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# Evolution of the link between selective anti-poverty policies and social sectors policies

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**T**his conceptual and historical analysis of paradigmatic social policy experiences in the region reveals some fundamental landmarks in the evolution of the link between selective anti-poverty policies and social sector policies. These landmarks are associated with major changes in targeting policies and with a number of universal social policy reforms. Special attention is given to the redistribution-with-growth approach; subsequent reductionist targeting proposals, which have undergone shifts in conceptual and effective terms over the last two decades; and the concern for interaction with social sectors displayed by some present-day conditional transfer programmes, which stand out in the region because of their scale. Two related trends observed in fields that go beyond the effort to combat poverty are also analysed: the reductionist social risk management proposal and, in the opposite direction, the introduction of health guarantees.

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# I

## Introduction

This study addresses the link between selective anti-poverty policies, on the one hand, and social sector policies and their institutional implications from both a conceptual and a historical standpoint, on the other. It shows how this link has been conditioned by the different orientations of targeting policies and by relevant conceptual perspectives in fashion at one time or another. As a result of these factors, the various phases of these policies have been subject, to some extent, to the built-in obsolescence of intellectual or political fashions, which, in the long run, reveal unforeseen limitations and ultimately lead to the reformulation of policies and their objectives. Likewise, some reforms of universal social policies<sup>1</sup> have also conditioned the evolution of targeting policies.

This study considers four landmarks in the evolution of selective policies which have had repercussions on this relationship. First of all, it analyses targeting within

the redistribution-with-growth approach. It then looks at the subsequent reductionist targeting proposals, taking account of their shifts in both conceptual and effective terms over the last two decades. The discussion then turns to the concern for interaction with the sector level displayed by some present-day conditional transfer programmes, which stand out in the region because of their scale. Finally, it deals with selective policies which, although in some cases they can be included as part of broader anti-poverty policies, generally go beyond them because of the nature of their benefits and objectives. In the analysis of these topics, thorough attention is given to some aspects of programmes and experiences which have been paradigmatic in the region, many of which are to be found in Bolivia, Brazil, Chile and Mexico. Some other experiences in the region are touched upon more briefly.

# II

## Some preliminary clarifications

In view of the aims of this study, past and present welfare policies of a traditional nature will not be taken into account because, as their primary objective is to cultivate groups of clients in order to gain their political support, taking only a short-term view, they often have no solid links with universal social sectors or operate in relative isolation from them. As a consequence of these feeble links, generally speaking, the execution of these policies is not associated with the dismantling

of any universal programmes with which they might compete.

In the history of social policy, the weaker formal social policy institutions have been and the more deeply rooted clientage has become as the accepted form of political mediation, the greater the prevalence of traditional welfare programmes.<sup>2</sup> These programmes have covered a wide range of benefits, such as income transfers, food programmes and subsidies relating to health, housing and other aspects. In view of their high

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<sup>1</sup> The principle of universality on which such policies are based establishes the levels of protection that society can guarantee to all persons as citizens, independently of their socio-economic status or their ability to pay. In this latter respect, this principle cannot be separated from that of solidarity, whereby the system of rights and benefits is financed by the members of society through differential contributions proportional to their economic capacity.

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<sup>2</sup> Nor does clientage seem to be invariably confined to present-day programmes with systems for the selection of beneficiaries and explicit criteria linked with the sector level. An evaluation of the Brazilian *Bolsa Escola* scholarship programme for schoolchildren found that at the more highly politicized municipal levels in Brazil there seems to be less concern about ensuring that the conditions of eligibility for benefits are satisfied in, for example, education programmes. Various regression analyses suggest that some variables of a political nature may influence the processes of registration of beneficiaries (de Janvry, Finan and others, pp. 21 and 25).

degree of discretionality and clientage-based approach, they are generally marked by the use of beneficiary selection procedures which are very fragile because of the absence of technically-based selection criteria designed to attack poverty at its roots. A typical example of this, developed in the heat of the populist policies so much in vogue in the region in the twentieth century, is the so-called “social works” of Evita Perón, which offered considerable benefits in the fields of housing and health and made their mentor extremely popular among the population of Argentina.

Strictly speaking, we prefer the term “selectivity” to “targeting”. As noted in the past, this latter term does not fully express the idea of selectivity and is even tautological, since all policies—including universal social policies designed to get away from the idea of targeting—are aimed at some target population.

It should also be borne in mind that targeting is a vague, imprecise term (Sojo, 2000), since it is

used in connection with a wide range of policies and programmes, especially programmes designed as safety nets for the extremely poor; programmes to relieve the effects of income disturbances, such as those set up in Argentina at the start of this decade; traditional welfare programmes; conditional cash transfer programmes within a framework of entitlements and obligations (such as the *Programa Puente* in Chile or the *Programa Oportunidades* in Mexico); and programmes which may or may not be linked with social sectors. Recently, the concept of “safety ropes” has also appeared in connection with insurance-type programmes designed to protect vulnerable social sectors, even if they are not poor (Pritchett, 2005, pp. 17-19). As the term “targeting” has been so widely used, however, it was impossible to avoid using it in this study to initiate the dialogue, although we have tried to make its meaning more explicit in the course of the text.

### III

## Targeting in the context of redistribution with growth

In the 1970s, the concept of targeting was associated with proposals on redistribution with growth which endowed it with certain particular characteristics: the focus of the analysis was on the structural causes of poverty; targeting was not centred solely on social policy; and it was not felt that social policy should be confined or reduced to programmes designed exclusively for the poor. Such actions were merely seen as part of a spectrum of income redistribution policies which should modify the concentration of physical and human capital in order to give the poor access to skills, physical capital, complementary assets, public services and public investment. It was felt that targeting in social policy should guarantee access to services, eliminate leakage to non-target groups, and take account of the fact that services such as mother and child care and nutrition services were necessary complements to an investment-oriented strategy (Sojo, 1990, pp. 175-176).<sup>3</sup>

A wide range of redistribution instruments was envisaged: the factors market; ownership and control of assets; taxes on personal income and wealth; the supply of public consumption goods; goods markets; and intervention in technological development. In view of the multiple dimensions of the redistributive aims of economic policy, different instruments were considered (Ahluwalia, in Chenery and others, 1974, p. 125). Since targeting was centred on the causes of poverty and not just on its symptoms, it also extended to assets, insofar as they are determinants of income, and aimed to identify different groups of poor people who should have access to specific assets. Mother and child and nutritional services, for their part, were seen as necessary complements to an investment-oriented strategy (Ahluwalia and Chenery, in Chenery and others, 1974, p. 77). The poor were to receive subsidies for public services with a view to raising their productivity as well (Rao, in Chenery and others, 1974).

Target groups should correspond to a group of persons who are not only poor but also relatively

<sup>3</sup> For the proposals made by Ahluwalia and Chenery; Chenery and Duloy, and Rao, see Chenery and others (1974).

homogeneous as regards the effect that a given set of policy instruments can have on them (Bell and Duloy, in Chenery and others, 1974, p. 127), and leakages of benefits from some programmes to beneficiaries not specifically defined as such should be eliminated (Chenery and Duloy, in Chenery and others, 1974). The difficulties inherent in providing more services to the poor without reducing them in other sectors were acknowledged, however, as was the resistance that the latter sectors would put up to losing their privileges (Rao, in Chenery and others, 1974).

In institutional terms, the range of areas of intervention was very wide and called, in practice, for the action and coordination of the various bodies involved. The approach to social policy, however, which was centred on social sectors, did not envisage changing their traditional dynamics, whereby each social sector acted in a primarily independent manner, without much coordination with the others. As we shall see below, the proposals for redistribution with growth, which were so clearly oriented towards the causes of poverty and its various dimensions, were notably weakened in the early 1980s.

