



Latin America through the Lens of Social Cohesion

Selected indicators



UNITED NATIONS



Alicia Bárcena

Executive Secretary

Antonio Prado

Deputy Executive Secretary

Luis Beccaria

Chief of the Statistics and
Economic Projections Division

Susana Malchik

Officer-in-Charge
Documents and Publications Division

This document was prepared under the supervision of Juan Carlos Feres, Chief of the Social Statistics Unit of the Statistics and Economic Projections Division of ECLAC. Pablo Villatoro was responsible for the drafting. Contributions were made by Marcelo Miño and Patricio Olivera, and valuable comments and suggestions were received from Carlos Vergara. This document was prepared using resources from the regular budget of ECLAC and financing from the European Commission. ECLAC is grateful for the financial assistance that made the preparation and publication of this document possible.

LC/L.3189

Copyright © Economic Commission for Latin America and the Caribbean (ECLAC)

All rights reserved

Printed in Santiago, Chile • February 2010

2010-15

Contents

Foreword	5
I. Introduction	7
II. Social gaps	9
A. Poverty and incomes	9
B. Employment and social protection	11
C. Education	13
D. Health and nutrition	15
III. Institutional capacity	17
A. Democracy and the rule of law	17
B. Public policies	19
C. The economy	20
IV. Citizen support (belonging)	21
A. Support for democracy and trust in institutions	21
B. Perceptions of inequality	22
C. Support for initiatives to reduce gaps	24
D. Economic expectations	25
E. Ties and participation	27
V. Final remarks	29
Bibliography	30
Annex	31
I. Boxes	33
II. Technical profile of indicators	36

Foreword

This document was prepared by the Economic Commission of Latin America and the Caribbean (ECLAC), within the framework of the project “Measuring Social Cohesion in Latin America”, developed with support from the European Commission. The document provides statistical information intended to feed the discussion and exchange of experiences on social cohesion policies in Latin America. These policies, and in particular those geared towards promoting decent work for young people, will be the main topic of discussion at the Ministerial Meeting of the EU-LAC Social Cohesion Forum, in Lima on 8-10 February 2010.

In recent years, ECLAC has called upon the countries of the region to advance towards building social covenants with broad citizen support in order to reduce social gaps. In this model, social protection would be founded on institutionalized solidarity between those groups with the most resources and those most disadvantaged, and on belonging to a system of cooperation that would guarantee a basic set of rights for the entire population. Thus, the efforts made by ECLAC to place social cohesion on the agendas of the countries of Latin America are a part of this new approach to development issues, in which reducing social gaps is linked to citizen support and institutional capacities.

This document provides countries with the first regional overview on social cohesion, and goes beyond the statistical data traditionally used by ECLAC. Specifically, the text provides a descriptive and comparative background for examining the progress and current status in the countries of Latin America regarding the three pillars of social cohesion: social gaps, institutional operation and citizen support (belonging).

The text is organized in five sections. The first section, by means of introduction, provides a brief presentation of the social cohesion approach formulated by ECLAC, including the concept itself and a frame of reference (the pillars of cohesion). The following three sections include statistical data for the three pillars. In the section devoted to social gaps, data is presented on poverty and incomes, employment and

social protection, education, health and nutrition. Regarding institutions, the current status of the operation of democracy, the rule of law, public policies, the economy and the market are reviewed. With regard to the subjective pillar, data is presented on public opinion regarding support for democracy and confidence in institutions, perceptions of inequality, support for initiatives geared towards reducing gaps, economic expectations and ties and participation.

This book is intended to provide key public-policy makers in the countries of the region —and specifically participants in the new meeting of the EU-LAC Social Cohesion Forum— with a collection of data that might serve as a foundation for social cohesion policies. As such, we hope to advance the discussion and implementation of this topic on country agendas.

[Alicia Bárcena](#)

Executive Secretary

Economic Commission for Latin America
and the Caribbean

I. Introduction

Social cohesion has increasing relevance for development agendas in Latin America. The persistence of vast social gaps, the problems of governance and democratic participation and the erosion of traditional sources of belonging have highlighted the need for countries in the region to make progress towards forging social covenants on social protection and inclusion that would allow for greater citizen support for initiatives that seek to guarantee basic economic and social rights to the populations of the region.

The context for including social cohesion on the agendas of the region is substantially different than in other regions of the world. Latin America does not have a political framework for regional integration, nor does it have the resources to implement social cohesion policies like those developed in Europe. The region is currently at the stage of including social cohesion on country agendas. In this stage, forging a concept of social cohesion that jibes with the realities of the region and providing data to help clarify the current situation in the field of social cohesion are critical.

In recent years, ECLAC has developed several initiatives to make social cohesion a priority on countries' agendas. In the book "Social Cohesion, Inclusion and a Sense of Belonging in Latin America and the Caribbean", drafted with support from the EUROsociAL project, the Ibero-American Secretariat (SEGIB) and the Spanish Agency for International Development Cooperation (AECID), ECLAC built the concept of social cohesion and developed a referential framework for its measurement. Later, with support from the European Commission, ECLAC crafted a system of indicators for monitoring social cohesion

in Latin America. More recently, and again in collaboration with the European Commission, the Commission worked to improve upon the conceptual framework in the specific fields of social cohesion and to study the feasibility of producing a synthetic cohesion index, among other objectives.

The work carried out by ECLAC in the field of social cohesion has involved much exploration of new horizons in terms of analysis and data. When ECLAC first approached the subject of social cohesion (2007), it was defined as the dialectical relationship between the mechanism of inclusion/exclusion and the perceptions of citizens with respect to these mechanisms (belonging). This concept, and the associated frame of reference, was the subject of a process of discussions throughout 2009, in which representatives from cooperation agencies and public-policy makers in the countries participated. As a result of this process a new "revised" approach to social cohesion was developed, which maintained the central ideas from the initial concept, but sought to make progress in the areas of applicability and measurability.

In this document, social cohesion is understood as the capacity of institutions to reduce social gaps in a sustainable fashion with citizen support (belonging). Based on this concept, a frame of reference has been derived that is made up of three pillars: social gaps, institutional capacity and citizen support; where the first two are the "objective" components of social cohesion and the latter is the "subjective" component or public opinion aspect. Each one of the pillars, in turn, can be broken down into a set of observation areas.¹ The bulk of this frame of reference is presented in figure 1.

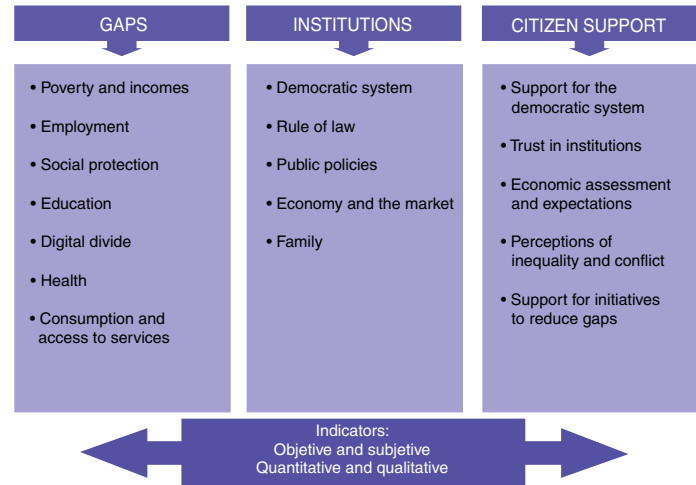
¹ For more details regarding this "revised" approach, see Feres and Villatoro (2009).

This document provides an overview of the trends in and current status of social cohesion in Latin America, on the basis of the concept and frame of reference described above. Thus, the text is organized in three sections: gaps, institutions and citizen support, with a brief final note that summarizes the challenges associated with social cohesion in light of the overall outlook for social cohesion in the region.

On a cautionary note, let it be said that the goal of this document is not to examine the relationship between the pillars but to establish an initial descriptive overview to generate questions and specific inquiries regarding the situation in the various countries.

■ Figure I.1 ■

**FRAME OF REFERENCE FOR MEASURING SOCIAL COHESION
PILLARS AND OBSERVATION AREAS**



Source: Feres and Villatoro (2009), in *Social Cohesion in Latin America. Concepts frames of reference and indicators* (LC/G.2420), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), forthcoming.

II. Social gaps

Social gaps refer to the extent to which the population of a given country (or group of countries) is affected by a lack of access to basic rights and unequal opportunities to develop their potential. These gaps may be: (1) *absolute* or based on standards, where the contrasting criteria used is a rule-based definition (for example, lack of access to a basic food basket) and (2) *relative*, or defined on the basis of the differences between groups, where the contrasting criteria include distribution (for example, the relationship between income quintiles). The gap indicators presented are essentially indicators of access and achievement (for example, reaching a particular educational level). Indicators based on skills or capacities are also used, but to a much lesser degree.

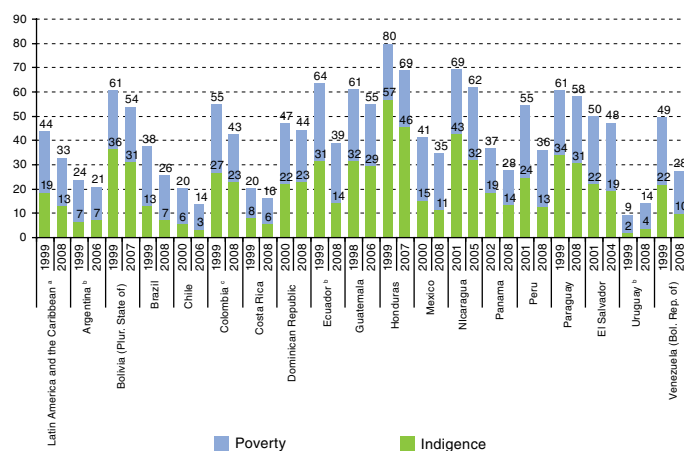
A. Poverty and incomes

Considerable social gaps still exist in Latin America. Notwithstanding the progress made in recent years in poverty reduction and the slight improvement in income distribution, levels of absolute poverty in the region continue to be quite high, and the distribution of income remains highly concentrated.

- From 1999 to 2008, poverty declined in 17 of the 18 countries in Latin America. The largest reductions, measured in absolute differences, were found in Ecuador, the Bolivarian Republic of Venezuela and Peru (-25, -21 and -19 percentage points, respectively). The proportion of the population with insufficient income to purchase a basic food basket dropped in 15 of the 18 countries, with the sharpest decreases found again in Ecuador and the Bolivarian Republic of Venezuela.

- Despite these positive trends, ECLAC (2009b) estimated that in 2008, approximately 180 million people continued to live with incomes that put them below the poverty line, and 71 million could not afford to purchase a basic food basket.

■ **Figure II.1**
LATIN AMERICA (18 COUNTRIES): INCIDENCE OF POVERTY AND INDIGENCE, AROUND 1999 AND 2008
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2009* (LC/G.2324-P), Santiago, Chile, 2009.

^a Estimate corresponds to 18 countries of the region plus Haiti.

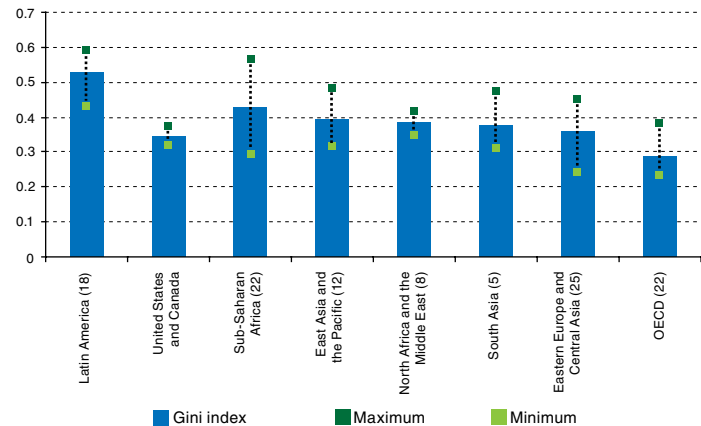
^b Urban areas.

^c Data for 2008 come from a new household survey that has been merged with the prior series by the National Administrative Department of Statistics and the National Planning Department of Colombia. Since ECLAC has yet to conclude the process of incorporating the new surveys, the 2008 data has been preliminarily estimated by applying the variations implicit in the official figures to the 2005 values (as calculated by ECLAC).

■ Income concentration decreased in the majority of the countries of the region between 2002 and 2008. The most notable reductions in the Gini coefficient were seen in the Bolivarian Republic of Venezuela (-18%), Argentina (-10%), Peru (-9%), the Plurinational State of Bolivia, Nicaragua, Panama and Paraguay (-8%). Inequality increased only in Colombia, Guatemala and the Dominican Republic (ECLAC, 2009b).

■ Despite these achievements, Latin America remains one of the regions of the world with the most unequal income distribution. For example, if a simple average of the Gini coefficient observed in the countries in 2007 is used as an indicator, the concentration of income in Latin America far exceeds that found in the other regions of the world.²

■ **Figure II.2 ■**
LATIN AMERICA AND OTHER REGIONS OF THE WORLD:
GINI INDEX OF CONCENTRATION^a, AROUND 2007
(Values between 0 and 1, simple averages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of the household surveys of the respective countries; Luxembourg Income Study (LIS) Key Figures [online] <http://www.lisproject.org/keyfigures.html>; World Income Inequality Database (WIID) [online] http://www.wider.unu.edu/research/Database/en_GB/database/.

^a Regional data are simple averages of the most recent observation available for each country for the period 2000-2007. Given the differences in the source data, these figures are not strictly comparable and merely have illustrative value. The following are included in Latin America: Argentina, urban areas (2006), the Bolivarian Republic of Venezuela (2007), Brazil (2007), Chile (2006), Colombia (2005), Costa Rica (2007), Dominican Republic (2007), Ecuador (2005), El Salvador (2005), Guatemala (2006), Honduras (2007), Mexico (2006), Nicaragua (2005), Panama (2007), Paraguay (2007), Peru (2003), the Plurinational State of Bolivia (2007) and Uruguay, urban areas (2007).

² The use of weighted averages might alter the region's relative position, but would not change the fact that the distribution of income is severely unequal in Latin America.

B. Employment and social protection

From 2002 to 2007, open unemployment fell sharply in Latin America, but an increase in unemployment has been projected for 2009 as a result of the economic crisis. In addition, employment continues to be concentrated in the informal sector —where wages are lower and there is less access to social protection— and gender gaps persist in the labour market.

