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Social Panorama of Latin America



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The *Social Panorama of Latin America* is prepared each year by the Social Development Division and the Statistics Division of the Economic Commission for Latin America and the Caribbean (ECLAC), under the supervision of Laís Abramo and Pascual Gerstenfeld, respectively, and with participation by the Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, directed by Paulo Saad, and the ECLAC Division for Gender Affairs, directed by María Nieves Rico.

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Introduction

The 2015 edition of *Social Panorama of Latin America* analyses poverty trends, as measured by ECLAC. It also examines changes in income distribution and in other aspects of inequality. With a view to contributing to the development of public policies to overcome poverty and socioeconomic inequality, this edition examines the latest trends in social spending and the challenges posed by demographic change, and provides in-depth analysis of persistent gaps in the labour market, of the challenges facing policies and programmes that foster inclusion in the labour market and production, and of social development institutions in Latin America.

As in previous editions, chapter I sets out updated figures on poverty and indigence in Latin America. These indicate that, in 2014, the regional average rates for poverty and indigence remained unchanged from 2013, 28.2% and 11.8% of the total population, respectively. The number of people living in poverty grew in 2014, reaching 168 million, of which 70 million were living in extreme poverty. Both the poverty and the indigence rates are projected to rise in 2015. If these projections are borne out, 175 million people would be considered to be income poor in 2015, 75 million of whom would be living in extreme poverty.

Conversely, there was a slight decrease in average income inequality between 2013 and 2014 in countries where recent data are available. The comparison between the latest figures with those from the beginning of the 2010s shows a more significant reduction. Inequality also exists in other areas, such as educational attainment. Despite the significant increase in the number of students completing primary and secondary education in recent years, in 2013, 80% of young people aged between 20 and 24 in the highest income quintile (the fifth quintile) had completed their secondary education, compared with barely 34% in the lowest income quintile (the first quintile). At the beginning of the period under review, the gap was even wider, however.

Chapter II examines recent and long-term developments in social spending, on the basis of official data provided by countries. This category of spending has continued to increase, albeit at an ever slower rate. In 2013-2014, regional GDP was 19.5%, but it is expected to stagnate in the face of the lean short-term economic projections. The functional distribution of social spending, its medium- and long-term evolution, and changes in its composition are also briefly discussed.

Chapter II also looks at constraints on government financing, specifically the structure and evolution of tax revenues and the impact of the end of the commodity supercycle, as well as the need to maintain current public social spending levels and priorities and possible measures that would achieve that.

Chapter III examines some of the structural gaps that remain in the region's labour market (in terms of access, income, rights and social protection), despite the progress made in recent years, which has played a key role in reducing levels of poverty and inequality in the region. It also explores policies and programmes on labour market inclusion, aimed at extending access to economic opportunities and quality jobs to those living in extreme poverty or poverty, or vulnerable to falling into poverty. In total, 58 labour market inclusion and income generation programmes, currently underway in 21 countries in the region, are reviewed. These programmes, which are in the ECLAC database of non-contributory social protection programmes in Latin America and the Caribbean, seek to improve both the supply of and demand for work by offering technical and vocational training, establishing equivalences between academic qualifications, supporting self-employment, creating jobs directly and indirectly, and setting up labour market intermediation services. However, gender considerations must be mainstreamed into these programmes. Lastly, lessons learned from evaluations of these programmes, together with their scope and limitations, are discussed from a perspective of human rights and decent work, and a number of recommendations are put forth.

Chapter IV analyses existing social development institutions in the region, including government agencies whose core mandate is to produce and implement development and social inclusion strategies and to overcome poverty. To this end, various aspects of the social institutions are examined: the legal and regulatory framework; the organizations' structure and coordination arrangements; technical and operational tools linked to policy implementation; and, lastly, the nature and amount of resources devoted to social development policies. Particular attention is paid to institutions responsible for non-contributory social protection and care policies, and to the challenges of guaranteeing the exercise of universal social rights, of addressing the problems and needs of various population groups, and of honouring the commitments undertaken by countries in these areas.

Lastly, chapter V contains a thorough analysis of the rapid demographic changes that Latin America and the Caribbean have seen, which bring both opportunities and challenges in relation to the achievement of the Sustainable Development Goals and equality. The impacts of these opportunities and challenges vary depending on the stage the respective countries have reached in the demographic transition. Analysis shows that, in a large number of countries, the favourable conditions created by the demographic dividend will persist for a relatively long period, during which these countries will have time to create or strengthen public policies to capitalize on the opportunities. Countries which are further along in the demographic transition have already begun to experience rapid population ageing and face growing demands to ensure that social protection systems have sustainable funding.

A broad array of policies will be needed to deal with the effects of demographic shifts. In particular, the countries will need to expand education and employment opportunities for young people, take steps to improve social security, pensions and health care, create a public care system, and adapt fiscal policies in order to manage transfers in a balanced manner between the generations. This policy effort must mainstream the rights-based approach and the gender and life cycle perspectives in keeping with national contexts and taking a long-term view. These challenges are also addressed in the following chapters.



Poverty and inequality in Latin America

Introduction

A. Income poverty

1. The evolution of the economic situation in the period of analysis
2. The recent evolution of poverty in Latin America
3. The poverty gap and poverty severity in 2010-2014
4. Gender inequality and poverty
5. Factors associated with the evolution of poverty rates in 2010-2014

B. Income distribution

1. The recent evolution of income inequality
2. Using additional data to measure income inequality: tax records

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Introduction

This chapter uses information available as of 2014 to set out the current situation of Latin America regarding poverty and income distribution. According to ECLAC estimates, average poverty and indigence rates did not alter significantly in the region as a whole between 2012 and 2014, which raises doubts about the prospects for progress in these areas over the coming years, given the current economic environment. However, examination of the figures for the individual countries shows that a number of these did make progress in reducing poverty and indigence indicators, while others experienced reverses in the same period.

In addition to the usual analyses of factors associated with changes in poverty rates, this chapter presents the indicators most commonly used to describe income inequality and briefly surveys the findings of some studies of the subject, while also incorporating further information on the highest-income households. It also provides gap indicators to measure inequality in other important aspects such as educational attainments and access to basic housing services and information and communication technologies.

A. Income poverty

Regional poverty and indigence rates remained stable in 2014, although the two indicators rose in some countries and fell in others. Poverty rates fell in most countries in 2010-2014, while both the poverty gap and poverty severity diminished. Income movements were the main factor behind changes in poverty levels in most countries during this period.

1. The evolution of the economic situation in the period of analysis

The global economy has shown signs of recovery in recent years, although the region's performance has been less favourable. The global growth rate stood at 2.4% in 2014, having accelerated in developed countries and decelerated in developing countries. Among developed countries, GDP growth rose from 1.2% in 2013 to 1.7% in 2014, while among developing countries it dropped from 4.6% in 2013 to 4.4% in 2014. The performance of the United States economy improved, with growth of 2.4% in 2014, while the Chinese economy grew at a slower pace than in previous years (7.3%) (ECLAC, 2015a and 2015b).¹

The economic growth rate in Latin America in 2014 (0.9%) was lower than the global average and well below that recorded a year earlier (2.9%), meaning that a slowdown which began in 2011 deepened. Not all subregions were affected in the same manner: GDP growth rates were 0.6% in South America, 0.4% in the English- and Dutch-speaking Caribbean, 4.0% in Central America and 2.2% in Mexico. At the regional level, private consumption grew by 0.4% and gross fixed capital formation contracted by 2.4%.²

Per capita GDP in Latin America was 0.2% lower than in 2013. This was the result of contractions in three of the four largest economies in the region, namely Argentina (-3.5%), the Bolivarian Republic of Venezuela (-5.1%) and Brazil (-0.8%), which more than offset the aggregate growth in the other 17 countries. In 2014, this indicator was particularly strong in the Dominican Republic (6.3%), Panama (4.4%), the Plurinational State of Bolivia (3.8%), Colombia (3.4%), Nicaragua (3.4%), Paraguay (3.3%) and Uruguay (2.9%) (see table I.1).

GDP contracted by 0.5% in 2015, with the result that per capita GDP fell by 1.6%.

¹ The economic information is for 2014, the reference year for estimates of poverty, indigence and income distribution. See ECLAC (2016) for more up-to-date information.

² See CEPALSTAT database [online] http://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/Portada.asp.

Table I.1
Latin America (20 countries): changes in selected socioeconomic indicators, 2000-2014
(Percentages)

Country and year	Per capita GDP (average annual rate of change)^a	Unemployment Simple average over the period^b (percentages)	Average real wage^c (average annual rate of change)	Consumer price index^d
Argentina				
2000-2010	1.9	12.5	5.2	9.1
2011	5.0	7.2	...	9.5
2012	-2.1	7.2	...	10.8
2013	1.2	7.1	...	10.9
2014	-3.5	7.3	...	23.9
Bolivia (Plurinational State of)				
2000-2010	1.9	7.6	-0.5	5.0
2011	3.5	3.8	-1.8	6.9
2012	3.4	3.2	1.1	4.5
2013	5.1	4.0	1.0	6.5
2014	3.8	3.5	1.6	5.2
Brazil				
2000-2010	2.4	9.1	-0.6	6.6
2011	2.9	6.0	1.4	6.5
2012	0.9	8.2	3.4	5.8
2013	2.1	8.0	2.1	5.9
2014	-0.8	7.8	1.3	6.4
Chile				
2000-2010	2.7	9.0	1.9	2.6
2011	4.7	7.1	2.5	3.6
2012	4.3	6.4	3.2	0.9
2013	2.9	5.9	3.9	2.6
2014	0.8	6.4	1.8	4.7
Colombia				
2000-2010	2.6	14.6	1.4	5.7
2011	5.5	11.8	0.3	3.7
2012	3.0	11.4	1.1	2.4
2013	3.8	10.7	2.7	1.9
2014	3.4	10.0	0.4	3.7
Costa Rica				
2000-2010	2.6	6.2	1.1	10.1
2011	3.2	7.7	5.7	4.7
2012	3.9	9.8	1.3	4.6
2013	0.9	9.1	1.3	3.7
2014	1.9	9.5	2.0	5.1
Cuba				
2000-2010	5.1	2.6	4.8	2.6
2011	2.7	3.2	0.2	1.3
2012	2.8	3.5	0.5	2.0
2013	2.6	3.3	0.5	0.04
2014	0.9	2.7	22.2	2.1
Dominican Republic				
2000-2010	3.4	5.9	...	11.6
2011	1.8	6.7	...	7.8
2012	1.5	7.2	...	3.9
2013	3.5	7.9	...	3.9
2014	6.3	7.2	...	1.6
Ecuador				
2000-2010	2.1	8.8	...	12.2
2011	6.2	6.0	...	5.4
2012	4.0	4.9	...	4.2
2013	2.9	4.7	...	2.7
2014	2.1	5.1	...	3.7
El Salvador				
2000-2010	1.4	6.4	-1.0	3.4
2011	1.8	6.6	-2.9	5.1
2012	1.5	6.2	0.2	0.8
2013	1.4	5.6	0.5	0.8
2014	1.0	6.7	0.7	0.5
Guatemala				
2000-2010	1.0	4.9	-0.5	6.6
2011	2.0	3.1	0.4	6.2
2012	0.8	4.0	4.0	3.4
2013	1.6	3.8	-0.1	4.4
2014	2.1	4.0	2.5	2.9

