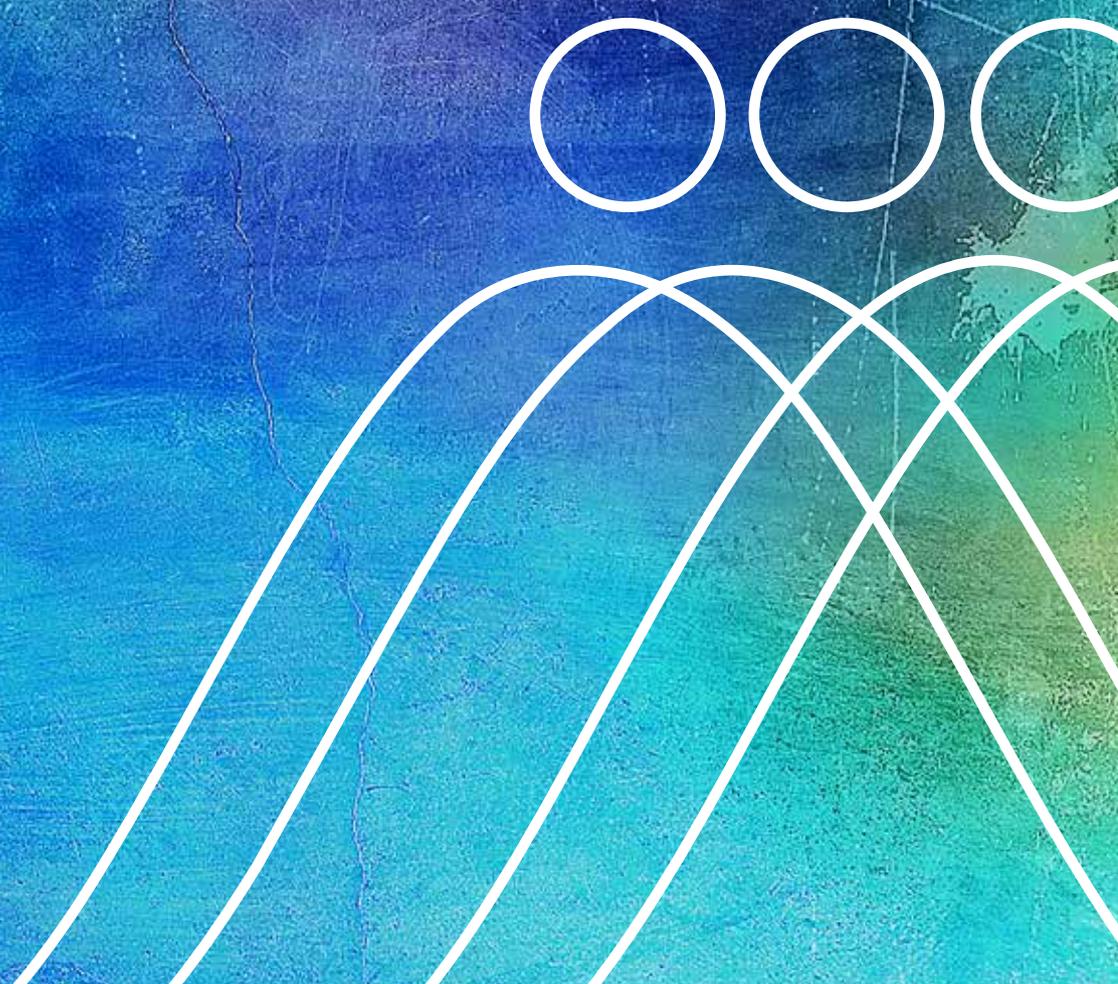


# Linkages between the social and production spheres

## Gaps, pillars and challenges



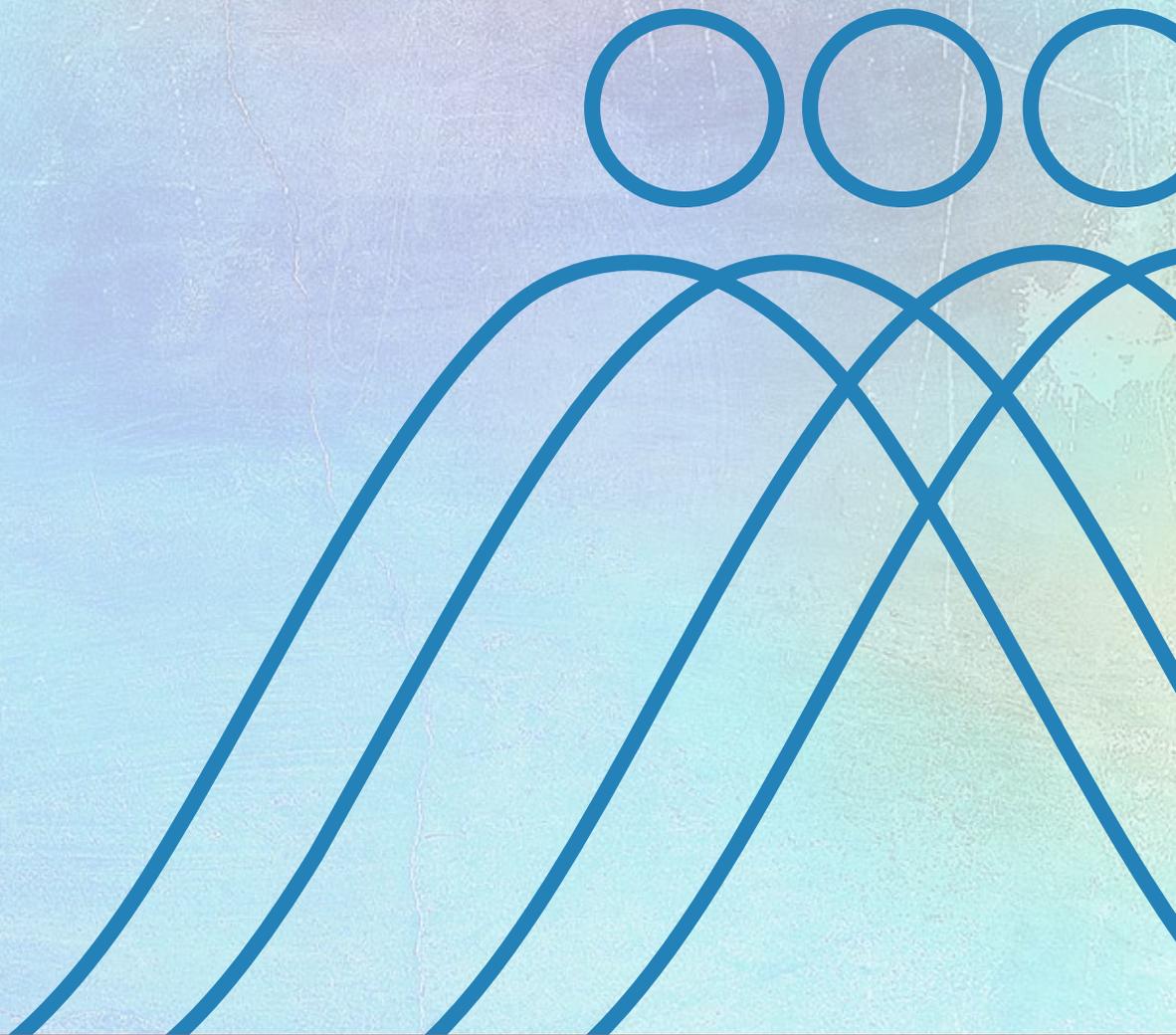
UNITED NATIONS

ECLAC

Second session of the  
Regional Conference  
on Social Development  
in Latin America and the Caribbean  
Montevideo, 25-27 October 2017

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## Gaps, pillars and challenges



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Montevideo, 25-27 October 2017

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This document was prepared by the Economic Commission for Latin America and the Caribbean (ECLAC), for the second session of the Regional Conference on Social Development in Latin America and the Caribbean, organized by ECLAC, the Ministry of Social Development of Uruguay (MIDES) and the United Nations Development Programme (UNDP) (Montevideo, 25-27 October 2017).

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## Foreword



The current state of the world demands a new model for development that places equality and sustainability front and centre. That is the proposal that the Economic Commission for Latin America and the Caribbean (ECLAC) presents to our region, and that is how we interpret and promote the fulfilment of the 2030 Agenda for Sustainable Development.

The persistence of high levels of inequality and poverty in Latin America and the Caribbean —despite the significant accomplishments attained in that regard over the first decade and a half of this century and the risk of reversal that they now face— forces us to address the need to overcome the gaps and structural constraints that undermine the possibilities for our region's development with equality and sustainability.

A new development model implies far-reaching transformations in the ways in which we produce, distribute, consume and live in society. It demands progressive structural change that, on the one hand, can attain sustained and sustainable levels of economic growth based on the intensive incorporation of knowledge and innovation, on gains in productivity and on the creation of value added and, on the other, can bring about greater distributive justice and strengthen our welfare regimes and the social policies that govern them.

The Regional Conference on Social Development in Latin America and the Caribbean, a subsidiary body of ECLAC, has the central mission of contributing to the progress of social development policies and strategies, and it offers a fertile and timely opportunity for discussing the challenges we face and their possible solutions. The Conference's discussions will in turn inform the Forum of the Countries of Latin America and the Caribbean on Sustainable Development, which is the new and powerful regional mechanism for following up on the 2030 Agenda for Sustainable Development and reviewing its implementation.

The first Regional Conference on Social Development in Latin America and the Caribbean took place in Lima on 2 to 4 November 2015. In resolution 1(I), the Regional Conference acknowledged that it was the most suitable forum in which to enhance synergies and pool efforts among the various stakeholders in sustainable development, with a view to working towards the regional implementation of the 2030 Agenda with a focus on the social dimension and fostering South-South cooperation.

On that occasion, ECLAC presented the document *Inclusive social development: the next generation of policies for overcoming poverty and reducing inequality in Latin America and the Caribbean* (LC.L/4056(CDS.1/3)), containing a comprehensive assessment of various aspects of social development, noting the recent progress made and the challenges that still remained and identifying new public policy guidelines to address poverty and inequality and promote a strategy of inclusive social development.

At the first meeting of the Presiding Officers of the Conference, which was held in Santo Domingo in November 2016, the countries discussed the multiple dimensions of social inequality, which were examined in depth in the document *The social inequality matrix in Latin America* (LC/G.2690(MDS.1/2)). That publication states that expanding the recognition and analysis of the characteristics of social inequality and its structuring axes —such as socioeconomic status, gender, ethnicity and race, stages in the life cycle and territory— is crucial to make progress along on the path of sustainable development and to meet the objectives of the 2030 Agenda.

The persistence of high levels of inequality and poverty in Latin America and the Caribbean —despite the significant accomplishments attained in that regard over the first decade and a half of this century and the risk of reversal that they now face— forces us to address the need to overcome the gaps and structural constraints that undermine the possibilities for our region's development with equality and sustainability.

On the occasion of the second session of the Regional Conference on Social Development in Latin America and the Caribbean, to be held in Montevideo on 25 to 27 October 2017, ECLAC is presenting this document with the aim, pursuant to the mandate handed down by the first meeting of the Presiding Officers, of analysing the gaps, axes and challenges in the link between the social and productive spheres. It argues that investing in people throughout the life cycle —particularly during childhood, adolescence and youth— and promoting inclusive social development are central elements in achieving greater equality.

We hope that it will contribute both to the debate on the sustainable development challenges facing the region's countries and to identifying original and effective paths that can lead us towards attaining that development.

**Alicia Bárcena**

Executive Secretary  
Economic Commission for Latin America  
and the Caribbean (ECLAC)



# Introduction



The Latin American and Caribbean region is traversing a period of complex economic and social conditions. Poverty rates have not changed significantly in recent years (ECLAC, 2016a) and although income distribution inequality eased in most countries starting in 2002, its 2015 levels were no lower than in 2014 (ECLAC, 2017). The region is returning to growth after two years of contraction, but economic growth projections for 2017 are low (1.1%) and are accompanied by a higher unemployment rate, which is expected to reach 9.4% in urban areas this year (ECLAC, 2017).

This is a difficult juncture and one that threatens the achievement of further progress towards the overarching objective of ending all forms of poverty everywhere and ensuring that development leaves no one behind—as proposed in the 2030 Agenda for Sustainable Development adopted by the United Nations General Assembly in September 2015.

The circumstantial challenges are compounded by the region's structural obstacles to achieving true sustainable development, including low productivity, high levels of inequality, social exclusion and neglect of the environment. Latin America and the Caribbean is well known to be the world's most unequal region in terms of income distribution. What is more, as has been discussed in *The social inequality matrix in Latin America*, which was presented at the first meeting of the Presiding Officers of the Regional Conference on Social Development in Latin America and the Caribbean (ECLAC, 2016b), the region is characterized by stark inequalities of gender, race and ethnicity and territory, as well as those related to the different stages of the life cycle.

Household income inequality, as analysed in the corpus making up the “trilogy of equality” (ECLAC, 2010, 2012 and 2014), as well as in *Horizons 2030: Equality at the Centre of Sustainable Development* (ECLAC, 2016c), is strongly shaped by the production matrix of the countries of the region, which is structurally extremely uneven. The region's economies are still poorly diversified and based largely on the export of raw materials. They are highly heterogeneous, with low-productivity sectors generating approximately 50% of employment. The labour market suffers from high levels of informality and major gaps in the quality of jobs, labour income, access to social protection and upward occupational mobility options during working life (ECLAC, 2016a). It thus represents the key link between the highly unequal productive sphere and severe household income inequality.

The notion of equality used by the Economic Commission for Latin America and the Caribbean (ECLAC) is not, therefore, confined to economic or income equality. The ECLAC definition of equality also refers to equality of rights, equality of capacities (understood as the set of abilities, knowledge and skills that individuals acquire and that allow them to pursue life plans they deem valuable), the reciprocal recognition of actors, and gender, ethnic and racial equality (Bárcena and Prado, 2016). In this regard, the countries of the region must adopt a path of progressive structural change, with policies and institutions that will strengthen the redistribution, regulation and oversight functions of the State, treating equality as a strategic aim and main goal of development and recognizing that inequality and social exclusion undermine democracy and the social fabric. This will also require dialogue and citizen participation, compacts for equality capable of building agreements and consensus in key areas of development, and progress towards a culture of equality to replace the culture of privilege and social injustice (Bárcena and Prado, 2016).

The circumstantial challenges are compounded by the region's structural obstacles to achieving true sustainable development, including low productivity, high levels of inequality, social exclusion and neglect of the environment.

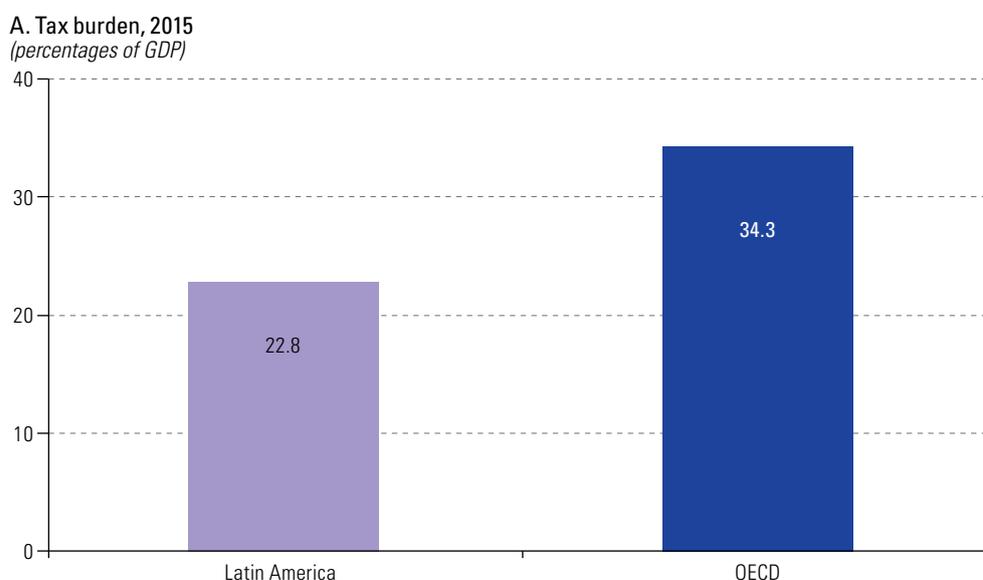
Hence, the region must make progress towards a virtuous circle of development in both the production and social spheres. In such a dynamic, productive diversification and progressive structural change should boost knowledge-intensive sectors with the greatest potential to drive domestic demand growth, while inclusive social development reduces inequalities and poverty and helps consolidate a body of rights for the entire population. As part of this virtuous circle, the creation of decent work goes hand in hand with sustaining high enough social investment<sup>1</sup> levels to ensure universal access to education, health, social protection systems, water and sanitation and housing.

None of this can be achieved, however, when taxation and social investment levels are inadequate. The region's tax burden and social expenditure are both still far below the levels seen in developed countries and do not have the same redistributive effects. In 2015, the tax burden in Latin America represented 22.8% of GDP, on average, compared with 34.3% in the countries of the Organization for Economic Cooperation and Development (OECD) (OECD/ECLAC/CIAT/IDB, 2017). In 2014, according to the latest edition of *Social Panorama of Latin America* (ECLAC, 2017), public sector social expenditure in the region stood at 14.1%, compared with 34.0% of GDP in the OECD countries. In addition, around 2011, direct fiscal action brought the Gini coefficient down by just three points in Latin America. In OECD, tax and social policies had an impact of around 17 Gini points (Hanni, Martner and Podestá, 2015) (see figure 1).

Production diversification and structural change are not achieved exclusively through the economy: economic prosperity also hinges on the expansion of human capacities and better living standards (ECLAC, 2015). Furthermore, from a sustainable development perspective, economic and social development are known to be heavily affected by the environment and climate change, as evidenced by the growing number of disasters associated with natural phenomena that affect the countries of the region. To this must be added the unavoidable environmental impacts of an economy based on the extractive industries, which tend to affect the most vulnerable population the worst. This represents another worrying vector to the region's existing production matrix. From this perspective, productive transformation is imperative for the attainment of social inclusion and equality as roads towards sustainable development in the region.

Production diversification and structural change are not achieved exclusively through the economy: economic prosperity also hinges on the expansion of human capacities and better living standards.

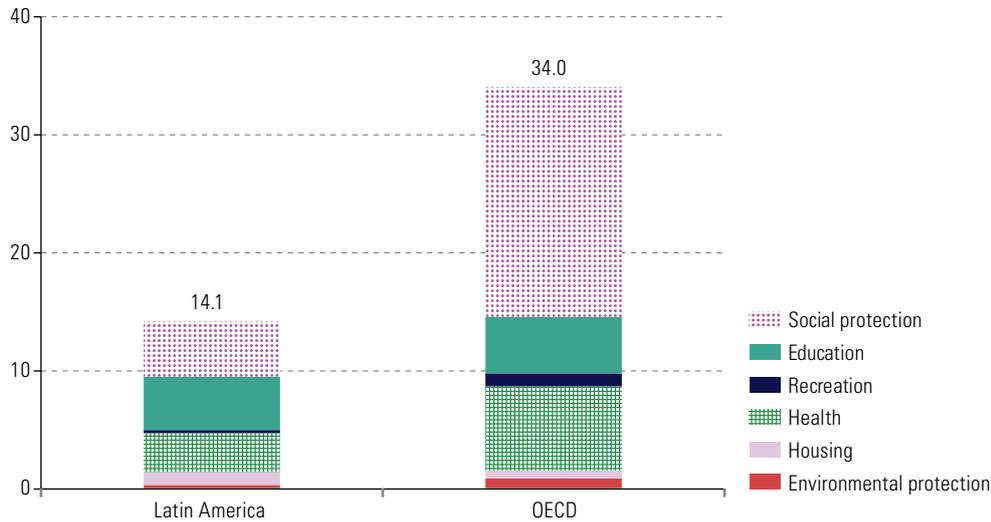
**Figure 1**  
Latin America and OECD: tax burden, social spending and the Gini coefficient before and after fiscal policy action<sup>a</sup>



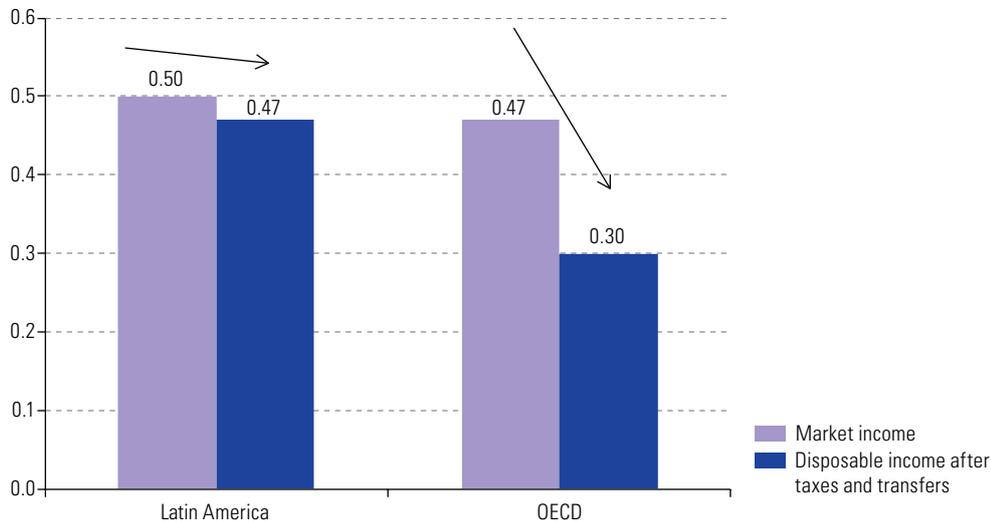
<sup>1</sup> Throughout this document, social investment is understood to refer to the combined physical, financial, human and institutional resources that enable the design and implementation of social policies and thus the achievement of policy objectives, in an efficient, effective and sustainable manner.

**B. Social spending, 2014**  
(percentages of GDP)

Figure 1 (concluded)



**C. Gini coefficient, around 2011**



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Organization for Economic Cooperation and Development/Economic Commission for Latin America and the Caribbean/Inter-American Centre for Labour Administration/Inter-American Development Bank (OECD/ECLAC/CIAT/IDB), *Revenue Statistics in Latin America and the Caribbean, 1990-2013*, Paris, OECD Publishing, 2015 and M. Hanni, R. Martner and A. Podestá, "The redistributive potential of taxation in Latin America", *CEPAL Review*, No. 116 (LC/G.2643-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2015.

<sup>a</sup> Simple average

In fulfilment of the mandate handed down by the Presiding Officers of the Regional Conference on Social Development, at their first meeting, held in Santo Domingo on 1 November 2016, this document is intended to contribute to the regional dialogue on the gaps, axes and challenges involved in the link between the social and productive spheres. This is a key issue to address both the region's structural challenges, including its high levels of social inequality and low productivity, as well as the current challenges of rising unemployment and the standstill in progress on poverty reduction.

Chapter I describes the comprehensive approach of the document, taking as its starting point the ECLAC perspective on equality as strategic aim of development. The chapter argues that progress is needed in inclusive social development, in coordination with the economic and environmental dimensions enshrined in the 2030 Agenda for Sustainable Development, and emphasizes the importance of examining the axes that structure social inequality and the culture of privilege in relation to the gaps that persist in the region as well as in the design of public policies.

Chapter II presents the recent progress made in terms of incorporating the life cycle perspective, with an emphasis on childhood, adolescence and youth, into social policy on the basis of an integrated rights-based approach, and the challenges encountered in this regard. Childhood, early childhood in particular, is a particularly important stage, since this is when the foundations are laid for individuals' future cognitive, affective and social development. Adolescence and youth are another critical period in which social inequalities can either widen or narrow —especially in relation to adequate levels of education and the transition to working life— that can help or hinder progress towards greater well-being and reduced inequality. It is at this stage that aspects which will shape adult life are defined: young people are expected to complete their studies, acquire skills for work, begin their career and, often, establish or build up a family of their own. In turn, these milestones, as well as the skills acquired throughout the life cycle, will profoundly mark men's and women's opportunities for labour inclusion and thus the social and economic development of the entire region.

Chapter III discusses the profound changes under way in the world of employment and the need to promote decent work and to move towards closing the gaps identified in the social inequality matrix. In particular, it examines the challenges involved in linking social inclusion and labour inclusion. This is because policies for reducing inequality and poverty reduction must address and overcome a twofold inclusion challenge: on the one hand, social inclusion, which refers to ensuring a basic level of welfare and, on the other, labour inclusion, which refers to people's engagement in paid employment in decent conditions. Chapter III also analyses recent trends in the coverage of non-contributory social protection in the region and investment in it, and discusses the supply-side incentives and disincentives to labour formalization.

Lastly, chapter IV highlights the key challenges facing the region in terms of implementing the 2030 Agenda and achieving the Sustainable Development Goals and makes a number of public policy recommendations in this regard. It examines the challenges for building human capacities throughout the life cycle, strengthening social institutions, improving statistical measurement and information and boosting financing capacity. In particular, it calls for genuine commitment to the rights-based approach, to participation and to the building of wide-ranging social consensus and compacts to meet the challenges posed by the social objectives of the 2030 Agenda for Sustainable Development.

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# Equality at the centre of sustainable development

## Introduction

- A. Integrated, universal and indivisible nature of the 2030 Agenda for Sustainable Development
- B. Inclusive social development and the social inequality matrix: key challenges in the implementation of the 2030 Agenda for Sustainable Development
- C. The link between inclusive social development, progressive structural change and environmental sustainability

## Bibliography



## Introduction

Chapter I sets out the document's overall approach, taking as a starting point the definition by the Economic Commission for Latin America and the Caribbean (ECLAC) of equality as a strategic aim of development. It briefly examines the arguments focusing on the need to maintain and strengthen inclusive social development, and to link the three dimensions of the 2030 Agenda for Sustainable Development. It also emphasizes the importance of considering the axes that determine social inequality (socioeconomic origin, gender, ethnicity and race, life cycle and territory) in the analysis of the gaps that persist in the region and in the design of public policies, as a condition for achieving the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development, and ensuring that no one is left behind. This chapter concludes by identifying some of the key areas for strengthening the connection between inclusive social development, progressive structural change and environmental sustainability, through the convergence of public policies.

### A. Integrated, universal and indivisible nature of the 2030 Agenda for Sustainable Development

#### 1. The social pillar and the extended social pillar

The Goals and targets of the 2030 Agenda are universal, integrated and indivisible, and combine the three dimensions of sustainable development. The social dimension is reflected not only in the diversity of themes and aspects of social development that make up the 2030 Agenda, but also in its deep ties with the economic and environmental dimensions of the Agenda.

Three important characteristics contribute to the integrated nature of the 2030 Agenda. First, there are targets related to institutional capacities and rules, governance and cooperation for sustainable development. These targets are aimed at building free and non-discriminatory societies in which policies are relevant and effective, institutions are strong and institutional frameworks foster cooperation and engagement between economic, environmental and social actors (World Bank, 2017a; ECLAC, 2016c). Second, the 2030 Agenda shows a deep commitment to human rights as it incorporates universal respect for human rights and dignity, the rule of law, access to justice, non-discrimination, substantive equality between women and men, the fight against all forms of violence and equality of opportunities to realize human potential and contribute to shared prosperity. Third, the 2030 Agenda includes Goal 17 to "strengthen the means of implementation and revitalize the global partnership for sustainable development" and targets related to means of implementation that aim to identify concrete instruments and actions to help achieve this Goal. These elements reflect the comprehensive and inclusive nature of the 2030 Agenda, and the aim of sustainability based on complementarity and indivisibility between the social, economic and environmental dimensions.

The integrated nature of the 2030 Agenda is evident in the targets that are linked to each of its three dimensions, as well as those which include institutional aspects that are considered central to the achievement of all the Sustainable Development Goals (see figure I.1). On one hand, the indivisible nature of the Goals is evident in those targets which, in addition to their economic objectives associated with growth, financing, trade, industry, technology and productivity, or their explicit environmental

The social dimension is reflected not only in the diversity of themes and aspects of social development that make up the 2030 Agenda, but also in its deep ties with the economic and environmental dimensions of the Agenda.





## 2. Equality and a change in development pattern to achieve 2030 Agenda targets

The core concern of the 2030 Agenda is inequality, which also calls for a multidimensional and integrated approach. This applies not only to Goal 10, which explicitly targets the need to reduce inequality within and among countries, but indeed the entire 2030 Agenda, which emphasizes access for and inclusion of all persons in the development process. Reducing poverty also requires a much more decisive approach to the various dimensions and expressions of inequality which, in addition, result in greater unrest and disaffection with democracy and represent obstacles to sustained and sustainable economic development that safeguards the planet as well as its inhabitants (ECLAC, 2017a).

According to *Horizons 2030: equality at the centre of sustainable development*, improving equality is key to achieving the Sustainable Development Goals and requires “a change in the style of development along with economic, industrial, social and environmental policies that are aligned with progressive structural change. In this new paradigm, public institutions and policies will focus on an environmental big push geared towards transforming the production structure and strengthening the absorption of technical progress with sustainability and equality. This is the basis for boosting high-quality employment and productivity in ways that will make it possible to craft more and better social policies, sustainably” (ECLAC, 2016c, p. 145).

In contrast to the Millennium Development Goals, the 2030 Agenda is an ambitious and transformative attempt to advance towards sustainable development. One of the thematic gaps in the Millennium Development Goals that has been filled in the 2030 Agenda is the focus on reducing inequality within and among countries (Goal 10). The idea of “leaving no one behind”, which is a central element of the 2030 Agenda, means placing equality at the centre of development, going beyond relative averages and reaching the entire population, especially the people lagging the furthest behind, and considering all persons as rights-holders, in their diversity (for example, socioeconomic status, territory, gender, race, ethnicity, age, migration status, disability).

In short, the comprehensiveness and complementarity of the 2030 Agenda mean that the three dimensions of sustainable development (social, economic and environmental) should be given equal consideration and that progress in the fulfilment of the Agenda requires advancement in each one of these dimensions. Therefore, the social dimension, together with the economic and environmental dimensions, is a structural component of the 2030 Agenda and the Sustainable Development Goals and a condition for the fulfilment of many of the targets under other dimensions. With respect to social policies, the 2030 Agenda implies the commitment to progressively ensuring universal access to education, health and social protection, as well as the considerable expansion of opportunities for decent work by providing the necessary resources. Specifically, the United Nations Secretary-General’s most recent progress report indicates that social protection systems are essential to preventing and reducing poverty and inequality at all stages of life, especially through support and benefits for children, mothers with young children, persons with disabilities, older persons and those living in poverty or without access to jobs (United Nations, 2017).

The conclusions of the first meeting of the Forum of the Countries of Latin America and the Caribbean on Sustainable Development (April 2017), a regional mechanism established for the follow-up and review of the implementation of the 2030 Agenda

for Sustainable Development, reaffirm the commitment of the region's countries to the Agenda, as well as its integrated and indivisible nature, which combines the three dimensions of sustainable development (economic, social and environmental). The countries also recognized that eradicating poverty in all its forms and dimensions (including extreme poverty) is the greatest global challenge and is indispensable to sustainable development, and reaffirmed their commitment to ensuring that no one is left behind, which entails the empowerment of all people.

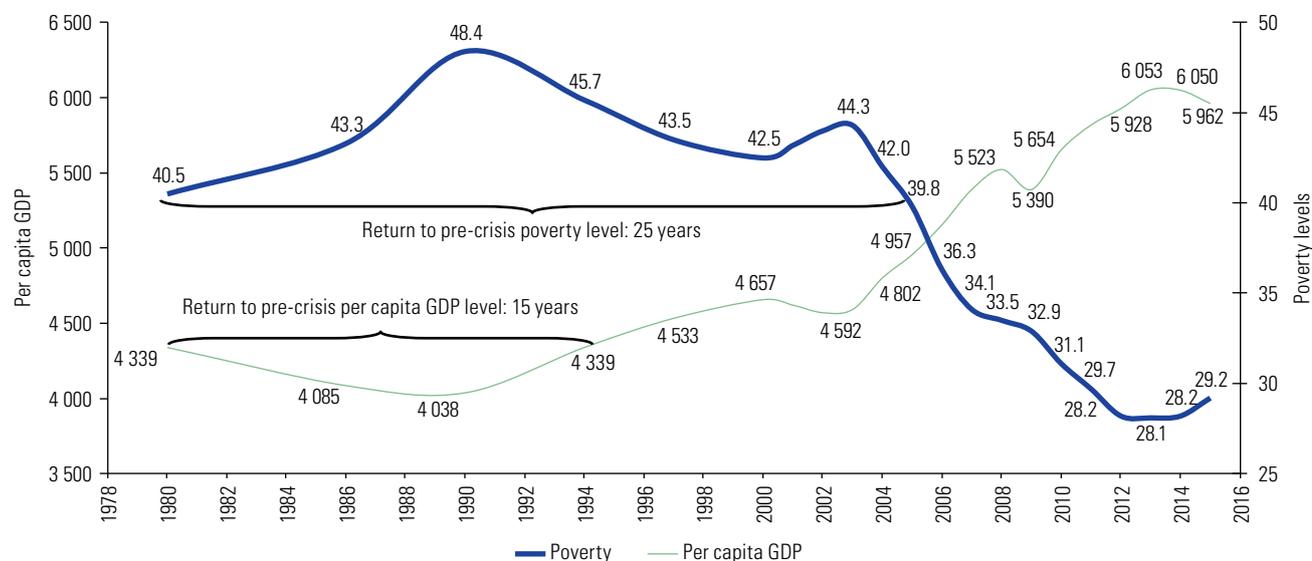
## B. Inclusive social development and the social inequality matrix: key challenges in the implementation of the 2030 Agenda for Sustainable Development

At the first session of the Regional Conference on Social Development in Latin America and the Caribbean, held in Lima in 2015, ECLAC presented the document *Inclusive social development: the next generation of policies for overcoming poverty and reducing inequality in Latin America and the Caribbean* (ECLAC, 2016d), which presents an assessment of the region's main social development challenges and some public policy guidelines on the eradication of poverty, reduction of social inequality and promotion of inclusive social development. It was pointed out that the region had made significant progress in various areas of social development between 2002 and 2014, the most obvious example being a considerable reduction in poverty and extreme poverty, and in vulnerability to both conditions, as well as a marked decline in income inequality.

The reduction in poverty and income inequality was the result of active policies implemented by the region's countries in the productive, social and labour market environments amid favourable economic conditions, under which eradicating poverty, promoting social inclusion and reducing inequality gained unprecedented prominence on the public agenda. During that period, as noted in the document, fiscal space and the rights agenda expanded, the institutional framework for social policies strengthened and policy proposals and measures aimed at strengthening universal social protection systems gained prominence on the public agenda (ECLAC, 2016d).

This progress is at risk in the current economic climate marked by weak growth, labour market deterioration and tighter fiscal space in a large number of countries, which is why it is important to maintain these gains and avoid setbacks, and safeguard priorities such as social investment and tax collection. These efforts are crucial as the costs associated with the persistence of poverty and inequality in Latin America impact society as a whole and not just those directly implicated. Figure I.3 illustrates per capita GDP and poverty levels from 1980 to 2015. It shows that per capita GDP only returned to the level seen before the economic crisis of the 1980s in 1995, after 15 years, while poverty only returned to pre-crisis levels after 25 years. When economic crises weigh on policies targeting poverty and exclusion, this doubles the shock for the vulnerable segment of the population which is faced, on one hand, with fewer labour market opportunities and deterioration in job quality, and on the other, with fiscal austerity and restrictions that tend to curtail investment in social services, policies and programmes relating to their basic social and economic rights. Conversely, ending the violation of people's social and economic rights benefits the society as a whole, strengthening sustainable development and progressive structural change.

**Figure I.3**  
Latin America and the Caribbean: per capita GDP and poverty levels, 1980-2015  
(Dollars at constant 2005 prices and percentages)



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

ECLAC (2016d) also identified work, along with education and capacity-building, as a central pillar of social and economic inclusion and progress towards equality. In addition, it underscored the importance of consolidating the legal and regulatory frameworks that strengthen social policy institutional frameworks, which is crucial to ensuring the sustainability of social gains and to transforming government programmes and policies into State policies, thus overcoming uncertainties relating to elections and economic constraints. This also improves the capacity to manage, link and coordinate social policies, thereby producing more effective outcomes.

## 1. The social inequality matrix

The inequality that is produced and reproduced by the production structure spreads and strengthens in the labour and social spheres and becomes intertwined in various ways with inequalities based on gender, ethnicity, race, life cycle and territory.

The first session of the Regional Conference on Social Development in Latin America and the Caribbean affirmed the need to address all inequalities, beyond gaps in material and economic resources. This multidimensional view of social inequality and its main structuring axes was detailed in the paper presented at the first meeting of the Presiding Officers of the Regional Conference on Social Development in Latin America and the Caribbean, held in Santo Domingo in November 2016, *The social inequality matrix in Latin America* (ECLAC, 2016b). Based on the equality trilogy (ECLAC, 2010, 2012 and 2014b), which calls for a broad definition of equality that includes much more than the equality of means (income, property, financial and productive assets) and is built around a concept of equal rights, capacity, autonomy and recognition,<sup>1</sup> that paper seeks to advance and deepen the recognition, visibility and public action relating to the various dimensions of inequality. It shows how the inequality that is produced and reproduced by the production structure spreads and strengthens in the labour and social spheres and becomes intertwined in various ways with inequalities based on gender, ethnicity, race, life cycle and territory. A multidimensional approach to equality therefore implies analysing the economic, social, political and cultural aspects involved and taking into

<sup>1</sup> *Social Panorama of Latin America, 2016* (ECLAC, 2017a) provides new data and analyses relating to these issues.

consideration the different structuring axes of the inequalities that shape social, political and economic relations in Latin American societies, and the fact that violation of the principle of universal rights is a manifestation of inequality.

The persistence and reproduction of inequality are determined by various structural and institutional mechanisms of discrimination, stratification and hierarchization. The accumulation and interaction of the inequalities created by each of these forms a complex system of social relations in which numerous forms of discrimination are manifested in inequalities in autonomy, well-being and empowerment, as well as in disparities in treatment and pronounced differences in the exercise of rights, acquisition of capacities and enjoyment of opportunities (ECLAC, 2016b). These mechanisms of discrimination are also present in stereotypes in different areas of social life, and pervade the institutions that reproduce them (ECLAC, 2017a)

The following is a brief illustration of how each axis of the social inequality matrix (ECLAC, 2016b) structures the inequalities that are so marked in the region's countries.

## 2. Structuring axes of social inequality

Socioeconomic stratum, gender, ethnic and racial inequalities, territorial inequalities and age-related inequalities are the axes structuring the social inequality matrix in Latin America. What gives these axes the power to structure social inequalities is their constitutive and determining weight in the process of producing and reproducing social relations and people's experiences; or, in other words, their impact on the depth of inequalities and their reproduction in different areas of development and the exercise of rights (ECLAC, 2016b). This is not to disregard the existence of other dimensions of social inequality that should be considered both in the analysis of persisting gaps in Latin American societies and in related policymaking, such as those relating to disability, migration, sexual orientation and gender identity.

Socioeconomic stratum, gender, ethnic and racial inequalities, territorial inequalities and age-related inequalities are the axes structuring the social inequality matrix in Latin America.

Socioeconomic stratum determines the opportunities available to people throughout their lifetime, to a large extent. The key elements of this axis are ownership structure and the distribution of resources, productive assets and power. One of the clearest examples is income inequality, which is, in turn, the cause and effect of other inequalities in areas such as education, health care and the labour market (ECLAC, 2016b).

Empirical evidence shows a close link in Latin America between the socioeconomic status of parents—particularly mothers—and that of their children, which perpetuates gaps through the intergenerational transmission of opportunities (ECLAC, 2016b). For instance, the region has not been able to transform the education system into a powerful opportunity equalizer, and gaps in access and in achievements linked to education continue to strongly replicate socioeconomic inequalities. The socioeconomic conditions of households and the formal education levels attained by their heads are one of the main causes of the differences in learning outcomes and progression through the education system, along with considerable differences in access to good-quality education (ECLAC, 2010).

Despite the progress made in the region in recent decades with respect to gender equality, gender continues to be a conduit of inequality in all areas of development. As has been widely discussed in the specialist literature and affirmed by ECLAC (2004, 2013, 2014b, 2016b and 2017b), gender inequality is rooted in a sexual division of labour that gives women primary responsibility for the upkeep of the home and the care of children and other dependants (with the importance of this work to the functioning of the economy being overlooked), and limits their time and opportunities for participating in paid work, accessing social protection benefits associated with employment and achieving economic autonomy. As outlined in the framework of the Regional Gender

Agenda (ECLAC, 2017b), the social organization of care continues to be unfair and unbalanced, with heavy implications in terms of the equality gap between men and women, between women of different socioeconomic levels and between countries and territories. As a result, gender inequality is expressed in many ways, including a highly unequal burden of unpaid domestic work for women and men, and, consequently, unequal time use (ECLAC, 2017a), a wide labour participation gap, higher unemployment and informality rates for women, wage discrimination, inequalities in access to, use and control of productive resources, a greater concentration of poverty in households headed by women and a high incidence of vulnerability in old age. There is also a wealth of information globally and within the region on the prevalence of violence against women in all age groups. Women without economic autonomy are more likely to suffer gender-based violence and to have fewer opportunities to escape the cycle of violence and poverty (ECLAC, 2014b and 2015). All these elements contribute to women's lack of autonomy (physical, economic and political).

Another axis of the social inequality matrix in Latin America is related to inequality and ethnic and racial discrimination, particularly the inequalities experienced by indigenous peoples and Afrodescendants, owing to these populations' size and weight in shaping social and power relationships and privilege in Latin American societies.

Inequality and ethnic and racial discrimination is a central theme of the international human rights agenda and has been enshrined in its legal framework since the adoption of the Universal Declaration of Human Rights, a founding document of the United Nations (1948). Since then, and largely as a result of the mobilization of civil society, particularly of indigenous and Afrodescendent organizations, many other international and regional instruments have been adopted with a view to expressing a growing recognition of the rights of indigenous peoples and populations affected by this type of inequality and discrimination (ECLAC, 2014c, 2016b and 2017a).

There are currently 826 indigenous groups in Latin America that are recognized by the region's countries, representing more than 46 million people.<sup>2</sup> There is also a large Afrodescendent population estimated to include at least 130 million people.<sup>3</sup> Indigenous and Afrodescendent peoples have been increasing their role as active social and political actors and have managed to include their historical demands for equality, non-discrimination and the recognition of their individual and collective rights in international, regional and national agendas. Many of the region's countries now have government institutions, policies and programmes that promote the fulfilment of these rights. Nevertheless, ethnic and racial inequalities remain structural, and are manifested in all areas of development, such as ownership, income distribution, health, education, access to basic services, work and employment, and in participation, power and decision-making. Both the indigenous and Afrodescendent populations are overrepresented in situations of poverty, extreme poverty and social exclusion. In almost all the above-mentioned areas, the inequalities, rights violations and discrimination affecting indigenous and Afrodescendent women are much graver, which shows the interlinkage of gender inequalities and ethnic and racial inequalities. This is all the result

<sup>2</sup> On the basis of 2010 estimates, the countries of the region reflect a very diverse picture in terms of indigenous populations. At one end of the spectrum is Brazil, with 305 indigenous groups, followed by Colombia (102), Peru (85) and Mexico (78), while at the other end there are Costa Rica and Panama, each with 9 indigenous groups, followed by El Salvador (3) and Uruguay (2) (ECLAC, 2015). The size of the indigenous populations in each of these countries also varies significantly, both in terms of absolute numbers and as a percentage of the total population.

<sup>3</sup> According to the 2010 census round, there were 111 million Afrodescendants in Latin America, representing 21.1% of the total population. These are minimum figures, owing to persisting constraints in the quantification of these populations. On the basis of these data, the Afrodescendent population in 2015 is estimated at 130 million. Here too, the absolute and relative size of the Afrodescendent population varies considerably from one country to the next. Brazil has the largest number of Afrodescendants, in both absolute and relative terms, as this group represents more than half of the total population. Next—in relative terms—is Cuba, where 36% of the population are Afrodescendants (slightly more than four million people), followed by Colombia, Costa Rica, Ecuador and Panama, where this group represents between 7% and 10% of the total population. In absolute terms, the Afrodescendent population is estimated at about five million in Colombia, approximately one million in the Bolivarian Republic of Venezuela, Ecuador and Mexico, and more than half a million in Peru (ECLAC, 2017a).

of not only the enslavement, domination, subordination and exclusion dating back to colonial times, but also of political, institutional and social structures and mechanisms that reproduce this inequality and discrimination, and that are deeply rooted in the culture of privilege that characterizes Latin American societies (ECLAC, 2014c, 2016b, 2016d and 2017a; Rangel, 2016 and 2017).

*The social inequality matrix in Latin America and the Caribbean* (ECLAC, 2016b) also highlighted territory as one of the most visible dimensions of inequality and development gaps in Latin America. It is precisely at the territorial level that the above-mentioned inequalities materialize and intersect. This relates to inequalities among countries and subregions, but also —importantly— within each country. The analysis goes beyond the differences between urban and rural areas, given that there are also other territorial divisions —such as different regions within each country, large urban centres and small towns, even within cities themselves— that reflect wide gaps in development and social inclusion, and that must be brought to light. In many Latin American cities, for example, the development of informal settlements on the outskirts of cities contributes to spatial segregation of the poor, distancing them from educational and employment opportunities (Bonomo, Brain and Simioni, 2015; Flores, 2008). As well as a person's area of residence, their place of origin often determines the opportunities available to them. This complicates the analysis of migration processes and opportunities with respect to discrimination.

Lastly, another significant determinant of social inequality is age, which is one of the determinants of the distribution of well-being and power within society, and is one of the pillars of social organization that influences the assignment of responsibilities and roles. Analysing inequality and social policy design from a life-cycle perspective allows the examination of age and its interaction with other determining factors of inequality and helps to identify the linkage and accumulation of inequalities at each stage of a person's life and the key challenges that, in these different stages, help to reproduce social inequality (ECLAC, 2016b and 2017a).

As set out in *Social Panorama of Latin America, 2016* (ECLAC, 2017a), social stratification in the different stages of the life cycle has to do with the way institutions and systems that distribute resources —such as the State, market and family— generate processes of social differentiation between population groups by virtue of the stage of life they are in. This principle of age stratification is an important basis for social differentiation and inequality, given that political and economic institutions can allocate resources asymmetrically to different age groups. In turn, as the weight and negotiating capacity of these age groups also differ, it could be concluded that there is a complex age-based political economy involved in policy prioritization and resource allocation. The advantages or disadvantages related to life-cycle stages are manifested as intergenerational gaps, or inequalities between age groups, and as intragenerational gaps in terms of inequalities between people at the same stage of the life cycle, with consequences later on.

Chapter II of this publication addresses the life-cycle dimension as one of the determining factors of social inequality in greater detail, and focuses on the first stages of life (childhood, adolescence and youth). These stages are crucial for building future life trajectories and it is essential that social development institutions in Latin America and the Caribbean implement and coordinate policies aimed at breaking the cycle of poverty and inequality reproduction in the early stages of the life cycle.

Other areas, too, play a key role in characterizing and shedding light on social inequality. One is the situation experienced by persons with disabilities and the challenges they face with respect to social and economic inclusion, taking into account the variety of barriers and discrimination they face. Another area of inequality which has become increasingly visible in the region of late, owing to the intensification of migratory movements (including those classified as work or non-work, regular and irregular, intra- and inter-regional) is linked to migratory status. Special attention should be paid to unaccompanied migrant children, owing to their considerable exposure to rights abuses and violations. The same occurs with gender violence related to sexual

orientation or gender identity. For example, one of the many forms of school harassment or bullying is homophobic bullying, which often originates in suppositions associated with different labels used to discriminate against men and women on the basis of real or perceived sexual orientation or gender identity (Trucco and Ullmann, 2015).

The progress made in the region recently in terms of public service coverage and access must also be accompanied by the promotion of quality and the recognition of diversity at the local level and within each population. Active policies and actions must be implemented in order to break the barriers to access faced by populations suffering from these multiple dimensions of discrimination and inequality. As outlined in *The social inequality matrix in Latin America*, social development policies should thus be geared towards universalism that is sensitive to differences.

### C. The link between inclusive social development, progressive structural change and environmental sustainability

ECLAC (2010, 2012, 2014b and 2016c) has repeatedly highlighted the structural nature of the reproduction of inequalities. The structural heterogeneity of the region's production systems gives rise to a veritable factory where gaps in productivity, incorporation of technical progress and market access are forged into inequalities in education and knowledge, income and labour trajectories, engagement in the knowledge society and access to social protection systems. At the same time, in Latin America and the Caribbean structural heterogeneity is strongly linked to the culture of privilege. The production structure that operates as a factory of inequality overlaps with a culture of denial of the other as unequal with respect to rights and capabilities. Productivity gaps, asymmetrical coordination with international markets, concentrated appropriation of wealth in natural resource exploitation and limited appetite for structural reforms are facilitated by a cultural heritage marked by relationships of privilege.

Institutions play a key role as they can entrench the structural heterogeneity that produces inequality or dismantle it through a set of production, fiscal, employment and social policies. For example, institutions tend to increase inequality when operating in the service of privileged groups in areas as diverse as criminal and financial justice, tax regulation and control, land ownership and regulations regarding treatment between genders or between ethnic and racial groups. Conversely, the creation or strengthening of democratic and inclusive institutions can put pressure on structures that are considered anachronistic, unfair and dysfunctional with respect to development.

It is clear from the above that just as social issues are not confined to the social sphere, given that a country's macroeconomic management and economic policies are a crucial factor in resolving social problems, neither productivity nor structural change are solely economic phenomena (ECLAC, 2016d). Resources that countries have wisely invested in the social sphere —apart from helping to achieve the Sustainable Development Goals and to fulfil the economic, social and cultural rights of the population as a whole— help to build human capacity throughout the life cycle and pave the way for significant productivity gains. Social investment increases present and future well-being. Education translates into an informed citizenry whose members are better able to secure productive, high-quality jobs and to participate in various types of political and social affairs. An effective universal health-care system enables people to live longer and healthier lives, while unemployment insurance and a suitable minimum wage reduce poverty and uncertainty about the future for individuals and their families.

However, neglecting these types of investment entails a series of costs and losses of income for the population and for society as a whole, as shown by studies on the cost of illiteracy, malnutrition and hunger (Martínez and Fernández, 2007 and 2009; Fernández and others, 2017; Martínez, Trucco and Palma, 2014; ECLAC, 2016d).

Moreover, social development is an investment that yields positive returns for economic growth and environmental protection. Investing in social development and inclusion—in areas such as education, training and capacity-building for work, health and nutrition, social protection and basic water and sanitation infrastructure—helps to increase workers' productivity and facilitates greater care of the environment and resilience of the population to disasters (see box I.1). Conversely, failing to make these types of investment limits productive investment opportunities and increases the costs of production processes and for society as a whole, including environmental costs.

The occurrence and social impact of disasters and environmental degradation, particularly relating to pollution and extreme weather events, is a key link between different policy domains. At present, disasters are a combination of natural phenomena and conditions of physical, social, economic and environmental vulnerability of persons and human settlements. Therefore, they are not so much physical phenomena as social ones whose ill effects could be prevented and mitigated (ECLAC, 2014a). Their impact and the capacity for recovery in their wake tend to be uneven, and are strongly influenced by factors such as gender, age, disability and territory. Disasters also have socioeconomic consequences that go beyond immediate effects: assets and savings that have been accumulated over the years—such as housing—may be destroyed in minutes by a flood or an earthquake (Hallegatte and others, 2017). Disasters can also destroy income-generating productive assets, such as stocks and reserves of commercial goods, agricultural assets (such as livestock), work materials, workshops and means of transportation. Unemployment and loss of income owing to a disaster can have a significant impact on the well-being of people or families in the short term (including in terms of survival), resilience and life prospects. Communities or people living in poverty are particularly vulnerable to disasters and suffer disproportionately and increasingly from their effects.

The greater frequency of disasters in Latin America and the Caribbean means that it is increasingly essential to develop strategies with a view to reducing the population's exposure to these events, including mitigation plans, as well as economic and social measures that allow people, families and communities to recover from the loss of physical and productive assets and to restore their well-being. In this respect, within the areas of humanitarian aid and development, there is increasing recognition of the potential links between social protection, disaster management and climate change adaptation (Beazley, Solórzano and Sossouvi, 2016).

By guaranteeing a basic income and access to promotion and social services (health, education and housing, for example), social protection strengthens responsiveness (Cecchini and Martínez, 2011) and reduces vulnerability. Thus, it is a crucial factor in preparing for disasters before, during and after these events. In the same vein, social protection can help people to cope with the negative effects of climate-related shocks and loss of livelihoods, through regular and reliable cash transfers (Ulrichs and Slater, 2016).

