

# Towards universal social protection

Latin American pathways  
and policy tools

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*Editors*

Social Development



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ECLAC

# **Towards universal social protection**

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Simone Cecchini  
Fernando Filgueira  
Rodrigo Martínez  
Cecilia Rossel  
Editors



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## Foreword

The proposals put forward by the Economic Commission for Latin America and the Caribbean (ECLAC) in the documents presented at its last three sessions—*Time for Equality: Closing Gaps, Opening Trails*; *Structural Change for Equality: An Integrated Approach to Development*; and *Compacts for Equality: Towards a Sustainable Future*, which together make up the Commission’s “equality trilogy”—have attempted to focus the regional debate on the need to move towards rights-based public policies geared towards attaining greater social equality.

This approach was adopted in response to the needs being voiced in many Latin American and Caribbean countries. It provides a framework for national efforts to move forward with proposals to improve equality through solidarity-based social protection policies, with the State playing an active and leading role. Efforts to expand social protection coverage, together with stronger macroeconomic equilibriums in the region, have helped to bring about a change for the better by reducing poverty and narrowing social divides.

As this book illustrates, since the beginning of the twenty-first century, most Latin American and Caribbean governments have broken away, at some point, from residualist social policy and have increased social investment and begun to innovate with social protection. These new policies have typically included comprehensive poverty reduction programmes geared towards building human capital and capabilities; the establishment of non-contributory components of social security systems; the expansion of access to health care; and the formalization of employment.

Coverage of conditional cash transfer programmes for families living in poverty increased from 5.7% of the total population of the region in 2000 to 21.1% in 2012. Similarly, the proportion of persons aged 65 and over receiving

pensions went from 37% in 2002 to 41.9% in 2011, and, between 2002 and 2011, the percentage of the working population enrolled in a pension plan rose from 46.1% to 55.4%, while those affiliated to a health plan increased from 54.4% to 66.4%.

In addition, social protection gained increasing recognition for its role in reducing inequalities with regard not only to income but also to ethnicity, gender and age, and in allowing all citizens to exercise their economic, social and cultural rights.

Social protection policies now operating in the countries of the region are ushering in a new era, in contrast to the structural adjustment policies pursued over the two decades following the 1982 debt crisis. That was a period marked by deep fiscal deficits, which led governments to reduce public investment, particularly social investment.

Those were years in which the State's role as regulator and in industry declined, while the allocation of goods and services was left very much to the market. Government social investment consisted of limited emergency expenditures and an array of targeted and disjointed programmes with no logical rationale or sound institutional underpinnings. The State thus embraced decentralization and the privatization of social services, while job insecurity and greater contractual flexibility made it hard for workers to acquire rights to employment-linked social services and benefits.

Although the architecture of social protection systems is not necessarily changing quickly or in a linear manner, the region is clearly shedding the legacy of the structural adjustment model and is moving towards more comprehensive and solidarity-based approaches with a view to achieving universal social protection.

This book describes the pathways that Latin American and Caribbean countries have taken towards universal social protection, the resulting policies and programmes, and the major challenges that remain. The book was prepared as part of the interregional project, *Time for equality: strengthening the institutional framework of social policies*, financed by the United Nations Development Account. It is hoped that it will prove useful both for policymakers in Latin America and the Caribbean and for sharing beyond the region's borders its experiences in pursuit of stronger social protection, particularly in light of the increasing importance of these matters in the United Nations post-2015 development agenda.

**Alicia Bárcena**

Executive Secretary

Economic Commission for Latin America  
and the Caribbean (ECLAC)

## Summary

This book aims to discuss and disseminate knowledge regarding the rights-based public policies, programmes and regulatory frameworks that are being used to expand social protection coverage and benefits in Latin America.

It provides an overview of recent reforms, innovations and instruments that are aimed at achieving universal coverage, appropriate quality, low segmentation and sustainable financing, together with a stylized, informed analysis of the social and economic context within which such policies are being developed.

The concept of social protection as presented here takes a rights-based, systemic and comprehensive approach. Social protection instruments are intended to address structural problems such as poverty and inequality, as well as risks to which the whole population is exposed, including unemployment, disability and old age. All instruments must be integrated into social protection systems with effective coordination between programmes and institutions in order to be able to meet the demand from individuals, families and communities.

The book's discussion of the policy tools and programmes pursued in the region aims to provide the reader with technical and programmatic insights for assembling and coordinating public policies within consistent and sustainable social protection systems. The combination of normative orientations and stock of technical knowledge, together with advances regarding the rights-based approach to social protection within a life cycle framework, afford the reader not only a tool box of specific social protection instruments, but also an in-depth examination of related political economy aspects.

The book is aimed at international and national decision-makers at all levels, as well as academics and university students interested in learning more about the development of the region's social protection policies and programmes. It is hoped that it will prove particularly useful to those responsible for designing, executing, financing, monitoring and evaluating these policies and programmes.

In its analysis, the book takes an explicitly rights-based approach to public policy and a universalist-based approach to social policy. Universal social protection may be pursued using a wide range of paths and instruments, as has been documented. Operationally speaking, it encompasses issues in relation to coverage, the legal framework and the quality, segmentation and financing of social protection policies and programmes.

The book has three parts. Part 1 presents the life cycle approach to social protection instruments (chapter I), and discusses models of development, the welfare State matrix and the social, political and historical context of the region's social protection policy instruments (chapter II).

Part 2, which addresses life cycle and spatial dimensions of social protection, examines social protection instruments from the perspective of different stages of life: early childhood and childhood (chapter III), adolescence and youth (chapter IV), the working and reproductive years (chapter V) and old age (chapter VI). This approach helps to identify people's rights, needs and demands, in contrast to more traditional modes of analysis that focus on the arrangements for social protection selection and management (contributory, non-contributory and regulatory policies) or on the sector (pensions, health care, care services and labour market regulation).

Part 2 also deals with themes not directly associated with a specific phase of the life cycle, but which are significant in spatial terms, such as instruments that have improved the habitability of housing and access to it (chapter VII) and the extent to which social protection can help societies respond to disasters associated with natural phenomena and climate change (chapter VIII). These chapters analyse the core mechanisms of social protection policies (plans, programmes and regulations), highlighting best practices and the lessons learned in relation to the steps taken to close coverage gaps. The different types of benefits are described, paying particular attention to the legal and institutional framework.

Part 3 deals with cross-cutting matters that are key to building universal social protection, such as a rights-based approach to the design and implementation of social protection (chapter IX), the role of compacts in the achievement of universal social protection (chapter X) and coordination of sectors and institutions for social protection (chapter XI). A vital issue for the proper and transparent management of social protection is the monitoring

and evaluation of public policies and programmes on social protection (chapter XII). Lastly, financing and investment for social protection are examined (chapter XIII).

While covering a large number of social protection themes, the book does not set out to be an exhaustive review of all the elements or to address the entire debate regarding them; rather, its aim is to offer information and analysis that will guide decision-making and encourage policy makers to seek out new frontiers by providing concrete examples and experiences from Latin America. Accordingly, it has no specific chapters on some important cross-cutting themes such as gender, ethnicity, measures to protect persons with disabilities, or the territorial approach to social protection. The authors are also aware that some good examples of social protection policies and programmes may not have been included in the book.



Part 1

## **Shifts in social protection policies: the context**





## Chapter I

# Rights and the life cycle: reordering social protection tools

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## Introduction

A number of Latin American countries have made major changes to their social protection systems and to social policy generally in the early years of the twenty-first century, with differences attributable to their history and stage of development.

Although the market has been playing an increasing role in people's lives, the State has once again been becoming central in social matters, and the idea of rights as the basis of public policy has become increasingly prominent, in rhetoric if not necessarily in policy design and implementation.

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The boundaries of social protection are also being extended: new social problems and risks are being incorporated into the range of issues for which State intervention is acceptable, and new services, cash transfers and regulations are being implemented. Although large gaps remain, efforts to extend population coverage are taking centre stage, and there is a growing movement to reduce segmentation in the quality of and access to social protection policies. Meanwhile, rising population eligibility and coverage in social protection systems is being accompanied by fiscal efforts and reforms to the architecture of these systems.

Thus, a number of Latin American countries have adopted some of the developing world's most innovative social protection measures in an effort to realize people's economic and social rights. They include implementation of different types of cash transfers (such as those going to families with children under conditional (or co-responsibility) cash transfer programmes, and social pensions for older adults), the extension of health-care programmes, and increases in the age, time and population coverage of education and early childhood protection, care and stimulation programmes. Although major challenges remain for social protection systems, progress has also been made with programme quality and variety and the specificity of the population served, with regulatory and institutional support for provision (laws, earmarked fiscal allocations and rights-based identification of beneficiaries) and with coordination and synergies between different social sectors and programmes (Cecchini, Filgueira and Robles, 2014).

The region's countries clearly differ in the progress they have made towards strengthening their social protection systems and in their preferences with regard to policy instruments. According to Cecchini, Filgueira and Robles (2014), the greatest advances have been in countries whose welfare gaps were smallest to begin with, namely Argentina, Brazil, Chile, Uruguay and, to a lesser extent, Panama. Four cases are exceptions to this generalization: Ecuador, El Salvador, the Plurinational State of Bolivia and, to a lesser extent, Mexico have made progress despite having wide (or, in the case of Mexico, moderate) welfare gaps. Colombia and Peru, whose welfare gaps are moderate, have made progress, although initiatives there have not always been sound. The Dominican Republic and Paraguay have some interesting policies and programmes, but their level of fiscal commitment is still very low. Progress has been most modest in Guatemala, Honduras and Nicaragua, where welfare gaps are large.

Apart from any debate on the merits of each country, the region is clearly in a stage of progressive construction of social citizenship, both in terms of protection and in the promotion of human development (Cecchini, Filgueira and Robles, 2014).

But this sense of epochal shift often looks unscripted and improvised, consisting of one-off measures that lack any general framework and initiatives with no coordinated overall basis. Efforts have been varied and fragmentary (although no less important for that), like the pieces of a jigsaw combining regulatory and technical aspects, without there necessarily having been any break in continuity. Some of the pieces of this jigsaw are: (i) the legacy of the old contributory system for the middle classes and formal workers in the import substitution model;<sup>2</sup> (ii) the residualist method and approach of policies targeting poverty in the 1980s and 1990s;<sup>3</sup> (iii) expansion relying on private-sector and civil-society providers and the regulatory but non-providing State of the 1990s, combined with the new models of public-private coordination; (iv) a preference for demand financing, combined with a new role for the State, which determines requirements on the basis of needs; (v) incorporation of the rights-based approach, in combination with a tradition centred on basic needs and risks; and (vi) increasing development of the ideas of accountability, transparency and evaluation, in a context where institutions are still weak and dependent on political and economic circumstances.

The efforts made in each country and each sector bear out this idea of a general trend in which the new stage interacts with the complex legacies of earlier ones (see chapter II). As Cecchini and Martínez (2011) have pointed out, one of the most important challenges still facing the region's countries is to integrate the various initiatives into social protection systems capable of coordinating different programmes in a policy and linking together the State institutions responsible for their design, financing, implementation, regulation, monitoring and evaluation, with a view to achieving positive and sustainable effects on people's living conditions.

## **A. The social protection concept**

The contents of this book centre on what can be characterized as the social protection dimensions of social policy. The idea of social protection has emerged in recent years as a core concept into which a variety of measures designed to ensure basic living standards for all and build fairer and more inclusive societies can be integrated.

In particular, social protection policy is essential for contributing to the full realization of people's economic and social rights as recognized

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<sup>2</sup> In a contributory model, access to social benefits depends on the ability to contribute to a social security system, which means that informal workers are excluded.

<sup>3</sup> These social policies were designed only to act upon the supposedly temporary problems of people living in poverty, without looking more widely at the structural problems of the population as a whole.

in a number of national and international legal instruments, such as the 1948 United Nations Universal Declaration of Human Rights and the 1966 International Covenant on Economic, Social and Cultural Rights. These instruments recognize the right to social security, to work and to the protection of adequate living standards for individuals and families, as well as to the enjoyment of the greatest physical and mental well-being and to education.

Social protection is also a vital instrument for accelerating progress towards globally agreed development objectives, such as the Millennium Development Goals (MDGs). As part of the global debates on the post-2015 development agenda, it is increasingly being recognized too as a new area that needs to be explicitly included in the Sustainable Development Goals (SDGs) (United Nations, 2013a, 2013b and 2013c).

Not all social policies are predominantly oriented towards a social protection objective, although, broadly speaking, they do all possess social protection aspects. Social protection is at the heart of social policy, and this in turn is a vital part of welfare regimes, which encompass not just State action but also the operation of markets, families and community organizations.

Social protection centres on three fundamental ideas: basic welfare guarantees, insurance against risks arising from the context or the life cycle, and moderation or repair of social harm that occurs when social problems or risks materialize. As defined in this book, therefore, social protection is designed to respond not just to the risks facing the whole population (such as unemployment, disability and old age), but also structural problems such as poverty and inequality.

The characteristics of social protection differ with the social problems it addresses. Accordingly, it does not cover all areas of social policy, but is one of its components along with sectoral policies (such as health, education or housing) and social promotion<sup>4</sup> policies (such as skills development, labour intermediation and the promotion of new enterprises, financing and technical assistance for microenterprises and small businesses). While sectoral policies are responsible for providing social services designed to strengthen human development<sup>5</sup> and social promotion policies aim to strengthen capacities

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<sup>4</sup> The concept of social promotion (*promoción social*) is widely used in Latin America to refer to policies and programmes geared to strengthening the capacities of poor and vulnerable groups to autonomously improve their living conditions and generate income.

<sup>5</sup> It is important to stress that while education and health promotion cannot be regarded as social protection mechanisms in themselves (whereas health insurance clearly is one), their effects do partly qualify them as such, insofar as they endow people with tools for earning incomes and protect them against adverse events. Most particularly, they qualify in some of the dimensions where there has been most innovation, such as the increase in education time and coverage at the earliest ages. These innovations not only serve to develop human capabilities, but are also mechanisms for protecting children and families, as they provide expanded care spaces at ages when such protection used to depend exclusively on families or their ability to buy services in the market.

to improve autonomous income generation among the population, social protection seeks to ensure a basic level of economic and social well-being for all members of society. In particular, social protection should guarantee a sufficient level of welfare to sustain living standards that are considered basic for a person's development, while also facilitating access to social services and promoting decent work (Cecchini and Martínez, 2011).

Lastly, this book propounds an integral approach to social protection, looking at both the supply of programmes and policies and the demand from individuals, families and communities. This means that two dimensions of integration need to be given special consideration in the design, implementation and operation of social protection systems: the horizontal (or sectoral) dimension and the vertical dimension (the administrative levels at which policies and programmes are executed). In turn, social protection systems must set out to ensure that social policies and programmes comprehensively address the requirements identified when the demand generated by individuals, families and communities is analysed. For this, account needs to be taken of both transversal and longitudinal integration needs. Transversal integration means providing and coordinating differentiated types of provision to meet the various social protection and promotion needs of different population groups (by area of residence, income level, activity, employment type and ethnicity, among other factors). Longitudinal integration, meanwhile, means covering the requirements that arise over the whole life cycle of individuals and families, from early childhood to old age (see point 2 of section C) (Cecchini and Martínez, 2011). With this integral approach, proper consideration must always be given as well to the relationships between social protection, economic policy and the environment.

## **B. The aims and contents of this book**

This book deals with the social situation and challenges for social protection policies and programmes in Latin America at this new stage in history.

Its contents are not meant to provide a solution for every problem facing social protection but to offer some suggestions for universalizing this. It deals with the public policies, programmes and regulatory frameworks being used to expand rights-based coverage and provision in Latin America. By covering normative orientations, the accumulation of technical know-how and improvements in the framework of social protection with a rights-based approach and emphasis on the idea of the life cycle, the intention is to provide readers with a toolbox that is not limited to specific techniques but opens out into a discussion of the political economy of tools, contexts and politics.

Although this book presents a wide overview of social protection policies, its approach to these is not just descriptive. The purpose of presenting

the policy and programme tools described here, together with good practices and discussion of these, is to provide readers with key technical and planning elements that will help enable them to assemble public policies and coordinate them into sound and sustainable social protection systems.

The analytical approach adopted throughout this book is explicitly grounded in the idea of rights-based policies and the preference for these (see chapter IX) and in a universalist social policy orientation. This is not a book of straightforward recommendations advocating a prescriptive or model agenda (see box I.1 on three major proposals for universalizing social protection). It does not set out a single roadmap or any one goal for social protection reforms, although it does establish preferences for what the main thrusts of protection policies in the region should be. The preference for a universalist orientation in social protection systems allows for and can document a variety of routes and instruments for achieving this goal and is operationalized in a range of dimensions regarding the coverage, legal underpinnings, quality, segmentation and financing of social protection policies and programmes.

#### Box I.1

##### Three proposals for universalizing social protection

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The International Labour Organization (ILO), together with other United Nations agencies, is leading the proposal for a “social protection floor”. The social protection floor includes guarantees of basic income security (in the form of various types of transfers such as pensions for the elderly and persons with disabilities, child benefits and income support benefits for the unemployed and working poor) and universal access to essential social services in the areas of health, education, food security, housing, water, sanitation and others (ILO, 2011 and 2012).

Proposals for so-called “basic universalism” are another way of approaching the idea of fundamental social protection. From this perspective, protection floors should be based on a set of universal benefits and transfers designed to sustain adequate levels of access to and consumption of food, education, health and care (Filgueira and others, 2006). To that end, the benefits in question need to be delivered on the basis of citizenry principles and financed out of general revenues, explicitly eschewing targeted or contributory principles (Huber and Stephens, 2012).

More recently, a new proposal has emerged that seeks to advance towards universalism by way of basic income and health-care guarantees for workers, whether formal or informal (Levy, 2009 and 2011). The idea in this case is to use fiscal revenues from consumption taxes to extend a universal basic floor of protection in the form of guarantees for all workers, without a contribution from family members being required.

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Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Simone Cecchini, Fernando Filgueira and Claudia Robles, “Social protection systems in Latin America and the Caribbean. A comparative view”, *Social Policy series*, No. 202 (LC/L.3856), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), 2014.

The best way of defining this book may be by its primary intended readership: it is a book for decision makers at different levels. It is meant for people discharging executive responsibilities in national governments within their own ministerial purview, from frontline political actors to managers and specialists taking concrete decisions about instruments and policies. It is also a book for government economic authorities, as one aim is to build bridges between them and those whose work directly affects the architectures and tools of social protection regimes. Lastly, it is a book for regional decision makers: officials at multilateral lending and development agencies, regional bodies whose work affects social protection policies, and actors taking decisions about cooperation, technical support and the evaluation of public policy in this area.

What does this book have to offer these decision makers? First, it sets out to provide a stylized and documented account of the background to public social protection policies. It deals with the historical context (political, social and economic) in which decisions are being taken, with a particular focus on social protection policy itself. Accordingly, it goes into details of the social situation, the problems and risks and the way these are distributed in the target population for social protection. Second, it seeks to provide readers with an overview of recent social protection reforms, innovations and tools in the light of a desirable goal of policies based on the idea of rights and the effort to achieve universal coverage, sustainable financing and adequate quality, with little or no segmentation of access and quality.

### **C. Analytical perspectives**

One of the most common ways of analysing and presenting social policy (with its investment and coverage indicators) is by organizing it into public policy sectors: health, education, housing, security and social assistance. The advantage of this method is that it generally follows institutional system boundaries and puts the focus on the sectoral specificities and tools of each particular policy. Health care cannot be analysed in the same way as education, or income transfer safety net policies in the same way as welfare policies financed out of general revenues. Thus, analysis by sectors allows the specific characteristics of each sector and provision there to be considered.

The disadvantage is that people do not relate to social policies piecemeal when faced with problems and risks and looking to take up the welfare opportunities available. On the contrary, they look at the whole range of health-care, social security or education provision available to them at the time and combine it all. Again, the way a particular person deals with problems, risks, opportunities and needs in the area of health, for example, is not confined to State action but also includes resources available within the



family and whatever that person can afford in the market. Similarly, sectoral policies do not distinguish between the dimensions of social protection, investment and promotion. Although boundaries are always difficult to establish with certainty, it is clear that State social action differs in intent and in the instruments used, sometimes seeking to promote and even out opportunities, sometimes to activate and enhance capabilities, sometimes to protect against social harm and risk.

An approach to social policies that reflects the integrality of social provision and the interaction between market, family and community when it comes to coping with problems and risks and exploiting opportunities must be informed by the idea of welfare regimes and by the life cycle approach, and these will be dealt with in the sections that follow.

## **1. The social welfare regime paradigm and the role of the State**

All societies distribute their social problems and risks in ways that differ between men and women, rich and poor, educated and uneducated, children, adults and the elderly. There is thus a political economy (based on power and resources) of social problems and risks: markets, families and communities themselves produce and distribute wealth, security and opportunities in ways that vary depending on the inherent and acquired attributes of the population (Esping-Andersen, 1999). These three channels through which wealth, security and opportunities are produced and distributed are driven by an essentially decentralized logic. Individuals take decisions about how to use, add to and exploit their physical, human and social capital. In so doing, they produce general parameters of supply, demand and pricing, family arrangements and territorial distribution of the population. These parameters will then determine their future opportunities for making use of the structure of opportunities that exists.

But wealth, security and opportunities are also produced in another sphere that differs from the others because of its essentially centralized character: the State. This form of authority is based on three essential functions: extracting resources from the community, distributing and allocating resources to the community and prescribing what actions are acceptable and unacceptable, while creating incentives and disincentives in the other three decentralized spheres of action, the market, families and the community (Tilly, 1998). More specifically, States influence people's life chances because they control the tax system, public investment and the laws regulating interactions between individuals and collective entities, whether of a market, family or community nature.

The interaction of the State with the market, family and community spheres constitutes what is commonly known as the social welfare regime (Esping-Andersen, 1990 and 1999). This affirmation implies an approach different from the one that considers only the social mechanisms of the State. Social welfare regimes are much more than the instruments of the social State; they are the intersection of a structure of risk production and a State architecture of protection against the risks thus produced, and of regulation of the decentralized structures of risk production. Thus considered, evaluations of social States should not be conducted (or not solely) in terms of legal provisions or investment efforts or even comparatively *vis-à-vis* other countries. One of the keys to evaluating social policies and social States is to observe the degree to which these provide an appropriate response to the structures of risk production and the distribution of social risk (Filgueira, 2007).

This conceptual route necessarily leads to consideration of the problem of social divides between different sections of the population when it comes to exercising rights. The situation is summed up in indicators of poverty, extreme poverty and inequality, and of limitations in access to health care, education and protection.

It is well known that people's social situations do not manifest themselves as a series of static behaviours, with some being affected by welfare gaps and others unaffected. On the contrary, the situation is mobile, so that there is a flow of people moving between different levels of well-being. Vulnerability is thus a distinctive element of the region (Cecchini and others, 2012): there is no guarantee that those who have escaped poverty will not return to it, and people who have never been poor may be affected by serious contingencies such as losing their job or falling gravely ill.

This shows the need to give a central place to social risk analysis and consider the creation of institutional response capabilities in the area of social protection. All individuals go through situations where their material and emotional well-being is at risk, and this can arise from the most varied circumstances and situations. The idea of social risk does not refer to random happenings but to differentiated but repeating situations of divides and vulnerability that can be empirically associated with population categories defined by various criteria (such as stage in the life cycle, education level, social class or sex, among others).

Children are faced with the risks of heavy dependence on their families as the basis of their personal development, sustenance and well-being (see chapter III), while adolescents have to cope with the challenges that come with emancipation, with all the recurrent difficulties of completing learning processes and entering the productive stages of life. Young couples are faced

with the risks of poverty as they start the productive and reproductive cycles concomitantly (see chapter IV). Adults run the risk of failing to find a job that will provide the level of well-being they need to exercise their rights, or of losing the one they have (see chapter V). The elderly face risks for reasons associated with physical and emotional decline, compounded by the loss of ties to the market, their families and their communities (see chapter VI). These risk structures are predetermined and arise in the great majority of societies.

It is obvious, however, that societies vary in the degree and quality of the social risks thus produced by them, and in the extent to which they generate social mechanisms for minimizing, moderating, offsetting or dealing with situations of risk (Esping-Andersen and others, 2002; Huber and Stephens, 2004 and 2012). Thus, for example, a country where births are concentrated among lower-income and younger women is very different from one where they are concentrated among middle-class and older ones. It also makes a great difference whether labour markets are difficult for young people to enter, or are more open. Older adults living in societies where family solidarity is strong will be less unprotected than those living in societies where families only weakly perform their function as resource aggregation units.

Some of the responses to this production and distribution of social divides and risks come from the collective authority expressed in the State and its public policies. Their distribution, quantity and intensity in the different population categories is the outcome of decentralized actions by market agents, families and communities and the centralized action of the State authority. There is nothing inherently natural in this: the dynamics and decisions going to make them up are always determined, at least in large part, by State regulatory parameters or concrete State actions. Likewise, these State measures are not just determined by some all-powerful central body, but are the outcome of processes that are more or less democratic, but are in any event ultimately deconcentrated, with multiple actors expressing their interests, investing their power resources and taking what are finally aggregate decisions (see chapter X on social covenants).

It is important to realize, then, that what characterizes State decision-making is not that it is centralized but that it is binding and grounded in authority. The market and communities generate aggregate parameters that then become structural constraints on action and opportunities, but they do not take legally binding decisions to extract and distribute resources and regulate actions. This is, unquestionably, the essential and exclusive role of the State, which must play a primordial part in social protection if this is to be interpreted as a right and not as a privilege or a gift.

States, then, take differentiated actions that contribute to the structure of risk production (Esping-Andersen, 1999), while their response capacity affects the resulting vulnerability and its distribution. An older adult left unprotected in a model where family solidarity is weak will not be so placed in a social State where systems for maintaining incomes and social services in this population group are universal in coverage. What family children are born into will be less critical in a country where the State provides a robust preschool system and extended schooling. Young people who struggle to enter the labour market will fare very differently if they live in a country where unemployment insurance is available as a right from the time they start seeking work than if they live in one where this right only exists once a formal job has been held. Divorced women who were financially dependent on their husbands' income will have a very different fate depending on whether or not they live in a country where there are systems regulating monetary transfers between former spouses, or where the State prioritizes systems of support for households with female heads.

As families and markets change, so do the distribution, type and quantity of social risk and the forms of social protection in a given society. To the extent that States are part of this structure producing risk and protection, they may or may not be a part of the answer to emerging problems and risks. When they are not (as in the 1980s and 1990s, when State responses were slow, piecemeal and sometimes simply wrong), there are two possible outcomes: either families, communities and/or markets adapt to absorb these risks, or uncovered risks increase in quantity and quality for certain social groups.

The return to the extended family that took place in the 1980s as a survival strategy in the face of declining real wages was just such a dynamic of family adaptation. When communities of intra-urban migrants living on the outskirts of cities organize neighbourhood watch schemes to safeguard their security because police assistance is not forthcoming, or implement cooperative shared transport systems because public transport is infrequent, these are methods of adaptation which internalize problems and risks originating elsewhere or within the community itself that the State is not resolving or confronting. When firms decide to hold training courses to improve their workers' mathematical literacy because little knowledge is being imparted in the public secondary education system, than the market is taking over this operation. Or when low-cost child care provision is set up in needy areas lacking in preschool services, the market is once again at work.

The problem is that certain preconditions need to be met for families, communities and markets to be able to internalize and absorb these risks. Families have to have adult human resources available to them, as well as stability and cooperation in these reciprocal arrangements. A community

needs to be endowed with basic kinds of trust and reciprocity, rooted in a minimum of normative efficiency, to underpin more complex forms of cooperation. Likewise, market operators need to perceive that there is potential for profit in thus absorbing risks and that the demand for these services is there, as well as the ability to pay.

When these conditions are not in place, new risks not responded to either by the State or by methods of adaptation based on the market, family or community will manifest themselves in three problems that will affect overall welfare and social equality:<sup>6</sup>

- The intragenerational trap: individuals are trapped in situations of poverty because they lack channels of mobility provided by the market, the State or their own families.
- The intergenerational trap: those who have grown up in vulnerable sections of society inherit their disadvantages and are as badly or worse situated, because the social edifice has no correctives or circuit breakers to interrupt the transmission of these social disadvantages.
- Catastrophic events: there is an increase in sudden processes of downward mobility triggered by unforeseen risks whose effects are devastating for individuals' ability to mobilize or access social assets.

A whole series of risks have confronted countries that have shifted from an agrarian model of extended families, low life expectancy at birth and a high proportion of low-skilled workers to an essentially urbanized one where the population is ageing and the norm is formal employment and stable two-parent families operating on a breadwinner model. These risks concern protection for the elderly, rural migrants' skills, basic literacy, the provision of social services associated with the nuclear family and the sexual division of labour, the creation of mechanisms for maintaining individual and family incomes (especially at the early and closing stages of the family cycle) and the creation of health-care and sanitary protection systems suited to urban living (Huber and Stephens, 2004).

The welfare architecture of many European social States, and likewise of many Latin American countries, developed in response to this shift from societies of country dwellers and recent migrants to urbanized industrial societies, with all the demographic and family correlates entailed. It also

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<sup>6</sup> The protest movements that have recently been a feature of a number of the region's countries, particularly among people who perceive a gap between economic development and their own opportunities for personal development and economic security, are a manifestation of discontent with the lack of adequate responses. Movements of this kind are positive insofar as they are an expression of democracy that articulates a real demand from the population. However, they can also have unfavourable consequences for public security and institutional stability.

reflected a strong belief: that societies ensured or would be able to ensure access to social protection and welfare through the labour market and the family, with the social State acting to supplement and correct this basic welfare structure, sometimes very strongly, sometimes only residually (Esping-Andersen, 1999 and 2009). Recognizing the risks involved in a particular way of producing well-being that was limited to one type of family (the two-parent nuclear one with wider family support) and one type of market (the Fordist industrial model), mechanisms were created to remove markets and families from the equation, so that the State would step in when these failed or did not respond adequately.

Latin America was actually never an industrialized region with “traditional” nuclear family models and formal labour markets in the same way as the Western European countries that were the inspiration for the architects of Latin American social policies in the past. In the major urban centres and in the social protection architecture that accompanied urban life, it was assumed that the region would move towards this social situation. Not only did this not happen, but processes characteristic of post-industrial societies and the second demographic transition began to take place in much of the region before industrialization and the first demographic transition were complete. The growth of single parenthood and consensual unions, the mass entry of women into the labour market and the rise in divorce are incontestable realities in most of the region. Increasingly insecure employment, flexible contracts, deindustrialization and the expansion of service economies, accompanied by a technological transformation that is rendering existing knowledge obsolete at a rate unprecedented in the region, are other processes that have clearly set in over the last two decades.

These two profound and central transformations in the family and market have been combined with others linked to and in some cases deriving from them. When families incorporate some members into the labour market as a strategy for maintaining levels of well-being, the model of the family with a sole or main breadwinner is blurred. This blurring of the sole breadwinner model is indissolubly linked to the mass incorporation of women into the labour market (Kilkey and Bradshaw, 1999). Again, deindustrialization is affecting the employment of fixed capabilities and skills and raising the threshold for the educational credentials and human capital accumulation needed to participate successfully in the labour market. Social inheritance begins to weigh more heavily, keeping people who lack adequate social assets in unemployment and poverty and, in some cases, driving them to exclusion.

It is clear that a welfare model or a social State architecture grounded in formal employment and its occupational categories, oriented towards a male household head and underpinned by a hypothetically stable two-parent nuclear family model and stable demands in terms of the human capital

required by the world of production is radically divorced not only from the old Latin America risk structure (which never resembled that of first world countries) but from the new one as well. This does not mean neglecting the positive legacy of the old social protection model in those Latin American countries where it has genuinely taken root (Huber and Stephens, 2001, 2004 and 2012). This model seeks to guarantee basic protection for the elderly, who inherit the revenues of the old welfare architecture. But it is also a fact, partly because of this past achievement, that risk is largely transferred to younger ages, children and women, particularly young women with children and, most especially, female household heads.

## 2. The life cycle approach

Age is one of the key factors in social organization and stratification (Sorokin, 1996).<sup>7</sup> Although recognition of a sociology of age is fairly recent, different authors had already stressed the importance of this factor and the impact that increasing age has on individuals by confronting them with unfamiliar requirements, roles and challenges.<sup>8</sup>

In particular, it is important to highlight three major approaches to the issues of individuals' age and life cycle. First, there is a straightforward descriptive approach to the social distribution of well-being and power among different age groups in the social structure. Second, notwithstanding profound differences between cultures, there is undeniably a close link between biological maturity, the passage of time and the roles individuals take on in society and in economic and social structures. Lastly, adults born in different decades are unlike not only because of the stage of the life cycle they are in but because they belong to different cohorts, socialized under a variety of normative systems and faced with different economic contexts, political realities and technological innovations, among other factors.<sup>9</sup> Any analysis of a particular age group, then, needs to adopt this threefold analytical strategy: intergenerational stratification and indicators of well-being in each cohort, specific experiences that each is going or has gone through, and roles associated with a given stage in the life cycle.

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<sup>7</sup> In his classic study *Society, Culture, and Personality: Their Structure and Dynamics*, Sorokin provides an extended treatment of the roles played by people at different ages and the expectations or standards of appropriate conduct that society places upon individuals of different ages.

<sup>8</sup> Another classic study giving in-depth treatment to age issues and their importance in shaping collective identities and as a factor in the stratification system is that of Parsons (1942). Cain (1964) and Clausen (1988) developed the idea of the life cycle towards the form in which it is now conceived.

<sup>9</sup> Riley, Johnson and Foner (1988) propose to distinguish between life cycle analysis, analysis of age and social structure and changes in this relationship, and cohort analysis as such. This book works with the idea of the life cycle.

Where the social protection literature is concerned, this approach means that social protection tools and mechanisms can be dealt with from the perspective of the rights, problems and risks entailed by each stage of the life cycle. For the second part of the book, which deals with the times and spaces of social protection, the decision was made to group social protection and promotion tools from precisely this perspective rather than from that of traditional service provision and transfers (in cash or kind), making it possible to identify how the State makes its presence felt at each stage of the life cycle, and thence how its action complements (or otherwise) that of the other three spheres providing goods, services and transfers (the market, families and the community).

The sociology of age has traditionally distinguished between four basic stages in the life cycle of individuals, and these have been adopted in this book: childhood (chapter III), youth (chapter IV), adulthood (chapter V) and old age (chapter VI). These stages in the life cycle constitute a substantive classification system in which each is considered to have differentiated roles, connections and positions relative to the social environment, presenting specific characteristics that are not, however, necessarily homogeneous or fixed across different social groups and countries.

Thus, to simplify, it can be said that childhood, and particularly early childhood, is a time of high dependency when the outside world is related to essentially through the family, the individual's fundamental role and status being that of child and pupil. This stage combines particular dimensions of risk, then, being a time when children are largely dependent on others for their welfare and when risks that materialize into harm have lasting effects on future opportunities for welfare and integration. Accordingly, the role of the State at this stage is exercised essentially in three ways: (i) direct protection for children's goods and services, (ii) protection for families so that they can protect their children and (iii) regulation of the actions that adults may or must take with regard to minors in the family context (see chapter III).

Youth has been defined as a period of transition to adult life, a time when individuals gradually acquire adult status and roles, while leaving behind childhood ones. In view of the predominance of the family bond in childhood and individual autonomy in adulthood, youth can be regarded as a process of emancipation from dependence on the family. Five dichotomous events may be identified as marking this transition: leaving the education system, entering the labour market, leaving the parental home, forming a couple and beginning the reproductive phase. In a fashion, the predominant protective role moves from being family-centred to being increasingly market- and State-centred. There is greater exposure to the spheres where rights and access to well-being are determined by individual status and performance and the mediation of the family weakens. This withdrawal of



protection from the young reflects the transition briefly described above: from student to worker, from family member to creator of new families, from child to parent (see chapter IV).

Adult life, meanwhile, is characterized by the autonomy and completeness of its ties to society in general. Working life and the reproductive stage, with the resultant responsibility for child and adolescent dependents, is the longest stage in an individual's life and the one where the link to the market becomes most central. The traditional components of social protection have been categorized in relation to this stage,<sup>10</sup> with the role of the State being oriented primarily towards supporting individuals' participation in the world of work, regulating labour relations, developing protective mechanisms so that people can cope with vicissitudes in external circumstances or their own lives, and creating non-contributory instruments to guarantee rights and close welfare gaps. Given the importance of agreement between the adults bringing resources into the family, the State does not remain inactive when these ties are dissolved, but develops systems of protection and support. At this stage, people turn capabilities built up in earlier stages into differentiated paths of productivity, access to well-being, membership of social networks and thence risks and protective resources. From this perspective, it is possible, first, to rectify the configurations of young people entering this stage through capacity-building and attachment to networks and, second, to mitigate risks arising from early life histories by adjusting social protection provision in adult life (see chapter V).

Lastly, the stage of old age or the "third age"<sup>11</sup> is characterized by a gradual reduction in the active employment role, an increase in health-care needs associated with non-communicable chronic diseases (which have direct economic consequences) and greater dependency. For those who have had access to contributory social protection and/or the ability to save in adult life, this stock now begins to be run down, but for those who have not, a period of growing economic dependency and/or pauperization begins. At this stage, then, some key life situations or events occur: (i) withdrawal from the labour market and access to retirement, (ii) widowhood and a state of greater solitude and (iii) deterioration of health and perhaps a progressive loss of physical autonomy. Along with this comes an altered social role, often involving care for other family members. The way different people deal with these events depends on structural sociodemographic factors (sex, place of residence, education level, income level), but also on the delayed effects of earlier experiences. In the absence of determined State action, people's living conditions at this stage are the outcome of their past experiences and the type

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<sup>10</sup> See chapter IV (section E) of Cecchini and Martínez (2011) for more detail on the characteristics of social protection components.

<sup>11</sup> With increased life expectancy and the changing roles of people aged over 60, some are referring to the stage between the ages of 75 and 80 as a "fourth age".

of access they had to well-being at earlier stages of the life cycle. In particular, people's employment and family history, their ability to accumulate monetary and physical assets over their lifetimes and the way opportunities and risks from the past combine with the structure of protection in the present are vital to any analysis of well-being in old age and the achievements of social protection systems at this stage of the life cycle (see chapter VI).

### 3. The universalist and citizen orientation

Although social protection may give priority to meeting the basic needs of particular population groups, such as people living in poverty or extreme poverty and particularly vulnerable groups such as indigenous peoples, it needs to be available for the citizenry as a whole. Given the reality of social protection systems in the region, however, it cannot be said that any clear roadmap necessarily exists for moving towards pure universal models that meet the criteria set out by Pribble (2013) or by Martínez and Sánchez-Ancochea (2014) (see box I.2). This does not take away from the fact that the trend has been towards a clear increase in efforts by States to increase the coverage of transfers and services for the poor population, and in some cases the vulnerable population too, and to expand the range of risks covered, combined with efforts to reduce segmentation in access to these. Nonetheless, these efforts rarely set out from an explicitly universalist perspective.

#### Box I.2

#### Criteria for analysing progress towards universal social protection policies

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Jennifer Pribble (2013) and Juliana Martínez and Diego Sánchez-Ancochea (2014) have established a set of criteria and operational rules that assist in the analysis of whether social protection policies and provision, as discussed over the course of this book, are conducive to progress towards universalism.

Pribble (2013) puts forward a set of criteria as the basis for a universalist, basic and egalitarian social protection model and sets out criteria for assessing progress or reforms tending towards this model:

- universal coverage;
- transparency and entitlement (allocations are not discretionary and are not merely the result of distributive pressures);
- little segmentation in service quality and transfer structures;
- equitable and sustainable basic financing.

A pure universal model would be one with full universal coverage (e.g. all families with children, all older adults, all unemployed, the whole population in the case of health-care access) based on objective criteria and underpinned by laws that guaranteed basic rights, adequate and homogeneous service quality, little or no stratification of transfers and sustainable financing based on general revenues (with a progressive tax base) or contributory models whose architecture, combined with provision, generated progressive effects. Relaxing the criteria, Pribble recognizes reforms and models definable as characteristic of advanced (not pure), moderate and weak universalism.

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## Box 1.2 (concluded)

Martínez and Sánchez-Ancochea (2014) lay down five major criteria from a standpoint that combines normative preferences with programmatic operationalization in the field of policies: eligibility, financing (progressiveness), benefits (in quality and segmentation), provision and management of market options (regulation of segmentation of access to quality that differs between State and market).

## (i) Eligibility: what are the conditions for obtaining the benefit?

This is the issue of who is entitled to receive benefits and what the eligibility criteria are. Citizenship in its pure form is associated with people living in a particular community. However, benefits can be associated with at least three different situations: that of a paid worker, a person living in poverty or meeting some other criterion of need, and a dependent family member. From the standpoint of universality, the ideal instruments as regards eligibility are those that incorporate the most people, with as few bureaucratic and eligibility barriers as possible.

## (ii) Financing: who pays and how?

Financing sources can be general revenues, co-payments or contributions to insurance systems. Contributions may involve the State, employers and workers, just employers and workers, or workers only. Any of these financing sources can be supplemented by co-payments. From the standpoint of universal policy outcomes, the more progressive the financing system is, the better. General revenues should ideally be drawn from direct taxes, since value added taxes and other indirect taxes tend to be regressive. In the case of social insurance, State participation should supplement workers' and employees' contributions, and there also need to be cross-subsidies between classes to support progressive and inclusive schemes.

## (iii) Benefits: who defines benefits and how?

Benefits are usually set by the State. The quality, range and type of benefits should reflect the core structure of risks and inequality. There should be little or no segmentation, with general entitlement models being preferred.

## (iv) Provision: who provides benefits?

Providers can be public or private and, if private, may be profit-making or otherwise. Each of these arrangements is driven by particular goals which further or hinder universal policy outcomes. There is no criterion that makes the State or private sector the right choice of provider a priori. The sectors, services and national context all provide pointers to the best alternatives.

## (v) Dealing with the market alternative: how do governments handle market-based options?

There are social protection options available in the countries beyond what is provided by the public system, available only to those who can afford them. The existence of market-based options tends to result in fragmentation of access and negatively affect State transfers and services (Korpi and Palme, 1998). For universal outcomes to be achieved, market options need to be carefully managed and limited to optional or supplementary benefits.

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Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Jennifer Pribble, *Welfare and Party Politics in Latin America*, Cambridge, Cambridge University Press, 2013 and Juliana Martínez Franzoni and Diego Sánchez-Ancochea, "More than just democracy: the building of pro-universal social policy in the periphery", 2014, unpublished.

What is being seen in the region is rather an effort to strengthen the solidarity pillar by creating targeted programmes or subsidizing contributory regimes designed to fill the gaps left by traditional contributory regimes with a view to achieving coverage that is wider, although not universal, and less segmented, although not egalitarian. These efforts are usually conceived as differentiated measures or palliatives for contributory pillars and their exclusions and for insurance provided on the basis of a market logic. The result is an improvement in the coverage and reach of social States, without this entailing any substantial alteration in the contribution-based design of the original system and its market-centred and targeted variants of the 1990s. This general assertion does not apply to particular sectors and countries lying at one or other extreme: those that are further from the universalist goal, on the one hand, and those where more vigorous and substantial progress has been made towards this, on the other.

It should be pointed out that conceiving social protection from a rights-based perspective as a universal policy providing all citizens with egalitarian access does not mean providing uniform services for a heterogeneous population, but adapting services to cover differentiated needs and guarantee the enjoyment of rights for all. The universalist orientation, then, is not at odds with targeting. Rather, the latter is placed at the service of the former, in recognition of the different situations people find themselves in (in terms of age, sex, ethnicity and socioeconomic or employment status, among other things).

The fiscal capacity of the State, direct transfers to families with children, solidarity insurance mechanisms, the emergence of care policies and the way these intersect with gender and inequality are now in contention between different models of the social State that will give universalism its direction, architecture and content. Current reforms to welfare regime architectures offer the potential for universal coverage in social insurance, protection and investment, but different models rely on what are also different ways of achieving such coverage and countenance different degrees of stratification.

The purpose of the analyses, classifications and concepts put forward in this book is precisely to provide readers with a wide overview based on useful, applicable information that can contribute to decision-making and a greater understanding of the scope, design and implications of the different tools the region is equipping itself with as it seeks to move along the path towards rights-based social protection systems that are comprehensive in structure, robust in coverage and financing and oriented towards the achievement of higher levels of social inclusion and equality.

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## Chapter II

# **Models of development, the welfare State matrix and Latin American social policy tools**

*Fernando Filgueira*<sup>1</sup>

### **Introduction**

Latin America has been undergoing a vigorous transformation in its social policies, especially as regards social protection. One way of looking at this is that an effort is being made, via different pathways and with a variety of instruments, to construct a model of social citizenship for the first time in the region's history since the import substitution stage (Cecchini, Filgueira and Robles, 2014).

This quest for social citizenship has been reflected in rising social investment, an increase in the coverage of cash transfers for both older adults and families with children, expansion of the different forms of social security and health coverage, and major advances with educational coverage and services. This effort has been supplemented by new regulations and standards for employment and the labour market and a growing use of active employment policies. The tone of the time is expansionary, then, in contrast to the dynamic of retrenchment that characterized the 1980s and early 1990s. The tone of the time is also at odds with the model that characterized

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the import substitution stage, with its emphasis on contributory insurance tied to formal employment and oriented towards protecting male heads of households, and indirectly the nuclear family as the family archetype in the era of industry and social modernization. In the current stage, the stress is on non-contributory components and on expansion of the coverage and range of risks covered by the State, which has now incorporated ideas of care and support for families in reproductive stages into its traditional services of education and health care (Cecchini, Filgueira and Robles, 2014).

The purpose of this chapter is to put the region's new social protection policy tools into historical, political and social context. Considered in isolation, they seem to be merely devices, a menu of options apparently unconnected to modes of development and social change, models and patterns of economic development and the requirements and mechanisms of political legitimation and competition. It is clear, however, that the different forms taken on by social protection policy and its tools in the region are not unrelated to the economic, social and political dynamics of each stage (Filgueira, 2007). This does not imply direct, deterministic causality, but it is possible to detect lines of connection, elective affinities, between the social protection policy models and tools deployed by the region and its economic, social and political background and changes. If this was true in the past, it is also true in the present. There are no perfect fits, the causality is not deterministic, but their potential and limits will be better understood, in the context of the current wave of changes in the region, if they are considered in relation to the socioeconomic and political conditions of this new era.

Three major stages can be distinguished in the welfare State models used in Latin America, and they are clearly associated with three stages in Latin American development: the minimalist welfare State of the primary export period, the contribution-based welfare State under the import substitution model, and the turn to the reluctant welfare State and the introduction of the market into social affairs that characterized the Washington Consensus era. Now the welfare State is in a fourth stage. It is an expansionary one, combining criteria of need, contribution and citizenship, and is bound up with an open, export-oriented model, but one with renewed State involvement.

Following a brief conceptual and methodological reflection, it is worth looking more closely at the models of social policy and the way they connect up with the economic, political and social dimensions of their time.

First, though, the purpose of this chapter needs to be defined. It aims to establish directional links between modes of economic accumulation, the social structure and political dynamics and forms of organization, on the one hand, and four key characteristics of welfare States or the social action of the State, on the other: (i) scope in terms of risks covered and services provided; (ii) the eligible population or beneficiaries of the system; (iii) modes

of service; and (iv) financing methods. Four typical areas of State social action will be considered: (i) income and health insurance or protection systems; (ii) education systems; (iii) direct income transfer actions; and (iv) methods and tools for regulating the labour market.

## **A. Paradigms and tools: structural underpinnings, policies and techniques of social policy**

Public policies in general, and social policies in particular, differ from period to period and from country to country, under the influence of three major factors: (i) structural variables<sup>2</sup> (economic, demographic and social); (ii) political variables (political systems, distributional coalitions, power groupings); (iii) technical variables or, to put it another way, technical and bureaucratic capabilities and contents (administrative capacity, information systems, management models, public policy paradigms and disciplinary paradigms in the social sciences).<sup>3</sup> Ultimately, the contents of these policies are determined by the “imperatives” of reality, the power and interests of decision-makers and the legitimated knowledge and technical capacity possessed by State systems and decision-makers at a given time.

Structuralist and functionalist explanations of changes in public policies are found essentially in the economic and sociological literature, and have a strong deterministic bias. Thus, the expansion of social security systems is linked to population ageing and the economic needs of labour market regulation; that of public education to the economic requirements of modernization and industrialization; and the development of modern public health systems, and changes in these, to issues of urbanization and the epidemiological transition. Although these explanations are used particularly to explain the emergence of modern social policies, they have also been employed to account for more recent changes in these. For example, a number of authors have described the turn to the market and private-sector alternatives that has taken place in the region as an inevitable result of trade opening and the new export orientation of its economies. These explanations have the merit of linking structural economic, demographic and social changes with major shifts in social policy. The different systems of social insurance, and likewise the provision of public goods and services, are largely a response to the requirements of social and economic structures. Education,

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<sup>2</sup> One of the most ambitious studies in this area, based on strongly functionalist arguments and dealing explicitly with the subject of social policy, can be found in Flora (1981).

<sup>3</sup> Heclo (1974) and Hall (1993) have developed analyses that show the importance of States’ ideas and technical capacities in determining public policy changes. The importance of knowledge and an appreciation of what is viable and possible at a given time is summarized in the argument made by Heclo (1974, pp. 305-306) that governments not only exercise power but cause collective puzzlement, and in Hall’s conception of public policy paradigms.

health-care and social security systems do indeed arise from structural needs (competitiveness, order, control of infectious and contagious diseases, ageing, changing family arrangements). More recently, the appearance of new social policies, such as the extension of educational coverage to the earliest ages and the discussion about care systems for children and older adults, has largely been a response to the impact of women's entry into the labour market, the increase in the elderly population and greater life expectancy, and changing family arrangements. However, these explanations cannot be pushed too far. The enormous variability of response times in the face of similar structural challenges and variations in the forms of provision, coverage and financing of social policies indicate that political explanations are as needful as technical and bureaucratic ones if change and the instruments that become hegemonic in social policies are to be fully understood.

## **B. The social policies of the liberal export model: public health and education as crucial drivers and originators of the welfare State**

Following the wars of independence and the difficult period of consolidation of the emerging nation-States, the region entered upon a period of relative peace and vigorous participation in the global economy (with differing degrees of stability and scope) via a model whereby raw materials were exported and finished consumer goods and capital goods imported. This stage in Latin America, which lasted roughly from 1870-1880 until 1930, has been called the oligarchic export stage or liberal export stage. Whereas earlier years did not present anything describable as social policies, this stage presented novel features that can be classed as such.

Until the mid-nineteenth century, the social question came down strictly to a problem of control and philanthropy, with the former being mainly the preserve of the State and its armed forces (or local caudillos) and the latter of the church and charities. To the extent that the State carried out any social action, it was restricted to the expropriation of land belonging to indigenous people and the rural poor, coercive control of the displaced rural population and the maintenance of order in the emerging urban centres. At this stage, neither health care nor education nor the various forms of social insurance had any continuous or substantial presence at the national level.

Between 1870 and the early twentieth century, social policy began to develop three significant new features, especially in countries that had been able to participate successfully in the global economy: (i) the expansion of State-based secular education; (ii) public health authorities taking over the work of the church and charities; (iii) the first systems of labour and

pension insurance, predominantly covering States' civil servants and military personnel, and an expanding administrative machinery.

In none of the three cases is it plausible to claim these efforts as responses to significant social pressure (Cavarozzi, 1978; Collier and Collier, 1991) or competitive electoral dynamics (Carmagnani, 1984). The earliest State social actions formed part of a development model whose purposes they served, and derived from positions and conflicts regarding the best instruments to use that were a matter for discussion essentially within the elite.<sup>4</sup> The social question addressed by the expansion of the public health and education systems, meanwhile, had more to do with discipline and order than redistribution. It might be said that education and the State's social health-care measures were aimed at alleviating the spiritual and material poverty of the masses. The earliest labour and pension insurance schemes were not designed in order to deal with a social or labour question, or from a general perspective of citizen rights, but formed part of the expansion of privileges to upper-middle-income sectors forming part of the State apparatus.

Between 1910 and 1930, these factors intensified in the pioneering countries and began operating in countries that initiated their modernization later. The resulting transformations were given a stronger impetus as the more restrictive political formats of oligarchic regimes came to an end in countries such as Argentina and Uruguay (with the extension of electoral competition in 1912 and 1917, respectively) and Mexico (with its revolutionary developments), something that coincided with the increasing influence of workers in some key sectors such as infrastructure (railways, highways) and agricultural and export industries (mining, meat packing) and a section of the urban middle class. The so-called "social question" came clearly to the fore during this period of challenges to the oligarchic model, with mobilization by workers and certain sections of the urban middle class, although these were not decisive factors in the decision-making process (Collier and Collier, 1991).

What were the main tools used in these key areas of social action by the oligarchic and liberal State (1870-1930), particularly those maturing in the latter's final stages (1910-1930)?

In education, State action was fundamental and the model rested on two main planks: expansion of the supply of primary education services and, increasingly, compulsory attendance as a mechanism for maintaining discipline and achieving basic human capital formation. Financing came

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<sup>4</sup> In these debates within regional elites, the influence of the Bismarckian model of social security would leave an indelible mark on social protection models.

predominantly from general State revenues. The service model was homogeneous, being oriented towards basic literacy and discipline, and its organization was intended to be highly centralized, although closer inspection reveals considerable participation by local authorities and civil society in the effort and implementation of this first round of mass social provision. The purpose of this first phase in the expansion of the State's social role is obvious: the construction of the nation-State, discipline and integration of the rural migrant population and immigrant population into the labour market (Newland, 1991). The other function of public instruction pertained directly to the construction of the State and its dealings with its natural enemies or allies: the church and local authorities. Public education penetrated and limited the power of the church and local magnates and generated an idea of the nation and republic that attacked regional particularism and ecclesiastical power. The cost of this effort to the State coffers was not small, although the expansion of this model took place within the fiscal bounds of a State that was essentially non-participatory and imposed a low tax burden. For this reason, the expansion of primary education did not extend to more than 30% of the school-age population until the late nineteenth century even in the pioneering countries, and did not take place in most of the countries until well into the twentieth (Tedesco, 1970; Newland, 1991). It should be stressed that these advances were most robust in the countries of the River Plate and Southern Cone, less so in the Pacific countries other than Chile and, to a lesser extent, Peru, and almost non-existent in Central America until the early twentieth century.<sup>5</sup>

In the matter of public health, the period between 1880 and the early twentieth century saw the advance of hygiene-oriented State health-care models. These models had previously been associated with corporative and regulatory aspects of the emerging collegiate body of the medical profession, following the logic of purely clinical individual care. The few health actions undertaken at this time had little to distinguish them from the functions of poor-houses, religious charities and hospitals, envisaged more as ways of limiting contagion through quarantine than as institutions for disease prevention, treatment and cure (García, 1981). The great political and administrative effort was the creation of ministries or central authorities for hygiene and public health. Where provision and services were concerned, three essential developments occurred at this stage and in the following years of the early twentieth century: (i) the appearance of a network of collective public-private care in the form of hospitals and health posts; (ii) sanitary measures to control infectious and contagious diseases by combating carriers

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<sup>5</sup> The Southern Cone countries had primary school enrolment rates of over 70% by the late 1930s. Brazil, Cuba, Mexico and Peru had managed to cover almost half their school-age population, while the rate in the Central American countries did not reach 30% until mid-century (UNESCO, 1960 and 1970).

and carrying out vaccination campaigns; (iii) the transformation of cities by means of sanitation, drinking water and cleaning systems, and the separation of rainwater and excreta in drainage systems.

The need to avoid the mechanisms of quarantine and immobilization of goods and people that characterized periods of epidemics was met by preventive hygiene and inoculation strategies. Sanitary infrastructure was also expanded greatly in urban areas with the aim of preventing epidemic outbreaks. Many of these early hygiene-oriented health-care actions were designed to control and combat contagious diseases. Far from being rooted in concepts of rights and welfare, these concerns had much more to do with military and commercial considerations.<sup>6</sup> Between 1880 and 1920, the first vaccination plans (particularly for smallpox) were initiated in some parts of the region. Measures centred on endowing cities with basic hygiene infrastructure to prevent different forms and outbreaks of contagious diseases (cholera, diphtheria, bubonic plague, etc.) were the main way in which the State began to establish a strategic and structural presence, in relation not now to health but to the social question. Just as the State's educational drive was part of the genesis of the modern welfare State in the region, its other pillar was the partnership between public health or hygiene and urban planning.

This period saw the beginnings of hospital provision and communal clinics, with the emergence of the first public hospitals and efforts to regulate hospitals and centres caring for the sick and needy that formed part of charity networks and link them with the national and subnational State. In pioneering countries, such as Argentina between 1880 and 1920, over 60 hospital centres and health posts were created, with provision including childbirth, surgery, therapeutic interventions and quarantine.

Two things contributed to health-care and social progress: scientific and technological innovations and discoveries in the areas of sanitation and health (especially those of Pasteur, who established the microbiological

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<sup>6</sup> It is instructive to see how the earliest international cooperation efforts in the area of contagious diseases took place at the Pan American Sanitary Conference from 1901 to 1902, participated in by 11 countries of the Americas. By virtue of the final resolution of the Conference, the Pan-American Sanitary Bureau was founded for the following purposes: "(i) to urge each Republic to promptly and regularly transmit to the Bureau all data relative to the sanitary conditions of their respective ports and territories; (ii) to obtain all possible aid for a thorough, careful, and scientific study and investigation of any outbreaks of pestilential disease which may occur in any of the said Republics; (iii) to lend its best aid and experience toward the widest possible protection of the public health of each of the Republics in order that disease may be eliminated and that commerce between the said Republics may be facilitated; (iv) to encourage and aid or enforce in all proper ways the sanitation of seaports, including sanitary improvements of harbors, sewage, drainage of the soil, paving, elimination of infection from buildings, and destruction of mosquitoes and other vermin." Also interesting is the origin of the struggle against yellow fever and malaria, as it stemmed from the concerns of large companies and the armed forces of the United States in different confrontations around the regions of Central America. This is attested to by the examples of efforts to combat yellow fever in Havana and Panama.

origin of many diseases, enabling the transition to be made from the public health or hygiene policing model to a more social one) and the partnership between States and local middle classes against the power of the church and its previous near-monopoly on social and sanitary matters. Geographically, these changes were once again pioneered by the countries of the Southern Cone and large areas of Brazil, with the Pacific countries close behind and those of Central America at some distance.

The beginnings of social security, and in particular of arrangements covering retirement, disability, pensions and occupational accidents, emerged at this stage, although not as a general system but as specific types of insurance firmly linked to the State itself and its process of construction. Members of the armed forces, civil servants and, later, teachers were the first to have access to State-administered forms of retirement. These three categories were covered in the pioneering countries by the late nineteenth century (Mesa Lago, 1978). They were originally financed out of general revenues, but in the early twentieth century there was a shift towards contributory saving models and, towards the end of the stage, in the direction of the intergenerational risk-sharing model. Even in the pioneering countries, private-sector workers were not incorporated into insurance schemes of this type on any large scale until well into the twentieth century. The concept of general entitlement was thus lacking in the first stage of social insurance, which was rather a privilege of State employees than a principle of protection based on labour rights and regulation, or on the concept of social citizenship.

Social assistance for the poor, widows, the sick and the needy developed during the oligarchic period out of the private spheres of charity and the church. The exception, once again, were advances in the sanitation aspects of urban planning, improvements to general hygiene conditions and the increasing metamorphosis of detention and quarantine centres into treatment systems, with the State becoming increasingly involved. At the same time, protection against risks to life and life-changing events only existed in a few population categories associated with the construction of the nation-State and recognized as social categories worthy of protection from such situations (members of the armed forces and civil servants, among others). During this stage, social assistance for the urban and rural poor combined repressive and protective components, with mixed models of mutual assistance and State participation gradually making their way in urban centres (where the influence of European immigrants made itself felt).

Labour relations in the first stage of the liberal export regime were essentially repressive, being dominated by the idea of minimal intervention or *laissez-faire* whereby the State protected private property and did not get involved in the relationship between capital and labour. In practice, this

meant repression of efforts by the working class to organize, with little or no progress in the area of employment legislation. There would be more progress with such legislation in the second period of challenges to the oligarchic order, although only in urban areas: 10-hour working days, Sunday as a day of rest and bans on child labour were some of the most common measures. Recognition for union legality or tolerance of union action also gained more and more ground in this period (Collier and Collier, 1991).

Table II.1 is an effort to synthesize the way the different transformations and tools of the oligarchic and liberal export State took shape, had their target populations defined and were financed, while showing their “elective affinity” with the social, economic and political requirements of the period.

To sum up, the welfare State in the liberal export period was not based on notions of citizen or worker rights. What changed was the way risks associated with dangerous populations were dealt with (from a purely repressive approach to a disciplinary and preventive one) and appreciation of the need for State involvement in the production of certain goods formerly deemed private, which now began to be treated as public goods because of the economic, social and public order externalities produced by their consumption (essentially, health care and education). Between 1910 and 1930, the outlines of rights began to emerge from these changes in the pioneering countries of the River Plate, but that process really belonged to another stage, which will now be analysed.

### **C. The social policies of the import substitution model: regulated and employment-based citizenship**

The global crisis of 1929, combined with the pressure placed by an emerging middle and working class on the oligarchic State model of the liberal export regime, opened the way to a new stage of development in Latin America that was gradually consolidated. In it, the State took on an unprecedented centrality in many of the region’s countries. A regulatory, entrepreneurial and welfare State emerged, seeking at the same time to promote economic and social modernization, legitimize its action in a mass society with new, increasingly politicized and mobilized social classes, and reshape its role in the global economy (Evans, 1995).

The welfare State that arose and consolidated in this stage was subservient to this new function, and its main tools had a great elective affinity with the social and economic structure promoted by the model.



**Table II.1**  
**Summary of welfare State tools and functions under the oligarchic liberal export model**

Sector	Provision	Target population	Financing	Social function	Economic function	Political function
Social security and assistance	Health, sickness and retirement insurance.	Members of the armed forces, civil servants, teachers and, in some cases, members of the liberal professions.	Initially out of general revenues, then as a form of contributory saving and insurance. Towards the end of this stage, the risk-sharing contributory model was instituted in some of these funds.	Guarantees against risks and privileges for classes of society that depended on the State for their paid employment or occupational function.	Low-cost regressive mechanism leading to long working careers and organizational loyalty in State-employed groups.	Construction of the State and its bureaucracies. Creation of a client class of oligarchic elites dependent on the public exchequer and the State.
Employment rights and regulations	Essentially non-existent, with major repressive components. Industries connected with the world of agricultural exporting saw the first struggles for collective and individual worker rights. Towards the end of this stage, regulations covering working hours and mandating a weekend break were issued for white-collar workers and, in some cases, workers in key industries. Ban on child labour.	Repression directed primarily against rural workers, indigenous groups and the emerging working classes. Group rights to leisure time and regulation of working conditions appeared for State workers and members of the liberal professions.	Workplace inspections appeared in the pioneering countries towards the end of this stage, their purpose being to regulate working conditions. They were financed from general revenues and workplace accident funds and insurance schemes funded by workers' contributions.	Disciplining and repression of the reserve army of labour and construction of a stable skilled workforce in certain industries. Socially, the modern family model began to be considered desirable, with the concomitant outlawing of child labour. This ban was rarely applied in agricultural labour relations.	Control of labour costs and availability of cheap labour to match the economic cycle.	Continuation of a group-based and almost feudal model in the partnership between the State and the agrarian oligarchy. Start of adjustments under pressure from the new emerging and industrial sectors in urban centres.

Table II.1 (concluded)

Sector	Provision	Target population	Financing	Social function	Economic function	Political function
Health	Public health investments in urban areas. Consolidation of the national health authority and collective hospital-type provision. Public health and vaccination campaigns.	The whole urban population in the case of urban health actions and epidemiological surveillance and vaccination campaigns. Hospitals generally limited provision to the middle classes, while in the case of contagious diseases, quarantine measures were applied to the whole urban population.	Financing of provision and infrastructure out of general revenues nationally and subnationally. Financial partnership with the church and private charitable institutions or systems in the case of hospital facilities.	Substantial redistribution of health conditions, raising the baseline in urban areas, but not in the countryside.	Recognition that disease was a public evil that the market could not be left to solve. Efficiency criteria led this huge expansion of State health-care and social action.	Construction of the State and conflict with church and private-sector powers. Disciplining of urban inhabitants and increase in the State's ability to monitor individual conduct. Emergence of the medical establishment as a State power, and role of the State as social engineer.
Education	Primary schooling that followed a centralized part-time model oriented towards literacy and basic education. Schooling increasingly became compulsory and secular.	Disadvantaged urban sectors, and then rural sectors of European origin. Ethnic groups incorporated late or not at all.	Financing of supply out of general revenues and, in some cases, contributions from the church and local authorities.	Emergence of the idea of education as a right, albeit with variants, and the quest to generate opportunities for modernity in disadvantaged sectors.	Discipline for access to the modern labour market. Growing recognition of education as a public good.	Construction of citizenship and national sentiment. Construction of the State and conflict with religious and local authorities.

**Source:** Prepared by the author.

The four most important social policy innovations encompassed the key sectors of the earlier period, but their rationale, nature and tools were different. Furthermore, labour rights and regulations made their appearance. The social and State landscape in the region was radically altered by the mass provision and universalization of primary education and the advance of secondary and tertiary education, the creation of health-care systems combining preventive and curative provision by the public sector and expanded social insurance schemes, and the consolidation and mass implementation (in some cases) of contributory social security systems. Lastly, there was a major shift in the State's role in the labour market during this stage, although the individual and collective rights that emerged from these transformations were restricted to those sectors of the population that were integrated into the modern economy and its formal labour markets.

These welfare States were based on the idea that societies were becoming increasingly urbanized and industrialized under the Ford model, with traditional nuclear and patriarchal family structures where the man was the breadwinner and the woman was responsible for care and housework. These configurations arose at a time of increasing political pressure from the middle classes and workers in urban contexts, with periods of electoral competition. The emergence of the import substitution model's welfare State was a response to what has been called the crisis of participation of the liberal export model. However, the welfare State of the import substitution model made little or no headway with one of the central spheres of the economy during this stage: the agricultural exporting elites. Disadvantaged rural sectors would be the forgotten populations where social security and labour regulation were concerned, and partly neglected when it came to health care and education. The other part of society that would benefit only marginally from this substantial State progress in the social sphere would be urban informal sectors, whose position in the labour market and location in large urban areas meant they would receive nothing from the system of labour relations and insurance and very little from the health and education systems.

What were the key tools in these core areas of State social action during the application of the import substitution model (between 1930-1940 and 1970-1980)? The import substitution model constructed theoretically in the paradigm of the Economic Commission for Latin America and the Caribbean (ECLAC) and in the contributions of Raúl Prebisch, a particular type of "Keynesian" policy, provided the basis for development policies in Latin America between 1930 and 1970-1980. Under this model, the State took on a central role in economic and social development. Relying on the cash generated by export commodities, the State apparatus financed the growth of industries oriented towards domestic production by means of subsidies and a variety of protectionist measures. The State also

absorbed surplus labour and provided the capital for basic economic and social infrastructure.

Public primary education, having already been given a strong impetus during the later stages of the liberal export regime, would be implemented on a mass scale in the less advanced countries and universalized in the pioneering ones. The latter would also see mass implementation of basic secondary education and a large increase in technical and vocational, upper secondary and tertiary education in the closing stages of the import substitution model.

The need to carry on integrating rural migrants and European immigrants into the modern economy thus took on a different meaning. It was no longer a disciplinary measure, but a mark of economic and political citizenship. Education in this period showed all its potential (or at least intended potential) as a crucial factor in modern industrial development and the promise of intra- and intergenerational mobility that this modernity brought in its wake.

Illiteracy rates diminished rapidly in the region despite the large numbers of illiterates left over from the earlier period, and by about 1950 child schooling had become universal in some countries (UNESCO, 1970; UNESCO, 1996).

Education was essentially financed by the State in this period, and service and management models were yet further homogenized and centralized. The State had to deal with major challenges in terms of human resources, infrastructure and administrative capabilities as it sought to construct modern, centralized education systems. Teacher training, the design of national curricula and the State's development and penetration of rural areas via basic education were essential tools in the social and economic modernization pursued in the import substitution period. The family, the church and the personalized or market-based education solutions of the higher classes retreated before the substantial advance of State action.

The education system expanded greatly between 1930 and 1950, with mass coverage (around 50%) being achieved in many countries and almost universal coverage in a few (those of the Southern Cone). Entry into the education system became the norm between 1950 and 1970, so that gross primary enrolment rates of over 70% were achieved in all the region's countries, and rates of 90% or so in over half (IDB, 1999). The coverage and, especially, the quality of primary education systems retained a markedly urban bias up to the end of the period.<sup>7</sup>

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<sup>7</sup> Secondary education also progressed substantially under the import substitution model, especially in the second half of the period (between 1950 and 1970), with gross enrolment rates reaching between 30% and 50% in the more developed countries. Secondary education had even more of an urban bias than primary education (IDB, 1999).

Education, undoubtedly the closest thing to a rights-based social policy since the commodity export period, now fully acquired the status of a fundamental right and State responsibility. In the minds of the reformers and builders of the public education system, it became the basis for the meritocratic contract of modern society: equality of conditions or, in more modern parlance, equalization of opportunities.

Where health was concerned, there were three reform processes in the period dominated by the import substitution model: the strengthening of the health authorities in their efforts to deal on a mass scale with situations of risk (childbirth attended by specialist personnel and access to antibiotics, particularly in dealing with infectious diseases) and prevention (vaccination, extension of the drinking water network, urban public health reforms), extension of the network of hospitals and public care centres, and burgeoning health insurance mechanisms as health-care provision was incorporated into social security systems.

The first of these measures was taken at an early stage (somewhat predating the import substitution model, in fact) in the most developed countries and applied on a large scale in countries at an intermediate stage of development in the first part of the period between 1930 and 1950. In countries that were very underdeveloped and that implemented the import substitution model only weakly, these measures became large-scale, although not universal, between 1950 and 1970-1980. In any event, it is important to note that most of Latin America created national systems of compulsory vaccination during import substitution, then expanded them enormously in the 1970s, thereby greatly increasing access to medicines (especially antibiotics) and the availability of trained personnel to attend childbirth. These measures were fairly independent of any major new infrastructure and were taken even in countries where hospital availability was not enough to meet demand or need. Another development was the expansion of active urban policies to continue the progress made with waste removal, sanitation and drinking water systems. Nonetheless, the endemic problem of outlying urban populations being isolated or cut off from these structural improvements remained (see chapter VII). In parallel, public health services proliferated in most of the countries as networks of hospitals and outpatient clinics or small medical posts were expanded.

The other structural change came from the social insurance tool. Although care for the lower-income population and many workers, even those in formal jobs, continued to depend on public health systems in many of the more developed countries, contribution-based health insurance systems grew appreciably. Up until the 1950s, other than in Argentina and Uruguay, health care was predominantly public, with the most well-to-do

sectors tending to use private care. Health insurance began to grow as part of the health-care system in the mid-twentieth century. Health-care benefits dispensed by social security systems already represented about 0.5% of GDP in a subset of countries by 1960, rising to almost 1% by 1970 (Tamburi, 1985).<sup>8</sup>

The emergence of a dual health-care system (the public assistance system and the one based on social insurance) was and remains a matter for debate and attempted reform, with many authors arguing that it brought into relief the problems of equity generated by the import substitution model between those on the “inside” and the “outside” of the “modern” social protection system, which in this case essentially means contributory social security.

The social security system underwent its fundamental transformation in this period. The distinctive feature of the advance of the welfare State under the import substitution model was an increase in the population insured under pension, disability and survivors plans based on unfunded contributory regimes that were either bipartite (employees and employers) or tripartite (when the State was involved). These were systems of intergenerational solidarity, designed rather to smooth out consumption and income curves over the life cycle than to bring about redistribution between classes and occupational groupings. Some of these insurance systems included similarly solidarity-oriented health coverage: the healthy paid in all the time, and the sick had access to health services. Rather than making them collective and universal (i.e., funded by general revenues under Beveridge-type models), the fiscal structure of these insurance systems was vertical for specific population categories, occupational groups and classes.

Economic and demographic conditions favoured these innovations, particularly in the more developed countries. At the outset, the low level of demographic dependency and the consequently favourable ratio between assets and liabilities, combined with substantial wage growth for urban formal sectors, meant that this financing model did not impose a large fiscal cost on the State. Systems of this type, which covered urban formal workers, began in some countries before the 1930s. The incorporation of urban formal sectors into social security systems was gradual and stratified, so that State employees and workers in certain key industries and white-collar occupations received greater and earlier protection. Retirement ages, replacement rates and other benefits associated with insurance were organized in a way that was fairly consistent with the economic and structural power of the different sectors which progressively entered the system. Unlike their European counterparts, these insurance systems did not establish much protection

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<sup>8</sup> Argentina, the Bolivarian Republic of Venezuela, Brazil, Colombia, Costa Rica, Panama and Uruguay.

against unemployment and lacked non-contributory components for the rural population or small proprietors and the urban self-employed. The countries that had urbanized earlier and advanced furthest with formalization of the labour market achieved large-scale and, in some countries, near-universal coverage. Argentina, Chile and Uruguay, and later Costa Rica and, to a lesser extent, Brazil and Mexico, had the most developed social security systems by the 1970s, with coverage ranging between 40% and 70% of the wage-earning population and exceeding 30% of the economically active population in all cases. Eligibility was determined by years of contributions and minimum retirement ages, and these regimes were administered by highly fragmented State or parastatal pension funds. In less developed countries, such systems invariably covered a smaller proportion of the population and featured regressive subsidies from the general to the eligible population from the outset.

Where social assistance was concerned, there were two further formats in the more advanced countries, one semi-contributory in character (such as systems of family allowances where only contributors were eligible, but their contributions did not determine the value of benefits) and the other non-contributory (such as targeted needs-based social assistance pensions, with eligibility determined by means testing). Despite these innovations, the region's social security systems were forms of regulated, employment-based citizenship in which entitlement was based neither on need nor on pure forms of citizenship, but on membership of the formal labour market and payments made into the system. Many of the countries that adopted the import substitution model had some kind of social policies designed to improve access to basic foodstuffs, including subsidies and regulated prices for certain items in the basic food basket (bread, milk, tortilla, meat, etc.). Lastly, in the area of maternal and child welfare, the provision of foodstuffs to new mothers and their infants was one of the nutritional strategies followed in many countries during this stage.

Rules and rights for formal workers completed the social protection matrix of the import substitution model. Laws enshrining the individual rights of urban and wage workers, such as legislation on the eight-hour day, a weekly break, compulsory benefits in the event of dismissal or termination of employment contracts, and a number of wage regulations (particularly the minimum wage) were combined with the consolidation of systems of collective bargaining between unions, employers and the State. The right to strike arose in many countries during this stage. The model was rooted in a belief in the Fordist and Keynesian ideals of full employment in increasingly industrialized societies. In most of Latin America, however, these rights only applied to part of the population. As in contributory social security models, there was a marked tendency towards dualization between the insiders and outsiders of the import substitution model (see table II.2).

Table II.2  
**Summary of welfare State tools and functions under the import substitution model**

Sector	Provision	Target population	Financing	Social function	Economic function	Political function
Social security and assistance	Unfunded contributory model for social security, extended in a stratified fashion (pensions, disability, survivors and occupational accidents). Limited use of non-contributory transfers based on means testing or evidence of financial hardship.	Civil servants, middle-income sectors and formal workers.  Poor older adults and urban informal population.	Payroll contributions. Contributory financing from employers and workers, with State subsidy.  General revenues.	Intergenerational redistribution. Insurance and smoothing of consumption and income curves.	Regulation of the intergenerational flow in the labour market. Correction of agents' short-sightedness.	Construction of the distributional coalition of the import substitution model.
Employment rights and regulations	Large expansion of collective and individual employment rights to middle-income sectors and formal workers.	Formal workers and urban middle-income sectors.	Contributory or formal employment model.  General subsidies.	Response to social pressures. Maintenance of social order.	Industrial peace, expansion of formal markets, industrialization.	Co-optation and response to union pressure. Construction of the distributional coalition of the import substitution model.
Health	Investments in public health infrastructure and campaigns (vaccination).  Extension of the public hospital network for primary and tertiary provision.  Contributory health insurance established.	Universal.  Medium-low-income sectors and formal and informal urban workers.  Middle-income sectors and formal workers.	State-produced supply funded from general revenues.  State-produced supply funded from general revenues.  Payroll contributions. Contributory financing by employers and workers with State subsidy.	Urban planning and sanitation, eradication of endemic diseases. Redistribution and equalization of health conditions and access to health care.  Collectivization of risks. Insurance and smoothing of consumption and income curves.	Production of public health goods.  Maintenance of health conditions in the industrial workforce.  Correction of agents' short-sightedness. Structuring and promotion of the medical industry.	Political and spatial control of cities.
Education	Centralized measures to strengthen the primary education supply. Expansion of secondary education.	Universality in primary education, with progress in rural areas. Predominantly urban on average.	State-produced supply funded from general revenues.	Redistribution of opportunities and support for social mobility.	Skills for industry and urban services. Labour for import substitution.	Legitimation of the developmentalist model and potential. Continuity of State construction. Legitimation of charismatic leaderships associated with national and popular projects.

**Source:** Prepared by the author.



It was under this model, then, that the first attempt to construct social citizenship was made in Latin America. This rested on a basic educational citizenship with universalist tools and on a dual health-care model, with some basic universal minimum provision, but with the public sector operating health-care systems that were incomplete and of lower quality than those that served people with health insurance provided as part of the contributory social security model. It also rested on a form of citizenship that was regulated and stratified where other social security rights and benefits were concerned, differentiating between formal workers and others.

A region in which a firmly interventionist State sought to develop the economy by protecting and subsidizing domestic industry created a social protection system that mirrored this economic project. The dynamics of inclusion in this model were closely related to the pace at which the population was incorporated into two major classifications: city dweller and formal worker.

The social security system is somewhat like a pyramid scheme in nature (Malloy, 1985). Because the system (or individual fund or insurance policy) starts off with many contributors and few beneficiaries, benefits and privileges can easily be expanded. When this ratio comes under strain, however, there are four possible options: increasing the contributor population (which depends on how much formal employment is generated and how large the new cohorts are), increasing contributions from active workers (tolerance for this is political and economic, and depends on wage improvements), reducing system benefits, or subsidizing these out of general revenues.

The slackening of growth under the import substitution model by the 1970s, the maturing of systems and consequent rise in beneficiary numbers, greater life expectancy and an incipient ageing trend in the more demographically advanced countries, together with the breakdown of eligibility requirements because of clientelistic practices, meant that by about 1970, and especially in the 1980s, many of these systems were in serious actuarial trouble. All the strategies mentioned in the previous paragraph were used, with variants in the mature countries. Even so, the traditional stratified and lavish unfunded system covering formal workers under the import substitution model was coming to an end.

Meanwhile, fiscal revenues never expanded at the pace needed to finance the whole growth of the welfare State in health care and education. In the 1970s and 1980s, States that had emptied the public exchequer and were coming up against the limits of their borrowing and monetary expansion options to sustain these efforts would preside over the adjustment and partial dismantling of the welfare State of the import substitution model. Besides fiscal constraints, there were structural reasons for this change in the direction of the welfare State. The first was the shift in the development

model, back towards market opening and economic liberalism, and the second was the collapse of democratic regimes, which enabled these adjustments to be imposed by means of repressive models.

#### **D. Reforms in the new liberal export period: markets, decentralization and targeting**

Social policy reform under the import substitution model was driven by the shift in the development model, by the limits to the sustainability of the welfare State, and by international and local forces. The turn towards economic liberalization that began in the 1970s in Latin America, also known as the Washington Consensus, sought to transform the development model by way of five core economic changes: (i) trade opening and deregulation; (ii) financial deregulation; (iii) labour market deregulation; (iv) privatization of public enterprises; (v) a new macroeconomic and fiscal settlement, with a move towards conservative monetary policies and a low fiscal burden and public spending, based on indirect taxes. The aim was a complete about-turn from the previous economic model, with the State retreating as employer and regulator. Although not among the explicit prescriptions of the Washington Consensus, these structural transformations in the economy would be accompanied by radical changes in the welfare State of the import substitution model.

Those critical of the old model believed that the content of this reform should help avoid the problems and inefficiencies of the traditional social policies of the earlier period. Accordingly, certain basic characteristics of what was to be the new social policy system were worked up in the documents of the market-oriented social reformers: (i) systems of insurance or individual capitalization instead of unfunded contributory systems and vertical solidarity in social security and health care; (ii) social policies targeted on the extremely poor; (iii) decentralized administration and decision-making instead of centralized models of social services; (iv) incorporation of private-sector providers, both profit-making and non-profit, and the creation of quasi-market logics among these providers;<sup>9</sup> and (v) a switch from supply-driven to demand-driven social policies. These changes took place in a context of severe constraints, fiscal crises and public debt, which crimped social investment in the first instance.

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<sup>9</sup> Private-sector providers can be funded either through a pure demand financing model (voucher), where what matters is the role of the individual agent who receives and then uses the voucher, for example, to pay for schooling or health services, or through a supply financing model (schools and clinics). In the latter case there may be general subsidies for each project or institution, partial subsidies for certain expenses (such as teacher salaries) or per capita subsidies, e.g., per child/day of school attendance. This last model of supply financing is the closest to demand financing, but is not the same, since strictly speaking it is the institution that is being financed and regulated.

What were the key tools in these core areas of State social action under the new liberal export model between the 1970s and 1990s? The change of model had the least impact in education, at least when it came to funding levels and the principle of free access to services. In fact, investment in education rose in the 1990s, as did access and retention and graduation rates. The fundamental shift in this area resulted from three sometimes complementary trends that proceeded with differing intensity depending on the country: decentralization, supply financing with the involvement of private-sector providers and, in some cases, demand financing through voucher systems. Conceptually speaking, decentralization was the key trend that encompassed all the others, with four different strategies arising during the period: (i) decentralization to subnational territorial units (provinces, municipalities); (ii) decentralization to the functional units providing the service (public education establishments); (iii) decentralization via the funding of private-sector provision; and (iv) in some cases, decentralization to individuals under a voucher system.

This whole process involved decentralization of financing, investment and decisions about service models. The degree to which each country progressed in each of these dimensions varied substantially, and in some cases there was little or no impetus. Among the most intractable effects of the first and second forms of decentralization were problems of territorial inequity between different territorial or functional units in terms of fiscal and management capacities. In the second group of strategies (private-sector suppliers and vouchers), there were problems of student selection by institutions and co-payments, which generated further stratifications. Alongside these changes, there were also some targeted policies aimed at providing greater resources for the most disadvantaged areas and educational establishments.

Increased enrolment, retention and graduation rates in the late 1990s show that education supply and coverage continued to expand, consistently with the logic of the liberal export model, which stressed the need for major investment in human capital. What did change substantially were management and financing methods, along with the types of providers included in countries' education policies.

Where health was concerned, the greatest changes were due to two clear strategies. First, the decision was taken to abolish or transform State solidarity health insurance systems, with the model shifting towards compulsory systems of individual insurance with private-sector providers. Second, some public health policies were targeted on the very poor, reaching people who had been left uncovered by the public system in terms of basic health-care provision under the import substitution model. These latter actions were actually not part of stable policies so much as temporary projects or programmes.

The shift to private-sector health-care administrators, with the retention of compulsory contributions by formal workers, led to a more marked stratification of provision tied to the ability to pay into the system as determined by an individual's wages. It is also important to note that these formats created two further stratification processes: selection and co-payments. Private-sector administrators often refused to accept people at high risk (especially the elderly), because they considered them to be actuarially unprofitable or the contributions required to insure them would be prohibitive. Meanwhile, those with the ability to pay more could obtain more comprehensive and higher-quality insurance.

Nonetheless, a feature of this stage in certain countries was somewhat increased access to certain basic health-care services in sectors historically overlooked under the import substitution model (the rural and indigenous population).

The most radical transformation of the systems characterizing the import substitution model was in social security. The key change was the switch from unfunded State social security models to models of full or partial individual capitalization, with private-sector pension, disability and survivors fund administrators. Meanwhile, risk-sharing systems that were underfunded and strained by the decline in the number of contributors relative to beneficiaries were either replaced entirely by capitalization systems (as in Chile) or underwent parametric and management reforms (employment histories) entailing a closer link between eligibility and formal working conditions, something that was intrinsically difficult to achieve in the context of the crisis of the import substitution model and the introduction of the liberal export model. This meant a large drop in levels of social security system membership and eligibility.

A dozen or so countries adopted partial or wholesale reforms to their unfunded systems, which led to a new social protection matrix in the region and highlighted serious problems of coverage, even relative to the regime, imperfect and stratified though it was, that had previously characterized the import substitution model. Mesa-Lago (2004) evaluated the reforms up to 2002 in nine of these countries and their unfavourable effects on social security coverage (see table II.3).

A central purpose of the reforms was to bring down the State's pension deficit (future commitments relative to contributions) and limit its intertemporal fiscal commitment in unfunded systems. A secondary purpose was to protect another economic function of the new capitalization systems: nourishing, deepening and expanding financial markets with a view to generating larger flows of saving and investment. Lastly, many of the reforms abolished employers' contributions, with a twofold rationale:

either workers were to make their own contributions (with the consequent reduction in wages), or the burden would be passed on to the cost of products (resulting in domestic cost inflation for non-tradable goods and reduced competitiveness for tradable ones).

**Table II.3**  
**Social security coverage before and after structural reform, estimated from the proportion of the active population paying into the social security system**  
*(Percentages)*

Country	Coverage of the old systems, estimated from real contributions	Membership of all pillars after reform (2002)	Coverage of all pillars after reform, estimated from real contributions (2002)
Chile	64	111 <sup>a</sup>	58
Argentina	50	69	24
Uruguay	73	77	60
Costa Rica	53	65	48
Mexico	37	72	30
Colombia	32	59	24
Bolivia (Plurinational State of)	12	23	11
El Salvador	26	40	19
Peru	31	28	11

**Source:** Carmelo Mesa-Lago, "Las reformas de pensiones en América Latina y su impacto en los principios de la seguridad social", *Financiamiento del Desarrollo series*, No. 144 (LC/L.2090-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2004.

<sup>a</sup> A membership total of over 100% represents the combination of social security under the old system and coverage under the new one, but does not translate into guarantees of future coverage.

Taken all together, these changes clearly indicate that the State did not relinquish a central tenet of social security systems (i.e., the obligation for wage earners to contribute), but was willing to privatize, or decollectivize, the management of individual risk in respect of retirement, disability and survival.

Where employment rights and regulations were concerned, there were four innovations that tended to remove protection from formal workers, formerly treated as subjects of individual and collective rights: (i) a new legal or de facto flexibility in formal employment models, with the concomitant loss of individual employment rights (dismissal, rest periods, working conditions); (ii) abolition or delinking of wage protection based on indexation criteria (especially minimum wages); (iii) abolition of various forms of collective bargaining and State involvement in this; (iv) abolition or prohibition of fundamental collective rights (association and strike) in countries that had authoritarian episodes (see table II.4).

**Table II.4**  
**Summary of welfare State tools and functions under the liberal export model**

Sector	Provision	Target population	Financing	Social function	Economic function	Political function
Social security and assistance	Contributory individual capitalization models for social security. Establishment of non-contributory transfers based on means testing or evidence of financial hardship.	Formal middle-, upper-middle- and upper-income sectors. Poor population and rural population.	Payroll contributions. Financing from workers' contributions, with State subsidy for model transition. General revenues.	Insurance and smoothing of the consumption and income curves. Incorporation of poor sectors and income redistribution.	Correction of agents' short-sightedness. Formation or strengthening of the financial market.	Destruction of the distributional coalition of the import substitution model. Construction of distributional coalition based on the liberal export model. Co-option of poor sectors into the distributional coalition.
Employment rights and regulations	Great curtailment of the collective and individual employment rights of middle-income sectors and formal workers.	Formal workers and middle-income sectors.		Attack on the dual basis of the labour market, better opportunities for informal sectors to enter the modern economy.	Reduction of employment costs. Labour mobility.	Destruction of the distributional coalition of the import substitution model. Construction of distributional coalition based on the liberal export model.
Health	Privatized or individualized contributory private-sector health insurance. Introduction of co-payments and out-of-pocket payments for more comprehensive, higher-quality provision. Expansion of the public primary care network.	Formal middle-, upper-middle- and upper-income sectors. High-income sectors. Poor and rural population.	Contribution-based State financing of demand via capitation of insurance in private-sector provision formats. General revenues.	Insurance against health risks matched to ability to pay. Improved access to primary prevention actions and treatment.	Quest for greater efficiency and control in public spending. Generation of quasi-markets for health care. Reduction of tertiary care costs and improved human capital in the poor population.	Legitimation of the model by way of choice and a close relationship between client and user. Partnership with medical interests and insurance industries. Policies to contain and co-opt informal and rural sectors.
Education	Decentralization of supply. Completion of primary and secondary education provision in rural areas and poor urban areas.	Universal. Predominantly urban in secondary education.	Constraints on financing and public-sector supply. Creation of quasi-markets with private-sector providers.	Redistribution of opportunities and support for social mobility.	Formation of human capital equipped to adapt to changing contexts. Quest for greater efficiency in the system through competition and decentralization.	Legitimation of the model by way of choice and a close relationship between client and user. Partnership with the private sector in education.

**Source:** Prepared by the author.

The basis for the first two measures was the critique of the import substitution model, with its tendency to create dual labour markets. According to this perspective, informality was due not just to a problem of dynamic insufficiency, but mainly to legal distortions in the labour market that prevented the free play of supply and demand. The natural corollary of trade opening should be the deregulation of these factor markets (capital and labour), as this would contribute to more efficient factor allocation.

Developments such as the return and resilience of democracy in the region from the 1990s, the spread of educational credentials and ongoing urbanization, combined with a huge expansion of market dynamics and incorporation of the population into these, led to a substantial rise in expectations of well-being and social mobility.

This stood in stark contrast to the persistence of high levels of inequality and poverty between 1980 and the late twentieth century. On top of this, the discouraging economic results of the new model and the rise in volatility created a ferment that would give rise to another stage of development in Latin America. The liberal open market model, together with some of its reforms, would not be wholly abolished, but the State would return to the scene as a necessary actor and partner in social and economic development. Although the open stance of the previous model remained, the role of the State began to be redefined. What was now being proposed was a new fiscal State (expansionist and redistributive), a renewed regulatory and asset-owning State (labour market changes, developmentalist action, and governance and ownership of natural resources) and a new welfare State.

## **E. The social policies of the new statist export model: non-contributory provision and expansion of coverage and the range of social risks**

For over a decade, Latin America has been making a sustained effort to increase social protection coverage. This has been manifested in at least five social policy spheres: (i) pensions and other cash transfers to older adults; (ii) cash transfers to families with children; (iii) access to health services and insurance; (iv) changes in education provision and the age ranges covered; (v) worker protection (sickness and unemployment insurance plus policies on employment rights such as compensation, overtime and leave). In many of the spheres mentioned, there has been a shifting of the boundaries between contributory and non-contributory cover, targeting and universality, and contributors and beneficiaries.<sup>10</sup> In many of these spheres, too, the range

<sup>10</sup> A large literature dealing with the debate on universalism in social provision has been produced in recent years. Different schools of thought advocate provision formats that recognize the fundamental role of targeted and universal non-contributory approaches in the construction of the new welfare matrices (Filgueira and others, 2006; Lo Vuolo, 2010; ILO, 2011; Levy, 2011).

of risks covered, the quality of provision and the standards and principles determining this are being transformed.

What are the key tools in these core areas of State social action in the new development stage combining economic openness with renewed State involvement (since 2000)?

In education, the expansion of primary education coverage has continued in the countries that were furthest behind so that enrolment is now universal and graduation nearly so, while there has been a very large increase in access to and accreditation of basic secondary education and, in the more advanced countries, upper secondary and tertiary education. At the same time, decentralization and the creation of quasi-markets have been revised and, in some cases, corrected by means of solidarity or social cohesion funds and regulation to avoid the selectivity and stratifying dynamics of these models. In other cases, the situation has simply been reversed, with a return to more centralized models or with innovative centralizing components.

Besides the expansion of primary and secondary education coverage, another important source of innovation has been expansion of the range of provision in the area of infant care and education. In almost all the region's countries, the traditional coverage of education has been extended to preschool ages (3 to 6), and in many cases child-care mechanisms have been established for ages from 0 to 2. Some salient examples are found in Uruguay with its early childhood and family care centres (CAIF), Argentina with preschool and nursery provision under provincial and municipal programmes, Chile with kindergarten and preschool provision, Mexico with its strategy of subsidies for community care in early childhood, Brazil with the expansion of day-care centres, Peru with its Non-school Early Education Programme (PRONOEI) and Panama with a combination of home-based rural and indigenous early education (EIH), family and community initial education centres for vulnerable population groups (CEFACI) and community early education centres (CEIC) (see chapter III). Consistently with these institutional efforts, the general evidence is for a large increase in enrolment during early childhood and early school attendance in the great majority of countries (Itzcovich, 2013).

Where health is concerned, the expansion of insurance has been achieved through a combination of targeted policies (Mexico) and wider coverage in contributory insurance systems. This has been managed thanks to improvements in the labour market and the extension of eligibility criteria within the contributory system. In the case of Uruguay, for example, expansion has benefited the families of those paying into health insurance systems. Costa Rica has increased subsidies to provide access to the insurance system for those who would otherwise be excluded from it. Similarly, other countries have guaranteed a set of basic services, an example being Chile



with its System of Universal Access with Explicit Guarantees (AUGE), while others have expanded and universalized coverage under segmented models (Colombia) (see chapter V). Lastly, a large group of countries have expanded non-contributory coverage and provision for specific populations (especially mothers and infants and, in some cases, pensioners) under special plans and programmes that either enhance access to the public pillar or subsidize private-sector provision to give the vulnerable population access, such as the Plan Nacer programme in Argentina for expectant mothers and children under 6 (now renamed Sumar), Crece Contigo in Uruguay and Comprehensive Health Insurance (SIS) in Peru, in combination with insurance for school-age children and mother and infant insurance, as well as expanded coverage for adolescents.

These substantial increases in coverage do not necessarily imply a lack of stratification in the quantity and quality of provision, but they do indicate that the system has been extended to a large percentage of those who were formerly without cover or were included in the public system but lacked insurance guarantees.<sup>11</sup>

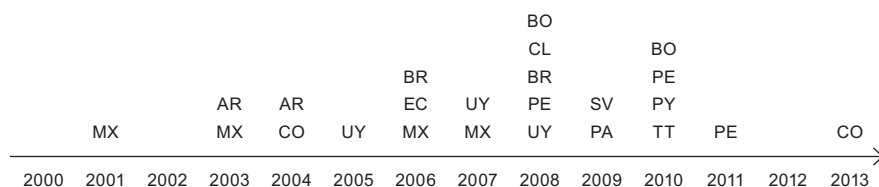
With regard to social security, it is important to determine both the scale of coverage efforts and the forms adopted by the system. Where scale is concerned, a way of approximating this could be to analyse the increase in investment in social security and assistance (ECLAC, 2012 and 2013). As regards coverage, two key developments can be seen: the increase in pension coverage for the population aged 65 and over, and the increase in the working population paying into the social security system (ECLAC, 2013). The increase in coverage of the working population up to 2011 was almost 10% of the population, with a rise of almost 8% between 2002 and 2010 in the share of people over 65 receiving some type of pension. This latter figure may have been far exceeded in more recent years, given the set of reforms adopted since the period analysed. Figure II.1 shows how rapidly coverage expanded in 2000-2013 (Rofman, Apela and Vezza, 2014).

Three immediate causes for the improvements in coverage can be identified: (i) improvements in the labour market (either because of a stronger supply of jobs or because of regulatory and oversight aspects) which have increased formality and thence contribution-based coverage; (ii) increased flexibility in the eligibility conditions of contribution-based systems, facilitating access; (iii) eligibility criteria and expansion measures based on non-contributory policies (financed out of general revenues), whether universal or targeted.

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<sup>11</sup> On average, health insurance coverage is estimated to have increased by 12 percentage points of the population between 2001-2002 and 2011. Even higher figures are found in countries at an intermediate level of development such as Colombia, Ecuador and Peru, where population coverage increased by over 38%, 21% and 25%, respectively (ECLAC, 2013).

**Figure II.1**  
**Latin America (selected countries): timeline of reforms designed to expand coverage for older adults, 2000-2013<sup>a</sup>**



**Source:** R. Rofman, I. Apela and E. Vezza, *Beyond Pension Reform*, Washington, D.C., Inter-American Development Bank (IDB), 2014.

<sup>a</sup> AR: Argentina. BR: Brazil. BO: Bolivia (Plurinational State of). CL: Chile. CO: Colombia. EC: Ecuador. SV: El Salvador. MX: Mexico. PA: Panama. PY: Paraguay. PE: Peru. TT: Trinidad and Tobago. UY: Uruguay.

Important factors in the expansion of social security coverage for the active population in the region have included substantial improvements in employment quality and an increase in State oversight and regulation. Almost all the case studies carried out by ECLAC (Cecchini, Filgueira and Robles, 2014) have documented a rise in employment rates, and many have referred to improvements in State oversight and regulation. In the case of Uruguay, the main improvements have been in oversight as relating to social security in general (Filgueira and Hernández, 2012), but membership of contribution-based social security systems has increased in almost all the countries for wage earners and the working population in general.

The other way in which coverage has expanded has been via the easing of eligibility criteria. While the privatizing and parametric reforms of the 1980s and 1990s sought to limit social protection by confining it to those with the ability to pay and exercising strict fiscal and actuarial oversight, the reforms of the new century have been going the other way, expanding the avenues of access to social security beyond what perfect contributory equivalence would dictate.

The reform of the early twenty-first century in Costa Rica was designed to achieve a major increase in coverage for self-employed workers, a goal that was satisfactorily attained. Something similar happened with the 2007 Uruguayan pension reform, when the number of years' contributions required was lessened, although replacement rates were adjusted downward accordingly to avoid increasing the risks of actuarial insolvency that already threatened the Uruguayan system.

Where pensions are concerned, the other way in which coverage has been extended is through non-contributory mechanisms. The dominant approach in the region has been a targeted one, although some universalist options have also been followed. In the area of pensions, there have been few examples of a clearly universal and non-contributory approach, with

the Plurinational State of Bolivia and Trinidad and Tobago being the leading examples. Maintenance payments, introduced in the Federal District of Mexico, are another instance of this.

Among targeted policies, it is important to distinguish between those centred on the poor or extremely poor and those that provide the benefit to people lacking contributory coverage (Rofman, Apela and Vezza, 2014). A number of countries have created or expanded their social assistance pension systems, sometimes to reach the poor or very poor population, but sometimes to universalize coverage and thus make good the shortfall in contributory systems. Among the latter, Argentina, Chile, Costa Rica and Uruguay are models of segmented universalization, while Panama concentrates on the poor. Mexico is getting closer and closer to establishing a very modest universal basic minimum pension, drawing on the experience of the Federal District, as are Ecuador with its Human Development Grant and the Plurinational State of Bolivia with its Solidarity Bonus (Bonosol) programme, subsequently consolidated into the basic old-age pension, *Renta Dignidad* (see chapter VI).

Where social assistance programmes are concerned, in addition to the pension and social security elements mentioned, the most important development has been the construction or expansion of non-contributory systems of cash transfers to families with children. The main vehicle for such transfers have been conditional cash transfer programmes, which emphasize poverty relief and the struggle against the intergenerational reproduction of poverty through conditionality or co-responsibility mechanisms. With the exception of a few countries where contributory family allowances had been established and extended during the import substitution period, and of the few targeted programmes of the late 1990s (in just three countries), programmes of this kind did not exist or, if they did, coverage and the quality of provision were extremely low. In 2000, total investment in the region averaged just 0.19% of GDP, and less than 6% of the population was covered. In 2009, investment stood at about 0.40% of GDP, and 20% of the total population was covered as of 2010 (Cecchini and Madariaga, 2011). In 2011, coverage was over 21%. Although this entailed a rise in total investment, it had grown by proportionally less than GDP, so that investment as a share of regional GDP was 0.36%, below the level of 2009 (ECLAC/ILO, 2014). It is true that not all benefits are for families with children, but the effort made by the region is clear to see, and it has substantially transformed the social protection matrix for children and families.

Despite this major progress on transfers to families with children, none of the countries considered has a universal non-contributory model. Where family allowances are concerned, the country that comes closest to such universalization is Argentina with its Universal Child Allowance for Social Protection (AUH), paid to those not in receipt of a contributory family allowance.

Changes in social assistance have given rise to programmes that entail a major strengthening of social assistance policy information, regulation and evaluation systems, while at the same time being consistent with the targeting precept of the great progressiveness that characterized the 1990s. By contrast with the targeted policies of the 1980s and 1990s, however, the philosophy of transferring money to the poor for them to use as they see fit has now been legitimized, something that was not approved of in the earlier period, with its residualist emphasis. Lastly, many of these programmes have become established as stable policies, with proper financing and with regulatory underpinnings that situate them, at least rhetorically, on the plane of rights (Bastagli, 2009).

The specialist literature has described a number of positive effects of conditional cash transfer programmes (Barrientos and Sabates-Wheeler, 2006; Cecchini and Madariaga, 2011; Kabeer, Piza and Taylor, 2012), on the basis of conclusions with a greater or lesser degree of robustness, regarding school attendance, mother and child health check-ups and children's dietary standards and nutrition indicators, as well as positive externalities for the community thanks to the expansion of markets and consumption and increased self-esteem for women and children (see chapter III).

In addition to programmes of this kind, social assistance in Latin America has incorporated at least two further new tools: production and employment inclusion programmes and social protection networks. The former, often associated with strategies of "exit" from conditional cash transfer programmes, have been deployed with less fiscal support and in fewer countries, but they are part of many national anti-poverty strategies (ECLAC/ILO, 2014). The latter, whether or not linked to conditional cash transfer programmes, are meant to bring excluded populations into universal protection programmes via strategies of outreach, support for social workers and work in community networks.

Where employment rights are concerned, a large group of countries have set out to transform or strengthen their policies for protecting and promoting workers of both sexes. Part of this process was documented in the previous point, such as the increase in the number of people protected by social security systems covering wage earners and other workers. This has led to a large increase in the number of people with unemployment insurance (Uruguay may be the most outstanding example, having incorporated rural and domestic service workers, but Argentina, Brazil and Chile have also progressed), sickness and accident insurance, and rights to bonuses, leave and compensation for dismissal. Also important and worth emphasizing have been changes in protection for workers of both sexes where maternity and paternity leave is concerned (Chile and Uruguay have recently reformed their systems and expanded the coverage, time limits and quality of benefits for women and men) (see table II.5).

**Table II.5**  
**Summary of welfare State tools and functions under the statist export model**

Sector	Provision	Target population	Financing	Social function	Economic function	Political function
Social security and assistance	Non-contributory models and more flexible contribution criteria. In some cases, return to a State-subsidized unfunded system.	Middle-, medium-low- and low-income sectors.	General revenues for non-contributory models and cross-subsidies or general revenues for contributory models.	Redistribution and insurance and smoothing of consumption and income curves.	Stimulation of domestic consumption, increase in disposable income, tendency to hold labour costs down.	Construction of a new distributional coalition in the statist export model.
	Expansion of non-contributory conditional transfers, based on means testing or evidence of financial need.	Poor and vulnerable families and rural population with children.	General revenues.	Incorporation of poor sectors and redistribution of income.	Stimulation of consumption and human capital formation.	
Health	Non-contributory insurance or expanded eligibility in contributory models.	Medium-low- and low-income non-formal sectors.	General revenues, public and private providers.	Insurance against collectivized health risks.	Expansion of the concept of health as a public good because of its positive externalities.	Construction of a new distributional coalition for the statist export model.
	Non-contributory universal basic floors.	Medium-low- and low-income sectors.	General revenues, private providers.	Improved access to preventive actions and primary and tertiary treatment.	Reduction in tertiary care costs and improvement of human capital in the poor population.	
	Expansion of the public primary care network.	Poor and rural sectors.	General revenues for public provision.			
Education	Expansion of initial education and early childhood stimulation.	Targeted on the poor and needy.	Financing through public and private provision.	Redistribution and equal opportunities.	Human capital formation; efficiency of early intervention.	Construction of a new distributional coalition for the statist export model.
	Expansion of public education with extended hours.	Targeted on the poor or needy (Chile an exception).	Financing through public provision.	Redistribution and equal opportunities.	Improvement of human capital in vulnerable sectors.	Women and gender as subject and cause of political division.
	Correctives to decentralization and quasi-markets.	Anti-selectivity measures and subsidies for vulnerable areas.	Increase in subnational fiscal capacity and financing through cohesion funds.	Solidarity funds or subsidies to correct inequality biases in decentralization and quasi-markets.	Avoiding efficiency failings of quasi-markets.	

Source: Prepared by the author.

## F. Conclusions

Latin America has gone through a number of stages in the matter of social policy models, and social protection systems in particular. However, it was at an early stage when the State did not participate in social protection that the first education and health-care actions were undertaken, with the latter creating the embryo of a social protection policy dimension by boosting urban sanitation infrastructure and creating the earliest mechanisms for protecting against the risk of diseases. Only in the import substitution period was it possible to envisage a strong push for modern social protection, tied firmly to protection for formal workers and inspired by the unfunded solidarity models of European social security systems. The limitations of labour markets and the incompleteness of the mechanisms for protecting against a variety of risks produced a stratified model, with coverage that was very far from universal and that generated greater and greater problems of actuarial sustainability as privileges and benefits matured.

The liberal turn taken by social protection meant that a focus on extreme poverty existed side by side with market or individual capitalization mechanisms for middle- and upper-income sectors, supplanting or supplementing traditional unfunded models. As the twentieth century came to an end, different forces for change began to create a new impetus in social policies, and especially social protection policies. The expansion of coverage through broad targeting, subsidies for contributory models and an increase in the range and variety of provision were combined during this stage with tendencies towards better matching of provision to local characteristics. This often gave rise to an ambiguous movement, favourable to universalism in some of its instruments, but incomplete and with contradictory tendencies that sustained the segmentation of access and quality.

The return and resilience of democracy, an export-oriented external stance and the substantial economic growth of the last decade and a half are all signs of a change of era that holds out the potential for construction of a promising, if often unstable, social citizenship. The tax-raising capacity of the State, improvements in its management and, most particularly, the distributional coalitions and generational and gender orientations of investment in social protection will have a crucial role to play in maintaining movement towards robust forms of universalism and equity in an economic context that will not be as favourable as in recent years. There is a need to align the instruments, tools and innovations that have been emerging in the past few years on a selective, strategic roadmap that leads to higher levels of efficiency, effectiveness and social equity. The improvisations that characterized the early part of the new century must somehow be structured into harmonies that have meaning, direction and legal, fiscal and political coherence, without thereby forfeiting flexibility or context-appropriateness.