## IV Reductionist targeting and its shifts in conceptual and practical terms

*...[reductionist intentions] do not come free of charge. They always form part of a larger initiative, of some project to completely reform the intellectual picture as well as our attitude to life.... reduction is never neutral, it is never aimed solely at simplicity. You may ask: is reduction always aimed at somehow discrediting or degrading what it reduces?*

Mary Midgley<sup>4</sup>

With the passing of the years, the arguments for targeting changed profoundly. These changes came to a head in the 1980s, when the targeting approach underwent a reduction in conceptual and political terms in line with the proposals for social policy reforms formulated by some governments and by organizations such as the World Bank. This proposal must be considered as reductionist<sup>5</sup> because it systematically identified negative elements of universal programmes in order to support the replacement of the principle of universality by that of targeting. The latter, presented as a general and definitive principle, traced out a simpler and more restricted order for social policy: that of being subsidiary and restricted to matters of poverty. In line with virtues attributed to targeting in terms of efficacy,

efficiency and equity, both the objectives and the scope of social policy were limited to those which, in strict terms, could be considered as suitable only for some types of targeting.

Thus, reductionism put together a global view of social policy which, because of its simplicity, seemed attractive during this period of orthodox structural adjustment. As experience was certainly to show, however, its viability and implementation were very complex because of its controversial nature and the social exclusion it implied. Against the background of proposals to privatize social policies of a universal nature that removed the principle of solidarity from their financing, this school of thought came to advocate the dismantling of universal social services (which fell out of favour when, as the result of an analytical extrapolation, they came to be equated with the regressiveness of pension schemes and the like) and the concentration of public social spending on the most vulnerable groups through so-called targeted programmes.

<sup>4</sup> From "Reductive megalomania" (Midgley, 1995).

<sup>5</sup> In the original version of this article, this footnote dealt with a question of Spanish terminology that is not relevant for English-speaking readers.

It was claimed that, in contrast with the provision of universal services, which were criticized as being very costly and inefficient, targeting could allow governments to reduce poverty more effectively and at a lower cost. Franco, for example, put forward targeting as a fundamental instrument, postulate and guiding principle for social policy, in the place of “general” and “traditional” policies, as the latter tended to be costly and to have little impact on the most seriously affected sectors, as well as having failed to reach the poor. He considered that targeting, in contrast, made it possible to use public resources more rationally, to attain the objectives of social programmes more effectively, to use the available resources more efficiently and to heighten the effect on the target population; he also claimed that it had had a positive impact on the human development index attained by Chile in the late 1980s. He therefore considered that there should also be an increase in the social resources applied in this way (Franco, 1990, pp. 184-189; 1996, p. 18).

As regards the social sectors’ morphology, it was argued that primary health attention and primary education should be strengthened at the expense of the other levels. And last but not least, the emphasis on social safety nets which were supposed to soften the impact of the adjustment programmes shifted interest to the symptoms of poverty, relegating to second place the question of its causes, which had formed an important part of the relevant proposals in the 1970s. In spite of the special features of the past evolution of individual countries and the special nature of their problems, and generally in the absence of backing from accurate studies or knowledge (van de Walle, 1995), it was assumed that targeting was an efficient, efficacious and generally valid tool. The overall proposals for social policy were based on the following considerations: (Sojo, 1990):

- (i) The need to help solve the fiscal crisis of the State through changes in social spending;
- (ii) The need to concentrate public social spending on the most vulnerable population groups and limit the action of the State in social policy matters. The principle of universality in social policy was severely questioned and negatively evaluated and, for example, the general regressiveness of pension systems was extrapolated to social expenditure in general. It was proposed that universalist policies should be dismantled, to varying degrees;
- (iii) Advocacy of the relative privatization of social services, even in the case of targeted programmes. In this connection, little importance was attached

to the problems raised by the private provision of services due to market failures (risk selection, for example);

- (iv) Confidence that improved primary income distribution and the higher standard of living that would result from the trickle-down effect and economic reactivation would ensure that those outside the target groups would be able to pay to use private services.

For conservative circles in Latin America, the targeting policies instituted in Chile during the military dictatorship became social policy paradigms. It may be noted that this conceptual development and experience occurred in one of the countries of the region where the welfare-State had reached a significant level of development up to the early 1970s and had therefore required reforms in social sectors, for which targeting played an ancillary role. The radical redefinition of the rules on the provision and financing of social services was possible thanks to the authoritarian regime, which left its potential opponents, both in political parties and among the public suppliers of services and the traditional beneficiaries of social policies, in political disarray.

As a counterpoint, targeting also occupied an important place in another country of the region which was conspicuous in the 1980s for its high levels of poverty, lags in social investment, feeble social policy actions and serious shortcomings in social infrastructure, all made worse by the economic crisis. This was the case of Bolivia, where targeting gained impetus in the context of stabilization and macroeconomic adjustment policies which managed to bring down hyperinflation. Special mention may be made in the case of Bolivia of the role played by the Social Emergency Fund (FSE)—later transformed into the Social Investment Fund (FIS)—as the prime vehicle for targeting. The success achieved in terms of macroeconomic stabilization also rubbed off on this Fund, which was held up by the World Bank as an example for the region as regards targeting.

In other parts of Latin America, reductionism did not gain so much ground. In Brazil, for example, there was a contrasting upsurge in the universalism of social policy which was strongly based on the Constitution adopted during the transition to democracy and had major repercussions on social policy; suffice it to recall the establishment of the Unified Health System (SUS) in the reform of the health sector. It is also interesting to note that in that country the false dichotomy between targeting and universalism polarized the debate

on anti-poverty programmes in the 1980s, so that selective access was not applied even in the case of social assistance programmes. Towards the mid-1990s, targeted anti-poverty policies gained legitimacy, but they were not viewed as being in opposition to social programmes of a universal nature. It has been asserted that this “delay” in the application of targeted policies made it possible to take advantage of the experience of other Latin American countries: a learning process which impeded the establishment of programmes that were redundant or alien to basic services of a universal nature or the installation of social emergency funds (Draibe, 2006, p. 143).

Universalism also made progress in Colombia, where a complex health reform effort sought universality both in coverage of insurance and provision of services, as well as competition among insurers and suppliers of services, within the framework of a solidary and decentralized system whose benefits and obligations are established in two systems: the contributory system, which is financed with the contributions of workers and employers, and the subsidized system. The Colombian system has important mechanisms for ensuring solidarity, such as the Solidarity and Guarantee Fund (FOSYGA).

In Costa Rica, too (a country with long-standing universal traditions), there was no retrogression in the sense of any form of reductionism in social policy matters which adversely affected the resources provided for the various social sectors. Indeed, noteworthy efforts were made in terms of selective policies designed to reduce the digital divide through the introduction of education in informatics, beginning with the poorest schools, but with a universalist approach aiming to expand coverage and with objectives that clearly went beyond mere assistentialist attitudes (Sojo, 1993).

It is important to take account of the repercussions that the turn towards reductionist targeting had on social sector dynamics. The cases of Chile and Bolivia are particularly notable because of the considerable impact that reductionist proposals had and because the experiences of these countries had a good deal of influence on anti-poverty policies and social policy in general in the rest of the region.

In Chile, during the military dictatorship, targeting was functional to the social sector reforms designed to do away with solidarity in financing, reduce the provision of universal services, oblige the population not classified as poor to acquire social services on the market, establish demand subsidies so that the poor could have access to private social services, and transfer

functions to the municipalities in the fields of primary health services and education. Enormous resources were devoted to privatizing the pension system and consolidating the institutions of the private health insurance system.

As already noted, targeting was accompanied by profound changes in the dynamics of the social sectors, and the consequences of this combination of events were very serious. In the health sector, for example, the contraction in expenditure, the cuts in operating and investment expenditure and the concentration of resources at the primary level, and especially in the mother and child health programme and efforts in the field of nutrition,<sup>6</sup> reflect a perverse relationship between targeting and the deterioration of the health sector. As the World Bank itself acknowledged, in spite of the advanced epidemiological transition achieved by Chile, “primary care was expanded at the expense of the tertiary level, and the priority given to maternal and child care was to the detriment of care for adults and the elderly and of related preventive care measures, causing imbalances in the health system and reducing technical and economic efficiency in the use of inputs” (Sojo, 1996, p. 128).

In view of the current positive assessment being made of conditional transfer programmes, however, mention should be made of a positive feature of the targeting practices of that time in Chile. This feature, which continues to be of interest and which Pilar Vergara described at the time as the most innovative measure in the field of the integration of social programmes against extreme poverty is the linking of the monetary transfer programme called the Unified Family Subsidy (SUF) with the mother and child health programme and hence with the National Complementary Nutrition Programme (PNAC), which had existed since 1954, and with children’s school attendance. As well as operating as an automatic selection mechanism, this requirement had the virtue of promoting the access of the poor to the latter nutrition programme. The beneficiaries of the SUF also had free access to all medical attention provided by the National Health Service: a right which the health reforms made at that time had denied to children over six (Vergara, 1990, p. 325).

