

SOCIAL PANORAMA OF LATIN AMERICA 2002-2003

NOVEMBER 2003 No.31

LITTLE PROGRESS IN OVERCOMING POVERTY

1 Social Panorama of Latin America 2002-2003

2 **OPINION**

4 Hunger Declines in Latin America and the Caribbean

5 *Fome Zero*: Anti-Hunger Drive in Brazil

7 The Invisibility of Women's Poverty

9 Social Spending Rises and Becomes Better Focused

10 In Latin America Labor Regulations Are Not Followed

11 **STATISTICAL APPENDIX**

12 **RECENT TITLES**

12 **CALENDAR**

This publication is also available in Spanish and on the Internet: www.eclac.cl or www.eclac.org.



UNITED NATIONS

ECLAC

Economic Commission for Latin America and the Caribbean

In 2002, 221 million Latin Americans, 44%, lived in poverty, while 97 million, 19.4% of the total population, were indigents. These estimates are included in a synthesis of the report, *Social Panorama of Latin America 2002-2003, Summary*, prepared by the Economic Commission for Latin America and the Caribbean (ECLAC).

The poverty rate remained virtually constant from 1999 to 2002, moving barely 0.2 percentage points, while extreme poverty rose 0.9 percentage points. As a result, the number of poor people in 2002-2003 was 10 million more than in 1999. Most are indigents.

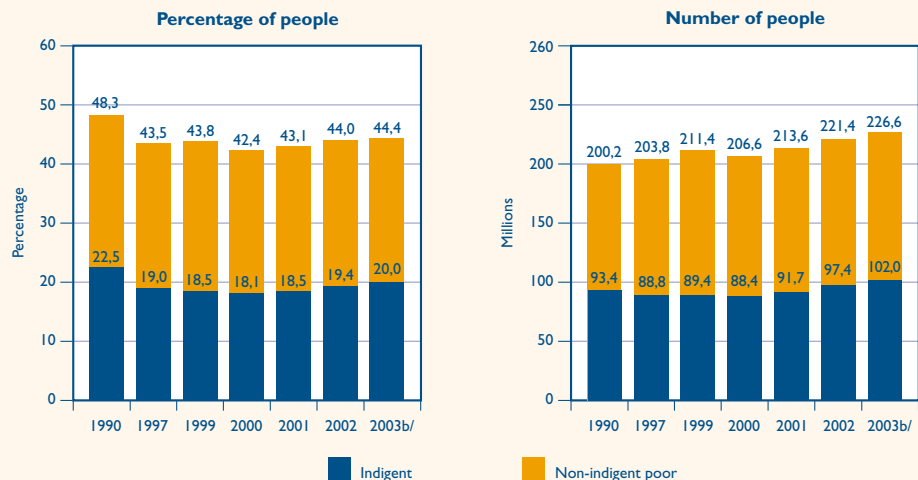
Progress toward overcoming poverty bogged down during the past five years, with

poverty and indigence rates remaining virtually constant since 1997, according to comparisons of poverty and indigence levels in 2002 with those from previous periods. The sole exception was 2000, when better economic performance reduced the numbers of the poor by more than 4 million people.

At the country level, trends in these indicators from 1999 to 2002 also posted some rather slight shifts. Exceptions include Argentina and to a lesser extent Uruguay, where living conditions deteriorated gravely. In urban Argentina (Greater Buenos Aires), the poverty rate doubled between 1999 and 2002, rising from 19.7% to 41.5%, while indigence rose almost four-fold, from 4.8% to 18.6%.

(continued on page 3 ➔)

Latin America: Poverty and Indigence, a/
1990-2003



Source: ECLAC, on the basis of special tabulations of data from household surveys conducted in the countries.

a/ Estimates for 19 countries of the region.

b/ The figures for 2003 are projections.

STRUGGLING AGAINST HUNGER AND POVERTY

ALICIA BÁRCENA

ECLAC places a high priority on activities that seek to achieve the Millennium Development Objectives and efforts in that direction within the region. Its activities include analysing countries' progress since the early 1990s and the possibilities of eliminating poverty and hunger.

The current situation is not very encouraging when it comes to meeting the target for extreme poverty, particularly after the social and economic setbacks experienced in 2001 and 2002. Until 2000, the region's rate of progress was about 40%, in line with the time that had passed for achieving this target. Today progress is barely 27.6%, despite the fact that almost half the established period has passed: 1990-2015.

Both economic growth and income redistribution are fundamental to meeting the target for poverty reduction.

It is estimated that the region's total output must grow 4% per year over the next 12 years to cut extreme poverty by half. In the case of countries with indigence levels of over 30%, the rate required is 5.9% per year, above their historical performance.

ECLAC insists that the benefits of economic growth must be distributed progressively, favouring those who are poorest. According to its estimates, small declines in indices for income concentration would be enough to considerably reduce the economic growth rate required to achieve the target.

Halving extreme poverty requires different efforts from each country. At least ten could achieve the target with growth close to the average for the best five years during the past decade. The prospects are less encouraging for other countries, particularly those that have been unable to reduce indigence since 1990. However, it is too soon to think that some will not meet the target, because

there are still 12 years to go. It should be remembered that in the past decade, some countries significantly reduced extreme poverty in shorter periods.

In terms of the goal of eliminating hunger, ECLAC evaluated the current situation and the possibility of countries halving the proportion of the population suffering from undernutrition and infant malnutrition. This evaluation was carried out with support from the Regional Office for Latin America and the Caribbean of the World Food Programme (WFP).

This process detected that while there has been some progress, it remains insufficient given the seriousness of the problem: it is likely that just 13 of 22 countries achieve both goals by 2015.

“Both economic growth and income redistribution are fundamental to meeting the target for poverty reduction.”

The problems of hunger and food insecurity have become more severe given the region's difficulties with regard to economic growth since 1997, the high levels of inequality in income distribution, and because recent crises have worsened the population's living conditions in some countries.

Undoubtedly, the most pressing problem in Latin America and the Caribbean is the lack of access to suitable amounts of food of suitable quality, which affects some 55 million people. We must not forget that the undernourished population and children suffering from malnutrition are a sure way of reproducing extreme poverty in the next generation.


But while the fight against extreme poverty is an important part of defeating

hunger, it cannot be assumed that efforts to reduce poverty guarantee the elimination of hunger within a reasonable period. While extreme poverty and hunger are closely related, they are not one and the same thing. Part of the population affected by malnutrition does not belong to the poorest stratum and, at the same time, not all the low-income population shows the most acute consequences of the lack of food.

As with poverty, the enormous inequalities in income distribution are among the main causes of the lack of access to food, because most countries produce enough.

To achieve food security for all Latin Americans and Caribbeans is an urgent task requiring the design of special policies and programmes. This has already started in some countries, while others must coordinate action by the State with that of international agencies and NGOs.