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Part 2

**Life cycle and spatial dimensions  
of social protection**



## Chapter III

# Early childhood and childhood

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## Introduction

Three convergent factors have helped gradually move the issue of childhood toward the centre of the social agenda in Latin America. First, as discussed below, there are sufficient findings on what has been called the infantilization of poverty in the region, reflected in the obvious overrepresentation of children among the population living in conditions of extreme poverty, poverty and social vulnerability. Second, studies in neuroscience show the profound impact that early conditions have on a person's potential for future development. Along these lines, social science studies show at least two things: (i) the fight against inequality should begin early in life, because once unequal opportunities harden into unequal skills, reversing these processes becomes complicated (Esping-Andersen, 1999; Heckman, 2012);

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and (ii) social investment in early childhood is a far more cost-effective way to impact skill-building than are similar efforts later in life (Heckman, 2012). Third, thanks to strides in the rights-based approach (see chapter IX), children are no longer perceived as a passive group depending on the family but are instead considered subjects of rights of which the State (not the family) is the ultimate guarantor.<sup>2</sup>

The secular privatization of child welfare (Furstemberg, 1997), in which families were ultimately responsible for that welfare, has in a way been undermined by these three factors. They have revealed (i) that child poverty and its magnitudes are not an attribute of households but rather a structural feature of our societies; (ii) that leaving child welfare up to market forces and family structures and capacities is socially and economically inefficient; and (iii) neither logic nor institutions nor the law make it possible to separate State and family responsibilities in violating or upholding the rights of children. There must therefore be a guarantor State to safeguard the capacity of families and regulate the actions of their members in this area.

This chapter describes the main policies that Latin American social protection systems have for protecting infants and children, focusing on instruments and regulations deployed over the past 15 years. To this end, section A looks at the main risks of rights violations during this stage of the life cycle and describes the structural processes with the most impact on the ability of the countries of the region to move towards social protection systems that further child welfare.

Section B summarizes the targeted policies and instruments that have proven most effective or that, even if their impact has not been assessed, are seen as innovative approaches. This review pinpoints good practices. But it also examines the main changes in social protection policies for early childhood and childhood in terms of expanding coverage, segmentation of access and type of benefits, adequacy and quality, and financing.

The chapter concludes with a snapshot of the region's initiatives and successes in these areas. And it sets out some options for the countries to move towards deeper changes and more impactful policies.

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<sup>2</sup> The United Nations Children's Fund (UNICEF) holds that the 1989 Convention on the Rights of the Child sets out the rights that must be realized for children to develop their full potential, free from hunger and want, neglect and abuse. It reflects a new vision of the child. Children are neither the property of their parents nor are they helpless objects of charity. For further details see UNICEF [online] [http://www.unicef.org/crc/index\\_protecting.html](http://www.unicef.org/crc/index_protecting.html).

## A. Rights violations linked to childhood

Childhood is a stage of the life cycle with particular dimensions of risk. On the one hand, children depend largely on others for their well-being. This entails high dependence on the context and/or family of origin. Second, the risks that turn into damage at this initial, early stage of life have lasting effects on children's potential for well-being and future integration. Therefore, the State's role at this stage is deployed primarily in three ways: (i) direct protection of goods and services for children; (ii) protection of families so they can protect their children; and (iii) regulation of the actions that the adults in the family context can, must and cannot take regarding minors.

A handful of key indicators is enough to show that the core rights of children are violated at different times in their and their families' lives. One such violation occurs at birth and is reflected in mortality indicators. In Latin America and the Caribbean, neonatal mortality rates have remained stubborn; while they have fallen over the past 20 years (from 22 deaths per 1,000 live births in 1990 to 10 deaths per 1,000 live births in 2012), they still account for a larger share of overall deaths of children under the age of five than in 1990 (jumping from 41% in 1990 to 51% in 2012) (UNICEF, 2013). Except in a few countries (Colombia, Ecuador and Nicaragua), the proportion of low-birth-weight infants has not declined significantly over the past decade; in some cases (Argentina, Brazil, Costa Rica, El Salvador, Mexico and Uruguay) it has even trended slightly upward. But this is due to social and technical progress instead of worsening pregnancy and birth outcomes: very-low-birth-weight premature infants are increasingly regarded as viable.

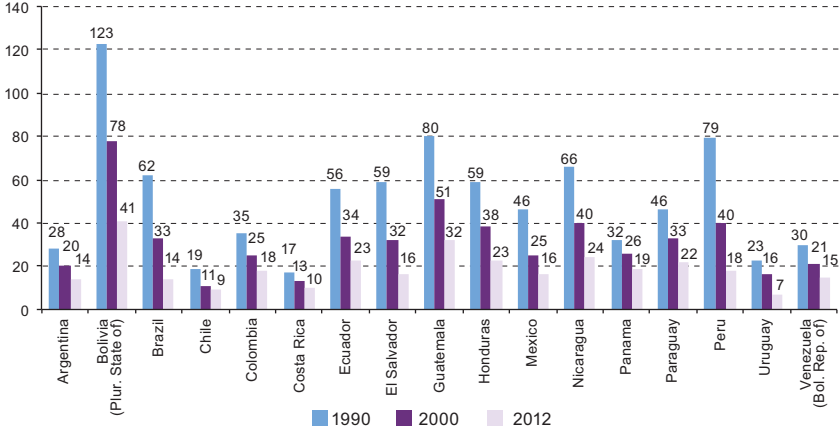
The past two decades have seen significant progress in the mortality rate of children under the age of five, with the average for Latin America going from 54 deaths per 1,000 live births to 19 between 1990 and 2012 (UNICEF, 2013). But this achievement is unevenly distributed across countries (see figure III.1).<sup>3</sup> And within each country there are marked disparities according to ethnicity, place of residence and class (ECLAC/UNICEF, 2008).

The proportion of children under the age of five suffering from chronic malnutrition (stunting) is revealing, too. In most of the countries of the region for which historical data are available this indicator has come down substantially (Colombia, El Salvador, Honduras, Peru and the Plurinational State of Bolivia, for example). However, in countries such as Argentina and Paraguay, the indicator has risen or held steady (see figure III.2).

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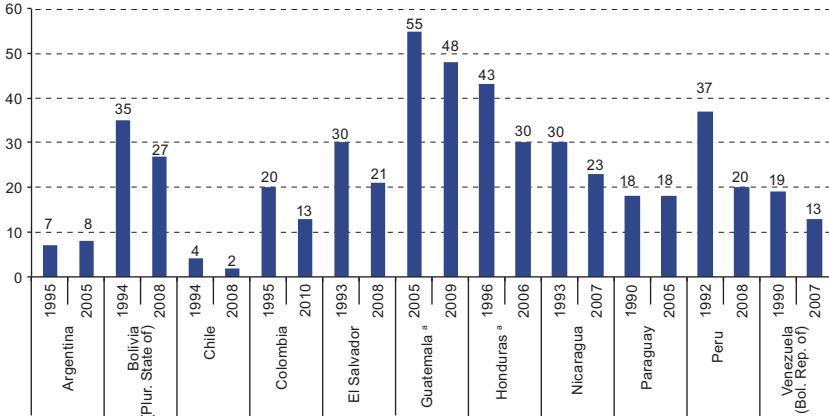
<sup>3</sup> During this period, some countries, such as Brazil, El Salvador and Peru, achieved substantial declines in infant mortality.

**Figure III.1**  
**Latin America (17 countries): mortality rate for children under the age of five, 1990, 2000 and 2012**  
*(Number of deaths per 1,000 live births)*



**Source:** Prepared by the authors, on the basis of United Nations Children's Fund (UNICEF), *Committing to Child Survival: A Promise Renewed. Progress Report 2013*, New York, 2013.

**Figure III.2**  
**Latin America (11 countries): chronic malnutrition (stunting) in children under the age of five, measurement available for 1990-1995 and last available measurement**  
*(Percentages)*

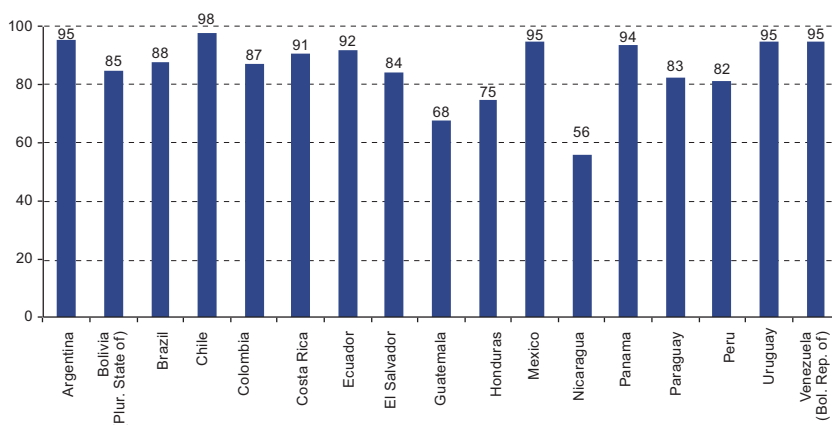


**Source:** Prepared by the authors, on the basis of Food and Agriculture Organization of the United Nations (FAO), *Panorama of Food and Nutritional Security in Latin America and the Caribbean 2013. Hunger in Latin America and the Caribbean: approaching the Millennium Goals*, 2014.

<sup>a</sup> For Guatemala and Honduras, the available measurements closest to 1990-1995 are for 2005 and 2009, respectively.

Lastly, the violation of rights during childhood is expressed in primary education retention rates for children. The evidence shows that, although in several countries retention through the last year of primary education is nearly universal, in others it is still relatively far from that rate (the figures are especially worrisome in Nicaragua, Guatemala, Honduras, Peru, Paraguay, El Salvador and the Plurinational State of Bolivia) (see figure III.3).

**Figure III.3**  
**Latin America (17 countries): retention rate through**  
**the last grade of primary education**  
*(Percentages)*



**Source:** Prepared by the authors, on the basis of United Nations Children's Fund (UNICEF), *The State of the World's Children. Report 2014. Every child counts*, New York, 2014.

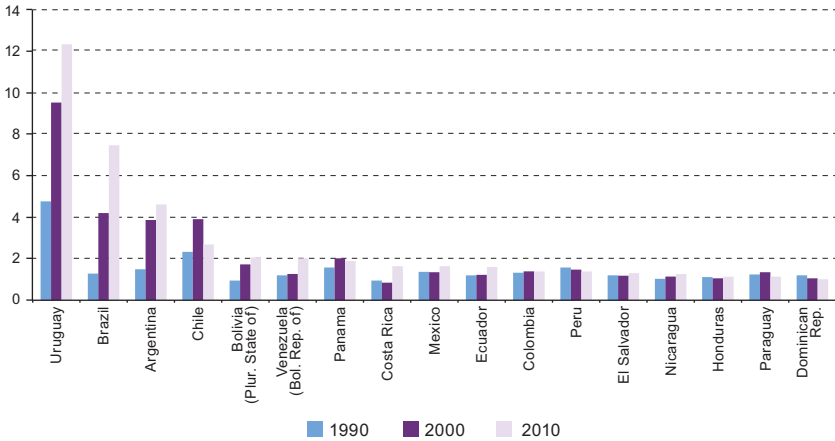
These rights violations are taking place within a set of structural changes (social and demographic) under way in the region that are also impacting the leeway that governments have to act on these variables.

One of these structural processes is the deepening of the age-welfare imbalance at the expense of infants and children, as seen in the increasing overrepresentation of young children in poverty compared with other age groups (Rossel, 2013a). This trend, which is taking place in a general context of poverty reduction in the countries of the region (at least over the past decade), becomes clear when comparing child and adolescent poverty rates with rates for the total population and the working-age population. The gap between child poverty rates and rates for the population of older adults is widening, too. But this trend is not seen in all of the countries equally; it is particularly marked in countries like Uruguay, Brazil, Argentina and,



to a lesser extent, Chile (see figure III.4). This would seem to indicate that as countries move along the demographic transition and make strides in economic and social development, risks tend to become concentrated in the youngest age groups if these trends are not addressed.

**Figure III.4**  
**Latin America (17 countries): ratio between child poverty and poverty among the population aged 65 and over, around 1990, 2000 and 2010**  
*(Percentage ratios)*



**Source:** C. Rossel, “Desbalance etario del bienestar. El lugar de la infancia en la protección social en América Latina”, *Políticas Sociales series*, No. 176 (LC/L.3574), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2013.

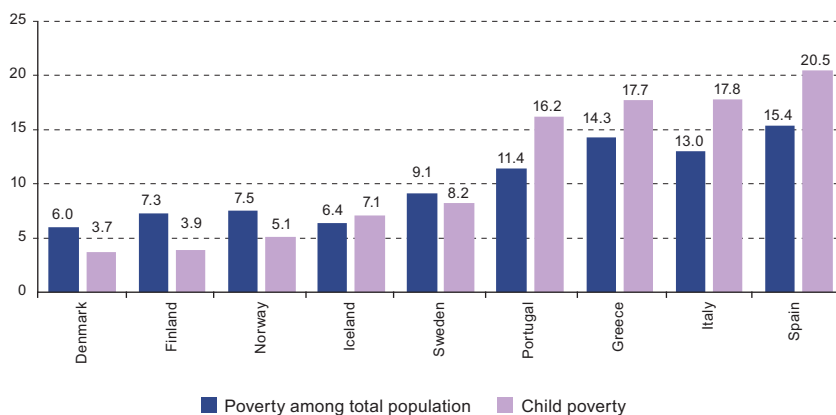
Figure III.5 shows that the infantilization of poverty taking place in all of the countries of the region is not necessarily unavoidable for them. While in some industrialized countries there is a clear pattern of infantilization of poverty (albeit less markedly so than in Latin America and the Caribbean), in others the proportion is reversed because there are stronger protections for children than for the general population.

Figure III.6 shows the effort that a number of countries in an advanced stage of demographic transition are making in the area of cash benefits (family allowances and maternity and parental leave) and care, early readiness and education systems targeting different stages throughout childhood. In the two countries of Latin America for which data are available (Chile and Mexico), the amounts are small in relation to median household income

and are concentrated in the later stages of childhood. In the countries of southern Europe the fiscal focus is also on school-age children. However, in the Nordic countries the effort is greater and more evenly distributed from early childhood to school age. In Norway there is even a clear bias towards investment in the early years of life.

The region is going through a stage where what is really at issue is the step-up of the fiscal effort targeting childhood and, as part of that effort, the increase in the portions aimed at infancy and early childhood.<sup>4</sup> In short, the countries of the region are investing relatively little, so there is not much redistributive effort geared towards the youngest ages.

**Figure III.5**  
**Organization for Economic Cooperation and Development (OECD) (selected countries): proportion of people living in relative poverty,<sup>a</sup> 2010**  
*(Percentages)*

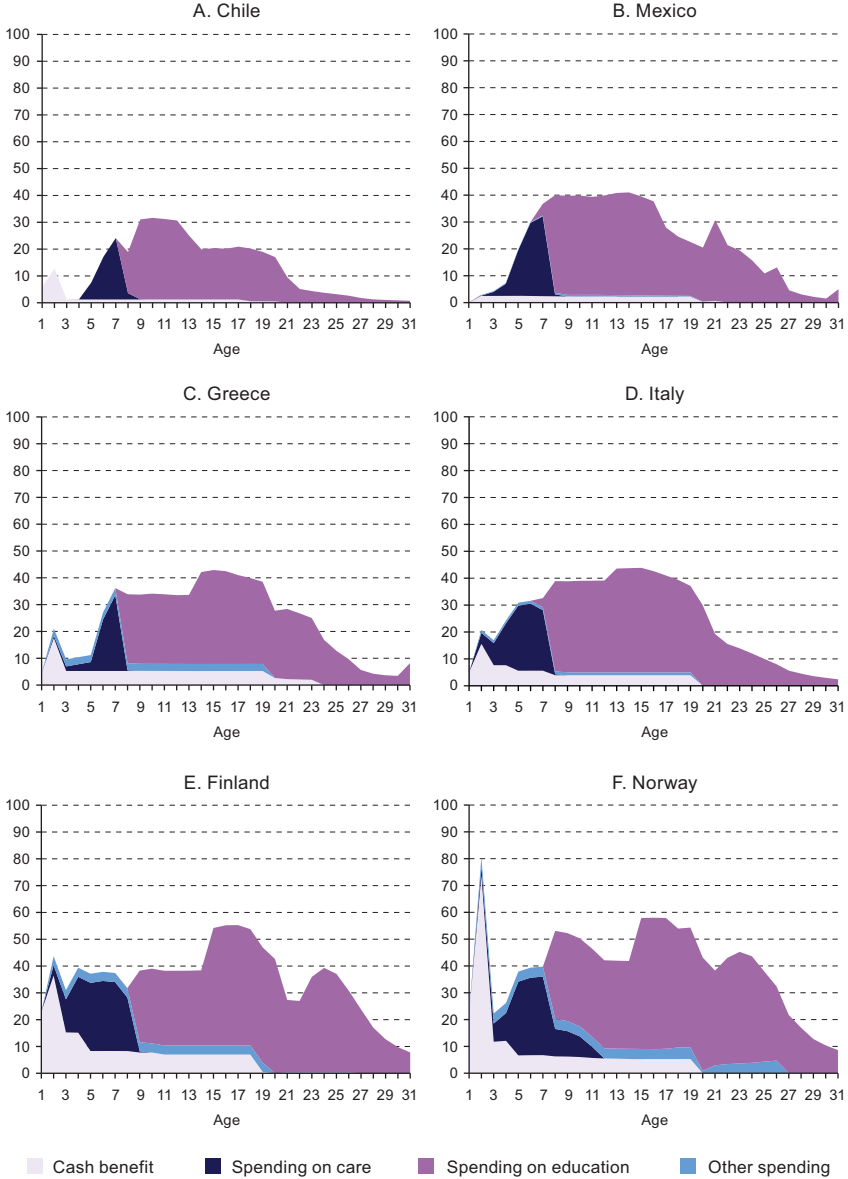


**Source:** Prepared by the authors, on the basis of Organization for Economic Cooperation and Development (OECD), Social Data Base, 2014.

<sup>a</sup> People in relative poverty are defined as those living in households with per capita incomes below half of the median per capita household income.

<sup>4</sup> Values are expressed relative to the median income of households with working-age members, so (while differing levels of wealth among countries is a factor) what they show is the fiscal effort made by countries relative to their income and inequality levels. The more unequal a country is, the lower its ratio of median to mean. Therefore, for the countries of Latin America countries their parameter (that is, the denominator) is relatively modest compared with their mean than for the more egalitarian countries.

**Figure III.6**  
**Selected countries: average social investment per child or adolescent,**  
**by type of intervention,<sup>a</sup> by single ages, 2007**  
*(Percentage of median income among households with working-age members)*



**Source:** Prepared by the authors, on the basis of Organization for Economic Cooperation and Development (OECD), Social Data Base, 2014.

<sup>a</sup> Does not include investment in health.

## **B. Overview of policies and programmes: achievements and unmet challenges**

Beyond the relatively modest fiscal efforts in the region, the countries of Latin America have different public policy devices and instruments for addressing and preventing the violation of rights in early childhood and childhood. Some of them have already long been a part of social protection systems in the region. Others, however, are recent and are beginning to move up the social policy agenda, with the resulting increase in fiscal effort.

Three areas of early childhood and childhood policy warrant a close look: child health policies, cash and in-kind transfers, and care, early readiness and school policies.

### **1. Child health: guaranteed benefits**

Intervention under child health policies begins during pregnancy<sup>5</sup> and, once the baby is born, in the first stage of his or her life. Basically, there are three types of policies in this sphere: those geared towards early detection of pregnancy; newborn care policies; and the expansion of health rights in early childhood and childhood.

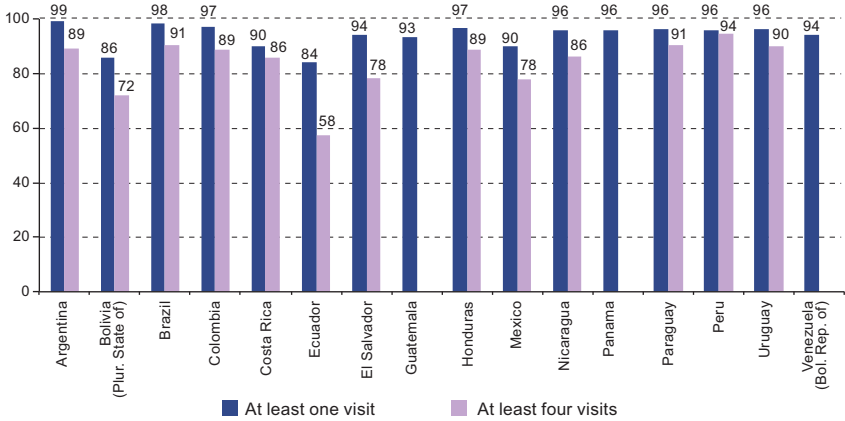
#### **(a) Policies for early detection of pregnancy, check-ups and delivery care**

Early detection and pregnancy care are a key axis that is usually the first link in the chain of tools for preventing risks and violations of children's health rights. At present, the proportion of women of reproductive age who were seen by skilled personnel at least once during pregnancy is almost 100% in most of the countries of the region (the regional average is 94%). However, there are still countries (the Plurinational State of Bolivia, Ecuador, El Salvador and Mexico) where a considerable proportion of pregnant women do not receive adequate care; in some cases the number of visits is far from optimal (see figure III.7).

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<sup>5</sup> There is a period prior to gestation that concerns women's control over their reproductive calendar, which is discussed in detail in chapter IV on the adolescent and youth stage of the life cycle. The region is going through —albeit not fast enough— a positive process for giving women more control. Policies for access to contraception, the expansion of sexuality education in primary and secondary education curricula and progress in legislation regarding the legality of voluntary termination of pregnancy (where there are yawning gaps) have enabled progress concerning the reproductive rights of women, which in turn impacts child health and family situations.

**Figure III.7**  
**Latin America (16 countries): proportion of pregnant women receiving health care, by number of visits,<sup>a</sup> 2008-2012**  
*(Percentages)*



**Source:** Prepared by the authors, on the basis of United Nations Children’s Fund (UNICEF), *The State of the World’s Children. Report 2014. Every child counts*, New York, 2014

<sup>a</sup> Percentage of women aged 15 to 49 who were seen by skilled health personnel (doctors, nurses or midwives) at least once and at least four times during pregnancy.

Nearly nine out of ten deliveries in Latin America are attended by skilled personnel, but there are still countries and geographic areas (especially rural ones) where this is not the case. In Guatemala, Mexico and the Plurinational State of Bolivia, more than 30% of births are not attended by skilled health personnel (UNICEF, 2014).

In recent years a number of countries have set out to change this scenario, using different kinds of tools. On the supply side there are three main axes of action:

- (i) The efforts are made by the State itself and its public care systems; gynecological services are stepped up in polyclinics or more hours for such services are made available in public hospitals.
- (ii) The State uses capitation<sup>6</sup> or performance goals to encourage private providers in health systems to increase early entry and regular visits.
- (iii) The State subsidizes the costs of public and private providers, eliminating any out-of-pocket costs for visits, medications and associated tests.

<sup>6</sup> Refers to the amounts allocated to cover the cost of health care and that the State pays to hospitals and health centres (amounts differ, for example, according to each person’s gender and age profile).

On the demand side, the main axes of action are:

- (i) Information and awareness campaigns on the importance of these check-ups and the rights of women and children in terms of delivery care and parenting support.
- (ii) Conditionality mechanisms for cash transfers.
- (iii) Models for proximity- and territory-based social assistance work to encourage and support appropriate check-ups.

A recent effort combining a number of these instruments is Argentina's *Plan Nacer* programme. This policy, rolled out in 2005, sought to improve health care for pregnant women and newborns by setting protocols for basic and specialty check-ups for them (Repetto and Potenza Dal Masetto, 2012). The plan works like medical insurance and operates on the basis of transfers by the national government to the provinces. The transfers (which are subject to meeting goals and population served) are aimed at increasing investment in equipment, infrastructure and human resources for early care during pregnancy, childbirth and postpartum, support for breastfeeding and monitoring feeding and parenting in the first months of life (Repetto and Tedeschi, 2013). In 2012, the national government deployed the *SUMAR* programme for uninsured children, adolescents up to age 19, pregnant women and women up to age 64, in order to deepen and broaden the scope of *Plan Nacer*.<sup>7</sup>

Another noteworthy initiative arose from the recent health reform in Uruguay, which did away with health systems co-payments for mother and child benefits and set up an integrated information and follow-up system covering gestation, birth and the first years of life. In 2012 a territory- and social-assistance-based policy targeting the highly vulnerable population was put in place to encourage appropriate check-ups during pregnancy and support for childbirth, postpartum and parenting (UCC/OPP, 2014).

Another example is Mexico's Healthy Pregnancy Programme, aimed at reducing maternal mortality rates in remote areas. It was implemented in 2009 in order to reduce the incidence of maternal mortality in remote areas of the country (Valencia Lomelí, Foust Rodriguez and Tetreault Weber, 2013) and designed as a mechanism for direct enrolment in the *Seguro Popular* public health insurance scheme so that pregnant women could have free access to prenatal and obstetric care (CNEGSR, 2009). The initiative seeks to ensure medical coverage for complications before, during or after childbirth. Implementation is well under way, but there have been issues at the state government level, including a number of obstacles to and restrictions on

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<sup>7</sup> Among other things, the programme brings children and adolescents aged 6 to 19 and women aged up to 64 into the health system; for the latter it actively promotes preventive check-ups for cervico-uterine cancer and breast cancer.

enrolment in the insurance plan (CNEGSR, 2009). This policy came linked with implementation of the Equal Start in Life Action Plan (APV), aimed at unifying, organizing and coordinating actions across highly decentralized health services to ensure the right of all mothers to be healthy during pregnancy and childbirth, and the right of children to be healthy at birth. The action plan lays out a set of strategic guidelines for improving care during childbirth, as well as a set of tools for improving services through staff training, replacement and replenishment of appropriate equipment and improving critical case transport services (Secretariat of Health of Mexico, 2008).

Other countries have also made efforts —albeit more modest ones— to ensure free prenatal and obstetric care during pregnancy and improve the entry of pregnant women into the health system. In Haiti, for example, the *Soins Obstétricaux Gratuits* (SOG) free obstetric care project takes aim at the financial, geographical and cultural barriers to accessing and using health services during pregnancy. The project achieved a significant increase in prenatal care coverage and a 66% jump in the proportion of births tended to by health services (Lamaute-Brisson, 2013).

The nature of the gaps in pregnancy detection and pediatric check-ups is such that actions tend to have components that target both demand and the expansion of supply. This is because for the basic indicators (pregnancy detection, check-ups and childbirth care) coverage levels are close to universal. The idea is, therefore, targeting as a way to achieve full universality. This does not bar other considerations (efficiency, equity or externalities seen as positive) from leading to action on a mass or universal scale. For example, strategies for eliminating the cost of access to benefits, medicine and tests can be universal (public supply and/or full subsidies for private providers) or targeted (expansion of the public supply in areas of high vulnerability or partial subsidies and co-payments, according to ability to pay). As for information and awareness about pregnancy care, targeted proximity-based and social assistance strategies can be used, as can mass media and universal sexuality education campaigns.

Funding for this type of initiative almost always comes from general revenues (expansion rarely comes from contributory insurance<sup>8</sup> or individual incentives for private insurance), and its cost can vary widely, depending on

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<sup>8</sup> This statement needs to be qualified. As will be seen below, the increase in contributory coverage in health systems has made for greater access and, especially, better quality in terms of maternal and child benefits. It is true that part of this increase in contributory coverage is not due to a net increase in contributors through pension plans or payroll deductions in contributory models, but rather to flexibility mechanisms or the incorporation of the non-contributing population into contributory formats. Strictly speaking, in such cases expansion is due to subsidies out of general revenues, which is what allows access to contribution-based providers. In other cases, it is within the contributory system itself that payroll deductions from those already contributing are increased so as to fund solidarity-driven expansion to sectors that are unable to contribute.

guaranteed benefits, coverage (subsidies or expansion of the public supply) and quality.

Quality is a key issue: not only the quality of the expansion of coverage with respect to existing modalities, but also the segmentation of quality in the covered population. Health systems that are highly segmented between public and private supply tend to reflect the same segmentation as to quality. And even in systems that are less segmented in terms of institutions and providers, it is very common to find significant differences in quality between urban and rural areas and between subregions and provinces. Work on basic quality protocols and the expansion of infrastructure and qualified personnel (not only midwives and obstetricians, but also anaesthesiologists and surgeons in emergency services) is a good example of ongoing efforts in the region in the area of childbirth care.

Maternal and child health tie into a discussion of expanding coverage and quality in the strictly clinical and medical spheres versus improving living conditions and social inclusion of mothers and infants. The literature relatively clearly shows that expanding the range and sophistication of medical technologies has a diminishing marginal impact beyond a certain threshold of regular check-ups, qualified staff and basic infrastructure. On the contrary, there seems to be plenty of room for cost-efficient progress in the effort to improve nutrition for mothers and children, conditions for breastfeeding, social and psychological care postpartum and socioeconomic support for the most vulnerable populations.

### **(b) Newborn care policies**

Newborn care policies encompass a wide range of programmes to promote parenting practices and stimulate infants in the first year of life, combining interventions that have been operating in the region for several decades with more recent policies seeking an integrated approach to care at this stage of life.

A good example is Jamaica's cognitive development programme, which combines weekly visits with work with books and toys at each visit and advice on health and nutrition (Walker and others, 2005). Evaluations of this intervention show positive impacts on school performance even long after participation in the programme (Walker and others, 2005).

Another interesting effort is the Newborn Support Programme (PARN) under the *Chile Crece Contigo*<sup>9</sup> system, which aims to provide practical and educational support for newborns entering the system (Staab, 2013). Under the programme, each beneficiary family receives a layette that includes a package of accessories and clothing, a basic care and stimulation kit, and a

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<sup>9</sup> See [online] <http://www.crececontigo.gob.cl/sobre-chile-crece-contigo/que-ofrece>.



bassinet with bedding. Infants who are hospitalized receive comprehensive care, and there is a protocol for well-baby care covering breastfeeding support, home visits, follow-up of vulnerabilities and educational and stimulation materials for various stages of child development. The programme also provides for regular child development evaluations, combined with group and/or individual interventions for developing parenting patterns and skills.

Evaluations of PARN programme implementation and achievements under *Chile Crece Contigo* show relatively high levels of satisfaction among parents in beneficiary households. However, although there is a reasonable degree of learning as to use of the layette, very few understand how it works. And there seems to be something of a disconnect between the parts that the programme regards as priorities and those that mothers spend more time on and pay more attention to (Grupo Nous, 2013). A clear example of this is cognitive development and stimulation of newborns, which does not seem high on the list of the activities of mothers in the programme (Grupo Nous, 2013). Furthermore, there are significant challenges related to the operation of the programme having to do with health workers.

In Uruguay, as part of a programme based on this policy and with a similar name (*Uruguay Crece Contigo*), a set of highly targeted activities geared towards the population in a condition of high vulnerability has been operating since 2012, with very interesting impacts. Actions under the programme include universal delivery of a welcome kit and social assistance work focused on diet, inclusion in social protection networks (family allowances, payment for prenatal, health and housing programmes), construction and support for construction of information systems and action on universal policies to increase their intake capacity and the quality of care for the most vulnerable population. Some 10 months of intensive social assistance work with each family or pregnant woman brought about a marked reduction in the rate of childhood anaemia (from 32% to 9%), depression among mothers and pregnant women (from 31% to 16%) and alterations in height, weight and motor skills of the population under 24 months (from 44% to 22%) (UCC/OPP, 2014). While an exacting, quasi-experimental evaluation is required and is being carried out, it is unlikely that these declines would be reversed by the effects of maturation, history or selectivity.

Funds for these new intake policies come entirely from general revenues (with support from international cooperation funding in some cases). The provider is, generally, the State although for some benefits non-governmental organizations can play an important role as partners on the ground. Because of their very nature, social assistance actions tend to be targeted and temporary, providing support to families during pregnancy and the first months or years of life of the infant. Universal benefits such as welcome layettes in Uruguay are viable in countries with very low birth rates,

where the cost of universalization is smaller than the symbolic gains that this action represents in terms of social cohesion and image of fairness. In countries with very large numbers of births, the cost of universal actions can be high.

Lastly, longstanding policies in the region have been enhanced. The most important ones at this stage of life are child vaccination policies. Over the past 15 years, there have been three axes of action in the countries, with strong support from the Pan American Health Organization (PAHO): protect achievements, complete unfinished agendas and address new challenges. This has included massive targeted inoculation against diseases that are already eradicated but pose a high import risk because of labour mobility (especially measles, rubella and polio), in more than 18 countries of the region. As for the goal of completing unfinished agendas (elimination of neonatal tetanus, yellow fever and seasonal influenza), where only three countries had begun such campaigns in 2004, almost all of the countries of the region have now. As for new challenges, the main focus has been on pneumococcal conjugate and decavalent vaccines (because of duration of vaccine protection) in countries whose vaccination schedules did not include these options (PAHO, 2012).

### **(c) Expansion of health rights in early childhood and childhood**

Just as important as specific interventions for health care in early childhood are the more flexible conditions of access to health services that several countries in the region have put in place, with the resulting impact on the expansion of coverage and significant progress toward a less regressive distribution of access (Cecchini, Filgueira and Robles, 2014).

Countries like Uruguay and Argentina have addressed gaps in access and the high segmentation of services by implementing reforms that have improved health insurance coverage in early childhood and childhood.

Uruguay reformed its health system by creating the National Health Fund (FONASA), expanding mutual coverage benefits for children of wage workers and including public and private health providers in an integrated national health system (SNIS).

Argentina's work through *Plan Nacer* has also substantially expanded coverage, enabling approximately one million uninsured pregnant women and children to access basic health insurance (Gertler, Martínez and Celhay, 2011).

Countries like Chile and Mexico have made strides in establishing basic health guarantees that ensure access for sectors not covered by contributory insurance schemes. This has been achieved through the System of Universal Access with Explicit Guarantees (the *AUGE* plan) in Chile and the *Seguro Popular* health coverage for all plan in Mexico. The latter has had a significant impact on coverage and brought it up to nearly 41 million people.

## 2. Cash and in-kind transfers to families with children

### (a) Conditional cash transfer programmes

The conditional cash transfer programmes (CCTs) operating in Latin America for almost 20 years now have enabled progress towards reorienting infant and child social protection systems (Rossel, 2013b). They are all geared towards families with children and adolescents in conditions of poverty or indigence<sup>10</sup>, and thus are a key policy tool for protecting the youngest generations. While relatively small in fiscal terms—representing an investment equal to 0.4% of GDP— (Cecchini and Madariaga, 2011), they have immense impact on core factors for ensuring the rights of children.

Since the roll-out of the first transfer programmes in the mid- and late 1990s, that is, Mexico's education, health and food programme *Progres*a (subsequently called *Oportunidades* and now named *Prospera*), as well as programmes in the cities of Campinas and Ribeirão Preto and in the Federal District in Brazil, practically all of the countries of the region have implemented programmes of this kind. Under them, cash is transferred to families in conditions of extreme poverty (Cecchini and Martínez, 2011). All of these programmes make transfers conditional on compliance with certain behaviours, such as going for medical check-ups, enrolling in school and receiving educational support (Cecchini and Madariaga, 2011).<sup>11</sup>

Figures III.8 and III.9 track the steady growth of these new social protection policies. Continuing progress in coverage and investment has resulted in coverage rates of close to a quarter of the population of the region and investment levels equivalent to half a point of GDP.

Behind these averages are significant variations from one country to another, both in terms of fiscal effort and in terms of population coverage rates. Figures III.10 and III.11 show the differing levels of success. Figure III.11 shows coverage of the poor instead of the total population, assuming perfect targeting of benefits for the former.

One of the central debates concerning these programmes has to do with their conditional nature. Should transfers be conditional upon children's going to health check-ups and attending school?

Advocates of this method cite the purpose of promoting investment in human capital and aligning rights with civic duties (Fiszbein and Schady, 2009). Thus, transfers are not merely a redistributive and poverty alleviation device, but are above all else a tool for changing what is considered inappropriate behaviour on the part of poor or indigent families with children. They are also

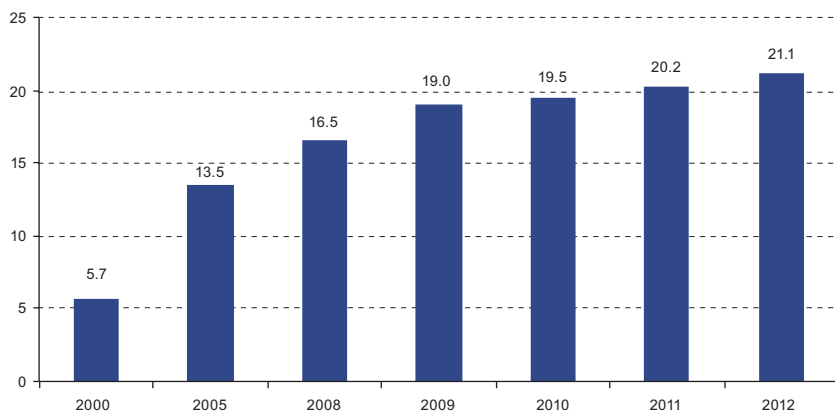
<sup>10</sup> Programmes such as Brazil's *Bolsa Família* now also cover families without children.

<sup>11</sup> In any event, some programmes (like *Bolsa Família* in Brazil and Chile's Ethical Family Income programme) now also include unconditional transfers.

seen as a useful tool for breaking through the barriers of access to education and health services. The existence of conditionalities has spurred a search for multisectoral solutions to poverty (Cecchini and Martínez, 2011) and encouraged coordination of government departments regarding the goal of poverty reduction.

Figure III.8

**Latin America:<sup>a</sup> coverage trends in conditional cash transfer programmes, 2000-2012**  
(Percentages of total population)

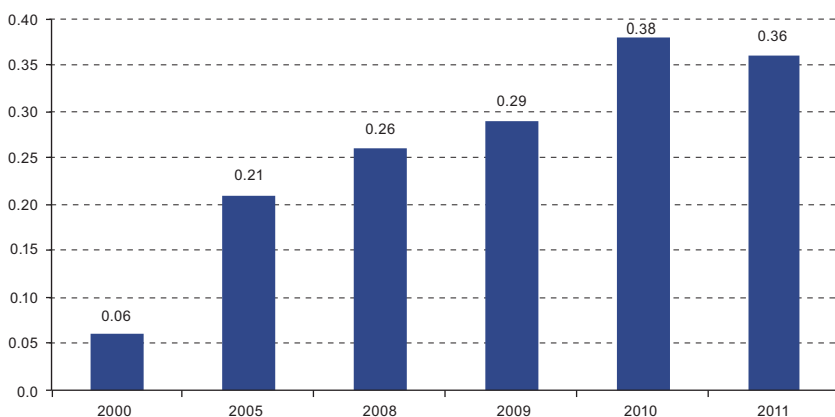


**Source:** Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC)/International Labour Organization (ILO), "Conditional transfer programmes and the labour market", *The Employment Situation in Latin America and the Caribbean*, No. 10, Santiago, 2014.

<sup>a</sup> Weighted average of 18 countries.

Figure III.9

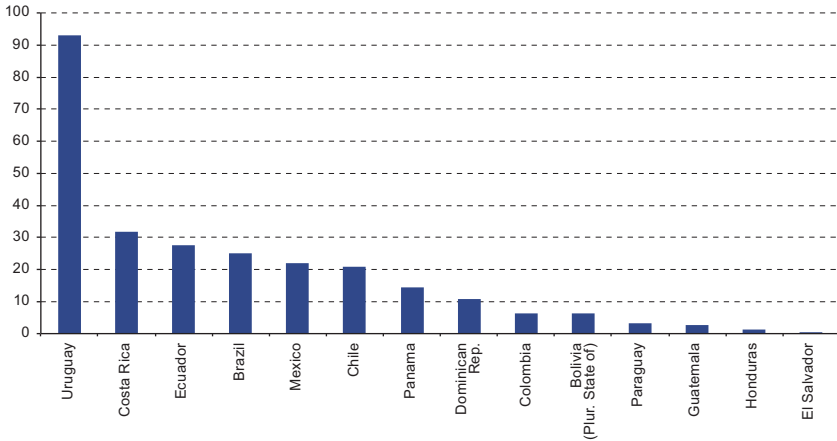
**Latin America:<sup>a</sup> investment trends in conditional cash transfer programmes, 2000-2011**  
(Percentages of GDP)



**Source:** Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC)/International Labour Organization (ILO), "Conditional transfer programmes and the labour market", *The Employment Situation in Latin America and the Caribbean*, No. 10, Santiago, 2014.

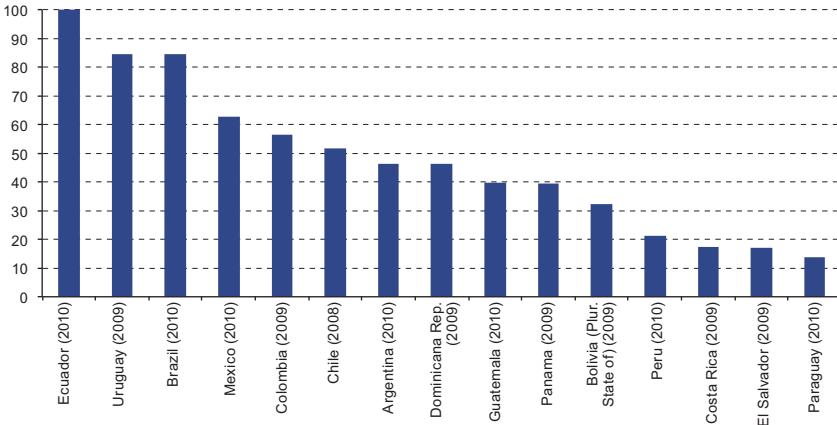
<sup>a</sup> Weighted average of 18 countries.

**Figure III.10**  
**Latin America (14 countries): conditional cash transfer programme investment coverage of the annual aggregate income deficit of the poor population, 2009**  
*(Percentages)*



**Source:** S. Cecchini and A. Madariaga, *Conditional Cash Transfer Programmes: The recent experience in Latin America and the Caribbean*, Cuadernos de la CEPAL, No. 95 (LC/G.2497-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2011.

**Figure III.11**  
**Latin America (15 countries): conditional cash transfer programme coverage, around 2010**  
*(Percentages of the poor population)*



**Source:** S. Cecchini and A. Madariaga, *Conditional Cash Transfer Programmes: The recent experience in Latin America and the Caribbean*, Cuadernos de la CEPAL, No. 95 (LC/G.2497-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2011.

Those who feel that conditionality is negative insist that it is a violation of the right it seeks to establish (see chapter IX). If the basic income guarantee

is a normative foundation for the new benefits, making them conditional is incompatible with the purpose (Standing, 2007a and 2007b). And there are at least three other criticisms. First, when children fail to attend school or use health services it is often not the families' fault but rather due to the lack of available supply (Schüring, 2010). Second, conditions linked to an emphasis on the role of women as recipients of income who are responsible for compliance reinforce the traditional patriarchal division of labour, imposing additional burdens of unpaid work on women. Third, in many countries high-income families are eligible for tax exemptions just because they have children. This tax credit, which is, strictly speaking, a kind of transfer, comes with no conditions at all. In this light, CCTs reflect stigmatization and discrimination against poor families with children.

Conditionalities do not mean the same thing nor have they been applied in the same way in all of the countries. The main differences involve how narrowly targeted the recipients are, monitoring and verification of compliance and, lastly, how stiff the penalties for non-compliance are.

In some programmes, conditionality is paramount. In these cases where conditionality is strong (Fiszbein and Schady, 2009; Cecchini and Martínez, 2011), the recipients have an asset deficit but also face barriers to access to social services. Conditionalities operate here as an instrument to lower these barriers. Within this group (the *Oportunidades* programme in Mexico and More Families in Action in Colombia), non-compliance is monitored and subject to penalties in the form of stopping payments (Cecchini and Martínez, 2011).

In other programmes, however, conditionalities are seen as an essential instrument and are monitored systematically, but the penalties for non-compliance are mild. And within the public policy framework, families who are failing to comply are worked with to determine why and to help them access services (Cecchini and Martínez, 2011, p. 102; Cecchini, 2014).

The many assessments of conditional cash transfer programmes show both substantial impacts and clear challenges.

Evidence indicates that transfer programmes have managed to target the poorest families (Cecchini and Madariaga, 2011; ECLAC, 2010b), that transfers account for a considerable share of the poorest families' income, and that they have impacted the smoothing of consumption by households in conditions of extreme poverty (Soares, 2004; Escobar and González de la Rocha, 2005; De la Torre García, 2005; Adato and Bassett, 2009). In a number of countries these programmes seem to have helped reduce poverty and extreme poverty (although the impact has been stronger on gap and severity indicators than on the headcount ratio), especially in rural areas (Veras Soares, Perez Ribas and Guerreiro Osório, 2007; Fiszbein and Schady, 2009; Carneiro, Ginja and Galasso 2009).

But beyond these general trends, transfers have had a specific impact on dimensions of core rights of early childhood and childhood. Transfer programmes have proven to have positive effects on primary school enrolment and attendance (De la Torre García, 2005; Amarante, Vigorito and Ferrando, 2008); on the transition between primary and secondary education (Fiszbein and Schady, 2009; Schultz, 2004; Behrman, Sengupta and Todd, 2005; De Janvry and others, 2005); on reducing behaviour problems (Arroyo Ortiz and others, 2008); and on improved performance in learning tests (De la Torre García, 2005; Gertler and Fernald, 2005). In turn, assessments show clear impacts on school attendance: in Brazil, the likelihood of truancy is 3.6 percentage points lower among recipient children, and their likelihood of dropping out of the education system is 1.6 percentage points less than for their peers in the control group (Veras Soares, Perez Ribas and Guerreiro Osório, 2007).

Some programmes also have modest but significant impacts on early childhood development indicators. Paxson and Schady (2007) found impacts on cognitive development of children in Human Development Grant-targeted families in Ecuador. Macours, Schady and Vakis (2008) found impacts on language development in Nicaragua, although they do not appear to be concentrated in early childhood. The *Oportunidades* programme appears to have helped reduce behavioural problems and improve language development among children who were younger than 36 months when entering the programme (Arroyo Ortiz and others, 2008).

As for health outcomes, there have been positive impacts on a number of indicators, such as hemoglobin levels (Paxson and Schady, 2007; Henderson, 2011), infant mortality, growth (Henderson, 2011), nutrition (SEDESOL, 2008) and the likelihood of births attended by qualified personnel (De Brauw and Peterman, 2011). Impacts on health check-ups and immunization were also found, although with mixed results in terms of anthropometric and nutritional indicators (Cecchini and Veras Soares, 2014).

Conditional cash transfer programmes have proven to be valuable tools for intervention in the area of food quality (Romero Pineda and Ventura, 2009; Henderson, 2011) and, in particular, for the consumption of food with higher nutritional value (Hoddinott, Skoufias and Washburn, 2000; Skoufias, 2005; Perova and Vakis, 2010) (see the detailed assessments in table III.1).

Transfer programmes face many challenges, stemming from obstacles that have arisen over the years they have been operating. As for their impact on safeguarding the rights of infants and children, the most important challenge is associated with tensions sparked by barriers and obstacles (which can even be territorial) that hinder access to basic education and health services. On top of this come infrastructure deficits in these services, which in some cases have made it impossible to comply with the conditions (Gonzalez de la Rocha, 2008; Escobar and González de la Rocha, 2009; Rodríguez Mojica, 2010; Ribe, Robalino and Walker, 2010; Cecchini and Madariaga, 2011).

Table III.1  
**Latin America (10 countries): main assessments and outcomes of transfer programmes concerning the rights of infants and children**

Country and programme	Authors	Findings
Education		
Brazil - <i>Bolsa Família</i>	Silveira Neto (2010); De Brauw and others (2010).	Increased school attendance of children aged 7 to 14 (Silveira Neto, 2010) and children aged 6 to 17 (De Brauw and others, 2010).
Mexico - <i>Oportunidades</i>	Schultz (2004); Behman and others (2005); De Janvry and others (2005).	Improvements in the transition flow from primary education (enrolment) to secondary education (only in rural areas).
Mexico - <i>Oportunidades</i>	Todd y Wolpin (2006).	Greater school attendance among beneficiaries of the <i>Oportunidades</i> programme (only rural areas).
Mexico - <i>Oportunidades</i>	De la Torre Garcia (2005).	Increased enrolment, educational attainment, reading, writing and mathematics tests and higher educational expectations (only in rural areas), and reduction of adolescent dropout rates (only in urban areas).
Mexico - <i>Oportunidades</i>	De Brauw and Hoddinot (2011).	Increased enrolment of children aged 8 to 16.
Chile - Solidarity Chile	Matorano and Sanfilippo (2012).	Increased school enrolment of boys and girls aged 6 to 14.
Chile - Solidarity Chile	Galasso (2006).	Increased preschool and primary enrolment and adult literacy.
Uruguay - National Social Emergency Response Plan	Amarante and others (2008).	Increased school attendance during school age.
Colombia - Families in Action	Baez and Camacho (2011).	Greater likelihood of completing secondary school.
Ecuador - Human Development Grant	Paxson and Schady (2007).	Improvements in cognitive development (children aged 3 to 6) (no clear differential impacts between urban and rural areas).
Child development		
Colombia - Families in Action	IFS, Econometría and SEI (2006).	Positive impact on compliance with growth and development check-ups.
Mexico - <i>Oportunidades</i>	Gertler and Fernald (2005).	Improved weight-for-height score (in rural areas only).
Ecuador - Human Development Grant	Paxson and Schady (2008).	Modest but significant impacts on child development: motor development, long-term memory and cognitive development indicators.
Nicaragua - Social Protection Network	Macours, Schady and Vakis (2008).	Impacts concentrated in language and older children.



Table III.1 (concluded)

Country and programme	Authors	Findings
Health and nutrition		
Brazil - Bolsa Família	De Brauw, Gilligan, Hoddinott, Roy (2010).	Improvements in body mass index and immunization.
Colombia - Families in Action	Attanasio (2005).	Lower incidence of diarrhoea (especially in rural recipients) among children under 48 months.
Colombia - Families in Action	Acción Social (2010).	Decrease in the proportion of rural children under 3 affected by diarrhoeal diseases.
Colombia - Families in Action	Vera-Hernández, Attanasio, Gómez, Heredia, Romero (2010).	Increased number of growth check-ups over the past year (in children aged 24 to 48 months).
Chile - Solidarity Chile	Matorano and Sanfilippo (2012).	Increase in attendance of children at public health services.
Chile - Solidarity Chile	Galasso (2006).	Increase in preventive medical check-ups for women and children.
Chile - Solidarity Chile	Galasso (2011).	Increase in attendance at public health services.
Chile - Solidarity Chile	Martorano and Sanfilippo (2012).	Increase in attendance at public health services.
Uruguay - National Social Emergency Response Plan (PANES)	Amarante and others (2008).	Increased health check-ups of children under 5, and increased dental check-ups by adult women.
Mexico - <i>Oportunidades</i>	De la Torre García (2005).	Increased use of health services, fewer school absences due to illness, lower prevalence of obesity, hypertension and diabetes, increased use of Pap smear test and prenatal care (only in rural areas).
El Salvador - Solidarity Network/Solidarity in Rural Communities	De Brauw and Peterman (2011).	Increased proportion of births attended by trained staff.
Peru - Juntos	Sánchez and Jaramillo (2011).	Increased number of vaccines received during the child's life (average).
Ecuador - Human Development Grant	Paxson and Schady (2008).	Higher hemoglobin levels in children (only in rural areas).
Access to food		
El Salvador	Henderson (2011).	Vouchers used mostly for child education, food and buying medicine.
Peru - <i>Juntos</i>	Perova and Vakis (2010).	Lower alcohol consumption and increased consumption of milk, cheese and eggs (four times higher in households that have been in the programme for more than one year).
Colombia - Families in Action	IFS, Econometria and SEI (2006).	Longer duration of breastfeeding of children under 2 years in rural areas.
Guatemala	Romero, Pineda and Ventura (2009).	Most of the transfer used for food products (sugar, eggs, rice, oil, corn and milk); perceived positive change in eating habits.
Mexico - <i>Oportunidades</i>	Hoddinott and others (2000); Skoufias (2005).	Increased consumption of food; increased consumption of fruits, vegetables and animal products; increased calorie intake and diet diversity (fruits, vegetables and meat).

**Source:** Prepared by the authors, based on assessments and compilations of assessments of a number of transfer programmes; and S. Cecchini and F. Veras Soares, "Conditional cash transfers and health in Latin America", *The Lancet*, vol. 385, N° 9975, 2014. Previous versions of this table were published in Rosell (2013b).

### **(b) Linking transfers to guarantees and basic services**

Transfer programmes in a number of countries have clearly aimed to promote the use of basic services that, for a variety of reasons, a portion of the poorest population was not accessing. Several studies show programme impacts on increasing awareness among the target population as to the networks of basic services available in their communities (Galasso, 2006) and increased demand for access to them (Veras Soares, Perez Ribas and Guerreiro Osório, 2007; Carneiro, Galasso and Ginja 2009). There is also evidence that CCTs have sparked improvements in the supply of services (Cecchini and Martínez, 2011).

But the evidence gathered so far on transfer programmes reveals that their impact tends to be less relevant if they do not come along with significant improvements in the provision of and access to basic services (water, sanitation, transport and housing) and an enhanced supply of health and education services where these programmes are operating (Mokomane, 2012).

Some countries have begun to move in this direction. An example is the *Brasil Carinhoso* programme, created in 2012 in an effort to promote school attendance in early childhood (Robles and Mirosevic, 2013). The programme mandates transfers (taking into account the number of students and a certain yearly minimum quota) to municipalities and the Federal District so they can expand the supply of child education<sup>12</sup> and, initially, admit to kindergartens and nursery schools children aged 0 to 48 months that are part of *Bolsa Família's* target population. In addition to contributions to institutions, the programme provides an additional transfer (which is automatic for those who qualify) for overcoming extreme poverty in early childhood (Brazil without Poverty, or BSM).<sup>13</sup> As another example, Argentina links transfers from the Universal Child Allowance with *Plan Nacer* (now SUMAR): enrolment of children under 6 in the latter is required for collecting the transfer (Repetto and Potenza Dal Masetto, 2012; Repetto and Tedeschi, 2013).

### **(c) Food and nutrition programmes**

Food and nutrition policies are already something of a tradition in Latin America. A number of countries have impact assessments showing positive effects on nutrition indicators and on the presence of micronutrients. One example is Mexico's Community Milk Supply Programme, which seems to have helped reduce anaemia among recipients (Shamah and others, 2007; Villapando and others 2006). Other programmes, such as health and nutrition interventions by Guatemala's Institute of Nutrition of Central America and Panama (INCAP), have even had positive impacts on the educational outcomes of targeted children (Maluccio and others, 2006; Hoddinott and Bassett, 2008).

<sup>12</sup> Takes into account only those public or private non-profit institutions that are included in the register and care for children who are not in other registers and have signed agreements with the Municipal Department of Education.

<sup>13</sup> See [online] <http://www.mds.gov.br/brasilsemmiseria/brasil-carinhoso>.

Although there is less evidence on outcomes and impacts, a number of countries of the region have made progress in expanding coverage and eliminating some of the segmentation in access under food policies. One example is the Food and Nutrition Security System (SISAN), created in Brazil in 2006, which coordinates several programmes aimed at reducing food insecurity (Robles and Mirosevic, 2013). Haiti has also made strides concerning feeding, with its National Plan for Food and Nutrition Security and the National School Meals Programme. Both (especially the latter) have substantially expanded coverage, from 150,000 beneficiary students in 2007-2008 to 1.1 million students in 2012 (Lamaute-Brisson, 2013). Another example is Peru's work on fighting hunger and boosting food security, especially among infants, in the poorest areas in the framework of the National Food Assistance Programme (PRONAA)<sup>14</sup>, replaced in 2013 by the Qali Warma National School Nutrition Programme (Lavigne, 2013). And the Dominican Republic deployed components specifically geared to food under its conditional cash transfer programmes described above, like the Eating Comes First food scheme under its Solidarity programme —now called *Progresando con Solidaridad*.

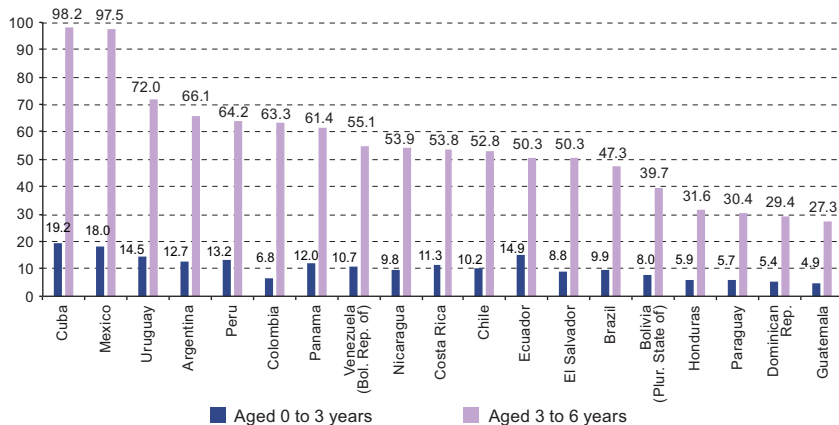
### 3. Care, early readiness and school systems

A third area that is beginning to see major changes related to social protection of infants and children involves care and preschool education services, as well as efforts to lengthen the school day. According to the international literature, these three aspects have the potential to substantially impact child well-being. But they are also helping women enter the labour market —thanks to leaves, for example, as discussed in chapter V (Rossel, 2013b). In fact, one of the reasons for low child poverty rates in the Nordic countries is precisely the high participation rates of mothers. In Latin America, some of the improvement in poverty levels over the past decade is also associated with greater paid workforce participation of women in the first two income quintiles.

The starting point for preschool education coverage (children aged 0 to 3 years) is not encouraging; it ranges from 5% (Dominican Republic, Guatemala, Honduras and Paraguay) to 20% (Cuba and Mexico). By contrast, the attendance rate (net) for the 3-to-6-year age bracket is much higher, although only in Cuba and Mexico does it approach universal. In Argentina, Colombia, Panama, Peru and Uruguay the range is 60% to 75%. At the lower end are, again, the Dominican Republic, Guatemala, Honduras, Paraguay and the Plurinational State of Bolivia (ECLAC, 2011) (see figure III.12). In both cases, service coverage is quite stratified according to socioeconomic status and tends to increase in the higher quintiles (see figure III.13).

<sup>14</sup> Through its two programmes, the Comprehensive Nutrition Programme (PIN) and the Food Supplement Programme (PCA), both targeting children, pregnant women and nursing mothers.

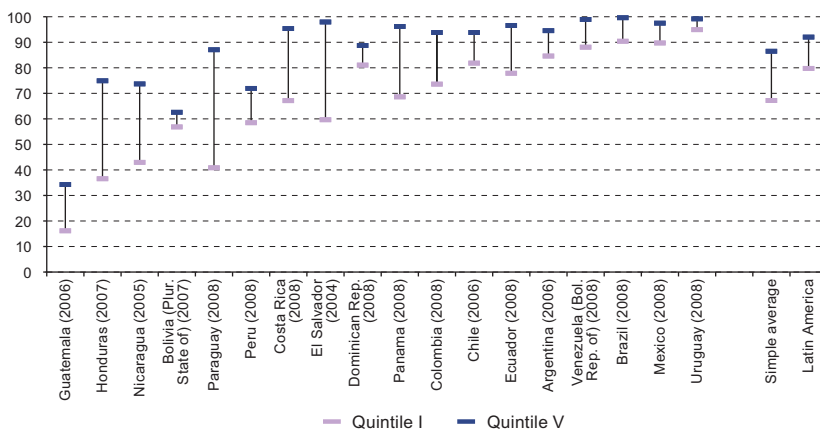
**Figure III.12**  
**Latin America (19 countries): net enrolment ratio for pre-primary level (3 to 6 years) and estimated enrolment ratio for early childhood education (0 to 3 years), around 2008<sup>a</sup>**  
*(Percentages)*



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2010* (C/G.2481-P), Santiago, 2011.

<sup>a</sup> Early childhood enrolment ratio estimate based on exponential models on the basis of household surveys in countries with information available (see ECLAC/OEI, 2010). The age groups vary, depending on the official cycles in the countries.

**Figure III.13**  
**Latin America (18 countries): attendance rates between the first and fifth quintiles for children one year younger than the official age for starting primary school, around 2008**  
*(Percentages)*



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2010* (C/G.2481-P), Santiago, 2011.

Many of the countries of the region have fostered the creation or expansion of childcare service coverage for children aged 0 to 3 years, as well as preschool education for the 3-to-6-year bracket (Cecchini, Filgueira and Robles, 2014) (see table III.2). Mexico expanded the supply of day-care and preschool education services provided by the Mexican Social Security Institute (IMSS) through home day-care facilities, subsidizing individuals or organizations to provide them, primarily for low-income working mothers not covered by the network.<sup>15</sup> Although the initiative spurred a marked increase in coverage (from 59,000 children in 1996 to nearly 215,000 children in 2007) (Staab and Gerhard, 2010), available studies indicate that it did not help reduce the segmentation of the system in terms of quality (Staab and Gerhard, 2010; Staab, 2010).

Another useful example is Chile, where combining services provided by the National Board for Nursery Schools (JUNJI) and those provided under the *Chile Crece Contigo* programme has considerably expanded the supply of public care services (mostly all-day) for the 0-to-2-year (nursery schools) and 2-to-3-year age brackets among the poorest sectors of the population. Despite this, the model still has glaring inequalities (Staab and Gerhard, 2010; Staab, 2010).

Uruguay, too, has significantly expanded childcare coverage by enhancing the CAIF child and family centres plan, a model of services managed by social organizations but funded entirely by the State. It targets low-income families and generally operates through centres located in areas of high social vulnerability. Its services are combined with compulsory preschool education from age 4 and an effort to expand space in the public system. Over the past decade, this has yielded a substantial expansion of educational assistance in this age bracket (Rico, 2011). The CAIF plan now serves more than 45,000 children aged 0 to 3 years throughout Uruguay.<sup>16</sup>

Costa Rica's education system provides preschool services for children under 6 years and 3 months. The country has a combination of public and private services. There are two public-service models: those that are open to the public and those that are closed (associated with public institutions and open only to the children of government employees). A noteworthy example of the model open to the public is the CEN-CINAI programme run by the Ministry of Health General Directorate of Nutrition and Child Development. The programme includes Education and Nutrition Centres (CEN) that provide care for children aged 0 to 7 years in two shifts (7 a.m. to 11 a.m., and 11 a.m. to 3 p.m.) and the Child Nutrition and Comprehensive Care Centres (CINAI) that provide care 12 hours a day (from 6 a.m. to 6 p.m.) to children in the same age range (Sauma, 2012).

<sup>15</sup> For more information see [online] <http://www.imss.gob.mx/guarderias/Pages/index.aspx> and [http://www.sedesol.gob.mx/en/SEDESOL/Programa\\_estancias\\_infantiles](http://www.sedesol.gob.mx/en/SEDESOL/Programa_estancias_infantiles).

<sup>16</sup> See [online] <http://www.presidencia.gub.uy/Comunicacion/comunicacionNoticias/plan-caif-susana-mara-ninos-familias-poblacion-vulnerable>.

**Table III.2**  
**Latin America (6 countries): supply of childcare services**

Country	Public services	Private services
Argentina	<ul style="list-style-type: none"> <li>• Children aged 0 to 2 years: nursery schools, day-care centres (which are not part of the education system, but have a care function).</li> <li>• Children aged 3 to 5 years: kindergarten part of the education system.</li> <li>• There are social organizations that serve the poorest (in the 1990s, the number of nursery schools and community kindergartens managed by these organizations practically tripled).</li> </ul>	Nursery schools, kindergartens and preschool.
Brazil	<ul style="list-style-type: none"> <li>• Children up to 6 years: preschool in public schools.</li> <li>• Day-care centres.</li> </ul>	Day-care and preschool.
Chile	<ul style="list-style-type: none"> <li>• The supply of public services for children aged 0 to 5 years increased during 1990-2002.</li> <li>• There are establishments operated directly (by the National Board for Nursery Schools (JUNJI) and the Integra Foundation) or in partnership with civil society organizations, aimed at the poorest population aged 0 to 6 years. Priority is given to women who are working or looking for work, female heads of household and teenage mothers. Children of women working temporarily in agriculture (children aged 2 to 10 in daily 11-hour shifts) and in tourist areas are also eligible.</li> <li>• Middle level (children aged 2 to 3 years) and nursery schools (children aged 84 days to 2 years).</li> <li>• The public supply is concentrated in JUNJI and the Integra Foundation (52%).</li> </ul>	Subsidized private and private.
Colombia	<ul style="list-style-type: none"> <li>• The preschool level of formal education consists of three levels: pre-kindergarten, kindergarten and transition.</li> <li>• The Colombian Family Welfare Institute (ICBF) provides nationwide services for the poorest population (part-time or full-time home or community kindergartens). In Bogota there is a similar service.</li> </ul>	Preschool, all three levels. Civil society organizations and family compensation funds (kindergartens and educational institutions).
Mexico	<ul style="list-style-type: none"> <li>• Preschool education is aimed at the population aged 3 to 5 years (Ministry of Public Education).</li> <li>• The Mexican Social Security Institute (IMSS) offers day-care service for children of working women or working men who are widowed, divorced or have custody (children aged 43 days to 4 years). Childcare facilities to support working mothers in low-income households and informal employment (Secretariat of Social Development (SEDESOL)), where care is provided for children aged 11 months to 4 years.</li> </ul>	Preschool education provided in private schools for children aged 3 to 5 years.
Uruguay	<ul style="list-style-type: none"> <li>• Kindergartens for children aged 3 to 5 years, and schools for children aged 4 and 5 years.</li> <li>• Company and government agency nursery schools (for children aged 45 days or a year and a half to 4 or 5 years).</li> <li>• Public programmes run by civil society organizations (care centres and early childhood and family care centres (CAIF) and municipal centres), to address child poverty. CAIF services switched from children aged 4 to 5 years, to those aged 2 and 3 years. The municipal programme serves children aged 6 months to 3 years in areas with gaps.</li> </ul>	Day-care centres, kindergartens and preschool education in private schools. Labour union day-care centres (very few).

**Source:** C. Rossel, "Políticas para las familias en América Latina: Panorama de políticas de reducción de pobreza y conciliación entre trabajo-familia", 2013 [online] <http://www.un.org/esa/socdev/family/docs/FAMILYPOLICIESINLATINAMERICA.pdf>; S. Salvador, *Comercio, género y equidad en América Latina: generando conocimiento para la acción política. Estudio comparativo de la "economía del cuidado" en Argentina, Brasil, Chile, Colombia, México y Uruguay*, Red Internacional de Género y Comercio - Capítulo Latinoamericano, 2007; and E. Vegas and L. Santibáñez, *The Promise of Early Childhood Development in Latin America and the Caribbean*, Washington, D.C., World Bank, 2010.

A number of countries are working towards building care systems (including childcare services) as cornerstones of the new social protection architecture (ECLAC, 2013). Among them are Uruguay (National Care System) and Costa Rica (Care Network and strengthening the CEN-CINAI programme) (Sauma, 2012). Both countries have made progress in building care systems with service networks expanding out-of-home care coverage for children aged 0 to 3 years (Rico, 2011). Among other goals, this will help increase the space available for that age group.

Several countries have made progress on extending the school day. In Chile, the drive for a full school day that began in 1997 has gradually been extended to almost all enrolled children (Staab, 2012). For many years now, Argentina has also had a full-school-day model; currently, various modalities coexist: single-day (in which most children are enrolled), full or double-day, and extended day, with high enrolment in Mendoza and Cordoba provinces and in Buenos Aires<sup>17</sup> (Tenti, Meo and Gunturiz, 2010). For more than 20 years Uruguay has been working on a full-time school model for establishments in critical contexts; the system encompasses 171 schools nationwide. In addition to a longer school day, these centres stress teacher training and designing a new model for managing centres. Another example is Mexico—in the 2007-2008 school year, it began to foster a model of full-time schools that benefited nearly 130,000 children in 500 schools across the country. Currently, the full-time model is in place in 4,751 establishments and covers more than 935,000 students in all three levels of basic education. The model explicitly recognizes the social needs that are swelling the ranks of working mothers (in Mexico, more than 6 million households) and single-parent families.

### **C. Achievements and future prospects**

The emergence and consolidation of early childhood and childhood as an issue, as well as public policies geared towards this age group in the region, are forcing countries to rethink their array of instruments and architecture for the social protection and promotion of this population. The amounts and

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<sup>17</sup> In the jurisdiction of the city of Buenos Aires, where full-school-day policies have made the most progress, 43.8% of total enrolment was in full-time schools in 2007, accounting for 55% of the primary schools on the basis of a model that was first implemented in the 1950s but has evolved over time. The extended hours programme was introduced in 2002, temporarily extending school time by an hour and a half in some single-day schools. In 2003, several full-day schools became intensified schools, which entailed adding education programmes such as language training and information and communications technologies (ICTs).

sources of funding, service models, risks and sources of support, eligibility criteria and segmentation of this protection are shaping both the overall policy orientation and the specific tools designed to this end.

Table III.3 (for the old social protection model) and table III.4 (for the emerging model) track the changing role of the State in public policy and the resulting loss of family, market and community centrality in creating access to child-protection benefits and services for the lower-middle, vulnerable and poor population segments.

**Table III.3**  
**Early childhood and childhood: previous social protection model**  
**(with special emphasis on vulnerable sectors), 1990 to mid-2000s**

Spheres promoting and protecting children	Actor roles			
	Family	Market	State	Community
Access to consumption/income	Central. Income determines family and child consumption. Family determines uses of income.	Labour-market insertion of men and women with children.	Few or no cash transfers to families with children. Significant contribution of subsidies and price regulation of goods and services consumed by children (especially food staples and health).	Cash grants, loans from social networks and informal credit for daily consumer goods.
Infant care and early stimulation	Depends almost entirely on the family.	Little or no supply on the market.	Little or no supply from the State.	Community and extended-family support for infant care.
Health protection	Depends on family income level and family health and nutrition patterns. Care of the ill, and access to medicines.	Depends on ability to pay and the price of medicines and services.	Importance of health services and access to vaccines and medicines.	Access to community networks and extended family to care for the ill.
Early and preschool education	Primarily depends on the family.	Incipient market supply.	Incipient free supply from the State.	Community care.
Primary education	Important as a complement to nearly universal supply from the State.	Minimal role of the market in basic supply.	Central. Broad public supply.	Support for the public system by networks of parents.

**Source:** Prepared by the authors.



**Table III.4**  
**Early childhood and childhood: emerging social protection model (with special emphasis on vulnerable sectors), from second half of the 2000s**

Spheres promoting and protecting children	Actor roles			
	Family	Market	State	Community
Access to consumption/ income	Central. Income determines family and child consumption. Family determines uses of income.	Labour-market insertion of men and women with children.	Consolidated supply of cash transfers to families with children.	Residual.
Infant care and early stimulation (0 to 3 years)	Family plays leading role in care.	Growing supply of daily childcare services.	Incipient supply of infant care services.	Community and extended-family support for infant care.
Health protection	Depends on family income level and family health and nutrition patterns. Care of the ill, and access to medicines.	Mechanisms for regulating the price of medicines and services.	Basic guarantees for health care.	Access to community networks and extended family to care for the ill.
Early and preschool education	Important as a complement to supply from the State in expanding and complementing private supply.	Relative role of the market in supply; relatively high cost of services.	Central. Consolidated public supply for 5-year-olds, being extended to care for 4-year-olds.	Community care.
Primary education (6 to 12 years)	Important as a complement to nearly universal supply from the State.	Minimal role of the market in basic supply.	Central. Widespread public supply	Support for the public system by networks of parents.

**Source:** Prepared by the authors.

The information set out in the tables should be viewed with caution. It does not adequately reflect trends in these areas nor their centrality (or not) for upper-middle and upper groups, which, despite the growing supply of public services, are “exiting” the latter when they have enough purchasing power to access market-based options. Moreover, the tables identify emerging trends, not consolidated realities. For some countries there are concrete indicators for the growing role of the State in terms of coverage, quality and the fight against segmentation of social protection for children. But for other countries the data reflect policy innovations and limited-scope programmes that, although aiming in the same general direction, still lack impact on overall indicators of population coverage and risk or on closing gaps in access and quality. Concerning this last point, the information in the tables more clearly shows trends and realities in countries with modest welfare gaps<sup>18</sup>, and less so in countries with moderate gaps. In countries where there are severe gaps,

<sup>18</sup> For more information on the countries of Latin America with severe, moderate and modest gaps and the indicators used to identify them in welfare regimes, see Cecchini, Filgueira and Robles (2014).

it is only indicative of intentions and embryonic trends. Still, there may be significant variations in the deployment of certain policies within the countries, leading to differences, for example, between urban and rural areas.

This chapter describes (and the tables summarize) the progress the region has made in its effort to increasingly expand coverage in key areas of social protection for infants and children, such as health care during pregnancy and for newborns.

This expansion of coverage is thanks to a combination of approaches. One is the easing of criteria for eligibility and access to contributory benefits (insurance and health systems). Another is the targeting of certain benefits towards the population that was being excluded from health protection through contributory regimes. The efforts of several countries to formalize health care in this stage of the life cycle are yielding social protection systems that, at least in this dimension, are drawing closer to basic universality.

On another level, though it still falls short in terms of coverage, the non-contributory pillar of social protection through transfers has shown sufficient evidence of overall impact, with infants and young children benefiting the most. The emergence of an increasingly consolidated supply of transfers for families with children is one of the hallmarks of the emerging model of social protection for early childhood and childhood. It is also one of the dimensions where the change has been most noticeable, both in countries with modest welfare gaps and in those with moderate and severe gaps.

Lastly, the expansion of coverage and the development of policies to strengthen care, early learning and child development are putting the region on a path towards clear benefits in terms of child welfare and women's employment. Although still incipient, the entry of the State as major player in the provision of care for children aged 0 to 3 years is an encouraging sign as to the direction taken by the emerging model of social protection for young children.

Despite this progress, however, the region still has major challenges to address in order to bolster social protection systems that will enable progress in correcting persistent biases that work to the detriment of the first few years of life.

First, the overview in this chapter clearly shows the importance of expanding transfers to families with infants and young children. According to available estimates, this goal is financially viable for several of the countries of the region (ECLAC, 2011) when considering only the vulnerable population and also when the objective is universal transfers for all children under 5.

Second, the creation or expansion of out-of-home early childhood care services is a core goal of Latin American social protection plans for the coming decades. This goal also seems to be financially viable: according to

the Economic Commission for Latin America and the Caribbean (ECLAC, 2011), the additional costs of bringing all children between 0 and 6 years of age into early childhood education or preschool education would be within the reach of all of the countries of the region.<sup>19</sup>

A third challenge has to do with changing certain funding mechanisms, in order to decouple benefits and entitlements still tied to contributions, so that funding for the basic package of policies to protect children comes out of general revenue.

Lastly, progress must be made in linking arrangements for the care of the most vulnerable population. Despite their limitations, policies like *Chile Crece Contigo* and *Brasil Carinhoso* stand out because they are geared towards building comprehensive intersectoral social protection systems for early childhood. Although still far from being reflected in most of the policies for early childhood, concern for building social protection systems (instead of isolated policies) is one of the most important challenges facing social protection for early childhood and childhood in Latin America in the decades to come.

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<sup>19</sup> In 15 of the 18 countries reviewed, the cost is less than 0.3% of GDP. In only one country (Honduras) does it exceed 0.5% of GDP (ECLAC, 2011).

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## Chapter IV

# Adolescence and youth

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## Introduction

Adolescence and youth are increasingly recognized as key stages in life. The accumulation of tools and assets needed for welfare during adulthood starts as early as early childhood and childhood but comes to a crossroads when choosing among paths for the transition to adulthood (ECLAC, 2011b). The physical, social and psychological changes concentrated in a few years during this stage set paths that subsequently condition behaviour in adulthood as well as the individual's position in the social structure. In other words, how adult roles are taken on —and sequenced— in the lives of teenagers and young people largely determines access to opportunities and well-being in later years (Coleman, 1974).

During late adolescence and early youth, young people's levels of welfare are strongly associated with their families of origin. But this does not translate into a ratio of poor adolescents similar to the proportion of adults

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who are poor. This is, first, because adolescents are, along with children, overrepresented in poor families. Fertility patterns in lower-income, less-educated sectors largely explain this overrepresentation, combined as they are with today's very low fertility rates among the middle class, especially in the countries of the Southern Cone of Latin America. Second, there is a group of young people who have already gained early emancipation from their household of origin. These adolescents and young people rarely achieve levels of income that are adequate to cover their basic needs, which also contributes to higher poverty rates in adolescence.

The term "youth" has referred to quite disparate age groups at different moments in history, and even today in different societies. Beyond the arbitrary nature of any merely chronological definition, for the purposes hereof it is taken to mean an age range of 14 to 29 years. This is a long period in the life of an individual, which in many cases does not correspond to what certain societies consider to be young. It is also true that in much of Latin America, depending on the social strata in question, there are 14-year olds who are in employment, who are not in education and who in some cases have reproductive experience, while at the other extreme there are youths aged 28 who are still in their household of origin, are in education, are not in employment and have not formed a conjugal union. These examples go to the heart of a sociological look at the issue of youth and adolescence. Roles and positions in the social structure are what, in our view, define life cycles, not age in the abstract. The defined range, then, is a broad one, for the sake of comprehensiveness.<sup>2</sup>

The definitions of the processes that take place during this period and the key events during the transition to adulthood do not refer to a homogeneous universe or necessarily reflect the diversity of situations experienced by different sectors and social groups (Margulis and Urresti, 1998). But from an analytical perspective, it can be said that the final steps to a certain degree of economic and emotional autonomy come at this stage, when people begin to assume roles as citizens, workers and parents. Indeed, there are five dichotomous events that mark the transition to adulthood: leaving the education system; entering the labour market; leaving the household of origin; forming a conjugal union; and starting the reproductive phase or having the first child. In a way, during this phase the predominant role that the family played as a place of risk and protection increasingly shifts towards the market and the State. There is greater exposure to spheres where rights and access to well-being are defined by status and individual performance, and the mediation of the family wanes. These elements to which young

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<sup>2</sup> According to the definition adopted by the United Nations General Assembly on the occasion of the International Year of Youth in 1985, adolescence is the period between the ages of 13 and 17 years and youth is the period between the ages of 18 and 25 years.

people are exposed reflect the transition outlined above: from student to worker, from family member to creator of a new family, from child to parent.

This chapter examines the purpose and performance of social protection systems in Latin America that seek to protect adolescents and youth as they leave behind their youthful roles to take on adult ones. The principal risks that young people are exposed to during this process relate to three key dimensions: timing, sequence and quality of events. Early school leaving, teenage pregnancy, teen labour and very early expulsion from the household of origin are key risks to be avoided. But so are some sequences: procreation before completing basic education and entering the workforce; leaving the household of origin in a situation of disaffiliation from labour-market and education institutions; and pregnancy without a partner are sequences that increase the vulnerability and risks of each event and of their present and future well-being. And the quality of the event matters, too. Is the first job precarious or stable? Has completing the education cycle yielded adequate basic skills or not? Has pregnancy, early or not, taken place in appropriate conditions for the woman's health and welfare? When the timing, sequence or quality of the events of emancipation is negative, the present and future rights of youth are being violated.

The chapter is organized into three sections. Section A describes the main risks of rights violations at this stage of the life cycle, examining the structural configurations that shape the potential for the countries of the region to boost the level of well-being of this population.

The focus of the chapter is on describing, in section B, the main instruments and policies that countries have today to prevent or mitigate the risks faced by young people. It highlights the sweeping changes over the past 15 years and identifies patterns and new trends within these changes. This description centres on four groups of instruments: sexual and reproductive health policies; cash transfers to families with adolescents and youths; education system expansion and retention policies; and policies concerning labour regulation, training and insertion in the labour market.<sup>3</sup>

This description identifies, when possible, good practices in place in the region. But the fundamental objective is to show stylized trends in the major changes that have taken place in social protection systems designed to serve adolescents and youths. In this exercise, special attention is given to progress in terms of coverage, the challenges in terms of access and benefit stratification, achievements in terms of adequacy and quality and the most noteworthy approaches regarding financing.

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<sup>3</sup> Not included in this chapter is another key device for emancipation to adulthood: housing policies, which are discussed in chapter VII and cut across the entire life cycle.

The closing section summarizes the trends and achievements described and provides an overview of the alternatives open to the region to further advance the social protection of adolescence and youth.

## **A. Rights violations associated with adolescence and youth**

Adolescence and youth are stages of the life cycle marked by changes during the transition to adulthood. A first change in this transition is linked to emancipation, shifts in reference groups and, in particular, the process of building one's own family and having children. The second important change during this stage is dropping out or completing formal education and entering the labour market (Marini, 1984; Filgueira and Fuentes, 1998; Leccardi, 2005).

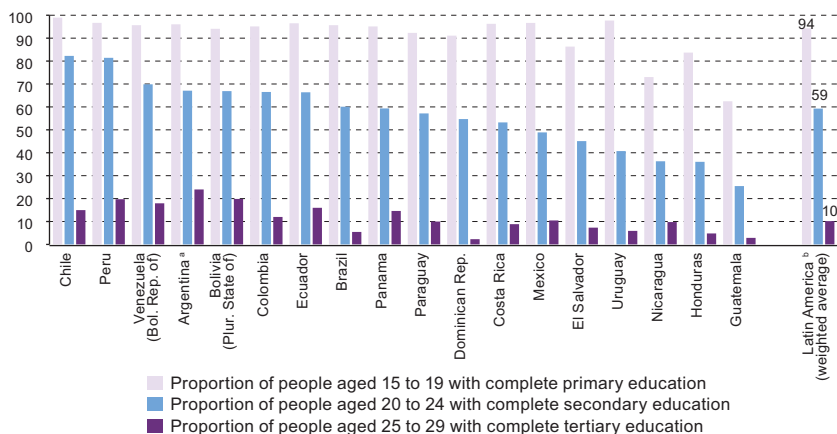
These changes create risks that can result in violations of basic rights. The first such risk is that of a long hiatus between education and employment resulting in inequality in terms of educational attainment, more unemployment among the poorest or least-educated young people, and the gap in returns according to years of schooling. Early school leaving restricts opportunities for finding productive employment and increases the risk of exposure to complex contexts and of developing risky behaviours. In many of the countries of the region, enrolment rates in higher secondary education<sup>4</sup> have soared. This has been especially marked among young people from households with a weaker educational climate. Although most adolescents enter high school, the portion completing it remains very small. Looking at the average for 18 Latin American countries, only 59% of youths aged 20 to 24 completes this cycle. In a number of the countries of the region, such as Guatemala, Honduras, Nicaragua, Uruguay, El Salvador and Mexico, less than half of the youths aged 20 to 24 complete secondary education (see figure IV.1).

The differences in educational attainment, and, in particular, in secondary-school graduation rates, reveal widening gaps between higher-income and lower-income youths. A look at the percentages for completion of secondary education in six countries (Brazil, Chile, Ecuador, El Salvador, Guatemala and Nicaragua) between 1990 and 2009 shows that socioeconomic inequality in terms of secondary-school completion increased in five countries (Brazil, Ecuador, El Salvador, Guatemala and Nicaragua). The only decrease was in Chile, which by 1990 was already in a better position than the others and where the potential for increasing the completion rate in the highest income quintile was lower (ECLAC/UNICEF, 2013).

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<sup>4</sup> The basic cycle or basic secondary education refers to the first three years of secondary education; upper secondary education refers to the last three years. Both cycles are usually included in the term secondary education or high school.

**Figure IV.1**  
**Latin America (18 countries): proportion of people aged 15 to 29 with complete primary, secondary and tertiary education, by age group, around 2012**  
 (Percentages)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2014* (LC/G.2635-P), Santiago, 2014, p. 125.

<sup>a</sup> Urban areas.

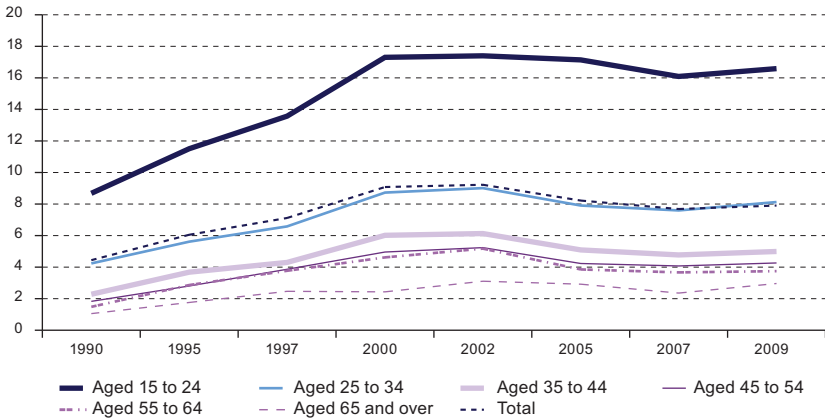
<sup>b</sup> Weighted average of results from the 18 countries included in the measurement.

The second risk facing adolescents and youths is early entry into the labour market, which is associated with unemployment or precarious employment and limits the potential for further schooling. In Latin America there is strong evidence of the conditions in which young people enter the labour market. Youth unemployment has traditionally been higher than in other age groups, and it is usually the first to rise in times of economic crisis and the last to fall in booms (Tokman, 1997; ECLAC, 2010). In other words, “the young are among those who bear the brunt of the recessionary and regressive effects of crises” (ECLAC, 2012a, p. 89). As a result, adolescents and youths are still overrepresented among the unemployed. In 1990 the average unemployment rate for young people aged 15 to 24 in the countries of the region was about twice the figure for the total population (8.6% versus 4.4%). In 2009 it was 16.6% versus 7.9% (see figure IV.2).

This trend reflects the threat that obstacles to social integration pose for future generations (United Nations, 2003; ECLAC/OIJ, 2008) and for the potential for productive participation at a key moment in the life cycle: when the emancipation process starts. The impacts of this scourge also jeopardize the potential for today’s younger generations to become a source of support for intergenerational solidarity in the relatively near future. This scenario becomes even more complex when considering that unemployment

is very unevenly distributed among adolescents and youths —more so for those from less-educated and lower-income households. Furthermore, the gaps that separate lower- and upper-quintile young people have not changed significantly over the past 20 years, and the stratification of youth unemployment is intact (ECLAC, 2012b).

**Figure IV.2**  
**Latin America (weighted average for 15 countries):<sup>a</sup> unemployment rate**  
**by age group, 1990-2009**  
*(Percentages)*



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), *Eslabones de la desigualdad. Heterogeneidad estructural, empleo y protección social* (LC/G.2539), Santiago, 2012, p. 89.

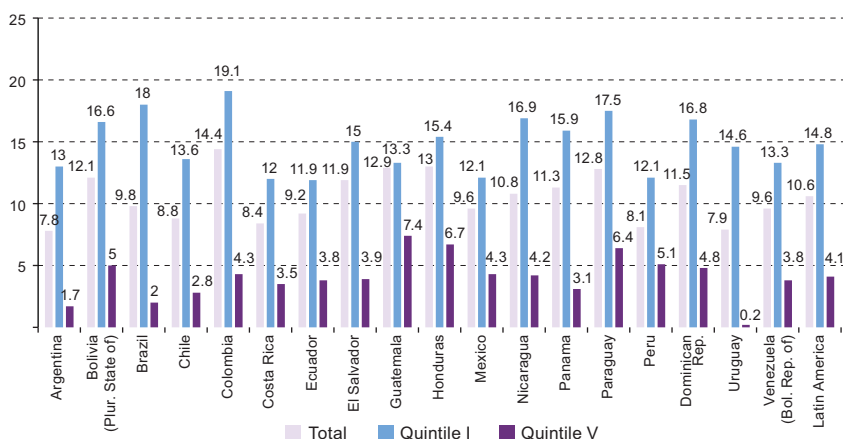
<sup>a</sup> None of the years include data for the Dominican Republic, Guatemala or Peru. 1990: does not include the Bolivarian Republic of Venezuela, El Salvador or Nicaragua. Data for Mexico and the Plurinational State of Bolivia are for 1989; for Colombia and Panama, 1991. 1994: Data for Brazil and Nicaragua refer to 1993; for the Bolivarian Republic of Venezuela and El Salvador, to 1995. 1997: data for Brazil, Chile and Mexico are for 1996; for Nicaragua, 1998. 1999: data for Chile, Mexico, Paraguay and Bolivarian Republic of Venezuela are for 2000; for Nicaragua, 2001. 2002: data for Paraguay are for 2000; for Brazil, El Salvador and Nicaragua, 2001; for Chile, 2003. 2005: data for Honduras are from 2003; El Salvador and the Plurinational State of Bolivia, 2004; for Argentina and Chile, 2006. 2007: does not include El Salvador. Data for Colombia and Nicaragua refer to 2005; for Argentina, Chile and Mexico, 2006. Argentina refers to Greater Buenos Aires; Plurinational State of Bolivia to eight major cities and El Alto; Ecuador to urban areas; Paraguay to Asunción and the Central Department; Uruguay to urban areas. 2009: Data for Plurinational State of Bolivia are for 2007; the Bolivarian Republic of Venezuela and Mexico, 2008; Argentina refers to Greater Buenos Aires; Plurinational State of Bolivia to eight major cities and El Alto; Ecuador to urban areas; Paraguay to Asunción and the Central Department; Uruguay to urban areas.

The third group of risks is associated with early motherhood and fatherhood, which limits the scope for adolescents and youths to decide whether to stay in the education system, their freedom to choose when to enter the workforce and the type of job available to them. Over the past

25 years, the teenage motherhood rate in the countries of the region has not only not declined significantly—it has held steady and, in some cases, even gone up (Rodríguez, 2008; ECLAC, 2011a).

This piece of information, which stands in contrast to the steady decline in fertility in the other age groups, reflects the lack of education and employment options and of real alternatives for preventing pregnancy that adolescents face and that translates, in many cases, to mostly unwanted motherhood. But the lack of alternatives does not impact all adolescents alike. The increase in early fertility comes with rising inequality in the distribution of teen pregnancy and motherhood, which is increasingly concentrated among poor women with less education and fewer opportunities for access to information and resources for sexual and reproductive health (ECLAC, 2011a and 2012a; Ullman, 2015). The differences between the percentages of higher- and lower-income adolescents who are mothers (see figure IV.3) highlight the strength of the link between the lack of basic assets in the transition to adulthood and exposure to the risk of early childbearing. The gaps between adolescents in the first and fifth income quintiles are especially wide in the most advanced countries in the region in terms of welfare (Argentina, Brazil, Chile, Colombia, Panama and Uruguay).

**Figure IV.3**  
**Latin America (18 countries): early motherhood (population aged 15 to 19),**  
**by selected per capita income quintiles, around 2009**  
(Percentages)



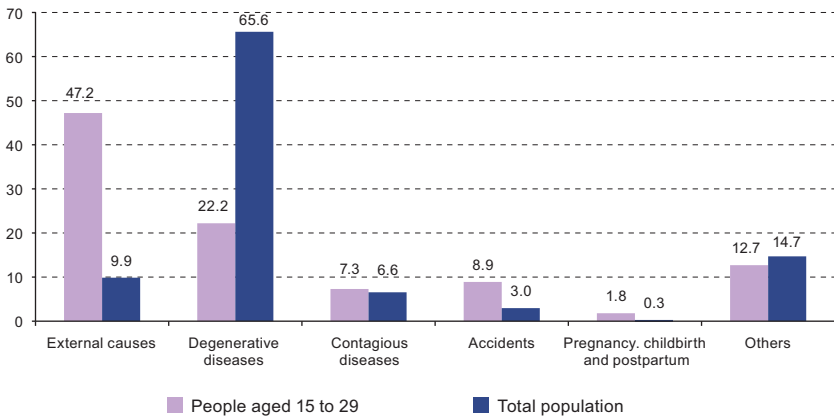
**Source:** Economic Commission for Latin America and the Caribbean (ECLAC)/United Nations Population Fund (UNFPA), *Informe Regional de Población en América Latina y el Caribe 2011. Invertir en juventud en América Latina y el Caribe: un imperativo de derechos e inclusión*, Santiago, 2012.



In short, poor young women are much more at risk of early motherhood. Underlying this is also exposure to unwanted pregnancies, maternal mortality and sexually transmitted diseases.

Exposure to various forms of violence is another risk for adolescents and youths in Latin America. The region has the highest proportion of homicides of children and adolescents in the world (United Nations, 2006; UNICEF, 2014). The homicide rate in this population in 2012 was 12 per 100,000 inhabitants; the world average is only 4 per 100,000 (UNICEF, 2014). And the prevalence of deaths from external causes is higher among adolescents and youths than in other age groups (ECLAC/OIJ, 2008). Deaths from external causes (homicides, traffic accidents, suicides and other injuries) account for almost half of all deaths in the population aged 15 to 29; for the total population the figure is only 9.9% (see figure IV.4).

**Figure IV.4**  
**Latin America and the Caribbean: distribution of causes of death in the total population and among people aged 15 to 29, 2010**  
*(Percentages)*



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC)/United Nations Population Fund (UNFPA), *Informe Regional de Población en América Latina y el Caribe 2011. Invertir en juventud en América Latina y el Caribe: un imperativo de derechos e inclusión*, Santiago, 2012, on the basis of figures provided by the World Health Organization (WHO).

Victimization and youth violence, drug micro-trafficking and the most problematic consumption patterns tend to be associated with urban segregation and concentrated in pockets of exclusion, where illegality and semi-legality often make youth and adolescents more vulnerable to violence and crime, and more likely to engage in crime or violent acts. In this sense, urban segregation is a key factor and a distinguishing mark of Latin America in relation to the issue of vulnerable youth and adolescents.

This overview of the risks that are concentrated in adolescence and youth highlights the importance of the contexts, processes and decisions that people face at this stage of the life cycle. They converge at a crossroads where the path taken will have marked effects on the welfare of these generations in subsequent years (Schoon and Silbereisen, 2009, p. 3). Many of these processes and decisions are interconnected and tend to come at the same time. That is to say, they are not independent.<sup>5</sup> For example, the path chosen by a young person in connection with the education system has an impact on the decisions he or she may make in terms of entry into the labour market. Both events will also affect the choices made regarding emancipation from household of origin and family formation (Schoon and Silbereisen, 2009). Along these lines, they cannot be seen as mere moments during the transition to the next stage but should rather be understood as critical junctures marking unequal paths that lead to inequalities later in the life cycle.

But these risks operate in a framework of long-standing structural processes that condition the scope that countries have for moving forward and safeguarding the basic rights of their population of children and adolescents.

The first of these processes, already noted in the previous chapter, is the trend towards an age imbalance in well-being as highlighted by the overrepresentation of younger generations in the categories of poverty and indigence, compared with other age groups (Rossel, 2013a). Although infants and young children are in a worse position than adolescents and youths in the ranking of poverty by age brackets, young people rank worse than the adult or older adult population. This overrepresentation does not ease until the last ages in the youth bracket (25 to 29).

The second process, also mentioned in the previous chapter, is the emergence of the demographic dividend<sup>6</sup>, which translates into unique opportunities for investing in the younger generations and makes it possible, among other things, to expand coverage of benefits and services and advance in improving the quality of both (ECLAC/OIJ, 2008; ECLAC, 2009). Working towards both would begin to correct the generational welfare imbalance that is already substantial in a number of countries and seems to be appearing in others (Rossel, 2013a). In all of the countries of the region, at the end of the demographic dividend the dependency ratio between adolescents and youths in secondary school and the working-age population (20 to 64) will be approximately 35% lower than in 2005 (ECLAC/UNFPA, 2012). Barring

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<sup>5</sup> An example of this is the evidence showing the coincidence of early school leaving with early formation of unions, often unstable (Bynner, 2005; Furstenberg, 2008; Buchmann and Kriesi, 2011).

<sup>6</sup> The proportion of young people decreases at the beginning of the demographic transition as a the number of children increases; it subsequently increases and then falls to less than 20% of the total population (ECLAC/UNFPA, 2012).

changes in the level of government investment, the demographic dividend would result in an increase in the resources available to invest in secondary education in all of the countries of the region, just because of the change in the dependency ratio between secondary-school age adolescents and youths and the working-age population.

However, taking a mechanical or automatic view of the demographic dividend can exaggerate its impacts or lead to the assumption that resources will spontaneously become available for youth education. It should be emphasized that this is an opportunity, not a sure thing, and that whether this actually happens depends on how countries take advantage of this potential for expanding tax revenue or earmarking investments for young people. Failure to take advantage of such an opportunity would, in the medium term, change it from a dividend into a liability (the so-called demographic “burden” as the population ages in a context in which young people enter the labour market in low-productivity conditions).

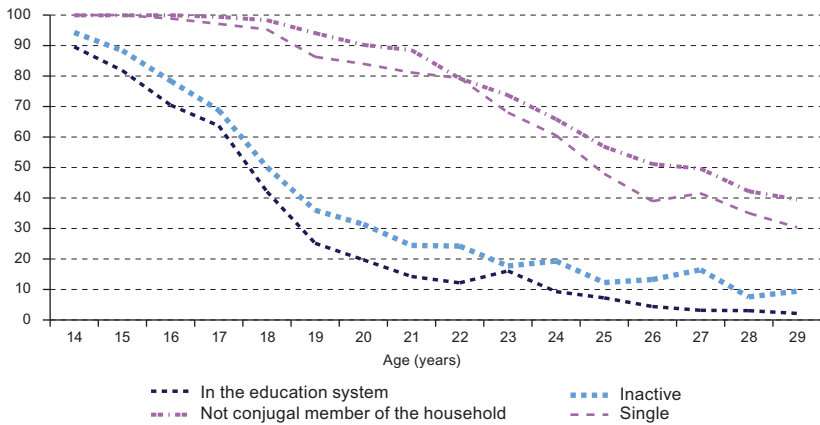
Another important structural process is that, as in other regions of the world, in Latin America adolescents and youths are delaying taking on adult roles or, put the other way, are prolonging youth. Adolescents and youths are marrying or forming conjugal unions later, and they are older when they have their first child or leave the family home (ECLAC, 2000). This change, however, does not affect all adolescents and youths in equal measure. Rather, it has become a highly stratified process. This stratification is associated with structural conditioning factors (Filgueira, 1998, p. 66) associated with divisions caused by inequality and essentially resulting in postponement of the assumption of adult roles in the more educated and higher-income sectors, as opposed to early assumption of these roles in lower-income ones (Ullman, 2015).

Studies show major differences in emancipation paths among adolescents and youths from different socioeconomic strata and, within them, between men and women. Figures IV.5 and IV.6 compare paths to adult roles in two groups of countries (Argentina, Chile and Uruguay, on the one hand, and El Salvador, Guatemala, Honduras and Nicaragua, on the other). The lines show the percentage of people in each category who are young or not yet emancipated in each dimension. At the younger ages nearly 100% of the people are in education, are not in employment, have not formed a conjugal union and report being single. As age increases, these percentages consistently fall.

The information in the figures shows how the education trajectories of high-income adolescents and youths diverge from those in the first income quintile. Although the levels vary according to country group, the former stay in the education system longer and the latter begin to leave school earlier.

**Figure IV.5**  
**Argentina, Chile and Uruguay (simple averages): emancipation indicators**  
**by sex and income group according to age, around 2006**  
*(Percentages)*

A. Men, quintile I



B. Men, quintile V

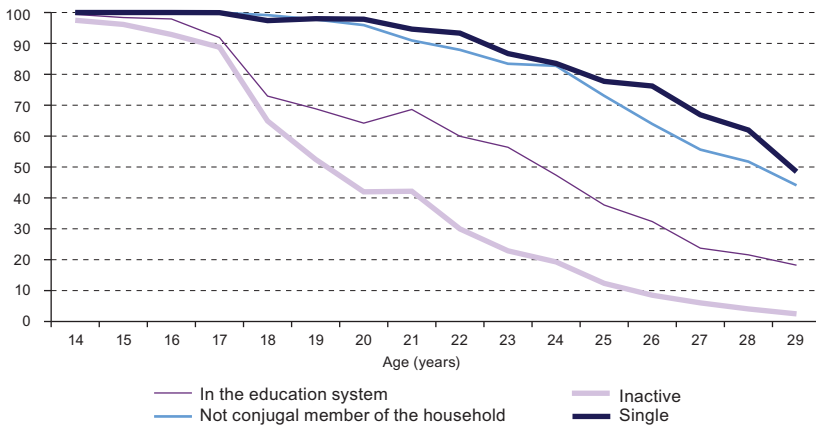
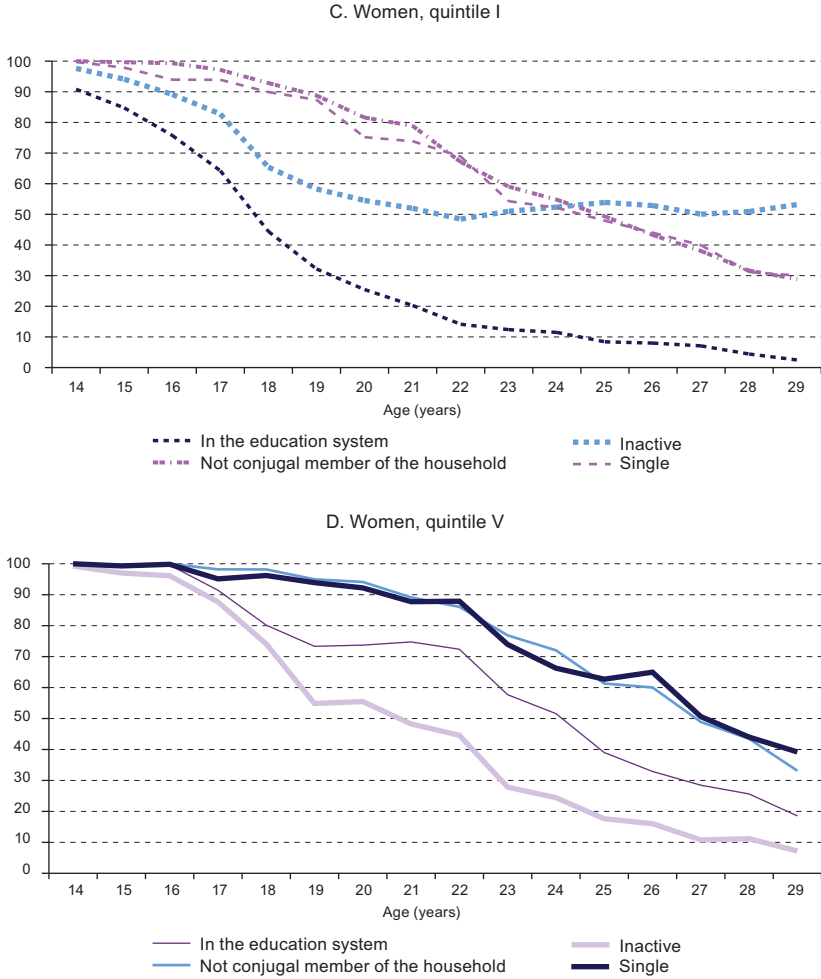


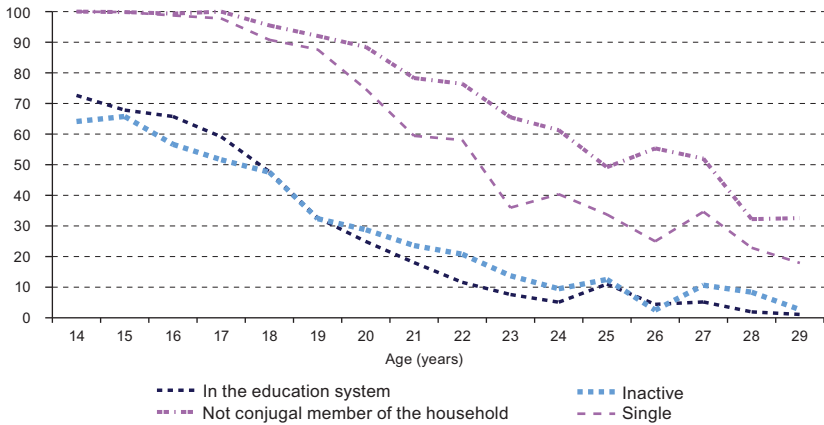
Figure IV.5 (concluded)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2010* (LC/G.2481-P), Santiago, 2011.

**Figure IV.6**  
**El Salvador, Guatemala, Honduras and Nicaragua (simple averages): emancipation indicators by sex and income group according to age, around 2006**  
*(Percentages)*

A. Men, quintile I



B. Men, quintile V

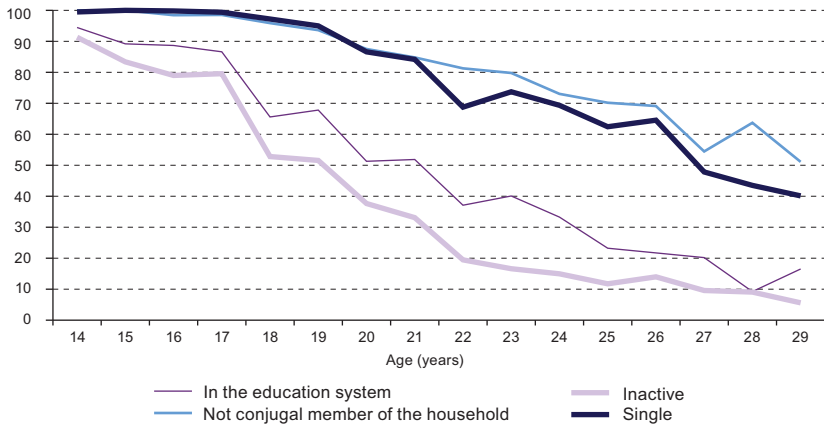
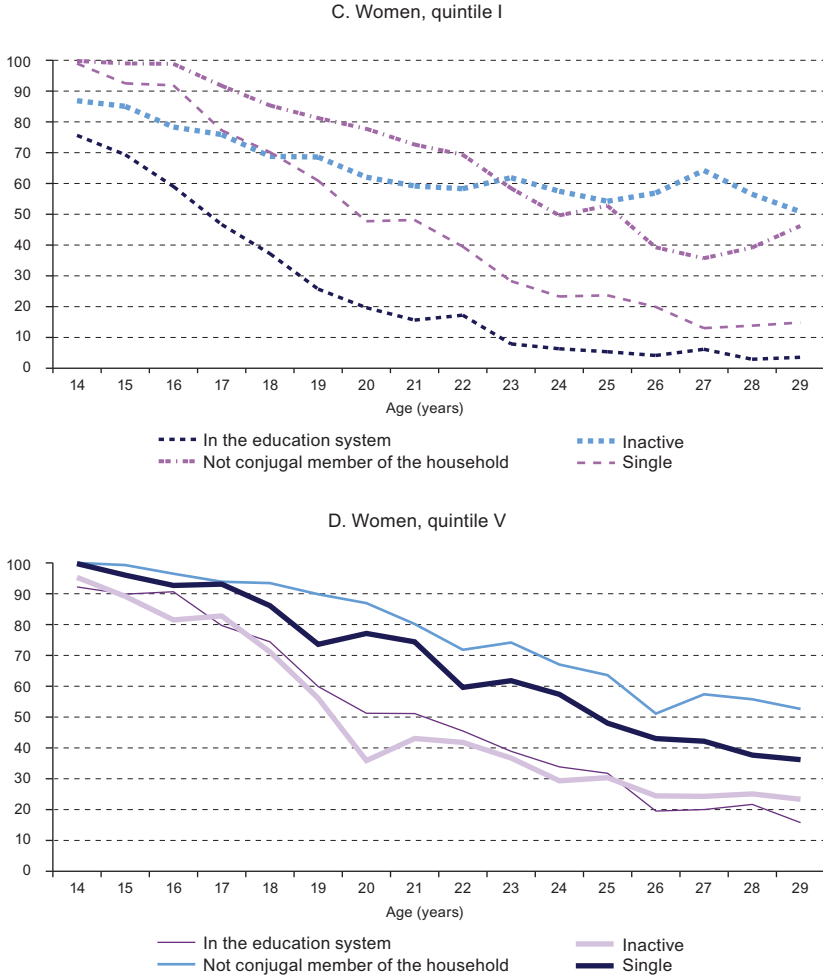


Figure IV.6 (concluded)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2010* (LC/G.2481-P), Santiago, 2011.