Table 1.1 (concluded)

Country and year	Per capita GDP (average annual rate of change) ^a	Unemployment Simple average over the period ^b (percentages)	Average real wage ^c (average annual rate of change)	Consumer price index ^d
Haiti				
2000-2010	-1.4	...	...	13.6
2011	4.0	...	...	8.3
2012	1.4	...	...	7.6
2013	2.8	...	...	3.4
2014	1.4	...	...	6.4
Honduras				
2000-2010	2.4	5.7	...	7.7
2011	2.2	6.8	...	5.6
2012	2.6	5.6	...	5.4
2013	1.3	6.0	...	4.9
2014	1.6	7.5	...	5.8
Mexico				
2000-2010	0.9	4.2	2.0	4.9
2011	2.4	5.6	0.8	3.8
2012	2.6	5.4	0.2	3.6
2013	0.0	5.4	-0.1	4.0
2014	0.9	5.3	0.4	4.1
Nicaragua				
2000-2010	1.6	9.0	0.7	9.3
2011	4.9	5.9	0.1	8.6
2012	4.3	5.9	0.3	7.1
2013	3.3	5.6	0.3	5.4
2014	3.4	6.6	1.7	6.5
Panama				
2000-2010	3.6	11.9	-0.3	2.6
2011	9.9	5.4	0.1	6.3
2012	7.4	4.8	3.3	4.6
2013	4.9	4.7	0.3	3.7
2014	4.4	5.4	5.5	1.0
Paraguay				
2000-2010	1.3	9.4	0.6	8.0
2011	2.9	7.1	2.8	4.9
2012	-2.6	8.1	0.7	4.0
2013	12.5	8.1	2.2	3.7
2014	3.3	8.0	1.3	4.2
Peru				
2000-2010	4.0	8.8	0.6	2.4
2011	4.9	7.7	8.4	4.7
2012	4.7	6.8	2.3	2.6
2013	4.5	5.9	3.3	2.9
2014	1.0	5.9	2.8	3.2
Uruguay				
2000-2010	2.8	12.1	0.1	8.4
2011	4.8	6.6	4.0	8.6
2012	3.2	6.7	4.2	7.5
2013	4.3	6.7	3.0	8.5
2014	2.9	6.9	3.4	8.3
Venezuela (Bolivarian Republic of)				
2000-2010	1.5	11.9	-2.5	21.6
2011	2.7	8.3	3.0	27.6
2012	4.2	8.1	5.9	20.1
2013	0.0	7.8	-4.4	56.2
2014	-5.1	7.0	...	68.5
Latin America				
2000-2010	2.0	9.2	...	7.1
2011	3.3	7.8	...	6.8
2012	1.7	7.4	...	5.7
2013	1.7	7.2	...	7.5
2014	-0.2	7.0	...	9.4

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

^a Calculated on the basis of per capita GDP in constant dollars at 2010 prices.

^b New series. In the 2000-2010 period, no data are available on the Plurinational State of Bolivia for 2003, data on Guatemala are available for 2000 and the three years from 2002 to 2004 only, and data on Honduras are for 2001 onward. The Peruvian unemployment figures are for the city of Lima.

^c 2010 is the index base year. The coverage of this indicator is generally very patchy. In most of the countries, it includes formal workers in the industrial sector only.

^d Year-on-year changes, with December as the reference month. The regional aggregate is the weighted average of the changes.

There were no major changes in the labour market between 2013 and 2014. The unemployment rate in Latin America and the Caribbean was 7.2% in 2013 and 7.0% in 2014. The employment rate remained at 57.6% in both years, while the participation rate was 61.5% in 2014, similar to the figure of 61.6% registered in 2013.

However, movements in unemployment rates differed between countries, with three groups being distinguishable. In the first group, unemployment fell significantly (by between 0.5 and 0.7 percentage points). The Dominican Republic (-0.7 percentage points), the Bolivarian Republic of Venezuela and Colombia (-0.6 percentage points) and the Plurinational State of Bolivia (-0.5 percentage points) were in this group. In the second group, unemployment remained relatively stable. This was the case in Brazil (-0.2 percentage points), Mexico and Paraguay (-0.1 percentage points), Peru (no change) and Argentina, Guatemala and Uruguay (increases of 0.2 percentage points). Unemployment increased quite markedly in the third group, consisting of Ecuador (0.3 percentage points), Costa Rica and Panama (0.4 percentage points), Chile (0.5 percentage points), Nicaragua (1.0 percentage point), El Salvador (1.1 percentage points) and Honduras (1.5 percentage points). The purchasing power of the average wage increased in most countries, although at lower rates than in previous years. The most significant changes were in Panama (above 5%), Uruguay (3.3%), Peru (2.8%) and Guatemala, Costa Rica and Chile (between 1.8% and 2.5%).

The weighted average inflation rate in the countries reviewed was 9.4% in 2014, compared with 7.5% in 2013. Inflation increased in 2014 in 14 of the 20 countries listed in table I.1, with particularly rapid retail price growth in the Bolivarian Republic of Venezuela (68.5%) and Argentina (23.9%). The biggest drops in absolute terms were in Panama (from 3.7% in 2013 to 1.0% in 2014) and the Dominican Republic (from 3.9% in 2013 to 1.6% in 2014). The lowest inflation in 2014 was in El Salvador, where the rate was an estimated 0.5%.

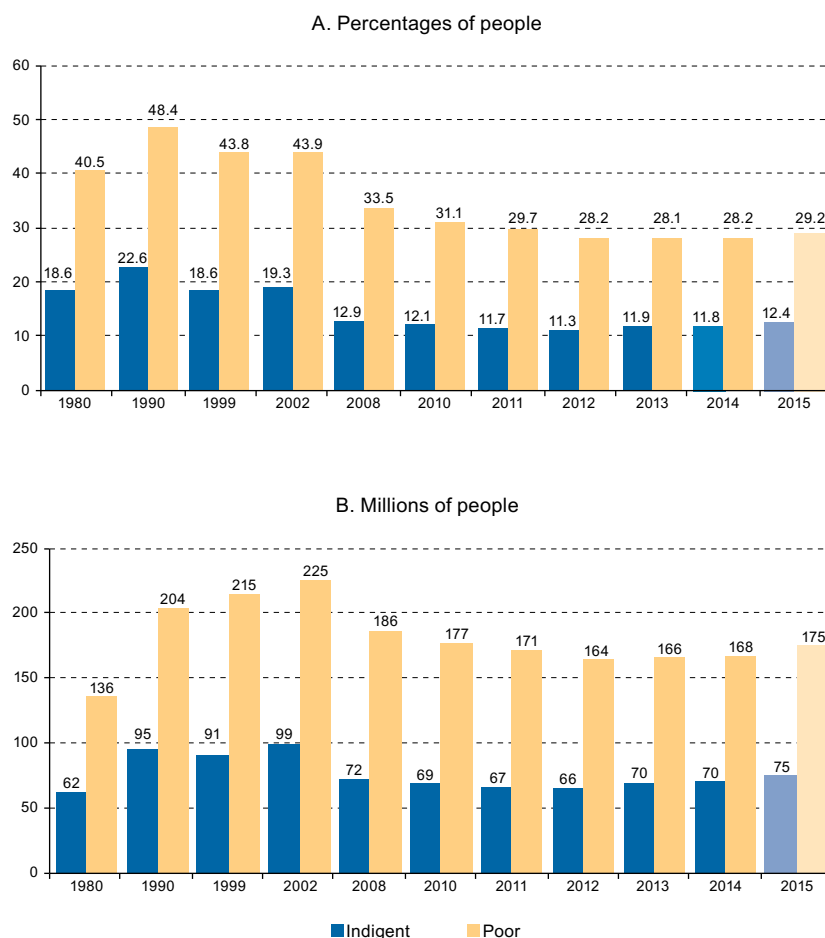
2. The recent evolution of poverty in Latin America

Latin America had a poverty rate of 28.2% and an indigence rate of 11.8% of the whole population in 2014, a continuation of the previous year's levels. The number of poor grew in 2014 to 168 million, of whom 70 million were indigent. The increase was basically in the number of non-indigent poor, which rose from 96 million in 2013 to 98 million in 2014 (see figure I.1).

Changes in the regional poverty rate are calculated from the movements observed in the countries or projected in cases where no figures are available for a country in a given year. The number of poor in the region increased by about 2 million between 2013 and 2014, this being the outcome of a recorded or projected rise of 7 million poor persons occurring mainly in the Bolivarian Republic of Venezuela, Guatemala and Mexico, and a decline of 5 million occurring mainly in Brazil, Colombia and Ecuador.

ECLAC projections for 2015 show both indicators moving upward. The poverty rate is expected to be 29.2% and the extreme poverty rate 12.4%, representing increases of 1.0 and 0.6 percentage points, respectively. If borne out, these projections mean a figure of 175 million income-poor in 2015, with 75 million indigent.

Figure I.1
Latin America (19 countries): poverty and indigence, 1980-2015^a
(Percentages and millions of people)



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.

^a Cuba is not included. The 2015 figures are projections.

3. The poverty gap and poverty severity in 2010-2014

The poverty rate fell in the great majority of the countries in 2010-2014, according to ECLAC estimates. The largest declines were in Uruguay (an annual equivalent rate of -14.9%), Peru (-9.8%), Chile (-9.1%) and Brazil (-7.9%). In Honduras and Mexico, the poverty rate rose by between 2% and 3% a year (see table I.2).

Analysis of the poverty gap and poverty severity indicators yields a more detailed picture of these changes. The poverty gap indicator weights the percentage of poor by the average gap between their incomes and the poverty line; thus, it considers how poor the poor are. The squared poverty gap or poverty severity index shows something similar, while also considering how this income is distributed among the poor. If the gap diminishes by more than the poverty rate, there has been some alleviation in the severity of need among the poor. A decline in the severity of poverty that is accompanied by a reduction in the gap and the rate means that the lowest-income individuals among the poor have attained a relative improvement in their incomes within the group of poor persons.

Table I.2
Latin America (14 countries): annual changes in the poverty headcount ratio, poverty gap and squared poverty gap, around 2010-2014^a
(Percentages)

	Poverty headcount ratio (H)	Poverty gap (FGT)	Squared poverty gap (FGT2)
Uruguay (2010-2014)	-14.9	-15.9	-13.7
Peru (2010-2014)	-9.8	-12.3	-14.0
Chile (2009-2013)	-9.1	-10.5	-12.3
Brazil (2009-2014)	-7.9	-9.7	-10.3
Ecuador (2010-2014)	-6.6	-9.4	-11.3
Colombia (2010-2014)	-6.4	-8.0	-9.1
Bolivia (Plurinational State of) (2009-2013)	-6.3	-7.8	-9.0
Paraguay (2010-2014)	-6.3	-8.6	-10.2
Panama (2010-2014)	-4.5	-2.4	0.4
El Salvador (2009-2014)	-2.8	-5.5	-7.3
Dominican Republic (2010-2014)	-2.6	-4.3	-4.8
Costa Rica (2010-2014)	0.1	1.1	1.3
Honduras (2010-2014)	2.3	3.3	3.9
Mexico (2008-2014)	2.9	2.8	2.7

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.

^a Brazil (2009-2014), Chile (2009-2013), Colombia (2010-2014), Costa Rica (2010-2014), Dominican Republic (2010-2014), Ecuador (2010-2014), El Salvador (2009-2014), Honduras (2010-2014), Mexico (2008-2014), Panama (2010-2014), Paraguay (2010-2014), Peru (2010-2014), Plurinational State of Bolivia (2009-2013) and Uruguay (2010-2014).

