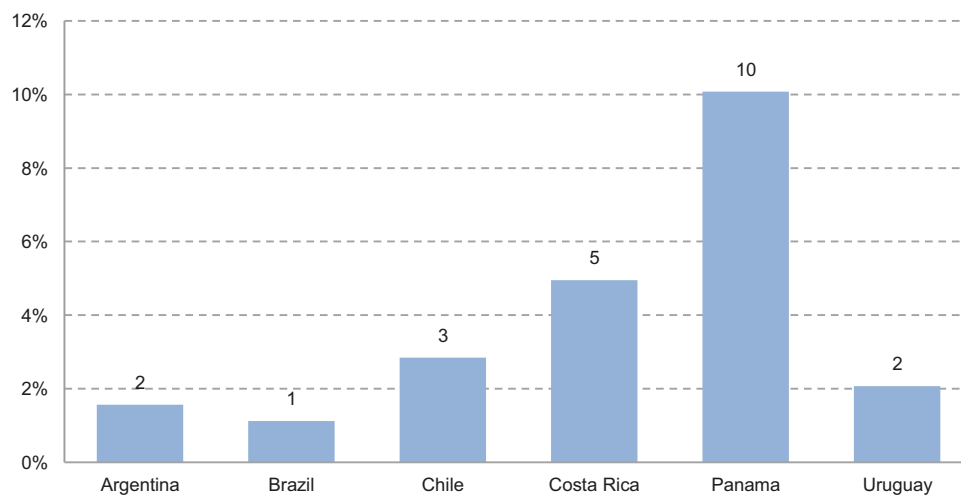
For Brazil, the impact on poverty is overestimated, as the new outlay entailed is less than that considered for the simulation after subtracting existing outlays. For modelling reasons it is not possible, in estimating the impact, to subtract the expenditure already incurred for each household, as the only data available are for overall expenditure, drawn from administrative sources and not from the continuous household surveys. A very rough estimate suggests that the impact on poverty of universalizing benefits for families with children is between one third and one half of the amount shown. This arises from taking the amount represented by CCT spending as a proportion of estimated spending for universal childhood allowances.

As will be appreciated from figure 35, the impacts of pension benefits are small in most modest-gap countries. The two exceptions are Costa Rica and, most notably, Panama. This is explained by the fact that the coverage of these countries' pension systems is narrower, and consequently their older persons are poorer. Argentina, Chile, Brazil and Uruguay show very low impacts, because protection for seniors is virtually universal, and poverty levels among that population are very low.

The figures are more significant when it comes to transfers to families with children (see figure 36). Even in the case of a single transfer per household, overall poverty in Panama and Costa Rica declines by 4.9 and 4.3 percentage points respectively, while it falls in Chile by 2.5 percentage points. Uruguay and Argentina reveal very low impacts, indicating that most of the poor population is already covered by equivalent or greater benefits. If we move to a benefit for each child, these countries show even more significant reductions. In Brazil, the impact of transfers to families with children is overestimated, as we were not able to take into account the transfers already delivered to those families under the *Bolsa Familia* programme.¹⁸

In relative terms, given the low levels of poverty in most of these countries, the effects can be significant, especially in the case of child allowances (see figure 38).

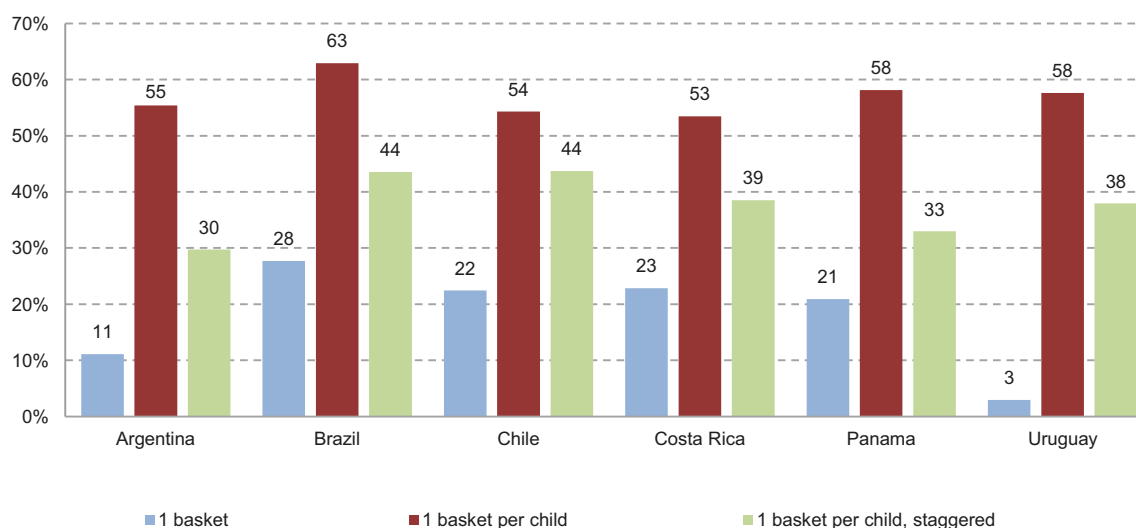
FIGURE 37
COUNTRIES WITH MODEST GAPS: POVERTY REDUCTION IMPACT OF UNIVERSALIZING PENSIONS
(Percentages)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

¹⁸ Adjusting proportionately for those transfers (i.e. by the relative increase in costs of adding these transfers to the staggered model), it would be roughly half to a third of the impact shown here, thereby making the impact equivalent to that in Argentina, Chile and Uruguay.

FIGURE 38
COUNTRIES WITH MODEST GAPS: POVERTY REDUCTION IMPACT
OF UNIVERSALIZING CHILD ALLOWANCES
(Percentages)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

Panama and Costa Rica to show the greatest relative impact on poverty from delivering pension benefits, followed by Chile, while the figures are fairly insignificant for Argentina, Brazil and Uruguay (see figure 37). These figures rise sharply in the case of child allowances, with the exception of Uruguay under the least generous model (see figure 38). Yet in all cases, there is a notable impact from extending benefits on a staggered basis, with poverty falling by at least one third in all countries, and in some cases by more than 40%, from pre-transfer levels.

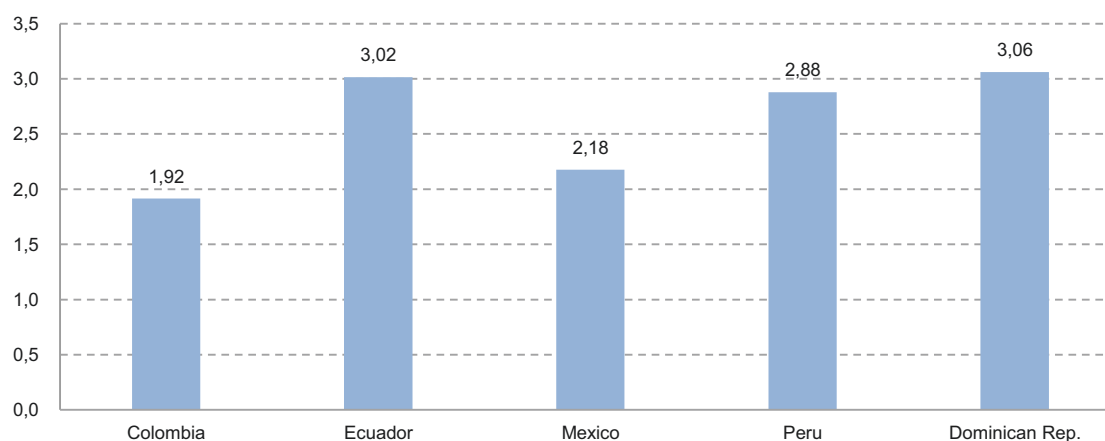
The values with respect to the impact on poverty of these forms of targeted transfers are, as we have indicated, identical to those calculated for the full universality option. In fact, the entire poor population that escapes from poverty through the universalized transfer will also do so under the transfer targeted at vulnerable groups. The fiscal cost, however, is significantly less, as this model pays no transfers to families above the vulnerability line (equivalent to 1.8 poverty lines). In countries with modest gaps such as those considered here, this means a significant reduction in the coverage effort that governments must make.

2. The impacts in countries with moderate gaps

Countries with moderate gaps have lower levels of economic and social development than those with modest gaps. They face greater challenges in terms of their economic capacities, their poverty levels, and their social protection systems, and even if their efforts are greater the relative reductions in poverty will be more modest, although they will still be important in absolute terms, as their starting point leaves much room for improvement for a significant portion of the population. In effect, countries with moderate gaps tend to show greater absolute impacts on poverty (in percentage points), but the relative impacts are similar to or less than those in countries with modest gaps (see figure 39 and 40).

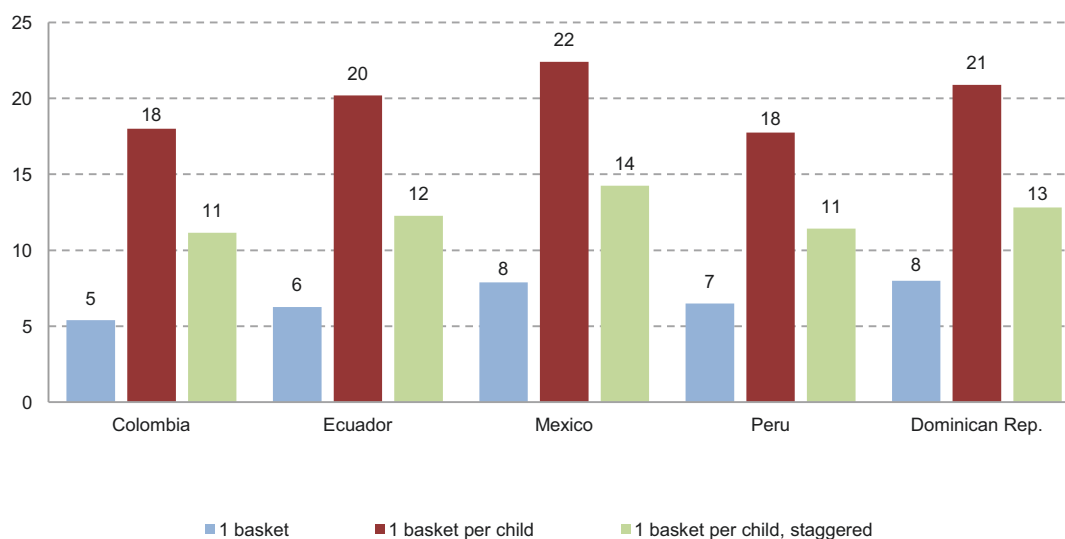
In all countries with moderate gaps, the impact of universalizing the pension system is greater than two percentage points, with the exception of Colombia, which falls just short of that level. In the Dominican Republic and Ecuador, it exceeds three percentage points (see figure 39). These relative poverty impacts from older persons' benefits in countries with moderate gaps are greater than those recorded for the group with modest gaps.

FIGURE 39
COUNTRIES WITH MODERATE GAPS: POVERTY REDUCTION IMPACT OF UNIVERSALIZING PENSIONS
(Percentage points)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

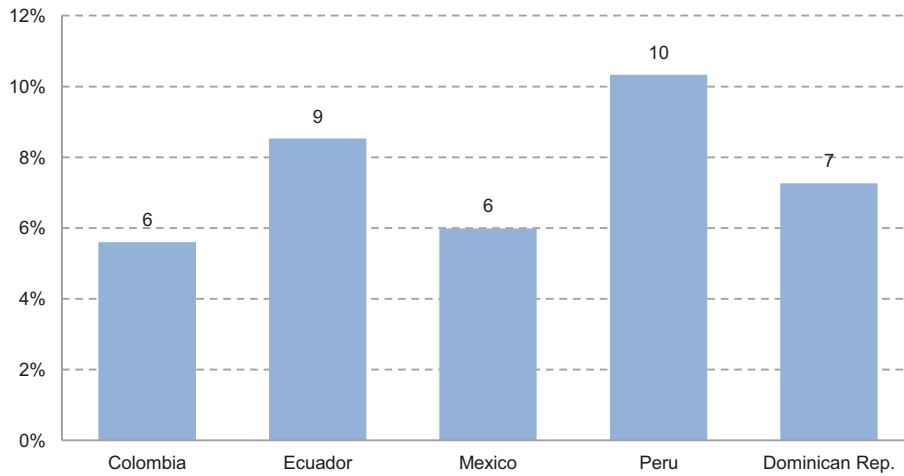
FIGURE 40
COUNTRIES WITH MODERATE GAPS: POVERTY REDUCTION IMPACT OF UNIVERSALIZING CHILD ALLOWANCES
(Percentage points)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

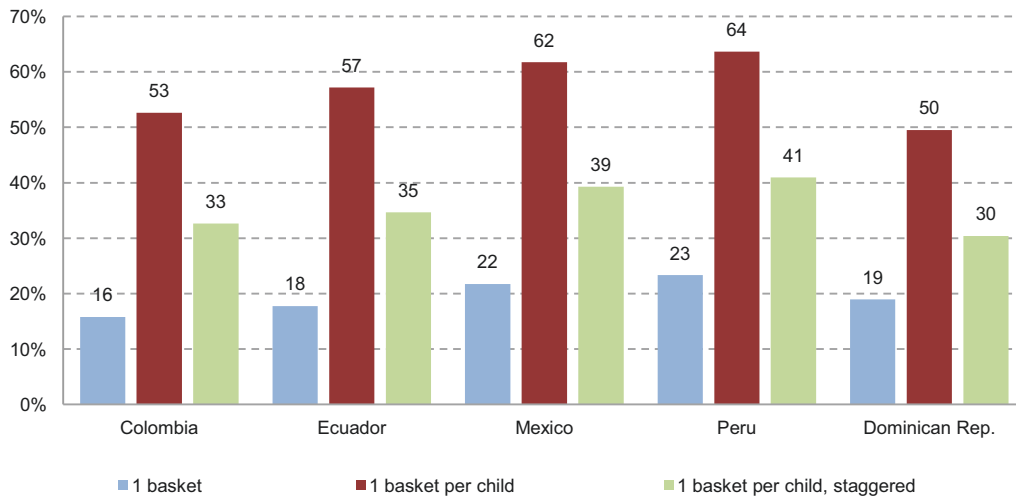
When it comes to child allowances, even the least generous version allows countries to reduce poverty levels by between five and eight percentage points. In the staggered version, these figures exceed 10 percentage points in all cases (see figure 40). This translates into an important reduction in poverty, in relative terms, for countries with moderate gaps (see figure 42).