In both groups of countries, there are also differences in the paths followed by women. In lower-income sectors, inactivity rates decline with age but plateau after age 20 or 21. This stands in contrast to what happens among their high-income peers, where labour-market participation increases and reaches relatively high levels towards the end of youth. As a result, in the higher-income sectors the participation rates for men and women converge. This pattern is not confirmed in low-income sectors, where gender inequalities (due to a number of constraints and the lack of support for care) operate as a barrier to the integration of women in the productive world.

There is a differentiated pattern, too, of paths towards forming a family. Lower-income men and women cease being single and form conjugal unions early, while their peers in high-income households postpone the age of first conjugal union (see figures IV.5 and IV.6).

These stylized trajectories reflect at least three different paths for transition to adulthood. One involves staying in the education system for most of adolescence and youth (although this may be combined with entering and leaving the workforce). This makes it possible to maximize the accumulation of opportunities for entering the labour market and taking on other adult roles. A second path involves early school leaving and entering the labour market early, as well, albeit usually on an informal, precarious basis. The third route entails early school leaving without entering the labour market. This leads to a situation of institutional disaffiliation that, if maintained for long, makes for a situation of exclusion that carries over into adulthood.

Tying into this is the fourth factor that affects how adolescents and youths face the risks associated with decisions at this stage of the life cycle: the persistence of institutional disaffiliation at relatively high levels, reflected, for example, in the proportion of youths who are neither in education nor in employment nor looking for work. According to recent studies, 22% of Latin American adolescents and youths aged 15 to 29 are neither in education or employment (ECLAC, 2014). This pattern is mainly concentrated among women who, leave school early and perform unpaid work at home.

There are marked differences in behaviour between men and women in regard to entering the labour market in income quintile I, in both high- and medium-high development countries and medium-low development countries in the region. Women in the poorest quintiles start entering the labour market early but also begin their reproductive stage at an early age. The overload of unpaid work, failure to postpone the reproductive phase and predominantly patriarchal arrangements keep many of these women from attaining basic economic autonomy, putting them (and their children) in a position of risk and vulnerability.

One issue not addressed in this overview is youth as not just a material or relational stage of emancipation, but also (as its correlate) a period of identity-building, achievement of moral autonomy vis-à-vis consecrated authority figures, development of one's own socialization patterns and shifts in the belonging map. In the context of social segregation, expansion of symbolic access to consumption and weakening of adult authority figures, there is an important relationship between, on the one hand, the "lack of a future" and the "weakness of consecrated benchmarks of belonging" and, on the other hand, belonging to groups operating semi-legally or in anomie (or, to systems of belonging with their own rules and laws, or breakdown without replacing the previous system of rules) and institutional disaffiliation.



The absence or weakness of prospects for the future are key explanations for many of the problems examined in this chapter: teenage motherhood, drug use and school dropout. Therefore, although the scope of this book does not include addressing this issue or examining it under the public policy microscope, it is important to understand that the classic processes of emancipation described herein are combined with epochal changes that involve breakdowns in the symbolic order of society and of young people, changes in the legitimacy of the adult world to pass down rules and behaviours, and increased exposure of young people to a “liquid modernity” combining new patterns of consumption and socialization with exposure to role models and access to virtual spaces that result in the construction of identities that are, at the same time, broader (in terms of source and basis) and more limited (owing to lack of continuity with the average normative patterns of society).

## **B. Overview of policies and programmes: achievements and unmet challenges**

The risks, vulnerabilities and rights violations that have been described so far are those that relate to stages or milestones in the transition to adulthood. Through a number of mechanisms, families, markets and public policy (the State) help mitigate risk, fight vulnerabilities and ultimately mitigate the damage when vulnerability has materialized into events.

There are five risks to be avoided during adolescence and youth: (i) the risk of the household of origin being in a situation of deprivation or vulnerability; (ii) the risk of forming new households that are in a situation of deprivation or vulnerability; (iii) the risk of abrupt, very early transitions (early school leaving, teen labour, teenage pregnancy, leaving the household of origin early); (iv) the risk of problematic sequences in these emancipation processes (leaving the household of origin without stable employment, having the first child without having completed secondary education and without adult members with the capacity to generate independent income, precarious entry into the labour market without completing secondary school; and (v) the risk of victimization and exposure to violence. The mechanisms used to fight the first four kinds of risk (deprivation in the household of origin or in new households, very early transitions, and problematic sequences of transitional events) are described below.<sup>7</sup>

State efforts to provide social protection for adolescents and youths are structured on the basis of four pillars: (i) providing goods and services for health care and, more specifically, sexual and reproductive health;

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<sup>7</sup> The fifth risk is not addressed because it often goes beyond the limits of social protection policies and involves other public policies.

(ii) protecting the income (mainly through transfers) of families with adolescents and youths in order to encourage them to stay in the education system or foster less precarious entry into the labour market; (iii) education policies, including education expansion and retention programmes targeting adolescents and youths; and (iv) policy packages aimed at improving labour-market entry and job opportunities for young people. A last pillar or, putting it another way, a kind of action that cuts across these pillars, refers to assistance or palliative policies and support when violations or risks have already materialized. Among them are education reinsertion programmes, policies to support adolescent and young mothers, and policies for addiction treatment. This section describes the main instruments that have emerged in Latin America in each of these areas.

## 1. Sexual and reproductive health policies

Adolescents and youth have benefited, to a certain extent, from expanding health coverage in a number of countries of the region that have made it a priority to include the youngest generations and provide maternity care (see chapter III). These policies<sup>8</sup> have tended to ease access to health coverage and have focused efforts on key processes such as pregnancy, birth and early life, all of which has resulted in less unequal access to health care in several countries (Cecchini, Filgueira and Robles, 2014).

Beyond these efforts, however, governments have much left to do to protect adolescents and youths, by deploying instruments that guarantee and promote reproductive rights. Progress in this area is crucial for ensuring that adolescents and youths are able to choose when they wish to enter a conjugal union as well as how many children to have and when, including basic guarantees so they can make free and informed decisions. Such progress would also ensure that this population is in a position to prevent sexually transmitted diseases, including human immunodeficiency virus (HIV).

Policies in this sphere encompass (i) sexuality education; (ii) birth control and protection against sexually transmitted diseases; and (iii) regulating pregnancy termination.

### (a) Sex education policies

Many Latin American countries are taking steps to set standards for mainstreaming sexual and reproductive rights and health contents in formal and non-formal education. Sex education has become part of the strategic education policy agenda, as can be seen, for example, in the commitment to implement and strengthen strategies for comprehensive sexuality education

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<sup>8</sup> For example, the *Plan Nacer* programme for pregnant women and children under six in Argentina, Mexico's Social Insurance and Uruguay's National Health Fund (FONASA).

and promote sexual health undertaken by ministries of education in the region.<sup>9</sup> A major achievement in this direction has been the bringing of sexuality education into the regular primary and secondary education curriculum. Resistance, usually from organized religion, especially the Catholic Church, and from teachers themselves (who fear that private matters might be handled without proper training) has been gradually overcome and the agenda has been put in place. Curriculum and institutional reforms have been carried out, although levels of implementation and coverage vary widely and are very limited in some countries.

Countries such as Brazil, Chile, Colombia, Cuba, Ecuador, El Salvador, Panama and the Plurinational State of Bolivia have now established mandatory sexuality education at various levels of formal education. Some countries have established sexuality education programmes. One example is Argentina's National Programme for Comprehensive Sex Education, created by law in 2006. This programme seeks to encourage healthy habits and promote awareness about personal care, interpersonal relationships, sexuality and the rights of children and young people, and to ensure the right of all students to receive sexuality education in their schools. To this end, teacher training is provided in schools, there is technical assistance for appropriate activities, teaching materials and resources are provided and intersectoral work is encouraged. The programme sets out a number of specific proposals for each level of education (initial, primary and secondary), tackling issues according to the students' stage of development.

Uruguay, too, made progress along these lines by creating the Commission on Sex Education (in 2006) and developing a specific sexuality education programme that was later made part of the public school curriculum. The service model varies according to education level and subsystem. At the primary education level, it starts with reworking the curriculum framework, explicitly including these issues, training for multiplier teachers (those who teach other teachers) and supporting materials for teachers for preparing lessons. At the traditional secondary education level, hours are allocated to lead teachers in the subject. They hold workshops on sexuality, work with subject teachers and devote time to student and teacher consultations. Lastly, professional teacher training and mid-technical level curriculum hours are set aside for working on the subject with subject teachers. Although the programme is designed for all levels of education with these variants, it is currently mainstreamed only at the secondary education level, with sexuality education workshops assigned to lead teachers. At the primary level, progress has been uneven; there are centres working on interesting pedagogical innovations, while others have moved little of the new curriculum content

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<sup>9</sup> In the Ministerial Declaration "Preventing through education", adopted in Mexico City in 2008 at the first Meeting of Ministers of Health and Education to Stop HIV and STIs in Latin America and the Caribbean, in the framework of the XVII International AIDS Conference.

and approach into the classroom. Uruguay has also set up a team of lead teachers on this subject who support and train other teachers to enrich their work and foster opportunities for reflection in the classroom.

Another example is Cuba's Sex Education with a Focus on Gender and Sexual Rights, in place since 2011. It seeks to include sexuality education as an integral part of the education process. The programme is brought into the curriculum of educational institutions at all levels, with activities and specific guidelines for each. The sexuality education contents are also part of teacher training curricula.

In contrast to the progress in regulation and inclusion of content in curricula, the region faces a major challenge concerning implementation of service models that make it possible to teach consistently on a mass scale while going deep enough into basic content. The main obstacles are the lack of specifically allocated teaching hours, support materials and teacher training on the subject. The institutional and political will to change frameworks, plans and curricula needs to be backed up by the political, fiscal and human resources support that will give them continuity, coverage and depth.

The United Nations Population Fund (UNFPA) and its Regional Office for Latin America and the Caribbean drafted a good summary of progress and constraints in the sphere of sexuality education and highlight achievements in the regional agenda:

*"At present, all countries in the region have some kind of legal basis for including these subjects into formal and non-formal education. But barriers remain, and policies have failed to translate into improved quality of life for all people and the effective exercise of their rights. Policies are often subject to the will of governments and lack of training strategies for teachers. [...] During the XVII International AIDS Conference, the ministers of education and health of 29 Latin American and Caribbean countries adopted the 'Preventing through Education' declaration and pledged to implement and strengthen intersectoral strategies for comprehensive sexuality education and promotion of sexual health in order to reduce by 75% by 2015 the gap in the number of schools that do not provide comprehensive sexuality education and reduce by 50% the number of adolescents and youths who lack health service coverage that appropriately attends to their sexual and reproductive health needs".<sup>10</sup>*

Studies in developed and developing countries generally show that these programmes have a positive impact on the age of sexual initiation (delaying very early initiation), on boosting the use of contraception and

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<sup>10</sup> See [online] <http://www.unfpa.or.cr/programa-de-pais/areas-de-trabajo/salud-sexual-y-reproductiva/temas/educacion-integral-de-la-sexualidad>.

protection against sexually transmitted diseases and on gender violence. A UNFPA (2010) research project reviewed studies of sexuality education programmes and the impact they have had on target populations. The review ascertained that sexuality education programmes do not increase sexual activity. In fact, the research confirmed that most programmes reduce misinformation, increase correct knowledge and provide tools that improve decision-making and communication. Specifically, the review found that 37% of the programmes delayed initiation of sexual intercourse, 31% reduced the frequency of sex, 44% reduced the number of sexual partners, and 40% increased the use of condoms/contraception (UNFPA, 2010).

### **(b) Policies for preventing pregnancy and sexually transmitted diseases**

Policies for preventing pregnancy and sexually transmitted diseases are crucial for protecting the sexual and reproductive health of adolescents and youths. In addition to sexuality education, this effort involves implementing change processes in health services and putting in place guidelines and care protocols for prevention and for the sexual and reproductive health of this population, with an approach that differs from the one used for the adult population. The countries of Latin America have made significant progress in this direction, through different instruments.

One of the instruments where there has been progress is the regulation of free or subsidized access to contraceptives, particularly condoms.

An example of this is the policy for providing contraceptives and condoms under Argentina's National Programme for Sexual Health and Responsible Procreation.<sup>11</sup> The programme seeks to promote knowledge of and provide advice on and access to contraceptives so that recipients can freely decide how many children they want to have and when. To this end there is a specific list of medicines that must be provided free to the requestor, with a proper medical prescription. Condoms are also provided free of charge, through approximately 3,200 distribution grants. Apart from this component, the programme promotes proper counseling and advice for recipients and provides material and human resources to all of the country's health centres, including technical assistance and support for medical teams. It also runs information campaigns and encourages joint activities among health-care system programme areas, along with external actors. Other countries, such as Brazil and Mexico, have also implemented policies for free distribution of condoms to adolescents and youths at the secondary-school level (aged 15 to 17).

A number of countries have made strides in developing comprehensive sexual and reproductive health services exclusively for adolescents. They

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<sup>11</sup> See [online] <http://www.msal.gov.ar/saludsexual/>.

are structured on the basis of an integrated approach, with staff trained in working with this population group.

Activities under the Dominican Republic's National Integrated Healthcare Programme for Adolescents (PRONAISA) are geared to providing appropriate health care for the population aged 10 to 19 by disseminating information related to care and to sexual and reproductive health, as well as activities for the prevention of pregnancy and disease. Another sign of progress in this area is the National Programme for Comprehensive Adolescent and Youth Health operating in Chile since 2012. It aims to provide health services of equal quality to youth throughout the country, meeting their needs concerning gender and cultural belonging.

A growing debate in the region concerns new (and in some cases old) technologies for preventing pregnancy that have proven much more effective than condoms and oral hormonal methods (birth control pills). These methods are classified as long-term reversible methods and include intrauterine devices, injectable hormonal methods and hormonal implants or skin patches.

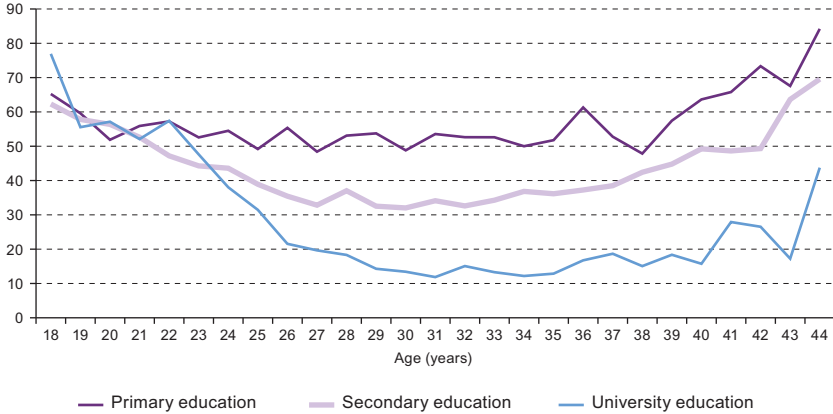
A recent study in Uruguay on unwanted pregnancies clearly revealed the potential for such methods to reduce adolescent and early youth pregnancy rates. The first stylized evidence, based on data from the Perinatal Information System of Uruguay's Ministry of Public Health, shows the clear prevalence of unplanned pregnancies among adolescents and youths from lower-income, less-educated sectors (Díaz Roselló, Fernández and Filgueira, 2014).

A look at the percentage of women who said their pregnancy was unplanned shows that in the early ages of youth the percentages, but not the numbers, of unplanned pregnancies are similar. But the higher the age bracket, the more likely more marked patterns of lack of planning become among less-educated women (see figure IV.7).

Distributing unplanned pregnancies according to whether a contraceptive method was used—and which one—shows that there is a method that clearly outperforms all the others in preventing pregnancy: the intrauterine device (IUD) (see figure IV.8).

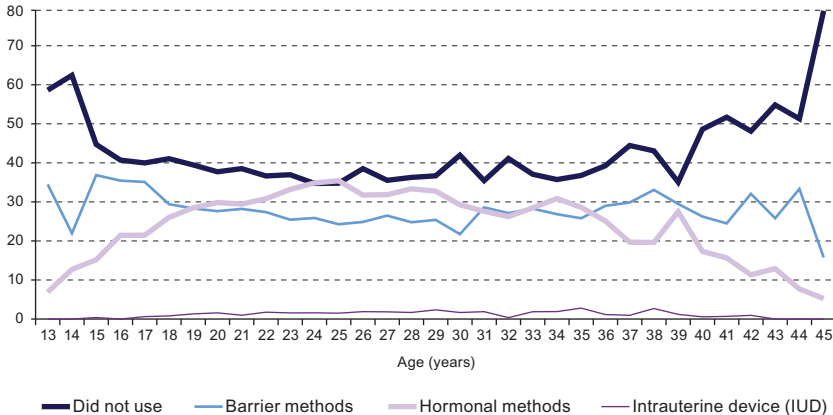
Systematic use of a method, its accessibility, the potential for incorrect use, and control by the woman are all factors that help explain the marked differences in impact of different pregnancy prevention methods. It is true that the scope of use of each of these methods is different, meaning that the data in figure IV.8 can only show frequency of use for each type of method. But recent experimental and quasi-experimental studies in the United States turned up similar findings (Abma, Martínez and Copen, 2010; Raine and others, 2011). IUDs and, in these studies, hormonal implants are far superior in their ability to prevent unplanned pregnancies.

**Figure IV.7**  
**Uruguay: share of women answering that their pregnancy was unplanned, by education level and age at first visit, 2012**  
*(Percentages)*



**Source:** J. Díaz Rosselló, J. Fernández and F. Filgueira, “Diagnóstico y propuestas para las maternidades del Uruguay”, 2014, unpublished, on the basis of Ministry of Public Health of Uruguay, Perinatal Information System (SIP), 2012.

**Figure IV.8**  
**Uruguay: proportion of contraceptive use among women with unplanned pregnancies, by age, 2012**  
*(Percentages)*



**Source:** J. Díaz Rosselló, J. Fernández and F. Filgueira, “Diagnóstico y propuestas para las maternidades del Uruguay”, 2014, unpublished, on the basis of Ministry of Public Health of Uruguay, Perinatal Information System (SIP), 2012.

For some critics of these methods, the problem is that they are not prophylactic and therefore lack the desirable second function, which is to prevent the sexual transmission of disease. Condom use should be approached

as a challenge in itself, but that does not mean not providing women with a way to prevent pregnancy that is more effective than condoms.

### **(c) Regulation of pregnancy termination and emergency contraception**

The third sexual and reproductive health policy sphere where government action is useful for the protection of adolescents and youth is the regulation of voluntary pregnancy termination. This refers both to legislation decriminalizing abortion and to decriminalizing and guaranteeing access to emergency contraception.

The strides that the region has made in this area are still limited, although there are some very encouraging recent signs. Several countries where abortion is a criminal offence with no express exceptions are in Latin America and the Caribbean. Among them are El Salvador and Nicaragua. By contrast, some countries have de facto exceptions and loopholes that allow the possibility of pregnancy termination.<sup>12</sup> And there has been clear progress in the decriminalization of abortion: Uruguay and Cuba now allow voluntary termination of pregnancy.

In many cases emergency contraception is classed as one of the modalities of pregnancy termination. But many experts hold that it really is a means of contraception. Expanding use of this modality, decriminalization and the free sale of medications used for this purpose, in some countries, also helps put reproductive control in the hands of women.

## **2. Cash transfers to families with adolescents and youths**

Cash transfers to vulnerable families with adolescents and youths have become a useful item in the social protection policy toolkit geared towards this stage of the life cycle. The rise of conditional cash transfer programmes has turned the spotlight on early childhood and childhood (see chapter III), but many programmes include targeted measures to support families with adolescents and, to a lesser extent, focus on the low-income youth population. Overall, transfers operate basically on the family environment of origin of adolescents and youths. In the intermediate stage (the early years of adolescence), these policies act on the regressive distribution of learning and educational attainment and especially target dropout and disaffiliation, trying to encourage education system attendance and retention. At the stage where youth begins and consolidates, the objective is to act on the impacts of truncated and precarious emancipation, fighting the intergenerational transmission of poverty (ECLAC, 2011b) essentially through two mechanisms: promoting post-secondary education access and attendance and providing

<sup>12</sup> In Argentina, a 2012 Supreme Court of Justice ruling clarified the exceptions to the criminalization of abortion and the requirements for them.



training and better conditions to facilitate entry of this population into the workforce.

Virtually all of the transfer programmes operating in the region now have education conditionalities applying to adolescence. But health conditionalities do not necessarily cover the entire population of adolescents and youths. In fact, the requirement for regular medical check-ups extends to age 18 in just 6 of the 16 cases recently reviewed. As a trade-off, many transfer programmes make the benefit conditional on health check-ups for pregnant women (Cecchini and Veras Soares, 2014).

And, with the exception of pregnancy, the standard design of these programmes does not usually consider the period immediately following (that is, age 18 onwards). Nor are transfers directly linked to higher education or the promotion of virtuous paths in the labour market.

Some countries have deployed strategies to complement the scope of transfer programmes.

In Brazil, the *ProJovem* youth inclusion programme includes a set of interventions aimed at youths and adolescents benefiting from the Brazil without Poverty plan (see details in section B.4, where labour inclusion policies are discussed). One is *ProJovem Adolescente*, an initiative geared towards encouraging young people to stay in the education system. It is aimed at young people aged 15 to 17 in low-income households, mostly *Bolsa Família* recipients, but it extends to young people who are in other situations of vulnerability and are receiving other State benefits. The programme offers group training with a leader and other social actors. Training includes the encouragement of social coexistence and citizen participation, as well as general skills training. The National Programme for Access to Technical Education and Employment (PRONATEC), created in 2011, aims to identify employment opportunities and provide free vocational training for young workers over 16 who are enrolled in public secondary schools and are recipients of transfers (in particular, *Bolsa Família* or the Continuous Benefit Programme in the case of young people with disabilities).<sup>13</sup> It also provides training (at least 160 hours) to those who are drawing unemployment insurance (Robles and Mirosevic, 2013; Gregol de Farias, 2014).

Argentina too has rolled out a policy that provides a conditional income transfer to young people aged 18 to 24 who are not in education or employment, and who belong to a household in a situation of social vulnerability. The Programme to Support Students of Argentina (PROG.R.ES.AR.)<sup>14</sup> provides cash transfers to adolescents and youths in situations of vulnerability so

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<sup>13</sup> See ECLAC, "Labour and Productive Inclusion Programmes", Non-contributory social protection programmes in Latin America and the Caribbean database [online] <http://dds.cepal.org/bdiip/en/>.

<sup>14</sup> See [online] <http://www.progresar.anses.gob.ar/>.

they can study or receive vocational training to enter the labour market (for further details, see in section B.4, which discusses job training).

Another example is the initiative deployed in Jamaica under the Programme of Advancement through Health and Education (PATH). This consists of a post-secondary school allowance in the form of a transfer of approximately 15,000 Jamaican dollars (US \$130) for those who complete secondary school and enroll in higher education, in addition to the education allowance (a transfer whose beneficiaries are children and adolescents aged 6 to 17, subject to enrollment and regular attendance in the educational system) (Lavigne and Vargas, 2013a).

Along similar lines, Mexico's Youth with Opportunities programme under *Oportunidades* (currently, *Prospera*), provides a cash transfer to young people to encourage them to complete upper secondary education before age 22 and in less than four years. The transfer operates as a grant. Recipients who complete upper secondary education receive about 4,000 Mexican pesos (US \$260) in a savings account where deposits accumulate as the recipient pursues his or her studies, from the third year of secondary education to completion of high school.<sup>15</sup>

Colombia has advanced in this regard, as well, through the Youth in Action programme —a CCT aimed at young people aged 16 to 24 in a situation of poverty and vulnerability who have managed to enter higher education and wish to continue studying. The programme gives the student a monthly incentive of 200,000 Colombian pesos (US\$ 79) while he or she is in school, to help him or her with school or living expenses. It also provides, through agreements with institutions, opportunities for training in different areas (Angulo and Gómez, 2014).<sup>16</sup>

While the main focus of Youth in Action is education, recipients must also attend workshops focused on developing useful non-cognitive skills for the workplace (such as emotion management and conflict resolution). Through its two pillars, the programme seeks to equip young people with better tools for future employment (and thereby reduce the inactivity rate among this population group) and boost their potential for mobility and social inclusion. Eighty thousand young people took part in this programme in 2013. The goal for 2014 was to extend coverage to 120,000 recipients (Angulo and Gómez, 2014).

Available assessments of the impact of transfer programmes on the welfare of adolescents and youths show that they are less powerful than those that target early childhood and childhood. However, in a number of countries these policies have proven to have positive impacts on secondary

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<sup>15</sup> See [online] [https://www.prospera.gob.mx/Portal/wb/Web/jovenes\\_con\\_oportunidades](https://www.prospera.gob.mx/Portal/wb/Web/jovenes_con_oportunidades).

<sup>16</sup> See [online] <http://www.dps.gov.co/>.

education enrolment and attendance (Schultz, 2004; Galasso, 2006; Attanasio, Fitzsimons and Gómez, 2005 and 2006, DNP, 2008; Levy and Ohls, 2007; Veras Soares and others, 2008). And there has been a narrowing of gender gaps in access to secondary education (Parker, 2003; Parker and Behrman, 2008), in the transition from primary to secondary education (De Janvry and others, 2005) and lower dropout rates among adolescents (De la Torre García, 2005). In addition, effects have been found on contraceptive use among young women, prenatal care and preventive gynecological care (De la Torre García, 2005), as well as other health indicators for the adolescent and youth population (Escobar and González de la Rocha, 2009).

There is also evidence of the impact of youth labour-market inclusion programmes (ECLAC/ILO, 2014). Some assessments show positive impacts on the likelihood of being employed. For Youth in Action, for example, it was found that participation in the programme affects wage income<sup>17</sup> and the likelihood of getting a job (Attanasio, Kugler and Meghir, 2009). According to other studies, the likelihood of recipients being employed is somewhat higher after leaving the programme than at the time of entering it (DNP, 2008). This is in line with the findings of Petterini (2010) regarding Brazil's sector vocational training plan (PlanSeq), in that participation in the programme meant a 19.6% greater chance of finding employment.

### **3. Policies for education expansion and retention**

One area in which the countries of Latin America have taken steps for the social protection of adolescents and youths is in expanding educational opportunities and retention strategies for the most vulnerable sectors. These efforts, combined with transfer programmes and their components specifically geared to this population, aim to bring the most disadvantaged adolescents and youths into the education system, targeting, for example, those living in indigence or poverty, those living in rural areas and those belonging to ethnic minorities (ECLAC, 2011b).

The main instruments deployed to advance in this direction are, on the one hand, scholarships and education retention strategies for vulnerable populations and, on the other, lengthening the school day.

#### **(a) Scholarships and strategies for school retention**

Scholarship policies to promote staying in secondary education are essential to ensure equal opportunities at this level and adequate educational progression among lower-income adolescents. Scholarship instruments for higher education play a key role in compensating for the lack of resources for

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<sup>17</sup> Essentially because training boosts the likelihood of access to formal jobs.

young people, supporting them so they will continue their studies instead of devoting all of their time to working in order to survive or provide for their families.

In recent years, several Latin American countries have implemented scholarship policies and other strategies aimed at preventing school desertion and retaining adolescents and youth in the education system.

An example of this is Chile's system of scholarships for secondary education. Through the National Student Assistance and Scholarship Board (JUNAEB), Chile offers scholarships for low-income students so they can access or stay in the education system. Scholarships under the policy are for retaining students with scant financial resources, territorial integration grants (for students from particular regions of the country in situations of vulnerability), grants to support school retention (focused on reversing situations of prolonged absence) and indigenous scholarships (Robles, 2011).<sup>18</sup>

Other countries have similar initiatives. Guatemala's My Safe Scholarship Programme<sup>19</sup> targets adolescents and youths (aged 12 to 24) from households in situations of poverty or extreme poverty that make it hard for them to stay in the education system. The programme seeks to ensure equal access to education and promote the right of young people, as well as equity in terms of gender and ethnicity. To this end, it provides a conditional cash transfer to these households, so that adolescents and youths can regularly attend and stay in secondary school. The transfer, which may be granted up to university studies, varies in amount according to the school cycle that the young person is in.

Peru's National Scholarship 18 Programme provides grants for low-socioeconomic-status adolescents and youths aged 16 to 22 who are interested in continuing their studies and pursuing a technical or university degree course. The scholarships cover a range of costs in addition to tuition, such as materials, food, transport and lodging. Applicants for the benefit must have completed secondary education and live in a household in a situation of poverty or extreme poverty. After graduation, scholarship recipients must work during the first three years in a State agency. The programme gives priority to adolescents and youths from marginal rural and urban areas, as well as some indigenous communities.

Uruguay's Education Commitment Programme is geared towards supporting adolescents and youths so they will remain in the public education system and complete high school. For this purpose, the policy works on three

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<sup>18</sup> See [online]<https://www.ayudameduc.cl/Temas/Detalle/d9ff175d-a823-e211-8986-00505694af53>.

<sup>19</sup> See [online]<http://www.mides.gob.gt/programas-sociales/mi-beca-segura>.

pillars: education agreement, peer mentoring and scholarships.<sup>20</sup> The latter consist of a financial incentive granted to selected young people, giving priority to those who are in situations of greatest vulnerability. According to initial assessments of the initiative, participation in the programme significantly increased pass rates, staying in the system and re-enrolment (Compromiso Educativo, 2013).

Argentina has a similar policy. For basic (primary and secondary) education, the Primary and Secondary Education Completion Plan (FINES)<sup>21</sup> provides the tools that young people and adults over 18 need to begin or complete their studies. For the tertiary and university levels, National Bicentennial Scholarships Programme and the National University Scholarships Programme seek to encourage young people to enroll and stay in, and graduate from, university courses, teacher training and technical studies in different fields of knowledge.

Despite the progress made in number of countries, coverage of existing scholarship systems is still very limited. Where it is more widespread, it does not always favour the most vulnerable students, but rather tends to favour middle-income and lower-middle-income young people. In any case, the support provided by grants must be complemented by actions within education systems, where the available supply needs to be tailored to take in adolescents and youths who, in many cases, are the first generation to attend high school or college.

### **(b) Extending the school day**

Lengthening the time spent in school at the secondary level is still far from being a policy option for most of the countries of Latin America. Several countries have made progress along these lines at the primary education level; there are a number of models for full-time schools (Mexico and Uruguay) and full-day schools (Argentina).

One of the most successful experiences is the extended school day in place in Chile since 1997. This policy increased the number of hours a week from 30 to 38 in basic education and from 36 to 42 at the secondary level. It sought to improve the quality of education and ensure equal opportunities by expanding classroom time. And there was the implicit aim of avoiding the risks and disadvantages of exposing children and young people to risk factors external to the education system, in more vulnerable contexts (Staab, 2012). The policy left decisions concerning activities during the additional

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<sup>20</sup> The education agreement consists of the student signing a sort of contract with an adult of reference and a reference person from the school, in which goals are defined and a best action plan set for the progress of the young person. In the peer mentoring arrangement, a university- or tertiary-level student goes to the school to counsel young people regarding their studies.

<sup>21</sup> See [online]<http://fines.educacion.gov.ar/quiero-estudiar/>.

classroom time up to each establishment, yielding a wide variety of models (Staab, 2012).

Extending the school day is important not only because it increases the time that adolescents spend in school—it also helps reorganize the entire education system. Longer days mean that students work more in school and spend less time on homework; this helps narrow household education climate and infrastructure gaps that affect learning. In addition, extending the school day can facilitate coordination between principals and teachers, and it can be used to attract a greater concentration of teacher hours in a single establishment (ECLAC, 2011b). A full school day has positive effects on the organization of family time and out-of-school care, too, as well as the incorporation of women into the labour market and the amount of time that children and young people are exposed to external risks (ECLAC, 2011b).

#### **4. Training and labour-market insertion and regulation policies**

The fourth group of social protection system instruments developed to meet the needs of adolescents and youths encompasses actions for training and labour-market insertion, as well as regulations to promote youth employment. These initiatives are part of a broader package of active employment policies, which usually include components targeting young people.

##### **(a) Training and competencies**

One of the key areas of active employment policies for young people is generic skills training to facilitate their entry into the labour market. These efforts are aimed at areas where labour demand is highest and are often directly associated with teaching vocational and technical skills or skills certification that can match labour supply to demand. These policies also seek to provide this population group with job search support through job placement services.

In 2008, Argentina launched the More and Better Work for Young People Programme<sup>22</sup> geared towards young people aged 18 to 24 who have not completed their primary or secondary education and are unemployed. The programme provides work-oriented guidance (four-month workshops) and training in various fields, in order to boost workforce insertion of low-income young people who are not in education or employment. It also offers job placement services, apprenticeships and support for the development of productive enterprises, while encouraging recipients to complete their studies (Repetto and Potenza DalMasetto, 2012). Between 2008 and 2011, nearly 440,000 young people participated in the programme; some 17% of

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<sup>22</sup> See [online] <http://www.trabajo.gov.ar/jovenes/>.

them also received economic aid under the initiative (MTESS, 2012). In 2014, PROG.R.ES.AR. was created; it is geared towards the same population and is similar to the previous programme in terms of objectives, and it includes the PROG.R.ES.AR. benefit for young people who are not working, who work on an informal basis, who earn less than the adjustable minimum living wage (3,600 Argentine pesos, or about US\$ 400) and belong to vulnerable groups. The programme provides young people who want to complete their studies or learn a trade a monthly allowance of 600 pesos (about US\$ 70), a percentage of which is subject to certification of meeting programme goals.<sup>23</sup>

Other countries have developed similar programmes and initiatives. The Dominican Republic launched its Youth Job Programme (created in 2003) with the aim of improving the employability of low-income young people aged 16 to 29 who are in vulnerable situations, through theoretical courses and practical job training that are then combined with an apprenticeship in a company. The programme targets young people who have not completed upper secondary education and live in areas with high levels of poverty. The initiative also aims to reach a high proportion of women (Lavigne and Vargas, 2013b).

Chile's Youth Employability Programme, created in 2007, seeks to impact job training for unemployed young people aged 18 to 24, focusing on skills and competencies that will help them find a job. Estimates are that approximately one in four participants successfully enter the labour market under a contract of employment (Vargas, 2014). In a similar vein, the youth job programme *Yo Trabajo* seeks to develop job skills among young people aged 18 to 24, via workshops and one-on-one work with participants (Vargas, 2014).

Brazil's youth job programme *ProJovem Trabalhador*, under the umbrella of *ProJovem*, provides cash transfers of US\$ 50 (paid in six instalments) for unemployed low-income young people aged 18 to 29 to attend professional training courses (Robles and Mirosevic, 2013). Assessments of the programme indicate some weaknesses in implementation (Gregol de Farias, 2014). Schmidt and others (2011) found that 51.6% of the participants did not complete the training course. An investigation by the Ministry of Social Development (MDS, 2010) found a lack of training among those responsible for teaching the courses, as well as inadequate infrastructure in places where the activities took place. It also concluded that the courses were not publicized enough. Participants have expressed interest in a wider variety of practical courses. Schmidt and others (2011) also mentioned administrative issues affecting programme performance. For example, municipalities had no professionals

<sup>23</sup> See [online] <http://www.progresar.anses.gob.ar/institucional/resolucion-decreto-9>. A noteworthy component of PROG.R.ES.AR. is the possibility of providing, when needed, care for dependent children through the Ministry of Social Development. This is an innovation in the area of transfer and scholarship programmes, whose agenda does not usually include dependent care and thus mainly harms women.

to monitor the programme, or high turnover among persons in charge led to inconsistent administrative processes.<sup>24</sup>

Brazil's Factory School programme (*Escola de Fábrica*) works with young people aged 16 to 24 who have family incomes below 1.5 times the minimum wage and who are enrolled in primary or adult education programmes. It provides a transfer of US\$ 75 to those who have an attendance record of at least 75% for the courses, which last between 6 and 12 months (Robles and Mirosevic, 2013).

The young apprentice programme *Jovem Aprendiz* provides young people aged 14 to 24 with job market training opportunities (Gregol de Farias, 2014). The programme, implemented in 2000, offers an incentive for companies to hire and train young people. Participants are hired by companies under more flexible arrangements for a maximum of two years. In addition to a State subsidy for hiring these young people, companies also benefit from the flexible contracts, which reduce labour costs. Corseuil, Foguel and Gonzaga (2013) evaluated the programme and reported that the number of apprentices increased significantly in the first five years of implementation and that they were aged 16 to 17. However, one of the weaknesses they found is that once apprentices completed the programme, businesses did not formally hire them but chose new ones instead (because of the economic advantages).

Colombia has deployed a range of job training instruments for agricultural, agro-industrial and fishing activities, geared towards young people in rural areas in order to enhance their potential for entering the labour market (Rosero, 2013). The Young Rural Entrepreneurs programme works with young people aged 16 to 35 who live in rural areas, are unemployed and rank on levels 1 and 2 in the System for the Identification of Potential Social Programme Beneficiaries (SISBEN).

Costa Rica's *Empléate* programme offers technical and vocational training to young people aged 17 to 24 who are living in poverty and are unemployed or inactive, so that they can get a job. This strategy is supplemented by the *Por Mí* programme, which trains young people in vulnerable situations in areas where the demand for jobs is going unmet. And the *Empléate* window provides job placement services and support for self-employment among this population.

Peru's national youth employment programme *Jóvenes a la Obra* is one more example of the efforts under way to improve the training of young people and thus promote their entry into the labour market. This programme was created in 2011 to enhance the training of young people in areas with higher labour demand, such as agriculture, commerce, construction, manufacturing,

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<sup>24</sup> For a detailed examination of the outcomes of the *Brasil Sem Miséria* labour-force inclusion programmes, see Gregol de Farias (2014).



fisheries, services, transport and communications (Lavigne, 2013). The target segment is young people aged 15 to 29 who are unemployed or living in extreme poverty or indigence. The programme also provides training and the acquisition of skills for self-employment (Lavigne, 2013).

### **(b) First job programmes and laws**

Several countries of the region have posted developments in regulations and policies concerning first jobs. Ecuador, for example, is implementing its My First Job Programme, which seeks to promote and encourage the employment of young students. It is geared towards students in higher education, encouraging them to apply for a paid internship at a public-sector office.<sup>25</sup>

Uruguay's Work/Study programme, created in 2012, seeks to reduce school dropout and youth unemployment rates. To do this, employment opportunities are offered to young students aged 16 to 20 with no prior job experience, thus providing their first experience in the formal labour market. Staying in school is a condition for keeping the job; students receive adequate remuneration for the work performed under this grant.

In the Plurinational State of Bolivia, the *Mi Primer Empleo Digno* youth job programme was created in 2008 to boost the labour-market insertion rate of low-income young people aged 18 to 24 who have completed the second year of secondary education in urban and peri-urban areas of the cities of La Paz, El Alto, Cochabamba and Santa Cruz, improving their employability through training programmes and internships. To this end, the programme provides training and internship opportunities in companies.

### **(c) Incentives for hiring and formalizing youth employment**

Efforts are under way in a number of countries to formalize youth employment, primarily through incentives for employers.

One example is Chile's Youth Employment Subsidy. Approved in mid-2011, the subsidy encourages formal employment of low-income young people (aged 18 to 35) who are being paid wages equal to or less than 1.5 times the minimum wage. The subsidy covers 50% of the employer's social security contributions. During the first two years of contributions to a pension fund manager (AFP), workers benefiting from this subsidy receive a matching amount from the State for funding their individual pension account (Robles, 2011).<sup>26</sup> Available assessments show that the subsidy, while underutilized, is having positive impacts (Vargas, 2014).

<sup>25</sup> Two types of internships are offered: academic internships, where the young person works at a public-sector institution, and academic excellence internships, where the young person (if he or she meets the condition of excellence) spends his or her internship with higher-ranking State authorities and offices.

<sup>26</sup> See [online] <http://www.subsidioempleojoven.cl/>.

Brazil, through its National First Job Programme for Young People, provides subsidies to companies that hire unemployed young people aged 16 to 24, covering part of the wage bill for a minimum period of 12 months (Robles and Mirosevic, 2013).

### **C. Achievements and future prospects**

Unlike the social protection policies aimed at early childhood and childhood examined in the previous chapter, adolescence and youth do not appear to be a focus of comprehensive, sustained efforts under the umbrella of social protection systems in Latin America. This is reflected, for example, in social investment statistics, which reveal a substantial investment deficit in youth (ECLAC, 2014).

This does not mean, however, that the role of the State has not changed significantly, both in terms of risks and population covered and in terms of social protection quality and segmentation. The old and emerging models in this sphere are outlined in tables IV.1 and IV.2, identifying the roles played by the areas bearing core responsibility for protection.

The dominant model until the 1990s held that completion of primary education was an obligation of the State, but completion of secondary school was a natural outcome of individual and family effort. The State was to ensure an ever-increasing supply, but it was not its responsibility to ensure completion of this cycle, let alone tertiary education. Clear signs of the changing role of the State came when completion of middle school or, in many cases, high school was made mandatory, a set of policies was deployed to keep adolescents and young people in the education system, and aid after graduation was introduced.

As for entering the labour market, it was the market itself, plus family social capital, that determined (together with individual attributes and achievements) success or failure. The development of youth job and first job programmes provides clear evidence of a new role of the State in this sphere.

Emancipation from the household of origin is still an essentially family and individual event that depends on the capacity to earn income on the market or receive family subsidies making autonomous daily life possible. This has not changed, although youth employment programmes have an indirect impact on these possibilities. Unlike in many Organization for Economic Cooperation and Development (OECD) countries, there are no robust State policies for subsidized rent, cooperative housing or scholarships for tuition and room and board.

Table IV.1  
**Adolescence and youth: previous social protection model (with special emphasis on vulnerable sectors), 1990 to mid-2000s**

Process or event	Roles of each actor charged with social protection		
	Family	Market	State
End of education period	Family cultural capital, family material resources and work/study balance are key.	Market options for the final stage of education or support for completion. Importance of supply in the labour market.	Substantial increase of free supply, but not enough for secondary school or, especially, for college.
Labour-market insertion	Family social capital essential for having networks, information and contacts.	Labour supply characterized by informality and temporary employment.	Few or no policies for labour-market insertion or protected employment for young people.
Emancipation from household of origin	Key to retention or expulsion from household of origin. Key for providing resources for emancipation (housing and economic support).	Relevant for autonomous access to adequate income. Relevant for the rental and housing market, and access to credit.	Few or no policies on housing, credit or regulating and subsidizing rent. No policies for monetary support during emancipation.
Formation of new household	Key for economic support for unions and access to housing (extended households).	Key to autonomous access to adequate income. Relevant for the rental and housing market and access to credit.	Lack of financial support for new families. Lack of housing policies for new families.
Deciding on having children	Information and key adult role models. Sex education in the home.	Channel of access to modern contraception.	Little or no sex information and education. Lack of subsidies for access to contraception.
Pregnancy and childbirth	Economic and care support from the family during pregnancy, childbirth and postpartum. Importance of family arrangements in extended households headed by women.	Access to health services for pregnancy check-ups, and childbirth in an institution.	Free or subsidized pregnancy check-ups, and childbirth in an institution.
			Influence of peer groups and role models. Male and female cultural patterns concerning use of condoms, contraception and reproductive care.
			Extended family networks and peer group support.
			Midwives and community midwives in neighbourhood and local social networks. Cultural patterns of gestational care.

**Source:** Prepared by the authors.

Table IV.2  
**Adolescence and youth: emerging social protection model (with special emphasis on vulnerable sectors), from second half of the 2000s**

Process or event	Roles of each actor charged with social protection		
	Family	Market	State
End of education period	Family cultural capital, family material resources and work/study balance are key.	Market options for the final stage of education or support for completion. Importance of supply in the labour market.	Substantial increase of free supply, but not enough for secondary school or, especially, for college.
Labour-market insertion	Family social capital essential for having networks, information and contacts.	Labour supply characterized by informality and temporary employment.	Emerging policies for labour-market insertion or protected employment for young people.
Emancipation from household of origin	Key to retention or expulsion from the household of origin. Key for providing resources for emancipation (housing and economic support).	Increasingly essential for autonomous access to adequate income and for the rental and housing market and access to credit.	Few or no policies on housing, credit or regulating and subsidizing rent. No policies for monetary support during emancipation.
Formation of new household	Key for economic support for unions and access to housing (extended households).	Key to autonomous access to adequate income. Relevant for the rental and housing market and access to credit.	Emerging policies for financial support for new families, and policies on housing and credit for new families.
Deciding on having children	Information and key adult role models remain, but there are other influences. Sex education in the home.	Price of and access to modern contraception become less relevant because of State subsidies.	Increasing availability of sex information and education. Robust policies on subsidies for access to contraception.
Pregnancy and childbirth	Economic and care support from the family during pregnancy, childbirth and postpartum. Importance of family arrangements in extended households headed by women.	Access to health services for pregnancy check-ups, and childbirth in an institution.	Declining importance of midwives and community midwives in neighbourhood and local social networks. Increasing medicalization of cultural patterns of gestational care.
			Community Importance of peer groups. Support and grants from social organizations.  Networks, contacts and informal paid activities.  Settlements, squatting, peer networks or extended family to access housing.  Extended family networks and peer group support.  Influence of peer groups and role models. Male and female cultural patterns concerning use of condoms, contraception and reproductive care.  Declining importance of midwives and community midwives in neighbourhood and local social networks. Increasing medicalization of cultural patterns of gestational care.

**Source:** Prepared by the authors.

As for the formation of new families and, most especially, procreation, there is a steady shift away from a predominantly family- and market-based model towards one where the State plays a growing role through policies for family planning and controlling teenage pregnancy, as well as policies supporting new families through cash transfers, housing policies and subsidies for access to sexual and reproductive health services. As noted in the previous chapter, many early childhood care policies also enhance the role of the State in protecting against risks in the early stages of family life.

A number of efforts are emerging as essential for the countries of Latin America to consolidate their protection systems in order to adequately cover the risks and vulnerabilities that determine access to welfare for adolescents and young people as they are transformed.

First, available evidence (while still limited) points to the virtues of monetary support at this stage of the life cycle. There is clearly a need to incrementally expand non-contributory transfer coverage to the adolescent and youth population, and to enhance the links between these and active labour-market policies for this age group.

Second, policies aimed at easing the transition to adulthood must be bolstered, especially for the transition from education to work. Policies with more flexible access and eligibility criteria for the contributory benefits network through employment subsidies, for example, appear as an attractive alternative for reducing the risk of labour-market exclusion of young people. And it is necessary to strengthen the instruments geared towards improving education system retention and ensuring successful paths from education to employment.

Third, the analysis set out in this chapter reveals the major challenges facing the region in terms of access to health in adolescence and youth. There is a particular need to take a deeper look at health policies that are more in line with psychoemotional development (Ullman, 2015) and to address adolescent and youth morbidity and mortality profiles (for example, policies that take into account the prevalence of violence, accidents, drugs and alcohol). Also called for is a frontal attack on the lack of opportunities and lack of information that undermine efforts to prevent teenage pregnancy. This will require expanding coverage and improving the quality of sexual and reproductive health policies, along with adapting regulatory frameworks and areas of action (especially education) to deal with the risks and vulnerabilities in this area that this chapter examines in detail.

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## Chapter V

# Working and reproductive years

*Cecilia Rossel  
Fernando Filgueira<sup>1</sup>*

### Introduction

The longest stage of the life cycle comes between youth and old age. This stage combines productive development (labour market participation) and reproductive development (childbearing and the unpaid work of raising children and caring for older adults).

In their working lives, people transform skills acquired in previous stages into varying adult trajectories in terms of productivity, access to well-being and belonging to social networks (along with the corresponding protection resources and risks). In this sense, it is possible to rectify the situation of young people when they enter this stage (see chapter IV) through capacity-building and networking. It is also possible to offset specific risks related to certain trajectories at an early age (see chapter III) by altering social protection benefits in adulthood.

The working and reproductive years are when people's ability to access income and well-being depends directly on themselves and their ability to

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participate in the labour market. Although it is possible to accumulate assets in this stage, the burdens of caring for dependants are also concentrated during this time, in terms of childrearing demands and the growing care needs of older adults (against a backdrop of longer life expectancy) and people with disabilities.

When their labour participation is uncertain or they are unable to generate income, people in this stage of the life cycle are exposed to various vulnerabilities, which are all associated with obstacles in accessing a minimum level of well-being. Labour market structures are strongly associated with the origins of these vulnerabilities. The choices made in terms of social protection systems are key to reducing (and unfortunately sometimes to increasing) the life risks in these years that should represent an ideal combination of employment and reproductive life.

This chapter tackles the main actions that Latin American social protection systems have implemented to meet people's needs in this stage of the life cycle. In particular, the chapter analyses the performance of social protection systems in terms of protecting this population group. First, section A describes the main risks associated with the vulnerability of rights in the working and reproductive years of the life cycle. The core of the chapter (section B) deals with the main instruments and policies that countries have implemented to prevent or offset risks in this life stage, with a special emphasis on recent changes and reform. The chapter discusses insurance policies, labour regulations and passive/active employment policies, policies to reconcile work and home life and cash transfer programmes with specific components to promote labour participation.

As in previous chapters, the aim of such a summary is to identify stylized trends in the main changes that have taken place in social protection systems in their targeting the adult population, with a particular focus on advances in coverage; quality and stratification challenges; and the most significant steps taken in terms of financing.

The chapter closes (section C) with a brief summary of the main trends and achievements within Latin American countries in terms of protecting this population group, as well as a presentation of the various options that could guide the strategic direction of the region's countries in this sphere.

## **A. Rights violations associated with the working-age population**

In working and reproductive life, there are major risks that can result in the vulnerability of basic rights. One risk, which was partly addressed in chapter IV, relates to labour market conditions. Work is key for social protection, as

labour is the main determinant of the potential balance of social architecture based on family income, contribution-based protection and coverage from general revenues.

Latin America has considerable deficits in this area, as its labour markets are highly unequal and segmented. This is largely due to the heterogeneous production structures in the region's countries, with inequalities further entrenched by weak labour regulations.

Latin American labour markets have high-productivity (formal) sectors that tend to be covered by basic regulations and boast relatively high wages, alongside low-productivity (informal) sectors where wages are low and there is often a lack of protection from labour regulations (ECLAC, 2012a).<sup>2</sup> In recent years, employment in low-productivity sectors has certainly dropped considerably (with the regional average falling from 48.1% of workers in 1990 to 42.7% in 2009). However, the dividing line between formal and informal employment is now more clearly defined (ECLAC, 2012b), because the income gap between workers from the two groups has widened.

This combines with a prevailing model of social protection associated with employment (Tokman, 2006, p. 40) or based on formal employment (Cecchini and Martínez, 2011), which was traditionally designed to protect workers and their families from risks associated with employment (or the lack thereof), the life cycle (basically retirement pensions) and illness (through health insurance). Development of this model has been unevenly spread throughout the region. While some countries successfully covered a considerable proportion of the working-age population, the scope has been much more limited in many other countries. The end result is that Latin American labour markets are far from functioning as a gateway to social protection (ECLAC, 2006 and 2012b; Tokman, 2006; Bertranou, 2008). The regional average is for just over half (55.4%) of waged workers in Latin America to be covered by social security (ECLAC, 2013b).

However, the percentage is not the same for all those in work. Coverage is higher among formal-sector workers (87.8% of public waged workers and 65.5% of salaried workers in firms with five or more employees), and tends to fall off in the low-productivity or informal sector (with 39.4% of professional/technical staff in micro-enterprises, 19.1% of waged workers in micro-enterprises and 18.4% in domestic service) (see figure V.1).

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<sup>2</sup> To identify informal workers from household surveys regularly conducted in the region's countries, ECLAC uses those working in low-productivity sectors. This applies to workers in micro-enterprises employing a maximum of five people; domestic workers and unskilled independent workers (self-employed and unpaid family workers with no professional or vocational qualifications).

**Figure V.1**  
**Latin America (15 countries):<sup>a</sup> waged workers covered by social security**  
**based on employment category (simple average, around 2002 and 2011)**  
*(Percentages)*



**Source:** Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2013* (LC/G.2580), Santiago, Chile, 2013. United Nations Publication, Sales No.: S.14.II.G.6.

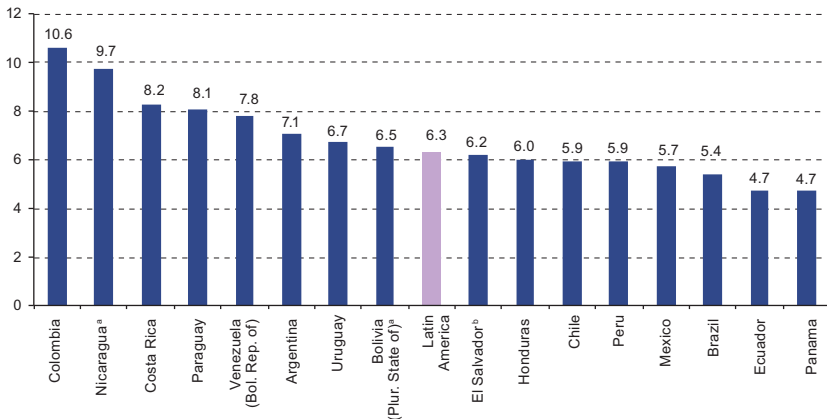
<sup>a</sup> Argentina (urban areas), Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador (urban areas), El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay (urban areas).

Advances in coverage in recent decades have also been uneven. Increased employment in high-productivity sectors has not been reflected by a similar rise in social security coverage (which in around 2010 was at a similar level to the 1990s —before the plunge in coverage in the late 1990s and early 2000s). Trends in social security coverage of workers in high-, medium- and low-productivity sectors show the gaps widening slightly (as a result of different rates of recovery in terms of coverage). When coverage was falling, social security for low-sector workers dropped proportionally more than the coverage for medium- and high-productivity sector workers. Coverage for those same medium- and high-productivity workers recovered more quickly once the economy picked up, whereas recovery was more moderate for the coverage of workers in informal sectors (ECLAC, 2012b).

The dual rationale governing opportunities of accessing jobs of variable productivity (with the corresponding impact on income and access to social protection) is not the only factor determining the risks and vulnerabilities affecting the working-age population and their access to social protection. Working life is characterized by the risk of not being able to stay in work and be active in the labour market, which would further reduce a person's chances of accessing well-being.

Current unemployment levels in many of the region's countries are at an all-time low (with most rates in single figures) (see figure V.2). However, it is worth remembering that Latin American unemployment is closely linked to economic cycles. In the transition between the peaks and troughs, some sectors of the working-age population are much more likely to seriously affected by the cycle and take the longest to recover. In other words, not all individuals are equally vulnerable to unemployment or have the same employment opportunities when the economic cycle is in the growth phase. In this life stage, obsolescence and the lack of ability to handle the demands of the labour market become highly visible risk factors.

**Figure V.2**  
**Latin America (16 countries): average annual open urban**  
**unemployment rate, around 2013**  
*(Percentages)*



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), based on information from CEPALSTAT.

<sup>a</sup> Data from 2010.

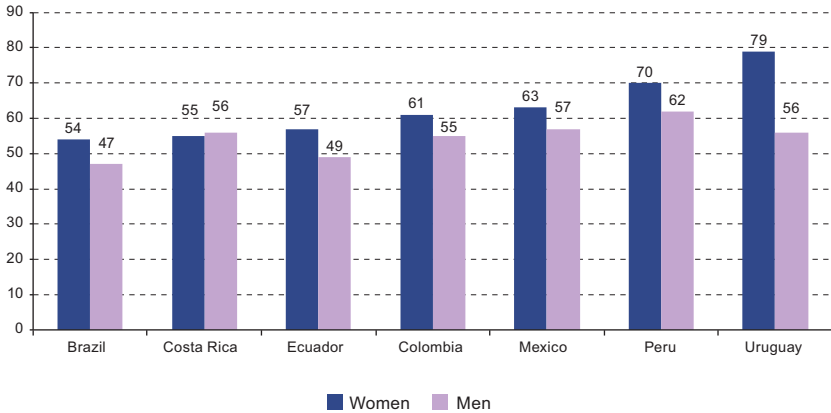
<sup>b</sup> Data from 2012.

Another long-term phenomenon that shapes the risks and vulnerabilities of the adult population is the mass influx of women into the labour market. Between 1990 and 2009, the labour participation rate of women aged 15 and above went from 39% to 52%, while the rate for women aged 25 to 54 went from 48% to 66%. This process undermined the traditional model of working men and women at home looking after children and other dependents.

Historically, the sexual division of labour and the accepted association of women with caring consolidated an unequal distribution of paid and unpaid work between men and women. Women's entry into paid work has not

resulted in a redistribution of the time they spend on unpaid work (essentially care). In other words, Latin American households have not made significant progress in democratizing the private sphere in the light of modernity (Espejo, Filgueira and Rico, 2010). The combined result is that women’s total workload (number of hours of paid and unpaid work) is considerably larger than the total workload of men (ECLAC, 2010a) (see figure V.3).

**Figure V.3**  
**Latin America (7 countries): total time spent on (paid and unpaid) work among the working population aged over 15, by sex, around 2012**  
*(Average hours per week)*



**Source:** C. Rossel, “Políticas para las familias en América Latina: panorama de políticas de reducción de pobreza y conciliación entre trabajo-familia”, 2013 [online] <http://www.un.org/esa/socdev/family/docs/FAMILYPOLICIESINLATINAMERICA.pdf>.

Care demands, which used to be met exclusively as part of women’s unpaid work, put pressure on the traditional sexual division of labour and formed a “care crisis” (ECLAC, 2010a; Rico, 2011). This crisis is highlighted by the many obstacles faced by families (and their female members) in reconciling productive life and paid work with motherhood and childrearing.

There is a heavier workload of unpaid childcare among poor women (who have higher fertility rates, as stated in previous chapters). This initial difference combines with limited opportunities to pass on care to other people or buy market services (by using services, hiring domestic staff or other options), and is in contrast with the options enjoyed by middle- to high-income women (ECLAC, 2010a).

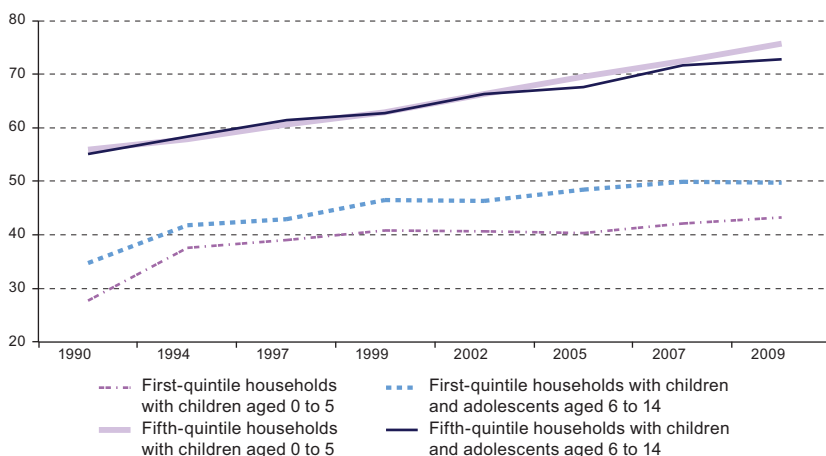
The region’s care crisis is definitely becoming a new axis of inequalities that are “closely linked to, and are reproduced in part because of, unequal availability of or access to family and social care options, and to the effect of

these inequalities on women's differential ability to enter the labour market. This situation gives rise to a vicious cycle" (ECLAC, 2010a, p. 168).

These inequalities are highlighted by the main labour indicators among women with the smallest and largest care burdens and among those with the highest and lowest incomes. Labour participation has increased significantly more among the higher earners than among the poorest 20% of the population. Furthermore, from 2002 the difference in labour participation between women with young children (up to age 5) and those with children aged 6 to 14 has widened, which confirms that having young children is a barrier to entering the labour market that has a strong impact on the most disadvantaged groups (ECLAC, 2010a) (see figure V.4).

Figure V.4

Latin America (14 countries):<sup>a</sup> labour participation of women aged 15-49 years from the first and fifth income quintiles, by age of children, weighted average, 1990-2009 (Percentages)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2011* (LC/G.2514-P), Santiago, Chile. United Nations Publication, Sales No.: S.12.II.G.6, p. 121.

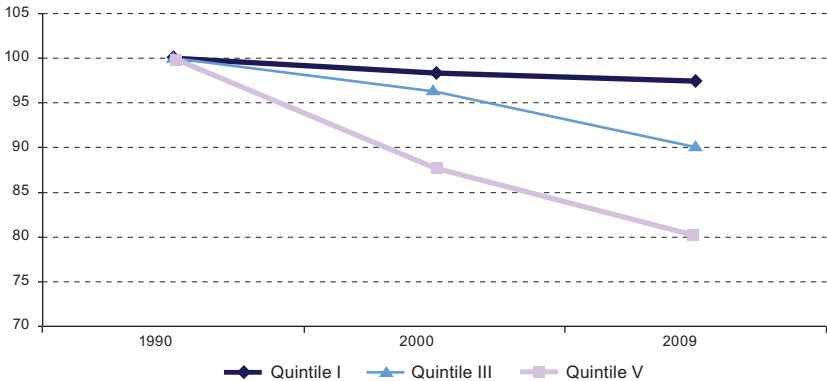
<sup>a</sup> Argentina, Bolivarian Republic of Venezuela, Brazil, Colombia, Costa Rica, Chile, Ecuador, Honduras, Mexico, Nicaragua, Paraguay, Panama, Plurinational State of Bolivia and Uruguay.

This confirms that, in the absence of suitable policies (as has been the case in most of the region's countries), the care burden—particularly in terms of young children—is handled differently by women based on their available resources, income and ability to receive support in that area. Higher-income women are able to pass on caregiving by buying market services, whereas the lack of options for poor women means that their employment prospects are compromised (ECLAC, 2010a).



In addition, the care burden pushes lower-income women into informal employment (ILO/UNDP, 2009; ECLAC, 2012b), probably because the lack of care options means that flexible work (with few hours, limited stability and low wages) seems to be the only option. Despite the reduction in informal (or low-productivity) employment, informal work rates among low-income women with young children have remained largely unchanged in the past 20 years. This is in contrast with the sharp decline in informal employment among middle-income women (a fall of 10% between 1990 and 2009) and high-income women (rates down 20% in the same period) (see figure V.5).

**Figure V.5**  
**Latin America (13 countries):<sup>a</sup> variation in employment in low-productivity sectors among women from households with children aged 0 to 5, by income quintile, weighted average, around 1990, 2000 and 2009<sup>b</sup>**  
*(Index basis 1990=100)*



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2011* (LC/G.2514-P), Santiago, Chile. United Nations Publication, Sales No.: S.12.II.G.6, p. 119.

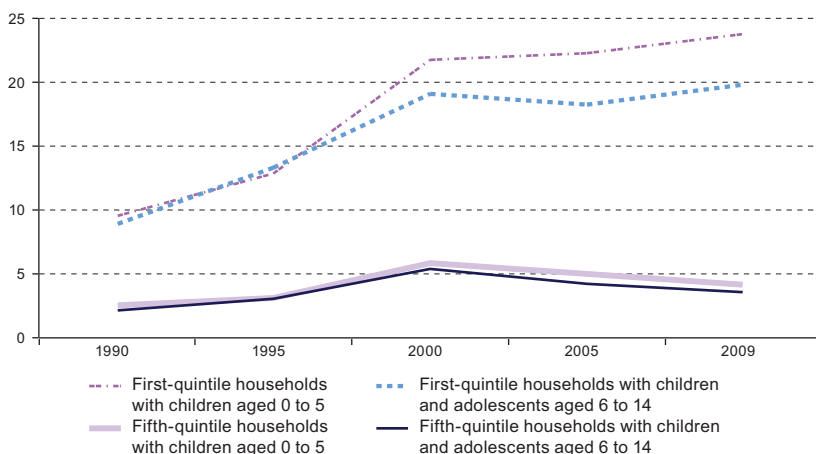
<sup>a</sup> Argentina, Bolivarian Republic of Venezuela, Brazil, Costa Rica, Chile, Ecuador, Honduras, Mexico, Nicaragua, Paraguay, Panama, Plurinational State of Bolivia and Uruguay.

<sup>b</sup> Employment in low-productivity sectors covers workers in micro-enterprises employing a maximum of five people; domestic workers and unskilled independent workers (self-employed and unpaid family workers with no professional or vocational qualifications).

Lastly, the massive influx of women into the labour market has also changed the distribution pattern of unemployment. Women make up a much higher proportion of the jobless than 20 years ago: male unemployment was about 80% the level of female unemployment in 1990, whereas the figure was just 65% in 2009. In addition, income stratification within unemployment is on the rise and now at extremely high levels (particularly among women). This can be illustrated by a single example: in 2009 unemployment among low-income women was five times higher than among women from the highest quintile (21% compared with 4%) (ECLAC, 2012b).

This situation reflects the barriers to employment faced by women with low educational capital, which then combine with patterns of segmentation, sexual division of employment and discrimination in Latin American labour markets (ECLAC, 2010b). However, care demands may also hamper their ability to remain in work or get another job: unemployment is higher among women in households with younger children, and the gap between these women and those with older children widens further down the income scale (see figure V.6).

**Figure V.6**  
**Latin America (14 countries):<sup>a</sup> unemployment rate for women aged 15-49 years from the first and fifth income quintiles, by age of children, weighted average, around 1990, 1995, 2000, 2005 and 2009**  
 (Percentages)



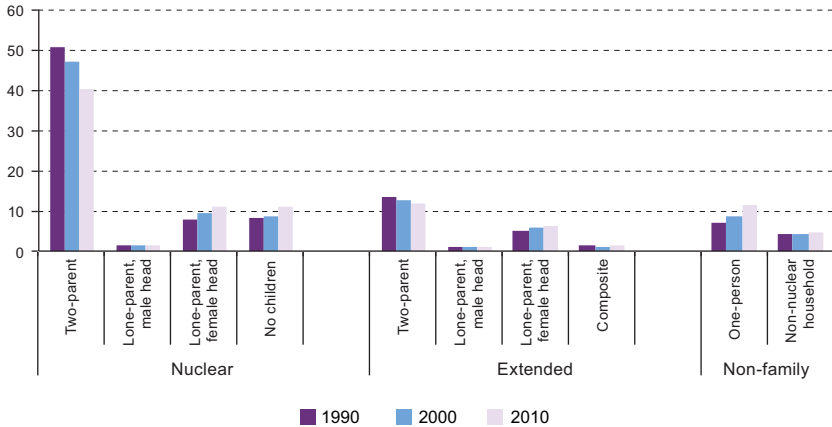
**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2011* (LC/G.2514-P), Santiago, Chile. United Nations Publication, Sales No.: S.12.II.G.6, p. 124.

<sup>a</sup> Argentina, Bolivarian Republic of Venezuela, Brazil, Colombia, Costa Rica, Chile, Ecuador, Honduras, Mexico, Nicaragua, Paraguay, Panama, Plurinational State of Bolivia and Uruguay.

There is one final complicating factor in this scenario. As stated in previous chapters, Latin American families are undergoing far-reaching changes. Average household size has decreased (ECLAC, 2005) and the changes in marriage and divorce patterns (with a rise in cohabitation and a fall in marriages) have helped to change the shape of families (Arriagada, 1998 and 2007; Serrano, 2007; Rico and Maldonado, 2011). Between 1990 and 2010, the percentage of two-parent nuclear families fell from 51% to 40%, while single-person households increased from 7% to 12% of the total. The proportion of lone-parent nuclear families rose from 9% to 12%.

There has also been a significant surge in the number of female heads of lone-parent nuclear households, going from 7.9% in 1990 to 10.9% in 2010 (see figure V.7).

**Figure V.7**  
**Latin America (18 countries): distribution of households**  
**by type of family, around 1990, 2000 and 2010**  
*(Percentages)*

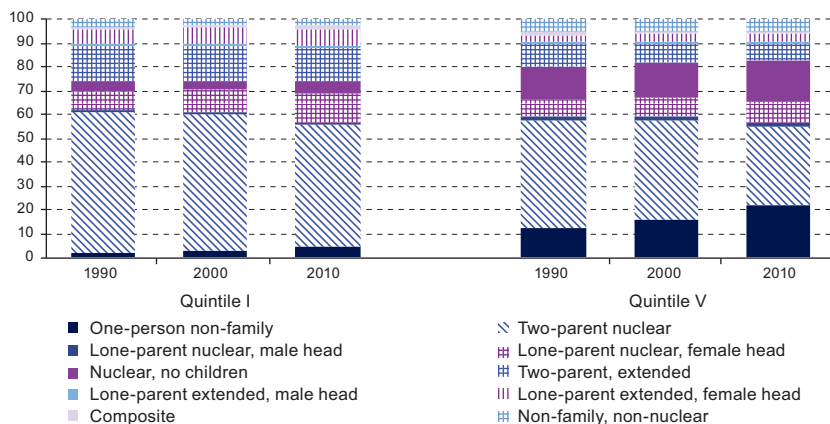


**Source:** C. Rossel, “Políticas para las familias en América Latina: panorama de políticas de reducción de pobreza y conciliación entre trabajo-familia”, 2013 [online] <http://www.un.org/esa/socdev/family/docs/FAMILYPOLICIESINLATINAMERICA.pdf>.

Although two-parent families remain the prevailing family model in the region, there has been a strikingly steady rise of lone-parent families headed by women. This change is a demonstration of the risks arising from the change in marriage patterns, including households where a single adult is responsible for caring and providing. This trend is even more relevant given that lone-parent nuclear families headed by women in the first income quintile went from 8% to 12% between 1990 and 2010 (compared with a rise from 7% to 9% in the highest income quintile) (see figure V.8).

The care demands of older generations are also a major risk for those of working age. As with childcare, these demands have a stratified nature. In the poorest groups, families bear the burden by cohabiting and living in extended or composite family households, while older adults in higher-income groups have a significantly increased level of one-person or nuclear households with no children.

**Figure V.8**  
**Latin America (18 countries): distribution of households by type of family in the first and fifth income quintiles, weighted average, 1990, 2000 and 2010**  
*(Percentages)*



**Source:** C. Rossel, "Políticas para las familias en América Latina: panorama de políticas de reducción de pobreza y conciliación entre trabajo-familia", 2013 [online] <http://www.un.org/esa/socdev/family/docs/FAMILYPOLICIESINLATINAMERICA.pdf>.

## B. Overview of policies and programmes: achievements and unmet challenges

In many ways, public policies, labour markets and families shape the mechanisms that protect the adult population from the aforementioned risks, as well as preventing many of the vulnerabilities described above. This applies to the entry into and links with paid work, as well as to reproduction, childrearing and care work.

Unlike other stages of the life cycle, access to income and well-being basically comes from the labour market. Social protection systems operate by creating the conditions conducive to labour market participation by offering minimum levels of well-being to promote relevant opportunities and by supporting and smoothing out income levels. The main components of social protection for people in this stage of the life cycle are therefore the ability to access health care, wage insurance, protection from poverty and vulnerability and labour participation. As in other stages, access to health care guarantees a minimum level of well-being by preventing disease and laying down the foundations for a healthy old age. Income replacement is a fundamental protection mechanism when someone temporarily or permanently loses the ability to earn money for various reasons including unemployment, motherhood, illness, accident or disability. The provision

of non-contributory transfers is also a key element of protection against poverty and vulnerability when a person's income is insufficient or non-existent. Lastly, social protection plays a key role in recovering or promoting the ability to generate income by facilitating employment activation (which means the transition to worker status) in the form of decent jobs.

This section describes the main characteristics and performance of Latin American social protection systems in this regard by presenting the achievements and main changes in four sets of policies: (i) insurance, passive policies and labour regulation; (ii) active employment policies; (iii) reconciling work and reproductive life; and (iv) cash transfers linked to labour participation.

## **1. Insurance, passive policies and labour regulation**

The first set of instruments is made up of basic health insurance policies, illness insurance, unemployment insurance, other passive policies and labour regulations. Below is a description of prevailing models and the achievements of the region's countries in this sphere.

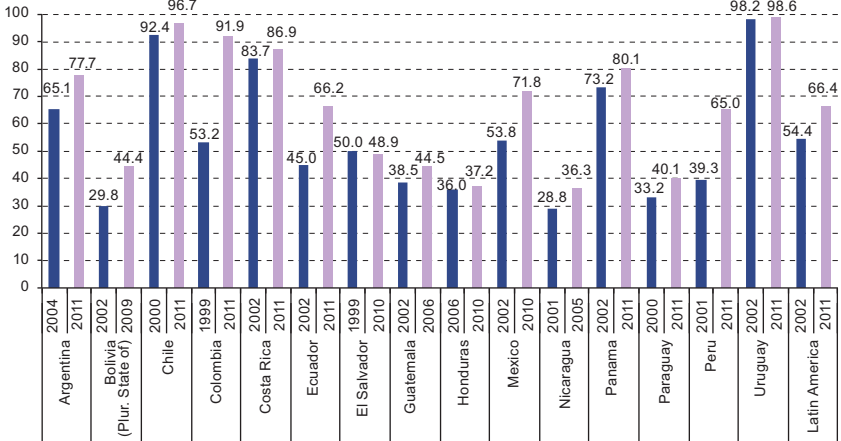
### **(a) Health insurance**

Health coverage and effective access to health care is key to human well-being. During the working years, health is the main determining factor of the quality of old age as it affects the available options for being part of the production and employment world and involves catastrophic risks. Investing in basic health insurance yields economic returns that are reflected in greater productivity, a larger workforce and higher consumption (ILO, 2014).

In Latin America, health coverage through social security during the working years is far from universal but has expanded significantly in the past decade. In 2011, the average for 15 countries was for two in three waged workers (66%) to be covered by a health system (compared with coverage of just 54% in 2002) (ECLAC, 2013a). This rise took place in all countries except Honduras. However, the situation in the different countries is highly variable. In Argentina, Chile, Costa Rica, Panama and Uruguay, levels of coverage are high and have remained steady over time. In the Plurinational State of Bolivia, Colombia, Ecuador, Mexico and Peru, coverage has increased considerably in the past 10 years (albeit from a fairly low starting point) (see figure V.9).

It should, however, be borne in mind that not all waged workers have the same opportunities to access health insurance. Public employees tend to be better covered by health insurance systems than salaried workers in private companies. Among the latter, the less skilled and domestic workers have considerably lower levels of coverage from health systems (ECLAC, 2013a).

**Figure V.9**  
**Latin America (15 countries): coverage by health systems for waged employees**  
**aged 15 and over, around 2002 and 2011**  
*(Percentages)*



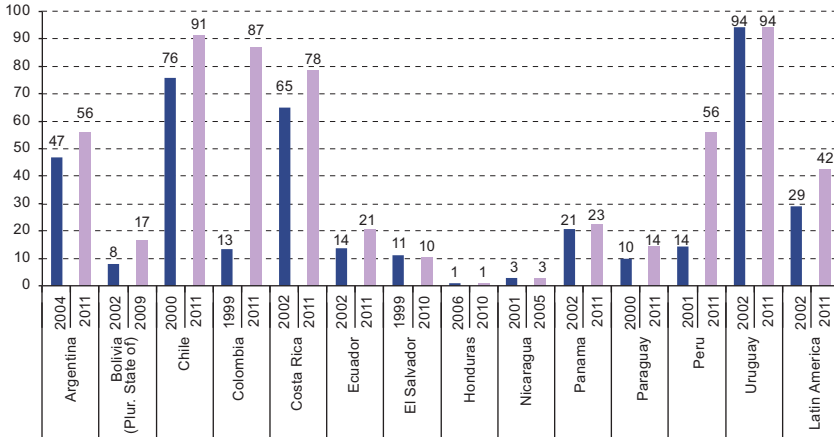
**Source:** Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2013* (LC/G.2580), Santiago, Chile, 2013. United Nations Publication, Sales No.: S.14.II.G.6.

Among non-salaried workers, coverage levels are significantly lower than for waged workers. Taking the average of 11 countries, health system coverage for non-salaried workers was 64% of the coverage among waged workers. This pattern is observed in all countries, although in some cases the gap between the two groups is wider. Examples include the Plurinational State of Bolivia, Ecuador, El Salvador, Nicaragua, Panama, Paraguay and, particularly, Honduras. Beyond these differences, coverage for non-salaried workers has grown at a similar pace (or sometimes more quickly) than coverage for waged workers (see figure V.10).

This overall increase in coverage is the result of various efforts to implement a significant increase in public health investment in most of the region's countries (ILO, 2014), and has also been driven by far-reaching changes to insurance systems.

Some countries have made progress towards guaranteeing basic rights to health insurance to groups excluded from formal employment and people not covered by insurance related to social security. Interesting examples along these lines (described in chapter III) are Social Insurance (*Seguro Popular*) in Mexico, the Unified Health System (SUS) in Brazil and the System of Universal Access with Explicit Guarantees (the AUGÉ health plan) in Chile.

**Figure V.10**  
**Latin America (13 countries): coverage of health systems for non-salaried workers aged 15 and above, around 2002 and 2011**  
*(Percentages)*



**Source:** Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2013* (LC/G.2580), Santiago, Chile, 2013. United Nations Publication, Sales No.: S.14.II.G.6.

Social Insurance in Mexico is voluntary public medical insurance targeting households not covered by any social security system. After the pilot phase was launched in 2001, the scheme was included in legislation in 2003, with a view to achieving universal health coverage and reducing poverty associated with health spending. The insurance is financed from public funds and a contribution from each beneficiary based on his/her socioeconomic conditions. The requirements for benefitting from the insurance are simply being a Mexican national and not being covered by any social security system. Beneficiary families are assigned to a health centre for treatment, although they can also use other centres that are part of the service network if necessary. The hospital network is mainly made up of public clinics.

Once people are covered by Social Insurance, they can receive medical treatment and care at no additional cost. More specifically, the insurance covers all elements of the Universal Health Services Catalogue (CAUSES), classified under the following categories: public health (disease prevention and detection), outpatient care, emergency care, hospital care and general surgery. In 2012, CAUSES covered 284 treatments, over 1,000 diseases and more than 500 medicines.<sup>3</sup>

<sup>3</sup> The insurance includes a Protection Fund against Catastrophic Expenditure, which covers 40 treatments for 8 diseases requiring highly complex interventions.

In 2011, the Social Insurance was operating in all of the country's states and covered over 51 million families.<sup>4</sup>

In 1988, the Brazilian Constitution defined a series of health guarantees implemented under the Unified Health System (SUS), which operates according to the following five principles: universality, comprehensiveness, equity, decentralization and social participation. The SUS provides medical treatment completely free of charge through Family Health Programmes and secondary or tertiary care through conventional hospitals and clinics. The SUS has also implemented a series of health programmes often linked to the programme Brazil without Poverty (such as the People's Pharmacy and Health in School programmes) (WHO, 2010; Robles and Mirosevic, 2013).

According to figures from the World Health Organization (WHO), over 75% of Brazilians depend on the SUS for their health care. ECLAC data show that, in 2008, medical health care programmes had been implemented in 94% of municipalities to cover 51% of the population. Other data demonstrate that this policy has achieved substantial gains in eradicating certain diseases and reducing mortality rates. In addition, progress has also been made in the provision of medicines (with medication provided free or with price reductions of up to 90%) (WHO, 2010; Robles and Mirosevic, 2013).

The AUGE health plan in Chile is part of the health reform introduced in 2004, which also saw the implementation of Explicit Health Guarantees (GES). Under the plan, all entities providing services through the National Health Fund (FONASA) or health insurance institutions (ISAPRES)—insurers, in other words— must offer certain services for prevention, treatment and rehabilitation of a basic list of diseases. There are currently 80 diseases covered by the GES and each has its own criterion for diagnosis and treatment (see chapter IX) (Robles, 2011). The diseases include HIV/AIDS, various types of cancer, psychiatric illness and substance abuse. The GES guarantees cover: access to necessary care, timely service (services must be provided within set time frames), financial protection (people should not pay more than 20% of the cost) and quality (service providers must be registered and accredited by the Office of the Superintendent for Health).

According to estimates of the scope of the AUGE health plan, about 20% of the Chilean population is thought to be covered. The 2009 Survey of Socioeconomic Characteristics (CASEN) of Chile found that only 3.5% of the population had no form of medical cover. The resources to fund the plan come from a financing law (2003)<sup>5</sup> that established an increase in some taxes (on tobacco, customs and value added tax (VAT)) (Robles, 2011).

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<sup>4</sup> For more information, see [online] [http://www.salud.df.gob.mx/ssdf/seguro\\_popular/index/qsomos.php](http://www.salud.df.gob.mx/ssdf/seguro_popular/index/qsomos.php).

<sup>5</sup> Law 19888 establishing the necessary financing for achieving the Government's priority social objectives.



Another policy worth mentioning is the SUMAR Programme in Argentina, which the Government implemented to build on the *Plan Nacer* (Childbirth Plan described in chapter III). The SUMAR Programme includes children and adolescents up to age 19 and all women up to age 64. The Programme provides medical cover for specific populations with no other medical insurance or welfare through a network of around 400 health services (checks, consultations and other types of health care). Specifically for women aged 20 to 64, there is access to the following services: clinical and gynaecological tests (including disease testing), vaccination, oral health and treatment for victims of sexual violence. As with *Plan Nacer*, clinics receive resources to ensure greater service quality (including improved infrastructure, equipment and training) for every person signing up to the Programme or coming in for a consultation/check. The Programme has helped to strengthen the network of health centres, which has in turn reduced waiting lists by 85% (compared with 2003).<sup>6</sup>

However, it is worth stating that guarantees of welfare rights do not necessarily result in effective access if high levels of out-of-pocket payments or copayments are required. Reducing these costs has been a key objective of reforms and new policies implemented in some countries. The reductions have been made possible through subsidies to service providers that are used to lower user costs and copayments for basic care, laboratory tests and medication.

The National Medicines Policy (REMEDIAR programme) set up by Argentina in 2002 aims to guarantee free access to medication for the most vulnerable populations. Generally speaking, the programme divides this objective into four stages: selection, provision, distribution and use of medication. More specifically, cases of essential medication to treat 90% of the most common diseases in primary care are delivered to primary health-care centres (CAPS).<sup>7</sup> In terms of the programme outcomes, by 2014 the CAPS centres throughout the country had received over 2 million cases containing 389 million medicines. In 2010, 15 million people were covered by primary care (with 94% of these people from poor households and 71% from households under the extreme poverty threshold).<sup>8</sup>

In Uruguay, the health system was reformed in 2008 to create the National Integrated Health System (SNIS), which aims to offer universal, standardized quality access to the entire population by linking health-care providers and changing management and financing systems. The same law also created the National Health Fund, to which all workers must

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<sup>6</sup> See [online] <http://www.msal.gov.ar/index.php/component/content/article/46-ministerio/455-una-decada-por-la-inclusion-y-la-salud-publica>.

<sup>7</sup> Also training for health workers (such as medicinal care in primary health, workshop on essential medicines kit and rational therapy in primary health care).

<sup>8</sup> See [online] <http://remediar.msal.gov.ar/index.php/noticias/1286-remediar-cumple-12-anos>.

make a contribution of between 3% and 6% of their wages (with employers contributing 5%).<sup>9</sup> This system considerably reduced the price of treatment orders and prescriptions (which became completely free in some cases), as well as entirely eliminating some fees users were charged for various treatments and interventions (chemotherapy and radiotherapy, oncological biopsies, diagnostic procedures requiring anaesthetic/sedation and non-antibiotic medication).

Lastly, the quality of health services has become part of the policy agenda in many of the region's countries. In several countries, the expansion of specific services and primary-care networks, as well as extended hospital hours, combined with a strengthening of the institutions that regulate health care providers. This is the case in Uruguay, where health-care providers must provide appropriate services under the Integral Services Plan (PIP): appropriate diagnosis and treatment; rehabilitation, recovery and palliative care services; and appropriate promotion and protection of patients' personal and social information. The Ministry of Public Health periodically assesses the care provided by health centres in terms of service provision.<sup>10</sup>

The abovementioned efforts reflect major progress in increasing the coverage and quality of health insurance. Advances have also been made in changing the financial basis for some policies, in the sense of reducing out-of-pocket costs and placing more of the burden of insurance at the door of social security contributions and general revenues to shore up non-contributory coverage. However, the region still faces considerable challenges in furthering these aims and achieving long-term change in care models that remain based on segmentation (Valencia, Foust and Tetreault, 2013). For instance, many countries' public non-contributory health systems only provide primary and secondary (not tertiary) care, and have major deficits in terms of care quality. In addition, there is a predictable concern around some measures discouraging formalization (such as Mexico's Social Insurance) (Levy, 2011).

### **(b) Sickness insurance and work accident insurance**

Sickness insurance is a key element in protecting the working population. Without such insurance, periods of illness involve a risk of losing one's job and income (which can leave workers and their families vulnerable). A lack of sickness insurance not only reduces the expected positive impact of expanding health insurance coverage, but also cancels them out (particularly in contexts of external shocks and economic crisis).

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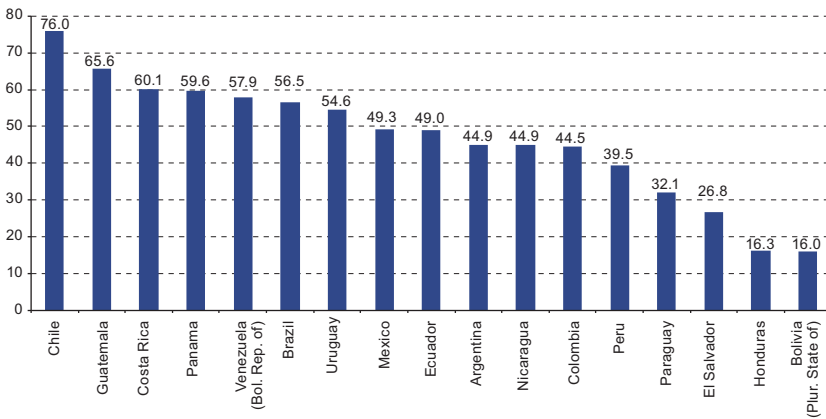
<sup>9</sup> Personal contributions are progressive and based on family size and income. A third of contributions comes from the national Government. SNIS therefore includes all dependent workers (public and private), non-dependent workers (sole traders and the self employed), recently retired people and the dependent children of all of the above (those aged under 18 or adults with disabilities). SNIS does not operate as a single universal system.

<sup>10</sup> See [online] [http://www.bps.gub.uy/4959/avances\\_incorporacion\\_de\\_colectivos\\_al\\_snis.html](http://www.bps.gub.uy/4959/avances_incorporacion_de_colectivos_al_snis.html).

In 14 of the 17 countries in the region with information available, work accident cover is provided through social security. Argentina, Costa Rica and Panama are the only countries where the responsibility for work accident compensation is borne completely by employers. Responsibility is shared in other countries, as accident insurance is part of the social security system (ILO, 2014).<sup>11</sup>

Beyond the State’s role as employer, there are few countries where the State funds insurance cover for work accidents. The most striking case is Ecuador, where 40% of the benefit costs comes from public funds. In Guatemala and the Bolivarian Republic of Venezuela, the State provides 1.5%. Furthermore, insurance cover for work accidents is highly variable in the region: from covering 16% of the workforce in the Plurinational State of Bolivia and Honduras to 76% in Chile. Between these two extremes, most countries cover at least a third of the workforce, and coverage tends to be compulsory (ILO, 2014) (see figure V.11).

**Figure V.11**  
**Latin America (17 countries): estimated (compulsory) coverage**  
**for work accidents, 2014**  
*(Percentage of the workforce)*



**Source:** Prepared by the authors, on the basis of the International Labour Organization (ILO), *World Social Protection Report. Building economic recovery, inclusive development and social justice, 2014/15*, Geneva, 2014.

Furthermore, it should be stated that self-employed or freelance workers are at a disadvantage when it comes to protection from work accidents, as most countries have no protection mechanism for this group of workers.

<sup>11</sup> However, this does not mean that workers must make contributions in all countries. In most cases, the employee may make no contribution, while the employer covers the cost of insurance (through contributions to social security).

Where there are specific instruments for these cases, contributions tend to be variable and voluntary (ILO, 2014).

There has also been interesting progress in the consolidation of non-contributive insurance. In Ecuador, for instance, there is life insurance for citizens receiving the Human Development Grant (BDH) —which is a cash transfer for older adults living in poverty. If the beneficiary dies, the family can receive insurance of up to US\$ 500. There are also discounts and support to cover funeral expenses (MIES, 2013; El Mercurio, 2011). In 2013, Mexico's Secretariat for Social Development (SEDESOL) created Life Insurance for Female Heads of Household, which aims to contribute to the well-being of the most vulnerable. SEDESOL requires beneficiaries to fulfil at least one of the following conditions: be beneath the minimum threshold for well-being or have unreliable access to basic food or housing services. Women who have not completed primary education or have no access to social security or health services can also benefit. Should a beneficiary of such entitlements die, her children will receive a monthly grant. The amount increases in proportion with the level of education of those children: from 315 Mexican pesos (US\$ 21) for pre-school education to 1,943 pesos (US\$ 127) for higher technical education. The money is provided on a bi-monthly basis and is conditional upon verified attendance in education.<sup>12</sup>

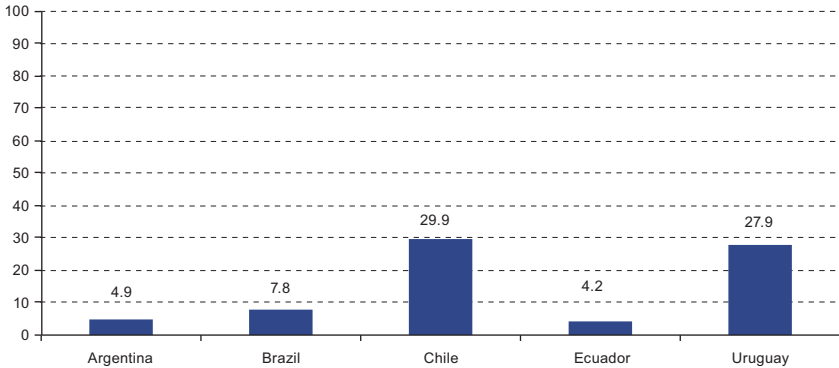
### **(c) Unemployment insurance and subsidies and other passive policies**

Many Latin American countries have an instrument to regulate hiring, dismissal and the relevant compensation in these situations. Very few countries, however, have unemployment insurance or individual saving accounts for unemployment: only six of the region's countries (Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Ecuador and Uruguay) have unemployment insurance, and eight countries (Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Ecuador, Panama and Peru) have regulations establishing individual savings accounts for unemployment protection (Velásquez Pinto, 2014).

Generally speaking, unemployment insurance (which some countries call severance insurance/funds) also includes a cash transfer or wage replacement for a set period of time and health care. Where unemployment insurance does exist, the coverage of workers is relatively low. Chile covers almost 30% of workers, Uruguay 27.9%, Brazil 7.8%, Argentina 4.9% and Ecuador just 4.2% (see figure V.12).

<sup>12</sup> See Secretariat for Social Development (SEDESOL), "Seguro de Vida para Jefas de Familia" [online] [http://www.sedesol.gob.mx/en/SEDESOL/Seguro\\_de\\_Vida\\_para\\_Jefas\\_de\\_Familia](http://www.sedesol.gob.mx/en/SEDESOL/Seguro_de_Vida_para_Jefas_de_Familia).

**Figure V.12**  
**Latin America (5 countries): unemployment insurance coverage for workers, 2014**  
*(Percentages)*



**Source:** Prepared by the authors, on the basis of International Labour Organization (ILO), *World Social Protection Report. Building economic recovery, inclusive development and social justice, 2014/15*, Geneva, 2014.

In terms of international comparison, these levels are significantly lower than those in the developed world. Although the landscape is varied, the simple average for cover in western European countries is around 63.8%.<sup>13</sup>

Individual savings accounts (usually associated with guaranteed insurance based on seniority) enable people to accumulate individual contributions and withdraw them in the event of redundancy (examples include Peru’s Compensation for Time in Service or Brazil’s Guarantee for Time in Service).

Recent initiatives have sought to make progress on various fronts: extending the duration of insurance, anchoring insurance to active employment policies and making eligibility criteria more flexible.

Uruguay is an interesting example of extending the duration of unemployment insurance. All formal workers there have the right to unemployment insurance, and the funds come from workers’ own contributions to the Social Security Institute throughout their working lives. In 2008, the system was reformed to introduce changes in payment and duration in some circumstances. Prior to the reform, the insurance was the equivalent of 50% of the average wage for the last six months of employment. Following the reform, the sum decreased throughout six months from 66% to 40% of that wage. In terms of the duration, the reform established that during recessions people could receive the subsidy for two extra months, and that people aged

<sup>13</sup> See International Labour Organization (ILO), “Protección social” [online] <http://www.social-protection.org/gimi/gess/ShowTheme.action?th.themefd=10> and Venn (2012).

over 50 would receive the benefit for an additional six months (Filgueira and Hernández, 2012).

Rooting insurance in active employment policies has increased the links with training programmes and labour mediation services for the unemployed. Examples include grants from the Solidarity Unemployment Fund in Chile, which fund beneficiaries to complete work training. Chile's unemployment insurance that became law in 2000 combines with a subsidy for labour mediation and training programmes including health programmes (while also ensuring that households continue to receive family allowances) (Robles, 2011).

Lastly, broadening eligibility criteria for insurance has basically served to incorporate informal workers who are not covered by social security systems and are therefore more exposed to the effects of recession. One example is the Training and Employment Insurance (ScyE) that Argentina introduced in 2006<sup>14</sup> to include informal sectors and roll out activation strategies such as training and labour medication. This insurance focuses on the unemployed population that had no access to contributive unemployment insurance. Despite the fact that the programme was initially targeting people already benefiting from the Unemployed Heads of Household programme (PJJHD), it eventually incorporated all unemployed workers irrespective of whether they had received public welfare payments. The aim of the programme is to promote labour capacities and support jobseeking. The first component of the programme is a cash transfer of 225 Argentine pesos (US\$ 25) in the first 18 months of the programme and 200 pesos (US\$ 22) for the remaining 6 months. The second component covers the various activities and tools that the programme offers to increase participants' capacities and therefore their chances of getting quality jobs. This includes the opportunity to access jobseekers' advice and guidance services; labour and vocational training bodies; and educational training activities with aims including the completion of studies, professionalization of training and provision of advice to those seeking to set up their own business (Repetto and Potenza Dal Masetto, 2012).

Along the same lines, Mexico City's Unemployment Insurance provides residents with a subsidy if they can prove that they: worked for six months continuously, lost their job for reasons outside their control, have no other income from subsidies/pension and are actively looking for work. The transfer (which is for a maximum of six months) is the equivalent of the minimum wage. The scheme has a special arrangement for women who were unfairly dismissed for pregnancy, as they simply need to be resident in the Federal District and receive no income from other subsidies/benefits or pension. The scheme also has a programme to support beneficiaries to return to work.

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<sup>14</sup> See [online] <http://www.trabajo.gov.ar/seguropacitacion/>.

Initially, three-day courses are provided on basic entrepreneurship education. Then, those people with entrepreneurial ability are given the chance to take part in a 10-session training focused on setting up their own business.<sup>15</sup>

#### **(d) Labour protection and regulation**

Labour protection and regulation are key in any social protection system. Particularly if they operate steadily, they can help to generate the conditions for all workers to enjoy the fruits of productivity, thereby directly and indirectly reducing labour inequalities. In contrast, a lack of labour protection and regulation encourages a labour market shaped by inequality, thereby reinforcing the vulnerabilities of large swaths of the working-age population.

This sphere is perhaps the one where the dual nature of Latin American social protection systems is the most obvious: in many ways, labour markets still function with a dividing line between those on the inside and those on the outside (ECLAC, 2012b). Adjustment reforms in the 1990s—which actually resulted in deregulation and made collective bargaining more flexible, small-scale and feeble—helped to weaken labour institutions (Tokman, 2006; Weller, 2009; ECLAC, 2012a). This partially reinforced the aforementioned dividing line. As a result, most of the region's countries (except Argentina, Brazil and Uruguay) have low and stagnated levels of union coverage and collective bargaining (with unionization of 15% and collective bargaining at 8% to 10% among waged workers) (ECLAC, 2012a).

There is a hard core of unprotected and unregulated (or less regulated) workers. Examples include rural employment and informal employment (Tokman, 2006). Rural employment is an area with weak, uneven and piecemeal labour regulations, in which workers tend to have fewer rights or worse labour conditions than their urban counterparts (FAO/ECLAC/ILO, 2012; Faiguenbaum and Soto-Baquero, 2013). Domestic employment also remains a highly unprotected area, with workers generally in a more precarious situation than in other spheres (Blofield, 2012; ECLAC, 2013a). This applies to aspects such as maximum working hours per week, minimum wage, maternity leave, social security access, a day of rest and holidays (ECLAC, 2008; Valenzuela and Moras, 2009; Blofield, 2012).

In recent years, several countries have made significant progress in strengthening labour institutions and regulation. The region has made advances towards ratifying fundamental international agreements in the exercise of basic employment-related rights and principles, while union rights in some countries have been strengthened. This lays the foundations for new institutional opportunities for collective bargaining (ILO, 2009).

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<sup>15</sup> See [online] <http://www.segurodedesempleo.df.gob.mx/>.

Some countries have taken positive steps in establishing upper limits on weekly working hours in traditionally precarious sectors. In late 2008 for instance, Uruguay adopted a specific law regulating the working hours of rural workers. Despite the fact that the law on the maximum eight-hour day was introduced in the early 20th century, some sectors (such as rural and domestic workers) were excluded from the rule. The new law limits the maximum number of hours to eight per day and to 48 hours for every six days worked. The law also establishes rest requirements (breaks, days off and weekly rest) (MTSS, 2013).

Several countries have made inroads in expanding and equalizing rights in highly informal and precarious sectors such as domestic employment.

The Plurinational State of Bolivia reformed its legislation in 2003. Prior to the reform, domestic workers could work up to 16 hours a day. The new legislation set a ceiling of eight hours a day (with a limit of 10 hours where workers are live-in employees). The law also gave these workers the right to one day off a week, compared with six hours off on a Sunday previously. Social security access was implemented as recently as 2010, although a 2003 reform did remove exclusion criteria for other labour rights.<sup>16</sup> Uruguay is another example of reforms aimed at improving the rights of those working in domestic service. Prior to 2006, domestic workers were excluded from basic labour rights: they were not included in the maximum eight hours of work per day and did not receive unemployment insurance. Legislative reform granted domestic workers completely equal rights and outlawed any exclusion from benefits enjoyed by other workers (ECLAC, 2013b). In 2009, Costa Rica implemented labour-code reform targeting domestic workers in particular. The reform awarded these workers a series of rights: minimum wage, eight-hour days, one day off per week, social security coverage, paid holidays and compensation.<sup>17</sup> Despite the reform to extend the rights of Peru's domestic workers, the latter remain excluded from certain key rights such as minimum wage and paid holidays (they receive half the pay of other workers).<sup>18</sup> In 2012, Ecuador adopted a series of labour-code reforms stipulating that domestic workers should enjoy the same rights as other workers. Prior to 2012, the law did not limit their working hours, while the reform (2012 Act for the Protection of Labour Rights) established a maximum of eight hours per day and a minimum wage (ECLAC, 2013b).<sup>19</sup>

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<sup>16</sup> Before 2003, for instance, domestic workers only had the right to receive half the compensation payment awarded to other workers (ECLAC, 2013b).

<sup>17</sup> Law 8726 of 2009. Reform of chapter 8 of title 2 of the Labour Code, Law N° 2. Law on Paid Domestic Work [online] [http://www.cepal.org/oig/doc/LeyesCuidado/CRI/2009\\_Ley8726\\_CRI.pdf](http://www.cepal.org/oig/doc/LeyesCuidado/CRI/2009_Ley8726_CRI.pdf).

<sup>18</sup> However, the 2003 reform did make some progress (such as reducing the working day from 16 hours to 8 hours and establishing the right to social security) (ECLAC, 2013b).

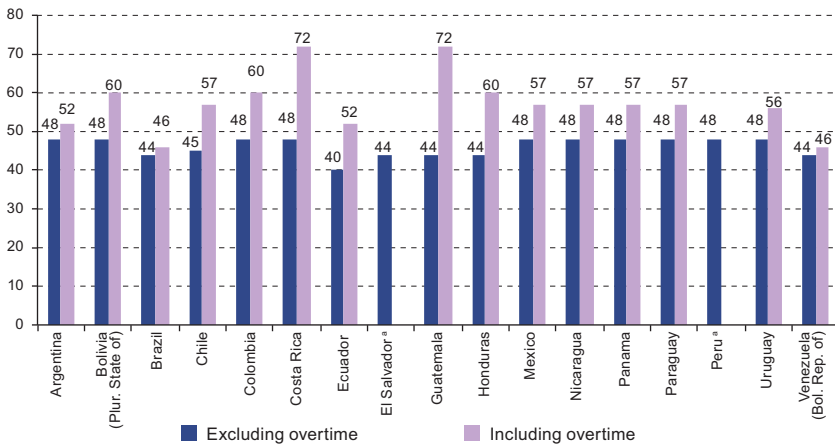
<sup>19</sup> See [online] [http://www.cepal.org/oig/doc/LeyesCuidado/ECU/2012\\_ModifLeyOrg.D.DerechosLab\\_ECU.pdf](http://www.cepal.org/oig/doc/LeyesCuidado/ECU/2012_ModifLeyOrg.D.DerechosLab_ECU.pdf).



There are also encouraging signs of formalization in other traditionally informal sectors. In 2003, for instance, Peru introduced the Law on Promoting Competitiveness, Formalization and Development of Micro and Small Enterprises and Access to Decent Employment, which imposed certain guidelines on such businesses to extend the labour rights of their workers. Initially, under the law employers had to pay a minimum wage, set limits on working hours, provide employees with health insurance and give 15 days holiday a year. The law did not include contributing to a pension system. As the law was found to be ineffective and some companies were opting not to register to avoid the cost of obligations, adjustments were introduced in 2008. These included clarifying the definition of small enterprises, while making health insurance and pension contributions compulsory. The reform also introduced the Social Pensions System targeting those micro-enterprise employees who were not part of any such system (Lavigne, 2013b).

In terms of working hours per week, most of the region’s countries have set a limit of 48 hours (with some establishing a maximum of 44 or 45 hours). Ecuador is the only country with a 40-hour limit. As for overtime, limits vary from two to four hours per day. In El Salvador and Peru, however, the legislation has set no specific limit on overtime or a maximum number of hours per week. At the two extremes, Brazil and the Bolivarian Republic of Venezuela set a maximum of 46 hours per week (including overtime), while legislation in Costa Rica and Guatemala allows up to 72 hours of work per week (see figure V.13).

**Figure V.13**  
**Latin America (17 countries): legal limit on hours worked per week**  
**(including and excluding overtime)**  
*(Number of hours)*



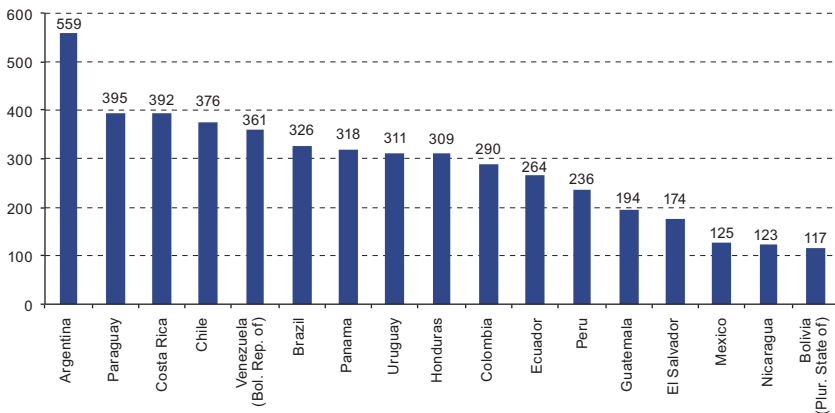
**Source:** Prepared by the authors, on the basis of G. Ghosheh, *Working Conditions Laws Report 2012: A Global Review*, Geneva, International Labour Organization (ILO), 2013.

<sup>a</sup> Legislation stipulates no specific limit on overtime.

Beyond the limits on overtime, all of the region's countries are obliged to pay overtime but do so to varying degrees. In El Salvador, Mexico, Nicaragua, the Plurinational State of Bolivia and Uruguay, employers must pay 100% extra on the normal wage. The countries with the lowest overtime payments (25%) are Colombia, Honduras, Panama and Peru, while the remainder pay overtime rates of 50%. Most countries do not allow overtime to be compensated with time off (holidays) and, where this is allowed, it must be agreed between employer and employee.<sup>20</sup>

In the majority of countries, the minimum wage is between US\$ 200 and US\$ 300 per month (see figure V.14). In terms of wage setting, minimum wages tend to be set through tripartite negotiations. Where this is not the case, governments set the minimum wage based on recommendations or consultation with a tripartite or specialized body. According to the legislation in several countries, failure to reach an agreement following tripartite negotiations means that the government is responsible for fixing wages. In just two countries (Brazil and the Plurinational State of Bolivia) the government sets the minimum wage without consulting other stakeholders.

**Figure V.14**  
**Latin America (17 countries): value of minimum monthly wage, December 2011**  
(United States dollars)



**Source:** Prepared by the authors, on the basis of G. Ghosheh, *Working Conditions Laws Report 2012: A Global Review*, Geneva, International Labour Organization (ILO), 2013.

In 6 of the 17 countries in the figure, the minimum wage is set at the national level with no specifications for certain subgroups. In the

<sup>20</sup> In terms of annual leave days (holidays), there are also major differences among Latin American countries. At one extreme, Mexico and Honduras have laws that give just six and eight days leave, respectively. At the other extreme, Brazil, Panama and Peru give 21 days (20 in Uruguay). In other countries, the number of days is between 10 and 15.

other countries, the wage is set at the national level and differs by sector or occupation or both (and by size of company in a couple of cases). In 10 of the 17 countries, the minimum wage is set for all workers. In the other countries, apprentices, underage workers and workers with disabilities can be paid below the minimum wage.

## **2. Active employment policies**

Active employment policies are key to efforts that social protection systems can make to combat unemployment and promote employability. In some ways, these policies help to decommodify access to employment through various means.

