



Social protection systems

in **Latin America
and the Caribbean**

Argentina

Fabián Repetto
Fernanda Potenza Dal Masetto



Federal Ministry
for Economic Cooperation
and Development

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Social protection systems in Latin America and the Caribbean: Argentina

Fabián Repetto
Fernanda Potenza Dal Masetto



This document was prepared by Fabián Repetto, consultant with the Social Development Division of the Economic Commission for Latin America and the Caribbean (ECLAC), and Fernanda Potenza Dal Masetto, PhD student in social science at the University of Buenos Aires, and is part of the series of studies on "Social Protection Systems in Latin America and the Caribbean", edited by Simone Cecchini, Social Affairs Officer, and Claudia Robles, consultant, with the same Division. Luna Gámez, consultant, provided editorial assistance.

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Foreword

Simone Cecchini
Claudia Robles

This report is part of a series of national case studies aimed at disseminating knowledge on the current status of social protection systems in Latin American and Caribbean countries, and at discussing their main challenges in terms of realizing of the economic and social rights of the population and achieving key development goals, such as combating poverty and hunger.

Given that, in 2011, 174 million Latin Americans were living in poverty —73 million of which in extreme poverty— and that the region continues being characterized by an extremely unequal income distribution (ECLAC, 2012), the case studies place particular emphasis on the inclusion of the poor and vulnerable population into social protection systems, as well as on the distributional impact of social protection policies.

Social protection has emerged in recent years as a key concept which seeks to integrate a variety of measures for building fairer and more inclusive societies, and guaranteeing a minimum standard of living for all. While social protection can be geared to meeting the specific needs of certain population groups —including people living in poverty or extreme poverty and highly vulnerable groups such as indigenous peoples—, it must be available to all citizens. In particular, social protection is seen a fundamental mechanism for contributing to the full realization of the economic and social rights of the population, which are laid out in a series of national and international legal instruments, such as the United Nations' 1948 Universal Declaration of Human Rights or the 1966 International Covenant on Economic, Social and Cultural Rights (ICESCR). These normative instruments recognize the rights to social security, labour, the protection of adequate standards of living for individuals and families, as well as the enjoyment of greater physical and mental health and education.

The responsibility of guaranteeing such rights lies primarily with the State, which has to play a leading role in social protection —for it to be seen as a right and not a privilege—, in collaboration with three other major stakeholders: families, the market and social and community organizations. Albeit with some differences due to their history and degree of economic development, many Latin American and Caribbean countries are at now the forefront of developing countries' efforts to establish these guarantees, by implementing various types of transfers, including conditional cash

transfer programmes and social pensions, and expanding health protection. One of the key challenges that the countries of the region face, however, is integrating the various initiatives within social protection systems capable of coordinating the different programmes and State institutions responsible for designing, financing, implementing, regulating, monitoring and evaluating programmes, with a view to achieving positive impacts on living conditions (Cecchini and Martínez, 2011).

Social protection is central to social policy but is distinctive in terms of the social problems it addresses. Consequently, it does not cover all the areas of social policy, but rather it is one of its components, together with sectoral policies —such as health, education or housing— and social promotion policies —such as training, labour intermediation, promotion of production, financing and technical assistance to micro— and small enterprises. While sectoral policies are concerned with the delivery of social services that aim at enhancing human development, and promotion policies with capacity building for the improvement of people’s autonomous income generation, social protection aims at providing a basic level of economic and social welfare to all members of society. In particular, social protection should ensure a level of welfare sufficient to maintain a minimum quality of life for people’s development; facilitate access to social services; and secure decent work (Cecchini and Martínez, 2011).

Accordingly, the national case studies characterize two major components of social protection systems –non-contributory (traditionally known as “social assistance”, which can include both universal and targeted measures) and contributory social protection (or “social security”). The case studies also discuss employment policies as well as social sectors such as education, health and housing, as their comprehension is needed to understand the challenges for people’s access to those sectors in each country.

Furthermore, the case studies include a brief overview of socio-economic and development trends, with a particular focus on poverty and inequality. At this regard, we wish to note that the statistics presented in the case studies —be they on poverty, inequality, employment or social expenditure— do not necessarily correspond to official data validated by the Economic Commission for Latin America and the Caribbean (ECLAC).

I. Introduction¹

The concern for the many aspects of social protection has been present along the Argentinean history. By the beginning of the 20th century, the “social question” and the protection of workers became mayor issues in the context of an agriculture export-led model of development which generated massive discontent. Since it came to power in the 1940s, Peronism focused on the rights of formal workers and the strengthening of contributory social security. However, the political and socio-economic crises that followed reduced the attention placed on social protection. Interest only reappeared recently, embedded within debates on poverty, vulnerability and the protection of informal workers.

A milestone in the severe deterioration of the living conditions of the Argentinean population—a trend experienced throughout recent history—was the ascendance of the military dictatorship that ruled the country from the mid-1970s until 1983. However, even during the transition to democracy, several critical events occurred: first, hyper-inflationary processes hit the country in 1989 and 1990; and second, a political and institutional—as well as socio-economic—crisis took place between 2001 and 2002. As a consequence, income poverty experienced steep up and downs, which, during the 1980s and the early years of the new century, derived into the impoverishment of middle-income sectors. The long-term effects of the crises included both the worsening of the labour conditions of workers—with rising levels of informality—and the increasing gaps in living conditions among provinces. Also, the endurance of inequality is a manifestation of the ongoing structural problems that the country has had in terms of economic development and the tax system.

Social policy has been transformed by the occurrence of these crises and the changes introduced to the economy. As a result, two main social protection models might be identified during the last two decades in Argentina. Since the beginning of the 1990s and until the 2001 crisis, social protection combined the increasing privatisation of social security, the decentralisation of the administration of health and education services onto provincial governments and the proliferation of mean-tested actions for poverty-alleviation. Since 2001 onwards, a second social protection model has been on the making. This consists on the mounting control regained by the central State in the management of the pension funds, the education and health system. Furthermore, poverty-alleviation policies have been unified and social security has become progressively universal through the combination of contributory and non-contributory instruments.

¹ This article is based on Repetto and Dal Masetto (2011).

The analysis of social protection in Argentina confronts various limitations. Due to the novelty of the concept, different approaches to social protection coexist. Furthermore, this concept is not formally recognized within the administrative and social spending structure of the country, amplifying the difficulties to plan coordinated policies of social protection.² Many challenges also remain ahead in terms of providing social protection beyond contributory instruments traditionally accessed through employment. Additionally, each sector faces specific problems: in the health sector, assuring universal coverage demands a better articulation between the public, private and social insurance components, and in the education sector, quality and coverage demands must be reconciled. Finally, clarifying the responsibilities of each government level regarding social protection remains pending. In particular, a greater emphasis on the responsibility that the central government has in reducing and eliminating territorial inequalities in the delivery of social services is urgently required.

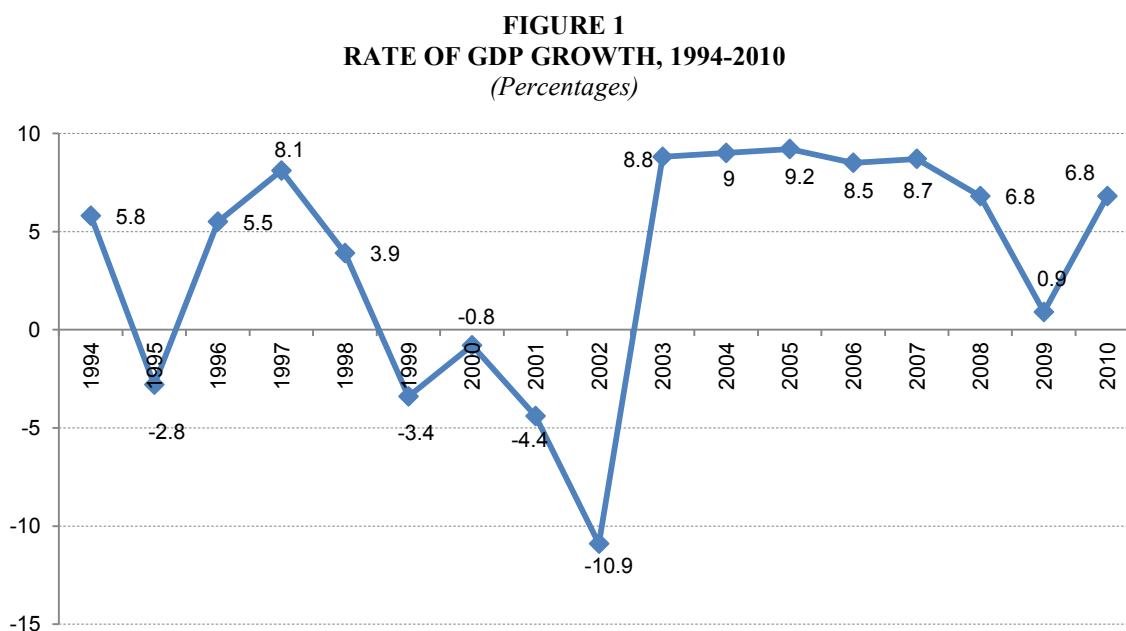
After reviewing the main economic and social trends followed by Argentina during the last decade, this document analyses the changes occurred within social policy in the country, with a special focus on those more directly linked to debates on social protection. The document concludes by identifying the main challenges for the consolidation of a social protection system in the country.

² The recent introduction of the Universal Child Allowance for Social Protection (*Asignación Universal por Hijo para Protección Social*, AUH), named explicitly as a social protection policy, came to somehow reverse this trend.

II. Argentina: main economic and social indicators

A. Recent economic transformations and key indicators

After the economic crisis that hit the country in the early years of the new century, the Argentinean economy recovered and, between 2003 and 2008, it grew steadily at an average rate of 9% (see figure 1).



Source: Prepared by the authors, based on UNDP/CNCPS (United Nations Development Programme/Consejo Nacional de Coordinación de Políticas Sociales), *República Argentina: Objetivos de Desarrollo del Milenio: rendición de cuentas 2010*, Buenos Aires, 2010.

Later, during the second and third term of 2009, GDP decreased as a direct consequence of the international financial crisis of 2008/2009. According to UNDP-CNCPS (2010), the socio-economic policies implemented by the government (see box 1) allowed sustaining economic activity in spite of the crisis, so recovery was fast and the economy grew 3% during the fourth term of 2009. During the first term of 2010, GDP grew at a rate of 7%, reaching pre-crisis levels.

BOX 1
SOCIO-ECONOMIC POLICIES IMPLEMENTED TO FACE
THE 2008/2009 FINANCIAL CRISIS

The socio-economic policies implemented to face the crisis included: a) the implementation of a counter-cyclical fiscal policy, with the acceleration of spending made by the national public administration; b) the launch of the Work for All the Argentines Plan (*Plan de Obras para todos los Argentinos*), that aimed to increase the speed in the use of the budget assigned to public investment;^a c) the implementation of the Programme of Productive Recovery (*Programa de Recuperación Productiva*, REPRO) that assigns a monthly lump sum to affiliated companies in order to complement the wages of their workers with up to US\$ 150 (\$ 600),^b for a maximum period of 12 months, paid through the National Social Security Administration (*Administración Nacional de Seguridad Social*, ANSeS);^c d) the creation of two social programmes —Social Income with Employment (*Ingreso Social con Trabajo*) and the Universal Child Allowance for Social Protection (AUH)—, as well as the exceptional payment, at the end of 2008, of US\$ 50 (\$ 200) to the workers that received less than the adjustable minimum living wage, and between US\$ 53 and US\$ 94 to pensioners with monthly incomes below US\$ 400.^d

Source: UNDP/CNCPS (United Nations Development Programme/Consejo Nacional de Coordinación de Políticas Sociales), *República Argentina: Objetivos de Desarrollo del Milenio: rendición de cuentas 2010*, Buenos Aires, 2010.

^a The budget for public works expanded by US\$ 6,925 million (Ronconi and others, 2010) and was focused on social and economic and productive infrastructure.

^b In the entire document, we have considered a peso-dollar exchange rate of 4 to 1, because this was the value of the dollar when the document was written. We are conscious of the later variation in this value.

^c In order to be considered for this benefit, companies must demonstrate that their continuity is endangered and that they will not dismiss workers. In 2009, this policy covered more than 143,000 workers (UNDP-CNCPS, 2010).

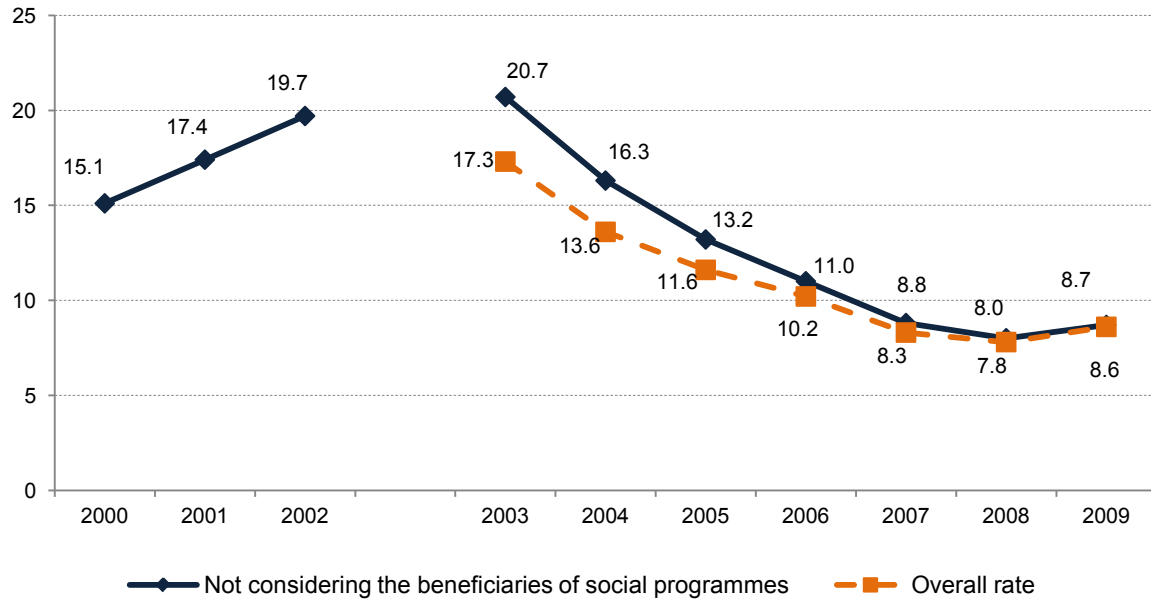
^d The measure covered five million beneficiaries (Ronconi and others, 2010).