For these new policies to be successful, they must be inclusive, transparent and take into account all social actors. On the way to eradicating both hunger and extreme poverty it is relevant to advance in the mechanisms key to financing sustainable development, to overcome the marked asymmetries that characterize the world economic order. But guaranteeing their success requires humanizing the cold figures and recognizing the human face of these two scourges that affect the social fabric.

At the same time, successful experiences in fighting hunger must become a permanent source of learning to guide future actions and improve programmes already underway. In our globalized world, governments and citizens must further consolidate economic, social and cultural rights. 

The author is ECLAC's Deputy Executive Secretary.

Elsewhere, Mexico and Ecuador (urban area), Honduras and the Dominican Republic managed to reduce poverty and indigence. The latest household survey available for Mexico suggests a 1.7% drop in the poverty rate and a 2.6% decline in the indigence rate, both over 2000 figures. This should reflect a decline in rural areas, since urban poverty held steady and indigence rose slightly.

In Ecuador, after the 1999 recession which pushed poverty up to almost 64%, poverty then fell 14.6% and indigence 11.9% in urban areas.

In Honduras both rates fell 2.4% compared to 1999, bringing the percentage of the population living in poverty to 77.3%, 54.4% in indigence. In the Dominican Republic, the poverty rate fell by 2% and indigence 1.8%.

The countries whose poverty rates changed the least included Brazil, Costa Rica, El Salvador, Nicaragua, Panama (urban area), Paraguay and Venezuela. Except for Paraguay, the percentage of poor people remained the same or fell between 1999 and 2001-2002, although never more than one percentage point.

Venezuela deserves special mention, since its small reduction in the poverty rate (-0.8 percentage points) during this period followed a decline of more than five percentage points in 2000, followed by a strong rise in 2002, reflecting the drastic decline in GDP (-9.6%).

Poverty Will Rise in 2003

ECLAC projections for 2003, based on economic growth forecasts, indicate that poverty will again rise at the regional level, reflecting above all the lack of per capita GDP growth.

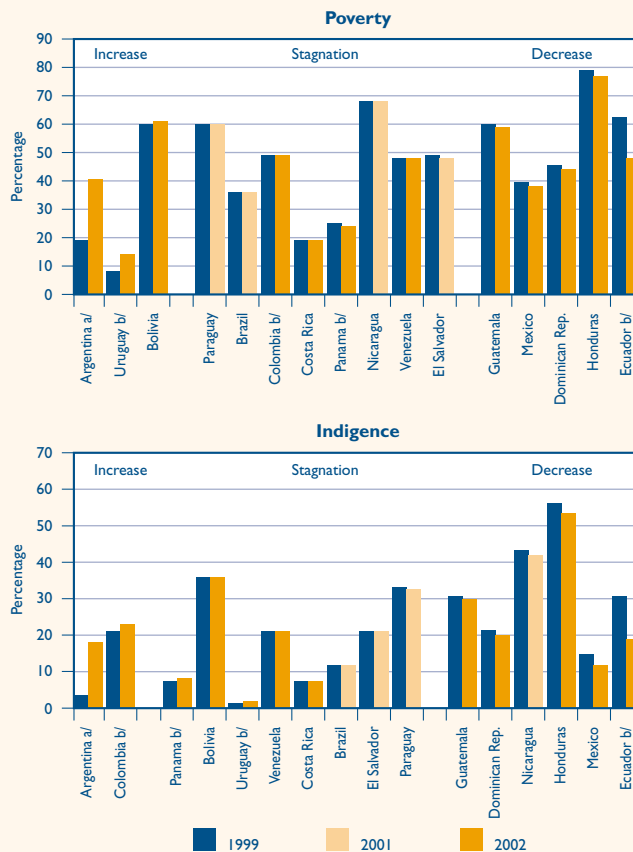
Although in percentage terms the rise forecast is slight, in terms of numbers poverty will engulf an additional 6 million people, approximately. According to these estimates, 44.4% of Latin Americans will have fallen below the poverty line toward the end of this year. Of these, the number of indigents will reach 102 million people.

Living conditions should remain virtually unchanged in most countries, except Venezuela, where poverty could rise significantly, and Argentina, where resumed economic growth should reduce the percentage of poor people.

Evaluating Progress Toward the Millennium Targets

The challenge of meeting the poverty reduction target of half by 2015, to which the United Nations Member States committed themselves at the Millennium Summit (2000), has become more complicated due to countries' poor economic performance in the past two years (2002-2003).

Latin America (11 Countries): Poverty and Indigence, 1999-2002



Source: ECLAC, on the basis of special tabulations of data from household surveys conducted in the countries. a/ Greater Buenos Aires. b/ Urban areas.

Toward 2000, the region's progress in this area had reached about 40%. But given economic and social declines in 2001 and 2002, the percentage of progress accumulated fell back to 27.6%, despite the fact that almost half the time for meeting the target has already passed.

ECLAC estimates that the region's per capita output would have to rise 2.6% per year over the next 13 years to meet the first of the Millennium Development Targets, if current distribution is maintained. Despite being more difficult than in 2000, meeting the target could still be feasible for several Latin American countries if they resume a pace of economic growth similar to that posted during the best years of the 1990s.

Chile is the only country that has reached the target ahead of time. Moreover, Brazil (82% progress), Ecuador (52%), Guatemala (55%), Mexico (66%), Panama (48%) and Uruguay (55%) are on schedule or ahead of the percentage expected for 2002 (48%).

Other countries are generally lagging in terms of meeting the first Millennium Target. The most worrisome cases are Argentina,

Colombia and Venezuela, whose indigence levels in 2002, far from declining, were higher than in 1990.

ECLAC estimates that halving total poverty by 2015 is a target more in line with the degree of development apparent in 2002-2003. But this indicator has clearly progressed less than extreme poverty. As of 2002, poverty in the region had progressed by barely 18% compared to 1990. This represents a decline of six percentage points compared to 2000.

Unlike the situation with extreme poverty, no country has managed to reduce total poverty levels by half. Moreover, Chile and Panama are the only ones that have progressed more now than in the past.



Improving Income Distribution Would Relieve Poverty


As it has done in its latest proposals, ECLAC argues in this report that distributing income could strengthen the impact of economic growth on poverty reduction. A 5% reduction in the Gini index (indicator for income concentration) could reduce the time required to halve extreme poverty by two to five years.

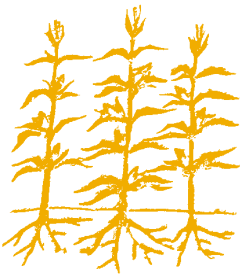
In practical terms, growth with redistribution would allow

countries such as Mexico, Uruguay and Brazil to reach the target in less than three years, while without improving distribution none of them would achieve this before 2015. Costa Rica, Ecuador, Guatemala, Panama and El Salvador should reach the target before or during 2009, which would be less likely without a change in distribution.

