



Social protection systems

in **Latin America
and the Caribbean**

Guatemala

Juliana Martínez Franzoni



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Social protection systems in Latin America and the Caribbean: Guatemala

Juliana Martínez Franzoni



This document was prepared by Juliana Martínez Franzoni, consultant with the Social Development Division of the Economic Commission for Latin America and the Caribbean (ECLAC), and is part of a 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. The author gratefully acknowledges the research assistance of Héctor Solano and Luis Ángel Oviedo. Luna Gámez and Daniela Huneus, consultants, provided editorial assistance. Humberto Soto and Astrid Rojas provided valuable comments.

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Contents

Foreword.....	5	
I. Introduction: historic context of social protection policies in Guatemala	7	
II. Guatemala: main economic and social spending indicators.....	9	
III. Contributory social protection in Guatemala.....	13	
A. Overview of the contributory social protection regimes in Guatemala.....	13	
1. General regime of disability, old age and survival.....	13	
2. Pensions for those under the category of “passive classes of the State” (<i>Clases Pasivas Civiles del Estado</i>)	14	
3. Institute for Military Pensions (Instituto de Previsión Militar, IPM)	14	
B. Social spending in social security	15	
C. Coverage of the social security system	15	
IV. Non-contributory social protection in Guatemala.....	17	
A. Conditional cash transfer programmes in Guatemala.....	17	
B. Funding of the programmes and coverage	18	
V. The health sector in Guatemala.....	19	
A. Overview of the health system	19	
B. Health spending and financing.....	20	
C. Coverage of the health system	20	
VI. The education sector in Guatemala.....	23	
A. Overall description of the education sector	23	
B. Social spending in education and financing of the sector	24	
C. Coverage of the education system.....	24	
Bibliography	29	
Tables		
Table 1	Coverage of social security by income quintiles, 2006	16
Table 2	Education coverage according to gross enrolment rates and income quintiles, 2006.....	27

Figures

Figure 1	Real minimum wage, average wage, unemployment rates and growth of GDP, 1998-2010.....	9
Figure 2	Per capita public social spending (in 2005 dollars), public social spending relative to GDP and total public spending, 1998-2009.....	10
Figure 3	Public social spending per sector, 1998-2009	11
Figure 4	Average value of pensions, 2000-2006.....	14
Figure 5	Public spending on social security per capita (in 2005 dollars) and as a percentage of GDP, 1998-2009.....	15
Figure 6	Economically active population that make regular contributions to the general regime of social security (IGSS), 1998-2007	16
Figure 7	Public and private spending on health, 1998-2009	20
Figure 8	Children who have been vaccinated according to the basic immunization packet, 1998-2006.....	21
Figure 9	Public spending on education per capita (in US dollars), as a percentage of GDP and as a percentage of total public spending, 1998-2009	24
Figure 10	Net schooling rates, 1998-2007	25
Figure 11	School attendance rates of the population aged 0 to 24 years, 1998-2006.....	26
Figure 12	Population that has completed primary and secondary education, 1998-2006	26

Foreword

Simone Cecchini
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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 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. Introduction: historic context of social protection policies in Guatemala

During the 1940s and 1950s, the involvement of the Guatemalan government in social affairs increased significantly, especially in the areas of health and education. At that time, it was created the Ministry for Public Health and Social Assistance (*Ministerio de Salud Pública y Asistencia Social*) and the Guatemalan Institute of Social Security (*Instituto Guatemalteco de Seguridad Social*, IGSS) (UNDP, 2001). However, this process was interrupted by the coup d'état and the invasion of the country that the United States of America led in 1954. These events gave birth to a period of violence and to a civil war that lasted more than three decades. By 1984, 1 million people were refugee or had been displaced from their original territory (Aguilera and Torres Rivas, 1998).

The first civil government was elected again in 1985 and the armed conflict ceased in 1994, followed by the signature of the 1996 peace accords (*Acuerdos por una Paz Firme y Duradera*). This agreement recognized, at least rhetorically, the demands for inclusion and the State's attention towards indigenous peoples. However, indigenous people were not included in the emerging political project, nor have they benefitted from a redistribution of resources, even if they represent the majority of the population in the country (Casaús Arzú y García Giráldez, 1994). The country has not fully recovered from the dynamics of mounting violence it experienced during the armed conflict, while the social and political exclusion of vast groups of the population still remains in place.

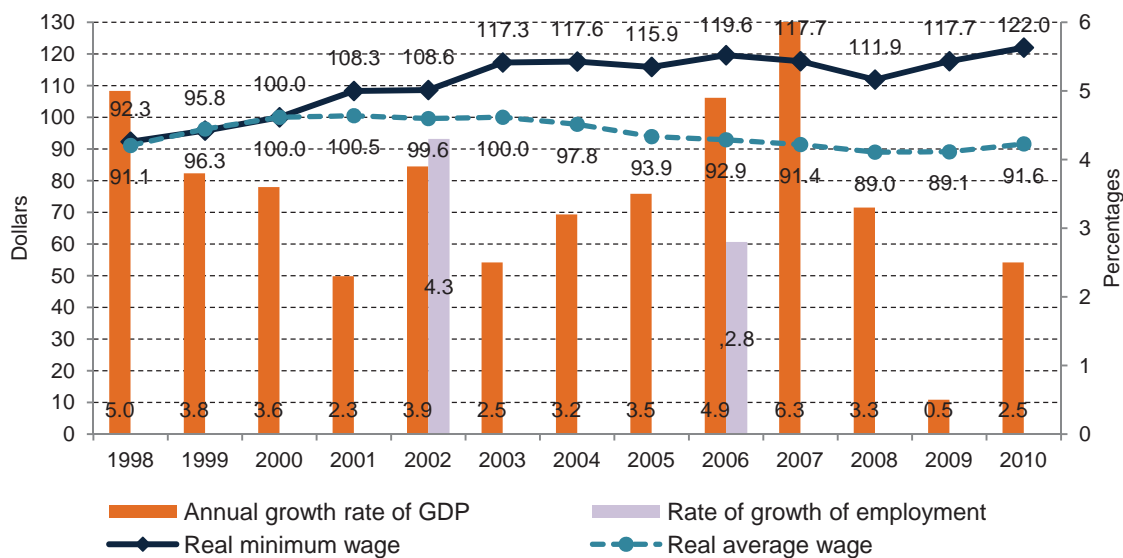
This document summarizes the main actions that Guatemalan governments have pursued in recent years in the areas of social security, poverty reduction, health and education. For each sector, information is provided on its main instruments, coverage and spending.¹

¹ The information on which these sections are based combines primary and secondary sources of information, including interviews.