Another characteristic feature of reductionist targeting in Chile was the limited scale of the programmes, which excluded a very substantial

<sup>6</sup> Fundamentally those of the National Complementary Nutrition Programme (Vergara, 1990, pp. 250-251).

number of people who needed such services and were also reflected in services of low monetary value and poor quality. To take only one example: in the case of the SUF itself, which was originally conceived as an integral programme, the real value of transfers went down by half between its establishment in 1981 and the year 1987. In the case of the PNAC, the restrictions on resources led to the abandonment of preventive actions in the field of nutrition, to restrictions on the number of benefits provided, and to the reduction of the beneficiary population, first of all only to under-nourished children, then to those in danger of under-nutrition or in a situation of extreme poverty, and, from 1985, to children with evident symptoms of under-nutrition (Vergara, 1990, pp. 71 and 96).

In the case of Bolivia, it is worth considering the role played by the Social Emergency Fund (later converted into the Social Investment Fund), because it was held up as a model for the region. When social emergency funds were set up, their operational independence of ministries and the social sectors was presented as one of their virtues and as a guarantee of their flexibility, efficacy and efficiency. In the adjustment policies, little consideration was given to social aspects; it was thought that trickle-down effects would provide the poor with opportunities and, in the short term, the social emergency funds would make up to some extent for the losses of income of the most severely affected sectors. The funds were aimed at job creation, the creation of infrastructure in poor areas and the provision of monetary transfers. The programmes were of an assistentialist nature, and their high visibility and demonstration effects played an important role in strictly political terms; in Bolivia, the areas of highest political risk were selected for the investment of the funds' resources. High political visibility was thus obtained, although the small scale of those resources and of the coverage of the programmes did not permit any anti-cyclical effects to be achieved.

A high priority of the social emergency and investment funds was job creation. The jobs created were generally on a small scale, of very low quality and poorly paid, however, and were, moreover, biased against women. As employment was one of the main anti-poverty mechanisms used by the funds, this fact demonstrates the scant consideration given to the special characteristics of poverty in the design of these programmes (Berar Awad, 1997).

Rather than ensuring flexibility or efficiency, the fact that they were competing with social sectors merely increased the administrative fragmentation of

universal policies, since they increased the number of cases of overlaps or duplication, or else they gave rise to discontinuities with the dynamics of the social sectors. In Bolivia, for example, there were dramatic situations where schools or health facilities were built without having the human resources or additional physical infrastructure needed for their operation.

The institutions associated with the social emergency and investment funds therefore raised a number of problems, since their links with ministries and social sectors were very weak. These funds were generally run by autonomous, temporary entities which, for example, had more foreign financing or whose officials had much higher salaries than those in other public institutions. As a result, their continuity and replicability were very limited, since the rest of the public institutional apparatus did not have such resources. Over time, this led to criticisms which, for example, pointed out the importance of bringing the dynamics of the anti-poverty funds and programmes into line with those of the ministries, since the social sectors have more infrastructure and provide most of the social services (Mesa-Lago, 1993; Cornia, 1999).

Critical and qualified appraisals of the performance of the social funds by the institutions which financed or supported them are also very interesting. Of the varied aspects considered in them, let us take only some of those which directly concern the link between selective policies and the dynamics of social sectors (World Bank, 2002, pp. 34-38). Thus, for example, it was found that the funds were seen as competing bodies that enjoyed privileges that set them apart from the sector dynamics, which gave rise to friction and helped to establish the idea that their successes were due mainly to their greater resource availability. Although mechanisms have been established for ensuring that the ministries set aside resources to cover the recurrent expenditure connected with the facilities provided by the social funds—commitments which are sometimes not fulfilled because of budgetary restrictions—the investments of those funds often do not fit in with solidly based sector policies or public investment strategies, and approval of their sub-projects by the ministries may become mere rubber stamping.

When the funds have accounted for a substantial part of social expenditure, as in Bolivia, Honduras and Nicaragua, there have even been reports of some institutional impacts which have run counter to social sector planning. The efficiency of their resource allocation has also been questioned, and their critics claim that they have undermined efforts to improve

transparency, accountability and integrated budget preparation processes.

With regard to the time horizon of the funds' activities, other analyses have claimed that these instruments can dilute or postpone social sector reforms, reduce the capacity of the corresponding ministries to assign resources on a sector basis, and encourage a bias among donors towards investment rather than current expenditure, which may affect the quality and results of the services offered. It may be seen from the above-mentioned appraisals how a negative view of universal policies and the belief that poverty problems should be solved primarily through targeted programmes led to a certain relation between selective and social sector programmes which, by inhibiting the necessary reforms in universal policies, can have a negative effect in the medium and long term.

Fortunately, the controversial and radical nature of the reductionist approach with regard to targeting led to debates—even within the World Bank, mainly at the technical level—on its directions and scope. Another factor which may have acted in the same direction was a certain inflexibility in that organization's thinking, reflected in its *World Development Report 1997: the State in a Changing World*,<sup>7</sup> with regard to the link

between growth and equity and the conception of the State and the market.

The global view on social policy characteristic of the reductionist slant was gradually eroded by all kinds of considerations, of which the following may briefly be mentioned (Sojo, 1999):

- (i) Political economy: not only the poor should benefit from social policy, since structural changes require the support of broader political coalitions, which can be aided by a broader social policy;
- (ii) Viability: the viability of establishing isolated targeted programmes is limited, as in actual fact the majority of the selective programmes in the region are carried out in the framework of the basic social services with which they are related;
- (iii) The specific national features of poverty: there are proposals which recognize that the emphasis of macro, sector and targeted policies should be a function of the incidence and specific nature of the poverty existing in each country. Targeting is all the more important when poverty is very concentrated and there is good capacity for programme execution but, it is asserted, when poverty is very widespread and the execution capacity is weak, it is best tackled through the benefits of growth and support for the basic social services;
- (iv) Qualified appraisals of universality: with regard to the health sector, for example, it is considered that universal policies are progressive when there is effective universal coverage and the inequalities inherent in multi-level systems of financing have been eliminated. It is felt, however, that a necessary condition for such policies is that the bulk of the labour force should have formal employment and that there should be the necessary financial resources, administrative capacity and political will;
- (v) Requirements with regard to the management of targeting: in order to be effective, targeting needs a certain level of institutions, together with technical and financial resources, thus weakening the claim that it guarantees the reduction of poverty at lower cost;
- (vi) On the basis of successful development experiences in South-East Asian countries, the international financial organizations adopted a somewhat more flexible approach to human capital which also considers secondary education

<sup>7</sup> World Bank (1997). The development strategy proposed there denies that there are trade-offs between growth and equity, and asserts instead that there is a complementary relationship between the State and the market. The time horizon envisaged is far from the short term associated with the adjustment proposals. With regard to basic services, the report proposes a flexible position on their provision, financing and regulation, depending on the relative strengths of the State agencies, the market and civil society. It is cautious with regard to market mechanisms, noting that there is no proof that the use of vouchers improves performance and that in the contracting of services, the products required must be very carefully specified. It goes on to observe that such contracting becomes more difficult when an absence of competition makes it harder to compare relative performance. Unlike the 1980s, poverty is placed in a broader framework, and it is envisaged that the functions of the State should include the redistribution of assets in order to increase equity. The reduction of poverty is related with five crucial ingredients: actions must be based on the law; there must be a favourable environment for policy-making, including macroeconomic stability; there must be investment in persons and infrastructure; and there must be protection of the most vulnerable sectors and protection of the environment. A rigid distinction between public and private goods, or some degree of disdain for the externalities of private goods, however, has implications when defining the areas of action of social policy and laying down the levels of provision of services in the education and health sectors: in the health field, for example, curative treatments are defined as an almost exclusively private good, and it is considered that if they are not financed by the State, everyone except the poor will find some way of financing them (Sojo, 1999). With regard to the implications of this latter position in other contexts, see the criticisms below of similar positions with regard to social risk management and also the comments made in section VI.