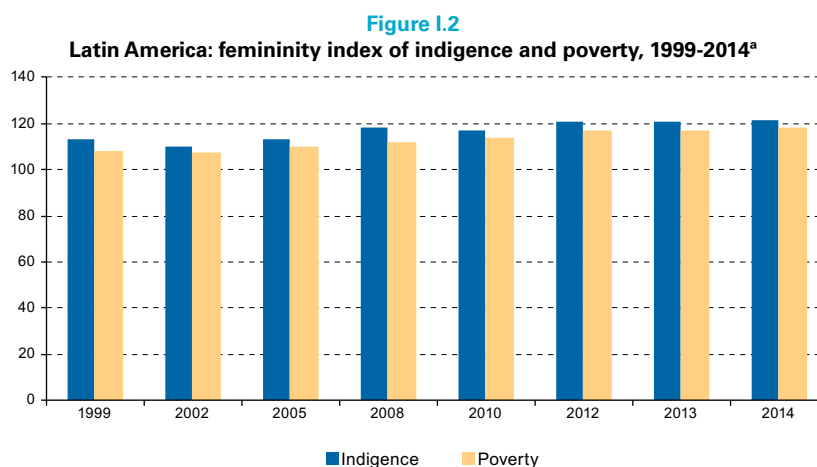
The information presented in table I.2 suggests that poverty reduction in most of the region's countries has usually been accompanied by alleviation of the situation of the poor and a relative improvement in the poorest of poor households. Over the period analysed, the poverty gap diminished at high annual rates, and faster than the poverty rate, in eight countries: Uruguay (-15.9%), Peru (-12.3%), Chile (-10.5%) and Brazil, Ecuador, Paraguay, Colombia and the Plurinational State of Bolivia (declines of between about 8% and 10%). At the same time, poverty severity diminished in these same countries at an annual equivalent rate of between 9% and 14%. This was also the case in the Dominican Republic and El Salvador, although all three indicators fell by less than in the aforementioned countries. Only in Panama did the headcount ratio decline, but the gap diminished by less than the poverty rate and severity was unchanged, suggesting that the households exiting poverty were the ones with the highest incomes among the poor.

The poverty rate increased in Honduras and Mexico, as did the poverty gap and severity. In Honduras, moreover, the relative situation of the poorest was worse at the end of the period, since the gap as measured by the Foster-Greer-Thorbecke (FGT) method grew more quickly than the headcount ratio (H).

4. Gender inequality and poverty

The fall in poverty indicators (incidence, gap and severity) between 2010 and 2014 was accompanied by an increase in the poverty femininity index, following a trend discernible since 2002. This indicator is used to compare the percentage of poor women aged between 20 and 59 with that of poor men in the same age group. The results indicate that, although the percentages of poor men and women both fell in the period under consideration, the pace of reduction was slower among women, which explains the indicator's steady increase.

In absolute terms, the simple average of national poverty femininity indices rose by 4.7 percentage points between 2010 and 2014 (from 113.5 to 118.2). A similar situation can be seen in indigent households, with the index increasing by 4.6 percentage points over the same period. It should be borne in mind that a significant proportion of the increase in the regional average stems from countries, such as Chile and Uruguay, where poverty decreased substantially in the period and where women are overrepresented in the lower-income quintiles (see figure I.2).



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.

^a The femininity index is calculated by the following formula: $\left(\frac{\text{Number of women aged 20 to 59 in poor households}}{\text{Number of men aged 20 to 59 in poor households}} \right) / \left(\frac{\text{Number of women aged 20 to 59 in all households}}{\text{Number of men aged 20 to 59 in all households}} \right) * 100$.

This indicator shows that poverty reduction efforts in the region have not benefited men and women equally or proceeded at the same pace and that, all in all, poor households contain a higher proportion of women of ages where productive and reproductive demands are greatest. This could be because the incidence of poverty is higher among single-parent households, where the income of the female breadwinner is usually not enough to lift them out of poverty, a situation that is exacerbated in households with more children. The difficulty of reconciling the time demands of the household with participation in the labour market (leading to high rates of informal and insecure employment among women) and the lower pay associated with the jobs performed by women mean that the latter have lower incomes. This might be evidence that, poverty reduction policies notwithstanding, specific actions are needed to address women's lack of economic autonomy.

5. Factors associated with the evolution of poverty rates in 2010-2014

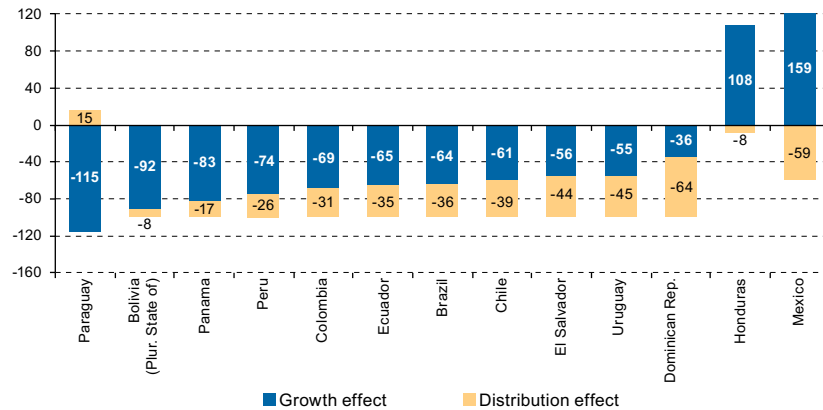
The evolution of poverty rates in the period indicated can be studied from two complementary perspectives, one aimed at determining the impact of rising income and its distribution, and the other at analysing the labour market participation of poor households.

Taking the first of these approaches, changes in the poverty rate can be broken down by the contribution of two factors: changes in average real income and changes in the distribution of this income.³ Cumulative changes in poverty rates in 2010-2014 were mainly due to changes in average real income. In Latin American countries where the poverty rate fell, income growth accounted for an average of 70% of the total cumulative change, as compared with 30% from the distribution effect. The same holds for countries where poverty increased during the period, with falling incomes being the main factor in the loss of well-being.

Figure I.3 sets out information on the 13 countries where the poverty rate changed by more than 1% in absolute terms during the period. Income growth accounted for two thirds or more of the decline in poverty in Paraguay, the Plurinational State of Bolivia, Panama, Peru and Colombia. In another five countries (Ecuador, Brazil, Chile, El Salvador and Uruguay), the share was between 55% and 65% of the total. Only in the Dominican Republic did the distribution effect prevail over the income effect, accounting for 64% of the fall in poverty. In Paraguay, the positive effect of growth was partially offset by worsening distribution. Falling incomes were the main factor behind the rise in poverty in Honduras and Mexico, although a distributive improvement helped to alleviate the impact (see figure I.3).

³ As proposed by Datt and Ravallion (1992).

Figure I.3
Latin America (13 countries): contribution of the income growth effect
and distribution effect to changes in poverty rates, 2010-2014^a
(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.

^a Data are for the period stated except in the cases of Brazil (2009-2014), Chile (2009-2013), El Salvador (2009-2014), Mexico (2008-2014) and the Plurinational State of Bolivia (2009-2013). The countries included are those where changes in the poverty rate were statistically significant in the period analysed.

Because the labour market is the main source of income for poor households, the second perspective focuses on the outcome of poor households' participation in this market.⁴ Thus, changes in the total volume of earnings received by all poor households are analysed by looking at changes in their two components: the average earnings of each person in employment (whether wage work or self-employment) and the number of people employed in that same group.⁵

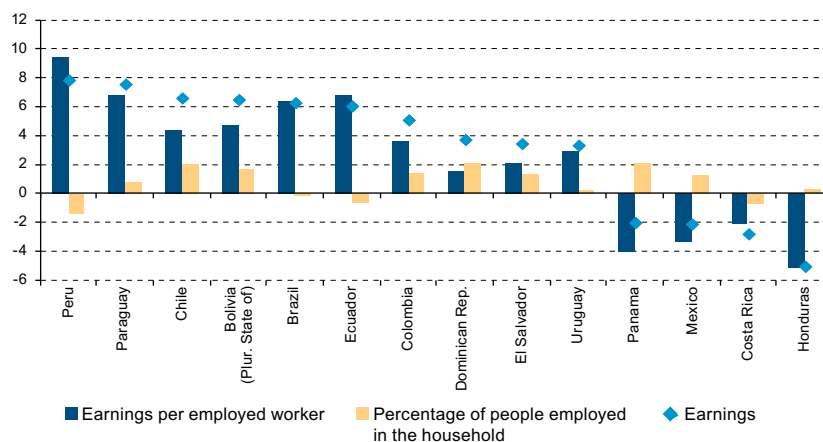
In general, the bulk of the earnings improvement was due to a rise in average earnings per employed worker. This was the case in Brazil, Ecuador, Paraguay, Peru and Uruguay, where rates of change in earnings per employed worker passed more or less straight through to total earnings. In other countries, conversely, growth in average earnings per employed worker went together with a rise in the number of employed, so that the total earnings of the group increased by more than the two components separately. This happened in Chile, Colombia, the Dominican Republic, El Salvador and the Plurinational State of Bolivia. A peculiarity of the Dominican Republic was that the rate of growth in the number of employed outstripped growth in average earnings per employed worker over the period.

The total earnings of poor households fell in the remaining countries, mainly because average earnings per employed worker declined. In Mexico and Panama, however, the fall was less than the drop in earnings per employed worker, owing to a rise in the total number of employed. In Costa Rica and Honduras, the drop in earnings per employed worker almost exactly matched the decline in total earnings, as employment rates changed little over the period (see figure I.4).

⁴ As of 2013, earnings accounted for 74.1% of poor households' total income (ECLAC, 2015e).

⁵ By way of example, if average earnings per employed worker in poor households improved by 5% and the number of people in employment remained unchanged, the result would be a 5% increase in the total volume of poor households' earnings by the end of the period. The same would happen if the number of people employed increased by this amount, with average earnings per employed worker remaining unchanged. Lastly, the same increase in the total earnings of poor households could be achieved by different combinations of changes (both positive and negative) in the two components.

Figure I.4
Latin America (14 countries): annual rates of change in earnings, in earnings per employed worker
and in people employed, poor households, 2010-2014^a
(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.

^a Data are for 2010-2014 except in the cases of Brazil (2009-2014), Chile (2009-2013), El Salvador (2009-2014), Mexico (2008-2014) and the Plurinational State of Bolivia (2009-2013). The percentage of the population analysed is the same in the first and last year of the period considered and corresponds to the poverty rate for 2010 in each country.

B. Income distribution

Like poverty, inequality in income distribution remained stable in Latin America in 2014. However, when recent figures are compared with those from the beginning of the 2010s, the indices measuring inequality are found to have declined. Between 2010 and 2014, the ratio between the income share of the highest-income 10% of households and that of the lowest-income 40% of households improved.