Labour has historically been a key factor for social integration and mobility. Therefore, changes occurred in this realm affect a vast part of the population. The most critical moment for the labour market in recent Argentinean history was during the 1990s, when various reforms were implemented to de-regularise labour as part of neoliberal reforms. According to Danani and Lindemboim (2003, p.265), these policies contributed to dismantle decades of protection for wage-earner workers, increasing unemployment, under-employment and vulnerable employment.

As Paz (2005, p.226) has stated for the period between 1995 and 2002, these reforms implied that poverty and employment —both formal and informal— became increasingly correlated, contravening the tacit agreement that prevailed in previous years and according to which having a job led to earnings above the poverty line. In parallel, vulnerable employment increased along with unemployment. As Castillo and others (2006, p.171) demonstrated by looking at workers' registries, 46% of workers registered in 1996 were excluded from registered formal employment in 2004, being either unemployed, inactive or in non-registered employments. Hence, informality and the right to decent work have become mayor issues of the social protection agenda.

Between 2000 and 2003, unemployment rose by 20.7%.³ At the end of this period, the reactivation of industrial production and construction had an impact in the reduction of unemployment. Between 2003 and 2009, unemployment declined from 3 million to 1.4 million people, even though the international financial crisis pushed unemployment figures up in 2009 (see figure 2). This reduction was transversal among population groups and included youth, who are the group with the highest unemployment rate in the country.

FIGURE 2
UNEMPLOYMENT RATE, 2000-2009^a
(Percentages)



Source: Prepared by the authors, based on UNDP/CNCPS (United Nations Development Programme/Consejo Nacional de Coordinación de Políticas Sociales), *República Argentina: Objetivos de Desarrollo del Milenio: rendición de cuentas 2010*, Buenos Aires, 2010. Since the third term of 2003, the methodology of the Permanent Household Survey changed. This is why the information in the figure has been separated between 2002 and 2003.

^a Data for 33 urban conglomerates.

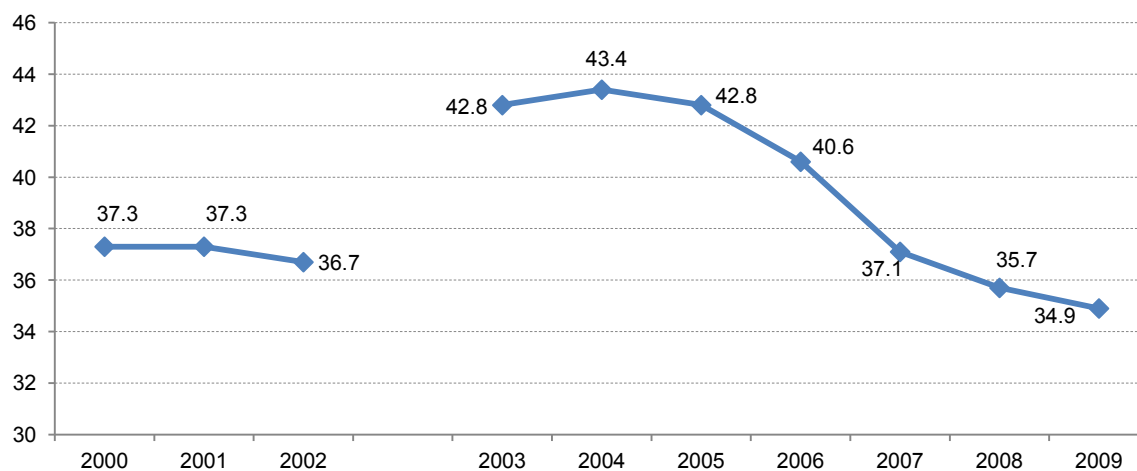
Furthermore, unregistered employment⁴ also experienced a positive evolution since the middle of the decade: after reaching a maximum of 43.4% in 2004, it declined by 8.5 percentage points between 2004 and 2009 (see figure 3). Nevertheless, informal labour linked to unregistered employment is one of the main challenges that emerge for a social protection agenda in Argentina, since it still affects more than a third of workers in the country.

Finally, after a long period of contraction, wages improved since 2004, led by an active strategy to widen income and activate the economy. According to UNDP-CNCPS (2010), in 2009, real average wages reached the highest level in twenty years. Also, since 2004 the proportion of workers who receive a salary inferior to the cost of a basic food basket sharply declined (see figure 4).

³ This figure does not include the employed population in public work programmes (UNDP-CNCPS, 2010).

⁴ This indicator is calculated as the quotient between unregistered wage-earners (workers who do not contribute to social security) and total wage-earners aged 18 years and above, excluding the beneficiaries of public works. This indicator shows the proportion of workers who are employed in the absence of labour rights and benefits established by the labour regulations. This is an indication of vulnerable employment that does not provide the minimum conditions for subsistence.

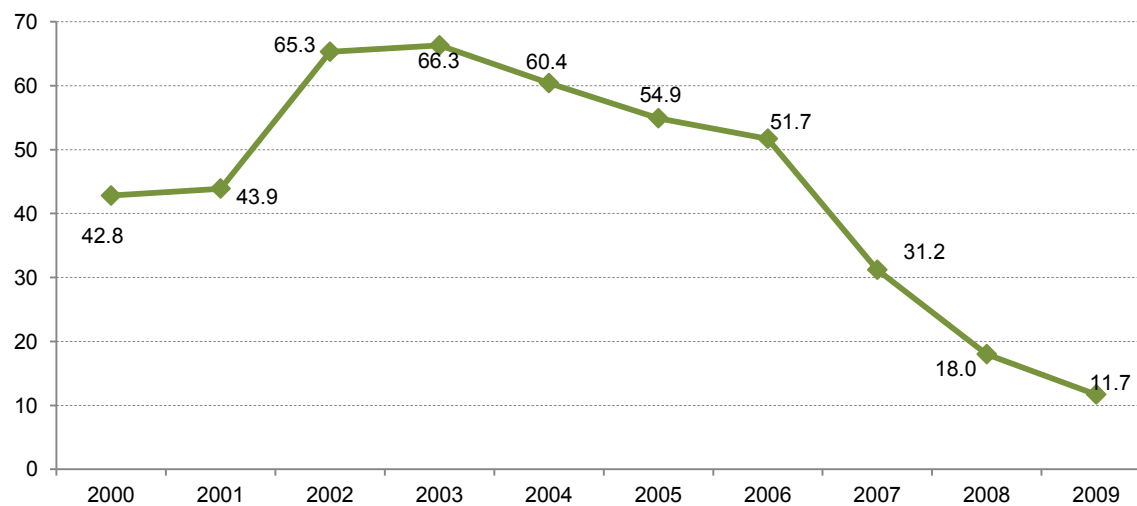
FIGURE 3
UNREGISTERED EMPLOYMENT RATE,^a 2000-2009
(Percentages)



Source: Prepared by the authors, based on UNDP/CNCPS (United Nations Development Programme/Consejo Nacional de Coordinación de Políticas Sociales), *República Argentina: Objetivos de Desarrollo del Milenio: rendición de cuentas 2010*, Buenos Aires, 2010. Since the third term of 2003, the methodology of the Permanent Household Survey changed. This is why the information in the figure has been separated between 2002 and 2003.

^a Data for 33 urban conglomerates.

FIGURE 4
WORKERS RECEIVING A SALARY INFERIOR TO THE COST OF A BASIC FOOD BASKET, 2000-2009^a
(Percentages)



Source: Prepared by the authors, based on UNDP/CNCPS (United Nations Development Programme/Consejo Nacional de Coordinación de Políticas Sociales), *República Argentina: Objetivos de Desarrollo del Milenio: rendición de cuentas 2010*, Buenos Aires, 2010. Since the third term of 2003, the methodology of the Permanent Household Survey changed. This is why the information in the figure has been separated between 2002 and 2003.

^a Data for 33 urban conglomerates.

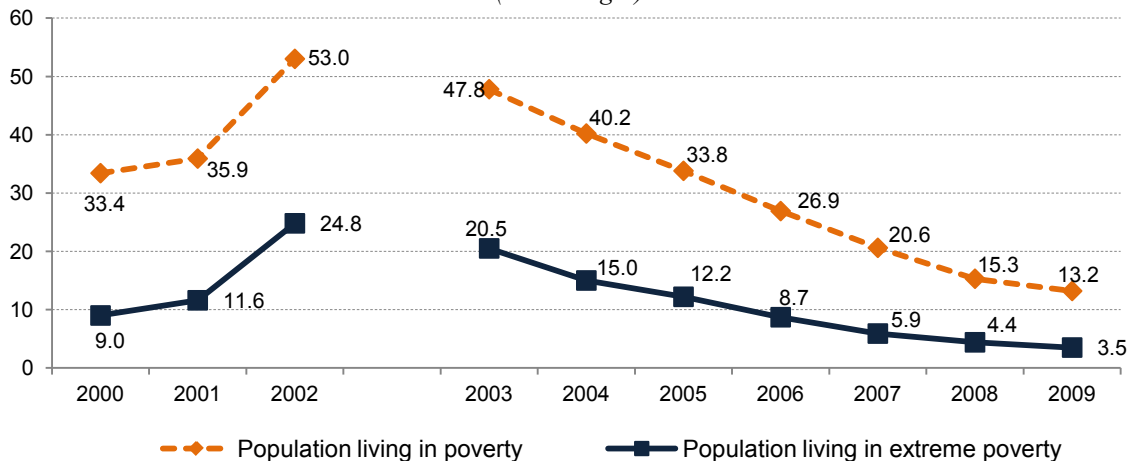
B. Evolution of poverty and extreme poverty

The measurement of income poverty and extreme poverty has various limitations as it results in a one-dimensional analysis of people's welfare; however, these indicators are widely used by the authorities and actors taking part in public debates and therefore it is appropriate to include an analysis of their trends in Argentina. The country did not manifest acute poverty levels until the late 1980s, when —mainly because of the hyper-inflationary dynamic that took place between 1989 and 1990—, poverty acquired a new status as a public issue. This included the emergence of violent conflicts, the impoverishment of middle-income groups and the demise of an imaginary based on upwards social mobility (Minujin and Kessler, 1995).

Ever since, poverty and extreme poverty varied according to the fluctuations of the economy. Thus, during the early years of the Convertibility Plan, launched in 1991, and until 1994, both poverty and extreme poverty declined considerably, to later increase as the result of the new crisis that exploded between 2001 and 2002 with the termination of the Plan.

The new stage of economic growth (2003-2008), along with the improvement of labour conditions and the introduction of employment policies, allowed poverty to decline by 73% between 2003 and 2009, according to official figures (see figure 5),⁵ equivalent to 9 million people (UNDP-CNCPS, 2010). Labour market dynamics have been strongly related with poverty reduction: in 2003, over 4.5 million jobs were created and between November 2003 and January 2010, the real minimum wage increased from \$ 290 (equivalent to US\$ 72.5) to \$ 1,500 (equivalent to US\$ 375) (ibid).

FIGURE 5
POPULATION LIVING UNDER THE POVERTY AND
EXTREME POVERTY LINE, 2000-2009 ^a
(Percentages)



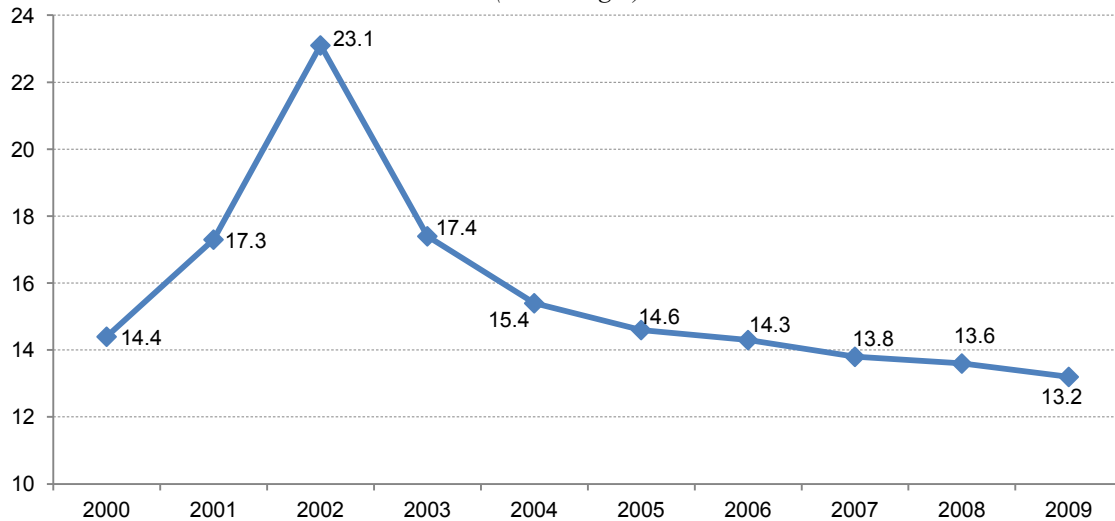
Source: Prepared by the authors, based on UNDP/CNCPS (United Nations Development Programme/Consejo Nacional de Coordinación de Políticas Sociales), *República Argentina: Objetivos de Desarrollo del Milenio: rendición de cuentas 2010*, Buenos Aires, 2010. Since the third term of 2003, the methodology of the Permanent Household Survey changed. This is why the information in the figure has been separated between 2002 and 2003.