But trends in income distribution in 2002-2003 are not encouraging. Already in 1990-1997, the indicators for income concentration were very immobile and even tending to worsen in some countries, except Uruguay and Honduras.

Something similar has happened in the latest period (1997-2002): nine of 14 countries examined reveal a stagnation or a decline in the Gini index, which peaked in Argentina (it rose 11.3% in Greater Buenos Aires), Ecuador (it rose 9.4% in the urban area) and Costa Rica (it rose 8.4%). Mexico and Panama seem to be the only cases where there has been a significant decline in income concentration.

The new figures, warns the UN's regional body, reaffirm the tremendous rigidity of income concentration in these countries during 2002-2003 and in the Caribbean. This factor limits the possibilities of progress toward the poverty reduction target. 



HUNGER DECLINES IN LATIN AMERICA AND THE CARIBBEAN

Almost 54 million people of Latin America and the Caribbean, 11% of the population, suffered some degree of undernourishment in 2000 and around 8% of children under five years of age were underweight for their age, according to the *Social Panorama of Latin America 2002-2003, Summary*, one of ECLAC's main reports.

The year's report includes a chapter on the issue of hunger in the region, prepared with support from the UN's World Food Programme (WFP).

More than 20% of the population in Bolivia, Guatemala, Haiti, Honduras, Nicaragua, the Dominican Republic and Venezuela experience hunger, while in Argentina, Chile, Costa Rica, Ecuador, México and Uruguay no more than 5% experience hunger. This reveals that food availability differs among countries and within them.

Despite these alarming figures, in Latin America and the Caribbean hunger and food insecurity is less dramatic than in other developing regions. Moreover, there has been some progress. In the past decade, the percentage of the population suffering from undernourishment fell in 19 of 23 countries. According to the report, this reflected the rise in the availability of food and a decline in extreme poverty.

Similarly, acute infant malnutrition rates -one of the indicators for monitoring the UN Millennium Declaration targets- seem to have fallen in the past decade, from 13-14% of the population to 8-9%. Chronic malnutrition fell from 23-24% to 18-19% of the population under five years of age.



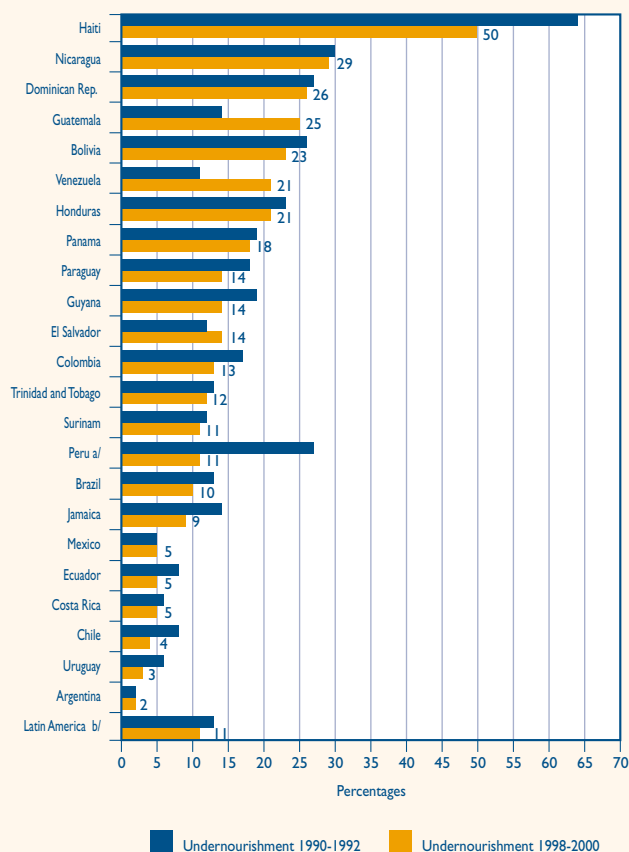
Inequality Rather Than Lack of Food

The situation reveals its true seriousness, however, if instead of looking at minimums we examine the average rates for meeting people's calorie requirements: 22% of the population falls below this line and almost 21% of children post chronic or serious malnutrition.

Food insecurity and hunger in Latin America and the Caribbean are closely associated with extreme poverty, but should not be confused with it.

More than a lack of food, the problem of hunger reflects insufficient access to food resulting from people's limited income and enormous inequality in income distribution. A distinctive feature of this region is the intermediate and high degree of inequality in food consumption in several countries, a condition which increases food insecurity and undernourishment above what they should be in view of countries' capacity to produce and import food.

Latin America and the Caribbean: Percentage of the Population Suffering from Undernourishment between 1990-1992 and 1998-2000



Source: **ECLAC**, on the basis of data from the Food and Agriculture Organization of the United Nations (FAO).
 a/ The first figure corresponds to 1992-1994.
 b/ Weighted average for 24 countries.

In most countries food availability amounts to more than 2,200 kilocalories per person per day, the level below which the aggregate supply of food is considered critical. These exceptions are Bolivia, Guatemala and Haiti. But the region posts enormous inequality in food consumption.

The problems of access to food become more complex given the fact that these inequalities follow disparities among those living in different geographical regions within countries and ethnic groups, family types and gender.

The **ECLAC** study also points to a worrisome trend: unequal access to food consumption has risen in almost all countries in recent years. The UN organization estimates that the decline in undernourishment indicators apparent between the beginning and end of the past decade primarily reflects a rise in the aggregate supply of foods.

Central American countries face an additional factor that contributes to the precariousness of food. High undernourishment indices reflect the delicate balance necessary when food availability depends on both domestic production and imports. For

FOME ZERO: ANTI-HUNGER DRIVE IN BRAZIL

Upon assuming power in January of this year, the new President of Brazil, Luis Inácio da Silva, started the *Fome Zero* programme (Zero Hunger). This gave the fight against hunger and food insecurity top priority among programmes that aim to improve living conditions for those living in poverty.

Fome Zero has shifted the focus toward resolving the problem of hunger, which affects some 11.6 million families (53 million people in 2001) in Brazil, within a reasonable period.

The government's analysis is based on the existence of a vicious circle that causes hunger: lack of jobs, people's low purchasing power, reduced demand for goods, higher unemployment and lower family incomes. *Fome Zero* attempts to break this cycle.

One of its main components is the sub-programme *Cartão Alimentação* (PCA), which makes direct transfers to the poorest families to raise their consumption of food. This includes the provision of a monthly benefit to purchase basic foods at sales points that have registered previously for this purpose, thus ensuring that the rise in households' purchasing power actually goes to food.

According to **ECLAC** calculations, the average cost of this basket at June 2003 prices was about US\$17. The benefits from the PCA should meet the basic monthly food requirements of one family member.

Potential PCA beneficiaries are those households whose monthly income per capita does not exceed the average minimum wage. The benefit lasts for six months, which can be extended for up to 12 months, and the family's participation in this programme does not exclude it from other social programmes (minimum income, bolsa escola, school meals).