FIGURE 41
COUNTRIES WITH MODERATE GAPS: POVERTY REDUCTION IMPACT
OF UNIVERSALIZING PENSIONS
(Percentages)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

FIGURE 42
COUNTRIES WITH MODERATE GAPS: POVERTY REDUCTION IMPACT
OF UNIVERSALIZING CHILD ALLOWANCES
(Percentages)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

For this group of countries, it is obvious that the move to a fully universal system of transfers to older persons fills a deficit in social protection and does so with a clear impact on the poor and vulnerable population. This is also the case for transfers to families with children, although the relative impact is less pronounced.

Targeting these benefits at the vulnerable population maintains the impacts and contains the costs, although in a less substantial form than in the case of countries with severe gaps. This simply reflects the fact that the vulnerable population in these countries is a much greater proportion of the total population, and the effort needed to ensure coverage, even targeted, is substantial (see statistical appendix).

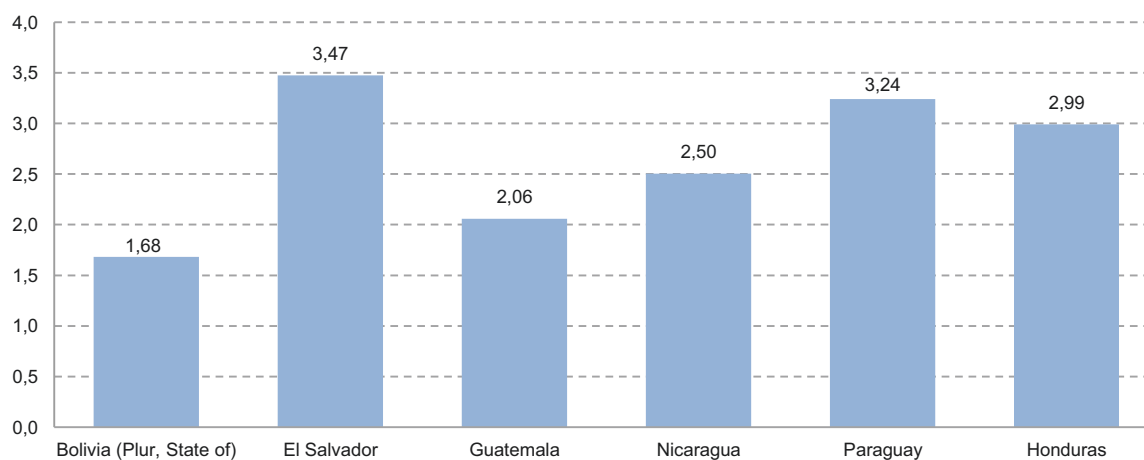
3. The impacts in countries with severe gaps

Countries with severe gaps reveal enormous shortfalls in coverage and a high proportion of poor and vulnerable people. The effect of guaranteeing or topping up one poverty line for older persons is in this case similar to that for countries with moderate gaps. There are several reasons for this. In Paraguay and El Salvador, the impact exceeds three percentage points of overall poverty, indicating important improvements and low initial levels of basic coverage. In the Plurinational State of Bolivia, where coverage of older persons' benefits has been greatly expanded, the effect is less, as is its cost.

In Guatemala and Nicaragua this effect is moderate, as one poverty line per senior is not enough to cover the needs of extended families. Yet the main reason why the impact in these countries is not greater than that in countries with moderate gaps is that the proportion of elderly people is low. Consequently, transfers to this population group are bound to have a limited impact on poverty.

This stands in sharp contrast to the impact of child transfers. While the costs for each type of coverage and each transfer model are greater, the impact of universalizing child benefits is enormous, with net poverty reduction exceeding 30 percentage points in some countries, such as Guatemala and Nicaragua, and coming close to that mark in El Salvador and Paraguay. Once again, in the Plurinational State of Bolivia, which has made the greatest effort to extend coverage for children, the costs and impacts are less, but in no case negligible (see figures 43 and 44).

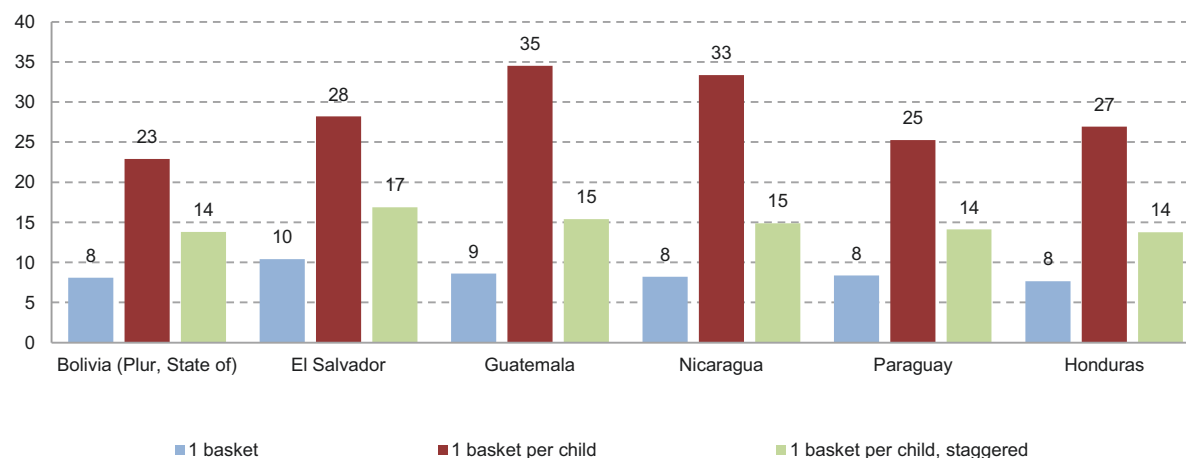
FIGURE 43
COUNTRIES WITH SEVERE GAPS: POVERTY REDUCTION IMPACT OF UNIVERSALIZING PENSIONS
(Percentage points)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

FIGURE 44
COUNTRIES WITH SEVERE GAPS: POVERTY REDUCTION IMPACT
OF UNIVERSALIZING CHILD ALLOWANCES

(Percentage points)

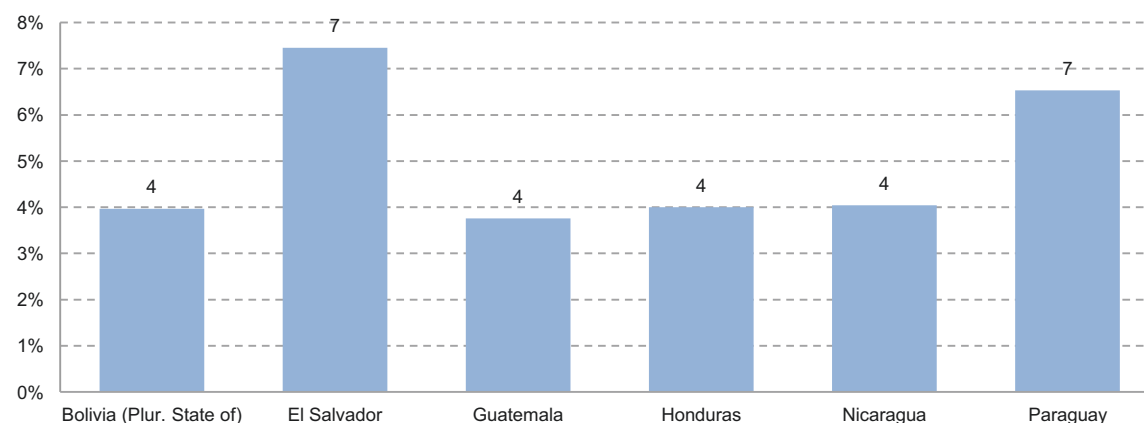


Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

The relative improvements are also very important: in the staggered universal model, they range from nearly 40% in El Salvador to 24% in Nicaragua (see figure 46). Given their high levels of poverty, and despite the net impact documented, the proportionate reduction in poverty in these countries is similar to or less than that for countries with modest gaps. In fact, though, as this model is not feasible for countries with severe gaps, a more targeted approach will be needed. A benefit confined to the vulnerable population maintains these impacts, but its costs are still beyond reach, even over an extended phase-in time (see section 6 of this document).

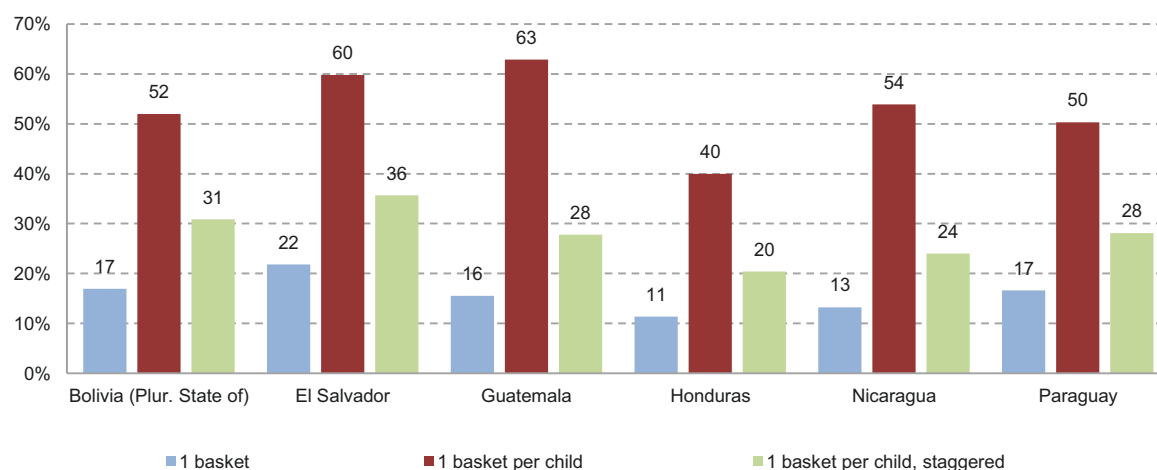
FIGURE 45
COUNTRIES WITH SEVERE GAPS: POVERTY REDUCTION IMPACT OF UNIVERSALIZING PENSIONS

(Percentages)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

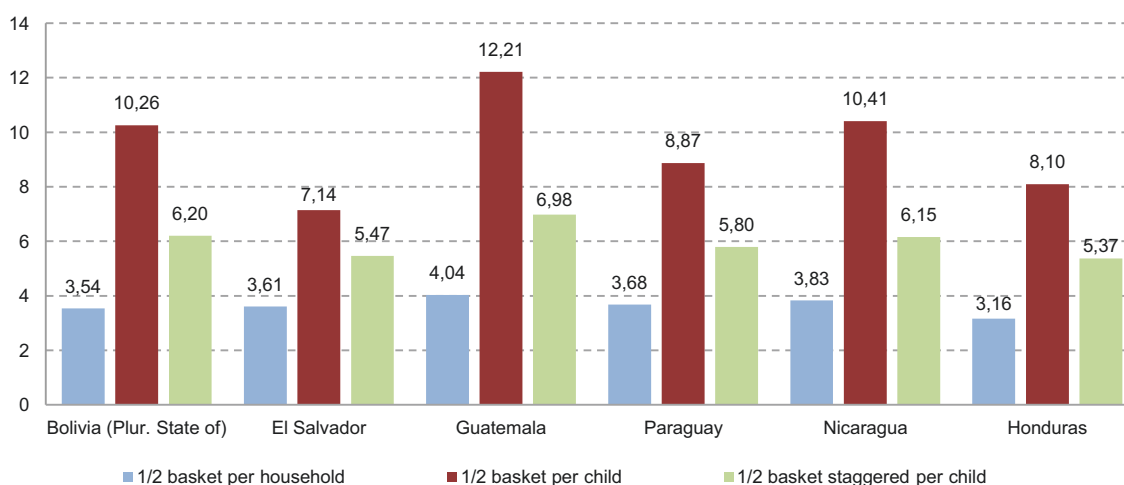
FIGURE 46
COUNTRIES WITH SEVERE GAPS: POVERTY REDUCTION IMPACT
OF UNIVERSALIZING CHILD ALLOWANCES
(Percentages)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

We must therefore look at the effects that a model targeted at the vulnerable population, covering children only to the age of 14, and with more limited benefits (basic food basket or half a poverty line) would have on the poor population. The impacts are still substantial,¹⁹ although as expected they are more confined. We illustrate this model only with data for child transfers (see figures 47 and 48).

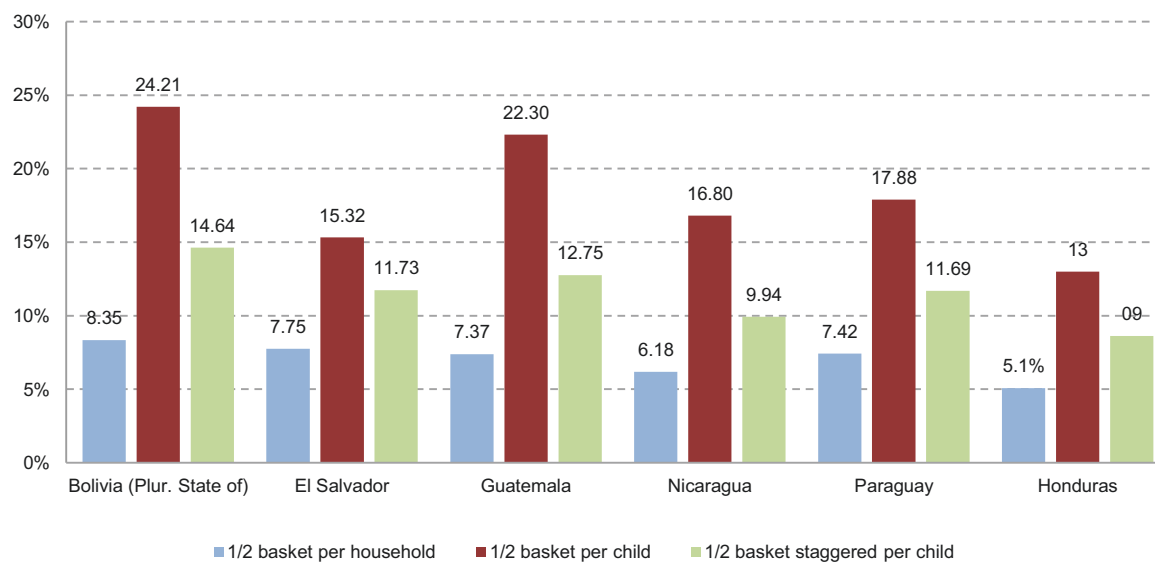
FIGURE 47
COUNTRIES WITH SEVERE GAPS: POVERTY REDUCTION IMPACT OF TARGETING BENEFITS
OF ONE-HALF BASKET AT VULNERABLE HOUSEHOLDS WITH CHILDREN 0-14 YEARS
(Percentage points)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

¹⁹ In Guatemala and Honduras, the impact of transfers to families with children is overestimated, as we were unable to take into account transfers already delivered to such families through conditional cash transfer programmes. Adjusting proportionately for those transfers (i.e. by the relative increase in costs of adding these less generous transfers to the staggered model), it would be roughly two thirds to three quarters of the impact shown here.