1. The recent evolution of income inequality

Income inequality in Latin America remained stable in 2014 compared with the previous year. The average Gini coefficient for the countries with recent information available fell from 0.497 in 2013 to 0.491 in 2014. When the most recent figures are compared with those from the start of the 2010s, a more substantial reduction is found. The regional ratio stood at 0.507 in 2010, so that by 2014 there had been a cumulative fall of 3.2%, equivalent to 0.8% a year. There were statistically significant changes in the Gini coefficient in 9 of the 16 countries considered during this period (see figure I.5).⁶

Alternative indicators of inequality bear out the trend of the Gini coefficient for 2010-2014, with annual changes in the Gini coefficient and the Theil and Atkinson indices having the same sign in 13 of 16 countries, as can be seen in figure I.5. All three indicators dropped in 11 countries and increased in another two. Only in three countries did the indicators move in different directions.

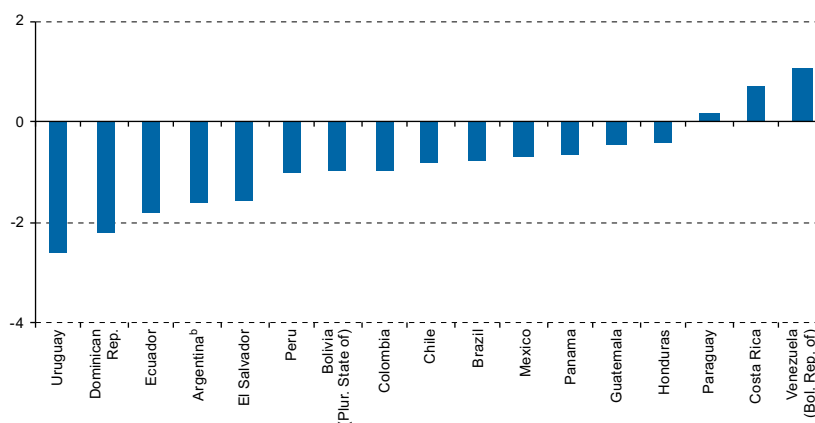
Inequality indices in the region are high by the standards of the European Union countries but less so when the comparison is with other major economies.⁷ On average, the Gini coefficient for the European Union was 0.31 in 2013, with a range of 0.25 to 0.37. In Latin America the average was 0.49, with a range of 0.38 to 0.56. In 2013, this indicator was 0.41 in the United States, a similar figure to that of the Russian Federation (0.42) and China (0.42).

⁶ Statistical significance was analysed using bootstrap variance estimates.

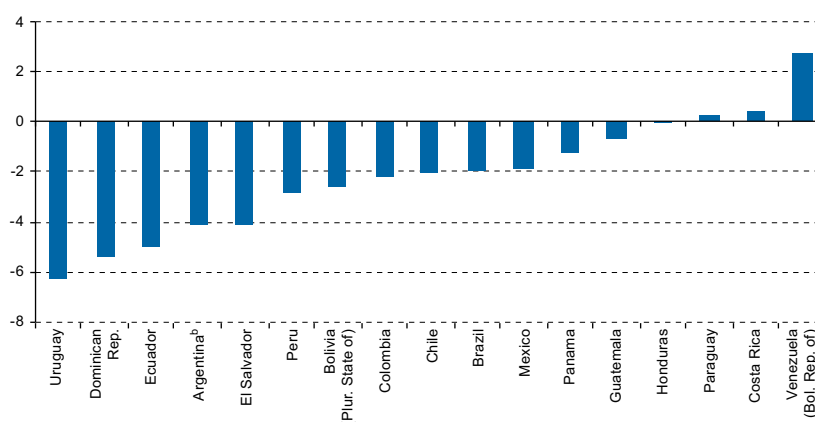
⁷ See [online] <http://data.worldbank.org/>.

Figure I.5
Latin America (17 countries): annual rates of change in inequality indices, 2010-2014^a
(Percentages)

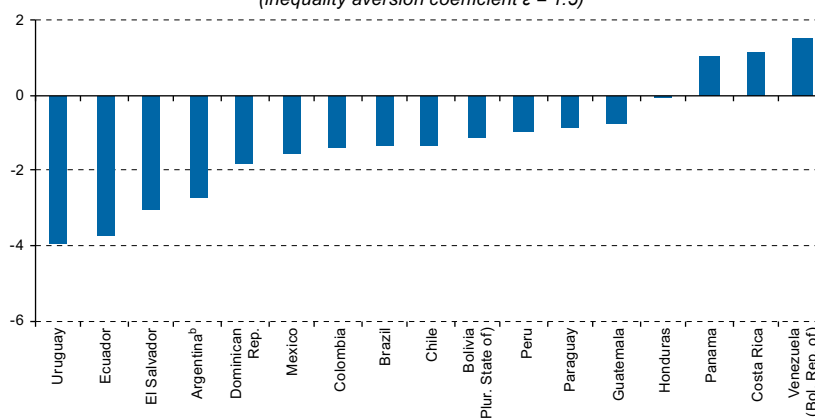
A. Gini coefficient



B. Theil index



C. Atkinson index
(inequality aversion coefficient $\epsilon = 1.5$)



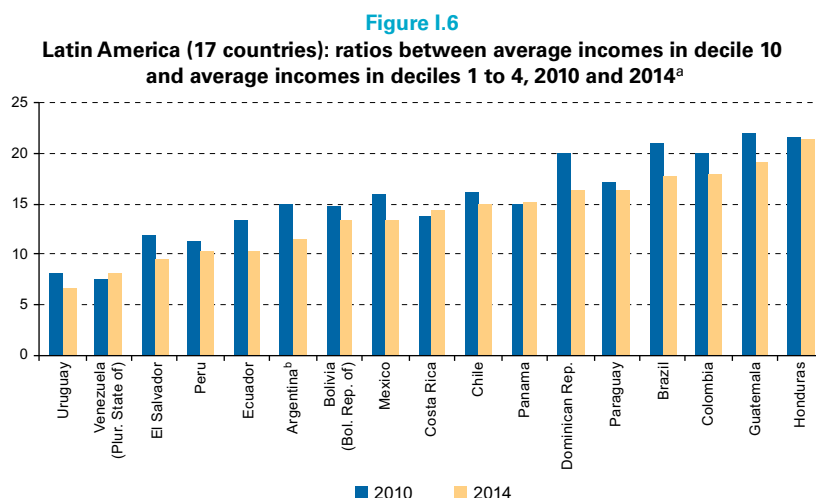
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

^a Data are for 2010-2014 except in the cases of Argentina (2009-2014), the Bolivarian Republic of Venezuela (2010-2013), Brazil (2009-2014), Chile (2009-2013), El Salvador (2009-2014), Guatemala (2006-2014), Honduras (2010-2013), Mexico (2008-2014) and the Plurinational State of Bolivia (2009-2013).

^b Urban areas.

A complementary way of studying inequality is by the income share received by each of the different groups into which a population can be divided for analytical purposes. Two groups in particular are considered, the lowest-income 40% of households and the highest-income 10%, corresponding to deciles 1 to 4 and decile 10 of the per capita income distribution, respectively.

Figure I.6 presents the ratios between per capita incomes in the two groups as an indicator of the differences in well-being between them. Between 2010 and 2014, the average ratio in 17 countries of the region dropped by 10.6%, from 15.6 to 14.0. Despite this decline, the per capita income of people in the richest decile was 14 times as great as that of those in the bottom four deciles as of 2014. In other words, for every 100 monetary units of income received on average by the poorest 40% of the population, the richest 10% received an average of 1,400.



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.

^a Data are for 2010-2014 except in the cases of Argentina (2009-2014), the Bolivarian Republic of Venezuela (2010-2013), Brazil (2009-2013), El Salvador (2009-2014), Guatemala (2006-2014), Mexico (2008-2014) and the Plurinational State of Bolivia (2009-2013).

^b Urban areas.

As with the other indicators, there is great heterogeneity, with the ratio ranging in 2014 from a low of 6.6 in Uruguay to a high of 21.4 in Honduras. The ratio fell in 13 of the 17 countries analysed over the period, reflecting a better distribution of income.

2. Using additional data to measure income inequality: tax records

In recent years, different empirical studies have used tax data to produce new estimates of inequality in income distribution. These studies have worked from the premise that household surveys are limited in their ability to capture very high incomes, with the implication that the estimates derived from them are systematically underestimating inequality. Tax data, on the other hand, are believed to be a more reliable way of capturing very high incomes and are available for longer time periods, which makes them particularly useful for historical analysis (Alvaredo and Piketty, 2014).

The difficulties surveys face in capturing very high incomes have been widely discussed in recent literature and may be due to several factors.⁸ One is truncation, whereby the richest households are not included in the sample (either because they refuse to participate or because of sample design problems). Another factor is underdeclaration: people may make mistakes when reporting their income (for the wealthiest individuals, this is made more difficult

⁸ There is evidence that surveys do not fully capture the incomes of households at the upper end of the distribution (Székely and Hilgert, 1999), a problem that is particularly pronounced for capital yields (Alvaredo and Londoño, 2013; World Bank, 2014; Burdín, Esponda and Vigorito, 2015). At the same time, income declared by the wealthiest to tax authorities in the region tends to be higher than the income of this group as captured by surveys (Alvaredo and Gasparini, 2015). See also Amarante and Jiménez (2015), World Bank (2014), Piketty (2007), Atkinson, Piketty and Saez (2011), Bollinger and others (2015), Burdín, Esponda and Vigorito (2015) and Campos, Chávez and Esquivel (2014).

because their incomes usually come from a wide range of assets, with flows that are difficult to quantify), or they may underdeclare them intentionally. The way in which extreme values are processed may also have an effect: sometimes, these figures are removed or top-coded.

Early research on inequality was mainly carried out using tax data from advanced economies, covering long periods (Piketty, 2003; Atkinson and Piketty, 2007 and 2010).⁹ These studies found that the total income shares of the highest-income segments (the richest 5%, 1%, 0.1% or 0.01% of the distribution) followed a U-shaped evolutionary pattern after the Second World War. The share of high incomes also grew significantly in English-speaking countries, owing in part to the growth in pay among the top groups. In those countries, consequently, pay contains a larger proportion of high earnings than in the past (Atkinson, Piketty and Saez, 2011).

These studies have also combined survey data with tax information, using the latter to measure high incomes. Since tax data are usually tabulated by income bracket and these brackets do not usually coincide with the income groups being analysed, the incomes of the higher groups are interpolated on the assumption that the high-income part of the distribution follows Pareto's law (Atkinson and Piketty, 2007). More specifically, tax data are used to calculate Pareto coefficients in high-income brackets of the distribution (see box I.1 for more details).

Box I.1

Inequality estimates based on tax data

According to the notation of Atkinson, Piketty and Saez (2011), the Pareto law for top incomes is given by the following cumulative distribution function $F(y)$ for income y :

$$(1) \quad 1 - F(y) = (k/y)^\alpha \quad (k > 0, \alpha > 1)$$

where k and α are given parameters, with α being called the Pareto parameter. The key property of a Pareto distribution is that, given an income threshold y , the average income $y^*(y)$ of individuals with income above this threshold does not depend on the threshold value, i.e.:

$$(2) \quad y^*(y)/y = \beta$$

The β coefficient is defined as the ratio $y^*(y)/y$, i.e., the ratio between the average income $y^*(y)$ of individuals with income above threshold y and the threshold y . In this case:

$$(3) \quad \beta = y^*(y)/y = \alpha/(\alpha - 1)$$

and conversely:

$$(4) \quad \alpha = \beta/(\beta - 1)$$

This last is why β is referred to as the inverted Pareto coefficient. The β coefficient is used because it moves in the same direction as inequality and has more intuitive economic appeal than the standard Pareto coefficient α , which moves in the opposite direction to inequality (Alvaredo and Piketty, 2014).