- to be important and, with it, interaction between the different levels of provision of services;
- (vii) The Asian experiences also revitalized the international financial organizations' views on the need to improve income distribution for the benefit of greater growth and social integration: it is claimed that in those countries the smaller inequalities in income have had a positive effect on growth, both indirectly and directly. Once again, this opens up an opportunity to attach greater importance to the causes of poverty;
  - (viii) Conceptions of development which deny that there are trade-offs between growth and equity, which recognize that there is a complementary relationship between the State and the market, and which are cautious with regard to market mechanisms for reasons of efficiency and equity gained ground even within the World Bank.

The questioning of this approach, which arose in the mid-1990s and has been growing steadily ever since, brought about some changes in the global approaches to social policy and targeting, in line with national circumstances and the specific features of each programme.<sup>8</sup> With regard to the main proposals, it should be noted that at the beginning of the present decade ECLAC put forward five main social policy guidelines for the region, namely: universality, solidarity, efficiency, equivalence and comprehensiveness. Within this framework, selectivity or targeting was conceived of as a set of instruments which would make it possible to assign subsidized resources to the poorest sectors while also fulfilling a complementary function, since "... it is not a social policy as such, but rather a method which, if properly applied, enhances the effectiveness of universal social programmes (ECLAC, 2000, p. 78 and, in more general terms, pp. 77-84).

<sup>8</sup> For example, the existence of a complementary relationship between universal and selective policies was established and explicitly put forward in the *Plan nacional de lucha contra la pobreza. Hacia una Costa Rica integrada por las oportunidades* (National Anti-poverty Plan. Towards a Costa Rica integrated on the basis of opportunities) (Government of Costa Rica, Segunda Vicepresidencia, 1996). Up to then, reductionist proposals for targeting had not gained much ground in that country. It has been asserted, however, that that document nevertheless marked a turning-point because it proposed that universal and selective social policies should be duly linked, it put the question of coordination in the centre of the debate, and it presented a 10-point list of the main guidelines in the fight against poverty. It also set the framework for the plans of later administrations, so that its approach has been present throughout the last 10 years (Barahona, 2006, pp. 68 and 69). ECLAC provided technical cooperation in the drafting of the plan.

This questioning does not mean that reductionist theories in the field of social policy have been put aside in general as a suitable proposal for Latin America and the Caribbean. Indeed, in the late 1990s a renovated form of reductionism appeared, this time in connection with insurance. Within the context of the debate on the region's level of economic and social risk and its insurance markets, it is important to consider social risk management,<sup>9</sup> which links a certain view of insurance policies with global proposals on social policy (Holzmann and Jørgensen, 2000; World Bank, 2001).

Although the influence of this latter proposal on public policy design may be limited by the rather hermetic terminology employed, it is worth analysing because of its paradigmatic ambitions, in respect not only of insurance policies but also of the struggle against poverty and the delimitation of social policies, where it minimizes the responsibility of society for dealing with economic insecurity. Unlike the reductionist approach to targeting policies that emerged in the wake of structural adjustment, it attaches importance to the causes of poverty and makes use of insurance terminology (Sojo, 2003, pp. 126-127).

The analysis of social risk management rightly points out that all individuals are vulnerable to numerous risks of different kinds, and it interrelates risk, risk exposure and vulnerability. A risk is an event that may damage a person's welfare and that is uncertain as to its duration and the extent of the harm it may cause. Exposure is the likelihood of a risk occurring. Vulnerability measures resistance to shocks and hence the likelihood that such shocks may result in a loss of welfare, which is first and foremost a function of household asset levels, insurance mechanisms and the severity and frequency of the shock concerned. A social safety net is defined as a set of public actions that help individuals, households and communities to deal with risk and that supports the poorest; such actions should create mutually supportive relationships with education and health sectors in the pursuit of human capital development.

Setting out from the subject of risk and insurance, however, a comprehensive social policy proposal is formulated which provides for a public-private combination whose character and delimitations are functional to these issues and which is based on three

<sup>9</sup> The summary and critical analysis of the social risk management proposal considered here were taken almost entirely from Sojo, 2003.

basic elements: the social welfare responsibilities of the State are confined to the struggle against poverty; risk insurance is designated as an individual responsibility; and solidarity in risk diversification is essentially ruled out. In these terms, individual insurance in the market, the use of safety nets to provide services to the poor, and targeting as opposed to universality all go to make up a social policy strategy that assigns a minimal role to the public sector in social protection, places the financing and provision of the remaining social welfare-related services in private hands and once again rejects the principle of solidarity in financing. Thus, an analogy can be drawn with the reductionist targeting proposals (Sojo, 2003, p. 127).

This proposal sidesteps the fact that it is not just when market mechanisms are absent, collapse or are dysfunctional that State action or compulsory participation in a risk pool is important, since information asymmetries and market failures are not the exception but are inherent in insurance markets. In this respect, public regulation, public insurance, or social insurance with private insurers but with compulsory financing mechanisms and regulations which guarantee risk diversification make it possible to tackle risk selection and increase the efficiency of these markets by promoting their stability. When financing based on solidarity principles is chosen, the objectives are also redistributive and it is possible to

establish cross-subsidies among different income strata, age groups, risk groups, etc. Information asymmetries and insurance market failures are related with many elements, but especially with: adverse selection; forms of conduct involving moral hazard; the complexities and difficulties of understanding with which the consumer is faced owing to the nature and quality of the product—that is to say, all the different types of insurance and benefits; the complexity and lack of transparency of the product associated with insurance (as in the case of health benefits); the externalities of consumption; and underconsumption due to an inability to pay private insurance premiums because of low income or chronic or congenital ailments, in which case there is no access to insurance even though the market exists (Sojo, 2003, p. 121).

The high level of underconsumption of insurance observed in the region does not only affect the poor. The pricing system of insurance obtained on the market restricts its coverage and amount for very extensive sectors of the population, and the limited availability of solidary social insurance makes it very difficult to narrow the gap between effective income levels and the desired levels of insurance. As the capacity for risk diversification is affected, the impact on well-being is severe and the redistributive effects of solidary financing between income, age and risk groups are constrained.

## V

### **Present-day conditional monetary transfer programmes and their links with social sectors**

After the criticisms summarized in the previous section, a new phase of targeting was begun in which ground was gained by the idea of linking selective programmes with social sector policies and programmes, pre-eminently of a universal nature, by laying down conditions for gaining access to certain benefits, generally monetary. Universal benefits, which by their very nature are closely associated with social sector dynamics, can act as a “hinge” between obligations and rights which operates within a broad time spectrum and serves as a channel for investment into human capital. The effects

sought range from the restoration of health to the reduction of potential or effective undernourishment or improvement of educational backgrounds, so they may be visible only in the medium or long term and may even be intergenerational. Actions in the field of education seek to avoid premature and ultimately impaired entry into the labour market.

Although the so-called “Washington consensus” was coined in this same period, heterodox anti-poverty policies were gradually gaining ground in the 1990s because of the erosion of the reductionist proposals

on social policy and targeting. Selectivity came to be considered less relevant, as it was increasingly recognized that the complexity of the objectives of social policy went beyond the fight against poverty, while the fight against poverty was itself an enormous task which went far beyond targeting; that the many-faceted nature of poverty called for integral yet heterogeneous policies and differentiated forms of action; and that it was necessary to attack the causes of poverty, with emphasis on the acquisition of the capacities and skills that will enable people to lift themselves out of poverty by participating more fully in social, economic and political affairs (Sojo, 1999).

Whether programmes or contributions such as cash transfers are of an assistentialist nature or are aimed at investment in human capital depends on the strategy under which the benefits are provided. It is therefore appropriate to analyse the simultaneous functions that they can fulfill, such as acting against the temporary effects of economic adjustments, bringing the target population closer to the supply of education and health or integrating it into that supply, and also to explore their indirect effects, such as changes in the micro-physics of power in households when women are the recipients of cash transfers or other types of conditional benefits and have to make sure that the counterpart obligations are actually fulfilled. Such considerations must be borne in mind when analysing trends in targeting. The heterodox nature which this has gradually taken on, at least in the countries that are allocating more resources to it in relative terms, seems to have been fostered by the lessons learned from the failures and limitations experienced at the height of the reductionist wave; it may also reflect the effect of some criticisms made at the time by experts on this matter (Atkinson, 1995; Sen, 1995).