Toward June of this year, about 58,000 families were covered by the programme, with coverage rising by 100% per month during the first half. Although the number of families benefited remains low, if it grows just 16% per month, by the end of 36 months it would achieve full coverage, which is considered possible. When this target is met, investment in the *Cartão Alimentação* programme will reach almost 2% of GDP.

example, a recent drought in Guatemala, Honduras and Nicaragua brought a sharp decline in food supply, which was exacerbated by a steep drop in the price of coffee on international markets.



Mechanism for Transmitting Poverty

Among the many shortages facing households in extreme poverty, the lack of food is the most serious and urgent to redress, given its consequences.

Inadequate food supply from the nutritional point of view affects not just those who live in extreme poverty but also broader strata and groups living in specific areas or regions with permanent food insecurity.

The **ECLAC** defines undernourishment as “an acute, persistent shortage of food that prevents the minimum caloric requirements of the population from being met.” Malnutrition is its most serious manifestation, especially among children. In children under five, malnutrition takes two forms: acute (low weight-for-age) and chronic (low height-for-age or stunting). The latter is the most serious in Latin America and the Caribbean because of the irreversible nature of its negative effects.

Child malnutrition is “also one of the primary vehicles for the intergenerational transmission of poverty and inequality,” states **ECLAC** and the WFP. The study found that it fell in most countries between 1990 and 1998, but stunting declined less.

Stunting affected more than 20% of children in Bolivia, El Salvador, Guatemala, Guyana, Haiti, Honduras, Nicaragua and Peru. Only in Chile, Costa Rica and Trinidad and Tobago does the percentage of the population with chronic infant malnutrition stand close to or under 5%.

Policies to fight hunger in Latin America and the Caribbean should pay special attention to programmes that improve the access of the poorest strata and regions to food and nourishment, **ECLAC** argues. In this sense, the report highlights Brazil’s efforts through its Zero Hunger Programme (*Fome Zero*, see box).

Evaluating Targets for Eliminating Hunger by 2015

The first objective in the Millennium Declaration, approved by 189 member states of the United Nations in 2000, is to “Eradicate poverty and hunger”. Specifically, the target is to halve the percentage of people suffering from hunger by 2015.

In the case of Latin America and the Caribbean, **ECLAC** argues the need to “fine-tune” the first target of the Declaration to bring it into line with the region’s peculiarities, which are different from those of other developing countries and regions.

After documenting the wide range of situations involving hunger and food insecurity in the different countries, this regional UN commission believes that 13 of 22 countries may meet the dual target of halving the percentage of the population that is undernourished and infant malnutrition.

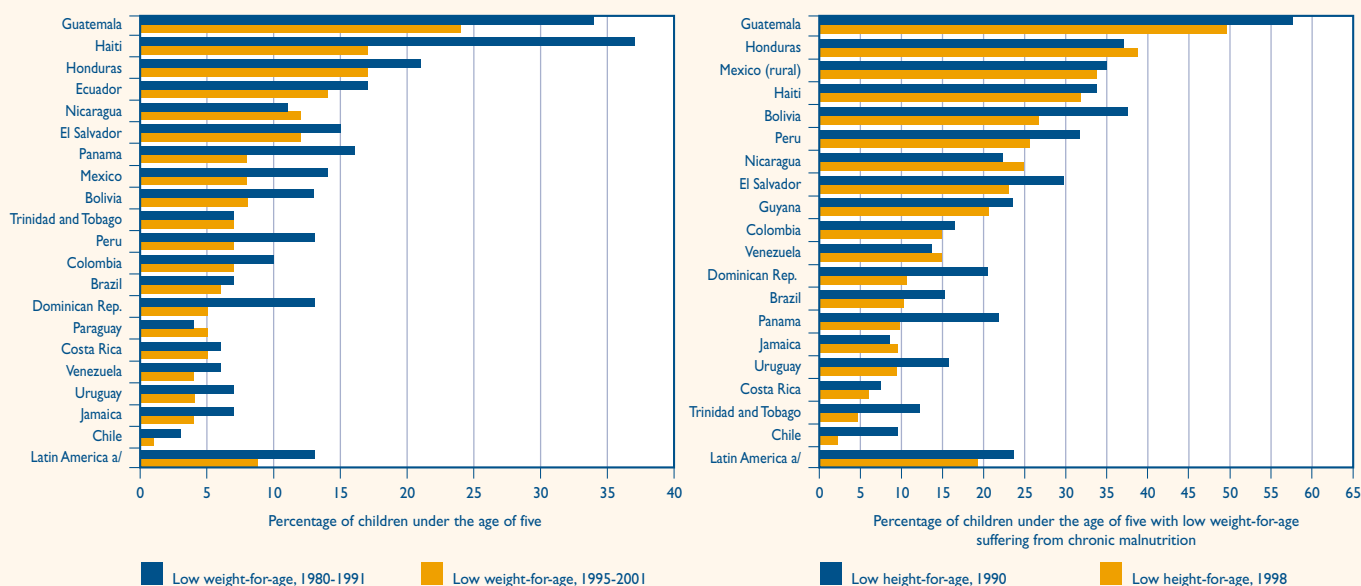
Conditions region-wide, however, are far from encouraging since four countries with high infant malnutrition rates (El Salvador, Guatemala, Honduras and Nicaragua) have not managed to reduce them quickly enough to meet the target.

Moreover, it is likely that nine of the total 22 countries (the four mentioned above, plus Haiti, Panama, the Dominican Republic, Trinidad and Tobago and Venezuela) will not successfully halve the percentage of their populations that is undernourished, between 1990 and 2015.

Only a small group of countries (Argentina, Chile, Jamaica and Uruguay) is very likely to meet the most demanding target set by the World Food Summit of the FAO (United Nations Food and Agriculture Organization) in 1996: halve the actual number and not just the percentage of undernourished people by 2015.

In the case of infant malnutrition, there is less information available to measure the region’s progress over the past decade. In any case, the situation is more favourable since, if the pace of progress over the past fifteen years can be maintained, 19 of 23 countries should meet the Millennium target. 🌱

**Latin America and the Caribbean:
Trends in Acute and Chronic Child Malnutrition between 1980-1991 and 1995-2001**



Source: UNICEF, The State of the World’s Children, 1993 and 2003. a/ Simple average for 20 countries.



THE INVISIBILITY OF WOMEN'S POVERTY

Being poor varies according to whether one is a woman or a man. In Latin America, more women than men are poor. Women suffer more sharply the impact of poverty and their living conditions are more precarious: their unemployment rates are higher than those of men, they receive lower wages, have less social protection and more time restraints.

These are among the revelations of *Social Panorama of Latin America 2002-2003*, Summary, which includes a chapter on poverty and gender. During the 1990s massive numbers of women joined the labour force but have faced more obstacles than men to remain at work. The study also reveals that Latin American women contribute significantly to reducing poverty.