II. Guatemala: main economic and social spending indicators

The Guatemalan economy is one of the two biggest in Central America. Similarly to other countries in the region, economic growth and employment generation during the past two decades have been volatile (see figure 1). However, the main problem with employment is the persistence of informality, rather than unemployment. In Guatemala, 6.4 in every 10 persons were occupied in 2006, while the unemployment rate in the same year was 3.5%.

FIGURE 1
REAL MINIMUM WAGE^a, AVERAGE WAGE^a, UNEMPLOYMENT
RATES AND GROWTH OF GDP^b, 1998-2010
(Dollars and percentages)



Source: Economic Commission for Latin America and the Caribbean, Consejo Monetario Centramericano and Instituto Nacional de Estadística INE.

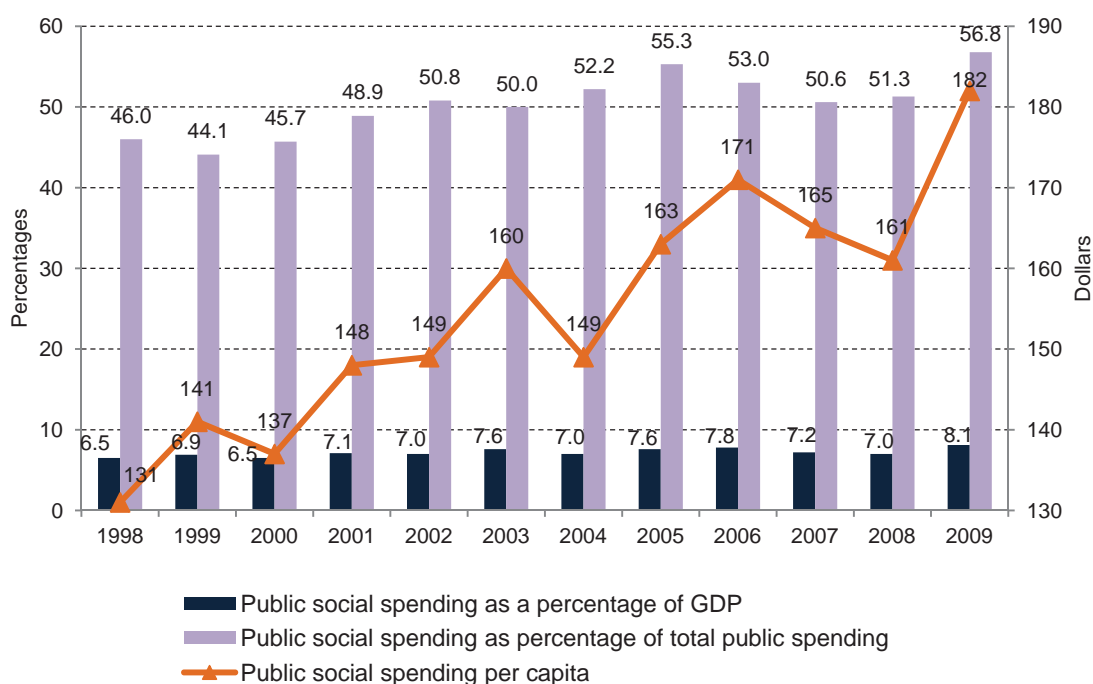
^a Annual average index, 2000 = 100.

^b Based on official figures expressed in constant 2000 dollars. Data for 2010 is preliminary.

Both minimum and average wages have increased over the years. However, these figures are not very representative, because most of the population is employed in the informal labour sector and therefore the minimum wage only protects a minor portion of the total employed population. Furthermore, as it is the case in other countries, the average wage does not reflect the severe earning inequalities that exist between different occupational categories.

Public social expenditure as a percentage of GDP in Guatemala has increased from 6.5% to 8.1% between 1998 and 2009 (see figure 2). This trend coincides with an increasing social spending per capita and social spending as a proportion of total public expenditure. However, both social spending per capita and as a percentage of total public spending have shown great variability over the period. Furthermore, social spending in Guatemala is considerably low if compared, for example, to social spending in Costa Rica.

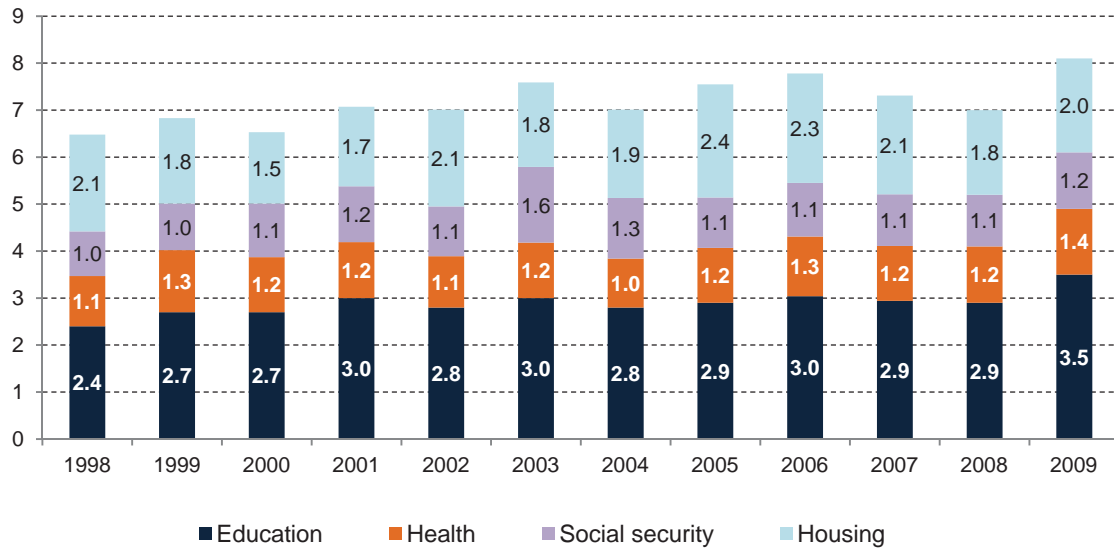
FIGURE 2
PER CAPITA PUBLIC SOCIAL SPENDING (IN 2005 DOLLARS), PUBLIC SOCIAL SPENDING
RELATIVE TO GDP AND TOTAL PUBLIC SPENDING, 1998-2009
(Percentages and dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Social spending database.

The composition of social spending per sectors has been relatively stable, increasing in the case of education by 1.1 percentage points and in the case of health by only 0.3 percentage points between 1998 and 2009. It is worth noting that the expenditure on housing is the second largest after education and it is higher than the expenditure on health (see figure 3).

FIGURE 3
PUBLIC SOCIAL SPENDING PER SECTOR, 1998-2009
(Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Social spending database.

III. Contributory social protection in Guatemala

Contributory social protection (social security) in Guatemala combines public and private insurances. However, their coverage is marginal, resulting in a large proportion of the population unprotected.