With a view to helping build resilience, public policies must strengthen all processes and mechanisms that develop or improve the following: institutional capacity, prioritization of disaster-risk reduction at the different levels of government (local, subnational and national); knowledge of risks through the identification, evaluation and monitoring of disaster risks and the improvement of early warning systems; public understanding and awareness, use of knowledge and encouragement of a risk-management culture; risk prevention and mitigation through territorial planning, environmental, social and economic measures, and preparation for events giving rise to damage, ensuring an effective response at all levels (UNICEF/RET International, 2013).

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of ECLAC, Handbook for Disaster Assessment (LC/L.3691), Santiago, 2014; S. Hallegatte and others, *Unbreakable: Building the Resilience of the Poor in the Face of Natural Disasters*, Washington, D. C., World Bank, 2017; R. Beazley, A. Solórzano and K. Sossouvi, *Study on Shock-Responsive Social Protection in Latin America and the Caribbean: theoretical framework and literature review*, Oxford, Oxford Policy Management (OPM), 2016; S. Cecchini and R. Martínez, *Inclusive Social Protection in Latin America: A comprehensive, rights-based approach*, ECLAC Books, No. 111 (LC/G.2488-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2011; M. Ulrichs and R. Slater, "How can social protection build resilience? Insights from Ethiopia, Kenya and Uganda", *BRACED Working Paper*, London, Overseas Development Institute (ODI), 2016; United Nations Children's Fund/RET International (UNICEF/RET International), *Actions for children and youth resilience. Guide for governments*, Panama, 2013.

### Box I.1 Disasters and intersection of public policies

From a rights-based perspective, and guided by the theme of the 2030 Agenda to “leave no one behind” and by the in-depth analysis of the axes of social inequality outlined by ECLAC (2016b), it becomes evident that sustainable development cannot be achieved without ensuring the rights of all and without everyone having access to acceptable levels of well-being. For this reason, now, more than ever, inclusive social development and poverty- and inequality-reduction policies are needed in the region to achieve the Sustainable Development Goals.

In order to achieve inclusive social development, public policies must treat people—and their families and communities—as subjects and the focus of action, recognizing that their needs change over their lifetime. As discussed in chapter II, childhood, adolescence and youth are critical stages of the life cycle, as they represent the period when the foundations of a person’s future cognitive, affective, social and career development are set, and when social inequalities can widen or diminish. In particular, the skills acquired during these life stages have a significant impact on opportunities for social and labour inclusion. Social inclusion means guaranteeing a basic level of well-being for the entire population, which entails universal access to education, health care and social protection, as well as basic infrastructure, regardless of household income. Meanwhile, labour inclusion refers to people doing paid work in decent conditions. Both social and labour inclusion are crucial areas of sustainable development, as detailed in chapter III.

Nonetheless, structural gaps in labour conditions and considerable inequalities in access to decent work opportunities in the region are some of the biggest obstacles to progress in development and well-being. There is also the risk of gaps widening as a result of ongoing changes in the world of work, which are related to various factors. Among other things, these changes are associated with job and occupation destruction and creation, and the restructuring of production sectors owing to the incorporation of new technologies—for example robotization and automation, which reduces the number of jobs involving repetitive tasks—and new forms of labour organization, as well as with the impact of global value chains on the fragmentation of production processes and demographic trends related to ageing and migratory movements.

However, new technologies also provide major opportunities for social development and well-being. Technological change is rapidly introducing a vast number of activity- and process-transforming technologies that go beyond the production and labour domains, and affect all areas of life: interpersonal relationships, knowledge and information acquisition, the conduct of politics, health and education access, and so on. Biotechnology, nanotechnology, information and communications technologies (ICT) and big data provide opportunities in areas as diverse as nutrition, health-care access and quality, information availability and the ability to respond in a timely manner to emergencies and disasters. A people-based approach to rapid technological innovation is therefore important as it involves various aspects of well-being. Technology is ambiguous as it provides opportunities but also presents risks. Hence, public policy must include protective measures to ensure that opportunities are leveraged and risks are reduced. In the region, ICTs are being incorporated against a backdrop of inequalities that are often maintained or even exacerbated as a result of these changes. Technology policies must therefore take into account the axes that structure social inequality, and measures and actions must be implemented to ensure that existing structural gaps are narrowed instead of widened. Leveraging the benefits of the digital age in order to achieve the Sustainable Development Goals calls for a convergence of social, productive and technology policies that place people at the centre, particularly those left behind by technological advances.

With a view to preparing for changes in production and their impact on demand for labour and qualifications, capacity must be built through good-quality education and training, and rights and social protection must be guaranteed for everyone, particularly the groups most affected by the adaptation and restructuring required for the future.

This implies, on one hand, addressing new demands for training and capacity-building (see chapters II and IV). Given the rapid introduction of new technologies in a number of sectors, social policy in general and education policy in particular must play a central role. Guaranteeing good secondary education for all is the minimum required to develop the skills needed by the next generations. Nevertheless, the quality and relevance of the training being provided must be examined, with a focus on general and soft skills, which allow people to adapt to learning and modernization processes throughout their lifetime, and to adapt to a changing and technological world. In particular, technical and vocational education and training are a priority area for building a stronger link with the world of work.

Another fundamental area of work is the strengthening and adaptation of social protection systems. This means tightening the link between contributory social protection, based fundamentally on formal employment, and non-contributory social protection, treating care systems as a central pillar of social protection. It is crucial to develop new forms and mechanisms of protection that can adapt to new ways of organizing work and production and that can protect workers affected by the destruction and reconfiguration of jobs and production sectors, both to avoid technological change worsening inequalities in Latin America, and to facilitate the transition to a low-carbon economy and more innovative, productive and sustainable activities.

The transition to occupations, productive activities and sectors crucial to progressive and environmentally sustainable structural change calls for suitable mechanisms and institutions, including basic and universal levels of well-being and access to services, insurance against unemployment and loss of income, minimum wage policies, effective rights for trade union organization and collective bargaining, forums for negotiation and social dialogue between the public sector and stakeholders in the world of work (employers and trade unions).

It is therefore fundamental to focus on public policies that effectively guarantee the full exercise of economic, social and cultural rights, and particularly those that link inclusive social development, progressive structural change and environmental sustainability. Especially important is the “social footprint”<sup>4</sup> of development, which refers to the deficiencies, structural gaps and rights violations deriving from the existing development model and that go against the very concept of sustainable development, including its economic and environmental dimensions.

Sustainable development cannot be achieved if the prevailing model’s social footprint remains the same or, worse, grows. The gaps separating the region from achievement of each social target of the 2030 Agenda are a manifestation of this footprint, and closing them requires concrete efforts through a set of public policies. With a view to advancing and guiding the implementation of more integrated policies, the countries will need to support structural processes linking the different spheres of development. Thus, in light of the processes of technological change, climate change and their social effects, there is a need for a complex analysis that considers direct and indirect effects on well-being, as well as the magnifying or protective role of public action and existing policies. Each area analysed requires different actions by social policies specifically as well as policies in other areas, which calls for stronger capabilities for coordination and joint action.

It is fundamental to focus on public policies that effectively guarantee the full exercise of economic, social and cultural rights, and particularly those that link inclusive social development, progressive structural change and environmental sustainability.

<sup>4</sup> The “social footprint” concept is inspired by the idea of the “carbon footprint”, which has been incorporated into the reflection on sustainable development in recent years, as a way of increasing knowledge of the environmental sustainability of development and lifestyles. The social footprint refers not just to people directly involved in production processes, but also to their dependants and to society as a whole. The notion of carbon footprint aims to establish traceability in all human activities, mainly production processes. This means identifying, at each stage, the level of carbon consumption and ways to reduce it in order to protect the environment. Hence, not only is it important to know how much waste pollutes, but also the amount of pollution generated by processes, which shows the impossibility of achieving sustainable development if air, water and soil pollution are not brought under control. The notion of social footprint has also been applied to businesses with a view to identifying the extent to which they generate positive or negative effects for communities, either directly in the social domain (health, education and so on) or in the economic and environmental spheres (Borrelli, 2013).

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## Strengthening social policies throughout the life cycle: a focus on children, adolescents and youth

### Introduction

- A. The current situation: a complex and less auspicious scenario for social policies targeting children and youth
- B. The rights-based approach and the sustainability of social policy financing: critical elements for ensuring children's rights and meeting the Sustainable Development Goals
- C. Social policy and its critical role in ensuring the full enjoyment of rights and reversing the exclusion of children, adolescents and youth
- D. The imperative of safeguarding the progress made in expanding the rights of children, adolescents and young people

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## Introduction

As the Economic Commission for Latin America and the Caribbean (ECLAC) has recently affirmed in the documents presented at its sessions —*Time for Equality: Closing Gaps, Opening Trails; Structural Change for Equality: An Integrated Approach to Development*; and *Compacts for Equality: Towards a Sustainable Future* (ECLAC, 2010, 2012 and 2014a)— the great challenge facing the region in the twenty-first century is to build inclusive societies where there is full respect for a framework of rights. Poverty and inequality are major barriers to progress in that direction.

In those documents ECLAC furthered the analysis of inequality as a concept that, in addition to access to income and distribution, also involves the opportunities available to people and the results they achieve. ECLAC has argued that equality is the objective of development, structural change is the path that leads towards it and policy is the tool for achieving it. Progress in that direction requires policies that both address people's autonomy and pay special attention to their vulnerabilities. The recognition of equality in this broad, relational sense must be promoted from a rights perspective, while also bearing in mind the need for greater collective solidarity, appreciation for the diversity of groups and identities and the need to combat discrimination, which are crucial for a more cohesive society and sustainable development. Within this framework, ECLAC (2016a and 2017a) has stressed the importance of identifying and analysing the various dimensions of social inequality in Latin America and the Caribbean, such as socioeconomic stratum, gender, race and ethnicity, territory and the life cycle, disability and migration status, among others. The life-cycle approach situates the person, from early childhood to old age, as the subject and focus of public action, recognizing that people's needs and vulnerabilities change throughout life and that people in their family and community contexts are the starting and ending points of social policy.

Childhood —and especially early childhood— is a stage of particular importance for the development of human capacities: it is the period when the foundations for a person's future cognitive, affective and social development are set (ECLAC, 2017a). First, this stage of the life cycle involves risk factors in such sensitive areas for development (in biological, psychological and social terms) as health and nutrition, early stimulation, education, socialization and the possibility of growing and developing within a safe family and community setting. At the same time, infringements of rights at this stage can have deep and irreversible effects on a child's current well-being and future development prospects.

Youth is another critical period when social inequalities can either widen or be reduced, especially in relation to a successful transition into working life, which can serve, from the onset, as a path towards greater well-being and reduced inequality (ECLAC, 2017a). During this stage, matters that will shape adulthood are defined: young people are expected to conclude their studies, acquire knowledge for their personal development and job skills, begin their working lives and, in many cases, start or consolidate their own families, although these steps do not necessarily follow a linear sequence and a wide variety of situations and backgrounds can be seen, particularly given the current reality in the region (Abramo, 2013; Corrochano and Abramo, 2016; Abramo, Abramo and Corrochano, 2017).

Social policies targeting children, adolescents and youth can contribute to the full enjoyment of economic and social rights by the entire population, particularly by protecting

their right to an adequate standard of living and access to basic services (UNICEF, 2012).<sup>1</sup> Children are subjects of rights and the State is the final guarantor (Rossel, Rico and Filgueira, 2015). In that context, the State has the primary responsibility to protect the rights of individuals in general and of children in particular. It must therefore implement the necessary legal, policy, administrative and budgetary measures to achieve that goal.

At the social policy level, the 2030 Agenda for Sustainable Development establishes firm commitments regarding children, adolescents and young people, who are considered in a cross-cutting way and whose well-being is directly linked to the eradication of poverty and undernutrition, the reduction of inequality and the construction of universal social protection systems, gender equality, health, education, access to decent work and the elimination of child labour. Accordingly, progress must be made towards universal policies that are sensitive and responsive to the structural inequalities that shape the lives of children, adolescents, young people and their families and to the diversity of their experiences.

This chapter describes recent developments and challenges in social policy for children, adolescents and young people, from a holistic, rights-based approach, in pursuit of equality within the framework of the Sustainable Development Goals (SDGs). The first section reviews the main economic, social and demographic trends in the region, which have an impact on the living conditions of children, adolescents and young people and on the design and implementation of social policies for their well-being. The second section reflects on two elements that are key to the design and implementation of social policies: (i) the rights-based approach, and (ii) the need for sufficient, sustained investment, particularly in social policies targeting children and youth. The third section describes the progress made with social policy for children, adolescents and youth in the region and the challenges that remain. Rather than offering an exhaustive analysis of the full range of social policies aimed directly or indirectly towards that segment of the population, the discussion instead centres on a selection of social policies which are more directly linked to individual development, to the potential for social and economic inclusion throughout the life cycle and to cross-cutting issues such as disability, disasters and unpaid domestic and care work.<sup>2</sup> The document then reflects on the challenges facing the institutional architecture for children and young people, as that context largely determines the types of policies that can be implemented to promote well-being among those sectors of the population, along with their scope and effectiveness.

## A. The current situation: a complex and less auspicious scenario for social policies targeting children and youth

### 1. Socioeconomic context

As the countries of Latin America and the Caribbean begin to implement the 2030 Agenda for Sustainable Development, to establish national institutional frameworks to monitor progress towards it and to incorporate the Sustainable Development Goals into their

<sup>1</sup> Children, adolescents and young people pass through a number of different stages, most notably the first 1,000 days of life, early infancy, childhood, the onset of puberty, adolescence and the various phases that constitute youth. Each of those demands specific policies. In addition, throughout history, conceptualizations and views of these phases of life have changed and have been moulded by the sociocultural and economic contexts of specific historical periods (Del Castillo, 2006).

<sup>2</sup> Similarly, the focus is not on highlighting specific programmes in place at the national level; instead, the aim is to identify the types of interventions being implemented and their shared challenges.

development plans and social policies, one critical issue is the context for policy development and implementation, including in relation to children, adolescents and young people.

After around a decade and a half of favourable economic growth (associated with the commodities boom), an expanding fiscal space and improvements in labour market conditions (decreasing unemployment rates and increasing formalization and incomes), those trends in the region have now reverted: raw material prices have fallen, the fiscal space has contracted and, since 2015, labour market conditions have begun to deteriorate (unemployment and informality have risen and real-term earnings have dropped). Those trends suggest that the style of growth matters, and not just its magnitude, which has repercussions for the sustainability and progress of improvements in the region's social situation.

After two years of falling GDP across the region (2015-2016), a positive but slight change can be foreseen in the dynamics of growth for 2017, with a rise of 1.1% in the average growth rate.<sup>3</sup> Nevertheless, this modest improvement in growth patterns is taking place in a complex context: on the one hand, there is moderate but sustained growth in the global economy and the prices of the raw materials exported by the region are improving, but, at the same time, there are high levels of uncertainty associated with geopolitical factors and a trend towards protectionism that is constraining international trade (ECLAC, 2017b). The complex situation found among the Caribbean countries is also partly due to the public debt service burden and its negative impact on policymaking. The accumulation of debt has major repercussions for those countries, given that prioritizing debt management and its sustainability through fiscal adjustments changes the role of public institutions and the direction of economic policy.

The weak upturn in economic growth in the first quarter of 2017 did not carry through to the labour market, where employment conditions continue to deteriorate. For the region as a whole, the urban unemployment rate is expected to rise from 8.9% in 2016 to 9.4% in 2017. The fall in the employment rate—the main cause of unemployment—is mainly due to weak wage employment creation. There is a strong correlation between growth and wage employment, meaning that the slow growth of recent years has led to sluggishness in the creation of wage jobs. During the first quarter of 2017, wage employment increased by just 0.1%; this boosted self-employment, which partially offset the weak creation of wage jobs, albeit with a drop in the quality of work that most sharply affected women, youth, people with low levels of educational attainment and immigrants (ECLAC, 2017b; ECLAC/ILO, 2017). The unemployment rate is one of the main indicators of exclusion from the labour market and testifies to the intersection of the various axes that structure social inequality in the region.

The labour market's positive performance was one of the main factors behind the significant decline in poverty and inequality in the region between 2002 and 2014 (ECLAC, 2015b and 2017a). The current labour market conditions are therefore of particular concern because of their potential impact on poverty and inequality. In addition, various analyses have warned that the decrease in poverty and inequality has slowed over recent years, which may point to difficulties in tackling the hard core of poverty and exclusion (ECLAC, 2016b). High levels of inequality, in its many manifestations, are in turn a major obstacle to progress in reducing poverty in the region and pose a significant challenge for attaining sustainable development (ECLAC, 2017a).

This scenario undoubtedly presents a challenge for States. However, it also represents a latent threat to the well-being of children, adolescents and youth in the region's societies, particularly those already living in poverty or vulnerable to it. Childhood

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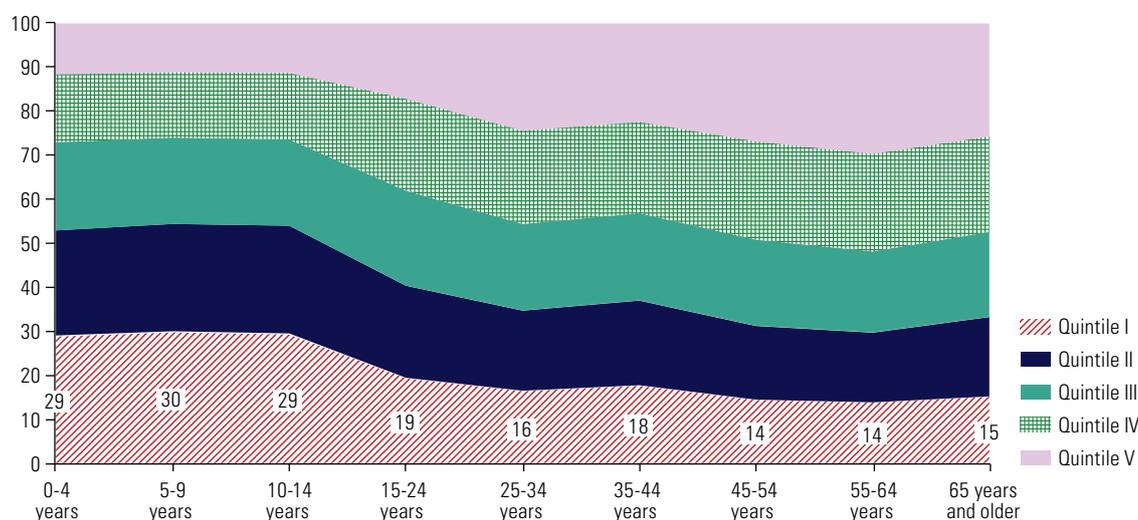
<sup>3</sup> This dynamic is expected to affect the countries and subregions to different extents and that average growth rates will be 0.6% in South America, 2.5% in Central America and Mexico, and 1.2% in the Caribbean (ECLAC, 2017b).

poverty is an especially critical issue that arises from a lack of basic services and material conditions for comprehensive development, constraints on the full exercise of rights, the denial of dignity and vulnerability to processes of change and economic crises (ECLAC, 2017a). Compared with people at other stages of the life cycle, children are overrepresented in the lowest income quintiles —i.e. in households with fewer resources— which correlates to a greater prevalence of deprivations of various kinds. These can lead to severe and persistent harm to their development, with implications for the entire life cycle, including the conditions in which people reach old age.

On average, around one third of children aged 14 years and younger are located in the first income quintile, compared to about one in every six older persons (see figure II.1). This imbalance between age groups places children at a distinct disadvantage and is due to several factors, including a stratified reduction in fertility rates and changes in family structures. One particular structural change is the increase in single-parent households, which often receive income from just one adult and, as a result, tend to face greater challenges in simultaneously providing income and care by balancing employment and unpaid work in the home.

**Figure II.1**

Latin America (16 countries): population distribution by income quintile and age, around 2014<sup>a</sup>  
(Percentages)



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

<sup>a</sup> Simple average of the figures for the following 16 countries: Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay.

The potential impact of periods of economic downturn on living conditions —and on those of children, adolescents and young people in particular— is also worthy of note, and the lessons of the 2008 global financial crisis are illustrative in this regard. In Europe and the United States, the financial and economic crisis that began that year led to a deterioration of labour market indicators and, in some countries, to the adoption of fiscal austerity policies. This affected children, adolescents and young people within the population unequally, with a deeper impact on the economically disadvantaged, particularly in the areas of health and nutrition. Poor households were less able to respond to their members' health problems on account of their limited access to

health services, whether because of interruptions in public services, because they had lost the insurance associated with formal employment or because the household was simply unable to afford it (Karanikolos and others, 2013; Gottret and others, 2009). The literature also shows that at times of economic crisis, poor households may be forced to choose cheaper and less nutritious food (World Bank, 2008). Significantly, while periods of economic slowdown usually last only a few years, the repercussions of suboptimal nourishment, particularly for pregnant women and young children, can be far longer lasting (Fernández and others, 2017; Ravallion, 2008). During economic slowdowns, young people are those most severely affected by unemployment and underemployment. Should this lead to extended periods of unemployment without social protection, it will negatively impact the young person's quality of life and his or her future career path.

Neither did the crisis affect all countries equally. In that regard, one significant lesson learned from the experience of the 2008 crisis in Europe and the United States is that while a recession is a threat to health and well-being in general, it is the interplay between the crisis, fiscal austerity policies and weak social protection systems that has negative repercussions on the population. Therefore, robust social protection systems can mitigate the negative effects of recessions on the well-being of the population in general and of children in particular (Karanikolos and others, 2013).

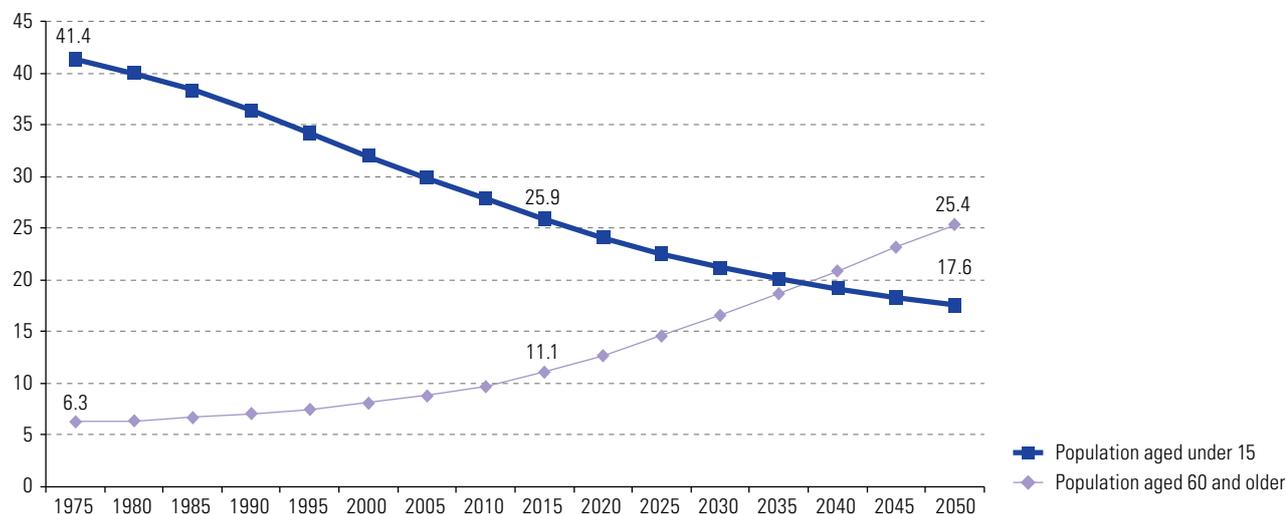
The experience of the Latin American and Caribbean countries during the 2008 crisis is also revealing. As a whole, the region's countries responded to the crisis with countercyclical policies, increasing public expenditure and social spending and measures to expand social protection. As a result, poverty, extreme poverty and vulnerability to both those situations continued to decrease for several more years (ECLAC, 2015b). At the present time, when there has been a positive (although mild) change in the region's GDP growth but the quality of the labour market continues to deteriorate, it is worrying to note a tendency towards falling social policy budgets (ECLAC, 2017a). Safeguarding social investment and strengthening social protection institutions and systems with a life-cycle perspective and a rights-based approach is essential to ensure that the progress made over the first decade and a half of the century is not reversed and that poverty, exclusion and inequality do not rise. Likewise, in the current complex economic climate, measures for generating and protecting employment, improving job quality and expanding access to unemployment insurance and other social protection mechanisms are essential.

## 2. Demographic context

Parallel to this socioeconomic scenario and interdependently with it, the demographic changes under way in the region can also have a major impact on public policies for promoting child welfare.

As ECLAC has noted, population ageing is a phenomenon that will profoundly impact the economy, development planning, social policy, families and communities, in both urban and rural areas (ECLAC, 2017c). While those changes have already been ongoing for several decades and are now affecting all the region's countries to lesser or greater extents, an unprecedented shift at the regional level is imminent. In 2037, the number of older persons in the population of Latin America will exceed those aged under 15 (ECLAC, 2017c) and, by the middle of the century, those aged 60 and over will outnumber the under-15s by 44% (see figure II.2). The Caribbean is also expected to experience this type of population change over the coming decades (United Nations, 2013).

**Figure II.2**  
Latin America (20 countries<sup>a</sup>): population under 15 years of age and over 60, 1975-2050  
(Percentages)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), *Demographic Observatory, 2015* (LC/G.2675-P), Santiago, 2015.

<sup>a</sup> Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (Bolivarian Republic of).

Age is a central pillar of social organization (ECLAC, 2016a) and therefore a shift in the population's age structure has implications for how society as a whole is organized. Some of the consequences of an ageing population are an eventual decrease in the proportion of persons of working age and a potential increase in pressure on government revenues from the pension and health systems (Rofman, Amarante and Apella, 2016; Cotlear, 2011). The costs associated with supporting a growing population of older persons may thwart efforts to maintain the level of public resources invested in children and young people.<sup>4</sup> Historically, health systems have emphasized the health of mothers and children; if they are restructured to meet the demands of an older population with an epidemiological profile characterized by chronic non-communicable diseases, it is important that the health needs of children, adolescents and youth are not marginalized in that transition (Huenchuan, 2009).

However, it is important to caution against a notion of an "intergenerational conflict" and, instead, embrace strategies for multigenerational solidarity and for universal, quality access to social protection and adequate standards of living for all persons throughout the life cycle. Indeed, the potential negative impact on investments in children and young people could be offset by the positive impact of intrafamily transfers from older persons to children (for example, from grandparents to their grandchildren).<sup>5</sup> At the same time, the potential impact of ageing on policies for children will not be uniformly felt. The possible fall in per capita public spending on child-related programmes would have a greater impact on children in situations of poverty and vulnerability, who are more dependent on those programmes.

<sup>4</sup> Evidence from developed countries suggests that as the population ages, there is a risk of a decline in the per capita budget allocated for programmes aimed at children (Uhlenberg, 2009).

<sup>5</sup> In addition to financial support, older persons are instrumental in improving the well-being of their grandchildren through a number of different mechanisms. For example, in the region, the provision of care is a major form of support that grandparents provide in households with young children.

To summarize, the region's complex and changing economic, social and demographic panorama requires increased efforts to ensure that all members of society have access to the conditions necessary for a dignified life, particularly the most marginalized and excluded children and adolescents. This is the time to deepen the commitment to overcoming poverty and all forms of exclusion and inequality that afflict children and young people in the region's countries.<sup>6</sup>

## B. The rights-based approach and the sustainability of social policy financing: critical elements for ensuring children's rights and meeting the Sustainable Development Goals

### 1. Rights-based approach

The consolidation of democracy and normative developments at the international, regional and national levels have led to the growing inclusion of a rights-based approach in public policy instruments (Sepúlveda, 2014). This approach arises from the concept of social citizenship (as proposed by Marshall) and of equality (Cecchini and others, 2015).<sup>7</sup> One valuable contribution that this approach can make for development strategies and social policies is to link rights to the empowerment of traditionally excluded and marginalized sectors. In particular, the rights-based approach produces a paradigm shift in the logic of social policy: the basis of those policies is no longer people with needs who require assistance, but rather persons who are subjects of rights (Abramovich, 2006). The adoption of the approach therefore provides a vital anchor point for the design of State policies geared towards overcoming poverty and inequality and expanding opportunities for all children, adolescents and young people.

The rights-based approach in social policy—which is characterized by being progressive instead of regressive, and by the maximum mobilization of resources—helps to define standards of accessibility, adaptability, acceptability, adequacy and quality, as well as to strengthen citizenship and broad and representative democracy; it is also a tool for reducing inequalities by expanding opportunities and access, since the relevant international standards emphasize universal access (Cecchini and Martínez, 2011; Cecchini and others, 2015).<sup>8</sup> Since human rights are indivisible and interdependent, this approach also helps promote cooperation and coordination between the public sectors that manage social programmes, which facilitates a more comprehensive approach and greater efficiency. However, it is a challenge for public institutions to mainstream the rights-based approach into their work, because it requires them to undertake a range of activities and address multiple fronts simultaneously (see chapter IV).

The ratification of the Convention on the Rights of the Child (1989) by the region's countries has led to a paradigm shift in the relationship between the State and children, whereby they are recognized as subjects of rights.<sup>9</sup> While there is no similar instrument

<sup>6</sup> Climate change is another major challenge facing the countries of the region, particularly those in the Caribbean, and it has clear implications for the well-being of both the general population and of children, adolescents and youth. Evidence is already available regarding the increased frequency of disasters and rising sea levels, but the long-term projections of potential impacts also suggest the existence of repercussions on the economy and society. Section C addresses some of the social policy challenges that exist in the context of disasters.

<sup>7</sup> The essential elements of this approach include (i) equality and non-discrimination, (ii) comprehensiveness, (iii) the institutional framework, (iv) participation, (v) transparency and access to information, and (vi) accountability (Sepúlveda, 2014).

<sup>8</sup> Universal coverage is the ultimate goal of rights-based public policies, and targeting is a complementary tool that makes progress with universalization more effective.

<sup>9</sup> The Convention on the Rights of the Child is one of the most widely ratified human rights treaties in the region.

The rights-based approach demands a direct attack on the social exclusion and structural inequalities that affect the region's children and youth. From the rights-based perspective, the principle of equity requires that special attention be paid to the most disadvantaged and excluded social groups, to take account of their special needs and ensure their inclusion.

for young people that specifically codifies youth rights, universal human rights standards and a number of regional and national instruments apply to them.<sup>10</sup> In line with their ratification of those instruments, the region's governments have, in recent decades, progressively incorporated a rights-based discourse into policies and programmes for children and young people. All of that is an unquestionable accomplishment. But those standards cannot remain on paper. The vast social inequalities that affect children and young people in cross-cutting and cumulative ways underscore how their rights are clearly violated in various areas. How can rhetoric give way to practical application? How can the bridge between social policies for children, adolescents and youth and their rights be strengthened?

Essentially, the rights-based approach demands a direct attack on the social exclusion and structural inequalities that affect the region's children and youth. From the rights-based perspective, the principle of equity requires that special attention be paid to the most disadvantaged and excluded social groups, to take account of their special needs and ensure their inclusion. This requires not only identifying them, but also establishing specific strategies that work for their inclusion.<sup>11</sup> Other relevant aspects of the shift from rhetoric to practice have also been identified:

- The need for comprehensive policies to guarantee rights through universal, quality measures and, complementary to that, for specific measures to eliminate the barriers to access encountered by those children, adolescents and young people who face multiple manifestations of inequality and exclusion.
- The implementation of mechanisms to facilitate the active participation of children, adolescents and young people in those processes.
- The establishment of a system of specific indicators to monitor the rights of children, adolescents and young people, with a direct link to the formulation and monitoring of social policies.
- The institutionalization and strengthening of mechanisms to ensure accountability and to strengthen the various channels through which rights are enforced.

Above all, the implementation of rights-based policies that target children, adolescents and youth requires political will and the support of key actors, including government authorities (those with responsibilities in the social area, but also those with political and economic portfolios, such as ministries of planning, development, and finance and economy, to ensure an adequate allocation of resources), members of the legislature and other State agencies, such as the judiciary. Another key element is the support and engagement of civil society, including youth organizations. Bolstering the rights-based approach in social policies for children and young people would provide an impetus for ending poverty and reducing inequality in support of the 2030 Agenda for Sustainable Development.<sup>12</sup>

<sup>10</sup> Latin America has two regional instruments that deal with youth: the Ibero-American Convention on the Rights of Youth of 2005 and the Ibero-American Youth Pact, which was recently adopted at the twenty-fifth Ibero-American Summit of Heads of State and Government, held in Cartagena, Colombia, in October 2016. The Caribbean has a youth development agenda under the aegis of the Caribbean Community (CARICOM), which is intended to implement the 2010 Declaration of Paramaribo on the Future of Youth in the Caribbean Community (Trucco, 2017). Some countries also have national regulatory frameworks that address young people (ECLAC, 2017a).

<sup>11</sup> As the Commission has noted on several occasions (ECLAC, 2017a, 2016a and 2015b), identifying the most excluded children, adolescents and youth and determining their living conditions and how they evolve is a major challenge. Overcoming the statistical invisibility of certain populations is another extremely urgent task.

<sup>12</sup> One project by the United Nations Children's Fund (UNICEF) has explored synergies and interconnections between the Sustainable Development Goals and the Convention on the Rights of the Child. See [online] [https://www.unicef.org/lac/UNICEF\\_Mapping\\_the\\_Global\\_SDG\\_and\\_the\\_CRC.pdf](https://www.unicef.org/lac/UNICEF_Mapping_the_Global_SDG_and_the_CRC.pdf).

## 2. Social policy financing

As noted in chapter I, one of the novel features of the 2030 Agenda for Sustainable Development is its focus on the means of implementation (ECLAC, 2017a) and, in particular, on the need to ensure the mobilization of sufficient domestic and international resources. In that context, one of the most important factors in meeting the Sustainable Development Goals is social investment, which is closely linked to ensuring substantial progress in access to such basic services as sanitation, housing, education and health, as well as to social protection systems and decent work, all of which are areas where the 2030 Agenda seeks to ensure guaranteed, universal access (ECLAC, 2017a). Public budgets are therefore a key tool in implementing the 2030 Agenda and achieving its Goals.

ECLAC (2015b) has highlighted how social investment increases present and future well-being among those individuals at which it is targeted and for society and the economy as a whole. Investing in children in particular is not only a moral obligation; it also has high economic returns, as it leads to increased productivity, ensures that capacities are not wasted and that better use is made of them, and prevents the intergenerational transmission of poverty by facilitating social mobility.<sup>13</sup> For that reason, investment in children and young people should be a strategic priority in pursuit of equitable and sustainable development.

Moreover, investment in children and youth is a vital tool for measuring countries' efforts towards ensuring the rights of children, adolescents and young people. The level of priority afforded by States to the task of ensuring that those rights are fulfilled is reflected in the resources allocated to those groups. Hence, the region's countries have shown increasing interest in quantifying investment in children and young people, and several analyses of the issue have been produced (UNICEF, 2016; ECLAC/OIJ/IMJUVE, 2014; Curcio, Goldschmit and Robba, 2012). According to estimates from one recent research project (Alcázar and Sánchez, 2016), social expenditure on children (aged 12 years and below) in Latin America and the Caribbean averaged 2.0% of GDP in 2012, with the figures for individual countries ranging from 1.2% to 2.8%. This expenditure mainly consists of spending on primary education, conditional cash transfers and school meals programmes.<sup>14</sup> Other projects have worked on quantifying early childhood investment.<sup>15</sup>

The short- and long-term costs of inadequate investment in those populations are also significant. For example, there is evidence of the economic and social costs of malnutrition (including undernutrition and overweight and obesity), which are felt mainly in the health sector and the education system as well as for the economy as a whole, as a result of potential losses in productivity (Fernández and others, 2017; Martínez and Fernández, 2007 and 2009). There is also evidence of the costs of functional illiteracy (Martínez, Trucco and Palma, 2014).<sup>16</sup> Similarly, the absence or reduction of social investment in the prevention and eradication of child labour may lead to costs arising from lower educational attainment and poorer health among children and adolescents

<sup>13</sup> For a recent analysis of the returns on health investment in young people, see Sheehan and others (2017).

<sup>14</sup> Alcázar and Sánchez (2016) examined government spending on goods, services and transfers for preschool and primary education, early childhood programmes (comprehensive care centres and food supplement programmes), kindergartens, meals programmes at preschools and schools, conditional cash transfer programmes, programmes targeting vulnerable children (for example, street children and victims of sexual violence) and other programmes with a focus on the social protection of this age group.

<sup>15</sup> See UNICEF (2015b).

<sup>16</sup> Stunting has been estimated, on average, to account for a differential of 2.3 years of schooling in Ecuador and 2.4 years in Mexico and, in 2014, for a total cost equal to 2.6% of GDP in Ecuador and 1.7% of GDP in Mexico. The loss of potential productivity accounts for most of the cost, first because of lower educational attainment and then because of the impact of premature death (Fernández and others, 2017). Likewise, the cost of illiteracy amounts to US\$ 1,602, if the annual incomes of absolute illiterates are compared to those of individuals who have completed eight or nine years of schooling, and to US\$ 2,569 when compared to the earnings of those who have finished secondary education (Martínez, Trucco and Palma, 2014).

who work, which represents a violation of their basic rights and, additionally, translates into lower productivity and an increased burden on the health system and their families (ILO, 2015). Likewise, a lack of investment in children can limit opportunities at later stages in the life cycle, particularly adolescence and youth.

Investment in the earliest stages of the life cycle is of particular significance because of the demographic dividend. During this demographic window of opportunity—which is currently being experienced by the vast majority of the region's countries and due to end in 2027 (ECLAC, 2015a)—the dependency ratio remains low, as there are lower numbers of both children (on account of declining fertility) and older persons (because the population has not yet aged significantly) in proportion to the population of working age. Such periods are particularly conducive to development, because the viability of savings increases and productivity improves. The demographic dividend can translate into faster economic growth if there are policies, markets and institutions to support and promote that growth.

The dividend is an opportunity, however, not a certainty. Making it a reality depends on the actions of the State (Rossel and Filgueira, 2015) and on the evolution of the labour market, and the time to invest in children, adolescents and young people is now. One concrete measure for capitalizing on the demographic dividend is to increase investments in health and education during the first stages of the life cycle, in order to improve the opportunities and skills of the new generations (Rofman, Amarante and Apella, 2016). Although their fruits may not be apparent in the short term, those investments are essential for laying the foundations for the structural change required for progress along the path of sustainable development.

To summarize, investment at these stages of the life cycle not only furthers the fulfilment of human rights; the returns on investment in children, adolescents and young people, in the shape of accumulated human capacities, are essential for national development. Thus, the rights-based approach and the realization of those rights—which depends, among other factors, on social investment—are in direct synergy with economic development.

### **C. Social policy and its critical role in ensuring the full enjoyment of rights and reversing the exclusion of children, adolescents and youth**

Ensuring the well-being of children, adolescents and youth is a key factor in building the inclusive, fair and sustainable future to which all the region's countries aspire. Childhood, adolescence and youth are stages of life that entail a number of critical junctures for individual development, along with specific risks and vulnerabilities that may come together to trigger future risks and vulnerabilities.

The State, through public policies and various other mechanisms, helps reduce those risks and address those vulnerabilities. However, social policies targeting children, adolescents and youth tend to be unconnected, leading to fragmented and uncoordinated actions, duplication of efforts and, as a result, an inefficient use of resources. In addition to comprehensively addressing the specific needs of each stage, social policies addressing the earliest stages of the life cycle must be continuous and remain coordinated over time.

A discussion of the well-being of children in the region's societies would not be complete without mentioning the decisive impact of the family, together with that of communities and markets. While there is a key role for the State, the family and society

also share responsibility (Cecchini and Martínez, 2011). The family is the natural setting for the comprehensive development of children and adolescents, and adults have a shared responsibility to respect, protect and care for their children and to promote, respect and demand their rights (León, 2017). Given the central role of the family, it is important that in designing and implementing interventions, social policies address the transformations that have occurred in family structures and take account of families' differing characteristics (Ullmann, Maldonado and Rico, 2014).<sup>17</sup>

This section describes the recent progress made with social policies for children, adolescents and youth in the region and the challenges that remain. Rather than conducting a complete analysis of the full range of social policies aimed directly or indirectly at these segments of the population, the discussion centres on a selection of social policies that are linked more directly to individuals' development and to their potential for social and economic inclusion in later stages of the life cycle. Particular attention will be given to policies relating to the following areas: (i) health and nutrition, (ii) preschool education, (iii) policies for comprehensive early childhood development, (iv) the prevention and eradication of child labour, (v) policies to eradicate poverty, and (vi) policies to build young people's capacities and promote their incorporation into the labour market. In addition to suggesting a way forward, the section emphasizes the need to avoid regressing and to ensure the sustainability of the progress made with those aspects of the well-being of children, adolescents and young people. It also addresses cross-cutting themes that affect all stages in the lives of children, adolescents and young people and concludes by identifying the institutional challenges facing the implementation of comprehensive policies.

## 1. Improving the health and nutrition of children and youth: an essential factor in eradicating poverty and promoting sustainable development

Latin America and the Caribbean have made impressive progress in child health over the past decades, which can be seen in significant reductions in infant and child mortality rates, increased immunization coverage and falling rates of child undernutrition. Nevertheless, challenges remain. An unacceptably high percentage of Latin American children, adolescents and youth remain without access to basic health care. Inequalities in health outcomes emerge at the onset of life, shaped by the intersection of factors such as socioeconomic status, gender, race and ethnicity or place of residence. As an example, figure II.3 compares infant mortality rates among indigenous and non-indigenous populations. Life is undeniably a fundamental right, without which there can be no enjoyment of other rights, and this indicator clearly illustrates the health disadvantages faced by indigenous children from the very start of life. As stated by ECLAC (2016a), these inequalities in health care accrue over the life cycle and hinder the full enjoyment of rights and full participation in all areas of society.

Another key indicator of a deficit in child well-being is undernutrition, which affects the possibilities of future development. Stunting harms children's cognitive development and impacts their future educational achievements (Adair and others, 2013; Martínez and Fernández, 2009), which may, in turn, curtail their possibilities for social and economic inclusion in later stages of life. Stunting is strongly segmented in social terms: for example, according to information from seven countries in the region for around 2010,

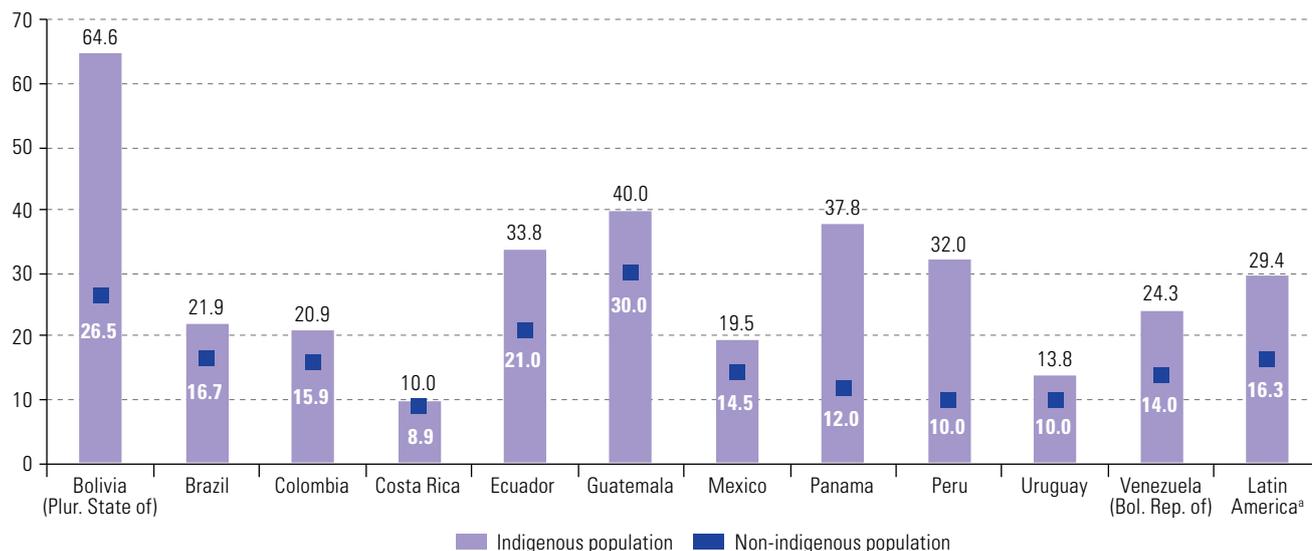
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<sup>17</sup> Neither can the role of the community environment and non-State actors be ignored: non-governmental organizations and other components of civil society play a leading role in the implementation of actions targeting this population, particularly—in some of the region's countries—in health and education.

average rates of stunting among indigenous children under the age of 5 were slightly more than double those found among the non-indigenous child population, with absolute figures ranging from 22.3% in Colombia to 58% in Guatemala (ECLAC, 2017a).

**Figure II.3**

Latin America (11 countries): infant mortality, indigenous and non-indigenous population, around 2010  
(Number of deaths of children under one year of age per 1,000 live births)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2016: briefing paper* (LC/PUB.2017/12-P), Santiago, 2017.  
<sup>a</sup> Simple average of the figures for the countries.

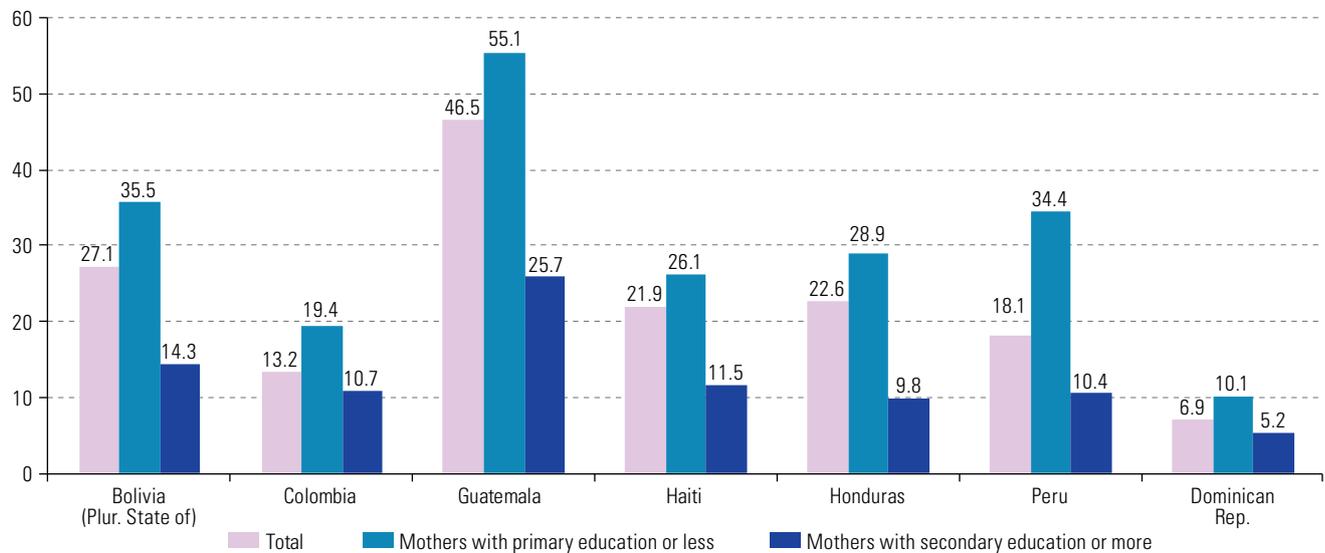
The social stratification of stunting is also evident when its prevalence is analysed by the mother's level of educational achievement (see figure II.4).<sup>18</sup> In almost all the countries examined, the prevalence of stunting among children of mothers with low levels of schooling is twice that of their counterparts whose mothers were able to complete higher levels of education and, in Peru, there is a threefold difference. In addition to eloquently illustrating the socioeconomic segmentation of stunting among the region's children, the data in figure II.4 have another very clear message: the importance of investment in the education of adolescent girls, as a matter of rights and because of its direct impact on the well-being of their children, in several dimensions. This confirms that the prevention of stunting begins long before birth.

It is also important to keep in mind that the region's children, adolescents and youth are increasingly affected by malnutrition in a more general sense and that undernutrition, overweight and obesity are increasingly common conditions among vulnerable communities (Fernández and others, 2017).

<sup>18</sup> It should be noted that stunting is not the only indicator of nutritional deficiency that affects the region's children, adolescents and youth. The shortage of micronutrients is another serious problem with implications for development. Generally, this is associated with poverty and the consumption of food with low nutritional value, specifically as regards vitamins and minerals such as iron, vitamin A, iodine and zinc (Martínez and Palma, 2015). Public policies need to consider the broad spectrum of nutritional needs, despite the fact that there is little information on other forms of nutritional deficiencies.

**Figure II.4**

Latin America (7 countries): stunting in children under 5 years of age, by the mother's educational level, around 2012 (Percentages)



**Source:** Demographic and Health Surveys (DHS) of the respective countries: Bolivia (Plurinational State of) (2008), Colombia (2010), Dominican Republic (2013), Guatemala (2014-2015), Haiti (2012), Honduras (2011-2012) and Peru (2012).

In recent decades the Latin American and Caribbean countries have pursued a range of policies to guarantee children and adolescents the right to health and nutrition, usually administered by their ministries of health and social development. In general, those interventions begin during pregnancy and pay particularly close attention to the critical first years of life. In that way, they can contribute to the prevention of health problems that may arise later. Some of those policies include the early detection of pregnancy, institutional delivery, vaccinations programmes, expanded access to health services, food safety and nutrition security policies and the incorporation of health and nutrition components into conditional transfer programmes (Rossel, Rico and Filgueira, 2015; Martínez and Palma, 2014).<sup>19</sup>

The region's countries have adopted various strategies to expand access to health services. There is no single approach: strategies can include defining packages of basic guarantees, relaxing service access requirements and reforming public health benefits and insurance systems (Rossel, Rico and Filgueira, 2015). The existence of specific programmes for children or adolescents is a key element in reaching the most vulnerable segments of that population, but there is also a need for instruments to ensure that the rights defined in those policies effectively translate into quality services and that genuine access is made available, particularly for those children, adolescents and young people who have traditionally faced exclusion and discrimination in the health system.

<sup>19</sup> In particular, there is a growing interest in the comprehensive promotion of adolescent health. While the problems associated with teenage motherhood remain a priority on the public agenda, attention has gradually expanded to cover other issues, such as substance abuse, mental health, eating disorders, sexuality and violence. Reflecting the central role of adolescent health in development processes, adolescents—along with women and children—are for the first time a focus of attention of the new Global Strategy for Women's, Children's and Adolescents' Health (2016-2030) of the World Health Organization (WHO). Launched in 2016, the Strategy emphasizes the health of the adolescent population and establishes a clear link between the right to health at this stage in life and society's future well-being. See [online] <http://www.who.int/life-course/publications/global-strategy-2016-2030/en/>.

There are also various strategies to address nutrition, mainly focused on pregnant women, nursing infants and preschool children, primary- and secondary-level students, and mothers and families who are vulnerable due to poverty, rural isolation or other circumstances. These strategies include supplementary food programmes, school meals, the promotion of breastfeeding, foodstuff distribution and micronutrient fortification and supplementation (Martínez and Palma, 2014). However, few impact assessments of those interventions have been conducted (Galván and Amigo, 2007; Rubio, 2017). Those cases that have been assessed show a rather limited impact on undernutrition, which is not entirely surprising given that it emerges from a complex interplay of factors operating at multiple levels. As a result, policy responses for reducing undernutrition must also address a range of fronts that act in coordination throughout the life cycle, with interventions targeting adolescents (who might later become mothers), women of reproductive age and pregnant women, newborns, nursing infants and children.

