

## **626(XXXI) MONTEVIDEO RESOLUTION ON SHAPING THE FUTURE OF SOCIAL PROTECTION: ACCESS FINANCING AND SOLIDARITY**

The Economic Commission for Latin America and the Caribbean,

Bearing in mind that, at its thirtieth session, the Commission urged the Executive Secretary to undertake a more in-depth analysis of social protection and active labour-market policies aimed at achieving complementarity between public and private mechanisms in order to broaden coverage and adopt solidarity-based approaches, as part of a major effort to enhance social cohesion,

Bearing in mind also that a growing economy with rising levels of income, employment and inclusiveness provides a foundation for social protection,

Considering the importance of examining the situation and prospects regarding social protection in the countries of the region, particularly in terms of the need to review the social pact that underpins access to protection in employment and the contribution that reforms can make to extending the effective ownership of rights in the region,

Recognizing that many countries have made progress in reforming social protection, although this has not been reflected in significant advances in terms of coverage or access to social protection services,

Recognizing also that a different approach to social protection in Latin America and the Caribbean should be adopted in response to changes under way at the global level that affect our societies, and that improving social protection leverages positive synergies among social equity, participatory democracy and economic growth,

Aware of the need to reformulate social protection access mechanisms based exclusively on employment status, since labour markets are not generating enough employment and existing jobs do not guarantee wage-based contributory social protection due to job insecurity, low wages and discrimination,

Bearing in mind that social protection in terms of healthcare and social security is essential in order to strengthen the countries' social cohesion and, hence, the work of the region's Governments, which face common issues of low coverage, lack of financing and management problems,

Considering that social protection calls for a multidimensional strategy involving major coordination efforts on the part of multilateral agencies to support the sovereign decision of Governments in overcoming the problems of social protection systems, as well as the exchange of experiences in relation to programmes to combat poverty,

Highlighting the existence of various processes intended to boost financing for social policies through partnerships between the public and private sectors, which, however, need to be carefully examined since their design is essential for facilitating access to provider services for broad sectors of the population, increasing efficiency and reducing the cost of benefits,

Bearing in mind that the situations mentioned in the foregoing preambular paragraphs reflect a wide range of conditions in the region, which makes it necessary to consider social protection reforms as a process rather than as an automatically replicable model,

1. Welcomes the document produced by the secretariat entitled “Shaping the Future of Social Protection: Access, Financing and Solidarity”, considering it to be an important and timely contribution to the review of the situation of Latin American and Caribbean countries in their current phase of development;

2. Welcomes also the ideas proposed by the secretariat to harmonize social rights agendas and financial restrictions in a period such as the current one, in which it is necessary to expand competitiveness and strengthen integration with the world economy, and noting that these proposals uphold respect for citizens’ rights, especially the principles of universality and solidarity, which should be taken into account in social protection reforms through the integration of social security and public systems; the expansion of systems to ensure universal and compulsory coverage; the definition of packages of guaranteed and enforceable services; reinforcement of primary healthcare; an increase in the coverage of the non-contributory component and solidarity in the contributory component of the pension system; and the necessary complementarity of short-term poverty alleviation and the eradication of its more structural causes through incentives for human capital formation with a view to ending the cycle of the intergenerational transmission of poverty;

3. Requests the Executive Secretary to widely disseminate the document “Shaping the Future of Social Protection: Access, Financing and Solidarity” and promote its review in the following areas:

- (i) Political, social, academic and business spheres and civil society organizations in the region, by means of national, subregional and regional dialogues concerning the main items on the proposed agenda, and
- (ii) International organizations concerned with the various dimensions of economic and social development, in order to foster, in particular, the exchange of ideas regarding proposals to broaden the coverage of social protection, overcome constraints originating in the labour market, expand and integrate sources of financing, design more efficient public-private partnerships, formulate protocols on universal minimum benefit packages and incorporate a dimension of human capital formation into programmes aimed at combating unemployment and poverty;

The organizations with which ideas and proposals should be exchanged include the Pan American Health Organization, the International Labour Organization, the Inter-American Development Bank and the World Bank; this dialogue should encompass all the issues relating to a policy agenda designed to improve access, financing and the solidarity of social protection systems in the countries of the region, thereby building bridges between the social rights to which each country aspires and the policy guidelines designed to strengthen their enforceability;

4. Urges the Executive Secretary to undertake a more in-depth analysis, inter alia, of the following issues:

- (i) Intensification of efforts to develop countercyclical public finances in order to give continuity to social policies and thus ensure the existence of equitable societies and reduce the levels of poverty and extreme poverty in the region, bearing in mind the Millennium Development Goals;
- (ii) Reforms of the financing of social policies, with special emphasis on the integration of sources and the incorporation of solidarity mechanisms;

- (iii) In the health sector, the creation of solidarity mechanisms to permit equitable access to services for the entire population; an examination of the most modern and efficient organizations in the sector that can help to hold down costs as progress is made towards providing coverage for the most expensive and complex pathologies; changes in the public-private mix of service delivery; the expansion of mandatory universal insurance systems and the strengthening of the delivery of public healthcare services based on traditional methods, and the establishment of more efficient disease-prevention mechanisms through promotional campaigns and preventive or curative measures as part of primary healthcare services;
- (iv) In the area of pensions, the necessary mechanisms for progressing in terms of coverage, solidarity and financial viability; the on-going review of best practices to provide universal coverage that guarantees a minimum income for all low-income older adults; the review of notional account models with a view to modifying the parameters of pay-as-you-go systems; provision of the necessary incentives to encourage certain segments of the population to pay contributions and reduce the practice of underreporting of income, which results in lower contributions; the definition of methods for putting an end to the various special pension regimes and standardizing pension systems to avoid inequities and alleviate the systems' financing requirements; the determination of methods for improving systems in which funds are privately administered in order to reduce the problems associated with the limitations faced by many workers in financing their own benefits; the systems' adaptation to the constant changes in family structures and to the roles of the various family members; the definition of appropriate ways of revising the use of life tables to avoid demographic- or gender-based discrimination;
- (v) With respect to the foregoing, it is important to assess the impact of reforms on gender equity;
- (vi) Ways of complementing short-term programmes for alleviating poverty with the elimination of its more structural causes; the necessary financing schemes for implementing social programmes that can have a direct, countercyclical influence on household income, thereby enabling household members to receive additional income in economically difficult times;
- (vii) Best practices applied in social programmes, which include, inter alia, the provision of conditional transfers in order to combine immediate relief for income shortfalls with the reinforcement of new generations' human capital; ways of fostering a supply of decent jobs in a way that is compatible with sustained growth dynamics and active employment and productive modernization policies;
- (viii) A social institutional structure and authority that will lend forcefulness and technical and political viability to social programmes and the adoption of fiscal norms to ensure that these programmes have the necessary resources, in particular through the establishment of a social covenant among the various political, economic and social actors, as well as the provision of sustained political support to ensure the continuity of the relevant policies;

- (ix) Methods that could be used to ensure that public policies contribute to social cohesion by fostering participation in employment and access for all to the resources, goods, services and rights of society, as well as avoiding risks and problems of exclusion, assisting the most vulnerable persons and mobilizing all the relevant organizations;

5. Requests the Executive Secretary to carry out a thorough analysis of these issues, study successful initiatives in these areas and, above all, formulate realistic proposals in keeping with the diversity of Latin America and the Caribbean as a priority contribution on the part of the Commission to the fulfilment of the countries' aspirations in terms of increasing equity, reducing poverty and reinforcing social cohesion.