In urban areas, 43% of all women have no income of their own, according to a study by ECLAC using data from 2002 household surveys. This figure was just 22% for men. In terms of equality, not even with more education is it the same to be a man as a woman. Latin American women have attained higher levels of education than men and they average more years of schooling, but their wages remain lower.

Indicators Not Very Sensitive

In its report, ECLAC argues that most poverty indicators currently in use are insensitive to gender, because they consist mainly of aggregate indicators, which take the household as the unit of analysis and are therefore not designed to measure the poverty of each member.

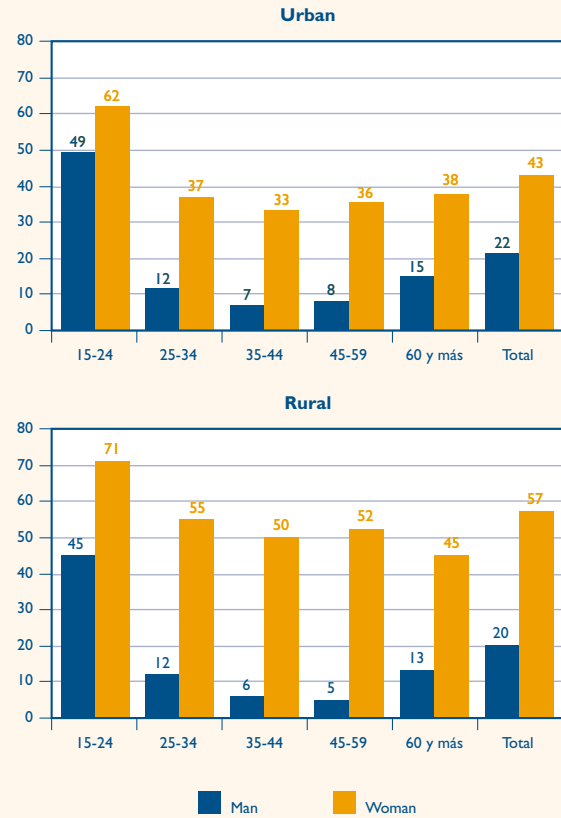
Women's contribution to total household income, particularly in the case of the poor, is especially important to reducing poverty, as is clearly apparent when the spouses' income is separated from total household income, in the case where the head is a male. This precariousness has encouraged women to enter the labour force in recent years.

As a result of women's greater participation in the labour force, the average for women in urban areas with no income of their own fell from 72% in 1994 to 61% in 2002 for poor households, and from 48% to 42% in non-poor households. Rural women posted higher rates of economic dependency.

Similarly, the number of households headed by women rose in the past decade. In the case of indigent households the proportion headed by women rose between 1994 and 1999 in ten of 16 countries studied, while 14 of 16 countries posted the same tendency in non-poor households.

Studies indicate that these family groups have lower monetary income. In 17 countries, per capita income for households headed by women stood at just 94% of the income of those headed by men. Similarly, in 9 of 18 countries the percentage of indigence was higher in the case of those headed by women than in the case of those headed by men.

**Latin America (Selected Countries; Simple Average):
Number of People with no Income of their Own, by Sex
and Age Bracket, Urban and Rural Areas, Circa 1999.**
(Percentages of the total population of each sex)



Source: ECLAC, Women and Development Unit, on the basis of special tabulations of data from household surveys conducted in the countries.

Another revealing figure: 90% of households headed by women included no spouse in 2002, while this was the case in just 13% of households headed by men. This translates into an additional disadvantage due to the lack of unremunerated domestic labour.

Marital break-up or widowhood increase the likelihood that women will end up forming poor households, as is apparent in urban areas, where the percentage of women in poor households with no income ranges from 45% in Perú to 78% in Costa Rica, while for non-poor households this ranges from 32% in Uruguay to 54% in México.

Another gender indicator reveals the larger number of women for whom there is no equivalent male population: in general, these are separated or widowed, or single mothers, including female household heads and those without spouses.

The ECLAC study notes the link between autonomy and poverty provided by a gender perspective, and the resulting need for policies that reinforce economic autonomy.



Work in the Home

Within the household, the distribution of work is unequal. Case studies confirm that women spend more time on unpaid activities than men, thus indicating that they have longer work days.

In Latin America, women are responsible for virtually all unpaid domestic labour. In 2002, almost 44% of spouses worked primarily on household tasks. But female heads of households have no access to this resource, which suggests they spend more of their monetary income on obtaining this assistance.

ECLAC attributes the invisibility of domestic labour in official statistics to the concept of production being associated with market production and labour with employment, thus excluding the production of goods and services within the family from consideration as production-related labour.



More Education But Less Income

In 2002, the income of women in the labour force amounted to 65% of that of men. This indicates that the returns on higher education are lower for women than for men: women's education does not translate into equality of income for the same years invested. According to the ECLAC study, the more educated women are, the more evident does this situation become.

Most of the region's countries show that, within the economically active population (EAP), women average more years of schooling than men. In urban zones, the country average shows women with about 9.4 years, while men have 9 years. In rural zones, men average 4.9 years versus 5.3 years for women, although the range is greater in the case of the latter.

Countries where women continue to post lower average years of schooling are Bolivia, El Salvador, Guatemala and Perú in urban zones, while for rural areas, Bolivia, Guatemala and Perú. In Paraguay, there are practically no differences between men and women.

Latin American women currently seek remunerated work because they need it, but this is also a personal option. This would explain the fact that despite the precarious nature of women's employment, they prefer to remain in the labour market as a way of reinforcing their economic autonomy. *Social Panorama* underlines the fact that growth in the EAP tends to post the same characteristics regardless of countries' economic growth.

The study concludes, however, that the labour force continues to show marked segmentation that leaves women in the most precarious and poorly remunerated jobs.

Moreover, an analysis of urban zones in 13 countries reveals that the income that women receive for work in low productivity sectors is significantly lower than that of men.



Gains in the Political World

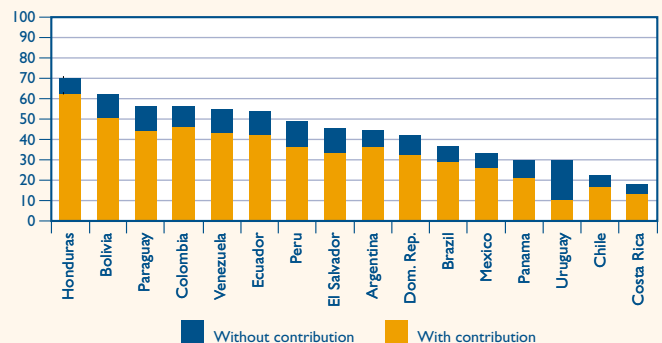
Women's autonomy and participation in private and public decision-making processes are key indicators for measuring the inequalities that affect them.

In the region, only in Argentina, Costa Rica and Mexico did the number of women in legislative bodies rise significantly in the past decade, although since the Women's Summit in Beijing (1995) significant progress has been recognized.