Conditional income transfer programmes provide for counterpart contributions that are mainly related with investment in human capital through actions in the field of the education, nutrition and the health status of children and young people. The aim is to help stop students from dropping out from school or lagging behind in primary education and to forestall premature and/or precarious entry into the labour market. In order to carry out this task effectively, other family members —especially women— are also involved in its performance. When a counterpart requirement involves the provision of some form of work, this affects the heads of household, in this case through employment programmes. Employment programmes have been developed both in Bolivia, a country with

widespread chronic poverty, and in Argentina, where considerable increases in poverty rates in recent years have been associated with unemployment and declining income levels caused by macroeconomic disturbances. What is at stake, then, is the existence of the type of social sector supply needed to make the fulfilment of counterpart requirements viable. In other words, far from being in contraposition to one another, the logic of the relevant social sectors and the logic of targeted policies are actually complementary. At the same time, the conditional nature of the benefits means that the family must be considered as a whole (Serrano, 2005; ECLAC, 2006).<sup>10</sup>

The institutional implications of this heterodox approach include the following:

- (i) The need for the coordination of anti-poverty policies with macroeconomic policy and production development policies<sup>11</sup> and their linkage with general social policy reforms. The experiences of Chile and Brazil are very interesting in this respect. In the Chilean case there are links, even of a budgetary nature, between the two types of policies. The *Puente* programme, for example, transfers resources to ministries so that they can serve the needs of given population groups selected by the programme. In other words, the *Puente* programme has certain amounts of resources which must be invested by, say, the Ministry of Education, under the terms of an agreement, on the education of certain beneficiaries.
- (ii) The need for the strategic incorporation of selectivity as a complement to the existing institutions rather than in competition with them. Such is the case of the *Oportunidades* human development programme in Mexico or the *Bolsa Escola* (scholarship) programme in Brazil, which was later incorporated into a broader programme (*Bolsa Familia*): all these initiatives correspond to transfers made from an integral standpoint. The fact of laying down rights and obligations for the beneficiaries has certain consequences: measures must be taken to ensure that beneficiaries can make effective use of their rights and obligations. In other words, action must be taken to ensure that there is effective access to a public supply,

<sup>10</sup> For a synoptic table of the programmes, see the appendix.

<sup>11</sup> With regard to the effects of macroeconomic policies and economic performance on well-being in Costa Rica, El Salvador and Honduras, see Sánchez (2005).

generally of health and education services, when some counterpart requirement must be fulfilled by beneficiaries. Such a strategic and complementary form of incorporation has global repercussions for social policy and its institutional domain;

- (iii) The need to make sure that the resources allocated to these programmes are sustainable.<sup>12</sup>

It must be repeated that, strictly speaking, conditional benefits are not radically new.<sup>13</sup> The critical point in some conditional cash transfer programmes which have had a certain demonstration effect in the region —such as the *Oportunidades* and *Bolsa Familia* programmes— is the number of beneficiaries. For example, the *Bolsa Familia* programme had the objective of covering 11.2 million families by the year 2006 (Cohn and Medeiros, 2004). Table 1 shows the substantial resources and growing coverage of the *Oportunidades* programme in Mexico, while table 2 shows the modest resources that the Family Allowance Programme (PRAF) continues to have in Honduras.

The Plan for Heads of Household, introduced in Argentina in January 2002, was also on a large scale and was aimed at relieving the vulnerability of

families affected by poverty and unemployment after the macroeconomic shocks of 2001. This plan —one of the largest of its kind in the region— covered nearly two million households at the end of 2000. In order to ensure that the beneficiary population really was the neediest, beneficiaries were required to work as a counterpart obligation. There are evaluations which show that compliance with the selection criteria (beneficiaries must be unemployed heads of household) was not always complete, since some participants,

TABLE 1

**Mexico: Scale indicators of the *Oportunidades* programme, 2000 and 2006**

Level/year	2000	2006
Families	2 470 000	5 000 000
Persons	12 350 000	25 000 000
Primary education scholarships	1 677 138	2 867 760
Secondary education scholarships	808 185	1 734 643
Intermediate and higher education scholarships	–	696 353
Elderly persons	–	820 000
Rural localities	52 373	87 720
Semi-urban localities	851	2 493
Urban localities	8	500
Municipalities	2 166	2 435

Source: Gómez-Hermosillo (2006).

TABLE 2

**Honduras: Population served by the family allowances programme (PRAF) (Percentages)**

Category of beneficiaries	Population projected by the National Statistical Institute (INE)	Number of beneficiaries	Population served (%)
Women of childbearing age and children under 6	2 625 399	241 308	9.2
Children of school age (7-12 years)	1 158 820	160 872	13.9
Population aged between 3 and 64	4 521 886	51 196	1.1
Elderly persons (65 years of age or more)	292 766	46 666	15.9

Source: Office of the President of the Republic of Honduras, Family Allowances Programme (PRAF).

<sup>12</sup> In this connection, the General Social Development Law promulgated in 2004 in Mexico is particularly interesting because it combines various elements of this heterodox view. One of its principles is solidarity, understood as collaboration among persons, social groups and levels of government, with shared responsibility, to improve the quality of life of society as a whole. The principle of integrality, for its part, concerns the linking together and complementarity of programmes and actions involving the different social benefits under a national social development policy. According to articles 14 and 18 of this law, among the main areas of action of social development policy are: sector-level actions relating to employment, social security and social assistance programmes, regional development, basic social infrastructure, and promotion of the social sector of the economy. The allocation of expenditure on social development is protected; per capita social expenditure cannot be less in real terms than it was in the immediately preceding year (so that 2004 becomes the base year) and its distribution must be based on criteria of efficacy, amount and quality. See SEDESOL (2004, section I, pp. 3-14).

<sup>13</sup> The early experience of the National Complementary Nutrition Programme (PNAC) in Chile was already analysed. Another conditional benefits programme introduced at an early stage was the Family Allowances Programme (PRAF) in Honduras, which began as a combination of several programmes, with weak institutions and limited resources. Its benefits, which include food vouchers, scholarships, support programmes for microentrepreneurs, integral development for women, and mother and child health services, were designed to support integration into the educational system and access to health. The PRAF was subsequently expanded to cover shops offering basic consumer products, communal banks exclusively for women, production projects under the subprogramme of integral development for women, and vouchers for the elderly (ECLAC, 1998). See also table 2 in this respect.

TABLE 3

**Latin America (four countries): scale of some conditional transfer programmes (various years)**

Country	Programme and year of estimate	Beneficiaries	Expenditure on programme, as a percentage of GDP
Brazil	<i>Bolsa Familia</i> , 2006	65% of poorest families	0.41 <sup>a</sup>
Chile	<i>Chile Solidario</i> , 2004	6.45% of the population	0.10
Colombia	<i>Familias en Acción</i> , 2001	4% of the population	0.3
Honduras	Family Allowances Programme (PRAF)	(see table 2)	0.3 <sup>b</sup>

Source: ECLAC (2006) and the programmes themselves.

<sup>a</sup> Projections by Afonso, reproduced in Draibe (2006).

<sup>b</sup> Projections according to preliminary figures of the Central Bank, provided by the PRAF in February 2007.

especially women, were not in the labour market before the macroeconomic disturbances in question occurred; it has been calculated that half the beneficiaries were previously inactive, that the Plan helped to bring down extreme poverty by 2% and that, without the Plan, 10% of the beneficiaries would have lapsed into extreme poverty (Galasso and Ravallion, 2003).

If the financing and coverage of plans and programmes like those described above could be brought up to a level proportional to the incidence of poverty, they could also have an anti-cyclical effect. The rapid increase in scale of some programmes should not lead us to over-estimate the overall share of conditional cash transfers in social policy resources as a whole or in GDP, however (see table 3). Generally, even in Mexico or Brazil, the transfers received by beneficiaries are low; in the case of the *Oportunidades* programme, for example, the desirability of raising the amount of the transfers has been under discussion since 2006.