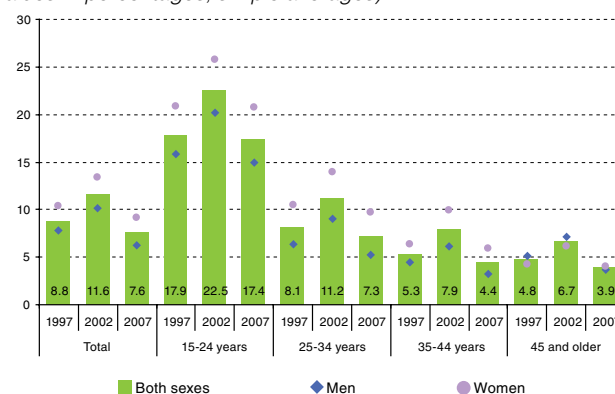
- In aggregate terms, the open unemployment rate for urban areas in Latin America fell sharply from 2002 to 2007, from 11.6% to 7.6%. This trend was observed in all age groups.

- In 2007, women continued to be worse affected by unemployment, as did younger workers. In addition, and as a result of the economic crisis, ECLAC (2009b) has estimated that practically all countries will see an increase in their open unemployment rates in 2009 as compared with the two preceding years.

- In 2007, 49.2% of those employed worked in low-productivity sectors. This rate represents a decrease with respect to the 2000 figure, but is higher than it was in 1994.

■ **Figure II.3** ■
URBAN OPEN UNEMPLOYMENT RATE BY SEX AND AGE GROUP, AROUND 1997, 2002 AND 2007^a

(Values in percentages, simple averages)

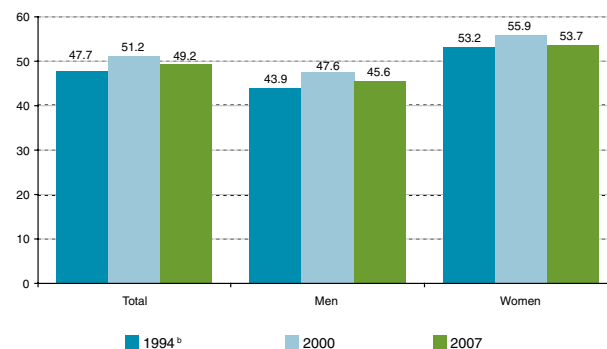


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of the household surveys in the respective countries.

^a Regional data correspond to simple averages; only the following countries where information was available for all three years are included: Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Ecuador, Honduras, Mexico, Panama, Paraguay, the Plurinational State of Bolivia and Uruguay.

■ **Figure II.4** ■
LATIN AMERICA (17 COUNTRIES): WORKERS IN LOW-PRODUCTIVITY SECTORS^a, (ECLAC), AROUND 1994, 2000 and 2007

(Percentages of urban employed, simple averages)



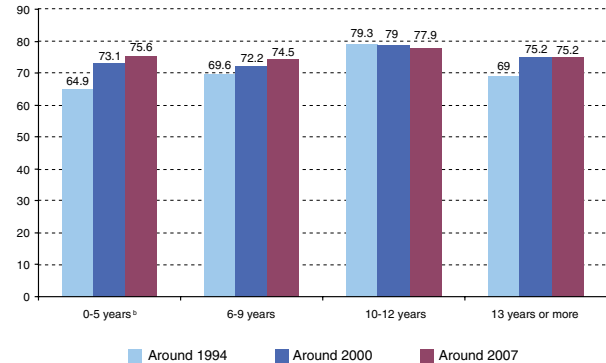
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of CEPALSTAT [online data base] <http://websie.eclac.cl/sisgen/ConsultaIntegrada.asp?idAplicacion=1>.

^a Includes Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

^b No data is available for Guatemala and the Dominican Republic.

- Despite the progress made in reducing the wage gap between the sexes, in 2007 women continued to earn significantly less than men with similar educational backgrounds.
- The high incidence of informal employment results in less access to contributory social protection. In 2006, only 37.3% of workers in Latin America were affiliated to social security schemes. Lower levels of coverage are also seen among the poorest population, those living in rural areas and the urban population who work in the informal sector.

■ **Figure II.5 ■**
LATIN AMERICA (18 COUNTRIES): COMPARISON OF URBAN WAGES BY SEX AND LEVEL OF SCHOOLING, AROUND 1994, 2000 AND 2007^a
(Percentages, simple averages)

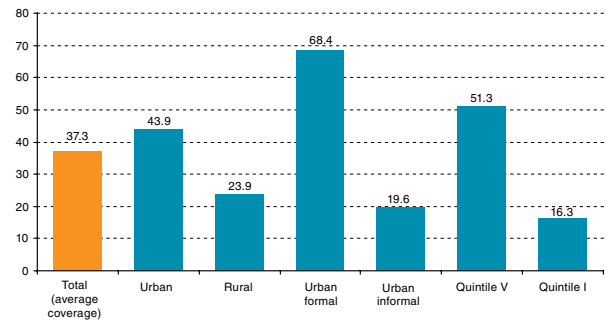


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of the household surveys in the respective countries.

^a The indicator refers to wage-earners from 20 to 49 years old who work 35 hours or more per week. The percentage represents the average pay for women as compared with men. The countries included are: Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

^b No data is available for Argentina (0-5 years of schooling) and Guatemala (6-9 years, 10-12 years and 13 or more years).

■ **Figure II.6 ■**
LATIN AMERICA (17 COUNTRIES): WORKERS COVERED BY SOCIAL SECURITY, AROUND 2006^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2008* (LC/G.2402-P), Santiago, Chile, December 2008.

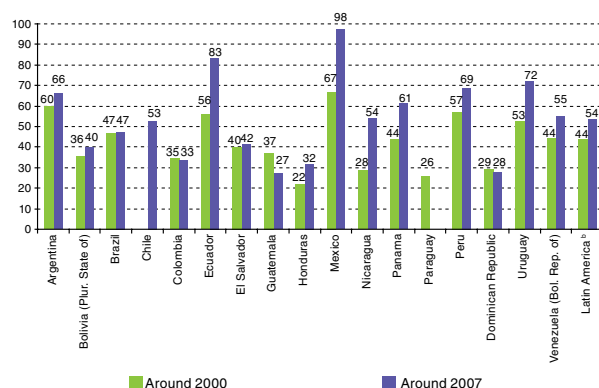
^a Includes data on Argentina, (2006, urban areas), the Bolivarian Republic of Venezuela (2006), Brazil (2006), Chile (2006), Costa Rica (2006), Dominican Republic (2006), Ecuador (2006), El Salvador (2004), Guatemala (2004), Honduras (2006), Mexico (2006), Nicaragua (2005), Panama (2007), Paraguay (2005), Peru (2003), the Plurinational State de Bolivia (2004) and Uruguay (2005, urban areas). The reference population is considered to be workers aged 15 and older who declared earning income through work. In Argentina and the Bolivarian Republic of Venezuela the data corresponds to wage earners.

C. Education

Latin America is very close to achieving universal primary education. Nonetheless, significant gaps still exist in access to preschool and continuation and completion of secondary education. In addition, effective student achievement remains well below desired levels.

- From 2000 to 2007, preschool enrolment for all of Latin America increased from 44% to 54%, with notable increases in Mexico, Ecuador and Uruguay.
- In 2007, the Plurinational State of Bolivia, Brazil, Colombia, the Dominican Republic, El Salvador, Guatemala and Honduras had still not reached the threshold of 50% access to pre-primary education.

■ **Figure II.7** ■
LATIN AMERICA (17 COUNTRIES): NET RATES OF PRESCHOOL ENROLMENT, AROUND 2000 AND 2007^a
(Percentages)

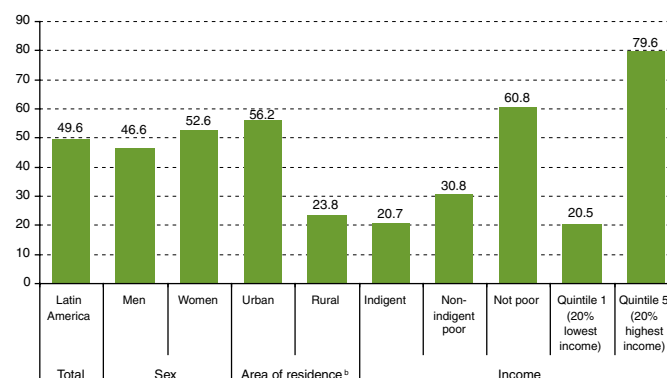


Source: United Nations Educational, Scientific and Cultural Organization Institute for Statistics (UNESCO-IUIS) [online database] http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=143&IF_Language=eng.

- ^a Estimates from the UNESCO Institute for Statistics on the basis of school records, school surveys or censuses with enrolment data by age groups.
- ^b Regional average corresponds to a simple average. Countries with data for both years are included.

- Around 2005, significant gaps still existed in terms of completion of secondary education related to socio-economic situation and area of residence. For example, 79.6% of young people in the highest income quintile completed secondary education, but only 20.5% of those in the lowest income quintile did so. Similarly, completion of secondary education among urban youth was 56.2%, while the figure was 23.8% among rural youth.

■ **Figure II.8** ■
RATE OF COMPLETION OF SECONDARY EDUCATION AMONG 20 TO 24 YEAR-OLDS, AROUND 2005^a
(Percentages, simple averages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2007* (LC/G.2351-P), Santiago, Chile, 2007.

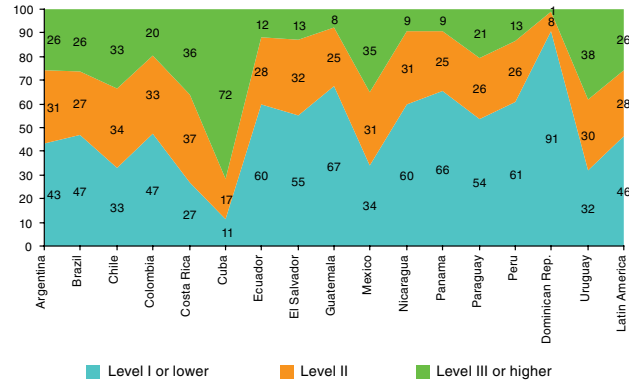
- ^a Regional data includes the following countries and reference years: Argentina, 2005; Plurinational State of Bolivia, 2004; Brazil, 2005; Chile, 2003; Costa Rica, 2005; Colombia, 2005; Dominican Republic, 2005; Ecuador, 2005; El Salvador, 2004; Honduras, 2003; Mexico, 2005; Panama, 2005; Paraguay, 2005; Peru, 2003; Uruguay, 2005 and the Bolivarian Republic of Venezuela, 2005.

- ^b Average of those countries that differentiate between urban and rural areas in the respective surveys (Plurinational State of Bolivia, Brazil, Chile, Costa Rica, Colombia, Dominican Republic, El Salvador, Honduras, Mexico, Nicaragua, Panama and Peru).

■ According to the SERCE study, 46% of Latin American third graders are, at most, able to recognize basic mathematical concepts. The countries with the highest percentage of students able to handle only basic concepts are the Dominican Republic, Guatemala and Panama.

■ The best results were found in Cuba, where 72% of third graders have math competency situating them in level III or higher. A distant second after Cuba come Uruguay, Costa Rica and Mexico (38%, 36% and 35% of students having skills equivalent to level III or higher, respectively).

■ **Figure II.9 ■**
LATIN AMERICA (15 COUNTRIES): MATH ACHIEVEMENT LEVELS^a FOR STUDENTS IN THE THIRD GRADE, 2006
 (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of UNESCO/LLECE (2008). *Second Regional Comparative and Explanatory Study (SERCE). Student Achievement in Latin America and the Caribbean. First report*, Santiago, Chile, UNESCO Regional office for Education in Latin America and the Caribbean (OREALC).

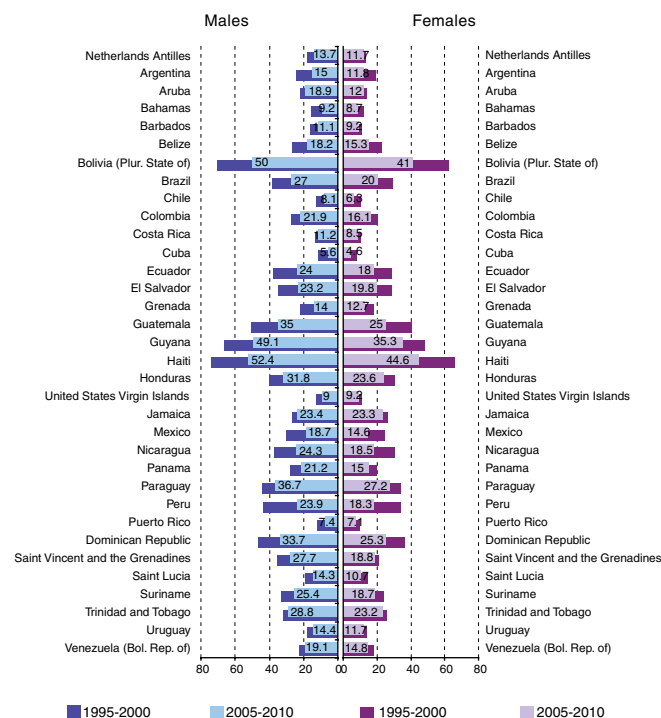
^a Achievement levels in the SERCE study are organized according to progressive levels of difficulty of cognitive processes. Level I: students are at most able to recognize basic concepts in numerical, geometrical and information handling skills. Level II: simple problem solving and recognition of facts, concepts and explicit relationships. Level III: simple problem solving and recognition of facts and implicit concepts. Only Level IV: includes solving complex problems.

D. Health and nutrition

Overall, the countries of Latin America and the Caribbean have witnessed a reduction in infant mortality rates and an increase in life expectancy, which is linked to the expansion of coverage of health and sanitation services and to changes in attitudes and behaviour. Notwithstanding the fact that some segments of the population still face food security issues, undernutrition has also declined.

■ Infant mortality fell from 1995 to 2000 and from 2005 to 2010 in all Latin American and Caribbean countries. The countries with the highest infant mortality rates in 2005-2010 are Haiti, Plurinational State of Bolivia and Guyana. In addition, infant mortality is more prevalent among males.