Sustainable Development Goals 2 (ending hunger and improving nutrition) and 3 (ensuring healthy lives and promoting well-being) of the 2030 Agenda for Sustainable Development directly address some of the most pressing health and nutrition problems facing the region's children, adolescents and youth. Meeting the commitments made regarding child health and nutrition will be a challenge, given the glaring gaps in access to quality services and in health outcomes among the region's children, together with the fact that severe levels of food insecurity are found in one out of every ten households with children under 15 years in South America and one out of every five such households in Central America (Pereira, Handa and Holmqvist, 2017).<sup>20</sup> The following five examples are among the priority lines of action for strengthening health and nutrition policies for children, adolescents and youth:

- (i) Ensuring real and effective access to health services as a right, particularly at the territorial level and among populations that have traditionally faced discrimination, such as Afrodescendants, indigenous peoples, migrants and displaced persons, people with disabilities and lesbian, gay, bisexual, transgender and intersex (LGBTI) persons, with a gender perspective.
- (ii) Ensuring financial protection for households. The cost of health services must not impose a financial burden on households, nor must it discourage those in need from making use of them. Even when regulations stipulate that services are free, co-payments or user contributions can, in some cases, render them unaffordable (Maceira, 2015). The equitable financing of health care should be one of the main goals of health systems, in order to protect households with multiple disadvantages from the threat of catastrophic health-care spending and impoverishment.
- (iii) Conducting robust evaluations of health and nutrition initiatives, to identify areas where interventions could be strengthened and to improve the empirical basis for the design and implementation of new actions.
- (iv) Including undernutrition in national development strategies, in order to address that scourge (Rubio, 2017). Undernutrition is caused by an array of factors, and the response to it must therefore address all dimensions of the phenomenon with an approach that tackles its different causes over the life cycle, with priority placed on interventions during the first thousand days of life. A wide range of topics could be included in interventions for preventing and eradicating undernourishment: promoting breastfeeding; supplementary food for children

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<sup>20</sup> If moderate and severe levels of food insecurity are combined, the figures are 29% of those households in South America and 49% in Central America (Pereira, Handa and Holmqvist, 2017). It is also a cause for concern that after a decade of progress on reducing hunger, both the prevalence of undernourishment and the total number of people undernourished are currently increasing at the regional level (albeit unevenly, with rises in some countries and reductions or standstills in others) (FAO/PAHO, 2017).

over the age of six months; improved hygiene standards; training for parents and caregivers; micronutrients for young children, pregnant and nursing women; vitamin and mineral supplements; the provision of powdered micronutrients and of fortified foods; timely and adequate access to health services to prevent and treat acute diarrhoeal disease (ADD) and acute respiratory infections (ARI); increasing households' food purchasing capacities; monitoring growth rates; and improving access to drinking water and sanitation in rural and peri-urban areas (Martínez and Palma, 2015). Consideration must also be given to programmes that address healthy eating and broader healthy lifestyle issues, such as increased physical activity and the eradication of tobacco use.

- (v) Making better use of technological tools to strengthen health systems and attain the targets of Sustainable Development Goals 2 and 3. Rapid technological change will continue to revolutionize the health sector, from its management and infrastructure to the development of new products and mechanisms to improve service delivery. It is difficult to predict the full impact of those changes and their future implementation in the health sector (Fernández, 2010; Fernández and Oviedo, 2010). Nevertheless, technology can play a major role in expanding access to health services and in improving their equity, quality and efficiency (see box II.1).

The integration of information and communications technologies (ICTs) into health systems—and, in particular, into primary health care—can improve their quality and is necessary for increasing their sustainability through greater efficiency. The region's health systems face four challenges where ICTs can be of major assistance.

**Challenge 1: Reducing health-related social inequalities.** The most vulnerable social groups systematically face greater disease burdens, fewer years of disability-free life and lower life expectancies. One clear indication of that inequality can be found in infant mortality and maternal mortality rates, which report differentials of close to 3:1 between the first and fifth income quintiles. That disparity, at a time of demographic and nutritional transition, can also be seen in their levels of obesity and non-communicable diseases and in the associated premature mortality rates.

One of the factors that contribute to health inequalities is the lack of access to quality and timely health care, which is due to a range of factors that include economic and geographical considerations. In the region, the costs of care and the concentration of its availability in a few urban centres raise a significant barrier in the context of high segmentation and low universal coverage of health systems. This situation is further compounded by low numbers of both experienced general practitioners and medical specialists for attending to the most vulnerable populations.

Telemedicine could help reduce these shortcomings, through either remote health interventions attended by the patient or bidirectional communications between health professionals for care and education purposes, conducted either synchronously or asynchronously. One important fact is that the majority of such interventions do not require sophisticated equipment or more than 720 kilobits per second of bandwidth; consequently, the infrastructure investments required are not excessive. However, organizational redesign and implementation can be costly: not so much on account of the obvious training requirements as because of the need to manage cultural change to overcome the resistance that such sociotechnical transformations are likely to encounter.

**Challenge 2: Expanding the capacity of primary care to provide solutions.** Primary health care represents the patient's first level of contact with the health system; it is therefore a key element in promoting and ensuring equity in access to care. Nevertheless, a significant proportion of patients attending primary health care centres are referred to higher levels or, alternatively, the patients themselves directly seek out the better quality services those higher

#### Box II.1

The role of information and communications technologies in addressing some of the challenges facing the region's health systems

## Box II.1 (concluded)

levels are able to provide. The result is excessive demand for care at higher-level facilities, including emergency services, which creates lengthy waiting lists.

Telemedicine —or, more broadly, tele-health, including continuous remote health education— offers a wide range of tools that could potentially address this situation. Various studies conducted in the areas of paediatrics and cardiology have shown that the use of telemedicine at primary health care centres reduces patient referrals and counter-referrals by up to 80%. In addition to having a direct positive impact on the population's health, these accomplishments also reduce transport costs and, in many instances, long periods of family separation. However, although an expansion of telemedicine would help reduce (or even eliminate) barriers to health care access, reducing the quality shortfall also requires improving the accessibility of patients' clinical information during the care process and, in this, digital clinical histories play a fundamental role.

Challenge 3: Improving the continuity of care. Closing the quality gap involves reducing the fragmentation of health systems through an effective system for exchanging information —requests for diagnostic tests and the results thereof, clinical and nursing reports, treatment plans and other documents— between different centres and levels of care as well as with patients. For this, the patient's digital clinical history must be shared and this, in turn, requires the interoperability of the information systems and the adoption of both technological and semantic standards for integrating applications.

Information sharing may be necessary not only within a single health service but also between different services, which requires the interoperability of systems at the national level. The increased geographical mobility of citizens will make this increasingly necessary.

Challenge 4: Strengthening epidemiological research and monitoring. Epidemiological studies are vital for decision-making about protection, prevention and clinical assistance, for managing services and for proper health planning. They help identify health problems within the population, set priorities and evaluate interventions. In the region, however, health systems are managed with scant epidemiological knowledge because of the lack of continuity in such studies.

Primary care generates a significant amount of care-related and epidemiological information about a large segment of the population. However, that information is generally recorded on paper and is often illegible and poorly structured, which undermines its reliability. Even if recorded digitally, because of the volume of data involved and the resources needed to analyse them, the findings reached are often obsolete, coming too late for effective remedial measures to be adopted.

The use of ICTs in health information systems, especially if based on digital clinical histories, can overcome these difficulties by providing reliable and timely indicators to be used in decision-making.

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

## 2. Expanded coverage of quality preschool education: a top priority on the region's equality policies agenda

As already stated by ECLAC (2017a), from an intergenerational perspective, investing in capacity development during the earliest years plays a key role in reducing inequalities throughout the life cycle. Therefore, expanding the coverage of quality preschool education must be made a priority on the region's equality policy agenda. Policies governing preschool education are of the utmost importance in that they drive educational and training functions that combine and interconnect issues relating to health, nutrition, care and education and, at the same time, they support women in dealing with the burden of unpaid domestic and care work and facilitate their integration into the labour market (UNICEF, 2001). Accordingly, the strategy of ensuring universal access to quality preschool

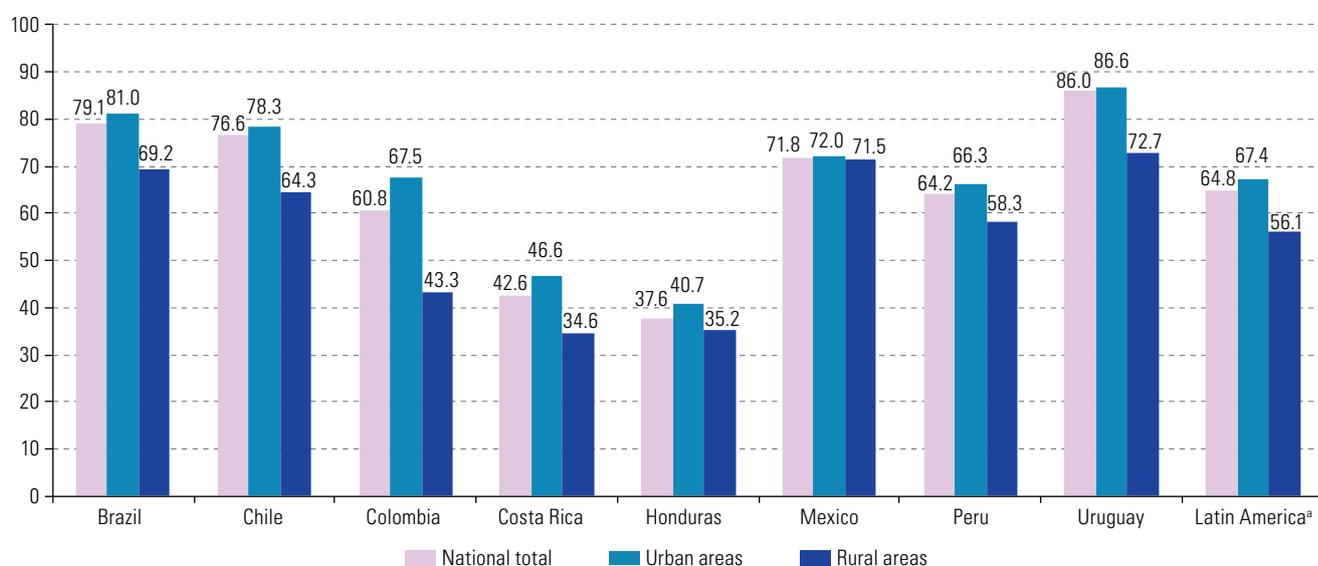
education can have a positive impact in the long term, by building children's capacities and enhancing their future performance, and in the short term, most particularly by allowing mothers to complete their formal education or to acquire job training or facilitating their insertion into the job market, in a context that is still characterized by the absence of a culture of joint responsibility for care work between men and women.<sup>21</sup>

High-quality universal early education can help to reverse pronounced social inequalities that arise at the start of life and cannot always be corrected later, such as in the development of cognitive and non-cognitive skills (Alarcón and others, 2015). Abundant literature points to the existence of deep disparities in early cognitive development depending on household socioeconomic status, which creates disadvantages when children start school (Schady, 2011; Paxson and Schady, 2007). Such precarious starts can have an adverse impact on the educational progress of the poorest children and lead to their becoming discouraged, falling behind academically or having to repeat school years, as well as to the risk of their abandoning education all together. In contrast, attendance at preschool has been correlated with better academic performance at later stages, and the positive effects seem to be more pronounced among children from the most disadvantaged households (UNESCO, 2016; Bos, Ganimian and Vegas, 2014). Early interventions with broad coverage and high quality, beginning with preschool education, are essential in preventing the reproduction and expansion of these gaps and in ensuring that all children start out on a favourable academic path in conditions of greater equality.

Levels of access to preschool education range widely within the region: preschool attendance rates among children aged 3 to 5 vary from a low of 38% in Honduras to a high of 86% in Uruguay and, in all the countries, coverage tends to be higher in urban areas (see figure II.5). As shown by ECLAC (2017a), there are also differentials in attendance by age, with lower attendance rates among younger children. This serves to underscore the positive impact of mandatory preschool education on attendance rates.<sup>22</sup>

**Figure II.5**

Latin America (8 countries): preschool attendance among children aged 3 to 5, by area of residence, around 2014 (Percentages)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2016: briefing paper* (LC/PUB.2017/12-P), Santiago, 2017.

<sup>a</sup> Simple average of the country totals.

<sup>21</sup> These services can also free up time previously spent on work in the home by other female family members, in particular girls and adolescents. That topic is explored in greater depth in section 8.

<sup>22</sup> Preschool attendance is compulsory in almost all the region's countries. The starting age varies from one country to the next but, in most cases, compulsory preschool begins at the age of five (IPE/OEI, 2009).

The region's public initiatives in this area are administered by the ministries responsible for family matters and social development or other agencies with responsibilities in those areas and, in some cases, by education ministries. Childcare services are furnished in different ways, some official and some community-based, with States involved either directly or through subsidies to non-State institutions, including private for-profit businesses, not-for-profit suppliers, faith-based agencies, community organizations and individuals within communities.

Despite the wide range of arrangements that exist, four common challenges can be identified:

Since early education programmes can replicate the socioeconomic, territorial and gender-, ethnic- and race-based segmentation that exists within society, it is important to ensure that children from all social groups have access to high-quality preschool education.

- (i) Coverage. The evidence indicates that the region still has a long way to go in making the right to preschool education a reality and securing the benefits of this long-term investment, particularly among children from disadvantaged households (ECLAC, 2017a). Some success has been made in expanding coverage among economically vulnerable sectors, but the challenge of reducing inequalities at the territorial level and among indigenous and Afrodescendent populations has still to be resolved. Another challenge arises from the existence of eligibility criteria for these programmes that can exclude vulnerable families that are situated just above the established thresholds for participation.
- (ii) Quality. Since early education programmes can replicate the socioeconomic, territorial and gender-, ethnic- and race-based segmentation that exists within society, it is important to ensure that children from all social groups have access to high-quality preschool education. The accumulation of social inequalities from an early age in Latin America is related not only to the insufficient (and often unaffordable) supply of preschool education, but also to the pronounced differences in the quality of the education available to different groups within the population (ECLAC, 2017a). This is vital in achieving SDG 4 —ensure inclusive and quality education for all and promoting lifelong learning— in line with the principle of “no one left behind.” In addition, the quality of those services is what will determine their positive impact in the future. One key element in pursuing that goal is strengthening the training and professionalization of early childhood teachers.<sup>23</sup>
- (iii) Sustainability. Enshrining early childhood care and education as a policy of the State —and thus not subject to the whims of the government of the day— can help the expansion and continuity of preschool education.
- (iv) Family engagement. Families have few venues for participation in developing early education strategies and plans, which undermines their ownership of those plans and their engagement as a key factor in their success.

Given that scenario, the first task is to advance the universal coverage and quality of those services, particularly in those countries with very low attendance rates. Then, as a part of that process of universalization, an approach that is sensitive to both differences in household incomes and other structural inequalities must be adopted. It is important, for example, to consider the cultural context as a factor that may influence attendance, even when services are available in the community. Parents' perceptions and values regarding gender roles and the burden of care can be of particular relevance in some cultural settings (Martínez and Soto, 2012). It is therefore imperative to raise families' awareness about the importance of these interventions and to establish forums for participation during the planning of policies and strategies for care and early education.

<sup>23</sup> For a discussion on the challenges of training early childhood teachers, see the Regional Strategy on Teachers prepared by the Regional Bureau for Education in Latin America and the Caribbean (OREALC) of the United Nations Educational, Scientific and Cultural Organization (UNESCO) [online] <http://unesdoc.unesco.org/images/0024/002451/245157s.pdf>.

At the same time, institutionalized child care and early education must be regulated, and standards for improving the quality thereof must be adopted (as regards, for example, infrastructure, worker training, stimulation techniques and other areas) (Marco, 2014; López Boo, Araujo and Tomé, 2016) and the institutional framework responsible for their oversight and regulation must be strengthened

Finally, given the current expansion of intraregional migration, the need to expand access to cover migrant, indigenous and Afrodescendent children (ECLAC, 2017a) and the desirability of further mainstreaming of children with disabilities, these services must adopt an intercultural and inclusive perspective so they can adequately embrace and respond to the cultural, linguistic and functional diversity of all children and their families. In addition, such an approach would foster an appreciation of human diversity from the earliest ages.

### 3. The urgency of prioritizing comprehensive early childhood development strategies

In recent times, comprehensive policies and systems for integral early childhood development have become more common in the region.<sup>24</sup> The concept of integral development refers to the range of actions, policies, plans and programmes that can be implemented —either by the State alone or jointly by government agencies and other actors, notably civil society— to ensure that all children effectively enjoy their human rights without discrimination while, at the same time, special situations receive specific targeting (Morlachetti, 2013).

These policies are “integral” not only because the associated programmes address different aspects of child development, combining interventions in the areas of health, nutrition, early education and care, but also because the State’s interventions for promoting and protecting children’s rights are put into practice through the provision of services, goods, transfers and regulations (covering, for example, parental leave). Without this integrated approach, isolated programmes can lead to competition between sectors instead of instilling a shared vision of development during those stages of life.

These policies aim to accompany children as they develop through the different stages that make up early childhood and, with their multidimensional approach, they can have an impact on long-term inequality. Since these strategies are designed to protect and promote the rights of all children, they also represent a return to a vision of social policy for children as something that involves society as a whole, rather than as something merely intended for children in situations of poverty and extreme poverty. Particularly at times of economic turbulence, creating synergies between the public actions that target children can help ensure a more efficient use of the available resources.

These actions have to be interconnected and coordinated at various levels: among institutions, between different levels of government and across the different stages of child development. Accordingly, proposals have been made to identify, guide and interconnect the various benefits, goods, services and transfers that States devote to ensuring children’s rights (IIP/ OEI, 2017) in each sphere of their lives: at home, at school and health care facilities, in the community. Such efforts must also recognize that the characteristics of this chain are highly dependent on the national context and, in particular, on the institutional structure and the capacities of those institutions, the resources available and the policies in place, and they must also consider the diversity of a country’s population in social, cultural, territorial, economic and political terms. While

<sup>24</sup> Examples of such policies include Brasil Carinhoso, Chile Crece Contigo, Uruguay Crece Contigo, De Cero a Siempre (Colombia) and Educa a tu Hijo (Cuba). Other countries have made substantial progress with their early childhood strategies, such as the Dominican Republic, Ecuador, Panama and Peru.

the proposal for a series of benefits was originally developed for early childhood, this type of approach can be useful in ensuring greater coherence and guiding the State's action for children, adolescents and young people, thereby creating a virtuous chain of opportunities and encouraging capacity-building throughout the life cycle.

#### 4. Child labour: a serious violation of the rights of children and a manifest hindrance to the enjoyment of other rights

Child labour is a serious violation of the rights of children and adolescents, with a deep and lasting negative impact throughout their lives. Its occurrence is directly linked to violations of other fundamental rights of the child, such as the right to education and health, to an adequate standard of living, to play and leisure and even to survival. Moreover, it more severely affects children who experience other forms of exclusion and rights violations, such as indigenous and Afrodescendent children and those living in poverty or in rural areas, further curtailing their future prospects.

Child labour has a strong correlation to the structural problems that characterize Latin American and Caribbean societies, including the persistent inequalities described in chapter I, high levels of poverty, extreme poverty and vulnerability, and the working-age population's lack of adequate opportunities for decent work. It is also related to a complex decision-making process within the home, which interacts with those structural and contextual factors. The complexity of the child labour phenomenon means there is no single solution for its prevention and eradication: it demands a comprehensive policy approach that can consistently and comprehensively address the broad range of factors that influence its occurrence and that takes particular account of territorial factors, given that the phenomenon affects rural and urban areas in such different ways. In addition to constituting a serious violation of children's rights, child labour leaves traces that are perpetuated from one generation to the next, which helps explain such phenomena as the intergenerational reproduction of poverty and, in particular, the persistence of inequality. As a result, the persistence of child labour affects the very core of the region's potential for inclusive development (Espejo and Robles, 2017).

Child labour is a reality for 10.7 million children and adolescents in Latin America and the Caribbean, representing 5.3% of the region's population aged between 5 and 17 (ILO, 2017). The 1990s saw a sharp reduction in the prevalence of child labour in the region, as the countries began to make major efforts to quantify, analyse and address the problem. Those figures should motivate the adoption of actions to eliminate all forms of child labour from Latin America and the Caribbean.<sup>25</sup>

The region adopted various strategies that, together, have reduced the incidence of child labour. First, the fall in child labour seen in recent decades can be attributed to legislative advances, particularly the ratification of the International Labour Organization Convention concerning Minimum Age for Admission to Employment (ILO Convention No. 138) and the Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (ILO Convention No. 182) and the amendment of national regulatory frameworks to reflect the commitments acquired under those two instruments. As of September 2017, 18 countries in Latin America and 9 in the Caribbean have ratified Convention No. 138, and all the region's countries have ratified Convention No. 182. At the same time, progress has been made with labour oversight to ensure regulatory compliance, and many countries have implemented national or subnational plans to tackle the problem. The mobilization of civil society

<sup>25</sup> It is important to note that there is inadequate information regarding the worst forms of child labour as defined in International Labour Organization Convention No. 182.

has played a major role in raising the visibility of the issue and positioning it on public agendas, and the tripartite organizations that have been formed (comprising governments, trade unions and employers' organizations) have made significant contributions in that undertaking. The strengthening of empirical evidence regarding this issue, involving both its measurement (through, for example, specialized surveys) and national diagnostic studies, has raised the profile of the phenomenon and all its complexities, thereby contributing to the adoption of actions and follow-up measures.

At the policy level, the reduction of child labour has been positively impacted by educational policies, social protection policies —particularly conditional transfer programmes— and specific strategies, plans and policies for combating it.<sup>26</sup> In the educational arena, the dramatic progress made with furthering the universal coverage of primary education that occurred between 1990 and 2010 led to increased school enrolment; policies to extend teaching hours and improve the quality of education also impacted attendance rates. Likewise, conditional transfer programmes are another important tool for reducing child labour in the region (De Hoop and Rosati, 2014; Edmonds and Schady, 2012). The literature suggests that a combination of cash transfers and interventions that impact the use of education and health services can reduce the incidence of child labour among children from the participating households, although some studies have only detected that trend in certain groups of children, such as those living in rural areas and belonging to lower income families (Dammert and others, 2017). The studies also indicate that to discourage child labour, the transfer amount must be high enough.

Significant strides have also been made in the fight against child labour at the regional level. The Latin America and the Caribbean Free of Child Labour Regional Initiative is a partnership of 27 countries that aims for the complete elimination of child labour in 2020, thereby responding to the call made in the Roadmap for Achieving the Elimination of the Worst Forms of Child Labour by 2016 and the targets of the Hemispheric Agenda for Decent Work, which were ratified in the Brasilia Declaration on Child Labour at the Third Global Conference on Child Labour (2013).<sup>27</sup> The Regional Initiative seeks to remove children and adolescents from hazardous employment and work in general and to break the cycle of child labour through prevention and protection. Its lines of action include promoting policies for the prevention and elimination of child labour and the protection of forms of adolescent work that are permitted; strengthening institutional capacities and the regulatory framework; strengthening direct care models; reducing social tolerance towards child labour by raising awareness among employers' organizations, workers, families and others about its harmful effects; and intersectoral work aimed at eradicating child labour (ILO, 2014).

The elimination of child labour became a worldwide goal with its inclusion in the 2030 Agenda for Sustainable Development. In recognition of the severe negative impact that work can have on the lives of children and adolescents, target 8.7 of the Sustainable Development Goals addresses the problem and agrees to end child labour in all its forms by 2025. The persistence of the problem is partly due to cultural factors, in that until very recently child labour was considered natural and its negative impact and the violation of rights it represents were not acknowledged. The complexity of the phenomenon —combined with the difficult economic scenario described in the first

<sup>26</sup> Improvements in basic services are also a factor in reducing child labour, in that they free children (especially girls) from the time demands of tasks such as fetching water (ILO, 2011). Likewise, programmes —such as health insurance— that safeguard against the risks faced by households in general can reduce dependence on child labour (ILO, 2013).

<sup>27</sup> The Roadmap was adopted at the Second Global Conference on Child Labour, held in The Hague, Netherlands, in 2010. The Hemispheric Agenda for Decent Work was presented by the ILO Director-General at the organization's Sixteenth American Regional Meeting, which took place in Brasilia in May 2006 and was attended by representatives of governments, trade unions and employers' organizations from the countries of Latin America, the Caribbean, the United States and Canada. For further details, see Abramo (2015).

section, the worrying reductions in the coverage of conditional cash transfer programmes in some countries and the falling levels of investment in those programmes (detailed in chapter III)—demands both a redoubling of efforts to avoid losing the ground already gained and the adoption of actions to speed up the elimination of child labour and ensure its eradication by 2025, as required by target 8.7 of the SDGs.

## 5. Programmes to overcome poverty

Latin America and the Caribbean faces the tremendous challenge of attaining Goal 1 of the 2030 Agenda for Sustainable Development: that of “ending poverty in all its forms everywhere.” Recent information from the region confirms that children and adolescents are overrepresented in the lower income quintiles and that the situation is particularly pronounced among people of African descent, indigenous peoples and inhabitants of rural areas (ECLAC, 2017a).

Child poverty is not only a grave problem in itself, on account of what it represents in terms of violated rights; it is also a central link in the intergenerational reproduction of poverty and inequality (ECLAC, 2015b). Poverty in the first stages of life is both cumulative and multidimensional in nature. Deprivations including inadequate nutrition and the lack of access to health services, early learning and education translate into reduced opportunities for children affected by this scourge (Espíndola and others, 2017).

Conditional cash transfer (CCT) programmes act in several simultaneous ways to reduce poverty by increasing families’ monetary resources and promoting the development of their members’ capacities. They are currently an important component of social protection systems in many of the region’s countries and, since they target families with children and adolescents (and, to a lesser extent, those with young people) living in conditions of poverty or extreme poverty (albeit not exclusively), they have reoriented those systems towards ensuring well-being at those stages of the life cycle (Rossel, Rico and Filgueira, 2015). By linking to benefits and activities, conditional transfer programmes can serve as a gateway to integrated social protection systems for poor and vulnerable persons.<sup>28</sup>

Today, there are 30 CCTs in 20 of the region’s countries, which highlights the central role that they have acquired within public policies for overcoming poverty in Latin America and the Caribbean. Despite their extensive presence, these programmes vary widely in their characteristics, with marked differences in their components, coverage, amounts transferred, functions performed, conditionalities imposed and other factors.<sup>29</sup>

In contrast to many other social policies, conditional transfer programmes have been the subject of numerous evaluations. As noted by ECLAC (2015b), there is evidence that children from families that participate in these programmes enjoy increased access to schools and health services and positive outcomes in their learning and their health and nutrition. Those findings have been confirmed by recent meta-analyses (Baird and others, 2014; Owusu and Cross, 2014), although the positive impacts of CCT participation on children’s well-being indicators differ by area of residence, sex, age and length of participation in the programme (Cecchini and Veras Soares, 2014; Fernald and Hidrobo, 2011; De Brauw and others, 2014; Perova and Vakis, 2010). Finally, it is difficult, on the basis of those assessments, to identify how the results cited above were achieved, or to determine the causal relationship that

<sup>28</sup> They have not escaped criticism, however (see, for example, ECLAC, 2013, and Sepúlveda, 2014). One important debate centres around the existence of conditionalities, which impose requirements on poor families (with compliance imposed, most particularly, on the women participants), thereby drawing a distinction between the “deserving” and the “non-deserving” poor, and the implications that this has from a rights-based approach. In the region, evidence about the impact of conditionalities is very limited, and the available studies are based on weak empirical methodologies (Benedetti, Ibararán and McEwan, 2016). Accordingly, there is a need for more evidence and a very careful consideration of the possible impact of lifting those conditionalities (in the current socioeconomic context) on the well-being of the participating household and on their access to and use of social services (ECLAC, 2017a).

<sup>29</sup> For a description of the objectives of the region’s CCTs and the types of programme in place, see Cecchini and Martínez (2011).

Poverty in the first stages of life is both cumulative and multidimensional in nature. Deprivations including inadequate nutrition and the lack of access to health services, early learning and education translate into reduced opportunities for children affected by this scourge.

exists between them. In particular, it is unclear whether the positive effects are solely due to an increase in poor families' disposable income (income effect) or to a combination of that with the commitments they have to meet to obtain the transfers (conditionalities effect) (Cecchini, 2013). One positive effect of such programmes at the macro level has been increased demand for services, which has reduced barriers to access and expanded the service supply, thus bringing excluded populations closer to the State and to the array of sectoral policies and social promotion programmes that exist.

Although all these programmes are different, some common challenges can be identified. One important challenge, in terms of fulfilling children's rights, are the barriers in access to quality services that still persist and the infrastructure deficits faced by some conditional transfer programme participants, for example, at the territorial level. While restricted access and infrastructure shortcomings are not caused by CCTs, they may curtail participants' ability to comply with their conditionalities (León, 2017; Rossel, Rico and Filgueira, 2015). The effectiveness of these policy instruments in terms of their impact on child well-being depends largely on making significant improvements in the provision of and access to basic services, together with improvements in access to and the quality of universal health and education services. Cash transfer programmes for overcoming poverty and progress in the coverage and quality of social services must go hand in hand to bring about long-term improvements in the well-being of the general population and of children, adolescents and young people in particular and to tackle the causes of poverty and inequality, as well as their intergenerational dimension.

Moreover, as noted by ECLAC (2015b), it is difficult for the impact of CCTs on household incomes to continue once the transfers have ended if they are not complemented by other programmes or interventions designed to promote the recipients' incorporation into productive employment. For that reason, the employment dimension has gained importance within CCTs and many programmes now work to encourage the participants' inclusion in the world of work and productive endeavours. Nonetheless, the figures indicate that participation in these programmes has not had the expected impact on employment, because of limited job options, highly precarious levels of local opportunities and, particularly for women, the obstacles that exist to quality jobs (on account of a range of factors, including the unequal burden of care work that women are forced to shoulder).<sup>30</sup> In a region characterized by informal employment and unequal opportunities, the incorporation of individuals with low levels of education and skills into the world of work is a challenge. Shortcomings in educational training and work skills, weak ties with the private job-creating sector, shortages of job opportunities in the local area and discrimination for reasons of gender, ethnicity and race conspire against these programmes' chances of driving the labour insertion of the poorest and most vulnerable (ECLAC, 2015). Anti-poverty policies must therefore be coordinated with macroeconomic policy, production development policies and labour market policies and linked to general social policy reforms (see chapter III).

One of the innovative aspects of CCTs —one that is of particular relevance in the context of the comprehensiveness and indivisibility of children's rights— is that they strive to coordinate actions in the areas of education, health and nutrition, adopting a multidimensional approach towards the well-being of the participating children and adolescents. But achieving that coordination is not easy. It has been noted that some of the programmes exist separately from social protection and education policies, that they are not part of a broader strategy for improving the coverage and quality of education or health services and that they do not always connect their participants to other components of the social protection system (Marco, 2012). Stronger bridges with universal sectoral policies are therefore needed.

<sup>30</sup> It should be noted that the creation of productive opportunities is not the responsibility of cash transfers, but of economic policies that promote sustained growth and the creation of decent jobs.

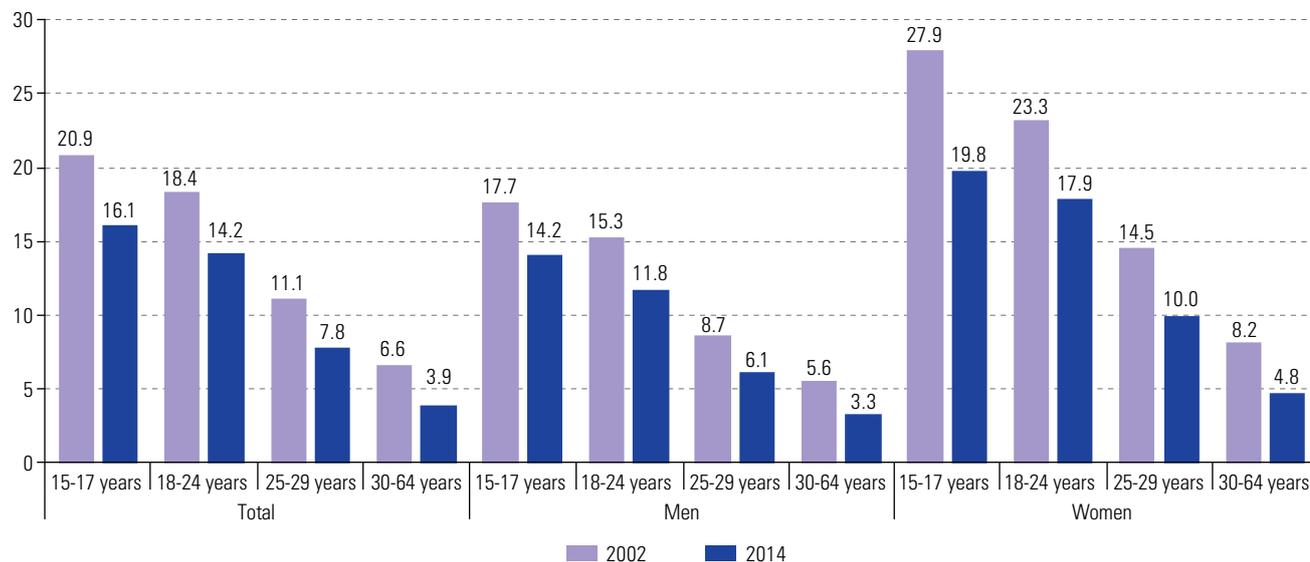
At the present juncture, one clear challenge is the worrying decline in conditional transfer programme coverage in certain countries. There is evidence of the negative impact this may have on child well-being. In Ecuador, in 2009, two years after households lost the cash transfers of the Human Development Grant (*Bono de Desarrollo Humano*) that they had been receiving for seven years, their children weighed less, were shorter in stature and were more vulnerable to stunting compared to others who continued to receive the transfers. This was the result of reduced food consumption in the households that lost the transfers (Buser and others, 2014). This underscores the need to ensure that households leaving the programme do not lose their right to social protection and to avoid negative impacts on the well-being of children, adolescents and young people already in vulnerable situations and which, at the same time, would be counterproductive for long-term inclusive development.

## 6. Consolidating the foundations for sustainable development: building the capacities of young people and facilitating the construction of careers based on decent work

The more than 162 million young people between the ages of 15 and 29 in Latin America and the Caribbean have an essential role to play in productive change and sustainable development. In Latin America and the Caribbean, however, intergenerational gaps—between young people and adults—as well as gender, ethnic and racial differentials within the youth population are glaringly apparent in labour market indicators, such as unemployment rates (see figure II.6).<sup>31</sup>

**Figure II.6**

Latin America (18 countries): unemployment rates by sex and age group, around 2002 and 2014<sup>a</sup>  
(Percentages)

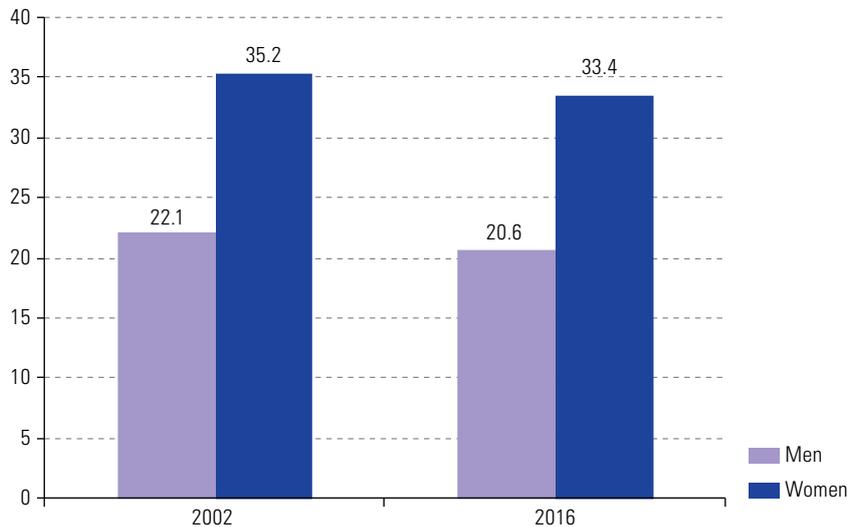


**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

<sup>a</sup> Simple average of the country figures. Includes data from Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay and Venezuela (Bolivarian Republic of).

<sup>31</sup> Gender and age gaps are evident in all areas of residence, and the highest rates of unemployment are to be found among young women, in urban and rural localities alike. Likewise, according to census data from the 2010 round, the unemployment rate among persons of African descent is higher than among non-Afrodescendants in 8 of the 11 countries for which statistics are available (the exceptions are Argentina, Bolivarian Republic of Venezuela and Plurinational State of Bolivia) (ECLAC, 2017a).

At the same time, the Caribbean has one of the world's highest youth unemployment rates (see figure II.7). That situation is due to a series of factors, including the low quality of education and training and the fact that this education and training are not a good fit with the needs of the labour market. The acquisition of job skills can be even more difficult for Caribbean youth in rural areas, on account of the structure of the labour market, the lack of transport and the remoteness of the tourist destinations (where the best job opportunities are to be found); this further hampers their employability (CARIBANK, 2015). Because of the inability of the local economies to absorb young graduates, Caribbean countries face high levels of youth emigration.



**Figure II.7**  
The Caribbean (10 countries): unemployment rate by sex among 15- to 24-year-olds, 2002 and 2016<sup>a</sup> (Percentages)

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of figures from the World Bank and the International Labour Organization (ILO).

<sup>a</sup> Simple average of the following countries: Bahamas, Barbados, Belize, Guyana, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Suriname and Trinidad and Tobago.

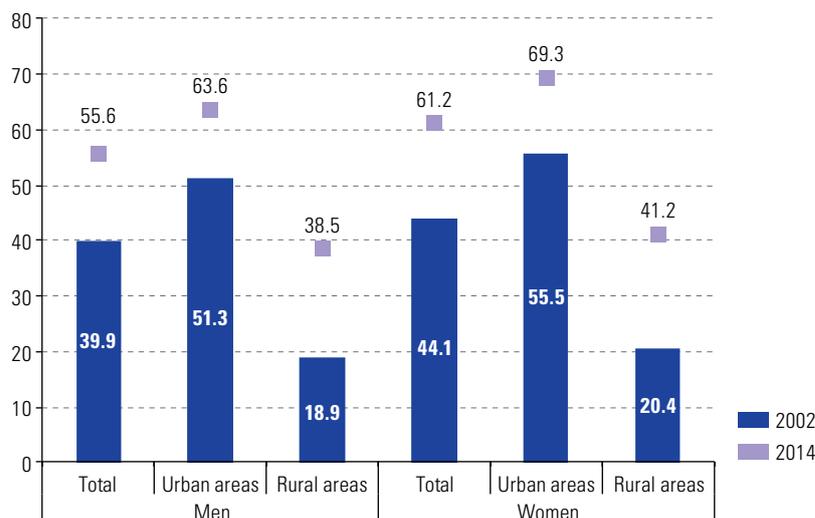
Several of the targets set by the 2030 Agenda for Sustainable Development recognize the vital importance of youth training and the full integration of young people into the labour market for progress towards sustainable development and more equal societies. Investments must be made now to meet the challenges that the labour market of the future will create and to ensure that young people are able to sustain the region's future societies and economies. Progress in that direction must be a central element of Latin American and Caribbean development strategies. The youth of today have higher levels of education than the older generations and a greater familiarity with digital technologies. The question is how that education and those skills will adapt to the new realities and demands created by the new configuration of the labour market.

In the context of an evolving labour market (see chapter III), there are three areas where action is imperative: (i) building the capacities of the new generations as a keystone for bringing about change in the productive structure; (ii) strategies for the construction of career paths based on decent work (Abramo, 2013; ECLAC, 2016c) to ensure successful integration into the labour market, in quality, productive jobs, with increased incomes and access to rights and social protection, and (iii) policies that facilitate reconciliation between education or training, work and family life. At the same time, as indicated by ECLAC (2016a), the inequalities that young people face intersect with other inequalities—socioeconomic, gender-based, territorial, and ethnic and racial—that intersect and concatenate throughout the life cycle. Those inequalities have created a pronounced segmentation in young people's educational achievements and skills and, as a result, in their potential for incorporation into the job market and access to social

Investments must be made now to meet the challenges that the labour market of the future will create and to ensure that young people are able to sustain the region's future societies and economies. Progress in that direction must be a central element of Latin American and Caribbean development strategies.

protection mechanisms. In an economy that will require new capabilities, particularly those based on science, mathematics and technology, closing skill gaps and providing everyone an equal possibility of building a career path based on decent work will be a key factor in ensuring that—as required by the 2030 Agenda—no one is left behind. Secondary education completion figures are both eloquent and disquieting, given that this is the level of achievement required in order to have a lower probability of living in poverty, compared to the population average (Trucco and Ullmann, 2015): 61.5% of boys and 58.8% of girls in rural areas do not complete secondary school (see figure II.8).

**Figure II.8**  
Latin America (14 countries):  
completion of secondary  
education among young  
people aged 20 to 24, by  
sex and area of residence,  
around 2002 and 2014<sup>a</sup>  
(Percentages)



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

<sup>a</sup> Simple average of the figures for the following countries: Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay and Peru.

### (a) Technical and vocational education and training: a key element in capacity building

To ensure that the new generations acquire the skills and competencies that the labour market of the future will require (see chapter III), a series of steps must be taken to improve the quality and relevance of education and coordinated actions must be adopted to ensure equality in educational opportunities and outcomes. Together with other elements, the new global trends that are transforming the world of work translate into an increase in the importance of technical and vocational education. This type of short-duration training facilitates the student's incorporation into specific niches of the job market, thereby enabling more effective transitions. Another advantage of this type of training is that it can allow the updating of technological skills to address the changes that are currently taking place and make the concept of lifelong education a reality (by allowing the commencement and conclusion of activities in the system to be certified) (Mercadante, 2017; Trucco and Ullmann, 2015).

Globally, there has been a renewed and increased interest in technical and vocational education and training as its potential for responding to the challenges of equity, productivity and sustainability has been acknowledged. Likewise, the 2030 Agenda for Sustainable Development assigns it a central role with the inclusion of a specific commitment to “ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university” (target 4.3). States

are thus explicitly urged to promote equal, quality access to this type of education and to increase the number of young people and adults who are equipped with technical and vocational skills for employment, decent jobs and entrepreneurship. In the Latin American and Caribbean countries, technical and vocational education and training is a fundamental part of the education supply at the secondary and tertiary levels. Because of its practical and hands-on nature, but most particularly because it can facilitate early transitions into the labour market, technical and vocational education and training is an attractive option, particularly for lower-income students. For that reason, compared to secondary school programmes that are more academic or general in nature, it is common to find a greater numbers of students from lower economic strata in this type of education.

A recent regional study by ECLAC (Sevilla, 2017) found that most of the countries have technical and vocational education initiatives in place, with some more comprehensive or structural than others. However, the emphasis placed on different levels within this type of education varies from one country to the next. In those countries where secondary school dropout rates remain high and consequently, completion rates remain low or moderate, the focus is on technical programmes in schools, including in lower secondary education (level 2 of the International Standard Classification of Education (ISCED)) (UIS/OECD/Eurostat, 2016).<sup>32</sup> In contrast, in countries with a greater demand for higher education on account of relatively high secondary completion rates, the emphasis is on technical education at the tertiary level, with only minor efforts deployed at secondary schools.

In structural terms and with only a few exceptions, the dominant method used for technical and vocational education and training in Latin American schools is the segmented model, in which it is provided in parallel to academic offerings. However, in contrast to the European countries, where separate schools generally exist for each type of education, it is common for the region's educational establishments to follow a mixed supply model and to offer both technical and general instruction. Another characteristic of the region is the relatively higher age at which the two types of education diverge: in most of the countries, technical and vocational education and training is offered exclusively in upper secondary schools (level 3 of the International Standard Classification of Education). The general trend in the region has been to delay the start of this type of education and, in some cases, to extend it for a year longer than academic studies. That notwithstanding, schools that provide technical and vocational education and training tend to cover both the lower and upper secondary levels, with which the choice of specialities available to students as they embark on the latter cycle is constrained by the range of offerings available at their schools.

Within higher education, technical and vocational education and training is generally provided by a diverse array of separate institutions that exist in parallel to universities and that, depending on their legal status, may offer different qualifications. With a few exceptions, however, these are recently introduced study programmes that are not yet well positioned among students or employers and whose effectiveness is still not known. The choice facing public policies for technical and vocational education and training is between treating it separately or seeing it as an integral part of higher education. Thus, the key is to include it in the measures implemented at that level but, at the same time, to acknowledge its specific nature: not only in discourse, but also through specific mechanisms and tools, particularly in terms of financing and quality assurance.

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<sup>32</sup> See *ISCED 2011 Operational Manual. Guidelines for Classifying National Education Programmes and Related Qualifications* [online] [http://www.oecd-ilibrary.org/education/isced-2011-operational-manual\\_9789264228368-en](http://www.oecd-ilibrary.org/education/isced-2011-operational-manual_9789264228368-en).

It is vital that technical and vocational education and training is interconnected with general and preparatory education, particularly at secondary schools. Instead of diverging from general education, it must complement it. It should not replace the acquisition of general skills, which are also essential to the enjoyment of full citizenship in modern-day societies.

The region's providers of this type of education are in general unable to forge close ties with businesses in order to coordinate technical and vocational education and training with the productive sector, which hinders the training of students in the workplace and the systematic involvement of employers in the development of training programmes. There are several reasons for this, including the absence of formal venues for bringing the education and business sectors together, which is more critical in countries where the governance of this type of education is institutionally fragmented. This perennial regional shortcoming requires an approach that goes beyond the constraints of national education ministries and that, to ensure its greater effectiveness, is embraced by higher authorities, so that other government portfolios can be involved.

One major challenge facing these programmes is the construction of a culture of innovation in schools and in the productive sector, particularly among the new generations, through training for an attitude that aims to achieve high quality production at lower costs, seeking the adoption of technological innovations. Technical and vocational education and training demands closer interconnections with public policies that support innovation and productive inclusion and encourage entrepreneurship and cooperativism (Mercadante, 2017).

This form of education can contribute to equality of opportunities in different areas and provide relevant and attractive learning alternatives. This requires equipping it with quality standards and excluding gender biases that limit women's access to and participation in specific areas of employment (Sepúlveda, 2017). Specific policies for disadvantaged groups are also needed, including those who drop out of the school system (Sevilla, 2017), as are affirmative action (and support) measures for young people who have been discriminated against and excluded, such as young people with limited resources, young indigenous and Afrodescendent people and young people with disabilities. The wage differentials found between employees with this type of training and those with general (or university) educations help explain why, historically, courses of this type have had low social status. This problem has been compounded by the creation of parallel exclusive systems, which limit access to continued higher studies by those who have received technical training. For that reason, it is vital that technical and vocational education and training is interconnected with general and preparatory education, particularly at secondary schools. Instead of diverging from general education, it must complement it. It should not replace the acquisition of general skills, which are also essential to the enjoyment of full citizenship in modern-day societies (Mercadante, 2017).

### **(b) Labour inclusion policies for young people: strengthening the link between the social and economic pillars of sustainable development**

Changes in the education system and greater capabilities among young people have to be accompanied by greater opportunities for decent work because, in spite of their higher levels of education and skills, it is young people who are most affected by today's unemployment, job instability, informal work and low wages. ECLAC (2017a) has stated that this contradiction—higher levels of education but weaker labour insertion—is particularly acute for young women and even more so by indigenous and Afrodescendent young women, and that such a precarious start to a career path can have a determining effect on their future prospects (OECD/ECLAC/CAF, 2016). Beyond the ethical imperative and the rights perspective, the capabilities of all young people must be put to use in the interests of economic efficiency, and this is particularly true of those who have traditionally faced discrimination and exclusion from the labour market, such as women, indigenous and Afrodescendent youth, young people with disabilities and the inhabitants of rural areas.

There are a wide range of policies, programmes and initiatives to promote the integration of young people into the world of work that operate within school systems, at the macroeconomic level and in the labour market (Gontero and Weller, 2015; Trucco and Ullmann, 2015). These initiatives seek to shape demand (through direct job creation programmes, company subsidies for the creation of jobs for youth and affirmative action measures for the hiring of young people, especially those facing multiple forms of exclusion and discrimination), to perform labour intermediation and, in particular, to impact the supply side of the equation. These programmes focus on training and education initiatives, including the development of soft skills, orientation workshops for the world of work and employment induction courses, the promotion of entrepreneurial initiatives and self-employment, public employment services or programmes, assistance for job seekers, and first job and employment promotion policies (see chapter III).

These programmes, however, tend to be limited in scope and, in general, they are only weakly linked to productive and economic policy. This weakness limits the positive achievements that can be attained: training and education are of little value if the labour market is unable to absorb the supply of workers or to generate decent work opportunities for young people, particularly those facing poverty and vulnerability or living in remote areas.

To facilitate the building of career paths based on decent work, labour inclusion policies for young people must go beyond training and strengthen the ties between the social and economic pillars of sustainable development. Thus, there is a need for integrated intersectoral policies that can act in concert in various fields (ECLAC, 2015b):

- Promotion of strategies to facilitate the transition from school to work.
- Increased formalization of work and access to social protection (including care).
- Consideration of the specific needs of young people, including those of young women, indigenous and Afrodescendent youth, young people with disabilities, migrant youth and young people living in rural or disadvantaged areas, since the effectiveness of those policies may differ in particular situations.
- Active involvement of young people and other relevant actors in programme design, implementation and monitoring.
- Promotion of youth entrepreneurship.
- Implementation of anti-discrimination and affirmative action measures to close the gaps caused by gender, disability and race and ethnicity in the areas of education and employment.
- Inclusion of youth and of topics relevant to young workers in collective bargaining and social dialogue processes.

Finally, for many young people in the region, international migration —both to countries that have traditionally received high numbers of Latin American and Caribbean migrants and to new destinations— will remain an important option for finding work. Given the current sensitive geopolitical context, it is especially critical that the rights of young migrants are protected, regardless of their legal status, in particular their right to education and professional training, to decent work and to social protection mechanisms.

### (c) Policies for reconciling studies, work and family and personal life

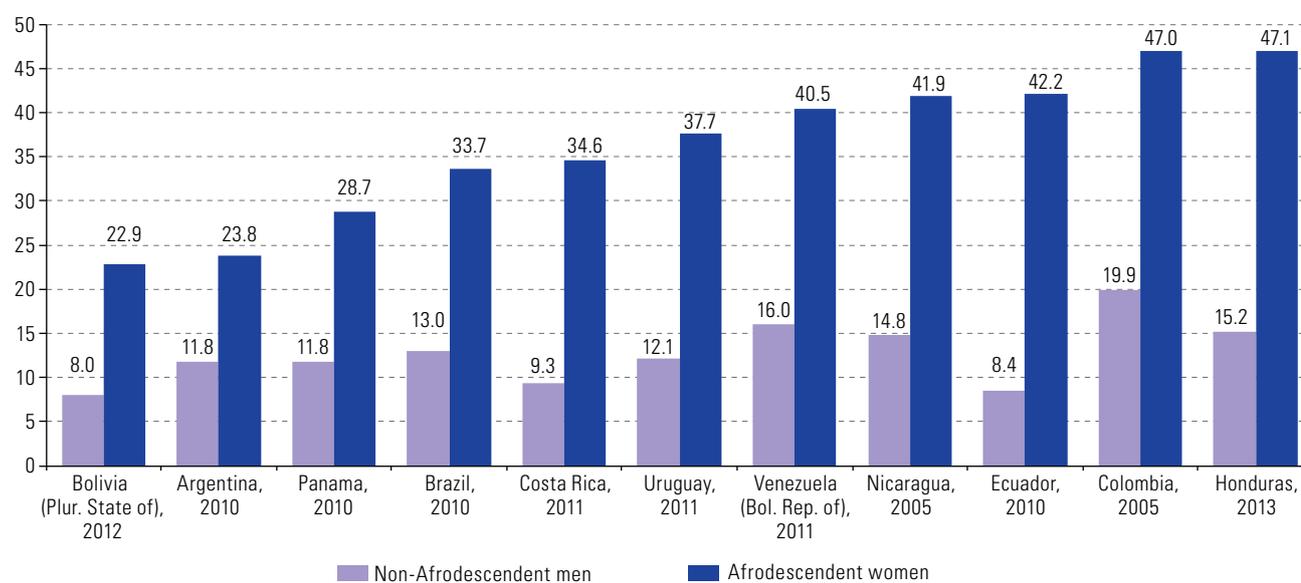
During youth, events take place that will shape adult life, such as the completion of studies, the acquisition of skills, the beginning of a career and, in many cases, the establishment of a partnership or family; moreover, these milestones frequently do not follow a linear path.

To facilitate the building of career paths based on decent work, labour inclusion policies for young people must go beyond training and strengthen the ties between the social and economic pillars of sustainable development. Thus, there is a need for integrated intersectoral policies that can act in concert in various fields.

In that context, one central challenge is responding to the need of young people to reconcile their education and work with their family and personal lives.<sup>33</sup> Women account for over 70% of the 30 million young Latin Americans who are neither studying nor employed in the labour market; in many cases, they left work or abandoned school because of motherhood and now face difficulties in returning to those activities, because of a lack of support for caring for their children: in other words, because of the high burden of unpaid domestic work they face (Trucco and Ullmann, 2015). If the racial dimension is taken into account, it is clear how gender and racial inequalities intersect. In 11 countries for which census data are available (2010 census round), a comparison between the proportion of young women of African descent who are neither studying nor employed and the percentage of young non-Afrodescendent men in that same situation reveals serious disparities: the figure for the former group is at least twice as high as that of the latter, as is the case in Argentina, rising to over five times higher in Ecuador. In most of the countries examined, the former group outnumbers the latter by a factor of between 2.5 and 4.0 (see figure II.9).