Furthermore, it should be noted that the efficient and timely provision of monetary transfers in accordance with the criteria for the selection of beneficiaries poses major challenges in terms of management. In this respect, it is interesting to look at the processes for the regular and stable provision of transfers under the *Oportunidades* programme, which is financed with resources from a number of different sources and whose ongoing bimonthly operating cycle is adjusted according to the updating of the register of beneficiaries and the ongoing certification of co-responsibilities. In 2006 this management scheme entailed calculating monetary support for 10.3 million people and following up on its delivery with real-time control indicators (Gómez-Hermosillo, 2006). In the current discussions on the future of the programme, it has been affirmed

that making cash transfers—which necessarily involves an up-to-date selection of beneficiaries—is its core function. This affirmation is made with a view to avoiding an expansion into service provision functions or even into new or additional co-responsibilities, for example in the field of insurance (López Calva, 2006; Gertler, 2006).

In the case of Brazil, the *Bolsa Escola* programme has begun to make innovations in management by eliminating bureaucratic intermediaries and transferring resources directly to beneficiaries through magnetic cards issued by a public bank with a broad national presence. With the passage of time, in the context of the *Bolsa Familia* programme, the bank has become the body responsible for managing the register of beneficiaries, which it has succeeded in consolidating into a single unified register. In Mexico, discussions are currently under way on a single unified register of beneficiaries of social programmes and a beneficiary selection system based on the register of the *Oportunidades* programme and the procedures for generating it.

It is increasingly recognized that programmes should address the specific causes of poverty and take account of its heterogeneity, which calls for integrated but differentiated actions.<sup>14</sup> The less tangible counterpart of conditional transfers is the institutional structure of the various sectors, so such transfers must

<sup>14</sup> Emphasis had already been placed in the region on the heterogeneity of poverty and its consequences for targeting in terms of dealing with different kinds of needs, and on its implications for the design of programmes and of the criteria and instruments for the selection of beneficiaries (Raczynski, 1991; Vergara, 1990; ECLAC, 1994).

not be divorced from those sectors and much less must they be in competition with them; the aim is that they should contribute to universalization and help people to rise out of poverty (Cohn and Medeiros, 2004). The interlinking of selective programmes with the existing institutions of the sectors is a process which is still under way, however, and it will undoubtedly call for many adjustments.

In the case of the *Chile Solidario* social safety net, the *Puente* programme, which seeks to integrate the poorest sectors socially by bringing them closer to the system of public services, establishes a contract with beneficiary families that links the provision of services by the State with tasks that they must fulfill, as determined by the monitor. This means that the health, education, employment and housing sectors, among others, specifically undertake to give priority attention to these beneficiaries and, when necessary, to strengthen their service delivery systems. The local promoters of the programme identify the existing systems to which families can be directed, and the actions of the programme are coordinated at the municipal level. The implementation of the *Chile Solidario* programme has led to changes in the government agencies involved and in their interrelations. It involves the Ministry of Planning and Coordination, which is in charge of the programme; the Solidarity and Social Investment Fund (FOSIS), which executes the *Puente* programme at the central, regional and municipal levels; and the municipal bodies, which, in the case of the *Puente* programme, set up a family action unit under an agreement with FOSIS. There has been some friction between the Ministry of Planning and FOSIS, as the latter organization has taken on the leadership role because of its experience in the fight against poverty. In order to set in motion a multi-sector network for the provision of services it was necessary to sign service delivery agreements at the national and regional levels. There has also been some tension with municipalities over areas of influence, resources and use of the latter for political purposes. The promulgation of the law governing the *Chile Solidario* programme made it possible to formalize the rules of procedure (Palma and Urzúa, 2005).

The Brazilian experience has a very special feature, inasmuch as traditional assistentialist-type programmes have not formed the nucleus of the fight against poverty; instead, this role has been played by the new conditional transfer programmes, which have not constituted a social safety net because they were established by the social ministries which provide

social services contingent on the transfers. In order not to disconnect such programmes from the basic universal-type social policy, when more experience had been gained and a unified register of beneficiaries had been formed, the link was maintained between the monetary benefits and the service providers and “specialities” of the sector. This form of division is said to have generated a very close relationship with service providers, especially schools and local health clinics, which made it possible to maximize the improvement in school or nutritional performance and thus achieve a disproportionately strong impact relative to the monetary resources received. The respective ministries were responsible for monitoring the fulfillment of the various obligations concerned. Subsequently, the implementation of the *Bolsa Familia* programme in 2003, aimed at unifying programme management under the Ministry of Social Development, gave important functions to the municipalities, while the ministries continued to regulate the conditions for co-responsibilities and to verify their fulfilment by beneficiaries. Some analysts have warned of a risk of “prefecturization” – the allocation of greater relative power to the municipal prefect, with a consequent possibility of clientist distortions – and this has led to some reticence on the part of the educational and health institutions with respect to the *Bolsa Familia* programme, while it has also been noted that the integral and coordinated provision of services which should be the responsibility of the service providers is still pending (Draibe, 2006, pp. 144, 148, 153 and 173-175).

In evaluations of the *Oportunidades* programme, it has been recommended that it should have more links with the traditional operation of the health programmes. From the standpoint of beneficiaries, these activities are seen as routine measures not linked with the benefits provided under the programme. At the local level, the rules governing the operation of the *Oportunidades* programme makes it just another programme additional to those of the health or education sectors, thus losing the integral nature sought for in conditional benefits (Meneses, Almodóvar and others, 2005, pp. 358 and 359).

In the debate which has been taking place on the *Oportunidades* programme since 2006, a central place is occupied by its links with social sector policies. The controversy has been focused on several issues. One of them is the effect of the quality of services on the stock of human capital which the programme seeks to enhance; among the achievements, mention has been made of better child health and nutrition, higher rates of school attendance, and some improvements in the

health of older people. There is concern, however, that this will not prevent children from being poor in the future, that the design of the incentives does not promote a clear transition to secondary education, and that little is known of the quality of learning, while in the field of health, the rates of obesity, diabetes and hypertension are still high. Another problem mentioned is that preschool children are not a target population. This raises the question of the quality of health care, the monitoring of the supply of education in terms of quality and coverage, and preschool cognitive development —aspects which are in the hands of the social sector bodies providing the services— and ways in which the *Oportunidades* programme could encourage improvements in the quality of the sector supply (Gertler, 2006; Alvarez, 2006).

On the basis of evidence on the quality of the education to which beneficiaries have access and on the effects of the *Oportunidades* programme, it has been proposed that in order to increase its impact it is essential to improve the quality of the social sector supply and to seek collateral effects in family behaviour: for example, families should be made to see that the future benefits of education are higher than the benefits they are currently receiving (Parker, 2006). The possibility has also been raised that the evaluation of the *Oportunidades* programme should be extended to the supply of education and that global action should be demanded to improve the supply of education for the poorest sectors (Mancera, 2006).

In various experiences, it has been found that reconciling the social sector supply with conditional benefits requires an expansion of social spending, especially on education and health. Thus, it is recognized that expanding the coverage of the *Oportunidades* programme in Mexico requires education and health services which, for example, will enable the programme not only to cover the poorest areas but also to incorporate poor families in areas with a low level of marginality and a low concentration of poor households (Orozco and Hubert, 2005, p.6). A frank analysis and balance-sheet on the dynamics of the health and education sectors and their coordination with the *Oportunidades* programme concludes that greater consonance of objectives must be sought, because at present the links with the programme are not known to the sectors involved, those objectives are not incorporated in the sectors' own aims, no indicators on their operations or statements of accounts are presented by the specific sectors to the *Oportunidades* programme, and there are no effective collaboration mechanisms (Hernández, 2006).

In this respect, as has so rightly been noted in the analysis of experiences as different as those of Chile and Mexico, conditional transfers of income are no substitute for the provision of a supply of good-quality social services. If there is no concern about the importance of providing high-quality health and education services, there is a risk of making cash transfers conditional on the performance of suppliers who are not capable of achieving long-term improvements in well-being or of combating the causes of poverty and its intergenerational nature. This is why it is proposed to expand the coverage of these services in poor areas and to take measures to ensure better quality of the services provided (Rawlings, 2004, p. 4; Serrano and Raczynski, 2003 and 2005).<sup>15</sup>

In Costa Rica, conditional benefits are currently being designed as a function of social sector dynamics, so that they can act as bridges that can give the poor access to universal services. Thus, the conditional transfer programmes are designed to help combat low coverage and high drop-out rates in secondary education, which mainly affect poor young people.<sup>16</sup> The commitments of families will therefore not be centred on access to health services, which already have a very high level of coverage in the country (Zumbado, 2006, pp. 13 and 14).