A. Overview of the contributory social protection regimes in Guatemala

In Guatemala, there are 11 public pensions regimes, directed to protect against old-age, disability and death risks. Among them, three are the most important and they are described below; the remaining eight are rather marginal in their coverage and they operate as complementary and voluntary instruments —Posthumous Aid Associations (*Asociaciones de Auxilio Póstumo*) and pension funds administered by banks, among others (Balsells, 2003).

Furthermore, in the country, there is no unemployment insurance and, with respect to risks at work, only one chapter of the current Labour Code makes a brief mention to issues such as hygiene, security at work and the general obligations of employers and employees (Castiglione, 2003). Concerning accidents at work, the legislation, which dates from 1949, covered only 28% of employees in 2006 (OIT, 2007).

1. General regime of disability, old age and survival

This regime is run by the Guatemalan Institute of Social Security (*Instituto Guatemalteco de Seguridad Social*, IGSS), created in 1946. It covers workers in enterprises with no less than three employees in Guatemala City, and no less than five employees in other regions of the country. Retirement age was traditionally set at 65 years, although the Constitutional Tribunal recently modified it and set it at 60 years.

In the case of the survival pension, affiliates must have made at least 36 contributions during the six years immediately previous to their death. Also, they must have been beneficiaries of an old age pension at the moment of death (Lara, 2005). This is a graduated average premium regime. The breakdown of the contributions is the following: employers contribute with 3%, employees with 1.5%, and the State, with 25% of the total contribution amount (equivalent, approximately, to 2% of the wages). Under funding partially reflects how behind State contributions to the IGSS are and how large the public debt to the social insurance system is.

2. Pensions for those under the category of “passive classes of the State” (*Clases Pasivas Civiles del Estado*)²

This regime is regulated by the decree No. 63-68 of 1988. It works as a retirement pension for public-sector workers, and its benefits can be extended to their dependents in cases of widowhood or orphanhood. It is funded by workers’ contributions, which are equivalent to between 9% and 15% of their wages.³ The State contributes with the difference between the contributions and the total value of the pension that should be received, according to the law. This value corresponds to the average or accrued salary received during the last year of service (Congreso de la República de Guatemala, 1988: Article 12). It is noteworthy the lack of an agency that runs pensions for public servants.

3. Institute for Military Pensions (Instituto de Previsión Militar, IPM)

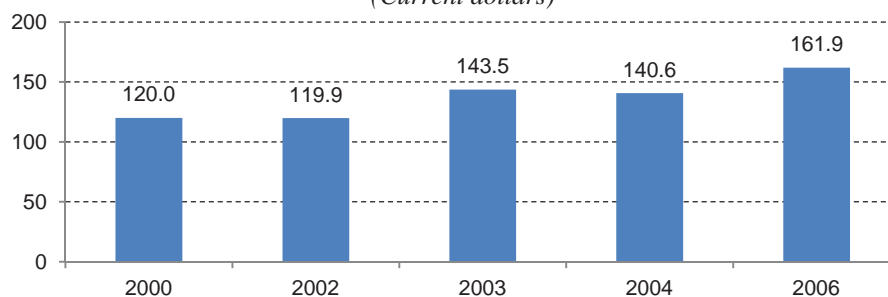
This institution was created in 1969, although it abides by the decree 21-2003 passed in 2003. It provides retirement benefits to former members of the military forces who have made contributions to this regime for at least five years (Ejército de Guatemala, 2004). The benefits it offers are the following: retirement pension (after 20 years of contributions); bonus in the case of an obligatory retirement (if contributions were made for more than 10 years, but less than 20); survivors pension, which is granted to the spouse and to the children (or alternatively, to the parents); disability pension, death benefit and insurance in case of being dismissed after 25 years of service (Balsells, 2003; Ejército de Guatemala, 2004).

According to the law, this regime is financed by the State’s contributions equivalent to 20% to 25% of the affiliates’ accrued salaries, plus their contributions and the interests obtained due to the utilities produced by the stocks of the institution (Ejército de Guatemala, 2004). However, there are discrepancies concerning the sources of this regime’s funding. Balsells (2003) argues that the State’s funding comes from the regular defence budget. According to Badillo and others (2009), this regime is financed by contributions of the affiliate equivalent to 8% of their accrued salaries plus a State’s contribution of US\$16 million per year.

Although there have been efforts to privatize the different pension funds, these have not been successful. Nevertheless, there are private institutions administering fixed-term saving accounts which, although not formally recognized, represent the equivalent of an unregulated individual capitalization system. There is not a non-contributory system of social pensions yet in place in the country.

Figure 4 indicates the average amount of retirement pensions distributed in the country. These figures were built using different sources and, thus, they are not strictly comparable.

FIGURE 4
AVERAGE VALUE OF PENSIONS, 2000-2006
(Current dollars)



Source: Instituto Nacional de Estadística (INE): Encuesta Nacional de Condiciones de Vida (ENCOVI) and Household Survey.

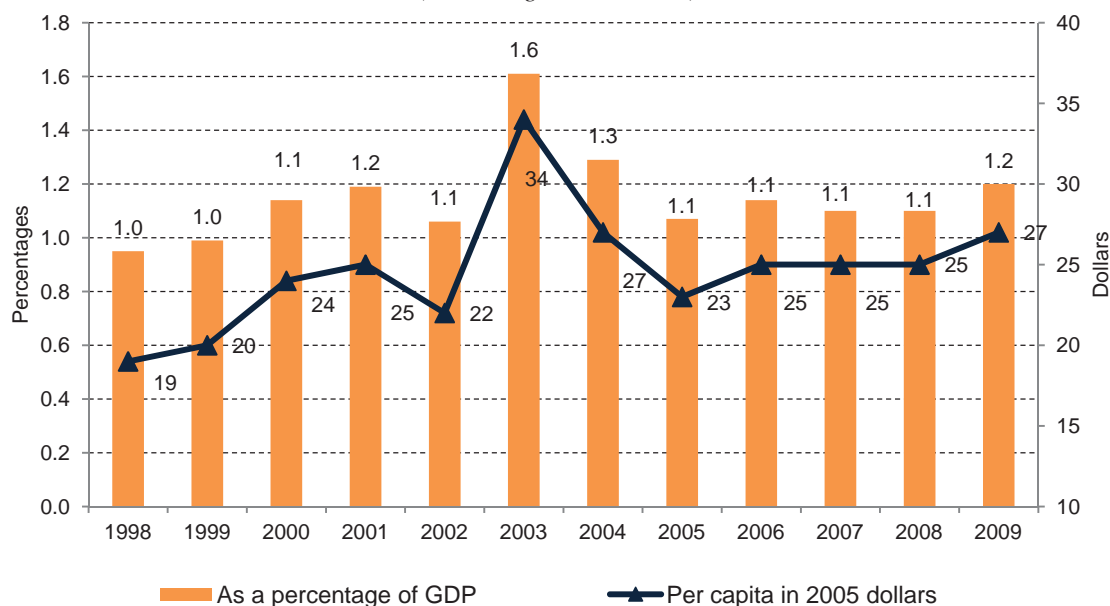
² The legislation does not state clearly what institution manages this regime.