**Figure II.9**

Latin America (11 countries): Afrodescendent women and non-Afrodescendent men between the ages of 15 and 29 who are neither studying nor employed in the labour market, 2010 census round (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of population and housing censuses conducted in the respective countries.

On the one hand, this situation poses a major obstacle to young people's construction of career paths based on decent work and economic autonomy and constrains their ability to overcome situations of poverty, vulnerability and exclusion. On the other, it represents an enormous waste of productive resources in a region where increasing productivity and the capacity for innovation is of vital importance. Significantly reducing the number of young people in this situation demands integrated policies in the areas of education, the labour market and social protection, especially as regards the implementation of care systems. Particular note should also be made of the situation and specific reconciliation needs of the approximately 15 million young people who

<sup>33</sup> See the discussion on this point in Abramo (2013); Corrochano and Abramo (2016); Abramo, Abramo and Corrochano (2017).

both study and work, who often live in the most economically vulnerable households (Trucco and Ullmann, 2015).<sup>34</sup>

A number of mechanisms are available for achieving a better reconciliation between these different aspects of life:

- Developing ways to allow young parents to enrol in school, to continue with their studies or to return to education.
- Implementing or expanding care systems, designed not only for children but also for older persons and persons with disabilities, as an element in social protection systems.
- Establishing policies that promote joint responsibility in domestic work and care duties within the family.
- Expanding and respecting maternity and paternity leave, parental leave and leave entitlements and special study schedules for workers who also study, in accordance with the provisions of International Labour Organization Conventions No. 183 (Maternity Protection Convention of 2000) and No. 140 (Paid Educational Leave Convention of 1974).
- Increasing the flexibility of workday schedules for young students who also work, to prevent the expansion of informal and precarious jobs.
- Improving urban transport systems to facilitate and streamline travel between school, the workplace and home.

## 7. The exercise of the rights of children, adolescents and young people with disabilities in Latin America and the Caribbean

Article 1 of the Universal Declaration of Human Rights of 1948 proclaims that “all human beings are born free and equal in dignity and rights”. In the region, however, millions of children, adolescents and young people with disabilities experience discrimination and severe violations of their rights, including the denial of access to education, employment, health, recreation and participation, and this prevents them from attaining full development and reaching their maximum potential. They can also be victims of violence, including sexual violence, at the hands of family members or other persons.

Achieving the full inclusion of children, adolescents and young people with disabilities in all spheres of society is a pressing commitment. One of the main challenges faced by society as a whole in ensuring that those sectors of the population fully enjoy their rights is moving beyond the traditional concept of disability. According to the traditional view, which is disempowering, children with disabilities are seen as vulnerable individuals, without recognizing that circumstantial factors —such as poverty, discrimination and lack of accessibility— are what makes them vulnerable. That shift in perspective requires a far-reaching cultural transformation founded on truly valuing human diversity (Ullmann, 2017). As a society we have begun that process of transformation, and that can be seen, for example, in the progress made with adopting biopsychosocial and social approaches towards disability, but actions to combat discrimination and change the way in which we deal with differences are needed.

<sup>34</sup> Brazil's National Decent Work Agenda for Youth and National Decent Work Plan for Youth offers interesting examples of a comprehensive strategic frameworks to guide public policies and labour and business strategies in that direction. The Agenda, launched in 2011, was agreed on through a tripartite discussion process that involved the Federal Government of Brazil, trade unions and business organizations. For more details, see Abramo (2013), Corrochano and Abramo (2016) and Abramo, Abramo and Corrochano (2017).

Not only is exclusion from education at all levels a grave violation of the rights of children, adolescents and young people with disabilities, it also limits their opportunities for participation on an equal basis in other spheres of society. That exclusion is due to barriers to physical access (for example, to schools or transport services), barriers in the school context (for example, the absence of learning materials, of suitable teacher training or of adapted study plans), financial barriers and barriers of attitude among some teachers, students and parents. As the education cycle progresses, the participation of children, adolescents and young people with disabilities declines further. Access to education is further restricted for those living in rural areas and those from poor households. In addition, the possibilities for inclusion in education are largely dependent on the type and severity of the disability in question. Expanding access to all levels of education for children, adolescents and young people with disabilities must be made a priority. The benefits of including children with disabilities in schools alongside other children are undeniable: not only for their learning, literacy, increased autonomy and self-esteem and the impact all that can have on their future inclusion, but also because of its positive repercussions for the appreciation of human diversity among the students without disabilities.

The principles enshrined in the Convention on the Rights of Persons with Disabilities (2006) and the Convention on the Rights of the Child (1989) establish a clear framework for the rights of children, adolescents and young people with disabilities. Those instruments have been ratified by almost all the region's countries. At the national level, the countries have made progress with the institutional architecture for persons with disabilities (Ullmann, 2017). In turn, the 2030 Agenda for Sustainable Development takes a significant step forward in promoting the inclusion of children, adolescents and youth with disabilities and their rights, most particularly through its call to "leave no one behind." The most important Sustainable Development Goals for this segment of the population are SDG 4 (ensure inclusive and equitable quality education and promote lifelong learning opportunities for all), SDG 8 (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), SDG 10 (reduce inequality within and among countries), SDG 11 (make cities and human settlements inclusive, safe, resilient and sustainable) and SDG 17 (strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development).

## 8. Unpaid domestic work and care provision: a barrier to the inclusion of the region's girls and young women

Unpaid domestic work and care duties are currently one of the main obstacles constraining the rights of girls and young women and undermining gender equality in Latin America and the Caribbean. Although data are scarce, recent estimates indicate the magnitude of the disparity in the number of hours devoted to unpaid domestic work by boys and girls (Céspedes and Robles, 2016). In Brazil, for example, while girls between the ages of 15 and 17 spend an average of 15 hours a week on unpaid work in the home, the corresponding figure for boys is six hours.

The phenomenon is seen most sharply among girls and young women from low economic strata, of indigenous or Afrodescendent origin and those living in rural areas. Its negative effects are felt in numerous aspects of life. For example, unpaid domestic work and care duties interfere with the right to leisure, which is recognized in article 31 of the Convention on the Rights of the Child. More than a mere legal wrong, this imposes a limitation both on personal growth and on creation, recreation and participation in society. At the same time, although in general terms girls enjoy slightly higher levels of access to education than boys, in certain contexts cultural inertia can also threaten

their right to education. This can be seen most markedly among some indigenous peoples in the rural zones of certain countries, where lower school attendance rates among girls are associated with a greater burden of unpaid domestic work (Céspedes and Robles, 2016). The harmful consequences of this type of work are exacerbated when girls are required to work in homes other than their own. Such cases equate to domestic child labour, which in some countries is considered to be one of the worst forms of child labour, as defined in the Convention concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (International Labour Organization Convention No. 182); girls in such situations can be made to endure gruelling workdays, in addition to being exposed to physical and sexual violence.

The harmful impact on the future development of girls and young women accentuates the gravity of the situation. Unpaid domestic work is one of the first links in the long chain of gender inequality and one of the main factors in the reproduction of inequalities within society (ECLAC, 2017a). Its unequal distribution affects the future career paths of girls and young women, as in many cases it prevents them from completing their education and, consequently, affects their integration into the labour market. Moreover, from the earliest age it reinforces traditional gender roles that may determine girls' future work prospects and can perpetuate gender dynamics that assign women the role of caregivers, even though they may want to enter the job market.

For young women, unpaid domestic work and care duties are associated with early motherhood, a phenomenon with a strongly stratified social dimension in the region (ECLAC, 2017a).<sup>35</sup> In the absence of affordable, quality care services or of mechanisms to facilitate their integration or reintegration into school or employment, many of these adolescents and young women see their future development prospects thwarted and they join the ranks of those young people disengaged from both education and the labour market.

To date, progress on this topic has been modest. However, the region is expected to move forward following the inclusion of various aspects of the issue in the 2030 Agenda for Sustainable Development: SDG target 5.4 explicitly refers to unpaid care and domestic work, to recognizing and valuing it and to promoting shared responsibility within the household and the family; target 8.6 refers to substantially reducing the proportion of youth not in employment, education or training; and target 8.7 includes, among other things, ending child labour in all its forms.

Attaining these objectives presents a number of challenges. For research purposes, comprehensive statistical information on unpaid domestic work must be obtained.<sup>36</sup> That is the only way in which the rights of girls and adolescents can be understood and effectively protected. As regards cultural considerations, given that unpaid work by girls is rooted in the persistence of gender roles and stereotypes, changes consistent with the goals sought must be sought. Teaching methods and specific study materials must contribute to ending the intergenerational transmission of patriarchal traditions and customs and, at the same time, wide-ranging outreach interventions designed to deconstruct gender stereotypes must be developed. The region's young people are more familiar with digital technologies than the generations that preceded them, and the use of social communications media is a mechanism for promoting those changes as well as a venue for building identities and citizen participation (ECLAC/UNFPA, 2012). In the public policy area, investment in care policies is a good starting point, given that

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<sup>35</sup> In that connection, the fact that Latin America and the Caribbean is the only region of the world to report increases in childbirth among girls aged under 15 is a cause for particular concern (UNFPA, 2013).

<sup>36</sup> Latin America and the Caribbean have made significant progress in that direction through time-use surveys. Currently, 19 of the region's countries have such instruments, which is undeniably a major step forward towards meeting target 5.4 of the 2030 Agenda for Sustainable Development (ECLAC, 2017a). However, some of the countries of the English-speaking Caribbean have not yet conducted such surveys and should step up their efforts in that regard.

affordable, quality care services help distribute the burden of those activities within society. That amounts, essentially, to freeing economically disadvantaged households from those tasks, thereby reducing the time girls in those households are forced to devote to domestic work.

## 9. Disasters and social policies that involve children, adolescents and youth

Although the limited statistical information available makes it difficult to estimate with precision the number of children, adolescents and young people affected by the growing number of disasters occurring in Latin America and the Caribbean, it has been established that in the region's countries, those segments of the population —particularly those living in situations of poverty— are highly vulnerable to such events.

Although the limited statistical information available makes it difficult to estimate with precision the number of children, adolescents and young people affected by the growing number of disasters occurring in Latin America and the Caribbean, it has been established that in the region's countries, those segments of the population —particularly those living in situations of poverty— are highly vulnerable to such events. Disasters cause losses of life, injuries, disease, forced migration, damage to infrastructure, trauma provoked by panic and the stress of experiencing a catastrophic event, the disruption of everyday lives by being forced to move house and change school, and lower levels of nutrition (ECLAC, 2014b). Moreover, disasters force families —particularly those living in poverty— to make decisions that could have an adverse long-term effect on their children, adolescents and young people, such as removing them school or reducing health-care spending, which in turn contribute to reinforcing the intergenerational reproduction of poverty (Hallegatte and others, 2017).

In Latin America and the Caribbean, ministries of social development and other government agencies with similar responsibilities have begun to link social protection programmes and policies to their agendas for disaster risk management and climate change adaptation and, in so doing, to address, with a long-term perspective, the interdependencies that exist between those phenomena and poverty and vulnerability. While not necessarily adopting specific measures for children, social development agencies are building disaster prevention and response mechanisms and making efforts to coordinate their actions with other sectors that involve children (Cecchini, Sunkel and Barrantes, 2017).

Social protection programmes support families' means of subsistence and thus reduce the vulnerability of their members —including children, adolescents and young people— to disasters. Some of the social protection instruments that have been specifically used in public responses to emergency and disaster situations include programmes that trigger special mechanisms for cash or in-kind transfers, public job programmes that are activated when an emergency is officially declared and housing reconstruction support programmes (Cecchini, Sunkel and Barrantes, 2017).

Despite that progress, challenges still remain in coordinating disaster-related social protection policies with other sectors. In particular, there are challenges in interconnecting and coordinating social protection policies with disaster risk management efforts, given that in some instances the linkages arise incidentally or only after a disaster has occurred. Furthermore, these contacts among sectors often do not specify how the rights and priorities of children and adolescents are to be made explicit (UNICEF, 2014), which limits the impact of public policy measures on that segment of the population.

Principle 8 of the Declaration of the Rights of the Child of 1959 states that “the child shall in all circumstances be among the first to receive protection and relief”. Likewise, under the 1989 Convention on the Rights of the Child of 1989, children have inalienable rights in all circumstances —including, of course, disaster situations, when they are most at risk— as well as the right to participate in decisions that affect their lives (UNICEF, 2016b).

More recently, in 2011, through consultations with more than 600 children in 21 countries in Africa, Asia, the Middle East and Latin America, the Children's Charter for Disaster Risk Reduction was drawn up. In that Charter, the children themselves identified five disaster response priorities: (i) schools must be safe and education must not be interrupted, (ii) child protection must be a priority before, during and after a disaster, (iii) children have the right to participate and to access the information they need, (iv) community infrastructure must be safe, and relief and reconstruction must help reduce future risk, and (v) disaster risk reduction must reach the most vulnerable.

To summarize, social protection strengthens the capacity for response and reduces vulnerability, and it therefore represents a vital public policy for dealing with disasters, before, during and after they occur. In particular, social protection can assist disaster prevention, mitigation and recovery, and it has a direct impact on the well-being of children, adolescents and young people, in that it situates families in a better position for confronting shocks and crisis situations (UNICEF, 2012). However, in order to realize that potential, it is necessary to promote the inclusion, in the design of policies and programmes, of the unique experiences that children have during disasters, through their active participation as subjects of rights (UNICEF, 2016b). It is equally essential to ensure the rights of children, adolescents and young people who are at particular risk at times of disaster, such as those living with a disability.

## 10. The importance of addressing the institutional challenges of implementing comprehensive policies

This chapter's discussion of some of the social policies for children and young people shows that the region's countries are actively implementing policies to address the risks and vulnerabilities that affect this segment of the population and to help ensure their rights. But that alone is not enough: those policies must act in a coordinated and complementary manner between themselves and with economic policies, to ensure the development of the capacities and potential of all children, adolescents and young people, whose needs demand sustained and systematic comprehensive attention to overcome the structural conditions that are at the root of poverty and inequality (Rubio, 2017).

Throughout this chapter, emphasis has been placed on the need for policies to respond, in a comprehensive and coordinated way, to the multiple dimensions of development in the early stages of the life cycle and, at the same time, to the multifaceted nature of poverty and inequality. This requires the coordination of State actions, both among sectors and between levels of government and throughout the different stages of young people's development. That is an extremely complex task.

Although it is true that institutions do not exist in a political or economic vacuum, and that each one of them has a history, an accumulation of capacities and practices and a culture of its own, an enabling institutional framework is an essential starting point. The institutional framework also largely determines the type, scope and effectiveness of the policies that can be implemented to promote children's comprehensive development and young people's inclusion in society (Trucco and Ullmann, 2015). In that regard, the countries of the region have made progress in three important aspects related to the institutional structure: (i) the regulatory framework, (ii) the existence of national policies or plans, and (iii) the agencies charged with coordinating the issue (ECLAC, 2017a; Trucco, 2017).

For example, the vast majority of the region's countries have public institutions dedicated to the needs of children, adolescents and young people. This institutional framework is still incipient and requires consolidation. As has been widely recognized, the

main challenge facing these nascent institutional structures is intersectoral coordination: essentially, the agencies' capacity to mobilize and interconnect with resources and programmes belonging to other bodies that, in sectoral terms, are not under their jurisdiction. With the aim of achieving intersectoral cooperation, in several countries the lead agencies for childhood-related matters are Children's Councils, which comprise various social ministries and, on occasions, private agencies and civil society actors (ECLAC, 2017a). In such cases, one major challenge is achieving sufficient leadership to coordinate the broad array of entities that make up those councils, in particular to put comprehensive systems for the protection of children's rights in place. In order to bolster their role, efforts must be made to avoid the isolation of these entities, ensuring that they are not solely devoted to vulnerable children or marginalized in the design, oversight and evaluation of policies for social protection, education, health and other issues of particular relevance to the child population (Morlachetti, 2013).

Various models are used for the government institutions responsible for matters relating to youth. Those institutions tend to be weak in terms of their human and financial resources and their capacity for coordination and political lobbying, compared with the strength of the related sectoral portfolios, such as education, labour and health ministries. National youth policies are managed by the corresponding coordinating agencies and, at the same time, the sectoral ministries tend to act independently on issues affecting young people. This fragmentation poses a significant obstacle to the implementation and follow-up of policies and, ultimately, to their efficiency.

There are several strategies that could serve to strengthen intersectoral coordination:<sup>37</sup>

- Systematizing and institutionalizing intersectoral coordination to ensure it remains stable over time. Relationships between institutions at the operational level occur between people; hence, the success of coordination and interconnection efforts often depends on individuals. This is a challenge on account of the frequent rotation of staff in the institutions that work in the area of children and youth. Therefore, intersectoral coordination practices must be systematized and institutionalized to provide stability and continuity. For this to take place, political support and leadership must be in place so the institutions can adopt intersectoral working practices.
- Adopting a shared vision, given that a harmonized approach to the issue and its possible responses helps guide actions and define roles.
- Systematizing experiences with the policies that have been used to coordinate the State's actions for the child population, particularly strategies for comprehensive early childhood, from the administrative point of view, to share lessons learned and disseminate methodological and technical developments relating to intersectoral coordination mechanisms that have been successful at both the national and territorial levels.<sup>38</sup>
- Implementing mechanisms that encourage fluid communications and tools and protocols that facilitate decision-making.
- Joint planning based on shared strategic objectives, instead of combining each institution's programmatic goals.

<sup>37</sup> This coordination must involve different sectors, including the mechanisms in place for the advancement of women and the promotion of gender equality and those working to promote the rights and equality of indigenous peoples and Afrodescendent populations, among others.

<sup>38</sup> For a summary of the lessons learned through the Chile Crece Contigo programme, see Cunill-Grau, Repetto and Bronzo (2015).

The overview of policies provided in this chapter underscores the fragmentation that exists not only among the institutions responsible for actions aimed at children and young people, but also among those responsible for actions targeting other stages in the life cycle. The institutions must therefore adopt models that include processes associated with the needs of people during the various stages of childhood as well as during the transition from childhood to adulthood, and they must ensure continuity with actions throughout the life cycle. At the same time, institutional tensions have been found to exist between an approach that seeks to promote the rights of all population groups from an intergenerational and life-cycle perspective and an approach that emphasizes the specific nature of the problems faced by children and adolescents and their rights (León, 2017).

Coordination at the subnational level is also a weakness of these institutions. State capacities and resources are unevenly distributed among different territories, and the coverage and quality of services is unequal. Clearly, this is a challenge that extends beyond social policy for children, adolescents and young people, but it must be addressed to ensure equitable development within countries. Because of it, there are worrying differentials in child and youth well-being between territories and, at the same time, the State has a reduced presence in those places that are most in need of interventions. The implementation and monitoring of policies at the territorial level faces serious challenges, including issues related to community engagement (León, 2017; Rubio, 2017).

Participation is a key component in strengthening institutions that encourages community ownership of programmes and it is an imperative of the rights-based approach in social policy. Moreover, engagement is a tool that can enrich policy design by drawing on communities' views and experiences and it is an end in itself, in that it strengthens the ties between society and the State. It is therefore vitally important to reach out to all the social groups involved, thereby raising their visibility and giving them a voice in programme design, and to ensure the participation in decision-making of both the parents and the children and youth themselves.

Institutions must adopt models that include processes associated with the needs of people during the various stages of childhood as well as during the transition from childhood to adulthood, and they must ensure continuity with actions throughout the life cycle.

## D. The imperative of safeguarding the progress made in expanding the rights of children, adolescents and young people

The path of sustainable development towards the prospect of equality is long and complex. But the first steps taken in that direction are decisive for any future progress. It is hoped that during the implementation of the 2030 Agenda for Sustainable Development, the region's countries will strengthen their commitment towards children and young people in order to build more inclusive societies based on opportunities and equality for all.

As stated in chapter I, the indivisibility of the economic, environmental and social dimensions of the 2030 Agenda requires the adoption of measures to reduce the shortcomings, structural gaps and rights violations that undermine the very notion of sustainable development. The social footprint of the current development model (poverty, inequality, vulnerability and violations of people's rights) becomes apparent at a very early age: as noted by ECLAC (2017a), the multiple inequalities that will shape the opportunities and potential achievements of children are already present at the beginning of life and they accumulate and are reinforced throughout the life cycle and from one generation to the next. Social policy interventions for children, adolescents and young

people are therefore vital to curb the deepening of that footprint and, simultaneously, to ensure the full exercise of rights, thereby laying the foundations for the full inclusion in society and employment of the population as they pass through those stages (see chapter III).

At a time when the remarkable progress the region has made with respect to the well-being of children, adolescents and young people is facing constraints or even the possibility of reversals, it is important to safeguard what has been achieved and to continue building on the broad accomplishments that have already been secured. While the region's progress on multiple social indicators over recent decades took place in a favourable economic context, it was also the result of government policies implemented in the economic, productive, social and labour market spheres, in a context when priority was placed on the eradication of poverty, the reduction of inequality and the promotion of inclusive social development on the public agenda and in general strategies for development (ECLAC, 2015b).

Just as the improved social indicators of recent decades were not only the result of favourable economic conditions, the current economic uncertainty does not necessarily have to lead to the adoption of fiscal austerity policies or reduced social investment, with the resulting deterioration of those indicators. The strong and active presence of the State and of the public is necessary to safeguard that social and economic progress and the expansion of the effective enjoyment of rights (ECLAC/ILO, 2017). Thus, the key to protecting current successes and future progress in child and youth well-being is action by the States to prevent reversals in investment and in policies addressing those stages of the life cycle.

It is particularly necessary to set the foundations for sustainable development through public social investment, the benefits to society of which widely exceed the initial costs by a wide margin. Not only will such investments transform the opportunities and the lives of children, adolescents and young people, they will also generate the economic and social returns needed to achieve sustainable development. The alternative is for a lack of investment to undermine the rights of that sector of the population and, in the long term, to result in losses of productivity through lower academic performance, weaker labour insertion, reduced economic participation and health-related problems. This would lead to higher public spending on health in the future, along with other repercussions (ECLAC, 2015b).

State-led action to counteract and correct structural inequalities in the development of children, adolescents and youth can keep disparities in opportunities and outcomes from being a determining factor and from sentencing those in such situations to a life of exclusion. In particular, there is a need for specific policies to guarantee the rights of those members of the population who face intersecting inequalities, together with strategies for achieving universal coverage. Addressing intersecting inequalities in the socioeconomic, territorial, gender, ethnic, racial and disability-related spheres is one of the main challenges of social policies that demand a differentiated and culturally relevant perspective. Attacking the root causes of multiple and intertwined exclusion is an imperative for social policy in the region.

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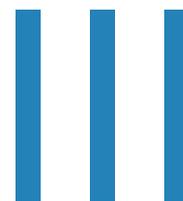
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# The dual challenge of social and labour market inclusion

## Introduction

- A. Situation and trends in dual social and labour inclusion
- B. Non-contributory social protection and its contribution to inclusion
- A. Role of labour and productive inclusion policies and programmes
- D. Changes in the world of work and new inclusion challenges
- E. Promoting social and labour inclusion

## Bibliography

Annex III.A1



## Introduction

In spite of progress over the past 15 years, Latin America and the Caribbean continues to be characterized by high levels of poverty, inequality and informality in the labour market. In 2014, 28.2% of the population was living in income poverty and 46.4% of urban workers were employed in low-productivity sectors. Moreover, the regional average for the Gini coefficient of income concentration —measured on the basis of household survey data— has remained among the highest in the world: it was 0.469 in 2015 (ECLAC, 2016a and 2017).

To meet the development challenges facing Latin America and the Caribbean, simultaneous routes need to be taken to significantly reduce the different dimensions of the structural inequality characterizing the region, which is underpinned by a highly heterogeneous and poorly diversified production structure and a highly unequal distribution of assets. These dimensions include overlapping and interconnected socioeconomic, gender, racial, ethnic and territorial inequalities throughout a person's lifetime, which are manifested in the various areas of social development and the exercise of rights: labour and production, health, food and nutritional security, education and culture, social protection, access to basic services (including housing, power, safe water and sanitation), social protection and care, and political and civic participation. This chapter focuses on the dual challenge of social and labour market inclusion faced by households in Latin America and the Caribbean. It discusses the need to progress towards higher levels of inclusion and participation in the benefits of development and the exercise of rights, starting with the achievement of —at least— a basic level of well-being through universal access to quality social services, on the one hand, and access to decent job opportunities with social security coverage, on the other. Countries in the region have at their disposal a set of public policies to meet this dual challenge, which must be tackled in the light of the overlapping gaps identified in the matrix of social inequality in terms of socioeconomic status, gender, ethnicity or race, age and territory of residence (ECLAC, 2016d), as well as in the light of persistent decent work deficits and the far-reaching changes taking place in the world of work.

Meeting this dual challenge —which calls for a holistic, sustainable development approach that takes into account social, economic, productive and environmental policies— is critical, in particular for policies to reduce poverty and inequality. In fact, in recent years a number of countries in the region have developed comprehensive poverty reduction strategies aimed at linking cash transfers for families with children or older members with universal access to social services and the labour and productive inclusion of young people and adults of working age. This dual challenge also calls for collaboration and coordination between economic/productive and social institutions in order to promote inclusive growth. In particular, it calls for comprehensive action by ministries of labour and social development, as well as linkages with other public entities, including national mechanisms for women's advancement and, where appropriate, agriculture or environment ministries. It is vital to meet this dual challenge with an appropriate framework of social institutions and public policies to achieve sustainable progress in reducing poverty and social inequality in the region.

### A. Situation and trends in dual social and labour inclusion

The concepts associated with inclusion are vast and complex. The concept of social inclusion is eminently multidimensional and refers to the realization of rights, social engagement, access to education, health and care, access to basic infrastructure services, and the availability of material resources such as income and housing. It

requires a process of improving economic, social, cultural and political conditions for people's full participation in society, with both objective and perceived dimensions (ECLAC, 2008 and 2009; United Nations, 2016; Levitas and others, 2007). A continuum may therefore be said to run from very severe exclusion, in the case of those whose rights are mostly curtailed, to full inclusion, in the case of those who enjoy high levels of socioeconomic well-being and capacity to exercise their rights. What is certain is that where a person does not have a basic level of education or lives in a household with no access to basic services, the conditions for full social inclusion are lacking.

Labour market inclusion is a concept that relates directly to social inclusion, because decent work is one of the chief means for achieving it. As pointed out by ECLAC (2010, 2012a, 2014 and 2016a), work is the key to unlocking equality, personal development and economic growth. It is the cornerstone of integration and a fundamental mechanism for building self-reliance and personal dignity and expanding citizenship. However, this is not achieved through just any type of work: it must be decent work, as defined by the International Labour Organization (ILO, 1999) and set out in Goal 8 of the 2030 Agenda for Sustainable Development (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all). The concept of decent work refers to the promotion of opportunities for women and men to obtain high-quality, productive work, in conditions of freedom, equity, security and human dignity. It is a multidimensional concept integrating the quantitative and qualitative dimensions of work. It proposes measures aimed not only at job creation and at tackling unemployment but also at eradicating forms of work that generate insufficient income for individuals and their families to overcome poverty, or which are based on unhealthy, dangerous, unsafe or degrading activities and so help to reproduce inequality and social exclusion. It affirms the need for employment to be associated with social protection and the full observance of rights at work, including the right to representation, freedom of association and the right to organize and bargain collectively (ILO, 1999; Rodgers, 2002; Abramo, 2015; ECLAC, 2015).

The concept of dual social and labour inclusion captures, on the one hand, the need to ensure a basic level of well-being for the entire population, by providing universal access to education, health and social protection (including care policies and services) and access to basic infrastructure (energy, drinking water and sanitation), irrespective of household income or other characteristics. On the other hand, it captures the need to ensure that people can accede to decent paid work, with quality jobs that provide them with stable income and access to social protection.

This section operationalizes the concept of dual social and labour market inclusion, inspired by the work of Martínez and Sánchez-Ancochea (2013) and Angulo and Gómez (2014), and analyses the situation in the region on the basis of data from household surveys in order to identify trends in 17 Latin American countries over the period from 2002 and 2015.<sup>1</sup> This analysis complements those traditionally conducted by the Economic Commission for Latin America and the Caribbean (ECLAC) on poverty and income inequality and allows for the effects of country public policy actions to be taken into account, for example, in relation to expanded access to basic services, education and contributory social protection. This analysis considers households and their members to have achieved a minimum threshold of well-being, fostering social inclusion, when a set of basic needs relating to education and basic services is met; if a household and its members do not meet all these basic needs, they are considered

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<sup>1</sup> Taking a normative approach, Martínez and Sánchez-Ancochea (2013) developed the concept of "double incorporation", referring to a simultaneous process of job creation ("market incorporation") and expansion of social services ("social incorporation") leading to greater well-being. Angulo and Gómez (2014) applied the same concept to Colombia.

not to have achieved a minimum threshold of social inclusion.<sup>2</sup> Moreover, households are considered to be in a situation of minimum labour market inclusion if they include at least one adult aged 18 years or over who is employed and has access to social security (enrolled in a pension or health scheme, or both) or one older person receiving a retirement benefit (contributory pension).<sup>3</sup> A household is considered to be in a situation of minimum dual inclusion if it has achieved both social and labour market inclusion.<sup>4</sup>

Given the complexity of the concepts of social and labour inclusion noted above, it is acknowledged that there are limitations in measuring them using a small number of variables, such as those relating to the satisfaction of certain basic needs (in relation to education and access to basic infrastructure) in the case of social inclusion. Labour market inclusion relates to the concept of decent work, although the latter refers to a set of labour rights and working conditions that are much broader than the indicators used in this report make it possible to measure.<sup>5</sup> However, even with those limitations, the indicators used retain two fundamental elements of labour inclusion: access to employment (to be in work) and to social security, which in turn relates to other rights, including a formal contract of employment, paid holiday entitlement, defined working hours, sick leave, and maternity and paternity protection (ECLAC, 2016a).

Based on an analysis of household surveys, fewer than 3 in 10 households in Latin America are in a situation of dual inclusion, that is to say, minimum levels of simultaneous social and labour market inclusion. As a simple average of countries in the region, the percentage of households in a situation of minimum dual inclusion increased from 20.4% in 2002 to 28.6% in 2015, while the percentage of households in a situation of dual exclusion fell from 44.1% to 33.3% in the same period. As a result, the difference between dual-exclusion households and dual-inclusion households shrank from 23.7 percentage points in 2002 to only 4.6 percentage points in 2015. In absolute terms, 56.5 million households (a total of 172.5 million people) had achieved those minimum levels of dual inclusion in 2015, while 39.2 million households (145.6 million people) were in dual exclusion in the same year.<sup>6</sup> Dual inclusion trends can be explained

Fewer than 3 in 10 households in Latin America are in a situation of dual inclusion, that is to say, minimum levels of simultaneous social and labour market inclusion.

<sup>2</sup> The satisfaction of basic household needs is measured as follows, according to the availability of information in the continuous household survey programmes of countries in the region: (i) children of primary and secondary school age who attend school; (ii) children of primary and secondary school age who are not lagging three or more years behind their peers; (iii) adults between the ages of 18 and 64 who have completed lower secondary education; (iv) adults aged 65 who have completed primary education; (v) access to an improved drinking-water source; (vi) access to improved sanitation; (vii) access to electricity. Access to water and sanitation is measured differently, depending on whether households are located in an urban or rural area. This exercise does not include indicators relating to nutrition and health owing to the limitations of household surveys in this respect. For more information on indicators of basic needs and on multidimensional poverty measurement, see *Social Panorama of Latin America* (ECLAC, 2004, 2006, 2009 and 2013).

<sup>3</sup> This procedure can lead to an overestimation of the real extent of labour inclusion, and rather provides an indication of a minimum threshold of labour inclusion. As the analysis did not take household size into account, it is possible for there to be households considered as being a situation of labour market inclusion that have a high dependency ratio and/or whose dependants include, as well as children and older persons, adults working in insecure jobs in the labour market with no access to social security (Uthoff, Vera and Ruedi, 2006). In fact, worker enrolment in a social security scheme does not always guarantee access to benefits for family members. In Guatemala, for example, social security enrolment admits only female spouses and children up to the age of 7 to health care benefits. Lastly, while this analysis did not quantify the amount of retirement benefit received, it did carry out an exercise with the requirement that the retirement benefit would take the recipient above the monetary poverty line, the results of which did not show bigger differences.

<sup>4</sup> The fact that a household is in a situation of dual inclusion does not necessarily mean that its income takes it above the monetary poverty line.

<sup>5</sup> The Tripartite Meeting of Experts on the Measurement of Decent Work, a meeting of government experts, trade union and employers' organizations and academics, held by the International Labour Organization in Geneva (Switzerland) in September 2008, defined ten possible dimensions for measuring decent work: employment opportunities; adequate earnings and productive work; social security; stability and security of work; decent hours; equal opportunities and treatment; combining work, family and personal life; work that should be abolished (child labour and forced labour); safe work environment; social dialogue and employers' and workers' representation. The methodology defined by the meeting included a set of indicators for the economic and social context, which determine the potential for creating decent work (Guimarães, 2012; Abramo, 2015; ECLAC, 2015).

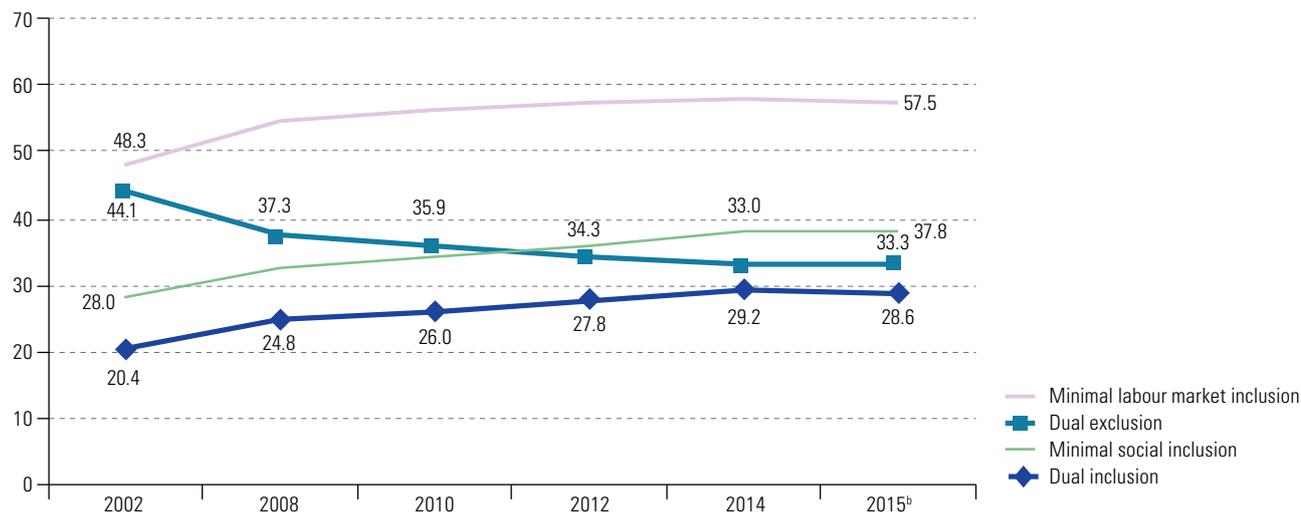
<sup>6</sup> The main reason why the number of households in a situation of dual inclusion outstrips the number of households in a situation of dual exclusion, in absolute terms, is advances made in Brazil, where, in 2015, there were 25.3 million dual-inclusion households, as compared with 11.5 million dual-exclusion households. In 2002, the reverse was true in Brazil where there were more dual-exclusion households (13.0 million) than dual-inclusion households (11.7 million).

by a steady increase in both social and labour market inclusion between 2002 and 2014, while preliminary data for 2015 show a slight drop in labour inclusion, mainly because of the performance of labour markets (see figure III.1).<sup>7</sup> Countries where available data have pointed to a downturn in the percentage of dual-inclusion households since 2012 are Argentina, Bolivarian Republic of Venezuela, Costa Rica and Guatemala (see table III.A1.1 in annex III.A1).

**Figure III.1**

Latin America (17 countries): proportion of households in a situation of dual labour market and social inclusion (minimum levels), 2002-2015<sup>a</sup>

(Percentages)



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

<sup>a</sup> Simple averages. The countries included are: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay and Venezuela (Bolivarian Republic of).

<sup>b</sup> Estimates.

The regional analysis masks wide differences between countries, which, to a large extent, reflect the development of their welfare state. In 2014, more than half of households in three countries (Argentina, Chile and Uruguay) were in a situation of simultaneous social and labour market inclusion, while at the other extreme, in two countries (Guatemala and Honduras), the percentage of dual-inclusion households was under 10%. The three countries in the first group are characterized by moderate well-being gaps, with relatively high levels of coverage of their education, health and social security systems, while countries in the second group have wide well-being gaps and their labour markets are characterized by low levels of formal employment and weak education and health systems (Cecchini, Filgueira and Robles, 2014; ECLAC, 2016a). However, it is worth mentioning the case of Plurinational State of Bolivia, a country with significant well-being gaps, which achieved the biggest increase in the proportion of dual-inclusion households between 2002 and 2014, not only in percentage terms (203.8%) but also in the number of percentage points (16.1).<sup>8</sup>

<sup>7</sup> The universe of analysis was: dual inclusion (a situation in which 28.6% of Latin American households found themselves in 2015), dual exclusion (33.3%), social inclusion (9.2%) and labour market inclusion (28.9%).

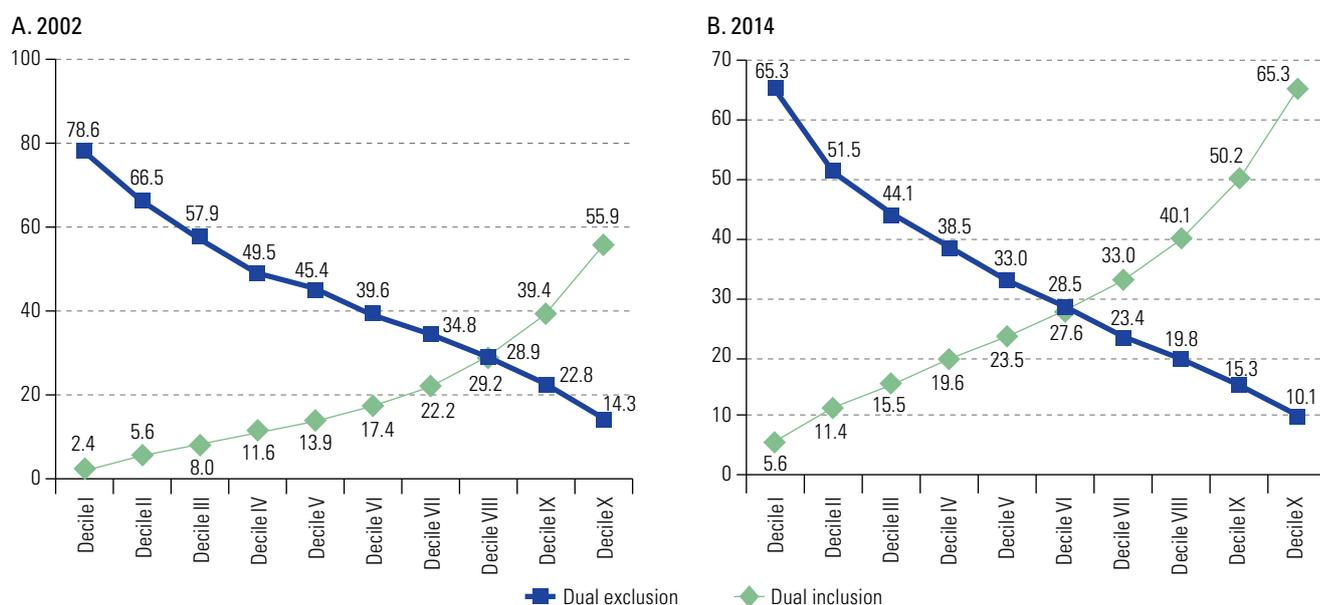
<sup>8</sup> The factors explaining this progress by the Plurinational State of Bolivia include a substantial improvement in school attendance and a reduction in educational lags, as well as better access to water and sanitation (especially in rural areas).

When adopting a social inequality matrix approach (ECLAC, 2016d) and the perspective of the 2030 Agenda for Sustainable Development and its pledge that “no-one will be left behind”, it is evident that people face different barriers to social or labour market inclusion depending on such characteristics as socioeconomic status, gender, ethnicity or race, territory of residence and age. Below, the indicator of dual inclusion is disaggregated according to some of these dimensions.

First, the data on dual inclusion and dual exclusion were disaggregated by household income decile. As expected, this reveals a positive relationship between levels of inclusion and household income. Between 2002 and 2014, the biggest reduction in dual exclusion in terms of percentage points is seen to occur in the first decile (where the percentage fell from 78.6% in 2002 to 65.3% in 2014) and in the second decile (where it fell from 66.5% to 51.5% in that same period). Another point of note is that, while in 2002 dual inclusion outstripped dual exclusion only as from the eighth decile, in 2014 this occurred in the sixth decile (see figure III.2).

**Figure III.2**

Latin America (17 countries): proportion of households in a situation of dual social and labour market inclusion (minimum levels) and dual social and labour market exclusion, by income decile, 2002 and 2014<sup>a</sup> (Percentages)



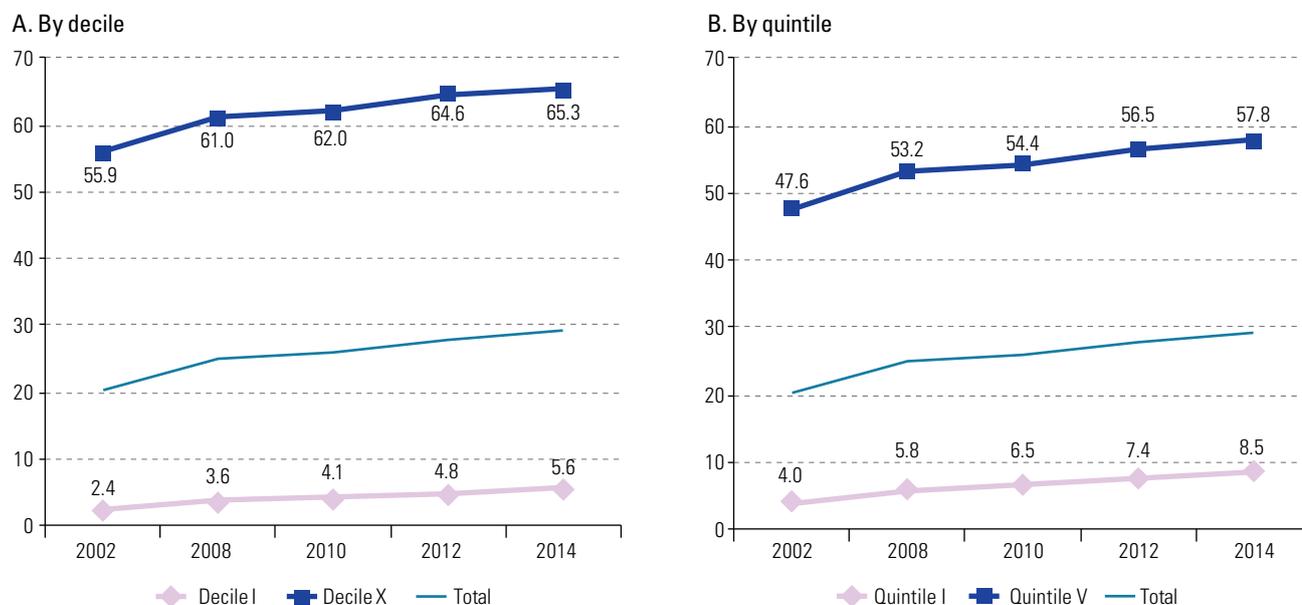
**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

<sup>a</sup> Simple averages. The countries included are: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay and Venezuela (Bolivarian Republic of).

An examination of dual inclusion trends in the lower and upper tails of the distribution over time reveals an improvement in the dual inclusion index in both the lowest-income decile and the highest-income decile. An analysis by quintile shows a similar trend (see figure III.3). However, very large gaps remain between the lower- and higher-income strata. It is a matter of grave concern that less than 10% of the households in the bottom fifth of the income scale had achieved those threshold levels of dual inclusion, in the 2014 figures.

**Figure III.3**

Latin America (17 countries): proportion of households in a situation of dual social and labour market inclusion (minimum levels), by income decile and quintile, 2002-2014<sup>a</sup>  
(Percentages)



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

<sup>a</sup> Simple averages. The countries included are: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay and Venezuela (Bolivarian Republic of).

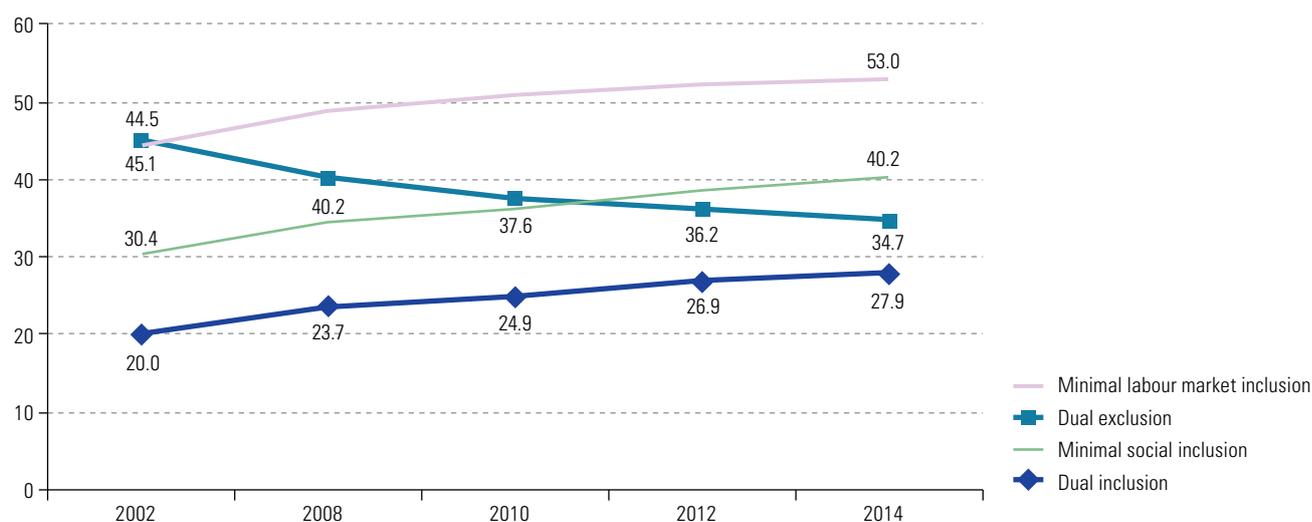
Second, an analysis was made of trends in dual inclusion among single-parent households headed by a woman, a family type that has increased in importance in Latin America in recent decades, especially among the poorest sectors of the population (Ullmann, Maldonado and Rico, 2014). Levels of dual inclusion among single-parent, female-headed households were below the national average over the entire period analysed (in 2014, the difference was 1.3 percentage points less than the average for such households) (see figure III.4). This difference stems mainly from persistent entry barriers to the labour market and to formal jobs for a significant proportion of the female population. These are caused largely by unequal distribution of time between women and men, which is more pronounced in the lower income quintiles and severely limits women's opportunities to engage in paid work (ECLAC, 2016a), and by processes of gender-based occupational segmentation and direct discrimination. As a result, labour market inclusion among single-parent, female-headed households is 5.1 percentage points below the national average, a trend that is partially offset by higher levels of social inclusion, mainly owing to better education-related indicators.

Third, a situation analysis based on households' area of residence reveals that dual inclusion is still a distant reality for the vast majority of the rural population (see figure III.5). This stems from lack of access to basic infrastructure, low levels of education and lack of labour protection. In the region, social security enrolment among rural workers is significantly lower than among their urban peers. In part, this stems from different forms of production organization and different labour market characteristics (for example, in rural areas not only are rates of paid employment lower but official country statistics fail to consider as work a range of productive activities carried out mainly by

women). A further factor is that existing social protection systems were structured on the basis of models that excluded rural sectors or were highly segmented according to type of employment (Rossel, 2012). To address this situation, countries such as Brazil have taken significant strides through major programmes to provide basic infrastructure (for example, the 'Cisterns' programme, aimed at ensuring a supply of water for both household consumption and production, and the 'Light for all' programme to expand electrification), as well as a programme for pension coverage in rural areas (*Previdência Rural*). It is largely thanks to this type of public policy that, despite the lag with respect to urban areas, the percentage of rural households in dual exclusion fell by a hefty 13.4 percentage points between 2002 and 2014.

**Figure III.4**

Latin America (17 countries): proportion of single-parent, female-headed households in a situation of dual social and labour market inclusion (minimum levels) or dual social and labour market exclusion, 2002-2014<sup>a</sup>  
(Percentages)



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

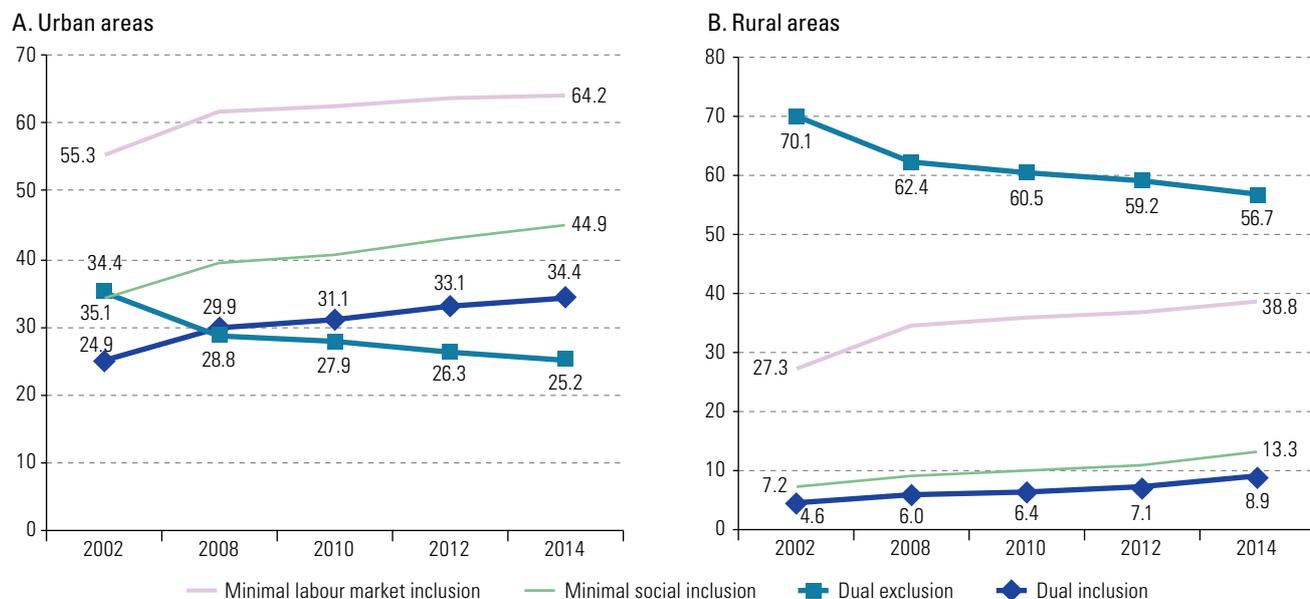
<sup>a</sup> Simple averages. The countries included are: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay and Venezuela (Bolivarian Republic of).

Apart from gaps between urban and rural areas, there are also wide gaps at other territorial levels, which are evident when comparing national averages of employed workers enrolled in and contributing to pension systems with the averages for administrative districts such as states, departments or regions (see figure III.6).<sup>9</sup> As discussed in ECLAC (2016d), there is severe territorial inequality within every country: the average dispersion of the percentage of employed workers enrolled in a pension system (measured across the range from the minimum to the maximum value) is 25 percentage points, while in Brazil and Mexico the range is more than 40 percentage points.

<sup>9</sup> For only two countries (Chile and Peru) it is possible to build both the enrolment indicator and the indicator of contribution to a pension system, while for the remaining countries, only one of the two indicators can be constructed. This stems from differences in the questions included in household surveys and in the persons interviewed.