In the past 20 years, almost all Latin American countries have begun to implement active policies. Although initially focused on (more direct) job creation and on reducing labour market “bottle necks”, their aims have been expanded over time (Samaniego, 2002) to include sectors excluded from the labour market and to reduce poverty more generally (ILO, 2003). Active policies are key to moderating the effects of recession, incorporating workers from vulnerable sectors, reducing structural imbalance and ensuring the proper functioning of labour markets (Betcherman, Olivás and Dar, 2004).

Active employment policies tend to be categorized into three types:

- (i) Education and training: policies targeting disadvantaged groups and the most vulnerable people (as well as all working adults) to promote productivity and capacities within the workforce;
- (ii) Public employment and labour mediation services: jobseeking support policies, placement services and training referrals; and
- (iii) Job creation: policies to create jobs directly or indirectly (through subsidies, support or incentives for certain sectors).

Below is a description of some of the progress made by the region’s countries in these areas, including recent relevant reforms and policy guidelines.

### **(a) Training and employability policies**

The aim of policies relating to training for work is to develop workers’ capacities so that they are in a better position to compete in the labour market. This group of instruments includes training programmes for the unemployed (mentioned in previous section) and for the employed but vulnerable, as well as policies to boost certain groups that are usually at a disadvantage in terms of employment status (women and young people).

The aim of training policies for the unemployed or those employed in precarious, uncertain and unstable jobs is to refresh or update their skills and retrain them. Many of the region's countries have implemented this kind of policy in recent years.

In Argentina, the "More and Better Jobs" Integral Employment Plan promotes employment in quality jobs for unemployed workers. The policy aims to generate the qualifications that are in demand in the labour market (classified by region and sector), while also implementing actions geared towards the social and labour inclusion of workers affected by unemployment and employment uncertainty by developing their abilities and skills to improve employability.<sup>21</sup> The Training and Employment Insurance component (mentioned in section 1 (c) on unemployment insurance and subsidies and other passive policies) reflects a deliberate effort to move away from programmes combining transfers and job promotion (such as the Unemployed Heads of Household programme) towards active training policies coordinated with the work of public employment services.

In Brazil, the National Qualification Plan (PNQ) aims to improve the qualifications of the workforce by seeing this as a right of workers. People who are unemployed, at risk of unemployment or in a vulnerable situation are targeted through the following three pillars: Territorial Qualification Plans (*PlanTeQs*), Special Qualification Projects (*ProEsQs*) and Sectoral Qualification Plans (*PlanSeQs*). The policy combines the efforts of public and private institutions to offer professional and specialized training opportunities (Robles and Mirosevic, 2013; Gregol de Farias, 2014).<sup>22</sup>

The region has a long history of implementing training policies that are specifically designed to boost certain groups who are considered as vulnerable or facing more barriers when seeking employment. Since the 1990s there have been job programmes for young people outside the education system and from low-income households, as well as for inactive or unemployed women in a vulnerable situation. According to assessments, most of these policies have had a positive impact in terms of increasing employment and raising income for these population groups (Samaniego, 2002; Betcherman, Olivás and Dar, 2004).

Chapter IV described active policies to promote labour participation among young people. There are also specific policies for employment training aimed at women. One interesting example is Brazil's Thousand Women Programme. This is implemented as part of the Brazil without Poverty programme in conjunction with the Ministry of Education, and seeks to enhance women's training to improve their labour market participation. The

<sup>21</sup> See [online] <http://www.trabajo.gov.ar/masymejor/index.asp>.

<sup>22</sup> According to ILO figures, 790,000 workers took part in training courses between its introduction in 2003 and 2009. See [online] <http://www.oitcinterfor.org/pt-br/node/1585>.

programme takes the form of courses that link vocational and technological training with formal education. The courses are delivered by federal technical schools and institutions working hand in hand with local authorities to identify the specific needs of women in their municipality. The courses also cover topics relating to emotions and citizenship, as they target vulnerable people who are often exposed to *machismo*, domestic violence and the emotional consequences of poverty. The target population is women aged over 15 in extreme poverty and preferably those who are also beneficiaries of the *Bolsa Familia* conditional cash transfer programme.<sup>23</sup>

Another example is the Female Worker and Head of Household Programme (MTJH), which is implemented in Chile by the National Women's Service (SERNAM) to support the labour participation of working women aged 18 to 65. The programme is for: (i) women who are heads of household and the main family breadwinners, and (ii) women who are not head of household but must still generate income for the household. Beneficiaries must be in the first three income quintiles and have dependent children. The programme is based around the provision of workshops and other activities aimed at improving women's employability. These include job skills, employment mediation and training, entrepreneurial support and remedial studies. Additional services include digital literacy. Beneficiaries can also access dental care and childcare (in daycare centres). Courses tend to last from one to two years, and each beneficiary takes part in the activities most relevant to her needs (Vargas, 2014).

The region tends to have relatively few assessments that conclusively demonstrate the impact of employment training policies (Betcherman, Olivás and Dar, 2004). In terms of outcomes, there are major variations based on the characteristics of training, the implementing institution or geographical area of operation (Samaniego, 2002). The main weaknesses of labour training policies relate to programme targeting, the scale of programmes implemented (often with very limited coverage), the need to validate and certify training and the importance of forging links with employers (Bucheli, 2006).

### **(b) Labour mediation**

Labour mediation policies are based on employment services. Jobseeking support services include advice on jobs, vacancy databases and job fairs. These services are for the unemployed or those seeking work for the first time, and aim to develop the skills and strategies needed to find a job. Employment services also include placement services and notice boards that mediate between labour supply and labour demand by providing vacancy databases and disseminating information on jobs and applicants.

<sup>23</sup> See Labour and Productive Inclusion Programmes, Non-contributory social protection programmes in Latin America and the Caribbean database [online] <http://dds.cepal.org/bdilp/en/>.

In Latin America, recent years have seen interesting developments in the establishment of public employment services.

In Chile, Municipal Labour Information Offices (OMIL) are responsible for facilitating mediation between employers and employees by centralizing data on jobs and forging links between companies and workers (Robles, 2011; Vargas, 2014). These Offices play a key role in the country's labour policies and have a reasonable impact on labour participation (Robles, 2011).

In Brazil, the Workforce Mediation Programme (IMO) aims to link jobseekers with institutions that need workers. The goal is to facilitate the process for employer and employee alike by reducing the time and cost involved. The target population are first-time jobseekers, the unemployed, older adults, people with disabilities and workers in general. The Programme involves public and private enterprises. It operates through the National Employment System (SINE), which was set up to promote labour mediation (through placement agencies or offices, official lists of job vacancies and jobseekers) and to provide subsidies to labour training programmes.

In Jamaica, the Ministry of Labour and Social Security is responsible for labour mediation. It created a database to centralize job vacancies and match up employers and jobseekers. This includes the Labour Market Information System (LMIS) and the Electronic Labour Exchange that connect employers and jobseekers to facilitate the process (Lavigne and Vargas, 2013).

Developed countries have found that jobseeking assistance services are cost effective compared with other programmes and that they reduce periods of unemployment (Bucheli, 2006). In Latin America, the implementation of such policies has led to a modernization of information systems and progress in the number of links between the public and private spheres and nonprofit organizations. However, there have not been many assessments of the impact of such programmes. One exception is Brazil, which has carried out rigorous policy assessments in this area. According to the results, mediation services did not have a significant impact on the ability to find a job, but did affect the quality of the job found (Samaniego, 2002).

### **(c) Job creation**

Job creation policies include subsidies for employers, support for the self-employed or micro-enterprises and direct job creation.

Subsidies to employers encourage companies to hire people who are usually at a disadvantage when it comes to finding employment. Such policies, as well as promoting the social inclusion of those groups, help to develop their capacities and provide a link with the labour market. One relevant example is the Women at Work bonus, which was created by Chile's Ministry for Social Development in 2012. The bonus aims to encourage labour

participation among women from vulnerable backgrounds. It is based on the following two pillars: a cash transfer to working women and a subsidy for employers hiring women. The criteria for receiving the bonus are being aged between 25 and 59 and located in the lower 40% in terms of income distribution. The bonus is available to dependent and independent workers, provided that the latter are making the relevant social security contributions. The amount received varies on the basis of income and lasts for four years.<sup>24</sup>

There are also policies to support self-employment by providing loans, subsidies and technical advice on setting up micro-enterprises. This form of support is aimed at existing micro-enterprises and to encourage unemployed people to set up their own business. Most programmes of this kind have a major subsidy or credit component, as the target groups often find it difficult to access credit and have insufficient capital to make the necessary investment. The programmes frequently include an element of technical support to help micro-entrepreneurs grow their business, as well as any training needed for business management.

One demonstration of the progress made by Latin American countries in this area is the “Let’s get to Work” (*Manos a la Obra*) programme that Argentina introduced in 2003 to promote employment among various production associations or groups, and among those workers working independently or informally. The programme offers tools for strengthening those groups through subsidies for new equipment, machinery or other inputs needed to boost production capacity (Repetto and Potenza Dal Masetto, 2012)<sup>25</sup>.

The *Vamos Perú* programme promotes work and protection in specific sectors within the country (agro-industry, textiles, forestry, mining and industry) by providing employment training and technical assistance to small and medium-sized enterprises in various areas (including information technology, construction, machinery and gastronomy) (Lavigne, 2013b).

In Brazil, the Workers’ Support Fund (FAT) comes under the Ministry of Labour and Employment. This Fund finances the Job and Income Generation Programme (PROGER), which provides a subsidy to promote modernization and investment in some production sectors (and particularly labour-dependent sectors) (Robles and Mirosevic, 2013). The Programme targets micro- and small enterprises, cooperatives and production associations, as well as low-income individuals seeking to boost their enterprises. In basic terms, the Programme offers lines of credit grouped into various categories: investment for micro- and small enterprises, financing for medium-sized and large enterprises, support for construction, infrastructure investment, export incentives, innovation incentives, technological dissemination and

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<sup>24</sup> See [online] <http://www.bonotrabajomujer.cl/>.

<sup>25</sup> Implementation of the *Argentina Trabajo* work programme in 2010 reduced the financing of this programme.

specific initiatives.<sup>26</sup> Furthermore, Technical Assistance and Rural Outreach (ATER) services aim to provide the rural population with technical assistance for productive development. ATER services seek to improve the production capacities of rural communities by: boosting the use of natural and local resources, encouraging the diversification of production and advising farmers on adapting new technologies. The technical staff advise families from the assessment of their needs through to project implementation. ATER also encourages community work and networking among producers and local areas, as a way of preserving the specific features and cultural characteristics of each community (Gregol de Farias, 2014; Brazilian Ministry for Agricultural Development, 2004).<sup>27</sup> Lastly, there is the National Programme on Strengthening Family Farming (PRONAF), which provides farmers with financial support to implement production projects. The programme offers various kinds of loans for investing in new equipment, machinery or production methods (or to fund a specific agricultural activity). There are also loans for specific population groups: *PRONAF Mulher* (for women farmers), *PRONAF Jovem* (for young farmers) and *Microcrédito Rural* (for lower income farmers) (Gregol de Farias, 2014; Brazilian Ministry for Agricultural Development, 2004).

In Jamaica, the national Government set up the Micro Investment Development Agency (MIDA), which promotes access to credit and capital for entrepreneurs from vulnerable backgrounds seeking to develop their business in the agriculture or service sectors (Lavigne and Vargas, 2013).

Lastly, there are policies geared towards direct job creation. These usually amount to creating public jobs or jobs in public works, sometimes combined with the creation of public goods or services for a community by hiring unemployed people to provide them with jobs and an income. These programmes are usually implemented in times of recession to reduce unemployment and provide this population group with a stable income (Bucheli, 2006).

The region has many initiatives of this nature that are implemented in times of crisis. In Peru for instance, the *A Trabajar Urbano* urban work programme (now called *Trabaja Perú*) focused on creating jobs and training unemployed workers, particularly those in difficult situations. The goal of creating jobs is approached by funding works and services that require labour. The target population of this policy are fathers with at least one

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<sup>26</sup> Programme applicants must contact one of the official federal banks acting as intermediaries to present their investment and business plans. The loan amounts and terms vary according to the specifications of each credit line. However, the programme states that the money cannot be used by pay debts, but must be used exclusively to fund productive activities that generate work or capital. The PROGER loan for urban micro- and small enterprises is up to 600,000 reais (about US\$ 200,000) for up to 96 months. For more information, see [online] <http://portal.mte.gov.br/fat/>.

<sup>27</sup> There are specific programmes for indigenous communities, artisanal fisherfolk and *Quilombola communities*.



dependent child under 18. Between 2006 and 2011, 835,664 people took part in the programme (Lavigne, 2013b).

Another relevant initiative with significant coverage, duration and resources is the *Trabajador* work programme that was introduced in Argentina in the mid-1990s. This took the form of a temporary employment programme implemented by the Ministry of Labour, Employment and Social Security to provide basic wages, health coverage and accident insurance to unemployed people living in poverty. The work (which was basically in community services) was in exchange for these benefits (Cruces, Epele and Guardia, 2008). The programme was reasonably targeted (Jalan and Ravallion, 1999) and had positive impacts on the income of beneficiaries (Jalan and Ravallion, 1999; Ravallion and others, 2001). The *Trabajador* programme was halted in 2002, and its beneficiaries were incorporated into the Unemployed Heads of Household programme.

Since 2000, Mexico's Temporary Employment Programme (PET) has been offering different forms of support to particularly vulnerable communities with limited resources and low levels of productivity and labour demand.<sup>28</sup> The Programme is intended to promote income generation for people aged over 16 living in poverty or extreme poverty by means of various forms of support in exchange for participation in community-minded projects and works. The three types of support are: (i) direct support; (ii) support for social participation; and (iii) support for project implementation.<sup>29</sup> Direct support takes the form of money (equivalent to 99% of the general minimum wage) and covers a maximum of 132 days<sup>30</sup> per year). Support for social participation means the provision of activities such as planning workshops or training on preventing and reducing damage caused by natural disasters. Lastly, people can present projects that (if approved) receive economic support to facilitate actions such as the purchase of tools or materials or to fund transport costs.<sup>31</sup>

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<sup>28</sup> The PET Programme targets Municipalities with Medium, High or Very High Levels of Marginalization (MMAM), Municipalities With High Job Losses (MAPE), municipalities where the National Crusade Against Hunger (CNCH) is active and those participating in the National Programme for the Social Prevention of Violence and Crime.

<sup>29</sup> Within PET resources, up to 20% is set aside for Immediate Temporary Employment (PETI). This was created to help those communities affected by an emergency situation (such as natural disasters) and requiring immediate assistance (see chapter VIII). These resources can then be used without having to fulfil the usual PET eligibility and coverage criteria. Actions and works that come under this arrangement include the construction and repair of infrastructure that, if damaged, compromises the productive activities of the community (such as drainage, paving and bridge reconstruction) (SEDESOL [online] [http://www.sedesol.gob.mx/en/SEDESOL/PET\\_Inmediato](http://www.sedesol.gob.mx/en/SEDESOL/PET_Inmediato)).

<sup>30</sup> Work days.

<sup>31</sup> See [online] <http://www.sct.gob.mx/index.php?id=3813>.

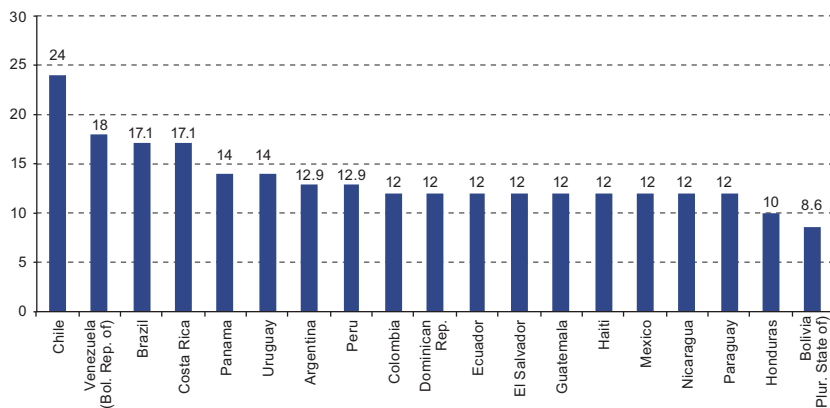
### 3. Reconciling work and reproductive life

Policies to reconcile work and domestic life are part of what are known as family policies, which are concerned with substituting, sourcing or otherwise sequencing reproduction and care roles (especially involving young children). One key component in reconciliation policies is leave of absence. At the international level, there are three types of legal mechanisms awarding benefits to formal employees with young children (Bruning and Plantenga, 1999): (i) maternity leave, whereby women have the right not to work after giving birth and —generally speaking— towards the end of pregnancy; (ii) paternity leave, which is when employed fathers are given a day off for the birth and the days thereafter; and (iii) parental leave, which can be used by either parent for longer periods (clearly aimed at meeting childcare needs in the longer term) (Drew, 2005; OECD, 2012).

#### (a) Maternity leave

All Latin American countries have some kind of maternity leave arrangement, although there are differences in aspects such as duration, pay, source of financing and rules of access. Despite the fact that international legislation states that maternity leave should be 14 weeks, many of the region's countries stipulate a shorter duration and the general trend is for 12 weeks. Only eight countries award 12 weeks or more (with Chile granting 24 weeks and Cuba 18 weeks). In terms of pay, most Latin American countries pay 100% of wages (although this sum is not always paid for the entire period of leave) (see figure V.15).

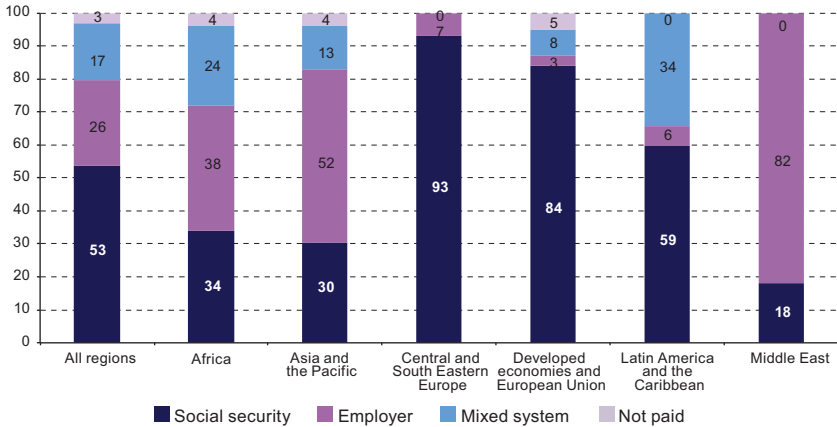
**Figure V.15**  
**Latin America (19 countries): duration of maternity leave, around 2013**  
(Weeks)



**Source:** C. Rossel, "Políticas para las familias en América Latina: panorama de políticas de reducción de pobreza y conciliación entre trabajo-familia" 2013 [online] <http://www.un.org/esa/socdev/family/docs/FAMILYPOLICIESINLATINAMERICA.pdf>.

Given the importance of guaranteeing equal access to employment by relieving employers of the costs of hiring women of reproductive age, it is also relevant to consider the source of financing of maternity leave. In this sense, the International Labour Organization (ILO) recommends that payment should come from social security systems or public resources (ILO/ UNDP, 2009). In 59% of Latin American countries, maternity leave is funded through social security (which is a low proportion compared with the 84% of developed countries financing maternity leave in this way) (see figure V.16).

**Figure V.16**  
**World regions: distribution of number of countries by source of financing for maternity leave, around 2011**  
*(Percentages)*



**Source:** International Labour Organization (ILO), *La maternidad en el trabajo: examen de la legislación nacional. Resultados de la Base de datos de la OIT sobre las leyes relacionadas a las condiciones de trabajo y del empleo*, Geneva, 2010.

High levels of informal labour remain a problem in Latin America, as a great many workers have no access to the social security services associated with formal employment. The same applies to maternity leave, insofar as coverage is usually limited to formal workers (see table V.1). Furthermore, there tend to be restrictions within this group (such as those applying to temporary workers, subcontractors or domestic employees). The region also has differences in the benefits received by public and private employees (as shown in the table). As a result, the proportion of working women who definitely can make use of maternity leave is relatively low.

Several countries have made efforts to reduce these exclusions. For instance, from January 2013 Chile extended postnatal maternity leave to all female workers without a valid contract at the time of birth but with 12 months of social security registration and eight or more continuous or non-continuous contributions in the 24 months prior to the beginning of

pregnancy (with the final contribution before pregnancy coming under a fixed-term contract or a contract for a specific piece of work).

**Table V.1**  
**Latin America (11 countries): groups of working women who are totally or partially excluded from maternity leave, around 2012**

Country	Sectors
Argentina	Domestic employees
Bolivia (Plurinational State of)	Farm workers
Brazil	Includes domestic workers since 1988
Ecuador	Women working in family businesses (they have access to leave but not maternity pay)
El Salvador	Workers with income above a certain threshold (they have access to leave but not maternity pay)
Honduras	Domestic workers (they have access to leave but not maternity pay, although individuals can choose to sign up); seasonal farm workers (if fewer than 10 employees); certain groups of public officials
Mexico	Domestic service (voluntary)
Panama	Domestic employees; seasonal workers (both covered for maternity leave but not maternity pay); certain groups of public officials
Paraguay	Directors or executives, certain groups of public officials
Dominican Republic	Women working in family businesses, seasonal workers, workers with income above a certain threshold (covered for maternity leave but not maternity pay)
Uruguay	Self-employed workers

**Source:** C. Rossel, "Políticas para las familias en América Latina: panorama de políticas de reducción de pobreza y conciliación entre trabajo-familia" 2013 [online] <http://www.un.org/esa/socdev/family/docs/FAMILYPOLICIESINLATINAMERICA.pdf>; Economic Commission for Latin America and the Caribbean (ECLAC), *¿Qué Estado para qué igualdad?* (LC/G.2450(CRM.11/3), Santiago, Chile, June 2010 and M. Blofield, *Care, Work and Class: Domestic Workers' Struggle for Equal Rights in Latin America*, Philadelphia, Penn State University Press, 2012.

## (b) Paternity and parental leave

There has been very limited regional progress in terms of paternity leave. Most countries grant a short period of leave of between 2 and 10 days (except the 14 days granted in the Bolivarian Republic of Venezuela). It is worth mentioning that public and private workers have differing benefits.

There have also been few advances in terms of parental leave (ILO/UNDP, 2009; Pautassi and Rico, 2011). There are only two countries in the region to have adopted this benefit. In Cuba, both parents have the right to nine months unpaid leave in the first year of a child's life (ECLAC, 2010b). In Chile, rules adopted in 2011 added 12 weeks to the existing 12 week period (with leave now covering the first 24 weeks of a child's life). This enables female workers to receive 100% of their wage up to a maximum of 70.3 development units (UF).<sup>32</sup> The new system also allows the postnatal leave

<sup>32</sup> Development units (UF) are adjustable units with a value of about 24,900 Chilean pesos (around US\$ 39) in June 2015.

to be transferred to the father when the child is seven weeks old (with due notification to the employer). Fathers can take advantage of leave for three months. Postnatal parental leave applies to dependent and independent workers in the public and private sectors (Staab, 2012).<sup>33</sup>

### **(c) Flexible working arrangements and other conciliatory measures**

As with parental leave, there remains a weak and uncertain level of development in terms of policies to reconcile work and home life in Latin American countries (ILO/UNDP, 2009). However, there are some concrete actions to have been implemented.

Although Chile and the Bolivarian Republic of Venezuela have legislation forcing companies with over 20 workers to provide childcare facilities, no similar developments have been observed in other countries in the region. These efforts tend to arise in the business sector in the form of crèche facilities and benefits such as flexible working hours or teleworking arrangements. Some institutions (including the State) have introduced measures to recognize companies that adopt such programmes. In Mexico, for instance, distinctions (such as Family-Responsible Enterprises and Inclusive Enterprises) and tax breaks are awarded to participating companies. Chile recognizes such companies by giving them the “Iguala-Conciliación Vida laboral, familiar y personal” stamp (for equal reconciliation between working, family and person life), while Uruguay and Costa Rica reward the promotion of gender equality through the stamp for Quality with Gender Equity and the stamp for Equity and Gender, respectively (ECLAC/UNICEF, 2011).

## **4. Transfers and links with labour participation**

Conditional cash transfer programmes implemented in Latin America and the Caribbean in the past 15 years have had a direct and indirect impact on people of working and reproductive age living in poverty and extreme poverty (as they did for children (see chapter III) and young persons and adolescents (see chapter IV)).

The considerable indirect impacts are due to transfers operating in family settings, as a major proportion of mothers and fathers receiving such transfers are at this stage in the life cycle. Overall, assessments show uneven achievements of such programmes in terms of variables relating to labour participation.<sup>34</sup> For the Solidarity Chile programme, there is a medium-term

<sup>33</sup> The bill on postnatal maternity leave in Chile was intensely debated in 2009 and 2010. Points raised included doubts about providing 100% of pay instead of extending the length of leave and introducing staggered pay (Dussailant and González, 2011). It was also seen as insufficient to limit parental leave to the last three months, and not including the first three (whereas some families might want to use the benefit in that way).

<sup>34</sup> Summary based on Cecchini and Madariaga (2011).

effect on the employment, income and poverty levels of beneficiaries in rural areas. In particular, there is a significant rise in the proportion of people working and remaining employed over time (Perticara, 2007; Galasso and Carneiro, 2008; Carneiro, Galasso and Ginja, 2009) —mainly in two-parent households. Contreras, Larranaga and Ruiz-Tagle (2009) found positive effects on employment for the cohort entering the programme in 2002, as well as an increase in autonomous income generation in rural areas. In Mexico, Gonzalez de la Rocha (2008) identified improvements in employment in rural areas following participation in the Opportunities programme, although the vast majority of jobs were in the informal sector. In Brazil, Soares and Leichsenring (2010) showed that beneficiaries of the *Bolsa Familia* programme who found work tended to remain in employment for less than a year, while Petterini (2010) identified 19.6% higher probability of finding employment for participants in the Sectoral Qualification Plan (PlanSeq). In Colombia (Families in Action), Attanasio, Kugler and Meghir (2009) found a 12% increase in wages and the probability of finding paid work.

In terms of active policies, several cash transfer programmes have developed specific components to target the population aged between 30 and 60 (mainly in the form of complementary programmes or mechanisms aimed at promoting labour participation) (OAS/ECLAC/ILO, 2011). Some programmes seek to impact remedial schooling and the completion of formal studies (such as the Families for Social Inclusion programme, the *Brasil Alfabetizado* literacy programme and Solidarity Chile). Many cash transfer programmes also have specific components relating to active employment policies. Several have developed labour mediation and training elements (such as the aforementioned Training and Employment Insurance (ScyE) in Argentina, the Next Step programme in Brazil, several components of Solidarity Chile and Solidarity in Rural Communities in El Salvador). In addition, there are experiences of direct or indirect job creation (such as the Unemployed Heads of Household programme (PJJHD) in Argentina or the *Uruguay Trabaja* work programme) and support for self-employment (such as the National Programme on Strengthening Family Farming (PRONAF) and the National Programme of Guided Productive Microcredit (PNMPO) in Brazil; the Generation of Indigenous Urban Microenterprises programme, the Microenterprise Support Programme (PAME) and the *Emprende Mas* enterprise programme in Chile; the Solidarity Productive Credit programme in Ecuador; the *DI-mujer* project for women’s comprehensive development in Honduras; and the Bansocial rural pilot project in Paraguay) (OAS/ECLAC/ILO, 2011).

It is worth mentioning the *Argentina Trabaja* national employment plan in particular, as in 2010 it incorporated the Social Income Working Programme. The Programme created labour cooperatives in neighbourhoods and settlements in disadvantaged areas. The cooperatives, each with

60 workers, are responsible for carrying out public works in the community (such as sanitation and maintenance of green spaces). The Programme has a two-fold objective: to create jobs and improve public spaces (which in turn impacts on the quality of life of community residents). Beneficiary families must be on a low income and not participating in other social programmes (except those under the National Food Security Plan (PNSA)). Cooperative members commit to working 40 hours a week in exchange for US\$ 300 a month (US\$ 600 for team leaders) (Repetto and Potenza Dal Masetto, 2012).<sup>35</sup>

Another component of *Argentina Trabaja* is a micro-credit programme that not only provides low-cost loans but also encourages organization and cooperation among entrepreneurs. The programme is targeted at workers with no access to bank loans and who do not have the funds needed to invest in the inputs or machinery needed to boost or develop their production activities. As well as loans, the programme also provides advisory and training opportunities. Cooperation among entrepreneurs is encouraged, and exchange forums are coordinated.

The *Ellas Hacen* women's cooperative component aims to support the most vulnerable women so that they can be part of a cooperative and work on improving their neighbourhoods.<sup>36</sup> Beneficiaries are able to join the Single Social tax (see box V.1) to contribute to the social security system, take part in work as part of the Social Income with Work programme, attend training, access equipment and receive a direct income for the work they do.

Alongside policies implemented by the Ministry of Labour and Employment (MTE), Brazil has introduced a series of programmes to promote and protect employment under the aegis of other agencies (in some cases managed in conjunction with the MTE). For instance, *Bolsa Família* includes the Next Step programme (or Sectoral Vocational Training Plan), which consists in labour training courses for beneficiaries (Robles and Mirosevic, 2013). Anyone over 18 who has reached the fourth year of primary education can apply. Courses relate to construction (such as electricity and painting) or tourism (such as courses for waiters/waitresses or kitchen assistants). Applicants must register in the National Employment System (SINE). Once selected, they must have minimum 75% attendance and satisfactory performance in order to receive a completion certificate. The Plan also provides participants with a subsidy to cover travel costs. To promote women's labour participation, 30% of the vacancies are reserved for women. Those who have not found a job by the end of the courses are included in the Employment Action Management Information System (SIGAE), which acts as intermediary between labour supply and demand.

<sup>35</sup> See [online] <http://www.desarrollosocial.gob.ar/argentinatrabaja/>.

<sup>36</sup> See [online] <http://www.desarrollosocial.gob.ar/ellashacen/1889>.

### Box V.1 Single Social Tax in Latin America

Given the high levels of informal labour in Latin America (and the barrier this represents for accessing social protection), some countries have begun to implement simplified tax regimes to facilitate the incorporation of workers into the formal labour system. Typically, these systems simplify the legal and administrative processes to make paying tax more attractive to workers from disadvantaged settings. As a result, this not only formalizes workers and increases the number of contributors, but more importantly it extends the coverage of social protection. Despite the fact that many of the region's countries have adopted simplified taxation systems, only three (Argentina, Brazil and Uruguay) include a component integrating workers into social security (ILO, 2014b).

Argentina's Single Tax Regime was created in 1998, although it has undergone a series of changes since then. The Regime incorporates several mechanisms including the Single Social Tax aimed at low-income workers from disadvantaged settings. To join the system, people must be carrying out a productive activity or be part of a work cooperative. Productive activities must meet the following two basic requirements: being part of Local Development and Social Economy and generating annual income of under 48,000 Argentine pesos (US\$ 5,400). Once registered, people have the right to access workfare (paying 50% of the contribution) and the retirement pension system (ILO, 2014b).<sup>a</sup>

In Brazil, the System for Individual Micro-entrepreneurs (SIMEL) was set up in 2009 as part of the *Simples Nacional* (which is the simplified regime for micro- and small enterprises). The SIMEL offers the benefits of the simplified system to individual entrepreneurs (with up to one employee) whose production does not generate more than 60,000 *reais* per year (US\$ 20,000). Under this system, the entrepreneur must make a fixed contribution and meet certain basic administrative requirements (including verified income and emissions). Once they have been fulfilled, contributors are incorporated into the social security system (for benefits, pensions and so on) (ILO, 2014b).

Through the MIDES Single Social Tax, the Uruguayan State targets low-income entrepreneurs who are not part of the formal economy. Under this system, tax contributions are progressively applied from 25% to 100% after three years. The requirements for joining the Single Social Tax are not having employees (or no more than five members for associative enterprises) and a turnover of no more than 542,302 Uruguayan pesos (US\$ 20,300) a year for individual enterprises or 903,837 Uruguayan pesos (US\$ 33,800) per year for associative enterprises. As in the other two countries, contributors to this system receive medical coverage and the right to all social protection services (such as sick leave, disability benefit and retirement pension) (BPS, 2015).

Source: Prepared by the authors.

<sup>a</sup> See Ministry of Social Development, Argentina, "Monotributo Social" [online] <http://www.desarrollosocial.gov.ar/monotributosocial/118>.

The Brazil without Poverty programme also includes similar policies aimed at urban and rural populations. In rural areas, beneficiaries have the Food Procurement Programme (PAA), under which the federal Government buys the output of small-scale farmers and their families to widen their market. There are also targeted plans to help farmers with production: the Technical Assistance plan (with families receiving visits from technical advisory teams), a promotion and seeds plan (cash transfer for production



and additional actions such as the provision of seeds and technology) and the Water for Everyone programme (building of pumps and simple systems to widen water access).<sup>37</sup> In urban areas, Brazil without Poverty also has a series of programmes aimed at promoting productivity.

The 2012 National Programme for the Promotion of Access to the World of Work (*ACESSUAS Trabalho*) seeks to support jobseekers through labour mediation and training. In particular, the programme aims to encourage the beneficiaries of social policies (specifically Brazil without Poverty) to find a job and become more independent. Those eligible for the services are people over 16 who are benefitting from a social welfare policy: families that come under Brazil without Poverty, *Bolsa Família*, homeless people, former prisoners, families in risk territories and other vulnerable groups. The Programme is based around four axes: coordination with existing policies, mobilization, orientation and monitoring. Mobilization refers to the dissemination of existing programmes and courses, while raising awareness of the importance of labour participation and the identification of individual needs. Orientation aims to motivate people to sign up to the single registry for the country's social programmes (*Cadastro Único*) and refer them to labour mediation bodies, while encouraging and guiding their participation in professional training courses. Monitoring involves following up on beneficiaries throughout the process and providing support (MDS, 2013; Gregol de Farias, 2014).

The "More Employment" Programme arose as a result of an agreement between the Ministry for Labour and Employment (MTE) and the Ministry for Social Development and Hunger Alleviation (MDS), with a view to facilitating the labour participation of beneficiaries of the Brazil without Poverty plan. The target population were people on the single registry for social programmes and beneficiaries of *Bolsa Família*. The programme operates in the north east region of the country, which had the highest rates of extreme poverty. The "More Employment" programme coordinates labour supply and demand. By taking the people signed up the programme and the vacancies are displayed in the National Employment System (SINE), the programme seeks to match candidates up with the most suitable jobs (MTE, 2013; Gregol de Farias, 2014).

Lastly, the *Uruguay Trabaja* work programme was set up by the Ministry of Social Development to promote labour participation among the unemployed from disadvantaged settings. The main component is a subsidy (Labour Participation Support) provided to beneficiaries for up to eight months. The amount is BPC 2.35.<sup>38</sup> Participants must carry out 30 hours a week of community service. Activities carried out are registered with the

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<sup>37</sup> See [online] <http://www.brasilsemisera.gov.br/>.

<sup>38</sup> Benefit and Contribution Base. In 2015, the value of the BPC is 3,052 Uruguay pesos (around US\$ 112).

Social Security Institute, so that participants can access social security benefits. The programme targets people aged 18 to 65 who have been unemployed for more than two years, with a low income and who did not complete basic education. Furthermore, applicants must not have previously participated in the *Trabajo por Uruguay* work programme for more than three months (which came under the National Social Emergency Response Plan (PANES)).<sup>39</sup>

### C. Achievements and future prospects

In the past 15 years, Latin America has made significant progress in strengthening social protection systems with a clear emphasis on those of working age in the life cycle.

As with other life stages, there have been noteworthy efforts to expand health coverage gradually. Successes in this regard bring the achievement of universalization closer. In addition, the region is changing how it finances protection against certain employment risks in vulnerable populations. Creating and expanding conditional transfers to families with children and adolescents is a clear sign of the above. Labour participation programmes associated with transfers also point to a commitment to link non-contributory benefits to active labour market policies. In addition, some countries have taken significant steps to make access and eligibility criteria more flexible for certain groups of workers in the network of contributory services.

Changes have been seen in terms of labour regulation. In many of the region's countries, there have been early signs of worthy efforts to establish rules for improving labour conditions in traditionally precarious sectors, to encourage formalization in informal sectors and equalize basic rights.

What have been relevant in recent transformations are benefits targeting those in the most vulnerable situations or exposed to the greatest risks or difficulties relating to substages of adult and productive life. One example is parents with young children.

Many of the changes are highlighted in tables V.2 and V.3, which presents the role of the State (in terms of risks and population covered and the quality and segmentation of social protection), as well as the role of the other three key spheres in well-being: families, market and community.

A comparison of the two tables, however, shows that progress in several key areas of social protection has been insufficient or completely absent. Despite the changes in legislation in several countries, labour regulation

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<sup>39</sup> See Labour and Productive Inclusion Programmes, Non-contributory social protection programmes in Latin America and the Caribbean database [online] <http://dds.cepal.org/bdilp/en/>.

remains an area of crucial challenges if Latin American social protection systems are to engage with the risks faced by the working-age population (and particularly the most vulnerable groups therein).

Although there are clear signs of regional progress in setting up active labour market policies, there remain major challenges in terms of labour training, mediation services and job creation policies.

Lastly, although chapter III outlined how the care agenda has gradually become more relevant in Latin America, policies to reconcile paid and unpaid work remain in deficit within social protection systems. This deficit applies not only to extending the benefits of certain types of leave, but also to expanding rights to groups largely excluded from basic benefits (such as rural workers, the self employed and domestic workers).

**Table V.2**  
**Working-age population: previous social protection model (with special emphasis on vulnerable sectors), 1990 to mid-2000s**

Sphere of protection	Role of different actors in the various spheres of responsibility for protection			
	Family	Market	State	Community
Income for disease and disability risk	Many workers depend on their families in times of temporary or structural work incapacity	Lack of market insurance. Savings or capital revenues can be part of the strategy, albeit to a limited degree	Scant and fragmented coverage of cash transfers for disability	Non-existent or marginal support
Income while unemployed	Family strategies (support from other members entering work or already working)	Little or no market supply	Limited or absent State services for poor and vulnerable groups	Non-existent or marginal support
Income during and after pregnancy, as well as early years childcare	Family support and the income of other members are key in these stages	Remaining in the informal market to ensure flexible working hours and ongoing employment	Maternity leave partially cover vulnerable and poor groups, with major gaps in coverage and low payment rates or short leave periods	Non-existent or marginal support
Health	Strong role of the family as first line of defence and care in times of sickness	Major out-of-pocket payments for accessing health services and medication	Considerable free provision by the State and services accessed using formal insurance	Non-existent or marginal support
Labour conditions and wage floors	N/A	Precarious labour market with fewer stable jobs. This has a negative impact on employment quality	The benign State withdraws from protection under the import substitution model, and the minimum wage ceases to be a real anchor	Loss of union power

Source: Prepared by the authors.

**Table V.3**  
**Working-age population: emerging social protection model (with special emphasis on vulnerable sectors), from second half of the 2000s**

Sphere of protection	Role of different actors in the various spheres of responsibility for protection			
	Family	Market	State	Community
Income for disease and disability risk	Many workers depend on their families in times of temporary or structural work incapacity	Lack of market insurance. Savings or capital revenues can be part of the strategy, albeit to a limited degree	Scant and fragmented coverage of cash transfers for disability	Non-existent or marginal support
Income while unemployed	Family strategies (support from other members entering work or already working)	Little or no market supply	Transfers to families with children and adolescents	Non-existent or marginal support
Income during and after pregnancy, as well as early years childcare	Family support and the income of other members are key in these stages	Remaining in the informal market to ensure flexible working hours and ongoing employment	Maternity leave partially cover vulnerable and poor groups, with major gaps in coverage and low payment rates or short leave periods. Signs of expanded duration of leave and first signs of a parental leave component	Non-existent or marginal support
Health	Strong role of the family as first line of defence and care in times of sickness	Major out-of-pocket payments for accessing health services and medication	Considerable free provision by the State and services accessed using formal insurance	Non-existent or marginal support
Labour conditions and wage floors	N/A	Precarious labour market, although there is a downward trend in unemployment and an upward trend in employment	Progress in formalization and improvement of labour conditions in precarious sectors. Strengthening of collective bargaining	Continuing weakness of union power

**Source:** Prepared by the authors.

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## Chapter VI

# Old age

*Cecilia Rossel  
Fernando Filgueira<sup>1</sup>*

### Introduction

Just as adolescence and youth are structured on the basis of transitions to adulthood, the years following the adult stage are marked by transitions towards old age. Yet, whereas in the first case the transitions are driven by aspirations and plans for the life ahead, the second involve advancing towards the end of the lifespan.

Transitions to old age are typically determined by three biographical events: (i) withdrawal from the labour market, access to a retirement pension, and an increase in free time; (ii) widowhood and affective reconnection with descendants, and greater reliance on them; and (iii) changes in morbidity, deteriorating health and, eventually, a progressive loss of physical autonomy, combined with less need for active capacities and more time for contemplation.

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In short, old age involves a substantial and complex change in terms of well-being and autonomy, but also, in many cases, a positive change in terms of exposure to stress and the normative demands of identity construction and self-esteem, compared with the active stage of life. Nonetheless, the balance between the positive and the negative varies substantially according to whether or not old age is lived in a context of basic welfare guarantees.

The way in which different people transit through these events depends on sociodemographic and structural factors (gender, place of residence, education level, income level), but also on the deferred effects of previous experiences, stemming from the way they have accessed benefits and how they have coped with risks in the past. In the absence of decisive action by the State, in this stage, as in no other phase of the life cycle, people's living conditions are explained by their past experiences and how they attained well-being in the earlier stages of the life cycle. In particular, employment and family histories, in conjunction with the capacity to accumulate monetary and physical assets during life and the way opportunities and risks from the past are articulated with the current structure of protection, are key factors when analysing welfare in old age and the achievements of social protection systems in this stage of the life cycle (Rodríguez and Rossel, 2009).

This chapter analyses the main policies which Latin American social protection systems have deployed to protect older persons, highlighting the progress made in the last 15 years. Section A identifies the main rights impairments that occur in old age in Latin America, briefly describing the structural processes that contribute to these impairments and condition the achievements of the region's countries in protecting the older population group.

Section B summarizes the main policies, programmes and instruments that different Latin American countries have promoted to protect old age, focusing on those that have proven most effective or represent innovative advances. As in the previous chapters, the description made here aims to identify good practices, while also recounting the transformations that social protection systems have undergone in terms of old-age protection over the last 15 years. These changes relate both to aspects of expanding coverage and to changes in the rules of access and the types of benefits. Special attention is also paid to the changes that have occurred in the financing of policies to protect older people.

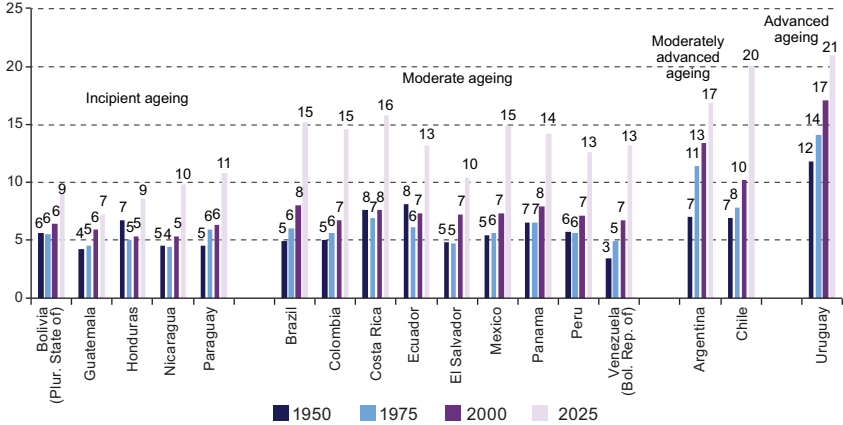
The final section summarizes the main progress achieved on old age protection in the region, and it sets out the key policy alternatives that are available.

## A. Rights violations linked to old age

Never before in Latin America's history have so many generations coexisted simultaneously. This scenario, which is the result of the ageing process and the advance of the demographic transition that has been unfolding in the region for several decades, strongly challenges the intergenerational-solidarity agreements that sustain the distribution of public funds and, in a broad sense, the orientation of social protection systems. The ageing process that Latin American countries are going through is helping to change the population age structure. Whereas in 1950 children and youth accounted for a predominant share in the Latin American population pyramid, by 2010 the structure had changed radically and the relative weight of adult generations and older persons had increased, basically owing to the decline in fertility and mortality rates. According to population projections, both processes will continue to operate, contributing to an even more intensive ageing process. As a result, in 2050, the different age groups will have a similar weight, and the region will have an old population (United Nations, 2007). Thus, whereas in 1975 people aged 60 years or older represented just 8% of the total Latin American population, in 2025 the proportion will have doubled (15%), and by 2050 this age group is expected to represent one quarter (24%) of the region's total population (ECLAC, 2009b). This growth trend in the old age population, in both absolute and relative terms, determines the demographic evolution of nearly all countries in the region.

Behind this general trend are significant differences that reveal a varied panorama in the region (Huenchuan, 2009b). Some countries (Guatemala, Honduras, Nicaragua, Paraguay and the Plurinational State of Bolivia) are still in an incipient phase of ageing (ECLAC, 2009b); in those countries, the relative share of the over-60s population was between 5% and 7% in 2000, and it is projected to rise to around 10% by 2025. In another group of countries (the Bolivarian Republic of Venezuela, Brazil, Colombia, Ecuador, El Salvador, Mexico, Panama and Peru), which are usually classified in the "moderate ageing" category, older people accounted for between 7% and 8% of the total population in 2000. Population growth forecasts suggest that older people in these countries could represent about 15% of the total population by 2025. A third group of countries consists of Chile and Argentina, which are at a moderately advanced stage of ageing. In 2000, the over 60s accounted for 10% of the population in Chile and 13% in Argentina; and these figures are expected to reach 20% and 17%, respectively by 2025. Lastly, Uruguay is the country with the highest rate of ageing among the 17 countries of the region considered in figure VI.1: in 2000, older persons already accounted for 17% of the population as a whole, and they are expected to represent roughly 21% in 2025.

**Figure VI.1**  
**Latin America (17 countries): proportion of the population aged 60 years or over,**  
**according to the countries' stages of ageing, 1950-2025**  
*(Percentages)*



**Source:** Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), *El envejecimiento y las personas de edad. Indicadores sociodemográficos para América Latina y el Caribe* (LC/L.2987/Rev.1), Santiago, 2009.

Albeit with different degrees of urgency, the population ageing process poses major challenges for Latin American social protection systems. At a minimum, new demands are made of health systems, as individual life expectancy increases and the epidemiological profile changes. Accordingly, the demand for formal support and care services for older persons and the chronically sick, is likely to grow on a sustained basis; and increasing burdens will be placed on retirement and pension systems.<sup>2</sup>

These challenges make clear that social protection systems will have to adapt to provide older people with access to the welfare needed to live this stage of the life cycle to the full. This firstly means adequate access to health and quality care, the possibility for individuals to maintain social links that enable them to keep physically healthy and stay active, the capacity to enjoy free time, and autonomy of income and resources to maintain an adequate standard of living (Rodríguez and Rossel, 2009).

On the health front, unlike what happened in more developed countries, in Latin America the speed of the population ageing process has not been

<sup>2</sup> Considering both the benefits associated with the termination of labour market activity and benefits that may or may not be directly attributed to the employee and could be of a contributory or noncontributory nature.

matched by developments in terms of reducing inequalities, basic social gains and the deployment of health services. As a result, the longer survival implied by the Latin American ageing process seems to be due to a reduction in exposure to infectious diseases rather than significant improvements in the population's conditions of life (Palloni, Peláez and De Vos, 2000). For this reason, the vulnerabilities and risks experienced by older people stem from deprivations and obstacles to gaining adequate access to quality health care, compounded by a deterioration in their health and greater dependency in carrying out basic activities.

Although there is no exhaustive and in-depth diagnostic study of dependency levels among the older population in Latin America, the available evidence shows that a sizeable proportion of older people face constraints on daily activities that increase with age, particularly in the functional activities of daily life (Saad, 2003; Huenchuan, 2009b). In Chile, for example, roughly one in every four individuals aged 60 or over in 2009 had difficulties in carrying out daily activities, and about 10% suffered from severe disability. In addition, a very large proportion of persons over 85 years of age live in situations of dependency (SENAMA, 2009). In Mexico, 12 out of every 100 adults aged 60 or over require some type of help in undertaking their daily activities, including getting around outside the home and managing their money (INEGI, 2014).

Secondly, old age involves withdrawal from the labour market and a concomitant loss of income. Ideally, these processes would be matched by adequate access to retirement or other pensions that make it possible to maintain incomes by wage replacement or some other type of compensation. The reality is very different, however. The possibility of receiving a retirement or other pension in the stage of withdrawal from the labour market is not a real option for a large proportion of older Latin American people: at the present time, only four out of every 10 receive a retirement or other pension (ECLAC, 2013a).

Of these, only some have the possibility of being "full-time retired" (Bertranou, 2008). In several Latin American countries many people continue working after entering the phase of old age (in Guatemala, Honduras, or Ecuador, 42%, 39%, and 38%, respectively, of the over 60s population receive income from work); and a large sector of the population augment and supplement their (generally very small) retirement pensions with income from work (ECLAC, 2009). Lastly, in some countries, a high percentage of older people do not receive income either from a retirement or other pension or from work (in the Dominican Republic this proportion is 61%, in Colombia 54%, in Ecuador 53% and in Honduras 49% (see figure VI.2).

**Figure VI.2**  
**Latin America (14 countries): income sources of the population aged 60 years and over in urban areas, around 1990 and 2005**  
*(Percentages)*

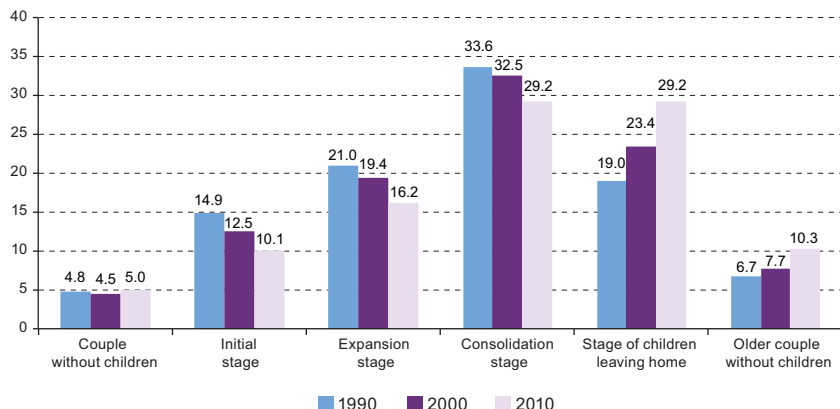


**Source:** Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), *El envejecimiento y las personas de edad. Indicadores sociodemográficos para América Latina y el Caribe* (LC/L.2987/Rev.1), Santiago, 2009.

Thirdly, old age entails profound changes inside families. The households in which older Latin American people live today are very different from those of a few decades ago (Arriagada, 2004; Rico and Maldonado, 2011). In the distribution of households by stage of the life cycle, the proportion of households at the stage in which the children are leaving home rose from 19.0% to 29.26% between 1990 and 2010, while the proportion consisting of older couples without children living with them rose from 6.7% to 10.3% (see figure VI.3).

The changes associated with ageing alter family structures, impacting on welfare and the living conditions of all age groups. These impacts are particularly visible in the case of older people. Widowhood, children’s emancipation and the consequent “emptying” of the home, are milestones that condition the way in which people live in this stage, thereby affecting intergenerational relations and giving rise to new family arrangements. Moreover, as never before in the history of the Latin American population, changes in marriage and divorce patterns and longer life expectancy are producing generations of older people who reach old age living alone and with the prospect of many years of life ahead of them. The situation, combined with the weakening of employment linkages and the associated social routines and exchanges, contributes to the emergence of risks related to loneliness. Lastly, ageing “within old age” and the progressive deterioration of health affect relations between family members (Settersen, 2006).

**Figure VI.3**  
**Latin America (18 countries): distribution of households by stages**  
**of the family life cycle, 1990-2010**  
*(Percentages)*



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

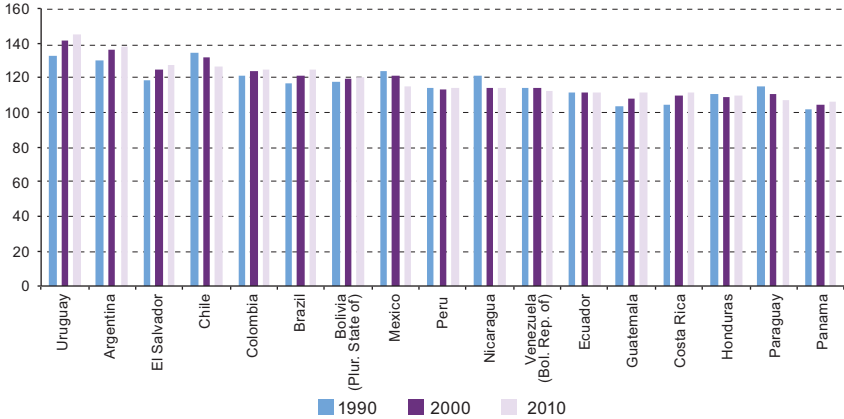
Two further points should be added to this diagnosis of rights impairments and risks in old age. The first relates to the profound differences experienced by men and women in passing through this stage of the life cycle. The second and related issue concerns the care demands and the challenges these impose on Latin American social protection systems.

Gender differences in mortality and life expectancy serve to feminize old age (Pérez Díaz, 2000; Del Popolo, 2001; United Nations, 2007; Huenchuan, 2009b; ECLAC, 2009). Considering an average for 17 Latin American countries, for every 100 men aged 60 years or over there are 119 women in the same age bracket. Feminization is currently reaching very high levels in several countries: for example, in Uruguay there are 145 women for every 100 men in this age group, and in Argentina the ratio is 138 to 100 (see figure VI.4).

Nonetheless, the differences between men and women in old age go far beyond these figures. Ageing involves a dual risk for women, stemming from their gender and their age (NIEVE/UNFPA, 2010, p. 15). Widowhood is experienced more by women (Gonnot, 1995), and they are more likely to be left on their own. In most Latin American countries, the proportion of older women living alone has been rising, and is clearly different from the case of men (see figure VI.5). This trend has become particularly acute in several of the “oldest” countries in the region, such as Argentina, Brazil, Chile or Uruguay.

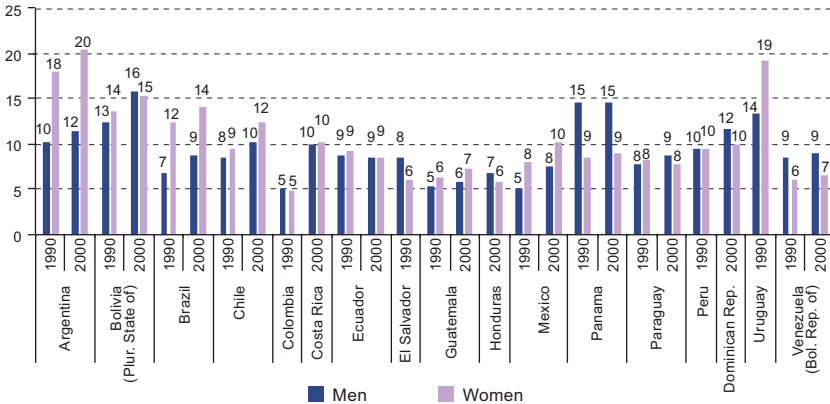


**Figure VI.4**  
**Latin America (17 countries): femininity ratio of the population aged 60 years or over, around 1990, 2000 and 2010**  
*(Number of women for every 100 men)*



**Source:** Prepared by the authors on the basis of “Indicators for the Regional Follow-Up of the ICPD Programme of Action” [online] <http://www.redatam.org/redatam/pryesp/cairoeng/index.html>.

**Figure VI.5**  
**Latin America (17 countries): people aged 60 or over living alone, by gender, 1990 and 2000 censuses**  
*(Percentages)*

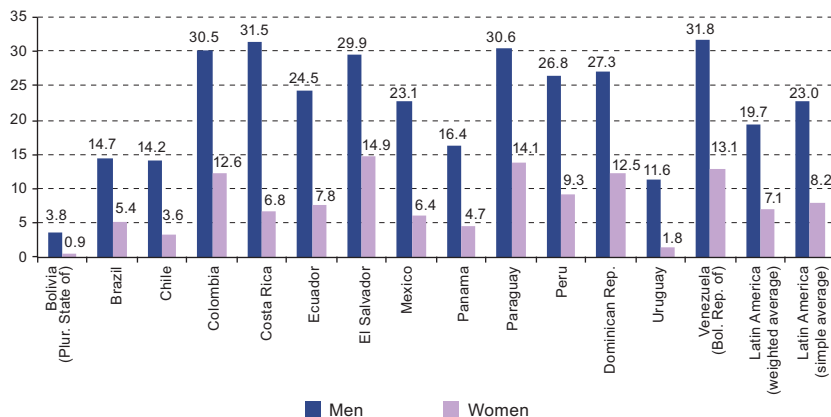


**Source:** Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), *El envejecimiento y las personas de edad. Indicadores sociodemográficos para América Latina y el Caribe* (LC/L.2987/Rev.1), Santiago, 2009.

Moreover, as noted in the previous chapter, women of working age have less stable and more precarious relations with the labour market than men, which implies less access to social security benefits (Marco Navarro,

2004; ECLAC, 2012b). As a result, nearly one in every four women aged 60 years or over (23%) do not receive an income of their own, compared to just 8.2% in the case of men (see figure VI.6).

**Figure VI.6**  
**Latin America (14 countries): individuals aged 60 years or over who do not have their own income, by gender, around 2013**  
 (Percentages)



**Source:** Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Gender Equality Observatory for Latin America and the Caribbean [online] <http://www.cepal.org/oig/WS/getRegionalIndicator.asp?language=english&page=12>.

Lastly, the progressive deterioration of health in old age poses challenges for the care of older adults. While these challenges are not new, the demographic transformations outlined above have changed the informal basis on which care needs used to be resolved, and still are —namely by families<sup>3</sup> and, within them, women (ECLAC, 2009a; Montaña and Calderón, 2010; Huenchuan, 2009a; ILO, 2009). The available evidence in several Latin American countries confirms the family and female predominance in caring for older persons, and the long hours that women spend on the activities and tasks involved in caring for this population group (Aguirre and Batthyány, 2005; Aguirre, 2009; ECLAC, 2013a). For this reason, old-age care forms part of the regional debate on social protection (ECLAC, 2013a), and it is gaining an increasing presence on the public policy agenda (Montaña and Calderón, 2010; Rico, 2011).

<sup>3</sup> According to data from the Health, Welfare and Ageing Survey (SABE) conducted in several countries at the start of the 2000 decade, a large proportion of older people (60+ years of age) in seven Latin American cities (Buenos Aires, Bridgetown, São Paulo, Santiago, Havana, Mexico City and Montevideo) received support from their families in carrying out the functional and instrumental activities of daily life. In Chile, for example, the proportion was 52% of older persons (Saad, 2003).

The loss of functional autonomy (both in the domestic sphere and in public spaces) and the health deficits, in general, of a population of older persons who live increasingly longer, cannot continue to remain exclusively in the orbit of families. If this happens, the distribution of access to quality care becomes regressive, either because private care services are only accessible to wealthier families (ILO, 2009) or because, when there are no services, it is low-income women who bear the heaviest burden (ECLAC, 2009a). This burden eventually becomes an obstacle to their entry into the labour market (ECLAC, 2009a and 2012a).

In addition, many women play a crucial role in the stage of old age as carers of other older persons, and also of individuals with disabilities and small children—sometimes becoming the only source of care in situations of dependency (Durán, 2007).<sup>4</sup>

## **B. Overview of policies and programmes: achievements and unmet challenges**

### **1. Retirement and other pensions**

Retirement and other pensions are the main tool of old-age social protection. As noted above, when it is no longer possible to earn an income through the labour market, income obtained through this channel is crucial for sustaining minimum conditions of well-being in this stage of the life cycle; and it is decisive for access to basic consumption goods, health and care services, and housing (Mesa-Lago, 2009).

Retirement and other pensions usually represent the majority of the investment in social security which, in turn, is the largest component of social investment in the region. At the present time, investment in social security and welfare in Latin American countries averages 8.2% of GDP and has trended continuously upwards since the early 1990s (ECLAC, 2013a). Despite this, as regional average, just 41.9% of the population aged 65 years or over currently receive benefits of this kind, although the figure is rising (in 2002, 37% of the over 65s were covered) (ECLAC, 2013a).

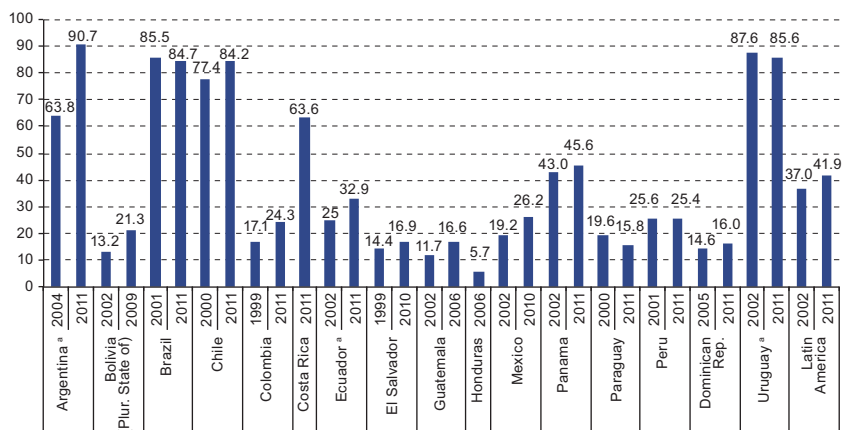
There are major disparities in the coverage of different pension systems, ranging from 5.7% in Honduras to 90.7% in Argentina. The regional balance indicates a very low level (Roffman and Oliveri, 2012). Considering recent data for 16 countries, in 11 cases less than half of the over 65s receive pensions; and, within this group, there are nine countries where coverage is below

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<sup>4</sup> In Mexico, for example, recent studies show the predominant role played by grandmothers in the daily care of small children (INEGI, 2014).

30% and has not risen by more than 10 percentage points in the last decade. In the case of Paraguay, coverage actually declined from 19.6% to 15.8%. At the other extreme are Argentina (90.7%), Brazil (84.7%), Chile (84.2%), Uruguay (85.6%) and, to a lesser extent, Costa Rica (63.6%). In Argentina the proportion of older people who receive pensions has risen by nearly 27 percentage points in the space of seven years (see figure VI.7).

**Figure VI.7**  
**Latin America (16 countries): persons aged 65 years or over**  
**who receive pensions, around 2002 and 2011**  
 (Percentages)



**Source:** Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2013* (LC/G.2580), Santiago, 2013. United Nations publication, Sales No. E.14.II.G.6.

<sup>a</sup> Urban areas.

Access to retirement or other pensions in Latin America is highly stratified. Older people who live in higher per-capita-income households tend to be better covered by these benefits than persons who live in lower-income households (Roffman and Oliveri, 2012), and they also receive significantly larger amounts (ECLAC, 2013a). There are also gender differences: 38% of Latin American women aged 65 years or over receive pensions, compared with 46% of men. This disadvantage can be seen in all countries of the region, except Argentina, although the pattern varies greatly. Whereas in Brazil, Chile and Uruguay the gender gap is relatively small, the bulk of the region's countries display huge differences in pension coverage between men and women in old age. Moreover, women generally receive much smaller amounts than men. Taking the average of Latin American countries, the average pension for men is US\$ 301 per month, whereas for women it is just US\$ 237 (ECLAC, 2013a).

Despite the coverage deficits and high stratification, the retirement and other pension systems play a key role in reducing poverty among older people, particularly in Argentina, Brazil, Chile and Uruguay, where there are higher levels of coverage and better benefits (Cotlear, 2010). In Brazil, for example, the poverty rate in this age bracket is only 3.7%, but it would be 48% in the absence of pensions; and in Argentina the equivalent figures are 4.5% compared to 39% (Gasparini and others, 2007). Complementary data confirm the same point: nearly one third of the group aged 65 or over (30%) would be among the poorest 20% of the population if their households did not receive incomes in the form of retirement and other pensions (this income category reduces the proportion by half) (ECLAC, 2012b).

### **(a) Contributory (retirement) pensions**

Contributory retirement and other pension systems were set up in Latin America earlier than in some other regions of the world, and nearly all of the region's countries had a social security system of some type by the late 1970s (Mesa-Lago, 2004). Exactly when the systems were introduced, along with their coverage levels, rules of access, modes of financing and degree of development vary widely between countries, forming a highly heterogeneous regional pattern. For example, countries such as Argentina, Brazil, Chile, Costa Rica, Cuba or Uruguay, started to create their social security systems in the early decades of the twentieth century, and achieved relatively high coverage levels. In contrast, the Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua and Paraguay introduced this type of policy later (some even well into the second half of the century) (Mesa-Lago, 2004).

The most advanced systems, which coincide with the countries that have the oldest populations in the region, achieved reasonable coverage rates for a long time, albeit highly stratified in terms of access conditions and benefits. Several of the region's countries had privileged social security systems for specific sectors of the population (civil servants, members of the armed forces and police, and certain occupational categories). Moreover, a model designed to protect families through the head of the household, together with gender inequalities in labour markets, have been constant features in the history of the region's pension systems. Although several cases included a battery of instruments (some of which were introduced very early) to protect women on the basis of their spouses' contributions—for example through survivor or widows pensions (as in Argentina, Brazil, Chile and Uruguay)—and to compensate for women's deficits in social security contributions during working age, the amount of these benefits have traditionally been much smaller than retirement pensions (Marco Navarro, 2004). Lastly, the cracks in the financial sustainability of the systems have been becoming increasingly visible (Mesa-Lago, 1985).

Highly synthetically, this was the panorama from which most countries started when implementing the pension-system reforms that began with those introduced in Chile in the early 1980s. These reforms aimed to improve coverage levels and, at the same time, enhance the systems' financial sustainability, targeting the contributory pillar and without incorporating a non-contributory component (De Ferranti and others, 2004).

The panorama of the reforms was highly varied. In some countries, the pay-as-you-go system was completely replaced by the individually-funded model (Chile, the Dominican Republic, El Salvador, Mexico, Nicaragua and the Plurinational State of Bolivia). In other cases, individual saving accounts were combined with solidarity-based pay-as-you-go systems, while some other countries either did not reform at all or else made parametric adjustments to raise the retirement age and change the way pension benefits were calculated (Mesa-Lago, 2004). In some other cases, these changes were accompanied by the denationalization of the pension funds and the entry of private players in the management of the funds, through various incentives. The State, meanwhile, assumed the role of supervisor and of ensuring coverage for sectors that were excluded from the contributory dynamic.

In general, the pension-system reforms changed some of the structural parameters on which Latin American social protection systems were based. For this reason, they came to be considered the paradigm example of the reforms implemented in the 1990s (Repetto and Andrenacci, 2006).

The results<sup>5</sup> were not very encouraging: the anticipated coverage gains not only failed to materialize, but in many countries pension coverage declined significantly. In several cases the financial imbalance of the systems worsened and the pattern of pension benefits became increasingly regressive. There was also a steady deterioration in the living conditions of individuals who are not economically active, including older persons. From the institutional standpoint, the reforms seem to have contributed to fragmentation, both in the governance of the systems and in the way they are regulated.

Based on this diagnosis, the expansion of coverage with a view to universalization and guaranteed opportunities from a rights approach became a key objective (ECLAC, 2006; IDB, 2013). The new changes and recent reforms in the social security and pensions domain were essentially guided by these targets. The main changes that occurred are described in the following paragraphs.

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<sup>5</sup> Many studies and research projects have been undertaken in the region to evaluate the impacts of the pension-system reforms. Examples include Mesa-Lago (2004), ECLAC (2006) and Gill, Packard and Yermo (2005).

### (i) Greater flexibility and pension inclusion

Over the last few years, different countries have taken significant steps to relax the rules of access to pension systems, and to introduce policies to increase pension inclusion. An example of this is the Pension Moratorium implemented in Argentina through the 2005 Pension Inclusion Plan, which extended the periods of access to pension entitlement for certain sectors of the population that did not satisfy the access requirements (basically individuals who did not have the number of years of contributions needed to qualify for a retirement pension) (Repetto and Potenza Dal Masetto, 2012). This regulation gave older persons access to a small benefit and allowed them to regularize shortfalls in their contributions made in years up to 2003, through instalments deducted from the pension benefit. This policy did much to expand the coverage of retirement and other pensions (Calabria and others, 2012), which rose from 63.8% in 2004 to 90.7% in 2011 —the highest level in Latin America. The impacts of this expansion were also seen in terms of a reduction in poverty among older persons and less inequality in pension contributions (Calabria and others, 2012). In 2014, the second stage of the Pension Inclusion Plan was launched,<sup>6</sup> with the aim of universalizing pension coverage to roughly 500,000 people who were previously not eligible for a retirement pension because they did not have all of the contributions needed —particularly self-employed workers and individuals covered by the Simplified Income Tax Regime (*monotributistas*), who either do not have 30 years' contributions, or who receive a minimum pension benefit in the case of those that do have access.

In Uruguay, some of the eligibility criteria for retirement pensions were relaxed in 2008,<sup>7</sup> as were access conditions in the case of old-age pensions. Moreover, in 2013 a partial retirement-pension regime was set up, subject to certain conditions, whose beneficiaries included individuals who qualified for a common retirement or old-age pension and were only working in service activities for a single employer in the industrial and commercial, rural or domestic sectors.<sup>8</sup>

### (ii) Reduction of inequalities and standardization of entitlements

A feature of Latin American pension systems is the high degree of segmentation and the differences that exist in the eligibility rules and benefits to which different types of workers can gain access, together with the exclusion of certain neglected sectors, such as rural workers and domestic employees (Mesa-Lago and Bertranou, 1998). In the last few years, several

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<sup>6</sup> See [online] <http://www.argentina.ar/temas/pais/31645-segunda-etapa-del-plan-de-inclusion-previsional>.

<sup>7</sup> Law 18395.

<sup>8</sup> See Law 19619 [online] <http://www.parlamento.gub.uy/Lawes/Law19160.htm>.

countries have identified this historical feature as a problem and have proposed various changes to deal with it.

In Brazil, social-security rights were extended to rural workers, and mechanisms were established to integrate these workers into the general pension regime on a semi-contributory basis.<sup>9</sup> The contributions, equivalent to 2.1% of each year's commercially sold production, give pension entitlements that are not lost, irrespective of the amount (Robles and Mirosevic, 2013). The measure has helped to reduce poverty among people who have retired from rural employment (Robles and Mirosevic, 2013). The possibility of access to a minimum non-contributory pension (see section (b) on non-contributory pensions) has been crucial for achieving this result.

Meanwhile, Chile established compulsory contribution for self-employed workers who declare income from paid activities. These contributions allow access to health benefits—either in the public system through the National Health Fund (FONASA), or in the private sector through health insurance institutions (ISAPRES)—together with other social-security benefits (Robles, 2011). In Peru a Social Pension System (SPS) was created for microenterprises, which basically aims to cover workers who are not affiliated to any other contributory pension regime. This is an individually funded system and affiliation is voluntary (Lavigne, 2013b).

A major effort was also made in Colombia, which in 2010 eliminated the special pension regimes that covered several specific sectors of workers such as the Armed Forces and the National police, affiliates of the Judges Social Benefits Fund and public universities. The social security arrangements for these groups had their own rules of access and different ways of calculating the pensions. They financed themselves from their members' contributions augmented by transfers from general revenue (Rosero, 2013).

### **(iii) Recognition of gender inequalities**

Several of the reforms and policies implemented in the last few years arose from a recognition of the gender inequalities that exist both in access to pension rights and in the benefits paid.

Thus, for example, the 2008 Chilean reform introduced a bond payable to a woman for each live-born or adopted child she has had. This is available to women aged 65 years or over with a pension entitlement, including those affiliated to the individually funded system, or to the voluntary saving scheme, or to the solidarity pillar consolidated in the Basic Solidarity Pension. In the case of women under 65 years of age, the benefit is paid as a contribution

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<sup>9</sup> Includes differentiated ages for workers' retirement and specific criteria for recognizing contributions, with special consideration for the agriculture sector, for example (Balsadi, Del Grossi and Chagas, 2010).



to their pension account, equivalent to 18 monthly contributions at the minimum-wage rate (Robles, 2011). The reform also extended the coverage of disability and survivor insurance to women of up to 65 years of age, aligning it with that of men (previously women were only covered up to 60 years old). Progress has also been made in recognizing the changes that have occurred in marriage and divorce patterns, and the way these changes affect access to pension benefits. Specifically, the reform established the sharing of pension benefits in situations of divorce or annulment, which means dividing the funds contained in the individual accounts in cases where a court ruling so orders (Robles, 2011). Lastly, persons undertaking unpaid activities have the option of making voluntary contributions to the system and can also access disability and survivor insurance.<sup>10</sup>

In Uruguay, in 2008 an additional year of service was calculated for each live-born or adopted child—for a maximum total of five years—which enables many women not only to complete the years of contributions required to qualify for a retirement pension, but also to improve their replacement rate. This has had a positive impact on sectors such as domestic service where there is a high level of informality and the workers in question have a higher-than-average number of children (Aguirre and Scuro, 2010; Santos, 2014).

In Brazil, special attention was paid to gender inequalities, including employment relations under the family economy scheme, which is predominantly female, by including rural workers in pension coverage.

#### **(iv) Strengthening the solidarity pillar and linking the contributory and non-contributory components**

In the last few years, several countries have changed some of the basic pillars of the 1990s reforms, by strengthening the solidarity component and improving coordination between the contributory and non-contributory pillars.

In some cases, it has been made possible to withdraw from individually funded systems and return to the pay-as-you-go systems. This is what initially occurred in Argentina in 2007, with Law 26222 and with the reform introduced in Law 26425, whereby the new Argentine Integrated Pension System (SIPA)<sup>11</sup> was created. In practice, the pension funds managed by

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<sup>10</sup> Always provided their contributions are deducted from the spouse's pay.

<sup>11</sup> The SIPA became a unified solidarity-based pay-as-you-go system, with funds managed by the State through the National Social Security Administration (ANSES), supervised by a committee of both houses of the National Congress. The beneficiaries of the individually funded system were compulsorily transferred to this public system, and the funds in their accounts were used to form part of the Sustainability Guarantee Fund (FGS) (which represents roughly 10% of GDP) (Repetto and Potenza Dal Masetto, 2012).

retirement and pension fund managers (AFJPs) were renationalized, and the individually funded system was abolished (Repetto and Potenza Dal Masetto, 2012).

In Chile, the 2008 reform aimed to link the contributory and non-contributory components of the pension system more effectively, so as to extend coverage and reduce inequities in the system. For that purpose, the voluntary pillar was created to encourage voluntary pension saving (APV), which could be complemented by employers, as specified in contracts between them and their workers. At the same time, the reform created the Solidarity Pension System (SPS), which replaced the old non-contributory pension programmes,<sup>12</sup> increasing the amounts of the benefits and establishing the Basic Solidarity Pension (PBS) for individuals aged 65 years or over, and for persons with a disability who do not have another pension (Uthoff, 2010) (see subsection (b) on non-contributory pensions).

In Colombia, the Solidarity Pension Fund (FSP)<sup>13</sup> was created as a special account used to subsidize contributions to the pension system for people who were excluded from the social security system.<sup>14</sup> The subsidy was equivalent to 70% of the minimum-wage contribution in the case of urban workers and 90% in the case of rural workers. Lastly, in Costa Rica, the pre-existing coverage was expanded through the old non-contributory regime.

#### **(v) New institutional framework and tighter regulation in the pension market**

A major component of the changes made to pension systems in recent years consists of efforts to strengthen the institutional framework of social security and consolidate the central role of the State and its regulatory capacity in the pensions markets, in which the private sector has been predominant since the 1990s wave of reforms.

Chile is a particularly interesting case in this regard. Following the 2008 reform, that country adopted measures to reduce the premiums and the fixed commissions charged by the pension fund management companies (AFPs); and the regulatory framework governing these entities was strengthened, to cover investment margins and the information provided to users, among other issues (Arenas de Mesa, 2010).

<sup>12</sup> The Welfare Pensions Program (PASIS) and the State Guaranteed Minimum Pension (GEPM).

<sup>13</sup> See [online] <http://www.mintrabajo.gov.co/pensiones/fondo-de-solidaridad-pensional.html>.

<sup>14</sup> In particular, persons "of 55 years and older who are affiliated to the Social Security Institute (ISS) or older than 58 if affiliated to a private pension fund, with an income of no more than the legal minimum wage, and who had contributed to the general pension system for at least 650 weeks, before receiving the subsidy" (Rosero, 2013).

### **(b) Welfare and non-contributory pensions**

Over the last 15 years, Latin America has experienced an historical expansion of welfare and non-contributory old-age pensions. In some of the region's countries, the most advanced in terms of pensions,<sup>15</sup> these instruments have a long track record dating back as far as the early decades of the twentieth century (Barrientos and Lloyd-Sherlock, 2002; Bertranou, Solorio and Van Ginneken, 2002; Mesa-Lago, 2004). Nonetheless, between 2000 and 2013, reforms were implemented in 18 countries to change pre-existing policies or introduce new social pension policies, all aimed at expanding pension coverage for older people through the non-contributory channel (Roffman, Apella and Vezza, 2013). The change has been so great that it can be seen as a basic turning point in the design of old-age policies, possibly even comparable to what has happened with the conditional income-transfer programmes for families with children and adolescents.

Table VI.1 summarizes the key features of the main welfare and non-contributory pension policies.

As can be gleaned from the table, several countries have strengthened or reformed pre-existing instruments. In Uruguay, for example, reforms were made to the non-contributory old-age pensions that had been created in 1919 to provide a basic income to older persons with low incomes. In 2008, the coverage of this instrument was expanded with the Old Age Support (*Asistencia a la Vejez*) programme,<sup>16</sup> covering individuals between 65 and 70 years of age without any pension plan,<sup>17</sup> who became entitled to an old-age pension on their seventieth birthday (Filgueira and Hernández, 2012). There is a high predominance of women in the coverage of these benefits (72.7% in 2013) and they are appropriately targeted on households in the lower income quintiles.

For several decades Argentina has maintained different welfare benefits for sectors of older people who are either directly or indirectly excluded from the contributory matrix. Access to these benefits was made more flexible as from 2003, and they currently function under the non-contributory pensions programme umbrella.<sup>18</sup> This provides a basic transfer and access to the public health system for persons over 70 years of age (roughly US\$ 260), mothers with more than seven children (approximately US\$ 368), and persons with disabilities (about US\$ 258). This has meant a sharp rise in resources to finance non-contributory pensions and an increase in coverage levels (Repetto and Potenza Dal Masetto, 2012).

<sup>15</sup> Argentina, Chile, Costa Rica and Uruguay.

<sup>16</sup> Law 18241.

<sup>17</sup> In 2005.

<sup>18</sup> See [online] <http://www.desarrollosocial.gob.ar/pensiones/161>.

Table VI.1  
Latin America (12 countries): welfare and non-contributory pensions for older people

Country and starting year	Programme	Components	Key characteristics	Monthly amount (latest data available) (national currency and dollars)	Coverage (latest data available)
Argentina (1948)	Non-contributory pensions programme	Old-age pension	Persons over 70 years of age who do not receive a contributory pension	1,207 Argentine pesos (US\$ 260)	1,220,256 people (2012)
		Disability pension	Persons with disabilities	1,199 Argentine pesos (US\$ 258.8)	
		Other pensions	Mothers with seven or more children; persons designated by national legislators; persons regulated in special laws	Mothers with over seven children: 1,708 Argentine pesos (US\$ 368.8)	
Bolivia (Plurinational State of) (2008)	Renta Dignidad universal old-age pension		Persons over 60 years of age; universal coverage; variable amount depending on whether or not the beneficiary receives a pension through contributory social security	200 bolivianos and 250 bolivianos (US\$ 28.7 and US\$ 35.9)	1,027,127 people (2013)
Brazil (1996)	Continuous Benefit Programme ( <i>Benefício de Prestação Continuada da Assistência Social</i> )		Older persons who do not receive pensions and those with disabilities living in extreme poverty	Real minimum wage: 622 reais (US\$ 387.7)	3,600,000 people (2012)
Brazil (1993)	Rural welfare ( <i>Previdência Rural</i> )		Targeted on rural areas; men as from 60 years of age, women as from 55, and persons with disabilities	Real minimum wage: 622 reais (US\$ 387.7)	5,820,780 people (2012)
Chile (2008)	Basic Solidarity Pension (former welfare pension programme (PASIS))	Basic solidarity old age pension	Persons over 65 years of age who are not covered by a pension regime and belong to the poorest 60% of households	78,449 Chilean pesos (US\$ 166.6)	1,053,568 people (2011)
		Basic old age pension support	Income to supplement the old age pension; persons over 65 years of age who belong to the poorest 60% of families and who receive a pension below the Maximum Pension with Solidarity Support	149,051 Chilean pesos (US\$ 316.6)	
		Basic solidarity disability pension	Persons with disabilities between 18 and 65 years of age who are not covered by a pension regime and who belong to the poorest 60% of families	78,449 Chilean pesos (US\$ 166.6)	
		Basic disability pension support	Income to supplement the disability pension; persons with disabilities between 18 and 65 years of age who belong to the poorest 60% of families and who receive a pension that is less than the basic disability pension	149,051 Chilean pesos (US\$ 316.6)	

Table VI.1 (continued)

Country and starting year	Programme	Components	Key characteristics	Monthly amount (latest data available) (national currency and dollars)	Coverage (latest data available)
Colombia (2003)	Colombia Mayor Older Adult Social Protection Programme		Women as from 52 years of age and men as from 57, in a situation of extreme poverty, who are residents or users of an older adult welfare centre or day centre	Between 40,000 and 60,000 Colombian pesos (between US\$ 22.3 and US\$ 33.5)	593,448 people (2010)
Costa Rica (1974)	Non-contributory pensions regime paying a basic amount		Persons who are not affiliated to the social protection system; older persons, persons with disabilities, unsupported widows, orphans and the indigent	73,929 colones (US\$ 147.7)	91,238 people (2011)
Ecuador (2003)	Pension for older adults and pension for persons with disabilities (Human Development Grant)	Pension for older adults Pension for persons with disability	Persons over 65 years of age who do not receive social security pensions Persons with at least 40% disability living in poverty situations	US\$ 50 US\$ 50	547,074 people (2012) 109,539 people (2012)
El Salvador (2011)	Nuestros Mayores Derechos [Our older person's rights] programme (Universal Basic Pension)		Persons older than 70 years of age who do not receive contributory pensions and live in zones of extreme poverty and high precariousness	US\$ 100	15,300 people (2012)
Mexico (2007)	Pension for older adults		Persons over 65 years of age living in localities of up to 30,000 inhabitants	1,000 Mexican pesos (US\$ 76.3) the first time, and then 500 Mexican pesos (US\$ 38.1) (bimonthly)	3,000,000 people (2012)
Mexico (2001)	Programme providing food subsidies, medical care and free medicines for adults over 70 years of age living in the federal district		Card for persons over 68 years of age living in the federal district	897 Mexican pesos (US\$ 76)	473,360 people (2011)
Panama (2009)	Programme of special economic assistance for older adults aged 70 years or over without a pension of any kind (the '120 to the 70s programme)		Persons over 70 years of age who do not receive any form of pension; they must fulfil counterparts (health checkups and participation in psychological and medical guidance talks)	US\$ 120 (bimonthly)	90,000 people (2013)

Table VI.1 (concluded)

Country and starting year	Programme	Components	Key characteristics	Monthly amount (latest data available) (national currency and dollars)	Coverage (latest data available)
Peru (2001)	Minimum old age pension		Transfer to supplement the minimum pension for persons over 65 years who have 20 years' contributions and a pension less than the minimum	484 nuevos soles (US\$ 160.7)	3,785 people (2011)
Peru (2011)	<i>Pensión 65</i> National Solidarity Assistance Programme		Persons over 65 years of age living in extreme poverty	Between 125 and 250 nuevos soles (between US\$ 48.4 and US\$ 96.7)	306,298 people (2013)
Uruguay (1919)	Non-contributory old age and disability pensions		Persons over 70 years of age and persons with disabilities who have incomes below the non-contributory pension	4,598 Uruguayan pesos (US\$ 238)	84,445 people (2012)

**Source:** Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), non-contributory social protection programmes in Latin America and the Caribbean database [online] <http://dds.cepal.org/bpsnc/index-en.php>.

Brazil also stands out among the region's countries for the importance attached to social security as a right, and to universal social security coverage as a priority goal, in its 1988 Constitution, which stated that this should be achieved through mechanisms that go beyond traditional contributory insurance policies (Robles and Mirosevic, 2013). A key precursor of this process was the Lifetime Monthly Income (*Renda Mensal Vitalícia* (RMV)), created in 1974, which granted a uniform lifetime transfer to persons with disabilities or low-income persons over 70 years of age. At the same time, the effort to extend social security coverage to informal rural workers and their families as from 1993 (Rural Workers Support Fund (FUNRURAL)/ State programme to Support the Small-Scale Producer (PRÓ-RURAL)), who have historically been excluded from the pensions matrix, aimed to provide a minimum level of welfare to older people in rural areas (Dias David and others, 2004). In 1996, the Continuous Social Welfare Benefit (*Benefício de Prestação Continuada da Assistência Social*), was established, which provides a fixed income at the level of the minimum wage and acts as an unconditional transfer to households with older people (65 years or over) or persons with disabilities who do not have access to pensions and whose family incomes are less than one quarter of the minimum wage. In March 2012, there were 3.6 million recipients of this benefit, of whom 1.7 million were older persons.<sup>19</sup>

Countries that have created non-contributory pension policies—which previously either did not have them or else had them with very reduced coverage—include the, Ecuador, Mexico, Panama, Paraguay, Peru and the Plurinational State of Bolivia.

The Plurinational State of Bolivia, for example, established the Solidarity Bond (Bonosol) in 1997, which paid a lifetime benefit to the entire population of over 65 years of age, without contribution requirements. In 2002, 76% of the over-65s received the Bonosol; and the transfer represented on average about 50% of the recipients' individual income. In 2007, this policy was replaced by *Renta Dignidad* (Universal Old Age Income Law) which grants annual assistance of some US\$ 300 to persons over 60 years of age throughout the country.

In Mexico, several non-contributory programmes began to be promoted at the start of the 2000 decade. The Federal District Food Pension (created in 2001) grants a universal pension to persons over 70 years of age. The existence of this pension inspired the creation in 2008 of the federal government's "70 y Más" [70 and older] programme, to support individuals aged over 70 years in rural zones, through an income transfer (Flores Castillo, 2013; Valencia Lomelí, Foust and Tetreault, 2013). In 2011, this initiative was replaced by the Older Adults Pension, which provides a minimum income and social

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<sup>19</sup> See [online] <http://www.mds.gov.br/assistenciasocial/beneficiosassistenciais/bpc>.

protection support to persons aged 65 years or over who do not receive a monthly income above 1,092 pesos through a contributory retirement or other pension.<sup>20</sup>

In Ecuador, a welfare pension of US\$ 50 was created in the framework of the Human Development Grant, targeting persons aged 65 years or over living in poverty or indigence (Naranjo Bonilla, 2013). In Panama, the programme “120 a los 65” [120 to the 65s] (created in 2009 as “100 a los 70” [100 to the 70s]) granted a non-contributory pension to the population aged 65 or over, subject to health-care counterparts (Rodríguez Mojica, 2010). In 2004 Paraguay created a non-contributory pension system to meet the needs of older people in situations of poverty and/or those belonging to indigenous peoples, who are in vulnerable situations. Under this system, the Food Pension for Older Adults in Poverty Situations was created in 2009, which pays a monthly transfer of just under US\$ 100 (Lavigne, 2013a). In Peru, a Minimum Old Age Pension was created in 2001 (a minimum transfer for all individuals who have contributed for at least 20 years); and, in 2011, *Pensión 65*, which pays a pension to older people living in extreme poverty in half of the country’s departments (Lavigne, 2013b). Lastly, the Older Adult Social Protection Programme (today known as *Colombia Mayor* [Older Colombia]) is designed along the same lines.

The designs of the new welfare or non-contributory pension schemes vary widely, apart from their institutional anchoring. Some schemes are based on a universal logic, while others pursue clear universalization goals, but starting on a targeted basis; others operate explicitly with a targeted approach. In general, they tend to be permanent programmes with predominantly gradual implementation schemes (Roffman Apella and Vezza, 2013). They also vary in terms of both the financial effort they involve (ranging from 2.5% of GDP in Argentina to less than 0.5% of GDP in Uruguay) and the amounts transferred. Nonetheless, in general, the countries that have more advanced pension systems tend to be more generous in terms of the benefits they pay (Roffman, Apella and Vezza, 2013).

The evidence available thus far shows that these policies have made a major contribution to reducing poverty among older people. The case of Brazil (particularly in rural areas) is an example of this (Dias David and others, 2004; Jaccoud, El-Moor Hadjab and Chaibub, 2010). Nonetheless, there is still a long way to go in identifying the impact in several countries and in analysing the financial sustainability challenges that these initiatives face in the context of progressive ageing. It also seems necessary to gain a better understanding of these programmes’ implementation logic and their links to the contributory dynamic (Roffman, Apella and Vezza, 2013).

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<sup>20</sup> See [online] [http://www.sedesol.gob.mx/en/SEDESOL/Pension\\_para\\_adultos\\_mayores](http://www.sedesol.gob.mx/en/SEDESOL/Pension_para_adultos_mayores).

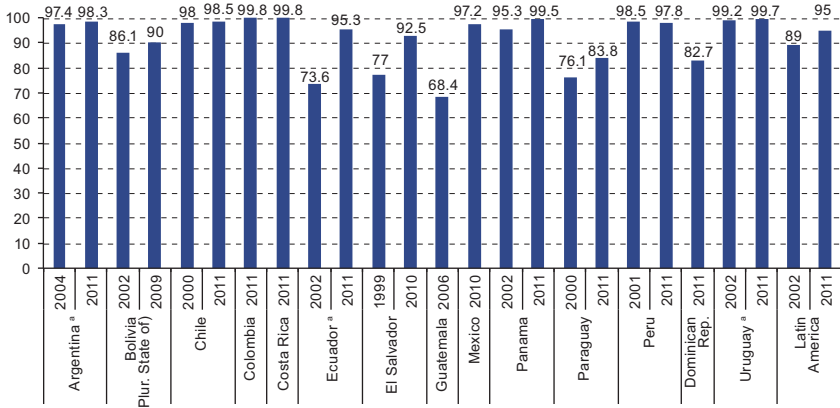


## 2. Health insurance

Health-care coverage among older persons in Latin America varies greatly. In some countries, coverage is almost universal or relatively close to it: in Uruguay about 100% (Rodríguez and Rossel, 2009), and in Argentina around 75% (MSAL, 2007) and in Brazil approximately 70%, covered in the public system. In other countries, however, there is an egregious lack of protection in this domain. In Paraguay, for example, over 80% of older people do not have health insurance (OISS, 2007).

Around 95% of retired and other pensioners aged 65 years or over were affiliated to a health system in 2011. In most of the region’s countries, at least 90% of the pensioner population was covered through a health insurance mechanism of some sort. Moreover, in countries with low coverage rates at the start of the 2000 decade, such as Ecuador and El Salvador, substantial improvements were made in this regard and coverage rose by over 15 percentage points to attain levels similar to those of the other countries in the region. Nonetheless, some still have somewhat lower coverage rates, such as the Dominican Republic (82.7%), Paraguay (83.8%) and Guatemala (68.4%) (see figure VI.8).

**Figure VI.8**  
**Latin America (14 countries): pensioners affiliated to health systems, around 2002 and 2011**  
 (Percentages)



**Source:** Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2013* (LC/G.2580), Santiago, 2013. United Nations publication, Sales No. E.14.II.G.6.

<sup>a</sup> Urban areas.

From a regional perspective, as has happened in the other stages of the life cycle, there has been a significant increase in health coverage for old

age during the past decade. These achievements are partly due to policies to expand the coverage of pension systems, both contributory and non-contributory, and progress in guaranteeing social-security entitlements, which in many countries include health insurance.

Moreover, the expansion of health coverage (both for the people covered by pensions and for those who are not, or those who receive non-contributory pensions) also reflects the efforts made by several Latin American countries, as described in earlier chapters (Explicit Health Guarantees (GES) in Chile, the Basic Plan of Action in Brazil, Popular Insurance in Mexico, the Integrated National Health System in Uruguay). Although they do not always include specific old-age packages, or care in the case of the catastrophic diseases<sup>21</sup> that are typical of this stage of the life cycle, explicit guarantees seem to be a reasonable way to improve coverage.

Together with these policies, some countries have established special conditions for incorporating older people without health coverage into basic benefit schemes. In Uruguay, for example, retirees and pensioners were gradually incorporated into the Integrated National Health System (SNIS),<sup>22</sup> thereby making it possible to guarantee health-care rights for people receiving very small retirement or other pensions who had no health-care coverage for that reason.

Guaranteed entitlements however, are not equivalent to access to the services in practice (Huenchuan, 2009b). This happens in all stages of the life cycle, but it is particularly important in old age, when the demand for care increases and economic resources dwindle. To facilitate access, some countries (such as Chile since 2006 for the public system) have made very important changes, including the elimination of co-payments for certain services.

Apart from these changes in health-coverage access conditions, specialized policies have been introduced for old-age health care and the ageing process (Huenchuan, 2009b). Progress has been made in promoting healthy ageing at various levels (an example in Chile is the Older Adult Preventive Medical Examination (EMPAM)), and also in building human resource capabilities to provide health care to older people.

Several countries have also put mechanisms in place to guarantee access to essential medicines (the REMEDIAR programme, in Argentina, is an example of this) and inoculations (Huenchuan, 2004). Healthy physical environments and, in particular, the elimination of physical barriers in urban areas and transport have also started to appear on the policy agenda in several countries (Huenchuan, 2004).

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<sup>21</sup> For example, cost-free old-age medical insurance in the Plurinational State of Bolivia and the Compulsory Health Plan in Colombia.

<sup>22</sup> Law 18731.

Lastly, the region has various initiatives on specialized care for older people in health systems, examples being the Older Adult Health Policy in Chile, and the National Active Ageing and Health Programme in Argentina.

### 3. Care policies

As noted in several chapters of this book, the issue of care has been gaining ground on the agenda for reforming social protection systems in the region. Nonetheless, real progress has tended to prioritize care for early childhood and families with small children. This is consistent with diagnostic studies that reveal an urgent need to invest in the early stages of the life cycle, redistribute the burden of child care and correct the welfare-age imbalance. Nonetheless, it is important to reaffirm the need to meet the growing care needs of an old age that is lasting ever longer, which in the absence of policies, stretches family support to the limit and reproduces inequalities.

Latin America has made little progress yet in developing formal policies for old-age care, although it has seen progressive growth in private care services (residential and day-care centres, among others). However, some countries have started to take clear steps towards consolidating care policies or systems that include care for older people.

Costa Rica provides the most interesting example in this regard, with the creation of the National Older Adult Council (CONAPAM), in 1999, and the Progressive Comprehensive Older Adult Care Network<sup>23</sup> (Román, 2012). This aims to provide integrated solutions to the needs of older people who are living in situations of vulnerability (poverty, dependency, or some other type of social risk). It provides a series of benefits, including food support, access to hygiene and personal-use articles, a subsidy for the purchase of medicines and specialized medical care, support for the payment of rent and core services (electricity, water, telephone and transport) and housing improvements. The network also has day-care centres and implements different strategies for home-based care, including home assistance (providing support in the basic tasks and activities of daily life), with a timetable and profile that varies according to the dependency level of the older persons in question. In addition, the network has a Solidarity Families Programme for the relocation of highly dependent persons on low income, and community homes that operate as temporary residences for a small group of people looked after by care providers.

In Argentina, the National Household Care Providers Programme aims to care for older persons and those with disabilities living in situations of dependency and vulnerability, providing home-based assistance and intensive care “to persons over 60 years of age who display economic insufficiency,

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<sup>23</sup> See [online] <http://www.conapam.go.cr/red-cuido/>.

who have no one to look after them, or who have some type of disability and/or chronic or terminal disease, through home-care providers trained either in the programme or outside it".<sup>24</sup> The programme also provides training to people to adequately fulfil the care tasks, in an initiative targeting individuals between 25 and 50 years of age who do not have a stable job or are living in poverty.

In Uruguay, the debate in recent years around the care system is giving way to major implementation challenges in the future. One of its four pillars is assistance for dependent older people. In general terms, the proposals for older people focus on improving the quality of care services, both within these individuals' homes and also in the institutions that provide the services. In the first case, the proposal includes a National Household Care Programme, which consists of providing support to the families in care tasks for a given number of hours in the week. As it doesn't cover all of the hours of assistance needed by the dependent person, the support is designed to give the families a "breather". The implementation of a tele-assistance service is also proposed as part of home-based care, to enable older adults to directly and rapidly contact a call centre in situations of emergency or if they need special assistance of some other kind. The proposal on external care consists of creating day centres and referral centres. The former, designed for older people who are living in situations of slight or moderate dependency, provide integrated assistance services and seek to enhance the autonomy of the dependent persons in question and provide support to their care-givers. In contrast, the referral centres are designed as units consisting of multidisciplinary teams providing rapid-response services. In addition, efforts are made to improve the quality of the homes and institutions caring for older people. As the conditions of these institutions tend to vary widely, the first step involves making an extensive survey to identify the main failings and shortcomings of these places and to take appropriate steps to overcome them. The quality of the services will be improved through training mechanisms and the regulation and supervision of the centres (Interagency Work Group, National Social Policies Council, 2012).

### **C. Achievements and future prospects**

As in the three previous chapters, tables VI.2 and VI.3 highlight the paradigm shift or emerging model in old-age social-protection policies, involving the increasing role of the State and the loss of the central roles played families, the market, and community that accompanies that progress.

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<sup>24</sup> See [online] <http://www.desarrollosocial.gob.ar/cuidadores/165>.

**Table VI.2**  
**Old age: previous social protection model (with special emphasis on vulnerable sectors), 1990 to mid-2000s**

Needs	Roles played by the different spheres with responsibility for protection			
	Family	Market	State	Community
Access to consumption/ income	Support from the older person's descendants is important, as are extended- family models.	A large share of the income of older persons comes from their participation in the labour market.	Monetary transfers reach this population group only partially (or not at all), and their amounts and guarantees are limited. In some cases, subsidies or regulation of the prices of goods and services consumed by older people are very important.	Social networks and civil society organizations contribute food and daily consumption goods in a few cases.
Care	Almost entirely dependent on the older person's nuclear or extended family.	Little or no market supply in this respect.	Little or no State provision.	Community and extended-family support in caring for older persons in situations of dependency.
Health protection	Heavy dependency in terms of care and access to health benefits and medicines.	Access dependent on payment capacity and the prices of medicines and services.	Importance of health services for preventive, outpatient and tertiary health- care services, although access is heavily segmented and in some cases difficult.	Marginal access to sickness care in community networks.

Source: Prepared by the authors.

**Table VI.3**  
**Old age: emerging social protection model (with special emphasis on vulnerable sectors), from second half of the 2000s**

Needs	Roles played by the different spheres with protection responsibility			
	Family	Market	State	Community
Access to consumption/ income	Support from descendants is important, as are extended-family models in which income is aggregated.	A large part of the income of older persons comes from their participation in the labour market.	Significant increase in the coverage of welfare pensions and basic retirement pensions, guaranteed to older people living in situations of vulnerability.	Social networks and civil society organizations contribute food and daily consumer goods in a few cases.
Care	Heavily dependent on the older person's nuclear or extended family.	Growing market supply although heavily segmented in terms of quality, according to payment capacity.	Gradual increase in subsidized or free State supply of partial care, and in situations of chronic dependency.	Marginal community and extended-family support in caring for older persons in situations of dependency.
Health protection	Persistent, although less dependency on access to health benefits and medicines.	Access dependent on payment capacity and the prices of medicines and services.	Increasingly important role of the State in terms of health services for preventive, outpatient, and tertiary care.	Marginal access to sickness care in community networks.

Source: Prepared by the authors.

As in the previous chapters, when analysing the tables, it needs to be remembered that the information reflects the dynamic of the four spheres of well-being, basically relating to old age in a situation of greater vulnerability, and not necessarily in relation to older people from the medium- and high-income sectors. In addition, as a reflection of an emerging model, the description could be capturing coverage aspects more than anything else (rather than quality or segmentation issues), along with the situation of the region's more advanced countries in terms of pensions and health (to the detriment of those that have larger welfare gaps).

The analysis presented in this chapter shows that the articulation of the State, market and family in the structuring of old-age social protection in Latin America has undergone major changes in the last few years. It is undeniable that some areas are displaying real adaptation to the challenges imposed by demographic change, cultural changes and changes in the region's labour markets. Moreover, major efforts have been made to strengthen social protection for this population sector. Three aspects deserve special mention.

Firstly, clear steps have been taken to expand the coverage and guarantees for old-age health care. The efforts made in countries such as Chile, Mexico or Uruguay have not only been important for protecting the health of poorer older people living in situations of extreme vulnerability, but also to reduce the out-of-pocket- spending burden of the low- and middle-income populations.

Secondly, the region is probably undergoing a paradigm shift in terms of access to pensions, characterized by the strengthening of the State's role in establishing basic income guarantees for older people. These efforts encompass both the creation of non-contributory mechanisms (non-contributory pensions promoted in most of the region's countries) and also more flexible access and eligibility criteria in the contributory-benefits network (policies to increase flexibility and pension inclusion). Important steps have also been taken to reduce gender inequalities in pension systems, partly by recognizing the unpaid work done by women, and making progress in establishing their individual entitlement to certain social benefits.

Lastly, albeit incipient, progress in the debate and development of care policies for older dependent people are clear signs of a new social protection model in which the challenges of guaranteeing access to welfare in old age are progressively being recognized.

Despite the importance of these efforts, one should not lose sight of the debts that Latin American countries still owe in the process of consolidating social protection systems in the face of the risks and vulnerabilities experienced in old age. The employment-history inequalities that are projected on to this stage of the life cycle, compounded by the way social protection systems are structured, generate new inequalities that crystallize in overlaid biases that condition future decisions on old-age protection.

On the one hand, consolidating the path already embarked upon in the field of non-contributory pensions seems to be a priority in the agenda for the next few years. On the other hand, the recognition of gender inequalities in old age which is occurring in several social protection systems needs to be intensified—for example by eliminating discriminatory patterns—to prevent the inequalities experienced throughout the life cycle being transposed linearly to the final years of the lifespan.

Beyond this, however, it is essential to bear in mind that some of the risks and vulnerabilities that emerge in old age are the result of the path traveled by the individuals from the time of their birth and, particularly during the immediately preceding active stage. For this reason, little will be achieved by social protection policies for older people unless they are combined with an investment in the earlier stages of the life cycle, to ensure that the welfare of future generations of older people can be sustained through time.

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## Chapter VII

# Policies on access to housing

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## Introduction

Access to housing is one of the sectoral policies that need to be integrated with the social protection system to fulfil the population's economic, social and cultural rights. The goals of a social protection system include defining unsatisfied demand for housing and ensuring the population at large has different ways of satisfying it. This objective is based on Article 25 of the Universal Declaration of Human Rights, which proclaims that "everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services"; and Article 11 of the International Covenant on Economic, Social and Cultural Rights, which recognizes that "everyone has the right to an adequate standard of living for themselves and their families, including adequate food, clothing and housing, and to the continuous improvement of living conditions" (Cecchini and Martínez,

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2011, pp. 216-218). Housing therefore plays a key role in any social protection system, by allowing household members to live in an environment that enables them to develop their capacities and become less poverty-prone.

Nonetheless, access to housing in Latin America and the Caribbean has lagged far behind demand, particularly for the poor and most vulnerable population groups; and this has led to the formation and constant growth of informal peripheral settlements in Latin America, along with increased urban inequality and socioeconomic residential segregation.

Residential segregation has had, and continues to have, adverse impacts on individuals and communities. The high concentration of vulnerable households in certain areas of the cities is associated with exposure to various types of interlocking risks, such as poverty, precarious housing, violent neighbourhood social relations, high levels of unemployment and informality, stigma and discrimination. That segregation also affects the functioning of the city as a whole in a more systemic sense (ECLAC, 2014).

The formal land and housing market, in conjunction with efforts based on government policies, has proven insufficient to meet the housing demand that is generated year after year. This reflects not only a scarcity of resources, but also a weakness in sectoral institutions and a lack of adequate regulations to govern access to housing and land. Those factors explain why the region has a broad-based informal market in access to land and housing that does not fulfil the minimum standards of habitability and security of tenure. The shortage of housing and core services is also prevalent in rural sectors, where the deficit is proportionally larger than in urban areas, although far fewer families are affected since the vast majority of the population is concentrated in the cities.

One of the elements that distinguish Latin America and the Caribbean is the abundant experience it has accumulated in searching for alternatives to make housing land available for low-income groups. That experience covers a wide variety of possibilities that range from the regularization of illegal settlements to the production of formal housing fuelled by demand subsidies; and it varies from direct government provision to the creation of incentives for the private sector (banks and private developers) to produce housing solutions.<sup>2</sup>

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<sup>2</sup> International organizations have also played a major role in this domain, guiding housing policies particularly by promoting a facilitating role for governments and strengthening the private sector in generating housing units. At the same time, many nongovernmental organizations (NGOs), both national and international, have targeted their support on raising living standards in informal settlements. These experiences have helped enhance appreciation of the built environment, which has justified integrated and multisector interventions that expand the focus of attention on housing, by including its urban and social environment.

In the last few years significant progress has been made in creating mechanisms to generate land and produce housing. Apart from incorporating new quality requirements, complementary elements are being considered such as the provision of land and adequate infrastructure, including transit and transport facilities, to connect the population with the supply of services and job sources offered by the city. The multiple efforts and initiatives that have been implemented on that subject over the last few decades include innovations such as urban operations (Brazil); socially integrated housing projects (Chile); land banks and the definition of priority development areas (Columbia); regularization operations (Peru); and neighbourhood improvement programmes (Argentina, Brazil, Panama), among others.

This chapter describes the progress made in Latin America and the Caribbean in recent years to ensure housing access from an inclusive social-protection approach which promotes the notion of addressing social problems from a rights standpoint (see chapter IX) and with a comprehensive approach (see chapter XI). It also argues that comprehensive housing policies are crucial, in conjunction with employment, health and education policies, in contributing to a comprehensive approach to socioeconomic residential segregation. This chapter is divided into three sections. Section A reviews the current status of access to housing in terms of the characteristics of supply, the type and scale of the housing deficit, and the main contextual components of housing policies in Latin America and the Caribbean. It also describes the evolution of housing and land policies since 1950, starting from a supply approach based on supply subsidies to one based on demand subsidies, also highlighting the progress and limitations of those approaches. Section B describes the main progress and innovations made to ensure access to housing since 2000, analysed from a rights-based and integrated approach to the housing deficit in the region. Lastly, section C presents an analysis of future challenges with a view to strengthening access to housing within integrated social protection systems.