The β coefficient measures the fatness of the right-hand (upper) tail of the income distribution. A higher β coefficient signifies a fatter income distribution tail, which means a higher

share of income is concentrated in the upper brackets. Therefore, if β is equal to 2, the average income of individuals with income above 100,000 currency units is 200,000 units; if β is equal to 3, the average income is 300,000 units.

Pareto coefficients vary substantially over time and across countries. A look at all the countries in the World Top Incomes Database (WTID) reveals that β coefficients vary between 1.5 and 3. Values around 1.5 indicate very egalitarian societies, while values around 3 indicate very high inequality. The coefficients for developing countries tend to be between 2 and 3 (Alvaredo and Piketty, 2014).

Tax data can be used to correct the Gini coefficients calculated on the basis of surveys that do not adequately capture high incomes, as proposed by Atkinson (2007). According to Atkinson, if a high-income group, infinitesimal in number, receives a share S of total income (calculated on the basis of tax data), then the Gini coefficient for the total economy can be approximated:

$$(5) \quad G = G^*(1 - S) + S$$

where G^* is the Gini coefficient for the rest of the population (based on household surveys).

Meanwhile, for groups that are not infinitesimal, Alvaredo (2011a) proposed the formula:

$$(6) \quad G = (\beta - 1 / \beta + 1) PS + G^*(1 - P)(1 - S) + S - P$$

where P is the group's share of the total population.

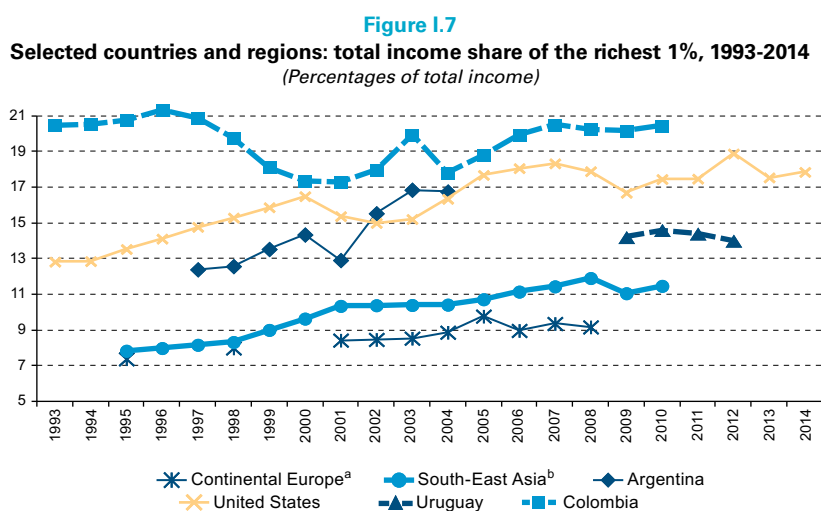
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of A. B. Atkinson, "Measuring top incomes: methodological issues," *Top Incomes over the Twentieth Century: A Contrast Between European and English-Speaking Countries*, A.B. Atkinson and T. Piketty (eds.), Oxford University Press, 2007; F. Alvaredo, "A note on the relationship between top income shares and the Gini coefficient," *Economic Letters*, No. 110, 2011; A.B. Atkinson, T. Piketty and E. Saez, "Top incomes in the long run of history," *Journal of Economic Literature*, vol. 49, No. 1, 2011; and F. Alvaredo and T. Piketty, "Measuring top incomes and inequality in the Middle East: data limitations and illustration with the case of Egypt," Working Paper, No. 832, 2014 [online] <http://piketty.pse.ens.fr/files/AlvaredoPiketty2014ERF.pdf>.

In Latin America, inequality measurements based on tax data (or other secondary sources, such as the national accounts) are still few and far between, but have become more common in recent years. Studies have been carried out that follow the guidelines set out in Piketty (2003) and Atkinson and Piketty (2007) in Argentina (Alvaredo, 2007, 2010 and 2011b), Colombia (Alvaredo and Londoño, 2013; Díaz-Bazán, 2015), Uruguay (Burdín, Esponda and Vigorito, 2015) and Brazil (Souza and Medeiros, 2015), while investigations similar but not strictly comparable to

⁹ These studies follow the sources and methods used by Kuznets (1953) to calculate the share of high incomes in the United States.

those cited above have been conducted in Chile (López, Figueroa and Gutiérrez, 2013) and Mexico (Campos, Chávez and Esquivel, 2014). In Chile, companies' undistributed profits and undeclared disposable income were estimated.¹⁰ In Mexico, the income of the top groups was obtained from national account aggregates, following the methodology put forward by Lakner and Milanovic (2013).¹¹

On the basis of such measurements, figure I.7 presents the evolution of the total income share of the richest 1% between 1993 and 2014, measured on the basis of tax data from Argentina, Colombia, Uruguay and other countries and regions. Colombia is the country where the richest 1% has the largest share of total income throughout the series: as of 2010, this segment captured 20.5% of total income in the country.¹² In Argentina and Uruguay, the total income shares of the wealthiest were higher than in continental Western Europe or South-East Asia. In the most recent year for which data are available, the share of the richest 1% was 16.8% in Argentina (2007) and 14.0% in Uruguay (2012). Among developed countries, it is in the United States that the largest share of total income goes to the richest.



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the World Top Incomes Database (WTID) [online] <http://topincomes.g-mond.parisschoolofeconomics.eu/>.

^a Simple averages of the values observed in France, Germany, Italy, Netherlands, Norway, Spain, Sweden and Switzerland.

^b Simple averages of the values observed in Japan, the Republic of Korea, Singapore and Taiwan Province of China.

Tax data can be employed alongside surveys to produce corrected estimates of the Gini coefficient. When the tax data for the richest 1% are combined with the income captured by surveys for the remaining 99%, the corrected Gini coefficient for Colombia and Uruguay comes out between 2 and 4 percentage points higher than was estimated on the basis of surveys alone. In Chile, the inclusion of capital gains increases the corrected coefficient for 2010 from 0.58 to 0.62. If undistributed profits are taken instead of capital income, the Gini coefficient reaches 0.67. All these values are far higher than the 0.55 estimated for 2006-2010 on the basis of the National Socioeconomic Survey (CASEN) alone.¹³

Where income concentration is concerned, comparing the corrected and uncorrected estimates yields a similar trend in Colombia and Uruguay (Burdín, Esponda and Vigorito, 2015; Alvaredo and Londoño, 2013). In Brazil, the corrected coefficient held steady between 2006 and 2012 (values of around 0.7 in all years), by contrast with the findings obtained from household surveys alone, which show a drop in income concentration between 2006 and 2011.

¹⁰ Undistributed profits are included on the basis that capital ownership is much more concentrated in Chile than in other countries (López, Figueroa and Gutiérrez, 2013).

¹¹ Lakner and Milanovic (2013) suggest that all of the consumption spending (income) gap between the national accounts and surveys should be allocated to high-income individuals (for example, the top 10% or 1% of the distribution), and call this procedure "top heavy adjustment with Pareto tail".

¹² In Mexico, the estimated total income share of the richest 1% was 21% in 2012 (Campos, Chávez and Esquivel, 2014). It should be reiterated, though, that this estimate is not strictly comparable with the measurements available from the World Top Incomes Database (WTID).

¹³ The Gini coefficient based on the CASEN survey was estimated by López, Figueroa and Gutiérrez (2013).

Measurements of inequality that use tax data are not without their limitations, most notably that they: (i) only capture what happens to high-income brackets and ignore what happens to the rest of the distribution; (ii) consider income before tax, which means that they take no account of income adjustments resulting from fiscal policy; (iii) are based on concepts of income and tax units that differ between countries, which causes comparability issues; (iv) are very sensitive to changes in tax legislation; and (v) can produce biased estimates of inequality because of weak tax systems and the pervasiveness of the informal economy in the region, this being perhaps the most serious criticism.¹⁴ The very high rates of tax evasion (especially in the case of income taxes) and the existence of a significant mass of untaxed income in Latin American countries may reduce the quality of the estimates.¹⁵

Nonetheless, using tax information would allow the scope of studies on income distribution in the countries of the region to be significantly expanded, as it would not only facilitate more detailed monitoring of high incomes (Amarante and Jiménez, 2015) but would also yield estimates on tax payment capacity that could be used for redistributive purposes (Piketty and Zucman, 2013). Nevertheless, efforts should also be made to improve the ability of surveys to capture high incomes.¹⁶

C. Examining different aspects of inequality by income stratum

Educational disparities between the quintiles at either end of the income distribution have diminished, in a context of improving educational attainments in all quintiles. Socioeconomic gaps in access to basic services have also narrowed, although lower-income households in rural areas of some countries still experience significant levels of deprivation. The access of lower-income households to new technologies has improved, but to lesser extent than that of higher-income ones, particularly with regard to Internet access. However, mobile phone ownership evinces higher levels of equity, which has helped to reduce the connectivity problems of lower-income populations and those living in rural areas.

Inequality is usually described and analysed by measuring the income distribution of the population. Differences in average incomes between the groups at either end of the distribution also extend into other areas such as education, paid work, basic goods and services, and new technologies. The purpose of this section is to describe and compare the situation of the different income groups with regard to: (i) levels of educational attainment, particularly in secondary and post-secondary education;¹⁷ (ii) access to basic services (water, sanitation and electricity) and the quality of housing; and (iii) access to new information and communication technologies. These aspects have been used recurrently in different measurements of basic needs and multidimensional poverty,

¹⁴ For more details on the limitations of inequality measurements based on tax data, see, for example, Atkinson, Piketty and Saez (2011), Amarante (2013), Reynolds (2012), Alvaredo and Gasparini (2015), Gómez Sabaíni and Rossignolo (2015), Sharma (2015), Bricker and others (2015) and Burdín, Esponda and Vigorito (2015).

¹⁵ See Jiménez, Gómez Sabaíni and Podestá (2010) and Gómez Sabaíni and Morán (2013) on tax evasion in the region. For estimates on the prevalence of the informal economy in the countries of the region compared with the rest of the world, see, for example, Schneider and Williams (2013).

¹⁶ One example is the United States Survey of Consumer Finances (SCF), which sought to solve the problem of high income underrepresentation by combining administrative and survey data. Administrative records were used to select the sample and verify that high-end families were appropriately represented (excluding those making very high but transitory incomes in a given year), and the survey was designed to measure family income. This study concluded that, when compared with administrative data, the survey used more appropriate observational units, produced a better measure of income and avoided imposing a rigid correlation between income and wealth when selecting “permanently” wealthy families (Bricker and others, 2015).

¹⁷ The intention here is not to establish a causal link between position in the income distribution and educational attainment. Although education is an essential influence on income, to clarify whether these factors are causes or consequences would involve analysing the evolution of each country and controlling for the time aspect, which is beyond the scope of this study.

and to select the Sustainable Development Goals and their targets.¹⁸ The comparisons will also take into account the differences associated with two of the aspects going to make up the social inequality matrix in Latin America: gender and area of residence.¹⁹

With regard to education, the analysis covers the period between 1997 and 2013.²⁰ This period was chosen in order to have as comprehensive an overview as possible of inequality trends. The period covers the crises of 2001-2002 and 2008-2009 and the economic boom that took place between 2003 and 2008. Shorter reference periods were selected for access to basic services and new technologies, essentially because of the limited availability and quality of survey data.