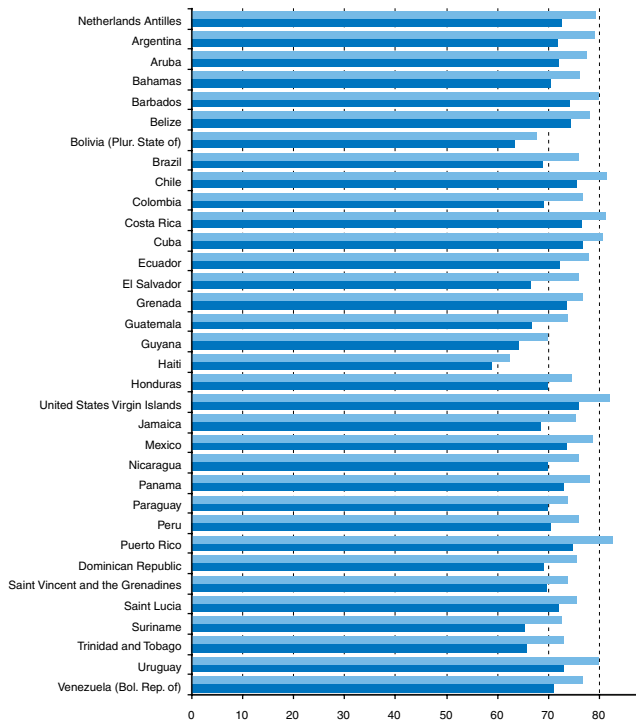
■ **Figure II.10 ■**
LATIN AMERICA AND THE CARIBBEAN (34 COUNTRIES):
INFANT MORTALITY RATE BY SEX
(Rates are per 1,000 live births)



Source: Latin American and Caribbean Demographic Centre (CELADE) - Population Division of ECLAC, 2008 Revision. Population database; United Nations Population Division, World Population Prospects: 2008 Revision, Population database.

■ The countries with the shortest life expectancy in the period 2005-2010 were the same as those with the highest infant mortality: Haiti, Guyana and the Plurinational State of Bolivia.

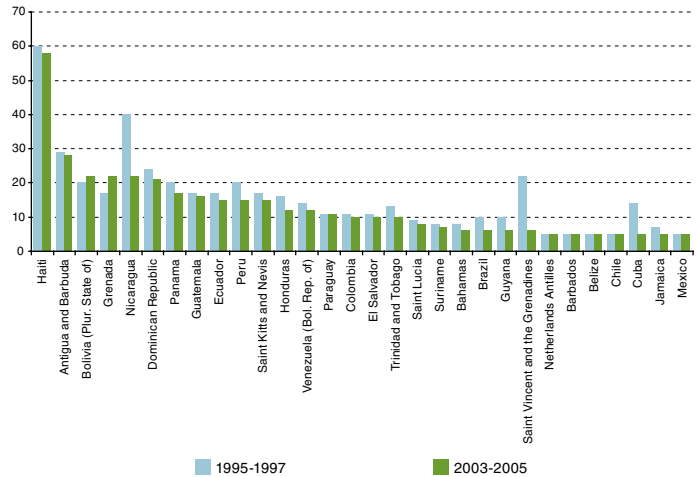
■ **Figure II.11** ■
LATIN AMERICA AND THE CARIBBEAN (34 COUNTRIES):
LIFE EXPECTANCY AT BIRTH, BY SEX, 2005-2010
(Number of years)



Source: Latin American and Caribbean Demographic Centre (CELADE) - Population Division of ECLAC, 2008 Revision. Population database; United Nations Population Division, World Population Prospects: 2008 Revision, Population database.

■ The percentage of the population that is undernourished in Latin America and the Caribbean decreased in 22 countries between 1995-1997 and 2003-2005. The sharpest drops, in absolute terms, were seen in Nicaragua, Cuba and Saint Vincent and the Grenadines. From 2003 to 2005, the countries with the highest prevalence of undernutrition were Haiti, Antigua, the Plurinational State of Bolivia, Grenada, Nicaragua (despite the reduction) and the Dominican Republic.

■ **Figure II.12** ■
LATIN AMERICA AND THE CARIBBEAN (30 COUNTRIES):
POPULATION BELOW THE MINIMUM LEVEL OF DIETARY
ENERGY CONSUMPTION, 1995-1007 AND 2003-2005
(Percentages)



Source: Food and Agriculture Organization of the United Nations (FAO), Food Security Statistics [online database].

III. Institutional capacity

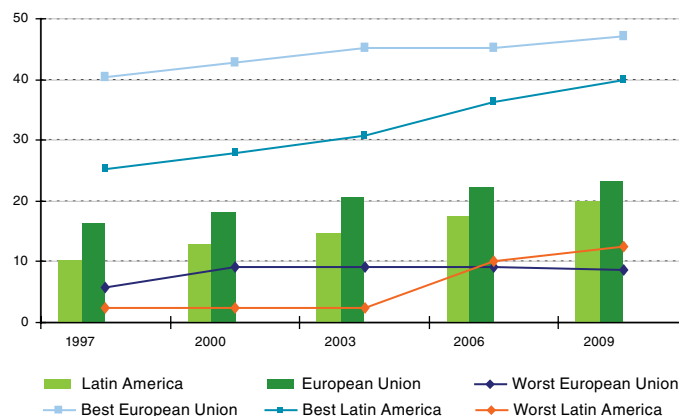
This “objective” pillar of social cohesion attempts to capture the dynamics associated with the operation of numerous institutional areas (democracy, rule of law, public policy, the economy and markets and family) that may directly or indirectly reduce social gaps. Although it would be preferable to analyse this pillar using indicators that directly measure the ability of various institutions to reduce social gaps (different levels of inequality before and after public transfers and taxes, for example), due to issues pertaining to availability of data, this report basically uses approximations. These indicators include institutional commitment to reducing gaps, as well as the sufficiency and quality of institutional operations or performance.

A. Democracy and the rule of law

The countries of Latin America must strengthen the capacities of their democratic institutions and the rule of law in order to reduce social gaps. Despite progress made, there is limited representation and participation of traditionally excluded groups – such as women – in decision-making. Similarly, the operations of State institutions appear to lack transparency when compared with other regions of the world, and the institutions’ ability to resolve conflicts peacefully is not as good as it could be.

■ The participation of women in parliament is an indication of the ability of the democratic system to incorporate social groups that were excluded from political decision-making until fairly recently. Despite the trend towards greater women’s participation in parliament observed from 1997 to 2009, Latin America is still far from achieving gender parity, and regional figures are below those recorded in Europe.

■ **Figure III.1 ■**
LATIN AMERICA (18 COUNTRIES) AND THE EUROPEAN UNION (27 COUNTRIES): PERCENTAGE OF PARLIAMENTARY SEATS HELD BY WOMEN^a (1997-2009)
(Percentages, simple averages)

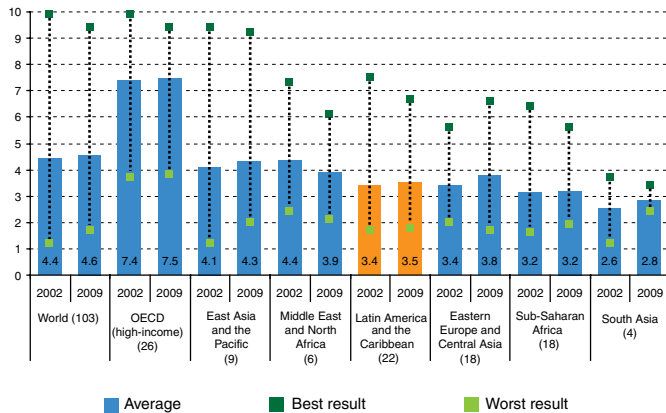


Source: Economic Commission for Latin America and the Caribbean (ECLAC), Database of Social Cohesion Indicators.

^a Best LA and Best EU refer to the countries with the highest number of women in parliament, on average, over the period 1997 to 2009, and correspond to Argentina and Sweden respectively. Worst LA and Worst EU are the countries with the smallest presence of women in parliament, on average, over the period 1997 to 2009, and correspond to Paraguay and Malta respectively.

Latin America and the Caribbean still have poor levels of institutional transparency, given that from 2002 to 2009, the corruption index values showed little variation, with 2009 values at 3.5 on average (on a scale from 1 to 10, from least to most transparent). The regional value for 2009 indicates less transparency than in the 103 countries of the world for which data are available, and a score far below the levels of transparency of the OECD countries.

Figure III.2 ■
LATIN AMERICA AND OTHER REGIONS OF THE WORLD (103 COUNTRIES): CORRUPTION INDEX (TI), 2002 AND 2009^{a b}
(Averages, scale: 10=highly transparent and 0=highly corrupt)

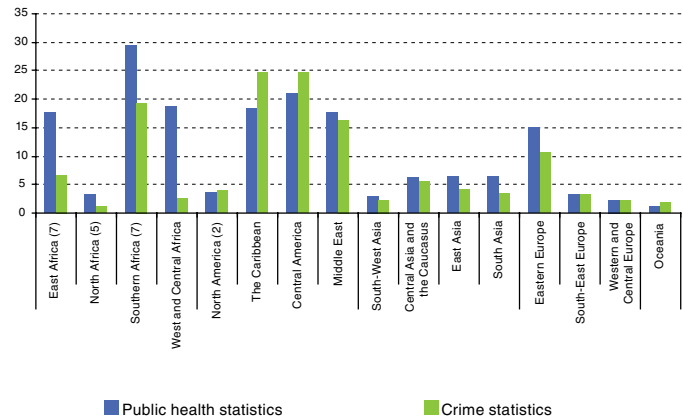


Source: Transparency International [online] <http://www.transparency.org/>.

^a Regional data corresponds to simple averages of the points obtained by the respective countries.
^b The number of countries considered in each region appears in parentheses. Although the Transparency International report includes more countries in 2002 (103 countries) and 2009 (178 countries), the figure depicts only those cases where data is available for both years.

The ability to peacefully resolve conflicts through the rule of law is limited in Latin America, and although this problem is particularly acute in the Central American and Caribbean countries, there are significant issues in South America as well. In fact, homicide rates in Latin America and the Caribbean for 2004 were comparable to those in South Africa, and were significantly higher than in the developed countries.

Figure III.3 ■
DIFFERENT REGIONS OF THE WORLD (129 COUNTRIES): HOMICIDE RATES, ACCORDING TO CRIME AND PUBLIC HEALTH STATISTICS, AROUND 2004^{a b}
(Cases per 100,000 inhabitants)^c



Source: United Nations Office on Drugs and Crime (UNODC), "International Homicide Statistic (IHS)", on the basis of various national and international sources [online] <http://www.unodc.org/documents/data-and-analysis/IHS-rates-05012009.pdf>. For more information regarding methodology and specific sources, see the informational sheet "Metadata and Methodological Text for Intentional Homicide" [online] <http://www.unodc.org/documents/data-and-analysis/IHS%20methodology.pdf>.

^a The UNODC document includes statistics for 198 countries or territories, however, only countries with data from both sources are included here.
^b The regional groupings used by UNODC are used, except in the Americas.
^c Regional data are simple averages of values around 2004. Given the differences between data sources, these are not strictly comparable and only have referential value.

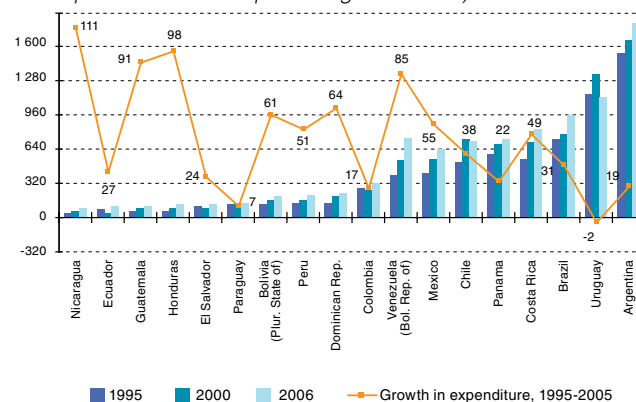
B. Public policies

Despite increases in per capita social spending in the countries of the region, the countries still face significant obstacles to implementing ambitious initiatives to reduce social gaps. In addition to the fact that the countries with the highest levels of poverty and inequality are precisely those that show the lowest social spending, they have limited capacity to finance policies to reduce gaps due to their low tax burden. Moreover, the tax burden remains concentrated in indirect taxes, which have a regressive bias and tend to accentuate the unequal distribution of income.

■ With the exception of Uruguay, per capita social spending in the rest of Latin America rose from 1995 to 2006, with relatively larger increases in Nicaragua, Honduras, Guatemala and the Bolivarian Republic of Venezuela. In 2006, the countries of the region with the highest levels of per capita social spending were Argentina, Uruguay and Brazil, in descending order.

■ Even though the tax burden increased in the region from 1992 to 2008, it remains low when compared to more developed countries. In terms of composition, the tax burden remains heavily dependent on indirect taxes which have a regressive effect on income distribution. Thus, the countries of the region have limited ability to finance policies to reduce social gaps, and due to the tax structure itself, Latin America has one of the world's most unequal income distributions.

■ **Figure III.4 ■**
LATIN AMERICA (18 COUNTRIES): PER CAPITA SOCIAL SPENDING, 1995, 2000 AND 2006^a
(Dollars per inhabitant and percentage variation^b)

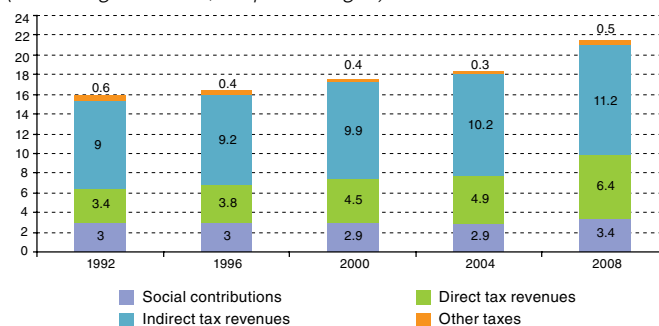


Source: Economic Commission for Latin America and the Caribbean (ECLAC), Database of Social Cohesion Indicators.

^a Due to lack of data for 2006, data from 2005 was used instead for the following countries: the Dominican Republic, Mexico, Nicaragua, Panama, the Plurinational State of Bolivia and Uruguay.

^b Constant 2000 United States dollars are used as a reference in all values.

■ **Figure III.5 ■**
LATIN AMERICA (18 COUNTRIES): EVOLUTION AND COMPOSITION OF THE TAX BURDEN, 1992-2008^{a,b}
(Percentages of GDP, simple averages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Database of Social Cohesion Indicators and Economic Statistics and Indicators Database.

^a Refers to general government taxes for: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Plurinational State of Bolivia and Mexico. Refers to central government taxes for the Bolivarian Republic of Venezuela, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Peru and Uruguay.

^b No data are available for 2008 averages in Colombia, Ecuador and Mexico.