^a Data for 33 urban conglomerates.

⁵ It must be pointed out that official statistical indicators have been under severe scrutiny in recent years, affecting the credibility of social indicators. The measurement of the Consumer Price Index (CPI) by the National Institute of Statistics and Census (*Instituto Nacional de Estadísticas y Censos*, INDEC) —which since 2007 has been under heavy political pressures—, has been criticized and its values widely differ with the estimations produced by private consultancies. In particular, it has been argued that the CPI might undervalue the real value of a basic food and services basket, which is used to calculate the poverty and extreme poverty lines. In 2009, official estimations (INDEC, 2010) showed that poverty affected 13.2% of the population, while 3.5% lived in extreme poverty. However, according to Gasparini and Cruces (2010), the proportion of the population living in moderate poverty and extreme poverty were 23.2% and 6.9%, respectively.

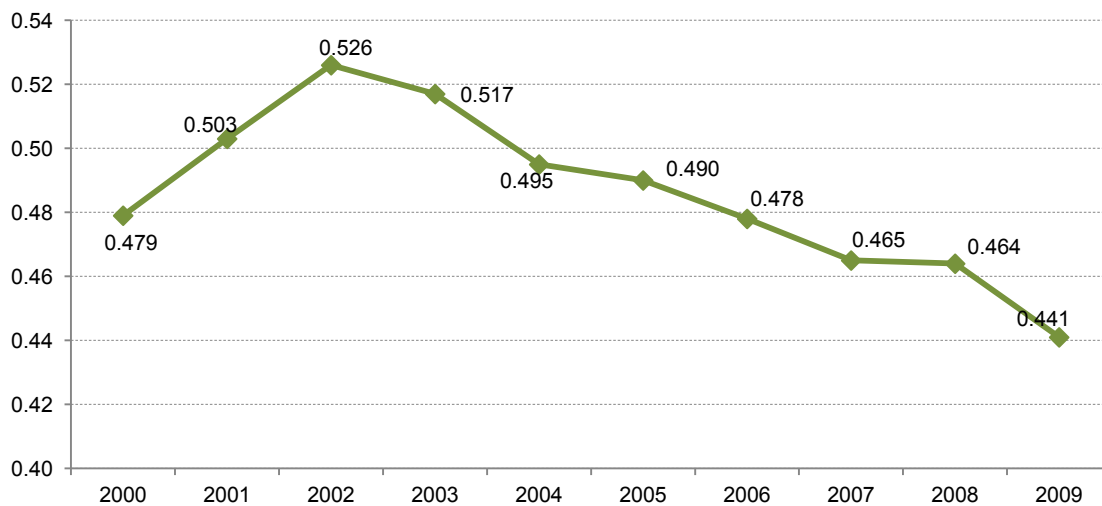
In line with these indicators, income distribution was also affected by the fluctuation of the economy. Inequality remained stable between the end of the 1980s and the beginning of 2000, indicating the endurance of inequality throughout decades due to the long-term impacts of inflation and labour instability (Beccaria, 2006, p. 155). During the last decade, income distribution improved: in 2002, the income of the richest quintile was 23 times that of the poorest, but this gap narrowed to 11.5 in 2010 (UNDP-CNCPS, 2010) (see figure 6). During the same period, the Gini coefficient declined by 15% (see figure 7), reaching its lowest value since 1996. Nevertheless, inequality has remained persistent in the country.

FIGURE 6
INCOME GAP BETWEEN THE RICHEST AND POOREST INCOME QUINTILE, 2000-2009
(Percentages)



Source: Prepared by the authors, based on UNDP/CNCPS (United Nations Development Programme/Consejo Nacional de Coordinación de Políticas Sociales), *República Argentina: Objetivos de Desarrollo del Milenio: rendición de cuentas 2010*, Buenos Aires, 2010.

FIGURE 7
GINI COEFFICIENT, 2000-2009



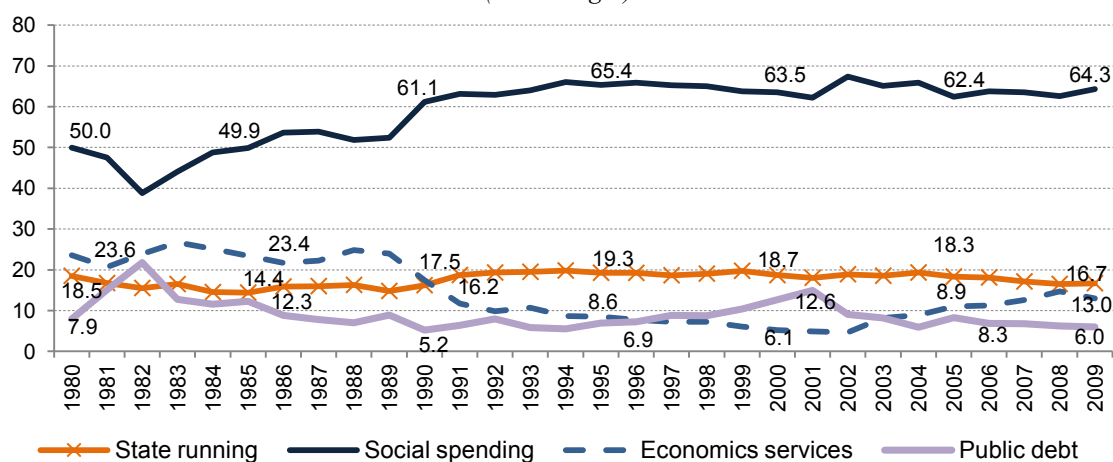
Source: Prepared by the authors, based on UNDP/CNCPS (United Nations Development Programme/Consejo Nacional de Coordinación de Políticas Sociales), *República Argentina: Objetivos de Desarrollo del Milenio: rendición de cuentas 2010*, Buenos Aires, 2010.

III. Social protection in Argentina: an analysis from the perspective of social spending

A. Consolidated public social spending⁶

The fiscal priority of social spending has increased in Argentina since the 1980s. In 1983, it represented 44% of total public spending, increasing steadily up to 63% in the present. Between 1989 and 1990 only, it grew from 52.4% to 61.1%. Ever since, it has remained stable at a level ranging between 62% and 67% of total public spending, with a maximum of 67.4% during the crisis of 2002 (see figure 8).

FIGURE 8
PUBLIC SPENDING BY OBJECTIVE AS A PERCENTAGE OF TOTAL SPENDING, 1980-2009
(Percentages)

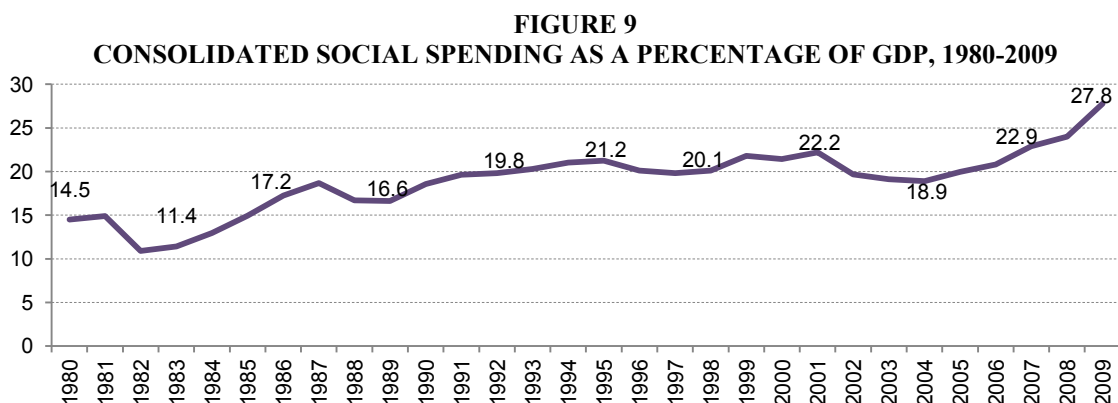


Source: Prepared by the authors, based on data from the Direction of Public Spending Analysis and Social Programmes (*Dirección de Análisis de Gasto Público y Programas Sociales*), Ministry of Economy of the Nation (*Ministerio de Economía de la Nación*).

Social spending has also progressively increased with respect to the size of the economy. By the beginning of the 1980s, it was 11% of GDP, and during the 1990s, it increased to about 20% of

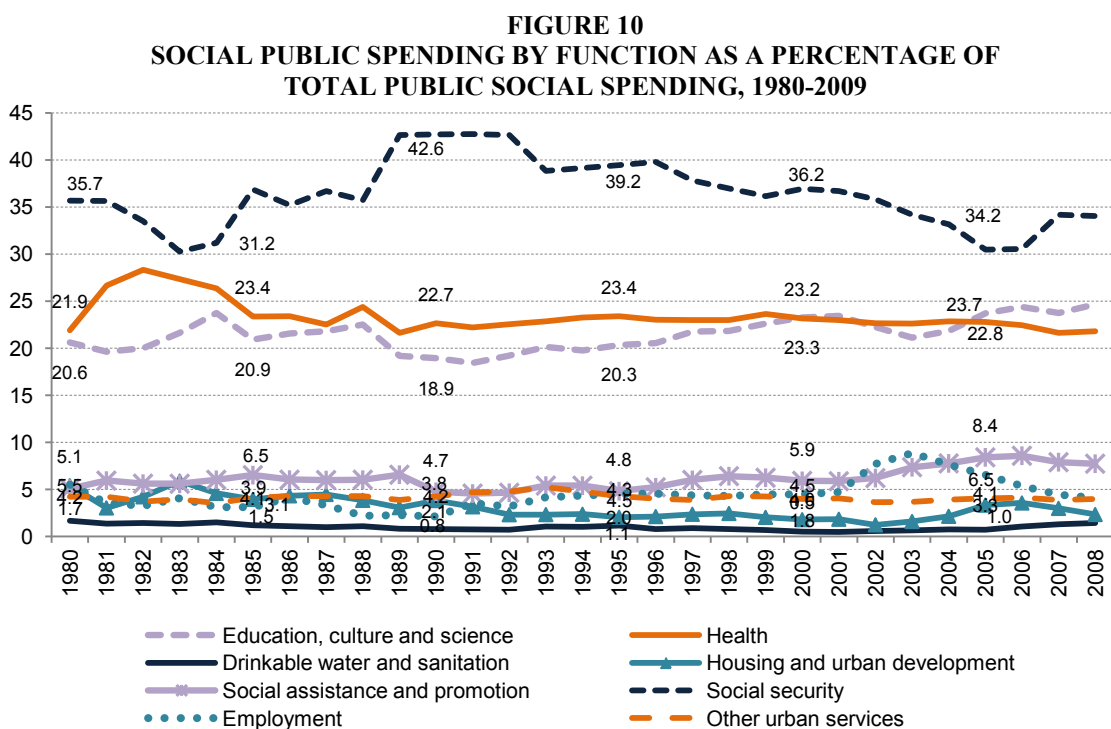
⁶ It includes spending at the three levels of government: national, provincial and municipal.

GDP. During the economic crisis of 2001-2002 and in the years that followed, social spending fell to 19% of GDP. Currently, it represents 27.8% of GDP (see figure 9).



Source: Prepared by the authors, based on data from the Direction of Public Spending Analysis and Social Programmes (*Dirección de Análisis de Gasto Público y Programas Sociales*), Ministry of Economy of the Nation (*Ministerio de Economía de la Nación*).

Social spending on social security has been the most prominent sector within social spending, although it decreased in relevance between the early 1990s and 2005 (see figure 10). Although with fluctuations, spending on education and health has also been relevant. In recent years, spending on education has increased and it is currently at the level of 24% of total public spending, whereas spending on health has decreased to 22.4%. Spending on social assistance and promotion has also increased recently. Finally, spending on employment programmes increased at times of economic crisis, such is the case of the Unemployed Heads of Household (*Jefes y Jefas de Hogar Desocupados*, JJHD) programme which was implemented in 2002.