## **A. Access to housing in Latin America and the Caribbean: context**

### **1. Deficit and social investment in housing in Latin America and the Caribbean**

Following decades in which urban areas have expanded as a result of mass migration from rural to urban zones and high rates of demographic growth, Latin America and the Caribbean today is the continent with the highest concentration of inhabitants in urban zones. In the early 1990s, city-dwellers

accounted for 71% of the total population, and the figure is projected to be 85% by 2025 (Makedonski, 2010).<sup>3</sup> Nonetheless, there are significant differences between the various countries of the region, with the highest urban concentrations occurring in South America, while urbanization rates are lower in Central American and Caribbean countries.

The rapid urbanization process experienced by the region has been characterized by a substantial housing deficit and insufficient and inadequate provision of basic infrastructure for city residents. Population growth in the urban areas of Latin America and the Caribbean has not been guided by a broad-based process of planning and investment to assimilate it. This broadly explains the large housing deficit, both in quantitative terms (lack of housing) and qualitatively (insecure property tenure, or housing that does not fulfil minimum standards in terms of legal possession of the land, sufficient space and access to drinking water, electricity and sewerage), resulting from the proliferation of unregulated settlements that became the main way for newly arrived city inhabitants to gain access to land (Keivani and Werna, 2001).

Recent estimations calculate that the overall housing deficit affects 45% of Latin American and Caribbean households, with a deficit of 39% in urban areas compared to 66% in rural zones (see table VII.1). In absolute terms, however, the deficit is much larger in urban areas. In the Latin American subregion the quantitative housing deficit affects 17.1% of Latin American households, equivalent to a demand for 22,700,000 new homes (Chirivi, Quiroz and Rodríguez, 2011).

The distribution of the housing shortage across countries varies significantly. As shown in table VII.1, there is a group of countries in which the housing deficit is at least 50%. A second group, with deficits below 50%, continues to have a significant weight because it accounts for between 30% and 40% of the population. Lastly, a third group consists of countries where the deficit affects less a one third of the population—including Costa Rica, which has the lowest housing deficit in all of Latin America and the Caribbean.

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<sup>3</sup> Most recently, rural-urban migration and demographic growth have both been declining. According to UN-Habitat (2012), city growth is explained by inter-urban migrations and the growing importance of medium-sized cities. It is also estimated that between 2010 and 2015, small and medium-sized cities will drive demographic growth in Latin America (Bouillon, 2012b).

**Table VII.1**  
**Latin America and the Caribbean (18 countries): housing deficit, 2012**  
*(Percentages)*

Country	National <sup>a</sup>	Urban	Rural
Argentina	<sup>b</sup>	32	<sup>b</sup>
Bolivia (Plurinational State of)	75	64	93
Brazil	33	32	44
Chile	23	19	53
Colombia	37	27	71
Costa Rica	18	12	26
Ecuador	50	41	66
El Salvador	58	50	74
Guatemala	67	56	79
Honduras	57	42	72
Mexico	34	28	58
Nicaragua	78	70	88
Panama	39	37	58
Paraguay	43	39	50
Peru	72	60	98
Dominican Republic	41	35	56
Uruguay	<sup>b</sup>	26	<sup>b</sup>
Venezuela (Bolivarian Republic of)	<sup>b</sup>	29	<sup>b</sup>
<b>Average</b>	<b>45</b>	<b>39</b>	<b>66</b>

**Source:** C. Bouillon (ed.), *Room for Development: Housing Markets in Latin America and the Caribbean*, Washington, D.C., Inter-American Development Bank (IDB), 2012.

<sup>a</sup> Families living in low-quality housing or without a roof over their heads.

<sup>b</sup> No data available.

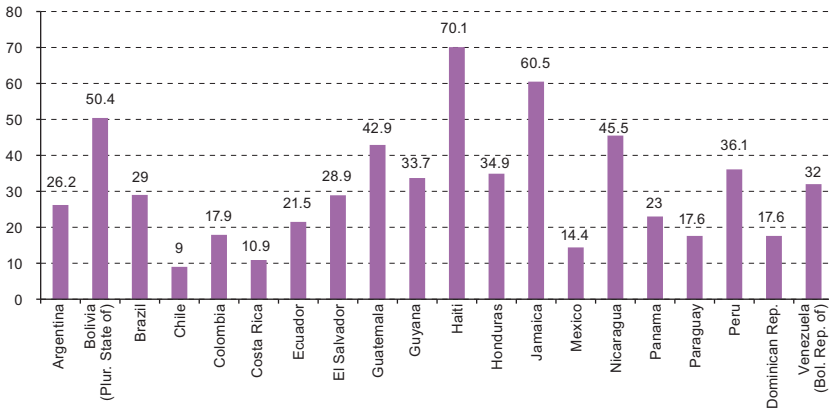
The qualitative housing deficit is the most widespread in the region.<sup>4</sup> This is explained by the large proportion of the population (estimated at 130 million people) living in informal settlements, both in urban areas (32% of the total urban deficit) and in rural zones (60.5% of the total rural deficit). The qualitative deficit in rural sectors is almost double that in urban areas; but in absolute terms, it is substantially less, since most of the population lives in cities. For that reason, nearly all housing policies or strategies are biased towards finding ways to resolve the deficit in the cities where, apart from the larger number of deficit households, the regulations on access to land are far more stringent.

<sup>4</sup> UN-Habitat defines informal settlements in terms of five shortcomings: (i) a hard-wearing and permanent home that protects against adverse weather conditions; (ii) a large enough living space, meaning no more than three people sharing a bedroom; (iii) easy access to enough drinking water at a reasonable price; (iv) access to adequate sanitation: private or shared public toilet for a reasonable number of people; (v) secure tenure against forced evictions; <http://mirror.unhabitat.org/pmss/listItemDetails.aspx?PublicationID=3380> (UN-Habitat, 2012, p. 64).



Although the number of households living in informal settlements has decreased by more than 30% over the last two decades (from 33.7% in 1990 to 23.5% in 2009) (ECLAC, 2013a), such settlements continue to serve as an alternative for accessing land and housing for a large proportion of the population. As can be seen in figure VII.1, the proportion of households living in informal settlements is particularly high in Central American and Caribbean countries. In absolute terms, Brazil, Mexico and Peru are the countries with the largest number of households living in informal settlements (Jordán and Martínez, 2009, p. 33).

**Figure VII.1**  
**Latin America and the Caribbean (20 countries): proportion of slum households, 2005**  
*(Percentages)*



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), CEPALSTAT database, September 2014.

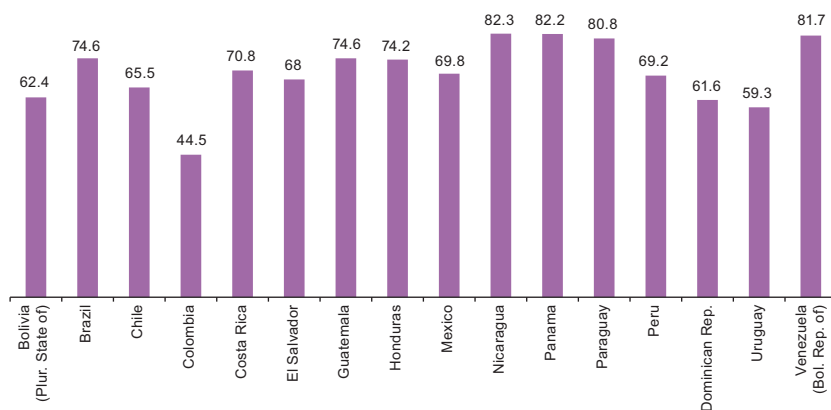
Although the proportion of households with improved basic sanitation services has increased, there are still significant shortfalls in the coverage of drinking water supply (9.2%) and sewerage services (33.2%). In the case of electricity, the deficit is 1.7% (ECLAC, 2013a). The deficit in access to that type of service is significantly greater in rural zones, which is largely explained by the high cost of providing the respective service networks in remote areas with sparse populations.

In terms of property tenure, 70% of households claim to be the owners of their homes (ECLAC, 2013a) (see figure VII.2), despite the widespread reality of informal settlements and the persistent high housing deficit.

The large proportion of households who own their homes partly reflects informal settlement regularization processes, in which the certification of

property ownership is one of the distinctive features.<sup>5</sup> In conjunction with this, housing policy has prioritized the production of new homes for sale, rather than for rent. Nonetheless, those reasons are not sufficient to explain the high rates of home ownership. Another explanation of the phenomenon might be that the mechanism used to record the information is based on what households declare in the population censuses. Accordingly, rather than legal ownership, the figures that describe the property tenure situation indicate the households' own notion with regard to *de facto* occupation of their housing and site, particularly in cases where the government adopts a passive attitude to land invasions or accepts them as a "*de facto* land-access modality" (Rojas and Fretes, 2009, p. 14).

**Figure VII.2**  
**Latin America and the Caribbean (16 countries): proportion**  
**of proprietor households, 2014**  
*(Percentages)*



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), CEPALSTAT database, September 2014.

According to Bouillon (2012), the current pace of house building in Latin America and the Caribbean would make it possible to reduce the deficit by 1.1% per year. This figure takes account of the shortfall that exists between demand and supply, which is generated from both the public and private sectors. Nonetheless, some countries, such as Chile and Costa Rica, have generated efficient housing supply systems based on demand subsidies and direct actions to facilitate access to mortgage credit for the poorest segments of the population. Those countries have managed to reduce the accumulated deficit and meet the demand generated each year by the formation of new

<sup>5</sup> That does not apply to State-owned land.

households.<sup>6</sup> Efficiency in reducing the deficit is partly explained by a policy that has been maintained through time. Chile has been implementing and adjusting housing policies for over 35 years, and Costa Rica has been doing so for more than 25. Brazil, Colombia, Ecuador and Mexico have adopted similar criteria in the last decade, which has given rise to mass urbanization processes, mainly in an attempt to satisfy demand from the middle and lower-middle income sectors of the population (UN-Habitat, 2011). The type of solution that meets demand from the poorest population strata focuses primarily on neighbourhood improvement programmes and property titling in informal settlements.

Lastly, rates of social investment in housing and other basic services (drinking water, sanitation, drainage and electricity, among others) are very low, bearing in mind the housing and urbanization deficit that has prevailed in the region for decades. Social investment in housing in 2010-2011 represented 1.8% of gross domestic product (GDP), which is lower than the other components of social investment such as health (3.9%), education (5.3%), social security and assistance (8.2%) during the same period (ECLAC, 2013a, p. 15). The countries that invest most in this sector are Brazil, Mexico and Panama (Chirivi, Quiroz and Rodríguez, 2011).

## **2. Housing policy in Latin America and the Caribbean since the 1950s**

The history of housing policy in the region since the 1950s can be divided into three long periods, in which very different housing-supply approaches and strategies were used. Those periods are relevant for understanding the housing strategies and programmes which have been developed in Latin America and the Caribbean since 2000 and will be considered in greater detail later in this chapter.

### **(a) First period (1950s and 1960s): eradication, relocation and turnkey housing**

This period is marked by land invasions resulting from the arrival of immigrants from rural areas who were unable to find a supply of housing suited to their economic possibilities in the cities. The situation gave rise to large pockets of poverty in the outskirts of the cities, and highly precarious living conditions for the new arrivals. The reaction by government was eradication and relocation of households in land lots with services, or “turnkey” housing solutions (finished and formalized housing) (Tapia, 2006; Jordán and Martínez, 2009). The State played a protagonist role and provided

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<sup>6</sup> In Costa Rica the housing deficit fell from 23.9% in 1984 to 14.2% in 2008. Of the latter figure, just 1.5 percentage points correspond to the quantitative deficit (ALOP, 2009).

supply-side financing for the construction of formal housing solutions (Jordán and Martínez, 2009, p. 82). That strategy proved inefficient in responding to the growing and massive demand for housing owing to its sparse coverage. The model in which the State is the only player in managing all stages of response to the urbanization process and access to housing was costly and insufficient to satisfy demand.

**(b) Second period (1970s and first half of the 1980s):  
establishment, regularization and progressive housing**

In this period a change of approach was advocated by international agencies and local NGOs, which argued for the need to generate solutions that took account of the environment constructed by the households and their social support networks, as well as the need to speed up the production of housing solutions. The change of course meant encouraging the households to put down roots, by regularizing informal settlements and promoting progressive housing. Housing began to be seen more as a process than as a final product (Tapia, 2006). The scale of intervention in this case was restricted to the neighbourhood, combining components of security of tenure and improvement of the housing and neighbourhood infrastructure. The State financed supply. In terms of results, although there were positive effects on the communities acted in, the strategy posed problems of adaptation to scale. The NGOs' capacity as leading executing agencies did not allow for the simultaneous development of multiple projects distributed across different settlements; and intensive work with the communities was not suitable for reproduction elsewhere.

**(c) Third period (second half of the 1980s and whole  
of the 1990s): new housing, role of the private sector,  
and the saving, bonus and credit scheme**

The growing housing deficit and problems of adaptation to scale and coverage of the strategies implemented in earlier periods brought about a change in the system for supplying housing to the most vulnerable sectors. In that period, the production of new economic housing was stimulated, with a leading role played by the private sector (private developers and private banks) in providing the solutions. Access to housing was based on the saving, bonus and credit (*ahorro, bono y crédito* – ABC) scheme. International financing agencies granted loans to this sector while promoting a facilitator role for the State in granting subsidies (Keivani and Werna, 2001). The result was a significant acceleration in the production of housing, but with the problem of low capacity to meet the needs of the lowest-income sectors. The ABC scheme excludes the most vulnerable households who do not have access to the saving and credit components (Valença and Bonates, 2010; Keivani and Werna, 2001).

### 3. Urban planning and land markets

The growth of cities in Latin America and the Caribbean has been backdropped by urban planning and urban development regulations that have proven unable to steer city growth. This is because land-use planning guidelines in the region are normally defined at the national level, although it is usually local governments that have to implement what is defined in the planning instruments. In some countries, provincial or local governments are responsible for preparing and implementing the plans, which are seldom applied. Their capacity varies significantly from one city to another, so the plans may in practice have no effect although they may be good, depending on local implementation capacity. This is compounded by the fact that housing policy also tends to be defined at a central government level (ministries), which makes it hard to coordinate actions on the ground with other local players (Rojas and Fretes, 2009).

In relation to urban regulations, many countries have defined unduly strict use criteria and building requirements, which slow down processes of subdivision and infrastructure provision to satisfy the demand for land and housing. This has ended up stimulating the search for solutions outside the planning framework (Smolka and de Araujo, 2009; Rojas and Fretes, 2009).<sup>7</sup> In the case of titling and regularization processes for properties in informal settlements, the regulations, deadlines, and requirements have also created obstacles and disincentives to regularization programmes (Simioni and Szalachman, 2007).

The scant control of uses and construction specifications, compounded by the absence of a regulatory or supervisory body to monitor the fulfilment of urban development standards and a lack of capacity and resources, have given rise to uses that are defined on the basis of market criteria alone. This includes a general lack of public spaces for community use in Latin American cities.

The informal land market in Latin America and the Caribbean is a key variable for explaining access to housing and the high rate of informal land tenure. A distinctive feature of the region is the existence of haphazard settlements that are created in the context of an informal land market based on illegal subdivisions, which do not have a minimum degree of urban development, for purchase or rent, for which there is nonetheless a market.<sup>8</sup> This creates a unique scenario in which commercial value is assigned to properties in the informal market which, strictly speaking, they should

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<sup>7</sup> For example, in Argentina strict regulations and requirements governing the provision of urban development services raised the costs of formal urbanization projects, which had the unexpected effect of stimulating informality in the outlying areas of Buenos Aires, by those who could not pay the costs of the formal sector (Reese, 2009).

<sup>8</sup> Moreover, in many cases, those subdivisions are located in zones of natural-disaster hazard (particularly flooding and landslips). There are also settlements formed by direct land occupations outside formal markets, without any intermediation by real estate agents.

not have, because they do not fulfil minimum habitation standards (urban development and services), and there is also no legal record of the property transactions (Rojas and Fretes, 2009). As a result, the informal land market helps to further distort the prices in the urban formal sector. Compounding the scarcity of formal land plots owing to the high costs generated by very strict standards (Smolka and de Araujo, 2009), the prices of land plots with services is pushed up, putting them almost completely beyond the reach of poor and vulnerable families (Smolka and Biderman, 2011).

Lastly, the problem of the value of the housing and lack of access for many lower-income Latin American households is not just a reflection of the population's low income or people's inability to obtain mortgage credit because they cannot document their income.<sup>9</sup> It also reflects the high cost of the housing in real terms, particularly owing to the characteristics of the land market and the high costs imposed by the aforementioned urbanization standards, which discourage the private sector from supplying housing to the poorest groups (Bouillon, Medellín and Boruchowicz, 2012).

## **B. Progress and innovations in access to housing in Latin America and the Caribbean since 2000**

Since 2000, the vast majority of Latin American and Caribbean countries have introduced specifications regarding the idea of housing as a right and the social function of ownership, which represents a move towards understanding social housing as a broader mechanism of social inclusion and protection. In the same period, the Economic Commission for Latin America and the Caribbean (ECLAC) has put forward new urban-policy and housing approaches for the countries of the region, which shifts from a concept of housing as a market-provided good to a concept of greater economic, social, cultural and family transcendence, which stems from the right to a housing alternative suited to each household's needs, possibilities and stage of the life-cycle (Jordán and Martínez, 2009).

Nonetheless, regulatory provisions establishing housing as a right are not always matched by instruments, deadlines and specific results, or by institutional responsibilities, which makes implementation difficult. Moreover, while the need to promote inclusion is often stipulated as an

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<sup>9</sup> In many cases, mortgage interest rates in most of the region are 6% or above, in other words the average benchmark rate obtained from countries of the Organization for Economic Cooperation and Development (OECD). Calculations made by Smolka and Biderman (2011, p. 9) using regional averages show that the monthly repayment on a home costing US\$ 12,000 (the lowest selling price at which an urban developer would be willing to build homes) would be US\$ 76, assuming buyers obtain 25-year mortgage loans at 6%. To be able to make this monthly payment, a household would need an income of at least twice the minimum wage, which excludes the poorest segments of the population.

objective of access to housing, no reference is made to the availability of services, the location of the housing, or the social diversity of its residents (Valença and Bonates, 2010).

Countries that have made significant progress in the last two decades include the Bolivarian Republic of Venezuela, Brazil, Colombia and Uruguay, which have put a legal framework in place that gives valuable powers to urban regulation (Bosch, 2013) (see box VII.1).

#### Box VII.1

##### Urban regulations in Brazil and Colombia

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In 2000, in addition to introducing a constitutional amendment establishing housing as a right, Brazil passed the City Statute (Federal Law 10.257 of 2001). This legislation made it possible to stimulate the updating and formulation of regulatory plans in 1,500 municipalities, and introduced two highly pertinent legal instruments: the creation of Special Social Interest Zones (ZEIS) (see box VII.11), which ensure the construction of low-income housing in zones specified by the Regulatory Plan; and the imposition of a surcharge on vacant or underused property in zones that have good infrastructure. Among other things, this makes it possible to renew run-down areas in urban centers and include low-income housing in them. Another important step was the creation of the Special Concession of Use for Housing Purposes (CUEM) in 2001. This makes it possible to formalize land tenure in public areas for personal and family-use purposes, when the residents have been living continuously and unchallenged for at least five years in a property of no more than 250 m<sup>2</sup> and do not have another rural or urban property. The property in question is ceded by a government agency.

In 1989, Colombia passed the Urban Reform Law, which regulates municipal development plans, and the purchase and expropriation of properties. In 1997, Law 388 on Territorial Development was passed, to promote the design of land-use management plans, recognize the social function of property and establish the prevalence thereof over private use, as well as defining a fair distribution of the costs and the benefits. The municipalities are responsible for applying the new instruments for intervention in land markets (Rodelo, 2008). In that connection, the law requires one fifth of its territory to be reserved for social housing.

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Source: Prepared by the authors.

At the same time, the framework within which the new programmes and policies have been developed in the 2000 decade is backdropped by a slow but constant conceptual shift from the right to housing to the right to the city (see box VII.2).

From the sectoral standpoint, the region is developing a new approach to the challenges of housing and urban policy, which recognizes the need to formulate multiple strategies and policy tools to address the equally diverse challenges posed by access to housing in Latin America and the Caribbean, rather than pursuing a unique way to provide housing solutions (UN-Habitat, 2011; Rojas and Fretes, 2009; Jordán and Martínez, 2009).

**Box VII.2**  
**Progress in recognizing the right to the city**

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In 2001, as an outcome of the World Social Forum, the World Charter for the Right to the City was approved. This establishes the need to ensure that “all people may live with dignity in our cities”, through commitments, targets and concrete measures, to prioritize the most vulnerable households. The concept of the right to the city is based on three principles: (i) fair use of the benefits offered by the city; (ii) citizen participation in the government, planning and management of the city; and (iii) full enjoyment of human rights in urban settings (Correa Montoya, 2010, p. 31). Several Latin American and Caribbean countries have recognized that right, including Ecuador (Article 31 of the Constitution of the Republic of Ecuador of 2008) and the Federal District of Mexico (Mexico City Charter for the Right to the City 2010) (UN-Habitat, 2012, p. 67).

With the same aim, a Regional Plan of Action on Human Settlements was drawn up by the region’s countries for the Regional Preparatory Meeting on Habitat II for Latin America and the Caribbean, held in Santiago, Chile, in 1995; and this was updated in 2001 in New York during the special session of the United Nations General Assembly for an overall review and appraisal of the implementation of the outcome of the Habitat Programme agreed upon in 1996 in Istanbul. The Plan of Action includes five thematic areas: improvement of housing quality and the construction of new homes; supply of and improved access to land; provision and access to basic infrastructure services; provision and improvement of neighbourhood public spaces; and provision of spaces for the development of productive activities in the creation of employment and income (MacDonald, 2005).

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Source: Prepared by the authors.

The starting point for that process of change is the finding that, regardless of how efficient formal housing programmes may be, they have not succeeded in satisfying the demand from the poorest households. Informal settlements in the metropolitan and medium-sized cities of Latin America and the Caribbean are not just maintaining their size but in many countries they are continuing to grow, particularly in terms of the number of inhabitants.

The lessons learned from earlier periods are, firstly, the need for and importance of adequate urban regulations, which not only make it possible to steer urban development and land markets, but also openly create the conditions needed for land production. This means generating a supply of urbanized land with sewerage, drinking water and electricity services and the respective basic infrastructure, in addition to paving and subdivision of land plots as defined in the urban regulation, at prices that are accessible to the most vulnerable population groups. This entails formulating mechanisms that keep one step ahead of the formal housing finance and production strategies that have been implemented in the region thus far. Naturally, achieving this requires significant political will.

Secondly, in many countries, reducing the quantitative deficit by implementing large-scale housing projects to build homogeneous low-income



homes, located in distant zones and lacking equipment and commerce, has been linked to a rapid process of urban and social deterioration in that type of urbanization project.

Thirdly, it assumes the need to approach actions to upgrade informal settlements as a response to situations that have developed through time, in which the households often have steadily nurtured occupation and ownership rights. These actions only make sense and will only be effective if they are conceived as part of a broader set of preventive public policies on formal access to land and housing, such as those mentioned above, which help to dismantle the urban development mechanisms used in the region which, over decades, have contributed to city growth through informality (Fernández, 2008).

Fourthly, the conclusion has been reached that the demand for housing is a multifaceted phenomenon, so monolithic solutions do not succeed in satisfying real demand. Formal housing, whether new or acquired in ownership, is not a viable alternative for all households. The stage of the family cycle, gender, and links with social and institutional support networks are relevant when attempting to design housing alternatives for the most vulnerable households.

Accordingly, framing access to housing within social inclusion and protection processes entails more than ensuring adequate quality in terms of design, size and construction. The built environment must provide services, equipment and connectedness that guarantee integrated urban development in which people can access the opportunities provided by the city (education, work, health, public spaces, recreation and connection with other social groups), and also participate in decisions on the built environment that surrounds them. It is essential to establish housing policies with an integrated vision to jointly roll back territorial marginality, social exclusion and informality of employment.

Lastly, strategies for supplying housing in rural sectors have come to a standstill. In most Latin American countries, the formulation of new programmes and innovations to supply rural housing was halted, because public policy focused mainly on developing strategies to meet the burgeoning demand for housing from new urban residents fuelled by rural migrations and the formation of new households. Moreover, the rural sector has been characterized by a large amount of self-building without technical supervision, which is what largely explains the high and persistent qualitative deficit of houses in those sectors. In addition, access to rural housing is structured under the ABC subsidy scheme, which is unsuited both to the reality of the rural sectors (where the qualitative deficit is accompanied by a substantial shortage of access to drinking water, sewerage and electricity services and infrastructure), and to the rationale of private sector investment, given the

difficulties of generating economies of scale in that construction subsector. Consequently, access to housing for that segment of the population calls for an approach that recognizes the high level of dispersion of its inhabitants and a prioritization of access to basic services, combined with home improvement programmes tailored to the needs of the rural sector.

## **1. New strategies for access to housing in Latin America and the Caribbean**

The progress and innovations that have been generated in Latin America and the Caribbean to improve the population's access to housing in the last decade include: (i) the formulation of construction policies that ensure access for the poorest and most vulnerable segments of the population; (ii) neighbourhood improvement strategies with an integrated approach towards informal settlements and social housing projects with a high level of urban and community deterioration; and (iii) the generation of new land supply mechanisms that are accessible through planning instruments.

### **(a) Improvement of the provision of formal housing for the poorest population segments**

With the aim of improving access to housing for the poorest households, under the ABC scheme, in recent years governments have formulated strategies that encompass a wide range of actions. These range from improving the organization of demand through to changes in saving requirements; from the total elimination of mortgage credit (in addition to the mortgage interest rate subsidy), to an increase in the subsidy or State bonus received by households to purchase the home. The aim is to increase the payment capacity of the most vulnerable households and enable them to participate in the formal housing market. The total elimination of, or a significant reduction in, the ABC scheme credit component, has occurred mainly in the housing production programmes of South American countries. In contrast, most of the Central American countries are in a different phase of housing production strategies, because they only started to implement the ABC model in the last few years, which includes the mortgage credit component.

In addition to prioritizing beneficiaries on the basis of their income, some of these programmes have recognized the need to focus on vulnerable groups, including women heads of family, older adults, the displaced, persons with disabilities and indigenous peoples.<sup>10</sup>

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<sup>10</sup> Examples of social housing programmes that award additional points to vulnerable groups include those that benefit displaced persons (Colombia), families affected by natural disasters (Colombia and Costa Rica), indigenous peoples (Bolivarian Republic of Venezuela, Argentina, Chile, Colombia), the disabled (Chile, Costa Rica and Mexico) and women heads of household (Chile, Colombia and Mexico).

The key experiences, given the emphasis they place on speeding up the production of housing to serve the needs of the most vulnerable groups, include those of Brazil, Chile, Colombia and Peru.

In the case of Chile, following the 1990s experience of excessive arrears in mortgage debt payments by the most vulnerable households that had purchased housing under the ABC formula, the scheme was altered in early 2000. The Housing Solidarity Fund (FSV) was created (see box VII.3), which eliminates the mortgage debt for the poorest segment of the population. Based on the same premises of the Chilean case, which takes account of the limitations of the most vulnerable households, in 2012 Colombia launched the *100.000 Viviendas Gratis* [100,000 free homes] programme, to give subsidies equivalent to the full value of the home to the most vulnerable sectors (see box VII.4). In Brazil, in 2009 the *Minha Casa Minha Vida* [My house My life] programme was created, which sets an ambitious target of creating 1 million low-income homes and explicitly proposes that 40% of the funds should be channelled to the lowest-income strata (up to 3 times the minimum wage) (see box VII.5). Lastly, since 2005, Peru has proposed to significantly increase the granting of subsidies (the target is to generate 120,000 units per year), either to buy, build, or improve homes, with a heavy emphasis on targeting the subsidies on the lowest income strata (see box VII.6).

### Box VII.3

#### Chile: Housing Solidarity Fund

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The Housing Solidarity Fund (FSV), which was created in 2002, is a tool for allocating housing subsidies targeting the most vulnerable households. This programme represented a significant change in Chilean housing policy, which aimed to target 70% of the budget of the Ministry of Housing and Urban Development on the two lowest income quintiles (UN-Habitat, 2011, pp. 56-57). The FSV subsidizes the building of new homes (on own or new land plots), the purchase of used or new homes and building densification, for a maximum amount of US\$ 21,600.

The fund is divided into two tranches. In the first, targeting the poorest 20% of the population, the State contribution covers 98% of the value of the home (varying between US\$ 14,500 and US\$ 21,150 for homebuilding, and between US\$ 12,600 and US\$ 18,900 for homes already built); and the families' saving accounts for the remaining 2% (equivalent to roughly US\$ 450). The second tranche only finances the purchase of homes (used or new) covers up to 40% of the poorest population, and again applies the ABC scheme, albeit with a significant reduction in the credit component. The State contribution covers a maximum of 87.5% of the value of the home, while the families saving must finance 6% (roughly US\$ 1,350). The difference can be obtained from third-party contributions, or through a complementary mortgage loan.

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## Box VII.3 (concluded)

This housing programme can be applied for on an individual basis (in cases of home purchase) or as a group, and is channelled through specialized institutions that organize the demand, known as Real Estate and Social Management Entities (EGIS).

**Number of Housing Solidarity Fund subsidies granted  
and investment, 2002 to 2013**

*(Millions of dollars)*

	2002-2005	2006-2009	2010-2013	Total
Number of subsidies	48 233	170 930	214 859	455 072
Investment	264	2 733	4 746	8 589

Source: Prepared by the authors on the basis of data provided from the Ministry of Housing and Urban Development (MINVU), 2014 [online] <http://www.minvu.cl/>.

Source: Prepared by the authors.

## Box VII.4

**Colombia: the 100.000 Viviendas Gratis programme**

The Colombian government set a target of building 1 million homes between 2011 and 2014, which is what would be required to put an end to the housing deficit in the country. Under that objective, the creation of the 100,000 Free Homes programme was approved in 2012, targeting the lowest-income groups. That decision was the result of the finding that the lowest income households had little access to priority housing, because the financing arrangements prevented them from saving the required amount, and they did not gain access to the mortgage loans they needed. A target of building 100,000 homes in two years was set, by allocating funds to selected construction companies, based on the projects they put forward. The programme's budget was US\$ 2 billion, which involved a unit cost of US\$ 20,400.

The programme was structured as a demand subsidy, in which the government, through the Ministry of Housing, City and Land, invited private developers to submit housing projects to be implemented in different localities, according to the application for land areas that they had made to the city mayors and governors. The programme prioritized the allocation of housing to displaced and vulnerable households, and also included a percentage for households affected by natural disasters or living in hazard zones without the possibility of mitigation.

Another strategy implemented to promote access for the most vulnerable groups was the creation in 2009 of a mortgage loan interest-rate subsidy, which covered from 3 to 5 percentage points for seven years. Over 123,000 households gained access to that benefit, which has increased the potential demand for housing for the families by 30% (Chirivi, Quiroz and Rodríguez, 2011, p. 5).

Source: Prepared by the authors.

**Box VII.5**  
**Brazil: the National Social Housing Fund and**  
**the *Minha Casa Minha Vida* programme**

In 2005, the Ministry of Cities of Brazil created the National Social Housing Fund (FNHIS). The objective was to promote access to a decent home, based on an integrated and participatory approach, for the low- income population that represented over 85% of the country’s housing deficit (Valença and Bonates, 2010; UN-Habitat, 2011). The programme was developed following 13 years of civil society lobbying for the creation of a special home improvement fund for low-income groups.

Subsequently, in 2009, the *Minha Casa Minha Vida* (MCMV) programme was created, with an initial target of building 1 million homes, which was subsequently raised to 2 million between 2011 and 2014 (Valença and Bonates, 2010; Tatagiba and others, 2014).

Under that programme, the State housing and infrastructure development bank, *Caixa Econômica Federal*, contracted the private sector to develop projects, funded from a mechanism that combined workers compensation funds and federal funds. The funds were distributed in proportion to each state’s housing deficit. The specific allocation of the homes was done by local governments; 40% of the homes were targeted to households receiving up to 3 times the minimum wage (roughly US\$ 900), which received a subsidy of nearly 100%. The households had to undertake to pay 10% of their income for 10 years, after which ownership of the home would be transferred to them. The amount of the subsidy is depended on the applicants’ incomes: the lower the income the larger the subsidies they received. The maximum value of eligible homes was US\$ 32,700 in the case of apartments and US\$ 30,100 for houses (Valença and Bonates, 2010, p. 172; Chirivi, Quiroz and Rodríguez, 2011, p. 4).

**Implementation of the *Minha Casa Minha Vida* programme, 2012**

Income brackets (multiples of the minimum wage)	Investment (millions of dollars)	Housing units		
		Contracted	Finished	Delivered
Up to 3 times	24 600	1 311 154	464 795	353 94
3-5 times	39 700	1 221 126	960 112	855 484
5-7 times	11 000	331 104	165 143	88 322
TOTAL	75 300	2 863 384	1 590 050	1 297 746

Source: Prepared by the authors on the basis of Portal Brasil “*Entenda como funciona o Minha Casa Minha Vida*” [online] <http://www.brasil.gov.br/infraestrutura/2014/04/entenda-como-funciona-o-minha-casa-minha-vida>.

Source: Prepared by the authors.

### Box VII.6

#### Peru: the *Techo Propio* Programme and the *Mi Vivienda* Fund

Since 2005, Peru has been implementing a policy to speed up access to housing for the most vulnerable groups, with a target to build between 100,000 and 120,000 homes every year. The *Techo Propio* [Own Roof] programme pays the most vulnerable groups (with monthly incomes below US\$ 600) a subsidy known as the *Bono Familiar Habitacional* (Housing Family Bond), which can cover 40%-90% of the price of the home, depending on the value in question, and the modality chosen (purchase, build or improve), in a range of prices running from US\$ 7,300 to US\$ 15,900. The beneficiary households must contribute 3% of the value of the home (Chirivi, Quiroz and Rodríguez, 2011, p. 7).

With a strategy that complements that of the aforementioned fund, the *Fondo Mi Vivienda* [My Home Fund] was created, which provides access to 30-year mortgage loans, with the possibility of covering up to 90% of the value of the home. This fund delivers 6,000 loans per year representing 25% of the country's total mortgage lending (Chirivi, Quiroz and Rodríguez, 2011, p. 7).

Source: Prepared by the authors.

The quantitative targets proposed by these programmes have been achieved thanks to a combination of the facilitating role of the State in allocating subsidies and the role of the private sector responsible for producing social housing. Policies and schemes of this type of also been designed to stimulate the construction market, particularly as a countercyclical strategy to cope with economic crises.<sup>11</sup> Nonetheless, the qualitative impact of those programmes needs to be monitored, to avoid repeating the errors of past decades, associated with the urban and social deterioration of the settlements in question.

Housing cooperatives provide a counterpoint to the programmes described above. These organizations function as intermediaries between households and the housing programmes define nationally, and they are the engines of social housing projects in which the driveshaft is the role of the families as self-managers of solutions (rather than private developers). The families not only participate in putting their projects forward (including the land) but also spend long hours on the collective construction of housing solutions. Within the region, Uruguay is the country with the longest track record in implementing this mechanism of housing production, and it has played a key role in its dissemination (see box VII.7). Since the early years of the 2000 decade, Uruguay has exported its model to other Latin American

<sup>11</sup> In 2008, the Chilean government created incentives valued at US\$1.15 billion to cope with the external economic crisis. The measures envisaged included demand stimulus and financing for home purchases by middle income households, increasing the coverage of the subsidies. The amount of the subsidy was doubled for homes of up to US\$45,000, in addition to an extra temporary two-year subsidy for homes between US\$45,000 and US\$90,000 ([online] [http://www.latercera.com/contenido/26\\_69636\\_9.shtml](http://www.latercera.com/contenido/26_69636_9.shtml)). In Brazil, the *Minha Casa Minha Vida* programme forms part of the Growth Acceleration Programme (PAC) which included an investment of US\$235 billion up to 2010 in infrastructure and energy (roads, airports, ports), the provision of homes, sanitation, drinking water and sewerage systems ([online] <http://www.brasil.gov.br/infraestrutura/2014/04/entenda-como-funciona-o-minha-casa-minha-vida>).

countries, such as the Bolivarian Republic of Venezuela, Argentina, Paraguay, the Plurinational State of Bolivia and, especially, Central America.<sup>12</sup>

Although housing cooperatives have traditionally been restricted to middle-income groups and formal workers, since 2000 several countries have generated strategies to make the cooperative system viable in more vulnerable sectors, with action such as support for technical assistance institutions to form cooperatives, the management of projects and construction, and to increase housing subsidies and control the interest rates on mortgage loans (see box VII.7).

#### Box VII.7

##### Uruguay: self-help housing cooperatives

Housing cooperatives have existed in Uruguay for over four decades. As defined in Article 117 of Law 18407 and Regulatory Decree 198/2012, “Housing cooperatives are entities whose main objective is to provide adequate and stable accommodation to their affiliates, through the construction of homes by own effort, self-help, direct administration or contracts with third parties, and to provide services complementary to the housing.”

In the last decade, greater support has been given to cooperatives to serve the needs of the most vulnerable groups, since they constitute an alternative access to housing, mainly for the middle-income groups and formal sectors of the economy. Since 2010, Uruguay has prioritized the housing cooperative system and has incorporated low-income groups and issues such as the recycling of downtown buildings, which have formed part of the five-year housing plans of the Ministry of Housing, Land Use Management and the Environment (MVOTMA). The target group consists of families with incomes of between US\$ 70 and US\$ 420 per month. In Uruguay there is an estimated demand for 14,000 homes per year. Currently, the Uruguayan Federation of Self-Help Housing Cooperatives (FUCVAM) encompasses 400 cooperatives representing 20,000 organized families awaiting a loan.

To receive assistance from MVOTMA, the housing cooperatives must submit their founding agreement legalized before a public notary and registered in MVOTMA, and have at least 10 members in the case of building new homes, or six in the case of recycling homes. In both cases, the maximum is 50 members. Family units that are affiliated to the cooperative may have a maximum income of 60 indexed units (*unidades reajustables* – UR), equivalent to roughly US\$ 420. The cooperatives must have a contract signed with a technical assistance institution authorized by MVOTMA, and be in possession of feasible land and a pre-project, both approved by the National Housing Agency (ANV). MVOTMA makes an annual draw from among the cooperatives that have passed the pre-project stage, along with the study of titles and with a current certificate of regularity. The homebuilding requires a weekly commitment of between 20 and 25 hours of work by each family.

Source: Prepared by the authors.

<sup>12</sup> In 2004, the Swedish Cooperative Centre (SCC), now known as “We Effect”, in conjunction with the Uruguayan Federation of Self-Help Housing Cooperatives, developed a strategy to expand regional knowledge on housing cooperatives, with participation by Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua in the task of sharing each country’s experience on the subject. Based on a process launched in 2004, in December 2010 the Central American Self-Managed Housing Partnership Coordinator (COCEAVIS) was created to coordinate the work of self-help housing cooperatives in the various Central American countries.

### **(b) Neighbourhood improvement and self-build programmes**

Neighbourhood improvement programmes are starting to gain importance, partly to meet the demand for housing and basic infrastructure by residents of informal settlements in urban and rural areas.<sup>13</sup> Those programmes are also designed to improve already constructed low-income residential neighbourhoods. The aim is to reverse the negative urban and social consequences of the mass production of low-income housing in the outskirts of the cities.

In that period, neighbourhood improvement programmes have been characterized by an approach that seeks to be comprehensive, encompassing not only elements of infrastructure and building, but also key issues for strengthening the communities that live in those settlements through programmes that include job training, educational catch up, community participation and development, among other things (Rojas and Fretes, 2009). The programmes in question address a combination of the following components: (i) property regularization and titling; (ii) provision of basic infrastructure (sanitation, electricity, drinking water, paving); and (iii) the development of programmes to support self-building and densification, and access to microcredits granted by microfinance institutions.

The regularization and titling component has been implemented on a large scale in Brazil, El Salvador and Peru. Peru implemented a massive property regularization programme between 2007 and 2011, issuing over 1 million property titles (Calderón, 2014). Although their impact has been less than expected, in terms of enabling access to credit using the property title as collateral, programmes of that type do offer greater security to the households, which results in a better quality of life (Calderón, 2014; Bouillon, 2012).

In rural areas particularly, the programmes seek to improve the habitability conditions of the homes and access to health facilities and basic services, owing to the high qualitative deficit in those sectors. The goal of improving the quality of life of rural residents aims to promote permanency in those sectors, to avoid migration to urban areas. These programmes include the provision of services under special modalities, such as the use of independent electric power generators for very isolated or small communities (see box VII.8).

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<sup>13</sup> For example, the number of neighbourhood improvement projects funded with loans from the Inter-American Development Bank (IDB) increased from 11 in 1990-1999 to 24 in 2000-2008 (Rojas and Fretes, 2009).



**Box VII.8**  
**Honduras: National Social Electrification Plan**

Honduras has a Social Fund for Electricity Development (FOSODE), created under the 1994 Electricity Subsector Framework Law. In 2002, the National Social Electrification Plan (PLANES) was formulated to extend the supply of electric power to rural communities. The communities must submit a request for connection and are selected on the basis of criteria that include variables on human development and territorial vulnerability. PLANES forms part of the Poverty Reduction Strategy (ERP) and contains gender-equity and environmental-sustainability criteria.

The plan of action has short-term targets for between 2003 and 2005, and long-term targets for 2003-2012. Electrification will be expanded in 8,000 rural communities, and 130 km of electric power transmission lines will be constructed (IDB, 2013). The plan includes not only the extension of the central transmission grid, but also strategies for the provision of independent generators that promote the use of renewable energy in localities that are very isolated or have very small populations, which makes it technically and economically difficult to connect them to the central grid. For that purpose, PLANES conducted a preliminary study to identify the isolated communities and provided for the installation of generators located in the centre of the selected communities.

Source: Prepared by the authors.

In relation to self-building and densification in informal settlements, the financing alternatives considered by the programmes include access to microfinance institutions, sometimes supplemented by home-improvement subsidies. That mechanism has become an attractive option for low-income households because it is easier to access that type of credit in the region. As the households' incomes increase, they progressively build, improve, or expand their homes step-by-step, thereby creating a very dynamic market in microlending for such purposes. Lending by specialist micro-credit institutions for home improvements and expansions increased from US\$ 30 million to US\$ 117 million between 2002 and 2005. Microloans normally vary between US\$ 500 and US\$ 2000 for a two-year term, with interest rates ranging between 3% and 6% per month (Ferguson and Smets, 2010, p. 296).

Programmes targeting neighbourhoods include the Housing Improvement Programme (PMV) of the Federal District of Mexico (see box VII.9). Other similar programmes are the Neighbourhood Improvement Programme (PROMEBA II) in Argentina; *Mora Melhor* [Live Better] in Brazil; *Mejorar lo Construido* [Improve What's Already Built] in Colombia; *Fundación Promotora de Vivienda* [Housing Action Foundation] (FUPROVI) in Costa Rica and the Neighbourhood Improvement Programme (PROMEBA) in Panama.

### Box VII.9

#### Federal District of Mexico: Housing Improvement Programme

The Housing Improvement Programme was created in 1998 as one of the 10 lines of action of the Integrated Land Use Programme (*Programa Integrado Territorial*). The PMV originated at the initiative of a number of NGOs, grassroots community organizations and professional bodies, in conjunction with the agency responsible for public policy on housing in Mexico City. “The key objective of this programme is to create the financial, technical and social conditions needed to improve the habitability conditions of the homes of low-income groups, thereby generating a large-scale social inclusion process housing [...] In addition, the programme aims to contribute to the consolidation of low-income neighbourhoods and prevent further peripheral expansion of the city” (Ziccardi, 2009, pp. 250-251).

The PMV was designated as top priority above the new homes programme, and operates by granting a credit to improve or expand the home. Each family is assigned an architect who provides specialized assistance and administrative assistance in terms of permits and licences. A credit is granted for the payment of materials and labour, with a three- to eight-year repayment period, starting one month after the completion of the work (Ziccardi, 2009; UN-Habitat, 2005).

This programme makes it possible to combine an action that occurs on a small scale, but with capacity to generate a substantial aggregate impact in terms of the regularization and improvement of informal settlements. Since the programme was formally established in 2001, it has represented some 25,000 annual interventions which have cost an average of US\$ 6,700 each and have generated 55,000 jobs per year. The PMV operates in 815 low-income neighbourhoods of Mexico City, which is equivalent to about one half of its urban area. Each year around 230 architects, 160 social service interns and 20 professionals and academics in the housing sphere participate in the programme (UN-Habitat, 2005; Ziccardi, 2009).

The importance of programmes of this type in a context of high informality and formal supply which is unattractive for the lower-income strata, stems from the fact that it offers an alternative to consolidate urban settlements which can: (i) improve the quality and increase the quantity of housing units delivered to the lowest-income households; and (ii) retain middle-income residents by intensifying the use of instruments such as land readjustment. As noted by Ziccardi (2009, p. 253), one of the PMV’s urban effects is that the improved homes are starting to be seen as positive reference for other residents and stimulate the demand for integrated neighbourhood improvement including its services and infrastructures”.

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Source: Prepared by the authors.

Other initiatives relate to the urban recovery of run-down neighbourhoods. Uruguay has a programme for the sale of reconditioned used homes, both individual and multi-family units, which have been abandoned or mortgaged in relation to the debts of the previous residents. Chile has the neighbourhood recovery programme (see box VII.10), which aims to work on social housing projects built in the 1980s and 1990s, which are confronting rapid physical and social deterioration. With a participatory approach, the aim is to improve the built environment, and to strengthen community networks and access to the services offered by the city.

## Box VII.10

## Chile: Neighbourhood Recovery Programme

This programme was designed in 2006 to reverse the undesired results of previous periods of housing policy in Chile. It is presented as a medium-term inter-sectoral intervention, comprehensive and participatory, in neighbourhoods suffering from social and urban deterioration, but with installed social capacity. It allocates an amount for infrastructure development, based on a works management plan, and another amount for social programmes, through a social management plan, which is assigned by neighbourhood participation mechanisms.

The programme's timeframes run from 2 to 4 years, in four implementation phases: (i) installation; (ii) awareness raising, (self)-diagnosis and constitution of a neighbourhood board, which culminates with the signing of a "neighbourhood contract" between the local residents and the authorities; (iii) execution of the aforementioned contract; and (iv) evaluation and closure.

In 2006, 200 neighbourhoods were selected, with an investment of US\$ 335.5 million; 10% of the neighbourhoods are classified as high-complexity, and the other 90% were classified as medium-complexity. The difference in the amount of public funds allocated reflects the high degree of social and urban deterioration displayed by the first category.

## Maximum amounts allocated by type of neighbourhood

(Dollars)

Medium-complexity neighbourhoods			High-complexity neighbourhoods		
Number of homes	Number of neighbourhoods	Investment	Number of homes	Number of neighbourhoods	Investment
0-500	124	840 000	0-400	4	2 160 000
501-1 500	50	1 116 000	401-600	2	3 170 000
1 501-3 000	5	1 504 000	601-900	4	3 360 000
3 001 and over	2	1 904 000	901 and over	3	4 460 000

Source: Government of Chile, Ministry of Housing and Urban Development (MINVU), "Programa Quiero Mi Barrio" [online] <http://pdba.georgetown.edu/Security/citizensecurity/chile/politicas/QuieroMiBarrio.pdf>.

For the 2014-2018 period, another 200 interventions of this type have been selected, and 120 neighbourhoods are competing with projects that will be selected on the basis of territorial-prioritization criteria. Priority zones are defined. Using a territorial targeting methodology, areas of interest are defined for public governance on an intermediate scale, in other words, smaller than the city as a whole, but larger than the neighbourhood, which seeks to "increase the impact and synergy between actors intervening on the ground (intra- and multi-sectorally), thereby promoting the construction of fairer and more inclusive cities" (MINVU, 2014).

This programme has been complemented with another one known as *Segunda Oportunidad* [Second chance], which provides for the demolition of homes to build green areas and other projects in their place. This is a voluntary process in which the residents of critical housing complexes can choose a new subsidy worth US\$ 28,000 to obtain a home elsewhere (MINVU, 2014).

Source: Prepared by the authors.

A highly renowned strategy within the region has targeted investment in high-quality infrastructure in marginal and informal neighbourhoods, which has a catalyzing effect on urban development. An example of this is Metrocable de Medellín (Colombia), which was inaugurated in 2004. By making investments in each station, it has been possible to improve urban connections between neighbourhoods, which have seen their values increase, and also from the standpoint of both residents and visitors. In addition, Metrocable has made a fundamental contribution not only to breaking the stigma and isolation of a high-risk zone, but also to establishing an ethos of peaceful coexistence following decades of physical insecurity. Investments of that type form part of planning that operates on the basis of stimulus, based on actions or interventions that trigger processes, rather than by the definition and exhaustive structuring of the development of the cities.<sup>14</sup> Other Latin American and Caribbean cities that have implemented similar strategies are Rio de Janeiro (Brazil), Caracas (Bolivarian Republic of Venezuela), La Paz and El Alto (Plurinational State of Bolivia).<sup>15</sup>

### **(c) Land supply strategies that make housing more accessible**

The shortage of economically accessible land on which to build homes for low-income households is one of the greatest constraints on providing access to housing for those sectors of the population in Latin America and the Caribbean.

The key innovations in this regard are occurring mainly in Brazil and Colombia, where the urban regulations enable planners, both national and local, to design tools giving the poorest sectors of the population access to land and housing, by highlighting the social function of property (see box VII.11).

The types of strategy designed include a wide range of instruments and programmes, including the definition of prioritization areas for the construction of social housing in zones where there is a heavy concentration of informal settlements. These could be located both in city centres and in the outlying areas, as happens with the Special Social Interest Zones (ZEIS) of Brazil (see box VII.12). Other programmes impose quotas (percentages) of homes per locality in Colombia, based on the declaration of priority development use and compulsory construction, requiring every land plot with a building permit to earmark at least 20% of its area for social housing (see box VII.13). Instruments of this type include: (i) subsidies that provide incentives for including social housing in urbanization zones for middle-

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<sup>14</sup> The results of the impact assessments made of Metrocable include less crime and shorter journey times, greater economic activity, and access to the neighbourhoods by nonresidents. This has enhanced the value of the homes and in some cases has caused displacement as a result of home purchase (Lara, 2012).

<sup>15</sup> In Chile, there is a project to build a Metrocable connecting the city of Iquique with the borough of Alto Hospicio (a highly vulnerable and degraded urban zone).

income groups in Chile (see box VII.14); (ii) the creation of new areas through mechanisms of land readjustment and urbanization of large land plots in Colombia (see box VII.11); (iii) the sale of construction bonds that allow local governments to generate funding for public infrastructure including social housing in Brazil (see box VII.15), and (iv) change of use and urbanization of outlying urban areas by local governments, which include the construction of social housing in Peru (see box VII.16).

#### Box VII.11

##### **Colombia: land readjustment macroprojects in Bogota**

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In 1999, the mayor of Bogota decided to address the housing problem with local resources and take advantage of the new regulations (Law 388 of 1997) that enabled local authorities to act with greater autonomy. As a result, Metrovivienda was set up to compete with the informal or illegal supply of land plots and create conditions to facilitate access to formal land and accessible housing for the most vulnerable population groups. The Metrovivienda strategy was to create a land bank with the aim of promoting the construction of social housing in the city. The initial funds to start the operations came from the sale of 51% of shares in the local state electricity company (Gilbert, 2009).

The mechanism used entailed purchasing and urbanizing land plots and then selling on to private developers, on the condition that they built a defined percentage of accessible housing for workers in the informal sector or very low-income households. Metrovivienda applies three mechanisms to acquire land: (i) expropriation; (ii) acquisition or purchase; and (iii) partnership with landowners (each party puts forward its land plots, the agency urbanizes them, and then they jointly sell them and distribute the shares).

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Source: Prepared by the authors.

#### Box VII.12

##### **Brazil: special social-interest zones**

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The Special Social-Interest Zones (ZEIS) provide a mechanism for relaxing the current urban development regulations at a given site through municipal decree. The ZEIS respond to the demand for decent housing from the inhabitants of irregular settlements and uphold the right of those persons to stay where they are without being displaced. The instrument has been used mainly to formalize shantytowns (*favelas*) and irregular land subdivisions, thanks to the adoption of new parameters on the use and occupation of urban land, except for local urban development regulations (Larangeira, 2006, pp. 192-193). An example of its application is the Jardim Edith housing complex in the city of São Paulo (Sandroni, 2013).

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Source: Prepared by the authors.

**Box VII.13****Colombia: declarations of priority development and construction**

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Law 388 of 1997 allows for the declaration of priority development and construction on vacant land plots in areas defined by the municipalities. On a complementary basis, Law 1537 of 2012 makes it possible to declare priority use or habilitation of abandoned or underused spaces. Recently those declarations have included the obligation to earmark 20% of the land for social housing (Maldonado and Hurtado, 2014). The objective is to prevent speculative hoarding of unused land, which generates an artificial shortage of land and forces up prices.

The land plots to which this law applies may be public or private and can be located in non-urbanized areas but in urbanizable sectors; or else they can be empty spaces in already urbanized zones. The municipal authorities notify the owners of the classification that has been applied to their land. If, after receiving that notification the proprietors do not urbanize or build within a specified period, the land is auctioned for development. In the case of land plots in expansion areas, a three-year deadline is set for urbanization. In the case of urbanizable land plots in urban areas, the deadline is two years; and for already urbanized land plots without construction, the deadline is one year. When the land plots are auctioned and there is no buyer, they are expropriated at a value equivalent to 70% of the official valuation. The principles described above for the development of land plots are then applicable to the new proprietors who purchase through the public auction (Maldonado and Hurtado, 2014).

Source: Prepared by the authors.

**Box VII.14****Chile: social integration projects**

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The objective of the Social Integration Projects (*Proyectos de Integración Social* – PIS) is to make sure that new urbanizations in Chile contain housing for different social strata, to prevent the negative results of socio-spatial segregation on a large scale that has resulted from the implementation of housing policy in Chile.

The programme requires the inclusion of housing for groups in income quintiles II and III (referred to as emerging and middle-income) and quintile I (vulnerable).

To encourage the emerging and middle-income sectors to purchase housing units in residential complexes that contain housing for the lower-income groups, a US\$ 4,000 incentive, known as the social integration bond (*Bono de Integración Social*), is given to households in quintiles II and III.

The projects must satisfy the following requirements to be considered integrated: (i) at least 30% of homes must be earmarked for each of the three groups; (ii) hold a building permit showing that homes will be built for all groups simultaneously; (iii) submit a subdivision project consisting of up to 150 homes; (iv) include equipment and green areas; and (v) not include homes valued at over US\$ 80,000 (2,000 development units (UF)). Another feature of the project is that the beneficiaries from quintile I can obtain complementary subsidies to help finance equipment and initiatives, and differential location subsidy. These funds help to improve the holistic quality of the project, so that the existence of social housing does not become a factor that discourages integration between social strata.

Source: Prepared by the authors.

**Box VII.15****Brazil: urban operations and potential additional construction certificates**


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The Additional Construction Potential Bonds (*Certificados de Potencial Adicional de Construcción* – CEPAC) are a way of raising private funding for public investment in neighbourhood revival, through a re-zoning process and auctions of building permits. The CEPACs are applicable once an urban operation has been developed, which requires the municipal staff to calculate the load capacity (and the need for urban residential, commercial and industrial development) that can be added to an area of the city identified for these operations. As a result, the CEPACs offer three types of benefit to the proprietors: (i) more building rights; (ii) changes of use; and (iii) an increase in occupation rates (Sandroni, 2013).

Re-zoning and the sale of CEPACs enables cities to raise funds for the initial cost of construction, long-term maintenance and other priorities, such as the conservation of historical or cultural heritage. These revenues are held in a fund separately from the General Treasury and are dedicated to the neighbourhood or area of the urban operation. Specific regulations restrict use or generate incentives through the CEPACs for the development of residential and mixed-use neighbourhoods (US-Brazil Joint Initiative on Urban Sustainability, 2011).

For example, in Rio de Janeiro the CEPACs of the district of Porto Maravilha were auctioned to a single supplier, Caixa Econômica Federal (CEF), which CEF then placed on the market where they are publicly traded and purchased by investors or private developers. The amount channelled into urban operations through the use of construction rights has generated a fund for the development of equipment and infrastructure works. This has made it possible to cover the cost of all public infrastructure improvements and the future costs of services in the district for 20 years, without the need for further public funds.

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Source: Prepared by the authors.

**Box VII.16****Peru: the *Mi Lote* and *Mi Terreno* programmes**


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The *Mi Lote* [My land plot] programme was created in 2009 and consists of bringing State-owned wasteland in rural and urban areas into use, with the aim of supplying planned, urbanized, and regularized sites on which the most vulnerable households can build their homes with a subsidy. One of the main objectives is to provide security of tenure and improve the quality of life of the most vulnerable population groups.

To that end, the Vice Ministry of Housing and Urban Development of the Ministry of Housing, Construction and Sanitation performed a diagnostic study between 2010 and 2011 and selected State-owned land plots suitable for generating subdivisions and urbanization. The works are put out to tender to private developers.

The *Mi Terreno* [My land] programme, which is complementary to the previous programme, was created in 2014, and helps the most vulnerable households in rural and urban sectors to buy land plots, by granting loans of up to US\$ 17,000 for land purchase. The households can apply for housing subsidies once they have paid for 60% of the land.

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Source: Prepared by the authors.

## C. Final thoughts and future challenges

This chapter has attempted to systematize relevant information on innovative programmes and new approaches in sectoral policies on land and housing, which have started to have positive effects on the lowest-income and most vulnerable population groups.<sup>16</sup> Since 2000, policies on access to housing in Latin America and the Caribbean have made big strides in diversifying supply for the poorest and most vulnerable groups, and in overcoming the problems of access and financing that these groups encounter when applying for social housing. The range of possibilities for access to housing seems promising in terms of the variety of programmes available. Nonetheless, as noted in the first section of this chapter, the key challenge is to create national conditions that make it possible to provide sufficient sources of stable financing to enable the scale and coverage of those programmes to meet the population's housing deficit. It should also be noted that there are major opportunities for private-sector participation in the housing market and in the supply of land for lower-income sectors, although, unfortunately, these have not yet been exploited in the region (Stickney, 2014).

As shown above, in Latin America and the Caribbean it is possible to discern a significant strengthening of mechanisms for housing production and financing focused on reducing the quantitative deficit, and also the implementation of housing access strategies that aim to strengthen the capacities of the beneficiary communities.

This shows that the region still faces the challenge of developing policies and strategies on access to housing that allow for an appropriate combination of quantity and quality in the solutions. In other words, a mechanism is needed that makes it possible to efficiently reduce the housing deficit and, at the same time, place the beneficiary population in an urban and social environment that generates the conditions for families to achieve social and economic integration.

The time is ripe for generating housing programmes that are inclusive in a broad social and urban sense. This means developing housing projects that include access criteria and connectedness to the rest of the city with adequate equipment and services; while, at the same time, fostering greater social diversity than that achieved by the region's housing policies thus far, by integrating heterogeneous socioeconomic groups.

If housing programmes are not integrated into an urban planning project with a medium- and long-term development horizon, they may generate a short-term improvement in habitability, but they will not facilitate (and may even impair) the most vulnerable sectors' access and integration to

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<sup>16</sup> Many of the programmes have not yet been exhaustively evaluated.



the opportunities offered by the city's social and urban fabric. Accordingly, a future challenge for the region involves recognizing the new demand from households for access to the city, and not just to housing, and integrate this into urban development and housing policies.

Progress towards more comprehensive solutions involves addressing the diversity of the housing problem with an equally varied battery of instruments and strategies that are adapted to the specific needs of the beneficiary households. In other words, solutions should address ownership regularization in informal settlements; upgrading of infrastructure and equipment; social and urban integration of neighbourhoods; diversification of the supply of formal housing (not only for owner-occupation, but also for rent) that meets the different demands of households according to family life-cycle stages and incomes; deepening and improvement of access both to mortgage credit for the most vulnerable households, and to microcredit for self-building; strategies for gaining access to land through regulatory instruments and incentives to the private sector, among other issues.

In rural areas, there needs to be a move towards formulating plans and strategies that take account of the specifics of the housing deficit in such cases. Strategies such as promoting self-building, more flexible arrangements for connecting to basic service networks, the provision of construction materials prioritizing the use of local raw materials and technical assistance to the families provided through local organizations, are some of the alternatives that would make it possible to respond to the specifics of the housing deficit in the rural domain.

A key factor in generating innovative policies that resolve the aforementioned deficit entails strengthening the social role of urban planning. To that end, the State, at either the local or the central government level, must be more proactive in steering the urbanization process in Latin American and Caribbean cities.

Central governments need to articulate national land-use management plans that take comprehensive account of cities as a system, ranging from rural centres that supply services to rural zones and the consolidation of small and medium-sized cities, to large metropolis, with the aim of guiding investments strategically in both local areas and larger urban zones. National and local governments also need to coordinate to develop urban policies, and adopt tools of land-use regulation, land-use management, reduction of natural-disaster vulnerabilities, and urban planning that foster the development of safer, more sustainable, and more inclusive cities.

Acting through its competent agencies, with appropriately designed land-market regulation tools and urban development rules, the State can promote the supply of lower-cost land that is well-located within the city

and has adequate basic services, and thus facilitate access to housing and land for the lowest-income sectors.

As noted in this chapter, in recent years the region has garnered important lessons on the most proactive ways for the public sector to steer urban development and make land available for social housing. Those experiences may form a basis for strengthening future government actions to define strategies that ensure access to housing which, as noted above, involves urban attributes that go beyond the concept of housing as nothing more than a secure roof.

Ultimately, a move towards a comprehensive and articulated understanding of the territory is needed. Upholding the right to housing involves intersectoral coordination, which implies a fundamental role for urban governance and supervision. Participation by mayors and metropolitan governments is also crucial for developing a new generation of city-related policies. The State must fulfil its responsibility as the definer of urban policies, and have the ability not only to guide the behaviour of the land and real-estate markets, but also to exploit their potential for building more inclusive cities.

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## Chapter VIII

# Disaster response challenges for social protection systems

*Luis Hernán Vargas Faulbaum*<sup>1</sup>

## Introduction

Disasters have been occurring much more frequently the world over since 1960, and Latin America and the Caribbean has been no exception.<sup>2</sup> Whereas the region suffered an average of 19 disasters per year in the 1960s, the figure was 68 per year in the first decade of the twenty-first century. In other words, the frequency of disasters in the region has increased by 3.6 times in half a century. For that reason, the adoption of mitigation measures to reduce the population's exposure and restore infrastructure, together with economic and social measures, are becoming increasingly essential for an emerging region that is geographically widespread and increasingly susceptible to changes that disrupt people's lives. Apart from the higher frequency of disasters, what is new is the severity, incidence and distribution of the effect of these phenomena, which make it necessary to reform the institutions organized to protect people from collective risks (Lo Vuolo, 2014, p. 19). Figure VIII.1

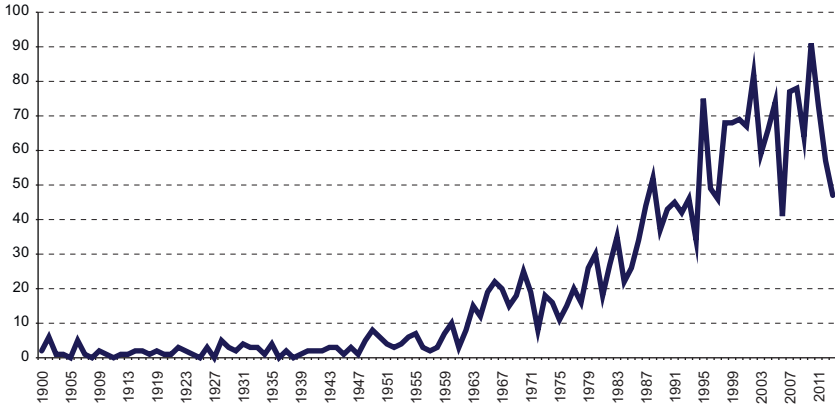
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<sup>2</sup> The term "disaster" refers to the consequences of natural phenomena that cause physical and economic damage to persons and communities, related to the vulnerability of settlements and their inhabitants (ECLAC, 2014).

illustrates the rising trend of the number of disasters occurring in Latin America and the Caribbean between 1900 and 2013.

**Figure VIII.1**  
**Latin America and the Caribbean: frequency of disasters, 1900-2013**



**Source:** Prepared by the author, on the basis of Centre for Research on the Epidemiology of Disasters (CRED), “EM-DAT: International Disaster Database”, Brussels [online] <http://www.emdat.be/>.

In subregional terms, disasters have occurred more frequently in South America than in the Caribbean, Central America and Mexico. In 1970-2011, there were 837 disasters in the southern zone of the region, while the Caribbean islands experienced 409 phenomena of that type, and the Central American isthmus and Mexico reported 563 (ECLAC, 2014). Most of the disasters in each subregion are caused by phenomena of meteorological and hydrological origin, which account for 77.2% of the disasters in Mexico and 90.5% of those occurring in the Caribbean zone. In contrast, landmass movements and flooding are characteristic of South America. Table VIII.1 shows the breakdown of types of disaster in the different subregions of Latin America and the Caribbean.

International evidence also clearly reveals the relation between disaster exposure and social vulnerability. Studies by Blaikie and others (1996) and by Cutter, Boruff and Shirley (2003) clearly identify the vulnerability factors that contribute to the occurrence of disasters. These include poverty, urban expansion into areas unsuitable for building, economic dependency on agricultural activities, the scant existence of financial insurance policies covering disasters, and growing environmental degradation. The consequence of this is that developing countries are highly likely to suffer extreme weather events, high temperatures, and the disruption of ecological systems that are bound to generate new risks for life, settlements, public-service infrastructure and production, among other things (Lo Vuolo, 2014, p. 19). As a corollary,

in developing countries disasters have differentiated impacts depending on the socioeconomic condition of the households; the evidence shows that poor households are more exposed, have little access to disaster risk management instruments, and find it harder to cope with the losses caused by the phenomena in question (Vakis, 2006).

**Table VIII.1**  
**Latin America and the Caribbean: disasters by subregion**  
**and type of originating event, 1970-2011**  
*(Percentages)*

Hazard		Central America	Mexico	The Caribbean	South America
Geophysical	Earthquakes	11.5	12.2	2.4	9.8
	Landmass movements	4.4	5.1	1.2	13.4
	Volcanic eruptions	5.2	4.1	2.0	3.7
	Subtotal	21.0	21.3	5.6	26.9
Meteorological and hydrological	Hurricanes and storms	23.0	38.1	57.9	8.1
	Floods	38.3	27.9	27.6	45.9
	Droughts	7.1	3.6	4.9	5.7
	Extreme temperatures	1.4	7.6	0.0	5.0
	Subtotal	69.7	77.2	90.5	64.8
Biological	Epidemics and plagues	9.3	1.5	3.9	8.4
	<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), *Handbook for Disaster Assessment* (LC/L.3691), Santiago, 2014.

In view of this, there is an urgent need to connect the social protection agenda with the international “green” agenda related to disasters and climate change (see box VIII.1) for the sustainability of development in the region’s countries, and for strengthening national strategies to reduce poverty and inequality that have been consolidated in recent years.

One of the current concerns about policies for reducing emissions and mitigating the negative consequences including the higher frequency of disasters, is their regressive nature; in other words the problem is not just that the effects of climate change are unequally distributed, but also that the public policies designed to address those problems can themselves produce unequal distributive effects (Lo Vuolo, 2014, p. 16).

Despite the increasing risk and greater exposure to disasters faced by the different vulnerable groups in the region, they are still not recognized as such by much of the population. Consequently, there is little political mobilization to demand immediate measures from the region’s governments, and for them to assume the corresponding economic costs of strengthening social protection systems. Social vulnerability is thus becoming more acute owing to the greater impacts of the disasters. When governments recognize the



perverse dynamic between vulnerability and disasters, they tend to redesign social protection systems reactively, both in their instruments and in their operating rationale and coverage, as a function of the specific consequences of each disaster and element of climate (Lo Vuolo, 2014).

#### Box VIII.1

##### International agreements for disaster mitigation and action

The international community has begun to produce agreements and schemes of action aimed at substantially reducing loss of human life, and the economic, social and environmental asset destruction caused by disasters. (ISDR, 2005). One of the first international agreements was the Yokohama Strategy of 1994, which aimed to define guidelines on natural-disaster prevention, disaster preparedness and mitigation. Subsequently, the Hyogo Framework for Action 2005-2015 “Building the resilience of nations and communities to disasters” was adopted in 2005, and it is set to expire in 2015. The Framework for Action highlights several recommendations on social development policies to reduce risk factors, such as: (i) greater food security to improve communities’ hazard resilience; (ii) the strengthening of mechanisms in the social protection network for vulnerable population groups, and psychosocial support programmes; (iii) the incorporation of disaster risk reduction measures in the recovery and rehabilitation process that help to build long-term capacity; and (iv) the need to ensure that programmes for displaced persons do not increase those persons’ disaster risk and vulnerability.

The international community is currently preparing a Post-2015 Framework for Disaster Risk Reduction, in the belief that concrete measures need to be adopted immediately to reduce future global risks. Accordingly, “global, regional and transboundary cooperation remains pivotal in supporting states, local authorities, communities and businesses to reduce disaster risk” (United Nations, 2014, p. 4), and to be able to meet targets that are currently being negotiated for reducing disaster-related mortality, economic losses, the number of people affected, and damage caused to health centres and schools, among others.

Source: United Nations, “Post-2015 framework for disaster-risk reduction. Zero draft submitted by the co-Chairs of the Preparatory Committee” (A/CONF.224/PC(II)/L.3), October 2014; International Strategy for Disaster Reduction (ISDR), “Hyogo Framework for Action 2005-2015: Building the Resilience of Nations and Communities to Disasters”, Report of the World Conference on Disaster Reduction, Kobe, Hyogo, Japan, 18-22 January 2005 (A/CONF.206/6), 16 March 2005.

Following this introduction, the rest of this document is organized in three sections. Section A presents the analytical concepts that frame the connections that exist between social protection, disaster risk reduction and climate change adaptation strategies; the differences between disasters and hazards are established to frame the debate; and policy recommendations are put forward, based on a scheme that is being used in the international literature. Section B then describes the situation of social protection in relation to disasters in Latin America and the Caribbean, and the main social protection tools associated with the public response to such situations. These tools are: (i) cash transfers; (ii) social pensions for older adults or

persons with different capacities; (iii) micro-insurance policies; and (iv) public employment programmes. Section C then describes three interesting cases in developing countries (Bangladesh, Ethiopia and Mozambique) which are highly and increasingly disaster-prone. Although these countries have per capita gross domestic products (GDP) that are considerably lower than most of the region's countries, they have been able to set up disaster-related social protection systems, with a mix of successes and errors. In the final section, a general conclusion is put forward on the challenges of social protection and disasters in the region, and the formulation of public-policy proposals.

## **A. Analytical and conceptual framework**

This section describes the main analytical approaches that seek to link disasters with public policy generally (disaster risk reduction and climate change adaptation), and with social protection in particular (adaptive social protection). The concept of adaptive social protection, developed by researchers from the Institute of Development Studies at the University of Sussex (United Kingdom), seek to integrate the inherent characteristics of disaster risk reduction and climate change adaptation with the objective of providing resources to protect vulnerable individuals and households from hazards arising from climate change and disasters.

### **1. Disaster risk reduction, climate change adaptation and adaptive social protection: an analytical framework for linking social protection and disasters**

Disaster risk reduction systems aim to improve the capacity for adaptation and recovery among populations living in a territory, before a disaster occurs and causes impacts that degrade the economic, social and health situation, among other things. Although there are similarities with the specific objectives of social protection systems, the main difference between the two stems from the fact that disaster risk reduction includes early-warning-system measures, in addition to the implementation of social protection, education and training tools among the civil population for disaster management, investment in mitigation infrastructures, awareness raising, and the evaluation of environmental risk and management.

A similar position is adopted by Twigg (2007), who defines disaster risk reduction as a systematic approach to determine, evaluate and reduce the risks caused by disasters, with a view to mitigating the associated socioeconomic vulnerabilities and address environmental hazards and their causes. In other words, addressing problems under this approach implies a presumption of

complexity, calling for coordinated action between various stakeholders, since complex problems require collective and interdisciplinary responses.

Nonetheless, there are closely associated approaches that seek to complement disaster risk reduction by promoting community participation. Under these criteria, local communities are recognized as the front line in the search for solutions to reduce their disaster vulnerability and increase their resilience (Gaillard, 2010). Accordingly, Gaillard (2010) argues that an approach that considers the community entails working both to strengthen individuals' means of subsistence and also improve their capacities to cope better with disaster situations.

A second approach used to cope with climate-related disasters is climate change adaptation, which is defined as the adjustment of individual, collective and institutional behaviour with a view to reducing society's climate vulnerabilities (World Bank, 2011). Both disaster risk reduction and climate change adaptation use geographic areas or population groups as their units of intervention, in contrast to work at the individual or household level, which generally is applied in intervention specific to social protection. Unlike disaster risk reduction, which seeks to minimize the effect of extreme phenomena, the climate change adaptation approach develops intervention tools to deal with immediate upheavals (floods, droughts, epidemics, wars, civil violence and ethnic or other types of persecution), and gradual situations of short or long-term tension (such as increases in temperature or rainfall that cause soil degradation, demographic pressures, or temporary resource shortages) stemming from a change in normal weather conditions, (Chambers and Conway, 1991).

The effects of climate change on people's living conditions, particularly those living in rural zones or who depend on agriculture, have been researched by the Institute of Development Studies (IDS) of the University of Sussex. The researchers in question have developed an analytic approach called "adaptive social protection", which aims to combine the agendas of social protection, disaster risk reduction and climate change adaptation (both from the conceptual standpoint and in practical terms). Based on the combination of those three elements, interventions would become more efficient thanks to an improvement in the living conditions of the poor; the underlying causes of vulnerability would be counteracted; and, lastly, the capacity of individuals to adapt to the consequences of climate change would be enhanced (Béné and others, 2014).

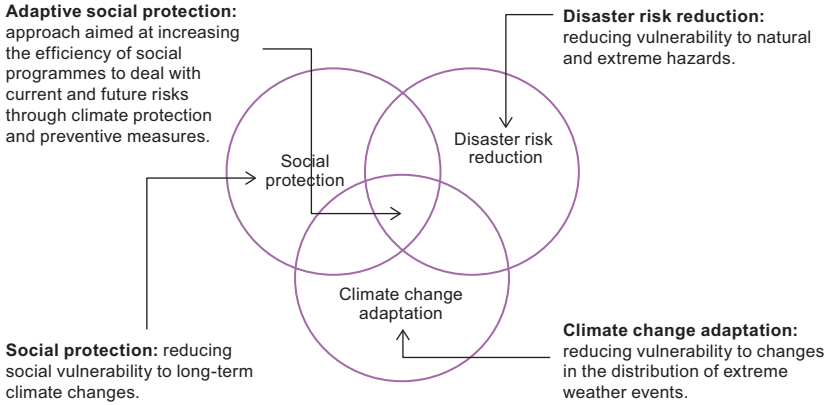
Davies and others (2008) argue that the design of public policies under the adaptive social protection approach needs to adopt certain features that include: (i) an emphasis on transforming productive livelihoods in

rural settlements, together with adaptive-protection and capacity-building initiatives, instead of reinforcing existing mechanisms to cope with disasters; (ii) an understanding of the structural roots of poverty in each region, to be able to adopt measures aimed at satisfying the different needs of vulnerable sectors in the face of different catastrophic phenomena; (iii) the incorporation of a rights-based approach that safeguards principles of justice and equity in poverty reduction actions and climate change adaptations, but with an economically efficient implementation; (iv) a key role for natural and social sciences in applied research for them to be incorporated in the design and implementation of social protection policies against disaster risks and climate change hazards; and (v) the adoption of a dynamic long-term perspective that takes account of the changing nature of the new risks.

Siddiqi (2011) argues that it is essential to expand the scope of action of social protection and take account of climate change, to confront the new vulnerabilities affecting groups that are not necessarily below the poverty or indigence thresholds. Siddiqi proposes a social protection intervention based on means of subsistence for climate change adaptation, in other words reducing vulnerability by constructing assets that are resilient to climate-based disasters. It is therefore proposed to adapt instruments that have been used in policies to diversify means of subsistence, construction and resilience of assets, and promote labour mobility in zones that are economically depressed as a result of disasters. It is suggested that these initiatives should have dynamic allocation criteria and flexible components to deal with the new risks arising from the disasters.

In short, the foregoing approach aims to reduce the high levels of risk and vulnerability facing areas with greater material deprivation and exposed to current and future climate disasters (see diagram VIII.1). The adaptive social protection proposal combines pre-existing protection tools and climate change adaptation approaches, in addition to generating strategies for reducing disaster risk associated with environmental changes. Common objectives are thus synthesized, such as reducing disaster vulnerability (promoting the incorporation of a long-term vision in government definitions of social and disaster protection) and formulating differentiated policy recommendations to prepare settlements for potential catastrophes and avoid situations of further harm (World Bank, 2011). Analysing social protection systems in Latin America and the Caribbean from this standpoint is both a necessity and a challenge. In addition to being exposed to numerous disasters, the region is not immune from new risks generated by climate change, the negative externalities of which generally affect the poorest sectors of the countries in question, with a consequent deterioration in living standards and significant slippage in poverty-reduction targets.

**Diagram VIII.1**  
**Relations between adaptive social protection, disaster risk reduction and climate change adaptation**



**Source:** Prepared by the author, on the basis of M. Davies, K. Oswald and T. Mitchell, "Climate-change adaptation, disaster-risk reduction and social protection", *Promoting Pro-Poor Growth: Social Protection*, Paris, Organization for Economic Cooperation and Development (OECD), 2009.

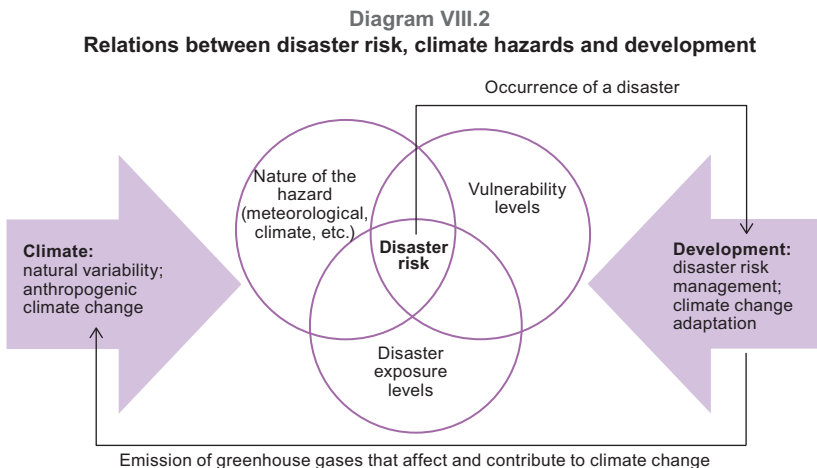
## 2. Hazards and disasters

Hazards are extreme phenomena that cause some degree of damage to people, such as injuries, death, or material damage; or else the interruption of economic and social life and environmental degradation (ISRD, 2004). Depending on their origin, they can be classified either as natural (hydrometeorological, geological or biological) or as anthropic (environmental degradation and technological hazards); and they can be "single, combined or sequential in their origin and effects. Each hazard is characterized by its location, magnitude or intensity, frequency and probability" (ISRD, 2004, p. 17).

Based on that definition, it can be inferred that the transition from a hazard to a natural disaster will depend on social conditioning factors; and it is by no means an exclusively natural process unrelated to human activity. According to Wisner and others (2004), disasters are outcomes of the political, economic and social context in which they occur; and, although they cannot be foreseen, measures can be adopted to mitigate or reduce their adverse effects. The occurrence and severity of a disaster is a reflection of structural inequalities. Poverty is one of the key determinants (along with gender and ethnicity factors), because the poorest communities are the most exposed to the risk of a natural disaster. Moreover, there are specific factors in the social institutional framework and power relations that define the disaster-vulnerability of certain population groups (Shepherd and others, 2013). As a result, as there is a close link between poverty and being prone to suffer the adverse effects, Dercon (2004) and Carter and others (2007) suggest that

disasters generate worse economic consequences (which persist in the long term) for people living in lower-income households, because they lack the assets needed to make a rapid recovery following a disaster.

Consequently, the severity of a disaster depends on levels of exposure and vulnerability and the nature of the hazard itself (whether slow-starting, such as droughts and the degradation of natural resources, or rapid, such as earthquakes, landslips, floods, and others). These elements characterize the dynamic of the risk in each community, which varies according to time and place, owing to the interaction of economic, demographic and sociocultural factors, compounded by an unbalanced development process (for example, rapid and improvised urbanization, and poor management of natural resources, among other things) (IPCC, 2012). In other words, the relation between vulnerability and disasters is explained by the lesser capacity of an individual or group to anticipate, survive and resist the impact of a disaster, and then recover. Moreover, when a disaster strikes its impact will depend on risk management and the institutional capacities associated with climate change adaptation. Both are development factors that influence the configuration of disaster risks. In addition, the current development model, based on the emission of greenhouse gases, affects climate change and will determine the risk of disasters of climatic or meteorological origin. Diagram VIII.2 attempts to describe the relation that exists between disaster risk, development linked to risk management, climate change adaptation, and the increase in climate change hazards. In other words, it shows the three factors that determine the level of disaster risk.



**Source:** Prepared by the author, on the basis of Intergovernmental Panel on Climate Change (IPCC), *Managing the Risks of Extreme Events and Disasters to Advance Climate-change adaptation: special report of the Intergovernmental Panel on Climate Change*, C.B. Field and others (eds.), Cambridge University Press, 2012.

## **B. Social protection instruments and disasters in Latin America and the Caribbean**

Latin America and the Caribbean is a region with a population that is highly vulnerable to a deterioration in the quality of life as a result of external factors, such as diseases, chronic unemployment and accidents, or a significant loss of wealth owing to disasters (Fernández, Jadotte and Jahnsen, 2011).

The objective of implementing social protection instruments to cope with disasters is, therefore, to strengthen the resilience of specific population groups (early childhood, expectant mothers, school-age children, adolescents, the working-age population, older adults, persons with different capacities, among others); or a specific geographic area that is highly vulnerable to disasters; or else the population at large. For that, these tools need to be considered as part of a risk-reduction management system, because they make complementary contributions to the prevention, mitigation and recovery systems that exist in the region's countries. Kuriakose and others (2012) have argued that the design and implementation of the system should take account of a number of distinctive elements: (i) flexibility and the possibility of expanding the coverage and geographic zones of implementation; (ii) climatically-smart targeting;<sup>3</sup> (iii) investments that promote and strengthen resilience and adaptive capacity; and (iv) the promotion of institutional capacity and resources for climate risk management. Vakis (2006) also argues that social programmes to cope with disasters need different operating criteria, including those that highlight the flexibility of adjustment and the extension of coverage to provide an effective response in the shortest possible time, and coordination between government efforts and those made by different non-governmental and private organizations.

This section describes the main social protection initiatives and programmes existing in the region, which aim to directly or indirectly address the social consequences of disasters. Firstly, it considers the Latin American experience of cash transfers to families with children (infants or children of school age). Secondly, it stresses the role played by social pensions for old-age and disability at times of crisis caused by a disaster. Then it outlines the public employment programmes that help communities recover from a disaster. The section ends with a review of the region's experience with micro-insurance policies that aim to restore the productive assets of vulnerable people.

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<sup>3</sup> Climatically-smart targeting refers to the use of information on climate exposure at the level of households and residential areas to identify places where there is a higher probability of a disaster occurring, and implement the corresponding measures.

## 1. Cash transfers to families with children

Although cash transfers to families with children (see chapter III) have been designed and implemented to reduce the incidence of household poverty; they also serve as a social protection tool that can be used to reduce the income losses caused by a disaster. Transfers can be delivered directly, or else they may depend on the beneficiaries' fulfilling certain conditions. In the search for ways to overcome the consequences of a disaster, they are the most effective and lowest-cost means of distributing resources to the victims, since it is they who decide autonomously how to use the cash. In addition, the transfer stimulates local economies by fuelling an increase in consumption, provided there is an adequate supply of articles of basic necessity. Otherwise, they would generate general inflation in the zones affected by the disaster, owing to excess demand and a surplus volume of money in circulation. Secondly, cash transfers partially or wholly prevent families from pursuing recovery strategies that impair rights (such as putting children to work), or those with a negative effect on future economic security (for example, selling productive assets). Lastly, cash transfers in disaster situations can serve as a basis from which the affected families can start to implement productive ventures, or some other type of project, that will enable them to grow their productive and financial asset base in the long run (Béné and others, 2014).

The main objective of conditional cash transfer programmes (CCTs) is to support poverty reduction and prevent its intergenerational reproduction, by providing transfers to poor or indigent households with school-age children. The transfers require the beneficiary families' to fulfill certain conditions (related essentially to health and education), with a view to strengthening future human capital and supplying short-term monetary income.

Although CCT-beneficiary households are usually among those affected by disasters, there are also non-poor households that suffer major asset and economic losses. In addition, households in situations of poverty or indigence in which there are no young children (which generally are not CCT-beneficiaries) would be excluded from the special transfers that could be made through such programmes. Consequently, Fernández, Jadotte and Jahnsen (2011) advocate the need to relax the eligibility criteria in emergency situations, with a view to averting a deterioration in the living conditions of those family units which forces them to sell their productive assets, with a consequent decapitalization and future reduction in autonomous incomes generated through that channel.

In the region there are three examples of CCT that have activated special transfer measures: Chile with the measures adopted following the February 2010 earthquake; Ecuador with the special bond mainly targeting



beneficiaries of the Human Development Grant in the event of disaster; and Nicaragua, with its Crisis Response System (*Sistema de Atención a Crisis*).

In the Chilean case, an extra grant of around US\$ 80 was paid to beneficiaries of the *Chile Solidario programme*, and to households not belonging to the programme with joint monthly incomes below US\$ 915. Apart from that single transfer, the authorities reassessed the socioeconomic situation of households in the affected zone, to take account of new households that suffered a significant drop in their income (Fernández, Jadotte and Jahnsen, 2011).

In the Ecuadoran case, the Human Development Grant (*Bono de Desarrollo Humano*) connects its beneficiaries to the Emergency Grant (*Bono de Emergencia*) which consists of a cash transfer for emergencies and disasters. This is a once-only transfer of US\$ 90 paid in two monthly installments of US\$ 45 each, which is activated after the declaration of a disaster. Its aim is to “prevent a deterioration in the basic consumption of families that have been victims of collective natural phenomena” (Enríquez, 2013, p. 42). This transfer is complemented with the public provision of food, shelter and other items by government agencies. The Emergency Grant has been activated on several occasions, including the flooding and landslides in 2012 that struck eight of Ecuador’s provinces (Manabí, Guayas, El Oro, Los Ríos, Esmeraldas, Azuay, Cotopaxi and Loja), with a total of 109,532 people affected. Of that number, 47,221 were eligible to receive the grant (SNGR, 2012).

Lastly, between 2004 and 2006, Nicaragua implemented a special conditional transfer for crisis situations stemming from disasters occurring in the northern zone of the country. The Crisis Response System (*Sistema de Atención a Crisis*) included various transfers (in cash and in-kind) provided from Phase II of the Social Protection Network, which was augmented by a productive inclusion component (a lump-sum transfer to support households’ initial investment in a productive activity, together with technical assistance), another transfer for labour training (a transfer system was created for demand and supply, with the aim of covering the costs of training courses) and a compensatory cash transfer (Largaespada, 2006).

## 2. Social pensions

Latin America and the Caribbean have made major reforms of their pension systems in these early years of the twenty-first century. According to Rofman, Apella and Vezza (2013, p. 10), “the most common factor in the reforms (..) is the search for ways to expand coverage”, particularly for older adults that did not have a working life as formal workers making regular contributions to the pension system. Moreover, Huechuan and Guzmán (2007) argue that the probability of not having sufficient income and belonging to a poor household increases in old age. In other words, old age entails greater fragility.

As is true of cash transfers for families with children, social pensions were not directly designed or intended for alleviating the damage caused by disaster; nor do they form part of a strategy for strengthening the resilience of the zone or population group in the face of natural hazards. Nonetheless, as noted in chapter VI, older adults are more vulnerable because they do not form part of the economically active population and would not be able to participate in public employment programmes that require physical strength, such as clearing rubble and constructing public works.

Social pensions are used to strengthen the human capacity of households, generate conditions to enable households to gain food security, and provide the supplementary resources needed to make a productive, commercial and agricultural investment (Devereux, 2001). Consequently, they can be used as an effective social protection instrument to strengthen the adaptive capacity of the most vulnerable households, consisting of one or more older people or persons with different capacities (Béné and others, 2014).

Based on that general scenario, it can be inferred that, in the face of a disaster and the damage that this can cause to family assets, products, or capital, the recovery of a household consisting of older adults will be slower and more difficult than that of households whose members have some labour activity. Accordingly, non-contributory pensions would be a valid mechanism for special cash transfers targeting older adults in situations of poverty and vulnerability.

Trinidad and Tobago is the only country with a programme that benefits older adults who receive a senior citizen's pension, in the event of disaster. This is a housing assistance subsidy, consisting of a transfer of US\$ 2,360 to buy materials to repair the property; and, in the case of a disaster officially declared by the government, it amounts to roughly US\$ 3,150 (Reyes and Bronfman, 2013).

### **3. Public employment programmes**

Public employment programmes target working-age adults who are unemployed (see chapter V). The origin of these programmes dates from the debt crisis of the 1980s. Since then they have become "one of the Latin American and Caribbean countries' habitual responses to high rates of unemployment and to the increase in informal activity and poverty caused by the region's low and volatile rates of economic growth" (ECLAC, 2006, p. 157). In the case of programmes designed specifically to mitigate the effects of disasters, public employment programmes provide work building community infrastructures aimed at mitigating disasters and strengthening resilience, in exchange for a wage that provides economic security whilst the work is being undertaken (Béné and others, 2014).

In developing regions, the wages paid by these programmes act as a self-selection mechanism (Lal and others, 2010), since the amounts offered are below the minimum wage, although in recent years there have been cases in Latin America in which the subsidies offered are equivalent to the minimum wage. In that connection, McCord (2012a) argues that public works are insufficient to generate incomes enabling families to make productive investments and improve their living standards. Nonetheless, the implementation of those programmes counteracts social malaise and avoids destabilization, because they are seen as a sign of the government's direct and immediate commitment. Public employment programmes are supported by the population because they minimize survival practices that harm economic and property interests, such as delinquency and begging (McCord, 2012b).

In Latin America and the Caribbean there are different public employment programmes related to disasters (in the Plurinational State of Bolivia, Colombia, Mexico and Peru), which are activated when an emergency is officially declared. After the 2010 earthquake in Haiti, emergency employment programmes were implemented that involved major rationalization and coordination efforts by the national government and intensive participation by international agencies. The United Nations coordinated the reconstruction work and, in particular, the local office of UNDP worked to consolidate job initiatives for the reconstruction of Haiti in a future national jobs policy (see box VIII.2).

#### Box VIII.2

##### **Public employment programmes to mitigate the consequences of disasters in Latin America and the Caribbean**

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In Mexico, the Temporary Employment Programme (*Programa de Empleo Temporal* – PET), which was created in 1997 and targets rural populations living in communities with fewer than 2,500 inhabitants, aims to increase and diversify the incomes and assets of individuals during periods of unemployment. Since 2003, the programme has included a component for cases in which emergencies are declared: the Immediate Temporary Employment Programme (*Programa de Empleo Temporal Inmediato* – PETI).

The PET is a multisector programme coordinated by the Social Development Department (SEDESOL) to ensure consistency and control in projects executed and managed by other departments. These include road maintenance works undertaken by the Communications and Transport Department, environmental conservation activities carried out by the Environment and Natural Resources Department, and the linking of demand for labour with participation in community work run by the Employment and Social Protection Department. In the case of projects implemented directly by SEDESOL, the aforementioned departments serve as technical advisers (World Bank, 2013). At the present time, the population targeted by the PET consists of individuals aged 16 years or older who suffer a temporary income cut owing to a lack of demand for labour or the effects of an emergency (Government of Mexico, 2013).

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## Box VIII.2 (continued)

The emergencies component consists of immediate work to clear rubble from streets and homes, and the implementation of infrastructure-rehabilitation projects and disease-prevention campaigns (World Bank, 2013). In 2012, the authorities included a new area of action related to climate change and increasing the resilience of communities by building infrastructure to provide protection against flooding or landslides, the strengthening of coastal areas against damage caused by hurricanes, water harvesting in arid areas and the maintenance of rural roads, among other activities.

The National Council for the Evaluation of Social Development Policy (CONEVAL) (2014) has made several evaluations of the results of the programme and concluded that it fulfils its purpose satisfactorily. Persons aged 16 years or over who participate in the projects to cope with the effects of an emergency or low demand for labour, obtain temporary income sources and succeed in improving family and community living standards.

In Peru, the “*A trabajar*” [Let’s get to work] Urban Productive Social Emergency Programme began to be implemented in 2002 (along with the Rural Area Productive Social Emergency Project (PESP Rural)) which consists of making use of unemployed labour and targets heads of family in particular. While not the programme’s main objective, one of the reasons why families seek help from that type of programme is that they have suffered damage as a consequence of a disaster. The programme’s impact was a wage that was 24% higher (in the urban version), which represented a 6.9% addition to the family budget (Chacaltana, 2003).

That programme is currently known as “*Trabaja Perú*” [Peru is working], and it targets the unemployed and underemployed population living in conditions of poverty and extreme poverty. It has a contestable component and another non-contestable one, the latter attending the vulnerable population that have been rendered unemployed as a result of a catastrophic disaster; and it pays the equivalent of 70% of the minimum wage.

Similar to the Peruvian case, the Plurinational State of Bolivia started to implement the National Emergency Employment Plan (*Plan Nacional de Empleo de Emergencia* – PLANE) in 2001. The third phase of PLANE involved two programmes: the Services Employment Programme (*Programa de Empleo de Servicios* – PES) and the Rural Employment Programme (*Programa de Empleo Rural* – PER). The secondary objectives of the PES included disaster prevention through the repair and construction of new infrastructure that requires large-scale use of labour. According to Landa and Lizárraga (2007, p. 134), PLANE Phase III had a positive impact for men because they received higher incomes and improved their opportunities for entering the labour market owing to the new skills they acquired.

Another temporary emergency employment scheme is the Emergency Jobs Programme that Colombia set up following the floods caused by the intense winter rains in 2010-2011. This programme is run by the Social Prosperity Department (DPS) and can be accessed by older individuals who are declared homeless and registered in the Unified Register of Persons Made Homeless by the Winter Emergency. Priority is given to populations living in situations of extreme poverty, registered in the *Unidos* network; the population registered in the System for the Identification of Potential Social Programme Beneficiaries (SISBEN) with a points score of no more than that needed to affiliate to the *Unidos* network; or populations displaced by violence who are included on the official register (Government of Colombia, 2011).

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**Box VIII.2 (concluded)**

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The design of the Emergency Jobs Programme takes account of the worker's connection with the health and pensions regime, and pays a wage equivalent to the minimum wage in force during its implementation. The programme has two components: (i) temporary emergency jobs in the restoration of public services, reconstruction and upgrading of road, social and community infrastructure, habilitation of land areas for agricultural activity, along with other needs proposed by local or regional governments; and (ii) restoration of the local productive fabric to revive jobs and income through the recovery of micro-enterprises, the commercial sale of surplus production from family vegetable gardens to strengthen local food security, along with infrastructure repair and the activation of local productive chains.

Lastly, in Haiti, as a result of the earthquake that devastated the country in 2010, a series of highly labour-intensive public jobs began to be implemented on a coordinated basis by the Ministry of Public Works and the Ministry of Agriculture, Natural Resources and Rural Development, with funding from various United Nations agencies. This was an attempt to provide a dual response to the emergency: while rubble was removed or precarious urban spaces were brought back into use, steps were taken to improve the satisfaction of basic needs by distributing new incomes (Lamaute-Brisson, 2013, p. 47).

Between 2010 and 2012, the projects were implemented under two modalities. Firstly, "cash for work" programmes were implemented, consisting of a daily payment of the minimum wage to workers employed on highly labour-intensive projects to remove rubble and restore roads, footpaths and irrigation and community infrastructure systems. The "16/6" project (which aims to relocate people from six camps in their neighbourhoods of origin) had community participation in defining the works, which resulted in lighting for various public spaces to safeguard the integrity of women and children. Secondly, cash for production programmes were implemented, mainly involving the removal of rubble and six road rehabilitation projects in vulnerable neighbourhoods. The workers received a payment based on the volume of rubble removed per day, measured in cubic metres (Lamaute-Brisson, 2013).

In 2012, the UNDP started to advocate for those initiatives to be articulated in a national covenant for employment, which would be more effective in strengthening the national economy beyond the humanitarian and emergency-aid approach.

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Source: Prepared by the author.

## **4. Microinsurance**

With the aim of reducing disaster risks and vulnerabilities, a start has been made on creating programmes that facilitate access to microinsurance targeting individuals (particularly peasant farmers) who face obstacles in the formal market. The beneficiaries are expected to use the resources to finance productive investments (Béné and others, 2014). Although disaster-related microinsurance programmes targeting vulnerable persons are few and far between in the region, there have been specific initiatives in Colombia, Haiti and Mexico, and several proposals to extend this type of scheme to Central American countries. Unlike the traditional insurance sector, microinsurers include

socioeconomically vulnerable small-scale farmers in their client portfolios. Microinsurance programmes share a number of characteristics, such as their heavy concentration on insuring agricultural production (except in the case of the municipality of Manizales in Colombia), and the fact that the events covered relate to phenomena of geological or hydrometeorological origin.

According to Hellmuth and others (2007), microinsurance seeks to break the perverse cycle of impoverishment that tends to occur after a disaster, by making an immediate payout to farmers when predefined climate thresholds are attained (in terms of drought, excessive rainfall, and so forth). This means that vulnerable peasant farmers do not have to sell their productive assets, which would prevent them from generating income in the future. In addition, microinsurance makes it possible to reduce the risk aversion that occurs after a catastrophic event. Lastly, it encourages new or better crops, because the farmers are likely to be more willing to assume greater risks, such as investing in fertilizers or improved seeds.

In addition, there are a number of microinsurance experiences, such as the Mexican case, which is based on agricultural crop damage caused by meteorological disasters, where an index is produced on the basis of historical records of catastrophic phenomena in different localities. This is used to determine the threshold for the insurance to be activated on a predetermined basis in the event of an adverse event that damages crops.

Mexico has a long tradition of creating and implementing various microinsurance programmes on a national scale, to protect low-income farmers against the negative consequences of extreme weather events, and re-engage them with their productive activities as quickly as possible. Between 1995 and 2002, there was the Natural Disasters Fund (*Fondo de Desastres Naturales* – FONDEN), and between 2003 and 2008, the Fund for Assisting Rural Populations Affected by Climatological Contingencies (*Fondo para Atender a la Población Rural Afectada por Contingencias Climatológicas* – FAPRACC), targeting low-income farmers, fishermen and aquaculture producers affected by disasters that were officially recognized by the Department of Agriculture, Livestock, Rural Development, Fisheries and Food (SAGARPA). Since 2008, the FAPRACC and the Climate Contingencies Programme (*Programa de Atención a Contingencias Climatológicas* – PACC) have both been functioning. The latter contains direct support components and the contracting of catastrophic insurance, along with management improvements, increased coverage and larger amounts, and an incentive scheme for municipalities with high or very high levels of exclusion, through a larger share of federal funds (SAGARPA/Colegio de Postgraduados, 2008). These experiences have helped 83.6% of the beneficiaries to resume their productive activities after the activation of the microinsurance. Nonetheless, the insurance payout comes “after the start of the next crop cycle, so producers are forced to take out a loan and, in addition, use money earmarked for food expenses” (SAGARPA/Colegio de

Postgraduados, 2008, p. 113). Accordingly, the need was detected to reduce FAPRACC operating timeframes to enable it to thoroughly fulfil its objectives.

In 2011, PACC was renamed the Agriculture and Fisheries Sector Natural Disaster Response Component (*Componente de Atención a Desastres Naturales en el Sector Agropecuario y Pesquero – CADENA*), as part of the Risk Prevention and Management Programme.<sup>4</sup> In 2013 its name was changed again, this time to the Rural Support Fund for Climate Contingencies (*Fondo de Apoyo Rural por Contingencias Climatológicas*), while maintaining the CADENA acronym. This insurance currently covers producers that already have some other public or private policy, and it aims to provide a larger per-hectare amount and also cover low-income producers who do not have insurance and suffer the consequences of a geological or hydrometeorological phenomenon. The main challenges continue to be to optimize response times and improve risk modelling to determine the need for the coverage of microinsurance, in conjunction with wider access to credit. Lastly, the idea of linking this insurance scheme to a process of agricultural retooling and diversification is being promoted, in accordance with proposals contained in the National Crusade against Hunger (Cabestany, Hernández and Celaya, 2013).

In Colombia, the municipality of Manizales has a collective voluntary insurance scheme that aims to protect housing from disasters of geological origin, such as earthquakes or other seismic events. The insurance uses a system of cross-subsidies to finance the poorest households who are unable to make monthly contributions. According to the latest records, 12% of taxpayers in Manizales have signed a catastrophe insurance contract. The experience represents an innovation in social and financial protection for low-income home-owners, and has been highlighted as a good public-private cooperation practice that could be replicated in other Colombian cities with similar risk characteristics to those of Manizales (Marulanda and others, 2014).

Lastly, in 2011, Haiti launched the *Ti Kredi* microinsurance programme, financed by the reinsurance company *Microinsurance Catastrophe Risk Organization* (MiCRO). This insurance policy had 61,097 women among its affiliates in 2014, and it has mainly benefited women microentrepreneurs living in rural areas affected by flooding, hurricanes and earthquakes. It is funded by grants from the Inter-American Development Bank (IDB), the United Kingdom Department for International Development (DFID), the Swiss Agency for Development and Cooperation (COSUDE) and other financiers belonging to private insurance companies. The firm *Fonkoze* has made payouts averaging US\$ 220 to microenterprises that have suffered

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<sup>4</sup> The Risk Prevention and Management Programme was launched in 2011 with the aim of maintaining or improving the incomes of rural and fishery producers when faced by external economic, phytosanitary or disaster contingencies, by adopting risk-prevention and management measures.

damage to their infrastructure or product inventories (GIIF, 2014). There is also an intensive information campaign for clients on the coverage and other operational aspects of catastrophic insurance (Loster and Reinhard, 2012). At the present time, the reinsurance company MiCRO is in the process of extending its operations to Nicaragua and Guatemala.

### **C. Experiences in other countries: Bangladesh, Ethiopia and Mozambique**

Developing countries are the most susceptible to increasingly frequent disasters that obstruct their economic, human and social progress. Given that situation, governments and the international community have developed a variety of systems to increase the resilience of the most exposed zones, together with social protection programmes that have components to support households (particularly the most vulnerable ones) whose means of subsistence have been impaired. To better illustrate a number of practical experiences in other developing regions, three cases have been selected, which the literature has spotlighted for their successes, errors, and implementation difficulties. These are States which, according to World Bank data, have an average per capita GDP of US\$ 1,600, in purchasing power parity terms—in other words, they are significantly poorer than Latin American and Caribbean countries.

Initiatives in Ethiopia, Mozambique and Bangladesh provide interesting lessons on ways in which Latin American and Caribbean countries could confront the social consequences of disasters by designing and implementing social protection instruments to ensure minimum incomes and restore the employment and productive activities of vulnerable households and of the affected zones. The set of instruments that the three countries have implemented in response to the adverse effects of disasters include public employment programmes with wages or the provision of food, the generation of mitigation infrastructure and the development of public works, programmes to strengthen capacities and skills, and employment-activation measures to increase the households' autonomous incomes.

Ethiopia is highly susceptible to disasters that cause food-insecurity emergencies putting a large number of people at risk of hunger and malnutrition. According to estimations made by Devereux and others (2006), an average of 5 million Ethiopians needed emergency assistance each year between 1994 and 2003. In view of that situation, the Ethiopian government, in conjunction with various international development organizations, created the Productive Security Networks Programme, with the aim of moving from humanitarian emergency assistance to a medium-term social protection framework. The programme has two components: (i) public jobs in rural infrastructure, construction and road maintenance, irrigation and



reforestation projects; and (ii) direct support through unconditional cash transfers or food to households whose members are unable to participate in the public employment systems (Béné, Devereux and Sabates-Wheeler, 2012). This programme is complemented by other food-security programmes that seek to increase household incomes and assets generated from agricultural activities, through access to credit, technology transfer to improve production, transfers of new irrigation schemes and the exploitation of water resources, among other things (Gilligan, Hoddinott and Taffesse, 2008).

Between them, all of the food-security programmes implemented by the Ethiopian government have helped to achieve better levels of food security, greater access to cash loans for productive purposes, greater use of technology in agricultural work and the opening of non-agricultural family businesses. There is also no evidence that the programmes have discouraged labour-market participation or encouraged households to move elsewhere (Gilligan, Hoddinott and Taffesse, 2008).

A second example is the decision by Mozambique to officially recognize the impact of disasters in its economic and human development. As the country's economy and democratic system are both weak, it relies heavily on international aid to generate, institutionalize, and implement a disaster risk management system (Koivisto, 2014). The preparation of disaster prevention, mitigation and recovery policies thus forms part of the country's development. For that reason, Mozambique has an institutional framework represented in the National Disaster Management Institute, which has national, regional and local offices (Macaringue, 2010). The Institute has a general plan for 2006-2016, which is consistent with the government's strategic objectives on poverty reduction, since it contributes to achieving short-, medium- and long-term results by reducing the vulnerability of the communities most exposed to disasters. The plan includes specific actions for the country's arid zones, such as the generation of income from non-agricultural work, the development of conservation agriculture, the development of rainwater harvesting projects and measures to ensure the supply of drinking water to communities (Macaringue, 2010).

In the case of social programmes, there are two partially related programmes to address the social consequences of disasters. Firstly, the Direct Social Support Programme (*Programa de Apoyo Social Directo* – PASD) includes a transfer in kind to households whose members are temporarily unable to participate in the labour market. The PASD is also conceived as permanent support for the most vulnerable households. Secondly, the Productive Social Action Programme (*Programa de Acción Social Productiva* – PASP), targeted on households in extreme poverty in which one or more adults have capacity to work, aims to create public employment in building or upgrading infrastructure in vulnerable communities, together with job training and other study opportunities (Xiao, 2014). This programme prioritizes households

led by women, those whose members include older adults, persons with disabilities or serious illnesses, or undernourished children, and those with a high dependency rate.

Lastly, in Bangladesh, the main natural disasters affecting the country are tropical cyclones, floods and droughts. According to Coirolo and others (2013), the disasters have caused workers to change their status from self-employed to day-labourers, which exacerbates the vulnerabilities that need to be taken into account in social protection programmes, coordinated with disaster risk reduction actions and training programmes that increase employment in industries that are not disaster-prone. The main objective of the social protection programmes in Bangladesh is to safeguard and promote economic and social security. To that end, income or asset transfers are made to poor households, and protection measures are adopted for households that are vulnerable to natural hazards that damage their means of subsistence.