C. The economy

From 2003 to 2008, the Latin American economies experienced robust growth, bringing about favourable conditions for reducing social gaps. Beginning in 2006, however, prices for commodities —particularly food— began to rise and peaked in 2008, which had a severe impact on incomes for the poorest population. These conditions changed in 2009, as GDP plummeted in the region owing to the international crisis and inflation levelled off. The countries of the region are expected to move towards economic recovery in 2010.

■ Per capita GDP in the countries of Latin America and the Caribbean increased substantially from 1995 to 2008, rising from US\$ 3,792 to US\$ 4,919. This increase can be attributed, in large measure, to the period from 2003 to 2008, when the regional economy entered a cycle of robust growth which ended in 2008 with the international crisis. For 2009, an approximate -2.9% contraction in GDP is expected for the countries of Latin America and the Caribbean. ECLAC has projected that 2010 will bring a faster recovery than was initially expected.³

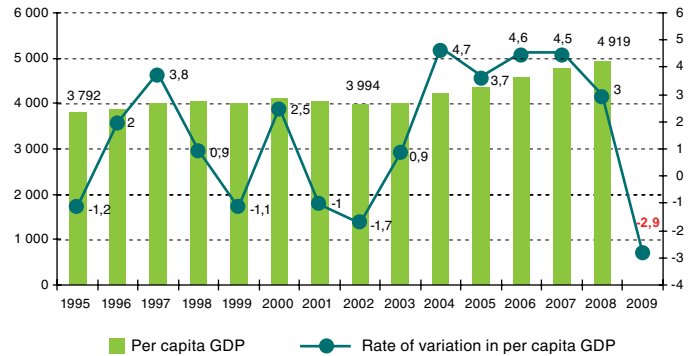
■ Overall inflation —and food prices in particular⁴— rose from 2006 to 2008, which was especially hard for the most vulnerable socio-economic groups, since they spend a large part of their incomes on food.

■ The rise in commodity prices slowed, however, in 2009 owing to the contraction of the international economy. The inflation trend warrants close attention, however, given that if the projections for economic recovery in 2010 are borne out, commodity prices are likely to pick up again.

³ See [online] http://www.eclac.org/prensa/noticias/comunicados/0/38080/tablaPIB_CPI-Balancepreliminar.pdf.

⁴ It should be noted that overall inflation and food inflation from 1995-2008 were substantially lower than in previous periods. In fact, in 1971-1994 those same 18 Latin American countries registered a simple average of 181.8% for overall inflation and 98.5% for food inflation. The sources of inflation (domestic vs. external) also varied from one period to the other.

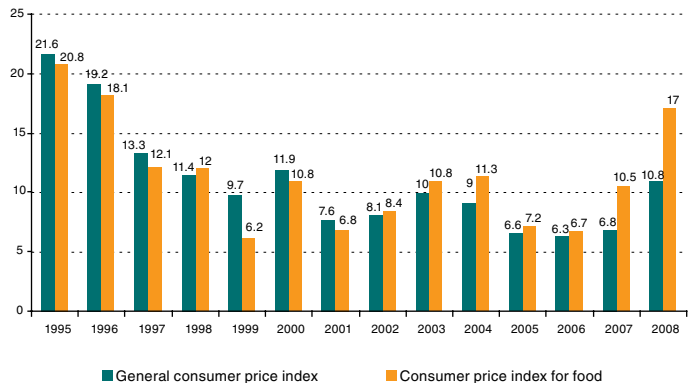
■ **Figure III.6 ■**
LATIN AMERICA AND THE CARIBBEAN (33 COUNTRIES):
EVOLUTION OF PER CAPITA GDP, 1995-2009
(Per capita dollars and annual variation rates^a)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official country figures.

^a Both per capita GDP and annual variation rates have been calculated using constant 2000 dollars.

■ **Figure III.7 ■**
LATIN AMERICA (18 COUNTRIES): VARIATION IN THE GENERAL
CONSUMER PRICE INDEX AND THE CONSUMER PRICE INDEX
FOR FOOD, 1995-2008
(Simple averages, annual rate of variation).



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official country figures.

IV. Citizen support (belonging)

Citizen support (belonging) is the subjective pillar of social cohesion. This pillar includes indicators based on public opinion polls, which provide direct measurements of the degree of citizen adherence to and confidence in the political system and socio-economic order. Indicators of the willingness of social stakeholders to support initiatives aimed at reducing the gaps are also taken into consideration. As a preliminary approach, this report covers a number of indicators related to belonging, which help convey the current status of the quality of the ties between individuals and groups, as well as the willingness of individuals to participate in the public arena.

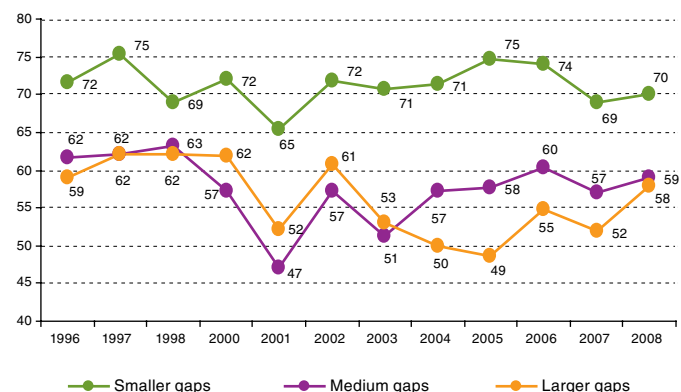
A. Support for democracy and trust in institutions

Based on data from public opinion polls, the majority of the population in the region supports democracy, and this support tends to be higher in countries with smaller social gaps. Nevertheless, mistrust of State institutions and political parties is still substantial in Latin America, and has been more pronounced in countries with the highest levels of poverty and inequality.

■ For all years in the period 1996-2008, citizen support for democratic regimes has been consistently higher in those countries with the lowest rates of poverty and inequality.

■ **Figure IV.1 ■**
LATIN AMERICA (18 COUNTRIES): SUPPORT FOR DEMOCRACY,^a
BY GROUPS OF COUNTRIES CLASSIFIED BY MAGNITUDE OF
SOCIAL GAPS,^b 1996-2008

(Percentages of the population who agree with the statement: *Democracy may have its problems but it's still the best form of government*)



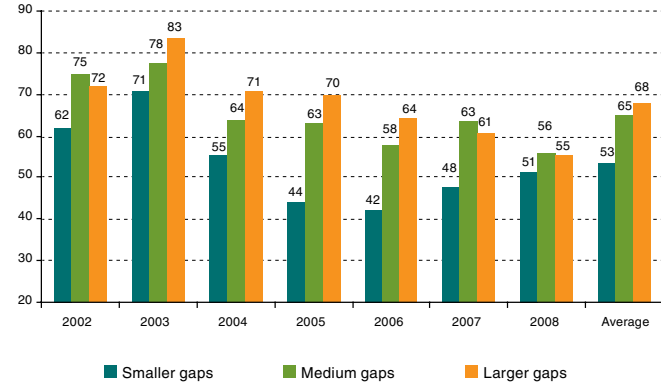
Source: Feres and Villatoro (2009), in *Social Cohesion in Latin America. Concepts frames of reference and indicators* (LC/G.2420), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), forthcoming.

^a The question utilized by Latinobarómetro is: which of the following phrases do you agree with most: (1) democracy may have its problems, but it's still the best form of government there is; (2) under certain circumstances, an authoritarian government might be preferable, or (3) it makes no difference whether the government is authoritarian or democratic.

^b Countries with smaller gaps: the Bolivarian Republic of Venezuela, Costa Rica, Chile and Uruguay; countries with medium gaps: Brazil, Colombia, the Dominican Republic, Panama, Peru, El Salvador and Ecuador; countries with larger gaps: Guatemala, Honduras, Paraguay, the Plurinational State of Bolivia and Nicaragua. For more details on the classification process, see the box in annex 1.

■ Notwithstanding a downward trend in recent years, mistrust in institutions and political parties has remained high in Latin America throughout the current decade. Additionally, mistrust has been lower in countries with smaller social gaps (53% on average from 2002-2008, versus 65% in countries with medium gaps and 68% in countries with larger gaps).

■ **Figure IV.2 ■**
LATIN AMERICA (18 COUNTRIES): POPULATION THAT DOES NOT TRUST STATE INSTITUTIONS AND POLICIES BY MAGNITUDE OF SOCIAL GAPS, AROUND 2002-2008^{a b c}
 (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of the Latinobarómetro survey and the ECLAC Database of Social Cohesion Indicators.

^a Data for the Dominican Republic is only available as of 2004.

^b Includes trust in Parliament, the judiciary, political parties and government.

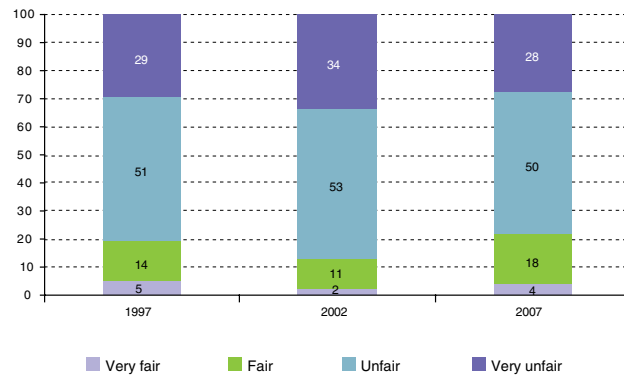
^c Countries with smaller gaps: Argentina, the Bolivarian Republic of Venezuela, Chile, Costa Rica and Uruguay; countries with medium gaps: Brazil, Colombia, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama and Peru; countries with larger gaps: Plurinational State of Bolivia, Guatemala, Honduras, Nicaragua and Paraguay.

B. Perceptions of inequality

The majority of the population in Latin America feel that the distribution of incomes is unfair, which coincides with the highly concentrated nature of the distribution of income in the region. There is also a higher degree of perception that the poor are the social group that suffers the most discrimination. In addition, it should be noted that the opinion that native or Afro-descendent peoples are the groups most discriminated against is more prevalent in counties that have a multicultural make-up.

■ With little variation between 1997, 2002 and 2007, the vast majority of the Latin American population thought that the distribution of income in their country was unfair (51% in 1997, 53% in 2002 and 50% in 2007) or very unfair (29%, 34% and 28%, respectively).

■ **Figure IV.3 ■**
LATIN AMERICA (18 COUNTRIES)^a: OPINIONS ON THE FAIRNESS OF INCOME DISTRIBUTION,^b 1997-2007
 (Percentages of the population aged 18 and over)



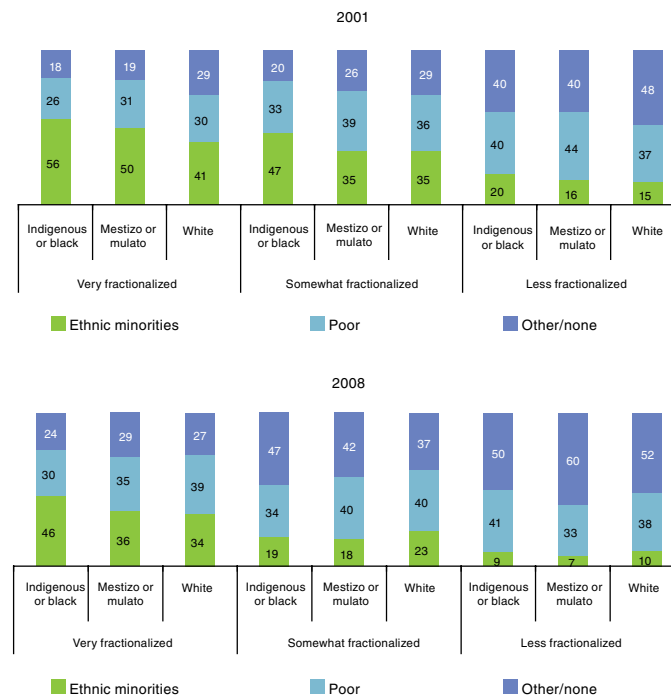
Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2009* (LC/G.2423-P), Santiago, Chile, December 2009.

^a The Dominican Republic is included only in 2007.

^b The question used for all three years was: How fair do you think the distribution of income is in your country?

■ In countries with the lowest levels of multiculturalism, the population is more likely to believe that the poor are the social group most discriminated against. The more multicultural countries, on the other hand, have a higher percentage of people who believe that indigenous or Afro-descendent peoples suffer the most discrimination.

■ **Figure IV.4 ■**
LATIN AMERICA (17 COUNTRIES): PERCEPTION OF SOCIAL GROUPS SUFFERING MOST DISCRIMINATION,^a BY ETHNIC SELF-IDENTIFICATION^b AND DEGREE OF MULTICULTURALISM^c OF COUNTRIES, 2001 and 2008



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Latin America in the Mirror: Objective and Subjective Dimension of Social Inequality and Well-Being in the Region* (LC/G.2419-P), Santiago, Chile, forthcoming.

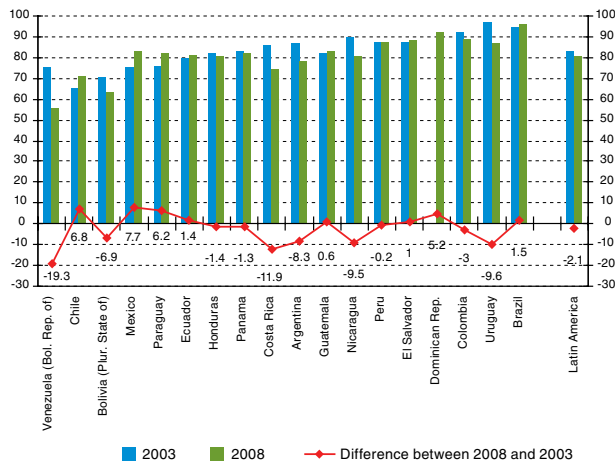
^a The question used in the 2001 and 2008 Latinobarómetro surveys was: Based on what you know or have heard, which people or groups suffer the most discrimination in your country?
^b The question used in the 2008 Latinobarómetro survey was: What race do you consider yourself? During processing, individuals who identified themselves as Asian, Jewish or other races/ethnicities were excluded.
^c Multiculturalism is measured here through an indicator of ethno-linguistic fractionalization (Alesina and others, 2003). According to this criterion, the countries are classified as follows: (i) less fractionalized: Argentina, Uruguay, Chile, Costa Rica, el Salvador and Honduras; (ii) somewhat fractionalized: Colombia, Brazil, the Bolivarian Republic of Venezuela, Nicaragua and Dominican Republic; (iii) very fractionalized: Guatemala, the Plurinational State of Bolivia, Peru, Panama, Ecuador and Paraguay. Less fractionalized means less multicultural. For more details regarding the classification of countries by level of multiculturalism, see box 2 on ethno-linguistic fractionalization in the annex.