Social Panorama reveals the slow and uneven tendencies in women's participation in politics and above all in governmental positions. The countries posting the most significant progress are those that have passed laws establishing quotas and other mechanisms that favour women's integration.

These mechanisms vary according to the country and the sphere considered, be this national or municipal, national legislation or regulations governing participation. The main way to deal with the problem has been by establishing compulsory affirmative action measures, setting the minimum number of places that must be filled by women as candidates or directly reserving a percentage of seats for them. Another mechanism consists of establishing requirements or incentives for political actors to strive to support an increase in women.


Poverty in Two-parent Households with and without the Mothers' Contribution to Family Income, Urban Areas, Circa 1999
(Percentages)



Source: ECLAC, Women and Development Unit, on the basis of special tabulations of data from household surveys conducted in the countries.

Argentina has been a pioneer in this field. Its legislation requires a minimum 30% of all candidates for election be women. Parties are required to adjust their charters to establish positions for women in their internal party slates.

Other countries have adopted similar models. Brazil, for example, established that of the total number of seats, each party or coalition must reserve a minimum of 30% and a maximum of 70% for candidacies of each sex. Colombia has a gender quota law reserving 30% of high-ranking public posts by gender, and rules promoting the participation and representation of indigenous peoples and people of African origin.

This principle of inclusion also prevails in Panama. The formula used in Mexico establishes that of all political party candidates running for congress, no more than 70% can be the same gender. Costa Rica promotes women's inclusion through several measures. Of particular interest is Ecuadorean legislation that establishes a compulsory requirement of at least 30%, a figure that must rise by 5% in each election until 50% is reached. In Peru, the percentage assigned to women in this sense is 25%. 



SOCIAL SPENDING RISES AND BECOMES BETTER FOCUSED

Public resources going to social sectors (education, health, social security and welfare, housing and basic services) rose during the 1990s in 18 Latin American countries. Between 1990-1991 and 2000-2001, per capita social expenditure rose on average 58% in the region (from US\$ 342 to US\$ 540 per capita).

This improvement was widespread, although in El Salvador, Honduras, Nicaragua and Venezuela social spending did not rise significantly, while in Colombia it shrank after 1996-1997.

However, the **ECLAC** study reveals that this increase did not translate into a reduction in the obvious disparities among countries, apparent since the 1980s.

The report, *Social Panorama of Latin America, 2002-2003 Summary*, examines the behaviour of public social spending over more than a decade (from 1990 to 2001) and compares trends in recent years to those from the period of greater economic growth early in the past decade to 1997.

More Redistributive Impact

Another conclusion reached in the study is that to the degree that social spending declined due to economic crises during the past decade, several countries tended to “protect” spending on education more. **ECLAC** suggests this “reflects the growing importance many governments attach to that sector, to the expansion of coverage at the primary and especially the secondary levels, and to improving the quality of education.”

From 1998 on, resources going to education and health received a larger fraction of GDP than social security (1% compared to 0.5%). As a result, **ECLAC** notes: “the slowdown in the expansion of social spending over the past few years has been partly counterbalanced by the relatively larger share allocated to the items that have a more pronounced redistributive effect, since, proportionally, they benefit the lowest-income groups the most.”

Another noteworthy feature of social spending in Latin America since the 1990s is the important effort countries have made to raise the percentage of GDP going to the most vulnerable social sectors. This was done to partly offset the reduction in fiscal revenues associated with poorer economic performances after the Asian crisis.

Social spending over GDP rose from 12.1% in the region during the two-year period, 1996-1997, to 13.8% in 2000-2001. This occurred despite the sharp slump in GDP growth, which fell from 2.1% to 0.2% per capita during the same period.

The study did find that the economic slowdown and shrinking GDP in absolute terms that affected several countries stopped the rise in social spending from 1998 on. Although for the region as a whole and in dollars per capita, public social spending continued to rise from 1998 to 2001 (from US\$501 to US\$552), it did so more slowly than before the crisis; from 1991 to 1997, per capita social spending rose 6.3% annually, while from 1998-2001 it rose at just 4.2%.

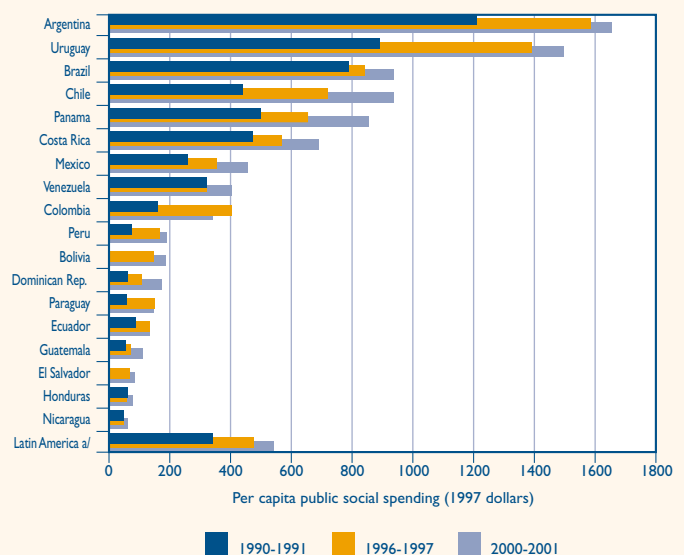
By mid-decade, several countries were spending a large percentage of their GDP on social sectors (Panama, Uruguay, Argentina, Brazil, Costa Rica and Bolivia) and continued to raise it to levels ranging from 18% to 26% of GDP, approximately, during the two-year period from 1998 to 2001.

The cases of Argentina and Uruguay, where GDP declined 8.5% and 7.4% respectively between 1999 and 2001, stand out. In both cases, the rise in the percentage of GDP going to social spending prevented a larger reduction in per capita expenditure, ensuring that by 2001 it was higher than in 1996-1997. Only in 2002 did the magnitude of the decline in GDP, almost -11% in both countries, translate into a noticeable cut to per capita social spending.

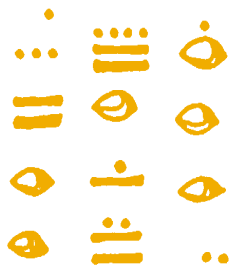
In any case, the overall tendency for the pace of social spending increases to slow during the past five years in the region masks important differences among countries, since those in the northern hemisphere posted larger increases in per capita social spending than those in the southern hemisphere, which were more affected by shrinking growth.

ECLAC has established three general objectives regarding social spending in Latin America, considering the important distributive impact of public resources going to social sectors. The first was to redouble efforts to boost its size and consolidate its recovery. The second was to establish financing for it, to prevent adverse impacts from a decline in the resources going to social investment during the recessive phases of the economic cycle. And the last was to increase the efficiency and positive consequences of public spending going to the most vulnerable social sectors.