³ The legislation establishes the following scale: monthly salaries below US\$ 48,60, contribute by 9%; up to US\$ 243,01 contribute by 10%; up to US\$ 486,03, contribute by 11%; up to US\$ 729,04, contribute by 12%; up to US\$ 972,05, by 13%; up to 1.215,07, 14% and above, by 15%.

B. Social spending in social security

The expenditure on social security has been erratic during the past two decades varying within a range of 1% to 1.6% of GDP. Spending per capita is very low: in 2009, it corresponded to US\$ 27 per capita, only US\$ 8 more than in 1998 (see figure 5).

FIGURE 5
PUBLIC SPENDING ON SOCIAL SECURITY PER CAPITA
(IN 2005 DOLLARS) AND AS A PERCENTAGE OF GDP, 1998-2009^a
(Percentages and dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Social spending database.

^a Includes data for employment programmes and social assistance and security.

Furthermore, in 2007, spending allocated to the general regime (IGSS) (see section III.A) represented only 0.42% of GDP. This is an extremely low figure, considering that this is the main access to social security for formally employed workers. Also, for the case of the general regime, it is important to consider that the State is heavily indebted and this debt might sum up to US\$ 1.8 million (La Prensa Libre, 6/02/08).

C. Coverage of the social security system

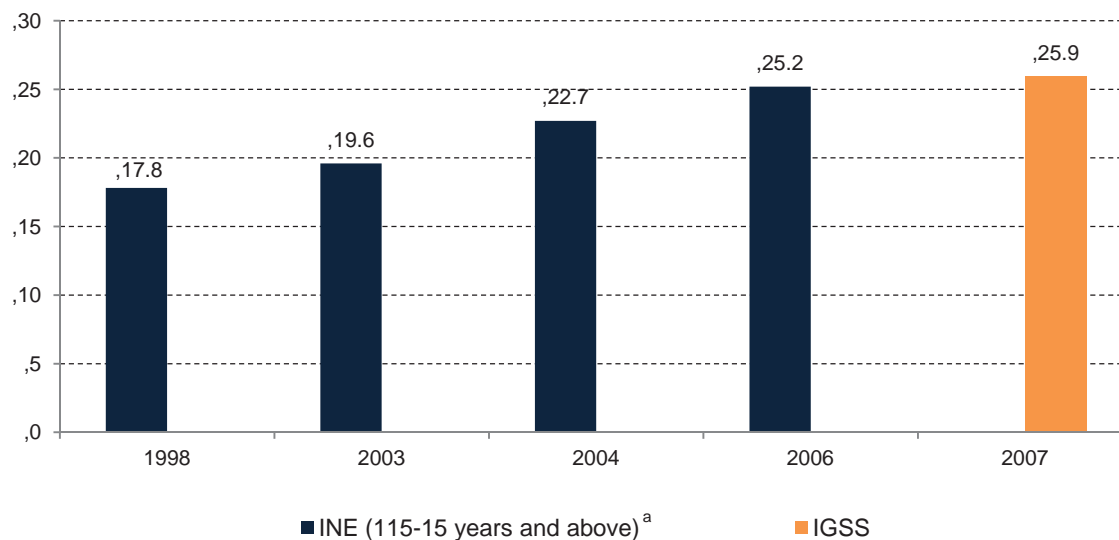
Over 1 million people —25% of the economically active population (see figure 6)— make regular contributions to the general regime of social security in Guatemala, the IGSS.⁴ Among them, 75% are urban workers and 81% are persons who live above the poverty line (Badillo and others, 2009).

Independent workers are also entitled to make voluntary contributions to the general regime. However, no specific measures have been taken to include this segment into the range of contributors and to consider their particular features (income fluctuation or availability, depending on the season of the year, in the case of rural workers).

⁴ There is no information concerning the other two regimes described in section III.A.

In 2007, 150,000 workers received a pension from the IGSS. In 2006, people under this regime represented 3% of the total economically active population, a similar figure than in the years 2003 and 1998. As a percentage of the population 65 years and above, the coverage of this pension regime was 15% in 2006.⁵

FIGURE 6
ECONOMICALLY ACTIVE POPULATION THAT MAKE REGULAR
CONTRIBUTIONS TO THE GENERAL REGIME
OF SOCIAL SECURITY (IGSS), 1998-2007
(Percentages)



Source: Instituto Guatemalteco de Seguridad Social (IGSS) and Instituto Nacional de Estadística (INE), Household Survey.

^a Data from the Household Survey.

Table 1 shows that the distribution of the coverage of social security by income quintiles is highly stratified: in the highest income quintile, a third of the population aged 65 and above, and over 40% of the total and occupied population, has access to a pension or is currently contributing to the system. In turn, the population in the lower income quintile has virtually no access to social security.

TABLE 1
COVERAGE OF SOCIAL SECURITY BY INCOME QUINTILES, 2006
(Percentages)

Indicator	Quintile I (poorest)	Quintile II	Quintile III	Quintile IV	Quintile V (richest)	Average
Population with formal insurance	1.8	4.9	13.2	24.4	43.7	15.1
Population making contributions to the IGSS as a percentage of the economically active population	2.6	7.8	21.1	33.2	46.4	23.8
Population aged 65 and above receiving a pension	3.8	10.0	12.3	26.6	32.3	15.4

Source: Own estimation based on Encuesta Nacional de Condiciones de Vida (ENCOVI) 2006 data.

⁵ Figure built upon the results of the employment survey.

IV. Non-contributory social protection in Guatemala

A. Conditional cash transfer programmes in Guatemala

Guatemala has two primary cash transfer programmes: *Mi Familia Progresas* (My Family Progresses), with national coverage, and *Bolsa Solidaria* (Solidarity Basket), covering only the capital city.

On the one hand, *Mi Familia Progresas*, which began in 2008, provides cash transfers to families living in poverty with children aged 0 to 15 years old throughout the country. The programme grants two types of transfers for health and education, conditional on children attending health centres, preventive health check-ups and school, as well as on the family attending training courses on health and education topics.