FIGURE 48
COUNTRIES WITH SEVERE GAPS: POVERTY REDUCTION IMPACT OF TARGETING BENEFITS
OF ONE-HALF BASKET AT VULNERABLE HOUSEHOLDS WITH CHILDREN 0-14 YEARS
(Percentages)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America.

V. Fiscal realities and possibilities in the region

To carry out the proposals and to achieve the impacts described to this point will require financial strategies that will permit these benefits to be phased in over time. There is no question of introducing all these transfers at once, nor do they have to be adopted in their entirety. As noted in the introduction, there must be a proper balance between the fiscal efforts entailed in income transfers and those devoted to at least four services of key importance to the citizenry: health, education and care services, and active employment policies. Moreover, this paper does not consider two additional cash transfers that might supplement the transfer system: maternity and paternity leave, and unemployment insurance.

As a final consideration, obvious though it may be, not all government spending is or should be social: spending on infrastructure, on research and development, on public security and on national defence, as well as government financial obligations, are an integral part of State activities and they compete legitimately for available fiscal room.

There are at least four key points that must be observed if a project such as the one proposed here is to be viable.

First, transfer systems such as those described here will have to be introduced gradually, starting with coverage, amounts and benefits that are more restricted in level and number. In this paper we advocate focusing first on benefits, secondly on the number of benefits per child, and thirdly on extending coverage beyond the targeted vulnerable population. This reflects our more general conviction that the loss of initial redistributive potential through such sequencing of adjustments is worth accepting because of the opportunity to build broader pro-distribution coalitions that will defend the benefits over time.

Second, these benefits need technical and political protection and support to break through the current inertia in our governments' tax collection and expenditure patterns. It is worth noting that for certain countries, especially those with modest gaps, some of the proposals considered here are feasible right now, especially if governments are prepared to achieve savings in non-social spending that today is neither redistributive nor efficient (subsidies for gasoline, gas and electricity consumption, tax credits to the rich and to uncompetitive enterprises, for example).

For other countries that may have moderate or, more particularly, severe gaps, the horizon of possibility is closer than it might first appear, once we consider the potential fiscal expansion that these countries could generate, given their current wealth and tax burden. This will mean advocacy for a broadening of the tax burden and the tax bases of their economies and societies.

Third, we must consider the current levels of social spending. In many countries, the additional cost estimated here represents a relatively small proportion of total social spending, and even of spending on social security and assistance. In these cases, the key to generating fiscal room for adopting this model of basic universal transfers lies in redirecting existing social expenditure, and not necessarily in covering financing needs through new revenues.

Lastly, and although this factor was not estimated in this exercise, these benefits will have to be indexed so as to keep them fiscally sustainable and compatible with macroeconomic stability. If the indexing parameters produce adjustments that are systematically beyond the projected path of the economy's aggregate productivity, their macroeconomic effects will be negative, they will be fiscally unsustainable, and they will block any possible expansion of coverage.

The region has made progress over the last 10 years both in its taxation capacities and in its social spending effort. A part of that additional effort has gone precisely to strengthening the non-contributory benefit systems proposed here. But without a clear road map and a model to serve as a guide, these improvements will be more haphazard, fragile and intermittent than would be desirable.

This first, exploratory and even simplistic approach to the fiscal possibilities serves merely to support the following hypothesis: that it is possible, at the region's different levels of development, to start down the road that over the medium term will lead to a system of guaranteed basic transfers of broad coverage, financed from general revenues.

1. The fiscal possibilities of countries with modest gaps²⁰

The countries with modest gaps have the highest per capita GDP in the region, and their potential fiscal capacity is accordingly the greatest. They are also the countries that, on average, have the highest social expenditure as a percentage of GDP. The estimated fiscal costs of the benefits proposed here, then, represent a moderate share of total social spending.

As can be observed with the most costly system of benefits (making pensions universal and providing benefits for all children), the incremental cost never exceeds 15% of what countries are already spending in the social sphere (see figure 49).

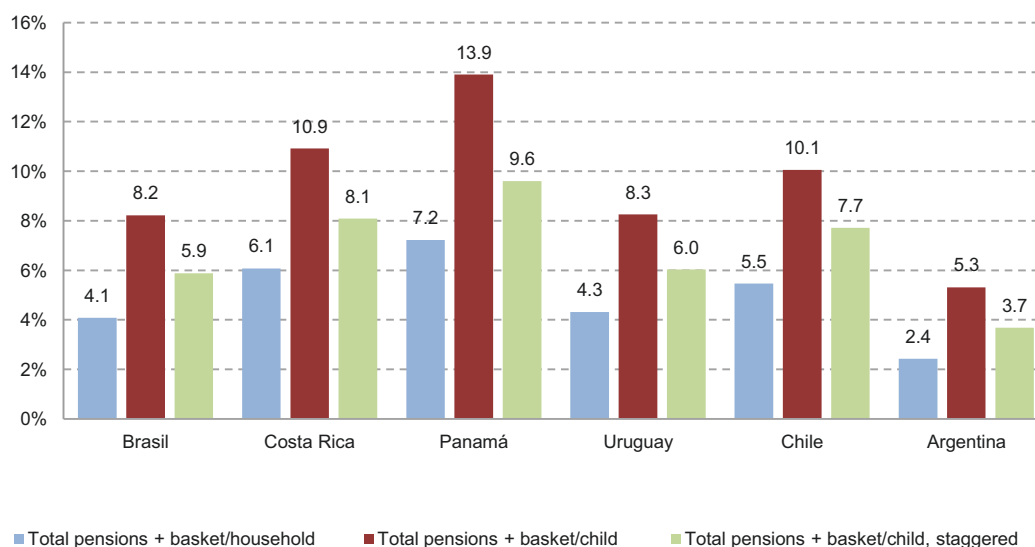
With the least generous model (confining pensions to vulnerable older persons and child benefits to vulnerable households), the effort involved is always less than 4% of total social spending (see figure 50). In this case, the proportion of additional expenditure implied by these allowances as a percentage of total public social spending is lowest in Argentina, while it is highest in Panama where, even with the least generous model, it amounts to 3.6% of total social spending (see figure 50).

This is an important consideration, for it indicates the potential room within the social spending envelope for covering these benefits. As has been documented in other ECLAC studies (2010, 2011, 2012 and 2013), spending on social security as well as on housing and tertiary education has a clearly regressive bias in relative terms (i.e. while not necessarily regressive in terms of the distribution of primary income, it is regressive in terms of the equal distribution line).

Indexing mechanisms and economic policies frequently tend to aggravate this inter-temporal regressivity. If governments are able to contain the growth in spending of that kind, this will open fiscal room for expanding more progressive programmes such as those proposed here.

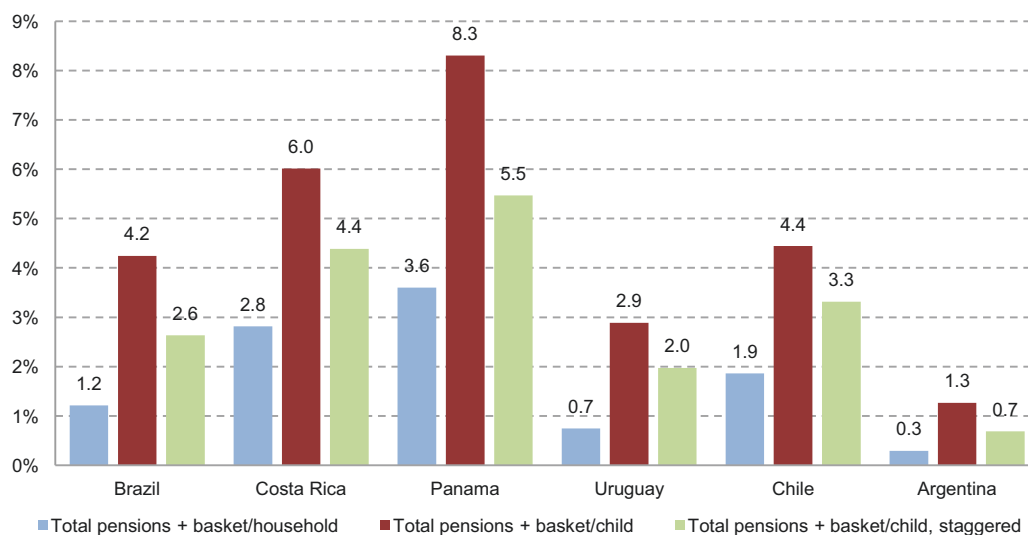
²⁰ For Brazil, we take cost values adjusted by administrative data on expenditure in the *Bolsa Família* programme.

FIGURE 49
COUNTRIES WITH MODEST GAPS: INCREMENTAL COST OF UNIVERSAL TRANSFERS
(Percentages of total public social spending)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

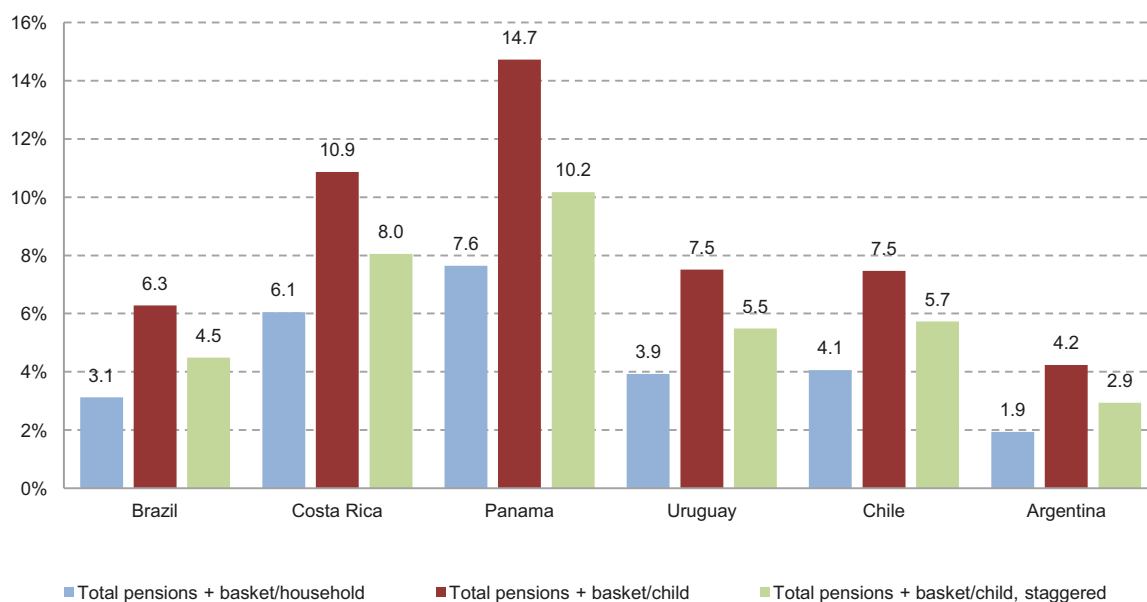
FIGURE 50
COUNTRIES WITH MODEST GAPS: INCREMENTAL COST OF PROVIDING TRANSFERS FOR ALL VULNERABLE SECTORS
(Percentages of total public social spending)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

Another way of looking at the fiscal burden of the new outlays proposed is to contrast them with governments' taxation capacities.²¹ Once again, we find a similar pattern, with the most costly benefits representing between 14.7% and 4.2% of tax revenues, and the least costly ones between 0.2% and 3.8% of those revenues (see figures 51 and 52).

FIGURE 51
COUNTRIES WITH MODEST GAPS: INCREMENTAL COST OF UNIVERSALIZING TRANSFERS
AS A PERCENTAGE OF TOTAL TAX REVENUES
(Includes social security)



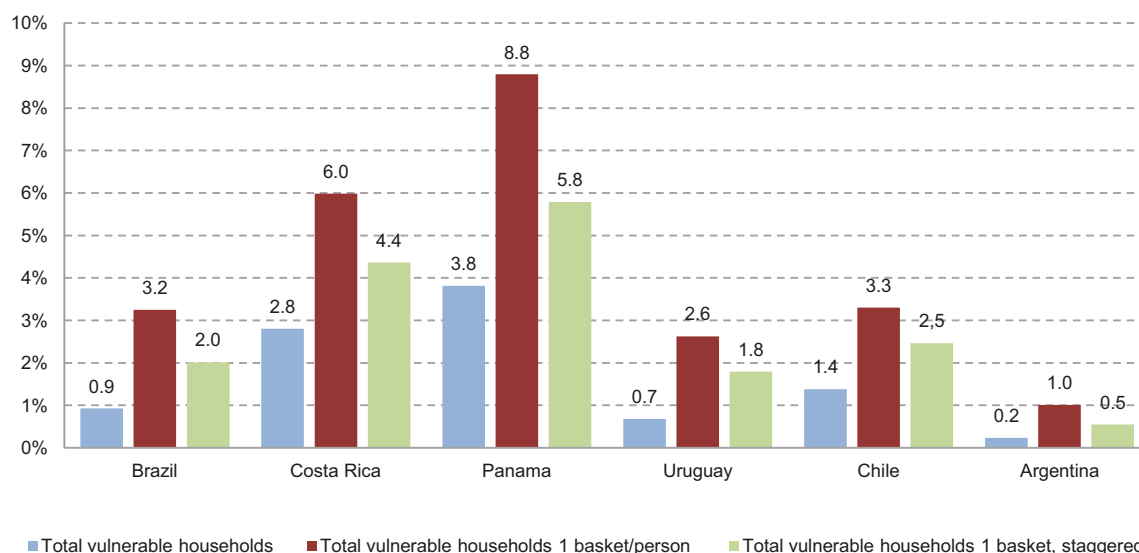
Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

Panama again presents the highest proportion of new expenditures with respect to taxation capacity. In fact it represents a special case, in that it exceeds the proportion of these outlays to total social spending. The reason is simple, and at the same time constitutes a warning for its fiscal structure. Panama has a very low tax burden, and supplements its tax revenues with other sources (in particular the Panama Canal fees).