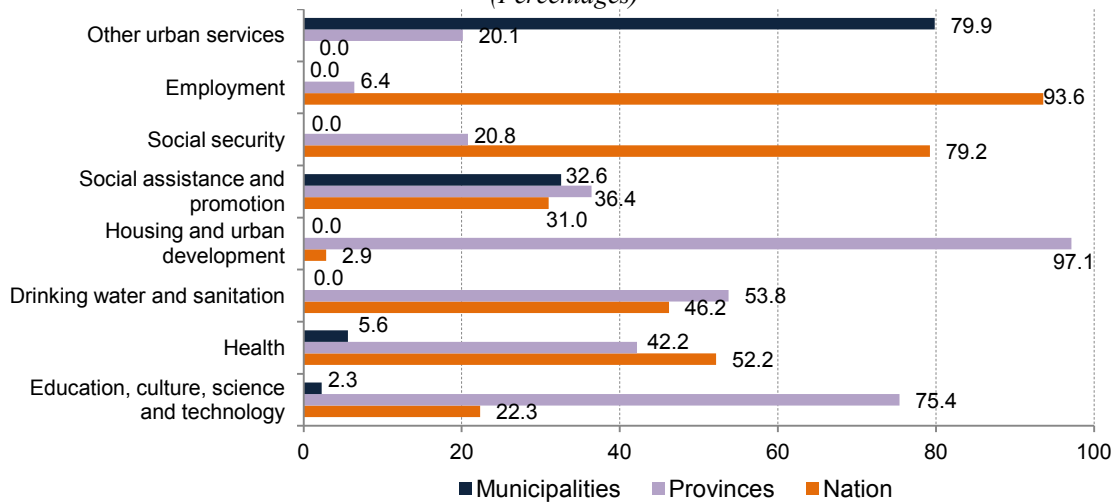


Source: Prepared by the authors, based on Direction of Public Spending Analysis and Social Programmes (*Dirección de Análisis de Gasto Público y Programas Sociales*), Ministry of Economy of the Nation (*Ministerio de Economía de la Nación*).

According to Isuani's (2007) typology of the guiding principles of social policy and spending, this pattern would correspond to a primary disbursement on the contributory component of social spending —i.e., spending that is only granted to citizens according to their contributions—, while a third of this spending goes to what he depicts as citizenship's disbursement on health and education —i.e., granted to all citizens, disregarding their position and financed via taxes—. The discretionary component of social assistance for the poor remains very marginal.

A different perspective is obtained if analysing the structure of social spending within the different levels of government: the central State has a wide presence in spending on social security and employment issues, as well as on health, whereas spending by provinces has a greater incidence on housing and urban development, education and drinking water and sanitation. Finally, municipal districts have a prominent role in spending on urban services. Spending on social assistance and promotion policies is distributed almost equally among the three levels of the State (see figure 11).

FIGURE 11
PUBLIC SOCIAL SPENDING BY FUNCTIONS AND LEVELS OF GOVERNMENT, 2009
(Percentages)



Source: Prepared by the authors, based on Direction of Public Spending Analysis and Social Programmes (*Dirección de Análisis de Gasto Público y Programas Sociales*), Ministry of Economy of the Nation (*Ministerio de Economía de la Nación*).

The progressivity of social transfers and programmes varies considerably from case to case. Based on an analysis of the Kakwani Index,⁷ non-contributory social assistance and promotion programmes, such as Unemployed Heads of Household and non-contributory pensions, employment programmes, pre-school and primary education and public healthcare are considerably more progressive—with an index above the 0.700 threshold— than contributory insurances, spending on secondary education and housing and urban development, among others—which stand below 0.7 and above 0.5. Spending on higher education is the most regressive sector of public social spending (0.304) (Rivas, Vera and Bezem, 2010). However, from a qualitative point of view, it must be noticed that spending on social services might be considered regressive in terms of the quality of the services accessed by the poorest groups in comparison to private services, which are mostly accessed by richest income groups (Feldman and Filc, 2008, p.177). This is especially true for the cases of the health services and pre-school and primary education (see sections VII and VIII).

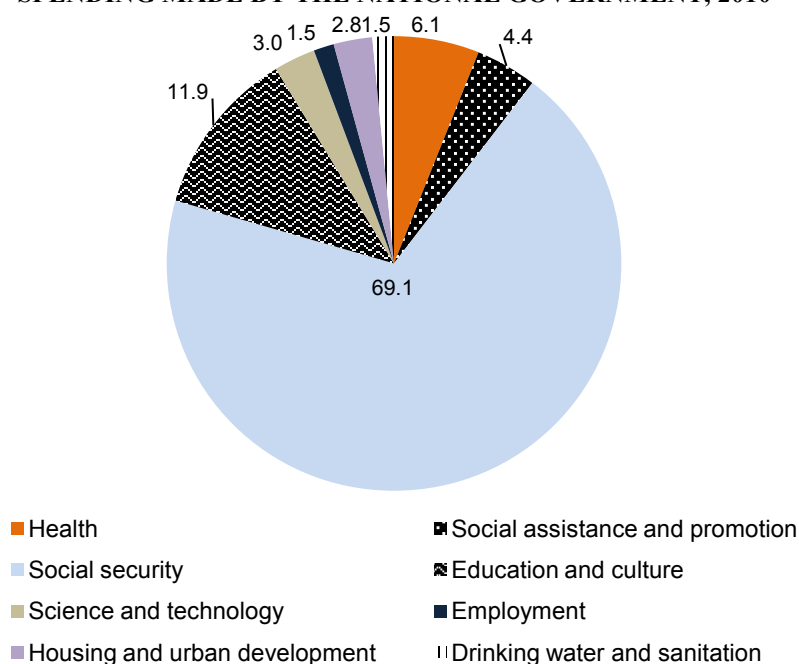
⁷ This analysis is based on the “index of progressivity” created by the Fiscal Policy Programme of the Centre for the Implementation of Public Policy for Equity and Growth (*Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento*, CIPPEC). The Kakwani index is used to measure the departure from the proportionality in the distribution of public spending by different income groups. The indicator ranges between 0 and 1: the highest the score, the most favoured by State investment are the poorest groups. For further information see Feldman and Filc (2008).

B. National government's spending

Public social spending disbursed by the National Public Administration (*Administración Pública Nacional*, APN) represented around 60% of total spending made at that level in 2010.⁸ Economic services accounted for 17.7% of the spending made by this level, while 9% were assigned to the payment of the interests of the public debt, 7.5% went to finance administrative expenses and 6.5%, to defence and security.

Spending on social security represents about 70% of the APN's social spending. Spending on education and culture accounts for 11.0% of total social spending, while spending on health represents 6.1%. Spending on other sectors, such as social assistance and promotion, science and technology, drinking water and sanitation and employment, are rather marginal, ranging between 4.4% and 1.5% of total social spending (see figure 12).

FIGURE 12
SOCIAL SPENDING BY SECTORS AS A PERCENTAGE OF TOTAL SOCIAL SPENDING MADE BY THE NATIONAL GOVERNMENT, 2010



Source: Prepared by the authors, based on data from the database of CIPPEC.

⁸ It must be considered that some relevant sectors within social spending, such as spending on education and health are not included within the spending corresponding to the national level, since these are directly financed by provinces and/or municipal districts.

IV. The pension system

A. Contributory pensions

According to Repetto and Andrenacci (2006), the reform that privatised old age and retirement insurances was the most dramatic case of the retrenchment of the State in Argentina. This was caused by the severe problems of funding that affected the pay-as you-go system of pensions. Thus, a system of individual capitalisation was created through the law No. 24.241 of 1993. This system was either complementary — operating as a parallel system— or compulsory —totally replacing the former system— and applied to all formal wage-earners workers. The new system introduced private funds managers, which received several guarantees in order to proliferate (Lo Vuolo and others, 1999). The State remained responsible for developing instruments to expand the coverage of pensions for informal or instable low-income workers.

The main arguments behind the introduction of this reform were financial, as a matter of expanding national savings and reducing the weight of retirement funds on the State's finances. The Argentinean case was particularly unsuccessful to this respect. The reform had to be negotiated with strong trade unions that firmly opposed them. As a result, a parallel dual system was established: this was half-public, since traditional funds under the rule of the National Social Security Administration (*Administración Nacional de Seguridad Social, ANSeS*) subsisted, and half-private, due to the participation of the newborn Pension Fund Managers (*Administradoras de Fondos de Jubilaciones y Pensiones, AFJPs*).

Yet, after introducing various changes to the system —including redefining the retirement age, the required contributions made to the system and the conditions to claim benefits—, after ten years of reform, the government had not succeeded in cutting its subsidies to the system, nor had the AFJPs implied a substantial increase in the saving capacity of the State. The reform did not either profit beneficiaries, due to the economic instability that affected the operation of the funds and the fiscal deficit that forced the State to absorb permanently their resources.

Furthermore, the situation of a large proportion of workers who did not have the capacity to sustain a level of contributions capable of assuring a minimum pension at retirement remained unattended (Isuani, 1998). According to Goldberg and Lo Vuolo (2006), the main critical issues produced by this reform were the following: (1) the deepening of financial and fiscal accounts imbalances; (2) the worsening of liabilities; (3) the deepening of a regressive distribution; (4) the decline of coverage; (5) the discouragement of affiliation and the commitment to make regular contributions to the system; and, (6) the increasing institutional and normative fragmentation. To these, it may be added two additional elements: the politico-economic impacts of the increasing influence gained by private funds and the unaccomplished promise to strengthen the local stock market through the system of individual capitalisation.

Since the beginning of the year 2000, various actions were defined to increase the number of beneficiaries of the pension system and transform the institutional framework of the reform. These included the introduction of broader time limits to enter the system, particularly in the case of persons that previously did not accomplish with the conditions to become beneficiaries —this was also called the Social Security Inclusion Plan (*Plan de Inclusión Previsional*) — or that were granted early retirement due to unemployment and incomplete contributions. In 2007, law No. 26.222 established the option to return to the former pay-as-you-go system, which was compulsory in the case of persons with scarce resources accumulated in their accounts.

In October 2008, a substantial reform was passed through law no. 26.425. This created the Integral Argentinean Social Security System (*Sistema Integral Previsional Argentino*, SIPA), replacing the former Integral Pension System (*Sistema Integral de Jubilaciones y Pensiones*, SIJP). This reform implied returning to a State-based pension fund that had been administered by the AFJPs, terminating the individual capitalisation system. This law introduced several reforms, stating the following: a) the SIPA is a unique solidarity pay-as-you go system, opposite to the case of the SIJP that was composed by two pillars (pay-as-you go and individual capitalisation); b) SIPA's funds are fully administered by the State through the ANSeS, under the supervision of the Bicameral Commission of the National Congress;⁹ and, c) all the beneficiaries of the individual capitalisation regime must be transferred to the new public system; with their individual funds, the Fund for the Guarantee of Sustainability (*Fondo de Garantía de Sustentabilidad*) was created. This fund represents approximately 10% of GDP.

B. Non-contributory pensions

Beyond the contributory pillar, various non-contributory pensions exist for different groups of the Argentinean population, including elders over 70 years of age, mothers of more than seven children or persons living with disabilities. These are persons who are in a situation of vulnerability and not in a position to make contributions to social security. Therefore, they are entitled to non-contributory pensions through the Non-Contributory Pension Programme (*Programa de Pensiones no Contributivas*, PNC), as well as access to public healthcare through the Federal Health Programme (*Programa Federal de Salud*, PROFE) (see section VII.A.). These benefits apply to the recipients and their families and are held for life as long as the conditions under which these were granted are kept. Other beneficiaries of these allowances are persons who receive special pensions or pensions granted by the National Congress, and former soldiers in the Malvinas' war.

C. Coverage and funding of the pension system

Contributory pensions are the most relevant component within the APN's social spending. According to Bertranou (2010, p. 20-21), contributory pensions cover over 3 million people. To these, another 2.4 million persons were added in recent years as a result of the Social Security Inclusion Plan. The latter receive a temporary allowance, reduced in comparison to the one obtained by persons who managed to accomplish in full the requisites to receive a pension. These pensions have been depicted as part of a “semi-contributory” scheme (ibid).

According to UNDP-CNCPS (2010), with the implementation of the Social Security Inclusion Plan, Argentina achieved the highest pension coverage within Latin America: nine in ten persons in age to retire, receive a social security benefit. In 1996, 69% of old age adults were in this situation (ibid).

In 2009, US\$ 16,419 million (equivalent to \$ 65,676 million) were invested in financing pensions. This sum increased to US\$ 18,498 million (\$ 73,991 million) in 2010. In the proposal for the

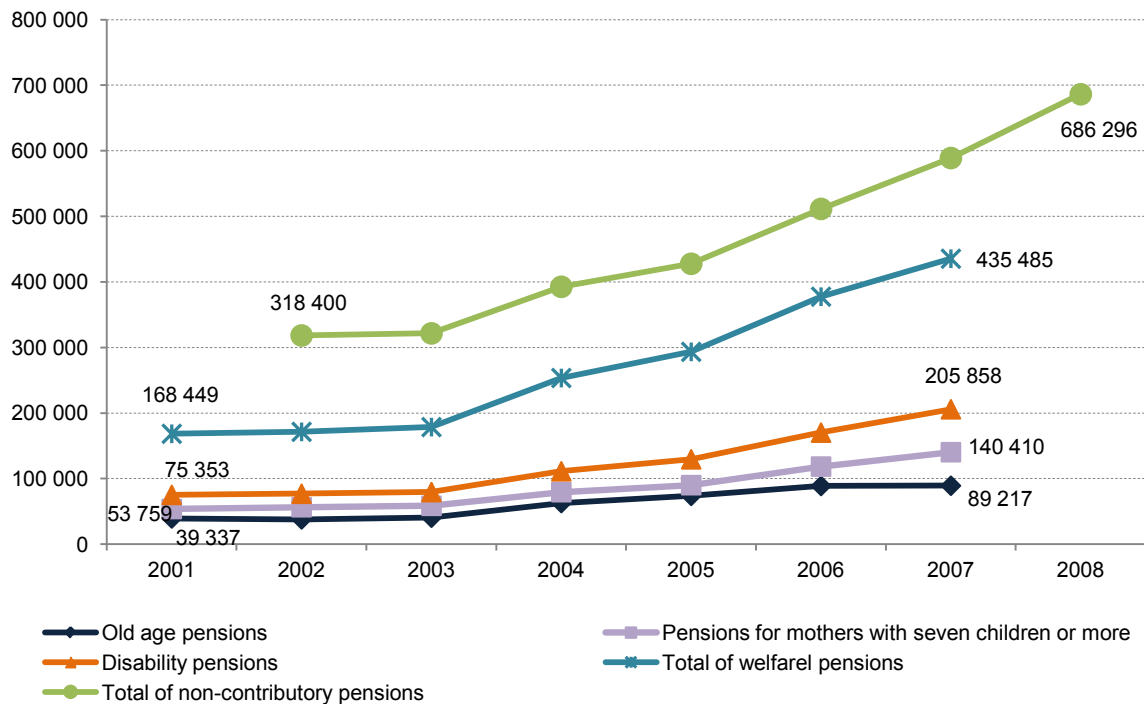
⁹ So far, this Commission has not played a substantive role in supervising the ANSeS.