At the beginning of the administration of president Alvaro Colom (2008-2011), the programme was coordinated by the Council for Social Cohesion (*Consejo de Cohesión Social*) composed by the Ministry of Education (*Ministerio de Educación*, MINEDUC), the Ministry of Public Health and Social Assistance (*Ministerio de Salud Pública y Asistencia Social*, MSPAS), the Secretariat for Food and Nutritional Safety (*Secretaría de Seguridad Alimentaria y Nutricional*) and the Secretariat for Social Affairs of the Spouse of the President of the Republic (*Secretaría de Obras Sociales de la Esposa del Presidente de la República*, SOSEP), institution created in 1991 (Acuerdo gubernativo, acuerdo gubernativo 883-91). Most recently, the constitutional tribunal established that this programme should be under the responsibility of the MINEDUC, although its implementation is under the command of the Executive Secretary of the Presidency of the Republic (*Secretaría Ejecutiva de la Presidencia de la República*).

On the other hand, the Solidarity Basket (*Bolsa Solidaria*) is a programme delivered exclusively in urban areas of Guatemala City. The programme aims to combat extreme poverty and reactivate internal demand. It provides a basic food basket to families located in marginal urban areas of the city and/or to persons who are at risk (disabled people, widows and elders). Different ministries take part in the operation of the programme, including the Ministry of Agriculture (*Ministerio de Agricultura*), Ministry of Governance and Environment (*Ministerio de Gobernación y Ambiente*) and the National Commission for Literacy (*Comisión Nacional de Alfabetización*).

In 2008, *Bolsa Solidaria* focused exclusively on distributing food baskets. However, since 2009, it widened the scope of its activities, including productive projects and training workshops.

Conditions were established to the participation in these activities, operating in a similar way to a conditional cash transfer programme.

B. Funding of the programmes and coverage

In 2009, the total budget for *Mi Familia Progres*a was US\$ 30 million. Up to 2009, the total budget disbursed in the *Bolsa Solidaria* programme was US\$ 3.9 million.

In 2008, funding for the two programmes came from the budget of the MINEDUC, MSPAS and the SOSEP. From January 2008 until July 2009, the government invested US\$ 17.7 million in three social programmes, *Bolsa Solidaria*, *Mi Familia Progres*a and *Mi Escuela Progres*a (My School Progresses). In order to fund the last two programmes, by the beginning of 2009, the government of Guatemala obtained a loan from the Inter-American Development Bank for US\$ 200 million (Cecchini and others, 2009), one year after obtaining another loan for US\$ 139 million (IADB, 17/09/08). In April 2009, a social fund and a trust was created with a sum of US\$ 12 million (Governmental agreement 100-2009) to fund *Mi Familia Progres*a.

Public information on the coverage of these programmes is scant. Between 2008 and 2009, *Mi Familia Progres*a had covered 45 to 89 municipal districts. Since it was created, *Bolsa Solidaria* has delivered almost 168,000 food baskets, attending 25,000 families in 204 urban settlements in Guatemala City. The expectations were that this programme would duplicate its coverage by the end of 2009. Furthermore, in 2008, there were 66,000 placements in training courses; until June 2009 there had been 23,000 more.

V. The health sector in Guatemala

The Guatemalan health sector combines a public health system and social insurance, with public or private community services. This multiplicity generates high stratification in the access to health (Badillo and others, 2009; USAID, 2008). Similar to the situation of other countries in Central America, services provided by the social insurance are of better quality than those managed by the public sector. Access to private services is very restrained and also stratified. Traditional indigenous health plays a central role in providing access to healthcare, much more so than in other Central American countries.

A. Overview of the health system

The supervision of the health sector in Guatemala is under the responsibility of the Ministry of Public Health and Social Assistance (*Ministerio de Salud Pública y Asistencia Social*, MSPAS). Health services are provided by the MSPAS—in some cases, the provision is externalized to non-governmental organizations—and the IGSS. However, these institutions work under little coordination, which results in a permanent duplication of functions. In the first level of attention, the services are organized as follows:

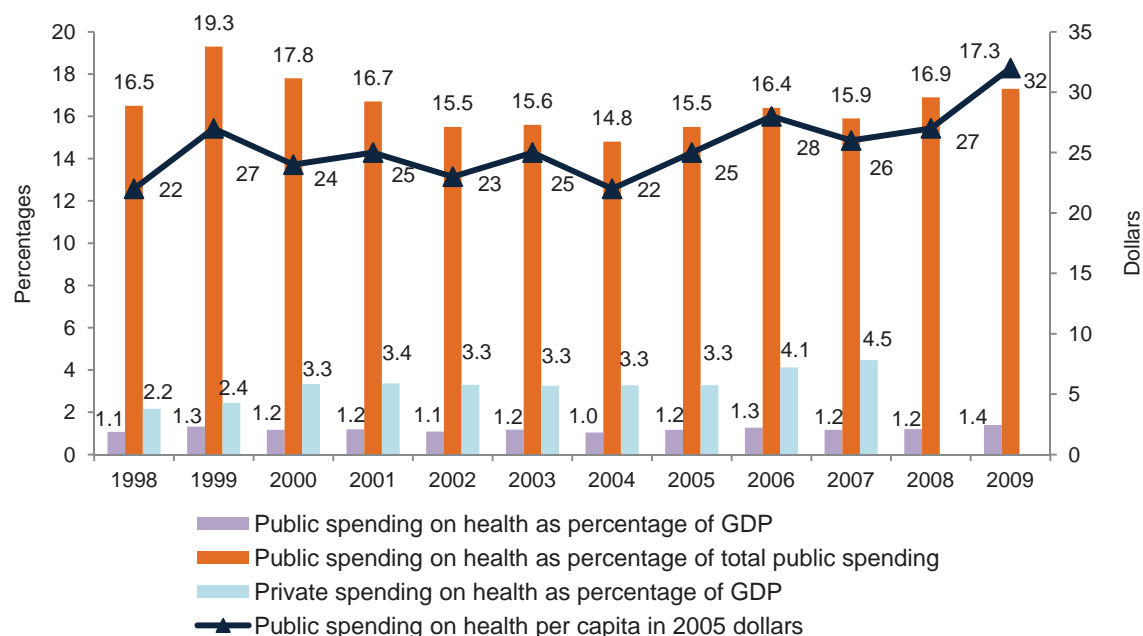
- (i) MSPAS: services comprise HIV-AIDS attention, reproductive health, immunization programmes, acute respiratory infections and vector-borne diseases.
- (ii) IGSS: health services are provided for spouses, children and pensioners (Mesa-Lago, 2007) and the access is voluntary for independent workers.⁶ The Institute runs three main programmes: (a) emergency attention, at hospitals such as the *Hospital de Accidentes* and other health centres, first-aid centres and clinics; (b) maternal and child health attention, at pediatrics and gynecology-obstetrics departments and hospitals; and, (c) illness and maternity, at health centres, clinics and hospitals that provide attention on internal medicine, gastroenterology, hematology-oncology, neurology, cardiology, rheumatology, nutriology, infectology (includes HIV-AIDS), nephrology and general and specialized surgery.