Panama's social spending as a percentage of GDP is in fact higher in absolute terms than its tax revenues. Whereas in Brazil, Argentina and Uruguay (and to a lesser extent in Costa Rica) social spending and the tax burden are both clearly high, and should perhaps not be increased much further, in the case of Panama and to a lesser extent in Chile there is room for increasing both the tax burden and social spending. The first group of countries should find room within the existing budget for financing at least a portion of the outlays proposed here, while the second can rely on their margins for expanding taxation and expenditure.

²¹ We do not consider here non-tax revenues derived from natural resources (public enterprises and royalties) or user fees (e.g. Panama Canal).

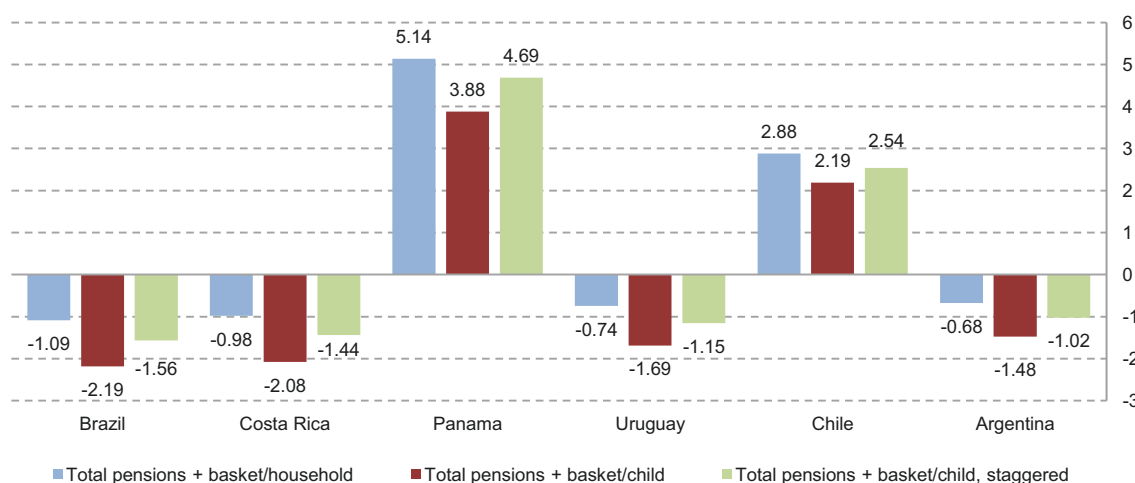
FIGURE 52
INCREMENTAL COST OF PROVIDING TRANSFERS FOR ALL VULNERABLE SECTORS
AS A PERCENTAGE OF TOTAL PUBLIC SOCIAL SPENDING
(Includes social security)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

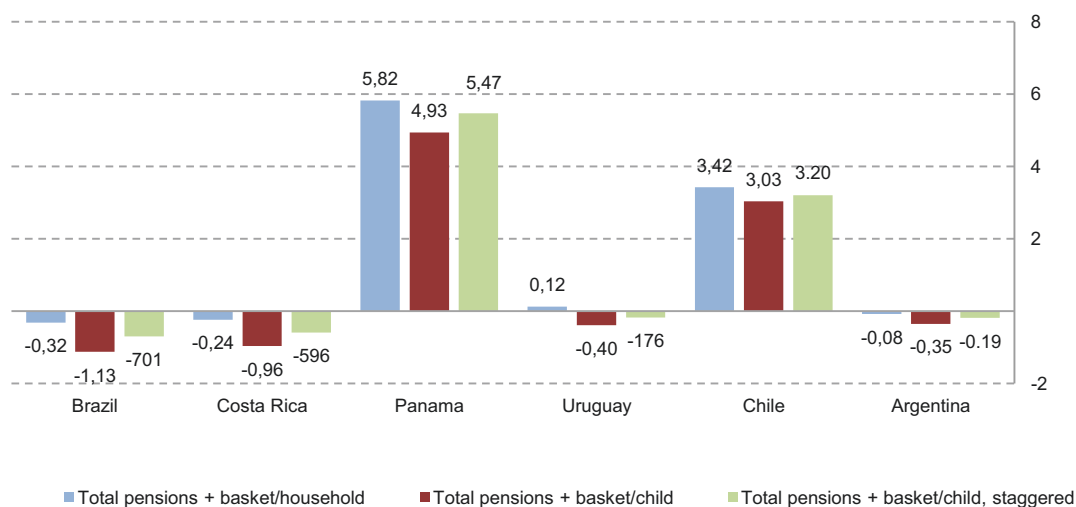
This last assertion is demonstrated more rigorously in figures 53 and 54 which, based on ECLAC studies, consider the difference between the effective tax burden and the estimate derived from a set of variables (GDP, formality of employment, etc.) of the potential tax burden (Sabaini, Jimenez and Podestá, 2010).

FIGURE 53
COUNTRIES WITH MODEST GAPS: DEFICIT OR SURPLUS GIVEN THE INCREMENTAL COST
OF UNIVERSALIZING TRANSFERS AFTER TAX INCREASES
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

FIGURE 54
COUNTRIES WITH MODEST GAPS: DEFICIT OR SURPLUS GIVEN THE INCREMENTAL COST
OF TRANSFERS WITH FULL COVERAGE OF VULNERABLE POPULATION AFTER TAX INCREASES
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

We then compare this difference with the fiscal costs of the various benefit systems proposed here. If those costs are less than the potential for higher tax revenues, we denote the situation as a surplus; if on the contrary they are greater, we call it a deficit. It should be noted that this does not imply real deficits or surpluses, but rather simulates the contribution to the real deficit or surplus that expanding tax revenues and providing the benefits proposed here would produce.

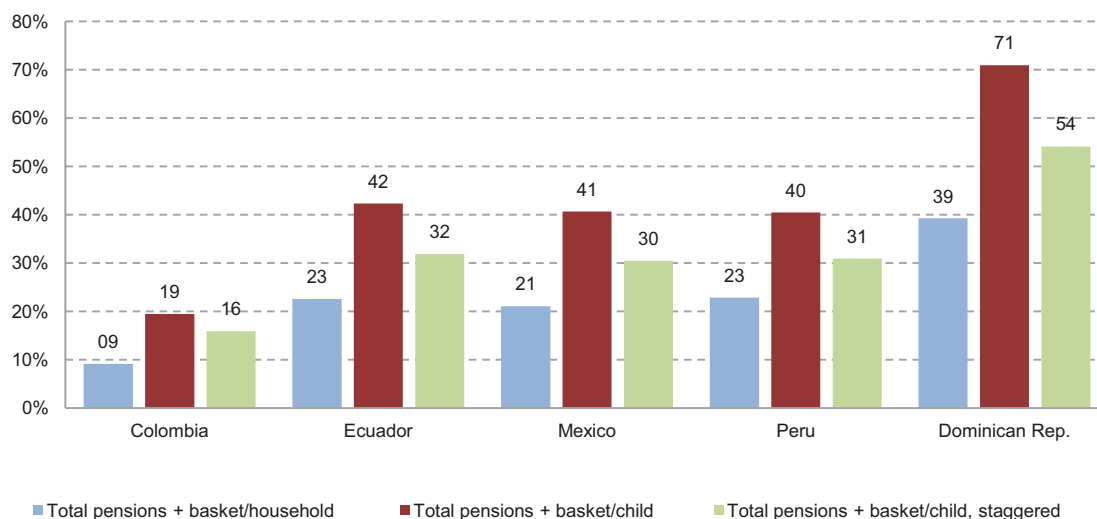
Even with the most generous benefits system, Panama and Chile could finance those benefits entirely by raising their effective tax burden to its potential level. By contrast, Uruguay, Brazil, Costa Rica and Argentina, which have very little if any room for increasing their tax burden, are in a deficit situation.

2. The fiscal possibilities in countries with moderate gaps

In contrast to countries with modest gaps, one of the main features of countries with moderate gaps is that their social spending is low in relation to GDP. With the exception of Colombia, social spending in these countries is low not only by direct comparison with countries in the modest-gap group but also as a ratio to GDP. Ecuador's situation must be considered with caution, as the system of subsidies, which are not counted in the ECLAC estimation as social spending, should in many instances be included as such, in which case its spending level would no longer be low (Naranjo Bonilla, 2013).

From the figures with which we have worked in this paper, it is clear that the most generous allowances represent a significant proportion of total social spending, amounting in the case of the Dominican Republic to more than two thirds of the total (70.9%). In the case of Colombia, we find the opposite extreme: although the proportion is much higher than for the modest-gap group, spending on the new benefits would represent 19.5% of total social spending (see figure 55).

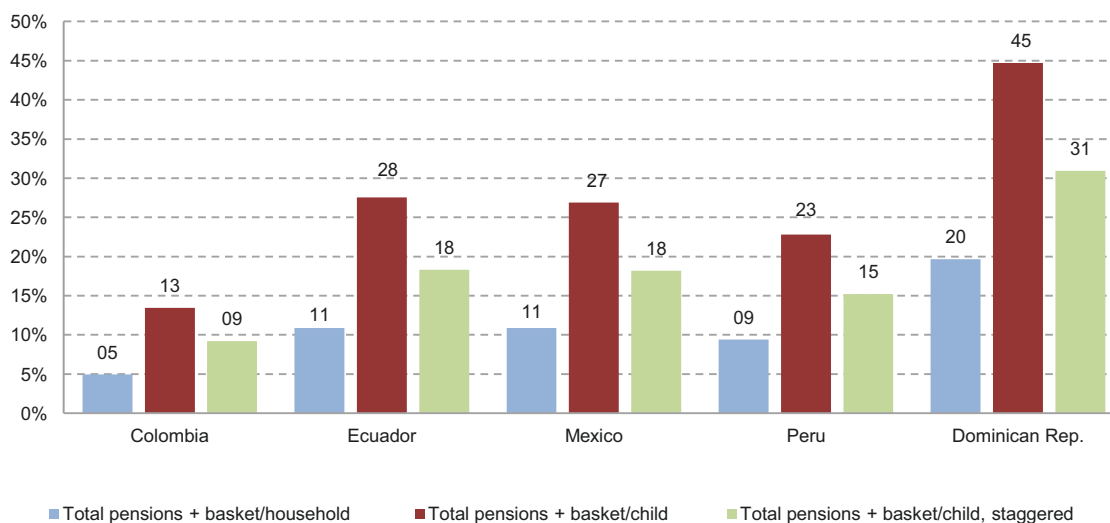
FIGURE 55
COUNTRIES WITH MODERATE GAPS: INCREMENTAL COST OF UNIVERSALIZING TRANSFERS
(Percentages of total public social spending)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

If we move to the least generous model of benefits, their incremental cost never exceeds 20% of existing outlays. Once again, the Dominican Republic is in the weakest position and Colombia is best positioned to generate room for the benefits defined by adjusting its current social spending (see figure 56).

FIGURE 56
COUNTRIES WITH MODERATE GAPS: INCREMENTAL COST OF TRANSFERS WITH FULL COVERAGE OF VULNERABLE POPULATION
(Percentages of total public social spending)

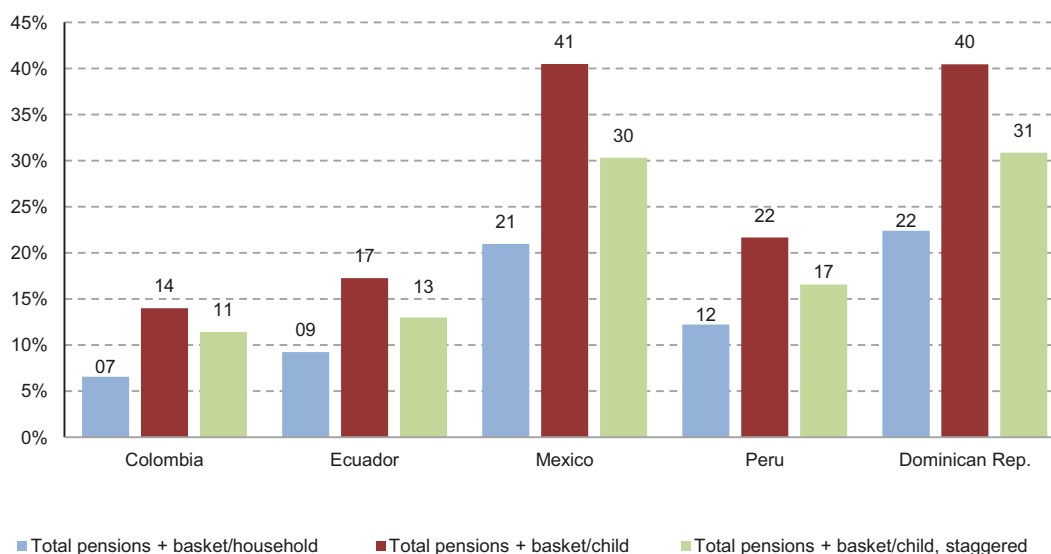


Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

Social spending in these countries is low partly because their tax burden is also low. Despite this, the proportions here are more moderate. The extreme cases are Mexico and the Dominican Republic, where the ratio between the contributions proposed for universalizing benefits (total pensions and basket per child) and tax revenues is 40.5%. Colombia and Ecuador stand below 15%, while Peru is close to 22% (see figure 57).

FIGURE 57
COUNTRIES WITH MODERATE GAPS: INCREMENTAL COST OF UNIVERSALIZING TRANSFERS
AS A PERCENTAGE OF TOTAL TAX REVENUES

(Includes social security)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

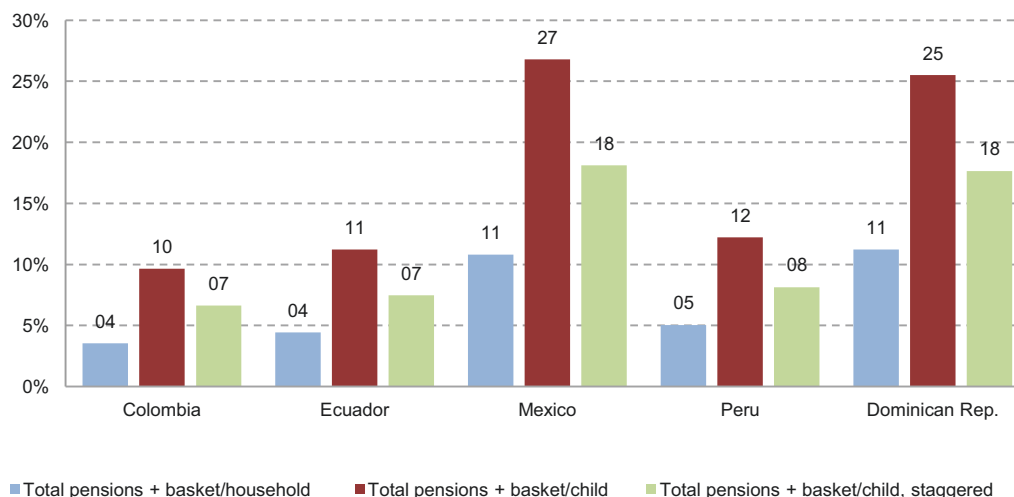
Mexico faces much the same problem as Panama within the moderate-gap group. Its total tax revenues fall short of its total social spending, given its high dependence on other fiscal revenues (in this case from oil). In their more modest version, the benefits represent nearly 11% of Mexico's tax revenues, and 3.5% of Colombia's (see figure 58). These levels should be achievable through strategies to increase taxation, considering the distance between effective and potential taxation.