C. Support for initiatives to reduce gaps

Although hostility towards taxes and mistrust of the State's use of tax revenues have eased slightly, the vast majority of the population in Latin America still believe that the taxes they pay are high or very high, and greatly mistrust the use of tax revenues by the State. These data reveal major obstacles, from the public opinion standpoint, to financing initiatives to reduce gaps.

■ The percentage of the population in Latin America who feel the taxes paid in their country are high or very high shrank slightly, from 83% to 81% from 2003 to 2008. The sharpest declines —in absolute terms— were seen in the

■ **Figure IV.5**
LATIN AMERICA (18 COUNTRIES): POPULATION STATING THAT THE TAXES PAID IN THEIR COUNTRY ARE HIGH/VERY HIGH, 2003 AND 2008^a
(Percentages and absolute differences)



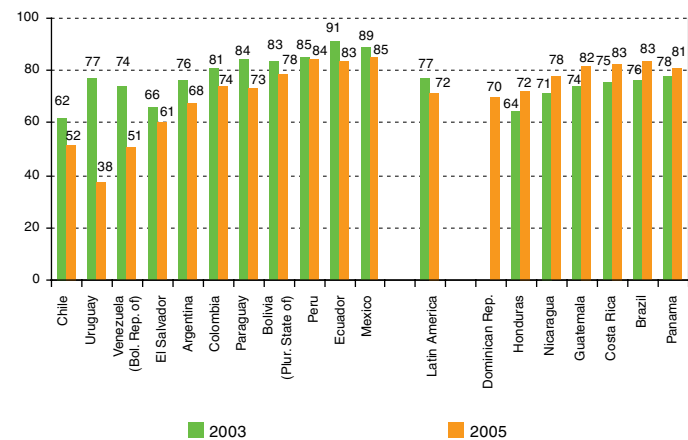
Source: Economic Commission for Latin America and the Caribbean (ECLAC), special tabulation of opinion polls carried out by Latinobarómetro in the respective countries.

^a Data for the Dominican Republic is available only as of 2004.

Bolivarian Republic of Venezuela (where many policies are financed with non-tax revenues) and Costa Rica, respectively. The perception of a high tax burden increased most in Mexico and Chile. In addition, in 2008, Brazil had the highest level of tax hostility, which coincides with the real tax burden in that country (the highest in Latin America).

■ People's lack of trust in how the State uses tax revenue fell from 77% to 72% between 2003 and 2005, but remains high in Latin America. The largest declines in the mistrust of State use of tax revenue were recorded in Uruguay and the Bolivarian Republic of Venezuela.

■ **Figure IV.6**
LATIN AMERICA (18 COUNTRIES): POPULATION THAT DOES NOT TRUST THAT TAX REVENUES WILL NOT BE WELL SPENT BY THE STATE, 2003 AND 2005^a
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations from the Latinobarómetro survey and the ECLAC Database of Social Cohesion Indicators.

^a Data for Dominican Republic is available only as of 2004.

D. Economic expectations

Expectations of intergenerational mobility in the population of Latin America increased from 2004 to 2007, coinciding with the economic growth witnessed over that period, and fell slightly in 2008. In addition, from 2000 to 2008 optimistic economic outlooks were less frequent among residents in countries with higher rates of poverty and inequality, those who gave the poorest assessment of their current economic situations and the population who stated they belonged to a native or indigenous group.

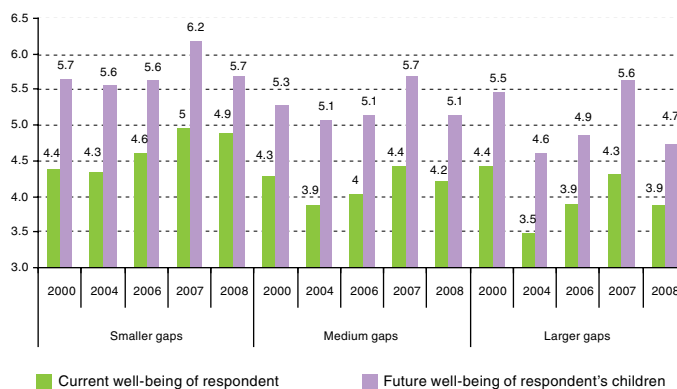
- Expectations for the economic well-being of future generations grew from 2004 to 2007 among the population of Latin America, and dropped slightly in 2008, perhaps in response to anticipation in the media of the onset of the economic crisis.

- In 2000-2008, expectations were consistently higher and fluctuated less in countries with smaller social gaps. In the countries with the largest gaps, however, expectations were lower and more volatile.

■ Figure IV.7 ■

LATIN AMERICA (18 COUNTRIES^a): CURRENT MATERIAL WELL-BEING AND EXPECTATIONS FOR WELL-BEING OF FUTURE GENERATIONS^b BY SOCIAL GAPS IN COUNTRIES, ^c 2000-2008

(Simple averages, scale of 1 to 10 where 1= poorest and 10= richest)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2009* (LC/G.2423-P), Santiago, Chile, 2009.

^a Data for Dominican Republic is available only as of 2004.

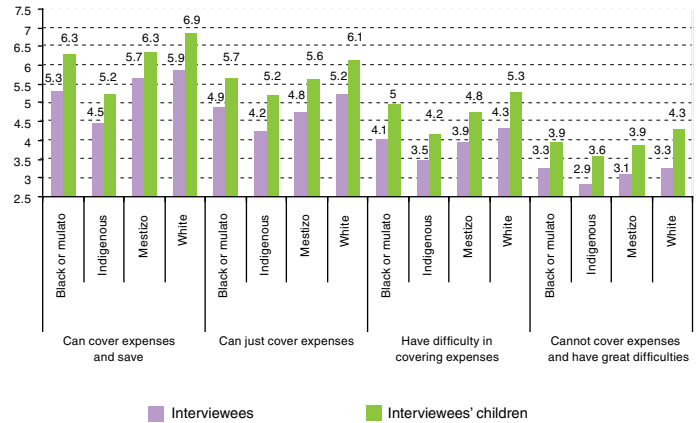
^b The following questions were used in the Latinobarómetro survey for all years included in this analysis: Imagine a scale of 1 to 10 where 1 represents the poorest people and 10 represents the richest. Where would you fit? Where do you think your children will fit?

^c Countries with smaller gaps: Uruguay, Costa Rica, Argentina, Chile and the Bolivarian Republic of Venezuela; countries with medium gaps: Brazil, Mexico, Colombia, Panama, Peru, the Dominican Republic, El Salvador and Ecuador; countries with larger gaps: Plurinational State of Bolivia, Guatemala, Honduras, Paraguay and Nicaragua.

■ In 2008, expectations regarding the well-being of future generations were higher among the population who identified themselves as white and those who stated they were economically better off, and were lower among those who identified themselves as indigenous and reported the worst economic situation.

■ **Figure IV.8** ■

LATIN AMERICA (18 COUNTRIES): LEVELS OF PRESENT AND FUTURE WELL-BEING BY TO ETHNIC GROUP AND PERCEIVED SUFFICIENCY OF FAMILY INCOMES^a, 2008
(Averages, scale of 1 to 10 where 1 = poorest and 10 = richest)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2009* (LC/G.2423-P), Santiago, Chile, 2009.

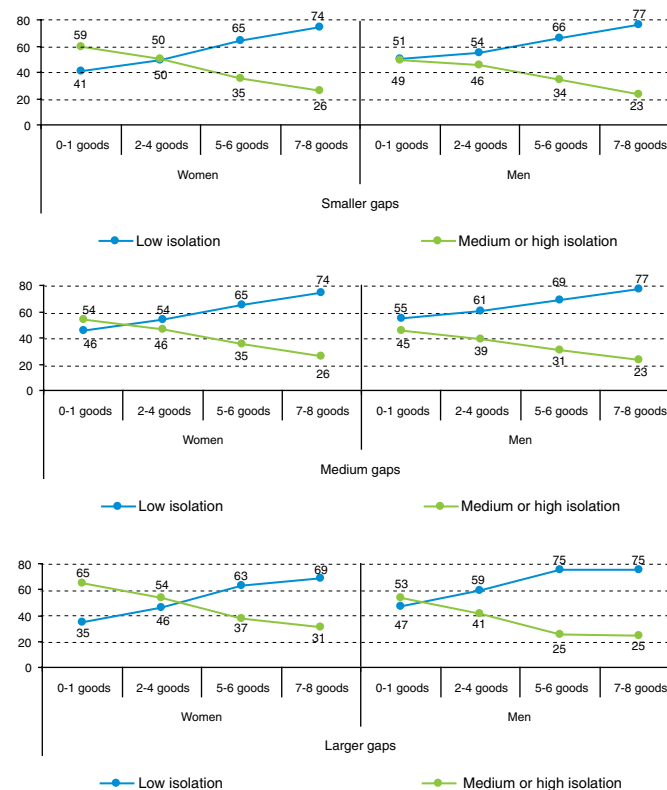
^a The following question was used in the Latinobarómetro survey: Does your wage/salary and your total family income allow you to cover all your basic expenses? Which of the following statements describes your situation: you can cover your expenses and save; you just barely cover your expenses; you have difficulty or extreme difficulty in covering your expenses.

E. Ties and participation

Despite the fact that the quantity and quality of information available does not allow for conclusive judgments about ties and participation (indicators of a deeper dimension such as belonging), there are indications that the poorest members of society —particularly women— are more socially isolated and trust their neighbours less than their wealthier counterparts. When compared with the situation in the more developed countries, involvement in issues of public interest appears to be sparse among the population of the region.

■ In 2007, social isolation (measured by the frequency of social activities with friends, colleagues or family, and the availability of someone with whom one can talk about personal things) was higher among women belonging to the poorest households and those living in the countries with the largest social gaps.

■ **Figure IV.9 ■**
LATIN AMERICA (18 COUNTRIES): SOCIAL ISOLATION,^a BY POSSESSION OF HOUSEHOLD GOODS AND SEX AND BY SOCIAL GAPS IN COUNTRIES,^{b,c} 2007
(Percentages)



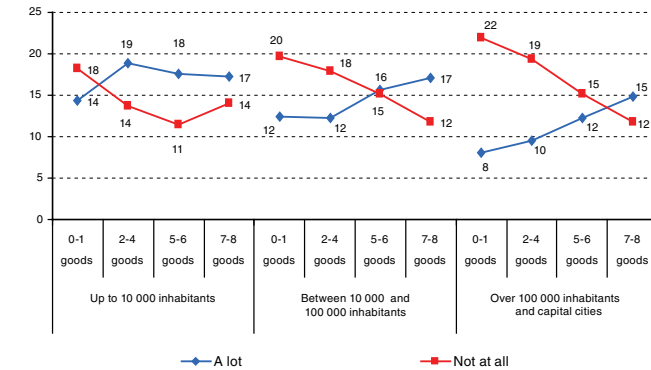
Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Latin America in the Mirror: Objective and Subjective Dimension of Social Inequality and Well-Being in the Region* (LC/G.2419-P), Santiago, Chile, forthcoming.

- ^a People were considered to live in medium or heavy isolation if they stated they did not have anyone with whom they could discuss personal/intimate things and/or they never got together with friends, colleagues or relatives outside their immediate family, or only did so once a month.
- ^b The possession of durable goods and basic services indicator includes: (1) refrigerator/freezer, (2) washing machine, (3) land-line telephone, (4) computer, (5) hot running water, (6) car, (7) sewers, (8) cell phone.
- ^c Countries with smaller gaps: Uruguay, Costa Rica, Argentina, Chile and the Bolivarian Republic of Venezuela; countries with medium gaps: Brazil, Mexico, Colombia, Panama, Peru, the Dominican Republic, El Salvador and Ecuador; countries with larger gaps: Plurinational State of Bolivia, Guatemala, Honduras, Paraguay and Nicaragua.

■ Among residents of more heavily populated urban areas (between 10,000 and 100,000 inhabitants and particularly in cities with more than 100,000 inhabitants), mistrust of one's neighbours increases as the socio-economic situation of the household worsens.

■ The level of political activity (or opinion leadership) among the citizens of Latin America has been consistently lower than among the population of the European Union and, in fact, dropped by 6 percentage points between 2000 and 2006.

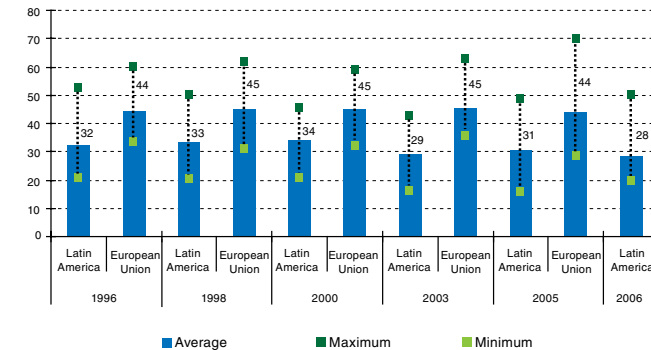
■ **Figure IV.10 ■**
LATIN AMERICA (18 COUNTRIES): PEOPLE WHO TRUST OR DO NOT TRUST THEIR NEIGHBOURS, ^a BY POSSESSION OF GOODS ^b AND CITY SIZE, 2007
(Percentages, simple averages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), special tabulation of opinion polls carried out by Latinobarómetro in the respective countries.

- ^a The question included the following alternative answers: "trusts neighbours a lot", "trusts neighbours somewhat", "trusts neighbours very little" and "does not trust neighbours at all". This figure illustrates the "trusts neighbours a lot" and "does not trust neighbours at all" alternatives.
- ^b The possession of durable goods and basic services indicator includes: (1) refrigerator/freezer, (2) washing machine, (3) land-line telephone, (4) computer, (5) hot running water, (6) car, (7) sewers, (8) cell phone.

■ **Figure IV.11 ■**
LATIN AMERICA (18 COUNTRIES ^a) AND EUROPEAN UNION (27 COUNTRIES): ^b POLITICALLY ACTIVE OR VERY POLITICALLY ACTIVE POPULATION, ^c 1996-2006
(Percentages, simple averages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), special tabulations of opinion polls conducted by Latinobarómetro in the respective countries and the ECLAC database of social cohesion indicators.

- ^a Data for the Dominican Republic is available only as of 2004.
- ^b The European Union includes 15 countries in 2003 and 27 countries in 2005.
- ^c The politically active or very politically active group includes those who state they frequently talk about politics and try to persuade others.

V. Final remarks

■ Despite the progress made, the countries of Latin America continue to demonstrate significant social gaps in both relative and absolute terms. This fact underscores the importance of forging a broad citizen covenant with sufficient resources to substantially reduce the poverty and inequality that have plagued the region for far too long.