⁶ See IGSS, Medical services [online] http://www.igsgt.org/servicios_medicos/accidentes.html.

B. Health spending and financing

Between 1998 and 2009, private expenditure on health doubled from 2.2% to 4.5% of GDP. On the contrary, public expenditure on health was kept almost equal in the same period, varying from 1.1% in 1998 to 1.4% of GDP in 2009. As a percentage of total public social spending, health expenditure increased slightly from 16.5% to 17.3%. In absolute terms, per capita public spending on health increased from US\$ 22 to US\$ 32 in the same period (see figure 7).

FIGURE 7
PUBLIC AND PRIVATE SPENDING ON HEALTH, 1998-2009
(Percentages and dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Social spending database and World Health Organization (WHO).

The MSPAS is financed by the State and the IGSS has a tripartite source of funding: employers contribute with 4%, workers, with 2% and the State with 3% of salaries. In 2005, the total public budget for health represented 1% of GDP (Badillo and others, 2009). This percentage was similar to that of 2003. Out of this investment, half is spent on administrative management and the other half, in the provision of services.

The State's contribution to the health system is still low: between 1999 and 2003, the government contributed with 19% of the total spending of the system. Meanwhile, families' out of pocket costs represented 65% of this spending. International co-operation contributed with 3% and other actors by 2.5% (Ortiz, 2008).

C. Coverage of the health system

Formally, the MSPAS covers 60% of the population in Guatemala, although in 2000, the effective health coverage was 26%, according to Mesa-Lago (2007). Some estimations indicate that the IGSS provides healthcare insurance —covering illness and maternity— to 17% of the economically active

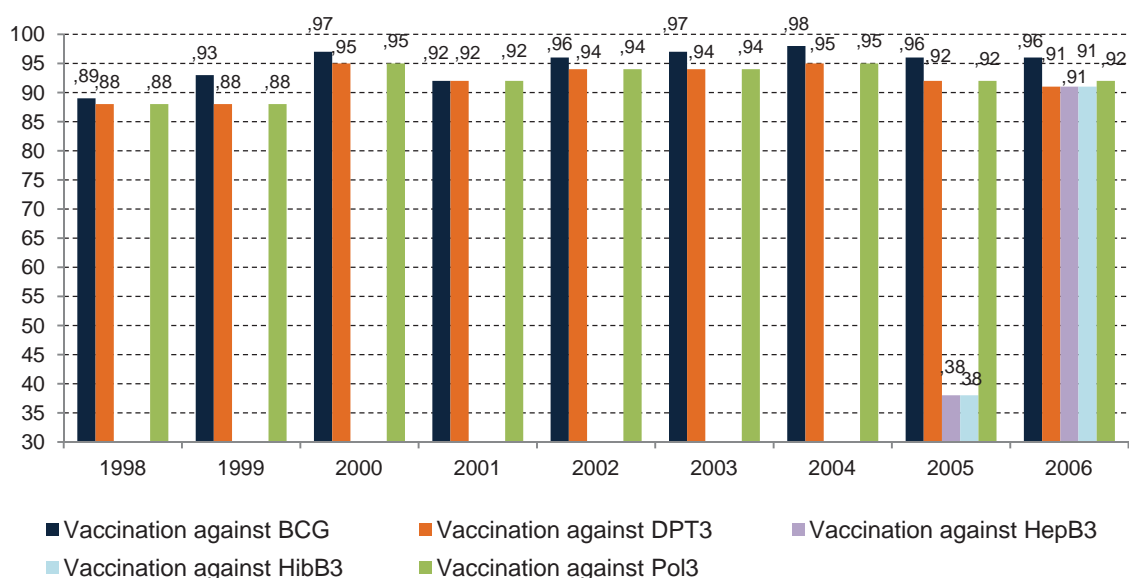
population (ibid; Ortiz, 2008), although own estimations based on IGSS data show that this percentage is closer to 25% and has remained stable between 1998 and 2008.

Furthermore, in 2000, 30% of the population had access to healthcare exclusively through the private sector (Mesa-Lago, 2007). In 1998, 93% of the population declared not having any insurance scheme, figure that declined to 84% in 2007.

For those who remain excluded from public or private healthcare services, traditional healthcare practices play a major role. According to Martínez Franzoni (2008), more than 50% of the women in the country give birth assisted by indigenous midwives. This proportion increases to 8 in 10 women within the occidental region. According to data from UNICEF for 2002, 41% of women in labour were assisted in healthcare institutions.

Finally, most vaccinations are received by the majority of the population, although exceptions have occurred in some years, such as the cases of the vaccination against hepatitis (HepB3) and influenza (HibB3) in 2005 (see figure 8).

FIGURE 8
CHILDREN WHO HAVE BEEN VACCINATED ACCORDING
TO THE BASIC IMMUNIZATION PACKET, 1998-2006
(Percentages)



Source: World Health Organization (WHO).

VI. The education sector in Guatemala

Education in Guatemala is provided by both public and private institutions. On average, 25% of children attend private schools or institutions. However, at the primary and secondary school level enrollment in private schools (19% and 11%, respectively), is similar to the rest of the Central American region. It is enrollment in tertiary education (74%) that raises the average of private enrollment.

A. Overall description of the education sector

Primary and secondary education is under the tutelage of the Ministry of Education in Guatemala (MINEDUC). There are public and private schools —some subsidized by the State— as well as education centres run by cooperatives.

The legislation mandates that education supply in the country must be of a multilingual, multiethnic and pluricultural nature. However, it does not state clearly whether this rule should apply for all public and private education centres.

Concerning tertiary education, there is one public university, *Universidad de San Carlos*, one technical school *Escuela Nacional Central de Agricultura* and more than ten private universities.

The Education Plan 2008-2012 establishes the general measures for the education sector in Guatemala. These include furthering high quality education and education coverage, promoting social justice, strengthening multilingual and pluricultural education and achieving transparency in the management of the system (MINEDUC, 2008).

The government of president Colom gave priority to poor people in his government's agenda; accordingly, cash transfer programmes have included an education component (see section IV.A). Also, he promoted non-formal education through the Open Schools programme (*Escuelas Abiertas*) (Consejo de Cohesión Social, 2009a). This programme aims to deliver art, social and training workshops over weekends to children and young people who are residents of the poorer urban areas in Guatemala. This programme invested US\$ 11.7 million (INFOLATAM, 18/08/09) until mid-2009. It is under the command of the Council for Social Cohesion (*Consejo de Cohesión Social*) and the administration of the Secretariat for Social Welfare (*Secretaría de Bienestar Social*). It is implemented by State institutions and non-governmental organizations. In 2008, 56,200 young people participated in the programme.