In fact, taking their potential taxation capacity as estimated by ECLAC (Sabaini, Jimenez and Podestá, 2010), all countries of this group could finance even their most costly benefits. Mexico is the most obvious case. Given its GDP and the other characteristics of its economy, if Mexico were to boost its tax revenues appropriately, it could finance all the costs of a basic universal transfers model and still have nearly 10 percentage points of GDP left over to invest or to spend under other headings. This is also true for Colombia (2.97%) and Ecuador (2.83%), whereas the Dominican Republic and Peru would have to earmark nearly all their expanded tax revenues for these benefits (see figure 59).

There are some compelling economic reasons for the low tax burdens in these countries, and it would not be possible to increase the tax burden to its full potential without affecting the functioning of these countries' economies. This paper, then, does not claim that tax increases of some given magnitude are an essential condition for the proposal presented here. But it is clear that these countries have a good deal of leeway, using genuine resources, to finance a portion of the increased outlays that these basic universal and targeted benefit options entail.

FIGURE 58
COUNTRIES WITH MODERATE GAPS: INCREMENTAL COST OF TRANSFERS
WITH FULL COVERAGE FOR VULNERABLE SECTORS AS A PERCENTAGE
OF TOTAL TAX REVENUES

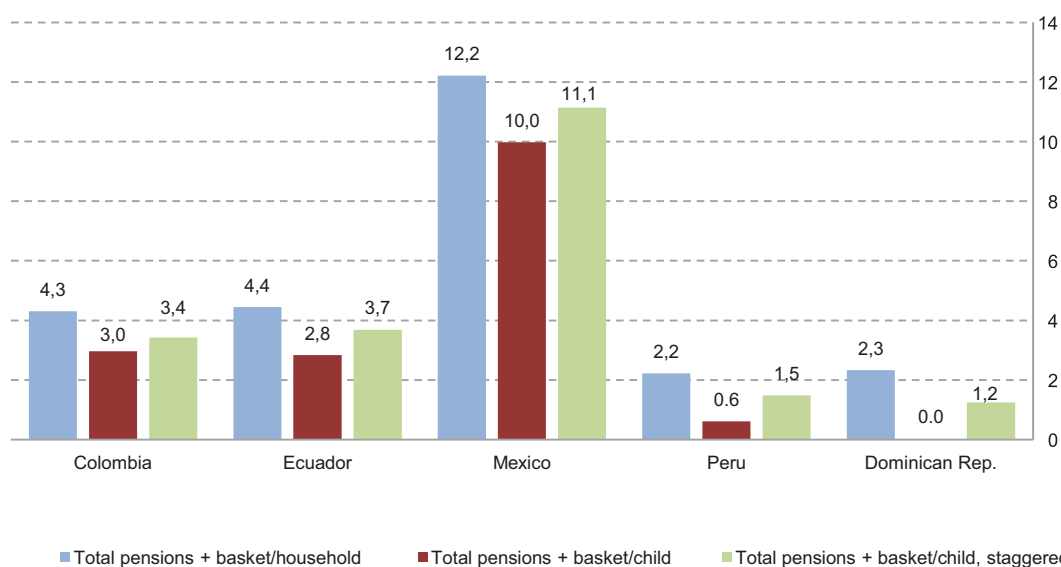
(Includes social security)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

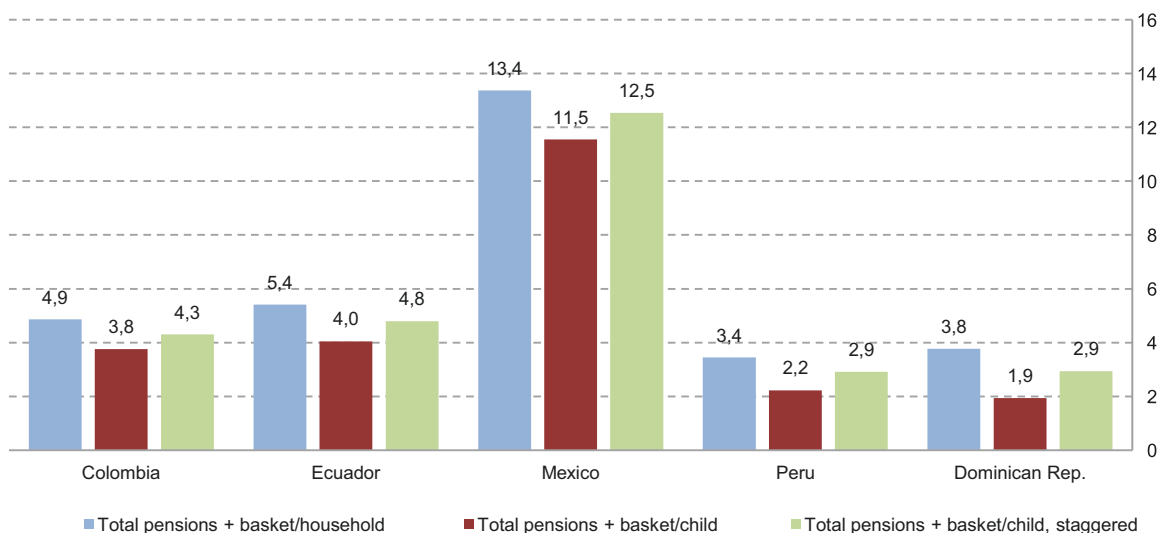
FIGURE 59
COUNTRIES WITH MODERATE GAPS: DEFICIT OR SURPLUS
GIVEN THE INCREMENTAL COST OF UNIVERSALIZING TRANSFERS
AFTER TAX INCREASES

(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

FIGURE 60
COUNTRIES WITH MODERATE GAPS: DEFICIT OR SURPLUS GIVEN THE INCREMENTAL COST
OF TRANSFERS WITH FULL COVERAGE OF VULNERABLE POPULATION AFTER TAX INCREASES
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

3. The fiscal possibilities in countries with severe gaps

As indicated in the sections on cost estimation, it makes little sense for countries with severe gaps to try to implement universality models with the parameters defined. There are four reasons that justify a model with more restricted coverage and benefit levels.

First, a model targeted at vulnerable sectors or even (as we propose for children) at the three first income quintiles implies a significant expansion of coverage to reach what we consider minimum essential levels —levels that will help to generate stable and majority-based pro-distribution coalitions. For the other groups of countries, for example, the option of targeting vulnerable sectors does not always result in more than 50% coverage.

Second, models of the universal kind will be fiscally impossible or undesirable in countries with severe gaps. Given the economic and fiscal capacities of these countries, a universality model could not be deployed, even over the medium term, because it would not be plausible. This does not mean that eventually, in the long term, the pro-distribution coalition generated by a more restricted model could not achieve universality if it so desired. The important thing is to achieve coverage whose political economy will give political sustainability to the universal nature of the social protection system and will allow these broad-based pro-distribution coalitions to protect the quality of benefits. That objective is achieved in the case of countries with broad coverage models targeted at vulnerable sectors, or even at the first three income quintiles.

Third, given the glaring inequality and the scarcity of resources in these societies, it is less clear that universality will be more effective than an immediate, progressive approach in terms of achieving redistributive efficiency over time. This is yet another argument for models that, while striving for broad coverage, nevertheless place bounds on it for the sake of fiscal and political feasibility.

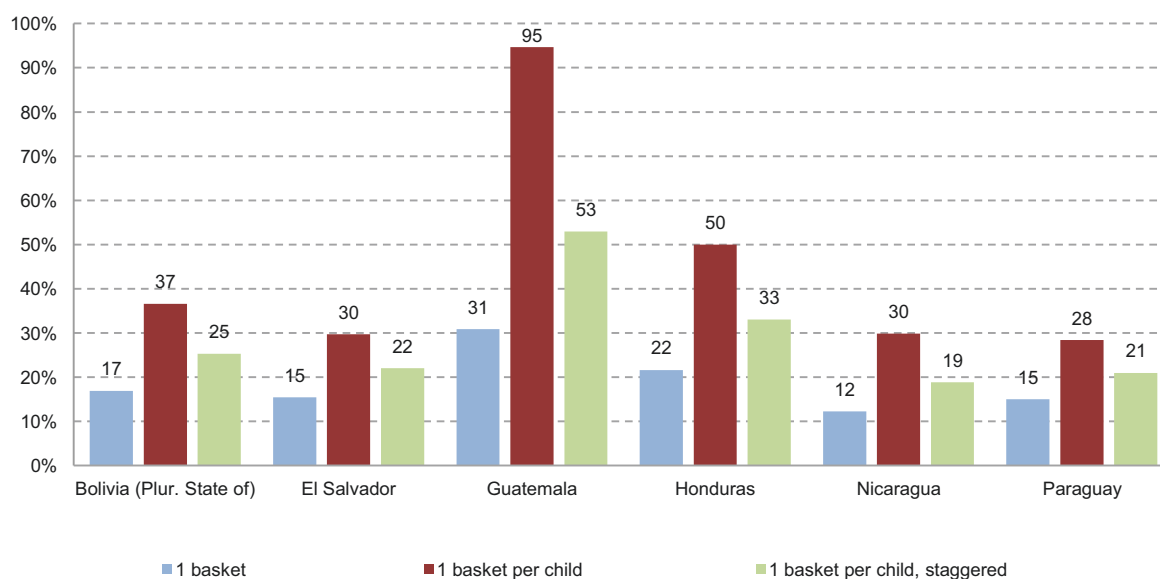
Lastly, in poor societies such as those considered here, opting for lower amounts of benefits also takes on another meaning. While in many cases such amounts will be insufficient for reducing poverty, they will be enough to narrow poverty gaps significantly. This is a priority objective for this group of countries, where extreme poverty or indigence—the inability to access the minimum requirements for sustenance—afflicts a large proportion of the population.

With this in mind, we present below some fiscal possibility exercises that consider the cost of transfers with less demanding parameters than in the other groups of countries: extending coverage to vulnerable older persons and to the first three quintiles of households with children to age 14. The second estimation repeats these parameters, but delivers half a basket or half a poverty line, roughly equivalent to an indigence line.

Even with these adjustments it is clear that the most generous option entails a complete overhaul of the social protection systems in countries such as Guatemala, where the new benefits are equal to nearly the total volume of current social spending. In the Plurinational State of Bolivia, which is now making the greatest social effort, the proportion declines to 36.6%. For El Salvador, Nicaragua and Paraguay the figures are a little lower, not because of their greater social fiscal effort but because of their greater relative wealth, the lower proportion of children, and relatively better indicators of poverty and vulnerability (see figure 61).

FIGURE 61
COUNTRIES WITH SEVERE GAPS: INCREMENTAL COST OF PROVIDING TRANSFERS
FOR ALL VULNERABLE OLDER PERSONS AND HOUSEHOLDS WITH CHILDREN
IN THE FIRST THREE QUINTILES

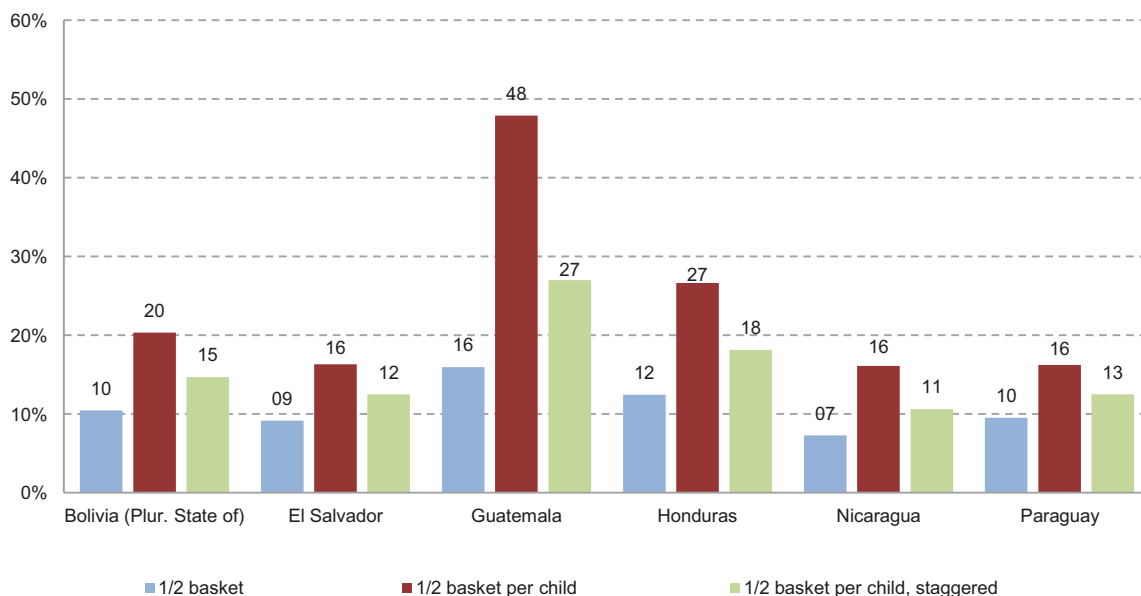
(Percentages of total public social spending)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

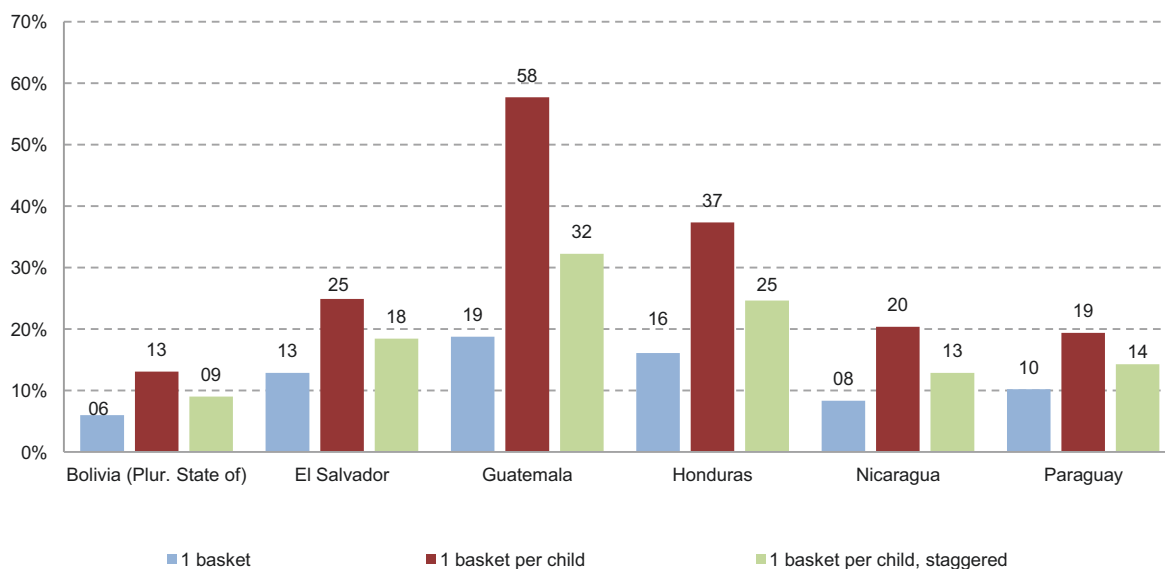
In considering the burden that the most generous of the new benefits would represent in terms of the total tax revenues of these countries, we see that it is still significant in most cases. Yet when we opt for the most economical model (half a basket, delivered only to families with children), the proportions become more manageable, declining in all cases to around 10% or less of tax revenues. Guatemala comes closest to 10% (9.7%), reflecting, as in other cases, the very low tax burden in that country, even in comparison with its peers in the severe-gap group.