■ The challenges implicit in achieving higher levels of social cohesion are numerous, given the fact that large social gaps are accompanied by institutional limitations and restrictions stemming from public opinion. From an institutional standpoint, policies must be fostered to guarantee economic growth to raise the standard of living for the entire population and to make resources available for financing policies aimed at reducing gaps. Additional efforts must be made to increase institutional transparency, ensure peaceful resolutions to conflicts between different social groups and achieve greater democratic participation for all sectors, especially those most excluded.

■ In the subjective arena, achieving strong citizen support for policies to reduce gaps is no small task. Despite the fact that the population of Latin America supports democracy in general and has expectations of intergenerational mobility, in recent years citizens have expressed more or less widespread mistrust of political and State institutions, and on a related note, feel that the taxes they pay are too high and do not trust government use of tax revenues. In addition, there are

perceptions of inequality that are deeply engrained in the population, such as the belief that the distribution of income is unfair or very unfair, and the opinion that the groups suffering the most discrimination are the poor or native and Afro-descendent peoples.

■ Thus, the overview of social cohesion in Latin America presented here demonstrates the need to continue developing systematic actions in this area, with a view to placing the issue on national agendas. Naturally, the exercise presented in this paper is just that, an overview; it does not identify the main problems with and threats to social cohesion in each country, nor does it look systematically at the relationship between the various social cohesion pillars (with the exception of the section on the “subjective” pillar).

■ In order to speed up the process of including social cohesion on the country agendas, mechanisms are needed to engage policy-makers more proactively in assessing the current status of social cohesion in a manner that is appropriate and relevant to their current reality. One possible strategy would be to implement a work programme aimed at building the basic competencies for monitoring social cohesion within the countries, enabling them to prepare their own *national social cohesion reports*. The chief benefit derived from the social cohesion approach developed by ECLAC is that it provides a skeleton, or a tool box if you will, that can be adapted in order to explore and connect various different dimensions of development.

Bibliography

- Alesina, Alberto and others (2003), "Fractionalization", *Journal of Economic Growth*, vol. 8, No. 2.
- ECLAC (Economic Commission for Latin America and the Caribbean) (2009a), *Latin America in the Mirror: Objective and Subjective Dimensions of Social Inequity and Well-Being in the Region* (LC/G.2419-P), Santiago, Chile, forthcoming.
- ____ (2009b), *Social Panorama of Latin America, 2009* (LC/G.2423-P), Santiago, Chile.
- ____ (2009c), *Social Panorama of Latin America, 2008* (LC/G.2402-P), Santiago, Chile. United Nations publication, Sales No. E.08.II.G.89.
- ____ (2007), *Social Cohesion: Inclusion and a Sense of Belonging in Latin America and the Caribbean* (LC/G.2335), Santiago, Chile.
- ECLAC (Economic Commission for Latin America and the Caribbean)/EUROsociAL (2007), *A System of Indicators for Monitoring Social Cohesion in Latin America* (LC/G.2362), Santiago, Chile, December.
- Feres, Juan Carlos and Pablo Villatoro (2009), "Towards a nucleus of key indicators of social cohesion: one step back, two steps forward", *Social Cohesion in Latin America. Concepts, frames of reference and indicators* (LC/G.2420), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), forthcoming.
- García Montalvo, José and Marta Reynal-Querol (2002), "Why ethnic fractionalization? Polarization, ethnic conflict and growth" [online] www.recerca.net/handle/2072/805.
- UNESCO/LLECE (United Nations Educational, Scientific and Cultural Organization/Latin American Laboratory for Assessment of the Quality of Education) (2008), *Second Regional Comparative and Explanatory Study (SERCE). Student achievement in Latin America and the Caribbean: First Report*, Santiago, Chile, UNESCO Regional Office for Education in Latin America and the Caribbean (OREALC).

I. Boxes

■ Box 1 ■

TYPOLOGY OF COUNTRIES ACCORDING TO EXTENT OF SOCIAL GAPS

In Latin America, the percentage of the populations with income below the poverty line is a better way to differentiate countries than the indigence rate, since the latter assumes extremely low values in several countries. In addition, from the perspective of the gaps between groups, the indicator that expresses the ratio of the average per capita income of the wealthiest 20% of households (5th quintile) to the average per capita income of the poorest 20% of households (1st quintile) is a more accurate measurement than the Gini coefficient given that the Gini coefficient is a measurement of distributive concentration that is more sensitive to changes to the average of distribution and less sensitive to variations at the extremes.

The classification of countries was performed by means of a non-hierarchical cluster analysis based on the percentage of the population below the poverty line and the income quintile ratio, using the data available in 2007 as inputs. The factor which most differentiated the country groups was the poverty rate ($p=0.000$), although the income quintile ratio was also statistically significant ($p=0.010$).

It should be noted that the use of the average values for poverty rates and income quintile ratios for 1997-2007 yields very similar results to the use of only 2007 values, except in the cases of the Bolivarian Republic of Venezuela, which would shift into the group with intermediate gaps, and Panama, which would shift to the country group with small social gaps. The significance of the indicators would remain intact as well: the percentage of the population below the poverty line has a significance of $p=0.000$, while the income quintile ratio has a significance of $p=0.046$.

TYPOLOGY OF COUNTRIES ACCORDING TO EXTENT OF SOCIAL GAPS, LATIN AMERICA, CIRCA 2007

Country groups	% of the population below the poverty line	Income quintile ratio
Small social gap	20.0^a	13.4^a
Uruguay	18.1	10.3
Chile	13.7	15.7
Costa Rica	18.6	14.8
Argentina	21.0	15.5
Venezuela (Bolivarian Republic of)	28.5	10.6
Intermediate social gap	38.9^a	20.4^a
Mexico	31.7	14.8
Panama	29	18.9
Peru	39.3	17.2
Brazil	30	25.9
Ecuador	42.6	15.8
El Salvador	47.5	16.3
Colombia	46.8	27.8
Dominican Republic	44.5	26.4
Large social gap	60^a	25.1^a
Nicaragua	61.9	18.6
Paraguay	60.5	19.1
Guatemala	54.8	23.9
Bolivia (Plurinational State of)	54.0	31.5
Honduras	68.9	32.5

Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Latin America in the Mirror: Objective and Subjective Dimension of Social Inequality and Well-Being in the Region* (LC/G.2419-P), Santiago, Chile, forthcoming.

■ Box 2 ■

FRACTIONALIZATION OR POLARIZATION?

In recent years there has been growing interest from an economic standpoint and in comparative international studies on how a population's ethnic composition (or the inter-group composition of a given population) influences institutional operations, economic growth and inter-group conflicts. There are two dominant perspectives in the field: one that emphasizes inter-group diversity and fragmentation and uses fractionalization indices as an indicator of potential conflicts (Alesina et al., 2003), and another that argues that the existence of fewer large groups with opposing interests is more conducive to conflict than several smaller groups (Esteban y Schneider, 2004; García Montalvo and Reynal-Querol, 2002).

The measurement of ethno-linguistic fractionalization is defined as the likelihood that two individuals randomly selected from a population would belong to different groups. The latter approach has the advantage of including the heterogeneities associated with ethnicity and language, while the first measurement of fractionalization only takes into account linguistic differences (this approach was used in the Narodov Atlas of the former-Soviet Union) (Alesina et al., 2003). The fractionalization index has been criticized for its aggregation of what could be considered opposing groups, and conversely, for its de-aggregation of non-opposing groups. The most severe criticism has been that heterogeneity is not the best predictor of conflict. García Montalvo and Reynal Querol (2002) pose the example of two countries, A and B, with three groups each. The distribution of the groups is (0.49, 0.49, 0.01) in A and (0.33, 0.33, 0.34) in B. Which country has the highest likelihood of conflict? According to the fractionalization index, the answer is B, but according to the polarization index (RQ), the answer is A.

Thus, measurements of fractionalization and polarization differ in two basic ways: First, a higher number of groups increases fractionalization but reduces polarization, which reaches its highest level in the case of two equally sized groups; second, the majority of polarization measurements consider inter-group gaps a crucial factor, while fractionalization measurements do not take this information into account. In any case, polarization

LATIN AMERICA: COUNTRIES RANKED ACCORDING TO THEIR LEVEL OF ETHNO-LINGUISTIC FRACTIONALIZATION

Country	Source and year	Ethnic	Linguistic	Average
High fractionalization ($\mu = 0.45$) ^a				
Peru	EB 1981	0.66	0.34	0.50
Guatemala	CIA 2001	0.51	0.46	0.49
Bolivia (Plurinational State of)	Levinson 1998	0.74	0.22	0.48
Panama	EB 1995	0.55	0.39	0.47
Ecuador	EB 1989	0.66	0.13	0.39
Paraguay	Levinson 1998	0.17	0.60	0.38
Intermediate fractionalization ($\mu = 0.29$) ^a				
Mexico	EB 1990	0.54	0.15	0.35
Colombia	EB 1985	0.60	0.02	0.31
Brazil	EB 1995	0.54	0.05	0.29
Venezuela (Bolivarian Republic of)	EB 1993	0.50	0.07	0.28
Nicaragua	EB 1991	0.48	0.05	0.27
Dominican Republic	EB 1993	0.43	0.04	0.23
Low fractionalization ($\mu = 0.16$) ^a				
El Salvador	EB 1993	0.20	-	0.20
Chile	EB 1992	0.19	0.19	0.19
Uruguay	EB 1990	0.25	0.08	0.17
Argentina	EB 1986	0.26	0.06	0.16
Costa Rica	EB 1993	0.24	0.05	0.14

Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Latin America in the Mirror: Objective and Subjective Dimension of Social Inequality and Well-Being in the Region* (LC/G.2419-P), Santiago, Chile, forthcoming.

Box 2 (concluded)

studies have not traditionally used empirical indicators of gaps between groups (using an arbitrary parameter instead), nor have they always explained why they use criteria based on the gaps between groups, when this does not always lead to inter-group hostility and conflict.

Regardless of the underlying validity of each approach, the indicators and values reported by Alesina et.al. (2003) have been used in the text, simply due to availability of data. Strictly speaking, there are not enough ethnic polarization data to sufficiently cover the different countries in Latin America, and the data that are harmonized and published region-wide and could be used to develop a measurement of ethno-linguistic fractionalization based on the 2000 census round, currently only cover 11 countries.

From a formal point of view, the maximum value of the fractionalization index (FI) is 1, where each person belongs to a different group, and the minimum value is 0. From an operational standpoint, FI is defined as 1-the Herfindahl index (HI).Therefore,

$FI = (1 - \sum p^2)$, where p = weight (proportion) of the group in a population. In order to calculate this index, values are first estimated for each component of fractionalization (ethnicity and linguistics), and then a simple average of both components is calculated. In the case of Latin America, the primary source of data used by Alesina et.al. (2003) were: the *Encyclopaedia Britannica (EB)*, the *CIA World Factbook* and the research of Levinson, D. (1998). *Ethnic groups Worldwide, A ready reference handbook*. Phoenix: Oryx Press.

One of the chief obstacles to distinguishing between ethnic and linguistic variables is the fact that language is one of the criteria used by ethnologists when defining ethnicity. However, this problem is not widespread in Latin America, since census questionnaires generally ask individuals whether they *belong to or identify with and ethnic group or race*. By the same token, mother tongue was used in the Alesina et.al. (2003) study as criteria to estimate levels of fractionalization that were exclusively linguistic.

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

II. Technical profile of indicators

A. Gap indicators

1. Population living in poverty or indigence

Definition	Percentage of the population whose average per capita income falls below the poverty or indigence (extreme poverty) line.
Comments	<p>ECLAC prepares poverty and indigence estimates by calculating the cost of basic necessities, which includes a basic consumption basket of food and non-food items. The indigence line in each country is calculated using the cost in local currency of a basic food basket that covers the nutritional needs of the population and takes into account caloric and protein requirements, consumption habits, the effective availability of food and relative food prices.</p> <p>The indigent are defined as persons who reside in a household whose income is so low that even if the whole of that income were used to buy food, the household could not adequately cover the nutritional needs of all its members. The poverty line is calculated by multiplying the values used in the indigence line by a constant factor that takes into account basic non-food expenses (the factor is approximately 2 in urban areas and approximately 1.75 in rural areas).</p> <p>The composition of the basket is generally updated every ten years, while its cost is updated using the consumer price index (CPI).</p> <p>Per capita household income is calculated using the total income variable "adjusted" to the household. The following methodology is used: individuals who fail to state their income are imputed an income equivalent to someone of similar characteristics to obtain a total "corrected" household income. Total corrected household income is then compared with equivalent descriptions in the Household Income and Expenses Account from the National accounts, such that if the amount reported by the respondent is less than in the Accounts, a coefficient is applied to the "corrected" income to bring it in line with that reported in the Income and Expenses Account ("adjusted" household income).</p>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2009*, Santiago, 2009.

2. Gini concentration index

Definition	This index has values in the [0,1] range, where 0 corresponds to absolute equity and 1 to absolute inequity.
Comments	<p>The Gini coefficient is used to measure the degree of concentration of the income distribution. The Gini index corresponds to the area between the Lorenz curve and the perfect equity line (or equi-distribution).</p> <p>If G stands for Gini index, then:</p> $G = 1 - 2 \int_0^1 F(y) dy$ <p>Where F (y) represents the Lorenz curve, that is, the proportion of individuals whose cumulative per capita income is less than or equal to y. A wide range of formulas is available for calculating the Gini index, since the Lorenz curve has no explicit algebraic formulation.</p> <p>The Gini index does not meet two of the properties that are desirable in an indicator of the concentration of income distribution; additive decomposition and the "strong" transfer principle. According to the principle of additive decomposition, the income concentration for a population should be equal to the weighted sum of inequality among all subgroups within that population. According to the "strong" transfer principle, when income is transferred from a "wealthy" household to a "poor" one, the decrease in inequality will be more pronounced as the income gap between the two households widens.</p> <p>It should be noted that given the methodological differences that exist between the sources relied upon for this document, data may not be strictly comparable, principally with respect to the definition of income used for calculations (for example, monetary income, gross income, consumption, expenditures etc), unit of analysis (individuals, households, families) or the use of different equivalency scales (adjustments applied to represent different household needs according to size or composition). Priority was given to data produced using methodologies similar to those employed by ECLAC (calculations based on per capita income and household as unit of analysis).</p>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), CEPALSTAT [online database] <http://websie.eclac.cl/sisgen/ConsultaIntegrada.asp?idAplicacion=1>. World Institute for Development Economics Research of the United Nations University (UNU-WIDER), World Income Inequality Database (WIID), http://www.wider.unu.edu/research/Database/en_GB/database/.