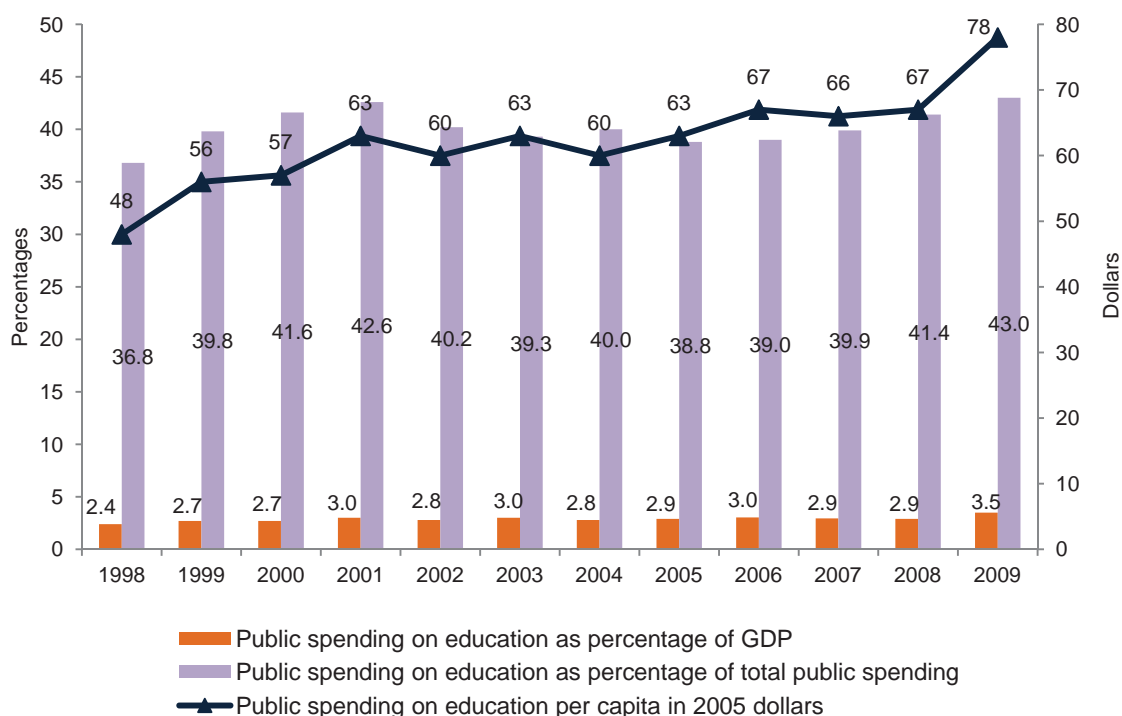
B. Social spending in education and financing of the sector

Between 1998 and 2009, social spending on education increased from 2.4% to 3.5% of GDP. In absolute terms, over the same period, per capita spending rose from US\$ 48 to US\$ 78. Accordingly, spending on education as a percentage of total public spending in the country has also increased moderately from 37% to 43% (see figure 9). This is the most important sector within total public social spending (see section II).

The financing of education in Guatemala is part of the national budget. In 2009, the budget allocated to public education was 3.3% of GDP (Gobierno de Guatemala, 2008).

The Constitution has defined that the spending in tertiary education should not correspond to less than 5% of the total budget. However, between 2000 and 2003, this was around 0.5% and there is no evidence of improvement on this situation (Peláez, n/d; García, 2007).

FIGURE 9
PUBLIC SPENDING ON EDUCATION PER CAPITA (IN US DOLLARS),
AS A PERCENTAGE OF GDP AND AS A PERCENTAGE
OF TOTAL PUBLIC SPENDING, 1998-2009
(Percentages and dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Social spending database.

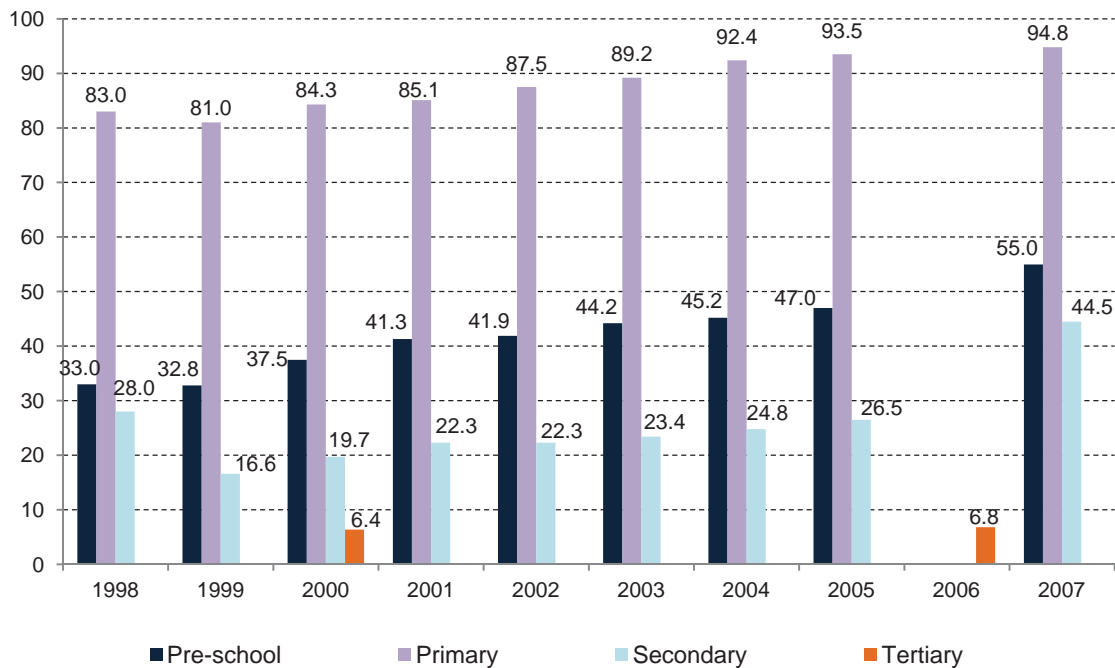
C. Coverage of the education system

Formally, primary and secondary schooling is universal for all children in Guatemala. According to data from UNESCO (2009), in 2007 the enrollment rate in primary education was 92%; in secondary education, 54%; and in tertiary education, 18%. Data from the *Coordinación Educativa y Cultural*

Centroamericana (CECC) for the same year indicates that the enrolment rate in primary education was 93.5%, and in secondary education, 26.5%. Finally, the MINEDUC (2008a) shows that the enrolment rate in primary education in 2007 was 95% and the dropout rate was 5.4%. In the basic cycle of secondary education, the enrolment rate was 36.6% and the dropout rate was 7.1%; and in the diversified cycle of this level of education, the enrolment rate was only 20.8% and dropouts corresponded to 7.1%.