FIGURE 62
COUNTRIES WITH SEVERE GAPS: INCREMENTAL COST OF TRANSFERRING A HALF BASKET
FOR ALL VULNERABLE OLDER PERSONS AND HOUSEHOLDS WITH CHILDREN
IN THE FIRST THREE QUINTILES
(Percentages of total public social spending)



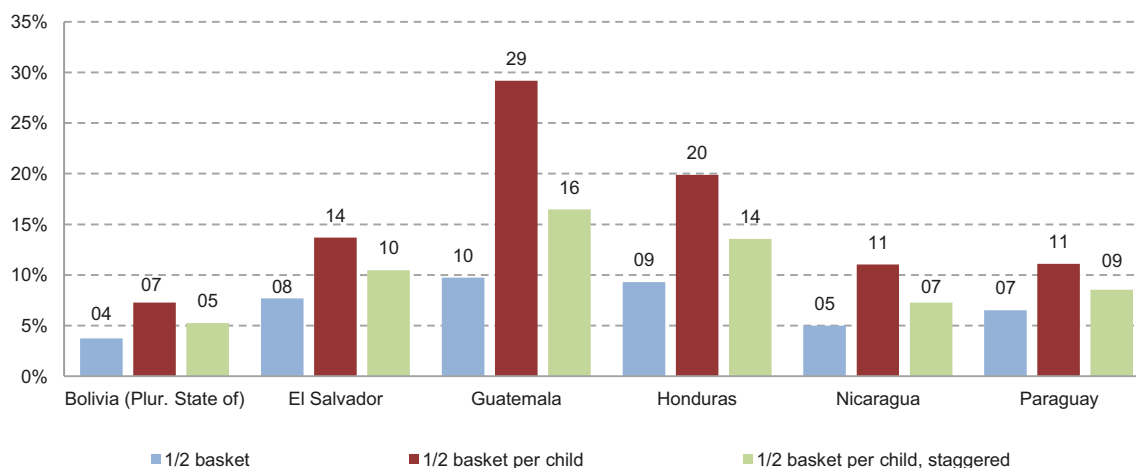
Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

FIGURE 63
COUNTRIES WITH SEVERE GAPS: INCREMENTAL COST OF PROVIDING TRANSFERS FOR ALL
VULNERABLE OLDER PERSONS AND HOUSEHOLDS WITH CHILDREN IN THE FIRST THREE
QUINTILES AS A PERCENTAGE OF TOTAL TAX REVENUES
(Includes social security)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

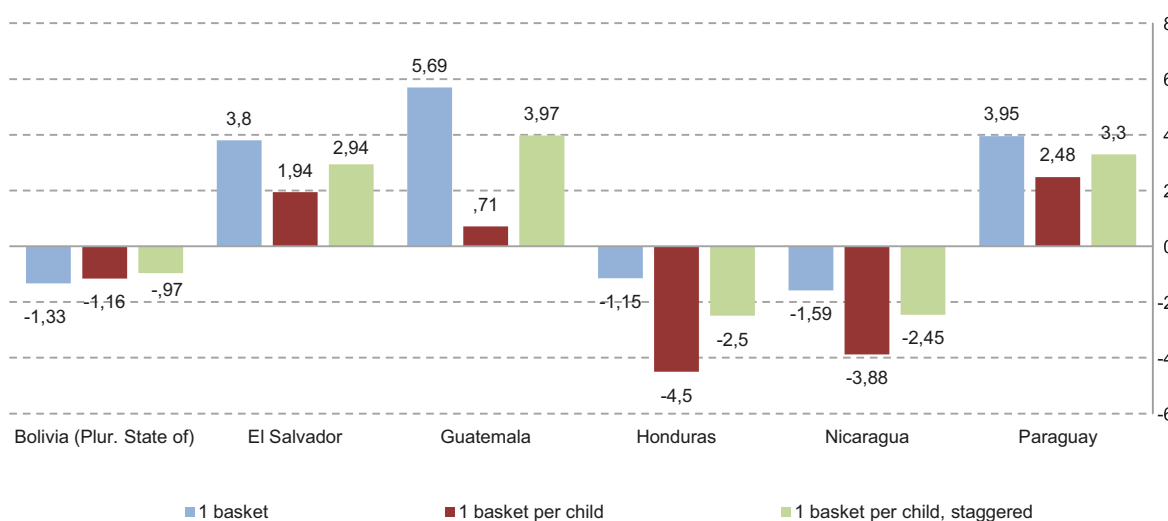
FIGURE 64
COUNTRIES WITH SEVERE GAPS: INCREMENTAL COST OF TRANSFERRING A HALF BASKET
FOR ALL VULNERABLE OLDER PERSONS AND HOUSEHOLDS WITH CHILDREN
IN THE FIRST THREE QUINTILES AS A PERCENTAGE OF TOTAL TAX REVENUES
(Includes social security)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

Taking their tax potential into account, Guatemala, Paraguay and El Salvador would be perfectly able to support not merely the most modest model but even, within these more restricted parameters, the most generous model (see figure 65).

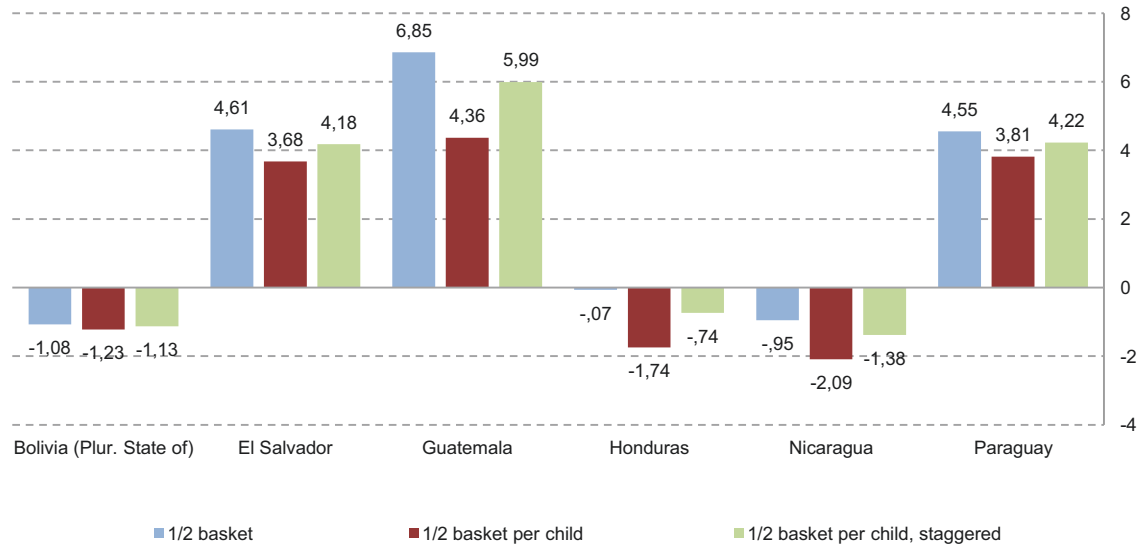
FIGURE 65
COUNTRIES WITH SEVERE GAPS: DEFICIT OR SURPLUS GIVEN THE INCREMENTAL COST
OF PROVIDING TRANSFERS FOR ALL VULNERABLE OLDER PERSONS AND HOUSEHOLDS
WITH CHILDREN IN THE FIRST THREE QUINTILES, AFTER TAX INCREASES
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

There are three countries that seem to face severe limits on the expansion proposed here: they are the Plurinational State of Bolivia, Nicaragua and Honduras. Even with the most limited parameters, expanding the coverage and quality of benefits beyond those offered today in these countries would entail a deficit even under the assumption of expanded taxation (see figure 66).

FIGURE 66
COUNTRIES WITH SEVERE GAPS: INCREMENTAL COST OF TRANSFERRING
A HALF BASKET FOR ALL VULNERABLE OLDER PERSONS AND HOUSEHOLDS WITH CHILDREN
IN THE FIRST THREE QUINTILES, AFTER TAX INCREASES
(Percentages of GDP)



Source: Prepared by the authors on the basis of tabulations and simulations with data from national household surveys in Latin America and social expenditure and taxation data from the ECLAC Social Development Division and Economic Development Division, respectively.

VI. By way of conclusion

Latin America is in the process of transforming its social protection matrix, and the direction —at least the intended direction— of that transformation seems clear: to reach, via non-contributory programmes, those who are most in need of and have the least access to transfers, services and insurance. The routes followed run from introducing flexibility —and subsidies— to contributory systems, restrictive targeting, and the expansion of coverage in those targeted models. A real targeting industry has thus emerged, one that seeks to establish ever more sophisticated parameters to avoid errors of exclusion and inclusion in these targeted models.

In this paper we have argued for an alternative route: the goal should be universality, or coverage that goes beyond restrictive targeting. The paper calls for taking a firm stand against the errors of exclusion in targeted models and for minimizing concern over errors of inclusion in those models. The central idea, indeed, is to re-evaluate and moderate the technocratic notion of minimizing errors of inclusion and exclusion and to adopt a strategy of broad pre-insurance and the construction of a redistributive economy. The central justification for this option is the conviction that the majority of the region's population is vulnerable to poverty, and that restrictive targeting destroys the links of solidarity between vulnerable people, the middle classes, and the poor.

It is essential, then, to assess the possibility of moving towards more universal, solidarity-based models in this, the world's most unequal region. That means working out the needs, capacities and possibilities of a system inspired by such ideas. This paper is dedicated to that task. The results are certainly not final or definitive. They do not propose any single model of benefits, but they are unequivocal in the following sense: every country, depending on its level of development, can embrace strategies for expanding basic income guarantees according to its fiscal capacities, social needs, and economic possibilities. This strategy will result in a region with significantly less poverty, radically less indigence, moderately less inequality, and much greater social cohesion.

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Annex

TABLE A.1
SELECTED INDICATORS OF TAXATION, EXPENDITURE AND DEMOGRAPHIC DEPENDENCY FOR LATIN AMERICA, AROUND 2010

	Tax revenues (percentages of GDP)	Tax revenues, excluding social security (percentages of GDP)	Combined dependency ratio	Child dependency ratio	Seniors dependency ratio	Total social spending (percentages of GDP)	Social spending per capita (in dollars)	Spending on social security and assistance (percentages of GDP)	Spending on health (percentages of GDP)	Spending on education (percentages of GDP)	Potential for expanded taxation ^a (percentages of GDP)
Argentina	27.4	34.9	54.98	38.54	16.44	27.8	1 892.8	12.87	6.21	6.68	0.0
Bolivia (Plurinational State of)	20.4	22.1	68.83	60.81	8.02	12.9	142.9	4.44	1.41	5.47	0.0
Brazil	26	34.8	47.84	37.65	10.19	26.6	1 512.1	13.83	5.13	5.78	0.0
Chile	18.9	20.2	45.59	32.23	13.36	15.0	1 340.1	6.24	3.66	4.13	3.7
Colombia	16.2	18.1	52.41	43.83	8.58	13.0	531.9	7.12	1.93	2.99	5.5
Costa Rica	14.4	22.0	45.80	36.33	9.47	22.7	1 293.2	6.63	6.66	7.32	0.4
Ecuador	14.4	20.1	58.68	49.10	9.59	8.2.0	286.4	1.49	1.68	4.72	6.3
El Salvador	13.9	15.5	63.68	52.46	11.22	13.0	394.0	4.33	4.09	3.85	5.8
Guatemala	10.9	12.8	84.71	76.52	8.19	7.8	213.9	1.58	1.09	3.20	8.1
Honduras	15	15.8	69.76	62.42	7.34	11.8	186.0	0.68	3.48	7.83	1.4
Mexico	9.7	11.4	56.88	47.32	9.56	11.4	923.7	3.25	2.79	3.76	14.6
Nicaragua	15.2	19.0	63.92	56.48	7.44	13.0	181.1	..	4.06	6.05	0.0
Panama	11.3	17.8	56.43	45.87	10.56	18.9	1 245.9	4.17	5.26	4.19	6.5
Paraguay	12.1	16.1	63.08	54.63	8.45	11.0	191.9	3.86	2.28	4.66	5.6
Peru	15.3	17.0	56.18	46.77	9.41	9.1	418.7	2.96	2.28	2.82	4.3
Dominican Republic	12.7	12.8	59.06	49.51	9.55	7.3	395.6	2.01	1.58	2.45	5.2
Uruguay	18.6	26.5	57.35	35.39	21.96	24.1	1 846.4	11.07	6.05	4.44	0.3
Venezuela, (Bolivarian Republic of)	11.9	12.5	54.1	45.40	8.70	15.4	1 317.3	6.75	2.50	11.55	8.3

Sources: ECLAC, Social Panorama of Latin America, 2013; CELADE, Demographic Bulletin, 2011; ECLAC, Fiscal Panorama of Latin America, 2013; Sabaini, Jimenez and Podestá, 2010.