1. Educational attainment

Measures that increase educational levels, particularly among the most vulnerable groups, are essential but not sufficient for greater equality. Firstly, they improve the chances of access to quality employment and better wages, thereby contributing to social mobility and helping to break the intergenerational transmission of inequality and poverty. Secondly, they put people in a better position to participate in democratic processes and exercise their rights as citizens.

The region has made substantial progress in increasing education levels: in 2013, 92% of the population aged 15 to 19 had completed primary education (Trucco, 2014), while the proportion of young people of secondary school-leaving age who had completed the secondary level rose from 37% in 1997 to 58% in 2013. However, further progress is needed if the large educational divides between income levels are to be closed, particularly in secondary and post-secondary education. Some 80% of 20- to 24-year-olds in the richest quintile had completed secondary education in 2013, compared to just 34% in the poorest quintile. In other words, the secondary school completion rate was less than half (42%) as great in the lowest-income quintile (quintile I) as in the highest-income quintile (quintile V) (see figure 1.8).²¹

Just because the gap in the number of years of education has narrowed, it does not mean that asymmetries in educational quality associated with socioeconomic status should be ignored by the current crop of policies. However, the issue requires fuller discussion and the use of other instruments capable of providing more data than the household surveys that are the basis for this analysis.²²

¹⁸ This section does not address differences in employment access or quality between the different income quintiles. The segmentation of the production structure is known to be one of the crucial links in the reproduction of inequality, as the poorest tend to be concentrated in informal activities, which provide lower incomes, less protection against risks and fewer opportunities for future generations (ECLAC, 2014). Given the central importance of this issue, it was decided to deal with it separately in greater depth (see chapter III).

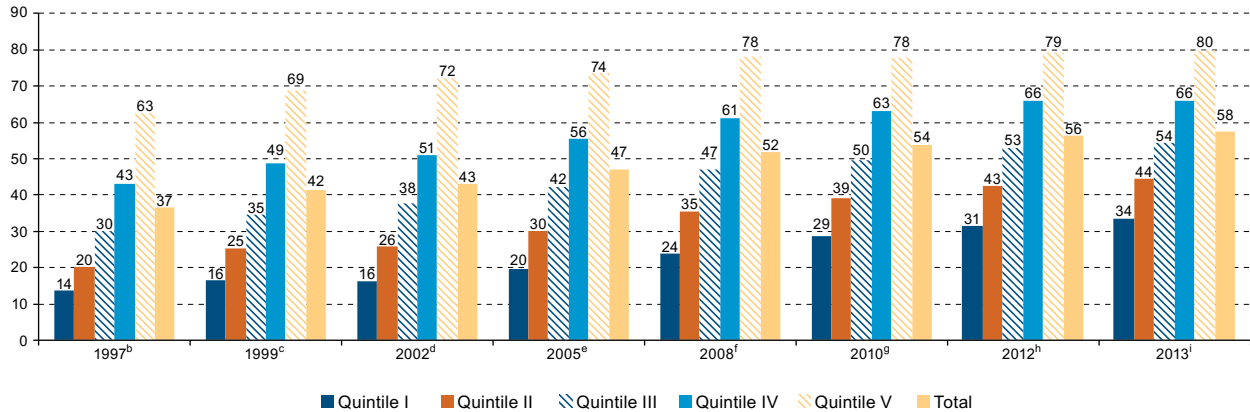
¹⁹ These are two of the elements in the social inequality matrix, which encompasses three major dimensions: gender, race and ethnicity; life cycle (childhood, youth and older adulthood); and territory (ECLAC, 2015e). The urban-rural divide, which is used in this analysis, is one expression of the territorial inequalities in the region. Other components of the matrix have not been included because they are variables that are not always covered by surveys, so that the database available would be significantly diminished.

²⁰ Annual regional averages were constructed on the basis of information from each country with national coverage for that year. When no such information was available, the closest year or urban coverage was taken, as indicated in the various figures and tables.

²¹ All values are simple averages for 18 countries of the region. The figure of 42% is the educational attainment of quintile I (34% of young people completing secondary education) expressed in terms of the attainment of young people in quintile V (80% completing secondary education).

²² See Trucco (2014) for a fuller analysis of the differences in the results of standardized test scores and of other aspects related to education quality.

Figure I.8
Latin America (18 countries): secondary education completion rates among population
aged 20 to 24, by income quintile, 1997-2013^a
(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.

^a Simple averages of national totals.

^b Data for 17 countries. Data for Brazil, Chile, Mexico and Paraguay refer to 1996, those for Guatemala to 1989 and those for Nicaragua to 1998. Data for Argentina, Ecuador, Panama, Paraguay and Uruguay refer to urban areas. Data for the Dominican Republic are not included.

^c Data for 17 countries. Data for Chile, Guatemala, Mexico and Nicaragua refer to 1998. Data for Argentina, Ecuador, Panama and Uruguay refer to urban areas. Data for the Dominican Republic are not included.

^d Data for Chile refer to 2000 and those for El Salvador, Nicaragua, Peru and Paraguay to 2001. Data for Argentina, Ecuador and Uruguay refer to urban areas.

^e Data for El Salvador, Mexico and the Plurinational State of Bolivia refer to 2004, those for Chile, Honduras and Peru to 2003 and those for Guatemala to 2002. Data for Argentina and Uruguay refer to urban areas.

^f Data for Argentina refer to 2006 and to urban areas, those for Honduras and the Plurinational State of Bolivia to 2007, those for Chile and Guatemala to 2006, those for El Salvador to 2009 and those for Nicaragua to 2005.

^g Data for Brazil, Chile, Nicaragua and the Plurinational State of Bolivia refer to 2009 and those for Guatemala to 2006. Data for Argentina refer to urban areas.

^h Data for Guatemala refer to 2006, those for Honduras to 2010, those for Nicaragua to 2009 and those for the Plurinational State of Bolivia to 2011. Data for Argentina refer to urban areas.

ⁱ Data for Guatemala refer to 2006, those for Honduras to 2010, those for Mexico to 2012, those for Nicaragua to 2009 and those for the Plurinational State of Bolivia to 2011. Data for Argentina refer to urban areas.

Secondary education completion rates increased in all income quintiles between 1997 and 2013. In absolute terms, the increase was greatest in the intermediate quintiles (between 23 and 24 percentage points in quintiles II, III and IV) and least in the top and bottom quintiles (17 and 20 percentage points in quintiles V and I, respectively). However, the gap between the secondary education completion rates of the top and bottom quintiles of the income distribution narrowed between 1997 and 2013: whereas in 1997 the secondary education completion rate in the lowest-income quintile (quintile I) was 22% of that of the highest-income quintile (quintile V), by 2013 it was 42% (see figure I.9).

This reduction in the gap was due to the fact that the rate of relative increase in secondary education completion was 9% per year for quintile I and 1.7% per year for quintile V.²³ The gaps in secondary education completion rates between the richest quintile and quintiles II and III likewise narrowed.²⁴ However, even after the improvements outlined, the secondary education completion rate in the quintile I population considered is barely more than a third.

With regard to post-secondary education,²⁵ socioeconomic disparities were identified as of 2013 in the percentage of people who had studied at this level, whether they had completed their courses or not. In the richest quintile, 46% of people had complete or incomplete technical or higher education, while the figure in the poorest quintile was barely 4%. Examining the evolution of this indicator between 1997 and 2013 reveals an increase in the percentage of people entering tertiary education across all quintiles. Between 1997 and 2013, access to tertiary education rose by 11 percentage points in the highest-income quintile but just 2 percentage points in the poorest quintile. This situation arose in a context where tertiary education coverage increased from 14% of the total population in 1997 to 21% in 2013 (see figure I.10).²⁶

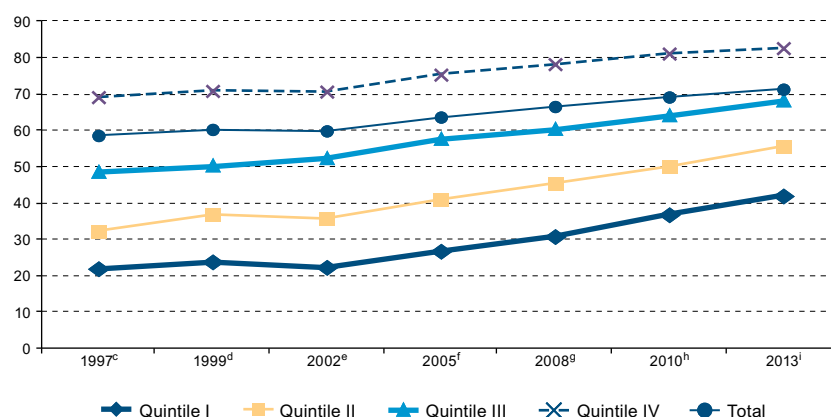
²³ A 16-year tranche is considered (1997 to 2013). The biggest relative changes took place in the socioeconomic groups with the lowest rates of attainment in the first year.

²⁴ For example, in 1997 the secondary education completion rate in quintile II was equivalent to 32% of that in quintile V. In 2013, it was estimated at 55%.

²⁵ Including complete or incomplete technical and higher education.

²⁶ With respect to this indicator, it should be noted that only people's quintile at the time of the survey is known, and not the quintile they were born into. On account of the opportunities for economic mobility afforded by access to tertiary education, it is possible that some people aged over 25 are in the higher quintiles because their education enabled them to obtain a better job and earn more. In other words, these people were born not into the quintile they are in now but into lower ones, so that their educational attainment should strictly speaking be ascribed to their quintile of origin and not their current one, which could narrow the gaps observed.

Figure I.9
Latin America (18 countries): gaps in secondary education completion rates among the population aged 20 to 24, by income quintile, 1997-2013^{a b}



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.

^a The completion gap is defined as the proportion of people from each quintile successfully completing secondary education relative to the proportion of people successfully completing this level in the highest-income quintile (quintile V).

^b Simple averages of national totals.

^c Data for 17 countries. Data for Brazil, Chile, Mexico and Paraguay refer to 1996, those for Guatemala to 1989 and those for Nicaragua to 1998. Data for Argentina, Ecuador, Panama, Paraguay and Uruguay refer to urban areas. Data for the Dominican Republic are not included.

^d Data for 17 countries. Data for Chile, Guatemala, Mexico and Nicaragua refer to 1998. Data for Argentina, Ecuador, Panama and Uruguay refer to urban areas.

^e Data for Chile refer to 2000 and those for El Salvador, Nicaragua, Peru and Paraguay to 2001. Data for Argentina, Ecuador and Uruguay refer to urban areas. Data for the Dominican Republic are not included.