According to the CECC, the trends followed by the net schooling rates by age of pupils are encouraging, if considering childcare and pre-school education (it increased from 33% in 1998 to 55% in 2007) and primary education (it increased from 83% to 94% in the same period). However, this trend is rather worrying for secondary education: between 1998 and 2006, net schooling rate at this level declined from 28% to 26.5%, although in 2007 it experienced a sharp increase to 44.5% (see figure 10). The schooling rate for tertiary education has remained stable around 6% between 2000 and 2006.

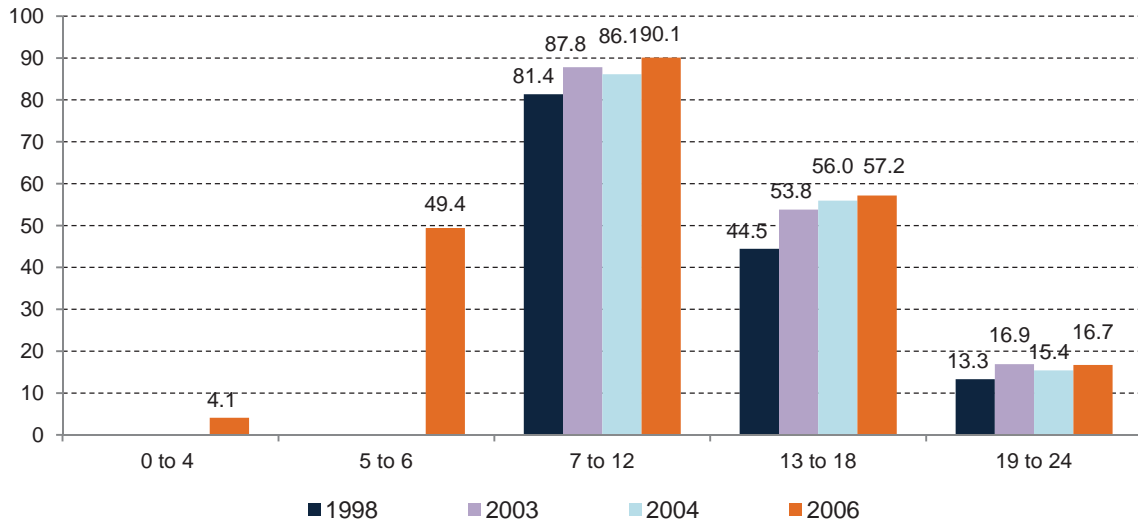
FIGURE 10
NET SCHOOLING RATES, 1998-2007
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Coordinación Educativa y Cultural Centroamericana (CECC.).

Attendance rates have increased between 1998 and 2006, both among the population aged 7 to 12 and 13 to 18 years old. Among the former, the attendance rate increased from 81.4% in 1998 to 90.1% in 2006; among the latter, it increased from 44.5% to 57.2% over the same period (see figure 11). Among the population aged 19 to 24, attendance rates have kept stable at a low rate, ranging from 13.3% in 1998 to 16.7% in 2006. Unfortunately, there is no information on the attendance rate of children aged below 4 other than for 2006, indicating a very low rate (4.1%).

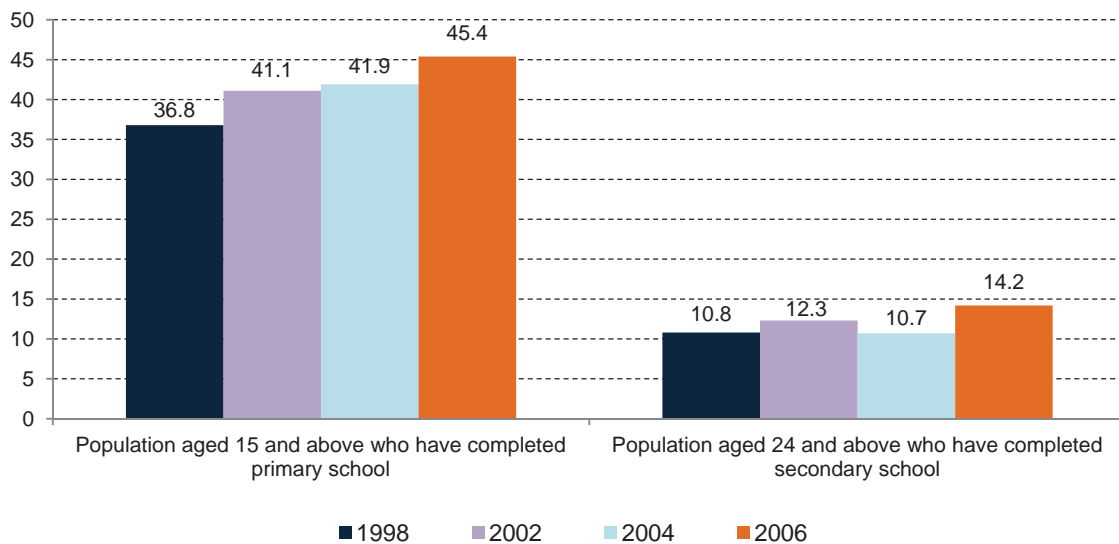
FIGURE 11
SCHOOL ATTENDANCE RATES OF THE POPULATION
AGED 0 TO 24 YEARS, 1998-2006
(Percentages)



Source: Instituto Nacional de Estadística (INE), Encuesta Nacional de Condiciones de Vida (ENCOVI) and Household Survey.

Completion rates for the population aged 15 years and above who have completed primary education or a higher level increased from 36% in 1998 to 45% in 2006. On the other hand, the population aged 24 years and above who have completed secondary education or a higher level increased only from 11% to 14% in the same period (see figure 12).

FIGURE 12
POPULATION THAT HAS COMPLETED PRIMARY
AND SECONDARY EDUCATION, 1998-2006
(Percentages)



Source: Instituto Nacional de Estadística (INE), Encuesta Nacional de Condiciones de Vida (ENCOVI) and Household Survey.

Finally, it is worth noting that the coverage of education is still very fragmented by income quintiles (see table 2).

TABLE 2
EDUCATION COVERAGE ACCORDING TO GROSS ENROLMENT RATES
AND INCOME QUINTILES, 2006

Age group	Quintile I (poorest)	Quintile II	Quintile III	Quintile IV	Quintile V (richest)	Average
3 to 5	8	10	17	25	44	18
6 to 12	77	84	89	92	96	86
13 to 17	46	55	60	66	83	61
18 to 23	8	13	16	23	43	22

Source: Socio-Economic Database for Latin America and the Caribbean (SEDLAC), on the basis of Encuesta Nacional de Condiciones de Vida (ENCOVI).

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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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