2011 State budget, which was not finally approved, it was expected to increase this sum to US\$ 25,473 (\$ 101,892 million) (Casadei and others, 2010).

In October 2008, Law no. 26.417 established a periodic actualisation of the benefits of the SIPA twice a year, in March and September. Hence, since March 2011, the monthly minimum pension increased to US\$ 318 (equivalent to \$ 1,272). This figure represents an increase of 17.3% compared to the previous amount (US\$ 262 or \$ 1,046). Nevertheless, it must be considered that 72% of the persons receiving a pension in Argentina receive the minimum allowance which is insufficient to cover the basic needs for this population (ECLAC-ILO, 2010).¹⁰

On the other hand, the beneficiaries of non-contributory pensions receive monthly US\$ 147 (\$ 587), if disabled; US\$ 209 (\$ 835), if a mother of seven or more children; and US\$ 148 (\$591), if in old age (Bertranou, 2010: 20). Since 2003, the number of beneficiaries and the allowances paid have increased considerably, as a result of an effort to expand its coverage and budget, facilitate its access and improve its working procedures (see figure 13).

FIGURE 13
NUMBER OF BENEFICIARIES OF NON-CONTRIBUTORY PENSIONS, 2001-2008



Source: Prepared by the authors, based on data from the Ministry of Social Development of the Nation (*Ministerio de Desarrollo Social de la Nación*) (2010).

According to Casadei and others (2010), funding for non-contributory pensions has increased considerably in recent years. In 2009, the budget of the PNC was raised from US\$ 1.15 million (\$ 6,860 million) to US\$ 1,941 million (\$ 7,766 million) in 2010. For 2011, it was originally proposed to increase this funding up to US\$ 2,850 million (\$ 11,400 million).

¹⁰ In October 2010, the National Congress passed a law (26.649) that set the minimum pension at about 82% of the adjustable minimum living wage. This would have implied that the minimum pension would have increased to US\$ 357 (\$ 1,427) per month. This reform was blocked by the National Executive Power as it was claimed that it would implied the fiscal bankrupt of the State.

V. Other monetary transfers

A. The contributory sub-system of family allowances

Family allowances are the second element of the contributory social security system. The first family allowances were created as early as in 1934, comprising a maternal subsidy and some benefits paid to each son or daughter for workers of specific productive sectors, such as banking. In 1957, a more integral system was established creating the Family Allowance Fund for the Workers of the Industry (*Caja de Asignaciones Familiares para el Personal de la Industria, CASFPI*). To this, other funds were added by the different productive sectors, all targeted at children and youngsters below 18 years of age whose parents were in the formal labour market. In 1968, the different funds were unified, although they remained administered independently as Subsidies and Family Allowances Funds (*Cajas de Subsidios y Asignaciones Familiares*), according to Law no. 18.017 (Rofman and others, 2001).

In 1996, the Law No. 24.714 reformed the operation of the family allowances, simplifying the allowances scheme and targeting them at low and middle-income wage workers, limiting benefits to workers with remunerations below US\$ 375 (equivalent to \$ 1,500). Also, the contribution made by employers to finance these allowances was reduced from 7.5% in 1994 to 5% in 1996. In 2009, the coverage of the allowances was further expanded through the creation of the AUH (see section V.II).

Currently, family allowances are granted to the following groups: (i) wage-earners in the private sector; (ii) beneficiaries of the insurance against risks at work and the unemployment insurance; (iii) beneficiaries of the SIPA; and, (iv) beneficiaries of non-contributory pensions. In all cases, the beneficiaries must have incomes below US\$ 1,200 (\$ 4,800). Family allowances comprise various types of benefits. In some occasions, their amount varies according to the geographical area where the workers live and the wage they earn. In general terms, the amounts received are the following: a) maternity allowance (gross salary paid during maternity leave): US\$ 150 (\$ 600), and if adopting a child, US\$ 900 (\$ 3,600); b) marriage allowance: US\$225 (\$ 900); c) monthly prenatal allowance: US\$ 55 (\$ 220); d) monthly child allowance: US\$ 55 (\$ 220); e) monthly disabled child allowance: US\$ 220 (\$ 880); f) annual school allowance: US\$ 43 (\$ 170) and; g) annual school allowance for a disabled child: US\$ 43 (\$ 170).

According to Casadei and others (2010), in 2009, US\$ 2,677 million (\$ 10,707 million) were granted to the payment of family allowances. In 2010, this sum increased to US\$ 3,224 million (\$ 12,895 million). Initially, it was projected to increase this amount to US\$ 4,982 (\$ 19,927 million), as part of the 2011 budget.

B. The Universal Child Allowance for Social Protection

The AUH was created in October 2009 as the third pillar of the Family Allowances Regime (*Régimen de Asignaciones Familiares*), through Decree no. 1602, which modified Law no. 24.714. The AUH seeks to guarantee an allowance to all children aged below 18 years, who are not covered by the regime of family allowances for formal workers and who belong to families with incomes below the adjustable minimum living wage and whose members are unemployed or work in the informal economy, are beneficiary of social assistance programmes,¹¹ are self-employed tax-payers (*monotributista social*),¹² or work in the domestic service. Disabled persons are also beneficiaries, as long as they fall under the cases described above.

The allowance granted by the AUH is equivalent to that received by beneficiaries of the unemployment insurance, pensioners or formal workers' children. Thus, it aims to universalise the right to receive family allowances under a notion of citizenship, marking a departure from the targeted logic of conditional cash transfers (Golbert and Scheines, 2010). However, according to Golbert and Scheines, the way in which this reform was passed, as a way to surprise the political opposition rather than as the result of a discussion on the universalisation of allowances, blocked the possibility to install the debate of universalism in the public agenda.

By the end of 2010, the monthly allowance provided by the AUH was US\$ 55 (\$ 220), increasing to US\$ 220 (\$ 880) in the case of disability. 80% of the monthly amount is paid through a payment system located at the ANSeS, while the remaining 20% is deposited in a saving account created in the name of the direct beneficiary—the child or young person—at the National Bank of Argentina (*Banco de la Nación de Argentina*). This amount is paid when demonstrating the accomplishment of health check-ups and the vaccination plan, for children under 5 years of age. In the case of children and young persons in school age, beneficiaries must also certify school attendance. In order to supervise progress on these requisites, a National Diary of Social Security, Health and Education (*Libreta Nacional de Seguridad Social, Salud y Educación*) was created.

It is estimated that 3,670,000 children and youth might be currently receiving the AUH (Bertranou, 2010: 20), equivalent to 1.8 million households across the country (ANSeS, 2010). Hence, the current coverage of the AUH is virtually universal, reaching about 91% of the population aged below 18 years of age (Bertranou, 2010). In total, the children that receive the AUH represent 8.7% of the population of Argentina.

According to the Ministry of Labour, Employment and Social Security of the Nation (2009), 51% of children and youngsters covered by the AUH had never received a cash transfer before. Besides the AUH, 7.5 million children are covered by a different social security scheme, either through non-contributory pensions or formal employment of their parents. Other estimations provide similar figures: according to UNDP-CNCPS (2010), 86% of children receive an income transfer, while in 1997, only 37% did so. Furthermore, according to estimations from the Ministry of Labour, Employment and Social Security (*Ministerio del Trabajo, Empleo y Seguridad Social*), the allowance has benefited the households of 440,000 unemployed persons, corresponding to 19% of the population who did not previously receive any type of social coverage (UNDP-CNCPS, 2010).

According to Bertranou (2010), approximately, 70% of the children that receive the AUH belong to the two poorest income deciles and 60% live in poverty. As a result, the AUH has had a positive impact on the reduction of extreme poverty—and to a lesser extent on poverty—among

¹¹ It is estimated that 40% of the beneficiaries of the AUH were former beneficiaries of other programmes, such as the Unemployed Heads of Household and the Families for Social Inclusion Plan (*Plan Familias por la Inclusión Social*) (Bertranou, 2010).

¹² This is a tax category created to promote and facilitate the development of economic activities and the incorporation to registered employment by persons who are in a situation of economic vulnerability. The payment of a reduced tax amount allows them to count with an official invoice; the contribution is counted as part of their future pension.

children and youth: about 65% and 18% of this age group might abandon extreme poverty and poverty, respectively, after receiving the transfer.

ANSeS (2010) has measured the impact of the AUH estimating the “multiplier effect of demand”.¹³ This is calculated at 2.86 for beneficiary households: i.e., for each Argentinean peso of raised consumption among beneficiary households, the product increases by \$ 2.86. ANSeS also estimated that the AUH has had a great effect on aggregate demand, with an impact of US\$ 5,135 million (\$ 20,540 million), equivalent to about 1.5% of GDP.

In the Decree 1602/09, it is stated that the AUH will be funded with the resources from the SIJP (currently, the SIPA) and the annual profits produced by the *Fondo de Garantía de Sustentabilidad* (FGS) of the SIPA, a matter that has generated polemic. According to Casadei and others (2010), the funding for the AUH was US\$ 288.75 million (\$ 1,155 million) in 2009, which increased to US\$ 1,250 million (\$ 5,000 million) in 2010. It was originally planned to further increase this figure up to US\$ 2,500 million (\$ 10,000 million) in 2011.

C. Unemployment insurance

Unemployment insurance is paid in case of dismissal, according to Law No. 24.013. It comprises an economic allowance, medical assistance, family allowances and the calculation of the period during which contributions were made to social security. The amount of the allowance corresponds to 50% of the best payment obtained during the six months immediately previous to dismissal. This amount shall neither be inferior to US\$ 62.5 (\$ 250), nor superior to US\$ 100 (\$ 400). This benefit is paid up to a year and it declines progressively month after month. It must be considered that this is a very low amount, far from representing a basic basket of goods and services, or even the basic food basket.

It is estimated that the number of beneficiaries of this insurance has increased from 206,000 in 2006 to 363,000 in 2009. This increase might be explained by the impacts of the recent international financial crisis, as well as a consequence of the rising number of persons with registered employment and, therefore, potentially beneficiary of the insurance (UNDP-CNCPS, 2010).

The budget considered to fund this insurance corresponded to US\$ 184.25 million (\$ 737 million) in 2009, increasing slightly to US\$ 186.75 million (\$ 747 million) in 2010. For 2011, it was initially planned to reduce this amount up to US\$182.75 million (731 million) (Casadei and others, 2010).

¹³ This is a function calculated considering the marginal propensity to consume among the sectors that receive the cash transfer, the level of taxes within this group and other variables.

VI. Social development and poverty-alleviation policies

A. Institutional and social development policy trends

The concern for the population living in a situation of vulnerability due to poverty, gender, age or disability, gained relevance since the mid-1990s. This interest was materialised in the creation of the Social Development Secretariat (*Secretaría de Desarrollo Social*), which became a Ministry by the end of 1999.

Until 2002, there was a noticeable proliferation of targeted programmes, which were managed by the Secretariat, as well as other institutions, including the Ministry of Labour, Employment and Social Security. These programmes were reduced in scope, often discontinued and lacking an integral perspective, unaware of the emerging demands and necessities of a society in transformation (Repetto, 2001). Although there were efforts to increase the articulation between programmes, these were insufficient.

Since 2003, the Ministry of Social Development aimed to unify the existing programmes under three main areas: social economy, food security policies and families in a situation of greater vulnerability. These areas were translated into the following plans: the National Plan for Social Economy and Local Development “Manos a la Obra” (*Plan Nacional de Economía Social y Desarrollo Local “Manos a la Obra”*), the National Plan for Food Security (*Plan Nacional de Seguridad Alimentaria*, PNSA) and the Families for Social Inclusion Plan (*Plan Familias por la Inclusión Social*) (see section VI.B). These new plans were associated with an increasing budget for the Ministry.

The Plan *Manos a la Obra* was implemented since 2003 and was targeted to the unemployed population, micro-entrepreneurs and informal workers. The Plan finances productive initiatives, training and technical assistance and micro-credits. It also promotes the formalisation of self-employment. With the creation of the Social Income with Employment programme (*Ingreso social con trabajo, Argentina Trabaja*) (see section VI.B), the funding for this Plan has sharply decreased from US\$ 313.25 million in 2009 to US\$ 110 million in 2011 (Casadei and others, 2010).

The PNSA began in 2002 with the Law No. 25.724, aiming to bring together the various food security initiatives that were carried by the Ministry of Social Development and to increase their coverage. It grants funding allocations directly to the provinces, which decide what actions to

implement, including food distribution, food vouchers, magnetic cards cash transfers, tools and training courses to construct vegetable gardens and financial support to community kitchens.