The main social protection programmes in relation to disasters are the Food for Work Programme (which entails undertaking physical jobs to develop and maintain rural infrastructure), Development for Vulnerable Groups (strengthening of income generation capacity through job training, preferably for women), and Test Relief (the creation of jobs for the poorest households during the rainy season, with the aim of developing and maintaining infrastructure in rural areas) (Coirolo and others, 2013). In general, the three programmes are not well targeted, and cases of corruption and cronyism have been detected in the process of admitting beneficiary families (Rahman, 2012).

The experiences of the three countries reviewed are of interest to Latin America and the Caribbean because they have attempted to consolidate social protection systems closely related to the negative consequences specific to the disasters in question. Vulnerability has been incorporated as a structural factor, rather than as a circumstantial or emergency element. Those experiences combine different aspects of social protection, such as food security (through the distribution of food in famine-affected areas), and ensuring minimum incomes for working age adults. Economic security is also complemented with employment and productive reactivation for individuals who lose their jobs as a result of a disaster, through job training courses and public employment programmes that seek to construct or improve public infrastructure in the affected areas.

## **D. Conclusions and policy recommendations**

Based on what has been described in this chapter, Latin American and Caribbean countries (both at the governmental level and in civil society) are advised to start expanding the concepts that underlie their social protection systems to include the adaptation of persons and settlements to disasters caused by natural phenomena, and also to incorporate climate change

adaptation into policies, programmes and specific instruments. In a context of constant increases in the frequency and severity of disasters, the countries of the region need to take greater account of the risks and consequences of natural phenomena in their social protection instruments, and help increase the resilience of the population and settlements, particularly the most vulnerable ones.

In that connection, a conceptual distinction can be made between a structural vulnerability and a circumstantial one. Structural vulnerability is related to the situation of individuals and households whose incomes are below or around the poverty threshold, which tend to be the population groups targeted by the various social protection instruments. In contrast, circumstantial vulnerability relates to disasters and climate change, which erode people's income and economic assets and put them into a poverty situation which they were not in previously. This means that a new conceptualization of vulnerabilities will require an adaptation of social protection and its greater relevance in relation to the new disaster-related social risks (Siddiqi, 2011).

The countries of Latin America and the Caribbean have made a tentative start to implementing social protection instruments to respond to disaster situations caused by natural phenomena of a geophysical, hydrometeorological or biological origin. In particular, there are four tools on which experience is starting to accumulate.

Firstly, cash transfers targeting households with infants and school-age children are a tool that seeks to partially improve the immediate economic situation of disaster-struck households. This is an effective instrument, of low cost for governments and relatively easy to implement if there is a wide-ranging register of the beneficiaries of the different social programmes. Nonetheless, cash transfers represent a partial solution that needs to be complemented with support for the supply of goods of basic necessity, to reactivate local economies without creating inflationary pressures. In addition, cash transfers seek to prevent families from engaging in survival strategies such as child labour, which could impair current and future human capacity. Lastly, in relation to regulations on CCTs, indications need to be included that consider a temporary expansion of the coverage of beneficiaries in the case of officially declared disasters, together with a temporary suspension of the monitoring and verification of the conditions in an affected geographic zone. Examples of this are the initiatives undertaken by the Chilean Government following the 2010 earthquake and the Emergency Grant distributed to persons affected by disasters by the Ecuadoran Government.

Secondly, the region has several non-contributory pension programmes. However, these have not played a leading role in protecting the economically inactive population or persons belonging to vulnerable groups (older persons or those with different capacities, women heads of household or caregivers and

the displaced) in disaster-emergency situations. In terms of policy proposals, an interesting case is Trinidad and Tobago, where an economic subsidy for home repair is available to the recipients of non-contributory pensions.

Nonetheless, the countries of Latin America and the Caribbean need to incorporate the economic security of inactive persons in the event of disaster into their social protection systems more systematically. It would also be advisable to intensify efforts to expand the population eligible for cash transfers following a disaster, to include families that do not have older members or school-age children. The aim is for those families to be eligible for a cash transfer in adverse situations not of their choice, at least on a temporary basis.

Thirdly, although public employment programmes were first implemented in Latin America and the Caribbean in the 1980s, there are experiences of incipient labour market inclusion programmes for working-age adults who have suffered the consequences of a disaster—including some in low-income countries from other regions of the world (see section C above). It is important to define operational criteria that prevent the impairment of labour rights, particularly through the provision of acceptable wages to satisfy basic needs during the emergency period.

Fourthly, a start has been made on creating microinsurance for vulnerable households or farmers who are not usually insured by private institutions. In this case a public-policy proposal would be for the region's countries to start formulating those solidarity-based schemes on a permanent basis, to prevent the total loss of productive wealth and capital of vulnerable persons who suffer disaster damage. In addition, countries of the region that are located in zones of major seismic activity should consider implementing a collective insurance policy funded by cross-subsidies or solidarity financing based on contributions from higher-income households, to make it possible to incorporate those that are socially vulnerable.

Lastly, as argued in chapter XI, more comprehensive public policies need to be designed to cope with disasters. In this regard, Mexico has a key experience of participation by different government departments in the design and implementation of mechanisms to coordinate disaster-mitigation, prevention or repair programmes. The integrated nature of the public policies is based (among other factors) on a correct definition of the beneficiaries in socioeconomic and territorial terms, which depends on the quality of disaggregated data available at the household and territorial levels, to be able to distinguish zones or settlements. The institutional framework needs the capacity to identify households and localities that are highly exposed and vulnerable to disasters, in an efficient and planned way, so that they can be included among the priority objectives of public policies aimed at increasing resilience to such phenomena among people and communities.

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Part 3

**Keys to building universal social  
protection systems**





## Chapter IX

# The rights-based approach in social protection

*Simone Cecchini  
María Nieves Rico<sup>1</sup>*

### Introduction

As discussed in the first two chapters of this book, the progress made since the start of the twenty-first century in social protection policies and programmes in Latin America and the Caribbean has occurred alongside processes of democratization and has broadened public social investment and expanded the coverage of benefits. Many of the policy reforms and the new programmes developed owe much to a vision based on the realization of the economic and social rights of all citizens, men and women alike, and the furtherance of the equality agenda which is taking root in the region (ECLAC, 2006, 2010, 2012 and 2014a).

Achieving the full realization of the economic and social rights of all citizens means ensuring that they are included in development and enjoy well-being, which implies a genuine belonging to society (“social citizenship”) (Marshall, 1950).<sup>2</sup> It also means putting an end —by means of deliberate

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<sup>2</sup> In this sense, non-fulfilment of economic and social rights implies a concept of poverty that refers not only to socioeconomic status, but also to deprivation of citizenship (ECLAC, 2007).

actions by the State— to the socioeconomic inequalities that deprive many of fully belonging to society, and it means acknowledging all members of society, regardless of gender, race, ethnicity, age, or specific socioeconomic group or geographical location (ECLAC, 2006 and 2007). The realization of economic and social rights as inalienable citizens' rights affords social policies an ethical grounding and supports progress towards greater equality in access to well-being (Hopenhayn, 2001).

As regards social protection, however, it is not merely a matter of adopting a generic "rights discourse"; rather, it is necessary to define precisely what is meant by the rights-based approach and what its implications are. With this in mind, this chapter describes the basic elements of the rights-based approach in social protection (section A), argues that, aside from legal commitments, the adoption of such an approach has the virtue of achieving better outcomes (section B), and offers some examples of rights-based policies and programmes under way in the region (section C). Lastly, an account is given of some of the challenges involved in taking a rights-based approach to social protection (section D).

## **A. Essential elements of the rights-based approach**

As described by ECLAC (2006 and 2007), the rights-based approach arises from the normative notion of a society of citizens and of equality. Bobbio (1996) argues, in fact, that the rationale underlying the human right to education, health or work is eminently egalitarian, since economic and social rights seek to reduce inequalities between rich and poor and place growing numbers of people on a better footing compared with those better off. Full entitlement to social rights is thus the ethical foundation for progress along a path of equality, insofar as taking that path requires a fiscal/taxation covenant and a State committed to redistribution through universal policies and benefits with progressive thresholds. In that framework, having social protection is the outcome of a basic right to belong to society, that is, to participate and be included (ECLAC, 2006).

The rights-based approach fosters social citizenship: everyone is a bearer of those rights considered inalienable, including the social and economic rights that have to do with social protection. Full citizenship, in turn, is closely bound up with social cohesion and sense of belonging, and forms the foundation for democratic life. As is seen in countries which have developed welfare States, the virtuous dialectic between the construction of social compacts between diverse parties (see chapter X), the negotiated settlement of conflicts, the expansion of social rights and the sense of belonging all go to make up the great lever of social cohesion.

The rights-based approach in social protection means that public policies must aim to facilitate greater enjoyment of the economic and social rights to which the entire population is entitled, based on the human rights standards and principles laid down in constitutions, legislation and international treaties. Social protection is not simply something that society or governments achieve: it is an imperative which citizens have a right to demand (ECLAC, 2006). In particular, all public policy processes—from design to implementation and evaluation—must be consistent with human rights standards, and the measures adopted must be both progressive and non-regressive (see box IX.1).

**Box IX.1**  
**Progressiveness and non-regressiveness**

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Economic and social rights are recognized as being part of a process, insofar as they require increased and improved human, physical, institutional and financial resources in order to make the transition from *de jure* to *de facto*. The State is bound by an obligation of progressiveness, i.e. an obligation to improve the enjoyment and exercise of economic and social rights over time, and as quickly and effectively as possible. The Committee on Economic, Social and Cultural Rights (the body responsible for overseeing compliance with the International Covenant on Economic, Social and Cultural Rights), states that policy measures “should be deliberate, concrete and targeted as clearly as possible towards meeting the obligations”. The counterpart to the obligation of progressiveness is the obligation of non-regressiveness, which means that States may not adopt policies or legal standards that worsen the population’s enjoyment of economic and social rights. Insofar as regressive measures are strongly presumed to be illegitimate, the State must be able to give adequate, well-grounded justification for adopting any such measures. The State must demonstrate, specifically, that any such measures have been adopted to achieve progress with respect to the status of other protected economic and social rights or in the interests of the general welfare of the population, that the intended purpose could not be achieved using other measures less harmful to the rights of the population, that it has made every effort to use all the resources at its disposal to meet these obligations, and that the steps taken do not undermine the minimum thresholds of protected economic and social rights.

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Source: Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), *Social Cohesion: Inclusion and a sense of belonging in Latin America and the Caribbean. Summary* (LC/G.2335), Santiago, 2007, and MERCOSUR Institute of Public Policy on Human Rights (IPPDH), “Ganar derechos. Lineamientos para la formulación de políticas públicas basadas en derechos”, *Documentos de Trabajo*, No. 2, 2014

The rights-based approach is not rigid and does not unduly limit the autonomy of policymakers, nor does it prescribe the precise content of social protection policies, inasmuch as States have the faculty to develop the best policies for their circumstances (Abramovich, 2006; Sepúlveda, 2014; IPPDH, 2014). The rights-based approach does not offer a single prescription

that is equally applicable in all contexts, nor does it circumvent or displace policy; what it does is offer a general direction for policy discussion and provide a conceptual framework for public policy planning. The obligations flowing from constitutions and human rights treaties do not circumscribe policy interpretation and discussion; rather they pinpoint measures that States have a duty to carry out as a matter of priority (IPPDH, 2014).

Besides the State, another three parties —the market, families and social and community organizations— provide well-being and social protection. However, none of them can assume the State's central role in fostering economic and social rights. If social protection were left principally to the market, the weakest would be excluded; this is evident from the lack of coverage for informal workers and the poor in private pension systems. If social protection were left mainly to families, women would be obliged to devote much of their time to the role they have played historically: unpaid work caring for children, older persons, the sick and persons with disabilities. This would limit their options for performing paid work, earning their own income and, thus, exercising economic citizenship. Lastly, social and community organizations have too few resources and mechanisms to take full social responsibility in this area (Cecchini and Martínez, 2011).

On the basis of Sepúlveda (2014, p. 19-31), we consider the following to be essential elements in public policies and social protection programmes grounded in a rights-based approach: (i) equality and non-discrimination, (ii) comprehensiveness, (iii) institutional framework, (iv) participation, (v) transparency and access to information, and (vi) accountability.<sup>3</sup>

## 1. Equality and non-discrimination

The principle of equality —associated with the prohibition of discrimination— is the basic fundament of a rights-based approach. Fulfilling the principle of equality is more than simply prohibiting acts of discrimination on different grounds (race, colour, sex, economic status, or other), however: it also obliges States to take steps to achieve substantive equality. The State must strive to change the structural conditions that lead to inequalities on the basis of socioeconomic position, ethnicity, race, gender, sexual identity, disability status or any other condition (IPPDH, 2014).<sup>4</sup>

In the field of social protection, this calls for progressively expanding coverage to the entire population, giving priority and catering to the particular needs of the most disadvantaged individuals or groups and striving for equality between men and women. Accordingly, it is necessary to identify

<sup>3</sup> Abramovich (2006) and Pautassi (2009) also draw attention to several of these elements.

<sup>4</sup> Recognition of difference, but without this leading to inequality, is also a demand of disadvantaged groups, and one of the most complex challenges for democratic societies engaging in the pursuit of equality (IPPDH, 2014).

the specific characteristics of different groups, as in part 2 of this book, which examines social protection policies and programmes over the life cycle (see box IX.2).

**Box IX.2**  
**Social protection and children's rights**

The Convention on the Rights of the Child, adopted in 1989 and ratified by all the countries in the Latin American and Caribbean region (see annex A1), addresses social protection for children and represents a clarion call for a paradigm shift in the way this age group and their rights are viewed from the perspective of public policies. The Convention reflects the transition from treating children as “minors” and objects of tutelage, oversight and welfarism —or policy subjects in the case of children with irregular status (for example, child street workers)—, to citizens with rights entitlements, with the State acting as guarantor of the full exercise of those rights. The Convention also implies ceasing to identify children and adolescents as passive objects of policies and programmes, to treat them instead as subjects with their own voice and capacities. This undoubtedly makes policy formulation more complex, because, despite all good intentions, children and adolescents are not habitually consulted about their expectations and needs or involved in designing policies and programmes.

One way of ensuring that rights entitlements are enforceable is precisely through the voice, participation and decision-making of children in matters that affect them. The guidance arising from the Convention on the Rights of the Child also calls for a shift from actions targeting certain special groups, or children whose families have certain characteristics (poor, single-parent, female-headed, and so on) towards the progressive and universal realization of rights, without distinction or discrimination.

Public policies should, then, change from traditional adult-centred perspectives regarding social protection to approaches that identify children and adolescents as rights-bearers who, as well as having certain characteristics in common with the rest of the population, can experience contingencies and situations of risk and vulnerability that may require specific social protection and that, above all, need the State to stand as an active guarantor of their rights. In effect, as seen in part 2 of this book, from a life cycle perspective, childhood and adolescence can present a chain of critical circumstances and risks that accumulate and impact future risks and vulnerabilities (see chapters III and IV).

Source: Prepared by the authors, on the basis of M. N. Rico, “Protección social y derechos de la infancia”, *Políticas públicas para la igualdad: hacia sistemas de protección social universal*, Seminarios y Conferencias series, No. 78 (LC/L.3855), S. Cecchini and M. Lavigne (eds.), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2014.

## 2. Comprehensiveness

The interdependence and indivisibility of rights call for an integrated and comprehensive approach in public policies in general and in social protection in particular. If the programmes, parties and levels of government involved in the application of social protection policies are fragmented

and dis-coordinated, they are much more likely to be ineffectual and allow infringement of the rights of their intended recipients. For social protection policies and programmes to be effective and consistent with human rights, they must form part of national strategies that pursue a multidimensional vision of well-being, with proper coordination between parties. This means avoiding or overcoming the sectorialist institutional rationale (see chapter XI).

### **3. Institutional framework**

A central aspect of the rights-based approach in social protection is that policies and programmes need to be established and defined within a proper institutional and legal framework, which includes the country's constitutions, legislation, rules and public policy documents. Such an institutional and legal framework is the formal expression of the intentions of the State, and makes them binding. An appropriate institutional framework is, then, necessary to guarantee that social protection policies are State policies with a long-term commitment and adequate financial and human resources to carry them out. An appropriate framework is also necessary to ensure that citizens see social protection programmes as a right and not a privilege, and to foster the principle of accountability (see section A.6).

### **4. Participation**

Participation is one of the basic principles of democracy and is essential for the guarantee of rights: without participation there can be no full democracy or expansion of rights (IPPDH, 2014). In order for social protection policies and programmes to contribute to the transformation of power dynamics demanded by human rights, they must guarantee effective and significant participation by the population. Unlike processes which are purely formal, symbolic or conducted to confer a patina of legitimacy on predetermined policies, rights-based participation must be transformative and calls for the active, free, informed and genuine participation of recipients at all stages of the formulation, application and assessment of policies that affect them. Participation is a right in itself—the right to participate in public affairs—and contributes to the sustainability of social protection policies and programmes. Without participation mechanisms, policies and programmes risk being manipulated for political purposes. And measures risk being less sustainable and effective if policy makers and programmes managers receive no input from recipients.

### **5. Transparency and access to information**

The right to information, which is based on the rights of freedom of expression and political participation, is vital for the operation and preservation of democratic systems. In particular, the right to access public information is

based on the principle of dissemination of government action, which requires keeping citizens informed about the measures being taken in the exercise of political representation. The State must thus produce relevant information to account for its actions, allow the population access to this information and deploy strategies to disseminate it (IPPDH, 2014).

From a rights perspective, all public policies on social protection must be transparent and provide adequate access to information, in order to avoid corruption, abuse, mismanagement and political manipulation. Transparency means that citizens must be capable of understanding the content of policies and the functioning of programmes, for example in relation to eligibility criteria and mechanisms for selecting recipients, allowances, and the results of evaluations and impact assessments. Information on social protection policies and programmes must also be provided in a manner that is readily understandable, through channels that are physically and culturally accessible. What is more, State officials must be qualified to respond fully to requests for information. Lastly, access to public information must be guaranteed not to interfere with the right to privacy of information.

## **6. Accountability**

Another key element of the rights-based approach is that people must be able to demand guarantee of their right to social protection and to hold public officials liable in case of error, abuse or mismanagement. Accordingly, standards, procedures and controls must be established to limit the discretionality of officials, employees and politicians in the exercise of public duties, along with mechanisms for investigating and punishing infringements by public servants. Without mechanisms of accountability or reparation, social policies are less likely to be understood in terms of benefits and rights, and they will be seen as tools of patronage or “clientelism” and thus subject to political manipulation (Sepúlveda, 2014). Accountability can also help to improve institutions and make policies and social services more effective by generating a more open management style that is receptive to social demands, and by promoting broader public participation in social policy (IPPDH, 2014, p. 71).

## **B. The rights-based approach in development and social protection**

As argued by Hopenhayn (2007, pp. 17-18), development guided by human rights needs the State-society nexus to be inspired by an ethical contract of citizenship, in which full recognition of rights is part of a compact among a broad range of parties from both. The compact is based on making development compatible with notions with which it does not always go hand-in-hand in reality: the full exercise of individual freedoms; access to well-being with



representative and effective ways of settling disputes, applying policies and distributing powers; economic growth with a distribution structure and provision of services that optimizes the satisfaction of basic needs for the entire population consistently with the level of socially produced resources; and a political democracy in which cultural diversity is fully respected, through suitable institutions that recognize the different collective identities and prevent discrimination of any kind. The full exercise of citizenship requires realizing not only civil and political rights, but also economic and social rights, including the right to work, health, education, a decent income, suitable housing and respect for cultural identity (Hopenhayn, 2001). These rights express such values as equality, solidarity, quality of life and non-discrimination (Hopenhayn, 2007) (see box IX.3).

### Box IX.3

#### The rights-based approach and the concept of citizenship

The rights-based approach and the concept of citizenship have various points in common, but they also have differences. Both spotlight individuals' entitlement to rights and address the resulting implications in various dimensions of public and private life. However, while the rights-based approach affords more importance to normative and legal aspects, the citizenship perspective tends to emphasize the social and identity dimension. Identity cleavage is one of the aspects that can produce dissonance between the two conceptual frameworks. The societal character of citizenship refers to the construction of a sense of belonging to a political community (the construction of a "we" gives access to rights and obligations that distinguishes from the "them"); the rights-based approach, in contrast, while not disregarding the creation of social bonds and identity construction, traces out an egalitarian imperative that transcends belonging (for example, of nationality) and proposes equality in access to rights on a universal scale. Be this as it may, in both ideas, the State is the main political actor and guarantor of citizens' effective access to fundamental rights.

Source: Prepared by the authors, on the basis of MERCOSUR Institute of Public Policy on Human Rights (IPPDH), "Ganar derechos. Lineamientos para la formulación de políticas públicas basadas en derechos", *Documentos de Trabajo*, No. 2, 2014.

The acknowledged interdependence and indivisibility of economic, social, cultural, civil and political rights has not only an ethical basis, but also practical implications: "once economic, social and cultural rights have been established as inalienable rights ratified by governments, it is no longer possible to consider social citizenship as secondary to or contingent upon civil or political citizenship. The rights-based approach thus does away with the linear perspective by refuting the supposition that civil and political rights have to be guaranteed first, and that social rights can only be attended to once the former have been fully instituted" (ECLAC, 2006, p. 17).

Development based on social citizenship implies, in particular, a society's decision to live among equals, which does not mean homogenous

forms of living and thinking, but rather an inclusionary institutionality that assures everyone the opportunity to participate in the benefits of collective living and in decisions that are made about how to steer it (Hopenhayn, 2006). For Rawls (1971), economic effectiveness must be subordinated to the political justice of equal freedoms and equality of opportunities.

Normatively speaking, the rights-based approach in social protection is based on clear legal commitments, national and international, which countries must meet. These commitments testify to the growing consensus around human rights as a basis and conceptual framework for development policies (Abramovich, 2006; Townsend, 2009), and confer a strong moral authority upon the rights-based approach. Because it is governed by universal principles that are binding in nature, and under which everyone must have access to the resources needed to live a decent life, the rights-based approach has been gaining ground as the ethical foundation of Latin American and Caribbean democracies (ECLAC, 2006).

## 1. National and international legal frameworks

In the literature and field of public policy, the terms “social protection” and “social security” are used with a broad variety of meanings. Conceptual discussions thus arise as to whether the rights of individuals and families are rights to social protection or to social security (see box IX.4).

Regardless of any conceptual debate, the normative floor for protection requirements that States must fulfil is clearly defined in the international human rights system, and in particular by the collection of economic, social and cultural rights (see annex A1). These were first set forth in the Universal Declaration of Human Rights (United Nations, 1948), a direct predecessor to the International Covenant on Economic, Social and Cultural Rights, which was adopted by the United Nations in 1966 and to date has been signed or ratified by 29 of the 33 countries in the region.<sup>5</sup> Later, rights relating to social protection were included in the Convention on the Elimination of All Forms of Discrimination against Women (1979), the Convention on the Rights of the Child (1989), the International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (1990), the Convention on the Rights of Persons with Disabilities (2006) and the United Nations Declaration on the Rights of Indigenous Peoples (2007). Also important in this connection are the Convention concerning Minimum Standards of Social Security (No.102) of the International Labour Organization (ILO), which established minimum standards—which can be determined in

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<sup>5</sup> Cuba has only signed the International Covenant on Economic, Social and Cultural Rights, while Antigua and Barbuda, Saint Kitts and Nevis and Saint Lucia have not signed, ratified or acceded to it.

relation to the wage levels in each country— for social security benefits and the conditions under which they may be accessed. Convention 102, which has been ratified by 10 Latin American and Caribbean countries<sup>6</sup> thus far, covers nine areas of social security: (i) medical care; (ii) sickness benefit; (iii) unemployment benefit; (iv) old-age benefit; (v) employment injury benefit; (vi) family benefit; (vii) maternity benefit; (viii) invalidity benefit, and (ix) survivors' benefit.

#### **Box IX.4** **Right to social protection or to social security?**

Most international treaties employ the expression “right to social security”. One of the few exceptions is article 28 of the Convention on the Rights of Persons with Disabilities, which explicitly uses the term “social protection”. This is one of the most recent conventions in the area of economic and social rights, and appears to indicate current terminology usage. However, there is still discussion on whether the right is to social security or to social protection.

Under a broad definition of social protection, which includes both the contributory component (social security) and the non-contributory component (social assistance), and in which the State plays a key role as guarantor of economic and social rights —as in Cecchini and Martínez (2011)—, it can be argued that a right to social protection exists. On this basis, the right to social protection encompasses both the right to social security and the right to an adequate standard of living that ensures the well-being of all citizens.

Sepúlveda (2014) holds that social security cannot be defined narrowly, and that the concepts of social security and social protection are synonymous. She cites General Comment No.19 of the Committee on Economic, Social and Cultural Rights, which specifies that article 9 of the Covenant indicates that the measures that are to be used to provide social security benefits cannot be defined narrowly and can include contributory and non-contributory schemes.

It must be acknowledged, however, that some countries in the region take —or have taken at some times, such as during the two decades following the debt crisis— a narrower view of social protection, as a synonym of social assistance for the poor and vulnerable, expecting communities and civil society to play a more active role in provision. Hence Pautassi (2013, p. 16-17) cautions against confusing a discourse that adds on rights-related guarantees or assistance programmes viewed through the lens of rights, with a true model of guarantees constructed around positive obligations to satisfy the demand for social security.

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Source: Prepared by the authors, on the basis of Simone Cecchini and Rodrigo Martínez, *Inclusive Social Protection in Latin America: A comprehensive, rights-based approach*, ECLAC Books, No. 111 (LC/G.2488-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2011; Laura Pautassi, “Seguridad y protección social. Lecciones de la experiencia Argentina”, *Los derechos sociales en la Gran Buenos Aires: algunas aproximaciones desde la teoría, las instituciones y la acción*, Luciana Bercovich and Gustavo Maurino (coord.), Buenos Aires, Eudeba, 2013; and M. Sepúlveda, “The rights-based approach to social protection in Latin America: From rhetoric to practice”, *Políticas Sociales series*, No. 189 (LC/L.3788), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2014.

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<sup>6</sup> The 10 countries of the region which have ratified Convention 102 are: Barbados, Bolivarian Republic of Venezuela, Brazil, Costa Rica, Ecuador, Honduras, Mexico, Peru, Plurinational State of Bolivia and Uruguay.

Within the Latin American and Caribbean region, the Inter-American system of the Organization of American States (OAS) signed the American Convention on Human Rights in 1969 and the Protocol of San Salvador in 1988. The latter focuses specifically on economic and social rights and has been ratified by 16 countries. Starting in June 2014, the countries began to submit reports on fulfilment of the respective obligations in terms of economic and social rights and on progress in social policies using a series of quantitative indicators and qualitative signs of progress (see section C.5) (OAS, 2015).

The economic and social rights enshrined in these international legal instruments form part of the internal legal affairs of States parties in Latin America and the Caribbean. In particular, they have been included in the respective constitutions, establishing their precedence over national law and in some cases even over the constitution itself (Sepúlveda, 2014). Moreover, many of the region's constitutions explicitly recognize protection of several economic and social rights (see table IX.1). Table IX.1 shows which countries have adopted a rights-based approach and discourse in social protection policies and which have committed to explicit social guarantees, especially regarding health care.<sup>7</sup>

**Table IX.1**  
**Latin America: rights-based approach in social protection**

Country	Constitutional recognition of social rights	Rights-based approach in social protection	Explicit guarantees
Argentina	Yes	Yes	Yes
Bolivia (Plurinational State of)	Yes	Yes	Yes
Brazil	Yes	Yes	Yes
Chile		Yes	Yes
Colombia	Yes	Yes	Yes
Costa Rica	Yes	Yes	
Cuba	Yes	Yes	
Dominican Republic	Yes		
Ecuador	Yes	Yes	
El Salvador	Yes	Yes	
Guatemala		Yes	Yes
Haiti	Yes		
Honduras	Yes		
Mexico	Yes	Yes	

<sup>7</sup> Following Gacitúa-Marió, Norton and Georgieva (2009), social guarantee is understood as a mechanism set up by a government to fulfil a right, entailing immediate obligations. In particular, the guarantee covers access to services, their quality, financing, oversight and ongoing review, as well as the availability of compensatory mechanisms.

Table IX.1 (concluded)

Country	Constitutional recognition of social rights	Rights-based approach in social protection	Explicit guarantees
Nicaragua	Yes		
Panama			
Paraguay	Yes	Yes	
Peru	Yes	Yes	Yes
Uruguay	Yes	Yes	Yes
Venezuela (Bolivarian Republic of)	Yes	Yes	

**Source:** Prepared by the authors, on the basis of Simone Cecchini and Rodrigo Martínez, *Inclusive Social Protection in Latin America: A comprehensive, rights-based approach*, ECLAC Books, No. 111 (LC/G.2488-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2011; U. Giedion, R. Bitrán and I. Tristao (eds.), *Planes de beneficios en salud de América Latina: una comparación regional*, Washington, D.C., Inter-American Development Bank (IDB), 2014; and constitutions and official social development plans of the respective countries.

## 2. A different approach to social protection policies and programmes

Espousing a rights-based approach is not simply a matter of ensuring that public policies are consistent with national and international mandates on economic and social rights. It also means looking at things in a different way, one that makes us see the reality more clearly. An example of the shift in focus prompted by the rights-based approach is that the starting point for social protection policies and programmes is not the existence of individuals in need or at risk, but the mere existence of citizens with enforceable social rights (FAO/ECLAC/OHCHR, 2011). This means moving from a focus of risks to one of rights, from beneficiaries to rights-bearers (Rico, 2014b). These rights are basic goods or services that are conducive to dignity, autonomy and freedom, and they are preconditions for democratic participation (ECLAC, 2007). Rather than specific “beneficiaries”, social protection is concerned with all citizens, who are “recipients”, “users” or “participants” of policies and programmes. Instead of passive beneficiaries, citizens become bearers of rights and responsibilities, which are legally binding and enforceable as guarantees, and they are the main agents of their own development (IPPDH, 2014) in the Republican sense: empowered, participatory, demanding and informed.

This view enables policy makers to formulate, implement, oversee and evaluate social protection policies and programmes which are both fair and better at achieving their desired outcomes. For example, the rights-based approach is key to ensuring that people who are eligible for certain social protection benefits actually receive them, by means of transparent eligibility criteria, along with public information campaigns and accountability mechanisms (Fiszbein, 2011). The rights-based approach also promotes the development of the institutional capacities that the various public agencies need in order to truly guarantee the fulfillment of rights (IPPDH, 2014).

Box IX.5 describes an example of income transfer schemes for families with children, in order to demonstrate how the rights-based approach could add value to the deployment of current public policies in the region.

#### Box IX.5

##### The rights-based approach in income transfer programmes

A number of measures inspired by the essential principles of the rights-based approach can be used to make social programmes, such as income transfer schemes for families with children, fairer and more effective, with a view to improving the living standards of their participants.

On the basis of the principle of equality, a key objective of these programmes is to cover the entire target population, i.e. families living in poverty. Accordingly, errors of exclusion —which from a rights perspective are more serious than errors of inclusion— must be avoided or corrected, which can be achieved by building and regularly updating single registries of recipients. This also means making sure that all citizens have an identity card, since identification is a basic requirement to participate in programmes.

This principle also requires that programmes avoid reproducing discriminatory treatment towards people living in poverty, women and indigenous peoples. Cultural relevance and the ethnic perspective must therefore be taken into account in all measures, with a particular emphasis on the range of health and education services and on administrative processes. Any co-responsibilities assumed by families —generally mothers— along with the receipt of cash transfers must be consistent with their needs, possibilities and socioeconomic context, and must not be regressive in terms of gender equality. Obviously, such measures should improve the outcomes of programmes by increasing families' access to health and education services.

Other human rights principles are applicable as well, in the effort to improve income transfer schemes. Institutional structure and transparency are fundamental to ensure that programmes will be sustainable over time and not be discontinued with changes in government. This can be achieved by adopting suitable legal and institutional frameworks and ensuring that the population has proper access to public information on different aspects of the programme (entry requirements, application procedures, the nature of benefits, forms of payment and so forth). Access to information about the scheme also helps to reach target families more readily.

It is clear, then, that by adopting and following human rights principles, income transfer programmes can achieve better outcomes in relation to their main objective of reducing poverty. The principle of comprehensiveness makes programmes more effective through the creation of inter-agency coordination mechanisms. In turn, effective participation by recipients and the community provides programme managers with continuous feedback to enable improvements. Lastly, effective accountability mechanisms help to reduce and eliminate problems of corruption and clientelism.

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Source: Prepared by the authors, on the basis of Food and Agriculture Organization of the United Nations/Economic Commission for Latin America and the Caribbean/Office of the United Nations High Commissioner for Human Rights (FAO/ECLAC/OHCHR), "Los programas de transferencias condicionadas desde un enfoque de derechos humanos. Guía para el análisis", 2011 [online] [http://www.fao.org/alc/legacy/iniciativa/expertos/documentos/guia\\_1-v2.pdf](http://www.fao.org/alc/legacy/iniciativa/expertos/documentos/guia_1-v2.pdf); and C. Rossel, D. Courtoisie and M. Marsiglia, "Programas de transferencias, condicionales y derechos de la infancia y la adolescencia: apuntes a partir del caso de Uruguay", Políticas Sociales series, No. 215 (LC/L.3927), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2014.

## **C. From rhetoric to practice: examples in the region**

Latin American and Caribbean countries offer several examples of social protection policies and programmes that demonstrate at least one of the principles of the rights-based approach. Following Sepúlveda (2014, p. 30-45), this section outlines experiences that show some of the key elements discussed in section A. In highly unequal societies with stubborn poverty levels, many of these schemes are aimed at combating inequality and including the most disadvantaged groups.

### **1. Universality and the inclusion of disadvantaged groups**

Regarding the principle of equality, the region has interesting examples in the areas of health, pensions and family allowances that expand coverage and, sometimes, provide universal access to social protection, in keeping with the obligation to progressively seek enjoyment of economic and social rights by the entire population.

The single public health system of Brazil, the Sistema Único de Saúde (SUS), is based on the rights approach set forth in the Constitution of 1988 and assures comprehensive, universal and free care for the entire population. The programme includes a number of measures to make the system universal and free, including special measures for the indigenous population, measures to protect health-care consumers against information asymmetries, and mechanisms to guarantee community participation (see section C.4). SUS is fully financed through public resources from taxes and contributions. The system's universality was achieved by means of significant decentralization of responsibilities, functions and resources from the federal level to the states and municipalities, in order to guarantee that the entire population would have good-quality access at all levels of care, regardless of area of residence (Robles and Mirosevic, 2013; Sepúlveda, 2014).

Chile's System of Universal Access with Explicit Guarantees (the AUGE Plan) guarantees the right to the best possible level of health for the population. Law No. 19.966 of 2004 set up a regime of guarantees and in 2005 a list of 40 illnesses and conditions was established for which appropriate services were guaranteed. The list has grown progressively: it covered 56 diseases by 2007, 69 by 2010 and 80 by 2013. Patients have the right to appeal to the law courts in the event that the respective guarantees of access, quality and timeliness are not fulfilled (Cecchini and Martínez, 2011; Sepúlveda, 2014). In 2008 Chile carried out a pro-equality pension reform based on the rights approach which, as well as creating a basic solidary pension (equivalent to US\$ 150 today), for persons aged over 65 and those with disabilities aged between 18 and 65 years, introduced a child benefit payable to women for each live-born or adopted child (ECLAC, 2014b; Robles, 2013).

In terms of child protection, Argentina's Universal Child Allowance (AUH) is a rights-based programme that now covers around 3.5 million people and offers a monthly family allowance of US\$ 80 for mothers or fathers who are unemployed or working in the informal economy (Pautassi, Arcidiácono and Straschnoy, 2013). With regard to protection for older adults, noteworthy experiences are those of the Plurinational State of Bolivia and Mexico City. In 2008, the Plurinational State of Bolivia established *Renta Dignidad*, a basic universal non-contributory pension for those aged over 60. In 2001 Mexico City began to provide a food benefit for those aged over 70, and expanded it in 2009 to those aged over 68 (ECLAC, 2014b; Sepúlveda, 2014; Yanes, 2011).

## **2. Comprehensive social assistance strategies**

Although the region still faces the challenge of integrating the contributory and non-contributory components of social protection, progress has been made with the design and implementation of comprehensive social assistance strategies and poverty reduction, as may be seen in the cases of Brazil and Chile.

The Solidarity Chile programme, launched in 2002, was a pioneer in the region in creating a coordinated structure whereby families living in poverty could access services and benefits offered under different schemes. The concept of a one-stop shop remedied the fragmentation of social institutions and instigated a coordinated, cross-sector approach through "social supports", or social workers who connected families with the range of social services available (Cecchini and Martínez, 2011).

A more recent example is the Brazil without Poverty programme, an intersectoral strategy for poverty reduction launched in 2011 to coordinate social programmes in the areas of education, health, social assistance and infrastructure. This plan has three pillars: (i) an income guarantee through the *Bolsa Família* conditional cash transfer scheme; (ii) economic inclusion through programmes to support labour income and employment generation; and (iii) access to public services (Robles and Mirosevic, 2013). Comprehensiveness is pursued in two ways: through State efforts to ensure inclusion in the programme of all those who "fall below the radar", and an emphasis on coordination through contracts with subnational levels of authority, involving all ministries (Sepúlveda, 2014).

## **3. Consolidation of a suitable legal and institutional framework**

Brazil's Constitution of 1998 enshrined a broad range of social rights, including the right to education, health care, work and social security, and recognized the responsibility of the State in the provision of social services, and the rights



of workers to a contract of employment, a fair wage and unemployment insurance (Robles and Mirosevic, 2013; Sepúlveda, 2014). The Constitution also established broad standards of special protection for children and the elderly, and for indigenous peoples. Following these constitutional standards, Brazil has built up a legal and institutional framework that guarantees a rights focus in social protection. This framework includes a great variety of laws, such as the Organic Law on Social Assistance (1993), and various institutions to support and coordinate social programmes, including the Ministry of Social Development and Hunger Alleviation, created in 1994.

In Mexico, the General Law on Social Development of 2004 represented a landmark in the guarantee of social rights enshrined in the country's Constitution. The law recognizes rights to education, food, housing and a healthy environment, as well as to work and social security. It also sets forth criteria for social policy design, establishing, for example, that social investment must not decline from one year to the next. Under the law, the federal government is obliged to publish the rules of operation of social development programmes included in the national budget. The law has also given rise to the National Council for the Evaluation of Social Development Policy (CONEVAL), which is responsible for defining and measuring multidimensional poverty, and for evaluating social development policies, and has created the National Social Development Commission, which coordinates social development investments and programmes (Valencia Lomelí, Foust Rodríguez and Tetreault Weber, 2013).

In April 2014, El Salvador adopted a new law on social development and social protection, with an explicit basis in the rights approach. The law promotes the institutionalization and intersectoral development of social policy and protects the continuity of the main measures by making them policies of State.

#### **4. Participation**

There are various modalities in use in the region for achieving effective participation, such as the joint preparation of standards, the holding of public hearings, the establishment of consultative councils and participatory budgeting in social affairs (IPPDH, 2014).

Brazil is one of the countries which has made most progress regarding citizen participation in social protection, as well as in other spheres of social policy, in line with the provisions of the Constitution and national legislation (Sepúlveda, 2014). Further to the requirement under the Organic Law on Social Assistance for policies on social assistance to promote societal participation, the National Social Assistance Council (CNAS) was set up to operate at the national, state and municipal levels, with a composition evenly divided

between civil society and the government. At the national level, the Council governs the implementation of social services, votes on the social assistance budget and oversees investment, among other duties. Significant action by CNAS led to the creation in 1994 of the National Policy on Social Assistance (PNAS), which performs similar functions at the state and municipal levels and plays a normative, deliberative and oversight role in social assistance policies (Robles and Mirosevic, 2013; Sepúlveda, 2014). In health care, the right to participation is pursued through health conferences and health boards established under the Organic Law on the Health System. Health conferences are held every four years with representatives of the different social segments, and with the objective of assessing the health situation and proposing guidelines for health policy formulation at the corresponding levels. Health boards are collegiate bodies comprising government representatives, service providers, health professionals and users of the system. They are permanent discussion bodies with a role in strategy planning and in the oversight of health policy execution. Like the conferences, they are held in ascending order, from the municipal through the state levels, culminating in a national board, just as the conferences culminate in a national Health Conference (Sepúlveda, 2014).

## **5. Transparency and access to information**

Although most social protection programmes in the region do not have effective transparency mechanisms, certain advances have been seen in the case of cash transfer schemes, some of which have flexible and inclusive measures for improving access to information for certain disadvantaged recipients. For example, Ecuador's Human Development Grant programme has set up toll-free hotlines, while Mexico's Oportunidades programme has established access-to-information mechanisms that take into account the barriers of illiteracy, lack of Internet connectivity, and high transportation costs (Sepúlveda, 2014).

Another area that has shown progress in the region is the production by the Working Group to Examine the National Reports Envisaged in the Protocol of San Salvador—and the adoption by the Member States of OAS—of progress indicators on economic and social rights, for measuring compliance by States with the obligations set forth in the Protocol and reporting on progress in social policy and the situation in each country, recognizing the principle of progressiveness of economic and social rights. This is an important sign of progress in the process of fulfillment of the rights to social security, health, education, work and trade union rights, adequate nourishment, a healthy environment and culture. The indicators are intended to be used as an instrument in public policy design and assessment in OAS Member States (OAS, 2015).

## 6. Accountability

Over the past few decades several countries in the region have established mechanisms that allow for citizen control over public officials responsible for implementing social programmes (especially in the case of conditional cash transfer programmes) through submission of complaints or grievances in cases of irregularities or abuse of power (Sepúlveda, 2014).

In Mexico, for example, the public attention system, *Sistema de Atención Ciudadana* (SAC), of the *Oportunidades* programme receives complaints filed by citizens and recipients of the programme. Between 2003 and 2009 it received more than 780,000 submissions, mainly requests and enquiries (83% of cases), but also complaints, suggestions and grievances (Hevia de la Jara and Gruenberg, 2010).

In the conditional cash transfer programmes operating in Brazil, Colombia, Mexico and Peru, specific collective oversight bodies have been created, comprising programme users and various collegiate and public-sector agencies. In the case of Peru, the entity in charge of oversight and reporting functions for the *Juntos* programme is the National Supervision and Transparency Committee. This is a national public-private committee that includes representatives from the Office of the President, the Church, the private sector, regional and local governments and the Coalition for the Eradication of Poverty. The Committee acts on the basis of direct complaints and grievances, outreach campaigns and regular analyses of programme operations based on the information produced in a twice-yearly random sampling of recipients (Cecchini and Madariaga, 2011).

### D. Challenges for the rights-based approach in social protection

This book argues for the adoption of a rights-based approach in social protection, both for its ethical and normative value and for its instrumental value. In particular, from the perspective of the expanded equality agenda proposed by ECLAC (i.e. beyond more redistributive), the rights-based approach can serve as a catalyst for establishing or strengthening social protection systems and help to establish the levels of protection that are considered acceptable in each society (Sepúlveda, 2014).

It must be recognized, however, that this approach faces serious challenges, including those involved in the judicialization of economic and social rights, and in the dilemmas arising among the multiple demands for financing and scarce resources at the disposal of the countries. There are also conceptual tensions, especially regarding the conditionalities that form part of several social programmes in the region, and the targeting of measures.

Without claiming to definitively resolve the conceptual discussions under way, this section will attempt to outline the challenges and offer possible solutions to debates that sometimes become entrenched in incompatible and non-constructive positions.

## **1. Judicialization of economic and social rights**

In many of the region's countries, a strong view persists that economic and social rights are mere declarations of intent and not enforceable by judicial or administrative means (see box IX.6). In others, such as Brazil and Colombia, the constitutional enshrinement of economic and social rights has led to a growing body of jurisprudence (Sepúlveda, 2014). The judicialization of social protection also raises a series of risks and difficulties, in terms of equality—given that the poor and vulnerable face more barriers to seeking a solution in court, for both economic and cultural reasons—and the burden placed on the judicial apparatus, as well as the division of functions and competences between the branches of the State, since the responsibility for the design and operation of social protection policies falls to the legislative and executive powers, not to the judiciary (Cecchini and Martínez, 2011).

As indicated by Artigas (2005), the guarantee of allowances universality associated with the fulfilment of rights is not necessarily obtained through judicial mechanisms and rulings in individual cases, but arises from social and fiscal compacts engaging society as a whole (see chapter X). Without compacts constituted around economic and social rights that allow societies to form a sense of meaning and direction, and that help to define more precisely the range of benefits and assets to which any citizen may aspire and the timeframes that society sets for the achievement of full entitlement (ECLAC, 2006), it will be difficult indeed to maintain a system based on guarantees.

Colombia is an emblematic case, especially in relation to protection of the right to health. In 1992, the Constitutional Court ordered the Social Security Institute to provide care for a non-sighted person living in extreme poverty. The Court ruled that Congress had failed in its duty to adopt legislation that would address the situation of the extremely poor. In 1995, the Court ordered the social security system to pay for treatment in a specialized clinic in the United States for a girl who suffered from leukemia and needed a complex transplant that could not be undertaken in Colombia. As a result of these rulings, jurisprudence on the right to health led to some unsought outcomes, including an explosion in cases. Between 1999 and 2009, the Colombian courts received 775,102 claims for protection related to the right to health (between 25% and 40% of all claims to protection), which undermined the equity, financial sustainability and efficiency of the system. To address this dilemma, in 2008 the Constitutional Court issued a landmark ruling, judgment T- 760/08, which included 22 petitions illustrating the principal

shortcomings of the health system, and issued orders to the Colombian government to address them by structural means (Sepúlveda, 2014).

**Box IX.6**  
**The enforceability of economic and social rights**

Although entitlement to rights is rooted in the normative reference of international agreements and standards, it has also been conditioned by the way in which these standards are first translated into constitutions or legislation, then enshrined in policies and programmes, before finally shifting from the sphere of *de jure* (or formal entitlement) to the sphere of *de facto* (or effective entitlement). In this respect, Alexy (1993) proposes four considerations for building schemes of justiciability. First, it must be considered whether rights are subject to constitutional oversight. Second, it must be analysed whether the standards concern objective duties (a general obligation upon the State to provide suitable programmes) or subjective rights (the individual right to personally demand access to a programme or benefit). Third, it must be discerned whether rights are formulated as absolute rules (allowing every individual to demand from the State what is set down in the standard) or only as principles (which must be applied only as far as legally and factually possible). Fourth is analysis of whether the notion of social rights is geared towards a floor or ceiling level of welfare. Different combinations of these variables give different forms of social protection whereby the highest level of justiciability would be obtained where social rights are protected under the constitution, take the form of subjective rights, are structured in the form of rules and are full rights, in other words rights to full coverage. Conversely, the lowest level of justiciability would occur where social rights are not constitutionally protected, are not subjective rights of the individual but objective duties of the State, are structured in the form of principles and establish floors (not ceilings) of welfare (De Roux and Ramírez, 2004, p. 20).

However, notwithstanding the essential role of justice systems, they are not the only mechanisms for enforcing rights. Broadly defined, guarantee mechanisms can include channels and procedures that are not necessarily judicial: administrative procedures for review of decisions and public oversight of policies, users' and consumers' complaint forums, parliamentary political review bodies and specialized institutions that safeguard fundamental rights (for example, ombudspersons, consumer protection agencies and competition protection offices). They can also include international systems of human rights protection.

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Source: Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), *Social Cohesion: Inclusion and a sense of belonging in Latin America and the Caribbean. Summary* (LC/G.2335), Santiago, 2007; *Shaping the Future of Social Protection: Access, financing and solidarity* (LC/G.2294(SES.31/3)), Santiago, 2007; MERCOSUR Institute of Public Policy on Human Rights (IPPDH), "Ganar derechos. Lineamientos para la formulación de políticas públicas basadas en derechos", *Documentos de Trabajo*, No. 2, 2014; R. Alexy, *Teoría de los derechos fundamentales*, Madrid, Centro de Estudios Constitucionales, 1993; and C. De Roux and J.C. Ramírez (eds.), "Derechos económicos, sociales y culturales, política pública y justiciabilidad", *Estudios y Perspectivas-Oficina de la CEPAL en Bogotá series*, No. 4 (LC/L.2222-P), Bogota, ECLAC, 2004.

The ruling of the Constitutional Court showed how litigation can unleash egalitarian structural processes (Sepúlveda, 2014; Uprimny and Durán, 2014). The enforceability of rights through judicial or administrative

channels, individual complaints, successive private suits or class actions can uncover a public problem that governments have yet to take into account. Hence the need to open information channels between judicial and administrative complaints systems and the process of problem identification, policy design and assessment of measures, in order to capture issues through an “early warning” system, and thus form a more accurate picture for establishing priorities and taking decisions (IPPDH, 2014).<sup>8</sup>

## 2. Financing: multiple demands and scarce resources

One of the main challenges for rights-based social protection is creating the conditions to provide sufficient resources and stable financing sources to fulfil the economic and social rights of the entire population (see chapter XIII). This, in turn, requires high levels of economic growth and dynamism (ECLAC, 2006),<sup>9</sup> something that is especially complex in a region in which several economies have a medium-low level of development and all are vulnerable to external “financial events”, which compromises the idea of nation-State sovereignty (Hopenhayn, 2001). The issue is even more difficult at a time when the Latin American economies are slowing (ECLAC, 2014b).

As noted by Balakrishnan and others (2011), countries are obliged to use the maximum resources available to realize economic and social rights, which means not only taxation, international cooperation resources and public spending, but also monetary policy and the financing of public debt. It also implies that the resources to be considered are not only those available in the State coffers, but also resources that come or could come from the private sector (IPPDH, 2014, p. 140).

In this respect, ECLAC has pointed to the need for a political compact between the various social sectors to determine the structure and level of taxation and the allocation of investment, considering that greater efforts will be needed from both the public and private sectors and that the available resources will have to be used more efficiently (see chapter X). It must also be recalled that the economic costs associated with failing to protect the population are not inconsiderable: not protecting is costly in itself.

However, given that resources are scarce, rights must be ranked in some way in order to meet them as well as possible with the resources available. Universally guaranteed floors must be gradually raised: this

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<sup>8</sup> For example, the existence of long waiting lists for public kindergartens in several countries of the region constitutes an early warning of the shortfall in this service and the impossibility of finding a market-based solution for the lower-income strata (IPPDH, 2014).

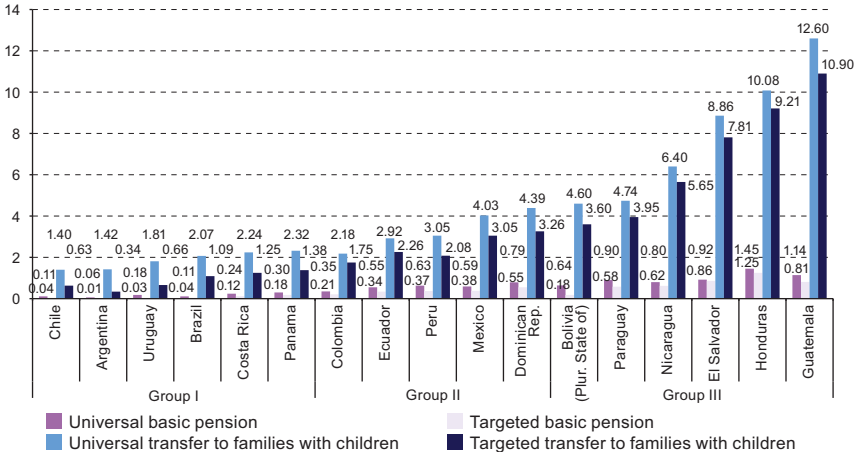
<sup>9</sup> No dichotomy exists between rights-based development and options that focus on economic growth. Synergies must be identified to place economic growth within a framework of policies which, by promoting social citizenship, contribute to political stability, narrow social gaps and legitimize democracy through a general increase in well-being (ECLAC, 2007).

is the essence of progressiveness as regards economic and social rights (see box IX.1) (ECLAC, 2007; Hopenhayn, 2006).

The challenges are also diverse from one country to another, and are greatest for the countries with the largest welfare gaps, that is, those with low per capita GDP, high demographic dependence rates, more informal labour markets, more limited social protection coverage, higher poverty levels and less social investment, not only in per capita terms, but also as a percentage of GDP (Cecchini, Filgueira and Robles, 2014).

To quantify the challenges, Filgueira and Espíndola (2015) calculated the cost of completing basic income transfers for families with children and older adults.<sup>10</sup> Making these two transfers to all persons living in households vulnerable to poverty—with incomes less than 1.8 times the poverty line—would cost less than 1% of GDP in Argentina, Chile and Uruguay, but over 10% of GDP in Guatemala and Honduras. Making the transfers universal would increase the cost. The cost of completing these transfers for all families with children and older adults, not only those vulnerable to poverty, would represent between 1.5% of GDP in Argentina and Chile, at the lower end of the scale, and 13.7% of GDP in Guatemala, at the upper end (see figure IX.1).

**Figure IX.1**  
**Latin America (17 countries): cost of universal and targeted income transfers to households with children and older adults, around 2011<sup>a</sup>**  
*(Percentages of GDP)*



**Source:** Prepared by the authors, on the basis of F. Filgueira and E. Espíndola, “Toward a system of basic cash transfers for children and older persons: An estimation of efforts, impacts and possibilities in Latin America”, *Políticas Sociales series*, No. 216 (LC/L.3934), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2015.

<sup>a</sup> Group I: countries with smaller welfare gaps; Group II: countries with moderate welfare gaps; Group III: countries with larger welfare gaps.

<sup>10</sup> Transfers completing benefits equivalent to one poverty line per child aged up to 15 (up to a maximum of three children) and per person aged 65 and over.

Evidently, then, no single model of allowances can be put forward for all the countries in the region. Rather, each country, depending on its level of development, would need to embrace strategies for expanding basic income guarantees according to its fiscal capacities, social needs, and economic possibilities. This strategy would result in a region with significantly less poverty and indigence, moderately less inequality, and much greater social cohesion (Filgueira and Espíndola, 2015).

### 3. Conditionality and targeting

Lastly, we must examine the discussions under way on conditionalities and targeting. These two instruments, which are common in social protection programmes in Latin America and the Caribbean —although not necessarily in other world regions, such as Africa— can be problematic from a rights perspective.

With respect to conditionalities, it has been noted that human rights are not dependent on meeting any condition: they are rights inherent to the individual (Sepúlveda, 2014) and to the exercise of citizenship. Too strict a fixation on conditionalities can generate an unfortunate distinction between poor who do or do not “deserve” assistance, which contradicts the principle of universality and undermines basic human rights in terms of an assured minimum standard of living.

One very problematic aspect in addition to the matter of conditionalities is the sanction applied in the event of non-compliance, because punishing families with temporary or permanent suspension of benefits runs the risk of leaving precisely the most poor even more vulnerable. The more punitive the controls imposed, the greater the conflict with human rights (Sepúlveda, 2014). Some countries are using conditionalities to reinforce rights in education and health and to promote intersectoral work, without using punitive measures. In the case of the *Bolsa Família* programme in Brazil, for example, the purpose of monitoring conditionalities in education and health —a function performed by the National Secretariat for Citizen Income (SENARC) of the Ministry of Social Development and Hunger Alleviation— is not to sanction families, but to understand the reasons for non-compliance, and to offer support through social workers and assistance to enter education and gain access to health care (González de la Rocha, 2010). Cash transfers under *Bolsa Família* may be suspended only if families have been non-compliant for over 12 months and have received proper assistance and monitoring by social services during that period.<sup>11</sup> According to Soares (2012), between 2006 and 2008, only 4.5% of families failing to meet conditionalities lost their cash benefits.

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<sup>11</sup> Families participating in *Bolsa Família* are suspended for two months upon the third non-compliance with conditionalities, and may be suspended repeatedly if new non-compliances occur (MDS, 2012).



The discussion on targeting and universality of social protection policies and programmes is an old one. From the sphere of rights, several arguments have been put forward against overemphasizing targeting in social protection schemes. Firstly, it is argued that, although targeting helps to base recipient selection on technical and non-clientelist criteria, this can also be achieved through universal allowances, which reduce opportunities for corruption and help to eliminate the stigma associated with social assistance. Secondly, sophisticated targeting procedures often obscure selection criteria, which can make it difficult for recipients to understand how the programme works. It has also been argued with some force that, where poverty is widespread, the administrative costs and problems frequently associated with targeting can outweigh its benefits.

The position of ECLAC in this regard is that targeting is a tool for reducing inequalities and optimizing the distribution of resources, while the universalization of social protection remains the ultimate aim. Treating an issue in a differentiated manner does not necessarily contravene the principle of rights universality. On the contrary, it can reinforce the exercise of the principle and reduce inequality, as occurs in the case of affirmative action policies for ethnic minorities and groups which are more vulnerable owing to socioeconomic, cultural, age or gender factors (Hopenhayn, 2001). This framework may be described as “universalism sensitive to difference” (Habermas, 1998). Targeting social protection services towards the most vulnerable (or affirmative action) can thus be a useful way to move gradually towards the universalization of economic and social rights, through progressive realization in keeping with levels of development (Cecchini and Martínez, 2011).

To conclude, the rights-based approach is an ethical imperative as well as a mechanism for complying with the obligations and commitments assumed by States, and a tool for progressing towards inclusive and universal social protection. The ultimate aim is to make social protection policies and programmes a key to breaking the intergenerational transmission of poverty and inequality, with autonomous and empowered rights-bearers.

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## Annex IX.A1

### Rights to social protection in international human rights instruments

International treaty (year) (Number of ratifications or accessions in Latin America and the Caribbean)	Provisions
Universal Declaration of Human Rights (1948) <sup>a</sup>	<p>The right of all to social security and the realization of economic, social and cultural rights (article 22).</p> <p>Everyone has the right to work [...] and to protection against unemployment. Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection (article 23).</p> <p>Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection (article 25).</p>
Social Security (Minimum Standards) Convention of the International Labour Organization (ILO) <sup>b</sup> (10 countries)	<p>Establishes minimum standards—which may be determined in relation to the level of wages in each country—for social security benefits and conditions for accessing them. It covers nine areas of social security: (i) medical care (articles 7 to 12); (ii) sickness benefit (articles 13 to 18); (iii) unemployment benefit (articles 19 to 24); (iv) old-age benefit (articles 25 to 30); (v) employment injury benefit (articles 31 to 38); (vi) family benefit (articles 39 to 45); (vii) maternity benefit (articles 46 to 52); (viii) invalidity benefit (articles 53 to 58); and (ix) survivors' benefit (articles 59 to 64).</p>
International Convention on the Elimination of All Forms of Racial Discrimination (1965) (32 countries)	<p>Guarantees the right of everyone, without distinction as to race, colour, or national or ethnic origin, to equality before the law, notably in the enjoyment of the following rights: [...] economic, social and cultural rights, in particular: the rights to work, [...] to protection against unemployment, [...] to housing, to public health, and to medical care, social security and social services (article 5).</p>
International Covenant on Economic, Social and Cultural Rights (1966) (29 countries)	<p>The right of everyone to social security (article 9).</p> <p>The widest possible protection and assistance should be accorded to the family [...] particularly for its establishment and while it is responsible for the care and education of dependent children. [...] Special protection should be accorded to mothers during a reasonable period before and after childbirth. During such period working mothers should be accorded paid leave or leave with adequate social security benefits. Special measures of protection and assistance should be taken on behalf of all children and young persons (article 10).</p> <p>The right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing (article 11).</p> <p>The right of everyone to the enjoyment of the highest attainable standard of physical and mental health (article 12).</p>

International treaty (year) (Number of ratifications or accessions in Latin America and the Caribbean)	Provisions
Convention on the Elimination of All Forms of Discrimination against Women (1979) (33 countries)	<p>States Parties shall take all appropriate measures to eliminate discrimination against women in the field of employment in order to ensure, on a basis of equality of men and women, the same rights, in particular [...] the right to social security, particularly in cases of retirement, unemployment, sickness, invalidity and old age and other incapacity to work, as well as the right to paid leave; the right to protection of health and to safety in working conditions, including the safeguarding of the function of reproduction. In order to prevent discrimination against women on the grounds of marriage or maternity and to ensure their effective right to work, States Parties shall take appropriate measures [...] to introduce maternity leave with pay or with comparable social benefits without loss of former employment, seniority or social allowances (article 11).</p> <p>States Parties shall take all appropriate measures to eliminate discrimination against women in rural areas [...] and, in particular, shall ensure to such women the right [...] to have access to adequate health care facilities, including information, counselling and services in family planning; and to benefit directly from social security programmes (article 14).</p>
Convention on the Rights of the Child (1989) (33 countries)	<p>States Parties shall recognize for every child the right to benefit from social security (article 26).</p> <p>States Parties recognize the right of every child to a standard of living adequate for the child's physical, mental, spiritual, moral and social development. The parent(s) or others responsible for the child have the primary responsibility to secure, within their abilities and financial capacities, the conditions of living necessary for the child's development. States Parties, in accordance with national conditions and within their means, shall take appropriate measures to assist parents and others responsible for the child to implement this right and shall in case of need provide material assistance and support programmes, particularly with regard to nutrition, clothing and housing. States Parties shall take all appropriate measures to secure the recovery of maintenance for the child from the parents or other persons having financial responsibility for the child, both within the State Party and from abroad (article 27).</p>
International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (1990) (17 countries)	<p>With respect to social security, migrant workers and members of their families shall enjoy in the State of employment the same treatment granted to nationals in so far as they fulfil the requirements provided for by the applicable legislation of that State and the applicable bilateral and multilateral treaties (article 27).</p> <p>Migrant workers shall enjoy equality of treatment with nationals of the State of employment in respect of: protection against dismissal; unemployment benefits; access to public work schemes intended to combat unemployment (article 54).</p>
Convention on the Rights of Persons with Disabilities (2006) (25 countries)	<p>States Parties recognize the right of persons with disabilities to social protection and to the enjoyment of that right without discrimination on the basis of disability, and shall take appropriate steps to safeguard and promote the realization of this right (article 28).</p>
United Nations Declaration on the Rights of Indigenous Peoples (2007) <sup>a</sup>	<p>Indigenous peoples have the right, without discrimination, to the improvement of their economic and social conditions, including, inter alia, in the areas of education, employment, vocational training and retraining, housing, sanitation, health and social security (article 21).</p> <p>Indigenous peoples have the right to their traditional medicines and to maintain their health practices, including the conservation of their vital medicinal plants, animals and minerals. Indigenous individuals also have the right to access, without any discrimination, to all social and health services. Indigenous individuals have an equal right to the enjoyment of the highest attainable standard of physical and mental health. States shall take the necessary steps with a view to achieving progressively the full realization of this right (article 24).</p>

International treaty (year) (Number of ratifications or accessions in Latin America and the Caribbean)	Provisions
Additional Protocol to the American Convention on Human Rights in the Area of Economic, Social and Cultural Rights (Protocol of San Salvador) (1988) (16 countries)	<p>Everyone shall have the right to social security protecting him from the consequences of old age and of disability which prevents him, physically or mentally, from securing the means for a dignified and decent existence. In the event of the death of a beneficiary, social security benefits shall be applied to his dependents. In the case of persons who are employed, the right to social security shall cover at least medical care and an allowance or retirement benefit in the case of work accidents or occupational disease and, in the case of women, paid maternity leave before and after childbirth (article 9).</p> <p>Everyone shall have the right to health, understood to mean the enjoyment of the highest level of physical, mental and social well-being (article 10). Everyone has the right to adequate nutrition which guarantees the possibility of enjoying the highest level of physical, emotional and intellectual development (article 12).</p> <p>The States Parties hereby undertake to accord adequate protection to the family unit and in particular: to provide a special care and assistance to mothers during a reasonable period before and after childbirth; to guarantee adequate nutrition for children at the nursing stage and during school attendance years; to adopt special measures for the protection of adolescents in order to ensure the full development of their physical, intellectual and moral capacities (article 15).</p>
Additional Protocol to the American Convention on Human Rights in the Area of Economic, Social and Cultural Rights (Protocol of San Salvador) (1988) (16 countries)	<p>Everyone has the right to special protection in old age. With this in view the States Parties agree to take progressively the necessary steps to make this right a reality and, particularly, to provide suitable facilities, as well as food and specialized medical care, for elderly individuals who lack them and are unable to provide them for themselves (article 17).</p> <p>Everyone affected by a diminution of his physical or mental capacities is entitled to receive special attention designed to help him achieve the greatest possible development of his personality. The States Parties agree to adopt such measures as may be necessary for this purpose and, especially, to undertake programs specifically aimed at providing the handicapped with the resources and environment needed for attaining this goal (article 18).</p>

**Source:** Prepared by the author on the basis of Simone Cecchini and Rodrigo Martínez, *Inclusive social protection in Latin America: a comprehensive, rights-based approach*, ECLAC books, No. 111 (LC/G.2488-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2011; J.L. Drolet, “Social protection and social development: international initiatives”, *Springer Briefs in Population Studies*, 2014; M. Sepúlveda, “The rights-based approach to social protection in Latin America: from rhetoric to practice”, *Social Policy Series*, No. 189 (LC/L.3788), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), 2014 and United Nations, “United Nations Treaty Collection, Chapter IV: Human Rights” [online] <https://treaties.un.org/Pages/Treaties.aspx?id=4&subid=A&lang=en>.

<sup>a</sup> Declarations are not treaties and thus are not ratified.

<sup>b</sup> The following conventions concerning social security also exist in the framework of the ILO: Equality of Treatment (Social Security) Convention, 1962 (No. 118); Employment Injury Benefits Convention, 1964 (No. 121); Invalidity, Old-Age and Survivors’ Benefits Convention, 1967 (No. 128); Medical Care and Sickness Benefits Convention, 1969 (No. 130); and Employment Promotion and Protection against Unemployment Convention, 1988 (No. 168).

## Chapter X

# Building compacts for social protection

*Carlos F. Maldonado Valera<sup>1</sup>*

### Introduction

This chapter has three main goals. First, it seeks to frame the concept of a social compact as a desirable horizon for the construction of universal social protection systems that will engender greater equality and narrow existing social divides. Approaches for achieving this objective have been proposed in a number of studies recently conducted by the Economic Commission for Latin America and the Caribbean (ECLAC). Second, it will review some of the observations and lessons learned from the analysis and monitoring of social protection systems and social policy reforms in countries of the region. The focus here is on an approach to social compacts that, rather than casting them as a “must” or as an optimum horizon, views them as a delimited sphere of action for building a consensus around the need to create universal social protection systems. Third, it will review reform processes in Brazil, Costa Rica, Chile, El Salvador, Mexico and Uruguay as a means of illustrating the specific challenges and opportunities associated with efforts to broaden social protection coverage in Latin America.

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## **A. The importance of a compact for social protection: contributions from ECLAC**

In recent years, ECLAC has placed the effort to build a social compact, particularly with respect to social protection, firmly on the regional agenda. In fact, social and fiscal covenants have become the epicentre of a new market/society/State equation. If social compacts are understood as “explicit agreements between social and political stakeholders on a certain general or specific social order” that is intended to serve as the foundation for a harmonious form of coexistence over the long term (ECLAC, 2010, p. 236), then they will necessarily entail the formation of a broad-ranging consensus. This need not necessarily be unanimous, but it must be based on a shared conviction as to the need to construct stable initiatives for achieving equality, redistribution and social inclusion. And those initiatives have to garner the support of the majority if they are to underpin an entitlement-based approach to the protection and promotion of people’s rights. Clearly, any strategy that entails structural change, conflicting interests, mutually exclusive investment options and trade-offs between short- and long-term effects will require broad-based agreements, i.e. compacts, if the necessary changes are to be politically viable, enjoy the support of the citizenry and be sustainable over time (ECLAC, 2010).

Viewed from this standpoint, social compacts are seen as a means of addressing stark social divides and of closing wide gaps in the production structures of Latin America. Such agreements can serve as a foundation not only for the creation and funding of more inclusive social protection systems, but also for industrial development and production policies capable of countering the structural heterogeneity of the region’s economies (ECLAC, 2012). The body of thought that has grown up around this concept focuses on proposing avenues for building this kind of consensus and for developing the actual content (in terms of fiscal and/or labour-related issues, social welfare, natural resource governance, and other elements) of such a compact (ECLAC, 2014). The question remains, however, as to exactly what kind of a political instrument a compact is, and what does it entail in the specific case of social protection? And why it is desirable or even necessary?

A social compact consists of a long-term cooperative relationship or agreement among a country’s social and political stakeholders based on agreed procedures for the dissemination and provision of information, consultation and negotiation. It may be adapted to accommodate changing circumstances as time passes. It can be used to secure a degree of flexibility in the positions of agents that hold veto power, especially when the participants are taking a long-term view and are sharing in the benefits of that agreement. Compacts of this type are thus political tools that can be used within a non-authoritarian, democratic framework in order to carry out strategic institutional reforms

that will be less subject to subsequent reversals. What is more, they make it possible to take actions explicitly intended to respond to people's social demands and aspirations rather than allowing the development agenda to be determined by interest groups embedded in the commercial, economic and financial complex. Building such a compact involves achieving a convergence of views among political and social stakeholders that arrive at an agreement as to the institutions — norms and agencies that will ensure its fulfilment— and public policies needed to make sure that the new direction that is being taken will be effective and well thought-out.

Compacts can be formed in a range of different areas of activity, but fiscal covenants play a particularly important role in endowing the State with the necessary resources to make strategic policy inroads in the direction of equality, sustainability and structural change. In sectoral policy areas closely related to social protection, ECLAC has highlighted the crucial importance of compacts in the fields of labour and employment and of social well-being and public services. In the first of these areas, the aim is to reform labour-related institutions in order to trigger the formation of virtuous circles between the institutional and production structures that can lead to greater equality while countering discrimination against different groups, including women. In the second, the aim is to move towards a better and more equally shared use of public services such as transportation, education, health care and environmental services. Of paramount importance is the need to transition towards a universal social protection platform based on increasingly integrated systems that include sound non-contributory solidarity substructures in line with the principle of equal rights (see chapter IX). In order to achieve this, the corresponding compact should include a road map for a progressive expansion of coverage and benefits in conjunction with a corresponding increase in funding.<sup>2</sup>

The alternative to building broad-based compacts is well known. At one extreme, policies tend to be adopted that favour the fairly narrow interests of influential coalitions and interest groups. Although it is not always the case, these policies are generally quite unambitious and limited in scope, and they are often reversed when electoral pressures so dictate. There is always the risk that policy measures will be inconsistent and will

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<sup>2</sup> The concept of a compact relating to other spheres of public affairs is also attractive (e.g. investment, industrial policy, finance), since it opens the way for the State to take on a central role in driving change in production structures and in leading the way in achieving environmental sustainability and sound natural resource governance, which are key factors for intergenerational solidarity, for the recognition of different groups that have been impacted by multiple forms of environmental degradation and for dealing with the depletion of non-renewable natural resources. At the global level as well, the notion of a worldwide covenant for development and cooperation beyond the year 2015 appears to be a promising avenue for working towards a global economic structure that is capable of guaranteeing a basic minimum of environmental sustainability and social well-being for the majority of the planet's population while reducing the stark inequalities and asymmetries existing in society.

change from one Administration to the next and, at times, social policies and social protection systems are allowed to lapse. Even in the presence of very comfortable majorities in the legislature and reform proposals that are widely accepted by politicians and the electorate, national and international think tanks and organized sectors of civil society, there is still a risk of instability and backsliding unless there is agreement on certain basic issues, and the scope of that agreement must extend beyond the bounds of whatever coalition is in a position of dominance at any given point in time. In the absence of such an agreement, it is even less likely that reforms or proposals, even once adopted, will be backed up by determined efforts to close structural gaps, which, by definition, cannot be accomplished in the absence of long-term fiscal and social commitments. Social protection is an area of public policy that exemplifies the specific aspects of the general social contract that exists, in the abstract, at any given point in time. This is because policies in this area determine the rules that govern the various social strata's access to a basic minimum level of guaranteed, although differentiated, well-being, as well as the redistribution of public and private resources (Murard, 2005).

In view of the foregoing, how feasible can a social protection compact actually be? And how are we to ensure that the terms of a broad-based agreement are respected? If we are to prevent social compacts from becoming a dead letter because the changes that were to be brought about never occurred, and if we are to ensure that cooperative relationships between the parties to that compact will endure, then certain guarantees need to be in place. The types of institutional arrangements that ECLAC has identified as factors that can help to bolster such compacts include the designation of a properly funded agency to monitor and assess their observance. ECLAC has also recommended that mechanisms for reporting and assessing failures to abide by such a compact should be put in place, along with a dispute settlement mechanism.

Above and beyond the question, in the abstract, as to what the content of a compact should be or what enforcement or monitoring mechanisms should be in place, there are other questions to be asked: What elements play an important role in determining how social compacts can contribute to the construction of social protection systems? What lessons can be learned from past experiences in which social protection reforms have been backed by a broad agreement across the political spectrum? In the following section, these questions will be discussed on the basis of a perspective centred around, on the one hand, the idea of a compact as a political process that may be undertaken on the basis of a number of different theoretical positions and, on the other hand, the lessons to be learned from a number of specific experiences with reforms that were adopted by consensus.<sup>3</sup>

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<sup>3</sup> The lessons and experiences discussed in the following section were explored in the course of a technical assistance and research project entitled "Social Covenants for More Inclusive Social Protection". This project, which was executed by ECLAC with support from German Agency for

## **B. Lessons learned about universal social protection compacts and consensuses**

In democratic systems, the notion of a compact may seem paradoxical, since the alternation in power of different coalitions is, in principle, one of the positive aspects of such systems. Above and beyond such a system's agreed electoral and constitutional ground rules, it is normal and even desirable for policies to be subject to change or at least to legitimate shifts in the electorate's preferences. How useful is it—or, in fact, how feasible is it—to enter into large-scale compacts or agreements while, at the same time, expecting democratic systems to be capable of channeling the demands of the majority while redirecting public action when a new governing coalition takes up office? Political scientists have formulated a range of different explanatory paradigms for public policy in democracies, each of which interprets the concept of a social compact somewhat differently. There are a number of different hypotheses about the causality of policy adoption, the factors that bring about changes in them, the sources of continuity and, of course, the role of social compacts. Box X.1 provides an overview of the various schools of thought in this regard.

Some of the lessons learned in this area will be discussed in the following sections. The first part of this discussion will deal with some general considerations regarding the role played by compacts in the formation of social protection systems. It will then turn to some of the practical considerations which have been explored by studies on specific types of reforms.

### **1. Possibilities, opportunities and constraints in the construction of social compacts**

A social compact—understood to be a broad-ranging agreement regarding the main facets of a social protection system—is rarely formed at any one specific point in time, with all its fundamental characteristics being determined once and for all. Such compacts are, instead, usually the outcome of a number of different non-linear processes involving a series of conflicts, discussions, agreements and decisions (Hopenhayn and others, 2014). The dynamics that give rise to this gradual process generally do, however, have an identifiable starting point in a particular set of circumstances marked by crisis and heightened conflict that can trigger long-term structural changes. Frequently, however, this defining moment or foundational point in time that served as the point of departure for subsequent adjustments or reforms can only be identified with the benefit of hindsight. Once these sequential

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International Cooperation (GTZ), documented and monitored social protection reform initiatives. Project personnel engaged in discussions and exchanges with numerous specialists in Latin America and Europe concerning the role of social covenants in the formation of social protection systems. For further details, see: <http://dds.cepal.org/socialprotection/social-pact/about>.

changes have engendered a new status quo that has gained the acceptance of society as a whole (or at least a large part of it), it then becomes possible to look back and see how a consensus-based social compact has taken shape (see diagram X.1).

**Box X.1**

**The concept of a compact or consensus as seen from the standpoint of different analytical traditions in the political sciences**

An analysis based on the different explanatory paradigms for public policy in democratic systems makes it possible to identify many of the different implications of a compact as a political process. Each one of these paradigms or traditions places differing weights on various explanatory variables, giving rise to differing hypotheses about the causative factors behind the adoption of given policies, the factors that lead to policy changes or continuity and, of course, the role played by social compacts in social policy (Maldonado Valera and Palma Roco, 2013d). These different approaches, together with their methodological bases, are outlined below.

**Social compacts as viewed on the basis of different paradigms for public policy in democratic systems**

Approach	Variant	A compact as...
Classic pluralism	Interest group theory	<ul style="list-style-type: none"> <li>• An agreement among the major organized groups on a reform or policy that serves their interests.</li> <li>• A response on the part of the political system to accommodate the preferences of a dominant and/or majority political and electoral coalition.</li> </ul>
	Rational choice theory	<ul style="list-style-type: none"> <li>• A modification of the status quo based on the acquiescence of formal and informal stakeholders holding veto power in the sector. The content of the compact balances the preferences of these groups.</li> </ul>
Neo-institutionalism	Historical	<ul style="list-style-type: none"> <li>• An incremental adjustment agreed upon by the main stakeholders within a context marked by strong inertial factors and the continuity of earlier decisions.</li> <li>• A radical adjustment agreed upon by the main stakeholders within the context of a short-lived crisis situation and period of uncertainty, with major implications for the subsequent development of the sector (critical juncture).</li> </ul>
	Organizational	<ul style="list-style-type: none"> <li>• The adoption or consolidation of a model for public action in a specific sector or context.</li> <li>• A window of opportunity in which political actors agree to change the status quo by launching an initiative to deal with a high-priority public issue.</li> </ul>
	Sociological	<ul style="list-style-type: none"> <li>• An agreement on models for public action based on convictions, paradigms or approaches that are shared by the main stakeholders.</li> </ul>
	Cognitive	<ul style="list-style-type: none"> <li>• An agreement on models for public action based on convictions, paradigms or approaches that are shared by the main stakeholders.</li> </ul>

Source: Carlos F. Maldonado Valera and Andrea Palma Roco, "Building consensus and establishing compacts in social policy: Notes for an analytical framework" (LC/L.3660), *Políticas Sociales series*, No. 179, Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), 2013.

## Box X.1 (concluded)

These different analytical approaches provide a toolkit that can be used to determine what has happened in specific cases where social policy reform efforts have been made possible by large-scale agreements or compacts. This toolkit can also be used to assess the chances that an ongoing reform initiative will lead to the establishment of such an agreement or compact. In order to do so, some of the specific features of the corresponding social policies were outlined and applied in case studies of social policy reform initiatives in Chile (the pension system reform of 2005-2008), Mexico (passage of the Social Development Act, 2000-2008) and Uruguay (adoption of the New Family Allowance System, 2005-2008), all of which were consensus-based. This toolkit has also been used to analyse ongoing reform processes in Brazil (the consolidation of the *Bolsa Familia* conditional cash transfer programme, 2002-2008), Costa Rica (passage of the Childcare and Child Development Network Act, 2010-2014), Ecuador (building consensus for *Buen Vivir* (Good Living), 2007-2014), El Salvador (negotiation and passage of the Development and Social Protection Act, 2009-2014) and Uruguay (formulation of a proposal for the National Care System, 2008-2014).

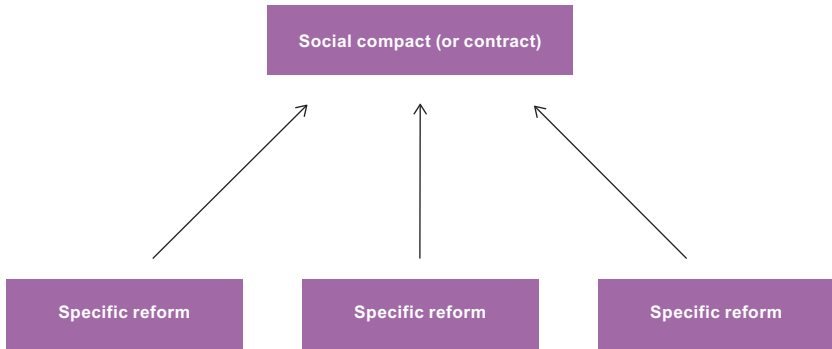
In this approach, the idea is that, by analysing the features of the main individual and collective stakeholders, their strategies and practices, the circumstantial and institutional factors involved, and the conceptual frameworks for social policy that are in place, the type of compact that provides the best explanation for the dynamics of each case can be identified. Since the emphasis is on social policy as a sector of public policy, the “conceptual frameworks” for this sector (i.e. the discursive, ideological and technical elements around which public debate is structured) are of paramount importance. Specific features of social policy as a sector of public policy that should be emphasized include conceptualizations of the role of the State, people, families and social organizations in gaining access to well-being, different concepts of democracy and citizenship, means for achieving greater well-being that are seen as being legitimate (e.g. fairly high, redistributive taxation) and various policy instruments (e.g. distribution of goods in kind or transfers) that are believed to be effective tools for influencing people’s behaviour, meeting needs and safeguarding rights.

As may be seen from the specific cases presented in the third section of this chapter, social compacts provide a useful means of describing and analysing windows of political opportunity, as noted by Kingdon (1995, 1997). There is a confluence of three different elements at work here: (i) the “problem” stream (public and governmental agenda); (ii) the “solutions” stream (policy options) and (iii) the “political” stream (determining factors and negotiations that lead to a public policy decision). Seen from this perspective, when a reform is placed high up on the public and governmental agenda, there are policy options and proposals on the table that are acceptable to the relevant stakeholders, and political actors are willing to agree on a line of action and to implement it, then change is very likely to happen.

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Source: Prepared by the authors on the basis of Carlos F. Maldonado Valera and Andrea Palma Roco, “Building consensus and establishing compacts in social policy: Notes for an analytical framework” (LC/L.3660), *Social Policy Series*, No. 179, Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), 2013.

**Diagram X.1**  
**Social compacts as an avenue for building a social contract**  
**in the wake of a series of specific reforms**



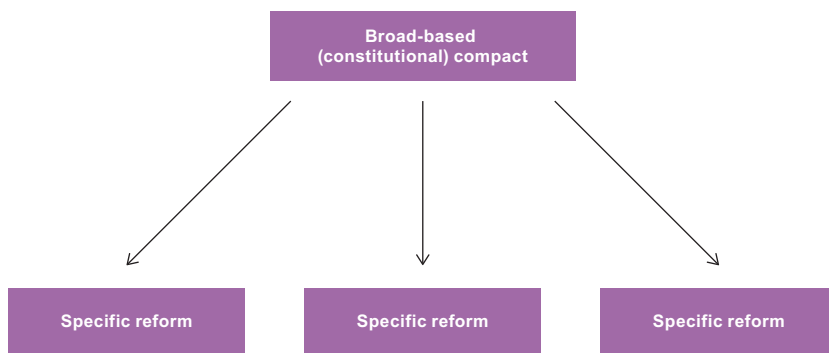
**Source:** Prepared by the author.

There is another avenue for arriving at a social compact. A gradual accretion of changes or reforms can take place under exceptional circumstances, which often take the form of an acute crisis. In such cases, a change in, for example, the constitutional order may redirect public policies, in general, and social policies, in particular, onto a new path over the long run. A formal delimitation of the general public policy framework and the role of the State, citizens’ rights, freedoms and the attendant principles, decision-making standards and rules, and even the components of welfare systems can give rise to constitutional changes that can act as a turning point and give rise to an enduring process of institutional change and the introduction of new policies, laws and reform measures. Even in cases where the substance of constitutional provisions at first appears to be a legal fiction (i.e. a “dead letter”), over the long run it may gradually become a reality (see diagram X.2).

A social compact —with or without a change in the constitutional order— may be formed with the help of the ongoing efforts of dominant political and electoral coalitions over a prolonged period of time (as in the case of the social democrat coalitions that held sway during much of the twentieth century in a number of European countries), as well as with the backing of coalitions made up of a variety of social stakeholders that advocate such changes. These are conflictual dynamics that involve winners and losers in which the balance of power among the key actors is always in flux. In each national context, the coalitions that are capable of helping to build universal social protection systems may be less influential than other change-resistant coalitions. In other words, social compacts are not at variance with social conflict but are rather often the outcome of such conflicts. This is why the formation of a stable electoral and social base within a democratic system that is in favour of highly redistributive universal social protection systems is

of such crucial importance. And this is where the analysis of constitutional, electoral and political party systems and the analysis of social protection systems converge. In this sense, social protection systems and the welfare systems of which they are a part can be seen as an ongoing process that can also be reversed if a broad-based social and electoral support structure is lacking.

**Diagram X.2**  
**Broad social compacts as a starting point for successive and/or multisectoral reforms**



**Source:** Prepared by the author.

Another important lesson is that compacts are not necessarily arrived at by means of a participatory, or even representative, process. The concomitant interaction, negotiations and agreement may all take place at the level of the leading political actors or may be based on vertical, collegiate arrangements that leave little scope for consultations with civil society or the citizenry at large. In the course of these processes, coalitions and extensive pacts may be formed whose focus is on dismantling or restricting the scope of social protection systems. On the other hand, they may also be open to participation by a wide range of stakeholders and to broad consultation, in which case they may lead to a gradual reorientation and prioritization of public policies. The representativeness of this latter kind of compact will, however, decline over time unless it is regularly updated so that it retains its legitimacy. In a democratic framework, this process may lead to a build-up of tensions that can reach the point where the compact itself is called into question. This may be a consequence of electoral upsets and shifts in government coalitions or may be brought about by social movements that succeed in redirecting the governmental and public agenda.

Changes in the status quo occur when windows of political opportunity open up, but the actors that are driving the change do not have complete control over all the factors that are at work. During such windows of opportunity, the



convergence of access to the governmental and public agenda, the availability of political options, the existence of alternative analyses of the situation and of a number of different shared narratives, along with the receptiveness of stakeholders holding formal decision-making power all play a crucial role. These windows are associated with a high level of uncertainty and, by definition, require negotiation and concessions by the stakeholders involved that limit the scope of the measures and decisions that are ultimately adopted. For that very reason, they may not fully satisfy the demands and expectations of all the participating political actors or even of the bulk of the population. Ultimately, the extent to which the substantive components of a compact fit in with the expectations, interests and resources of all those involved will determine the stability and durability of the agreements that are reached.

This ties in with the relevance of the corresponding social policy discourse and the underlying analytical frameworks. The narratives and the technical and ideological lines of reasoning put forward by the actors involved will define the form and content of the compact. These factors will guide stakeholders as they define their interests and motivations, but they will also be the focus of conflictive deliberations capable of resulting in agreements or changes in the status quo in which there will be both winners and losers. The various stakeholders will differ from one another in terms of their available resources and their persuasiveness, as will, consequently, the degree of influence that they succeed in exerting in what amounts to a power struggle. Some coalitions may attain a hegemonic position from which they are able to determine what issues are to be discussed and to define what is seen as “desirable” and what is negotiable. The types of social policy discourse and the conceptual frameworks that will be used are necessarily linked to each particular stage in history and each national context, and these will be the factors that trace out the field on which the various stakeholders will take up their positions at any given point in time.

Finally, the effort to build broad-ranging consensus that will provide a foundation for universal social protection systems also has an international or global dimension. This aspect is part of the external environment that will have an influence at the national and sectoral levels. Interchanges of ideas, lines of reasoning, and public policy tools and models are an increasingly important factor that has to be taken into account in order to arrive at a full understanding of the policy debates and the policy options under discussion in each country and sector. Examples include the notions of a rights-based approach (see chapter IX), a gender perspective and a locally specific focus on care as a matter of public policy, among many other issues at the forefront of international debate. These kinds of issues strongly influence the content of national debates and serve as platforms or mainstays for the formation of social policy compacts and consensus.

## **2. Practical considerations in the analysis and follow-up of specific social protection reforms**

Above and beyond the political economy dynamics surrounding a given compact, it is instructive to extrapolate the larger lessons to be learned from an analysis and follow-up of specific reforms. One cluster of such lessons can be drawn from an ex post analysis of partial reforms of social protection systems around which a compact or consensus was successfully formed. It is generally the case that inertial factors exert a powerful and even overarching influence, and in such situations the participating stakeholders have to work within those confines and adjust to them. In these cases, a compact or consensus will be a manifestation of “the art of the possible”, while the formation of foundational agreements that radically change the orientation of social policies and programmes is highly unlikely. There are defining moments, however, when political changes and economic shocks open up windows of political opportunity for the adoption of specific types of decisions that can have an extremely influential effect on subsequent developments, including the formation of a compact or consensus around reforms of a defined scope. The case studies presented in the third section of this chapter illustrate how crisis situations and/or times of political change can open up windows of opportunity for thorough-going changes in policy directions. Even more importantly, they also demonstrate that, when policy shifts are based on consensus, they take on greater legitimacy and are longer-lasting.

Yet another consideration is that the achievement of consensus comes at a cost in terms of time and in terms of the ultimate scope of the effort. In order to arrive at an agreement, the participants have to devote time to the effort and make asymmetrical commitments and concessions. That investment of effort does, however, lend greater solidity and durability to the agreement. In order to build consensus, the benefits of doing so have to be shared, at least in the short run, and associated costs have to be assumed differentially, especially in the case of the stakeholders that hold a relatively dominant position. Ensuring that other stakeholders enjoy the prestige and legitimacy associated with a consensus-building effort earns their trust and helps to engender positive, lasting dynamics.

Another finding is that political actors, technical cadres and civil society must all come together in order for a consensus to be formed that goes beyond the confines of political and electoral issues. The likelihood of launching an initiative that will gain favour with the greatest possible number of stakeholders increases when it embraces a wide range of positions and interests, encompasses the opinions and approaches used by technical specialists and informed experts, and succeeds in overcoming the shifting rivalries existing among different power groups within formal decision-making structures.

The ideas and conceptual approaches adopted by the various stakeholders also play an important role in other, non-instrumental ways. They use these approaches to justify their interests and positions, but also to define them in the first place; and this is why powers of persuasion, the ability to put forward convincing arguments, deliberation and the compilation of technical and empirical information are all such fundamental factors in the building of consensus.

The adherence to ethical and moral principles and the technical and political skills of the participating stakeholders are factors that are difficult to control, foster, replicate or measure. Setting aside the existence of corporate interests, political or economic pressures, and varying endowments of fiscal resources and of technical and analytical information, a careful reading of the cases presented in the third section reveals a surprisingly strong ability on the part of the stakeholders involved to look beyond the short-term considerations and to take a step back and view their differences in terms of something more than a zero-sum game.

The various theoretical approaches devised by political scientists for analysing the dynamics involved in the formation of social compacts are extremely useful provided that they are presented as pragmatic tools whose validity is determined by their explanatory value. Each approach is based on certain assumptions that shape the resulting analysis, which is why it is always a good idea to maintain a more open, pragmatic perspective when analysing specific situations.

Another group of questions that can provide some orientation are suggested by an examination of social protection reforms and an *ex ante* analysis of the feasibility of a social protection pact or consensus. The first such question focuses on what factors appear to be (or not to be) opening up a window of political opportunity for the formation of a consensus or compact that had not been in evidence before. In other words, to what extent are problems, solutions and policies converging? How have the issues and their place on the governmental and public agenda changed or shifted? Moreover, what are the public policy options under consideration? Is there one option that would be acceptable or accepted by the main stakeholders? And, finally, how willing are the different political stakeholders to negotiate or accede to those political options?

Other questions of this type have to do with the major social policy stakeholders. Which formal and informal actors hold veto power that therefore have to be in agreement if any compact or consensus is to be reached? In other words, who has to be convinced, who has to be at the bargaining table and on whom does pressure need to be exerted? Who has to be offered or convinced to accept policy options on which broad sectors can agree?

There is also the question as to whether, or to what extent, the social policy sector is in crisis and its basic premises are being challenged or, in contrast, is stable and exhibits a strong inclination towards inertia and continuity. The potential scope of any agreement or compact will differ significantly depending on which of these two sets of circumstances are present. If the compact that is being formed is one that favours continuity, then the inertial factors that are at work can probably be modified very little. If, on the other hand, it is a time of crisis and of radical challenges to the status quo, then there is a greater likelihood that the compact or consensus may lead to a break with the sector's previous policies and programmes or to a more radical reorientation or reworking of those policies and programmes.

Finally, it is important to identify the policy options and tools, as well as to pinpoint the conceptual frameworks for social policy and the role of the State and to understand how it ties in with the concepts of democracy and citizenship, and then to determine how these factors influence stakeholders' views of social conditions and public policy. In other words, the identification of the options and conceptual frameworks that are on the table can help to determine what substantive elements and what scope a compact or agreement would potentially encompass.

## **C. Social policy and social protection system reforms backed by broad-ranging consensus in the region**

### **1. Chile: the 2005-2008 pension system reform<sup>4</sup>**

The 2008 pension system reform in Chile was backed by all of the country's political forces. The pre-existing system had a very limited coverage for contributors, low contribution density and low replacement rates, among other problems, which blocked universal access to even a minimum old-age pension for many contributing workers, informal-sector workers and persons who were not, and had not been, in the workforce. The 2008 reform therefore had major fiscal and social implications, since it filled in many coverage gaps, equalized access conditions, provided guarantees of a minimum income for both men and women during their old age and enhanced the State's regulatory and fiscal capacity. At the same time, it did not radically redefine the structure of the pension system, since it retained the regime of individual capitalization accounts and private-sector management of pension funds. It did, however, include the introduction of a new solidarity pension system (SPS) that provided universal benefits and reinstated the State in its role as a guarantor of social security for the poorest 60% of the population. The SPS component includes a basic solidarity pension for persons who have

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<sup>4</sup> This section is based on Maldonado Valera and Palma Roco (2013b).

not accumulated enough savings in the social security system to obtain the basic minimum guaranteed pension and a solidarity pension contribution to top up the pensions of taxpayers whose savings accounts in the system fall short of the mark. Another component of the new system is the provision of an extra allowance to women for each live-born or adopted child. This allowance is provided to all women, regardless of whether or not they have been paying into the social security system and regardless of whether they are poor or not.

The SPS component includes subsidies for the employment of young workers and measures that have expanded the system's coverage and benefits for independent workers. It has also reinforced the State's ability to regulate the pension system and the pension fund management (AFP) industry. What made this reform so special was that it was introduced in an emblematic sector of public policy which had, until 2008, not undergone any structural changes since the military regime's overhaul of the pension system in 1981. It is also a sector that includes highly influential private actors—the AFPs—that, up to that point, had fought to stave off any changes in the system and especially in its social dimension.

The political and institutional process that engendered this reform can be divided into four stages. The first corresponded to the 2005 presidential campaign, when pension system reform was placed at the very top of the public agenda by its inclusion in the platform of the Coalition of Parties for Democracy candidate, Michelle Bachelet. The second stage was when, during her first year in office, in 2006, President Bachelet convened the Presidential Advisory Council (CAP), which was made up of a group of recognized pension experts representing a wide range of the political spectrum. Its members included both proponents and opponents of the existing system and was tasked with producing a technically sound baseline analysis, undertaking comprehensive consultations with all the relevant sectors of society and the economy, and developing a series of viable proposals for closing gaps in coverage, reducing inequalities in general and gender disparities in particular, and guaranteeing a basic minimum pension for all members of the population. The baseline analysis conducted by CAP was founded on a growing body of empirical evidence about the shortcomings and inequities associated with the individual capitalization system.

The third stage was when, acting on the recommendations made by CAP, the Council of Ministers, headed up by the Minister of Labour and the Minister of Finance, drew up a bill that was submitted to the legislature in December 2006. The fourth and final stage encompassed the protracted negotiations that took place in both houses of Congress. After undergoing some major changes, the bill penned by the executive branch was passed into law. One of the main concessions made by the executive branch in the course

of the negotiations was to agree not to include any provisions in the body of the bill that would have allowed the private and public banking systems to compete or take part in the management of pension funds. Once this issue had been negotiated, Congress passed the reform bill nearly unanimously.

The hallmark of the process that led to the conclusion of this compact was the window of political opportunity that was opened up by four factors: (i) the placement of the issue of pension reform at the top of the governmental and public agenda; (ii) the accumulation of a growing body of empirical evidence over the preceding years about the shortcomings of the pension system in terms of both coverage and equity; (iii) the development of a proposal by the pluralistic group of technically competent experts who were acknowledged as such by the main political stakeholders; and (iv) the willingness of these stakeholders to negotiate a socially progressive reform without overturning the features and interests associated with the individually funded pension system. CAP played a key role in building this consensus and in seeing the reform's implementation through. Thanks to its consultations with a wide range of sectors in the nation, it was able to devise a series of proposals that found acceptance with a large number of different stakeholders.

Viewed from a medium- and long-term perspective, a number of reasons can be found to explain why the pension system inherited from the dictatorship lasted for so long (1990-2006). First of all, the procedural and practical constraints under which the first democratic government laboured, especially until the constitutional reform of 2005, and the close relationship between the extremely influential AFP industry and decision-makers (particularly in the opposition coalitions to the successive Administrations led by the Coalition of Parties for Democracy), account for the absence of major reform initiatives during the early years of democracy following the dictatorship. The agreement with the opposition reached in the legislature can also be attributed to the political decision taken by the executive branch to set aside the controversial issue of the banking system's (and especially the public banking system's) participation in the AFP industry in order to achieve the primary goal of consolidating a solidarity pillar and recovering the State's role as the principal regulatory authority without undermining the industry's structural interests. That issue was sidelined from the negotiations on the bill that was ultimately passed and was instead voted on separately—and was defeated by a very slim margin in the Senate due to differences of opinion within the government coalition.

There is also an important cognitive factor. Over the course of many years, a growing body of empirical and technical evidence about the limitations and inequities of the individual capitalization pension system took shape. That evidence spurred a learning process that ultimately led even the political forces that were ideologically committed to the existing system to realize

that the system suffered from a number of limitations. When the time came to sit down at the bargaining table, the opposition did not openly challenge the proposals being put forward for closing the wide gaps in coverage and mitigating the existing inequities in terms of the sums paid in and the sums ultimately received by pensioners. This cognitive element played a decisive role in overcoming resistance to change and reaching a consensus.

Years later, when President Michelle Bachelet took up her second term of office in 2014, the creation of a State-run AFP —i.e. the possibility that a government agency could enter the pension fund management industry— was part of her new electoral platform and governmental agenda. A proposal for marginal increases in the benefits provided under the non-contributory solidarity pillar was also put forward. The Presidential Advisory Council was convened and tasked with preparing an overall baseline study of the pension system and making recommendations about how to correct its main failings. In June 2014, the executive branch submitted a bill to Congress that initiated a reform process that is still running its course and whose ultimate outcome and scope were still unknown at the time of writing.<sup>5</sup> The chief aims of this bill are to boost competition, lower costs in the industry and expand coverage for sectors that are not a priority for existing AFPs, such as independent workers, lower-income workers and workers in remote areas.

Viewing this new reform effort in the light of the lessons learned from the 2008 reform initiative, it becomes clear how the scope of social protection can take on an incremental dynamic in the presence of large vested interest groups that have adopted conflicting positions. This kind of dynamic entails a succession of partial or piecemeal adjustments that are subject to negotiation and situational trade-offs that do not necessarily involve a radical or systemic change (as a return to a government-run pay-as-you-go system would be, for example). These limited-scope adjustments are cumulative, however, and lay the groundwork for a gradual expansion of coverage and for universal and rising minimum levels of well-being.

## **2. Mexico: Social Development Act, 2004<sup>6</sup>**

The Social Development Act was passed in 2004 following a protracted debate in the legislature that began in 2000 and that involved the submission and discussion of a number of different bills endorsed by different political parties. Until then, following the crisis-driven adjustments and liberalization measures of the 1980s and the deepening of those measures in response to the 1995 recession, the country had lacked a legal and institutional legal order that would have provided a solid underpinning for federal anti-poverty

<sup>5</sup> See the bill [online] at: <http://www.mintrab.gob.cl/wp-content/uploads/2014/06/Proyecto-de-Ley-que-crea-AFP-Estatal-9399-13.pdf>.

<sup>6</sup> This section is based on Maldonado Valera (2013).

programmes. Various political and social sectors were also calling for a law on social development as a means of ensuring that the federal social policies and programmes would remain a priority. The Social Development Act introduced a number of important provisions. It did not provide for the establishment of any new programmes, benefits or specific changes in the social protection system, but it did delimit a political and institutional framework that has implications for the way in which all of the federal government's social development programmes operate. In addition to the provisions governing the operation of social programmes (operational rules, beneficiary lists, yearly assessments by outside agencies, criteria for the identification of priority areas, etc.), the Social Development Act provided for official multidimensional measurements of poverty and social development that conformed to guidelines founded upon the social rights guaranteed by the Constitution. It extended the requirement to submit to external evaluations to all federal social programmes and established rules governing the procedures for setting the amount of social investment funds to be made available by the federal government in order to avoid volatility or drastic cuts in funding. This law also provided for the establishment of an autonomous technical body (the National Council for Social Policy Assessment (CONEVAL)) to evaluate the programmes, define the methodology to be used and measure poverty levels. The Council is composed of experts who, by law, must have experience and belong to the National System of Researchers. This law also provided for the establishment of an institutional structure that encompasses different levels, units and functions of the federal government, state governments and the federal legislature.

Above and beyond this law's provisions and implications for social policy in Mexico, it is of particular interest because it was passed by unanimous vote of all the parties in the legislature. What is more, its passage was made possible by an unlikely, largely unforeseen consensus, since that consensus arose in a legislature in which—ever since 1997 and to the present day—one or the other or both chambers have been led by the opposition. Given this divided form of government, which is set within the context of a political system dominated by three major parties, the legislative status quo cannot be altered without the support of at least two of these parties and, insofar as changes in the constitutional order are concerned, all three. Even more importantly, this consensus was built around issues in a conflictive sector of public policy—federal social policy—marked by recurring tensions relating to clientage, tax issues and the decentralization of the allocation of federal and municipal social funding.

Some of the main findings yielded by an analysis of legislative bills, the context, stakeholders, institutional inertia and disputes about the direction of social policy as they relate to this process have to do with the determined effort to build consensus among political actors. A pivotal role was played by



members of the three major political parties and the executive branch (and particularly of the Social Development Secretariat), who were tenacious in their efforts to form a consensus until ultimately forging a separate agreement with one of the two largest opposition parties.

Despite the tension surrounding the issues of whether the State should play a subsidiary role or should act as the ultimate guarantor of rights and of whether social policy could be targeted or should provide universal coverage, the overriding motivation was to make federal social policy more transparent, more accountable and more technically efficient in terms of resource use, programme evaluation, poverty measurement and the determination of the level of social investment and of how to target it. This experience in consensus-building was strongly influenced by the long, drawn-out struggle over the discretionary use of resources, and at a certain juncture in this process, when a different Administration was taking over office from its predecessor and some stakeholders were gaining in power over others, it became possible to reach an agreement on the issue for a limited span of time, before the polarization and disputes characteristic of the divided governmental structure that Mexico has experienced since 1997 once again reasserted themselves. A debate about the implementing regulations for that law, which dragged on from 2004 until 2006 and was followed by the constitutional controversy associated with the Democratic Revolutionary Party (PRD) in that regard, signalled the end of that period.

Factors having to do with experiential inertia and earlier public policy decisions influenced the political feasibility and content of the Social Development Act. The programme assessments, beneficiary lists, operating rules and targeting of the *Progres-a-Oportunidades* and other programmes at the federal level, as well as the creation of the Federal Public Information Institute (IFAI) in 2001-2002 and the start-up of the Technical Committee for Poverty Measurement in 2002-2005, had a powerful influence on the provisions of the law regarding the institutional framework for federal social programmes and the creation of CONEVAL. An analysis of the texts of the draft bills and of the law that was ultimately passed point up the omission of a number of proposed provisions that would have reoriented social programmes towards a more universalist approach. It also indicates that a good many of the institutional provisions that were included in the law were aligned with the experiences and principal features of the *Progres-a-Oportunidades* programme and with the tendency of Congress to incorporate more accountability mechanisms into any social programme that came under its consideration.

A reading of this process yields two main findings. First of all, an examination of the institutional incentives generated by the party system, the electoral system and the legislative powers of the three branches of

government helps to arrive at an understanding of the decision-making process that led to the passage of the law and its implementing regulations. This, in turn, provides an indication of the type of high-level negotiations that took place and their dynamics and makes it apparent just how astonishing it was that a consensus was actually reached. It thus becomes clear that the Administration's determination to build consensus played a decisive role in these developments, at least up to 2005, when the customary sort of political and electoral polarization again gained sway and opened the way for the constitutional controversy that arose about the law's implementing regulations.

Second, an overall reading of the situation helps to account for the content of the law (its provisions, limitations and contradictions) in the light, in particular, of the inertial force of earlier public policy decisions, recurring tensions about the federal government's political and electoral use of social policy, the emergence of a more open federal agenda starting in 2000 which coincided with the placement of greater emphasis on transparency and accountability, and the opposition parties' wariness about the discretionary use of federal funds. On the one hand, the law is in line with the way in which federal social policy was reoriented towards a more targeted, residual model in 1995 - 1997. On the other hand, it also provides Congress with an additional mechanism for ensuring accountability on the part of the federal government and particularly for limiting the discretionary use of federal funds. The unanimous passage of this law can therefore be attributed to two factors: (i) the mechanisms for ensuring accountability that were written into the law were attractive to the main parties (including the opposition parties); and (ii) the law provided continuity, rather than breaking with past policy, and incorporated institutional features (lists of beneficiaries, operational rules, external programme assessments, an emphasis on targeting, etc.) into all federal social programmes that had already been tested and legitimized in the *Progres-a-Oportunidades* programme, which had played a central role in the reorientation of federal social policy that had been accomplished years earlier. Seen from this standpoint, the path dependency of the legislative process that led to the passage of this law can be seen to be reflected in the critical juncture experienced by the country in 1995-1997, with the law institutionalizing characteristic features of the social policy model adopted at that time.

In short, as can be seen from box X.2, given the institutional setting that exists in Mexico and the inertial factors and constraints that influence decision-making at the federal level, the achievement of unanimity can in large part be accounted for by the fact that the law provided continuity for the prevailing social policy model, rather than breaking with the past, and fit in with the legislature's push to incorporate various additional types of mechanisms to ensure the accountability of the federal government.

**Box X.2****Explanatory factors for the unanimous passage of the Social Development Act in Mexico**

- The law did not undermine but instead tended to reinforce the pre-existing social policy model.
- The law increased the scope of institutional features and accountability mechanisms developed on the basis of a fairly successful and legitimized initiative (the *Progresa-Oportunidades* programme).
- It was one more link in a chain of reforms (amendments to election laws in 1996, the Transparency Act of 2002) that curbed the discretionary powers of the federal government in terms of electoral matters, access to information, the use of social development resources, and the assessment of federal programmes and the measurement of their results.
- The law came up for a vote at an exceptional point in time which was later overshadowed by increasing political and electoral polarization in the run-up to the 2006 presidential elections.
- The executive branch's decision to allow different political parties to submit and debate bills on the subject paved the way for the formulation of a final version that incorporated inputs from all the parties.

Source: Martín Hopenhayn and others, "Pactos para una protección social más inclusiva", *Seminarios y Conferencias series*, No. 76 (LC/L.3820), Santiago, Chile, Economic Commission for Latin America and the Caribbean, May 2014, p. 75.

**3. Uruguay: the new family allowance system, 2004-2009<sup>7</sup>**

The amendment to the Family Allowance Act in Uruguay is of interest on two counts. On the one hand, it represents a drastic change in direction in terms of social policy at a time of economic crisis and shifting government coalitions. On the other hand, as a consensus-building process, the fact that it was adopted by a unanimous vote is significant because the opposition's support was not strictly necessary for its passage, since the government had an ample majority in the legislature. In short, it represented a major change in the Uruguayan social protection system, as it introduced a standing mechanism for allocating transfers to poor households, regardless of their members' employment status, on the basis of a diagnostic analysis that identified child poverty as one of the country's most important social policy challenges.