3. Open urban unemployment rate	
Definition	The urban unemployed population aged 15 and older, expressed as a percentage of the economically active urban population aged 15 and older.
Comments	<p>The open urban unemployment rate covers the period 1979/2007 and provides a homogeneous and comparable set of data developed by the ECLAC Social Statistics Unit on the basis of the household surveys from the 18 countries of the region.</p> <p>This indicator refers exclusively to urban areas and is calculated with expanded survey data on the economically active population aged 15 and older. In the numerator, the unemployed population is considered to be those individuals who do not have employment at the time of the survey and have looked for work during the reference period, which excludes those who have become discouraged.</p> <p>The reference period plays an important role in explaining the differences in the values for unemployment. For example, in some countries, the annual unemployment rate corresponds to an average of estimates made throughout the year using successive rounds of a single survey; while the calculations derived from special processing of household surveys sometimes only considers the most recent round of surveys available. The reference period can also play a role due to the effects of seasonal factors, although these effects should be greater in rural areas.</p> <p>The data used in this report are simple averages of national data, where only countries with data available for all three years (1997, 2002 and 2007) are included.</p>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), CEPALSTAT [online database]. <http://websie.eclac.cl/sisgen/ConsultaIntegrada.asp?idAplicacion=1>

4. Workers employed in low-productivity sectors	
Definition	The urban population that works in low-productivity sectors, expressed as a percentage of the total employed population in the urban area.
Comments	<p>Given that the surveys utilized for this indicator do not include a variable for workers in the formal and informal sectors, an approximation has been made based on available information.</p> <p>Workers employed in (informal) low-productivity sectors are considered to be those individuals who are employers or wage-earners who: (1) work in businesses with five or fewer employees (micro-enterprises) or (2) do domestic work. This category also includes unskilled independent contractors (self-employed and unpaid family members without professional or technical qualifications).</p> <p>Surveys do not always collect information on the "size of establishment" variable which is what allows workers to be classified as working for a micro-enterprise. In some countries, the categorization of this variable does not allow for the "five or fewer employees" category, but rather "four or fewer".</p>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), CEPALSTAT [online database]. <http://websie.eclac.cl/sisgen/ConsultaIntegrada.asp?idAplicacion=1>

5. Inter-gender wage ratio, by years of education completed	
Definition	The ratio of the average pay rate of urban women wage earners between 20 and 49 years of age who work 35 hours or more per week to the average pay rate of men with the same level of education.
Comments	<p>A value of 100 indicates wage parity between men and women. Values below 100 indicate the average wage for women is lower than for men, and values above 100 indicate a favourable situation for women.</p> <p>Wages are understood to be the amount paid to workers in money and/or in kind in exchange for hourly work or products delivered, generally over regular periods of time.</p> <p>Some of the limitations inherent in this indicator are the methodological differences that exist between household surveys conducted in each country and the coverage of available data.</p> <p>This measurement refers solely to wage inequalities and does not include the self-employed or domestic workers. Strictly speaking, the gender asymmetries associated with income from work should be greater than those obtained by comparing wages.</p>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), CEPALSTAT [online database]. <http://websie.eclac.cl/sisgen/ConsultaIntegrada.asp?idAplicacion=1>

6. Workers covered by social security	
Definition	Percentage of workers who make contributions to a social security system.
Comments	<p>The reference population consisted of the employed population aged 15 and older who stated they had income from work (does not include unpaid workers).</p> <p>The variables used to define social security contribution vary from country to country. In some cases, reference is made to a contribution to or affiliation with a pension and/or health system (Argentina, Plurinational State of Bolivia, Chile, Colombia, Dominican Republic, Mexico, Paraguay, Peru and Uruguay), and in others, reference is made to participation in a national social security system (Costa Rica, Ecuador, El Salvador, Guatemala, Nicaragua and Panama) or to the right to receive social benefits (the Bolivarian Republic of Venezuela).</p>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2008* (LC/G.2402-P), Santiago, Chile, 2008.

7. Net preschool enrolment rate

Definition	Percentage of the official preschool age population enrolled in preschool.
Comments	<p>The reported data correspond to estimates made by the UNESCO Institute for Statistics on the basis of school records, school surveys or census data on enrolment by age group.</p> <p>The official age for enrolling in a particular grade level varies from country to country. However, the International Standard Classification of Education 1997 (ISCED 97), developed uniform criteria which allow for comparability between countries. Preschool education is classified at "level 0" and includes programmes for children beginning at age 3. The upper age limit for preschool attendance is defined by the mandatory age for starting primary school.</p> <p>The method used to calculate this indicator can produce biases given that: (a) population projections are used when the net preschool rate is calculated in years with no census data, which adds the additional difficulty of the comparability of projection procedures; (b) school administrators may overreport when incentives exist for them to do so and (c) the reference date for entry into pre-primary education may not coincide with the births of all the children in the cohort that is eligible to enrol in preschool. Other limitations include varying quality of school records and lack of enrolment data in the private sector.</p> <p>Net preschool enrolment rates can be disaggregated to allow for the crossing of equity based factors (gender or place of residence). The ability to disaggregate by socioeconomic situation, ethnicity or disability depends on the information compiled from school administrative records. Extrapolating the disaggregated information depends on whether the enrolment and population data coincide, and in practice, disaggregated data from the net enrolment rate by socioeconomic situation are not available.</p>

Source: Institute for Statistics of the United Nations Educational, Scientific and Cultural Organization (UNESCO) [online database] <http://stats.uis.unesco.org/>.

8. Secondary school completion rate, 20-24 year olds

Definition	Percentage of the population from 20 to 24 years old who completed their secondary education.
Comments	<p>This calculation was made on the basis of the International Standard Classification of Education 1997 (ISCED 97), where complete secondary education is equivalent to level 3 (second cycle of secondary education). Individuals are considered to have completed their secondary education when they report the number of years of schooling equivalent to ISCED 3.</p> <p>The main limitations inherent in this indicator are the existence of methodological differences between household surveys conducted in each country and the coverage of available data.</p>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2007* (LC/G.2351-P), Santiago, Chile, 2007.

9. Math achievement levels of third graders

Definition	Distribution of third grade students in each country according to math achievement levels.
Comments	<p>The Second Regional Comparative and Explanatory Study (SERCE) is the most extensive assessment of student achievement in Latin America to date, covering 16 countries in the region. It is coordinated by the Latin American Laboratory for Assessment of the Quality of Education (LLECE), within the framework of the UNESCO Regional Bureau for Education in Latin America and the Caribbean (OREALC/UNESCO). The study's main purpose is to assess the achievement of primary school students in math, language (reading and writing) and science.</p> <p>This indicator illustrates the distribution of third grade students in each country according to math achievement levels. The levels are established on a scale of difficulty of cognitive skills required, which means that when a student has achieved a particular level, he or she demonstrated the skills necessary to solve problems at that level and all the preceding levels. Math achievement is divided into four levels. The comparative assessment is based on a standard test for all countries that was developed around two conceptual models. The first model is the "curriculum approach", which required a review of the official curricula in the region, and the classification of disciplinary, pedagogical and assessment components, so as to identify what is being taught and establish appropriate cognitive domains for students in the participating countries. The second model refers to the "life-skills approach", which considers students' ability to function in a variety of daily life situations by using math concepts, representations and processes.</p>

Source: UNESCO/LLECE, SERCE. Second Regional Comparative and Explanatory Study. Student achievement in Latin America and the Caribbean: First Report. Santiago, Chile, 2008.

10. Infant mortality rate	
Definition	The probability that a new-born child will die before completing one year of life.
Comments	<p>This indicator was obtained from the United Nations data centre (UNdata). The site contains data and estimates conducted through 2008 by the United Nations Population Division, within the framework of the <i>United Nations World Population Prospects, The 2008 Revision</i>. In order to facilitate international comparisons and monitoring of global and regional trends, data have been harmonized. Consequently, national data may differ from the estimates found here. Age-specific rates are calculated using national data on births and deaths from vital statistics registries, censuses and household surveys in developing countries. Estimates based on household surveys are obtained either directly (using birth history, as in demographic and health surveys, DHS) or indirectly (Brass method, as in multiple indicator cluster studies, MICS).</p> <p>Although the best source of information on mortality is a registry system covering 90% of vital events in the population, such systems are not common in developing countries, therefore estimates are also obtained through sampling surveys or by applying indirect estimation techniques to registries, censuses or surveys.</p>

Source: Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC [online database] http://www.eclac.cl/celade/proyecciones/basedatos_BD.htm. United Nations, Population Division. World Population Prospects: 2008 revision, <http://www.un.org/esa/population/>.

11. Life expectancy at birth.	
Definition	The mean length of life of individuals from a hypothetical cohort of births whose members have been subject since birth to the mortality risks of the period in question.
Comments	<p>Country figures are drawn from estimates and projections made by United Nations Population Division and published every two years (World Population Prospects, 2008 Revision). These estimates and projections are based on national censuses or survey data (evaluated and adjusted for deficiencies and inconsistencies). For Latin America, CELADE-Population Division of ECLAC provides detailed estimated and projected population information, broken down by sex, simple ages and calendar year for 1950-2050.</p> <p>Life expectancy at birth reflects the total mortality rate of a population and is the summary of mortality trends prevalent in different groups defined by sex and age (in five-year spans). It is taken from ordered data from the "life tables", which are a series of tabulations that describe the probability of death, the mortality rate and the number of survivors for each age group and sex.</p> <p>The availability and quality of this basic information (vital statistics and population censuses) determine the methods use to estimate mortality by sex and age in each country. When the basic information drawn from these sources does not allow for calculating the level and structure of mortality by sex and age, data are drawn from demographic surveys, indirect estimation techniques, methods of data correction and mortality models (for more information on these procedures, see CELADE (2007), <i>Demographic Observatory Number 4</i>, available at: http://www.eclac.org/publicaciones/xml/5/33265/2007-1080-OD4.pdf).</p>

Source: Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC [online database] http://www.eclac.cl/celade/proyecciones/basedatos_BD.htm. United Nations, Population Division. World Population Prospects: 2008 revision, <http://www.un.org/esa/population/>.

12. Proportion of the population below the minimum level of dietary energy consumption.	
Definition	Proportion of the population those whose dietary energy consumption remains permanently below the minimum dietary energy requirement for living a healthy life and engaging in light physical activity.
Comments	<p>Data collection is performed by Food and Agriculture Organization (FAO), which prepares national estimates. The principle sources of this data are country statistics on local food production ("food balance sheets"), trade (imports and exports), stocks and non-food uses; data on food consumption drawn from national household surveys; anthropometric data by sex and age; and country population estimates provided by United Nations (total population, by sex and age).</p> <p>In these estimates, FAO utilizes a three year average instead of a yearly average, thus compensating for the effects of data errors on annual food stocks that are used to prepare the food balance sheets.</p> <p>Per capita food consumption drawn from household budget surveys on the other hand, refers to an average one year period. Consequently, estimates on sub-nutrition make reference to the average situation over a specific one- or three-year period (depending on whether they draw from household budget surveys or food balance sheets, respectively).</p> <p>This indicator does not measure effective food consumption, nor does it account for the issue of inequities in food distribution within households.</p>

Source: United Nation Statistics Division, Millennium Indicators Database [online database] <http://mdgs.un.org/unsd/mdg/Data.aspx>.

B. Indicators on institutional operation

1. Percentage of women in parliament	
Definition	Percentage of seats held by women in the lower house or unicameral parliament.
Comments	<p>The Inter-Parliamentary Union (IPU) regularly compiles international series, as well as regional and global supplements, where they report on the representation of women in national parliaments. In addition, as part of the monitoring of the Millennium Development Goals, the United Nations Statistics Division compiles annual data based on the IPU reports.</p> <p>It should be noted that there are legal quotas for designating parliamentary candidates in several countries of the region. Argentina was the first country to implement these types of mechanisms (1991), which were introduced beginning in the early 1990s. Such minimum quotas generally range from 20% to 40% of the total number of party candidates or lists. The following countries have this kind of legal requirement (Argentina, Bolivarian Republic of Venezuela, Brazil, Costa Rica, the Dominican Republic, Ecuador, Honduras, Mexico, Panama, Paraguay and Peru).</p>

Source: United Nations Statistics Division [online database] <http://mdgs.un.org/unsd/mdg/Data.aspx>.

2. Corruption index	
Definition	Level of transparency of the institutions in each country on a scale of 0 to 10, where 0= least transparent and 10= most transparent.
Comments	<p>This index is based on expert assessments. It is a proxy to the real level of corruption in each country. The indicator is not aimed at determining the climate of prevailing public opinion on corruption in a given country.</p> <p>The studies used to calculate the CPI include questions regarding the perceptions of experts on the extent of public abuse of power for individual benefit and the toughness of anticorruption measures in place.</p> <p>The procedure used includes the selection from among various sources and studies. In order to be included they must allow for country classification by degree of corruption. Once data sources have been identified, the measurements in each study are standardized using a range of 0 to 10. In the case of studies where prior years are included, previous values are used as a baseline. The resulting country value is derived from the simple average of the standardized score obtained in each selected study or source.</p> <p>Both residents and non-residents are used as sources in developing this index, which acts as a control for possible biases resulting from the internal political climate or certain predominant views in international public opinion.</p> <p>The accuracy of the results obtained for each country will depend on the studies used to calculate the index. The results obtained are more reliable when more studies are available on a particular country and when the country receives similar scores in each study. Transparency International publishes scores for each country and sets an estimated reliability range for each one.</p> <p>Year-to-year comparisons may be vulnerable to changes in sampling and the methodology used to calculate the index, particularly in terms of the number of studies included in the measurement. A strict time comparison of scores should take into account the individual sources of studies for a country over time. Therefore, the data presented here are essentially referential and useful for examining large international trends. Another important aspect is that up until 2005, the index considered studies from the three previous years in calculating averages. Beginning in 2006, the CPI only used two-year data, which is justified in an attempt to obtain more up-to-date measurements and to better reflect recent changes in anticorruption policies.</p>

Source: Transparency International [online] <http://www.transparency.org/>.