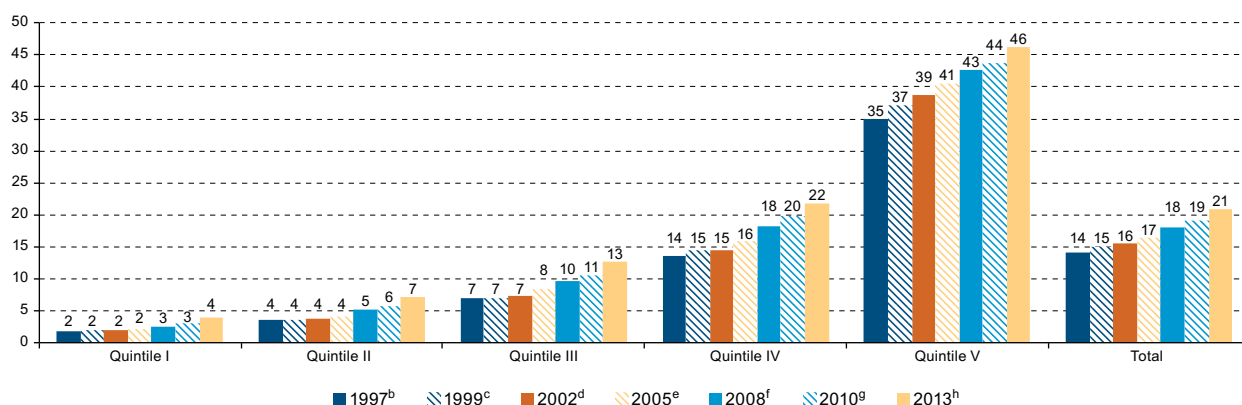
^f Data for El Salvador, Mexico and the Plurinational State of Bolivia refer to 2004, those for Chile, Honduras and Peru to 2003 and those for Guatemala to 2002. Data for Argentina and Uruguay refer to urban areas.

^g Data for Argentina refer to 2006 and to urban areas, those for Honduras and the Plurinational State of Bolivia to 2007, those for Chile and Guatemala to 2006, those for El Salvador to 2009 and those for Nicaragua to 2005.

^h Data for Brazil, Chile, Nicaragua and the Plurinational State of Bolivia refer to 2009 and those for Guatemala to 2006. Data for Argentina refer to urban areas.

ⁱ Data for Guatemala refer to 2006, those for Honduras to 2010, those for Mexico to 2012, those for Nicaragua to 2009 and those for the Plurinational State of Bolivia to 2011. Data for Argentina refer to urban areas.

Figure I.10
Latin America (18 countries): post-secondary education, population aged 25 and over, 1997-2013^a
(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.

^a Simple averages of national totals.

^b Data for 17 countries. Data for Brazil, Chile, Mexico and Paraguay refer to 1996, those for Guatemala to 1989 and those for Nicaragua to 1998. Data for Argentina, Ecuador, Panama, Paraguay and Uruguay refer to urban areas. Data for the Dominican Republic are not included.

^c Data for 17 countries. Data for Chile, Guatemala, Mexico and Nicaragua refer to 1998. Data for Argentina, Ecuador, Panama and Uruguay refer to urban areas. Data for the Dominican Republic are not included.

^d Data for Chile refer to 2000 and those for El Salvador, Nicaragua, Peru and Paraguay to 2001. Data for Argentina, Ecuador and Uruguay refer to urban areas.

^e Data for El Salvador, Mexico and the Plurinational State of Bolivia refer to 2004, those for Chile, Honduras and Peru to 2003 and those for Guatemala to 2002. Data for Argentina and Uruguay refer to urban areas.

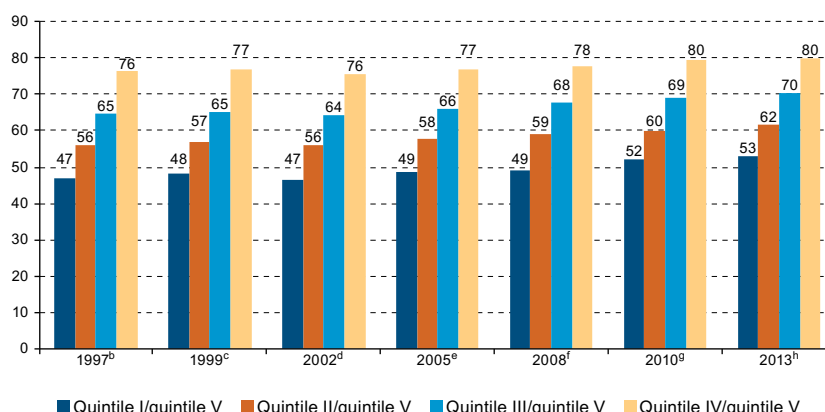
^f Data for Argentina refer to 2006 and to urban areas, those for Honduras and the Plurinational State of Bolivia to 2007, those for Chile and Guatemala to 2006, those for El Salvador to 2009 and those for Nicaragua to 2005.

^g Data for Brazil, Chile, Nicaragua and the Plurinational State of Bolivia refer to 2009 and those for Guatemala to 2006. Data for Argentina refer to urban areas.

^h Data for Guatemala refer to 2006, those for Honduras to 2010, those for Mexico to 2012, those for Nicaragua to 2009 and those for the Plurinational State of Bolivia to 2011. Data for Argentina refer to urban areas.

Thus, between 1997 and 2013 the average years' education of the population aged 15 and over increased across all quintiles. During the same period, the relative gap between quintiles I and V narrowed, although absolute growth was about the same.²⁷ In 1997, average years' education in the poorest quintile was 47% of the figure for the richest quintile; in 2013, it was 53% (see figure I.11).

Figure I.11
Latin America (18 countries): average years' education of lower-income quintiles (quintiles I to IV) relative to the highest-income quintile (quintile V), population aged 15 and over, 1997-2013^a
(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.

^a Ratio of average years' education in lower-income quintiles to average years' education in the highest-income quintile (quintile V), multiplied by 100. Simple averages.

^b Data for 17 countries. Data for Brazil, Chile, Mexico and Paraguay refer to 1996, those for Guatemala to 1989 and those for Nicaragua to 1998. Data for Argentina, Ecuador, Panama, Paraguay and Uruguay refer to urban areas. Data for the Dominican Republic are not included.

^c Data for 17 countries. Data for Chile, Guatemala, Mexico and Nicaragua refer to 1998. Data for Argentina, Ecuador, Panama and Uruguay refer to urban areas.

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^f Data for Argentina refer to 2006 and to urban areas, those for Honduras and the Plurinational State of Bolivia to 2007, those for Chile and Guatemala to 2006, those for El Salvador to 2009 and those for Nicaragua to 2005.

^g Data for Brazil, Chile, Nicaragua and the Plurinational State of Bolivia refer to 2009 and those for Guatemala to 2006. Data for Argentina refer to urban areas.

^h Data for Guatemala refer to 2006, those for Honduras to 2010, those for Mexico to 2012, those for Nicaragua to 2009 and those for the Plurinational State of Bolivia to 2011. Data for Argentina refer to urban areas.

An area of interest within the social inequality framework proposed by ECLAC is the behaviour of education gaps by sex. In the case of secondary education, women's completion rates were higher than men's between 1997 and 2013 and highest in the middle quintiles of the distribution as compared with the top and bottom quintile. This indicator tended to fall between the start and end of the period, which translates into less inequality (affecting men in this case) in a context of increasing secondary education completion rates. Similarly, the gender parity index in the first three income quintiles tended to decrease between 1997 and 2013, while in the richest quintile it tended to increase (see table I.3).²⁸

Differences by sex in tertiary education (complete or incomplete), meanwhile, have evolved from a situation that was initially favourable to men to one that is favourable to women. While in 1997 the gender parity index was less than 1 in all quintiles (situation favourable to men), in 2013 it was higher than 1 in all of them (see table I.4). In any case, the share of people of both sexes who had an educational level equivalent to complete or incomplete tertiary education in 2013 was no more than 10% in the two lowest-income quintiles. Moreover, the gender gap favouring women in educational attainment has not as yet been reproduced in the labour market.²⁹

²⁷ Time spent in education increased by an average of 1.4 years between 1997 and 2013, with very similar figures for all quintiles (1.3 years in quintiles I and V, 1.4 in quintiles II and IV and 1.5 in quintile III). People in quintile I had spent an average of 4.8 years in education, so although the increase was lower in absolute terms, the gap narrowed in percentage terms.

²⁸ The gender parity index is calculated by dividing the percentage of women attaining the education level concerned by the percentage of men. A value of 1 indicates full parity. A value over 1 indicates greater educational attainment by women. A value under 1 indicates greater educational attainment by men.

²⁹ This subject will be taken up again in chapter IV.

Table I.3
Latin America (18 countries): indicators of educational disparity by sex
and by income quintile, 1997, 2005 and 2013
(Gender parity index)^a

Population aged 20 to 24 with complete secondary education			
	1997^b	2005^c	2013^d
Quintile I	1.12	1.10	1.07
Quintile II	1.28	1.17	1.19
Quintile III	1.24	1.17	1.16
Quintile IV	1.20	1.14	1.19
Quintile V	1.06	1.09	1.11
Total	1.12	1.09	1.12
Population aged 25 and over with complete or incomplete tertiary or higher education			
	1997^b	2005^c	2013^d
Quintile I	0.90	1.09	1.25
Quintile II	0.89	1.05	1.20
Quintile III	0.99	1.09	1.20
Quintile IV	0.98	1.06	1.15
Quintile V	0.87	0.97	1.04
Total	0.88	0.99	1.06

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.

^a The gender parity index is calculated by dividing the percentage of women attaining the education level concerned by the percentage of men. A value of 1 indicates full parity. A value over 1 indicates greater educational attainment by women. A value under 1 indicates greater educational attainment by men.

^b Data from 17 countries. Data for Brazil, Chile, Mexico and Paraguay refer to 1996, those for Guatemala to 1989 and those for Nicaragua to 1998. Data for Argentina, Ecuador, Panama, Paraguay and Uruguay refer to urban areas. Data for the Dominican Republic are not included.

^c Data for El Salvador, Mexico and the Plurinational State of Bolivia refer to 2004, those for Chile, Honduras and Peru to 2003 and those for Guatemala to 2002. Data for Argentina and Uruguay refer to urban areas.

^d Data for Guatemala refer to 2006, those for Honduras to 2010, those for Mexico to 2012, those for Nicaragua to 2009 and those for the Plurinational State of Bolivia to 2011. Data for Argentina refer to urban areas.

Table I.4
Latin America (18 countries): disparities in average years' education by sex
and by income quintile, 1997, 2005 and 2013
(Gender parity index)^a

Economically active population			
	1997^b	2005^c	2013^d
Quintile I	1.02	1.04	1.03
Quintile II	1.04	1.05	1.07
Quintile III	1.06	1.05	1.07
Quintile IV	1.05	1.06	1.09
Quintile V	1.02	1.05	1.07
Total	1.08	1.10	1.09
Population aged 15 and over			
	1997^b	2005^c	2013^d
Quintile I	0.96	0.96	0.98
Quintile II	0.97	0.98	1.00
Quintile III	0.97	0.99	1.00
Quintile IV	0.97	0.99	1.01
Quintile V	0.95	0.98	1.01
Total	0.96	0.99	0.99

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.

^a The gender parity index is calculated by dividing the percentage of women attaining the education level concerned by the percentage of men. A value of 1 indicates full parity. A value over 1 indicates greater educational attainment by women. A value under 1 indicates greater educational attainment by men.

^b Data from 17 countries. Data for Brazil, Chile, Mexico and Paraguay refer to 1996, those for Guatemala to 1989 and those for Nicaragua to 1998. Data for Argentina, Ecuador, Panama, Paraguay and Uruguay refer to urban areas. Data for the Dominican Republic are not included.

^c Data for El Salvador, Mexico and the Plurinational State of Bolivia refer to 2004, those for Chile, Honduras and Peru to 2003 and those for Guatemala to 2002. Data for Argentina and Uruguay refer to urban areas.