Figure III.5

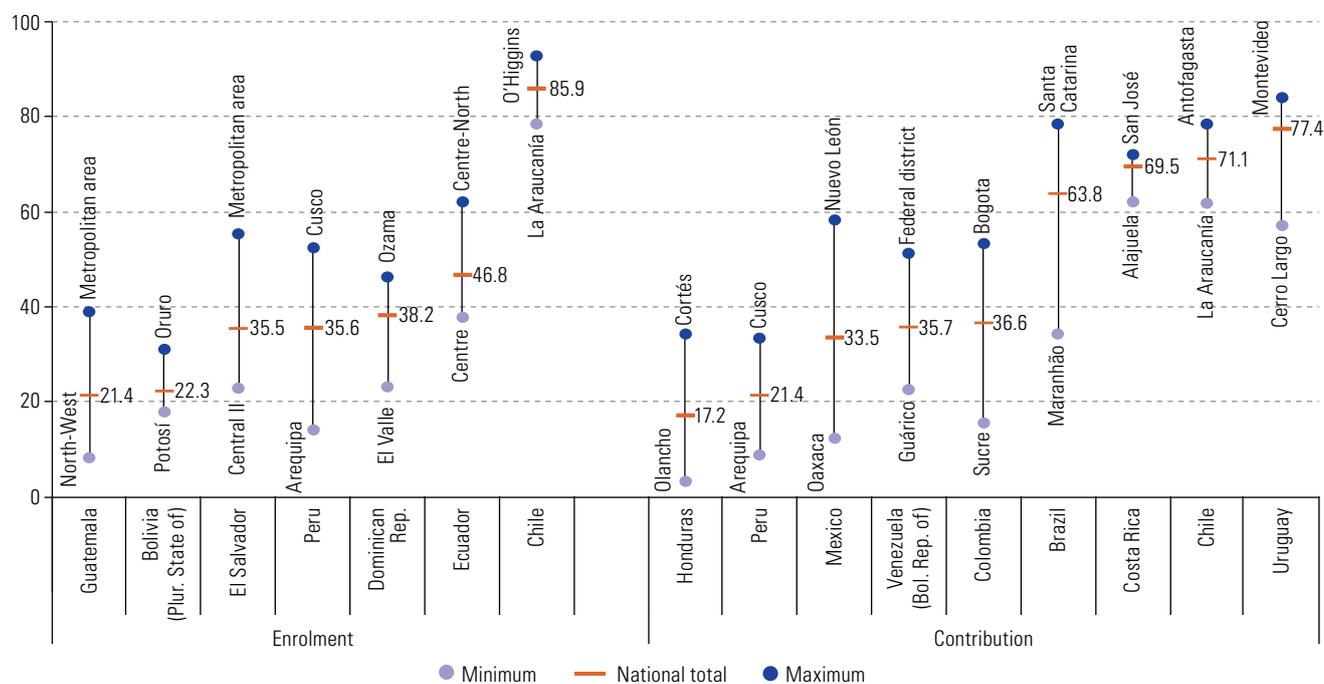
Latin America (17 countries): proportion of households in a situation of dual social and labour market inclusion (minimum levels) or dual social and labour market exclusion, by urban and rural areas, 2002-2014<sup>a</sup>  
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.  
<sup>a</sup> Simple averages. The countries included are: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Paraguay, Peru, Uruguay and Venezuela (Bolivarian Republic of).

Figure III.6

Latin America (14 countries): employed workers aged 15 to 64 enrolled in the pension system, national total and by territory (minimum and maximum values), around 2014  
(Percentages)

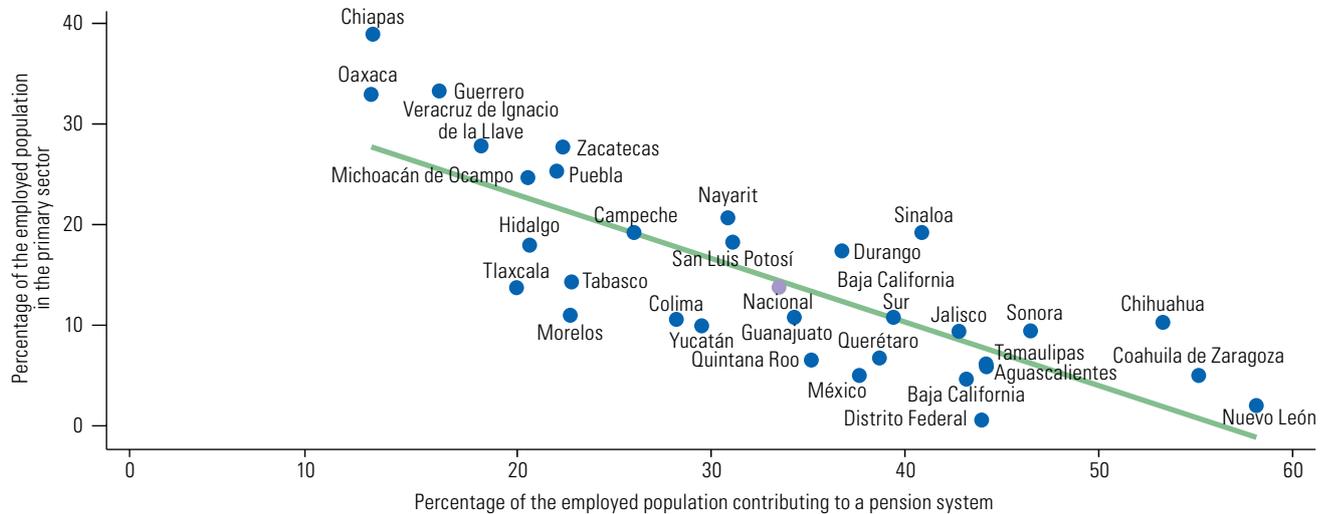


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

The case of Mexico shows how closely the territories' differing levels of pension contribution are linked with their production and demographic characteristics. A comparison of the percentage of the contributing employed population by federal entity with the percentage of the employed population working in the primary sector<sup>10</sup> shows that federal entities in southern Mexico, which have a higher proportion of agricultural activities, low population density (comprising mainly indigenous people) and a small urban population (Oaxaca, Guerrero and Chiapas), are those with the lowest percentage of the population contributing to a pension system (see figure III.7).

**Figure III.7**

Mexico: employed population working in the primary sector and employed population contributing to a pension system, by federal entity, 2014  
(Percentages)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from the National Household Income and Expenditure Survey (ENIGH).

Finally, an analysis was made of the most recent information available, for seven countries, on dual inclusion according to the ethnicity or race of the head of household. The data reveal much lower rates of dual inclusion, at the minimum levels used for this analysis, among the indigenous and Afrodescendent communities than in the rest of the population (see figure III.8), reflecting the structural gaps in well-being and exercise of rights between these communities and the non-indigenous, non-Afrodescendent population (ECLAC, 2016a and 2016d).

This section has shown that, over the past 15 years, countries in the region have progressed with the dual inclusion of their population, by implementing policies that have facilitated access to social services and basic infrastructure, as well as access to employment and social security. However, many challenges lie ahead, particularly in relation to the many inequalities characterizing Latin American and Caribbean societies.

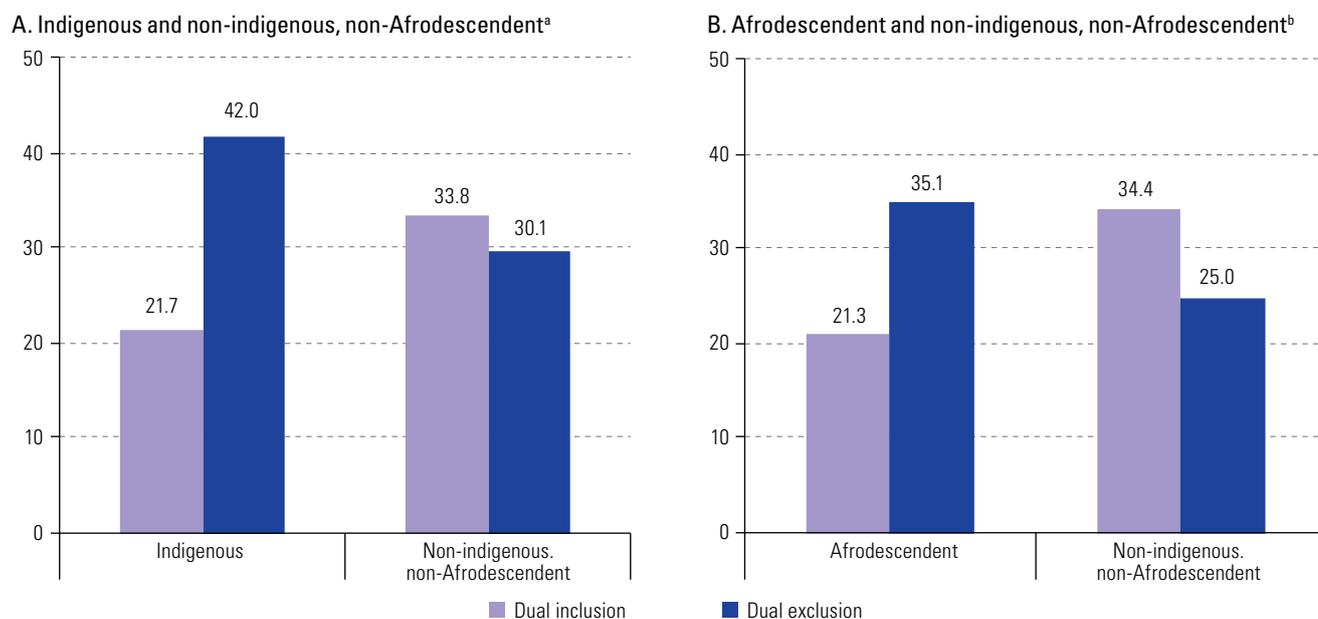
The following section analyses trends in coverage and investment in non-contributory social protection and discusses the alleged disincentives to labour market inclusion and formalization of non-contributory social protection.

Over the past decade and a half, countries in the region have progressed with the dual inclusion of their population, by implementing policies that have facilitated access to social services and basic infrastructure, as well as access to employment and social security.

<sup>10</sup> In Mexico, the primary sector includes agriculture, livestock breeding and rearing, forestry, fisheries and hunting.

**Figure III.8**

Latin America (8 countries): proportion of households in a situation of dual social and labour market inclusion (minimum levels) or dual social and labour market exclusion, according to the ethnicity or race of the head of household, around 2015 (Percentages)



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

<sup>a</sup> Simple average, on the basis of information from Bolivia (Plurinational State of), Brazil, Chile, Ecuador, Guatemala, Mexico, Peru and Uruguay.

<sup>b</sup> Simple average, on the basis of information from Bolivia (Plurinational State of), Brazil, Ecuador, Peru and Uruguay.

## B. Non-contributory social protection and its contribution to inclusion

While the analysis of dual social and labour market inclusion covers countries' efforts to expand universal education and basic infrastructure policies, as well as advances in access to employment and social security, it does not measure the non-contributory social protection component. However, the expansion of this social protection pillar in countries in the region— mainly through cash transfers to families with children (conditional cash transfer programmes) and to older persons (social pensions) —has been a major factor in improving the living standards of the poorest sectors of the population. Moreover, from the perspective of gaps and pillars in the linkages between the social and production spheres, it is necessary to consider some recent issues of debate regarding the relationship between non-contributory social protection and the labour market, in particular the alleged disincentives to labour supply and formalization of non-contributory social protection.

### 1. Trends in coverage and investment in conditional cash transfer programmes and social pensions

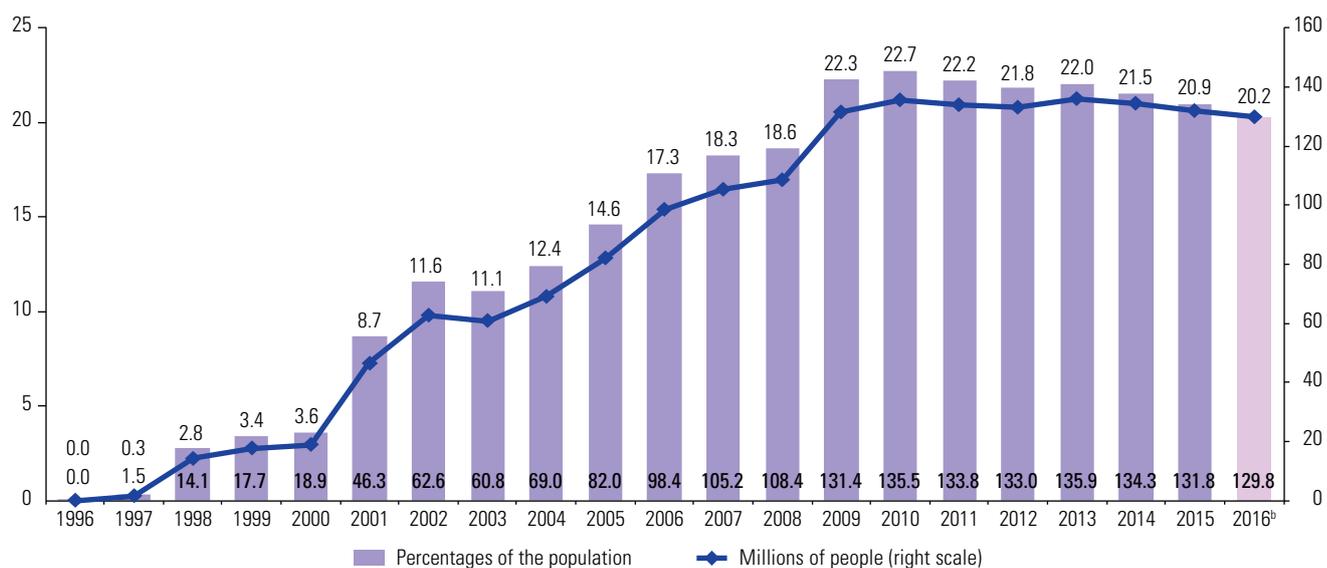
As mentioned in chapter II, for more than a decade after the late 1990s, countries in Latin America and the Caribbean increased the population coverage of conditional cash transfer (CCT) programmes and social pensions, as well as the resources invested in

them (see figures III.9 to III.12). CCT programmes provide cash transfers and services to poor households under certain conditions intended to improve their members' human capabilities (mainly in terms of education, nutrition and health), especially those of children and adolescents. At present, 29 million households in Latin America and the Caribbean, or 130 million people (one in five people in the region), receive government cash transfers through CCT programmes. The equivalent of 0.33% of regional GDP is invested in this, or 153 dollars per head (Cecchini and Atuesta, 2017). In addition, an estimated 24 million people, making up one third of the region's population aged 60 and over, receive some sort of social pension.

However, while countries in the region were able to continue expanding non-contributory social protection after the global economic and financial crisis of 2008 and 2009 by adopting a countercyclical policy, in recent years both coverage and aggregate regional investment in such programmes have declined. According to recent estimates, coverage and investment in CCT programmes stabilized after 2010 and decreased in 2014 and 2015, mainly as a result of lower coverage in Ecuador and Guatemala, as well as Brazil. Preliminary data for 2016 show a further decrease in the coverage of CCT programmes (Cecchini and Atuesta, 2017).<sup>11</sup> This is a worrying trend, as structural problems of poverty, inequality and exclusion persist in the region, calling for benefit amounts and coverage to be increased (ECLAC, 2015).

**Figure III.9**

Latin America and the Caribbean (20 countries): people in households participating in conditional cash transfer programmes, 1996-2016<sup>a</sup>  
(Percentages of the total population and millions of people)



**Source:** S. Cecchini and B. Atuesta, "Conditional Cash Transfer Programmes in Latin America and the Caribbean: Coverage and investment trends", *Social Policy series*, No. 224 (LC/TS.2017/40), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2017.

<sup>a</sup> The countries included are: Argentina, Belize, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, Trinidad and Tobago and Uruguay.

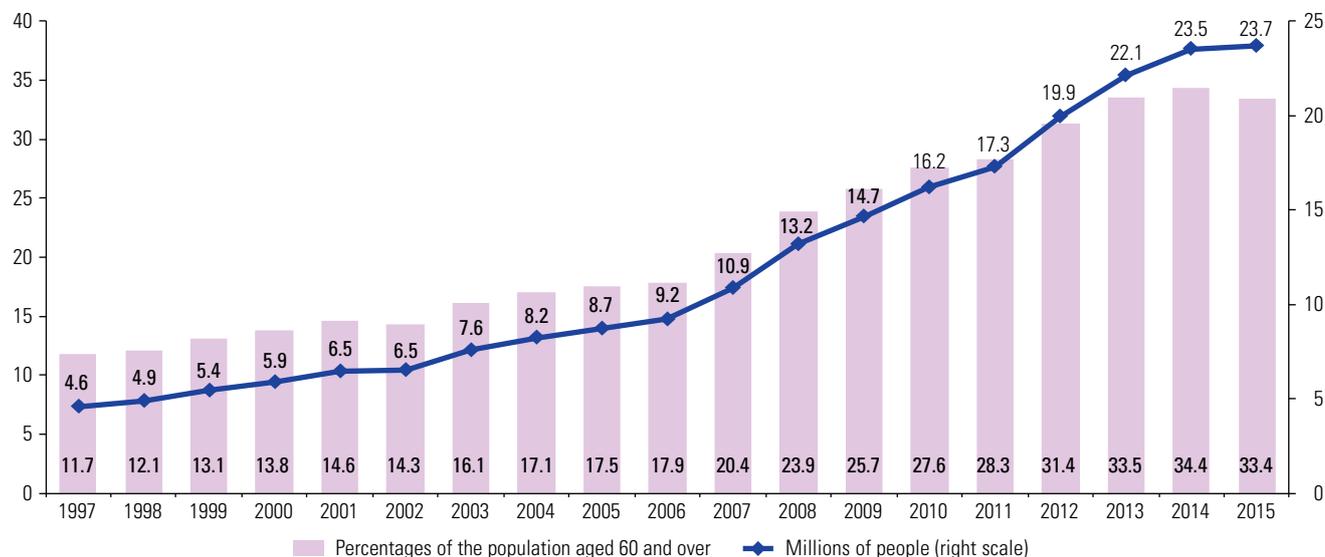
<sup>b</sup> Preliminary data.

<sup>11</sup> While, in the 2013-2015 period, the largest absolute decrease in the number of recipient households of conditional cash transfer programmes was in Ecuador and Guatemala, according to preliminary data, in 2016 the programme with the biggest drop in the number of recipient households was Brazil's *Bolsa Família* (Cecchini and Atuesta, 2017).

Figure III.10

Latin America and the Caribbean (15 countries): social pension coverage, 1997-2015<sup>a</sup>

(Percentages of the population aged 60 and over and millions of people)



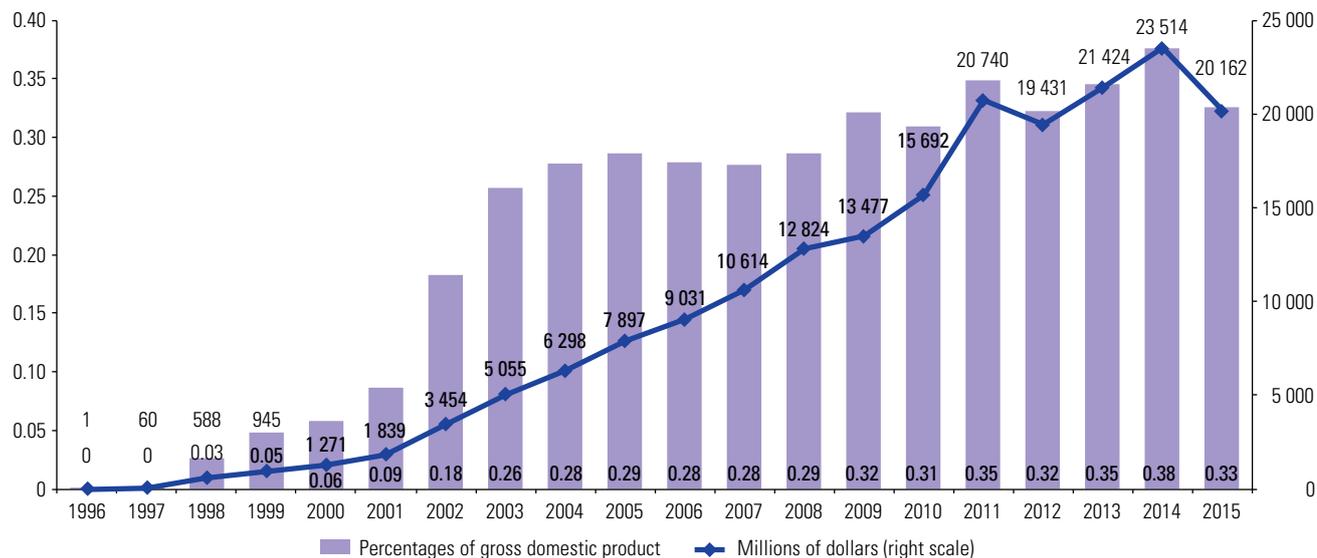
**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from Non-contributory social protection programmes in Latin America and the Caribbean database [online] <http://dds.cepal.org/bpsnc/index-en.php>.

<sup>a</sup> The countries included are: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay and Venezuela (Bolivarian Republic of).

Figure III.11

Latin America and the Caribbean (20 countries): public expenditure on conditional cash transfer programmes, 1996-2015<sup>a</sup>

(Percentages of gross domestic product and millions of current dollars)

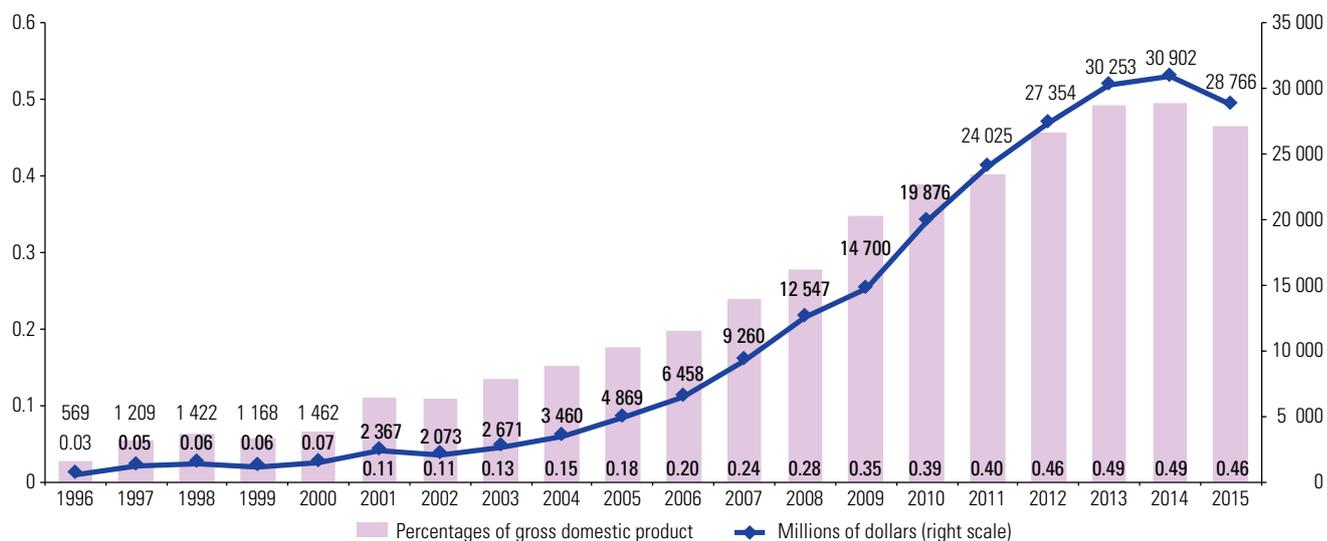


**Source:** S. Cecchini and B. Atuesta, "Conditional Cash Transfer Programmes in Latin America and the Caribbean: Coverage and investment trends", *Social Policy series*, No. 224 (LC/TS.2017/40), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2017.

<sup>a</sup> The countries include are: Argentina, Belize, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, Trinidad and Tobago, and Uruguay.

Figure III.12

Latin America and the Caribbean (15 countries): public expenditure on social pensions, 1990-2015<sup>a</sup>  
(Percentages of gross domestic product and millions of current dollars)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from Non-contributory social protection programmes in Latin America and the Caribbean database [online] <http://dds.cepal.org/bpsnc/index-en.php>.

<sup>a</sup> The countries included are: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, México, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay and Venezuela (Bolivarian Republic of).

## 2. Non-contributory transfers and labour supply

The effects of public policy on non-contributory social protection and its link with work have been a subject of intense debate. Some academic and political analysts argue that cash transfers for non-contributory social protection, such as those under CCT programmes and social pensions, not only create dependency rather than promoting individual effort, they also encourage workers to seek informal employment in order to avoid losing benefits. According to these arguments, non-contributory social protection serves as a disincentive to the labour supply of working-age adults from recipient families and therefore deters the labour market inclusion of people living in poverty and extreme poverty. It is argued that the transfers received by poor households dampen their zeal to seek employment because the transfers guarantee them a certain level of income.

Notwithstanding the economic theory that income transfers marginally reduce the supply of labour (ILO, 2010), such arguments are often associated with the view that people living in poverty are poor because of lack of effort, rather than owing to the structural problems and inequalities characterizing Latin American societies, particularly their labour markets. However, irrespective of the purported causes of poverty, it is hard to imagine that poor families receiving such cash transfers just sit back and do nothing because the transfer amounts are not very large in relation to the extreme poverty and poverty lines and most families have a limited capacity to cover their income deficit (ECLAC, 2015).<sup>12</sup> So, even when families receive government transfers, they will continue to rely on their own effort to break free from and stay out of poverty.

<sup>12</sup> In 2013, monthly transfers from conditional cash transfer programmes in the region ranged from a minimum of 1.2% of the poverty line and 2.0% of the extreme poverty line (in the Plurinational State of Bolivia) to a maximum of 46% of the poverty line and 83.8% of the extreme poverty line (in Uruguay) (ECLAC, 2015). Around 2008, the maximum transfer amount from conditional cash transfer programmes was equivalent to 39.9% of the monthly resource deficit of the poor urban population and 53.4% of the deficit of the poor rural population (Cecchini and Madariaga, 2011).

What is more, a large percentage of poor and extremely poor people living in Latin America are working in paid employment. The problem is that the income they earn for that work is insufficient to take them above the poverty and extreme poverty lines.<sup>13</sup> In other words, the reason why a large percentage of the poor are living in poverty is not that they do not work in paid employment but that their jobs are characterized by acute decent work deficits. Indeed, in 2013, labour income accounted for 74% of the total income of poor households and 64% of that of extremely poor households (ECLAC, 2015).

While arguments alleging disincentives to labour supply are still rife, they have been belied by the results of global and regional impact assessments. Randomized controlled trials in three countries in Latin America (Honduras, Mexico and Nicaragua), two in Asia (Indonesia and the Philippines) and one in Africa (Morocco) provide clear evidence that cash transfer programmes do not discourage labour force participation (Banerjee and others, 2016). In Latin America, too, impact assessments conducted in countries as diverse as Argentina, Brazil, Chile, Colombia, Honduras, Mexico, Nicaragua and Paraguay have found no empirical evidence of the existence of the alleged disincentives of CCT programmes to their recipients' labour market inclusion (Abramo, Cecchini and Morales, 2017; ECLAC/ILO, 2014).

In addition, some authors have shown positive synergies between such transfers and the employability of families receiving them (Hanlon, Barrientos and Hulme, 2010; Samson, 2009). In the case of Brazil's *Bolsa Família* (Family fund) grant programme, the proportion of job seekers was found to be significantly higher in households participating in the programme (Camilo de Oliveira and others, 2007) and that labour force participation rates in the lowest three deciles of income distribution were higher among programme recipients than among non-recipients (Medeiros, Britto and Veras Soares, 2008). In the case of Colombia, an evaluation of the *Familias en Acción* (Families in action) CCT programme showed that it has had a positive and significant impact on the employment rate in urban households, leading to a 3.2 percentage-point drop in the inactivity rate and a 0.7 percentage-point drop in unemployment. The programme has also led to an average 25% increase in per capita household income (Núñez Méndez, 2011).

The evidence regarding women's labour market inclusion is mixed (Holmes and others, 2010). In the case of *Familias en Acción*, Attanasio and Gómez (2004) found no statistically significant effects on the female labour supply or the number of hours worked. In Brazil, Camilo de Oliveira and others (2007) found that women participating in *Bolsa Família* had higher employment and job-seeking rates than non-recipient women. However, in some situations, women's labour force participation or the number of hours of paid work may be decreasing. In Argentina, a withdrawal from the labour market has been observed among female spouses in very low-income jobs (around 50 dollars a month) when they start receiving the universal child allowance for social protection (AUH) (Bustos, Trujillo and Villafañe, 2011).<sup>14</sup> In the case of *Bolsa Família*, Teixeira (2010) and Tavares (2010) found that women participating in the programme reduced their hours of paid work by around 4% and 10% respectively. De Brauw and others (2013) also showed that, in rural areas, men participating in *Bolsa Família* tended to increase the number of hours worked per week, while the proportion of working women decreased by 13 percentage points.

The gender-specific impacts of conditional cash transfer programmes stem from a number of reasons, which may vary from case to case depending on such factors as the design of conditionalities, the characteristics of local labour markets and the availability

There are positive synergies between such transfers and the employability of families receiving them. In the case of Brazil's *Bolsa Família* (Family fund) grant programme, the proportion of job seekers was found to be significantly higher in households participating in the programme.

<sup>13</sup> In Latin America, in 2013, a total of 17.1% of people in paid employment (almost one in five) were poor workers (4.9% extremely poor), meaning that their income was insufficient to take them above the poverty line (ECLAC, 2016a).

<sup>14</sup> It was also found that nearly 40% of the women withdrawing from the labour market upon gaining access to the universal child allowance for social protection (AUH) had been working in domestic service.

of care services and benefits (centres for the care of children, older persons, persons with disabilities and those with a chronic illness), as well as cash transfers for care and care leave. One reason is the time required to comply with programme conditionalities and the burden of responsibility this represents, which is assigned primarily to women (ECLAC 2013b, 2016c and 2017; Martínez Franzoni and Voorend, 2008).<sup>15</sup> According to an ECLAC study (2013b) based on data from time-use surveys in Ecuador and Mexico, women living in poverty who receive transfers under a CCT programme spend more hours per week on unpaid domestic and care work than poor women who do not participate in a CCT programme. This could be rectified if programmes were designed to provide for shared responsibility for caregiving by men and women (Rico and Robles, 2016), fostering a culture of shared responsibility within the household, in compliance with conditionalities, and strengthening care systems and services and other mechanisms that may help to reduce the burden of unpaid domestic work (such as community restaurants, especially in poor neighbourhoods where families are unable to access market-based solutions to problems of caring for children, older and sick people). A second reason is that regular receipt of a transfer, even if the amount is small, allows recipients— especially women in the region who work in the labour market under worse conditions than men (ECLAC, 2016a) —to decline overly unfavourable working conditions, with low earnings, long working hours, a long commute to work or exposure to abuse (as is often the case with female domestic workers).<sup>16</sup> A third possible reason for the gender-specific impact on paid work, in the case of two-person households, might be that, in view of the wide income gap between men and women in the labour market, households prefer to increase the best-paid hours of work (those of men) and to reduce those with the poorest pay (those of women). This makes it necessary not only to effect cultural change and strengthen care systems but also to progress with eradicating gender discrimination from the labour market.

Finally, as noted in chapter II, one of the major effects of CCT programmes has been to help to prevent and eradicate child labour. Although results vary from country to country, an extensive review of impact assessments by De Hoop and Rosati (2014), which included 23 studies on programmes in Latin America and the Caribbean, showed that CCT programmes reduced both the incidence of child labour and the number of hours worked by children and adolescents on paid or unpaid activities.

### 3. Non-contributory transfers and formalization

Apart from concerns about the risk of cash transfers creating disincentives to labour market inclusion, there are concerns that non-contributory social protection programmes could create a vicious circle by providing “subsidies” to the informal sector, encouraging workers to seek low-productivity jobs (to avoid compulsory social security savings) and, in so doing, lowering labour and capital productivity (Levy, 2009 and 2010).

In response to this, in the first place it must be noted that the risk of giving welfare benefits to informal workers appears to have been overstated. Most non-contributory social protection programmes are not targeted directly at working-age adults but at

<sup>15</sup> With a few exceptions, programmes do not consider the linkages between recipient families and care services.

<sup>16</sup> A study on the impact of the *Bolsa Família* programme on women’s autonomy and gender relations appears to support this hypothesis (Bartholo, Passos and Fontoura, 2017). Based on an extensive review of the literature and of quantitative and qualitative studies on the subject, the authors observed a slight increase in the number of hours spent on unpaid work by women participating in *Bolsa Família* and a slight decrease in the number of hours they spent on paid work. The authors also pointed out that, according to all the quantitative studies they reviewed, the possible reason for this trend was not the time required for compliance with programme conditionalities but that receipt of a regular income, albeit small, allowed these women to reduce very long working hours or even to rid themselves of a job seen as humiliating or degrading.

children or older persons, and are not targeted by employment status.<sup>17</sup> If labour income has no impact on transfers to families from the programmes, then they should create no incentives to informalization.<sup>18</sup>

In the second place, the assumptions behind such concerns are often baseless: on the one hand, that social protection spending is eminently unproductive and diverts resources away from genuine development and, on the other, that because self-employment is voluntary, many (if not all) own-account workers work in the informal sector by choice. According to ECLAC (2006), social protection is not only a right that helps to increase well-being, it represents an investment in human capabilities, which has major benefits in terms of productivity and social cohesion. Informality does not usually stem from workers' preference for self-employment based on economic rationality but rather, in many cases, it is their only opportunity for employment (ECLAC, 2008; Hanlon, Barrientos and Hulme, 2010). A heterogeneous production structure creates and maintains the informal sector because of the limited capacity of higher-productivity sectors to absorb labour and its tendency to drive it into lower-productivity sectors (Infante, 2011). Informality is also correlated with weakness of the institutions responsible for monitoring compliance with labour regulations.

There is no clear evidence of the alleged incentives to informal employment by non-contributory social protection.<sup>19</sup> The results of various assessments of the impact of non-contributory social protection programmes on the informality of their recipients have been heterogeneous and do not allow definitive conclusions to be drawn. For example, in the case of Brazil, there is no evidence that the *Bolsa Família* programme impacts on the informality of recipients (Barbosa and Corseuil, 2013), nor that the continuous cash benefit (BPC) programme, a social pension for poor older persons and for persons with disabilities, has diminished social security contributions (Medeiros, Britto and Veras Soares, 2008). However, in the case of Uruguay, Vigorito (2014) shows a potentially negative impact of the family allowances programme in the Equity plan (PE) on the formalization of its recipients, especially women.<sup>20</sup>

To avoid potential disincentives to the formalization of employment, care must be taken to ensure that the design and operation of programmes provide the right incentives. This makes it essential to avoid adopting rules to exclude from CCT programmes families where a member secures a formal job. This is because formal employment can be unstable, short-lived and provide a low income, especially for workers with the characteristics of CCT programme target populations and, as a result, it does not always allow them to overcome poverty.<sup>21</sup>

<sup>17</sup> A few conditional cash transfer programmes do indeed target employment status, such as Argentina's universal child allowance for social protection (AUH), which is aimed at the unemployed, workers in the informal economy, domestic workers earning less than the minimum wage and low-income self-employed taxpayers under the single-tax regime (*Monotributo social*) (Bertranou and Maurizio, 2012).

<sup>18</sup> Conditional cash transfer programmes select families on the basis of indirect means testing, either through multidimensional quality-of-life indices or income-prediction formulas using variables considered to be closely related to such income. Brazil's *Bolsa Família* programme is a notable exception because it focuses on families' level of income, although this income is self-declared by recipients (Cecchini and Madariaga, 2011).

<sup>19</sup> In Latin America, the rate of informal employment fell from 53.9% of all employed workers in 1990 (prior to the implementation of CCT programmes) to 49.3% in 2013 (ECLAC, 2016a).

<sup>20</sup> The assessment suggests that this stems from the design of the programme, where recipients' formal income is reassessed regularly (every two months) to determine whether they remain eligible under the non-contributory pillar. Households earning above the established threshold are suspended from the programme for six months, which is a strong incentive not to declare any income increase and to remain fully or partially in informal employment.

<sup>21</sup> It is worthwhile highlighting the Securities and opportunities subsystem of Chile's social protection system, where the women's employment subsidy (*Bono al Trabajo de la Mujer*) rewards women workers aged 25-60 when they secure a formal job, instead of punishing them by expelling them from the programme.

#### 4. Towards a virtuous circle of inclusion and productivity

Where cash transfers from general revenues are guaranteed and remain constant over time, they provide poor and vulnerable people with a minimum level of protection. Ensuring that they have a minimum level of subsistence makes it possible to avoid the loss of human capabilities that arises when people choose certain survival strategies (such as child labour, leading to school drop-out) and expands their opportunities for entering the labour market, with resources for job-seeking and some sort of training or skills development, as well as to cover the cost of commuting to and from work and the cost of hiring care services, which are of special importance for women, given the unequal gender distribution of unpaid domestic and care work. In addition, cash transfers increase the bargaining power of poor and vulnerable people in the face of very low wages and extremely insecure working conditions, enabling them to take better employment decisions with a view to finding fairer and more decent conditions of work, while expanding their opportunities to invest in productive activities, such as microentrepreneurship, in rural or urban areas (ECLAC/ILO, 2014; OAS/ECLAC/ILO, 2011; ILO, 2010).<sup>22</sup> So, social protection can create a virtuous circle of independent income generation, with a significant multiplier effect on communities and the economy as a whole (Hanlon, Barrientos and Hulme, 2010; Samson, 2009).<sup>23</sup>

However, for the virtuous circle to become reality, strategies for reducing poverty and expanding social protection, which include cash transfer programmes, must be linked with strategies for productive development, especially at the local level, strategies for promoting decent work with a gender perspective and strategies for promoting ethnic and racial equality (ECLAC, 2015). This is essential to avoid a situation where the only employment options available to the recipients of cash transfer programmes are informal, precarious, unstable and unprotected and to expand their opportunities for securing high-quality formal jobs.

In particular, progress must be made on the formalization of employment and on ensuring contributory social protection for all workers, including self-employed and own-account workers, against a backdrop of major changes in the world of work (see section D). Countries in the region have recently introduced a wide range of instruments for formalizing and easing eligibility criteria for contributory coverage, including: simplified tax schemes combining pension and tax components; procedures to facilitate the enrolment of workers and employers and their oversight; reductions in the different employer contribution bands for smaller companies; simplified special schemes for certain categories of worker (such as those employed in domestic service) and tax deductions that encourage them to pay contributions; tax deductions for companies that become formalized; expansion of family coverage payable by the contributor; and investment laws with formalization incentives. Also, countries have facilitated the formalization of own-account workers and of micro- and small businesses through such measures as: tax simplification to encourage registration by such businesses or expand access to social security for micro-entrepreneurs and own-account workers (such as the single-tax regime for low-income self-employed taxpayers (*Monotributo*) in Argentina and Uruguay and, in Brazil, the *Simples* simplified single-tax regime for small- and medium-sized companies, the *Super Simples* simplified single-tax regime for small businesses and the individual

<sup>22</sup> Gertler, Martínez and Rubio-Codina (2006) found that recipients of Mexico's *Oportunidades* (Opportunities) programme invested 12 cents of every peso they received through the microenterprise and agricultural activities programme, with an estimated rate of return of 17.6% over a period of around five years.

<sup>23</sup> In the case of rural pensions in Brazil, Schwarzer (2000) describes the economic boost that the increased purchasing power of cash-transfer recipients has given to municipalities in the state of Paraná. Pension payment day sets the wheels of the economy turning in small rural towns, when many companies, including commercial banks, are able to earn profits from these transfers. Similar results have been observed in the case of the *Bolsa Família* programme: Luiz Pereira and others (2008) found that, in Brazilian municipalities with the lowest human development index, cash transfers from the programme led to significantly increased profits for food stores. At the macroeconomic level, Neri, Vaz and Ferreira de Souza (2013) concluded that *Bolsa Família* contributed to Brazil's economic growth, with every real invested in the programme adding 1.78 reals to the country's gross domestic product.

micro-entrepreneur (MEI) act); and strengthening labour administration and labour inspection (ECLAC, 2015). Gontero and Weller (2017) acknowledge that own-account workers find it hard to afford the cost of contributory schemes and that it is a major policy challenge to design pension schemes for such workers. Pension systems should therefore be designed in such a way as to create incentives to increased participation by those with the ability to pay contributions, while at the same time offering social protection alternatives to those without the ability to pay. Some possible solutions might be flexible systems that are responsive to economic and family needs, linkages between general and differentiated systems (where they exist), a clear definition of the benefits of paying contributions, improved information on the subject, and administrative simplification of access, all of which should be accompanied by greater institutional credibility and the ability to oversee the payment of contributions.

Moreover, to address the severe gender inequalities in the region (as evidenced by barriers to women's labour market inclusion), overlapping with ethnic, racial and territorial inequalities, it is essential to mainstream the gender perspective into the design of strategies for achieving convergence between social inclusion and labour market inclusion, with a view to guaranteeing women's economic independence. This makes it crucial to strengthen care systems because the labour force participation of women, especially those living in poverty, is adversely affected by the lack of a culture of shared responsibility for caregiving by men and women and by lack of government support to families for the care of children, older persons, persons with disabilities and the chronically ill (ECLAC/ILO, 2014). As a number of initiatives in countries in the region have shown, it is possible to improve the design of labour market inclusion strategies to make specific provision for the care demands placed on women and men participants (for example, in training programmes) by prioritizing their access to existing public care services, establishing ad hoc services or providing cash transfers to cover the care of dependent family members (ECLAC, 2016a; Rico and Robles, 2016).

Furthermore, it is necessary to provide high-quality universal health, education and care services through public policy, as well as to offer programmes for improving the labour and productive inclusion of young people and adults of working age. In other words, poverty reduction strategies need to be comprehensive and include at least the following three pillars in a coordinated manner: a basic income guarantee; access to quality health, education and care services; and economic (labour and productive) inclusion.

This third pillar is necessary because, even though economic inclusion problems are known to be structural (owing to the limited capacity of the higher-productivity sectors to absorb labour), there are also weaknesses on the labour supply side and in labour intermediation services. Action is therefore needed on both the labour demand side and the labour supply side, by promoting direct and indirect job creation and implementing training and remedial (second-chance) education programmes, supporting self-employment and strengthening job brokerage services. Progress is also required in implementing measures to promote the formalization of micro-businesses and self-employed workers and their access to contributory social protection, and to expand the access of households and small and medium enterprises to financial inclusion. All these issues are analysed in the following section.

### C. Role of labour and productive inclusion policies and programmes

Provided that they generate sufficient job opportunities, the nature of the production structure and quality of economic growth are key to people's labour market inclusion in Latin America and the Caribbean. Nonetheless, labour and productive inclusion policies and programmes for improving labour supply and demand play a significant complementary

role in labour market inclusion and in closing gaps in the labour market. This is because the difficulties faced by working-age adults, particularly young people (see chapter II), in securing high-quality, sustainable productive work with access to rights and social protection are strongly determined by socioeconomic, gender, race and ethnicity factors, as well as by specific stages in a person's life and by disability, and these difficulties are more pronounced in rural areas (ECLAC, 2016a and 2016d). That is why labour and productive inclusion policies and programmes, together with financial inclusion and formalization strategies—for both wage workers and the self-employed—play an important role in reducing inequalities in a range of areas, from education and technical and vocational training to access to credit, entrepreneurship opportunities and contributory social protection for groups facing the greatest barriers, in order to meet the pledge in the 2030 Agenda for Sustainable Development that “no-one will be left behind.”

Labour and productive inclusion policies and programmes for improving labour supply and demand play a significant complementary role in labour market inclusion and in closing gaps in the labour market.

## 1. Institutional framework and types of labour and productive inclusion programme

Pursuant to Goal 8 of the 2030 Agenda 2030 for Sustainable Development (Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), which maintains that decent work is one of the best routes out of poverty, policies and programmes for labour and productive inclusion comply explicitly with Target 8.3 (Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage formalization and growth of micro-, small- and medium-sized enterprises including through access to financial services). The main purpose of policies and programmes is therefore to provide access to mechanisms for facilitating labour market entry, as well as to ensure that this access is sustainable, through actions leading to better working conditions and higher labour income. The challenge is huge in that the target population is characterized by low levels of education, low rates of labour force participation, high unemployment rates and precarious employment conditions (ECLAC, 2015).

According to information from the Non-contributory social protection programmes in Latin America and the Caribbean database, at least 68 labour and productive inclusion programmes are currently being implemented in 21 countries in the region.<sup>24</sup> Most of these programmes are implemented by ministries of labour or social development, or else on a cross-sector basis (in conjunction with national training institutions or services, for example) (see figure III.13).

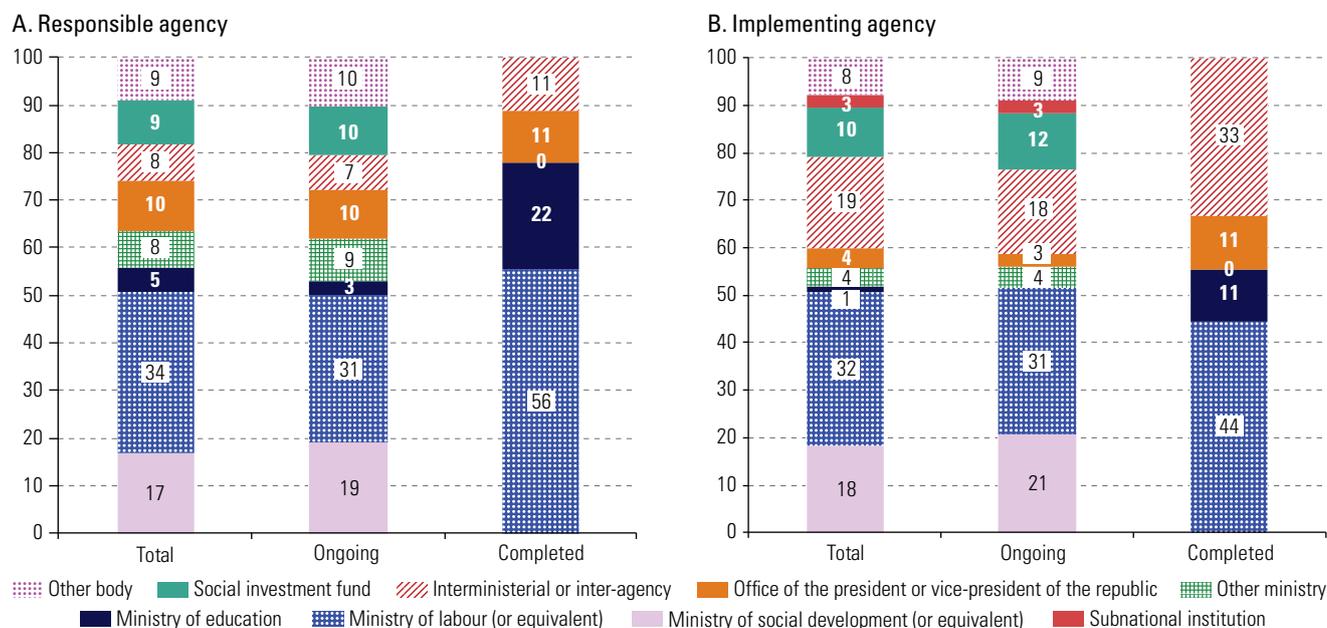
The interventions under these labour and productive inclusion programmes can be divided into the categories shown in diagram III.1, which considers, on the one hand, improving labour supply and, on the other, expanding labour demand. Supply-side support programmes promote technical and vocational training, together with remedial primary and, in particular, secondary education for poor or vulnerable young people and adults. Demand-side support programmes consist of support for self-employment with components of microcredit, own-account work and entrepreneurship,<sup>25</sup> and direct and indirect job creation. Labour intermediation services match demand with supply (OAS/ECLAC/ILO, 2011; ECLAC, 2016a). All these interventions should focus on promoting people's access to the formal labour market, with social protection, and on generating current and future income (ECLAC, 2015).

<sup>24</sup> The database, which details the characteristics of each programme, responds to the mandate of Resolution 1(I), approved by the first meeting of the Regional Conference on Social Development in Latin America and the Caribbean in Lima (Peru) in November 2015. While the database is intended to be as exhaustive as possible, there may be programmes that have not yet been registered. See [online] <http://dds.cepal.org/bdilp/en/>.

<sup>25</sup> The support for self-employment category may also include public procurement programmes, such as Brazil's food purchase programme (PAA), and family farming programmes, which make a major contribution to the development of the rural production sector and to income generation.

Figure III.13

Latin America and the Caribbean (21 countries): labour and productive inclusion programmes, by responsible agency and implementing agency, 2015<sup>a</sup>  
(Percentages)

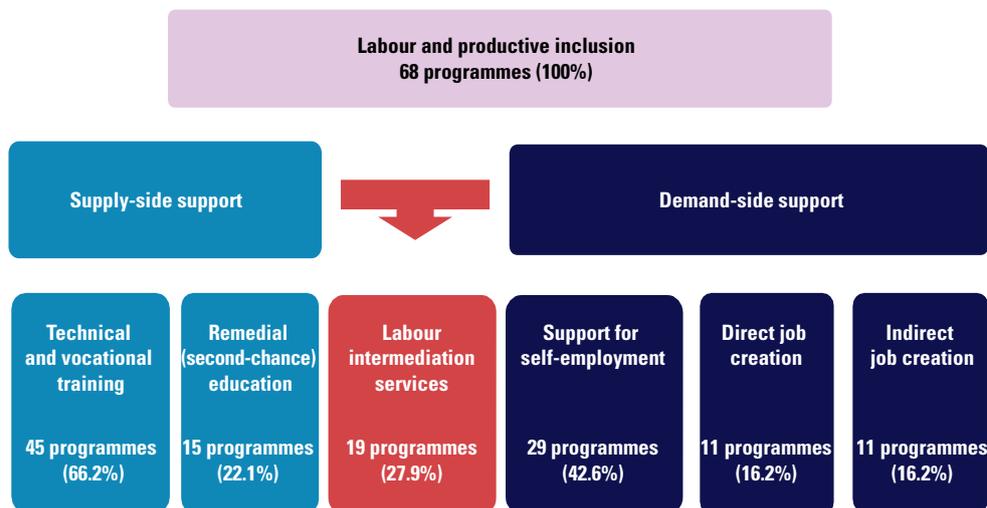


**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from Non-contributory social protection programmes in Latin America and the Caribbean database [online] <http://dds.cepal.org/bpsnc/index-en.php>.

<sup>a</sup> The countries included are: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay and Venezuela (Bolivarian Republic of).

Diagram III.1

Latin America and the Caribbean (21 countries): labour and productive inclusion programmes, 2016<sup>a</sup>



**Source:** Economic Commission for Latin America and the Caribbean, *Social Panorama of Latin America, 2015* (LC/G.2691-P), Santiago, 2016.

**Note:** A programme may have more than one area of intervention. Of the 68 programmes analysed, 29 have only one area of intervention, while the remaining 39 include two to five types of intervention.

<sup>a</sup> The countries included are: Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay and Venezuela (Bolivarian Republic of).

Most countries in the region strive to provide a programme offering that meets the specific needs of different population groups because their characteristics differ, as do the barriers to access they face. Programmes may be targeted at women and mothers heading households, rural or urban populations, young people (see chapter II, section C), persons with disabilities (see box III.1), indigenous communities or people of African descent.<sup>26</sup> Nonetheless, such initiatives are often small-scale, do not constitute national policy, focus more on labour supply than on demand and are poorly coordinated with productive development and innovation strategies (ECLAC, 2016a).

Persons with disabilities suffer lack of access to different dimensions of well-being, such education and job opportunities (ECLAC, 2015). In the region, persons with disabilities have significantly lower educational attainment and labour force participation rates than people without disabilities, a situation that is compounded by the multiple forms of discrimination and exclusion faced by persons with disabilities who are also women, Afro-descendants, indigenous or live in rural areas. It is important to bear in mind that opportunities for educational and labour market inclusion depend on the type and severity of disability. Even though educational attainment and vocational training are paramount, the labour force participation of persons with disabilities comes up against multiple barriers, including misinformation, prejudice, discrimination, companies' lack of experience in employing persons with disabilities, lack of an inclusive culture and policy, and weak infrastructure.