^a The potential for expanded taxation is defined as the error in real values (percentages of GDP) with respect to the regression line between the logarithm of GDP per capita and the total tax burden as a percentage of GDP for 121 countries with data for the years 2007/2008. The cases that show zero mean that the value is negative or zero, and consequently there is no room for expanding taxation according to the criteria defined.

TABLE A.2
COLOMBIA: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER
OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2011

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	17.0	15.3	16.96	89.60	100.0	98.0	-37.8	-36.1
2	33.8	14.6	17.21	43.30	100.0	94.9	-24.1	-23.3
3	47.9	15.7	15.91	32.82	67.8	64.8	-21.7	-20.5
4	62.5	16.4	15.64	26.26	69.5	61.2	-8.7	-8.5
5	79.4	17.8	15.53	22.46	4.6	3.9	-1.1	-1.1
6	101.1	17.9	15.97	17.67	0.0	0.0	..	..
7	129.8	19.4	14.91	14.96	0.0	0.0	..	..
8	172.6	21.0	14.31	12.21	0.0	0.0	..	..
9	250.3	21.9	12.57	8.75	0.0	0.0	..	..
10	674.2	24.6	11.12	3.95	0.0	0.0	..	..
Average	156.8	18.1	15.01	13.64	34.2	32.3	-24.2	-23.6

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.3
MEXICO: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER
OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2010

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	40.9	26.2	14.73	61.71	100.0	98.5	-68.3	-65.8
2	74.4	32.5	17.77	43.55	100.0	94.4	-45.3	-43.4
3	100.2	34.1	17.37	34.08	71.7	67.1	-40.5	-39.0
4	125.9	34.5	17.40	27.23	59.2	54.4	-28.2	-27.1
5	154.1	38.6	17.56	25.29	32.2	26.9	-7.9	-7.8
6	188.3	36.4	18.67	19.38	0.0	0.0	..	..
7	231.7	43.7	16.41	18.73	0.0	0.0	..	..
8	300.1	45.2	15.75	15.19	0.0	0.0	..	..
9	415.7	43.8	15.19	10.57	0.0	0.0	..	..
10	977.1	53.9	15.07	5.70	0.0	0.0	..	..
Average	260.8	38.7	16.59	15.61	36.3	34.1	-44.6	-43.6

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.4
PERU: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER
OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2011

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	22.8	21.2	25.21	91.97	100.0	94.2	-32.5	-29.9
2	42.3	23.0	21.73	54.72	99.6	87.8	-17.1	-16.4
3	60.2	22.4	20.37	37.24	55.4	47.5	-14.4	-14.5
4	78.6	21.3	20.1	27.05	23.5	20.1	-10.0	-10.1
5	99.2	22.7	19.28	22.91	0.2	0.2	-0.2	-0.2
6	121.0	21.5	20.18	17.75	0.0	0.0	.	.
7	147.5	21.7	19.48	14.78	0.0	0.0	.	.
8	182.7	21.7	21.94	11.85	0.0	0.0	.	.
9	241.1	21.8	25.22	9.07	0.0	0.0	.	.
10	511.1	27.1	16.44	5.38	0.0	0.0	.	.
Average	150.6	22.3	21.00	15.68	27.9	25.0	-21.5	-20.6

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.5
PANAMA: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER
OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2011

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	22.3	24.7	25.95	124.49	100.0	94.4	-42.9	-39.3
2	49.8	24.4	21.58	49.48	93.0	80.3	-21.0	-20.9
3	77.6	24.1	17.44	30.93	43.9	38.2	-11.4	-11.2
4	107.3	23.5	14.73	22.08	0.0	0.0	.	.
5	139.0	27.3	12.01	20.01	0.0	0.0	.	.
6	175.6	24.7	13.39	14.06	0.0	0.0	.	.
7	223.2	23.4	10.22	10.35	0.0	0.0	.	.
8	285.8	23.5	11.56	8.30	0.0	0.0	.	.
9	392.3	25.7	7.86	6.62	0.0	0.0	.	.
10	987.1	32.3	5.32	3.54	0.0	0.0	.	.
Average	246.0	24.8	14.01	15.81	23.7	21.3	-28.4	-27.3

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.6
COSTA RICA: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2011

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	31.0	30.5	10.65	100.93	100.0	96.3	-41.7	-40.6
2	66.0	26.1	8.62	39.24	65.8	62.9	-17.8	-17.4
3	90.1	26.3	7.90	29.68	22.0	19.2	-5.8	-5.9
4	116.0	25.6	9.50	21.98	0.0	0.0	.	.
5	144.7	25.3	6.98	17.36	0.0	0.0	.	.
6	180.9	24.5	8.31	13.54	0.0	0.0	.	.
7	230.9	25.7	7.84	11.24	0.0	0.0	.	.
8	304.6	27.2	7.17	8.85	0.0	0.0	.	.
9	440.2	25.5	8.59	5.73	0.0	0.0	.	.
10	987.2	34.5	6.80	2.94	0.0	0.0	.	.
Average	259.1	27.1	8.24	10.62	18.8	17.8	-29.1	-28.7

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.7
ECUADOR: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER
OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2011

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	20.5	17.2	24.31	80.07	100.0	94.6	-37.4	-35.3
2	38.5	17.1	22.93	44.51	100.0	91.0	-23.5	-22.7
3	51.5	17.4	19.63	33.58	66.6	61.7	-21.3	-20.6
4	63.9	17.6	20.24	27.63	59.4	52.9	-13.9	-13.3
5	80.1	19.0	19.03	23.90	25.8	21.6	-2.9	-3.0
6	98.8	19.3	21.10	19.50	0.0	0.0	.	.
7	121.8	20.0	18.66	16.47	0.0	0.0	.	.
8	155.8	22.6	20.91	14.66	0.0	0.0	.	.
9	213.6	23.5	17.43	10.99	0.0	0.0	.	.
10	449.7	30.4	12.64	6.46	0.0	0.0	.	.
Average	128.9	19.9	19.71	17.49	35.3	32.3	-24.0	-23.3

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.8
BRAZIL: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER
OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2011

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	25.3	39.2	3.04	302.72	99.7	98.9	-49.5	-48.8
2	59.9	18.7	2.42	31.12	85.0	84.1	-20.4	-20.2
3	87.3	21.6	3.04	24.29	24.4	23.9	-7.3	-7.3
4	116.9	25.5	3.78	21.42	0.0	0.0	.	.
5	150.0	26.9	3.59	17.88	0.0	0.0	.	.
6	189.9	31.2	4.32	16.34	0.0	0.0	.	.
7	239.9	28.5	3.64	11.98	0.0	0.0	.	.
8	306.5	27.1	3.71	8.89	0.0	0.0	.	.
9	445.5	29.5	3.47	6.60	0.0	0.0	.	.
10	1 329.5	30.8	4.07	1.95	0.0	0.0	.	.
Average	294.2	28.2	3.51	8.12	20.9	20.7	-32.7	-32.4

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.9
CHILE: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER
OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2011

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	52.6	27.2	7.59	56.80	90.3	88.0	-31.7	-30.8
2	93.9	24.1	4.59	25.35	19.3	18.5	-4.0	-4.0
3	122.7	19.4	5.45	15.91	0.0	0.0	.	.
4	151.5	21.5	5.65	14.19	0.0	0.0	.	.
5	183.4	20.6	5.52	11.36	0.0	0.0	.	.
6	219.4	22.1	5.83	10.07	0.0	0.0	.	.
7	272.9	21.7	7.28	7.80	0.0	0.0	.	.
8	355.8	26.0	5.80	7.20	0.0	0.0	.	.
9	522.7	26.3	6.94	5.09	0.0	0.0	.	.
10	1 442.9	32.4	5.36	2.24	0.0	0.0	.	.
Average	341.7	24.2	6.00	7.24	11.0	10.7	-26.8	-26.1

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.10
ARGENTINA: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER
OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2011

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	72.1	35.7	2.62	58.91	56.5	55.6	-34.4	-33.8
2	146.8	23.2	2.57	16.22	0.0	0.0	.	.
3	203.7	20.8	2.52	10.47	0.0	0.0	.	.
4	262.7	21.1	2.37	8.12	0.0	0.0	.	.
5	325.3	23.7	2.93	7.33	0.0	0.0	.	.
6	400.6	24.1	2.81	5.99	0.0	0.0	.	.
7	497.8	26.5	3.20	5.28	0.0	0.0	.	.
8	637.8	29.4	2.69	4.60	0.0	0.0	.	.
9	878.9	34.1	3.70	3.79	0.0	0.0	.	.
10	2 095.3	39.4	4.08	1.56	0.0	0.0	.	.
Average	551.9	28.6	2.95	4.08	5.7	5.6	-34.4	-33.8

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.11
PLURINATIONAL STATE OF BOLIVIA: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2009

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	4.9	3.6	6.33	59.46	100.0	99.9	-30.2	-30.0
2	15.9	7.5	14.35	47.14	100.0	98.6	-22.5	-21.7
3	26.5	9.1	14.85	34.25	100.0	93.8	-14.9	-14.8
4	35.9	8.8	11.54	24.72	69.4	66.6	-11.7	-11.6
5	45.7	8.4	11.63	18.41	54.0	47.7	-3.9	-4.1
6	58.1	10.0	12.34	17.25	0.0	0.0	.	.
7	72.7	10.1	10.62	13.77	0.0	0.0	.	.
8	91.9	9.3	10.99	9.97	0.0	0.0	.	.
9	126.3	10.6	9.70	8.43	0.0	0.0	.	.
10	290.2	11.4	10.52	4.47	0.0	0.0	.	.
Average	76.7	9.0	11.28	12.72	42.4	40.7	-18.4	-18.5

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.12
GUATEMALA: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2006

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	16.4	17.4	13.05	107.51	100.0	99.6	-65.3	-63.4
2	29.2	21.9	13.23	74.39	100.0	99.0	-54.1	-51.8
3	41.9	22.3	14.51	53.24	100.0	98.2	-44.1	-42.0
4	57.3	22.1	17.03	38.45	100.0	95.1	-31.0	-29.6
5	74.4	23.3	16.80	31.03	84.6	77.2	-23.2	-22.8
6	94.0	27.9	13.45	29.92	49.9	45.2	-19.5	-19.6
7	122.8	30.1	14.61	24.33	12.9	12.6	-10.8	-10.7
8	162.6	27.8	16.44	17.13	0.0	0.0	.	.
9	243.8	31.7	15.43	13.14	0.0	0.0	.	.
10	760.3	38.4	16.04	3.36	0.0	0.0	.	.
Average	160.2	26.5	15.06	12.76	54.8	52.7	-41.2	-40.2

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.13
EL SALVADOR: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2010

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	16.4	16	21.78	95.51	100	98.7	-40.4	-37.6
2	28.9	17.5	22.52	60.1	100	96.5	-31.6	-29.1
3	39.9	20.3	21.38	50.79	100	91.9	-24.2	-22.8
4	50.9	19.2	22.89	37.7	74.1	65.6	-19.9	-19
5	62.5	18.5	24.26	29.38	58.6	50.7	-15	-13.9
6	77.3	23.2	19.16	29.81	33	27.5	-4.2	-4.2
7	94.9	21.8	20.84	23.09	0.0	0.0	.	.
8	119.8	23.4	19.49	19.64	0.0	0.0	.	.
9	163.5	25	18.83	15.29	0.0	0.0	.	.
10	339.1	29.2	12.88	9.11	0.0	0.0	.	.
Average	99.3	20.9	20.4	24.31	46.6	43.1	-26	-24.8

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.14
BOLIVARIAN REPUBLIC OF VENEZUELA: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP
OF COMPLETING A UNIVERSAL TRANSFER OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2011

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	47	39.1	16.11	86.83	100	99	-85.2	-80.1
2	90.7	34.4	14.66	37.61	100	95.8	-41.6	-39.3
3	120.3	34.1	17.37	28.39	92.7	79.4	-13.5	-13.2
4	149	34.6	19.8	23.33	3.4	2.8	-9.5	-9
5	180.6	35.7	20.5	19.82	0.0	0.0	.	.
6	216.7	35.9	20.88	16.56	0.0	0.0	.	.
7	260.8	44.3	22.77	16.86	0.0	0.0	.	.
8	320.5	40.2	23.55	12.53	0.0	0.0	.	.
9	416.6	42.9	26.2	10.29	0.0	0.0	.	.
10	732.6	49.5	27.91	7.12	0.0	0.0	.	.
Average	253.4	39.8	20.97	14.12	29.6	27.7	-47.2	-46.1

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.15
PARAGUAY: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2011

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	8.3	18.4	18.76	212.61	100.0	98.3	-43.8	-41.2
2	20.1	19.6	17.90	98.20	100.0	96.7	-34.3	-32.3
3	30.8	20.6	19.20	68.35	100.0	94.6	-27.6	-25.8
4	41.8	23.2	15.21	55.23	98.7	89.3	-19.4	-19.1
5	54.4	19.3	19.83	35.38	58.6	51.0	-15.3	-14.9
6	68.7	21.2	14.64	31.24	38.7	33.6	-4.7	-4.6
7	85.9	18.0	17.20	20.89	0.0	0.0	.	.
8	113.0	18.7	19.64	16.60	0.0	0.0	.	.
9	159.6	19.2	14.43	12.71	0.0	0.0	.	.
10	432.3	27.4	10.85	8.09	0.0	0.0	.	.
Average	101.5	20.2	16.77	25.37	49.6	46.4	-27.3	-26.4

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.16
NICARAGUA: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER
OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2005

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	7.6	7.9	19.26	98.59	100.0	99.7	-33.7	-32.3
2	15.0	9.4	19.98	62.70	100.0	99.7	-28.8	-27.1
3	20.5	10.0	17.55	48.91	100.0	99.0	-25.7	-24.3
4	26.9	9.9	21.76	36.70	100.0	97.4	-20.3	-18.8
5	34.0	11.8	18.62	34.49	100.0	93.3	-15.5	-14.8
6	42.9	10.8	31.00	25.06	68.8	65.3	-14.3	-11.8
7	53.7	12.8	21.09	23.70	50.4	39.7	-4.9	-4.9
8	68.9	12.6	23.49	18.50	0.0	0.0	.	.
9	97.6	14.4	23.36	15.01	0.0	0.0	.	.
10	270.3	18.0	22.94	5.73	0.0	0.0	.	.
Average	63.7	11.9	21.90	16.70	61.9	59.4	-22.0	-21.1

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.17
DOMINICAN REPUBLIC: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2011

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	20.1	37.1	26.30	211.24	100.0	95.7	-71.8	-65.3
2	42.5	27.6	20.11	64.92	100.0	97.7	-50.5	-46.6
3	59.8	28.9	20.25	48.07	100.0	94.0	-33.8	-31.4
4	78.7	31.0	18.32	39.48	87.2	75.1	-16.4	-16.3
5	100.7	29.1	20.06	28.90	34.3	28.4	-4.4	-4.4
6	130.2	27.3	17.36	21.09	0.0	0.0	.	.
7	168.0	28.5	17.59	16.93	0.0	0.0	.	.
8	225.5	31.0	15.63	13.66	0.0	0.0	.	.
9	333.9	27.4	13.80	8.23	0.0	0.0	.	.
10	912.5	33.5	18.73	3.60	0.0	0.0	.	.
Average	206.9	30.5	18.81	15.61	42.2	39.1	-40.8	-38.7

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.18
URUGUAY: COVERAGE, WEIGHT IN PRIMARY INCOMES AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL TRANSFER
OF ONE POVERTY LINE FOR OLDER PERSONS, BY INCOME DECILE, 2011

Income decile	Mean primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Coverage (percentage of total population)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
1	78.5	29.3	3.30	37.60	59.6	58.6	-28.1	-27.8
2	125.7	27.2	4.83	21.62	6.0	5.7	-4.5	-4.5
3	160.8	28.3	5.41	17.58	0.0	0.0	.	.
4	197.2	26.3	6.23	13.34	0.0	0.0	.	.
5	236.4	28.7	6.48	12.09	0.0	0.0	.	.
6	282.6	31.9	6.82	11.24	0.0	0.0	.	.
7	339.6	31.7	6.93	9.30	0.0	0.0	.	.
8	420.1	36.2	6.68	8.61	0.0	0.0	.	.
9	555.1	42.2	6.21	7.62	0.0	0.0	.	.
10	1 055.3	49.8	7.21	4.55	0.0	0.0	.	.
Average	345.1	33.8	6.01	8.86	6.6	6.4	-26.0	-25.8

Source: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.