3. Homicide Rate	
Definition	Number of illegal deaths caused by the deliberate use of force of one person on another, per 100,000 inhabitants.
Comments	<p>The homicide rate indicator can be useful when making international comparisons, since the act of homicide is generally defined in similar ways from country to country.</p> <p>Its main limitation lies in the fact that countries' civil registry systems do not always have complete coverage. For example, records in rural areas are less complete than in urban areas, as are records in areas with more poverty, less access to public services and those affected by armed conflict.</p> <p>The data presented in this report offer an overview of 129 countries in several regions from approximately 2004. Homicide data are collected both in crime statistics (police, ministries of justice and ministries of security among others) and by public health agencies as part of mortality records. Data from both sources have been included here with a view to providing a more complete and accurate picture of this phenomenon, even though the concepts applied in the criminal justice system are not directly applicable to the public health system.</p>

Source: United Nations Office on Drugs and Crime (UNODC), "International Homicide Statistics (IHS)", on the basis of various national and international sources [online] <http://www.unodc.org/documents/data-and-analysis/IHS-rates-05012009.pdf>.

4. Per Capita Social Spending	
Definition	Estimate of public resources allocated to social services (education, health, social security and housing) per capita.
Comments	<p>The calculation is made using data in local currency at current prices for government social spending and its functional classification, provided by official sources in the respective governmental institutions of each country. In addition, data on budget implementation is also collected. The figures are then expressed in 2000 US dollars.</p> <p>Government social spending includes public spending in education, health and nutrition, social security, labour, social assistance, housing, water and sanitation. Regional differences exist in terms of the methodology and coverage of total public spending series (for example, differences in accounting and definition of social spending). These differences reside mainly in the different institutional characteristics of States, and whether or not local government spending and that of agencies with autonomous budgets are included.</p>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), CEPALSTAT [online database] on the basis of Social Spending databases. <http://websie.eclac.cl/sisgen/ConsultaIntegrada.asp?idAplicacion=1&idTema=6>.

5. Tax burden expressed as percentage of GDP	
Definition	The amount of tax revenues received by the government in a given year as a percentage of the country's total Gross Domestic Product (GDP) in the same year.
Comments	<p>It should be noted that this indicator demonstrates general trends. Given the complexity of public finances, a more detailed analysis of States' ability to finance policies to reduce gaps should consider all resources received and produced by the State that are available to finance public policies. Non-calculated income includes that derived from the exploitation of non-renewable resources, such as oil, copper and gas, as well as income from hydroelectric stations (Itaipú dam) and the Panama canal. In relative terms, this type of income is more significant in countries such as the Plurinational State of Bolivia, the Bolivarian Republic of Venezuela, Panama, Chile, Ecuador and Mexico. In the case of the countries of Latin America, the diversity of administrative structures and tax collection mechanisms should be taken into account. In this regard, a distinction should be drawn between Central and General Governments. Central Government includes the Central Government budget, the extra-budgetary Central Government and social security funds (public system). The General government covers the Central Government plus subnational governments (intermediary and local), which collect taxes for their own local administration. Although most countries in the region are unitary in structure and the majority of taxes are collected by the Central Government, tax collection by subnational governments in the federal countries (Argentina, Brazil, Mexico and the Bolivarian Republic of Venezuela) is significant. Calculations have been made on the General Government when that information is available (Argentina, Plurinational State of Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Uruguay and Mexico), while the indicator refers only to the Central Government for the remaining countries.</p> <p>The following taxes are included in total tax revenue:</p> <ol style="list-style-type: none"> 1. Direct tax revenues: income tax (wages and fees); tax on profits and capital gains (interest and dividends); property tax (real estate, net equity and inheritances) and other direct taxes. 2. Indirect tax revenue: general tax on goods and services (value added tax and sales tax); taxes on specific goods and services (tobacco and minerals); taxes on business and international transactions (customs and currency exchange) and other indirect taxes. 3. Contributions to social security: mandatory or voluntary contributions made by employers or workers to guarantee benefits for those who have contributed, their dependents or survivors. 4. Other taxes.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), CEPALSTAT [online database] <http://websie.eclac.cl/sisgen/ConsultaIntegrada.asp?idAplicacion=1>.

6. Per Capita Gross Domestic product in Constant Prices	
Definition	The ratio of the total value of the flow of all goods and services produced in a country during a reference period (generally one year) to the country's total population in that same period. The value of the flow of goods and services is calculated based on the prices for such goods and services in the base year (constant prices).
Comments	<p>ECLAC prepares its Gross Domestic Product (GDP) calculations on the basis of country data, in particular national sectoral figures in constant prices. The methodology adopted for national accounts in the region in constant 2000 dollars consists of extrapolating and projecting 2000 values with the respective indices on real GDP drawn from official series, and applying them to the total. Thus, the historic overall GDP growth rates remain invariable, as does their correlation to national data.</p> <p>The total population of a country is that estimated by the United Nations Population Division of ECLAC (CELADE).</p> <p>Annual GDP variation rates refer to the percentage of GDP growth from one year to the next. This calculation is based on the ratio of the per capita gross domestic product for a given year n to the per capita gross domestic product in the year $n-1$, expressed as a percentage.</p> <p>The gross domestic product is also defined as the gross added value of the residents of an economy (for example, households, government and businesses).</p>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), CEPALSTAT [online database] <http://websie.eclac.cl/sisgen/ConsultaIntegrada.asp?idAplicacion=6>.

7. Annual variation in the general consumer price index and the price index for food	
Definition	Annual variations in the average price of a basket of general goods and services (general CPI) and food (food CPI) in a specific geographic location (generally a country).
Comments	<p>The consumer price index is calculated using a weighted average of prices, on the basis of a household consumption basket which is representative of the consumption habits of the geographical area covered by the index. The general consumption basket and the food basket should be large enough to be representative of all socioeconomic levels.</p> <p>The data collected by ECLAC corresponds to official figures, since there is no single method for calculating price indices. The mostly widely used method internationally, due to its ease of use, is the Laspeyres method, which is based on a fixed weighted structure.</p> <p>The average annual variation is the ratio of the annual average CPI (general and food) for the year n to the annual average for the preceding year ($N-1$), expressed as a percentage.</p>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), CEPALSTAT [online database] <http://websie.eclac.cl/sisgen/ConsultaIntegrada.asp?idAplicacion=6&idTema=56>, and official country data.

C. Indicators of citizen support (belonging)

1. Support for democracy	
Definition	Percentage of the population aged 18 and older who agree with the phrase “democracy might have its problems, but it is still the best system of government”.
Comments	<p>This indicator was developed by asking individuals which of the following phrases they agree with: (1) democracy may have its problems, but it's still the best form of government there is; (2) under certain circumstances, an authoritarian government might be preferable or (3) it makes no difference whether the government is authoritarian or democratic. This question is available for most years from 1996-2008, with the exception of 1999, when the study was not conducted.</p> <p>This measurement is less sensitive to economic performance than the indicator of satisfaction with democracy, which highlights the fact that it is more a question of the population's buy-in to the democratic system than of changes in the economic situation or the performance of national governments.</p> <p>It should be noted, in any case, that opinion poll results are quite sensitive to the reigning circumstances at the time of the survey, and especially to media agendas. In addition, public opinion data are not standardized, nor do they refer to a single entity, and therefore should be understood in their own context. Given the restrictions inherent in national sample sizes, caution should be exercised when performing break-downs within countries.</p>

Source: Latinobarómetro database 1996-2008.

2. Lack of trust in state institutions and political parties	
Definition	Percentage of the population aged 18 and older who state they trust the government, parliament, political parties and judiciary little, or not at all.
Comments	<p>The Latinobarómetro survey solicits opinions regarding the level of trust individuals have in various national institutions, including state institutions (government, parliament and judiciary) and political parties. The alternative responses are: trusts a lot, trusts somewhat, trusts little or does not trust at all, for each one of the institutions on a scale of 1 to 4, where 1=trusts a lot and 4=does not trust at all.</p> <p>This indicator is generated in the following manner: (a) individual responses to the four questions are added, (b) individual scores are divided by the number of items (in this case, four), producing a summary score for each individual that ranges from 1 to 4 and (c) the individual scores are recoded and individuals are classified in two groups: those who score 3 and 4 are classified into the group who state they have little or no trust in institutions.</p> <p>In general, this index is unidimensional and internally consistent for use in Latin American populations. Cronbach's alpha varies from between 0.77 and 0.801 with different sampling sizes and different years, with internal consistency from acceptable to good. In addition, the questions related to trust in state institutions and political parties account for 40% to 44% of the variance, again according to year and sample size (from 836 to 80,530 cases).</p> <p>This index is calculated for all years from 2002-2008 and covers 18 countries beginning in 2004.</p>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data contained in the Latinobarómetro database.

3. Perception that the distribution of income in the country is unfair	
Definition	Percentage of the population aged 18 and older who state that the distribution of income in the country is unfair or very unfair.
Comments	<p>This indicator is based on a question included in the Latinobarómetro survey for the years 1997, 2002 and 2007.</p> <p>This indicator should not be interpreted as an exact reflection of the objective levels of income distribution inequity that exist in a country. In fact, perceptions and reality of distributive inequality over all the years for which data is available converge in some countries in the region and diverge in others (for more information, see ECLAC 2009b).</p> <p>For the average individual, estimates regarding the true level of inequality in their country would require an extremely high degree of access to fairly sophisticated information. The cost of permanently updating this information on real inequality is likely higher than the benefits derived there from. Even if citizens do not have knowledge of the real level of inequality, their opinions can change if inequality crosses a certain threshold. This non-linear relationship is where citizens might become aware of real inequity at a certain tipping point, “only when things get bad enough”. Slight variations in real inequality might not be sufficient to produce substantial changes in the perception of distributive inequality.</p>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data contained in the Latinobarómetro database.

4. Perception that ethnic minorities are the most discriminated against group in the country	
Definition	Percentage of the population aged 18 and older who believe that the most discriminated against social groups are the indigenous, blacks, mulattos or mestizos.
Comments	<p>The Latinobarómetro study includes a question which asks which people or group are the most discriminated against in the country. The question was asked in the 2001 and 2008 rounds and includes an extensive list of alternative responses, some of which apply to all countries in the region, while others do not. Respondents' answers were grouped into the following classifications: (a) ethnic minorities (indigenous, mestizos, blacks and mulattos), (b) the poor and (c) other groups or there is no discrimination. This indicator helps identify which social groups are most visibly discriminated against according to the population.</p> <p>Mestizos and mulattos were considered ethnic minorities in this study since they can be considered dominated social identities from a symbolic perspective. It should be recognized, however, that this criterion is debatable given that the mestizo/mulatto identities are recategorizations which combine different components of dominant and dominated identities (for example, whites and indigenous people). Nonetheless, this debate has no statistical impact, given the very low incidence of the response “mulattos or mestizos” for the ethnic group most discriminated against.</p>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of the 2001 and 2008 Latinobarómetro surveys.

5. Perception of high tax burden	
Definition	Percentage of the population aged 18 and older who consider the taxes paid in their country to be “high or very high”.
Comments	<p>As was the case with perceptions of distributive equality, opinions on the size of the tax burden should in no way be interpreted as a reflection of the real tax burden.</p> <p>This question does not differentiate between different kinds of taxes, which can generate biases, since opinions vary according to the type of tax in question (for example, consumption taxes as opposed to taxes on income, profits or capital gains), the socioeconomic situation of the respondent and their work situation.</p> <p>This indicator has reliability limitations since it is based on a single question. There is generally a correlation between a measurement's reliability and the number of questions or items used to produce it.</p>

Source: Latinobarómetro database, rounds 2003, 2005, 2007 and 2008 [online] <http://www.latinobarometro.org/>.

6. Mistrust regarding use of tax revenues	
Definition	Percentage of the population aged 18 and older who do not believe that tax revenues will be well spent by the State.
Comments	<p>The Latinobarómetro opinion poll, conducted in 18 countries of the region, includes a question on how citizens feel about how tax revenues are spent by the State. The question is: Do you believe that the money paid in taxes will be well spent by the State? The data presented here correspond to the percentage of respondents who “do not believe the money will be well spent”.</p> <p>This indicator has reliability limitations since it is based on a single question. There is generally a correlation between a measurement's reliability and the number of questions or items used to produce it.</p>

Source: Latinobarómetro database, rounds 2003 and 2005 [online] <http://www.latinobarometro.org/>.

7. Expectations for well-being of future generations	
Definition	Average expectations of the populations aged 18 and older with respect to the future well-being of their children, on a scale of 1 to 10, where 1 = poorest and 10 = wealthiest.
Comments	This indicator would ideally be used in conjunction with a question regarding the respondent's current economic position. By measuring intra-subject differences, an approximation of "intergenerational mobility" could be obtained. This question cannot be used to understand expectations regarding intra-generational mobility. For this, two equivalent questions would be needed in order to compare the opinions expressed by respondents regarding their current economic situation and their expectations for their own future.

Source: Latinobarómetro database, rounds 2003, 2004, 2006, 2007 and 2008 [online] <http://www.latinobarometro.org/>.

8. Percentage of the population living in intermediate or extreme social isolation	
Definition	Percentage of the population aged 18 and older classified as living in intermediate or high social isolation.
Comments	This index combines two questions: How frequently do you meet with, go out with or visit friends, colleagues or relatives outside of your regular activities? and Do you have someone who you can talk to about personal or private matters? The group categorized as living in low social isolation included those respondents who had someone with whom they could talk about personal or private matters and who met with, went out with or visited with friends, colleagues or relatives once or several times a month. The group categorized as living in intermediate/high social isolation included those who stated they had no one they could talk to about personal or private matters and/or met with, went out with or visited with friends, colleagues or relatives less than once a month or not at all. This indicator is only available for 2007.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of the 2007 Latinobarómetro survey.

9. Level of trust in neighbours	
Definition	Percentage of the population aged 18 and older who state they do not trust their neighbours a lot, trust them somewhat, trust them very little or do not trust them at all.
Comments	Data are only available for 2007. This indicator has reliability limitations since it is based on a single question. There is generally a correlation between a measurement's reliability and the number of questions or items used to produce it.

Source: Latinobarómetro database, 2007 [online] <http://www.latinobarometro.org/>.

10. Index of political activity (opinion leadership)	
Definition	Frequency with which people aged 18 and older talk to or try to persuade others about their political position.
Comments	This index has been referred to as opinion leadership in the specialized literature in the field. This indicator is obtained by crossing two questions from the Latinobarómetro survey: (1) the frequency with which respondent discusses politics, and (2) the frequency with which they attempt to persuade others of their political position. An index made up of four categories is thus obtained: very high, high, low and very low. Those who tend to discuss politics often, and at the same time, attempt to persuade others of their political position are considered to have a high level of political activity. In the Latinobarómetro surveys, this indicator is generated using questions regarding "frequency with which one discusses politics" (responses include: often, almost never and never) and "frequency with which one tries to persuade others politically" (very often, often, almost never and never).

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of the Latinobarómetro and Eurobarómetro surveys, rounds 1996, 1998, 2000, 2003, 2005 and 2006 (Latinobarómetro only for the last year).