To address this situation, countries in the region have introduced a range of mechanisms to promote the employment of persons with disabilities, such as laws, standards and programmes. According to Zúñiga (2015), most policies for the labour market inclusion of persons with disabilities were designed and implemented after the adoption of the United Nations Convention on the Rights of Persons with Disabilities in 2006. Article 27 of the Convention, on work and employment, calls on States Parties to employ persons with disabilities in the public sector and to take proactive measures to promote their employment in the private sector. It also recognizes the right of persons with disabilities to work on an equal basis with others. Furthermore, the Convention prohibits discrimination on the basis of disability with regard to all matters of employment, promotes access to vocational training and opportunities for self-employment and calls for reasonable accommodation to be provided to persons with disabilities in the workplace.<sup>a</sup>

However, these policies face a number of challenges owing to the highly segmented labour market for persons with disabilities and their difficulty in securing a job and, especially, remaining in it for the long term. Among the measures implemented are the nine described below (OISS, 2014).

- (i) Vocational and skills training. Most countries in the region have incorporated persons with disabilities into their vocational training systems. The types of training offered relate mainly to job skills (such as personal presentation, curriculum and interview preparation, punctuality and interaction with peers or customers) and professions (basic knowledge and skills). Some vocational training centres have agreements with companies for internships. One of the main challenges with implementation is to tailor training programmes to market needs, while at the same time offering courses that are useful to this heterogeneous population (STATCOM, 2015).
- (ii) Self-employment and business creation. Various institutions in the region offer programmes to promote and support the financing of business projects put forward by workers with disabilities, which provide for loans under favourable conditions and start-up advice, for instance.

### Box III.1 Labour and productive inclusion for persons with disabilities

<sup>26</sup> Examples include Chile's urban indigenous micro-business creation programme and Brazil's University for all programme (ProUni), which offers full and partial scholarships to young people whose gross monthly household income is less than one minimum wage (in the case of full scholarships) or less than three times the minimum wage (in the case of partial scholarships), and includes affirmative actions for indigenous communities and people of African descent (ECLAC, 2016a). In Brazil, of the 5.8 million people enrolled in professional training courses under the National Programme for Access to Technical Education and Employment (PRONATEC) between 2011 and 2014, 53% were Afrodescendants (Mercadante, 2017).

## Box III.1 (concluded)

- (iii) Affirmative action and job quotas for disabled persons in public and private enterprises. Several countries in the region have compulsory or voluntary job quotas for persons with disabilities, ranging from 1% to 5% of the workforce. They exist in Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Costa Rica, Ecuador, El Salvador, Honduras, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay. The main challenge is to promote compliance with quotas and to ensure that persons with disabilities remain in jobs.
- (iv) Social clauses in public procurement. This is where a public administration gives precedence to companies that hire persons with disabilities for the procurement of goods or services. Social clauses may be established as a prerequisite (eligibility criterion), as an element of evaluation (score) or as an obligation (implementation requirement). This mechanism has been used by Argentina, Chile, Colombia, Dominican Republic, Mexico, Peru and Plurinational State of Bolivia.
- (v) Public employment and career guidance services. These services provide job-search support and career guidance, refer people to training programmes and take other action to improve the employability of the target population, while advising employers on the benefits of hiring workers with disabilities.
- (vi) Incentives to private companies. Argentina, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Honduras, Mexico, Panama, Paraguay, Peru and Uruguay offer incentives to private companies to hire persons with disabilities. The incentives range from tax relief and lower social security contributions to grants for every person with a disability who is hired.
- (vii) Selective hiring and job retention programmes. Any worker who has acquired a disability has the right to be reinstated in the company in the same job as before or in another suitable job, depending on whether the worker's normal performance has been affected. In Uruguay, law 18651 on the comprehensive protection of persons with disabilities grants this right.
- (viii) Supported employment. This is where a mediator or coach provides the necessary support in seeking, adjusting to and remaining in a job. This support may be progressively decreased or else maintained throughout a person's working life. For example, Chile's *Más Capaz (+Capaz) Línea Discapacidad* programme offers support to persons with disabilities during a 90-hour internship in a company or public institution, together with up to six months' follow-up of the job placement process (STATCOM, 2015).
- (ix) Sheltered employment or sheltered workshops. Sheltered employment provides work to persons with disabilities who cannot take up a regular job because they do not meet productivity requirements. The main productive activities include industrial subcontracting, production of goods and provision of multiple services (such as gardening or cleaning). Countries like Argentina, Brazil, Colombia, Dominican Republic, Ecuador, Honduras and Mexico have regulations on sheltered workshops. Chile, Paraguay, Plurinational State of Bolivia and Uruguay have legislation referring to sheltered employment, although there are no specific regulations. Even though sheltered employment remains a necessary entry route into the labour market for many workers with disabilities, it is necessary to promote the transition from sheltered employment to mainstream employment and to remove the segmentation that separates persons with disabilities into sheltered employment companies or workshops.

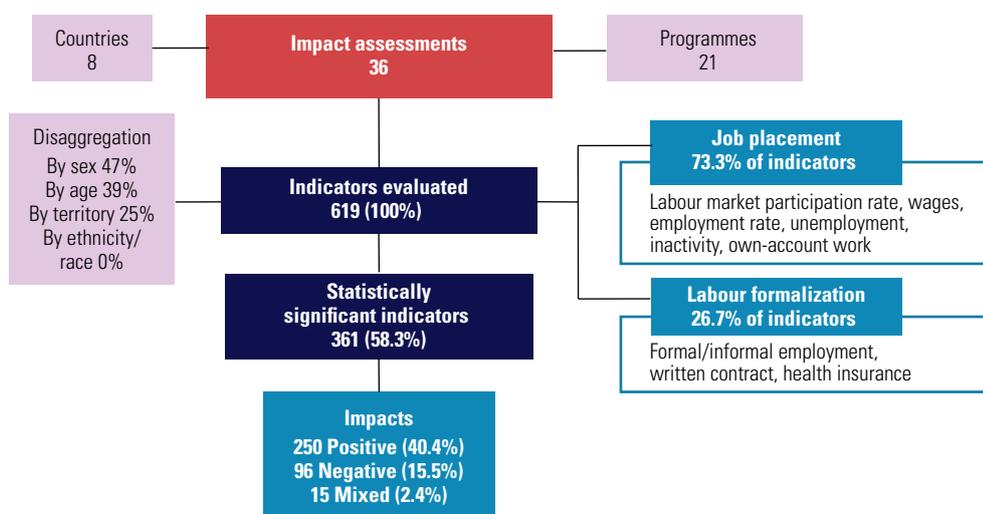
**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of ECLAC, *Inclusive Social Development: The next generation of policies for overcoming poverty and reducing inequality in Latin America and the Caribbean* (LC.L/4056/Rev.1), Santiago, 2015; ECLAC, *Social Panorama of Latin America, 2012* (LC/G.2557-P), Santiago, 2013; Ibero-American Social Security Organization (OISS), *Medidas para la promoción del empleo de personas con discapacidad en Iberoamérica*, Madrid, 2014; STATCOM, *Informe de resultados de evaluación de implementación piloto Programa +Capaz 2014-línea discapacidad*, Santiago, 2015; I. Zúñiga, "Capacitación para personas con discapacidad", *Documentos de Proyecto*, Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2015.

<sup>a</sup> See [online] <http://www.un.org/disabilities/documents/convention/convoptprot-e.pdf>.

## 2. Lessons learned from studies and impact evaluations of labour and productive inclusion programmes

In Latin America and the Caribbean, the growth of labour and productive inclusion programmes has encouraged evaluations of their various impacts (Bucheli, 2005). However, there is still no broad information base, particularly when compared with other social programmes such as conditional cash transfer programmes. Added to the relative scarcity of available impact assessments is the fact that such studies might have a number of methodological limitations and that the outcomes of evaluations of specific programmes provide useful, but insufficient data. To remedy this, they must be considered in conjunction with the evaluations of the policies governing such programmes in order to analyse findings, achievements and limitations more comprehensively (Martínez, 2015).<sup>27</sup>

In order to gain an overall view of the situation, ECLAC conducted a meta-analysis of 36 quantitative studies on 21 labour and productive inclusion programmes implemented in 8 countries of the region during the period 1998-2014, including active and terminated programmes. The meta-analysis reviewed the outcomes of 619 labour market indicators ranging from job placement to formalization and found that 40.4% of the indicators showed positive and statistically significant results. In 41.7% of cases, the results were not statistically significant; in the remaining 17.9% of cases, the effects were mixed or negative (see diagram III.2).



**Diagram III.2**  
Latin America and the Caribbean (8 countries): meta-analysis of impact assessments of labour and productive inclusion programmes<sup>a</sup>

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

<sup>a</sup> Includes evaluations of active programmes and terminated programmes, 1998-2014. The countries concerned are: Argentina, Brazil, Chile, Colombia, the Dominican Republic, El Salvador, Mexico and Peru.

<sup>27</sup> Some of the primary methodological limitations of these studies are that they rarely isolate the impact of each of the services offered by a given programme, which limits the information available to policy-makers for establishing which components or combination of components are the most effective (González-Velosa, Ripani and Rosas-Shady, 2012). Furthermore, the studies do not provide information about the context in which the programmes are most effective and rarely incorporate a cost-effectiveness analysis. McKenzie (2017) states that the evaluations of labour market policies still suffer from several limitations, including inadequate sample size, little measurement of impacts over longer time frames and difficulty identifying the right timing over which to measure impacts. The methodological differences between evaluations and the availability and quality of the data used also limit the ability to compare countries and programmes (Urzúa and Puentes, 2010).

The review of the evidence shows that beyond reducing unemployment, these labour market programmes can significantly improve labour market indicators for the most disadvantaged groups, including young people, women, people living in extreme poverty or people with low levels of education.

In their review of the evidence from evaluations, Dar and Tzannatos (1999) show that beyond reducing unemployment, these labour market programmes can significantly improve labour market indicators for the most disadvantaged groups, including young people, women, people living in extreme poverty or people with low levels of education.

However, the effects are contingent on a multiplicity of factors such as whether the duration of the programmes is adequate and how well the various components come together. Kluge (2016) finds that programmes with a short duration are significantly less likely to produce positive impact. Similarly, the confluence of various public policies and coordination with the private sector—for example, offering professional internships to programme participants—are critical to success (ClioDinámica, 2015).

There is consensus that vocational training and skill development and measures promoting the completion of studies are paramount for boosting career and salary prospects; they also increase the effectiveness of other employment-activation measures (Weller, 2009). The evaluations conducted point to wide variations according to the characteristics of the training, the institution that implements it, the geographical area in which it is undertaken, and the characteristics of the participants (ECLAC, 2016a). Furthermore, interventions that include components of professional practice in firms improved the results of the training (ECLAC/ILO, 2013); training must therefore be tailored to the needs of the target population so as to encourage participation and reduce drop-out and absenteeism rates (ClioDinámica, 2015). Additionally, as most of the participants lack the finances needed to attend classes or to travel to internship sites, food and transportation subsidies provide a strong incentive to participate. Many countries offer access to childcare services for the children of participants (ECLAC, 2016a), which has been an important element in encouraging the participation of women.<sup>28</sup>

It is important to note that despite the fact that promoting own-account employment is considered a way to include the poorest groups in the world of productive work, it does not necessarily guarantee the creation of productive employment and stable revenue. Many microenterprises do not succeed and disappear soon after their creation; the risk of collapse is even greater in the case of entrepreneurs with a low level of education (Weller, 2009). The available analyses show that micro-entrepreneurship promotion programmes tend to be effective only for a minority of workers who are interested in starting their own business; moreover, such programmes are more successful when the participants are motivated individuals with a relatively high level of education (Farné, 2009). Therefore, not all families who take part in programmes to support self-employment have the same capacity to make use of the opportunities of programmes such as microcredit and microbusiness (Cecchini and Madariaga, 2011). This is why Silva, Almeida and Strokova (2015) suggest implementing training and entrepreneurship programmes that are adapted to the skills and experience of participants, as well as enhancing their access to markets and promoting private sector partnerships and access to credit (see part 3 of this chapter) and technology. Efforts are also needed to identify mechanisms that promote the formalization of own-account workers, such as those mentioned in this chapter (including the *monotributos* single-tax regime in Argentina and Uruguay and the Individual Micro-entrepreneur Law in Brazil).

With regard to direct job creation programmes, it was found that the short-term positive effects diminish over time and that there are no significant improvements in participants' career prospects once they have completed such programmes. These programmes may be useful in dealing with temporary crises and low labour demand and can be effective in offsetting short-term income gaps, as they can better target persons

<sup>28</sup> In Argentina, participants in the Support for Argentine Students Programme (PROG.R.ESAR) can request assistance from the Ministry of Social Development to find a childcare centre for their children. In Chile, the *+Capaz* and Women Heads of Household programmes offer preferential access to crèches and public kindergartens for the children of the participants while they are in training. In Brazil, participants in the National Youth Inclusion Programme (PROJOVEM) have access to *crèches* for their children.

living in situations of vulnerability; however, they are not in themselves a solution to the problem of labour market integration because they do not necessarily generate better employability conditions (Weller and Gontero, 2016). Another challenge is to establish mechanisms for successful exit from emergency employment programmes. Weller and Gontero (2016) posit that training is key in this regard.<sup>29</sup> If temporary employment programmes do not include components aimed at improving participants' productivity, they will do little to improve the employability of workers or increase their chances of securing quality jobs (Weller, 2009).

With regard to indirect job creation programmes, such as subsidies for companies that hire young people, it must be borne in mind that the increased hirings in the target population resulting from these programmes are not necessarily reflected in the labour force as a whole (Dar and Tzannatos, 1999). This means that the wage subsidies could lead to job replacement rather than the creation of new jobs. It could also result in the hiring of employees, for example, young people, who would have gotten the job even without the programme. However, on the positive side, these programmes could incentivize employers to move from the informal to the formal sector, register their employees, and thus increase formal employment (J-PAL, 2013). From an equality perspective, this provides more opportunities for the most disadvantaged to enter the labour market.

Lastly, despite the strengthening and modernization of public labour market intermediation services undertaken in certain countries (Filgueira and Rossel, 2015), the results of evaluations in the region point to the weakness of these services in fulfilling their role placing workers in quality jobs. The outstanding challenges of such services include the need to improve the diagnostic on the requirements of the private job-creating sector, and articulation between the jobs offered and the labour market profile and track record of those seeking placement. In addition, a large proportion of hirings continue to be done informally —contacts and personal recommendations— which weakens the efficiency of labour market intermediation services and helps to widen the gaps in the labour market (ECLAC, 2012b). In any event, the effectiveness of labour market intermediation services seems to increase when economic conditions improve (Dar and Tzannatos, 1999; J-PAL, 2013) but decline in periods of recession, when companies are less inclined to take on new hires. For these services to meet the needs of the region, they would have to transition gradually from mere intermediation towards the establishment of centres that support productive labour market insertion, including various types of interventions on a more comprehensive basis (Weller, 2009). In this regard, Farné (2009) proposes that these services should become “one-stop shops” that allow vulnerable workers to access other services (job creation, training and skill development, microbusinesses, etc.) in line with the specific needs of the recipients.

In conclusion, the sustained effects on labour and productive inclusion depend not only on a programme, but also on a number of other factors, including the macroeconomic context, the dynamics of job creation and the coordination of various public sector actions. The impact and cost-effectiveness of the labour market programmes depend not only on their design, but also on the overall macro and labour market framework in which they are designed and implemented (Dar and Tzannatos, 1999).

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<sup>29</sup> One example of an exit mechanism is Argentina's establishment in 2004 of the comprehensive employment plan More and Better Work (*Más y Mejor Trabajo*) as a system for graduates of the Unemployed Heads of Household Programme.

### 3. Financial inclusion as a facilitative policy for social and labour inclusion<sup>30</sup>

Expanding financial inclusion is a key component of economic inclusion. Studies show that the region's households, self-employed workers and micro-, small and medium-sized enterprises have narrow and uneven access to the formal financial system, and that only a limited number of instruments and mechanisms exist for improving the financial integration of production agents already participating in the system. On average in Latin America and the Caribbean, just over 45% of small businesses are able to access credit provided by formal financial institutions, compared with 67.8% for large businesses, whose access to credit is 1.5 times greater than that of the SMEs. Small businesses and microenterprises combined also absorb 48.7% of the total workforce (ECLAC/ILO, 2015). The weak financial inclusion of small businesses, by significantly hampering their performance, has a severe impact on the income and working conditions of a large segment of the population and, consequently, their opportunities for social and economic inclusion. When the access to financing for small and medium-sized enterprises is limited, their production capacity and ability to grow are also constrained, since they must draw on their own resources to finance operations. Furthermore, the evidence for SMEs is that they use the financial system mainly for deposits and as a medium of payment, and far less for credit products, and this can constrain their capacity for future expansion and growth.

It is also important to emphasize the focus on axes of social inequality and the possibility of achieving financial inclusion that fosters economic autonomy for all. In that regard, it is worth noting the potential of cash transfer programmes, such as conditional transfer programmes, as mechanisms of financial inclusion for the poorest and most vulnerable sectors of the population, given that many transfers are made through savings accounts in the formal financial system.

According to ECLAC (2016c), having one's own income is a prerequisite for any adult to exercise their economic autonomy and meet their needs and those of their families. However, for many women in Latin America, their income is so low that it does not necessarily lift them above the poverty threshold or enable them to exercise full economic autonomy. Therefore, having in place financial inclusion policies is one of the tools for enhancing gender equality and women's empowerment and complements social protection and employment policies. In this regard, Rico (2017) identified various types of barriers to the financial inclusion of women. Some are institutional, stemming from legislative frameworks that restrict women's access to the financial system because of their marital status, the types of financial products for which they are eligible because of their lower wages, or their credit options because they do not own real estate that could serve as collateral. Others barriers to production sector and commercial loans are cultural: gender stereotypes perpetuate the identification of financial sector ties and expertise in money management and investment as masculine and the distrust of women's skills as creators and managers of successful businesses.<sup>31</sup>

Inclusiveness is a prerequisite for financial systems to work in favour of sustainable economic and social development. In non-inclusive systems, microenterprises, small businesses and low-income individuals are unable to access financial services, or do so under very unfavourable conditions. They are forced to rely solely on their own resources, which are, by definition, limited in these sectors; this only serves to reinforce

<sup>30</sup> The views in this section are based primarily on the proposals developed by ECLAC under the project "Financial Inclusion of SMEs and Development Bank Financial Innovation Policies" and in ONE/ECLAC (2017). For more information, see [online] <https://www.cepal.org/en/projects/financial-inclusion-smes-and-development-bank-financial-innovation-policies>.

<sup>31</sup> The data indicate that there is a certain reluctance to lend large amounts to women, even though they tend to keep up with repayments better than men once they have obtained the loan or used financial services (ECLAC, 2016c).

inequalities. ECLAC therefore proposes that the financial system should be conceived as a public good and an integral part of a policy of economic integration. Countries should use the financial system as an instrument for expanding the potential for savings and consumption, while at the same time taking fuller advantage of business talent and investment opportunities. In this regard, financial inclusion means not only providing access to formal financial services for those who are excluded, but also improving the use of the financial system for those who already participate in formal financing channels. This enables the financial system to respond to the various and heterogeneous financing needs of households at the different phases of the life cycle, and of firms at the different stages of the production and technology process.

Within this framework, financial innovation may also take the form of actions undertaken to channel financing to different actors, investments and production requirements, including innovation in products, processes and institutions. Each type of innovation should promote the inclusion of households and businesses, develop appropriate instruments for risk management by various economic agents in a range of sectors, and provide financing for new development goals and priorities. However, in Latin America and the Caribbean the pursuit of financial innovation faces significant challenges, since an array of instruments needs to be developed to address the production heterogeneity that is the region's hallmark. The popular finances system in Ecuador provides an interesting case of access to financing through a project coordinated by a private foundation, implemented by communities themselves and supported by public policies that promote equality (see box III.2).

The Ecuadorian model of popular finances seeks to provide access to financial services (savings and credit) to disadvantaged social sectors that have traditionally been excluded from the financial system. Before the implementation of the popular finances system in the Andean Provinces of Azuay and Cañar in 2004, the lack of access to credit at market prices was an impediment to the strengthening of production activities and the creation of new microenterprises, especially by indigenous people, farmers and small and medium sized producers. The only credit channel previously available was through *agiotistas* (loan sharks), who charged very high interest rates.

That year, local financial structures, savings banks and credit unions directly administered by the communities were launched under the coordination of Fondo Ecuatoriano Populorum Progressio (FEPP), a private non-profit foundation with a social purpose that has been assisting rural marginalized communities to achieve food security, improve agricultural production and preserve natural resources since 1970. Initially, these financial structures were funded primarily by migrant remittances —a result of the high emigration rates— and resources generated locally. The structures provide access to credit at market interest rates or below-market rates that are sufficient to maintain and increase the capital and cover the operating costs of the credit unions. As a result, their users have been able to create new businesses and strengthen existing ones, pay off debts contracted with loan sharks to fund the journey of emigrants, cover basic needs (such as education of their children, housing, health care and so on) and, to a lesser extent, purchase more consumer goods.

Instead of offering financial intermediation, FEPP mobilizes the communities to organize the local financial structures; it also monitors and provides support to all local structures that are set up, creating the conditions needed to ensure their success and offering financial education services to both administrators and users of this financial system. The members of the local financial structures define the rules and regulations and the foundation has demonstrated its capacity to manage the financial structures through a participatory process. As communities have seen how their savings help them to face problems, engage in production activities, increase their income and improve their living conditions, they become the protagonists of their development.

### Box III.2 Popular finances initiative in Ecuador

## Box III.2 (concluded)

The public policies adopted by the Government of Ecuador have facilitated the expansion of this model. The 2008 Constitution of Ecuador recognized that a people-centric and solidarity-based economy is one of the pillars of development and established the guidelines for the promotion and strengthening of such an economy. In addition, the government passed the Organic Law on Popular and Solidarity Economy and on the Popular and Solidarity Financial Sector, which led to the establishment of a number of related public institutions, including a superintendency (Superintendencia de Economía Popular y Solidaria, SEPS), national institute (IEPS), national corporation (Corporación Nacional de Finanzas Populares y Solidarias, CONAFIPS) and technical secretariat. These State-level initiatives have created an enabling environment for consolidation and expansion of the model and thus the formalization and long-term stability of local financial structures.

While a variety of stakeholders are involved in this initiative (such as public and private national funds, public institutions, non-profit private foundations or the Church), the communities themselves are the key players, as they are the ones who establish, manage and ensure the continuity of the local financial structures. Promoting the direct involvement of communities, especially women, has been key in building and strengthen the model, which in turn has empowered people and boosted their ability to generate their own income.

The initiative has consolidated a popular finance system that operates effectively, through a group of networks that have boosted their financial capacity and even made it possible to receive remittances directly, eliminating intermediaries. These networks, made up of various local financial structures, make it possible to expand the services provided, conclude agreements that benefit users and increase their political incidence and bargaining power. The popular finances model is now present virtually throughout the country, with US \$12 million in capital, 30,000 members (55% of whom are women) and 21 local financial structures are distributed in the Andean (with a high concentration of indigenous population), coastal (with Afrodescendant population) and Amazon regions.

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), based on SI-DRIVE, *D10.3: Social Innovation in Poverty Reduction and Sustainable Development: Case Study Results*, January 2017 [online] [https://www.si-drive.eu/wp-content/uploads/2017/03/SI-DRIVE-Deliverable-D10\\_3-Poverty-1.pdf](https://www.si-drive.eu/wp-content/uploads/2017/03/SI-DRIVE-Deliverable-D10_3-Poverty-1.pdf).

The success of a financial inclusion policy depends, in part, on whether it is given the necessary importance and priority as a development goal. In addition, financial inclusion should be regarded as more than a question of market imperfections. The impediments to financial inclusion stem from both the supply side and the demand side; for a policy to be successful, both of these aspects must be addressed.

## D. Changes in the world of work and new inclusion challenges

### 1. The technological revolution and the future of work

The world of work is undergoing profound changes related not only to the next stage of the technological revolution —exponential growth of digitization, robotization and industrial application of new information and communication technologies, and artificial intelligence— but also to the increased complexity of global value chains, new challenges and opportunities arising from the need to the shift towards a low-carbon (environmentally sustainable) economy and demographic trends. These changes have implications for many of the issues discussed in this chapter and throughout this document, such as labour inclusion, education systems, technical and vocational training, labour and productive inclusion programmes and social protection systems.

The issue of the impact of new technologies and new processes of organization of production on employment, labour market stakeholders and labour institutions is not a new one in Latin America. Since the end of the 1980s, the crises of Taylorism and Fordism and the influx of new microelectronic technologies have given rise to a plethora of studies, research and discussions on the repercussions of these processes on the world of work. One optimistic view saw Post-Fordism and flexible specialization as an opportunity for the emergence of new, high-skilled jobs and the elimination of repetitive, low-skilled forms of employment (Piore and Sabel, 1984; Coriat, 1993). Other studies, however, drew attention to the limited nature of such opportunities and to the emergence or strengthening of new forms of segmentation, insecurity and intensification of work that tended to occur among workers, both in companies that were becoming modernized and along production chains (Castillo, 1994; Novick and Gallart, 1997; de la Garza, 2000). They also pointed out that these processes were strongly marked by the gender dimension and other forms of inequality that are characteristic of labour markets in Latin American countries (Abreu and Sorj, 1994; Abramo, 1997).

This was also a time when the march of globalization was stepping up the pressure on Latin American economies and businesses to adapt to new patterns of competitiveness on an international scale. In many cases, this has meant that efforts are geared more towards reducing production costs, including labour costs, by cutting down on the workforce or relaxing labour rights and contracts (downward adjustment) than towards diversification, productivity and innovation indicative of upward adjustment (Tokman and Martínez, 1997). The perspective of an inevitable decline or gradual disappearance of formal, protected and regulated employment and a weakening of trade union action—caused by the advance of new microelectronic technologies that led to structural unemployment and globalization (Abramo, 2015)—is gaining traction in the discussion on the future of the work. Labour market developments in Latin America since the turn of the new century indicate that these trends were not inevitable and were largely the result of development strategies defined at the country level. Between 2002 and 2014, the region saw positive evolution in labour market indicators, including reduced unemployment, increased formalization and higher labour incomes (ECLAC, 2015).

In recent years, in developed countries the debate about the future of work has been dominated by the emergence of a new wave of technological change—the fourth industrial and technological revolution (ECLAC, 2016b) characterized, *inter alia*, by an exponential increase in the pace of change, the diversification of the fields of application, and rapidly falling costs of automation. It is argued that these processes will lead to the disappearance of a significant number of jobs, especially the most routine and low-skilled ones which can be easily performed by computers or robots (Acemoglu and Autor, 2011; Rodríguez, 2017). However, there are substantial discrepancies in the estimations of the impact of technological change on employment. A study by the McKinsey Global Institute stated that 44% of the companies that had reduced their workforce since the 2008 did so by automating tasks (MGI, 2011). Looking forward, the World Economic Forum estimates that 65% of children entering primary schools today will ultimately work in new job types and functions that currently do not yet exist (WEF, 2016). In the same vein, Frey and Osborne (2013) estimate that 47% of total employment in the United States is at high risk of being automated within the next decade or two. These changes are projected to affect primarily low- and middle-skill jobs in administration, sales, and financial operations, which tend to have higher proportions of women (ManpowerGroup, 2017). However, when the estimates are based on tasks that would undergo changes but would not necessarily imply job losses, the results are less alarming. Similarly, Arntz, Gregory and Zierahn (2016) calculate that across the OECD countries, 9% of jobs are at high risk of being automated, while Manyika and others (2017) find that, globally, less than 5% of occupations can be fully automated. According to a study conducted by OECD, ECLAC and the Development

Bank of Latin America (CAF) based on data from the World Economic Forum and the International Labour Organization, projections for Latin America point to the net destruction of 3.38 million jobs by 2030 (OECD/ECLAC/CAF, 2016). This would represent between 1% and 2% of total employment, with losses concentrated in manufacturing (production and support functions) and construction. The creation of new jobs in the sectors of trade and, to a lesser extent, transport, will not offset the losses in other branches of activity. Continuing the focus on activity types, Manyika and others (2017) estimate that in eight Latin American countries, between 45% and 51% of activities can be automated. Following Manyika and others (2017), Weller (2017) estimates that, considering employment in medium- and high-productivity sectors only, approximately 8 million jobs would be lost in Latin America.

However, the impact of technological change on the world of work in Latin America, either at present or in the past, is not pre-determined. It is likely that in terms of job creation and destruction, the results will not be homogenous. Novick (2017), Weller (2017) and Salazar (2017) all present nuanced assessments that move away from the viewpoints characterised by a form of technological determinism that warns of massive job losses and those of a perfect market in which supply and demand offset the creation and destruction of jobs. The scenario is uncertain and the net result will depend on macroeconomic dynamics and the ways in which work is organized, as well as a number of political and institutional factors, including State and public institution action, existing labour regulations, trade union organization and the ability to create spaces for collective bargaining and social dialogue between stakeholders in the world of work (governments, the private sector and trade unions). From this perspective, the State must actively promote and channel these changes in at least three ways other than through industrial and technology policy. First, it must promote adequate labour regulation and spaces for engaging in dialogue and establishing agreements on the processes of change in the world of work, strengthen instruments such as collective bargaining and the minimum wage, and protect freedom of association. Second, it must encourage more equal distribution of the benefits of technological upgrading and the potential applications of new technologies in the fields of health and education (see box II.1, on the role of these technologies in health). Third, it must strengthen and improve the quality of universal social protection systems that protect workers and their families and the general population during the transition process. In this context, as set out in chapters II and IV, technical and vocational education and training are increasingly important in responding to the new characteristics of jobs and the new qualification requirements that come with technological change.

In industrialized countries, one of the greatest concerns today relates to the expansion of atypical (non-standard) employment, a concept that includes various modalities whose common denominator is that they break from the employment that has characterized these economies for decades: permanent, full-time work in a dependent relationship with a clearly identified employer (ILO, 2016a; Novick 2017) and more social protection. These new forms of work, which are often associated with increased precariousness, would translate into new labour relations and new challenges to existing institutional structures. In this context, the question of the introduction of universal basic income as a measure to complement and strengthen social protection systems that are insufficient to cope with the new dynamics of the world of work is being given increasing prominence (see box III.3).

### Box III.3 Definitions and discussions around basic income

As countries continue to face major challenges in strengthening social protection, in addition to the uncertain impact of technological change on the future of work, the debate on basic income, understood as a regular and unconditional universal payment in cash by the State to its citizens, has been acquiring increasing prominence.

In developed countries, rising levels of inequality, economic stagnation and the impact of the global economy and technological changes on labour markets have generated a growing interest in the implementation of a basic income. The idea is not a completely new one: it was debated in the United Kingdom at the beginning of the twentieth century and in the United States in the 1960s and 1970s and has been applied in some countries as a pilot experiment (Van Parijs and Vanderborght, 2017). In Latin America, the debate has emerged from various angles: as a policy to be implemented gradually in conjunction with conditional transfer programmes (Matarazzo Suplicy, 2008), as an alternative to the latter (Lo Vuolo, 2012), or as a tool to help solve the problems caused by inequality and the sexual division of labour (ECLAC, 2016c).

Basic income is conceptualized in different ways, from very different ideological positions on the principles that should govern society, to the role of the State and the market in it. The space constraints of this box preclude a comprehensive analysis of all discussions on basic income, but following is a brief outline of some points to consider in framing this discussion in the region.<sup>a</sup>

Support for a universal basic income can be analysed from at least three different perspectives: a gradual, a radical and an individualistic viewpoint. While some of these overlap, there are differences within each of them. Those who propose a gradual approach to basic income focus on its political viability and propose a partial or low basic income, in parallel with the existence of essential and universal social services of quality (health, education and pensions) before moving towards a universal basic income that is unconditional and paid periodically to each individual. This approach considers basic income as a means to restructure a social protection system seen as inefficient and unfair to the poorest. In this sense, there is a tendency to criticize primarily those allocations granted by the State which are subject to the costly and restrictive monitoring of eligibility conditions. According to the second viewpoint, basic income has a radical impact on the distribution of wealth in society. Proposals are not limited to seeing basic income as a mere tool for improving the social protection system, but as one for restructuring power and ownership relations. Proponents of this perspective tend to regard the generation of wealth as a collective product and natural resources as common goods.<sup>b</sup> Lastly, under the individualistic view, basic income is a tool for reducing State intervention and increasing individual freedom: this income would compensate for the reduction of social benefits considered bureaucratic, costly and paternalistic.<sup>c</sup>

According to Standing (2017), opposition to the implementation of a basic income comes from different ideological positions. Progressive sectors argue that a basic income undermines the social gains of the welfare State and promotes a passive, individualistic and consumerist citizenship. Most of the arguments from conservative sectors point to disincentives to work and negative impacts on productivity. In both cases, the introduction of a basic income is considered too costly.

Unlike in Europe, where the discussion on basic income occurs in a context of austerity policies and adjustments to the social protection systems established during the 20th century, in Latin America the debate centres on the relatively recent expansion of contributory and non-contributory social protection, as well as the strengthening of the provision of universal basic services of education, health and infrastructure. In the discussion on the implementation of a basic income in Latin America, it should be considered that taxation and social protection systems are less developed than the European ones; other distinctive features related to the historical development of the region, such as high inequality and the size of the informal economy must also be taken into account.

There are two interrelated elements that are key to evaluating the introduction of a basic income in Latin America: distributional impacts and fiscal cost. The implementation of a basic

## Box III.3 (concluded)

income can have marked redistributive implications, which depend on the characteristics of the social protection system and the existing tax structure in the country. A study by the Organization for Economic Cooperation and Development (OECD, 2017) shows that, depending on the tax system to be used to finance the basic income and the social benefits intended to be replaced, it is difficult to predict the distributional impact. In the case of Latin America, this situation may be even more complex, since inequality is deep-rooted and multifarious. Furthermore, with regard to the costs associated with a universal basic income, it is widely known that in the region public social expenditure and tax collection capacity are still far from the average levels of OECD countries (ECLAC, 2016a; OECD and others, 2017), while the 2030 Agenda calls for the eradication of poverty. It is therefore necessary to consider the fiscal possibilities of each country and the scale of the issue of poverty. In an estimation of the costs and benefits of the universalization of non-contributory monetary transfers by the State to older adults and families with children, Filgueira and Espíndola (2015) note that it is impossible to propose a single model of benefits for all the countries of the region. However, each country, according to its level of development, can adopt strategies to expand the basic income guarantees in line with its fiscal capacities, social needs and economic possibilities.<sup>d</sup>

Thus, basic income appears as a new policy option, but not the only option to address the weakness of social protection systems and changes in the world of work. In any case, basic income should be considered as an additional pillar of the welfare State, which does not replace any of the services and benefits in education, health and social protection to which individuals are entitled.

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), based on P. Van Parijs and Y. Vanderborght, *Basic Income: A Radical Proposal for a Free Society and a Sane Economy*, Cambridge, Massachusetts, Harvard University Press, 2017; E. Matarazzo Suplicy, *Renda de Cidadania: A saída é pela porta*, Brasília, Cortez Editora, 2008; R. LoVuolo, "Prospects and challenges for the basic income proposal in Latin America", *Basic Income Studies*, vol. 7, N° 1, 2012; Economic Commission for Latin America and the Caribbean (ECLAC), *Equality and Women's Autonomy in the Sustainable Development Agenda (LC/G.2686/Rev.1)*, Santiago, 2016; G. Standing, *Basic Income: And How we Can Make it Happen*, Pelican, 2017; Organisation for Economic Cooperation and Development (OECD), *Basic Income as a Policy Option: Technical Background Note. Illustrating Costs and Distributional Implications for Selected Countries*, Paris, OCDE Publishing, 2017; ECLAC, *Social Panorama of Latin America 2015 (LC/G.2691-P)*, Santiago, 2016; OECD and others, *Revenue Statistics in Latin America and the Caribbean, 2017*, Paris, OECD Publishing, 2017; and F. Filgueira and E. Espíndola, "Toward a system of a basic cash transfers for children and older persons: an estimation of efforts, impacts and possibilities in Latin America", *Social Policy series*, N° 216 (LC/L.3934), Economic Commission for Latin America and the Caribbean (ECLAC), 2015.

<sup>a</sup> See Van Parijs and Vanderborght (2017) for these discussions.

<sup>b</sup> There are very diverse proposals in this regard. Some propose a progressive tax on capital (in the style of Piketty) or a percentage of compulsory levy on all public stock offerings (a Tobin tax), or a land or other common property tax based on the proposals of economists Thomas Paine and Henry George, respectively from the eighteenth and nineteenth century.

<sup>c</sup> Recent proposals such as those of Murray (2006) and Zwolinski (2014) of the Cato Institute follow this traditional view.

<sup>d</sup> Around 2011, the cost of a universal cash transfer in an amount equal to the poverty line to households with children and to adults aged over 65 years varied from a minimum of 1.5% of GDP in Argentina and Chile to a maximum of 13.7% of GDP in Guatemala.

In Latin America, the risk of job insecurity and vulnerability associated with these new forms of work that are accompanying technological change appear to be even higher, owing to the high rates of informality and structural inequalities.

In Latin America, the risk of job insecurity and vulnerability associated with these new forms of work that are accompanying technological change appear to be even higher, owing to the high rates of informality and structural inequalities that still characterize their labour markets. In this regard, Weller (2017) emphasizes that for Latin America, the main consequence of the potential losses of medium- and high-productivity jobs in the formal sector could be increasing informality, rather than a rise in unemployment. However, like in the more advanced countries, new technologies would also increase the diversity and variety of contract and labour relations, which would create new institutional challenges. For example, automation is expected to weaken trade union organization, collective bargaining and the right to strike. As a result, the social protection systems in the region would be affected both by weakened collective bargaining and by an increasing fragility of formal employment which, up to now, has been the main point of access to social protection (Novick, 2017).

To understand the potential changes in employment, at least three additional factors must be taken into account: demographic changes, the increasing international fragmentation

of production processes marked by global value chains (Scarpetta, 2016)<sup>32</sup> and the challenges and opportunities created by the transition to low-carbon (environmentally sustainable) economies.

## 2. Demographic changes and value chains

Demographic changes in Latin America are linked to ageing, migrations and the demographic dividend (ECLAC, 2016b). Migration may have an effect of complementarity—both in the creation of additional jobs (Reboiras, 2015) and in competition for existing jobs—which may be linked to possible downward pressure on wages and an increase in informality. Population ageing, in addition to placing a burden on pension systems, increases health and care demands (Rossel, 2016). The demographic dividend—together with the uptrend in women's labour market participation—offers some temporary respite to dependency ratios, but leads to greater pressure on the labour market by increasing the size of the labour force (Martínez, Miller and Saad, 2013).

Another relatively new force affecting the world of work has been the consolidation—led by corporations—of global value chains, which have become the dominant form of global trade and investment, concentrating around 80% of world trade (UNCTAD, 2013). As a result, in recent decades, global production processes have become fragmented, with different parts and stages performed in different countries. This organization of production throughout global value chains has increased the interconnectedness of economic agents from different sectors and countries and has had repercussions on labour markets, as many jobs have directly or indirectly become production linkages between countries (Novick, 2017).<sup>33</sup>

Latin America is situated in links of the value chain that are not intensive in value added. ECLAC/ILO (2016) points out that in Latin America, this may lead to at least two possible changes in the labour structure. One is that the number of jobs in the most modern segments, where the quality of working conditions are better and training requirements are higher, will be reduced; the other is that there will be more low-skilled jobs, given the preponderance of employment in labour-intensive segments. However, the conditions associated with such jobs could be better than current ones as they will have to comply with international standards aimed at improving the quality of employment, compared with similar jobs in local industries. This improvement is not guaranteed, however, as other studies show that even though productivity may increase, wages do not (Kizu, Kühn and Viegelahn, 2016).

Furthermore, a variety of research carried out in Latin America in recent decades reveal that the structure of these production chains can introduce and reinforce new forms of segmentation and vectors of inequality in labour markets. As noted previously, many of these studies reflect the deterioration in the quality of jobs and wages and the increasingly informal and insecure labour arrangements and relations the further down the supply chains one goes; this is true of chains that exist within a country and across several countries (Novick, 2017; Novick and Gallart, 1997; Novick and Carrillo, 2006; Leite and Iranzo, 2006). This process is often strongly marked by the gender dimension (Castillo and Santos, 1993; Abramo 1997) and other axes of social inequality in the region. The continuing challenge is, therefore, to ensure that jobs are decent, formal, more stable and protected.

<sup>32</sup> A value chain consists of a broad variety of activities needed for a product or service to transit across the various stages from conception of the product or service through to its delivery to consumers and final disposal once the product has been used. Enterprises that export, whether directly or indirectly, also participate in regional or global value chains.

<sup>33</sup> See, for example, the discussion on the increasing amount of service sector jobs created in the industrial sector, known as the "servicification" of manufacturing (Kizu, Kühn and Viegelahn, 2016).

### 3. The environmental big push and green jobs

In *Horizons 2030: Equality at the Centre of Sustainable Development* (ECLAC, 2016b), ECLAC argues that the current development model is economically, socially and environmentally unstable as a result of factors such as economic slowdown and instability, the inequalities and tensions arising from the concentration of wealth and income among and within countries, and the risk of an environmental crisis of immense proportions. In addition, achieving the objectives of an equality-centred agenda to the year 2030 will require a change in the style of development along with economic, industrial, social and environmental policies that are aligned with progressive structural change. In this new paradigm, public institutions and policies will focus on an environmental big push geared towards transforming the production structure and strengthening the absorption of technical progress with sustainability and equality. This is the basis for boosting high-quality employment and productivity in ways that will make it possible to craft more and better social policies, sustainably" (ECLAC, 2016b, p. 145).

For ECLAC, progressive structural change demands the development of technological capacities and innovations focused on sustainability. The environmental big push is a concentrated investment effort to redefine patterns of production and consumption, based on learning and innovation, which offers a great opportunity for a technological and production transformation that will lay the basis for creating high-quality employment (ECLAC, 2016b).

The discussion on the future of work, then, must incorporate that perspective. In other words, it is necessary to consider the challenges and opportunities posed by the transition to environmentally sustainable economies, a commitment undertaken by the international community in various forums and strengthened by the United Nations Conference on Sustainable Development (Rio+20). With the adoption of the 2030 Agenda for Sustainable Development in September 2015 and of the Paris Agreement the following December, the international community has committed itself to a model of sustainable development in which the economic, social and environmental dimensions are pursued in unison. Those agreements represent a paradigm shift in the vision of development, breaking with the idea that there is a choice to be made between environmental sustainability, economic growth and job stability. The Paris Agreement recognizes the need to address the impact that the transition towards a future of low-carbon economies will have on the world of work, bearing in mind the vital need for countries to take steps to uphold social justice during that transition and to develop mechanisms for protecting jobs and promoting decent work during the process.

According to the International Labour Organization (2016b), green jobs are decent jobs that help preserve or restore the environment, be they in traditional sectors such as manufacturing and construction, or in new, emerging green sectors such as renewable energy and energy efficiency. Green jobs can produce goods or provide services that benefit the environment (such as green buildings or clean transport) or contribute to more environmentally-friendly production processes, for example, by reducing water consumption or improving recycling systems. Back in 2008, a paper prepared jointly by the United Nations Environment Programme (UNEP), ILO, the International Organization of Employers (IOE) and the International Trade Union Confederation (ITUC) adopted a definition of "green jobs" that incorporated aspects relating to both the nature of the occupation and the characteristics of the goods and services it produces. Thus, green jobs were defined as those jobs in agriculture, manufacturing, research and development, administration and services that contribute substantially to preserving or restoring environmental quality (UNEP/ILO, 2008). The report highlights the negative effects of climate change on workers, particularly those in agriculture and tourism, and, for the

first time, provides global evidence for the creation of green jobs in certain sectors and economies. It also highlights the considerable potential for the creation of new jobs in green products and services, as well as the importance of the greening of existing workplaces and of providing support for those whose livelihoods would be affected by the impact of adjusting to a low-carbon global economy.

According to ILO (2017), the expected repercussions on the labour market during the transition towards low-carbon economies will be diverse and often contradictory. Some jobs will be eliminated—either phased out entirely or massively reduced in number without direct replacement (for example in the case of highly polluting or energy- and material-intensive activities). On the other hand, policies to promote green products, services and infrastructure will create demand for labour in various sectors and activities, including new types of jobs based on technological innovation that can respond to the requirements of sustainability. That dynamism within the labour market will not be limited to the industrialized countries; it will also be felt in the emerging economies. Thirdly, the acceleration of transition is likely to trigger a substitution effect, meaning the replacement of existing jobs in high-carbon sectors or that use high-emission technologies by new ones in less polluting sectors. Fourthly, many existing jobs will be adapted to the requirements of the greening economy.

In short, progressive structural change focused on the environmental big push, including the transition to a low-carbon economy, will be marked by a process whereby jobs and professions are eliminated, created, replaced and reconfigured. As with technological change, because its medium- and long-term net effect remains uncertain, it is impossible to predict the impact of structural change on the economy, the labour market and society. The actions and public policies implemented by the State and private sector will shape regulation and the ability to establish agreements and consensus related both to the nature and the pace and the speed of these changes in which citizens, civil society organizations and trade unions must participate, be given a voice and represented. This will, in turn, entail a need to adapt policies, build new capacities and re-engineer production facilities and places of work. The central task is to act so that this transition—which clearly has potential for creating jobs in various sectors, such as agriculture, energy, recycling, construction and transport—does in fact become an inclusive process, to ensure that “no one is left behind”.

One key area for public policy intervention in this transition process will be actions to mitigate risks and bridge inclusion gaps within the labour market, with due consideration for the gender dimension and other axes of social inequality. Along with the need to develop new capacities or to adapt those that exist to new job profiles and occupations, it will be necessary to prevent and address the inevitable differences in the timeframe and locations in which jobs are created. The new jobs will not necessarily be created in the places where other jobs are lost or at the same time as they disappear. Likewise, in addition to possibly being located in other territories, the expanding sectors may require skills and competencies that people who lost their jobs are unable to acquire (ILO, 2017).

It is therefore vital to consider ways to ensure economic security for people in a transition phase the duration and extent of which are unknown, including by introducing or strengthening unemployment insurance or other employment protection instruments and guaranteeing a minimum income floor (see box III.3 on basic income).<sup>34</sup>

To that end, it is necessary to conduct more in-depth diagnoses in each country, region, territory, sector and production chain to predict better the nature and pace of change. There is a need to strengthen integrated and inclusive social protection systems and employment services, both with regard to the quality of the information available

<sup>34</sup> In 2014, only 6 of the 19 countries in Latin America and the Caribbean from which the data was obtained had unemployment insurance: Argentina, Brazil, Chile, Ecuador, Uruguay and Venezuela (Bolivarian Republic of) (Velásquez, 2014).

on the organization of production and labour markets, and to employment protection instruments (such as unemployment insurance) and policies for technical and vocational training and skill development. It is also essential to ensure full enjoyment of the right to freedom of association and collective bargaining.

In short, technological transformations alone will not necessarily outweigh the other forces of transformation such as demographics or the complexity and configuration of new value chains. However, their impact will probably be felt in the profound and complex articulation between them. The final balance will depend on the political economy of technological change that wins out and will be shaped by politics. Moreover, these three dynamics are intertwined with the structural challenges that have characterized development in Latin America, including the pronounced structural heterogeneity and inequality that are intrinsic to their labour markets and societies and the reliance of their economies on natural resources. The environmental big push and the transition to low-carbon economies, given their potential for the creation of productive green jobs, must be seen as both an immense challenge and a tremendous opportunity; they are the linchpin of the equation.

Thus, the debate over the impact of technological transformations in the workplace should be seen in the broader context of demographic changes, the global fragmentation of production processes and the transition towards an environmentally sustainable economy, as well as the structural and historical challenges that the region has faced. Therefore, responding to the challenges posed by the labour market and labour regulation, education, health, social protection systems and inequality requires comprehensive agreements that incorporate these dynamics and the interdependence of the structural challenges and new transformative forces; that is, a new welfare system for a new production system. The only way to provide timely and effective responses that will bring the region closer to equality will be through a shared vision forged in solid social dialogue and the search to define a new consensus. This requires new labour and social covenants and the institutional reforms to translate them into action.

## E. Promoting social and labour inclusion

### 1. Fostering productive, good-quality jobs and decent work

The aim of policies and programmes for labour and productive inclusion and financial inclusion is to leave no one behind in the processes of development and social and economic inclusion. However, in Latin America and the Caribbean, these policies and programmes come up against labour markets with high levels of informality and large disparities in job quality, labour incomes, access to social protection and opportunities for upward occupational mobility throughout a person's working life. As highlighted in the Social Panorama of Latin America 2015 (ECLAC, 2016a), 49% of workers in the region are employed in low-productivity sectors and only 54% of employed persons are affiliated with a pension system. Similarly, 17.1% of employed persons live in poverty, or are unable to generate enough income lift themselves and their families out of poverty despite being employed. Furthermore, labour indicators show that there are considerable gaps based on gender, race, ethnicity or place of residence: for example, women's earnings, represent only 78% of men's earnings, on average (ECLAC, 2015). Structural gaps in labour markets and large differences in access to opportunities, rights, and benefits between different population groups represent a key obstacle for overcoming poverty and inequality in the region. The poorest and most vulnerable people tend to congregate in informal activities, which generate lower incomes and provide less access to social protection and fewer

opportunities for future generations (ECLAC, 2014). This is largely because the labour market, which generates 80% of the total incomes of Latin American households, is the link between a highly heterogeneous production structure with a large low-productivity sector, and high levels of inequality among household incomes (ECLAC, 2015).

Despite the structural challenges and the significant technological changes that are affecting and will affect the world of work (see section F), there is room for using public policy to promote more just and equitable societies that will ensure the social and labour inclusion of households and individuals. The social and labour market advances made at the beginning of the new millennium were not simply the result of economic growth, but also of public policies aimed at formalization, increasing the minimum wage and social spending, and strengthening collective bargaining and mechanisms for social dialogue between governments, trade unions and employers' organizations, among others. As a result of these efforts, between 2002 and 2013, the percentage of workers in low-productivity sectors had fallen from 54% to 49%, affiliation in pension systems rose from 42% to 54%, and poverty among the employed dropped from 32% to 17% (ECLAC, 2016a).

As noted in *Inclusive social development: the next generation of policies for overcoming poverty and reducing inequality in Latin America and the Caribbean* (ECLAC, 2015), States have an array of public policies —be they macroeconomic, industrial or sectoral— for the promotion of productive employment and decent work. This includes measures to:

- Promote employment formalization and the regularization of the informal economy;
- Foster women's economic autonomy and develop regulations and means to reconcile work and family;
- Broaden opportunities for young people to build decent work trajectories;
- Make progress on policies to raise minimum wages;
- Implement or strengthen employment protection measures (including unemployment insurance);
- Prevent and eradicate child labour and forced labour;
- Combat all forms of discrimination in employment;
- Guarantee freedom of association and collective bargaining rights; and
- Institute and strengthen forums and processes of social dialogue (ECLAC, 2015, p. 131).

To support these measures and promote decent work, it is particularly important, along with the development of active policies aimed at correcting labour market imperfections and strengthening labour and productive inclusion, to reassess the role of labour regulation and strengthen the institutions responsible for establishing, applying and enforcing the body of labour norms and regulations. This can be done by moving away from the deregulation of the 1980s and 1990s that had negative repercussions on the quality of employment, social protection and poverty (Velásquez, 2016) and duly protecting labour rights.

## 2. Making progress towards universal access and coverage in social protection, education and health

To promote social and labour inclusion, comply with the commitments of the 2030 Agenda for Sustainable Development and achieve the Sustainable Development Goals, further progress is needed towards universal coverage of social protection (including care systems), education and health, and access to water, sanitation and electricity infrastructure. While the region is in an economic slowdown, which puts pressure on the fiscal resources available to countries (see chapters II and IV), it is important to consider

that resources that have been wisely invested in the social sphere —apart from helping to realize the economic, social and cultural rights of the population as a whole— can play a central role in spurring economic growth and lead to significant gains in productivity. The relevance of this approach tends to increase over time; in the modern knowledge economy, the returns on ideas and capabilities are higher than returns on physical capital (Evans, 2008). It is time to move beyond the idea of social expenditures and understand that investments in education, health, social protection and care contribute to a virtuous circle that sustains inclusive growth. Therefore, it is critical that States have the capacity to redistribute and invest in human capacities by strengthening social policies with a rationale of universalism that is sensitive to differences. This means breaking down access barriers to social services and well-being that are faced by individuals living in conditions of poverty or vulnerability, women, Afrodescendants, indigenous peoples, persons living in deprived areas, persons with disabilities, and migrants, as well as children, young people and older adults (ECLAC, 2016d).

In particular, having universal social protection systems with the State playing a central role and a high degree of decommodification —that is, rights-based access to services instead of market dependent access— can protect all workers and their families throughout the life cycle, without such protection being necessarily tied to their position in the labour market (for example, because of the economic sector or the degree of formality). This would allow the region to better cope with the new scenario in the world of work (see section D) and the inevitable fluctuations in economies that are increasingly integrated globally. Workers in more egalitarian economies with sound social protection systems are less vulnerable to technological change and are better suited to the inevitable ups and downs in open economies. In countries where there is a strong welfare State, it is also possible to move forward with innovations in production and in the generation of quality jobs.