Two years after the severe economic crisis of 2002, the Broad Front (*Frente Amplio* in Spanish), a coalition of leftist parties and organizations, achieved a stunning electoral victory when it not only saw its leader assume office as President of the Republic, but also won an absolute majority in

<sup>7</sup> This section is based on Maldonado Valera and Palma Roco (2013a).

both houses of the legislature. Acting on its electoral platform, the new coalition launched the National Social Emergency Response Plan (PANES) and later, in 2008, the Equity Plan, which was a package of various reforms and long-term measures. As part of the Equity Plan, the Family Allowance Act was amended to replace an emergency mechanism with the PANES Basic Income Programme. The main idea was that a basic minimum level of actual well-being had to be in place in order to ensure the exercise of the rights and freedoms that all persons are supposed to enjoy and that a certain minimum level of resources has to be made available as an essential component of citizenship. Politicians in the centre and on the right of the political spectrum disapproved of this programme, however, on the grounds that the beneficiaries did not actually qualify for cash transfers and that the system was inefficient, discouraged people from seeking employment in the formal sector and hindered the country's economic and social recovery.

In response to this situation, government officials decided to convert a tool that had been validated by experience (family allowances) into a component of the Equity Plan while giving it a different twist and presenting it as a broader and more accurately targeted conditional transfer programme. This represented a continuation of the Basic Income Programme (although based on a more complex design for targeting transfers and managing the funds) while bringing more households with children (particularly those outside the formal labour market) into the system. The strategy of abandoning the initial proposal for universal registration garnered broad support for the programme from political and social stakeholders, and thereafter no major objections regarding the substantive features of the final version of the bill were raised in the course of the deliberations of the Social Cabinet or, most importantly, in the legislature.

The reform bill passed through three major stages. In the first, government officials began to debate how to go about extending the benefits—especially the cash transfers—that the most vulnerable segments of the population had received under PANES between 2005 and 2007. During that first stage, different technical units in the government, primarily in the Ministry of Social Development and the Ministry of Economic Affairs and Finance, along with the Social Security Institute, discussed the bill at length on the basis of the guidelines formulated by the Office of the President. The School of Economics of the University of the Republic (which had previously been involved in the design and implementation of PANES), the National Social Policy Council and the other members of the Social Cabinet joined in the discussion. In order to socialize the needs and effects of this new plan, a dialogue was held among government agencies, political parties, civil society

organizations such as trade unions, associations of retirees and pensioners, businesses and the media. That dialogue was followed by a second stage that involved the presentation of the various components of the Equity Plan and the new family allowance system, which was designed not only to replace the cash transfers provided under the Basic Income Programme but also to modify the existing family allowance system in order to provide coverage for the most vulnerable segments of the population, regardless of whether or not the people concerned were employed. Instead, benefits would be distributed on the basis of the requirements established by law. Technical experts from the government and advisers from the University of the Republic took part in these discussions. The Ministry of Social Development played a key role in these deliberations but was less deeply involved than it had been during the work on the design and monitoring of PANES because it had been established so recently that its agenda had not yet been clearly defined. It was at this point that the Social Security Institute assumed a more important role in the discussion by taking on the task of verifying beneficiaries' eligibility and monitoring compliance with the established conditionalities in conjunction with the Ministry of Education and Culture and the Ministry of Health.

The third and final stage was the bill's debate and subsequent passage in Congress. During that debate, members of the opposition parties were able to air their views and discuss the bill's various provisions. The bill was passed by unanimous vote because of its social implications, with the only adjustments being in form rather than substance. A realization of the importance of modifying the system and establishing a regime, once and for all, of non-contributory cash transfers for the poorest members of the Uruguayan population served as the mainstay for the consensus, despite the objection raised by some members of the opposition that the reform would have little impact on the middle class. Following a three-month debate, Congress passed the law, and it entered into force in January 2008. At the time that work began on the proposed family allowance reform bill, the country was engaged in a broad-ranging debate about social security following the establishment of the Ministry of Social Development and the creation of PANES and the Equity Plan. The 2007 reform initiative expanded the coverage of the family allowance system by targeting the poorest 20% of the population; no distinction was made as to whether or not the members of that population segment were part of the labour force, since the main beneficiaries were children and women heads of household. This signalled a change in the essential focus of the programme, which thus shifted from the formal labour market to the protection of the most vulnerable members of society.

In sum, the new family allowance system:

- Was the object of a wide-ranging consensus, with the bill that established that system winning approval even from the opposition parties.
- Institutionalized an emergency social programme (Basic Income Programme) that had come in for sharp criticism from the opposition.
- Was created, by law, as a conditional cash transfer programme targeting the poorest households that guaranteed a basic minimum of well-being regardless of the beneficiaries' employment status.
- Constituted one of the centrepieces of the Equity Plan adopted by the Tabaré Vázquez Administration during a time of crisis.
- Represented the reformulation of a mechanism that had been a long-standing component of the social welfare system of Uruguay (family allowances).

From a political vantage point, this reform can be seen as the political system's response to shifts in the dominant political and electoral coalitions and to the demands of certain organized groups of stakeholders. The assumption of office by a new majority coalition was one of the factors behind the State's greater role in the welfare system and in the regulation of the economy and labour market. A second factor was the role played by various interest groups that had succeeded in limiting the scope of the liberalization movement of the 1990s and that later, in 2004, had helped to strengthen the social protection system and had called into question those earlier liberalization measures. It was at this point that stakeholders associated with the labour market, represented by senior officials of the Broad Front, began to use their influence to pressure for improvements in working conditions and for a variety of reforms in the labour market. Some of these reform measures materialized in the form of PANES and the Equity Plan, and one of those initiatives was the family allowance scheme.

Viewed from this same perspective, the reform can be seen as an exercise in compromise on the part of the opposition and the government coalition that led to the passage of a law that reflects the shared preferences of the actors involved. The new legislation (and the consensus that made it possible) is a balanced synthesis of the preferences of all the quarters that took part in its formulation and represents a sound, historically legitimate arrangement that enjoys the support of the governing coalition, organized groups and the opposition.

Another key element has to do with the narrative or cognitive factors that made it possible to build this consensus. The family allowance system was a policy tool that had been validated by politicians, academics and the

public at large, thanks to its long history and its association with social policies that have traditionally enjoyed support in Uruguay, although their limitations have also been recognized. For quite some time, these allowances had been based on certain conditions relating to school attendance and health care. Some sectors on the right advocated the introduction of stricter conditions and wanted to provide the middle class with stronger guarantees that the system would be effective as a policy tool. Meanwhile, some sectors on the left wanted to do away with these conditions on the grounds that they were discriminatory, exclusionary and ran counter to a more universalist, egalitarian approach. There was also discussion about whether or not the benefits should be increased, with some sectors on the left maintaining that they were too low to cover household needs, while those on the right of the political spectrum feared that they deterred the beneficiaries from looking for work and from making an effort to help themselves. The scope of the system's coverage was also a subject of debate, as some circles advocated expanding it to include informal-sector workers. With these narratives as a point of departure, the various stakeholders gradually adapted their positions, chiefly as a result of the 2002 economic crisis, which spurred the search for alternative policy instruments capable of containing the serious social situation that had arisen in the country. The reform entailed a change in narratives, endowed the Basic Income Programme with continuity and introduced additional benefits, but it also abandoned the universalist approach that had been advocated since the system's inception. This strategy of channelling the transfers provided for under the Basic Income Programme through a pre-existing, legitimized structure goes a long way towards explaining how the bill won unanimous approval in both houses of Congress.

From a long-term, historical perspective, the Family Allowance Act (along with other reform measures introduced from 2004 on) can also be seen as the outcome of a critical set of circumstances (an economic crisis) that put an end to a phase during which the State had taken a backseat to the market and that reaffirmed the validity of a long-standing social welfare scheme while at the same time modifying it so that its scope could be expanded to include all the most vulnerable sectors of the population regardless of their source of income (i.e. the formal or informal sector). Considered from this standpoint, the consensus that permitted the bill's passage was a reflection of a new medium- and long-term balance in terms of the scope of the social protection system as it relates to income transfers.

The notion of a window of political opportunity provides a useful framework for understanding these elements, which can be characterized as arising out of the confluence of three different kinds of "streams": (i) the problem stream (the convergence of priorities on the public agenda and

governmental priorities); (ii) the public policy, or solutions, stream (the analysis of problems and the development of public policy options); and (iii) the political stream (negotiations and the conflictual interactions of the political actors involved).

- (i) The 1999-2002 economic and social crisis had the effect of putting the issues of rising poverty, falling employment levels, slowing economic growth and increasing inequality at the top of the public agenda while also undermining public support for the market orientation of social policy that had been in evidence in the years preceding the crisis. This made the social agenda a priority issue for public debate and for the government. The focus on social issues paved the way for the ascendancy of the Broad Front Party, the development of the pillars of the Social Uruguay Card, the creation of the Ministry of Social Development and the introduction of PANES and the Basic Income Programme.<sup>8</sup> The steep increase in poverty and extreme poverty, especially among the population under 18 years of age, made it evident that poverty among children was rising faster than it was in the rest of the population and that existing policy tools were ineffective. In the aftermath of the crisis and its social repercussions, not only did the reputation of the traditional parties (the National and Colorado parties) suffer, but the public also withdrew its support from the model that had prevailed in the 1990s and began to favour a mixed model whose centrepiece was a pension system in which both the State and the private sector take part.
- (ii) One of the most prominent features of the work that went into gathering empirical evidence, analysing the situation and devising public policy options was the baseline assessment of the shortcomings in existing social protection schemes, which focused on formal employment as their basis. This spurred the search for new policy options. The broad-ranging debate among academics of the University of the Republic (and especially of the School of Economics), government representatives and members of the Broad Front about how to address the country's social emergency was a turning point, since it had a strong influence on the nature of PANES, which was to remain in place for only two years but

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<sup>8</sup> The main purpose of the Social Uruguay Card was to enable the most vulnerable members of society to afford a basket of staple foods and to purchase basic necessities, with the level of benefits being determined on the basis of the characteristics of each family. For further details on this programme, see: <http://dds.ECLAC.org/bdptc/programa/?id=39>.



which laid the groundwork for lasting, high-impact social reforms that were implemented under the Equity Plan. Under that plan, the social protection matrix was restructured and a welfare network was formed that entailed the amendment of the Family Allowance Act in order to consolidate the various conditional transfer schemes (previous family allowance legislation, the Basic Income Programme and the Social Uruguay Card) into a single system while also increasing the number of beneficiaries and the size of the benefits. The conditional transfers made under the PANES Basic Income Programme set a very important precedent, but did not have the opposition's support. The adaptation of a pre-existing, legitimized tool (family allowances) to fit in with the new state of affairs was a defining moment, both because it consolidated a feasible policy option and because it garnered greater political support than previous options had.

- (iii) The election of a leftist coalition that enjoyed ample majorities in both houses of Congress paved the way for the adoption of new policies. The overhaul of the family allowance system and the replacement of the Basic Income Programme were one of the pivotal components of the government's platform. The political and electoral line-up of forces in the legislature did not make it necessary to achieve a consensus that extended beyond the government's ranks, and the opposition's support was not needed in order to pass the reform bills. What was of key importance, however, was the legitimacy of the proposed policy tool and the reformulation of the family allowances scheme, which won the cross-cutting support of the country's political forces. The opposition's initial reticence about the Basic Income Programme notwithstanding, the consensus that was ultimately built made more lasting change possible.

In short, the conditional cash transfer programme established under the Family Allowance Act is an example of a scheme which, thanks to its particular features (broad but targeted coverage and its conditionalities), was successfully introduced on the basis of a broad political consensus, as also happened in Brazil (see box X.3). In the case of Uruguay, this consensus was, in large part, possible because it involved the reformulation of a long-standing, legitimized policy instrument. This also is a case in which targeting served as a means of bolstering a universalist strategy, since it made it possible to extend coverage to the poorest households regardless of whether or not any of their members were part of the formal workforce.

### Box X.3

#### **Brazil: Building broad-based consensus around the *Bolsa Família* conditional cash transfer programme**

The introduction and consolidation of *Bolsa Família* is another interesting case of the emergence of a wide-ranging consensus around a targeted conditional cash transfer programme. This is, first of all, because the centre-left governing coalition that developed it in 2003-2004 had expressed reservations prior to the introduction of conditional transfers by previous Administrations and espoused a more universalist tradition, particularly with respect to the notion of basic income guarantees. Secondly, during the early years of this programme, it came under sharp criticism from the opposition and from the public owing to questions about its use as a political tool and to the fact that it experienced a range of operational and implementation problems.

During the 1990s, as the country attained greater macroeconomic stability, two key issues rose to prominence on the public agenda: the inefficiency of social investment and persistently high levels of poverty and inequality. The proliferation of conditional transfer programmes at the municipal level and the amount of attention being devoted to these issues both by the public and politicians spurred the establishment of a number of nationwide transfer programmes by the federal government. In 2003, as a new centre-left coalition was taking office, several different national programmes were merged to create *Bolsa Família*.

First, although the continuation and consolidation of conditional transfers under an Administration that advocated —in principle— a more universalist approach may at first seem paradoxical, this actually was a reflection of an inertial component of what amounted to a gradual transition towards a more universalist system of social protection. In other words, the targeting and conditionality of the programme were gradually coming to be seen less and less as “desirable” features of a residual social policy designed to play a subsidiary role to individual effort and more and more as the gateway to a social protection system that afforded increasingly broad coverage, greater benefits and guaranteed services. This was because conditional transfer programmes combine features of residual welfare systems (targeting and conditionality, in particular) with operational and discursive aspects of universalist, rights-based welfare systems.

Second, after the wave of initial criticism of the programme, new management tools and legal changes were introduced in 2005-2006 to expand its coverage and increase its public transparency which won it more support from local governments and increasing public acceptance. These tools included the conclusion of terms of agreement between the federal government and the municipalities, the Decentralized Management Indicator and the passage of further laws by Congress and the promulgation of decrees and other regulations by the federal government. The new institutional arrangement, under which decision-making was monopolized by the Ministry of Social Development and an anti-hunger campaign was launched, ultimately made it possible to include new beneficiaries and to set the amounts of transfers and funding at levels that make it possible to defray the costs to local governments, among other measures. This new system of decentralized but centrally coordinated management was widely supported by groups all along the political spectrum. The municipalities retained responsibility for identifying and signing up new beneficiaries (albeit subject to the final approval of the federal government) and, through their continued participation in the programme’s implementation, maintained a degree of political legitimacy in this connection. They also benefited financially, since the federal government provided funding to subsidize the expenses incurred by the municipalities in carrying out these tasks.

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Source: Luis Hernán Vargas Faulbaum, “La construcción de pactos and consensos en materia de política social. El caso de Bolsa Familia en el Brasil”, *Políticas Sociales series*, No. 209 (LC/L.3884), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), August 2014, p. 63.

#### **4. El Salvador: the Universal Social Protection System and the Social Protection and Development Act, 2009-2014<sup>9</sup>**

The construction of a social protection system in El Salvador has focused on putting in place a rights-based public policy scheme that focuses on universal coverage. Two of the main public policy tools used for this purpose have been the Universal Social Protection System —introduced by the Administration of Mauricio Funes (2009-2014)— and the Social Protection and Development Act, which institutionalizes the Universal Social Protection System and was passed in April 2014 with the unanimous support of all the country's political forces.

At the discursive level, the Universal Social Protection System (SPSU) is a landmark social policy for El Salvador which marks a sharp contrast with the conceptual frameworks that had prevailed until its inception. Those traditional frameworks had been charity-based, liberal initiatives under which individuals were tasked with ensuring their own well-being with the help of minimal social protection from the State, while small but powerful groups took advantage of their privileged social, economic and political positions. Partially because of these factors, the contributory and non-contributory social protection schemes have limited coverage, and this has played a part in the country's stark inequalities, high levels of violence and high rates of economically motivated migration. The change in direction of the government's approach opens up a political opportunity for concluding agreements of greater scope that could help lead the country towards greater levels of well-being, less inequality and the search for ways of mitigating problems that apparently defy solution, such as the extreme violence that is rife in the country. The specific objectives of the Universal Social Protection System are to ensure the population's progressively greater enjoyment of economic, social, cultural and environmental rights; to introduce a comprehensive policy that will give the population access to a suitable standard of living by improving income distribution and reducing inequality and poverty; to move towards greater equality between men and women and between rural and urban areas by combating discrimination and social exclusion; and to guarantee broad-coverage, secure, rights-based social protection. The Universal Social Protection System places special importance on a rights-based, life-cycle approach, on gender equality and on public participation.

The System is coordinated by the Technical Secretariat of the Office of the President and was formed by merging a number of different social programmes serving the most vulnerable sectors of the population that lack

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<sup>9</sup> This section is based on Miranda Baires (2014).

access to the formal social protection system. Most of these programmes were launched as part of the 2009 “Anti-Crisis Plan”, although the Solidarity in Rural Communities Programme, the country’s largest conditional cash transfer programme, which had been set up in 2005, was also incorporated into the System.

The Social Protection and Development Act that was passed in April 2014 established an institutional framework for the Universal Social Protection System and includes a series of provisions on the principles that should govern the government’s social policy. Some of its main provisions are as follows:

- Social policy is defined as a policy of State that encompasses three components: economic and social development, social protection and social inclusion.
- At the start of each Administration, a social inclusion, protection and development plan must be put in place. This plan must have three components, which are outlined in the law, as well as including a baseline study of the social situation and setting out its chief strategic objectives, goals and alternative solutions, the operational regulations governing its constituent programmes and the corresponding mechanisms for follow-up and programme assessment and for ensuring transparency and accountability.
- A national social protection and development system is to be overseen by the chief cabinet ministers and coordinated by an office to be designated by the President which is to be in charge of formulating the social inclusion, protection and development plan, preparing a budget proposal for the system, coordinating the work of the different government units involved, and coordinating, monitoring and providing guidelines for the implementation of the programmes included in the universal social protection subsystem.
- A universal social protection subsystem is to be in charge of all social protection programmes focusing on providing individuals, and particularly those who are not covered by a contributory social security plan and those who are in economically, socially or environmentally vulnerable positions, with security when faced with the risks and challenges associated with the life cycle (article 27). An intersectoral committee is to coordinate the subsystem. This committee is to be made up of all the agencies responsible for the various programmes, with the latter being subject to rigorous, objective, ongoing assessment.

- A technical advisory office designated by the President is to be in charge of conducting multidimensional poverty and inequality measurements in coordination with the Bureau of Statistics and Censuses. The dimensions to be measured are: per capita household income, access to food, education, health-care services, employment, social security, housing and basic services.

The subsystem is composed of 15 social programmes, including the country's largest cash transfer programme, a temporary income support and employment programme and a non-contributory pension scheme.

Despite these advances and refinements, the law did not specify such things as the identity of the system's coordinating office, the specific procedures to be used to assess the programmes and the identity of the technical advisory unit that was to develop poverty measurements. These specifications were left to be resolved by the law's implementing regulations. In addition, the coordination of the subsystem's components and the contributory pillar of the social protection system remained up in the air. Nonetheless, this law did establish the country's first legal and institutional framework for social policies and programmes.

The process involved in building the Universal Social Protection System and in formulating and winning passage of the Social Protection and Development Act was marked by a number of important events, including the implementation of the Anti-Crisis Plan and the introduction of the System's programmes in 2009 and the following years, the presentation and discussion of the draft Social Protection and Development Act in various forums starting in 2013 and, finally, the debate that took place in a legislature in which the governing coalition held a majority during the 2013-2014 presidential campaign.

Two factors—one of a medium-term nature and the other of a more circumstantial one—helped to open up windows of opportunity for the conclusion of an agreement that ultimately led to the unanimous passage of the Social Protection and Development Act. The first was the assumption of office by a new political and electoral coalition in the midst of the deep economic crisis of 2008-2009 which had a majority in the legislature. The crisis called the prevailing economic model into question along with the political forces associated with it. This prompted a changeover in power and an increase in social investment. It also opened the way for the creation of the Universal Social Protection System as a priority item on the government's agenda (it was included in the five-year development plan for 2010-2014). The involvement of the Technical Secretariat of the Office of the President, along with other agencies, at every step along the way was of key importance. Later on, the Secretariat was to devise effective strategies for promoting

the bill that was to become the Social Protection and Development Act. The Universal Social Protection System was presented as a means of integrating the country's social policies in a way that would contribute to the achievement of the ultimate goals of eradicating poverty, social exclusion, and gender and income inequality.

The other factor had to do with the 2013-2014 presidential election—the context in which this law was unexpectedly passed unanimously. The situational elements that contributed to this turnaround included the dynamics of the election campaign itself, the fact that public opinion had come to support the social programmes of the Universal Social Protection System and the resulting change in the stance adopted by the opposition campaign, the Nationalist Republican Alliance (ARENA) regarding these programmes. At this juncture in the public debate, the role of the State had, at least for the time being, been redefined as a guarantor of rights and well-being. Its assumption of a central role in social policy was a break with the conceptual approaches employed by previous Administrations.

The process involved in arriving at further agreements in the wake of the Universal Social Protection System's creation was furthered by stakeholders outside the executive branch that provided support and/or advised the Administration of President Mauricio Funes: socially committed international organizations such as the United Nations (e.g. the Economic Commission for Latin America and the Caribbean (ECLAC), the United Nations Development Programme (UNDP) and the United Nations Children's Fund (UNICEF)), international cooperation agencies that provided partial funding for a number of the social programmes included in the Universal Social Protection System, and a variety of national and international experts. The executive branch also had the support of its own coalition, and particularly of the Frente Farabundo Martí para la Liberación Nacional (FMLN), whose platform included the Universal Social Protection System.

The main opponents of the Universal Social Protection System were ARENA, the largest opposition party and the one that had directed the executive branch for 20 years (1989-2009), private-sector pressure groups such as the National Association for Private Enterprise (ANEP), think tanks such as the Salvadoran Foundation for Economic and Social Development (FUSADES) and large media companies. Despite the opposition of ARENA and its criticism of the Universal Social Protection System and the law that was designed to ensure the continuity of its component programmes, the correlation of forces in the country was more favourable for advances in social protection than it had been in earlier decades, even among the parties on the right. For the first time, this opened up the possibility of discussing proposals for guaranteeing basic minimum levels of social protection. Things

took an even greater turn for the better during the 2014-2015 elections due to the political and electoral costs that would be associated with rolling back the Universal Social Protection System social programmes.<sup>10</sup>

In sum, the political environment in which the law was passed opened up a policy window for the consolidation of the Universal Social Protection System based on the Social Protection and Development Act. On the one hand, the make-up of Congress in 2010-2014 was favourable to the Administration, which made the bill's adoption feasible. But it was the context of the election campaign, which pointed up increasing signs that the electorate was receptive to the Universal Social Protection System's programmes, that made it possible to garner not only the governing coalition's support but also the support of the main opposition party. Consequently, however, the agreement that was reached represented a circumstantial compact. While the Administration's discourse and proposals built momentum for a universalist approach founded upon a rights-based perspective, the opposition continued to harbour an approach that focused on social policy as consisting of residual, temporary and targeted actions.

The passage of the Social Protection and Development Act therefore was a partial, limited reform measure but one that nonetheless was a step forward on the path towards the construction of a social protection system where none had existed before. The consolidation, expansion and refinement of that system will require further fiscal and policy reforms, however. Be that as it may, this development heralded the formation of a political and social coalition that permitted the institutionalization of a more procedurally and substantively complex framework for social programmes than had existed before. Although this circumstantial compact is not yet backed by a wide-ranging national consensus, compact or agreement regarding the content, scope and future path of social protection and social policy in a broad sense, the unanimous approval of this law was a first step in that direction. The immediate challenge is to design implementing regulations that will make the Social Protection and Development Act operational and to ensure the fiscal, political, cultural and conceptual sustainability of the Universal Social Protection System.

## **5. Costa Rica: The National Childcare and Child Development Network (REDCUDI), 2010-2014<sup>11</sup>**

Just a little more than one month before the end of President Laura Chinchilla's term in office (2010-2014), a process that had begun at the very start of her Administration culminated in the promulgation of the National Childcare

<sup>10</sup> In El Salvador, the first round of presidential elections was held in February and the second round in March 2014, while legislative and municipal elections were held in 2015, making for a protracted period of time during which election campaigns were going on.

<sup>11</sup> This section is based on Guzmán León (2014).

and Child Development Network Act<sup>12</sup> (Act No. 9.220) on 24 March 2014. This law had been passed by Congress three weeks earlier and had been supported by a broad spectrum of major political forces. It institutionalized the REDCUDI social programme, which had been working since 2010 to link up a number of pre-existing child assistance schemes in order to expand their coverage and give all young children access to these early childhood services. Further aims were to put in place a solidary funding system, to equalize quality standards and to strengthen the concept of a universal child services system. This reform bolstered the Costa Rican State's commitment to childcare services and to opportunities for women to enter the labour force. Both focuses—caring for children and supporting women in the workforce—were controversial issues that were amply discussed by the various stakeholders, and to some extent this led to these issues' incorporation into the broad debate on social protection, as has also occurred in other countries of the region (see box X.4 for information on the case of Uruguay).

REDCUDI was placed on the Administration's agenda and later was incorporated into the National Development Plan. Initially, however, it was presented as a programme whose objective was to link the various public and private childcare and child development initiatives in the country in order to strengthen existing options and provide a broader spectrum of comprehensive childcare services (Executive Decree No. 36.916 of 2011). The existing childcare facilities that REDCUDI was designed to link up and supplement included the Community Homes (facilities that provide early childhood care at the community level that are overseen by the Joint Institute for Social Aid (IMAS)), Education and Nutrition Centres/Comprehensive Child Nutrition and Services (CEN-CINAI) (attached to the Ministry of Health, Comprehensive Assistance Centres (CAIs)), which offer a variety of childcare options (daycare, nighttime childcare and temporary residence arrangements) and Child Development and Childcare Centres (CECUDIs), an additional service run by the municipalities and other childcare options offered by civil society organizations. The ultimate objective was to bring about the convergence of all these options towards a shared model and basic standards.

REDCUDI has a mixed funding system, with financing being provided by the government via the Social Development and Family Allowance Fund (FODESAF) and by the municipalities and contributions from some private companies and civil society organizations that wish to make donations for the maintenance and management of a number of the CECUDIs. In addition, the State can provide partial or full subsidies to poor, at-risk and

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<sup>12</sup> In Spanish, the name of this network is the Red Nacional de Cuido y Desarrollo Infantil (REDCUDI).



socially vulnerable households under the terms of the regulations governing the corresponding agencies (IMAS, the National Children's Board (PANI) and others).<sup>13</sup>

Act No. 9.220 provided for the establishment of a technical secretariat attached to IMAS to coordinate REDCUDI, along with an inter-agency technical committee made up of representatives of all the government agencies involved. Its financing comes in the form of at least 4% of the annual resources of FODESAF, in addition to the funds expended by other public agencies in the Network. These funds cannot be subsumed under the 8% of GDP allocated for education. The Network has been presented as an initiative focusing on the need to ensure the development and care of children and capable of offering working women or women students ways of reconciling those activities with their responsibilities as mothers. Future challenges include implementing and expanding the Network to cover the entire country and all population groups and to lock in long-term financing to pay for this expansion.

The factors that made it possible for this initiative to move forward can be seen in the context of a window of political opportunity that paved the way for the conclusion of a broad agreement. First, the expansion of childcare services was part of the government's electoral platform and figured in the National Development Plan and was therefore at the very top of the public and governmental agenda between 2010 and 2014; all the various offices of the executive branch therefore stood ready to lead and support this initiative. Second, as an outcome of the solutions or policy options stream, the Network was structured and presented as an amalgamation of the various pre-existing schemes which would, however, expand their coverage and introduce greater uniformity into childcare standards. The preparation of the bill started out with a comparative study of the regulations and standards in place in European and Latin American countries and an exhaustive review of related bills presented in Costa Rica over the last 10 years. A multidisciplinary team of jurists, experts in the rights of the child and in women's rights, parliamentarians, and social and economic policy experts was tasked with drafting the bill.

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<sup>13</sup> To make childcare services more accessible, social protection subsidies are determined on the basis of a person's total or partial capacity to pay for those services. The partial or total subsidy for each child provided under this programme is therefore a variable amount that is paid out each month based on an assessment by IMAS of the socioeconomic situation and childcare needs of each household. In 2013, more than 32,000 children, most of them from poor, vulnerable or at-risk households, took part in this programme.

The horizon for the third —political— stream was the debate on the bill in the legislature while a presidential campaign was going on. Members of the executive branch met with different legislative factions, labour groups from different sectors and congressional advisers to discuss the bill and conducted information and sensitization sessions. As part of a variety of public outreach activities, arrangements were made for teachers and their students to visit legislators' offices, for the public to meet with municipal authorities and for meetings between legislators and mothers who were receiving benefits. Despite the fact that the election campaigns were at their height, the bill was passed as the end of the outgoing Administration was approaching, following the first round of elections. In fact, during the electoral campaign that ran from October 2013 until April 2014, REDCUDI was the subject of campaign debates and political discussions and, in most cases, the speakers advocated its expansion and reinforcement. This was also reflected in the fact that the law was passed with the support of legislators from a range of political leanings. According to its advocates, one of the reasons for this was that the bill was brief and clearly structured; it did not deal with complex tax matters or contain any provisions that would have amended laws dealing with such matters; it provided a clearly worded explanatory preamble; and it provided for an effective procedure for informing and sensitizing people about the societal problem which it was intended to solve.<sup>14</sup> However, some of these features are associated with future challenges, such as the need to determine the level and source of the government funding required to expand the Network's infrastructure and coverage over the long term. Be this as it may, the unanimous approval of the National Childcare and Child Development Network Act at the congressional committee stage and at its first and second readings during its consideration in plenary attests to the fact that there was greater scope for arriving at a quite broad-based agreement than there had initially been when the Network was simply a short-run government programme.

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<sup>14</sup> See the presentation given by the former Deputy Minister for Social Welfare in "Forging and renewing social compacts for more inclusive social protection: an international perspective on Latin America's experiences, challenges and outlook", 2 and 3 June 2014, Santiago, Chile [online] <http://dds.ECLAC.org/proteccionsocial/pacto-social/seminario-internacional-proteccion-social-ECLAC-2014/dia1/Presentacion-Isabel-Brenes.pdf>.

**Box X.4****Partially open windows of political opportunity: the establishment of the National Care System in Uruguay, 2008-2014**

Windows of political opportunity may be opened part way even when only some of their determinants are in place, and they may remain open for extensive periods during which no definite headway is being made. The process involved in designing the National Care System in Uruguay and, more generally, the process of bringing the issue of social care services into the debate about social protection in the country, provide instructive examples in this respect. A number of factors that are conducive to a large-scale reform and the configuration of strong sources of support have set the stage for the creation of a system for coordinating public and private social care services for all segments and age groups of the population that will be able to draw on government funding in order to provide guaranteed access and greater coverage. These favourable elements include, for example, the fact that the proposed system figures prominently in the government's agenda and electoral platform, the presence of a majority in favour of the proposal in the legislature, and the numerous consultations and participatory initiatives being conducted by social and political advocates all across the political spectrum.

The idea of a social care system first appeared on the government agenda of the Broad Front coalition in 2008. In 2010, by resolution 86/010, an inter-agency working group was created to define the outlines of such a system based on a programme of work approved by the Social Cabinet. A broad-ranging debate and nationwide consultations held in 2011 ultimately led to the presentation of a proposed design to the Social Cabinet and its approval of that proposal in 2012. The working group's proposal represented a significant stride forward inasmuch as it identified the system's target population groups, provided an assessment of the unmet social care service needs of those groups, introduced the conceptual innovation of regarding care providers as subjects at law and identified all the various facilities and services that would need to be linked and coordinated in order to provide care throughout the life cycle on the basis of a rights-based approach that incorporates a gender perspective.

A number of stumbling blocks have hampered progress towards the finalization and submission of a reform package of this type to the legislature and the formation of a broad-based consensus on the need to incorporate care services as a component of the social protection system, however. One of the hurdles is the difficulty of finding additional sources of public funding for the government services and civil society institutions that could take part in the system. Others include the perceived trade-offs between the integration and sectoralization of the agencies concerned, the ongoing debate as to whether services should be targeted at the most vulnerable sectors of society or should be made available to the population as a whole, the reluctance shown by some business circles to lend their support and the fact that the proposed system has not been as high up on the governmental agenda as a number of other issues. Be that as it may, the fact that a social care services system remains a topic of public debate means that such services may continue to be regarded as a possible component of a redefined social protection matrix for Uruguay. What is more, the sophisticated design of the proposed National Care System constitutes a basis for further advances in the future.

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Source: Rosario Aguirre and Fernanda Ferrari, "La construcción del sistema de cuidados en el Uruguay: En busca de consensos para una protección social más igualitaria", *Políticas Sociales series*, No. 193 (LC/L.3805), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), April 2014.

## D. Final considerations

The idea of a social compact as a policy instrument has been put forward by ECLAC as an option for building up incremental, long-term commitments in different spheres of public policy and especially that of social protection, where various bottlenecks have hindered development and the achievement of greater equality. Since the construction of social compacts entails a lengthy process of sectoral or national social dialogue, they cannot be established by fiat; instead, particular —sometimes exceptional— sets of circumstances have to be taken advantage of when they arise in order to move the process forward. From the standpoint of social policy and the analysis of specific instances of social protection reform, a general compact emerges as the result of an ongoing social and policy dialogue which serves as a continuous mechanism for managing the disputes and conflicting views that arise in a democratic society.

However, although all windows of political opportunity delimit the scope of what is possible (see, for example, box X.4), there is always some leeway for exploration. At the least, policy options can be advanced and baseline assessments can be offered that may spur stakeholders and the public at large into action. In fact, broad-ranging compacts are probably the most feasible when they are underpinned by a series of previous episodes of consensus-building and negotiation that gradually give rise to a new balance of forces based on a long-term horizon. The relative priority accorded to the consolidation of more redistributive, universal social protection systems can then be understood as a gradual process that is built up over the medium and long terms on the basis of trade-offs and debates within the framework of a public dialogue. Increasingly, analyses of recent social protection reforms attest to the importance of garnering the support of a range of different social and political stakeholders. The construction of a social and political base for the advocacy of universal social protection as a guaranteed public service is an ongoing endeavour in which all stakeholders may take part through programmes, research, planning or social mobilization initiatives.

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## Chapter XI

# Coordinating sectors and institutions for building comprehensive social protection

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## Introduction

Many of the social protection systems in Latin America have been overhauled during the past two decades. In part, this is a reflection of a growing awareness of the fact that many “social” problems actually have many different dimensions and have a wide variety of interrelated causes. In addition, given the complexity of social issues, a comprehensive, rights-based approach to social protection<sup>2</sup> (see chapter IX) is being developed that entails at least three types of policy packages that relate to the policy objectives of ensuring universal access to health care and education:

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<sup>2</sup> Recent studies on social protection explicitly make reference to the need to adopt a comprehensive approach in rights-based social protection strategies and programmes (see Cecchini, Filgueira and Robles, 2014; Cecchini and Martínez, 2011).

- (i) Providing guarantees for the delivery of social assistance benefits, transfers and services under non-contributory protection schemes and care systems for especially vulnerable sectors of the population.
- (ii) Providing guarantees under contributory protection schemes by expanding insurance coverage and the scope of labour rights relating to retirement and pensions, family allowances and other safeguards for workers and their families.
- (iii) Promoting a robust social advancement opportunity structure relating to the regulation of labour markets and of employment, income and access to credit policies, linked to the area of social promotion.

These changes in perspective go hand in hand with a recognition of the inroads that have been made in the field of social protection in Latin America and the Caribbean, but they are also associated with a growing body of evidence about the limitations of the advances that have been achieved thus far, given the socioeconomic and demographic structure of the region's societies and the conflicting viewpoints that have arisen regarding, for example, the trade-offs between targeting and universal coverage.<sup>3</sup> One case in point is the issue of the accessibility of the labour market or of quality social services, where no one has yet found an accepted way of merging or counterbalancing conditional cash transfer programmes with the halting progress being made towards broader coverage and improved benefits for unemployed or severely disenfranchised workers.

There is currently a consensus that, while bearing these limitations in mind, an understanding of the complex core issues that are troubling the region's societies —such as poverty, vulnerability, exclusion and inequality— is necessary for developing consistent social protection policies. Poverty is directly linked to a multitude of objective vectors of deprivation —in the fields of education, health, employment, housing, urban land use and others— that interact and reinforce one another through the action of vicious circles that pass these problems on from one generation to another. The situation is exacerbated by other, less tangible negative emotional burdens —beliefs, values and modes of behaviour— that perpetuate these conditions, such as “learned hopelessness”, resignation, dependence and fatalism (Bronzo, 2007a; Raczynski, 1999; Barrientos and Shepherd, 2003).

This growing awareness of the increasing complexity of today's societies paves the way for comprehensive approaches that will encompass the

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<sup>3</sup> A challenge of key importance in the area of social protection in Latin America and the Caribbean is to find a way of reconciling initiatives designed to provide universal coverage (particularly education and health-care services) with targeted programmes and of having them complement one another. It can be accepted as a given that the effectiveness of targeted policies is largely dependent upon the pre-existence of universal policies. Both approaches are necessary but are applicable in different situations (Raczynski, 1999).

multidimensionality of social protection issues and provide a way of dealing with them as an integrated whole. The corollary of this is, as described by Cecchini and Martínez (2011, p. 120): “Conceptually, the comprehensiveness of social protection systems can be considered from two standpoints: that of policies, plans and programmes (supply) and that of individuals, families and communities (demand). As regards the supply of policies and programmes, there are two axes of integration that should be given special consideration during the design, implementation and operation of social protection systems: horizontal (or sectoral) integration and vertical integration (according to the administrative levels at which policies and programmes are implemented)”. The demand for such systems can be plotted along a horizontal axis (population groups) and a vertical one (life cycle) (ibid).

The use of these horizontal and vertical axes to give shape to a comprehensive social protection system points up the need for collaboration among the different sectors and levels of government. A vertical measurement of social protection entails the consideration of time as a core element in identifying the operation of multiple “drivers, maintainers and interrupters”, to use the terms employed by Hulme, Moore and Shepherd (2001) and by Alwang, Siegel and Jorgensen (2001) in relation to poverty and chronic poverty, in particular. Using the life cycle as a structural element in the design of social protection policies (that can coalesce into a system) and placing priority, for example, on early childhood, youth or senior citizens as makes it possible to trace the close links among the different phases in that cycle, which are characterized by the presence or absence of material and less tangible resources and assets and by the differing protection-related factors that mark people’s life paths.

Taking a rights-based approach to the delivery of comprehensive protection also makes it possible to focus on people and their needs. This, in turn, makes it clear that the goods and services that are provided in the form of social protection must be delivered within a framework that makes them accessible and ensures that they are of a satisfactory quality and that those standards have legal backing that makes their fulfilment an obligation of the State.

All of this suggests that a reframing of these problems is key to the formulation of comprehensive social protection policies, even though all policies —implicitly in most cases— are founded on a “theory” or a characterization of the problem that delimits the sphere of action (Tenti Fanfani, 1991). Broad-ranging, complex modifications in the mode, scope and intensiveness of State action to address social issues is therefore called for. And all this leads to substantive alterations in sectoral policies’ coverage, eligibility requirements, the profile of those policies, the goods and services that are provided and much more.



However, adopting a comprehensive concept of social protection that calls for the development of comprehensive approaches to its various components does not only entail substantive changes and changes in policy content. Significant changes are also required on the operational front. As stated earlier, social protection systems cannot be managed more successfully if they are based entirely on the sector-specific organizational and managerial approach associated with the civil service, which, by definition, does not allow for anything but piecemeal or partial action or initiatives in dealing with societal complexities, in general, and with individuals, families and districts, in particular. Nor can any inroads be made towards the development of some sort of “comprehensive key” unless the interrelations between the national and subnational levels are taken into account, especially at a time when action at the local level has become so important.

It is therefore no exaggeration to say that one of the basic conditions that must be in place before a comprehensive social protection system can be crafted is the presence of closer coordination and management of different sectors of government and of the different levels of government.

Using this interpretive public policy framework (with health, education, housing, labour, income and social assistance policies being the most obvious among them), it becomes clear that the various sectors and levels of government have to work closely together to coordinate their actions and structures if they are to provide services that are comprehensive enough to address the complex issues and situations associated with poverty, inequality and the objective and subjective well-being of specific groups within the population, whether these groups are defined on the basis of age or other aspects, such as juvenile crime or key issues such as a gender inequality. All of these policy issues involve complexities that can only be dealt with by means of the joint efforts of a number of different sectors of government at different decision-making and managerial levels to coordinate the design and implementation of the actions to be taken.

These are the kinds of issues that will be discussed in this chapter, which is divided into five sections (one of these being this introduction). An effort is made to strike a balance between theoretical and analytical formulations and empirical explorations. Specific examples are drawn from the experiences of Latin America in an attempt to illustrate the various points made here.

In the second section, two key issues relating to governance in Latin America are discussed that relate to the conceptualization and management of comprehensive social protection policies: cross-sectoral coordination and the link between intergovernmental relations (whether in countries with unitary or federal systems) and local government. These are not the only

policies involved, of course, but they are the most important ones when it comes to meeting the challenge of exploring social protection issues from the standpoint of an attempt to coordinate policy implementation in a way that will pave the way for a more comprehensive approach.

The third section focuses on the more strictly political aspects of cross-sectoral coordination and refers back to the Latin American debate about social authority as expressed, for example, in the creation of “social cabinets”, other bodies of the sort, and political and institutional mechanisms to promote cooperation among the stakeholders involved in national social protection strategies.

Three operational tools that can be used to increase the viability of a comprehensive, cross-sectoral approach to the conceptualization and application of social protection policies are outlined in the fourth section: participatory, strategic budget-based planning; social information systems and cross-sectoral assessments; and local management. These elements are all being dealt with in initiatives now under way in Latin America, and the challenges that have to be overcome in order to ensure their effectiveness are significant ones whose importance should not be downplayed or underestimated.

The fifth and final section presents a series of conclusions that synthesize a number of the outstanding features of the challenges to be overcome in the development of comprehensive, cross-sectoral social protection policies.

## **A. New trends in the formulation and management of comprehensive social protection policies**

The key to identifying the social issues that need to be dealt with by means of a comprehensive approach lies in defining the causative relationships existing among the components of the social problem in question. The challenge here, then, is to determine how to transition from a cluster of sectoral problems to institutional blueprints for dealing with problems whose solution will call for a comprehensive approach. This is a technical and analytical but also a political challenge that involves both the substantive content and the management of new social protection policies for Latin America.

In the sphere of policy management, this challenge takes the form of finding a way to ensure that the complexities of these kinds of social issues (which are heightened by geographical inequalities) can be dealt with by vertically structured, compartmentalized government structures that use sectorally organized planning, administrative and implementation procedures; the challenge is all the greater because these procedures are derived from

analyses and agendas that are based on differing priorities. An added complication is that a way has to be found to translate these processes into social protection strategies or systems that can merge the actions of various sectors and levels of government and channel them to the social groups that are the hardest hit by poverty, vulnerability and a lack of social protection within a setting marked by sharp inequalities.

Core trends appear to be emerging that, while still incipient, may be moving events in the direction of coordinated, comprehensive approaches that can help us to meet this challenge and to ensure that the new directions in which Latin American social protection systems are moving will be institutionally viable. These trends will be described and analysed in the following section, with the discussions centring on their scope, prospects and their main critical nodes.

## **1. Social complexity and the challenges of a cross-sectoral approach**

Coordination is of the utmost importance if the goal is to mount a comprehensive approach in order to address problems whose various facets and causes are to be defined in a coherent manner. The regional debate about the role of coordination in the development of comprehensive approaches is closely associated with analytical explorations of cross-sectoral dynamics and practical experiences with those dynamics. The aim of this section is to delve into the possible ramifications of cross-sectoral coordination as crucial manifestations of the process involved in transitioning towards comprehensive social protection in Latin America.

Not all activities carried out within the confines of discrete sectors of government, even when they are focused on a shared objective, are collaborative in nature. It may happen, for example, that a number of different government agencies in different sectors work together to achieve the aims of just one of those sectors. It may also happen that a given objective is adopted by all the sectors involved but that they do not work together on an inter-organizational basis. When inter-agency collaboration has been agreed upon as a manner of advancing towards the achievement of a shared aim, then, strictly speaking, the notion of intersectoral cooperation comes into play. Yet inter-agency collaboration can take many forms, from simple networking as a means of attaining a better understanding of what other agencies are doing or can do in regard to their shared goal, to coordination focusing on the avoidance of duplications or the achievement of greater internal consistency, to integration with a view to the achievement of a desired form of social change. There are numerous typologies (Winkworth and White, 2011; Corbett and Noyes, 2008) of the various possible degrees of cross-sectoral coordination, as illustrated in table XI.1.

Table XI.1  
Spectrums of cross-sectoral integration

Authors	Low degree	High degree
Winkworth and White (2011)	<p><b>Networking</b> Cooperative relationships among individuals and cooperative, small-scale activities focusing on arriving at a better understanding of the systems and problems involved and on building trust as a basis for more complex types of partnerships.</p>	<p><b>Coordination</b> More complex formal levels of planning and organizational participation (simple protocols, memorandums of understanding) focusing on making information and services more accessible.</p>
Corbett and Noyes (2008)	<p><b>Communication</b> Clear, consistent and non-judgemental discussions, supplying or exchanging information in order to maintain meaningful relationships. Procedures for information sharing. Regular inter-agency meetings on common problems and opportunities. Informal service "brokering" arrangements.</p>	<p><b>Cooperation</b> Task forces, advisory groups, committees that approve/review plans. Cooperative monitoring/case reviews to assist each other with respective activities, giving general support, information and/or endorsement for each other's programmes, services or objectives. Consensus concerning best practices; cross-system dialogue and/or training.</p> <p><b>Coordination</b> Formal inter-agency coordination agreements. Joint activities and communications are more intensive and far-reaching. Agencies or individuals engage in joint planning and synchronization of schedules, activities, goals, objectives and events. Joint mission statements and principles; joint training; contractual procedures for resolving inter-agency disputes; temporary personnel reassignments; coordinated eligibility standards.</p> <p><b>Collaboration</b> Agencies, individuals or groups willingly relinquish some of their autonomy in the interest of mutual gains or outcomes. True collaboration involves actual changes in agency, group or individual behaviour to support collective goals or ideals. Coordinated personal qualification standards; standard application forms / processes; centralized functional administration.</p> <p><b>Convergence</b> Relationships evolve from collaboration to actual restructuring of services, programmes, memberships, budgets, missions, objectives and staff. To this end, contractual provisions are put in place for fund transfers/ reallocations, pooled resources and lead agency agreements.</p> <p><b>Consolidation</b> Agency, group or individual behaviour, operations, policies, budgets, staff and power are united and harmonized. Individual autonomy or gains have been fully relinquished and common outcomes and identities have been adopted. Multi-agency/multi-task/multi-discipline service plans and budgets; seamless inter-agency service delivery teams; fully blended inter-agency planning; shared human capital/physical capital assets.</p>

**Source:** Prepared by the authors, on the basis of G. Winkworth and M. White, "Australia's children 'safe and well'? Collaborating with purpose across commonwealth family relationship and state child protection systems", *Australian Journal of Public Administration*, vol. 70, No. 1, March 2011; and T. Corbett and J.L. Noyes, "Human services systems integration: A conceptual framework", *Discussion Paper*, No. 1333-08, Madison, Wisconsin, Institute for Research on Poverty, University of Wisconsin-Madison, 2008.

Given the above, the expectation would be that: (i) there is some type of correlation between policy objectives and the degree of intersectoral cooperation that takes place; and (ii) there is some type of correspondence between the degree of intersectoral cooperation and the management model that is adopted as a basis for that cooperation.

The first aspect suggests that the necessary degree of intersectoral coordination is associated with the complexity and scale of the objectives being pursued. There appears to be a consensus that a high degree of cross-sectoral coordination is required when the aim is to do more than ensure access to goods and services. This would apply, for example, to efforts to build skills, alter behaviours or provide social protection on a system-wide basis. This is backed up by the finding as presented in various studies that when a comprehensive approach is to be taken to a complex social issue, a high degree of cross-sectoral coordination will be called for in order to lay the groundwork for getting down to the roots of the problem (Repetto, 2010; Bronzo, 2007b; Cunill-Grau, Fernández and Thezá Manríquez, 2013; Cunill-Grau, 2014a and 2014b). This approach is similar to that espoused by Corbett and Noyes (2008), who also say that the less that programmes and agencies confine their efforts to providing specific benefits and the more they work to change behaviours, the more thorough-going the required changes in the corresponding sectors and the closer the interrelationships among those sectors will be. This is also in line with the heuristic model constructed by Winkworth and White (2011), who state that if child programmes are dealing with children who are faced with high levels of risk, then the degree of intra- and inter-system collaboration needed in order to protect them increases in step with the level of risk.

The point bears repeating that the accurate definition of the issue to be addressed and, hence, of the substantive content of the social protection policy concerned, are of key importance. Flawed policy proposals lead to fundamental disconnects in the model of cross-sectoral coordination. Therefore, the adoption of a comprehensive approach makes it necessary to rework policy objectives. It also becomes necessary to initiate cross-sectoral coordination as soon as the time comes to define social problems.

In line with the above, and bearing in mind just how costly cross-sectoral coordination is (in terms of time, financial organization and many other factors), this type of coordination should only be attempted if the issue is highly complex, the levels of vulnerability involved are extremely high and thorough-going changes are required in the conduct of individuals, their families and their surroundings. The greatest difficulties arise when the strategy for cooperation does not fit in with the specific types of social change that are being sought (Solar and Cunill-Grau, 2014, pp. 22 and 23).

The second aspect has to do with the assumption that the required degree of cross-sectoral coordination is determined by the extent to which the underlying management model characterizes the degree of inclusiveness of the policy cycle and the degree to which the relevant sectors need to pool their efforts and resources (Cunill-Grau, 2005 and 2014a). The aim here is to match the degree of cross-sectoral coordination with the degree of such coordination required in order to achieve the policy's goals.

A policy initiative can be said to be inclusive when the corresponding sectors and levels of government are involved in the entire process, starting with the planning stage and continuing on until the time comes to assess the outcomes of policy actions. An inclusive policy cycle is the outcome of joint planning combined with an integrative rationale that is incorporated into the budget and into performance evaluation systems based on clearly identified, shared objectives. In this kind of policy cycle, planning methods, budget design and monitoring, and assessment processes shift from a sectoral base to a cross-sectoral one, at least in relation to the issue under consideration. Thus, when a cycle is inclusive, it is either an outcome (or manifestation) of cross-sectoral cooperation or is a causative factor of that type of cooperation.

A decision to pool different sectors' resources, to have them share responsibilities and to have them engage in joint actions may be limited to a commitment to undertake actions focusing on the same objective or simply to standardize certain procedures so that their results are foreseeable and uniform. However, the greatest degree of integration in the execution stage is reached when actions are based on pooled resources and unified information systems. In this latter case, integration takes the form of a "commonwealth".

Consequently, the clearest expression of a high degree of cross-sectoral coordination (also referred to as "integration" or "consolidation" by other authors) arises when different sectors join forces in the design, execution and evaluation of a given policy, exchange information and, in some cases, pool funding in the effort to resolve an issue in whose definition they have all taken part. Cross-sectoral coordination can, on the other hand, said to be very limited when the problem to be addressed is actually a conglomeration of sectoral characterizations of that issue and, as a result, the relevant sectors do not act as one as they move through the policy cycle or in their execution of policy actions. Empirical means are available for identifying cross-sectoral management patterns and classifying them in terms of the degrees of interconnectedness and of changes in institutional practices and arrangements (Bronzo, 2007a).

The above indicates that, while it is true that cross-sectoral coordination constitutes a management model, this model cannot be deployed simply by

calling on a range of different sectors; it has to be built, and this is especially important when the policies in question are intended to be comprehensive. It is therefore not a question of connecting up sectoral actions but rather of jointly developing strategies and responses and of building something entirely new as a shared effort (Brugué, 2010).

In keeping with those perspectives, table XI.2 provides an initial outline of indicators of high and low degrees of sectoral integration.

**Table XI.2**  
**Degrees of cross-sectoral action, by level of integration of management mechanisms and organizational structures**

Low degree of integration	High degree of integration
<ul style="list-style-type: none"> <li>The issue to be addressed is defined as a conglomeration of sectoral perspectives and encompasses just one part of the policy cycle. A basic action plan is coordinated at a central level at which a technical inter-sectoral agency may act as a coordinator. Basic planning, budget formulation and evaluation activities continue to be conducted at a sectoral level.</li> </ul>	<ul style="list-style-type: none"> <li>On the basis of a common vision, decision-making is shared (including decisions about allocations), as is monitoring of and assessment of resource use (an inclusive policy cycle). A mechanism for arriving at a shared characterization of the issue to be dealt with is in place or, at the least, for sharing views about the origins and nature of the issue. Joint budget programming. Shared monitoring and assessment.</li> </ul>
<ul style="list-style-type: none"> <li>Operational matters are the only ones subject to joint efforts. Information exchange does not occur. The funding of policy actions is administered by a central authority.</li> </ul>	<ul style="list-style-type: none"> <li>Decision-making processes, information and resources are shared and pooled. Actions, resources<sup>a</sup> and responsibilities are shared through a network.</li> </ul>
<ul style="list-style-type: none"> <li>The only arrangements for cross-sectoral action are multisectoral and technical arrangements for some types of actions.</li> </ul>	<ul style="list-style-type: none"> <li>The organizational structures in different sectors undergo modifications (organic, suprasectoral structures that support, at the least, a common form of governance).</li> </ul>
<ul style="list-style-type: none"> <li>Low degree of cross-sectoral coordination.</li> </ul>	<ul style="list-style-type: none"> <li>High degree of cross-sectoral coordination.</li> </ul>

**Source:** Prepared by the authors, on the basis of N. Cunill-Grau, “La intersectorialidad en las nuevas políticas sociales: Un acercamiento analítico-conceptual”, *Gestión y Política Pública*, vol. 23, No. 1, Mexico City, Economic Research and Teaching Centre (CIDE), 2014.

<sup>a</sup> Resource-sharing may entail anything from a common fund that is financed with special contributions from each sector, to cofinancing involving the transfer of resources to a third-party agency, all the way up to the reassignment of existing national budget allocations.

It is therefore clear that a high degree of cross-sectoral coordination will give rise to changes in the design and content of sectoral policies and in routines, work practices and methodologies for the delivery of goods and services (Bronzo, 2007b). It also engenders a collective effort to fashion comprehensive public policies, since, as emerges from an analysis of the Chile Crece Contigo Programme (see box XI.1), the concept of a comprehensive approach must permeate the design of a cross-sectoral coordination initiative.

**Box XI.1**  
**The Chile Crece Contigo Programme**

The Chile Crece Contigo (“Chile Grows with You”) comprehensive child protection subsystem, which was founded under the terms of Act No. 20.379 of 2009, focuses on comprehensive actions and, hence, on the cross-sectoral management of the services provided by public agencies. This subsystem has its origins in the launch of various cross-sectoral initiatives in 2001 under the National Policy and Comprehensive Plan of Action for Children and Adolescents, 2001-2010.

One study<sup>a</sup> has suggested, however, that different governmental sectors were not given the opportunity to play a proper role in the Chile Crece Contigo policy cycle. Although, under the corresponding legislative framework, the different agencies are supposed to partner with one another, in actual fact their cooperation is chiefly limited to resources transfers from the Ministry for Social Development to other ministries under the terms of funding agreements. And, in fact, when the various agencies were defining the major outlines of the system, the education sector was not included. Multi-agency plans and budgets were never put in place, nor were follow-up or assessment procedures that involved all the relevant sectors. Instead, interaction is confined to the identification of performance indicators and the conclusion of sectoral contractual arrangements with the lead agency.

Arrangements for pooling resources never seem to have been a part of the cross-sectoral management model that was decided upon either. In practice, resources are simply transferred by the Ministry of Social Development to counterpart agencies. What is more, the Ministry’s information systems compete with those of other sectoral systems.

In short, if integration consists of different sectors working together to solve a problem that they have all defined and resolved to address in common and if achieving integration entails promoting inclusiveness and pooling efforts and resources, then an examination of this case would seem to suggest that this cross-sectoral social protection model did not, at least initially, institute anything more than a very low degree of cross-sectoral coordination that did not provide for the actual integration of the governmental sectors involved in the Chile Crece Contigo programme.

The most striking finding, however, is that the objective of integration or comprehensive coordination was never entirely assimilated into the design of Chile Crece Contigo. In fact, many of the parties who were involved in the system’s design from the outset have stated that the main focus was on opening up access to services. This appears to have resulted in the objective in terms of the organization and management of cross-sectoral efforts being limited primarily to the coordination of each sector on its own while the bulk of the financing continued to be centrally controlled.

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Source: Prepared by the authors, on the basis of N.C. Cunill-Grau, M. Fernández and M. Thezá Manríquez, “La cuestión de la colaboración intersectorial y de la integralidad de las políticas sociales. Lecciones derivadas del caso del sistema de protección a la infancia en Chile”, *Revista Polis*, vol. 12, No. 36, Santiago, Universidad de Los Lagos, 2013.

<sup>a</sup> The study was conducted as part of National Fund for Scientific and Technological Development (FONDECYT) Project No. 1120893 (National Commission for Scientific and Technological Research (CONICYT), Chile) on intersectorality and cross-sectoral models in social policy, with a focus on the cross-sectoral social protection system in Chile as executed between 15 March 2012 and 15 March 2015. The conclusions outlined here were drawn from the triangulation of primary and secondary sources with 20 interviews of experts and civil servants who were involved in designing the original system. For further information, see Cunill-Grau, Fernández and Thezá (2013).



Without detracting from the importance of the lessons to be learned from the Chile Crece Contigo Programme, it is important to realize that efforts to attain less intensive degrees of cross-sectoral collaboration also have their place in an integration strategy. The underlying idea here is that a given level of collaboration may eventually lead to closer collaboration down the road (Solar and Cunill-Grau, 2014, p. 23), especially in view of the existence of an element that has been more or less overlooked by theory but that is a very real factor in practice: the resistance to, or reluctance to engage in, inter-agency collaboration (Cunill-Grau, 2014b).<sup>4</sup>

Political, institutional and cultural resistance to taking part in cross-sectoral endeavours is one of the key factors underlying gaps in implementation, which in turn are a reflection of the obstacles that will have to be overcome in order to move forward in the medium and long terms.

Institutional resistance stems from general “rules of the game” that constrain cross-sector action: centralism, the predominance of a market rationale in the organizational and management structure of the public sector (especially in relation to competition), a sectoral approach to budgetary matters and to assessments, and vertical intergovernmental relations. There are also different forms of cultural resistance, particularly in the case of information management, where this factor is manifested in different agencies’ refusal to exchange information or to use shared databases. More political forms of resistance arise out of power imbalances among the different sectors and levels of government and out of political affinities and ties among political parties.

An empirical study on these forms of resistance to cross-sectoral undertakings and how they are influenced by the degree of cross-sectoral coordination was carried out on the basis of a survey of 117 senior managers and authorities connected with the Intersectoral Social Protection System in six regions of Chile.<sup>5</sup> This study found that both types of resistance have had a profound impact and identified a clear-cut association between these kinds of resistance and occupational categories.

These kinds of findings suggest that it is important to have an impact on occupational and organizational affinities when the aim is to break down resistance to cross-sectoral efforts. In their seminal work (1973), Rittel and Webber maintained that the classic scientific paradigm for resolving definable, understandable, consensually defined issues that is one of the foundations of modern analysis is not applicable to open social systems in which the tasks of arriving at an understanding of a problem and resolving that problem are concomitant. Along these same lines, the most recent studies on “wicked

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<sup>4</sup> The examples given here of resistance to cross-sectoral cooperation have been taken almost word for word from Cunill-Grau (2014b).

<sup>5</sup> This study was conducted as part of FONDECYT Project No. 1120893 (CONICYT, Chile) and was conducted by Nuria Cunill-Grau, Margarita Fernández and Marcel Thezá Manríquez.

problems”, which are, by definition, highly complex and ambiguous, challenge the validity of traditional linear, analytical approaches to policymaking and emphasize that a genuine understanding of this type of situation can only be achieved by means of a combination of the approaches devised by many different professions (see, for example, Government of Australia, 2007, and Brugué, 2010).

In addition, these findings raise an alarm bell by pointing out that the prevailing trend is to pursue cross-sectoral coordination solely through structural, formal channels. In so doing, they underscore the importance of also incorporating a cultural and institutional perspective that opens the way for the development of a shared sense of values, the orientation of training towards the construction of a common culture and the production of an integrative form of leadership and smart practices. A mixed public/private model has been used in some developed-country initiatives, such as the creation of the Ministry of Social Development in New Zealand and the “whole-government solutions” introduced in Australia that involve the formulation of value-based guidelines and codes of conduct under the watchword “working together to build a culture of support for the public sector” (Christensen and Laegreid, 2007). Along the same lines, a number of studies have focused on multidisciplinary training—across all the different ranks, from the most junior to the most senior positions, in a corporate hierarchy—as one of the key factors in engendering collaborative working relationships (Horwath and Morrison, 2007).

These experiences highlight the importance of deliberation in the generation of shared meaning for actors that not only have conflicting interests and values but also have the compartmentalized thought patterns associated with different disciplines. Two important lessons nonetheless stand out. The first is that the creation of the conditions that pave the way for dialogue—which are in themselves difficult to achieve—requires very long time horizons. The second is that it is unlikely that genuine coordination can be achieved by relying solely on formal deliberative structures in which discourse revolves around existing interests.

Once there is an awareness of the importance of taking cultural and institutional factors into account in the corresponding deliberations, there are other lessons to be learned as well. One is that, in order to integrate the various governmental sectors (which is a *sine qua non* for the development of the type of comprehensive approach that is called for in the implementation of the new social protection policies now being proposed), it may be wise to adopt an incremental approach in which the first steps are to foster an awareness that the “others” exist and an understanding of who they are and what they do. An acknowledgement of and familiarity with the other stakeholders are, in fact, a prerequisite for cooperation and the formation of partnerships. This kind of process may take hold more readily in an informal

setting rather than a formal one. Accordingly, before moving on to more complex types of collaboration, a first step may be to encourage the different stakeholders to network with one another (Winkworth and White, 2011). As a corollary, this entails embracing the concept of cross-sectoral coordination as something that has to be built up over time and visualizing it as a process. Yet another lesson has to do with the need to use different approaches for the development of cross-sectoral coordination depending on the degree of propensity to cooperate displayed by the sectors involved. One important consideration in this regard is that, when dealing with more consolidated sectors (e.g., health and education) that have solid institutional, budgetary and human resource structures, as well as with territorial networks with more consolidated technical capabilities and facilities, the perceived level of interdependence with other sectors tends to be quite low. Even when one sector has to rely on the skill sets of other sectors, the more consolidated policies have sufficient funding to enable them to avoid becoming involved in complex forms of cross-sectoral coordination whose outcome is uncertain.

In contrast, other areas of activity, such as the social assistance sector, have—in addition to the complexities that are inherent in the types of problems that they deal with—only recently come to be viewed as a subject to be addressed by public policy. Consequently, they have less control over the resources needed to deliver their services, to recruit the professional staff that they need and to expand the coverage of their networks.

In sum, the different paths taken by the sectors involved in the cross-sectoral actions to be undertaken, the nature of the problem or issue to be addressed, the legacy left by previous policies and existing political and institutional constraints should all be taken into consideration when analysing the various sectors' propensities to engage in cross-sectoral collaborative action (Veiga and Bronzo, 2014).

The *Bolsa Família* Programme illustrates some of the tensions that can arise when an attempt is made to coordinate social assistance initiatives with action in the education and health sectors. It also provides examples of the trade-offs involved in coordinating targeted policies with policies focusing on universal coverage and in coordinating policy actions across different levels of government (see box XI.2).

The experience with the *Bolsa Família* Programme (see box XI.2) underscores the importance of building consensus around the objectives of policies aimed at surmounting institutional, disciplinary, technical and organizational hurdles and barriers and overcoming the modern-day fiefdoms that have established themselves in these areas. It also illustrates the fact that regulations and protocols are necessary but not enough in and of themselves to bring about cross-sectoral coordination. It takes time for new perspectives and procedures to take hold in the more structured and

consolidated sectors, together with an effort to accommodate the differing organizational cultures and rationales of each sector in order to pave the way for an effective form of collaboration.

#### Box XI.2

#### **Cross-sectoral management of conditional cash transfer programmes: the *Bolsa Família* programme in Brazil**

Under the coordination of the recently created Ministry of Social Development and Hunger Alleviation, the *Bolsa Família* programme was launched in 2003 in Brazil as a way of consolidating a number of pre-existing income transfer programmes. It initially served 1.2 million households.

Verification of compliance with the programme's conditions relating to education is a complex task that requires close coordination between the Ministry of Education and the Ministry of Social Development and, above all, between those ministries and local programme managers. At the local level, nearly 36,000 professionals are called upon to verify the school attendance of almost 17.5 million students between the ages of 6 and 17 who are *Bolsa Família* beneficiaries and attend state and municipal schools. The programme operates in all of the country's 5,561 municipalities.

Not all those involved interpret these conditions in the same way or are willing to alter their working methods so as to cater to certain groups. The issue of the registration of compliance with programme conditionalities is still a controversial one, as can be seen from an examination of the application of these conditionalities at the local level. The crux of the problem lies in the verification of compliance as such. Is this an educational issue that relates only to schooling, or does it involve taking vulnerability into account as well? Is verification a job for teachers or for social workers? At the central level, it has also been hard for the different sectors (agents involved in the areas of assistance, education and income transfers) to reach agreement about the objectives of school attendance verification and about what it actually entails, and a great deal of work has gone into developing a shared understanding of this issue and into trying to overcome inter- and intra-organizational compartmentalization. Local teams, and even those at the central level, have resisted verifying the frequency of school attendance by students from *Bolsa Família* households given the universal nature of this service. However, the process involved in building a cross-sectoral approach to the verification of these conditionalities has moved forward in recent years, and over 15 million students' school attendance is now being checked twice per month.

The bilateral relationship between the two ministries is an important factor, since the Ministry of Social Development does not occupy a position in the governmental hierarchy that would enable it to oblige the Ministry of Education to lend its cooperation in this area. The *Bolsa Família* programme has been a priority for the Ministry of Social Development, but it was not on the agenda of the Ministry of Education, and this hindered its acceptance at the outset. The necessary institution-building process has required numerous meetings and a great deal of convincing and persuasion, and the highest authorities of these two ministries have had to take determined action in order to make it possible for the verification tasks associated with the *Bolsa Família* programme to proceed. In a parallel effort, management protocols have been established and inter-ministerial directives and instructions have been issued, along with various other measures, to cement cooperation between the Ministry of Education and the Ministry of Social Development.

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**Box XI.2 (concluded)**

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The work involved in verifying compliance with the programme conditionalities also creates tension between the central level and the states and municipalities (and, within the latter, between the government apparatus and schools and local departments of education). Under the Constitution, each level enjoys autonomy, which means that the central government must provide incentives to encourage local governments or agents to embrace the initiative. The establishment of protocols and agreements and the issuance of inter-ministerial directives and instructions have shaped a management model in which responsibilities are shared with the states and municipalities. The spheres of authority of the latter are set down in the form of agreed terms of reference, which must be drawn up in order for them to be eligible for the incentive funds provided by the federal government.

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Source: Prepared by the authors, on the basis of C. Filgueiras, “Parceria intersetorial na política social: o controle da frequência escolar no Programa *Bolsa Família*”, 2013, unpublished [online] repositório.enap.gov.br/handle/1/290.

## **2. Intergovernmental relations, policy action at the local level and proximity government**

One of the major challenges to be dealt with in order to achieve the kind of coordination that will be conducive to a comprehensive approach has to do with the fact that social policymaking and policy management, in general, and policies on social protection, in particular, are not the responsibility of just one level of government. In countries with large territories marked by deep-seated spatial and social inequalities, the central government would be hard put to design policies that are flexible enough to accommodate all the socio-spatial differences and differing needs of the various segments of the population. Even in small or relatively heterogeneous countries—which tend to have unitary forms of government—decentralization has taken place, and local governments have therefore taken on highly important roles in the management of social protection systems. This brings to the fore not only local issues, but also the relations between different levels of government, as is reflected in recent changes in the way in which social issues are being addressed.

The existence of multi-level networks broadens the scope of horizontal networking among stakeholders at a given level and heightens the interdependence of different levels of government, with local governments playing a strategic role (Blanco and Gomà, 2003). In addition, the formation of policy networks points the way towards new forms of governance (Diniz, 2011) that depart from linear or hierarchical models for the production of public goods and services. This new vision of governance highlights the importance of action at the local level and of both horizontal and multi-level networking (with the former corresponding to a single level of government and the latter involving links among stakeholders at different levels of

government) (Blanco and Gomà, 2003). The recognition of this complexity, the need for participation and plurality, and the emergence of new roles, types of relations and ways of governing call for the formation of a relational State that can take action through both types of networks to bring about a convergence of different social actors, different policy sectors and different levels of government.

Clearly, in Latin America, local governments play an essential role in the networks created to manage social protection. What is more, they have the potential to develop innovative, flexible policies at the local level that place emphasis on the personal and community dimensions of social protection initiatives launched in response to the types of changes that are now under way (UAB/Diputació de Barcelona/Centro de Investigación, Información and Asesoramiento, 1998). The idea of a government that is close to the people (*gobierno de proximidad*, “proximity government”) (Blanco and Gomà, 2002 and 2003) assigns a greater role to local governments in the design and delivery of social goods and services and highlights the centrality of participatory processes (Raczynski, 1999).

The placement of greater value on proximity to the population groups concerned, as understood within the context of a reinforcement of local government, can pave the way for a new way of governing that is better able to deal with the diverse range of situations to be found and that is more open to new types of participatory dynamics in the processes involved in governance. The local level thus becomes a *locus* at which policy innovation may arise out of the interaction of a wide range of stakeholders and may shape new types of environments that are conducive to the emergence of the kinds of models and practices associated with relational governments, governments that are close to the people, which focus on participation, governance and cross-sectorality.

The prioritization of the role of local governments is also based on the expectation that they will be able to play an efficient and active role in detecting and understanding the widely varying demands and needs of the local population. Recent experiences attest to the fact that, at the local level, comprehensive action to address given issues is more feasible and the formation of linkages and effective participation on the part of the public in policy development are more viable propositions.

It must be remembered, however, that the importance of selective social protection policies in responding to widely varying demands and needs should not overshadow the key importance of maintaining and reinforcing universal policies that are developed and administered at the national level. Both types of policies are necessary in order to create a universal, national social protection system that is capable of dealing with the problems associated with inequalities between different areas in a country, in conjunction with

more selective, targeted policies at the local level where the government is closer to the people.

Given the foregoing, it is clear that institution-building at the local level is of crucial importance in order for municipal governments to be able to take these tasks on. Unless administrative and political capacity at the local level is strengthened, decentralization may perpetuate or even deepen existing inequalities or leave municipalities that have less institutional capacity vulnerable to the workings of clientilistic models of public policymaking.

In Brazil (see box XI.3) and Uruguay (see box XI.4), two countries with different political and administrative organizational models, headway has recently been made in building local capacity, although new challenges have emerged as well.

#### Box XI.3

##### **The Unified Social Assistance System in Brazil and local management challenges when working with a system-wide policy**

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Created in 2004, the Unified Social Assistance System (SUAS) of Brazil has marked a major change in the profile and scope of social protection in the country. Social assistance has come to be organized as a system that is structured around differentiated levels of protection: basic protection for straightforward situations that can be addressed with preventive measures; and special protection for more complex situations in which rights are being violated.

Outreach at the local level takes the form of families' introduction into a social assistance service network that can generate a comprehensive response capable of altering the living conditions and life paths of the members of these families.

SUAS basic protection services are coordinated and provided at the local level by Social Assistance Referral Centres (CRAS).<sup>a</sup> These centres are in charge of these social assistance services either directly or via agreements with non-governmental organizations. CRAS are responsible for coordinating the work of the social assistance service network in such a way as to provide increasing levels of protection and reduce the level of social risk (Brazil, Ministry of Social Development and Hunger Alleviation, 2005, p. 94). At the regional level, Specialized Social Assistance Referral Centres (CREAS) take charge of more complex cases involving rights violations (such as sexual exploitation, violence, neglect and abandonment). As of January 2015, there were 8,113 CRAS in Brazil, with 7,511 of these centres being cofinanced by the Ministry of Social Development. The great majority of the other centres receive funding from municipalities, and a few are financed by state governments. The smaller CREAS network is composed of 2,324 units.

A study of SUAS (Bronzo and Mendes, 2014) identifies one of its major challenges as the need to secure the institutional capacities at the municipal government level that it requires to attain a level of effectiveness in the delivery of social protection that is on a par with federal protection services. The limited coverage of CRAS (its delivery capacity amounts to 5 million households, whereas the number of vulnerable households in the regions served by CRAS is over 10 million) poses a serious obstacle to the provision of social protection at the local level, as does the absence of tailored services for highly vulnerable groups such as young people.

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**Box XI.3 (concluded)**

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The social assistance oversight policy of SUAS is designed to ensure the delivery of more effective social protection services by providing a way of checking that the supply of government and non-governmental services matches up with the demands and needs of local communities. The application of this policy at the municipal level is in its very early stages at this point, however.

The central government has focused on defining the legal and regulatory terms of reference of SUAS, establishing financing arrangements for it and designing the services to be provided by SUAS teams. In order to be effective, however, the system must be supported by the municipal governments and local teams in the areas served by CRAS. Until such time as local governments have built up the necessary political and institutional capacities, however, the management of such services by government structures that are close to the target populations will remain a conceptually correct policy approach but one that has proven to be very difficult to operationalize.

Source: Prepared by the authors.

<sup>a</sup> The Ministry of Social Development and Hunger Alleviation describes CRAS as units of SUAS that work at the municipal level and that serve the public interest in line with the social assistance policy. These units are sited in areas with the highest social risk and vulnerability indices and work to enhance the quality of social protection by delivering and coordinating cross-sectoral social assistance and basic protection services to households and individuals in their service areas (Brazil, Ministry of Social Development and Hunger Alleviation, 2005, p. 94).

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**Box XI.4****The Local Guidance, Advisory and Outreach Service of Uruguay**

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Since the founding of the Ministry for Social Development in 2005, Uruguay has made considerable headway with the application of a cross-sectoral, inter-agency approach to providing the integrated services required to address complex, multicausal social problems. In recent years, the National Division for Local Management and other agencies have been developing a conceptual framework for the local management of social protection services that characterizes local communities not simply as passive subjects of decisions taken by the central political authority but rather as organizational, economic, cultural and human structures that can marshal their own capacities for resolving problems and developing proposals.

The Local Guidance, Advisory and Outreach Service (SOCAT) is one of the arms through which the Ministry for Social Development maintains a presence at the local level. Its objective is to enhance the accessibility of the services provided by the Ministry and other public agencies and to help to ensure that the design of public initiatives and the associated activities take the dynamics of local communities into account.

SOCAT units focus on small communities (in total, 78 neighbourhoods or districts) and are implemented by civil society organizations under agreements with the Ministry for Social Development of Uruguay. The SOCAT technical teams are made up of between two and four specialists in social affairs.

In providing services to the public, SOCAT is in charge of building and/or consolidating and managing local social protection assistance networks. To this end, SOCAT units work through the Guidance and Advisory Service (SOC) to map out the needs that exist at the individual, household, neighbourhood or community level, make contact with the individuals or groups concerned, provide advisory services with regard to possible ways of meeting those needs,

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 Box XI.4 (concluded)
 

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and network with programmes of the Ministry and other public agencies that maintain a presence at that level. Cross-sectoral subject-area teams made up of experts from different agencies are formed to work on specific problems (at the household and/or community level) and provide targeted support, referral and follow-up services.

SOCAT units also help to set up district-level coordination boards that work with neighbours, neighbourhood organizations and experts from different agencies to identify the main problems in each area and to develop proposals for ways to address those problems. These boards can draw on a small-scale community investment fund to finance some of their activities. Many of today's high-priority, institutionalized programmes at the national level (the *Cercanías* programme, the Transitioning from Primary to Secondary Education Programme, the Basic Vocational Training Community Programme) grew out of initiatives launched by these boards and SOCAT teams in conjunction with experts from other agencies.

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Source: Prepared by the authors.

In any event, in some cases regional experiences have suggested that national systems sometimes encompass a mixture of different degrees of cross-sectoral coordination from one level of government to the next (e.g. a low degree at the central level and an intermediate degree at the regional and local levels) (Cunill-Grau, Fernández and Thezá Manríquez, 2013). The incorporation of the local dimension as a variable in the analysis brings out the fact that different models of cross-sectoral coordination of a given policy or system can coexist. This is an important consideration because it may be a signal of design flaws in the cross-sectoral model or in the decentralization process itself. In the latter case, if a genuine transfer of areas of authority to the local level has not taken place, it may even happen that there will be a high degree of cross-sectoral coordination at the central level but an undesirably low degree of coordination at the local level. It may also be that a combination of differing degrees of cross-sectoral coordination forms part of a deliberate strategy for the establishment of an integrated system of intergovernmental relations; or it may be that the corresponding strategy calls for entirely consistent (e.g., high) degrees of cross-sectoral coordination at all levels. Certainly, this is an issue that requires further study, especially with regard to its potential impact in terms of social protection policies.

## **B. The role of politics in coordinating an increasingly comprehensive social protection system**

All the varying degrees (as described earlier) to which cross-sectoral efforts to promote a comprehensive social protection system can be coordinated require the performance of what is an essentially political function: the governance of social protection policy. This entails different challenges and

takes different forms depending on the particular political, institutional and cultural traits of each country but, whatever the case, it is a necessary condition in order for cross-sectoral efforts and relations between different levels of government to be oriented towards a more comprehensive approach to highly complex, multi-causal social and local or territorially based issues.

This is certainly not a simply vertical exercise of the sort that would be associated with an approach to addressing social issues which would seem clearly inappropriate in the social sector's increasingly multidimensional environment. Instead, it entails an awareness of the fact that, given the diverse range of State actors (sectors and levels of government) and the risk that this poses in terms of the emergence of blocs, the exercise of veto power by two or more stakeholders that are at cross-purposes with one another, the dispersion of responsibilities, compartmentalized expertise, institutional (and even personal) jealousies, it is necessary to set down quite clear rules about who does what and, above all, to have an arbiter that can, in the final instance, settle disputes between State actors when they arise.

The governance of social protection policy in this broad sense involves the assumption of a number of different tasks (in practice rather than in a formal institutional sense, which does not always correspond to the realities on the ground) by an authority that is viewed as legitimate by the parties involved and that enjoys political support at a high (usually presidential) level. These tasks entail the following:

- The definition of the public policy objectives and goals that will guide the system.
- The selection of priorities and action strategies.
- The assignment of responsibilities and functions to the different areas and agencies involved.
- The exertion of a certain measure of influence over the distribution of the resources needed to carry out the work that corresponds to the responsibilities and functions that have been assigned to the various parties.
- The monitoring of the various activities as they progress and verification of compliance with the chosen methodology and of the achievement of established goals in good time and in an appropriate manner.
- The systematization of relevant information as a basis for the assessment of the policy's application.
- The reframing of the policy (scope, objectives, goals and methodology) in line with the outcome of that assessment (Acuña and Repetto, 2009).

While the above list is far from exhaustive, it highlights a set of eminently political actions associated with conflicts of interest and power relations. The next step is to determine what capacities such an authority should possess in order to exercise policy governance, which is just as crucial as is the coordination of the work involved in formulating comprehensive social protection policies (and building the systems in which they are embedded). As can be observed in a more stylized form in the conclusions of this chapter, one of those capacities which is absolutely fundamental has to do with the presidential support given to the authority or authorities who lead this effort and the manner in which that support is reflected in budget allocations and reallocations. Another condition of critical importance relates to the degree of legitimacy that the governing authority enjoys in the eyes of the other actors involved, whether they are sectors of social policy or levels of government. A third condition, which is more closely connected with technical capabilities, has to do with the progress made and the potential of the tools available to that governing authority, with the most paradigmatic example being the array of functions involved in the management of monitoring, evaluation and information systems (see chapter XII).

The establishment of a comprehensive policy will not be feasible without, among other things, a coalition of stakeholders capable of helping to harmonize the various tasks involved. These tasks can be regrouped into four critical areas: (i) the strategic definition of a road map for social policy; (ii) the formal and informal institutional arrangements required in order to follow that road map; (iii) the supply of the corresponding cross-sectoral services and programmes; and (iv) the management tools that are geared to the specific characteristics of those services and programmes (Repetto, 2010 and 2004).

One possible path that can be plotted out on this map is the formation of social protection compacts. Maldonado Valera (see chapter X) discusses these kinds of compacts in terms of “windows of political opportunity” and identifies a number of lessons learned from recent experiences on the ground. He explores situations in which an economic crisis or political changes pave the way for new policy directions, such as those that would undoubtedly be involved in transitioning to a rights-based, comprehensive social protection system. He also underscores the importance of the temporal dimension of the investments to be made by the actors involved and the asymmetrical commitments and concessions that they are consequently called upon to make. Two highly important factors are then added into the mix: on the one hand, the relevance of the ideas and conceptual frameworks involved and, on the other, the strategic vision and the technical and political skills of the actors that are taking part in the effort.

These analyses of the importance of political action in transitioning to rights-based, comprehensive approaches lead to a reappraisal of an issue

that has long been a subject of debate in Latin America: the concept of social authority. Many of the countries in the region have established a Ministry of Social Development (or its equivalent) during the past two decades. Almost all the countries also have what have come to known as “social cabinets” or something similar. The links between the two vary in nature—in some countries, these ministries are the lead policymaking agency and are technically in charge of the social cabinet;<sup>6</sup> in others, that responsibility falls to the Vice-President (as in the Dominican Republic and Costa Rica) and, in some cases, the First Lady is actively involved, as occurred in Guatemala during the preceding Government—but, whatever the case, they have not yet met with any great measure of success in advancing towards a comprehensive social protection system of the type discussed at the beginning of this chapter, despite the fact that a great deal of headway has been made in terms of the formal design of the rules of the game.

The “politics of social policy” make it necessary to perform the types of tasks just outlined and to go beyond the formal and informal institutional structures that delimit the sphere of social policy action. In essence, the important roles played by the various stakeholders need to be recognized, along with their interests, ideologies and resources of power. Cunill-Grau (2014a) pinpoints a series of important political factors that are associated with stakeholders’ roles and capacities: (i) the resources that each stakeholder controls or can mobilize; (ii) stakeholders’ perceptions of the extent of mutual resource dependence; (iii) cultural frameworks; (iv) mechanisms for promoting the mutual exertion of influence and for handling conflicts; and (v) types of leadership.

Perhaps the most informative experience with political leadership in recent years in the area of social protection is the case of the Ministry for Social Development Coordination in Ecuador. First created in 2008 and recently repositioned and strengthened, the Ministry has a set of responsibilities and powers that are quite similar to the functions described here as corresponding

<sup>6</sup> One interesting case, at least in terms of institutional design, is the recent establishment in Peru of the Ministry of Development and Social Inclusion, which has been tasked with providing leadership in relation to social protection issues in the country. The official description of the Ministry’s terms of reference states that: “The Ministry is to govern this participatory process on the basis of established priorities in line with the commitment to work towards shared objectives, the implementation of effective actions, the results-based allocation of resources, performance monitoring with the use of incentives and sanctions, transparent and participatory accountability, and a determination to reform or improve the types of action taken on the basis of rigorous assessments. The Ministry’s leadership role is founded upon the design and implementation of the National Development and Social Inclusion System (SINADIS). This involves going beyond the implementation of short-run poverty alleviation programmes and focusing on cross-sectoral and intergovernmental action. To that end, effective mechanisms are needed for the locally based implementation of effective, standardized actions backed up by management agreements. Each sector or level of government is to have a clearly delineated role and goals, together with a precise definition of the constraints that will have to be overcome, the necessary budget, the organizational arrangements that will need to be introduced, and the incentives and corrective measures to which it will be subject.” (Ministry of Development and Social Inclusion, 2013, pp. 7 and 8).

to the authority called upon to govern social protection policy. Some of these areas of authority are as follows:

- Collecting, compiling, analysing, classifying and disseminating sectoral and cross-sectoral information.
- Coordinating and articulating sectoral and cross-sectoral policies.
- Undertaking political analyses of the sector.
- Vetting and endorsing sectoral investment programmes and projects.
- Coordinating, vetting and approving sectoral institutional planning functions.
- Coordinating and following up on sectoral and cross-sectoral agendas.
- Coordinating the implementation of procedures and projects focusing on improved management.
- Coordinating, supervising, monitoring, evaluating and following up on the management of work focusing on strategic and operational objectives, as well as programmes, investment projects, current expenditures, and presidential, sectoral and cross-sectoral commitments.
- Following up on and assessing the decisions adopted by the Sectoral Council.
- Issuing a pro forma sectoral budget for subsequent approval by the Ministry of Finance and the National Secretariat for Planning and Development (SENPLADES) or the corresponding sectoral agencies.

While there is no doubt that the Ministry for Social Development Coordination of Ecuador has major challenges before it, the Ministry's actions during the short period since its founding illustrate the enormous importance of melding a significant amount of political power (derived from the support of the President) with solid technical teams that are capable of helping to translate the strategic direction in which the country wants to move into specific cross-sectoral strategies while advancing towards the public policy horizon, which, in the case of Ecuador, is embedded in the National Plan for Good Living and the Social Agenda.

### **C. Operational tools for achieving closer coordination**

Cross-sectoral coordination of the institutions and actions involved in achieving comprehensive social protection in Latin America is one of the foremost challenges to be overcome in order to achieve greater social justice in the

region. The importance of the political dimension of this process has been discussed. The question then arises as to what operational mechanisms and tools are needed in order to incorporate a life cycle approach and/or a local or territorially based approach into a comprehensive social protection strategy?

## **1. Participatory strategic planning**

Integrated, participatory strategic planning can be forged into a tool for ensuring the cross-sectoral viability of social protection policies and the integration of a cross-sectoral approach into those policies. By setting the stage for sharing convergent objectives and goals agreed upon by the various sectors, this type of planning helps to ensure that the aims of the different policies will fit in with one another. Joint analyses of problem areas, shared planning, the negotiation of goals and the identification of the resources that all the different stakeholders bring to the table are some of the ways in which the viability of lesser or greater degrees of cross-sectoral coordination can be ensured.

Participatory, integrated, strategic planning is a valuable tool for ensuring the political sustainability of policy actions, gaining legitimacy and securing the commitment of stakeholders. This is a newly minted type of planning, an intelligent form of planning that is capable of carrying forward intertwined cross-sectoral actions and of establishing shared goals and objectives that will pave the way for the coordinated provision of protection policies and services.

Martínez Nogueira makes a contribution to the debate on this issue when he characterizes strategic planning as an operational mode and tool that contributes to the transition from a package of policies and programmes to a social protection system. He goes on to say that such planning is a means of strengthening the alignment of actions with policy objectives. He contends that, first of all, organizational and programme planning should be aligned with system and sectoral planning (both of which are governed by national planning) since both of these give direction to the policies to be implemented and determine the aims that they are to achieve. Consequently, this type of planning can make these contributions in the presence of explicit policies and clear-cut mandates. Unless the objectives of public policy are precisely defined, however, the incorporation of management innovations will be nothing more than symbolic. Martínez Nogueira goes on to say that, in addition, planning should also fulfil another condition: it must be tied in with the budget and with operational programmes, since strategic planning often ends up being a management exercise that is useful inasmuch as it entails a systematic analysis of the factors involved, but nonetheless relegated to the background in terms of the management of day-to-day activities. These objectives should also be formulated not only as aspirations but also

as specific stages to be reached within clearly delineated time frames that can also serve as benchmarks for the assessment of management effectiveness. Finally, given the interdependence of public organizations as they strive to produce an systematization of public policy impacts, this strategic approach cannot be developed in isolation but must instead be a shared task of all the participants in a given policy network (Martínez Nogueira, 2013, p. 8).

Clearly, planning, budgets and operational programmes all have to be tied in with one another. It is also increasingly apparent that budgetary decisions need to be based on evidence that corroborates the value of the policy or programme in theoretical terms and serves as a basis for its execution. The financing mechanisms for cross-sectoral operations can also function as integrative elements or can help to consolidate the underlying sectoral rationale (Cunill-Grau, 2014a).

The inclusion of communities and households as key stakeholders in the design and monitoring of policies and programmes that have an impact on their lives is of the utmost importance and is an intrinsic part of a rights-based approach (see chapter IX). Public participation and societal oversight have yet to be fully realized, however, and also run up against the challenge of integrality.<sup>7</sup>

## **2. Social information systems and the assessment of cross-sectoral coordination**

Conditional cash transfer programmes have been described earlier as a point of departure for the Latin American countries' current efforts to transition towards integrated social protection systems in which cash transfers will still play a part, but alongside other types of initiatives. One of the contributions that these programmes have made to the region's social institutional structure is the prioritization of information systems, which need to be robust and consistent in order for these kinds of actions to be successful. The growing demand for the coordination of the sectors and actors involved in incipient social protection systems has acted as a driver for the development of consolidated information systems that provide data on the programmes, benefits and beneficiaries. Isolated programmes are still the norm in the region, however, and difficulties in achieving the integration of information systems therefore persist. A comparative study has been conducted of these types of instruments that covers the Social and Fiscal National Identification System (SINTYS) in Argentina, the single register for social programmes known as CadUnico in Brazil (see box XI.5), the Integrated Social Information System (SIIS) and Social Information Registry (RIS) in Chile, the System for

<sup>7</sup> See, for example, Cunill-Grau (2009) for a general analysis and Cunill-Grau (2010) for an exploration of the interfaces of the State and society in Brazil.

the Identification of Potential Social Programme Beneficiaries (SISBEN) in Colombia, the Target Population Information System (SIPO) and Beneficiary Services System (SABEN) in Costa Rica and the Opportunities Register in Mexico. While this study shows that conditional cash transfer programmes do have connections with beneficiary information systems, it also indicates that these systems are linked to specific programmes but not to other policy sectors (Irrarázaval, Azevedo and Bouillon, 2011). Furthermore, they are primarily managed at the national level, which detracts from their usefulness at the local level, even though local stakeholders are also providing information and taking part in local planning exercises as part of a renewed effort and appreciation of the importance of local governance.

#### Box XI.5

##### The single register for social programmes in Brazil

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Brazil uses a consolidated register of social programme beneficiaries (created in 2001 and upgraded following the launch of the *Bolsa Família* programme) to identify and select members of target groups for government social programmes.

This single register (known as “CadÚnico”) is a tool for identifying and compiling information on households with monthly incomes of up to the equivalent of one-half minimum wage per person or three minimum wages in total. CadÚnico entries are made by local teams of municipal government personnel who are staffing the *Bolsa Família* programme, and the register is a fundamental tool for the planning and monitoring of this conditional cash transfer programme and of other programmes that form part of the country’s social protection strategy. The information contained in the register covers the social and economic circumstances of these households, the basic family units concerned, household characteristics, access to essential public services and data on each family member. CadÚnico now serves as a basis for identifying the target groups for 10 different social programmes that are included in the Brazil Without Poverty Plan, which is designed to combat extreme poverty.

However, the enormous progress made in building up the register notwithstanding, there are still a number of challenges to be met in the area of service delivery in general and in relation to the *Bolsa Família* programme in particular, in order to these services to be truly integrated. The difficulty of integrating the delivery of social protection goods and services is evident not only in inter-ministerial settings but even within a single ministry. The challenges involved in setting up an integrated information system that can be used to identify beneficiaries and the delivery methods developed by the different sectors become all the more formidable when other components of the Brazilian social protection system (i.e., the social assistance services that are the basic units of the Unified Social Assistance System (SUAS)) are brought into the mix. There is still no direct link between the sectors that provide income transfers through the *Bolsa Família* programme and the social assistance furnished by SUAS. Thus, the shared use of these systems is still not a reality, as the records kept by the Social Assistance Referral Centres (CRAS) on the families that they serve are not integrated into CadÚnico, and their technical staff at the local level do not, in most cases, have access to the register.

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Source: Prepared by the authors.



The existence of sound, reliable information systems is one of the most important elements that need to be in place as a basis for a comprehensive social protection system. The integration —or, at the very least, exchange— of relevant information is also needed to underpin cross-sectoral actions. It is therefore essential for the State to coordinate the work being done by its various administrative levels and sectors in order to build social information systems that provide the necessary inputs to identify target groups and organize the delivery of services and benefits, as well as their registration, in order to increase the effectiveness and scope of the social changes that these systems will bring about (Irrarrázaval and others, 2011).

Social information systems should not be limited to demographic and socioeconomic data on potential target populations for social protection schemes. In order to be truly useful, an integrated social information system should include valuable, relevant information about all the programmes and services that are on offer. There should also be an intelligent dialogue between the demand and supply sides that extends beyond (their very welcome) technological interoperability. Years ago, Chile moved forward with the creation of the Integrated Social Programmes Data Bank,<sup>8</sup> as did Uruguay with its Integrated Social Information System (SIAS). More recently, the Ministry for Social Development Coordination of Ecuador has been setting up a systematic record-keeping system to compile information on social protection programmes called the Interconnected Social Programme Register. However, although it has made headway in the formulation and start-up of this initiative, it has not yet managed to position this database as a fully legitimate tool for use in the institutions that need to join forces under the supervision of the Ministry.

In sum, countries' various experiences with information systems indicate that it is vital to have the necessary tools to draw up a strategic map of existing programmes and services that traces the ways in which they are linked together and linked with the problems that they are intended to address. This essential challenge must be taken up in order to convert monitoring and assessment systems into effective drivers of cross-sectoral actions and, hence, into more comprehensive social protection systems.

The exhaustive analysis developed by Martínez (see chapter XII) seeks to answer a number of questions: What does an assessment signify? What does it mean and what is its role in terms of social protection? When and how should it be applied? What differences and complementarities are there among the different types of systems used to assess social management performance? It also proposes valuable analytical and decision-making tools and techniques. One of the issues that it brings up has to do with the importance

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<sup>8</sup> See [online] <http://www.programassociales.cl/programas>.

of scaling up development initiatives and making use of evaluations of the entire sphere of social protection policy in order to arrive at larger-scale assessments of findings, achievements and limitations in this field.

Viewed from this standpoint, the development of information systems capable of generating inputs that can be used to arrive at an understanding and characterization of the issues and to weigh the results provides a basic toolkit for use in social protection policy monitoring and evaluation systems. Information management, when conducted strategically and understood as constituting a mainstay for a monitoring and assessment system, provides a way of aggregating the actions of various sectors in a more consistent manner and of heightening the effectiveness of the corresponding policies (Raczynski, 2002; Filgueira and others, 2006; Cunill-Grau, 2005). Rather than simply being a technical or bureaucratic area of activity, information management plays a central role in the implementation of a comprehensive social protection system because it makes it possible to devise initiatives that are tailored to meet the needs and demands of the population and to provide more effective follow-up for those actions' outputs.

### **3. Policy management at the local level**

It is well known that cross-sectoral coordination efforts that are limited to high-level political and technical agreements (in the central government) run the risk of failing to produce any concrete results in terms of the quality of life of the people who are supposed to benefit from the sought-after comprehensive programmes. This brings to the fore the inherent limitations of decentralization processes in Latin America, which, with some exceptions, have not succeeded in positioning local governments as firmly established political actors possessing the necessary financial and administrative capacities to carry out the tasks assigned to them. The processes involved in decentralization efforts, the rules of the game and the incentives that are used vary a great deal and, in some cases, as in Brazil, the leeway that states are given in following or not following national directives results in a plethora of different procedures and institutional capacities across the various states and municipalities. In these cases, social realities and needs, service coverage and the types of services provided, and the available governmental and non-governmental service delivery networks differ enormously from one locale to the next. Decentralization does not produce its desired effects automatically; those effects are the outcome of complex institutional engineering that encompasses financial, political, technical and organizational capacity-building at all levels of government.

There are three mechanisms that can promote integrated management at the local level: local government incentives, the creation of opportunities for local coordination efforts and the increasing tendency to provide family

mentoring and support services (which are referred to in different ways in each country). These mechanisms will be outlined below.

One example of a mechanism that promotes cross-sectoral coordination in the provision of social protection services through the use of incentives to secure the collaboration of local governments is the *Bolsa Família* programme in Brazil. This mechanism is essentially based on direct communication between the central government and the municipalities, since state governments' role in this respect is limited to the provision of support for municipal governments and training for municipal teams. Municipalities play a leading role in surveying households and in monitoring compliance with conditionalities. In view of this situation, the federal government has provided incentives for the municipalities to lend their cooperation, with the main such incentive being fund transfers based on the Decentralized Management Index (IGD). This index is used to encourage the municipalities to coordinate their efforts and to gauge municipal governments' performance in terms of their data entries and updates in the CadÚnico and of their monitoring of school attendance using the system put in place for that purpose by the Ministry of Education.

Another operational mechanism for the promotion of cross-sectoral coordination at the local level has to do with the exchange of information and other strategic resources at that level, which is where cross-sectoral activities are undertaken. In the Intersectoral Social Protection System in Chile, municipalities are responsible for setting up and coordinating the community networks for the Chile Crece Contigo Programme, which are made up of leaders in the education, health and other service sectors that participate in the programme and that are responsible for monitoring the developmental progress of the children in the programme, especially those that are the most vulnerable, with support from regional governments. However, it has been seen in this and other cases that local networks may end up being devoid of content if they are incapable of maintaining a common vision and a sense of community that motivates stakeholders to join forces in carrying forward a shared initiative.

Family support and mentoring is a third mechanism that is being used in Latin American countries to foster the coordination of efforts to provide social protection at the local level; this mechanism is powered by specialized personnel who are trained in working very closely and intensely with poor families. The most oft-cited example is perhaps the psychosocial support provided under the Solidarity Chile *Puente* Programme<sup>9</sup> (see box XI.6). This programme has inspired other similar programmes in countries such as Ecuador, Colombia and Costa Rica, to name just a few

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<sup>9</sup> Under the *Puente* Programme, households enter into contractual commitments with the programme for a period of 24 months during which they receive support for their efforts to attain a minimum standard of quality of life.

of the nations that have been working to formulate and implement this type of approach. In other words, this is an effort to recognize the widely varying features of poor and vulnerable households and to bridge the gap between demands for protection from the specific kinds of rights violations experienced by each family and the coverage afforded by the available social protection services.

#### Box XI.6

##### **The family mentoring component of the Solidarity Chile Programme**

The *Puente* Programme (“Bridging Programme”), which is part of the Solidarity Chile Programme, provides psychosocial support for families living in extreme poverty. Its working strategy revolves around the role of the social assistance providers who work directly with these families. The central proposition that underpins the psychosocial support delivery strategy and family-centred working methodology of this programme is that the quality of the relationship between these service providers and the families that they are trying to help will strongly influence the progress and outcome of treatment (FOSIS, 2004).

The family services provided by the *Puente* Programme are prefaced on the idea of building a relationship with these families, with the work of the programme being seen, not as treatment interventions as such, but rather as a process of bringing about changes in attitudes and practices that will foster personal development. This type of programme is based on a belief in the capabilities and potential of these families and their individual members to reduce their own vulnerability. Family support services act as the catalyst for this process by linking families up with various networks that, together with assurances that their basic needs will be satisfied, help to reinforce their response capacity and thereby make them less vulnerable. This long-term course of treatment is designed to build the families’ and family members’ confidence in themselves so that their latent capacities can emerge (FOSIS, 2004). The stability, coherence, adaptiveness and transparency of these support services underlie their effectiveness in building skills and empowering these individuals and families and, along with them, their communities.

The delivery of these social support services is based on a set of agreements and clearly defined and shared goals, together with specified time frames, settings, agents, roles, tasks and a clear understanding of the programme’s institutional setting.

The formalization of these agreements in the form of a contract serves as the foundation upon which the relationship between agents and the families are built. The attainment of mutual understanding on the part of the agents and families is key to the family members’ achievement of personal autonomy and the autonomy of the family unit, the building of their capacities and the resulting reduction in their vulnerability (FOSIS, 2004).

This type of service model is rooted in an awareness of the importance of making use of different pathways to integration. Personalized support is made available to families and their members on the basis of contractual commitments and agreements signed by these families and the participating civil servants which reflect the principle of co-responsibility (of the families and the government) for the families’ empowerment and autonomy.

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Source: Prepared by the authors.

Family-based social work methodologies have proved to be a complex challenge for the countries of the region.<sup>10</sup> Social services (and more specifically social assistance services) are in transition from a traditional problem- and needs-centred, control-based approach to a collaborative approach that focuses on skills, solutions, partnerships and trust. This shift (Rodrigues and Sousa, 2014) signals a transition from highly bureaucratic services based on specialized professional fields of expertise in which there is very little connection between the experts and the families that they deal with to services focused on finding solutions, figuring out what works and leveraging the available resources of families and their local environments.

Because the households concerned are lacking in material or “immaterial” (emotional and social) resources and assets, the services to be provided to them have to be flexible and comprehensive. These services need to take the form of practical assistance and material resources, along with psychosocial support. The main challenge facing these service providers is how to go about breaking the cycle of despair that envelops the people whom they are trying to help. The collaborative approach used in the application of this working methodology calls for services to be tailored to the individual households and their behavioural patterns. Service delivery is also to take place in a non-hierarchical, non-confrontational environment in which experts and household members work together and form relationships that have beneficial psychosocial effects (Corera, 2002).

## D. Conclusions

Having analysed a number of cases in which efforts have been made to direct policy actions towards more comprehensive service offerings in Latin America, it can be seen that, while progress has been made in this direction, much remains to be done. Lessons that may be learned from contemporary experiences in the region and that point to widely varying, interrelated challenges that have yet to be overcome include the following.

- **Cross-sectoral coordination should be used as a tool when it is really needed, whereas the achievement of objectives relating to comprehensive protection is an end in itself.** Cross-sectoral coordination is a costly undertaking in many ways. It should

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<sup>10</sup> In Europe, and especially in Spain, the personalized service model ties in directly with the “integration pathways” service model. These “personalized pathways to social integration” (Corera, 2002) map out the routes that people or “cohabitation units” should follow in order to break out of their social exclusion. These personalized pathways are based on participants’ voluntary acceptance of a social contract and are not an eligibility requirement for the receipt of a basic income. Recognition of the diverse range of situations of exclusion has led to the introduction of greater flexibility in the goods and services provided by various sectors so that those supplies will meet the demands and needs of the different population groups and localities.

therefore be undertaken only when a comprehensive solution has to be found for problems that have proven intractable in the face of sectoral expertise and that involve interdependent relationships among sectors and levels of government (which are also involved in some way in the definition of these problems).

- **A high degree of cross-sectoral coordination is the counterpart of a comprehensive approach to social protection.** Consequently, this level of coordination is required when the aim is to go beyond providing access to goods and services by building capacities, altering forms of behaviour, dealing with high levels of risk or providing system-wide social protection coverage. This kind of response has to be built on the foundations of a definition of the issue and the corresponding social policy as expressed in new forms of management that facilitate joint efforts on the part of the different sectors of government to provide comprehensive social support. One of the prerequisites for the construction of a comprehensive social protection system is the existence of more robust governance, coordination and management processes within the various sectors of government and between one level of government and another.
- **Governance of social policy.** The ideal situation is if an organizational actor with high-level political support and technical and institutional leadership capabilities can head up the effort and have the last word in the event that progress is stalled by disputes among advocates of conflicting approaches or interests or by an excessive dispersion of responsibilities. Are Ministries of Social Development or their equivalents in a position to play that role? Can social cabinets or their equivalents perform this function? Or is a ministry that is more specialized in coordination called for? The region has experimented with these various possibilities, but a more systematic analysis of the pros and cons is needed.
- **Objectives, goals and conditions for feasibility.** A concrete manifestation of the political dimension of efforts to establish a comprehensive social protection system necessarily entails the definition of clear-cut objectives and goals that will afford a measure of sustainability to coordination efforts while also providing a means of ranking priorities, pinning down exactly who does what, and determining a politically acceptable time frame. Each country also has to devise a way of coordinating its social protection policy in a way that will be in keeping with its financial and organizational parameters (and constraints), as well as its political and institutional realities.

- **The role of the budgetary authority.** The coordination and governance of social protection require the support of the agency that administers the budget. This commitment is a political element of singular importance for the promotion of joint action on the part of sectoral agencies and levels of government that have conflicting interests and specific responsibilities. The goodwill of these authorities is of critical importance for the formulation of budgets that make provision for comprehensive coverage. By the same token, agencies responsible for the coordination and governance of the social protection system can play a role of decisive importance by “filtering” sectoral budget requirements before they are passed on to budget authorities.
- **Coordination of a system rather than the implementation of isolated programmes.** Even though less thought has been given to the creation of a system-wide social protection scheme than to the established practice of executing targeted social protection programmes, the institutional blueprints and capacities needed to fashion a comprehensive system have to fulfil both of these functions. The responsibility for carrying out the different tasks involved in the execution of these activities has to be clearly defined and apportioned among the sectors and levels of government involved. There is therefore a strategic need to determine to what extent this new generation of social development ministries will actually be able to go beyond the formal design stage and fulfil this dual role, especially in situations where leadership responsibilities are to be handed over to that authority.
- **The difficulty of blending technical and political considerations.** **Coordination** and governance mechanisms and spheres of action require an appropriate mix of sound technical inputs and political authority. Without that mix, if the former is not combined with the latter, the focus is limited to “necessary conditions” rather than encompassing “sufficient conditions”. A great deal of thought has to go into determining how to make the transition from designs that are based on the assumption that these capacities are already in place to the actual translation of that design into reality. This is a time-consuming proposition that requires a great deal of political negotiation and the conclusion of a series of agreements among technical teams that are used to compartmentalizing their expertise and their practices (in connection with information or monitoring systems of local outreach methods, for example). This all points to the need for an appropriate social institutional structure that can facilitate the achievement of comprehensive coverage.

- **The need for sound instruments of public administration that can be used within the framework of an overall government plan and an effort to build a closely coordinated cross-sectoral process.** In order for effective coordination to be possible, the following elements, at a minimum, must be in place: (a) participatory cross-sectoral planning and an intermediate or long-term time horizon; (b) specific budget lines for cross-sectoral action; (c) integrated social information systems; and (d) systems for monitoring and assessing policies and systems, in addition to programmes. These kinds of tools, which are most clearly associated with what is referred to as “public administration”, become truly meaningful and genuinely effective when they are used as part of a detailed plan of government that serves as a road map for all areas of government action, rather than being confined to the social sector. In view of such factors as the prevailing resistance to cross-sectorality, however, it is best to view it as a “process” involving structural and cultural elements that can be used to move towards a higher degree of cross-sectoral coordination.
- **The importance of local or territorially based management.** If coordination efforts are to be conducted in a way that will promote comprehensive coverage, then they cannot be confined to political and technical agreements at the level of the central government, which are generally associated with the design and decision-making phases. In order for a truly comprehensive approach to be adopted, cross-sectoral coordination efforts have to wield some influence at judicial and political levels and in operational spheres at the local level. It is therefore extremely important to have appropriate operational protocols, legitimate technical tools and human resources who are specialized in community-based outreach. This becomes even more complicated when it comes to applying these ideas within the context of each national experience and to translating them into real and formal terms as applied to the political and fiscal ties between different levels of government, with decentralization being yet another factor to take into consideration.
- **The importance of having broad-coverage, high-quality social services.** Major conceptual —especially political— strides have recently been made in the region in terms of the transition towards an understanding of social protection that encompasses the supplementation of selective, targeted actions with universal social services. This brings the actual coverage of these services to the forefront and draws attention to the quality of public health,



education and caregiving policies, which are the three essential spheres of action in this respect.