In order for the conjunction between social sectors and selective levels to be viable, it is very often necessary to modify the way in which benefits have been delivered in the past. An improvement in the quality of services, for example, not only contrasts with the allocation of more resources in order to achieve the same objective but also means modifying the way services are organized, the applicable rules and incentives, and also the evaluation of resource use. Such

<sup>15</sup> This view is not shared by some analysts, however. Some of them propose, for example, that in order to make resource use more efficient, benefits should involve the transportation of schoolchildren to areas where suitable educational services are available; along the same lines, transport subsidies for travel to areas with a good supply of educational services are considered to be efficient. On the other hand, it is considered inefficient to use transfers to achieve higher school attendance rates in places where, simply because an educational supply exists, there is a high propensity to attend school, regardless of whether there is monetary support for doing so (de Janvry and Sadoulet, 2005). This approach reflects some disdain for efforts to expand sector coverage, in this case in the field of education, although these efforts, which obviously require the allocation of more resources for social expenditure, are made for the benefit of greater equity and should not be subject to reductionist considerations of efficiency.

<sup>16</sup> The challenges currently facing education in Costa Rica are analysed in Garnier (2007).

changes are not as popular as expansions of coverage based fundamentally on an increase in resources, because as accounts are demanded on the use made of those resources, difficulties of a political nature may arise. These difficulties occur because, although there is only scattered support for reforms of this type on the part of those who benefit from them, there are well-organized opponents of the reforms, because the latter change the incentives or rules (Grindle, 2004). It must therefore be clearly appreciated that improving benefits and establishing a suitable link between social sectors and selective levels has strong political connotations if any attempt is made to modify the existing institutions in order to improve the quality and equity of services. This means linking financial control, for example, with service performance, making the institutions render accounts, and having an integral view of aspects which have previously operated in watertight compartments. The political viability of such measures may run into serious obstacles because of the resistance of those who had hitherto been providing the services in a certain way.

With regard to the sector level, there has been controversy in Mexico over a transfer recently established by the *Oportunidades* programme which takes the form of a social assistance pension,<sup>17</sup> and even over the link with health insurance provided by the *Seguro Popular* (People's Health Insurance) (IDB, 2006).<sup>18</sup> It has been asserted that first of all it would be desirable to consolidate the links with the established benefits in the field of primary health care and education (Gertler, 2006).

In this case, the most important aspect is concerned rather with the architecture of the social protection system—which has so far been of a dual nature in the sense of the contributory and non-contributory protection of the formal and informal sectors—both because of its repercussions and because of the

significance that this type of cash transfer has within the non-contributory financing of social protection in the form of pensions (IDB, 2006; Levy, 2006).<sup>19</sup> Such concern is the antithesis of the policies applied in Chile under the military dictatorship, when targeting was ancillary to the introduction of dual health and pension systems. In the case of Mexico, in contrast, a discussion is currently under way about whether the effort to combat poverty can affect the scope and nature of social security and about the possibility that anti-poverty initiatives may serve as a means of helping to overcome its duality.<sup>20</sup>

If we place the elements of this controversy in a more general perspective on conditional transfers, it may be seen that coordination with the social sector level is more complex when it involves benefits—for example, in health and education, for the reasons of coverage and supply already analysed—which are intended to have effects on human capital accumulation. Pensions, which are, strictly speaking, monetary transfers, are a different type of case, since the complexity of their management has to do with the collection of contributions, the processes of delivery, and possible counterpart requirements and their respective certification. In terms of social policy, it depends on the architecture of the pension system.

Conditional transfers form part of the decentralization processes under way in the region. The municipalities participate in the selection of beneficiaries, in verification of fulfillment of the relevant counterpart requirements, and in the management of monetary transfers, which can lead to appreciable variations on those levels (de Janvry, Finan and others, 2005, p. 3), to different associations between the central government and the decentralized levels, and to effects on the local economies. In December 2003, transfers under the *Bolsa Familia* programme represented 15% of the resources of the Municipal Participation Fund in the northern region of Brazil, 28% in the north-east region, 10% for the south-east, 8% for the south and 7% for the centre-west

<sup>17</sup> The “*Oportunidades*” retirement saving mechanism (*mecanismo de ahorro para el retiro* (MAROP)).

<sup>18</sup> It has been proposed, for example, that the “*Oportunidades*” programme should not provide benefits conditional upon the employment status of the beneficiary families. In this respect, in order to promote formal employment “it is a question of bringing incentives into line”, while with regard to pensions, it has been proposed that the MAROP should be eliminated and that consideration should be given instead to a coherent social security system with, for example, a non-contributory solidary pillar (IDB, 2006, p. 16), which is in keeping with the proposals of Levy (2006). In this context, the MAROP is being redefined in order to make it “portable” and complementary (Gómez-Hermosillo, 2006).

<sup>19</sup> With regard to the recent political difficulties experienced in Mexico in reforming social protection in the field of health, linked with that of pensions, see González (2005) and a summary version of that study in Sojo and Uthoff (2007).

<sup>20</sup> For a valuable analysis on forms of financing for non-contributory pensions in Costa Rica, taking into account economic growth, fiscal viability and different actuarial scenarios, see Durán (2007). Likewise, for a study of the reforms under way in the Chilean pension system, which go beyond an assistentialist view and modify the architecture of the sector to give it greater solidarity, see Uthoff (2007).

region; this breakdown demonstrates their interregional redistributive impact (Cohn and Medeiros, 2004).

A more flexible discourse may also be observed with regard to the public-private mix in the provision of targeted services, since there is greater recognition that no aspect of benefits and their impact—quality, efficacy, efficiency or equity—is guaranteed simply by the public or private nature of the benefit. This is the case both with respect to the expansion of benefits provided by private entities, as in the case of the Seguro Popular programme in Mexico (Sojo, 2006), and in relation to the need to refrain from demonizing the State further in its role as a benefit provider while recognizing the market failures and

asymmetries which lead to exclusion of high-risk and low-income sectors.

It is also necessary to analyse and control the occurrence of perverse incentives. For both parents and teachers, for example, educational allowances may, paradoxically, foster the repetition of grades in certain rural areas where the barriers to the continuity of education interact with the conditions of access to those allowances. Here, once again, is an aspect which highlights the need for synergy between the reform of social sectors and targeted programmes, in this case through the elimination of barriers to the continuity of education, which is also connected with the sector-level supply.

## VI

### Selectivity beyond the effort to combat poverty

Guaranteed health benefits are selective policies, although they differ from anti-poverty policies because of their broader purposes and the vertical coverage they may involve: that is to say, the types of benefits they offer. In some cases, such as those of Guatemala or Bolivia, however, these guarantees may be subsumed in anti-poverty policies because their beneficiaries are poor.<sup>21</sup> This is not so in the case of the *Seguro Popular* programme in Mexico, which, although primarily aimed at the poor who are excluded from other insurance systems, permits other income strata to join and covers some high-cost services. Nor is it the case of the Explicit Health Guarantees (*garantías explícitas en salud* (GES)) programme in Chile, given the types of benefits and the income sectors that benefit. This represents a step forward towards greater effective universality in health.

It should be recalled that the objectives and instruments of social policy reflect an agreement on the socially desirable level of well-being and the best ways of attaining it, which may ultimately be expressed through the formulation of social rights. In this sense, from the legal standpoint the guarantees are suitable means of ensuring the efficacy of the laws that

recognize these rights. In the case of property rights and the right to freedom, for example, their enjoyment is clearly established by guarantees. Social rights, in contrast, generally lack a suitable system of guarantees which are comparable with the above rights in their capacity for regulation and control. Consequently, the development of social rights, even in the European Welfare States, has taken place largely through the expansion of the discretionality of the bureaucratic machinery. Even when social rights and their content are identified (a situation which is far from being the rule in the region), in order to determine the potential scope of their protection it is necessary to establish tools that ensure that they can be made effective. Guarantees of rights are therefore the methods, mechanisms or arrangements which serve to ensure that a right can be effectively exercised. In the final analysis, guarantees are instruments to ensure that rights are not just a dead letter but can instead be demanded, can operate, and can be executed (Ferrajoli, 2002; Curtis, 2007).