This is the case in the Nordic countries which, although they currently have per capita GDP levels far above those of the region, began to build the welfare State before becoming wealthy, and not the other way around (Sønneland, 2014). Universal social protection is therefore not a luxury that can be offered once high levels of development are achieved, but is a part of the development process.

In order to move towards universal social protection, it is necessary to strengthen both non-contributory social protection —for example, by maintaining and expanding monetary transfers in social and solidarity pensions and poverty reduction programmes (see section B)— and contributory social protection systems. This is the logic of the International Labour Organization (ILO) Social Protection Floors Recommendation, 2012 (No. 202) which aims to establish both the floor and levels of social protection without creating perverse disincentives. Such protections would include the extension of compulsory social security and voluntary insurance under public regulation.

The relative importance of contributory and non-contributory social protection in each context and moment of history and the types of efforts required to strengthen protection depend on the realities in each country. Unfortunately, because of high levels of labour informality, particularly in some countries and regions (see figure III.6 on territorial differences in pension system contributions and affiliation), the labour market in Latin America has not been the gateway to social protection for all, and is unlikely to be in the future.<sup>35</sup> Hence the need to develop mechanisms that provide the population with adequate levels of protection that are not necessarily linked to the modalities of labour insertion, through sustainable development strategies, public policy and negotiation and dialogue between labour stakeholders, without renouncing efforts

<sup>35</sup> For example, in the Plurinational State of Bolivia and the Republic of Guatemala, only one fifth of employed persons are affiliated with a pension system.

to formalize work and production activity or to expand contributory social protection. Similarly, moving towards a vision of care as a universal right throughout the life cycle, from childhood to old age —through policies that seek to correct the unequal sexual division of productive and reproductive work— and as a fundamental pillar of social protection remains challenge in Latin America and the Caribbean. However, several countries of the region are beginning to consolidate national systems or networks of care services (ECLAC, 2015, 2016a and 2016c; Rico and Robles, 2016).

Another important task for the region is to strengthen the quality of public education and, in particular, technical and vocational education and training which, given their close linkage with production sector demands, help to meet the challenges of transformations in the world of work (see section C). From the perspective of equality, it is desirable to overcome segmented models and enable those in technical and vocational education to pursue higher education, if they so wish. In addition, these systems should be able to accompany workers throughout their lives (Mercadante, 2017; Trucco and Ullmann, 2015) and have sufficient flexibility and capacity to respond to technological changes. Faced with the dynamic transformation of labour demands, technical-vocational education must be complemented by continuing job-specific training in order to help adapt to new tasks and avoid being rendered obsolete (see chapter IV).

It is recognized that good health is crucial to the well-being of individuals, families and communities, and to their economic and labour inclusion. People have a right to health, and society as a whole has to ensure that no one is denied access to health services and that these services provide all users with high-quality care. Identifying social divides in health conditions and the measures for addressing them should be viewed as a vital component of public action (ECLAC, 2005).

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## Annex III.A1

**Table III.A1.1**

Latin America (17 countries): dual inclusion (social and economic) by number of households (minimum levels), around 2002-around 2015  
(Percentages)

Country	Years					
	2002	2008	2010	2012	2014	2015
Argentina	43.1	52.0	52.8	55.0	54.3	...
Bolivia (Plurinational State of)	7.9	15.6	14.5	18.1	24.0	...
Brazil	23.3	29.2	33.0	34.2	35.5	37.1
Chile	52.0	50.9	52.0	54.3	58.3	61.9
Colombia	17.6	28.6	29.1	30.9	34.1	35.1
Costa Rica	22.4	27.5	27.9	29.5	31.9	30.5
Ecuador <sup>a</sup>	24.7	28.2	35.8	36.6	35.6	38.5
El Salvador	13.5	15.0	15.3	15.7	16.9	18.2
Guatemala	...	9.9	8.0	...	7.9	...
Honduras	...	8.1	...	...	9.2	9.9
Mexico	20.5	25.9	26.9	28.3	32.2	...
Nicaragua	5.4	7.4	...	...	...	...
Paraguay	12.7	13.4	13.9	18.8	21.3	21.8
Peru	10.7	18.2	20.0	23.6	23.8	...
Dominican Republic	15.3	21.5	23.1	25.3	28.3	...
Uruguay <sup>a</sup>	42.2	44.1	45.7	50.3	51.4	...
Venezuela (Bolivarian Republic of)	18.2	25.5	27.5	27.3	24.0	...
Latin America <sup>b</sup>	20.4	24.8	26.0	27.8	29.2	28.6 <sup>c</sup>

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

<sup>a</sup> Urban areas.

<sup>b</sup> Simple average of the country totals.

<sup>c</sup> Preliminary estimation.



# Public policies for social and economic inclusion: challenges for the implementation of the 2030 Agenda for Sustainable Development

## Introduction

- A. The challenge of capacity-building
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## Introduction

The structurally heterogeneous productive systems and the culture of privilege present in the countries of Latin America and the Caribbean—which are an integral part of their societies and of the historical processes through which they developed—are closely intertwined and are among the factors that reproduce economic and social inequalities and impede progress towards sustainable development. The challenges that characterize the gaps and links between the social and productive spheres are primarily structural in nature, although their dimensions and intensity vary from one situation to the next. The ways in which those societies produce, distribute, consume and coexist must undergo a profound change if they are to overcome poverty, reduce inequalities and achieve the other Goals and targets set in the 2030 Agenda for Sustainable Development. In particular, production must be diversified and progressive structural change must be brought about, promoting those sectors that make the most intensive use of knowledge and that offer the greatest potential for producing increases in domestic demand. At the same time, for that effort to be viable, progress must be made towards inclusive social development, which will help to achieve the universal enjoyment of rights and ensure equality in the capacities, means and resources needed for their exercise.

This document has already underscored the need to interconnect the three dimensions of the 2030 Agenda for Sustainable Development and the importance of considering the axes that structure social inequality and the hallmarks of the culture of privilege in the design of public policies, in order to overcome them (chapter I). It has also analysed the social policies that operate at such critical stages of people's lives as childhood, adolescence and youth (chapter II) and the challenges of linking social inclusion and labour inclusion (chapter III). This chapter examines some of the main challenges the region faces in meeting the Sustainable Development Goals (SDGs) and offers a number of policy recommendations for resolving them. Thus, it reviews aspects of the present situation relating to the financing and individual and institutional capacities that are available for addressing the challenges posed by the Goals and targets of the 2030 Agenda's social dimension, including those of both the social pillar specifically and the extended social pillar.<sup>1</sup> The analysis is structured around the rights-based approach, as an essential framework for guiding policies and attaining universal enjoyment of rights. In that context, highlighting the intersecting inequalities within Latin America's social inequality matrix (ECLAC, 2016a) is both an ethical imperative and an inescapable element of economic rationality, with which the social footprint of the current development model can be addressed and whereby opportunities can be made a reality, the challenges that exist can be tackled and the economic and environmental benefits can be emphasized.

Instead of attempting to cover all the challenges that social policy must address to meet the SDGs, this chapter focuses on three key themes. The first deals with the need for improved social and labour inclusion and better capacity-building (including the skills needed to function in the digital world and in the transition towards an environmentally sustainable economy) as key elements in increasing the general population's participation in the fruits of development. SDG 4, "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all", is explicit in its call for increased capacity-building as a basis for improving people's lives and progressing towards sustainable development. Likewise, SDG 8 calls for "sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all", which means that societies must create the conditions necessary to ensure that people have access to productive, quality jobs, with rights and social protection, stimulating the economy without damaging the environment.

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<sup>1</sup> As described in chapter I, the term "extended social pillar" refers, in addition to the Sustainable Development Goals that have explicitly social goals, to the targets of other SDGs where improvements or setbacks directly impact the possibility of progress with social issues and rights, regardless of whether their content is mainly economic, environmental or institutional.

The second theme deals with the importance of a strengthened institutional framework, with particular emphasis on the coordination of public policies in the social, economic and environmental spheres, the importance of improving and expanding social statistics and the key role played by adequate and stable funding; because of their importance, the latter two issues are addressed in separate sections. Institutional development is a critical tool for implementing the 2030 Agenda and for meeting all the Sustainable Development Goals. Of particular relevance in this are target 16.6, “develop effective, accountable and transparent institutions at all levels”; target 16.7, “ensure responsive, inclusive, participatory and representative decision-making at all levels”; and target 16.A, “strengthen relevant national institutions, including through international cooperation, for building capacity at all levels, in particular in developing countries, to prevent violence and combat terrorism and crime”.

Finally, as a complement to and prerequisite for progress towards those Goals, the third theme is the importance of fostering the political and fiscal viability of inclusive social development, through consensus-building, participation and compacts. As noted by the Economic Commission for Latin America and the Caribbean (ECLAC) in other documents, particularly in *Compacts for Equality: Towards a Sustainable Future* (ECLAC, 2014a), this is crucial to ensure the effectiveness and sustainability of public policies in the region.

## A. The challenge of capacity-building

### 1. Transformations in the world of work

ECLAC holds that equality is the strategic objective of development, structural change is the path that leads towards it and policy is the tool for achieving it. Structural change implies the transformation and diversification of the productive structure of the region’s economies, by incorporating a high degree of technological innovation and creating or expanding high-productivity sectors, through the intensive aggregation of knowledge and technical progress, together with efforts to integrate informal and low-productivity sectors into the process of development in a coordinated and increasingly formalized way. Capacity-building for new generations is one of the main stepping stones along the path to equality and must be paired with changes in the production structure (ECLAC, 2014a). Education and employment are the main underpinnings both of current development and of the new forms of development that will lead to more dynamic and inclusive societies (ECLAC, 2012).

As discussed in chapter III, technological change is advancing at an exponential rate, transforming many aspects of society and the economy, including the world of work. Over the coming years, those transformations are expected to accelerate significantly in most of the world’s emerging economies. This is a response both to the new paradigms of scientific and technological innovation and to the new patterns of competitiveness that characterize the globalization process, which have become more acute recently due to the ability of the Chinese economy to reduce industrial costs (Mercadante, 2017). The phenomenon is compounded by demographic change, the growing complexity of global value chains and the need to progress towards a low-carbon economy, which are three additional factors behind the transformation of labour markets. The new paradigm—the “fourth industrial and technological revolution” (ECLAC, 2016g), predicated on innovation and on the spread of information and communication technologies (ICTs)—finds the region’s economies with a weak ICT infrastructure and a sluggish adoption of ICTs in the productive sector and society in general (Novick, 2017).

The organization of work and production along the lines defined by Taylor and Ford, historically associated in the industrialized world with the vertical integration of large

companies, wage employment and the formalization of labour, has given way to models that are more fragmented and flexible and associated with the growth of precarious, temporary and outsourced work. Since the 1980s and 1990s, and most particularly in certain sectors, the mass production of uniform goods typical of Taylorism and Fordism has been gradually replaced by more flexible ways of organizing production, with high levels of automation taking over different operations and functions, and in which task specialization is frequently associated with increased flexibility and the weakening of labour regulations (Mercadante, 2017).

While major technological change has been taking place in the productive sector for a number of decades, the nature of those transformations has evolved in recent years: the rate of change has increased; the areas in which technology is used have expanded enormously as it has spread beyond traditional productive sectors such as manufacturing and agriculture into others, such as services and trade, and into medium- and high-complexity activities; and the costs of using automated services have fallen dramatically. Changes in the productive paradigm tend to produce new forms of segmentation and polarization in the world of work. On the one hand, there is a minority of highly skilled professionals, who have the skills and competencies that fit the demands of the new economy and are rewarded with high levels of income, most of whom are employed in the large multinational corporations that control the cutting edge of new technologies and how they spread. On the other hand, there is a growing majority of workers whose work is of diminishing importance and tends to be discarded or underutilized in increasingly precarious working relationships. These trends are structural and global, and they have a profound impact on the qualifications and skills demanded of workers; at the same time as higher levels of qualification are demanded for numerous functions and stages in the production process, in others the existing qualifications are becoming obsolete. It is also increasingly common for workers to have higher levels of training and qualifications than those required for the tasks they perform and to be unable to develop professional career paths. In that context, the transition from education to employment is an increasingly complex topic for public policy (Mercadante, 2017). Moreover, at both the global and regional levels, these processes are strongly marked by the gender dimension and other determinants of social inequality, such as race and ethnicity and migration status.

This new paradigm is changing the ways in which work is performed, eliminating some professions and functions while introducing new skills and reconfiguring others; at the same time, in addition to demanding substantial transformations to the institutional framework for work in order to uphold rights and the ability to negotiate in the new circumstances, it requires education and training systems to be permanently adjusted and updated in accordance with the skills and competencies demanded of workers (Mercadante, 2017). In addition, the region's demand for skills is fragmented by sectors and highly heterogeneous in terms of the knowledge and skills required. Decentralized and offshore productive systems and global value chains increase the complexity of this advent of new profiles and occupations (Novick, 2017). This underscores the importance of investing in training and education over the course of people's lives, particularly in the technical and vocational area, as established in targets 4.3, 4.4 and 4.5 of the 2030 Agenda for Sustainable Development.<sup>2</sup>

As noted in chapter II, worldwide there is renewed and increased interest in technical and vocational education and training, as one of the strategies for responding

Worldwide there is renewed and increased interest in technical and vocational education and training, as one of the strategies for responding to the challenges of equality, productivity and sustainability in the sphere of education.

<sup>2</sup> Those targets, to be attained by 2030, are as follows: ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university (target 4.3); substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship (target 4.4); and eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations (target 4.5).

to the challenges of equality, productivity and sustainability in the sphere of education. The region's countries are developing programmes to adapt their job training systems and make them more relevant to the demands of the productive sector and society in general. At the same time, a number of international agencies are making efforts and deploying resources to advise countries about how to strengthen their programmes. One key element in building better systems for technical education is to forge closer ties between players in the education system and those actors in the business sector interested in securing new technical workers for their productive activities. The creation of formal venues for such cooperation and the development of institutional networks for implementing internships and work-experience programmes are among the tools available for forming interconnections of that type (Sepúlveda, 2017).

The importance of technical and vocational education and training is rising as a result of the new global trends that are transforming the world of work, because it is a shorter form of training that, in many cases, facilitates the reconciliation of studies and the work day. In addition, this type of training facilitates the incorporation of students into specific labour market niches, enabling more effective transitions. Given the new demands of productive processes, however, training of this kind must also equip students with broad skills and provide them with a solid foundation in the areas of language, mathematics and digital competencies (Mercadante, 2017), given that the increasing rate of change in the world of work chiefly demands this kind of more general skills to facilitate adaptation to that dynamic.

In most Latin American countries, this type of training is generally provided by segmented systems, in which the technical studies path diverges from general or academic education at an early age (see chapter II). The situation is different in the English-speaking Caribbean, where the system more closely resembles the combined model found in the United States or Australia. There, technical and vocational training is provided in parallel to general education, with technical and vocational training offered in the form of optional courses available to all secondary school students. This approach seems reasonable and consistent with current standards, which require secondary school graduates to have certain competencies, knowledge and skills regardless of whether they plan to pursue higher education or to enter the labour market (Sevilla, 2017).

However, abandoning the segmented approach to adopt such a model is a complex undertaking that demands a shift of logic in various areas: infrastructure, study plans, teacher training and also cultural considerations, such as overcoming the prejudice that often exists in the countries regarding this kind of education, which generally represents the conclusion of education, does not offer a path towards continued studies at the university level and is therefore perceived as being of lower quality and prestige. Moreover, the optional courses made available to students at school must be relevant to them, either because they formally allow progress to higher level programmes or because they award certificates that the labour market recognizes. A failure to do so may render them unattractive to students, and the resultant loss of institutional weight and demand could lead to technical and vocational training being eliminated from secondary education, which would have undesirable consequences on retention and graduation rates (Sevilla, 2017).

Furthermore, while technical and vocational training and education at the secondary level in the region has a cross-cutting, preparatory nature and equips students for all kinds of higher education, it is generally recognized that the students who opt for this type of training have accrued deficits in their general education that cannot be remedied at this stage in their studies. Efforts to construct pathways for technical and vocational learning between the secondary and higher levels will not bear fruit if that situation cannot be corrected. Accordingly, the interconnections between those levels of education must be addressed not only from the perspective of the curriculum, but also from that of

pedagogy, with the deployment of recovery strategies to equalize students' academic levels and bridge any gaps prior to entry into higher education (Sevilla, 2017).

Technical training courses must not be too specific: given the current rate of technological innovation, they can quickly be rendered obsolete. For the same reason, training pathways for each professional profile are required, and these must also link formal technical education with non-formal courses or training for work and with the development of skills for learning how to learn and learning how to unlearn (Morin, 1992) and of the ability to analyse and resolve problems. In this way, a venue for updating technological skills can be established to address the speed and intensity of the current changes and to make the concept of lifelong education a reality by allowing the commencement and conclusion of activities in the system to be certified (Mercadante, 2017; Trucco and Ullmann, 2015).

An additional consideration—one that is of paramount importance for gender equality—is that this type of education has historically tended to accentuate the gender segmentation found in the labour market by focusing the training of women on feminized occupations associated with lower earnings. The choice of a career or course of specialized training is determined by deep-rooted sociocultural factors and gender socialization processes that reinforce roles assumed in the home; the result is the normalization of perceptions about study and work and about the different alternatives available to men and women (UNESCO, 2013). Accordingly, the moment when vocational decisions are made represents a key juncture for developing policies to address the gender inequalities found within society (Sepúlveda, 2017).

Technical and vocational education and training that is relevant and of high quality demands efficient coordination between educational institutions, the productive sector and business, so that students can develop the abilities and skills that the labour market needs. This, in turn, poses significant challenges in a changing world, where markets, products and production processes are permanently evolving. Notwithstanding, the greatest challenge is probably the development of active policies to close the gap between better educated and trained populations (young people in particular) and the limited capacity of labour markets to absorb those populations.

## 2. Sustainable development and capacities: the transition towards green jobs in an environmentally sustainable economy

As discussed in chapter III, meeting the goals of an equality-focused agenda within a time frame such as the one set by the 2030 Agenda for Sustainable Development requires a change in the prevailing development model and the implementation of economic, industrial, social and environmental policies that are in line with progressive structural change (ECLAC, 2016g). That is the basis for increasing both productivity and the availability of quality jobs. Discussions about the future of work must therefore include that perspective, given that it is a complex process, with results that are uncertain, and which entails both the disappearance of jobs in certain sectors and with certain characteristics and the creation of new jobs in new sectors (such as renewable energy and environmental services), new production processes that are cleaner or more ecological and the restructuring of functions, jobs, qualifications, skills and abilities.

In addition, the progressive structural change and environmental big push proposed by ECLAC (2016g) require the development of technological capabilities and innovations with a focus on sustainability, which opens a window of opportunity for a productive and technological transformation that can serve as the basis for the creation of quality jobs (ECLAC, 2016b).

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In order to make progress in that direction and bring about a just transition (ILO, 2017), progress must also be made in several other directions: strengthening countries' capacity to produce forecasts regarding their potential for creating new jobs and about the new processes and new job and skills profiles required by the green economy and their ability to develop technological, industrial and productive development policies in line with that perspective; strengthening social protection systems and the institutional framework for labour, especially as regards income guarantees, labour regulations and employment services; and strengthening the processes whereby agreements relating to the risks, benefits and opportunities of that transition are negotiated and formulated. A failure to achieve that coordination could lead to a continued expansion in the social footprint of the current development model and pose additional obstacles to sustainable development.

Another major challenge in ensuring a just transition —one that offers improved opportunities for creating decent jobs that help preserve or restore the environment (“green jobs”) (ILO, 2017)— is to adequately prepare the productive sector and the labour force by promoting green skills and qualifications. The development of such qualifications and skills is crucial in ensuring an efficient transition towards environmentally sustainable economies, in terms of both adjusting the demand for and supply of the necessary capacities and skills and facilitating the rapid adaptation of workers to evolving work processes. That development should not merely be a reaction to the changes taking place in productive process and in jobs, functions and tasks; it can itself also be an important driver of change (ILO, 2011).

The intensity, scope and pace of the change in the required qualifications and skills will be different between different countries, regions, sectors and types of business (ILO/Cedefop, 2011). Based on analyses of the issue that are already available, the following key areas for intervention can be identified.

First, public employment systems and active and passive labour market policies must be strengthened. Efficient labour market information systems (such as employment observatories, forecasts of sectoral and geographical demands for specific skills, accessible and accurate statistics on the profile of the workforce, and so on) are essential in building the capacity —of both the public and private sectors alike— to anticipate changes and to identify the new qualifications and skills needs of new production processes and green jobs and existing gaps in the labour force's qualifications. Similarly, there is a need for labour intermediation services that can successfully bring together the demand for labour and the supply of workers. The countries must also strengthen their employment protection mechanisms (such as unemployment insurance, which today exists in only in a few Latin American countries) and support mechanisms for self-employment and entrepreneurship (such as financial inclusion and productive microcredits), in order to capitalize on new, emerging opportunities in such sectors as family farming, agroecology and ecotourism.

The retraining and requalification of workers in new technologies and sectors and in green services and activities is vital, as is the training of new professionals and technicians; such efforts must be included in both public employment systems and the education system as a whole, at all levels (job training and retraining programmes, technical and vocational education and higher education in general). That undertaking must encompass several dimensions: (i) the development of the technological qualifications required by new, expanding sectors, including renewable energy, recycling, waste treatment, environmental services and others (for example, the qualifications required by engineers and technicians for the design, construction, installation and maintenance of solar panels and wind power equipment and systems), (ii) the development of traditional skills and capabilities in mathematics and language, (iii) the development of interpersonal and intrapersonal skills, and (iv) the development of general or soft skills (such as those linked to managerial abilities, leadership and communications)

and of those related to improved efficiency in the use of workplace resources and the understanding of environmental legislation, which are equally important in the required skill set. Another central element is the development of environmental awareness at all levels of education, from primary school to higher education.

Attention must also be paid to the lack of uniformity between territories and productive sectors. Employment information systems, labour intermediation services, job training and technical and vocational education must all be able to embrace that diversity and must be equipped with adequate mechanisms, programmes and intervention tools for responding to it.

It is also vital for a gender perspective to be adopted throughout this process, to overcome the gender stereotypes highlighted in the previous section that are still found in vocational education and in job training and to encourage the presence of women at the cutting edge of technology. Likewise, attention must be paid to the needs of other groups within the workforce that suffer various forms of exclusion and discrimination—for example, informal sector employees, rural workers, indigenous peoples and populations of African descent, persons with disabilities and migrants—so they can be incorporated into the adjustment and expansion of qualifications and skills required by the green economy.

All of this demands a high degree of coordination among policies (economic, productive, environmental, educational and labour market), the establishment and strengthening of venues for negotiation and social dialogue (between governments, trade unions and the private sector) and the strengthening of social protection systems. To take due advantage of the new opportunities presented by the transition towards an environmentally sustainable economy, and to prevent and mitigate its potential negative repercussions for workers and the general public through the disappearance or restructuring of certain types of jobs, tasks and qualifications, countries must strengthen their mechanisms for employment protection, income guarantees, vocational retraining and care systems.

### 3. The challenge of expanding the coverage of quality education in line with the new requirements

The situation described above and the requirements for social and labour inclusion throughout the life cycle—which in the case of young people are most keenly felt in the link between education and work—further complicate the provision of universal education that provides skills for the world of work. This is a requirement that must be addressed urgently, in an adaptive way and in accordance with the rights-based approach.

The region's shortfalls in the different areas of knowledge, as measured by international surveys, are a cause for great concern for at least two reasons. The first is the fact that, despite the progress made in education coverage, the region has still to meet several challenges, particularly as regards ensuring that the new generations complete their secondary education at the very least. Secondary education represents the lowest level to ensure minimum levels of well-being, break the intergenerational cycle of poverty and expand opportunities for access to decent work, but even today, around 40% of young people between the ages of 20 and 24 have not completed secondary school. In addition, that deficit is still clearly marked by the axes of the region's social inequality matrix, such as socioeconomic level, territory, race and ethnicity (ECLAC, 2017d).<sup>3</sup>

<sup>3</sup> In rural areas, for example, the proportion of young people in this age group who have completed secondary education (38.4% among men and 42.2% among women) is much lower than in urban areas (62.9% for men and 69.5% for women). Likewise, while 80% of young people in the fifth income quintile have attained that level of education, only 34% of their peers in the first quintile have done so (ECLAC, 2017d).

The second reason is that the progress made in access to education is not being reflected in the acquisition of the skills needed for the region's productive structure to adopt a sustainable model of development. Providing a majority of young people with education is not in itself enough if they do not graduate with the core competencies required for full participation as citizens of a modern society. At the same time, if the economic structure and labour markets fail to place value on those new skills, if their levels of modernization and structural change are low and if their dynamism in terms of innovation, use of technology and knowledge is limited, the positive repercussions of having better educated and better trained populations will be diluted. The social inequalities in academic outcomes and performance revealed by indicators of competencies can lead to high levels of frustration among a population that, after achieving much higher educational levels than earlier generations, has very high expectations of well-being and participation. That frustration has a very significant impact on the social cohesion that is vital for sustainable development.

The sociocultural diversity of Latin America and the Caribbean requires that education quality be understood in broader terms than merely through results in specific subjects such as reading and mathematics. The United Nations Educational, Scientific and Cultural Organization (UNESCO, 2012) has defined three types of key skills. The first type are foundation skills, which include reading, writing and arithmetic and are basic requirements for social and economic inclusion. The second type are transferable skills, which include the ability to solve problems, to communicate ideas and information effectively, to be creative and to demonstrate leadership, caution and entrepreneurship; people need skills of that kind to adapt to different working environments and improve their chances of keeping a good job by adapting to any changes that may occur. Finally, the third type are technical and vocational skills: the specific skills that are required by many jobs but that are changing at rapid speed.

The ability to “learn how to learn” and to “learn how to unlearn” must be developed, allowing people to evolve and adapt to new requirements. At the same time, progress must be made towards a concept of education that is linked to the notion of equality and rights, that is grounded in specific contexts and that takes on board sociocultural and ethnic diversity and the demands of broader training for citizenship. The central objective must be to educate for labour insertion but, above all, to provide an opportunity for lifelong learning.

However, these challenges are not for the education system and labour market alone: they must also be addressed by the social protection system and its function of facilitating access to social services and inclusion. Social protection systems must be a part of the process whereby training in those skills is strengthened and promoted over the life course. On the one hand, they can help bolster efforts to keep children, adolescents and young people from dropping out of school and to reincorporate them into the formal education system (which, in turn, must make progress with curricular reforms in order to address the new challenges). They can also connect people with training processes linked to labour insertion needs, such as training programmes offered by labour ministries or adult education programmes offered by education ministries (see chapter III, section C).

Finally, another vital task is to link social policy to training strategies for the digital skills required for participation in this new age of information and knowledge. There are a variety of such skills that people need to acquire, ranging from the most basic—knowing how to operate a computer and navigate the Internet—to the most advanced, such as how to search for appropriate information, select information from a range of sources and process it, collaborate with others, contribute to a blog, create content or select the best program for resolving a professional problem. People need those skills to

assume ownership of technology, but they do not arise automatically from access to technological resources: they largely depend on the individual's cognitive and cultural resources, which makes their equitable distribution within society much more difficult to achieve than simply by providing access. For that reason, in addition to closing gaps in access, support must be given for development of digital skills, especially among the poorer sectors of society, where such access can be expected to yield the greatest changes in people's lives (Jara, 2017).

## B. The social institutional framework for inclusive social development: the challenges of policy coordination and interconnection

Institutional development is critical for attaining the Sustainable Development Goals. This can be seen in the specific targets that identify it as a key tool for implementing the 2030 Agenda for Sustainable Development and meeting the SDGs as a whole.

ECLAC has highlighted the importance of building a strong institutional framework that provides a structure for the progressive realization of rights and allows the deployment of high quality social policies that are effective, efficient, sustainable and transparent. A strong institutional framework also requires the ability to combine continuity with change and to incorporate innovation in a structured way: that is, not arbitrarily but in accordance with predefined processes, and from one electoral cycle to the next (ECLAC, 2015 and 2016b; Franco and Székely, 2010).

As noted in the document *Inclusive social development: The next generation of policies for overcoming poverty and reducing inequality in Latin America and the Caribbean*, presented at the first session of the Regional Conference on Social Development in Latin America and the Caribbean (ECLAC, 2015), as well as in other documents (ECLAC, 2016b; Martínez and Maldonado, 2017), in recent decades, at the regional and national levels alike, countries have made significant strides with the institutional development of social policies. However, that progress has been unequal and considerable challenges remain in various aspects of the institutional framework (legal, regulatory, organizational, technical, operational and funding), both within individual countries and in the region as a whole.<sup>4</sup>

With an emphasis on the institutional framework's organizational dimension, the following paragraphs examine some of the main challenges in coordinating and interconnecting policies.

As noted by Cecchini and Martínez (2011), an inclusive social protection policy requires a comprehensive approach that, in the case of the supply of services, presupposes interconnections in the management of the actors involved. Those interconnections must be both horizontal, between the various sectoral entities involved, and vertical, between different levels of government. Likewise, the interconnections must provide for participation by the population at whom the policy is targeted.

Coordination is therefore a shared challenge, and one that is present in various areas of social policy, both for the region as a whole and within each country.

At the national level, the challenge of coordination involves several elements. One of those elements is the need for the social authority to successfully combine

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<sup>4</sup> For detailed information on the institutional framework situation at the regional level and within individual countries, see [online] <http://dds.cepal.org/bdips/>.

technical capacities with the political power required to bring together numerous entities from both the social and economic sectors and the public administration. For the social sector, this is a path that requires further progress, with due account taken of the differences in history, organizational size and available economic resources that exist between different social ministries. To these must be added the natural mission differences that exist between each according to their functions within government.

Historically, social policy was defined by a sectoral dynamic within which a leading role was played by traditional social functions, such as education, health, social security and labour. Since the 1990s, however, in parallel with the development and adoption of new international legal instruments, national policy frameworks have evolved, their contents have diversified and their scope has broadened. As a result, new topics came to the forefront, such as social development and assuring the rights and well-being of certain segments of the population (Martínez and Maldonado, 2017).

A second organizational challenge with a direct impact on social policy is the need to combine sectoral policies that cover the entire population—but in specific areas, linked to specific government functions—with policies aimed at priority populations, which have to cover a variety of issues but within populations that share certain characteristics. Some of those populations are determined by the stage of the life cycle at which they find themselves (in particular, children, adolescents, young people and older persons); others are cross-cutting groups of varying sizes, such as women (who are a majority within the population but have historically faced discrimination), indigenous peoples, people of African descent and persons with disabilities, whose inequality and discrimination are now increasingly recognized and included on most countries' social agendas. Other cross-cutting groups, such as migrants, have been comparatively less visible, at least at the regulatory level, despite the fact that their situation poses a significant and growing challenge for public policies and human, economic, social and cultural rights in the region.

A third area where coordination remains a challenge relates to the frequent segmentation of social protection systems, whereby, in general, the contributory and non-contributory components operate with scant interconnection; this has repercussions for the scope of action of the authority in charge of the system and for the implementation of coordinated rights-based policies that would enable progress to be made with the construction of integrated, universal systems.

A fourth challenge relates to the lack of coordination between social and economic authorities. This is an area where much effort is still needed to evolve from the sphere of ideas to the design and implementation of coordinated policies to enable sustainable development. The lack of coordination is often due to the different visions of development and of financing decisions that social and economic teams have.

Another obstacle to better coordination arises from tension between the political importance of social and economic issues and the technical capacities available to the competent government agencies in each case. The social function has recently acquired greater political significance compared to previous decades but, in many cases, governments' social areas (unlike their economic areas) do not have sufficient financial or technical resources to deal with the responsibilities and demands they are assigned.

Further tension arises from the predominant visions within those teams, with the rights-based approach making greater headway in social areas and with the economic arena instead placing greater emphasis on budgetary efficiency and feasibility in deciding on social policy funding. This gives rise to conflicting positions regarding social spending, which economic teams do not necessarily see as an investment that creates capabilities, greater productivity, consumption and well-being. Frequently, social spending is seen an adjustment variable for fiscal policy, particularly at times of greater fiscal constraints.

Furthermore, while the existence of intersectoral agencies is important in the social sphere, interconnecting them with economic and productive agencies is a challenge for which cooperative channels or practices do not always exist.

This is compounded by the greater urgency of those coordination needs because of the new challenges posed by climate change and the technological revolution that demand greater equality among the different areas of development in terms of the capacity for political decision-making at the highest level. As a result, coordination between the three dimensions —economic, social and environmental— of sustainable development is essential for comprehensive and inclusive compliance with the SDGs.

Finally, the vertical coordination of social policies (i.e. between different levels of government) is another central challenge. Although the formal existence of mechanisms for coordination and dialogue is essential, the gradual construction of specific spaces for that coordination is a complex process, subject to political tensions.

Taken together, these challenges indicate that it is increasingly urgent to develop an institutional structure for social policies and social protection that provides for participation by all state actors, including the legislative and judicial branches, in order to raise their political, regulatory and fiscal priority. This also entails creating and strengthening mechanisms and spaces for consultations and engagement with citizens and civil society organizations with a view to consolidating the social dimension's central role in sustainable development.

At the international level, within the numerous regional and subregional forums devoted to social development, there is still a risk of the regional social agenda becoming fragmented and efforts being diluted. Addressing that challenge demands appropriate coordination between governments' social priorities, the implementation of the 2030 Agenda for Sustainable Development and those forums. Thus, the Regional Conference on Social Development in Latin America and the Caribbean aspires to serve as a communication channel to better coordinate the ongoing efforts to promote social development, especially as regards the reduction of poverty and inequality.

The foregoing also presumes the existence among the countries of agreements and targets for effective and efficient progress based on the opportunity afforded by the 2030 Agenda for Sustainable Development, through common policies, regional cooperation and South-South cooperation.

## C. The challenge of statistical measurements and data

### 1. Global and regional architecture for monitoring the SDGs

The 2030 Agenda for Sustainable Development defines a set of 17 Sustainable Development Goals and 169 targets to be achieved by the year 2030. They reflect the aspirations of United Nations Member States for people, planet and prosperity and seek to strengthen universal peace and justice, ensuring no one is left behind. A globally agreed set of indicators is required to monitor countries' progress towards those targets. The Inter-Agency and Expert Group on Sustainable Development Goal Indicators, composed of representatives from 27 United Nations Member States' national statistical offices, has proposed a set of 230 indicators for the global monitoring of the SDGs and their targets.

In Latin America and the Caribbean, the regional architecture for monitoring the SDGs is coordinated by the Statistical Conference of the Americas of the Economic Commission for Latin America and the Caribbean.

The 2030 Agenda calls for the realities and challenges of sustainable development to be given a higher profile. In Latin America and the Caribbean, the regional architecture for monitoring the SDGs is coordinated by the Statistical Conference of the Americas of the Economic Commission for Latin America and the Caribbean, which, in June 2016, approved the creation of the Statistical Coordination Group for the 2030 Agenda in Latin America and the Caribbean, comprising the 10 countries that represent the region in two international forums devoted to that matter.<sup>5</sup> Its goal is to create a regional plan that meets the information requirements arising from the implementation of the 2030 Agenda for Sustainable Development.

During 2017, the Group has been preparing an initial proposal of regional indicators for monitoring the Sustainable Development Goals in Latin America and the Caribbean, which will be presented for consideration by the member countries of the Statistical Conference of the Americas of ECLAC at its ninth meeting in November 2017. It will also include the progress made by different actors and agencies in the region with responsibility for generating thematic indicators. In connection with that, it is important that the Regional Conference on Social Development in Latin America and the Caribbean report on the progress made with the databases that, in its resolution 1(I), it requested that ECLAC organize, maintain and update: for instance, the databases on social investment and on non-contributory social protection programmes.

## 2. National statistical capacities in the region, with particular reference to the social dimension

At the first meeting of the Forum of the Countries of Latin America and the Caribbean on Sustainable Development, held in Mexico City in April 2017, the Economic Commission for Latin America and the Caribbean presented an analysis of national statistical capacities in the region for producing the SDG indicators on the basis of information collected from national statistical offices (ECLAC, 2017a).

As shown in figure IV.1, the region's countries are currently producing around 22% of the indicators that make up the global indicator framework for monitoring the Sustainable Development Goals, and that figure rises to 42% with the inclusion of indicators that are not being produced at present but could be generated from existing information. The highest levels of information availability are for the social pillar indicators, particularly the SDGs relating to health and well-being (Goal 3), poverty (Goal 1), gender equality (Goal 5) and decent work (Goal 8), together with those of the extended social pillar (for example, Goal 7 and Goal 9). In contrast, the lowest levels of information availability were found for the indicators relating to oceans and marine life (Goal 14), responsible consumption and production (Goal 12) and climate action (Goal 13).

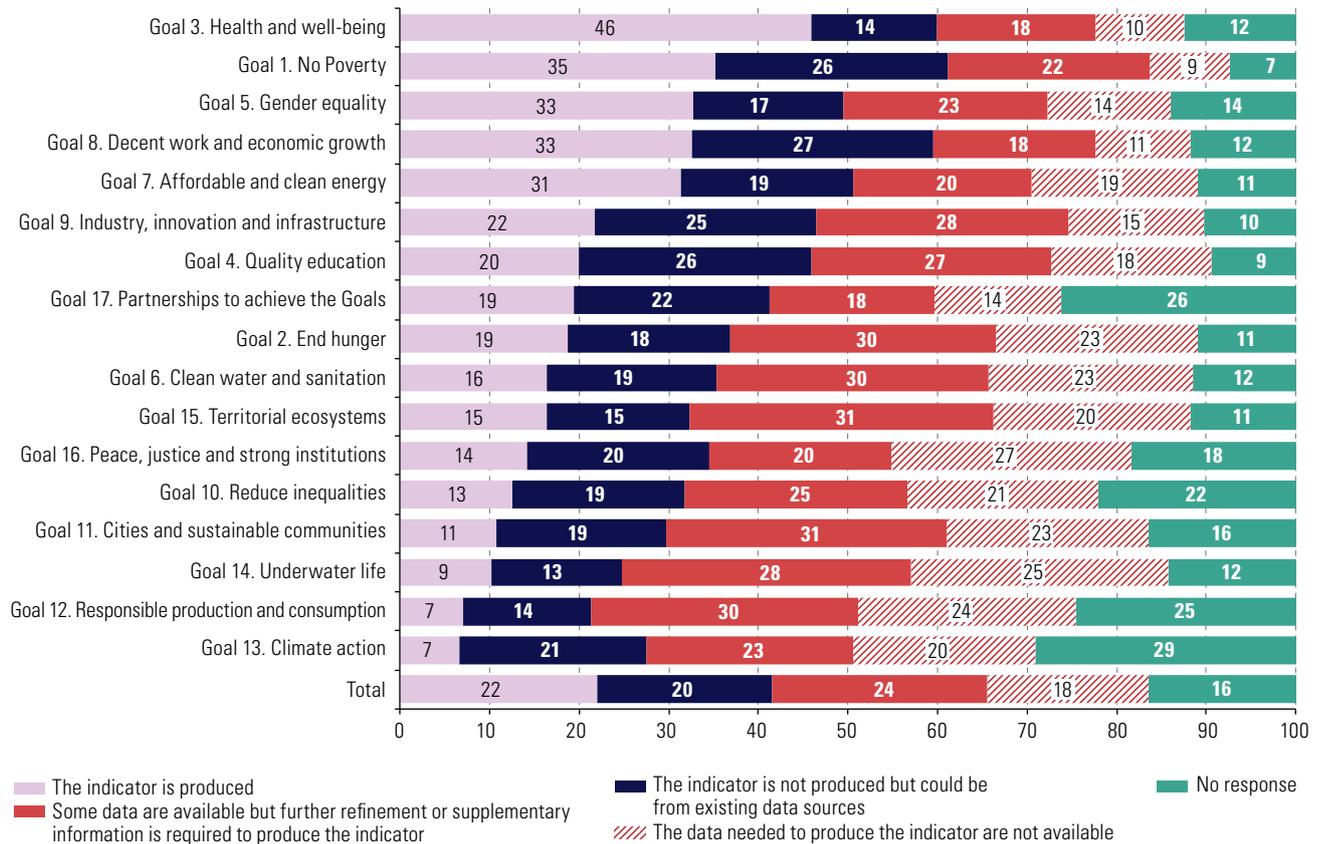
The study also provided an opportunity to highlight the importance of certain information sources in enabling the breakdown of data. Of particular importance are population and housing censuses which, because they cover the entire population of each country, allow variables to be examined in greater depth, thereby enabling the production of direct indicators or indicators that are complementary to those highlighted by the 2030 Agenda for Sustainable Development. Censuses are, for example, the main source for indicators dealing with the population by race and ethnicity, migration status or disability, as well as with certain age groups or specific territories. However, the thematic areas captured by censuses are constrained by the range of topics they

<sup>5</sup> There are two entities, composed of countries representing the different regions of the world, that are working to define and improve the global indicator framework: the Inter-Agency and Expert Group on Sustainable Development Goal Indicators, and the High-level Group for Partnership, Coordination and Capacity-Building for Statistics for the 2030 Agenda for Sustainable Development.

address (for example, unlike household surveys on living conditions, censuses do not include income variables) as well as by their ten-year time frame, which limits their usefulness. Another finding of the analysis was that given the lack of standardization that exists in the region, in some countries censuses will be the only available source of information until survey systems and —most particularly— constantly updated administrative records are strengthened (ECLAC, 2017a).

In some countries censuses will be the only available source of information until survey systems and —most particularly— constantly updated administrative records are strengthened.

**Figure IV.1**  
Latin America and the Caribbean: Sustainable Development Goal indicators by level of production, 2016  
(Percentages)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), “National Statistical Capacities Questionnaire for the Production of the SDG Indicators”, Statistical Coordination Group for the 2030 Agenda in Latin America and the Caribbean, 2016.

The SDGs establish the commitment to ensure “that no one is left behind” and no Goal is considered met unless all nations, peoples and groups within society have achieved it. Consequently, the disaggregation of the indicators is both necessary to reveal the different situations faced by various population groups and fundamental in achieving the Goals. More specifically, target 17.18 states: “By 2020, enhance capacity-building support to developing countries, including for least developed countries and small island developing States, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migration status, disability, geographic location and other characteristics relevant in national contexts.” Table IV.1 identifies the Sustainable Development Goal targets that refer explicitly to certain population groups or specific approaches that should be taken into consideration in producing information.

**Table IV.1**  
Sustainable Development Goal targets that refer to specific population groups or approaches for analysis

1.2	By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions.
1.3	Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.
1.4	By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance.
1.5	By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.
1.b	Create sound policy frameworks at the national, regional and international levels, based on pro-poor and gender-sensitive development strategies, to support accelerated investment in poverty eradication actions.
2.1	By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.
2.2	By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons.
2.3	By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.
3.1	By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births.
3.2	By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births.
4.1	By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.
4.2	By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education.
4.3	By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university.
4.4	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
4.5	By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.
4.6	By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy.
4.a	Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all.
5.1	End all forms of discrimination against all women and girls everywhere.
5.2	Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation.
5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
5.a	Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws.
5.b	Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women.
5.c	Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.
6.2	By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations.
8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
8.6	By 2020, substantially reduce the proportion of youth not in employment, education or training.
8.7	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms.
8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.
8.b	By 2020, develop and operationalize a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization.
10.2	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

Table IV.1 (concluded)

10.7	Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies.
10.c	By 2030, reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%.
11.2	By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
11.5	By 2030, significantly reduce the number of deaths and the number of people affected and substantially decrease the direct economic losses relative to global gross domestic product caused by disasters, including water-related disasters, with a focus on protecting the poor and people in vulnerable situations.
11.7	By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities.
12.c	Rationalize inefficient fossil-fuel subsidies that encourage wasteful consumption by removing market distortions, in accordance with national circumstances, including by restructuring taxation and phasing out those harmful subsidies, where they exist, to reflect their environmental impacts, taking fully into account the specific needs and conditions of developing countries and minimizing the possible adverse impacts on their development in a manner that protects the poor and the affected communities.
13.b	Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing States, including focusing on women, youth and local and marginalized communities.
16.2	End abuse, exploitation, trafficking and all forms of violence against and torture of children.
17.18	By 2020, enhance capacity-building support to developing countries, including for least developed countries and small island developing States, to increase significantly the availability of high-quality, timely and reliable data disaggregated by income, gender, age, race, ethnicity, migratory status, disability, geographic location and other characteristics relevant in national contexts.

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "Transforming our world: the 2030 Agenda for Sustainable Development" (A/RES/70/1), New York, 2015.

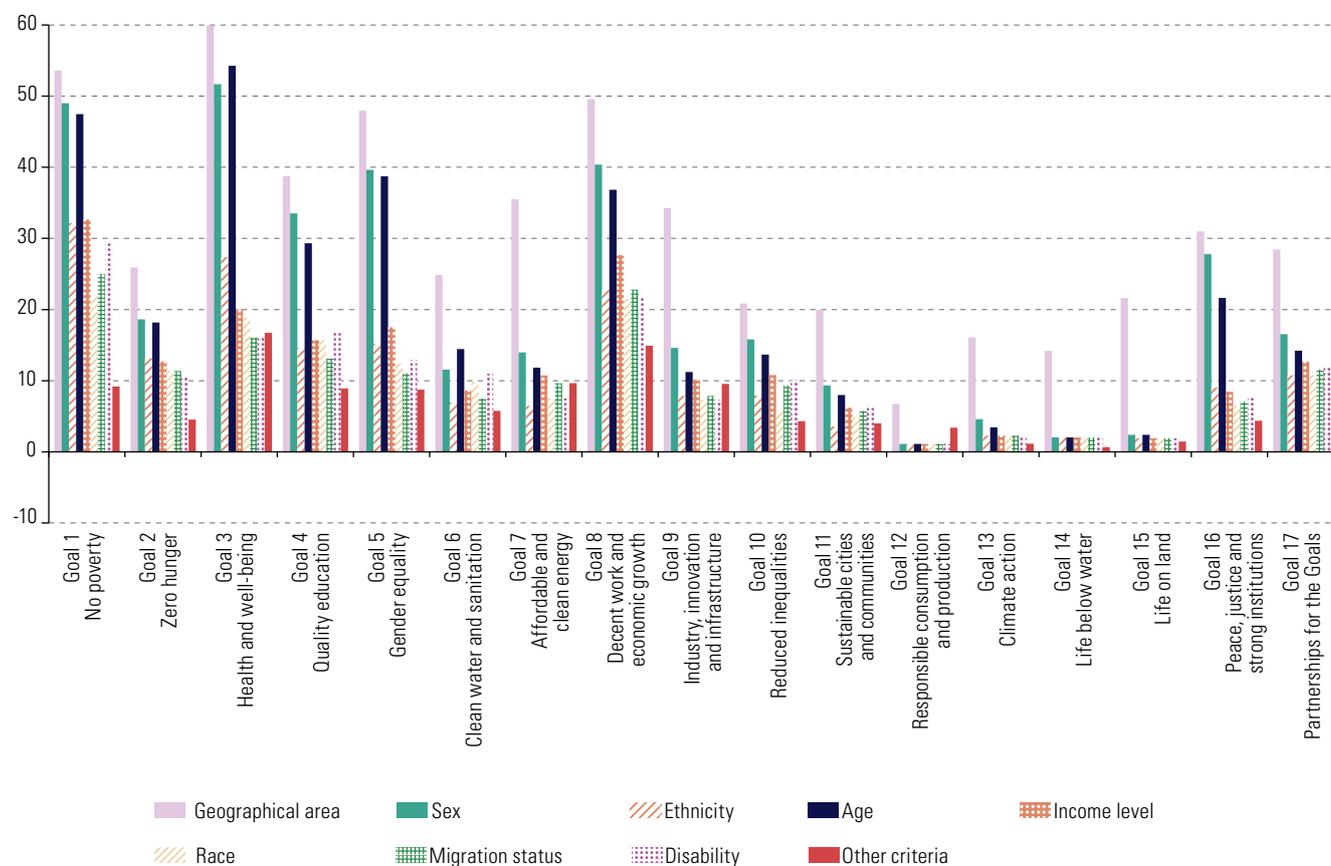
Progress with monitoring and analysing the SDGs in the region therefore requires identifying the various populations and generating disaggregated statistics in accordance with the different dimensions of inequality, including those identified as its main axes: socioeconomic status, gender, race, ethnicity, age and territory (ECLAC, 2016a). This is itself is a prerequisite for progress towards inclusive universal social policies. As matters currently stand, however, there are many weaknesses in the statistical information needed for the construction of indicators with the required levels of population disaggregation. The implementation of the indicator framework therefore represents a challenge for practically all the countries. The data obtained regarding national statistical capacities for the production of the Sustainable Development Goal indicators (ECLAC, 2017a) indicate a rather low level of openness: while, on average, 29% indicators could be disaggregated by geographical area, only about 3% can be disaggregated by ethnic and racial origin, migration status or disability.

An analysis of the capacity for disaggregation of the indicators for each SDG reveals a generally unequal situation, depending on the population group in question. In the case of Goal 1, for example, while 50% of the indicators can be broken down by geographic area (urban or rural), sex and age, only 20% can be disaggregated by race and ethnicity (see figure IV.2).

The following sections offer a brief description of national capacities and challenges in disaggregating the information as required by the wording of the SDGs and by the axes of the regional social inequality matrix. Both of those tools agree on the need to draw attention to the inequalities that affect people by reason of their income levels, sex, race, ethnicity, geographic area and current stage in the life cycle, which represent axes that intersect to broaden the gaps and limit the rights of certain segments of the population (ECLAC, 2016a).

Figure IV.2

Latin America and the Caribbean: Sustainable Development Goal indicators that are or could be produced from existing data and can be disaggregated by different criteria, 2016  
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), "National Statistical Capacities Questionnaire for the Production of the SDG Indicators", Statistical Coordination Group for the 2030 Agenda in Latin America and the Caribbean, 2016.

### (a) Disaggregation by sex and gender gaps

Official sources from the countries, such as censuses and multipurpose household surveys, allow the data to be disaggregated by sex, which in turn offers the possibility of analysing indicators with a gender perspective. The dimensions where surveys serve as a relevant or primary source of information include access to basic services, labour market indicators, unpaid domestic work, income and poverty measurements, educational variables, food security and access to information and communication technologies. Other specific surveys on time use,<sup>6</sup> violence against women and sexual and reproductive health have raised the visibility of phenomena that reveal pronounced

<sup>6</sup> Nineteen of the region's countries have completed at least one time use measurement. Even though the surveys use different methodologies and their results are therefore not comparable, they do indicate similar trends and provide relevant information on gender gaps (ECLAC, 2016d). Thanks to the efforts made to provide those measurements, 17 Latin American countries can report on indicator 5.4.1 (proportion of time spent on unpaid domestic and care work, disaggregated by sex, age and location) for monitoring Goal 5, whereas, at the global level, this indicator is classified among those that are not regularly produced within countries. However, the region must still meet the challenge of incorporating those surveys into the systematic production of official statistics and thus facilitate the construction of time series (ECLAC, 2017d).

inequality between men and women. While this is a major step forward, the fact that the information is in different sources limits the possibility of cross-referencing a number of variables among those dimensions.

The strengthening of information systems that provide for the systematic production of gender statistics and indicators has been a prominent component of the Regional Gender Agenda, and such systems constitute one of its means of implementation (ECLAC, 2016d). Thus, the Montevideo Strategy for Implementation of the Regional Gender Agenda within the Sustainable Development Framework by 2030 defines a number of measures for establishing and strengthening national statistical systems with a gender perspective (see box IV.1).

The Montevideo Strategy, adopted at the thirteenth session of the Regional Conference on Women in Latin America and the Caribbean (held in Montevideo in October 2016), includes the following proposals for implementing the Regional Gender Agenda in the area of information systems:

- Improve the coverage, quality and periodicity of sociodemographic and economic statistics through surveys, censuses and administrative records, using common classifications that ensure comparability.
- Ensure the disaggregation and dissemination of data by sex, age, race and ethnic origin, socioeconomic status and area of residence, in order to improve analyses to reflect the diversity of women's situations.
- Develop and strengthen instruments to measure gender inequalities, such as surveys on time use, violence against women, sexual and reproductive health and use of public spaces, and ensure their funding and periodicity.
- Design and incorporate into public information systems indicators to measure the level of commitment to and guarantee of women's human rights, differentiating structural, process and outcome indicators, and signs of qualitative progress.
- Build or strengthen inter-institutional partnerships between bodies that produce and use information, particularly between mechanisms for the advancement of women, national statistical offices, academic institutions and national human rights institutions.
- Publish and disseminate, through open-access digital means, high-quality, timely and free information on legislative discussions, approved and executed budgets and judicial decisions.
- Strengthen the statistical capacities of mechanisms for the advancement of women in Latin America and the Caribbean to mainstream the gender perspective in all statistical generation or integration projects.
- Promote the production of information for follow-up on the commitments assumed under the Regional Gender Agenda, seeking complementarity with the indicators for the Sustainable Development Goals and the Montevideo Consensus on Population and Development.
- Intensify coordination between the Regional Conference on Women in Latin America and the Caribbean and the Statistical Conference of the Americas of the Economic Commission for Latin America and the Caribbean, and encourage cooperation between countries and participation in the sessions of the United Nations Statistical Commission.