The PNSA is targeted to the population under 14 years of age, pregnant women, disabled persons and elders above 70 years of age living in poverty. According to data from the Ministry of Social Development, the Plan provides food support to 1,830,900 families. According to Casadei and others (2010), the resources invested in food security have risen from US\$ 333.5 million in 2009 to US\$ 458.25 million in 2011.

Efforts to promote the articulation between existing policies were intensified with the creation of a Federal Network of Social Policies (*Red Federal de Políticas Sociales*). In this context, two local institutions were created: on the one hand, the Referral Centres (*Centros de Referencia*) that operated at the provincial level with the aim of articulating the offer of programmes from the Ministry of Social Development; on the other hand, the Community-based Integrated Centres (*Centros Integradores Comunitarios*, CIC) that sought to integrate social development policies with those included at the primary healthcare attention, through local premises that provided various simultaneous services (health controls, vaccinations, labour training courses, nurseries for children aged less than 5 years and recreational activities).¹⁴

Also, in 2002, the National Council for the Coordination of Social Policies (*Consejo Nacional de Coordinación de Políticas Sociales*, CNCPS) was created to articulate the actions of various ministries.¹⁵ It is currently directed by the Ministry of Social Development and has an Executive Secretary. This Ministry coordinates two programs with national scope: the National Programme for the Development of Early Childhood, *Primeros Años* (*Programa Nacional de Desarrollo Infantil Primeros Años*) and the National Plan for Integral Management, *Plan Ahí* (*Plan Nacional de Abordaje Integral, Plan Ahí*).

The National Programme for the Development of Early Childhood, *Primeros Años*, is implemented since 2005. It seeks to enhance the care system for early childhood development (0 to 4 years of age) within families and communities, providing technical assistance to provincial teams in charge of these issues. This is a joint initiative of the Ministries of Social Development, Education and Health. Each ministry provides resources that are transferred to the CNCPS for execution. According to official information, this programme is currently implemented in 47 urban and rural areas in situation of high social vulnerability, belonging to 22 jurisdictions.

The National Plan for Integral Management, *Plan Ahí* is also jointly managed by the Ministries of Social Development, Education and Health. It seeks to promote human development and social inclusion of families and communities, prioritising highly vulnerable regions with less than 12,000 inhabitants. The Plan includes actions in the areas of services, social infrastructure and production.

B. Conditional cash transfers

Among the main actions for social development in Argentina are cash transfers aiming to enhance social and labour inclusion and reduce poverty and vulnerability. Cash transfer programmes are implemented since the mid-1990s, and include labour insertion or educational conditionalities.

Before the 2001-2002 economic crisis, the main programme of this kind was the *Trabajar* programme created by the Ministry of Labour, Employment and Social Security. In 2002, the Unemployed Heads of Household (PJHD) was launched, covering two million people at the beginning

¹⁴ According to official information, in 2010 there were 200 CIC in operation in 22 provinces.

¹⁵ The CNCPS is integrated by the Ministries of Social Development; Health; Education; Labour, Employment and Social Security; Economy and Production; Justice, Security and Human Rights; Federal Planning, Public Investment and Services; Science, Technology and Productive Innovation; and the National Secretariat for Childhood, Youth and Family.

of its implementation. Since 2005, greater articulation between the PJJHD and two other programmes created to provide an exit route for beneficiaries was promoted. These were the Families for Social Inclusion Plan, under the rule of the Ministry of Social Development and the Training and Employment Insurance (*Seguro de Capacitación y Empleo*, SCyE), created in 2006 by the Ministry of Labour.

Until the end of 2009, when the AUH (see section V.B) was implemented, these three programmes coexisted, although it was under discussion whether their transfers were truly sufficient for the beneficiary families' needs. The PJJHD provided an allowance of US\$ 37.5 (\$ 150), not readjusted since it began; the Families for Social Inclusion Plan provided a base of US\$ 38.75 (\$ 155), increased by US\$ 7.5 (\$ 30) per each son, up to a maximum of US\$ 76.25 (\$ 305); and the SCyE granted an allowance of US\$ 56.25 (\$ 225) during the first 18 months and then US\$ 50 (\$ 200) for the next six months. Also, accusations of clientelism were made, affecting with special intensity the PJJHD and the Families for Social Inclusion Plan (Gruenberg and Pereyra Iraola, 2009).

The PJJHD disappeared from the national budget in 2011 and the Families for Social Inclusion Plan remained residual. On the contrary, the SCyE has increased its funding during the past two years. In 2009, the budget for the SCyE was US\$ 59.44 million (\$ 237.77 million), increased to US\$ 122.53 million (\$ 490.12 million) in 2010. It was initially planned to further increase this funding to US\$ 165 million (\$ 660.23 million) in 2011 (Casadei and others, 2010).

The SCyE aims to support unemployed workers in their search for employment, the enhancement and development of their working skills and their insertion in quality jobs. For this purpose, it provides a monthly transfer of US\$ 56.25 (\$ 225) for a maximum period of 24 months. Also, further support is offered for the labour insertion of beneficiaries, including providing guidance and labour intermediation services, basic and professional formation, training at work and/or technical assistance in the formulation of self-employment projects. This programme was originally conceived for the beneficiaries of the PJJHD that had the greatest chances to become employed. However, over time, beneficiaries from other social and employment programmes, as well as unemployed persons who had never participated in any plan, were allowed to enter the programme.

Given the fact that the SCyE and the AUH are incompatible and that the SCyE's transfer is lower than that of the AUH, during 2010, there was a noticeable fall in the number of beneficiaries of the former programme: while in October 2009, the SCyE had 123,000 participants, by July 2010 they had declined to 33,000. It might be expected that this trend will reverse as a consequence of the transfer of beneficiaries from the Community Employment Programme (*Programa de Empleo Comunitario*, PEC)¹⁶ whose finalisation was foreseen for 2010. The 2011 Budget Law estimated in over 130,000 the number of beneficiaries of the SCyE during that year (Casadei and others, 2010).

In 2008, the programme Youth with More and Better Jobs (*Programa Jóvenes con Más y Mejor Trabajo*) was created, providing a monthly transfer between US\$ 37.5 and US\$ 137.5 (\$ 150 and \$ 550) to young persons who are outside the labour market. It also offers labour intermediation and training services, including opportunities to finish school, employment guidance and professional development. Unemployed young people aged 18 to 24, with permanent residence in the country, and who have not completed either primary or secondary school, are entitled to register in this programme. According to Bertranou (2010), in 2010 the programme had 40,000 beneficiaries.

Finally, in August 2010, the programme Social Income with Employment (*Ingreso social con trabajo, Argentina Trabaja*) was created by the Ministry of Social Development. This programme seeks to promote economic development and social inclusion, creating jobs and fostering workers' organisations. It is targeted to families without formal incomes and with no access to other social programmes or transfers, including pensions or social plans, with the sole exception of those belonging to the PNSA. The initial goal of the programme was to provide attention to 1,666 cooperatives, creating 100,000 new vacancies, mostly within big urban areas of Buenos Aires.

¹⁶ This programme provides US\$ 37.5 (AR\$ 150) to unemployed workers. In 2010, this programme had 300,000 beneficiaries (Bertranou, 2010).

The members of the beneficiary cooperatives receive a monthly income of US\$ 300 (\$ 1,200), which increases to US\$ 600 (\$ 2,400) in the case of foremen. Furthermore, workers are registered under the regime for self-employed tax payers and are entitled to receive the AUH, as well as a pension when retired. In exchange, workers must work 40 hours per week, and five of them must be spent in training activities. The beneficiary cooperatives perform low and medium complexity tasks, including sanitation, maintenance of public and community infrastructure, the improvement of green areas, housing and the environment. Municipal governments and, in some cases, provinces, play a key role in the management of these actions.

Since 2010, this programme has an autonomous budget: in 2009, it was US\$ 375 million (\$ 1,500 million); in 2010, it climbed to US\$ 587 million (\$ 2,348 million); and in 2011, it was planned to increase it further to US\$ 836.5 million (\$ 3,346 million) (Casadei and others, 2010).

VII. The health sector

A. Main description of the system

The health sector is one of the most complex social policy sectors in the country. This is mostly due to the coexistence of three sub-systems: a) public health; b) social security, which also includes national and provincial social insurances or funds and the National Institute of Social Services for Pensioners (*Instituto Nacional de Servicios Sociales para Jubilados y Pensionados*, INSSJyP, commonly known as PAMI); and, c) private health. Thus, it is often depicted as highly fragmented, heterogeneous and unequal, both in terms of its organisation and funding, and the access it provides to health services (Arce, 1993; Bisang and Cetrángolo, 1997; Cetrángolo, Lima Quintana and San Martín, 2007; and Belmartino, 2009, among others). Therefore, although it is considered universal, it faces various practical challenges in terms of equity and demand and supply of services.

Public health is provided through hospitals and primary health centres. Although all citizens are entitled to these services, even if they also have other social or private insurances, the Federal Programme of Health (*Programa Federal de Salud*, PROFE) tries to facilitate access to public healthcare by the most vulnerable population. This programme provides life-time non-contributory protection against health risks and it is targeted to elders over 70 years of age, women who are others of more than seven children and persons living with disabilities, in situation of vulnerability and not protected by any kind of social security.¹⁷

Within the social security sub-system, private or public workers in the formal labour market and their families have access to additional coverage granted by social security institutions called “insurances” or “funds”. Civil servants working in the provincial public sector and their families are covered by provincial funds. Also, the INSSJyP provides health services for pensioners. Finally, there are also pre-paid voluntary insurances offered by private companies, most of them, for profit (UNDP, 2010) (see table 1).

¹⁷ Funding for PROFE decreased slightly between 2009 and 2010, from US\$ 248.25 million (\$ 993 million) to US\$ 241 million (\$ 964 million). In 2011, it was proposed to increase funding for this programme to US\$ 310 million (\$ 1,240 million).

TABLE 1
MAIN FEATURES OF THE DIFFERENT HEALTH SUB-SYSTEMS

	Social security				
	Public	National funds	INSSJyP (PAMI)	Provincial social funds	Private
Target population	Total	Compulsory: formal workers and dependents Voluntary: adherents and pensioners	National pensioners, husbands/wives, children, other	Provincial civil servants, dependents and pensioners of the provincial funds	Voluntary affiliate members
Population covered (%)	39 356 383 (100%)	15 535 999 (40%)	3 334 599 (8%)	5 500 000 (14%)	3 600 000 (9%)
Insurance entities	National, provincial and municipal government	280	1 to 24 provincial delegations	24 provincial entities	65 grouped in chambers; between 200 and 300 very small. Five companies cover 60% of the market
Per capita monthly spending (2009)	\$ 48	\$ 88	\$ 193	\$ 116	n/a
Guaranteed health services package	No definition	Compulsory medical emergency programme	Own basket	There is not a minimum package	Compulsory medical emergency programme
Institution delivering services	Public hospitals Primary health centres In some cases, private sector	Private, public, private services	Private, public, two own health centres	Private, public, private services	Private, public, own private services

Source: UNDP (United Nations Development Programme), Informe Nacional sobre Desarrollo Humano 2010. Desarrollo humano en Argentina: trayectos y nuevos desafíos, Buenos Aires, 2010; Guillermo Anlló and Oscar Cetrángolo, “Políticas sociales en Argentina: viejos problemas, nuevos desafíos”, *Crisis, Recuperación y Nuevos Dilemas. La Economía Argentina 2002-2007, project document (LC/BUE/W.20)*, Kosacoff (ed.), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), 2007.

The public sector has increasingly deteriorated over time. Two main problems are linked to the transfer of health management responsibilities from the central State to provinces,¹⁸ which have lower financial and management capacities: on the one hand, there has been a deterioration of the quality of health services, given a lower public investment and a rising demand on the part of the population; on the other hand, healthcare has become very heterogeneous, depending on the different local capacities of provinces and/or municipal governments.¹⁹

Furthermore, inequality in healthcare has deepened because access to health insurances has become scarcer for the poorest: the percentage of households in the lowest income quintile who lack access to a health insurance is seven times that of the highest income quintile. This difference is equally significant for private and social security insurances. A particularly worrying situation is that 40% of the population that receives attention at primary health centres and public hospitals has also

¹⁸ This process occurred between 1978 and 1992 and was motivated by fiscal reasons (UNDP, 2010). For a critical analysis on the results of this process, see Repetto and others (2001).

¹⁹ The diverse capacity for administering health services among provinces might be depicted analysing the percentage of the population lacking health coverage. For example, while in the provinces of Formosa and Chaco almost two thirds of the population are in this situation, in Santa Cruz, Tierra del Fuego or Buenos Aires this proportion declines to about 30% (UNDP, 2010).

coverage through social security, but the public system is not able to recover funds from social security due to information and management problems.

The social security sub-system has a high dispersion in health services coverage depending whether they are in the hands of centralised trade unions,²⁰ as well as because of difficulties to coordinate health policies. The funding of these services is in direct relation with the dynamics of the labour market; consequently, the economic downturns of the 1980s and 1990s implied receiving less funding. Also, due to a reform introduced by the mid-1990s, workers were allowed to opt between funds and transfer their contributions to the chosen fund. This deepened the disparities across funds and the inequality in the health services they provide.

Concerning the private sub-system, there is high heterogeneity in the services offered within different regions of the country, conspiring against equal healthcare access and quality. To this, it must be added that the central government does not have the mandate to supervise provincial funds, the INSSJyP or the private sector (UNDP, 2010).