TABLE A.19
WEIGHT IN PRIMARY INCOME AND IMPACT ON POVERTY AND POVERTY GAP OF COMPLETING A UNIVERSAL CHILD TRANSFER,
BY DIFFERENT TRANSFER OPTIONS

Country	Age group and type of transfer	Transfers to families with children aged 14 and 18 years						
		Mean national primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
Colombia	0-14 One PL per household	156.8	9.3	8.17	34.2	29.2	-24.2	-21.6
	0-14 One PL per child	156.8	20.5	18.36	34.2	19.7	-24.2	-16.3
	0-14 One PL per child, staggered	156.8	17.4	15.55	34.2	24.5	-24.2	-18.3
	0-17 One PL per household	156.8	9.5	8.09	34.2	28.8	-24.2	-21.4
	0-17 One PL per child	156.8	23.2	20.17	34.2	16.2	-24.2	-14.8
	0-17 One PL per child, staggered	156.8	18.6	16.09	34.2	23.1	-24.2	-17.7
Mexico	0-14 One PL per household	260.8	25.4	12.46	36.3	28.9	-44.6	-37.0
	0-14 One PL per child	260.8	50.4	25.16	36.3	17.3	-44.6	-26.8
	0-14 One PL per child, staggered	260.8	37.7	18.80	36.3	23.5	-44.6	-31.8
	0-17 One PL per household	260.8	26.0	12.29	36.3	28.4	-44.6	-36.7
	0-17 One PL per child	260.8	56.1	27.03	36.3	13.9	-44.6	-24.1
	0-17 One PL per child, staggered	260.8	40.0	19.27	36.3	22.1	-44.6	-30.8
Peru	0-14 One PL per household	150.6	13.4	10.79	27.9	21.8	-21.5	-17.4
	0-14 One PL per child	150.6	25.4	20.50	27.9	12.9	-21.5	-14.1
	0-14 One PL per child, staggered	150.6	19.2	15.53	27.9	17.6	-21.5	-15.5
	0-17 One PL per household	150.6	13.8	10.67	27.9	21.4	-21.5	-17.2
	0-17 One PL per child	150.6	28.9	22.43	27.9	10.1	-21.5	-13.1
	0-17 One PL per child, staggered	150.6	20.7	16.06	27.9	16.5	-21.5	-15.0
Panama	0-14 One PL per household	246.0	16.3	8.42	23.7	19.1	-28.4	-25.8
	0-14 One PL per child	246.0	30.8	16.10	23.7	12.2	-28.4	-19.4
	0-14 One PL per child, staggered	246.0	23.2	12.11	23.7	16.5	-28.4	-22.9
	0-17 One PL per household	246.0	16.6	8.44	23.7	18.7	-28.4	-25.6
	0-17 One PL per child	246.0	34.2	17.50	23.7	9.9	-28.4	-18.8

TABLE A.19 (continued)

Country	Age group and type of transfer	Transfers to families with children aged 14 and 18 years						
		Mean national primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
	0-17 One PL per child, staggered	246.0	24.6	12.62	23.7	15.9	-28.4	-22.2
Costa Rica	0-14 One PL per household	259.1	16.1	8.29	18.8	14.7	-29.1	-26.5
	0-14 One PL per child	259.1	27.8	14.65	18.8	10.4	-29.1	-23.2
	0-14 One PL per child, staggered	259.1	22.5	11.82	18.8	12.4	-29.1	-24.2
	0-17 One PL per household	259.1	16.3	8.14	18.8	14.5	-29.1	-26.3
	0-17 One PL per child	259.1	30.6	15.66	18.8	8.7	-29.1	-22.1
	0-17 One PL per child, staggered	259.1	23.7	12.08	18.8	11.5	-29.1	-23.7
Ecuador	0-14 One PL per household	128.9	12.8	12.12	35.3	29.5	-24.0	-20.0
	0-14 One PL per child	128.9	24.8	23.92	35.3	18.5	-24.0	-17.0
	0-14 One PL per child, staggered	128.9	18.5	17.90	35.3	24.6	-24.0	-17.9
	0-17 One PL per household	128.9	13.1	12.02	35.3	29.1	-24.0	-19.8
	0-17 One PL per child	128.9	28.2	26.37	35.3	15.1	-24.0	-16.0
	0-17 One PL per child, staggered	128.9	20.0	18.64	35.3	23.1	-24.0	-17.2
Brazil	0-14 One PL per household	294.2	18.3	9.48	20.9	15.6	-32.7	-27.6
	0-14 One PL per child	294.2	30.1	15.56	20.9	9.7	-32.7	-24.4
	0-14 One PL per child, staggered	294.2	24.5	12.65	20.9	12.8	-32.7	-25.4
	0-17 One PL per household	294.2	18.7	9.24	20.9	15.1	-32.7	-27.2
	0-17 One PL per child	294.2	33.0	16.29	20.9	7.8	-32.7	-23.3
	0-17 One PL per child, staggered	294.2	25.9	12.77	20.9	11.8	-32.7	-24.5
Chile	0-14 One PL per household	341.7	14.7	5.43	11.0	8.7	-26.8	-26.0
	0-14 One PL per child	341.7	25.3	9.55	11.0	6.0	-26.8	-25.0
	0-14 One PL per child, staggered	341.7	21.5	8.06	11.0	6.7	-26.8	-24.6
	0-17 One PL per household	341.7	15.2	5.36	11.0	8.5	-26.8	-26.1
	0-17 One PL per child	341.7	28.3	10.31	11.0	5.0	-26.8	-24.9
	0-17 One PL per child, staggered	341.7	23.0	8.33	11.0	6.2	-26.8	-24.3

TABLE A.19 (continued)

Country	Age group and type of transfer	Transfers to families with children aged 14 and 18 years						
		Mean national primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
Argentina	0-14 One PL per household	551.9	15.8	3.76	5.7	5.1	-34.4	-34.3
	0-14 One PL per child	551.9	29.5	7.46	5.7	3.1	-34.4	-31.2
	0-14 One PL per child, staggered	551.9	23.0	5.71	5.7	4.2	-34.4	-31.4
	0-17 One PL per household	551.9	16.2	3.76	5.7	5.1	-34.4	-34.1
	0-17 One PL per child	551.9	33.1	8.13	5.7	2.5	-34.4	-31.1
	0-17 One PL per child, staggered	551.9	24.3	5.88	5.7	4.0	-34.4	-31.0
Bolivia (Plurinational State of)	0-14 One PL per household	76.7	18.1	28.15	42.4	23.7	-18.4	-11.8
	0-14 One PL per child	76.7	12.7	19.73	42.4	30.6	-18.4	-13.8
	0-14 One PL per child, staggered	76.7	7.7	20.56	42.4	35.7	-18.4	-15.6
	0-17 One PL per household	76.7	8.4	12.77	42.4	35.2	-18.4	-15.3
	0-17 One PL per child	76.7	20.4	31.01	42.4	20.3	-18.4	-10.6
	0-17 One PL per child, staggered	76.7	13.6	20.58	42.4	29.3	-18.4	-13.2
Guatemala	0-14 One PL per household	160.2	16.9	13.73	54.8	46.6	-41.2	-33.7
	0-14 One PL per child	160.2	44.5	36.10	54.8	25.9	-41.2	-17.8
	0-14 One PL per child, staggered	160.2	27.4	22.22	54.8	40.8	-41.2	-27.6
	0-17 One PL per household	160.2	17.3	13.18	54.8	46.3	-41.2	-33.5
	0-17 One PL per child	160.2	50.2	38.19	54.8	20.3	-41.2	-15.3
	0-17 One PL per child, staggered	160.2	28.8	21.96	54.8	39.5	-41.2	-27.3
El Salvador	0-14 One PL per household	99.3	13.8	16.84	46.6	37.3	-26	-20.9
	0-14 One PL per child	99.3	26.6	32.43	46.6	24.4	-26	-15.8
	0-14 One PL per child, staggered	99.3	20.1	24.46	46.6	32.2	-26	-17.9
	0-17 One PL per household	99.3	14.2	16.71	46.6	36.4	-26	-20.6
	0-17 One PL per child	99.3	30.5	35.82	46.6	18.7	-26	-14.7
	0-17 One PL per child, staggered	99.3	21.6	25.4	46.6	30	-26	-17.1

TABLE A.19 (continued)

Country	Age group and type of transfer	Transfers to families with children aged 14 and 18 years						
		Mean national primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
Venezuela (Bolivarian Republic of)	0-14 One PL per household	253.4	26.5	12.73	29.6	21.7	-47.2	-39.4
	0-14 One PL per child	253.4	50.2	24.06	29.6	11.8	-47.2	-32.6
	0-14 One PL per child, staggered	253.4	37.9	18.2	29.6	17.1	-47.2	-35.6
	0-17 One PL per household	253.4	27.2	12.71	29.6	21.1	-47.2	-39.2
	0-17 One PL per child	253.4	56.3	26.3	29.6	8.8	-47.2	-31.6
	0-17 One PL per child, staggered	253.4	40.5	18.94	29.6	15.7	-47.2	-34.8
Paraguay	0-14 One PL per household	101.5	12.1	14.48	49.6	42.2	-27.3	-22.5
	0-14 One PL per child	101.5	23.7	28.32	49.6	30.4	-27.3	-16.9
	0-14 One PL per child, staggered	101.5	17.6	20.98	49.6	37.7	-27.3	-19.7
	0-17 One PL per household	101.5	12.5	14.59	49.6	41.4	-27.3	-22.2
	0-17 One PL per child	101.5	27.1	31.77	49.6	24.7	-27.3	-15.4
	0-17 One PL per child, staggered	101.5	18.9	22.07	49.6	35.7	-27.3	-19.0
Nicaragua	0-14 One PL per household	63.7	8.3	15.36	61.9	54.1	-22.0	-17.8
	0-14 One PL per child	63.7	19.9	36.96	61.9	34.9	-22.0	-11.5
	0-14 One PL per child, staggered	63.7	13.0	24.20	61.9	48.4	-22.0	-14.8
	0-17 One PL per household	63.7	8.5	15.26	61.9	53.7	-22.0	-17.6
	0-17 One PL per child	63.7	23.0	41.50	61.9	28.6	-22.0	-9.7
	0-17 One PL per child, staggered	63.7	13.9	25.07	61.9	47.0	-22.0	-14.3
Dominican Republic	0-14 One PL per household	206.9	19.4	12.05	42.2	35.2	-40.8	-33.3
	0-14 One PL per child	206.9	37.8	23.44	42.2	25.5	-40.8	-26.7
	0-14 One PL per child, staggered	206.9	28.4	17.65	42.2	31.2	-40.8	-29.2
	0-17 One PL per household	206.9	20.0	12.05	42.2	34.2	-40.8	-32.7
	0-17 One PL per child	206.9	42.2	25.45	42.2	21.3	-40.8	-24.7
	0-17 One PL per child, staggered	206.9	30.4	18.35	42.2	29.3	-40.8	-27.6

TABLE A.19 (concluded)

Country	Age group and type of transfer	Transfers to families with children aged 14 and 18 years						
		Mean national primary income (in constant dollars of 2005)	Average transfer (only beneficiaries) (in constant dollars of 2005)	Weight in primary income of the beneficiary population (percentages of primary income)	Incidence of poverty before and after transfers (percentages of poverty) ^a		Poverty gap (in absolute values) (in constant dollars of 2005) ^b	
					Before	After	Before	After
Uruguay	0-14 One PL per household	345.1	18.3	6.85	6.6	6.5	-26.0	-33.3
	0-14 One PL per child	345.1	32.4	12.85	6.6	3.5	-26.0	-24.6
	0-14 One PL per child, staggered	345.1	28.3	10.88	6.6	4.3	-26.0	-23.4
	0-17 One PL per household	345.1	19.1	6.97	6.6	6.4	-26.0	-33.3
	0-17 One PL per child	345.1	35.8	13.94	6.6	2.8	-26.0	-22.1
	0-17 One PL per child, staggered	345.1	29.8	11.20	6.6	4.1	-26.0	-22.6

SOURCE: Prepared by the authors. Data and simulations based on special tabulations of national household surveys.

^a The comparison between poverty without transfers and after transfers is performed as follows: (i) we compute total poverty as revealed by the household survey of each country; (ii) we calculate the percentage of poverty for each decile of income distribution; (iii) we impute this to households with persons eligible for the new transfers and we calculate poverty for all households. The new percentage expresses poverty in each decile after the transfer.

^b The poverty gap results from subtracting from the poverty line the mean income of households for each income decile. We document and consider only those cases where the mean is negative. The reduction in the poverty gap emerges from recalculating those values after imputing the transfer to households with eligible persons.



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