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC) (2017a), *Montevideo Strategy for Implementation of the Regional Gender Agenda within the Sustainable Development Framework by 2030* (LC/CRM.13/5), Santiago, 2017.

#### Box IV.1

Statistical strengthening measures proposed in the Montevideo Strategy for Implementation of the Regional Gender Agenda within the Sustainable Development Framework by 2030

Likewise, the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) has said that the global database on SDG indicators that the United Nations Statistics Division is developing will provide an effective repository for gender-related indicators and metadata at the national, regional and global levels. Similarly, efforts under way within the region, such as the study into statistical capacities carried out by the ECLAC Statistics Division and the specific surveys into capacities for gender-related statistics coordinated by the UN-Women Regional Office, have helped clarify the situation in Latin America and the Caribbean and reveal the challenges posed by the establishment of cooperation strategies with respect to the Sustainable Development Goals. Around 110 of the SDG indicators must be disaggregated by sex and, according to UN-Women, 46 relate to gender statistics in the strictest sense and will allow the monitoring of compliance with 31 targets (14 indicators relate to Goal 5) (ECLAC, 2017a).

### (b) Population by race and ethnicity<sup>7</sup>

The design of policies that recognize and mainstream the ethnic and racial dimension of poverty, inequality and other aspects of social development requires the inclusion of racial and ethnic self-identification questions in all the data sources. This remains a pending challenge in most of the region's countries, particularly as regards household surveys of living conditions, multipurpose household surveys and administrative records. While this information is useful for guiding policy and analysis, emphasis must be placed on the position held by indigenous and Afrodescendent organizations and the United Nations system: it is those peoples and persons who consider themselves indigenous or of African descent who must self-identify as such. For that reason, their representatives must participate in the decisions taken regarding the official collection of information about them.

Knowledge about the sociodemographic and socioeconomic conditions of people of African descent in the region's countries remains limited. Large gaps exist in the information, and these must be overcome to ensure the human, economic, social and cultural rights, well-being and social development of people of African descent. In 2014, the household surveys of only six Latin American countries (Brazil, Colombia, Ecuador, Peru, Plurinational State of Bolivia and Uruguay) included a question about Afrodescendent identity. Better progress has been made in population and housing censuses, particularly those conducted in the 2010 round: by the end of the decade, 17 out of 20 Latin American countries will have included questions on self-identification as Afrodescendants in their censuses.<sup>8</sup> The agencies responsible for continuous administrative records still have much further to go in this regard (ECLAC, 2017d).

For indigenous peoples, national population and housing censuses are the only data sources through which their numbers can be estimated, even for those groups that are relatively small in size. Since the 2010 census round, Latin American countries have taken significant, albeit uneven, steps in raising the statistical visibility of indigenous peoples. With three exceptions (Cuba, the Dominican Republic and Haiti), all the countries have included self-identification in their censuses over the course of the decade, or are planning to do so. The number of countries that include questions on indigenous languages has also increased: some countries enquire about the language learned in childhood, while others ask about the language spoken by every person or most frequently used in the home (ECLAC, 2014b). Nine countries included questions about

The design of policies that recognize and mainstream the ethnic and racial dimension of poverty, inequality and other aspects of social development requires the inclusion of racial and ethnic self-identification questions in all the data sources.

<sup>7</sup> The analysis presented in this section focuses on the situation of indigenous peoples and populations of African descent, on account of the great importance of those sectors in Latin America and, in particular, in the region's social inequality matrix (ECLAC, 2016a, 2016c and 2017d).

<sup>8</sup> The only three exceptions are Chile, the Dominican Republic and Haiti.

indigenous populations in their most recent household surveys of living conditions: Bolivia (Plurinational State of), Brazil, Chile, Ecuador, Guatemala, Mexico, Paraguay, Peru and Uruguay. Since such surveys address a broader spectrum of topics than censuses, this has increased the knowledge available about their levels of income poverty and living and working conditions.

### (c) Information on persons at different stages in the life cycle

The disaggregation of indicators is also required for the correct monitoring of the SDGs as regards the stages in the life cycle. The age variable, included in most official sources of information, is used to obtain statistics on the population in those different stages. The following subsections contain details on the availability of information for the different indicators considered at each stage, together with the challenges that exist.

#### (i) *Childhood and adolescence*

In spite of the broad thematic scope of censuses and household surveys, they do not necessarily cover issues relating to childhood and adolescence. Only a few countries have conducted specific surveys focusing on those stages in life. In addition, statistical tools are subject to minimum age requirements for interviews relating to certain topics and, as a result, children and adolescents can be excluded.

The draft biennial programme of regional and international cooperation activities for 2016-2017 of the Statistical Conference of the Americas of ECLAC identifies a number of challenges that must be overcome to improve the statistical information available about the population during childhood and adolescence and thereby measure progress with the SDGs, which include 34 indicators focused on children. Its proposals include methodologies to eliminate the information shortfalls that exist on issues related to the rights of children and adolescents, specifically as regards such topics as child protection, early childhood development, child and adolescent labour, disability, ethnicity and race. In turn, the United Nations Children's Fund (UNICEF) has identified and highlighted the information gaps that exist in the areas of violence against children, sexual violence among adolescents, early childhood development and child disability.<sup>9</sup>

In addition, the new round of the multiple indicator cluster surveys (MICS) promoted by UNICEF will provide information on 33 SDG indicators, covering 11 of the 17 Goals. Many countries are already receiving support from UNICEF and other United Nations agencies in planning their childhood surveys for the coming biennium.

Latin America and the Caribbean is one of the regions of the world that has made the most progress with quantifying child and adolescent labour. To date, at least 23 countries in the region have developed and implemented either specific surveys or supplementary modules within household surveys to examine this issue and, as a result, it now enjoys a higher profile on the public agenda. However, many of these are isolated efforts, which prevents a proper analysis of how the indicators evolve over time.

#### (ii) *Youth*

The 2030 Agenda for Sustainable Development contains five targets that specifically address youth: they can be found under Goal 4, "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all"; and Goal 8, "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all".

<sup>9</sup> For further information, see ECLAC (2017a, box III.1, p. 95).

Various official sources of information exist for monitoring the indicators related to those targets. The age variable is present in all the countries' censuses and household surveys and it can be used to access the broad range of topics covered by those sources.<sup>10</sup> However, at this stage, it remains unknown what indicators each country will select for monitoring those targets or how many other complementary indicators they will calculate to follow up on other relevant targets relating to the youth population, and that determination may in turn lead to new information-related challenges. There are also a number of administrative records that could provide information on the situation of young people as regards both education and employment, but they are not necessarily comparable from one country to the next.

### *(iii) Older persons*

The specific references to older persons in the 2030 Agenda for Sustainable Development mainly appear in the targets of Goal 2, "end hunger, achieve food security and improved nutrition and promote sustainable agriculture"; and Goal 11, "make cities and human settlements inclusive, safe, resilient and sustainable". Other specific targets also refer to the various stages of the life cycle and therefore include the needs of older persons. Censuses and household surveys already provide broad coverage for monitoring those targets, and the age variable allows the disaggregation of indicators relating to older persons.

## **(d) Territorial diversity**

Census microdata and the digital mapping of population censuses provide detailed information for analysing territorial characteristics and differences, and they allow the construction of indicators at lower territorial scales or for specific groups, even those with smaller populations, without the sampling errors that can arise from other sample-based sources of information (ECLAC, 2017a). However, the decade-long delay from one census to the next restricts the ability to analyse how indicators evolve over shorter time frames.

In addition, with the exception of Argentina and the Bolivarian Republic of Venezuela, most household surveys in Latin America now allow disaggregation between urban and rural areas and among first-level political and administrative divisions, such as provinces, departments or regions. Some countries also report representative statistics at the level of cities or major urban areas, but disaggregation at the local and territorial levels is generally not possible.<sup>11</sup> This is because of the higher costs involved in achieving that level of coverage, but the result is that it limits the possibility for more specific or better adapted policies.

## **(e) Migratory status**

Migration encompasses a range of situations that shape policy needs and requirements, depending on whether the people involved are emigrating, in transit, established in a destination country or have returned. Other factors are also at play, such as whether their families migrated with them or they have established transnational households.

Population censuses are the most widely used tool for quantitative and qualitative analyses of international migration, using the census count or direct measurements in different geographical units. Censuses reveal individuals' migration status through

<sup>10</sup> The highest levels of information availability are for the Goals relating to health and well-being (SDG 3), poverty (SDG 1), gender equality (SDG 5) and decent work (SDG 8), where the countries could produce around 60% of the indicators from existing information (ECLAC, 2017a).

<sup>11</sup> A sample is representative of a population when it is a reflection of it: in other words, when it presents the main characteristics of the population as regards the variable in question.

questions that identify and compare their current and prior places of residence (and/or places of birth), and they are particularly useful when they offer information about individual migrants at their points of destination. Censuses are therefore useful for examining both international and internal migration, and they are a good tool for quantifying and analysing remigration (Macadar, 2008). However, one challenge where improvements in the quality of the available information arises from the fact that migratory cycles often have shorter durations than the time from one census to the next. Likewise, questions about places of birth and prior residence are not always sufficient for identifying migrants and their needs, since changes of residence can sometimes be due to temporary reasons, such as studies or sporadic employment.

Meeting the migration-related SDG targets<sup>12</sup> demands greater awareness of the links between migration and development and closer attention to various issues related to vulnerability among migrants and their families (ECLAC, 2017a). In the region, in addition to the work of the Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, the International Organization for Migration (IOM) is also strengthening national and regional capacities for collecting, analysing and disseminating migration-related data, with emphasis on the collection of data relating to migrants' rights.

## (f) Disability

It is difficult to estimate the number of persons with disabilities as there is no standard definition of disability, there is disagreement over which aspects of disability should be measured and what tools should be used, and the quality of the available sources of information varies (ECLAC, 2014c).

The region's sources for official data on disabilities include population censuses, household surveys, special disability surveys and administrative records. In Latin America, specific disability surveys have been conducted in Argentina (2003), Chile (2015), Guatemala (2005), El Salvador (2016), Nicaragua (2003) and Peru (2012), and in certain years questions on the topic have been included in ongoing household surveys in Brazil (1991 and 1998), Chile (2006, 2009 and 2011), Costa Rica (2010 and 2013), the Dominican Republic (2013), Ecuador (2004, 2006 and 2014)<sup>13</sup> and Mexico (2012). Because of the constraints identified above, however, properly quantifying the situation of persons with disabilities, monitoring its evolution and comparing one country with another is still difficult.

Questions on disability were included in the 2010 census round questionnaires of 12 countries in Latin America and 15 in the Caribbean. The Bolivarian Republic of Venezuela, Cuba, Ecuador and maintained an approach based on impairments, while the other countries used an approach based on difficulties or limitations. Only the censuses conducted in Brazil (2010), Paraguay (2012) and Uruguay (2011) included the four options for defining the severity of disabilities recommended by CELADE - Population Division of ECLAC (González and Stang, 2014).<sup>14</sup>

Accordingly, one major task facing the region is the generation of data in keeping with the approach to disabilities proposed by the International Classification of Functioning, Disability and Health (ICF) of the World Health Organization (WHO),<sup>15</sup> as promoted by the

One major task facing the region is the generation of data in keeping with the approach to disabilities proposed by the International Classification of Functioning, Disability and Health (ICF) of the World Health Organization (WHO).

<sup>12</sup> Targets 5.2, 8.7, 8.8, 10.2, 10.7, 10.c, 16.2 and 17.18. See box IV.1.

<sup>13</sup> In the case of Ecuador, the 2004 exercise was the National Survey of Employment, Underemployment and Unemployment, which was replaced in 2006 and 2014 by the Survey of Living Conditions.

<sup>14</sup> The questions are: Do you have difficulty seeing, even if wearing glasses? Do you have difficulty hearing, even if using a hearing aid? Do you have difficulty walking or climbing steps? Do you have difficulty remembering, concentrating, making decisions or communicating? For each of these questions, there are four possible responses that indicate degrees of severity: (i) I cannot do that; (ii) Yes, a lot of difficulty; (iii) Yes, some difficulty; and (iv) No, no difficulty.

<sup>15</sup> WHO has proposed the International Classification of Functioning, Disability and Health (ICF), which distinguishes "impairment" from "disability". ICF has been accepted as one of the United Nations social classifications and incorporates the Standard Rules on the Equalization of Opportunities for Persons with Disabilities. It is considered an international standard.

Washington Group on Disability Statistics, and applying the set of questions developed by that Group in censuses and other instruments, in order to generate information about the population living with disabilities and their situations. In this undertaking, it would also be advantageous to make better use of administrative records.

### 3. The challenges of information for social policy

The task is to forge new partnerships and forms of cooperation between traditional sources and producers of data and indicators—such as censuses and surveys conducted by national statistics systems, other surveys and public and private records— and those new ones, bolstered by information and communication technologies, the mass take-up of mobile devices, the Internet of things and the digital economy, generating big data.

The statistical demands of the SDGs and the analytical and management needs of social policy naturally require large amounts of timely, systematic, appropriate and quality information. Data must be relevant, accurate and comparable, but many countries still report significant gaps in those areas, particularly as regards providing appropriate levels of disaggregation. In addition to the necessary task of strengthening housing and population censuses and household surveys, the use of administrative records—compiled as part of the regular work of various public agencies—is one of the areas with the greatest potential for improving the coverage, disaggregation, timeliness and efficiency of statistics. Therefore, addressing those challenges will only be possible through the creation of synergies among all statistical system actors to strengthen the countries' capacities in this area. Given the persistence of structural weaknesses in the national statistical offices and systems of several countries, often with outdated legal frameworks, severe shortages of skilled staff and inadequate and unstable financial resources, the region's governments must be encouraged to endow those systems with a proper, autonomous institutional structure that enables them to sustainably produce statistical work to high quality standards (ECLAC, 2017a).

Traditional sources of data and indicators, such as censuses and surveys conducted by national statistical systems, are now complemented by new ones that leverage information and communication technologies. Today's task is to forge new partnerships and forms of cooperation between traditional sources and producers of data and indicators—such as censuses and surveys conducted by national statistics systems, other surveys and public and private records— and those new ones, bolstered by information and communication technologies, the mass take-up of mobile devices, the Internet of things and the digital economy, generating big data (Bárcena, 2017).

To facilitate sound, transparent decision-making, these data sources must be coordinated with results from specialized studies and from the region's systems for monitoring and evaluating programmes and projects, as well as with public and private social spending statistics. The combined analysis of data from different sources is essential for comprehensive assessments of social policies and of how they relate to the results revealed by the indicators.

This highlights the importance of coordinating data sources through integrated information systems, which will facilitate both the monitoring of the SDGs and their indicators and the design, monitoring and evaluation of social policy. The necessary professional and technical capacities already exist, and technology presents a unique opportunity with its ability to manage large amounts of diverse information to guide those policies towards the different needs of each sector of the population, thereby bridging gaps and advancing inclusion. Consequently, the challenge is centred on the political decision to undertake implementation and the investment of the necessary resources, as an integral part of the development of public policies. But that high-level decision on its own will not bring about the necessary changes if the models used to organize and manage those policies are not simultaneously modified in a culturally inclusive way.

## D. The challenge of financing

Initial estimates of the resources needed to meet the SDGs made by the United Nations (2014) speak of an annual global outlay of between US\$ 3 trillion and US\$ 14 trillion. In those estimates, the eradication of extreme poverty, the elimination of hunger and the provision of universal primary education and health care account for a very small proportion (US\$ 195 billion) of the total annual financing needs. According to more recent estimates, the total amount required stands at US\$ 6 trillion a year.<sup>16</sup>

Regardless of the exact cost estimates, the needs are vast and the resources that Latin America and the Caribbean require must largely come from public financing; supplementary private funding will also be needed, given that 28 of the region's 33 countries are classified as middle-income and only one (Haiti) as low-income (ECLAC, 2017d). In the area of non-contributory social protection (see chapter III), it has been estimated that universal income transfers for families with members under the age of 18 or over the age of 65, in an amount equal to the poverty line, would cost the equivalent of 5.26% of the region's gross domestic product. If those transfers were targeted at the vulnerable population (those with per capita incomes of less than 1.8 times the poverty line), the cost would amount to 2.5% of GDP (Filgueira and Espíndola, 2015). Those figures are intended to indicate the levels of social investment required to eradicate poverty in the region and make progress towards meeting the SDGs. In that context, the following sections describe the region's situation as regards its income and the resources earmarked to finance social policies.

### 1. Tax revenue

The region faces a number of domestic financing challenges. This is due to its low levels of taxation, compared to the countries of the Organization for Economic Cooperation and Development (OECD), its weak levels of revenue from direct tax collection, especially as regards personal income tax, and the regressive nature of its tax systems.<sup>17</sup> This is compounded by high rates of tax evasion, which ECLAC estimates accounted for around US\$ 340 billion in 2015, equivalent to 6.7% of the region's GDP (ECLAC, 2017f).

As indicated by ECLAC (2017e and 2017f), recent trends in the region's tax revenues are not promising: a decrease is imminent, with a fall from 18.4% of GDP in 2016 (see figure IV.3) to 18.1% in 2017. This drop in revenue is mainly due to the economic downturn and the continuing decline in the international prices of crude oil, minerals and metals.

ECLAC (2017b) has highlighted a number of areas that require attention to address the financing problem:

- Fiscal institutions must give priority to investment, while protecting social spending.
- Tax systems must become a pillar of financing for sustainable development.
- Tax systems in the region must become more progressive.
- Tax evasion remains rampant and administrative changes and structural improvements must be made to tackle it.
- The proliferation of tax incentives, which have eroded the tax base, must be curtailed.
- The countries must address the tax strategies of multinational corporations.

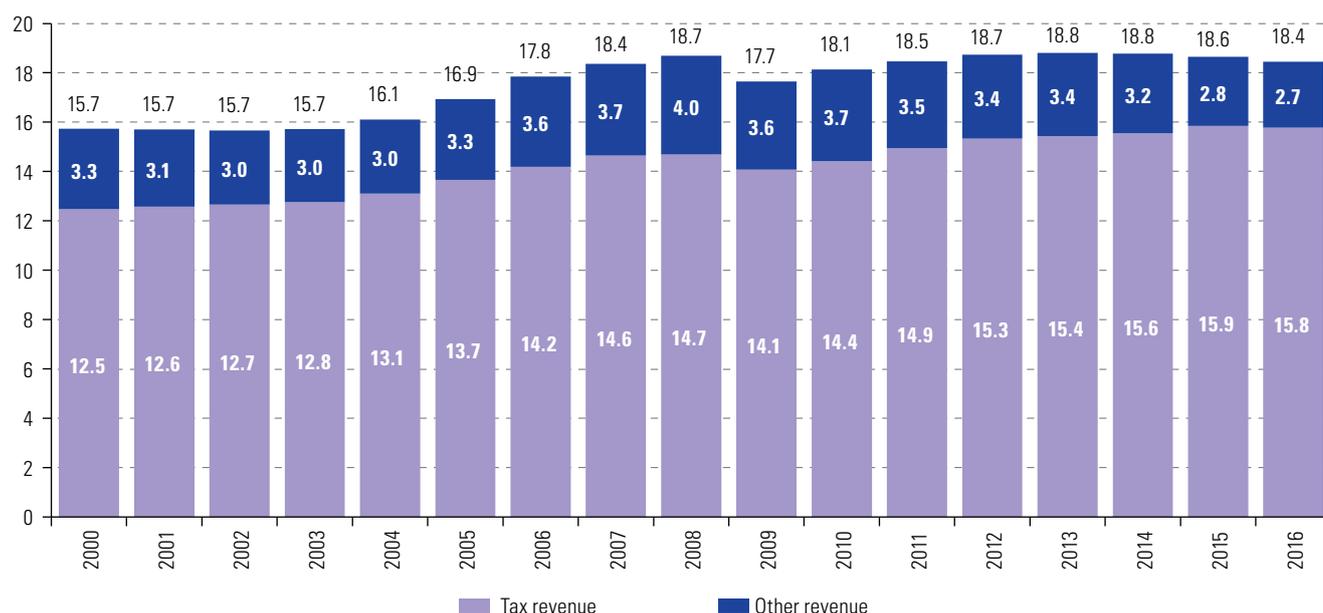
<sup>16</sup> See "Opening of SDG Financing Lab" [online] <http://www.un.org/pga/71/2017/04/18/opening-of-sdg-financing-lab/>.

<sup>17</sup> As ECLAC has stated, "one of the key features of Latin American tax systems is the high share of general taxes on goods and services in the region's total tax revenues. These taxes have a regressive bias, while direct taxes do not generate enough income to have a significant impact in terms of redistribution" (ECLAC, 2017b, p. 10).

- Illicit financial flows, which represent lost tax revenues, must be substantially reduced.<sup>18</sup>
- Tax cooperation efforts must be redoubled at the global and regional levels.
- Attention must be paid to the growing importance of private external financial flows, particularly foreign direct investment and remittances.
- Private external flows must be directed towards the SDGs and the new mechanisms and sources of financing (such as new donors and climate funds) that are emerging must be harnessed.
- Additional external resources must be mobilized, given that official flows of external financing to Latin America and the Caribbean have fallen.
- Foreign debt relief must be extended to the small island developing States of the Caribbean.

**Figure IV.3**

Latin America (18 countries): composition of central government revenues, 2000-2016<sup>a</sup>  
(Percentages of GDP)



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

<sup>a</sup> Simple averages. The countries included are Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru and Uruguay. In the case of the Plurinational State of Bolivia, the figures are for the general government. The "other income" category covers non-tax revenue (donations, income from property, sales of goods and services)

In addition to those points, ECLAC stated that "greater mobilization of external resources should be accompanied with the promotion of new and innovative instruments and mechanisms for financing social and production development" (2017b, p. 23). This innovative financing encompasses a broad range of mechanisms and instruments, which can be classified into four main categories: (i) taxes, dues and other obligatory changes on globalized activities, (ii) voluntary solidarity contributions, (iii) frontloading

<sup>18</sup> Illicit financial flows are cross-border movements of money that has been earned, transferred or used illegally. Such funds usually originate from commercial activities (falsification of trade invoices and abusive transfer pricing), criminal activities or corruption (Podestá, Hanni and Martner, 2017).

and debt-based instruments, and (iv) State guarantees, public-private incentives and insurance (ECLAC, 2017b).

Two considerations are important in connection with private flows. On the one hand, foreign direct investment flows currently go mainly to the natural resource and service sectors (ECLAC, 2017b). Public investment should therefore target sectors that do not attract sufficient private capital, thus playing an increasingly important role in including notions of social returns and environmental sustainability in cost-benefit analyses. On the other, remittances have become the fastest-growing component of financial flows; they account for 24% of total net private financial flows in the region, exceeding 10% of GDP in some of the Central American and Caribbean economies (CEMLA, 2017). These transfers between households, or within transnational households, are important because they represent a significant source of resources for social promotion and protection needs in the countries of origin. However, they also pose a challenge in that they are not related to countries' domestic output and are subject to the capacities of households.

One of the innovations of the 2030 Agenda for Sustainable Development is its emphasis on the means of implementation for the different SDGs. In particular, through national and international resource mobilization, it explicitly seeks to ensure that the countries have adequate, predictable means for policy implementation.

## 2. Public social spending as a means of implementation for sustainable development

As stated by ECLAC (2016b), one of the innovations of the 2030 Agenda for Sustainable Development is its emphasis on the means of implementation for the different SDGs. In particular, through national and international resource mobilization, it explicitly seeks to ensure that the countries have adequate, predictable means for policy implementation. ECLAC believes that public spending in general and social investment in particular are central components of the means of implementation for meeting the SDGs (see box IV.2) and for the population's social and labour inclusion, in that they can assure the financial viability of policies aimed at increasing access to basic services—such as sanitation, housing, education and health—as well as to social protection and care systems.

Breaking down public expenditure by functional classification provides information on the functions or purposes for which governments spend, independently of the government entity implementing the programme; this enables public policies to be analysed and monitored. Through its Social Development Division and with the support and cooperation of the region's countries, ECLAC compiles information on social expenditure by functions, in accordance with the mandate given to it by the Regional Conference on Social Development in Latin America and the Caribbean.<sup>19</sup> The information gathered from 18 Latin American countries in 2015 shows that the simple average of public social spending by central governments was 10.5% of GDP, its highest level since 2000 and accounting for 53% of total central government expenditure. When the data for spending by other levels of government available from some of the countries are added, average public social spending rises to 14.5% of GDP: a figure that, as is the case with the tax burden and its redistributive impact, reveals a significant gap compared to the OECD countries.

Public social spending by central governments was 10.5% of GDP, its highest level since 2000 and accounting for 53% of total central government expenditure.

<sup>19</sup> See resolution 1(I), adopted at the first session of the Regional Conference on Social Development in Latin America and the Caribbean, at [online] [http://repositorio.cepal.org/bitstream/handle/11362/40362/15-01115\\_cds.1\\_resolution.pdf](http://repositorio.cepal.org/bitstream/handle/11362/40362/15-01115_cds.1_resolution.pdf) and ECLAC (2017d, chapter II).

### Box IV.2

#### Functions of government and the Sustainable Development Goals

In view of the challenges posed by the Sustainable Development Goals, the region's countries should increase their provision of public goods and services, which requires an increase in their funding needs. The list below describes each of the ten government functions (according to the Classification of the Functions of the Government (COFOG)) at the central government level and how they relate to the SDGs:

- (i) **General public services:** Includes spending by executive and legislative organs, financial and fiscal affairs, foreign affairs, the payment of interest on the public debt and general transfers between different levels of government. On average, this is the most important function in terms of expenditure (in Latin America it accounted for 25% of all central government spending in 2015), and it is related to all the SDGs.
- (ii) **Defence:** Includes spending on military defence, civil defence and foreign military aid. It also includes spending associated with the formulation of contingency plans and so is related to target 13.1, on strengthening resilience and adaptive capacity to climate-related hazards and natural disasters. In Latin America, this function accounted for an average of 4% of total spending in 2015.
- (iii) **Public order and safety:** Includes spending on the police, fire-protection services, courts and prisons. This function bears a direct relation to SDG 15 (which includes protecting the sustainable use of terrestrial ecosystems) and SDG 16 (about promoting peaceful and inclusive societies for sustainable development, providing access to justice and building effective institutions). Within the region, the function grew in importance between 2000 and 2015, rising from an average of 5% to 9% of total spending.
- (iv) **Economic affairs:** Includes spending on various economic sectors (agriculture, fuel and energy, mining, manufacturing and construction, transport and communications, and labour affairs and services). In 2015, it represented 12% of the region's total expenditure. The following SDGs are related to this function: Goal 2 (end hunger, achieve food security and improved nutrition and promote sustainable agriculture), Goal 7 (ensure access to affordable, reliable, sustainable and modern energy), Goal 8 (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all), Goal 9 (build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation), Goal 11 (make cities and human settlements inclusive, safe, resilient and sustainable) and Goal 14 (in particular, the target related to regulating fishing activities).
- (v) **Environmental protection:** Includes spending on managing waste and waste water, pollution abatement and the protection of biodiversity and landscape. Expenditure on this function is very low (0.5% of total spending), but it is without a doubt the area that should see the largest increase, given the immense task of environmental preservation facing the world. It affects the following SDGs related to both the environmental sustainability of development and environmental protection: Goal 6 (ensure availability and sustainable management of water and sanitation for all), Goal 11, Goal 12 (ensure sustainable consumption and production patterns), Goal 13 (take urgent action to combat climate change and its impacts), Goal 14 (conserve and sustainably use the oceans, seas and marine resources for sustainable development) and Goal 15 (protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss).
- (vi) **Housing and community amenities:** Includes spending on housing development, community development, the water supply and street lighting. On average, this function accounted for only 0.6% of the region's GDP in 2015, or 3% of total central government spending. The following SDGs are related to this function: Goal 6, Goal 9, Goal 10 (reduce inequality within and among countries) and Goal 11.
- (vii) **Health:** Includes spending on services provided to individual persons (such as spending on pharmaceutical and therapeutic products, appliances and equipment; outpatient services; hospital services and public health services) and services provided on a collective basis (health-related research and development and administration of health plans). This

spending rose between 2000 and 2015 (from 1.3% to 2.0% of GDP) on account of increases in non-communicable and chronic diseases (as a result of population ageing and the epidemiological transition) and the expansion of health coverage. The targets associated with Goal 3 (ensure healthy lives and promote well-being for all at all ages) will require countries to allocate more resources to this function.

- (viii) Recreation, culture and religion: Includes spending for leisure (recreation, sports and culture, radio, television and editorial services) and religious services. On average, this function accounted for only 0.1% of the region's GDP in 2015, or 0.7% of total central government spending. The SDG related to this function is Goal 11 and, in particular, target 11.4 (strengthen efforts to protect and safeguard the world's cultural and natural heritage).
- (ix) Education: Includes spending on different levels of education, from preschool to the tertiary level, including subsidiary services and education-related research and development. The increasing resources dedicated to this function in the region (rising from 3.0% to 3.9% of GDP between 2000 and 2015) is due to improved coverage and quality of compulsory education. The targets set for Goal 4 (ensure inclusive and equitable quality education and promote lifelong learning opportunities for all) will demand further increases in the funds allocated to this function.
- (x) Social protection: Includes spending on services and transfers for individuals and families in the following groups: sickness and disability, old age, survivors, family and children, unemployment, housing and social exclusion. In 2015, central government spending on this function accounted for an average of 3.7% of GDP across the region, or 18% of total expenditure. The SDGs related to this function are Goal 1 (end poverty in all its forms everywhere) and, in particular, target 1.3, on the implementation of social protection systems and measures for all, Goal 8 (in particular, target 8.5, which refers to ensuring decent work for everyone) and Goal 10.

In addition to the above, particular attention must be paid to the functional analysis of policies that pursue objectives related to gender equality. Given the cross-cutting nature of such policies and of the SDG targets associated with them (in particular, Goal 5 and the targets of the other 16 Goals that include gender commitments), they must be linked to all government functions. That will serve to highlight their cross-cutting nature in both policies and in the SDGs as a whole, and it represents an opportunity to move forward in building a regional agenda for sustainable development based on gender equality and on the autonomy and rights of women (ECLAC, 2016d).

#### Spending by government functions and Sustainable Development Goals

Functions of Government	Sustainable Development Goals
(i) General public services	All
(ii) Defence	Goal 5 and Goal 13
(iii) Public order and safety	Goal 5, Goal 15 and Goal 16
(iv) Economic affairs	Goal 2, Goal 5, Goal 7, Goal 8, Goal 9, Goal 11 and Goal 14
(v) Environmental protection	Goal 5, Goal 6, Goal 11, Goal 12, Goal 13, Goal 14 and Goal 15
(vi) Housing and community amenities	Goal 5, Goal 6, Goal 9, Goal 10 and Goal 11
(vii) Health	Goal 3 and Goal 5
(viii) Recreation, culture and religion	Goal 5 and Goal 11
(ix) Education	Goal 4 and Goal 5
(x) Social protection	Goal 1, Goal 5, Goal 8 and Goal 10

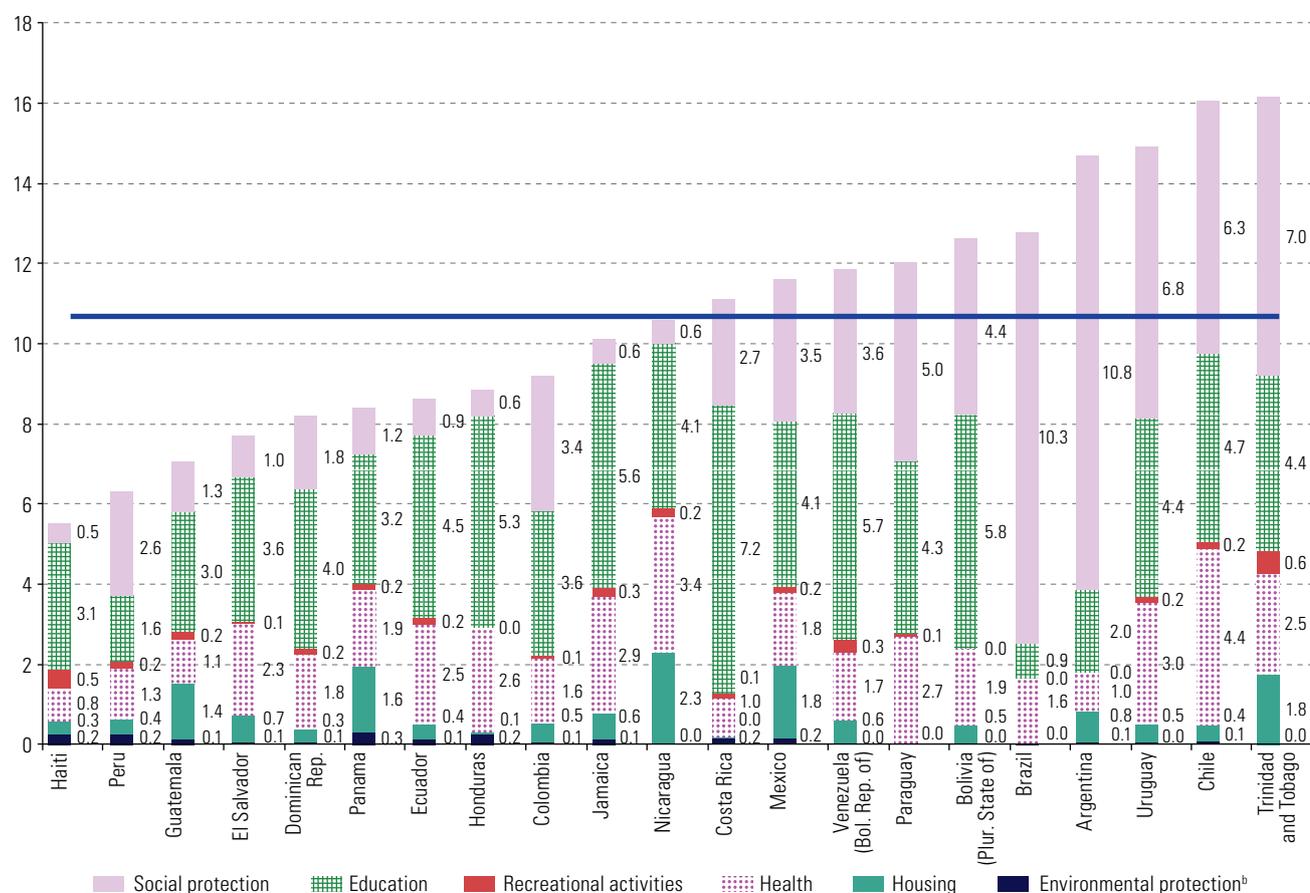
**Source:** Economic Commission for Latin America and the Caribbean (ECLAC).

According to the ECLAC methodology for measuring social spending, the functions that are considered social run from the fifth entry on the above list (environmental protection) to the tenth (social protection).

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of ECLAC, *Equality and Women's Autonomy in the Sustainable Development Agenda* (LC/G.2686/Rev.1), Santiago, 2016, and United Nations, "Detailed structure and explanatory notes. COFOG (Classification of the Functions of Government)", 2017 [online] <https://unstats.un.org/unsd/cr/registry/regcst.asp>.

As shown in figure IV.4, the region's countries vary widely in terms of central government public social spending: in four of the countries (Argentina, Chile, Trinidad and Tobago and Uruguay), it accounts for around 15% of GDP, while in nine it represents less than 10%. Meanwhile, if data from the public sector as whole are considered per the institutional coverages published officially by each country (see ECLAC, 2017d), the countries that allocate the most resources to social functions are Argentina, Brazil, Colombia and Costa Rica, with over 20% of GDP. In contrast, the countries that allocate the least resources are Haiti and Guatemala, with less than 8% of GDP.

**Figure IV.4**  
Latin America and the Caribbean (21 countries): Central government social spending by function, 2015  
(Percentages of GDP)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data from the countries.

<sup>a</sup> Data for Panama are from 2014 and those for the Bolivarian Republic of Venezuela are from 2009. Three countries' fiscal years do not match the calendar year: Haiti and Trinidad and Tobago (1 October to 30 September), and Jamaica (1 April to 31 March). The Plurinational State of Bolivia reported solely on the social functions of its central government. Ecuador's coverage includes the central administration and its decentralized and autonomous entities; data from the Ecuadorian Social Security Institute (IESS) are not included. For Uruguay, the source consulted was the Office of the Accountant-General, for the years 2011 to 2015, and the information provided includes only the institutional coverage of the central government and does not include information on parastatal pension funds, the social welfare agency or the State-owned water utility company (OSE); this information does not coincide with the historical series prepared jointly by Uruguay's Ministry of Social Development, Ministry of Economic Affairs and Finance and Office of Planning and the Budget.

<sup>b</sup> Figures for spending on environmental protection are estimated from formal responses to functional expenditure and may differ from the estimates of the environmental satellite accounts produced by the ECLAC Sustainable Development and Human Settlements Division.

An analysis of how central government spending on social functions has evolved reveals that social protection,<sup>20</sup> education and health are the priority areas in terms of resource allocation, with shares that in 2015 accounted, respectively, for 5.0%, 4.6% and 3.4% of GDP. Examining national spending on social functions reveals that Argentina and Brazil are the countries that spend the most on social protection (10.8% and 10.3% of GDP, respectively, in 2015), that Costa Rica spends the most on education (7.2% of GDP in 2015) and that Chile spends the most on health (4.4% of GDP in 2015). However, if total public sector spending is taken into account, according to the institutional coverage published by each country, the amounts allocated to social protection in Argentina and Brazil rise to around 13% of GDP, while the Plurinational State of Bolivia stands out for its education spending (8.2% of GDP), as do Argentina and Costa Rica for their health spending (around 6% of GDP) (ECLAC, 2017d).

According to the *Social Panorama of Latin America, 2016*, per capita social spending by central governments averaged US\$ 728 in 2015. This represents an increase of around 60% compared to the 2000 figure and a rise of over 20% in the last five years. Meanwhile, official data for the public sector as a whole indicate that average social spending in the region's countries stands at US\$ 1,094 per capita, reflecting increases of nearly 50% since 2000 and nearly 10% since 2010 (ECLAC, 2017d).

Despite those increases in social spending, however, the implementation of the 2030 Agenda for Sustainable Development will require additional resources. Therein lies the importance of using the functional classification of public expenditure to identify the countries' programmes and public policies with a direct relation to the Sustainable Development Goals and their targets (see box IV.1). As discussed in chapter I, the extended social pillar covers all the SDGs; now it can be seen how public spending in general and social expenditure in particular are one of the means of implementation for meeting the SDGs.

## E. The challenge of consensus-building at the national and regional levels

The 2030 Agenda is a global compact for sustainable development. At the national level, it poses the challenge of implementing strategies that transcend the scope of the government of the day (and can help transform government programmes and policies into State policies) as regards both the objectives sought and the policies implemented as well as in following up on the 2030 Agenda. To bring that about, societies must build a broad social consensus that goes beyond the strict political and electoral constraints that hold sway in the short term. To meet that challenge, ECLAC has called for the forging of social compacts to ensure the viability and political sustainability of the major changes that the region's countries require in order to work towards sustainable development in general and, most particularly, towards a form of social development with more inclusion and less inequality (Hopenhayn and others, 2014; Maldonado Valera and Palma Roco, 2013; Maldonado Valera, 2015; ECLAC, 2014a).

Given the polarization that at times defines national circumstances, there is a clear danger of weakening the progress made with the adoption of consensus-based social policies. At the same time, as noted in chapter I, the 2030 Agenda for Sustainable Development requires a broad commitment with progressive structural change and it implies a systematic fight against inequality, which is a deep-rooted characteristic of the heterogeneous productive structures, social stratification, political systems and culture of the Latin American and Caribbean countries. In the social sphere,

<sup>20</sup> This function includes contributory social protection (or social security), and non-contributory social protection (or social assistance).

this requires an effective commitment towards the rights-based approach and towards ensuring universal access to quality social services, which are a particularly effective tool for reducing gaps, promoting social inclusion and meeting the SDGs, thereby ensuring that “no one is left behind”. Thus, progress with the 2030 Agenda’s Goals demands the universalization of quality health and education services, as well as the expansion of inclusive social protection systems that, while prioritizing the poorest, most discriminated and vulnerable sectors, cover society as a whole, with stable funding commensurate with the need to close the gaps that exist. It also demands progress with institutional issues related to access to justice for all and with the implementation of policies that are more coordinated, efficient, transparent and participatory.

Forging broad, participatory agreements requires that the process include those actors who need to be taken into account. Broader engagement will make those agreements more sustainable. Along with participation by representatives of the agencies responsible for social, economic and environmental public policies, the engagement of the different levels of government, different political sectors, organizations representing civil society, trade unions and business organizations must also be ensured. One noteworthy experience in this area are Brazil’s national public policy conferences, which have historically brought together governmental and social actors and specialists from the different levels of government (federal, state and municipal) and have played a central role in shaping the public agenda in such key areas as health, education, social assistance, human rights, childhood and adolescence, youth, employment and decent work, cities and the environment, policies for women, racial equality, persons with disabilities and the lesbian, gay, bisexual, transgender and intersex (LGBTI) population (Abramo, Araújo and Bolzon, 2014 and 2013).

As a way to ensure the viability of their efforts related to the 2030 Agenda for Sustainable Development and to reveal the challenges they face, the countries should consider undertaking broad national processes of open dialogue, in order to promote consensus-building and to forge social compacts around its Goals. Costa Rica provides an interesting example in this regard. In September 2016, the country signed the National Pact for the Advancement of the SDGs in the Framework of the 2030 Agenda for Sustainable Development in Costa Rica, which involves the three branches of government and key stakeholders from the political and social arenas and the private sector and is the first such agreement anywhere in the world (see box IV.3). Mexico provides an additional example: by means of a decree published in the Official Journal of the Federation in April 2017, the country created its National Council for the 2030 Agenda for Sustainable Development, directly coordinated by the office of the President of the Republic. The President subsequently presented a series of amendments to the country’s Planning Law, to incorporate the perspective of the 2030 Agenda into national planning. Likewise, several of Mexico’s States have set up State Commissions for following up on the 2030 Agenda for Sustainable Development.

In addition to agreements relating to the Goals of the 2030 Agenda for Sustainable Development, major agreements on the means for its implementation are also needed. This is particularly true as regards fiscal matters and redistributive considerations, as well as regarding the gradual expansion of social protection and the other social services for which universal access is required to meet the SDG targets more closely linked to the 2030 Agenda’s social pillar. This is a significant undertaking that entails a substantive discussion, with implications for the political economy, about modifying a social contract that has often excluded broad sectors in the region and has been unable to redistribute sufficient resources to tackle inequality.

The National Pact for the Advancement of the SDGs in the Framework of the 2030 Agenda for Sustainable Development in Costa Rica was signed in San José on 9 September 2016. To establish an institutional framework to coordinate, implement and monitor the Sustainable Development Goals and the 2030 Agenda in the country, Costa Rica created a High-level SDG Council, led by the President of the Republic, an SDG Technical Secretariat, coordinated by the Ministry of National Planning and Economic Policy (MIDEPLAN), and a Technical Committee, made up of representatives of public entities and bodies. A Statistical Advisory Body and a National SDG Forum were added to that structure. The mechanism involves the branches of government, the Supreme Electoral Tribunal, civil society (numerous social organizations, faith-based bodies and public universities), local governments and the private sector.

The Pact covers three dimensions: economic, social (including issues relating to poverty and inequality, education, health and decent work) and environmental. It has adopted the following commitments:

- Promoting a better standard of living for the people of Costa Rica through joint work.
- Mobilizing the available resources to meet the sustainable development targets that the country has assumed.
- Incorporating the Sustainable Development Goals and targets into national planning instruments.
- Strengthening institutional capacities.
- Actively participating in working groups convened by the SDG Technical Secretariat and in the implementation of the national monitoring strategy.
- Publishing public reports on progress and shortcomings in implementing the targets.

The actions undertaken include the “No one left behind” outreach campaign to raise public awareness of the SDGs, the launch of a website to publicize the Pact (<http://www.ods.cr>) and the creation of venues for citizen participation through support for joint efforts intended to increase awareness of the issue.

In March 2017, Costa Rica formalized its system for the governance and implementation of the SDGs by means of Executive Decree No. 40203-RE PLAN-MINAE and, in July of that year, published the document *Costa Rica: building a shared vision of sustainable development. Voluntary national report on the Sustainable Development Goals*.

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Government of Costa Rica, “National Pact for the Advancement of the SDGs in the Framework of the 2030 Agenda for Sustainable Development in Costa Rica” [online] [http://ods.cr/sites/default/files/documentos/pacto\\_nacional\\_por\\_los\\_ods\\_final\\_firmado\\_0.pdf](http://ods.cr/sites/default/files/documentos/pacto_nacional_por_los_ods_final_firmado_0.pdf).

**Box IV.3**  
National Pact for the Advancement of the SDGs in the Framework of the 2030 Agenda for Sustainable Development in Costa Rica, 2016

Following the approach used for the 2030 Agenda at the global level, these dialogues and consensus-building processes should not be limited to the national stage; instead, at the regional and subregional levels, forums should also be organized for follow-up, sharing experiences and discussions to generate useful lessons about social issues and to serve as an intermediate step in the construction of common regional positions to be presented within global processes.

Mention should also be made of the experiences and regional commitments that the countries have agreed on under the aegis of various ECLAC subsidiary organs, such as the Regional Conference on Women in Latin America and the Caribbean, the Regional Conference on Population and Development in Latin America and the Caribbean, the Statistical Conference of the Americas, the Forum of the Countries of Latin America

and the Caribbean on Sustainable Development and the Regional Conference on Social Development in Latin America and the Caribbean. Within those forums, the region's countries have made progress with discussing key issues related to the rights-based approach, shared challenges, priority objectives and specific targets.

The Regional Conference on Women in Latin America and the Caribbean created a regional agenda for gender equality that broadly anticipated the topics included on the 2030 Agenda for Sustainable Development, such as the need for a more equitable redistribution of unpaid work between women and men (and for measuring time use), combating gender violence and discrimination and the need to bolster women's physical and economic autonomy. That Conference is "the main forum for the negotiation of a broad, profound and comprehensive Regional Gender Agenda, in which women's autonomy and rights are front and centre. Policies for development and overcoming poverty have always been a key focus at these meetings" (ECLAC, 2016c, p. 5). For example, at the thirteenth session of the Regional Conference on Women in Latin America and the Caribbean, held in 2016, the countries adopted the Montevideo Strategy for Implementation of the Regional Gender Agenda within the Sustainable Development Framework by 2030 (ECLAC, 2017g).

Similarly, the Montevideo Consensus on Population and Development, which the region's countries adopted in 2013 at the first session of the Regional Conference on Population and Development in Latin America and the Caribbean, not only defined a regional road map for implementing the Cairo Programme of Action beyond 2014; it also raised issues of central importance to the then-incipient 2030 Agenda, such as the rights, needs, responsibilities and demands of children, adolescents and young people; the socio-economic challenges of ageing and social protection; universal access to sexual and reproductive health services; gender equality; protecting the human rights of all migrants; territorial inequalities; the inclusion of indigenous peoples through multiculturalism and guaranteed rights; the situation of populations of African descent; and the fight against racism and racial discrimination.<sup>21</sup> Similarly, in 2015, at the second session of the Regional Conference on Population and Development in Latin America and the Caribbean, the countries adopted the *Operational guide for the implementation and monitoring of the Montevideo Consensus on Population and Development*, which defines possible courses of action and targets and indicators for each of the priority actions set out in the Montevideo Consensus.<sup>22</sup>

The Forum of the Countries of Latin America and the Caribbean on Sustainable Development is a body that was created recently, at the request of the States, at the thirty-sixth session of ECLAC in May 2016. Its mission is to serve as the regional mechanism for monitoring and reviewing the implementation of the 2030 Agenda for Sustainable Development—including the Sustainable Development Goals, their targets and their means of implementation—and the Addis Ababa Action Agenda of the Third International Conference on Financing for Development. At the Forum's first meeting, in Mexico City in April 2017, the countries reaffirmed

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<sup>21</sup> See Montevideo Consensus on Population and Development [online] <https://www.cepal.org/en/publications/21860-montevideo-consensus-population-and-development>.

<sup>22</sup> See the Operational guide for implementation and follow-up of the Montevideo Consensus on Population and Development at [online] <https://www.cepal.org/en/publications/38937-operational-guide-implementation-and-follow-montevideo-consensus-population-and>.

their collective commitment to the 2030 Agenda for Sustainable Development. They also recognized their primary responsibility for its implementation and the need to promote participation by all its stakeholders.

Those venues are at the countries' disposal for consolidating a regional agenda for inclusive social development. In this regard, the Regional Conference on Social Development in Latin America and the Caribbean can serve as a regional liaison for some of the main topics of the social dimension of the 2030 Agenda for Sustainable Development and for promoting its integration with the economic and environmental dimensions. The crucial issues for attaining the 2030 Agenda include strategies for overcoming hunger, malnutrition, poverty, inequality and discrimination; the universalization of health and education; gender equality; promoting quality employment and decent work; the construction of universal social protection systems; adequate financing for and execution of social spending; and the consolidation of a social institutional framework to better coordinate high-quality social policies (effective, efficient, sustainable and transparent) to meet, in all their diversity, the needs and rights of the different segments of the population, thus fulfilling the commitment to "leave no one behind".

Accordingly, agreements should be sought to forge social compacts for progressive structural change, at both the national and regional levels, thereby fostering inclusion within both society and the workplace. At the national level, those compacts should include: (i) broad participation by stakeholders in each country, (ii) a long-term perspective, but also a sense of urgency, and (iii) economic, social and environmental sustainability, built on the rights-based approach and emphasizing the central commitment that no one be left behind. At the regional level, the compact must be built on the rights-based approach to define scenarios and align the countries' social policies with common goals in accordance with the SDGs, but recognizing the region's specific characteristics and its present and future challenges, as regards climate change, its low and unequal levels of economic growth, its progress and obstacles with economic and social integration, the demographic transition, intraregional migration, and the technological revolution, among other factors.

Progress should be made with the design of a regional agenda for inclusive social development, with targets that are aligned with the SDGs but tailored to the region, and that pays due attention to each country's circumstances, subregional and regional integration, and South-South cooperation.

Progress should be made with the design of a regional agenda for inclusive social development, with targets that are aligned with the SDGs but tailored to the region, and that pays due attention to each country's circumstances, subregional and regional integration, and South-South cooperation.

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The Latin American and Caribbean region is facing a complex set of economic and social circumstances that threaten the conditions needed for further progress towards the goal of eradicating all forms of poverty and ensuring that no one is left behind, as required by the 2030 Agenda for Sustainable Development. These temporary challenges are compounded by structural problems, such as low productivity, high levels of inequality, social exclusion and a failure to care for the environment.

This document argues that to overcome those challenges and ensure the economic, social and cultural rights of the entire population, the region must move towards a virtuous circle of development in which productive diversification, progressive structural change and environmental momentum are accompanied by inclusive social development. In this virtuous circle, creating decent work goes hand in hand with maintaining levels of social investment to ensure universal access to education, health, social protection systems, housing and basic infrastructure (energy, clean water and sanitation).

Analysing the gaps, axes and linkages between the region's social and productive spheres is part of the mandate that the Latin American and Caribbean countries handed down to the Economic Commission for Latin America and the Caribbean at the first meeting of the Presiding Officers of the Regional Conference on Social Development in Latin America and the Caribbean, held in Santo Domingo in November 2016.

The analysis —through the lens of the multiple dimensions of social inequality— focuses on social policies that, from a comprehensive rights-based approach, include the life-cycle perspective, with an emphasis on childhood, adolescence and youth and on challenges in coordinating social inclusion and labour inclusion, in light of the progress made with strategies to reduce poverty and extend social protection and the profound changes occurring in the world of work. It also analyses the challenges that exist for the development of human capacities, the strengthening of social institutions, measurement and statistical information, and the ability to finance social policies.

On the basis of that analysis, it calls for an effective commitment with the rights-based approach, participation, broad consensus-building and social compacts to meet the Goals set in the 2030 Agenda for Sustainable Development.