B. Main recent transformations in the health sector

The reforms introduced during the 1990s promoted trade openness, the deregulation of some markets and the privatisation of public companies. The health sector was not exempted from this process. For example, it was argued that free choice would increase competitiveness among insurances, achieving greater efficiency in the assignment of resources, which needed to be accompanied by a greater autonomy on the part of public hospitals. Thus, the national government promoted the figure of the Self-managed Public Hospitals (*Hospitales Públicos de Autogestión*), authorising public institutions to charge for the services provided to their affiliated members.

These goals remained finally unaccomplished (UNDP, 2010) and, between 2002 and 2003, reforms were implemented in order to guarantee access to medicines and services to the most vulnerable groups. The Ministry of Health retook the command of the health sector, increasing the presence of the central State in the sector. Between 2003 and 2007, the Federal Council of Health (*Consejo Federal de Salud*, COFESA), that was created in 1981 and groups national and provincial health authorities, was revitalised and allowed the discussion of a medium and long-term health strategy: the Federal Health Plan. Yet, a norm that clearly defines the guidelines of the health policy is still lacking in the country.

In recent years, one of the most relevant actions in the area of health policy has been the *Nacer* Plan, which began as a health insurance for maternity and childhood and aimed to lower maternal and early childhood death rates. This programme was created in 2005 and implemented initially in the provinces located to the North-East and North-West of Argentina, and expanded later to the rest of the country. Originally, the *Nacer* Plan was targeted to pregnant or breastfeeding women and children aged less than 6 years, with no access to health coverage through funds or pre-paid schemes. The programme is strongly linked to the AUH, as in order to receive the AUH transfer, children aged less than 6 years must be enrolled in the *Nacer* Plan.

The *Nacer* Plan redefined the traditional approach to funding, focusing on results. Resources are transferred directly to the provinces in the following proportion: 40% is based on the accomplishment of goals and 60% depends on the delivery of lists of beneficiaries that have been covered by the system. Provinces pay for services directly to the providers (basically, the public network of primary health and maternity centres); prices are fixed by provinces. Funds received by the providers can be used for equipment, infrastructure, human resources (incentives) and/or inputs.

²⁰ Some of these trade unions are very small, with no more than 3,000 beneficiaries, while others are quite large, with over a million beneficiaries. About 70% of the beneficiaries are concentrated in 30 entities (UNDP, 2010).

In 2010, the *Nacer* Plan had 1,456,100 beneficiaries; over three million people have taken part in it between 2005 and 2010. Coverage varies across regions: while in the North-East region it gets up to 88% of the population, in the centre of the country it is only 61.7%. Between 2011 and 2015, other vulnerable groups (children of school age, youth up to 18 years, women up to 64 years), as well as new diseases (hypertension and diabetes, among others), are planned to be included. Hence, programme coverage might be extended to up to 10 million people that currently lack any health plan (Plan Nacer, 2010).

The Plan, which has increasingly become one of the central pillars of the health strategy of the national government, is funded by two World Bank credits. According to Casadei and others (2010), the budget for this programme was US\$ 65.75 million (\$ 263 million) in 2010. For 2011, funding was expected to increase by 38%.

Other actions to reduce maternal and childhood mortality are carried out by the Ministry of Health. Among these actions, the Maternal, Childhood and Youth Mortality Reduction Plan (*Plan de reducción de la mortalidad materno infantil, de la mujer y la adolescente*), created by the Resolution 1087/10 of November 2010, stands out as an effort to achieve the Millennium Development Goals. The Plan aims to reduce childhood and maternal mortality, youth unintended pregnancy rates, the incidence and mortality due to uterine-cervical cancer and hospitalisation due to abortion.²¹ In order to achieve these aims, various actions that require the articulation among different programmes and areas within the Ministry —such as technical assistance and training— have been set for 2011.

In line with the actions implemented to reduce infant and maternal mortality, the infant mortality rate has decreased from 16.6 to 12.5 per 1,000 born alive children. However, the maternal mortality rate has increased from 3.5 to 4 per 10,000 born alive.

Besides the aforementioned programmes, in August 2002, Law no. 25.649 was passed forcing all medical prescriptions to indicate the generic name of medicines, so consumers might choose among different brands and prices. This measure stopped the historical increase of the price of medicines, producing an estimated annual saving of US\$ 250 million (\$ 1,000 million), which benefited mostly the poorer groups of the population (UNDP, 2010).

Also, the *Remediar* programme was created in 2002, aiming to guarantee access to medicines used to treat 90% of the most frequent illnesses consulted at primary health attention to the lowest income groups. Since 2009, the programme has also included actions aimed at strengthening the health network through the funding provided to provincial and local participative projects. Also, it delivers essential medicines to over 6,600 primary health centres and provides training to workers of the health system. In 2010, the programme provided essential medicines to about 15 million people, representing more than 41% of the Argentinean population (ibid).

During the first years of implementation, this programme showed an adequate degree of targeting: 94% of the beneficiaries belonged to poor households and 71% lived under the extreme poverty line. Based on the registry of funds and private health insurances, it was estimated that 85% of the beneficiaries relied exclusively on the public coverage to access health services (Remediar, 2006). Also, existing evaluations indicate that the free provision of essential medicines represents over 24% of the per capita average income of households, favouring mostly the most vulnerable groups. The impact of the average transfer represents approximately 41% of the per capita income of the beneficiaries that live in households in extreme poverty, 15% of those who belong to households in poverty and 6% of non-poor beneficiaries.

²¹ According to UNDP-CNCPS (2010), 20.9% of maternal deaths registered in 2008 were caused by abortion.

C. Public spending on the health sector

Spending on health in Argentina represents 10.2% of GDP, well above the Latin American average (6.6%) and closer to that of European countries. Nevertheless, while in Europe the weight of the public sector in total health spending is 77%, in Argentina, this is only 50.8%; families finance directly the remaining 49.2%.²² Out-of-pocket disbursement is heavily unequal (UNDP, 2010): in 2005, over 65% of the out-of-pocket expenses of the most vulnerable families went to medicines, while among the richest families, this percentage was 25% (González García, De la Puente and Tarragona, 2005).

Similarly, per capita spending on health in Argentina is above all the countries of Latin America. However, considering the efficiency of this spending, it is worth noting that infant mortality rate is higher than in Chile and only slightly lower than in Uruguay. Hence, it is presumable that there are problems of efficiency in this sector (UNDP, 2010).

Given the federal nature of the country and the recent history of reforms, most of the responsibilities for providing and financing public health services are located in the provincial governments (see table 2). Provincial governments are mostly responsible for financing public hospitals, while the national government finances decentralised institutions and programmes. However, according to UNDP (2010), spending on health does not represent more than 13% of total public spending made by provinces, and there is a high heterogeneity in the fiscal efforts that these make (Maceira, 2008). Considering this reality, spending by the national government is insufficient to compensate the existing differences in health management among provinces (UNDP, 2010).

TABLE 2
SPENDING ON HEALTH BY LEVEL OF GOVERNMENT, 1990-2009 ^a
(Percentages)

Level of government	Public healthcare			Funds (<i>Obras sociales</i>)		
	1990	2000	2009	1990	2000	2009
National government	17.5	14.5	18.3	77.8	63.9	68.2
Provinces and Autonomous City of Buenos Aires	68.3	69.2	68.1	22.2	36.1	31.8
Municipal governments	14.2	16.3	13.6			

Source: Prepared by the authors, based on the Direction of Consolidated Social Spending (*Dirección de Gastos Sociales Consolidados*, 2010).

^a The table does not include spending made by the INSSJyP, which is entirely funded by the national government.

²² Public healthcare is highly progressive (Rivas, Vera and Bezem, 2010). The index of progressivity for this sector is 0.824, while health provision by social funds and INSSJyP score at a much lower level (0.436 and 0.327, respectively).

VIII. The education sector

A. Main features and recent transformations of the education system

The national education sector comprises four levels: (i) pre-school, whose last year is compulsory; (ii) primary school; (iii) secondary school; (iv) and higher education, formed by higher education institutes managed by the provinces and autonomous universities.

The education sector in the country was particularly affected by the Law no. 24.049 of 1992, which established that secondary schools and tertiary institutions (excluding universities) should be administered by provinces. The decentralisation process of primary schools administration began in the 1970s, during the military dictatorship. According to Cetrángolo and others (2002), this decision was mainly taken due to fiscal reasons and therefore lacked an adequate level of sectoral planning, adding the deficiencies of the provinces' administration to that of the central government.

The Federal Law of Education no. 24.195 of 1993 incorporated various reforms to the system: it expanded compulsory schooling from seven to ten years; it updated the curriculum contents; and it created a system for the evaluation of quality in the education sector. Furthermore, the central State was defined as the responsible for the regulation, orientation and evaluation of the educational system and the compensation for the regional differences. Provinces remained in charge of the day-to-day management of schools and had to assume the costs of education and its transformation.

Between 2004 and 2005, the Education Financing Law (*Ley de Financiamiento Educativo*) (no. 26.075) and the National Law of Education (*Ley Nacional de Educación*) (no. 26.206) were passed. These replaced the laws passed during the 1990s. The National Law of Education underlined the necessity to create a unified system throughout the country and established the compulsory nature of schooling between five years of age (pre-school) up to the termination of secondary education, defining 13 years as the basic schooling. It also promoted the universalisation of education services for children aged 4 (pre-school education) (article 19) and the extension of the school day within primary schools (article 28). The law also established that the responsibility of the management of the education system should be coordinated between the Ministry of Education (*Ministerio de Educación de la Nación*) and the jurisdictions. Finally, the law also defined that actions should be taken to promote education equality (articles 78 to 83), stating that the national government has the responsibility, together with provinces, to develop policies to enhance educational equality, ensuring equal opportunities and results for the most disadvantaged sectors of society. On the other hand, the

Education Financing Law established the progressive increase of the investment made on education, science and technology on the part of the national government, the provincial governments and the Autonomous City of Buenos Aires. This investment ought to represent 6% of GDP in 2010. The norm determined concrete fiscal commitments for each jurisdiction between 2006 and 2010. According to this law, spending should be shared by 40% on the part of the nation and 60% on the part of the provinces. According to Casadei and others (2010), between 2006 and 2009 these fiscal goals were fully accomplished (see section 8.3).

Among the main recent actions implemented in the education sector in Argentina, there are several initiatives aimed at increasing school permanence and social inclusion. These are managed by the National Direction of Socio-educative Policies (*Dirección Nacional de Políticas Socioeducativas, DNPSE*).

Since mid-2008, the Proposal for the Socio-educative support of Secondary Schools (*Propuesta de Apoyo Socioeducativo para Escuelas Secundarias*) has been implemented to replace a programme-based work with a policy-based work, offering schools different resources that might be combined according to specific local needs. The Proposal has three main components: (i) support to students, including scholarships for youth outside or within the education system in situation of vulnerability,²³ as well as in kind transfers (bicycles or tickets for public transport);²⁴ (ii) support to schools, financing socio-educative projects, delivering textbooks and materials; and, (iii) financial support to improve provincial management, including training and technical assistance, among other items.

The Proposal is targeted to schools attended by youth in a situation of high socio-economic and socio-educative vulnerability, and coverage is estimated at 7,200 schools, approximately.²⁵ Nevertheless, it is expected that the universe of potential beneficiaries will decrease as a consequence of the creation of the AUH, which establishes the incompatibility between its transfers and the scholarships of the Proposal. In 2010, it was established that the scholarships will be focused on the following: a) indigenous peoples, through a joint scheme between the Ministry of Education and the National Institute for Indigenous Affairs (*Instituto Nacional de Asuntos Indígenas, INAI*); b) eradication of child labour, through a joint action between the Ministry of Education and the Ministry of Labour, Employment and Social Security and its provincial delegations; and, c) students of technical and similar schools, granted by the Technical Education National Institute (*Instituto Nacional de Educación Técnica, INET*).

Another recently implemented action in education is the *Conectar Igualdad* programme, created through the decree 459/10, which is implemented jointly between the Ministry of Education, the ANSeS, the Ministry for Federal Planning, Public Investment and Services (*Ministerio de Planificación Federal, Inversión Pública y Servicios*) and the Cabinet's Direction (*Jefatura de Gabinete*). This programme seeks to promote the use of information and communications technology (ICT) within public schools, granting a laptop to all students and teachers of secondary or special education and implementing digital rooms to higher education institutes forming school teachers. It is estimated that nearly three million netbooks will be distributed throughout the country between 2010 and 2012.²⁶ As a reference, by the end of 2010, 508,000 computers were distributed in 807 schools.²⁷ This programme has also included the improvement of schools infrastructure to support ICT and the

²³ The scholarships replaced other programmes, such as the National Programme of Scholarships (*Programa Nacional de Becas Escolares, PNBE*) and *Todos a Estudiar*, a component of the National Programme of Educative Inclusion (*Programa Nacional de Inclusión Educativa, PNIE*).

²⁴ It is estimated that in 2009 these transfers were received by 2,270 schools (UNDP-CNCPS, 2010).

²⁵ Out of a total of 10,194 secondary schools in the country, according to the information of the Ministry of Education for 2009 [online] www.me.gov.ar.

²⁶ [Online] www.anses.gov.ar.

²⁷ According to the DiNIECE, in 2005, over 75% of the schools located in urban areas, and 40% of those located in rural areas, had a computer. Nevertheless, only 37% among these had also internet connection. Among the schools with internet connection, 63.8% had a telephone internet connection (UNDP, 2010). According to Rivas, Vera and Bezem (2010), on average, there are 40 students per each computer and only 27% of schools have internet access.