Latin America (18 Countries): Level of Per Capita Social Spending, 1990-1991, 1996-1997 and 2000-2001
(1997 Dollars)



Source: **ECLAC**, Social Development Division, database on social spending.
a/ Simple average for 16 countries: does not include Bolivia or El Salvador.



IN LATIN AMERICA LABOR REGULATIONS ARE NOT FOLLOWED

Labour legislation continued to undergo changes during the past six years, but the pace slowed. Governments throughout Latin America have ratified fundamental international conventions dealing with non-discrimination in employment and most have also signed the conventions on forced labour and freedom of association.

This is not the case with child labour, although Brazil passed a law raising the minimum working age and Costa Rica established special protection for adolescent workers. However, in general regulations governing minimum working ages contradict international conventions and vary widely across and within countries.

From 1998 to 2003, Colombia enacted collective labour law reforms, Chile and Guatemala amended their labour codes, and Cuba created a labour justice system. Mexico and the Dominican Republic amended their social securities laws, while in Bolivia, Brazil, Cuba, Chile, Colombia and Mexico, the authorities report that legislation dealing with the status of civil servants has been passed.

The reforms have not questioned the existence of a minimum wage. In seven of the 11 countries for which information is available for the 1995-2002 period, the real minimum wage rose. In some countries its level is set yearly.

The ECLAC study warns that despite the legislative progress mentioned here, “serious enforcement problems persist”.

Governments have implemented several policies to cushion the instability and changes in employment. Those of a passive nature include unemployment insurance, early retirement schemes, and individual funds for offsetting unemployment. In Latin America, six countries have unemployment insurance: Argentina, Brazil, Chile, Ecuador, Uruguay and Venezuela.

Authorities' Perceptions and Responses

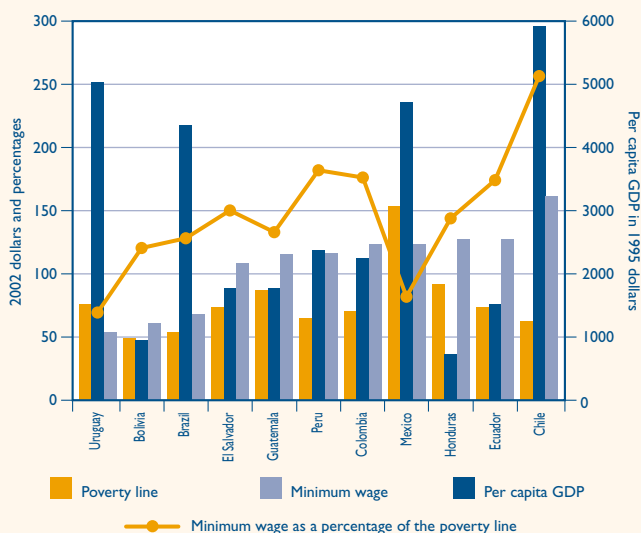
According to an ECLAC survey, unemployment, the quality of employment and the need to bolster labour skills to improve productivity are among the main concerns expressed by ministry of labour authorities.

Several Latin American countries have implemented labour market policies to deal with extreme poverty and unemployment (passive policies) and others that aim to create jobs (active policies).

In the region, most investment in employment programmes goes to active policies. Several countries have given priority to job creation through aid, subsidies and credits to small and medium-sized firms (PYMEs), in line with the tendency to favour credits to entrepreneurs, low-income populations and emerging and expanding sectors. Resources have also gone to training programmes and those offering assistance to job seekers.

According to ECLAC, the very existence of these programmes demonstrates that interest in resolving the acute problems of unemployment, low quality jobs, and under-employment is growing. It notes, however, that these programmes “tend to overlook certain sectors (young people and women). In addition, their target groups are not clearly defined (and) they take little advantage of new information technologies,” among other flaws. It also points out that with the exception of some isolated efforts, few programmes are being properly evaluated in terms of their performance and objectives.

Latin America and the Caribbean (11 Countries): Monthly Minimum Wage, the Poverty Line and Per Capita GDP, 2002



Source: ECLAC, on the basis of official figures supplied by the countries.

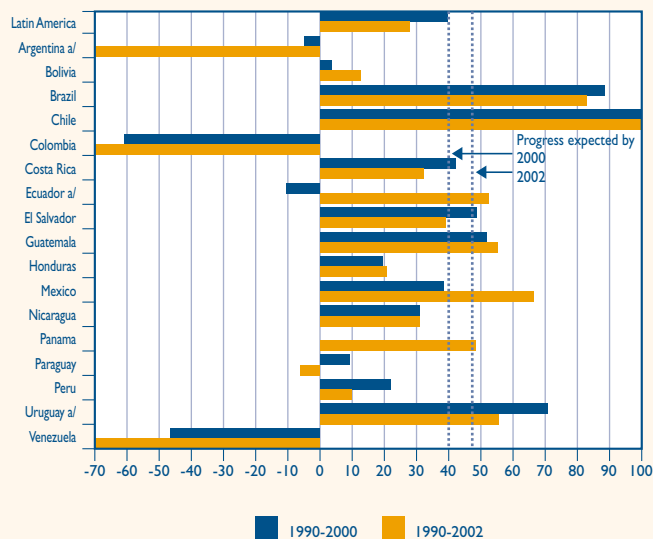
Produced by ECLAC Information Services
 ■ EDITOR: Víctor Fernández, assisted by Pilar Bascuñán, Félix Ibáñez and Lake Sagaris
 ■ GRAPHIC PRODUCTION: Alvaro Muñoz

■ ADDRESS: Av. Dag Hammarskjöld 3477, Vitacura, Santiago, Chile.
 ■ TELEPHONE: (562) 210-2380 or (562) 210-2000.
 ■ FAX: (562) 228-1947. ■ WEBSITE: www.eclac.cl or www.eclac.org
 ■ E-MAIL: dpisantiago@eclac.cl

The symbols used in this newsletter represent the various indigenous cultures of the Americas and some of the milestones in the region's history. The symbols are engraved on the outside of the conference rooms at ECLAC headquarters in Santiago, Chile.

God with Hoes Ecuadorean Raft Mining and Trade Corn Brasilia Herdsman and Llamas

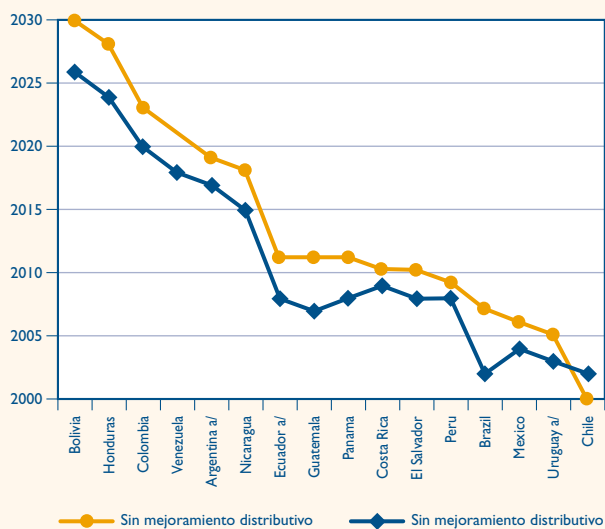
Progress Made Towards the Target for Reducing Extreme Poverty, 1990-2000 and 1990-2002



Source: ECLAC, on the basis of special tabulations of data from household surveys conducted in the countries. a/ Urban areas.