- **The importance of a sense of community and of civil participation and oversight.** Powerful stakeholders (in the State, civil society and the market, along with the international community) need to enter into basic agreements about the principles, advantages and feasibility requirements of a specific (more universal and integrated) social policy path while also while adapting their strategies and road maps to the circumstances existing in each individual country. Past experience indicates that the general public, and especially communities and households, are called upon to play a key role in the decision-making process and in subsequent follow-up and assessment functions.
- **The importance of being able to draw upon human resources possessing knowledge that extends beyond sectoral boundaries.** Well-trained, innovative technical personnel are needed to support coordination efforts. A transition needs to be made from specialized fields of knowledge to areas of expertise that, while not leaving aside the experience gained in each sector, include more cross-cutting management tools and knowledge that fall outside the bounds of a specific discipline or sector. Within circles of specialists in cross-sectoral coordination, it is particularly important for the work of this type of expert to be recognized in the social sectors in which those experts are going to be promoting and contributing to efforts to increase this sort of coordination.
- **Potential efficiency gains.** There are not many studies on the amount of time and money that are saved as a result of more closely coordinated social management functions, but a concern with this aspect of coordinated cross-sectoral management is beginning to emerge in the region. Avoiding duplications of effort in the mobilization of human or logistical resources clearly feeds into a better use of budget resources. The region has already learned that efficiency is a substantive element of progressive social management.

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## Chapter XII

# **Monitoring and evaluation of social protection policies and programmes**

*Rodrigo Martínez<sup>1</sup>*

### **Introduction**

In order to manage social protection policies and programmes properly and transparently, it is necessary to have comprehensive knowledge of their progress, achievements and limitations. Without that information, it is impossible to ascertain whether they are achieving their objectives of reducing poverty and vulnerability, or to guarantee the exercise of economic and social rights effectively and efficiently. Given the importance of the issue, this chapter examines the discussion of monitoring and evaluation as instruments for supporting the management of social protection and gives examples in this connection.

Evaluation may be understood in different ways, depending on who is using the term and in which context. In the sphere of management of social affairs, the use of the concept dates back to the late 1970s and early 1980s, and the discussion on how to improve decision-making rationale with respect to social programmes and projects. Initially, the focus used sought to apply the same procedures and methodologies employed for production investment schemes, simply adjusting their parameters for the social sphere.

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However, social evaluation as a function was already being used within applied social research and thus could be part of the development of social sciences in Latin America and the Caribbean. The two traditions have converged today within the sphere of analysis and management of social policies, an area which has seen progress both in *ex ante* decisions and in *ex post* analysis.

Consistently with the challenges addressed in this book, this chapter offers a concise analysis of the meaning of evaluation and its specific significance and role in social protection. It also gives guidance on when and how to conduct evaluations and the differences and complementarities between types of evaluation. The review ranges from a micro perspective, at the level of specific programmes and projects, to a macro view, aiming to encompass the full range of aspects involved in social protection policy, and offers tools and techniques for understanding their results and making decisions.

## **A. The function of evaluation in social policy management**

Evaluation supports decision-making by enabling the comparison of different alternatives. As in daily life, in projects, programmes and policies, whether social or industrial, public or private, evaluation is necessary to decide on courses of action (Cohen and Martínez, 2004). The purpose of evaluation is precisely to contribute to decision-making, and reduce the odds of error and uncertainty, in order to maximize impacts and minimize costs in the achievement of the objectives sought. Evaluation is also involved in all the stages of social management, from the establishment of priorities among issues needing addressed within a social protection policy framework and the proposal of plans, programmes or projects to the analysis of outcomes.

Evaluation also plays a key role in conferring legitimacy on a social protection policy. As mentioned in chapter X, while the development of comprehensive social protection systems can lead to the formation of broad compacts or agreements between the various political, technical, academic and community stakeholders, evaluation is crucial to back arguments regarding the possible achievements and social and financial implications of attaining them. As well, the evaluation function fosters transparency and strengthens institutionality, which facilitates social oversight and public information on achievements and failures in the management of the public institutions involved, consistently with a rights-based approach (see chapter IX).

Analytically speaking, evaluation (of impacts) is distinguished from monitoring. Both are equally necessary, but they have different specific

functions with respect to the objectives pursued within the process of social management. Evaluation serves as a frame of reference for formulation and to estimate or measure the effects and impacts<sup>2</sup> on the target population, as well as how these relate to costs. Monitoring (or process evaluation) looks at internal management and consists of a continuous or regular review, carried out during the processes themselves, at the stages of both investment and operation, to analyse productivity, quality, times and costs of production and distribution (Cohen and Martínez, 2004). The two components are complementary and proper conclusions cannot be drawn from an impact assessment unless it is analysed in terms of the indicators arising from monitoring. For this reason, the management of any scheme needs an information system that combines the two components and serves for both decision-making and knowledge generation.

Depending on the point at which it is conducted, two types of evaluation may be distinguished: (i) *ex-ante*, which is performed when a programme or policy is formulated (before investment and operation) and serves to estimate costs and impacts (or benefits) and thus make a (qualitative) decision on whether to go ahead with the project, and (ii) *ex-post*, which is performed during or after a project. Ex post evaluation contributes to two types of decision: first, whether to continue with the project or programme being evaluated —when it is carried out during the project— or whether it is worthwhile to undertake other similar initiatives —when it is carried out after the project is over; and second, whether it is necessary to reprogramme, either to increase the probable impacts (evaluation) or to improve management efficiency and effectiveness (monitoring) (Cohen and Martínez, 2004).

Traditionally, evaluation has been carried out at the level of projects or programmes. These are a number of methodologies and procedures for this, both *ex-ante* and *ex-post*. The most common *ex-ante* methodologies are cost-benefit (to evaluate economic impact); minimum-cost (to select by production efficiency); cost-impact (to select the best combination in relation to costs and effectiveness in achieving objectives), and multi-criterion (to rank projects with different objectives) (Cohen and Martínez, 2004).

Impact evaluation (*ex post*) is carried out on the basis of applied social research methodologies, mainly derived from adaptations of the classic experimental model and matching methods, with sampling procedures and

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<sup>2</sup> Effects may be defined as intermediate impacts, since the final impact (on individuals' behaviour) is pursued through —but is beyond the scope of— certain measures encouraged by a project, programme or policy (Cohen and Martínez, 2004; Cecchini, 2005). Example of this are cash transfers, vouchers and grants to facilitate access to social goods and services in the areas of health, food and education. Effects are beneficiary families attending these services and carrying out the activities involved, whereas impacts are the ultimate changes in their health, nutritional status or education.



bivariate and multivariate models of statistical inference. Ex post evaluation of this sort also includes qualitative evaluations, in which techniques of observation, account analysis and the life stories of participants play a central role in interpretation of results (see section D).

The current challenge is to scale up the development and use of evaluation throughout social protection policy, in order to analyse findings, achievements and limitations more comprehensively. The outcomes of programme and project evaluations are useful for this, but insufficient.

A social policy includes all measures whose final purpose is to resolve or minimize the effects of one or more social problems, whether they consist of a lack or restriction on the development of individual capacities, a conflict between different groups or a violation of rights. A social protection policy must include all measures intended to protect and ensure income, identify demand for and guarantee access to social and social promotion services, and to secure decent work (Cecchini and Martínez, 2011).

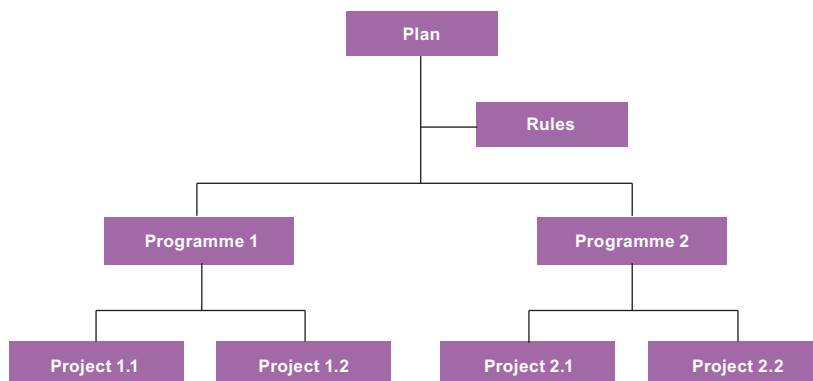
These measures may therefore be expected to form part of a policy with an explicit plan (which identifies priorities, impact targets and strategies),<sup>3</sup> with rules (formally established rights and responsibilities), programmes (a coordinated set of goals and targets, with a target population and/or strategies for specific segments) and coordinated projects (the basic units of treatment, with a budget and autonomous sphere of management),<sup>4</sup> as well as clear aims and prioritized lines of action, since this will enable clearer direction and better management analysis (see diagram XII.1). However, it is common to find programmes (such as conditional cash transfer —CCT— programmes) and specific projects (such as school canteens or community kitchens, or elder care community centres), which are not coordinated either conceptually or organizationally, and even involve different stakeholders (public, private and community) with different objectives. Ultimately, whether explicit or implicit, coordinated or dispersed, there is always a policy, be it by action or omission; however, if by omission, implementation and evaluation are more complex and less “rational”.

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<sup>3</sup> This is a general scheme, but the policy may be made up of more than one plan, segmenting it by sectors, components or otherwise. For example, in social protection the contributory and non-contributory spheres are often approached separately. However, this does not mean that they are understood as separate policies; on the contrary, both are plans or components within the same policy.

<sup>4</sup> The generic definition of project includes the administrative units that deliver social protection products or services to the population, such as the municipalities responsible for operating and coordinating family support, community care centres, school and community canteens, and so forth.

**Diagram XII.1**  
**Components of social policy**



**Source:** R. Martínez and A. Fernández, “Modelo de análisis del impacto social y económico de la desnutrición infantil en América Latina”, *Manuales series*, No. 52 (LC/L.2650-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2006.

It must be recalled in this regard that a policy is not only the sum of its parts (plans, rules, programmes and projects), but also the interaction between them and the relations that develop between the parties involved. For example, the results of a social protection policy are not merely an accumulation of transfers, grants, subsidies, unemployment insurances, work leaves, food vouchers, pensions and other components included in the various components (contributory, non-contributory and labour-market regulation), but also encompass the synergies and virtuous linkages generated between them (including sense of belonging, social cohesion, human development, economic development, institutionality and so on), as well as the costs and frictions (personal, institutional, economic and financial, among others) that those linkages may incur. Consequently, the evaluation of outcomes cannot be limited to sum of partial evaluations, but must have an overall vision, in which synergies and obstacles, as well as the context in which they occur, can have a hand in achieving greater or lesser overall impacts than the mere sum of their parts.

Preparing an evaluation at the level of policy overall requires the most reliable possible combination of data from social indicators, processes and social investment (or spending) relating to one or more social objectives—normally compiled at a general level—with those from the operation of the programmes that are directly or indirectly involved in achieving them (Martínez and others, 2011).

When looking at the variables of cost, investment and expenditure, it is important to recall that they do not begin and end with the policy itself, but arise together with the problems. As concluded in the Cost of Hunger

studies carried out by ECLAC and the World Food Programme (WFP) (Martínez and Fernández, 2007 and 2009), child malnutrition not only brings epidemiological and educational consequences, but also has production-related implications, which represent high costs for the economy overall (equivalent to between 1.7% and 11.7% of GDP). Social policies also have economic impacts beyond their immediate sphere (Martínez and others, 2013), as found in the assessment of the *Bolsa Família* programme carried out by Mostafa, Monteiro and Ferreira de Souza (2010), using a *social accounting matrix* (SAM). These authors' main conclusion was that investment of 1% of GDP in *Bolsa Família* boosted GDP by 1.44% (multiplier effect) and family income by 2.25%, while the same amount spent on paying debt interest lifted GDP by just 0.71%.

On the basis of the foregoing, a number of considerations regarding this type of analysis are set forth below:

- The magnitude of the resources involved testifies to priorities; the characteristics of the products enable analysis of the management model, its effectiveness and efficiency; and the impacts reflect effectiveness in achieving the objectives. However, it is necessary to examine the linkages between these elements in order to obtain a comprehensive evaluation.
- A comprehensive analysis of social protection policy requires a model that reflects all its components (contributory, non-contributory and labour-market regulation), including their interactions, synergies and frictions (expected or potential), and identifies externalities (positive and negative) that could arise in other spheres through indirect impacts. If there is an explicit plan, this task can be relatively simple. The policy implicit in existing measures will have to be deconstructed, always on the basis of an analytical framework supported by the model.
- To analyse changes and attribute responsibilities in a social protection policy, it is essential to be familiar with the role of the different parties. Through its institutions,<sup>5</sup> the State is responsible for a country's public policies, but their implementation may involve agents in both the public and private sectors, as well as autonomous programmes (private or non-governmental) that may enhance or limit the overall outcomes.

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<sup>5</sup> Chapter XI offers an analysis of social protection institutions and their coordination.

- To evaluate the level of a social protection policy, it is necessary to:
  - Have comparable social statistics (aggregate and segmented) and reliable information on the fiscal and financial management of plans, programmes and projects carried out by the different parties. It is essential to have time series on the basis of reliable sources of social data, as well as those flowing from programme monitoring. Examples of the former are population censuses, surveys (generic surveys available in all the countries of the region, such as household, employment, and demographic and health surveys, or specific social protection surveys, such as those carried out in Chile,<sup>6</sup> Colombia,<sup>7</sup> El Salvador,<sup>8</sup> and Uruguay<sup>9</sup>) and administrative records (on care services, coverage, expenditure and others).
  - Systematize the findings of impact evaluations of programmes, analysing their internal coherence and external validity in the light of the policy's analytical and conceptual framework.
  - Complement this approach with information on costs and expenditures. This requires, on the one hand, good estimates of the social and economic costs stemming from social problems themselves (cost of failure to protect), which calls for complementary studies. On the other hand, it means improving the measurement of social investment (in particular with respect to social security and assistance), its comprehensiveness, coverage and use beyond the accounting figures, in order to relate it to the objectives and implementation processes, thereby forming an aggregate management information system for each policy. National accounts and public finance statistics are a key source for this sort of information, but, as mentioned in chapter XIII, much remains to be done to improve estimates of investment in specific sectors such as social protection, of the type used in satellite accounts for health or culture.

Diagram XII.2 shows the structure of a model of analysis such as that presented here, in summarized form.

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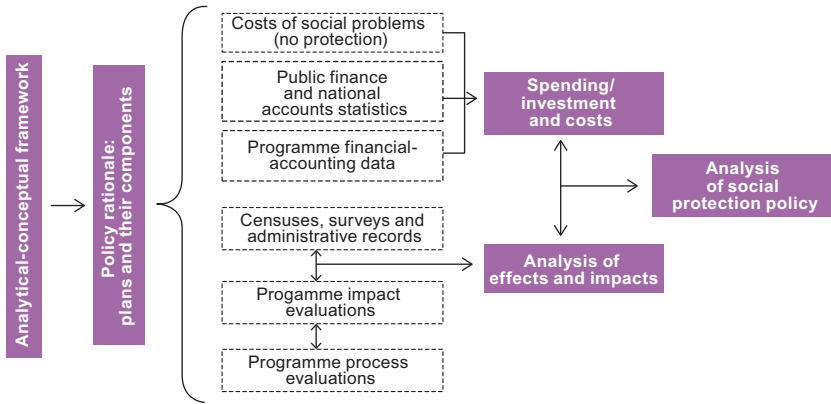
<sup>6</sup> See [online] [http://www.previsionsocial.gob.cl/subprev/?page\\_id=7185](http://www.previsionsocial.gob.cl/subprev/?page_id=7185).

<sup>7</sup> See [online] <http://www.dane.gov.co/index.php/estadisticas-sociales/encuesta-longitudinal-de-proteccion-social>.

<sup>8</sup> See [online] <http://es.slideshare.net/Pacses/encuesta-longitudinal-proteccion-social-2013>.

<sup>9</sup> See [online] <http://www.elps.org.uy/>.

Diagram XII.2  
Model for analysis of social management



Source: Prepared by the author, on the basis of R. Martínez and M. P. Collinao, “Gasto social: modelo de medición y análisis para América Latina y el Caribe”, *Manuales series*, No. 65 (LC/L.3171-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2010.

The progress seen in Latin America and the Caribbean in relation to information systems stands the region in good stead for developing policy evaluation models such as that discussed here. Advances include results-based budgeting, now in use in several of the region’s countries, satellite accounts for unpaid work and health,<sup>10</sup> beneficiary registration systems<sup>11</sup> and systems of social information for programme evaluation (such as the Integrated System of Social Indicators of Ecuador (SIISE) and those developed by the National Council for the Evaluation of Social Development Policy (CONEVAL) of Mexico, or Chile’s Budgetary Affairs Bureau (DIPRES)), as well as for follow-up and monitoring (for example, the dashboards of the Ministry of Development and Social Inclusion (MIDIS) in Peru).

Moving from the evaluation of projects or programmes to policy evaluation carries certain risks. One risk is the accuracy of estimates, which can be maximized by using the methodologies described in section C. It is

<sup>10</sup> All the Latin American countries have put into effect or are preparing projects for conducting time-use surveys and satellite accounts for unpaid work. Some have prepared these in combination with the satellite accounts promoted by the Pan American Health Organization (PAHO). For further information, see Gender Equality Observatory for Latin America and the Caribbean of ECLAC [online] <http://www.cepal.org/oig/aeconomica/> and Dorin (2011).

<sup>11</sup> Beneficiary or participant registration systems became much more robust in Latin America and the Caribbean starting in the 1980s and in particular in the 1990s, with the creation of social investment funds. The expansion of conditional cash transfer programmes in the region has also boosted registration systems and developed the capacity to select, register and assess non-contributory social protection. Today, all the countries have conditional cash transfer programmes of some sort. Notable examples are the *Bolsa Familia* Single Registry System in Brazil, the National Information System of Social Programme Beneficiaries (SISBEN) in Colombia, the Target Population Information System (SIPO) in Costa Rica and the Social Protection Record in Chile.

not possible to control all the variables and statistical inference based on probabilistic models is often not a viable option at this level. However, it is an opportunity to incorporate the different components of the policy and broaden the approach to the context, which confers analytical depth and is useful for decision-making.

The following sections discuss some elements of monitoring and evaluation of impacts in the area of social protection policies.

## **B. Monitoring**

Monitoring consists of following up processes of policy implementation at different levels, including investment, production and distribution. It concentrates on analysing the effectiveness and efficiency of processes that lead to the generation of goods and services provided to the recipient population.

Cohen and Martínez (2004) argue that, traditionally, the purpose of monitoring was to identify divergences from what had been programmed, through intra-project (longitudinal) analysis. It was focused on physical oversight (of implementation of activities) and financial control (of execution of resources), which supposed the existence of, at least, a clearly defined timeline and budget in the policy design. In this sense, formulation, programming and monitoring are closely linked (Cohen and Martínez, 2004).

With this narrow focus on programming oversight, the risk is that, if it is not reliable enough, the outcomes may not be optimal. It also has limitations in terms of analysing a composite programme involving several projects and/or several implementing agencies (such as municipalities, care-delivery points and participant service centres, among others), which have elements in common as well as specific features of their own. For this reason, as well as considering differences between programmes, the monitoring process must also compare the outcome indicators of each and analyse across projects (cross-cutting) in order to compare the outcomes of different implementing units (or projects) and thus generate common learning (for an entire programme) on the basis of specific successes and failures of each project (Cohen and Martínez, 2004).

From a perspective of process management, monitoring can be conducted on the basis of an input-output rationale, both at the level of activities and processes and at the level of products. For this it is important to ascertain whether the scheme had the necessary inputs and resources, how they were processed and the characteristics of what was produced and distributed. There follow some relevant indicators, with examples of outcomes of a social protection policy, at the product level.

- Quantity: of pensions extended, transfers made, grants and so forth.
- Coverage: of the population with pensions, students with grants and families living in poverty, among others.
- Efficacy: ratio between the quantities and coverage planned and real outcomes.
- Targeting: errors of inclusion (for example, solidarity pensions extended to elders with social security coverage) and exclusion (indigent persons without access to income transfers for the indigent population), degree (proportion of “legitimate beneficiaries” who actually belong to the target population), effectiveness (ratio of the proportion of legitimate beneficiaries of CCTs and the target population within the total population) and targeting efficiency (relation of the costs of the targeting process to the delivery of pensions).
- Quality: compliance with standards of amount and frequency of transfers, recipients’ perception of them and of the delivery process, and evenness and smoothness of services.
- Resources: in kind, converted into cash by type of cost, budgetary execution of processes and delivery of services.
- Duration times: of execution of administrative processes and delivery of transfers and grants, manoeuvring room and delays with respect to programming.
- Efficiency: resources and times devoted to each process in relation to efficiency in execution, with comparison between projects.

The main reasons for the failure of plans, programmes and projects include:

- Design errors: shortcomings in the diagnosis, poorly estimated or non-existent targets, poor or unclear organization of processes and/or activities, lack of consistency between programme activities and organizational structure.
- Implementation failures: failure to comply with programming (processes, activities, structure) by operators, quality shortcomings in resources and inputs, lack of coordination between parties, constraints on availability of financing.
- External factors: suppositions not borne out or unforeseen changes in context that shift the scenario for project implementation.

It is important to recall that monitoring is carried during the operation stage, but is designed at the formulation stage. If it is to meet its objectives,

monitoring must be programmed before implementation and operation, in order to minimize practical difficulties and be as useful as possible. This is not to say that changes cannot be made to monitoring activities once operation has begun, because as in all active systems, programming must not be rigid, and any changes in execution will require adaptation of analysis instruments. What is important is to document changes well and avoid any loss of data series.

### **C. Impact evaluation**

The primary functions of social protection are to ensure an income that will cover basic needs, provide coverage against the risk of changes that impact income, and facilitate access to other social and promotion services, as discussed in Cecchini and Martínez (2011). The first two functions are associated with impacts both on the socioeconomic well-being of families, and on poverty and inequality. Access is in an intermediate position, in terms of effect; that is, to make it possible to access other goods and services that have their own impact objective, such as educational level, health, productivity, and so forth. Impacts and effects are thus fundamental in the evaluation. For a comprehensive view of social protection, these indicators are complemented with the monitoring indicators mentioned earlier and a cost-effectiveness or cost-impact analysis.

As with all areas of social policy, social protection can be evaluated on the basis of three types of effects and impacts: social, economic (micro or macro) and redistributive (Martínez and others, 2011). The effects and impacts that are most important to assess will depend on the main purpose of the social protection programme, although these priorities do not rule out the possibility of evaluating other dimensions, as well; on the contrary, including them will help to produce a comprehensive evaluation. A number of indicators that are relevant for evaluating a social protection policy (and its programmes and projects), in each of the three dimensions, are presented below.

- Social: increased demand for social goods and services, variations in coverage, improvements in indicators on health, education, housing, nutrition and others, improved labour conditions, access to instruments for guaranteeing social and labour rights, and reduced rates of poverty and indigence.
- Economic: increased demand for and consumption of goods, variation in prices (local and macro inflation), increased productivity, savings and investment, bankarization and expansion of the financial market.



- Redistributive: improvements with regard to income inequality and welfare gaps in health, education, housing and labour-related aspects.

As well as the objectives, the conceptual underpinnings of the model are crucial for guiding the analysis of outcomes and calculating relations between the actions taken and the results achieved. This in turn requires study of the analytical framework and hypotheses of the treatment, and the theory of change underlying the matter being evaluated. This should be apparent from the formulation, be it a logical framework or other systematization instrument. If the policy formulation is substandard, the first task will be to validate with the policy creators an explicit analytical interpretation based on the interpretation of the actions, on the basis of a theory that sustains its rationale. That job is more difficult and may not be free of errors, but it is still fundamental.

As noted earlier, the region has made progress in terms of impact evaluation, with a proliferation of new players in the evaluation process, particularly in the academic sphere, which has made a substantial contribution in terms of theory and methodology. However, the objectives of these evaluations are not always aligned with those of the programmes they are assessing, and often focus on statistical significance, without paying much attention to external validity and capacity to achieve the programme's targets, and usually do not include the variable of monitoring in their conclusions. It is necessary to be aware of the significance of the changes to understand the validity of the theory underlying the measure, and to advance knowledge. However, it is not enough to ascertain whether the changes that have occurred cover the proposed targets within the planned timescales.

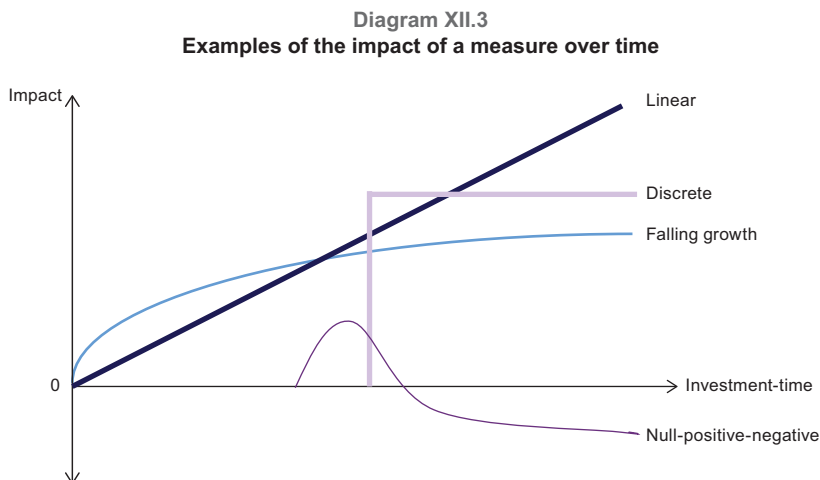
A key element in impact evaluation for any programme is the design and size of the sample to be used. Establishing this properly is fundamental to minimize estimation errors. Sample size and design must be derived from the characteristics of the problem, the type of measure and the target population, as well as the proposed impact. This is at the heart of sampling<sup>12</sup> and requires specific analysis for each case. Here, it suffices to indicate that the sample size must increase with: (i) the heterogeneity of the problem and/or intervention; (ii) the variability of the relevant variables, and (iii) the smallness of the expected or probable impact.

Another fundamental element for achieving more reliable results in impact evaluation is the timing. This is not a trivial matter nor is it necessarily a question of using standardized intervals (for example, always at the end of the operation, annually, or every two years), because evaluation too soon or

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<sup>12</sup> There is a broad and varied specialized literature on sampling and its characteristics, methodological alternatives and applications. Among others, see Cochran (1977), or Edwards Deming (1966).

too late may lead to erroneous conclusions. For determining the timing, it is essential to be clear about the time needed to achieve the targeted impact and a clear estimate of how this achievement will be distributed over time (see diagram XII.3).



**Source:** E. Cohen and R. Martínez, "Manual de formulación, evaluación y monitoreo de proyectos sociales", Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2004, unpublished [online] [http://www.cepal.org/dds/noticias/paginas/8/15448/manual\\_dds\\_200408.pdf](http://www.cepal.org/dds/noticias/paginas/8/15448/manual_dds_200408.pdf).

The most commonly used methodologies for evaluating the impact of programmes and projects are based on the classic experimental model and its quasi-experimental and non-experimental variations. An account of the scope of each methodology exceeds the purpose here, but their main features are briefly described below, with examples of cases in which they have been used for evaluations of social protection.

- Classic experimental design:  $(Y^{IP}_1 - Y^P_0) - (Y^C_1 - Y^C_0)$ . This method uses different-in-difference estimation with probabilistic selection to gauge the impacts achieved among beneficiaries (P), analysing their situation at two points in time (baseline or time 0 and comparison line or time 1), and comparing it with a similar situation in a control group (C), which did not participate in the programme or project. A characteristic feature, and one that represents the main restriction for using this type of evaluation in social policy matters, is that the samples from both groups are selected randomly before being included in the programme (time 0).

The selection of those to be included in each group is crucial. To properly analyse the differences observed, it is important to ensure that the two groups have no significant differences in the

variables considered relevant to the possible outcomes. Inferential methods for estimating differences in means and proportions are useful for this, as is variance analysis.

These same procedures, like other multivariate analysis techniques (such as regression), serve to estimate the impacts and their statistical significance. However, statistical significance alone is insufficient to attribute a positive value to the impact of a programme or project; the achievements must also be consistent with the initial targets and the analysis must rule out external variables that could have influenced the outcomes.

- Quasi-experimental designs: These are similar to the classic experimental design, with the difference that the groups are not selected randomly, which prevents statistical inferences from the results. However, this design tends to make evaluation more feasible, since it is usually difficult to make all the sampling steps random because of the nature of social programmes themselves, especially when they use targeting instruments that tend, precisely, to select participants by the differential characteristics defined in the objectives.

The more variables used to form the groups, the more reliable the estimate will be, although this does not resolve the problem of initial selection.

It is therefore more accurate in these cases to refer not to control groups, but to comparison groups. In this respect, two types of quasi-experimental design may be distinguished:

- (i) Non-random comparison group. In cases where this group is composed of individuals not participating in the programme being assessed, but who have similar values for relevant indicators, the group should be distinguished only by non-participation at the baseline (time 0).

Inferential methods can also be used to form this group, working only on the comparison group, given that the group of participants is predetermined.

- (ii) Case matching. In these designs, the idea is that participants are twinned with cases in the comparison group. Not only the group, but also individuals must be similar.

A commonly used technique is propensity score matching, which matches the two population groups on a case-by-case basis, using a multivariate index to select comparison cases from among the non-participant group.

In these models, statistical inference is not used to resolve the significance of the changes observed, which undermines the reliability of the conclusions.

- Pre-experimental designs: These are used in cases where there is not enough information to perform a double comparison.

When programmes make use of targeting instruments and attempt to universalize services throughout the target population, it is difficult if not impossible to identify control or comparison groups. One alternative is to postpone *ex-ante* the participation of one group in order to perform the assessment, but this premeditated exclusion entails serious ethical conflicts.

Another possibility is to use alternative schemes without creating comparison groups. Although this resolves the ethical difficulty of exclusion, it sacrifices precision because the changes observed in the participants cannot be matched to similar non-participants. This new restriction can be resolved by contrasting variations in mean values (with respect to situation and trend), and in the gaps among the target population included, with the rest (or all) of the population.

The possibilities include the following designs:

- *After* only vis-à-vis an equivalent group: When no baseline data (time 0) are available, the only option is to ascertain whether the population included shows differences with respect to those who did not participate, using one of the two models above to generate a comparison group (an equivalent group or similar case). This situation is not unusual: on the contrary, measures are often begun without an initial gauge. Comparison using extreme data is a possible solution, but the fact that it does not measure the intervening changes carries reliability risks.
- *Before* and *after* without a comparison group. In this case the differences between those who did and did not participate in the programme cannot be captured, leading to the risk that any changes observed could be due not to the effect of the programme but to external factors that affect everyone equally; or, conversely, that non-observation of changes could be due precisely to the programme, which could have protected participants from external variations that did affect non-participants.
- Chronological series. This model is an extension of the one above, with a larger number of measurements before and

after the intervention. The problem of not being able to filter out changes of external origin remains, but the stability of the changes observed can be analysed better.

Building time series for different indicators, segmented by population groups and type of assistance received, is essential for improving the study of social processes in order to draw conclusions regarding a policy's impacts on its beneficiaries and to contrast these with series on costs and public spending. Multivariate regression models (linear, log and others) are useful statistical tools for analysing the impacts on gaps and trends.

Lastly, two elements of impact evaluation are too important for decision-making to be ignored, although they are seldom studied in depth. First, evaluations tend to indicate whether the outcomes were significant in terms of impact, but often overlook a deeper exploration of the factors in the design, implementation or context that either facilitated or hindered the achievements observed. Here, combined analysis of impact evaluation and monitoring is essential.

Second, cost analysis seldom forms part of final analysis and conclusions. Much less is the economic cost of the social problem that triggered the programme or policy in the first place taken into account. The sound management principles of effectiveness and efficiency require an accurate estimate of the resources involved in implementation processes and how they relate to the outcomes. This is precisely the purpose of methodologies for cost-impact or cost-effectiveness analysis.

## **D. An overview of impact evaluation models used for different social protection instruments and their results<sup>13</sup>**

The region has built up broad experience in evaluating social programmes since the 1980s (Torche, 1985; Cohen and Franco, 1992). Within the sphere of social protection, conditional cash transfer (CCT) programmes have played an important role in spreading the culture of evaluation since the late 1990s, especially since the work carried out by the International Food Policy Research Institute (IFPRI) to evaluate the Education Health and Food Programme (PROGRESA) in Mexico (Skoufias, 2006). PROGRESA was the precursor to the *Oportunidades* programme which in turn became *Prospera*. There follows a description —which is for illustrative purposes and not intended to be

<sup>13</sup> Amalia Palma, Research Assistant of the Social Development Division of ECLAC, assisted with the compilation of data for this section.

exhaustive— of some of the region's recent experiences of evaluation of instruments of social protection, ordered by the type of model used.

## 1. Experimental designs

The work carried out by IFPRI to evaluate PROGRESA used an experimental methodology at the local level. The programme's expansion meant that it was possible to choose localities before participants were admitted to PROGRESA. After the treatment and control groups had been selected, data were collected from all households in those localities, both before and after the start of the programme, to conduct an analysis in keeping with their characteristics. Several surveys were taken in 1998 and 1999 and, after the fifth survey, the programme was extended to what was initially the control group. The database generated by this process has served to conduct evaluations of impact and effect in such areas as nutrition, education and income. Thus, for example, Gertler (2004) and Fernald, Gertler and Neufeld (2008) found that PROGRESA had achieved a positive impact on children's nutritional status as measured by a variety of anthropometric indicators.

Alzúa, Cruces and Ripani (2010) used the same PROGRESA database and data from three other programmes to evaluate the impacts on employment in rural areas where the programmes were implemented. The programmes evaluated under these parameters were PROGRESA in Mexico, the Social Protection Network (RPS) in Nicaragua and the Family Allowance Programme (PRAF) in Honduras. The findings did not reflect significant impacts on employment in adults but concluded that PROGRESA had a positive impact on recipients' wages.

An experimental model was also used to evaluate the impact of other CCTs. Maluccio and Flores (2004) evaluated Nicaragua's Social Protection Network, using a random selection of two groups of 21 localities; one group of localities that took part in the programme and the other a control group. Both groups were interviewed over a two-year period and at the end of the period the 21 localities in the control group were brought into the programme. The results achieved after the programme included a fall in the percentage of children working.

In Colombia, the National Planning Department (DNP, 2008) evaluated the Youth in Action programme, for which training institutions were asked to select a larger number of young people than would be included in the courses, then the participants and the control group were selected at random from this total. Afterwards, Attanasio, Kugler and Meghir (2009) estimated the impact on different dimensions of employment. Both studies found that the Youth in Action programme increased the likelihood of being employed. Their results also found an increased probability of being in formal wage employment.

In Honduras, Galiani and McEwan (2013) evaluated the Family Allowance Programme (PRAF) and found a positive impact in the form of a lower probability of children working outside the home. The estimate was conducted using an experimental design with treatment and control groups on the basis of a prior selection of 70 municipalities with the lowest average indicators of height for age, which was used as a proxy for poverty. Five groups of 14 municipalities groups were formed on the basis of this indicator and in each, three groups were designated at random to participate in the programme, leaving one out.

## **2. Quasi-experimental designs**

The impact of transfers on labour inclusion has been evaluated using case matching in Argentina, Brazil and Chile. In Argentina, Gasparini, Haimovich and Olivieri (2007) found that rates of economic activity and employment rose, leading to a fall in unemployment. These authors used propensity score matching on the basis of certain characteristics of the population participating in the programme. Garganta and Gasparini (2012) conducted a difference estimate between two periods, comparing what happened in a group of households eligible for the programme with another similar but non-eligible (comparison) group. They concluded that the Universal Child Allowance (AUH) programme generated disincentives to formalization.

Children's nutritional status has also been used as a variable for evaluation. Early experiences include the cost-benefit evaluation conducted for Chile's National Supplementary Food Programme (PNAC) (Torche, 1985). Because the programme was universally available to pregnant women and children under age 2, a comparison group was formed with mothers who for different reasons were not participating in the programme, controlling for socioeconomic status and other variables. Variations were estimated on the basis of measurements at the time of comparison and recollections of dietary consumption. The study found significant differences in intake, health check-ups, and nutritional status only in beneficiaries from the first two income quintiles. This implies a net economic benefit, with a rate of return of 17% deriving from greater weight at birth, school performance, morbidity, mortality and productivity.

Between 1994 and 1997, ECLAC, the Organization of American States (OAS) and the National Public Education Administration (ANEP/FAS) of Uruguay (ECLAC, 1997b), evaluated the School Meals Programme (PAE) in Uruguay. The study randomly selected schools that participated in the programme and others that did not, and controlled for socioeconomic status in both groups; then all first and fourth grade pupils in these schools were studied. The evaluation included an analysis of the management of the programme in each school, participation by the families, operating costs and

how they related to nutritional and educational outcomes. Among the positive outcomes were the good reception of the programme by participating families, which contrasted with problems of management, coverage and targeting, as well as the quality of service received by schools (especially schools with fewer resources). These issues were associated with the fact that the School Meals Programme did not help to narrow nutritional and educational gaps between participating and non-participating students (far from shrinking, the gaps appear to have widened). The outcomes of this evaluation gave rise to a major shift in the programme's management model.

In the cases of Families in Action (DNP, 2004; Attanasio and others, 2005) and *Bolsa Família* (De Brauw and others, 2010a) quasi-experimental impact evaluations were conducted, with positive impacts found in various anthropometric indicators. For example, the study conducted by the National Planning Department of Colombia used the observable differences method to select a control group similar to the treatment group, since there was no initial random selection of treatment and control groups.

In Brazil, several quasi-experimental evaluations have been conducted for *Bolsa Família* (Tavares, 2010; De Brauw and others, 2013; Teixeira, 2010; Ferro and Nicollela, 2007, cited in Cecchini and Madariaga, 2011).<sup>14</sup> What emerges from the evaluation is the programme's positive impact on employment rates and on the probability of participating in the labour market. De Brauw and others (2013) found that *Bolsa Família* led to a decline in the number of hours devoted to formal employment. De Oliveira and others (2007) used propensity score matching to set up a comparison group with similar characteristics to the group taking part in the programme. They found a rise in labour participation rates, of 3.1 percentage points for households in extreme poverty and 2.6 percentage points for poor households, resulting from the programme.

The Microdata Centre of the University of Chile (2012) studied the impact of Chile's in-work benefit for youth scheme (*Subsidio al Empleo Joven*), without random selection of participants. Using regression discontinuity, which serves to compare individuals who only just meet the eligibility requirements, it was found that the programme led to an increase in employment rates in the 18 to 24 age group.

CCTs have also been evaluated using quasi-experimental models to estimate the effects and impacts of conditionalities on health. For Chile, two evaluations (Galasso, 2011, and Martorano and Sanfilippo, 2012) conducted using propensity score matching found an increase in the probability of being registered with the public health system. Barrientos and Villa (2013), using

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<sup>14</sup> The experimental model was not used to evaluate *Bolsa Família* because the selection of the programme participants is not random.



regression discontinuity, found similar outcomes for access by employed individuals to health insurance for Colombia's Families in Action programme.

With regard to immunization, evaluations by Morris and others (2004), Perova and Vakis (2009) and De Brauw and others (2010b), found in general terms that CCTs had a positive effect on the administration of vaccinations in early childhood.

In the sphere of education, the impact of conditional transfers has been assessed for access to schooling. Enrolment rates were found to increase in general, and more steeply in countries with larger gaps. Other evaluations have reflected progress in lowering school dropout rates and increasing grades (Cecchini and Madariaga, 2011).

The Bolivian programme Solidarity Bonus (BONOSOL), a social pension for persons aged over 65 which ran from 1997 to 2007, was evaluated by means of regression discontinuity (Martínez, 2004), on the basis of the age requirement (65 years and over) to qualify for the benefit. The authors assessed the impact on food consumption in poor rural households and found positive outcomes as a result of the transfer.

Kassouf and Oliveira (2012) used the same quasi-experimental methodology, regression discontinuity, to evaluate the Continuous Benefit Programme (BPC), a non-contributory pension scheme for those aged over 65 years and persons with disabilities living in poverty in Brazil. The outcomes included a decline in labour market participation in persons aged over 65, indicating that the pension enabled people to retire from the labour market.

### **3. Pre-experimental design**

The evaluation by ECLAC (1997a) of the programme Solidarity Programme in Support of Older Persons (ASOMA) in Argentina was an example of the use of a model without a comparison group, with the assessment conducted only afterwards, and the impacts estimated on the basis of memories of the situation before entering the programme. This model was used because there were no possible comparison groups, but there was "baseline" information for specific cases recorded in enrolment questionnaires. The limitations on the reliability of the information made it difficult to arrive at definitive conclusions. Interviewees expressed the retrospective opinion that "not much seems to have changed", but comparison of the outcomes with the context indicated that in general terms the programme appeared to have protected the beneficiary population, at least partly, from the negative impacts of the macroeconomic situation (ECLAC, 1997a).

Veras Soares, Pérez Rivas and Hirata (2008) studied the impact of the Tekoporã programme in Paraguay. Impact evaluation was not a consideration

when the programme was designed, so there was no baseline for assessment. Accordingly, administrative records were used to obtain information on household characteristics and beneficiary selection. Matching techniques were used to select comparison groups in districts with no beneficiaries and non-beneficiary households in districts that did have participants. The assessment found that beneficiaries began to be capable of generating autonomous income. It also found that participants increased their investment in production or, in the case of families living in extreme poverty, began to invest in production. A positive effect was also seen in school attendance.

## **E. Concluding remarks**

The countries of the region have taken strides in evaluation and monitoring in the past few decades. Along with technological progress, which has facilitated data processing and analysis, social protection programmes, especially CCTs, have played a very important role in underpinning this progress. The outlook is therefore quite promising in terms of improving the management of social protection, both as regards impacts on well-being, poverty and inequality, and in terms of efficiency in achieving them.

The challenges lie not so much in technical difficulties, as in the depth and extent of the analysis. First, it is necessary to continue making progress in building integrated systems for analysis and monitoring, in order to associate the observed outcomes more reliably with the internal and external variables that either facilitated or hindered them. Second, achievements or failures must be meaningfully linked with the implementation costs of the various stages along the road towards the outcomes; in other words, a more thorough analysis of cost versus impact or cost versus effectiveness is necessary. Third, the analysis needs to be broadened beyond projects and programme to the level of policy, in order to support informed decision-making on future management maps, with a comprehensive examination of the different interacting components. Of course, comprehensive analysis at the policy level, as posited here, requires capacity-building for analysis of financing and investment in social protection. This is the subject of the following chapter.

In sum, the way in which policy management is evaluated has become crucial for achieving social protection objectives in an effective and efficient manner and, therefore, for tackling the broader challenge for evaluation in the region.

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## Chapter XIII

# Financing and investment for social protection

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### **A. Public social investment: definition, classification and trends**

#### **1. Conceptual discussions, taxonomies and boundaries between types of investment**

Public resources devoted to social policy are generally known as social investment or social spending. Beyond an intuitive reading, as noted by Martínez and Collinao (2010), the United Nations, the International Monetary Fund (IMF), the Organization for Economic Cooperation and Development (OECD) and the different countries in the region all have formal definitions which they use to conceptualize and quantify social spending. However, although the definitions per se are not that different, they do differ operationally speaking and in terms of categorization, which complicates comparison between countries.

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Martínez and Collinao (2010) attempted to make the concept more precise and comparable by defining social investment or spending as the sum of resources spent on financing plans, programmes and projects aimed at generating a positive impact on a social problem, regardless of the source of financing, the executor agency or the beneficiary.

In other words, social investment or spending is understood to refer to the economic effort expended on the social development of individuals, households and communities. Social investment consists of resources—public or private—that are used chiefly to ensure a supply of adequate food, health care, education, housing, water and sewerage systems, or to finance demand for these, as well as providing monetary insurance against loss of income or assets that would risk living standards falling below an acceptable level.

Although they are often used interchangeably, social investment and social spending do not mean the same. We prefer to use the term “investment”, because the resources allocated to social issues yield economic returns. The purpose of public policies is to generate well-being. This lessens the costs arising from social problems and improves individuals’ productivity, which ultimately benefits the economy overall.

The classification of certain resources as social investment does not imply that they do not fulfil (partially or fully) other functions as well, be they economic, political, administrative or other. From a comprehensive development perspective, all public policies produce effects in different areas: classification is for analytical purposes and identifies only a primary function, but not an exclusive one. Some public policies have an explicitly mixed function (social and economic, for example), however; to quantify these we must assign the portion corresponding to the investment typified as social and take care to avoid double accounting.

Two examples serve to illustrate these points. No one doubts that social security (more specifically, pensions and retirement benefits) have a primarily social function. However, they also have an economic function insofar as they contribute to the supply of jobs for new cohorts and establish exit dates for older cohorts and thus regulate the labour market. Investment in education, meanwhile, fulfils a fundamental social function, but it is also a key instrument for building and developing human capital and for economic productivity and competitiveness.

The distinction between public and private investment adds complexity to the analysis of social investment, arising from the distinction between who is executing the resources and who is financing them. Here, there is also question of whether private parties are legally obliged to devote certain resources to specific policies or whether they do so voluntarily. The following situations may be identified in this respect:

- (a) Public financing and execution (cash transfers, subsidies for basic services and for housing, and so forth).
- (b) Public financing and private execution (outsourced health and education services).
- (c) Mixed financing and public execution (State health services with private co-payment of benefits or payment for medication, out-of-pocket spending).
- (d) Mixed financing and private execution (outsourced social services with co-payment, unemployment insurance).
- (e) Mandatory private financing and private execution (individual capitalization pension funds, such as Pension Fund Administrators (AFP) or Pension and Retirement Fund Administrators (AFJP), health insurance, and Health Insurance Institutions (ISAPRE) in Chile).
- (f) Voluntary private financing and private execution (health insurance, education insurance, services provided by non-governmental organizations (NGOs), foundations or community organizations).
- (g) External financing and private execution (NGO services financed by international agencies or through international cooperation funds, migrant remittances for domestic market consumption).

Records of social-investment-related transactions tend to track only the executing entity, so cases (b), (c) and (d) are often treated as private financing. However, insofar as there are public resources directly or indirectly involved (and mandatory under the law), they should be accounted for as public investment.

It is relatively simple to quantify specific outlays by the State, whatever their financing source, by following the procedures set out in the *Government Finance Statistics Manual* (IMF, 2014). It is a more complicated matter, however, to analyse private social investment, especially if it is financed and executed by the private sector. Although systems of national accounts should in theory provide a clear source for that component, the region lacks mandatory or standardized systems with regular detailed information in this area, and there is a large informal sector on which no records exist.

In view of the information constraints, this chapter discusses public social investment and addresses private investment as well in those cases where it is necessary to understand the financing of social protection programmes and policies. There follows an analysis of the points to be considered in relation to public investment and financing for social protection.

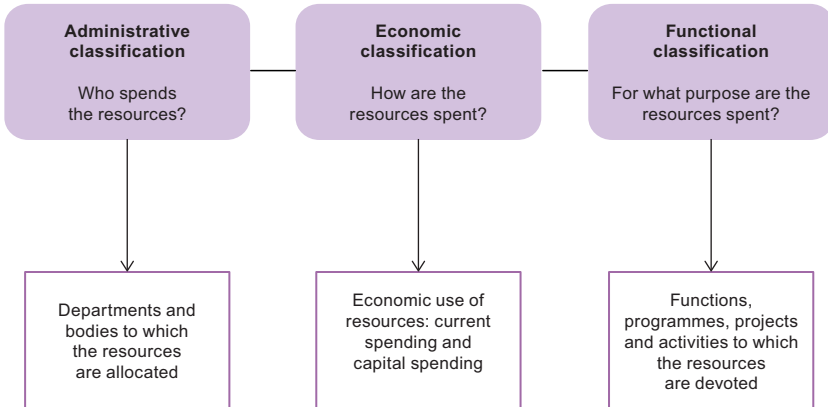


## 2. State action in social protection

The State carries out a number of actions that are generally referred to as social investment: investment in social protection (social security and social assistance), health care, education, households and infrastructure for sanitation, sewerage and drinking water. This sectoral definition skates over a number of important discussions, however and, although these cannot always be reflected in different models of accounting, given the limitations of the sources, they are important from the conceptual and analytical point of view in terms of understanding what the State does in the social sphere and how these actions are financed.

The *Government Finance Statistics Manual* (IMF, 2014) identifies three criteria for classifying public investment: administrative, economic and functional (see diagram XIII.1). These approaches complement each other and capture investment from different dimensions, which different analytical applications. The discussion in this chapter uses the functional classification, because of its utility for policy analysis.

Diagram XIII.1  
Criteria for classifying social investment



**Source:** R. Martínez and M.P. Collinao, “Gasto social. Modelo de medición y análisis para América Latina y el Caribe”, *Manuales series*, No. 65 (LC/L.3171-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2010, on the basis of Economic Research and Teaching Centre (CIDE), *Manual sobre la clasificación del gasto público federal*, Mexico City, Programa de Presupuesto y Gasto Público, 2001.

The functional classification and its relation to the administrative (or sectoral) classification is central to social protection policy, because programmes are distributed across a broad range of administrative or sectoral agencies. Although we tend to think that the areas of work involved in social protection lie mainly in the social security and health systems —and, more recently,

in social development ministries geared towards poverty reduction— there are measures that involve other departments or areas of the State apparatus, such as labour (labour market regulation), health (insurance and access), education (scholarships and school meals), housing (subsidies for access to basic services) and safety (response to natural disasters).

The measurement and analysis of investment in social protection therefore requires exhaustive classification and organization of information generated in different sectors, which is not always sufficiently structured and disaggregated at the source for this to be possible. With a view to enhancing analytical capabilities, Martínez and Collinao (2010) propose advancing towards a model of classification from primary data sources, considering the function and desired impact, the recipient population and the type of output, the source of financing, the sector and level of government of the executing agency, the destination (production or administration) and the cost item (investment or operation).

### **3. Trends in public social investment**

Given the difficulties and multiple intersections between social functions and sectors, information gaps are a common problem. However, the countries of the region have made efforts to advance towards a functional classification, for which data are compiled and published in *Social Panorama of Latin America*, an ECLAC publication. Some of this information is set forth below to support the analysis of investment in social protection.

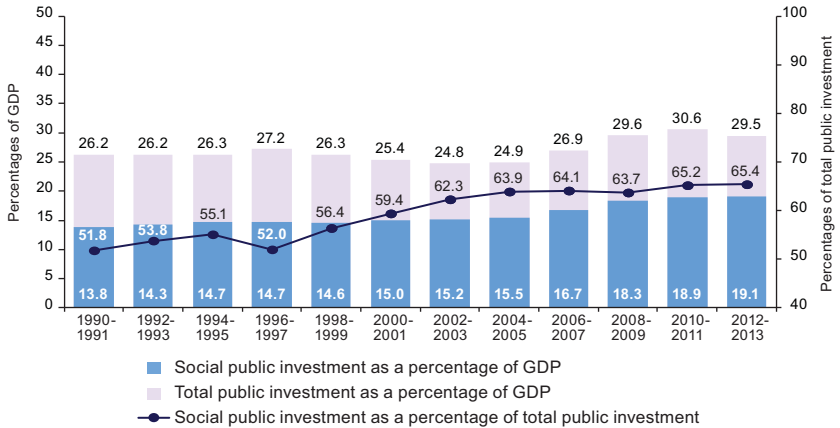
#### **(a) The increased economic and fiscal effort expended on social issues**

Social investment has climbed steadily since the early 1990s in almost all the countries of the region. This has been associated with a rise in public investment in general and the greater fiscal priority afforded to social issues over this period (see figure XIII.1).

Social investment as a percentage of GDP in the region rose by 0.8% between 1990 and 1999, then jumped from 14.6% of GDP to 18.9% between 1999 and 2009. During the present decade, however, this growth has been more modest (just 0.8 percentage points between 2009 and 2013). The fiscal priority of social investment has risen markedly, as well, from between 52% and 55% of total public investment up to the end of the 1990s to just over 65% today.

The trend in social investment began to change in 2012, with growth in the public component slowing, owing both to the persistence of the deficits some governments incurred to cope with the international financial crisis and to lower revenue forecasted in light of the economic slowdown occurring in most of the countries.

**Figure XIII.1**  
**Latin American and Caribbean (21 countries):<sup>a</sup> evolution and share of social public investment and total public investment in GDP and social public investment in total public investment, 1990-1991 a 2012-2013<sup>b</sup>**  
*(Percentages of GDP and of total public investment)*



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of information from the Commission's social expenditure database.

<sup>a</sup> Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia, Trinidad and Tobago, and Uruguay.

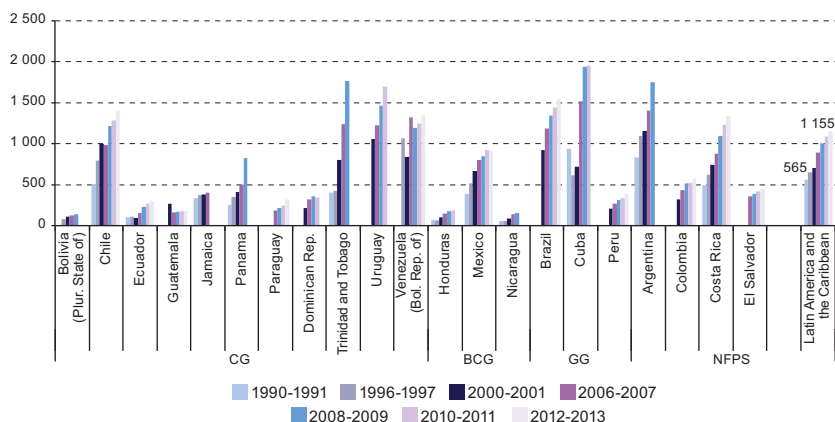
<sup>b</sup> Weighted average of data for the countries. The figures on total public investment correspond to official data, generally from a functional classification of public investment, and may not coincide with those based on an economic classification of investment. Brazil's official report includes the refinancing of domestic and external debt in the total public investment category, and since this refinancing accounts for approximately 14.8% of the category, it affects the regional figures. For this reason, the figures used for Brazil refer to primary public investment.

**(b) Expansion of total and functional per capita social investment**

Social investment also rose substantially in per capita terms, especially in the first decade of the 2000s, thanks to strong GDP growth combined with greater economic effort. Together with the more modest increases in the 1990s, these gains doubled the region's per capita investment in real terms over a 20-year period. In some countries the rise was even sharper, tripling or even quadrupling the real per capita investment effort in that period (see figure XIII.2).

Figure XIII.2 shows the huge variations in the average amounts that the countries effectively assign to the social sphere per inhabitant. Whereas the wealthier countries and those that expend a greater macroeconomic effort on social issues come close to an average yearly figure of US\$ 1,500, the poorer countries spend less than US\$ 500, and some as little as US\$ 300, per capita.

**Figure XIII.2**  
**Latin America and the Caribbean (21 countries): per capita public social investment, 1990-1991 to 2012-2013**  
*(Dollars at constant 2005 prices)*



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of information from the Commission's social expenditure database.

**Note:** CG: Central government; BCG: Budgetary central government; GG: General government; NFPS: Non-financial public sector (in Costa Rica the coverage corresponds to the total public sector).

Analysis of investment by function on the basis of the data available from the countries shows that investment in social security and assistance is the category which has grown most in both absolute and relative terms—from 6.3% of GDP on average in 1990 to 9.1% in 2013. Investment in education increased from 3.7% of GDP to 5%, in health from 3.2% to 4.2%, and in housing and urban infrastructure from 0.6% to 0.8%.

Unfortunately, the information published does not enable distinction between investment in social security and social assistance for the region. The growth could be taking place in contributions-based outlays, or through expansion of the new targeted cash transfer systems financed out of general revenues. Certainly cash transfer schemes have expanded, but not on a scale that would enable these alone to explain the almost three-GDP-point rise in investment in social protection. The most recent studies (Cecchini and Martínez, 2011; Cecchini, Filgueira and Robles, 2014) have found growth of no more than one percentage point of GDP in conditional cash transfers financed from general revenues. It therefore seems reasonable to assume that almost 1.8 GDP points of the increase reflect expansions in contributory social security (retirement benefits, pensions, health insurance, paid leave, unemployment insurance and so on), be it because of an expansion in the eligible population, because of benefit-indexing criteria or other policies on guaranteed income or because of protection floors targeting older persons

or those with disabilities (old-age welfare pensions and non-contributory disability pensions). Box XIII.1 offers a brief preliminary analysis of the factors underlying the expansion of social investment.

**Box XIII.1**

**Factors underlying the expansion of social investment**

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- Quantitative growth in recipients because of population growth in the categories eligible for existing benefits. If all contributors aged 65 and over are eligible for pensions or retirement benefits, population ageing will push up the costs of the system. Similarly, an increase in the child population of theoretically mandatory school age will increase the cost of free education, providing that the population does make use of these services.
  - Quantitative growth in benefits as a result of (short- and long-term) economic cycles. An increase in the coverage and density of social security contributions in t1 will have an impact on outlays in t2. Spending on unemployment insurance will clearly depend on the economic cycle, since it will rise in periods of economic contraction and usually fall during boom periods. Policies targeting the poor or indigent will become more expensive in times of economic downturn and deteriorating social conditions. Better coverage of primary schooling and higher completion rates will increase the demand on the secondary schooling system, with the corresponding costs.
  - Increased coverage of a benefit owing to changes in eligibility and coverage rules. Costs will rise if pensions are extended to a population not previously eligible for reasons of age or contribution time or density, if health insurance is extended to the children of contributors or if retirement pensions are made universal or guaranteed for vulnerable populations even without prior contributions.
  - Increase in the value of existing cash benefits. The indexing systems used to establish cash benefits are key to forecasting and increasing social investment. Financing systems must use indexing formulas to ensure that social protection and promotion systems will be sustainable. Indexing by the consumer price index, by the minimum age or by the average wage index (to mention just a few possibilities) will yield very different investment requirements over time.
  - Establishment of new social benefits. The expansion of institutional care systems for early childhood and older persons, the creation of new social security benefits in countries where they did not exist (leaves, unemployment and health insurance) and the expansion of education services for early childhood —and even for ages at which schooling should be obligatory— all increase social investment. The creation of new benefits or subcategories of benefits within different sectors (like meals and longer lesson times in schools or new treatments in health systems) also increase investment outlays.
  - Increase in the costs of social policy inputs. An increase in wages — usually the largest item in social services costs— or in infrastructure maintenance and building costs will also push up social investment. This also occurs in relation to expendable supplies, such as medicines in the health sector or teaching materials in education.
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Source: Prepared by the authors.

## B. The development of State taxation capacities

The expansion of social investment in the region has gone hand in hand with an increase in the States' taxation and fiscal capacities. At the same time, a degree of consensus has built up regarding the need for basic fiscal equilibrium. It is not a matter of financing investment at any cost; the expansion needs to be economically sustainable and in proportion to the wealth of the respective country and its economic structure.

### 1. Changes in the overall tax burden

The expansion of tax collection and fiscal capacities in the countries has come about through four complementary processes which have occurred to differing degrees across the region: (i) economic growth has expanded the tax base; (ii) management reforms have led to more efficient collection systems and reduced rates of tax evasion and avoidance; (iii) new taxes have been created and existing tax rates and charges have been reformed; and (iv) range of tax modalities have been applied to the exploitation and sale of natural resources (especially mining and hydrocarbons), including royalties, concession fees and revenue collection), against the backdrop of significant increases in commodity prices.<sup>2</sup>

Changes in the tax burden in the first five years of this century reflect a noteworthy shift in the countries. According to *Fiscal Panorama of Latin America and the Caribbean* (ECLAC, 2013b), the rise in the total tax burden in the region—including contributions to social security systems—represents almost four percentage points of GDP and a rise of almost 20% over the original tax burden, from 15.4% of GDP in 2000 to 19.1% in 2011. In the countries with the largest tax burden—Argentina, Brazil and Uruguay—it rose from 24.7% to 32% of GDP in this period.

Comparison of the tax burden in OECD countries and in Latin America shows a significant gap, which reflects above all the weakness of direct taxation and, to a lesser extent (though more sharply in the countries in groups 2 and 3 in table XIII.1), of income from social security. It is also significant that Argentina, Brazil and Uruguay (group 1 in table XIII.1) already have tax burdens similar to those of the OECD countries, although with much lower average wealth. This suggests that this group of countries has limited room—if any—to expand their tax burdens. Brazil, in fact, has a higher tax burden than many OECD countries.

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<sup>2</sup> The tax base may expand, for example, when the VAT take rises owing to higher consumption, when corporate tax collection increases as a result of increased business earnings, or when an economic upturn leads to increased formal wage employment and the resulting impact on social security contributions and personal income tax.

Table XIII.1  
**Latin America and the Caribbean and OECD countries: tax revenues by type of tax**  
*(Percentages of GDP)*

	Latin America (19 countries)		Group 1		Group 2		Group 3		The Caribbean (13 countries)		OECD (34 countries)	
	2000	2011	2000	2011	2000	2011	2000	2011	2000	2011	2000	2010
Total tax revenues (excluding social security)	12.7	15.7	18.6	24.0	12.1	15.2	10.5	11.7	19.3	23.0	26.2	24.7
Direct tax revenues	3.8	5.7	6.0	8.8	3.3	5.6	3.7	3.9	6.8	8.3	14.7	13.5
Income, profits and capital gains	3.2	4.9	4.0	6.2	2.9	5.0	3.4	3.7	6.3	7.7	12.5	11.3
Property	0.6	0.7	1.8	2.3	0.4	0.6	0.2	0.2	0.4	0.4	1.8	1.8
Other direct taxes	0.0	0.1	0.2	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4
Indirect tax revenues	8.6	9.6	12.3	14.9	8.5	9.3	6.4	7.2	12.5	14.6	11.3	11.0
General taxes on goods and services	5.1	6.7	9.6	11.4	4.8	6.4	3.4	4.6	5.4	7.1	6.8	6.9
Specific taxes on goods and services	1.9	1.6	1.9	1.6	2.2	1.9	1.3	1.0	1.0	1.2	4.2	4.0
International trade and transactions	1.5	1.3	0.8	1.9	1.6	1.0	1.8	1.6	5.2	5.4	0.3	0.1
Other indirect taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.7	0.3	0.1
Other taxes	0.3	0.3	0.2	0.3	0.2	0.2	0.4	0.6	0.2	0.2	0.2	0.2
Social security	2.7	3.4	6.1	8.0	2.6	3.3	0.9	0.8	...	...	8.9	9.1
Total tax revenues (including social security)	15.4	19.1	24.7	32.0	14.7	18.5	11.4	12.5	...	...	35.2	33.8

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures and Organization for Economic Cooperation and Development (OECD), OECD Tax Statistics Database.

**Note:** Group 1: Argentina, Brazil and Uruguay; Group 2: Chile, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Nicaragua, Panama, Paraguay, Peru and Plurinational State of Bolivia; Group 3: Bolivarian Republic of Venezuela, Dominican Republic, Guatemala, Haiti and Mexico.

## 2. Changes in taxation tools and structure

The increase in the tax burden over the past 15 years has reflected not just international prices and economic growth, but also a series of deliberate technical and political decisions by governments. These have not only expanded States' fiscal capacities —an essential condition for expanding social investment— but have attributed new rights and responsibilities to the population, thereby laying the groundwork for developing social citizenship by strengthening the duties of fiscal citizenship.

Some of these changes have been gradual and began with improvements in indirect tax management in the 1990s. Others reflect paradigm shifts (in the economy and in the theory and practice of taxation) and political changes in the relative power of the different social sectors, which could be construed as the beginnings of a new approach to distribution. There follows a brief description of some of the most significant changes in taxation matters and in the capture of other fiscal and parafiscal income.

### (a) Improvements in VAT collection and changes in other indirect taxes

As noted in *Fiscal Panorama* (ECLAC, 2013b), indirect taxes, especially VAT, have increased sharply in the region since the late 1970s and early 1980s, to the detriment of duties on foreign trade (the burden of tax on international trade). Although at first this made the tax system more regressive, it also helped to significantly modernize the countries' tax structures and collection capabilities. VAT collection strengthened in the region in the latter part of the twentieth century and into the twenty-first, reflecting in particular its extension to intermediate and final services. Tax productivity —actual collection in relation to potential collection— still suffers from persistent issues, but has nevertheless improved substantially in many countries, among them Chile, Colombia, el Ecuador, Peru and Uruguay (ECLAC, 2013b).

VAT continued to gain strength in Latin America between 2000 and 2011, and the collection of general taxes on goods and services rose (ECLAC, 2014b). Rates were also raised and new taxes created for certain products, such as hydrocarbons, alcohols and cigarettes, and other goods, such as large-cylinder vehicles, which were considered luxury items or environmentally harmful. Table XIII.2, prepared by ECLAC (2013b), shows the main changes in tax regimes in the countries.



Table XIII.2  
**Latin America and the Caribbean (17 countries): main reforms to value added tax, 2009-2012**  
*(Percentages of GDP)*

Country and year(s) of reform(s)	Change of rate	Goods and services included in the tax base	Goods and services excluded from the tax base
<b>South America</b>			
Bolivia (Plurinational State of) (2011)			First phase of marketing for mining cooperatives (zero rate)
Colombia (2012)	Simplification of brackets and new consumption tax (4%, 8% and 16%)		Products in the family shopping basket (zero rate) and Internet connection and access services exempt (2010)
Ecuador (2011-2012)		Financial services included in the tax: 12%.	Hybrid and electric vehicles (zero rate)
Peru (2011-2012)	From 19% to 18%		
Uruguay (2012)			Hotel, restaurant and auto rental services, and sales made using the Uruguay Social Credit Card and BPS contributions
Venezuela (Bolivarian Republic of) (2009)	From 9% to 12%		
Mexico (2010)	From 15% to 16% (from 10% to 11% in the border zone)		
<b>Central America</b>			
El Salvador (2009)		Educational services and defined fiscal credits. New concepts of taxed transfers and taxpayers. 13% withholding of VAT for non-affiliates	Interest of non-domiciled financial institutions, employer contributions to pension fund management companies (AFPs); and the national lottery
Nicaragua (2012)		Public sector procurements. Certain products of the basic shopping basket	Services exports (zero rate)
Panama (2010)	From 5% to 7% and higher rates for tobacco (15%) and alcoholic beverages and accommodation (10%)		Various services and international transport

Table XIII.2 (concluded)

Country and year(s) of reform(s)	Change of rate	Goods and services included in the tax base	Goods and services excluded from the tax base
<b>Central America</b>			
Honduras (2010-2011)	Higher rates for certain goods and services (telephone services, alcoholic beverages, cigarettes, Internet, cable TV)	Domestic transactions	Reimbursement of the tax on consumption paid for by credit card
Guatemala (2012)		Education centres, exempt taxpayers and defined small-scale taxpayers	Second and third sales of property (now taxed by stamp duty)
Dominican Republic (2012)	From 16% to 18%	Certain products in the basic shopping basket exempt, and phyto-sanitary products	
<b>The Caribbean</b>			
Jamaica (2012)	From 17.5% to 16.5%	Certain consumer products and electricity of enterprises	Electricity consumption by natural persons
Saint Lucia (2012)	New tax, 15% (8% for the hotel sector)		Basic consumer goods
Barbados (2010, 2012)	15% to 17% (8.75% for the hotel sector)		
Saint Kitts and Nevis (2010)	New tax, 17% (10% for the tourism sector)		Basic consumer goods (zero rate) and medical, education, transport services and medicines (exempt)

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the legislation in force in the respective countries.

The recent reforms adopted to tackle the problem of regressiveness inherent in the VAT architecture have revolved around increasing or decreasing tax rates or bases and their various combinations with VAT.<sup>3</sup> The idea of slanting taxation towards redistribution is increasingly gaining currency in the region. In practice, this means correcting regressiveness by extending VAT rebates or exemptions directly to beneficiaries identified by socioeconomic status (Barreix, Bes and Roca, 2010) and to recipients of target social policy measures, rather than by allowing generic exemptions for certain goods and services. Such a shift will produce positive and progressive synergies between social investment and tax collection.

### **(b) Broadening personal and corporate income tax**

Personal and corporate income tax has always been extremely weak in the region. However, although major challenges remain in terms of tax design and real capabilities to collect it, tax collection has grown since the turn of the century, and the region is becoming better at raising resources.

As noted in ECLAC (2013b), income tax in Latin America grew from 3.2% of GDP in 2000 to 4.9% in 2011. This has been achieved partly thanks to reforms to raise tax rates and expand tax bases, better oversight of the taxpayer universe and, in some countries, the appropriation of larger revenues from the production and export of commodities.

Historically, four factors have restricted the growth of income tax. First, most countries have maintained a tax regime that is clearly biased towards businesses rather than private individuals. This has serious distributive implications because market structures and power can readily combine in ways (such as shifting taxes onto prices) that make companies' final tax payments less progressive than personal income tax. Moreover, the existence of lower tax rates and exemptions for firms creates incentives for private individuals to register in the corporate tax regime rather than the regime that ought to apply to them. Second, several countries maintain a long list of exemptions and exceptions by origin of payment, particularly for capital income (Cetrángolo and Gómez Sabaini, 2007; Amarante and Jiménez, 2015). Third, as shown by Barreix, Bès and Roca (2012), tax-exempt income allowances are currently higher in the region than elsewhere in the world, especially by comparison with the OECD countries, where tax-exempt income is equivalent to just over a fifth of per capita GDP on average. Fourth, income tax in Latin American countries has typically been organized on a "schedule" basis, which has meant taxing the same taxpayer separately for different types of income (income from wage earning employment, interest received on deposits, share dividends, and so forth).

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<sup>3</sup> When consumption is taxed at a flat rate, the burden falls most heavily on those who spend a higher proportion of their income on consumption (i.e. the poor).

### **(c) Progress regarding social security**

Insofar as social security systems are based on a contributory model of social protection, they represent a significant proportion of the resource pool of modern States. The contributory nature of social protection regimes has long been part of the Achilles' heel of the Latin American systems. The extent and persistence of labour informality have undermined the contributions-based social framework of the import-substitution period and robbed it of the ability to build robust social protection systems (see chapter II).

Difficulties in financing social security outlays have become increasingly endemic owing to a combination of factors. Apart from the fact that much of the work force is employed in informal conditions, population ageing has lowered the ratio between beneficiaries and contributors. Three types of adjustments to these situations occurred in the 1980s and 1990s: (i) the shift of part of the pay-as-you-go system to an individual capitalization regime; (ii) parametric reforms aimed at raising replacement rates and lengthening the period of contributions necessary for eligibility, and (iii) a deterioration in benefits lacking formal indexation or readjustment systems.

The picture began to change after the start of the new century and tendencies emerged that ran counter to those of previous years: (i) eligibility criteria (in terms of ages and years of contribution) were made more flexible, albeit entailing a major adjustment in replacement rates; (ii) the creation of subsidies to cover sectors that would not in principle be eligible under the normal rules, such as those living in poverty or vulnerability (welfare pensions), and (iii) the establishment of formal indexing criteria to lock in the purchasing power or quality of benefits over time.

A number of tools have been adopted to cope with these fiscally onerous shifts and improve the financing of social safety. The most common include the following:

- Improvements in management, auditing and coordination of the general tax system.
- Financing through single social taxes (see chapter V) and reduction in employer and worker contributions to increase employment formalization.
- Subsidies in exchange for formalization (parametric changes).
- Combinations of subsidies and contributions for different benefits (health, unemployment and pensions).
- Structural subsidies from general revenues to cover actuarial deficits.
- Direct financing from general revenues for the excluded elderly population (see chapter VI).

Many of these measures have been geared towards making up a basic social protection floor for sectors that were previously excluded or underfunded. In other cases (and often simultaneously), measures have been taken to make benefits better and more accessible for sectors that were already well integrated into the system.

It is important to understand that these measures may be financially viable in the short term, but are difficult to sustain over the medium term. For example, if collection expands thanks to efforts to broaden the formal tax base —by reducing contributions or creating single social taxes within a pay-as-you-go system— the resources coming in will be used to pay those who are drawing pensions, who are not, in fact, the sectors that began contributing. In other words, the system's current viability is at the expense of intergenerational equity. Without tools to protect those funds, it is by no means clear that the State will be able to honour the new commitments it is assuming towards current contributors. Furthermore, the extension of coverage to less well-off sectors also means that these workers are financing retirees from wealthier sectors. Conversely, when benefits funded out of present general revenues are extended to older persons not receiving retirement benefit, the overall effect will be progressive, providing that the tax structure is neutral or progressive. Section D returns to this issue to discuss progressiveness and distributive effects.

#### **(d) Rents from natural resources**

A final point that warrants attention is the fact that many countries in the region rely on rents from the extraction and sale of non-renewable resources. Financing the expansion of current social investment with such resources may be better than doing so through borrowing or inflation, but it carries risks in conditions of commodity price volatility, especially in the case of hydrocarbons and minerals. This is not to say that the State should not levy revenues and take a share of the rents from these sources. On the contrary, this appears to have occurred to beneficial effect over the past decade and a half. Box XIII.2 puts forward three possible uses in relation to social policy.

Non-renewable natural resources provide resources for the State through two channels. Either the earnings of public enterprises are transferred directly to the national treasury —as in the case of Petrobras in Brazil, Codelco in Chile, Pemex in Mexico and PDVSA in the Bolivarian Republic of Venezuela— or private corporations pay taxes or royalties on their operation of these resources, as in the case of mining in Chile, Colombia, Peru and the Plurinational State of Bolivia.

**Box XIII.2****Relation between natural resource rents and social policy**

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Stability (or countercyclical) funds. At first sight this may appear to be an economic measure, but it is in fact an eminently social one, insofar as resources saved during high revenue periods are used to finance policies at the bottom of the economic cycle (such resources tend to be used to finance temporary palliative measures rather than stable current investment), which aids social development. Smoothing out economic cycles, and especially recessionary periods, constitutes social policy on a vast scale, because it helps to avoid downward mobility, indebtedness and loss of assets in middle-class and vulnerable sectors, and prevent indigence in sectors that are already poor. Chile offers the clearest example of this type of strategy in Latin America.

Intergenerational solidarity funds. In this case, funds are established with a dual function: to keep part of the revenues collected for future generations and to build up funds on such a scale that, suitable invested, the resulting interest yields (not the capital) can be used to help address the fiscal imbalances inherent to the late stages of the demographic transition, the decline in working-age cohorts and population ageing. Norway provides the best example of this strategy.

Key investments. This refers to the use of rents from natural resources revenues to invest in social infrastructure for services such as education, health and care provision. This is not financing for current investment or commitments, but a “one time” investment, with due provision for the increase in maintenance costs arising from the new infrastructure.

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Source: Prepared by the authors.

An alternative to funds from non-renewable resources that has emerged recently is “green tax reform” which —among other uses— could help to finance social protection policies. Simply put, the idea is to tax environmental pollution more heavily and increase income for the provision of environmental services. This source of funding appears to offer a more stable and sustainable channel than non-renewable resources.<sup>4</sup>

The relation between the source and destination of resources varies within the region. Some countries earmark certain taxes for specific purposes, while others, such as Chile, keep tax collection separate from budgetary allocation. In the latter case, all resources enter general revenues, from where they are distributed to fund the various public policies as established in the budget law.

## **C. Types of financing for social protection**

Instruments for financing social protection (and the ways in which they tie in with eligibility requirements and delivery systems) and, more generally, social policy combine legacy elements left over from the older model

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<sup>4</sup> For more information, see Lo Vuolo (2014).

developed during the import-substitution phase, tools that have their origin in the targeting and market-centric models of the 1990s and more recent innovations that redefine the boundaries of four classic dichotomies in social policy: universalism/targeting, contributory/general revenues, public/private and supply/demand (see chapter II). It is important to delve more deeply into the variants, specifications and, above all, implications of the use of these instruments.

## 1. Social protection and cash benefits

There are three ways in which the State can finance cash benefits: (i) social security contributions in systems with a solidarity component; (ii) obligatory individual savings and capitalization accounts (a contributory model without a solidarity component); and (iii) general revenues.

**(i) Contributory models with a solidarity component.** Traditional social security systems (pay-as-you-go systems that include a solidarity component) were introduced in the region in an effort to provide universal coverage for workers and their dependants. They comprise a set of types of insurance coverage designed to provide replacement income or a guaranteed income for workers during various types of life events: old age, illness, unemployment, disability, birth of a child or pregnancy. Dependants are associated with another set of rights pertaining to widowhood, increased childcare costs or the death of a breadwinner and the subsequent impact on the benefits to be received by minor children. In essence, all these events involve something that happens to the worker: it is the worker who grows old, falls ill, becomes disabled, becomes unemployed or has a child. It is also the worker who dies, who has dependants or who leaves behind minor children. The social security rights in question in these latter types of cases are transferred to the spouse or children because that person is or was a gainfully employed worker who, in this type of social insurance model, paid a portion of his or her earnings into the social security system.

All dependent workers are required to pay into a common insurance system. Theoretically, these contributions should cover all the social security benefits that are paid out when people are faced with any of the insured events. The contributions and the resulting benefit entitlements may be more or less stratified, with levels of contributions and levels of benefits being equivalent, but the system's balance derives from the proposition that what is paid into the system will equal, at the present time and across time, its outlays.

These systems are defined as pay-as-you-go schemes and are considered to be solidarity-based, as employed persons are paying for unemployed persons (via unemployment insurance); workers who are not having children are financing those who do (maternity or paternity leave); and members of the economically active population are financing pensioners (retirement

and old-age pensions) and those who have children (family allowances). Box XIII.3 outlines some of the inherent features of solidarity-based social security systems and some of the differing versions of such schemes.

### Box XIII.3

#### Features and different versions of solidarity-based social security systems

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The most notable feature of social security systems is that the solidarity-based model applies only to people who have paid into the system for a given number of years. People who do not pay into the system are not part of the solidarity-based scheme. Another feature is that this financing modality is, strictly speaking, a redistributive model that works along two different lines: the redistribution of income over the life cycle, and redistribution among different categories of people. (It may also involve redistribution among persons at different income levels, but this is not a central operational feature of this kind of system).

The different variants of these systems are also of interest. There are systems that are financed by payroll taxes that can only be paid by workers or by workers and employers, with these resources being supplemented by some type of contribution from the State (in which case we are no longer talking about a pure contributory system). The taxation rates may be flat (all workers pay an equal percentage of their income) or variable (workers in different sectors or occupations pay different rates). In these models, the rates are rarely differentiated by income level, although this can occur when rates are differentiated by occupational category correlate with different income levels. In general, however, in these cases benefit levels are also stratified.

The next aspect has to do with how benefits, rather than contributions, are defined, which is referred to as the replacement rate (i.e. the level of benefits as a proportion of the prior income on which they are based). For example, a system may set pensions at 80% of the mean income over the last 10 years worked, unemployment insurance benefits at the equivalent of 70% of the income level prior to unemployment and maternity leave benefits at the equivalent of 100% of the immediately preceding salary.

The definition of contributions (rates) and benefits are combined with two criteria that determine eligibility: (i) how much time a person has to have been paying into the system in order to be eligible for a pension, maternity leave or unemployment benefits; and (ii) what the earliest retirement age is. These four factors (contribution rates, replacement rates, years of contributions and age at retirement) determine the actual coverage and the degree of progressiveness or regressiveness within the system and in terms of those who are eligible and those who are not.

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Source: Prepared by the authors.

It is clear that, especially in Latin America, universal social security coverage for workers has never been attained. Since coverage is determined by contributions to the system, universal coverage can only become a reality if everybody pays into the system. Many workers do not have adequate social security coverage and therefore their families do not have that coverage either.



In many other cases, even if contributors receive all the benefits provided for in the system, many of the types of risks discussed in the second part of this book are not covered. For example, retirement pensions may be provided, but not unemployment insurance, or sick leave benefits may be provided but not paid maternity leave. In addition, many of these systems are stratified in terms of the amount, variety and quality of the benefits that they include.

**(ii) Contributory models without a solidarity component.** This financing model is often classified as being based on private, rather than public, investment. Individual capitalization pension and insurance systems, along with accident or unemployment insurance schemes based on individual accounts, are private financing systems. When the State requires wage workers to pay into these kinds of systems, we are dealing with a State-run model of risk coverage, even if the funds that are collected are administered by private agencies.

Most of the contributory systems in the region combine at least two different financing modalities. Many countries use funds from general revenues for targeted policies, contributory financing under pay-as-you-go schemes and obligatory individual insurance and capitalization accounts. In some countries (Argentina, Brazil), there are no individual accounts and, in a few, pay-as-you-go schemes are now used for only a very few occupational categories (e.g. military personnel or civil servants) or are being phased out altogether (Chile).

Another important point is that financing schemes that are used for the same types of policies entailing the same eligibility requirements may still be very different from one another. Contributory systems rarely are financed completely by workers' and employers' contributions; they almost always draw on some kind of subsidy provided out of general revenues. These subsidies are used for two main purposes: to include vulnerable sectors that do not meet the standard eligibility requirements; and to underpin actuarial deficits so that the level of benefits for persons already in the system can be maintained or raised or so that decreases in the contributions of economically active members can be covered. Individual capitalization models also often use combinations of financing modes that include State subsidies. One example of this is the "solidarity pillar" in the Chilean system that was introduced during the 2008 pension reform and provides coverage for people whose pension savings are not enough to provide them with a basic minimum pension (SP, 2008).

Following on from the classification developed by ECLAC (2006), Cetrángolo and Goldschmit (2009) propose a classification of the types of financing for contributory social protection systems based on whether contributions are obligatory or voluntary, whether the source of financing is

governmental or non-governmental and whether or not the “benefit principle” is satisfied. The combination of these categories makes it possible to identify redistributive public or private benefit (or “merit good”) circumstances. In addition, calculations of the value of retirement and other pensions will differ depending on whether they are defined benefit systems (e.g. average monthly income prior to retirement) or defined (in terms of fixed rates or percentages) contributory systems, in which case the amount of the benefit depends on the amount of accumulated funds and the type of capitalization (individual capitalization or notional accounts) model.

**(iii) Non-contributory models.** There have always been targeted models in the region, although they have taken greater hold in recent times. These models are designed to provide a guaranteed minimum income or to make up the shortfalls in the incomes generated by individuals and their families who are not covered by the contributory social security system. Welfare-based pensions, conditional cash transfer programmes and subsidized employment programmes are all targeted schemes that are funded out of general revenues. For these types of schemes, eligibility is not based on contributions but rather on need (poverty, extreme poverty or other forms). These models thus generate benefits that are financed by general revenues and that are based on the demonstration or identification by the State of unmet needs.

There is another group of benefits that is not based on contributions or need but that instead takes the form of a flat, basic cash benefit that is provided to all citizens. There are almost no systems of this type in the region, but in many OECD countries, minimum pension floors, allowances or bonuses for each child born or family allowances are universal benefits that are funded out of general revenues.

None of these three categories includes household-to-household solidarity financing, one of whose largest components takes the form of remittances sent by migrant workers from abroad. These flows have risen sharply since the 1990s and had come to represent a significant percentage of GDP in some countries of the region by the early 2000s (Solimano and Allendes, 2007).<sup>5</sup> While these funds are not used solely to cover social needs, since in some cases they are used for capital and productive investments, they have become a key source of support for poor and vulnerable households. They have thus come to serve as a supplementary—and in some cases substitutive— private social protection system for recipient households, some of which rely almost entirely on these remittances.

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<sup>5</sup> As of 2014, remittances still represented a very large percentage (over 15%) of GDP in El Salvador, Guyana, Haiti, Honduras and Nicaragua (IDB, 2015).

## **2. Social protection and access to health care**

The State can finance health services in three different ways: (i) general revenues; (ii) contributory insurance schemes; and (iii) mandatory individual insurance coverage and service co-payments.

Some kinds of benefits tend to be provided on a universal basis and to be funded out of general revenues. Vaccinations and sanitation infrastructure are some of the most obvious examples. The State draws on general revenues in order to guarantee a basic level of access to these kinds of benefits because they are regarded as public goods or preferred goods by virtue of their strong positive externalities or their strong negative externalities in the event of their underconsumption.

In many cases, however, these benefits —especially childbirth and primary care services— are part of contributory insurance schemes that have a similar financing model to the one used for social security systems that provide cash benefits: everyone contributes and some enjoy the benefits. The solidarity-based model, in this case, relies on the fact that healthy people can help pay for the services needed by people in poor health, or that those who are not in need of financial assistance can provide support for those who do.

In addition to these two financing modalities, there are mandatory private or individual insurance schemes. In this case, benefits are determined by the amount of contributions and co-pay mechanisms.

Headway has been made in expanding coverage in the region by means of subsidized contributory systems (Costa Rica, Uruguay), lower-cost segmented insurance programmes (e.g. the Public Social Security System in Mexico) and free-of-charge insurance programmes covering a subset of basic benefits (e.g. the Explicit Guarantees Universal Access Plan, better known as the AUGE Plan, in Chile). The differing degrees of the integration of these benefits and financing modalities are what accounts for existing coverage gaps and gaps in terms of the quality and range of benefits.

### **D. Distributive effects: investment and revenue collection**

As discussed in chapter XII, social protection, like any other social policy, can be evaluated on the basis of its social, economic and redistributive effects and impacts. The distributive implications of the different financing options for social policies (and especially social protection policies) and their different sets of eligibility requirements have been discussed in various parts of this chapter. What the State collects and what it invests are not perfectly parallel.

In other words, what the State takes in as it collects in the forms of taxes, social security contributions and fees does not have a one-to-one correspondence with what it provides in terms of cash transfers, services and infrastructure to each person. Unlike the market logic whereby price is supposed to reflect production costs and profits under a competitive system, the State uses other criteria when determining what to finance (progressiveness, distributive justice, efficiency in tax collection), produce (control, building State capacity, effectiveness) and provide (citizenship, need, public goods, intergenerational solidarity within different groups). Using these various criteria, the State redistributes power, income and wealth. In the case of social policy, and particularly social protection policy, the State redistributes risks and the means of dealing with them or of alleviating or moderating the harm that they can do in terms of people's well-being. In this section, an effort will be made to delve into and document the most operational component of those redistributive effects.

## 1. Conceptual considerations regarding redistribution

Social policy, in general, and social protection policy, in particular are intended to be progressive; in other words, they are designed to smooth out the "original" distribution of income.<sup>6</sup> However, the result of tax collections or social investment are not always progressive in nature. (In many cases, progressiveness is the aim but is not achieved or is achieved to highly differing degrees).

The regressive or progressive nature of a social protection system will depend on who pays into the system, how much the members of the population pay into the system and how much people receive from the State. Social protection systems in Latin America have invariably exhibited a low or moderate redistributive capacity. The principal aim of the predominant types of contributory systems and of the reforms instituted in the 1990s, which involved a shift towards individual capitalization accounts, has not been to put a progressive redistributive architecture in place. Even so, the systems that have succeeded in expanding their coverage the most have had a positive impact in that the distribution of investment is less unequal than the original pattern of income distribution (ECLAC, 2010).

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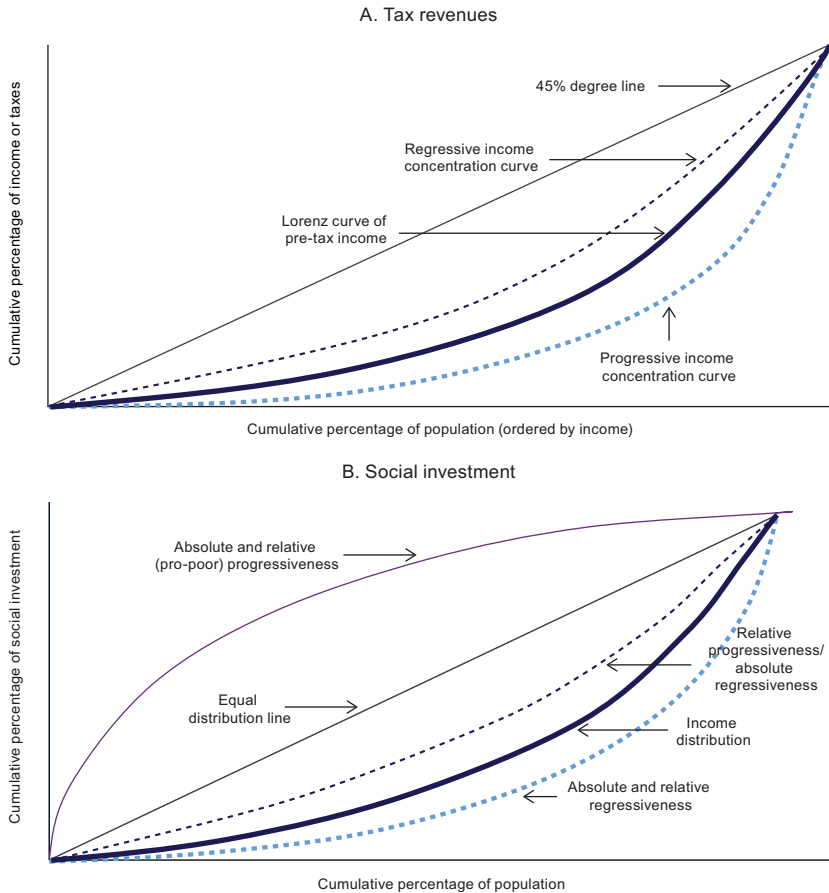
<sup>6</sup> The "original" distribution of income is usually understood to denote the distribution yielded by the market, which includes the effects of regulations and the effects of investment and benefits (such as minimum wage requirements, price controls and infant industry investment controls), all of which influence the distribution of income-generation capacities in the market.

When analysing the distribution of investment, it is important to distinguish between absolute and relative progressiveness. Pension systems are often described as being regressive because their distribution of benefits is not progressive in absolute terms (i.e. those who have less do not receive more). But the retirement system is progressive relative to the “original” pattern of income distribution. In order to attain absolute progressiveness, an additional condition would need to be present, since it is not enough for the appropriation of investment to be greater than the overall appropriation of revenues: it would also have to be greater than the percentage of the population represented by the group in question.

Figure XIII.3 depicts these two situations, which are represented by two possible curves for the concentration of taxes (progressive and regressive) relative to the line of equal distribution (45°) and the curve that represents the original income distribution. The alternative distributions of investment (net progressive, relative progressive and regressive distributions) are also shown.

Finally, the progressiveness of an instrument’s design should not be confused with the redistributive scale of the investment made using that instrument. This will depend on the architecture of the eligibility requirements and the amount of resources involved. For example, an income transfer policy targeting the extremely poor population is, in terms of its architecture, highly redistributive. However, if only 0.3% of national income is being redistributed to indigent sectors while investment in primary education is distributing 2% of national income and channels 40% of the investment to the indigent population, 30% to the non-indigent population and 20% to vulnerable sectors of the middle-income population, 10% to the upper-middle-class and nothing to the upper class, then is investment in primary education less redistributive than income transfers? In terms of redistributive efficiency: yes. For each dollar that is invested in education, only 40 cents is channeled to the indigent population, whereas, in the case of income transfers, the whole of that dollar goes to the indigent population. However, nearly 0.8% of national income (40% of the 2% of national income) invested in the primary education system goes to the indigent population, as compared to 0.3% for the targeted income transfer system. In addition, investment in the educational system goes to other vulnerable sectors as well.

**Figure XIII.3**  
**Progressive/regressive distribution of tax revenues and social investment**



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), *Panorama Fiscal de América Latina y el Caribe 2014: Hacia una mayor calidad de las finanzas públicas* (LC/L.3766), Santiago, 2014; and S. Cecchini, "Indicadores y derechos económicos y sociales", presentation at the International Seminar on indicators of economic, social and cultural rights and follow-up to social policies to overcome poverty and achieve equality, Santiago, 12 June 2013.

## 2. Aggregate effects of financing and social investment in relation to their distributive slant

An analysis of social policies as a whole, rather than one confined to social protection policies as such, shows up a modest but relatively clear progressive bias (ECLAC, 2010). The variation in the Gini coefficient before and after tax collection and transfers shows an improvement in almost all the countries of

the region. Another trend that is evident and that can be seen in other regions of the world as well is that investment tends to have a greater distributive impact than taxation (ECLAC, 2014b).

A comparison of these effects with those seen in the OECD countries points up the enormous distance separating the region from the more advanced countries in this respect. The overall redistributive impact in many OECD countries is not a result of greater policy efficiency in terms of redistribution (targeted policies), but rather of the scale and (often moderately redistributive) architecture of universal policies and the importance of the role of social investment in these policies, in addition to a stronger redistributive orientation in the tax system.

Thus, the greater income inequality (as measured by the Gini coefficient) of the Latin American countries as compared to the OECD countries is not evident in the primary income distribution but rather in the post-tax and post-transfers income distribution, with average decreases of three percentage points in the first case and 17 percentage points in the second (Amarante and Jiménez, 2015). This is not only the result of differences in social investment and taxation policy design (with taxation being focused more on corporate revenues than on the earnings and assets of natural persons), but also of the actual tax collection capacity of the Latin American countries, which run up against formidable challenges in this connection in the informal economy and in terms of tax avoidance and evasion in the formal economy, as well as the decrease in revenues occasioned by tax exemptions and other tax benefits introduced in the region in order to drive saving and foreign investment (Amarante and Jiménez, 2015).

It would appear that the way forward for efforts to build the State's redistributive capacity has less to do with targeting instruments and more to do with the expansion and coverage of universal, redistributive policies (Filgueira, 2014). This is not only because of the gap between the architecture of the instrument to be used and the scale of the resources involved, as discussed earlier, but also because these countries have developed universal policies in which the State wields a great deal of power in terms of taxation, and these policies have underpinned a redistributive fiscal compact among the parties involved that remains in force across time and bolsters the formation of progressive distributive coalitions (Filgueira, 2014).

### **3. Financing and investment architecture strategies for enhancing the redistributive effects of social protection policies**

Recent improvements notwithstanding, Latin American social protection systems need to make greater strides towards the adoption of progressive and redistributive funding and investment strategies. Doing so in a way that

provides a basis for the formation of stable redistributive coalitions is essential in order to endow those processes with political and fiscal sustainability. A variety of strategies and innovations have been reviewed in this and other chapters. The next step is to determine which of those approaches are the most promising and to draw a distinction between them and approaches that will not lead the region in the direction of the goals of universality, equity and inclusion.

A first course of action is to expand and improve the collection of personal income tax (ECLAC, 2013b) by setting progressive tax rates that place the highest personal incomes in the appropriate brackets.

Another is to use subsidies for contributory social security systems so that coverage can be expanded to include the most vulnerable sectors. The actuarial sustainability of many pension and social security systems tends to be eroded, not by increases in coverage, but rather by imbalances among indexation rules, replacement rates and collection capacity. If State subsidies are used to cover these deficits, there will not be a great deal of fiscal manoeuvring room for expanding coverage. It is therefore better to combine progressive parametric reforms that limit replacement rates or make the indexation of the highest pensions (or other benefits) less generous and then to use the resulting fiscal leeway to increase basic coverage. Another option is to introduce a basic universal non-contributory floor and remove subsidies for the stratified contributory component.

A third possibility is to establish targeted income-support policies and then to expand their coverage and to define those benefits as entitlements with guaranteed funding that are subject to a formalized indexation system. Conditional transfers or welfare-based pensions that were originally introduced as a way of addressing extreme poverty were generally conceived of as temporary programmes, did not have guaranteed financing and lacked clearly defined indexation rules. Over time, however, these programmes have taken on greater stability and have expanded their coverage and have gradually become genuine, stable funding mechanisms. In some cases—such as the Ethical Family Income Programme in Chile—formal adjustment or indexation systems have been put in place. This shift in the nature of these programmes plots out a pathway leading from an ad hoc, limited targeting mechanism to a universal approach in which the coverage of targeted policies is expanded and they are incorporated into a rights-based model.

Finally, there are the health insurance models supported by contributory financing and general revenues that use or restrict benefit segmentation. It is necessary to move beyond dual or even three-pillar models (public assistance, public contributory and mandatory individual insurance pillars) in order to attain greater equity in access and quality. One way of doing this is to pool the funds obtained from contributions and from inputs of



general revenues and then to use those funds to provide the same type of insurance for all recipients. Another model, as exemplified by the Brazilian Single Health Model (SUS), is the direct creation by the State of a universal benefits system. A third model is the one adopted by Chile, in which a subset of basic guaranteed benefits is defined that is provided regardless of what pillar in the health system a given beneficiary belongs to.

## **E. Financing from a life cycle perspective**

Intergenerational economic flows have a strong impact on people's well-being, on the distribution of that well-being and on present, and very importantly, intertemporal growth in all societies. As noted by ECLAC (2011, p. 170):

*"The degree of development of a particular generation of young people depends mostly on the resources it receives from older generations, particularly in terms of education and health care. Older persons depend for their well-being on factors that include the savings they may have built up, family support, and social programmes funded by current generations of taxpayers. Economic growth is closely related to the accumulation of capital for two purposes: to help support older persons and to transfer wealth to future generations."*

Since relative consumption varies significantly over the life cycle, intergenerational transfers are not age-neutral. Consequently, changes in the age structure usually have a major impact on resource flows from one generation to another. For example, during the demographic transition, there is a period during which the labour force grows more rapidly than the dependent population, not only because of the drop in the birth rate but also because of the growing participation of women in the workforce. All other factors remaining equal, this situation gives rise to a demographic dividend as resources are freed up that can be used to increase households' well-being or to invest in human and physical capital that can promote long-term growth and economic development (Bloom and Williamson, 1998).

The ageing of the population adds considerably to the burden in terms of time and money that households and the State have to shoulder in order to maintain the well-being and combat the vulnerability of older adults (see chapter VI). Although Latin America is currently reaping the benefits of the demographic dividend, many of the countries in the region are going to be dealing with the challenges of an ageing population very soon. The steep drop in birth rates (within a much shorter time frame than in the case of the developed countries) and a sharper rise in life expectancies are harbingers of a complex economic and social process. It should be borne in mind that Latin America will be grappling with this stage in the process of the ageing of the population at a time when its countries are poorer and much more

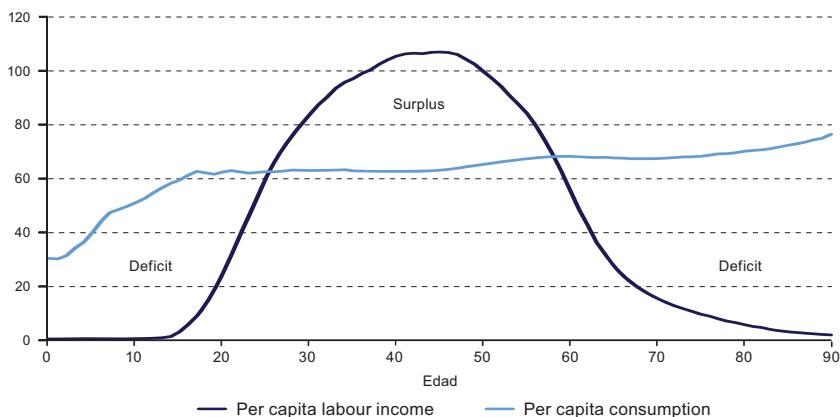
unequal that the older societies of the North were when they reached this stage (Saad, Miller and Martínez, 2009; Saad and others, 2009; ECLAC, 2010).

In all countries, consumption and income-generation patterns vary over the life cycle. On average, consumption levels are the highest when people are in their economically active period, much lower during childhood and close to the economically active population's mean levels during old age. Consumption levels for children below 6 years of age, expressed as a percentage of the income of an average adult between 20 and 49 years of age, is less than 30% for nearly all those ages, whereas mean consumption levels for the economically active population and for older adults are close to 50% of the mean income of the economically active population.

A large part of the economically active population's consumption is financed by that group's own labour income. As is to be expected, this is not the case for children, adolescents and older adults. Nearly half of the average consumption level of older adults is financed by public transfers, whereas less than one fourth of the financing for consumption by children and adolescents is financed by such transfers. This source of financing is not limited to direct cash transfers but also includes the delivery of public services such as health care and education.

When consumption and income curves are plotted over the life cycle, the result depicts the essential dynamics of monetary consumption and income generation during people's lives (see figure XIII.4).

**Figure XIII.4**  
Average labour income and average per capita consumption  
relative to per capita labour income  
(Percentages)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2010* (LC/G.2481-P), Santiago, 2011.

Since older adults and children consume more than they earn and since economically active adults earn more than they consume, a portion of the latter's income is transferred to children and older adults. These flows take the form of the transfer of money, goods or services from families and the State to these population groups.<sup>7</sup>

How much different generations consume and how that consumption is financed are two factors that influence a country's economic and fiscal sustainability, the level of inequality and the country's capacity for reducing inequality over time. As the region's population continues to age, at different paces and by different amounts, the relative size of the economically active population will shrink as fertility and birth rates decline. Clearly, many countries of the region will soon be faced with a situation in which, all other things remaining equal, the aggregate well-being of the population will be adversely affected. An expansion of the older adult population will boost the demand for transfers to that sector. Meanwhile, the average surplus income over mean consumption generated by the economically active population may be maintained in individual terms, but the aggregate surplus will be smaller because there will be fewer economically active adults. Given these circumstances, the size of per capita transfers to older adults may be reduced, which would decrease their well-being, or the proportion of the surplus generated by economically active adults that is allocated for those transfers may be increased, which would curb aggregate consumption on the part of the active population and children and adolescents.

Strictly speaking, there are five ways of lowering the risk of a deterioration in aggregate well-being or even of reversing it. These five options are not mutually exclusive; in fact, many of them are complementary:

- (i) Gains in productivity and increases in the remunerations of the working population, which would result in a larger surplus, on average.
- (ii) An increase in the working-age population brought about by the entry of more people, especially women and young adults, into the labour market (higher labour force participation and employment rates).
- (iii) An increase in the working-age population brought about by immigration (even at the same labour force participation rate as before).
- (iv) An extension of the period of time during which people are economically active (which would bring more young people and older adults into the workforce).
- (v) A rise in fertility and birth rates.

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<sup>7</sup> The other form of monetary transfers between age groups is carried out by the same individual in the form of savings and intertemporal resource allocation.

With the first option, it is important for the financing for consumption by children and adolescents to include a large component of public funding. Otherwise, the bulk of that financing will come from their families and, to a lesser extent, adolescent and child labour. This is not something that the countries want to see happen if they hope to provide equal opportunities for children who are just starting out in life, because the more that children's consumption levels depend on their families, the more static and rigid the patterns of inequality in a country will be. Nor is this desirable from the more limited standpoint of economic efficiency. The lower-income segment of the population continues to be the one that contributes the most to the biological reproduction of the countries' populations. If the State plays no more than a limited role in financing consumption by these children while leaving the bulk of that financing to be determined by the economic capacity of their families, as is currently the case in Latin America (ECLAC, 2010), then the level of investment in the human capital of the younger generations in the countries of the region will continue to be suboptimal.

As for the second option, a large part of the reason for the differing labour force participation rates of men and women is the burden of unpaid labour shouldered by women in the home, which blocks or limits their participation in the workforce. The countries of the region that are farther along in the demographic transition have a nearly 20-point differential between the employment rates for men and women, while the highest poverty rates are found in the child population and the fertility rate is slightly below replacement levels (1.9-2.0). Raising the female labour force participation rate, attacking the causes of child poverty and maintaining fertility rates at these levels or slowing their decline are all possible courses of action which, in order to be viable, will require major changes in the countries' social protection systems and labour market dynamics. If this is to be accomplished, the region will have to make significant headway in setting up childcare systems within the overall social protection system.<sup>8</sup>

With respect to the third option, although some countries of the region are witnessing immigration rates that are greater than in the past, no major changes in these flows are foreseen in the short run. The fourth option does not appear to be either viable or efficient, since there is a consensus as to the fact that child labour is not permissible, and it is debatable whether the early entry of young people into the labour market is desirable if this would take away time from their education. While the last option is improbable

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<sup>8</sup> Countries that have found virtuous ways of meeting the challenge of bringing women into the workforce have done so by combining changes in the male/female division of labour within the home with an intensive collectivization of those tasks via public services provided by the State and, to a lesser extent, by the market. As discussed in chapter III, the Nordic countries have a virtuous-cycle configuration of conditions that includes a high female labour force participation rate, moderate fertility rates that are slightly below the replacement rate and very low child poverty rates.

(without sizeable immigration flows), curbing the drop in overall fertility rates and working to shore up fertility rates in middle- and upper-income sectors are laudable aims that would moderate the impact of this process.

## **F. Concluding remarks**

This chapter has attempted to offer a number of key conceptual and empirical elements relating to social investment financing and the distributive effects of social policy, with emphasis on social protection policies. The importance of continuing to refine the concepts relating to social investment in the region and the tools for measuring that investment have been underscored, and factors behind the significant increase in social investment in the region and the State's capacity for capturing revenues, along with the different tools used to this end, have been discussed.

This exploration of the different instruments and innovative approaches used in the region to finance investments in social protection has by no means been impartial, as greater importance has been placed on those tools that will guide social policy and social protection policy, in particular, in the direction of universal coverage. Approaches for strengthening the redistributive effects of social protection policies have also been outlined.

This chapter has also addressed a subject of key importance that constitutes a common thread running throughout this study: the life cycle perspective and the development of tools that can be used to understand and influence intergenerational flows of financing for and investment in social advancement and social protection.

Clearly, this review does not cover all the issues and does not answer all the questions that it raises. Many of the subjects that it has dealt with call for a more specific, more detailed analysis. And this is one of the reasons for having written it: to share pivotal considerations and invite the reader to delve more deeply into these subjects with a view to arriving at improved decision-making processes in relation to social protection policies in the region.

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# Towards universal social protection

Latin American pathways  
and policy tools

SIMONE CECCHINI  
FERNANDO FILGUEIRA  
RODRIGO MARTÍNEZ  
CECILIA ROSSEL

*Editors*

Social Development

This book reflects on the public policies, programmes and regulatory frameworks that are taking a rights-based approach to expanding

social protection coverage and benefits in Latin America, with a view to achieving universal coverage.

The book's discussion of the policy tools and programmes pursued in the region aims to provide the reader with technical and programmatic insights for assembling and coordinating public policies within consistent and sustainable social protection systems. The combination of normative orientations and stock of technical knowledge, together with advances regarding the rights-based approach to social protection within a life cycle framework, afford the reader not only a tool box of specific social protection instruments, but also an in-depth examination of related political economy aspects.

The book has three parts. The first describes the context in which the shifts in social protection policies have occurred. The second examines social protection tools from a life cycle perspective and looks at issues that involve significant geographical or spatial considerations. The last part addresses cross-cutting themes that are crucial for tackling the pathway towards universal social protection.

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