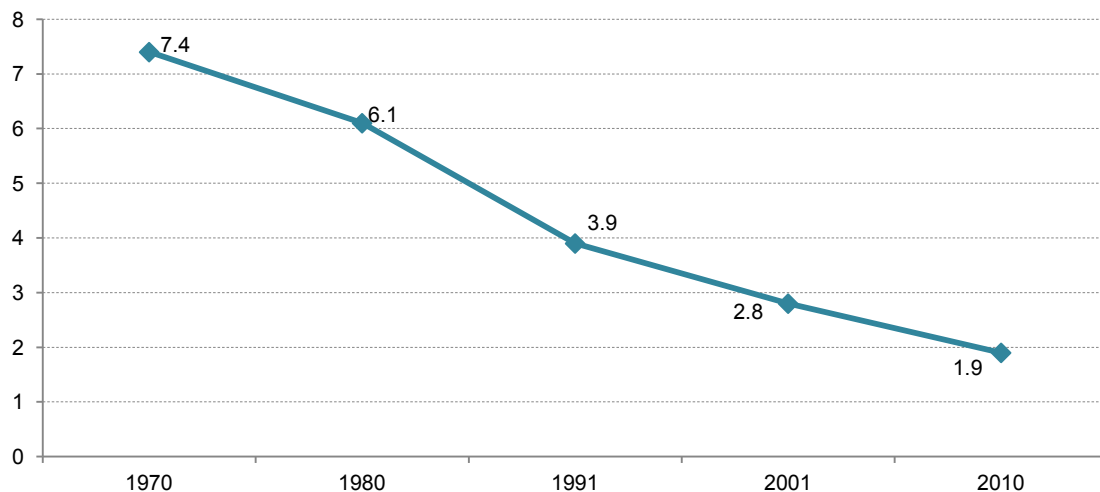
provision of training on new technologies to teachers. In 2011, funding for this programme was expected to be US\$ 775 million (\$ 3,100 million), over six times larger than in 2010 (Casadei and others, 2010).

Finally, a specific area working with primary schools has been constituted within the DNPSE to develop Infant Activity Centres (*Centros de Actividades Infantiles*, CAI). These are targeted to groups of children that require greater pedagogical support to access primary school. Moreover, the Project for the Prevention of School Desertion (*Proyecto para la prevención del abandono escolar*) aims to decrease school desertion, controlling attendance rates within schools and building work agreements among schools, municipal districts and community-based organisations. Similarly, the Integral Programme for Equality in Education (*Programa Integral para la Igualdad Educativa*, PIIE), implemented since 2004, enhances the pedagogical offer of schools located in vulnerable areas to assure the quality in the education process. This programme attends 50% of schools located in urban areas and the total of schools that attend children in situation of vulnerability (UNDP-CNCPS, 2010).

B. The performance of the education sector in Argentina

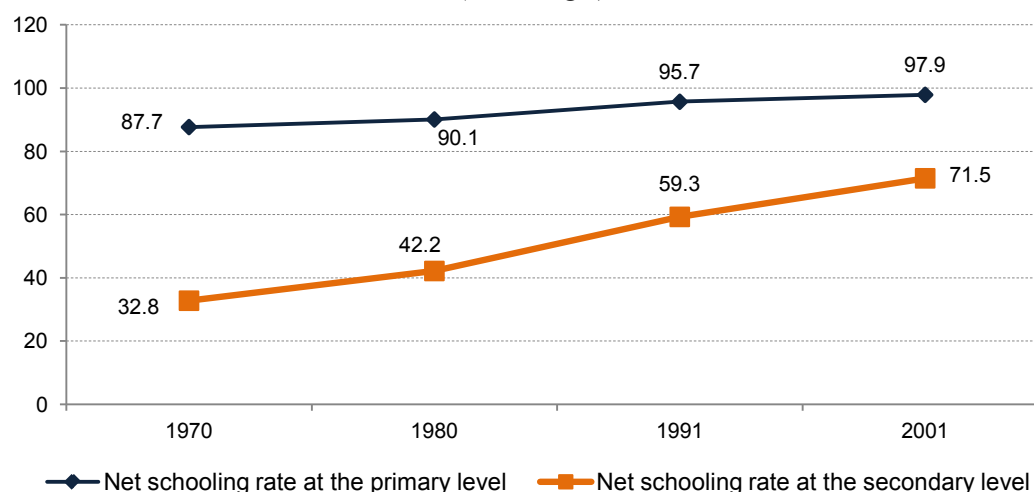
According to UNDP (2010), primary and secondary schooling rates in Argentina are among the highest in Latin America, while the illiteracy rate is among the lowest. Universal enrolment rates in primary education were already achieved by the beginning of the 1990s. The illiteracy rate followed the same trend than the expansion of primary education: it decreased considerably until the 1970s, and after that decade, it continued declining, although at a much slower pace than it did previously (see figures 14 and 15). In turn, secondary education experienced several “explosions of access”: the first took place during Peronism; the second occurred during the 1980s and the third began as a result of the extension of the years of compulsory education mandated by the Federal Law of Education (Rivas, Vera and Bezem, 2010). No information is available yet on the expansion of secondary education as an effect of the implementation of the AUH.

FIGURE 14
ILLITERACY RATE, 1970-2010
(Percentages)



Source: Own estimation based on Rivas, Vera and Bezem (2010) upon the information of the Population, Household and Housing National Census (*Censo Nacional de Población, Hogares y Viviendas*).

FIGURE 15
NET SCHOOLING RATE AT THE PRIMARY AND SECONDARY
EDUCATION LEVELS, 1970-2001 ^a
(Percentages)



Source: Own estimation based on Rivas, Vera and Bezem (2010) upon the information of the Population, Household and Housing National Census (*Censo Nacional de Población, Hogares y Viviendas*).

^a The net schooling rate measures the percentage of the population that attends school at the expected age for each level, compared to the population of the same age. The results of the 2010 census are not yet available. According to data from the Permanent Household Survey (*Encuesta Permanente de Hogares, EPH*) —only realized in main urban areas— the net schooling rate in primary education rose to 99% in 2010, whereas in secondary education it was 86,5% (Socioeconomic Database for Latin America and the Caribbean).

Despite Argentina's progress in expanding educational coverage, problems in this sector are shown by other indicators, such as repetition, desertion and effective promotion (see table 3), which show important variations across provinces. With respect to repetition, it should be considered that Argentina has increased school inclusion among vulnerable social groups, without necessarily improving the capacities of schools to respond to the new challenges and necessities of this population. Concerning school desertion, this rate increases considerably from the eight year of schooling onwards. At this stage, an important part of the students have accumulated years of repetition. Also, many students are obliged to enter early into the informal labour market due to the economic vulnerability they confront (UNDP, 2010).

TABLE 3
INDICATORS OF EDUCATIONAL TRAJECTORIES
(Percentages)

Indicators	Primary	Secondary	
		Basic ^a	Oriented ^b
Repetition	5.8	11.6	7.6
Overage	22.4	38.2	36.6
Graduation	92.7	79.7	74.4
Effective promotion	92.8	78.6	73.9
Inter-annual desertion	1.5	9.9	18.6

Source: Own estimation based on UNDP (United Nations Development Programme), Informe Nacional sobre Desarrollo Humano 2010. Desarrollo humano en Argentina: trayectos y nuevos desafíos, Buenos Aires, 2010.

^a First cycle of secondary education, consisting of three years of schooling.

^b Second cycle of secondary education, diversified by areas of knowledge, society and labour. It consists in three to four years of schooling.

The context of inequality in the education sector is also reinforced by its segmentation through public and private schools. Private schools capture mainly middle- and high-income students in larger cities (UNDP, 2010). There are important differences among the two types of schools in their performance in various indicators, except the case of abandonment. Thus, for example, the repetition rate in public (State-funded) schools affects 7.1% of the students, while in private schools this rate falls to 1.4%.

Also, the high rates of coverage contrast against the results in terms of quality. The results obtained in the PISA (Programme for International Study Assessment) test show that Argentina ranks below the average of developed OECD countries, and even below that of other Latin American countries (see table 4).

According to Anlló and Cetrángolo (2007), the problems in the quality of education shown by the education system in Argentina leave in evidence the tensions that exist between the increase in coverage and the insufficient budget allocated to this sector. This is a problem that has not been solved, even if the Education Financing Law aimed to improve this matter. Furthermore, the decentralisation of the management of the school sector to provinces increased the gaps among rich and poor regions, as well as between urban and rural areas.

TABLE 4
RESULTS OF THE PISA TEST IN DIFFERENT COUNTRIES

Countries	Reading	Maths	Sciences
Average OECD countries	493	496	501
Chile	449	421	447
Uruguay	426	427	427
Mexico	425	419	416
Colombia	413	381	402
Brazil	412	386	405
Argentina	398	388	401

Source: Prepared by the authors, based on the results of the 2009 PISA test [online] www.oecd.org.

C. Spending on education

As a result of the decentralisation process of school administration, provincial governments have the main responsibility for financing education (see table 5).

TABLE 5
SPENDING ON EDUCATION BY DIFFERENT LEVELS OF GOVERNMENT IN PRIMARY AND TERTIARY EDUCATION, 1991-2009
(Percentages)

Level of government	Basic education			Tertiary education (university and non-university)		
	1991	1992	2009	1991	1992	2009
National government	22.4	2.3	3.2	83.9	79.0	74.4
Provinces and Autonomous City of Buenos Aires	74.6	94.7	93.2	16.1	21.0	25.6
Municipal governments	3.0	3.0	3.6	0.0	0.0	0.0

Source: Prepared by the authors, based on data from the Direction of Consolidated Social Spending, 2010.

According to Casadei and others (2010) in 2010, the investment made by the three levels of government on education, science and technology was 6.4% of GDP, going beyond the initial goal defined by the Education Financing Law of 6.0% (see section VIII.A.). Furthermore, as stated by UNDP (2010), provinces spend in average 30% of their incomes in supporting the education system; 93% of these resources are spent on salaries of public sector's employees and school teachers of the private sector. Between 42% and 47% of this budget finances initial and primary education, and less than 30% goes to the financing of secondary education. Moreover, 13% of the budget is transferred to the private sector. It is worth noting that the gap in the spending per student has increased among provinces.²⁸

The distribution of spending on education is highly progressive in all levels of compulsory education: the index of progressivity is 0.650 in secondary education and 0.735 in both initial and primary education (Rivas, Vera and Bezem, 2010). On the contrary, spending on tertiary education has a much lower index of progressivity (0.304), since it benefits mostly middle and high-income groups.

²⁸ Thus, for example, spending by the State in Tierra del Fuego is four times that in Misiones (UNDP, 2010).

IX. Final remarks

After analysing the main social protection policies implemented in Argentina's recent history, it is possible to identify important progress, as well as enduring challenges. Among the latter, it emerges the necessity to build an institutionally solid and conceptually strategic notion of social protection capable of articulating actions in this field. There are also challenges concerning the coverage and quality of the services provided within social protection in the country. Greater technical and operative capacity-building is also urgently needed to build an integral social protection system capable of confronting the acute social and territorial inequalities in Argentina.

In the first place, after agreeing on a shared definition of social protection, it will be possible to determine, with greater precision and a longer time horizon, the role that different sectors and levels of the government must play in order to protect citizens, with a special consideration of those living in poverty and vulnerability. Thus, it is necessary to advance towards the creation of a federal agreement on social protection, capable of realising citizens' rights.

In the second place, there is also the challenge of improving the institutions linked to social protection. This includes fostering legislation on workers' protection as well as on contributory social protection instruments. It is required that these components become better articulated with social services and, in particular, with non-contributory social protection, as it occurs with the case of the AUH. The transformations needed are not purely legal, but also cultural, as they will demand changes in the clientelistic logics that have historically affected targeted programmes in local areas.

In the third place, there are various challenges for sectoral policies. For example, it will be necessary to review the amounts and the coverage of the unemployment insurance; in the health sector, it is required to overcome the fragmentation among the three sub-systems to assure a solid collective insurance with better coverage and equity; in the education sector, the greatest challenge is linked to the retention of low-income students and the improvement of the quality of the education system.

In the fourth place, non-contributory social programmes confront challenges of insufficient coverage, as well as articulation with other actions so as to overcome integrally food, social and labour vulnerabilities. The role of the National Council for the Coordination of Social Policies might be crucial in this respect.

Finally, political will is required to improve technical capacities within the programmes and among the different levels of government.

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This report is part of a series of national case studies aimed at disseminating knowledge on the current status of social protection systems in Latin American and Caribbean countries, and at discussing their main challenges in terms of realizing the economic and social rights of the population and achieving key development goals, such as combating poverty and hunger.

Social protection has emerged in recent years as a key concept which seeks to integrate a variety of measures for building fairer and more inclusive societies, and guaranteeing a minimum standard of living for all. In particular, social protection is seen a fundamental mechanism for contributing to the full realization of the economic and social rights of the population—to social security, labour, the protection of adequate standards of living for individuals and families, as well as the enjoyment of greater physical and mental health and education.

Albeit with some differences due to their history and degree of economic development, many Latin American and Caribbean countries are at now the forefront of efforts to establish these guarantees by implementing various types of transfers, including conditional cash transfer programmes and social pensions, and expanding health protection. One of the key challenges that the countries of the region face, however, is integrating the various initiatives within social protection systems capable of coordinating the different programmes and State institutions responsible for designing, financing, implementing, regulating, monitoring and evaluating programmes, with a view to achieving positive impacts on living conditions.



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