Latin America: Year in Which the Target for Reducing Extreme Poverty Will Be Met, with and without an Improvement in Income Distribution

(Projection Based on The Assumption of Economic Growth Equal to the Average of the Five Highest Rates in the Period 1990-2002)



Source: ECLAC, on the basis of special tabulations of data from household surveys conducted in the countries. a/ Urban areas.

Classification of the Latin American and Caribbean Countries by Likelihood of Meeting the Millennium Declaration Target and a More Demanding Target, Respectively, for the Eradication of Hunger

| | Child malnutrition (moderately to seriously low weight-for-age) | | |
|------------------|--|---|--|
| | Unlikely to meet target | Likely to meet Millennium Declaration target | Likely to meet more demanding target based on the 1990 World Summit for Children |
| Undernourishment | Unlikely to meet target | El Salvador Guatemala Honduras Nicaragua | Venezuela Trinidad and Tobago Haiti Cuba |
| | Likely to meet Millennium Declaration target | | Bolivia Brazil Colombia Mexico Paraguay |
| | Likely to meet more demanding target based on the 1996 World Food Summit | Ecuador Guyana Peru | Argentina Chile Jamaica Uruguay |

Source: ECLAC, on the basis of information from the Food and Agriculture Organization of the United Nations (FAO).

1 *Congestión de Tránsito. El problema y cómo enfrentarlo* (*Traffic Congestion: The Problem and How to Face it*), edited by Alberto Bull. Cuadernos de la CEPAL No. 87, July 2003 (LC/G.2199-P). The solutions for the traffic congestion affecting many Latin American cities do not look simple. Finding a balance that favours mobility, growth and competitiveness, along with urban sustainability and quality of life, requires a long-term view. This book provides some tools for dealing with this problem in the modern world, some more effective, or more accepted, than others. [www](#)



Sebastián Galiani, Daniel Heymann and Mariano Tomassi. Estudios y Perspectivas series No. 16, August 2003, Spanish (LC/L.1942-P), **ECLAC** Office in Buenos Aires. This paper studies the process leading up to the Argentine economic crisis from the perspective of public and private decisions, along with the changing perceptions and incentives that guided them. [www](#)

2 *Expectativas frustradas: el ciclo de la convertibilidad* (*Frustrated Expectations: The Convertibility Cycle*), by

3 *Acceso a la información: una tarea pendiente para la regulación latinoamericana* (*Access to Information: A Task Pending for Latin American Regulation*), by Andrei Jouravlev, Recursos Naturales e Infraestructura series No. 59, August 2003 (LC/L.1954-P, Spanish). The author concludes that current regulatory frameworks do not guarantee regulators enough access to information to be able to perform their functions and proposes some solutions. [www](#)

4 *Latin America and the Caribbean: Population Ageing 1950-2050*. Demographic Bulletin No. 72, July 2003 (LC/G.2211-P, bilingual Spanish and English edition), CELADE/ECLAC. More than 300 pages with comparative demographic indicators for ageing of the rural, urban and economically active populations. [www](#)

5 *América Latina: el comercio internacional de productos lácteos* (*Latin America: International Trade in Milk Products*), by Valentine Kouzmine, Comercio Internacional series No. 30, August 2003, Spanish (LC/L.1950-P). Argentina and Uruguay are major exporters of milk products, but the region is a net importer. This means that in Latin American markets milk products produced in the region and those subsidized by Europe and the United States compete, giving rise to unfair competition. [www](#)

To order:
Distribution Unit, **ECLAC**
Casilla 179-D,
Santiago, Chile
Fax: (56-2) 210 - 2069
e-mail: publications@eclac.cl
[www](#): available on websites
www.eclac.cl or www.eclac.org.

| MONTH | EVENTS | VENUE |
|-----------------|--|--|
| NOVEMBER | | |
| 5-6 | Official visit to Chile by Kofi Annan, United Nations Secretary-General, and meeting with UN staff in Chile. | ECLAC headquarters, Santiago, Chile |
| 7 | Round table "The International Context and Renewal of the United Nations," with Kofi Annan, UN Secretary-General, Tarja Halonen, President of Finland, Ricardo Lagos, President of Chile and Alicia Bárcena, ECLAC Deputy Executive Secretary. | ECLAC |
| 10-11 | International seminar, "Social Capital and Programmes for Overcoming Poverty: Lessons for Action." ECLAC | ECLAC |
| 11-12 | International symposium on mining-related environmental liabilities. Instituto Federal de Geociencias and ECLAC . | ECLAC |
| 12-14 | Regional seminar on "Improving Social Institutions and Constituting a Social Authority." ECLAC | ECLAC |
| 17 | International seminar to analyse the results from the Johannesburg Summit. ECLAC /Government of Spain. | ECLAC |
| 17-21 | Regional workshop: Toward Integrating Social Indicator Systems in Latin America and the Caribbean. ECLAC | ECLAC |
| 19-21 | Regional Inter-Governmental Conference on Ageing. Government of Chile, UN Inter-institutional Group on Ageing / ECLAC | ECLAC |
| 26-27 | Experts Strategy Workshop, "Large National Conglomerates: Domestic and External Market Based Strategies to Strengthen the Competencies of Domestic and Transnational Firms, with a Special Emphasis on Agrifoods." ECLAC | ECLAC |
| 26-28 | Regional workshop: "Toward the Development of a Basic Set of Environmental Statistics for Latin America and the Caribbean," REDESA project. ECLAC | ECLAC |
| DECEMBER | | |
| 1-2 | Seminar on policies for promoting and encouraging Latin American and Caribbean exports. ECLAC | ECLAC |
| 1 | Workshop on entrepreneurial opinion surveys. ECLAC | ECLAC |
| 1-3 | Second Latin American Congress on Clusters. Tabasco Foundation, Government of Germany's Cooperation Agency (GTZ) / ECLAC . | Villa Hermosa, State of Tabasco, Mexico. |
| 1-5 | Second Training Seminar: "Multilateral Negotiations, International Trade and Sustainable Development: Current Challenges Facing Latin America and the Caribbean." ECLAC , World Bank Institute /Swedish Agency for International Cooperation for Development. | Brasília |
| 4-5 | Fifth Meeting of the Executive Steering Committee of the Initiative for the Integration of the Regional Infrastructure of South America (IIRSA). Public Works Ministry of Chile / ECLAC . | ECLAC |