The lack of such guarantees is a factor that may make these rights ineffective. In this sense, the absence of suitable social guarantees may lead to bureaucratic practices typical of an assistentialist State that tend to benefit political clients, which provides fertile ground for corruption and arbitrary decisions. Some recent social policy reforms, such as charters of users' rights, therefore complement the legal guarantees backing

<sup>21</sup> This section is based on Sojo (2006).

up those rights. Guaranteed health benefits may be analysed precisely from this perspective. Each of them has been determined along lines appropriate to the health system in which they operate and in line with the political restrictions encountered, and all of them still face unsolved challenges.

In countries with poorly developed health systems, with very low levels of insurance of benefits for the poorer sectors of the population and with polarized processes of epidemiological transition, the guaranteeing of benefits has been aimed above all at ensuring primary health and mother and child care. Although these benefits are relatively inexpensive, they nevertheless represent an effort to move forward from the initial starting point. In countries like this, guarantees of benefits have a very limited effect as regards the overall reorganization of the health system. In the case of Guatemala, the initially proposed separation of functions has been set aside. In Guatemala and Bolivia, guarantees are provided as part of a package of benefits, but no specific guarantees regarding timely attention or access are provided, and they have no repercussions on the health insurance architecture.

The system of guaranteed health benefits in Chile is the most advanced in the region, since the guaranteed benefits introduced in 2005 cover some high-cost benefits and include guarantees of timeliness, access, financial protection and quality. It also has some repercussions on combined public-private health care because it partially addresses the basic duality of the insurance system, limiting the adverse selection practices of private health insurance institutions (ISAPRES) and increasing the transparency of the coverage offered by them. The progress made in these reforms bears witness to the political difficulties which have prevented the adoption of measures that would

have given greater solidarity to the dual insurance system, such as the introduction of a solidarity fund. The effective fulfillment of the guarantees involves great challenges: up to July 2006, two million persons had been provided with services. Of the total complaints of non-fulfilment presented, 367 concerned guaranteed access, and 475 concerned the guarantee of timeliness. An evident need has arisen to improve the management of the system in order to provide, inter alia, a system of early warning and detection of shortcomings and to adapt the health service networks to users' needs.<sup>22</sup>

In Mexico, with the aim of progressing towards universal coverage, guaranteed benefits were introduced through a reform in the insurance system, without, however, altering its segmentation. In order to limit the expenses faced by households in catastrophic health situations, a new form of insurance was added, with new resources, which has some links with the rest of the service suppliers but not in the financial field. The complexity of financing is noteworthy, due not only to the diversity of the funds used to finance the *Seguro Popular* programme but also to the different financial mechanisms associated with them. The reform has brought changes in the public-private mix, since it has increased the share of private service providers. Unlike Chile, the coverage is not strengthened with additional guarantees.

In all these cases, selectivity occurs throughout the range of benefits covered. In institutional terms, the logic that is in operation here is eminently sectoral in nature and entails a way of organizing providers that is in line with the special features of that logic: basic health-care teams operating through various public-private mixes of suppliers under different systems of national and sector decentralization.

## VII

### Conclusions

In short, it has been found that as regards targeting, there are no orientations that are divorced from social sector dynamics, since they involve synergies or competitive relationships. The four landmarks identified here in the evolution of selective policies show that over the last four decades targeting policies which aim to overcome the causes of poverty, or which only address

its symptoms, have had repercussions on the dynamics of social sectors. Reductionist targeting has had a subordinate function with respect to sector reforms

<sup>22</sup> The cases of premature births which have had to be treated have been more numerous than expected, for example (Urriola, 2006).

aimed at dismantling or weakening universal policies. At the other extreme, when the aim is to get away from an assistentialist approach in combating poverty, social sector reforms are required which seek to expand coverage and improve the quality of benefits.

This study has also addressed two trends in targeting in fields which go beyond the fight against poverty in its strict sense. On the one hand, there is the likewise reductionist proposal for social risk management, developed for the field of insurance, which undermines the principle of solidarity, underestimates

the problems of equity deriving from market-based insurance, and drastically reduces the social policy domain. On the other, and in the opposite direction, there is the proposal for guaranteed health benefits, which represents policies of a selective nature with broader purposes and which in some cases involves high-cost benefits, a more vigorous health sector, and a form of regulation of the public-private mix that upholds the principle of solidarity. Both these trends have repercussions at the sector level.

*(Original: Spanish)*

## APPENDIX

Latin America: conditional income transfer  
and social benefit programmes

Programme and country	Starting year	Objective	Benefits	Requisites for receiving benefits
<i>Bolsa Familia and Fome Zero</i> , Brazil	2003	To combat hunger, poverty and other forms of family deprivation and to promote food and nutritional security and access to systems of public health, education and social assistance by creating possibilities for the sustainable emancipation of families and local territorial development	Income transfers	Following up the health and nutritional status of children; enrolment and school attendance of all children of school age; participation in nutritional education actions.
<i>Bolsa Escola</i> , Brazil	2001	To improve the educational performance of poor children of school age. To reduce present and future poverty	Scholarships for poor children between 6 and 15 who attend school	At least 85% school attendance over 3-month periods
Child Labour Eradication Programme (PETI), Brazil	1998	To eradicate child labour, improve educational performance and reduce poverty	Income transfers; After-school programmes	At least 80% school attendance over 3-month periods and participation in the after-school programme (extended school day)
<i>Bolsa Alimentação</i> , Brazil	2000	To reduce nutritional deficiencies and child mortality	Health grants	Completion of a calendar of visits to a health centre and fulfillment of the vaccination programme
Human Development Allowance, Ecuador	2003	To help strengthen the human, physical and social capital of persons, families and communities living at risk and in poverty	Monthly income transfer of 15 dollars	Enrolment and attendance of children at school; attendance at health controls; participation in talks in connection with the programmes
Heads of Household Programme, Argentina	2001	To provide support to families with dependants which have lost their source of income	Transfer of 150 Argentine pesos per month	Counterpart requirements in the form of work
Families in Action, Colombia	2001	To increase investment in human capital in extremely poor families. To act as a "safety net"	Food subsidy for families with children under 7; educational subsidy for families with children between 7 and 17 who are attending school	Regular visits to health centres to monitor the development of children; at least 80% school attendance over 2-month periods
Family Allowances Programme (PRAF II), Honduras	1990	To increase the accumulation of human capital in the children of the poorest families, thus helping to break the circle of poverty	Educational allowance and nutritional and health allowance; training in nutrition for mothers; supply incentives for primary schools and health centres	Enrolment in school and a maximum of 7 days of absences over a 3-month period; fulfillment of regular visits to health centres
<i>Oportunidades</i> programme, Mexico	1997	To promote human capital development by improving the educational and health levels and nutritional status of children and their mothers	Income transfer, educational support, and a food package	Attendance at more than 85% of classes; participation in educational talks under the programme; attendance at scheduled visits to health services
<i>Chile Solidario</i> programme, Chile	2002	To improve the living conditions of extremely poor families by generating opportunities and providing resources that make it possible to recover or obtain the capacity to function and take decisions effectively in the personal, family, community and institutional environments	Income transfers that go down with time	School attendance and health controls; other family responsibilities
National Emergency Employment Plan (PLANE), Bolivia	2001	To reduce the impact of loss of employment in the poorest sectors of the population by providing large-scale temporary employment in urban and rural areas, financing the wages of unemployed persons who carry out maintenance activities and small projects for the common good	Income transfer	Counterpart requirements in the form of work
Social Safety Net, Nicaragua	2000	To promote the accumulation of human capital in extremely poor households	Food allowance for the purchase of food. Educational allowance for households with children between 6 and 13. Every two months, beneficiaries are given 0.7 dollars per enrolled child, which must be passed on to the school	Enrolment and attendance at school; participation in educational talks given under the programme

Source: Prepared by Serrano (2005), table 2.

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