^d Data for Guatemala refer to 2006, those for Honduras to 2010, those for Mexico to 2012, those for Nicaragua to 2009 and those for the Plurinational State of Bolivia to 2011. Data for Argentina refer to urban areas.

Gender disparities behave somewhat differently when a larger set of the population is considered, and not just those of an age to be completing each educational cycle. Among the economically active population, the average number of years' education was higher among women of all ages and income quintiles. However, when the population aged 15 and over is considered, men's educational attainment was higher for all income quintiles in both 1997 and 2005, but in 2013 the gender parity index stood at 1 or above for four of the five quintiles. The situation in the poorest quintile was slightly unfavourable to women aged 15 and over on this particular indicator (see table I.4).

However, regional aggregates mask deep heterogeneity between countries. For example, table I.A1.4 of the statistical annex shows that, in 2013, Chile had the smallest gap in secondary school completion rates between the top and bottom quintiles, with the poorest quintile's rate being 79% of the richest quintile's.³⁰ Next came the Bolivarian Republic of Venezuela and Argentina, with figures of 65% and 61%, respectively. The countries with the biggest gaps between the top and bottom quintiles were Honduras and Guatemala. In Honduras, the poorest quintile's secondary school completion rate was barely 12.7% of that of the richest, and in Guatemala the figure was only 4.7%. A similar picture emerges when disparities in the average years' education of the economically active population are examined by quintile: in 2013, the gaps were smallest in Chile, the Bolivarian Republic of Venezuela and Argentina and greatest in Guatemala and Honduras. There was greater homogeneity regarding tertiary education in 2013, since the gaps between the top and bottom quintile were over 90% in 11 of 17 countries.

The information analysed thus far shows that educational attainment gaps between income quintiles have narrowed, a situation which is at least partly the result of efforts by the region's countries to expand educational coverage, first at the primary level and then at the secondary level. Nonetheless, the gaps are still quite substantial and there is also a great deal of variation between countries as regards both the size of gaps and their evolution over time. Meanwhile, the reduction in gender-related educational disparities has been very striking and stands in contrast to trends in labour market indicators (see chapter IV for more details).

2. Housing and basic services

Both the Universal Declaration of Human Rights (1948)³¹ and the International Covenant on Economic, Social and Cultural Rights (1966)³² state that countries must guarantee the right to decent housing. This means not only that the physical housing itself must be adequate, but that there must be access to appropriate services such as water, sanitation and energy and security of ownership and environment. This section provides a brief overview of the recent evolution of inequalities in access to basic services (water, sanitation and electricity) and in the quality of housing (using an approach based on the quality of materials), disaggregated by income brackets. In this case, priority was given among the variables included in the social inequality matrix to analysis of differences by area of residence, as those differences have been a recurring theme in ECLAC studies for decades.³³

The indicator shows that the population with inadequate access to basic services in Latin America declined from 22% to 14% between 2002 and 2013. The greatest reductions were in the lower-income quintiles: in quintile I, for example, the incidence of inadequate access to basic services decreased from 43% in 2002 to 28% in 2013, while in quintile II it decreased from 32% in 2002 to 19% in 2013 (see figure I.12). However, socioeconomic disparities remained, since in 2013 or thereabouts the rate of inadequate access to basic services was 4.5 times as high in the poorest quintile as in the richest quintile.

³⁰ This value is calculated by dividing the percentage completing secondary school in the poorest quintile by the percentage in the richest quintile and multiplying by 100.

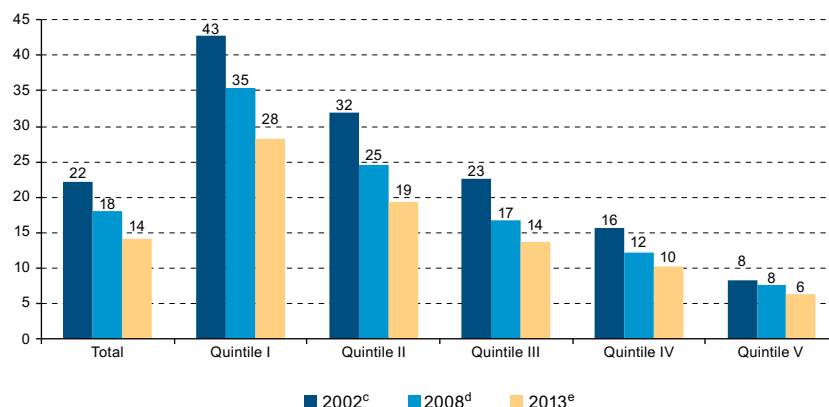
³¹ See article 25 (1) [online] <http://www.un.org/en/universal-declaration-human-rights/index.html>.

³² See article 11 [online] <http://www.ohchr.org/EN/ProfessionalInterest/Pages/CESCR.aspx>.

³³ The indicator was calculated by counting as deprived those people living in households with at least two deficiencies in any of the aforementioned basic services (water, sanitation and electricity). A household is defined as deprived on the basis of a threshold established in each of the respective countries' surveys, depending on the categories surveyed and the level of well-being associated with each. In the case of water, households in urban areas were considered deprived if they obtained their water from sources other than the public network. In rural areas, households were deemed deprived when they used bottled water or obtained their water from unprotected wells, mobile water sources, rivers, streams, rain, etc. In the case of sanitation, households in urban areas were deprived if they did not have sanitation facilities or a toilet connected to a sewage system or septic tank; in rural areas, they were deprived if they did not have sanitation facilities or had a toilet system with no waste treatment. In the case of electricity, lastly, households in both urban and rural areas were deemed deprived if they did not have electricity.

Figure I.12

Latin America (16 countries): population with inadequate access to basic services (water, sanitation and electricity), by income quintile, around 2002, 2008 and 2013^{a, b}
(Percentages, simple regional averages)



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.

^a Data for Argentina and Panama are not included.

^b A population is considered deprived if it lacks access to at least two basic services.

^c Data from 2002 except in the cases of Chile (2000), Colombia (1999), Costa Rica (2000), Ecuador (2007), El Salvador (2001), Guatemala (1998), Nicaragua (2001), Paraguay (2001), Peru (2001) and Uruguay (2007).

^d Data from 2008 except in the cases of Chile (2006), Costa Rica (2007), Ecuador (2011), El Salvador (2009), Guatemala (2002), Honduras (2006), Nicaragua (2005), the Plurinational State of Bolivia (2007) and Uruguay (2009).

^e Data from 2013 except in the cases of Guatemala (2006), Honduras (2010), Mexico (2012), Nicaragua (2009) and the Plurinational State of Bolivia (2011).

Typically, rural populations have been worst affected by deprivations in access to basic services. This was still the situation in 2013 or thereabouts, given that approximately 4 in every 10 rural residents in the poorest income quintile had inadequate access to basic services. However, an improvement took place between 2002 and 2013 and was greatest, measured in absolute terms, in the lowest-income brackets. In the three lowest-income quintiles in rural areas, inadequate access to basic services decreased by between 18 and 20 percentage points between 2002 and 2013. In urban areas, meanwhile, the poorest quintile saw the greatest reduction in inadequate access to basic services (6.7 percentage points) (see figure I.13).

Figure I.13

Latin America: population with inadequate access to basic services (water, sanitation and electricity), by income quintile and area of residence, around 2002, 2008 and 2013^a
(Percentages)

A. Rural areas (simple averages of 16 countries^b)

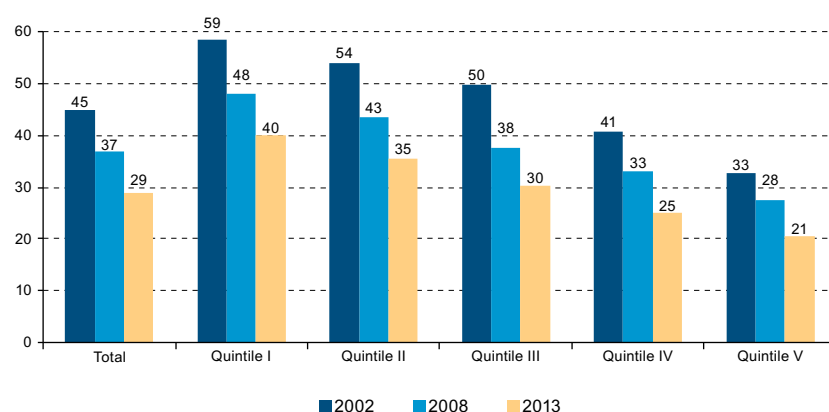
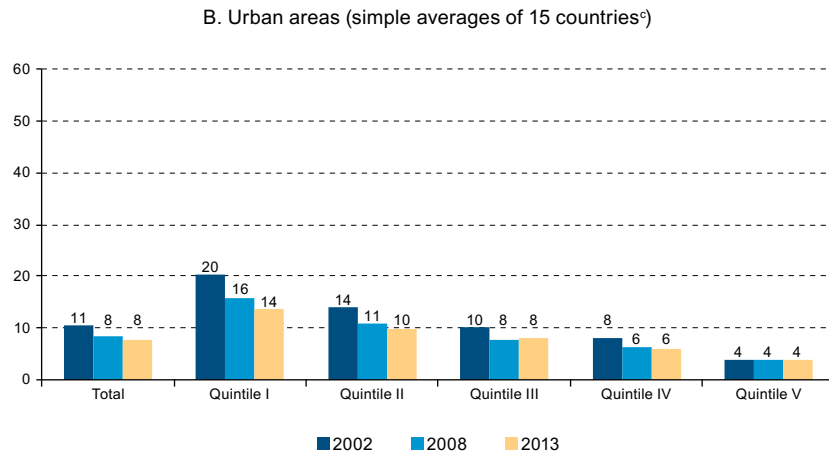


Figure I.13 (concluded)



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.

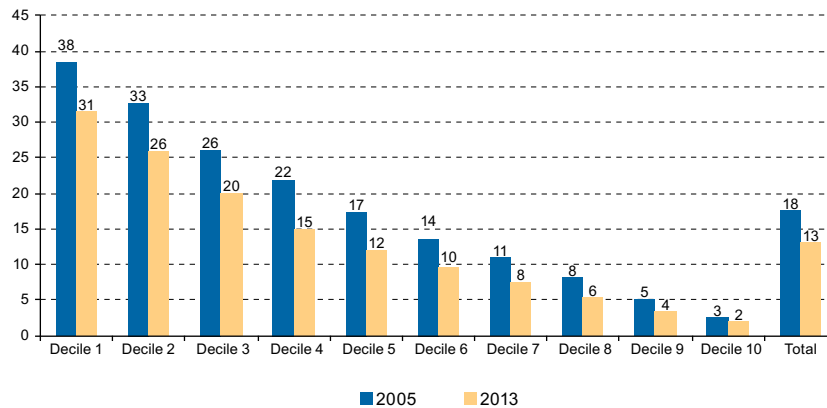
^a A population is considered deprived if it lacks access to at least two basic services.

^b Data for the Bolivarian Republic of Venezuela and Panama are not included.

^c Data for Argentina, the Bolivarian Republic of Venezuela and Panama are not included.

In addition, the incidence of occupancy of housing built with substandard materials was substantially higher in the lower-income deciles of the distribution in 2013: 31% of the lowest-income decile lived in housing built with substandard materials, and in the second decile the figure was 26%. However, the incidence of deprivation in respect of building materials fell in absolute terms between 2005 and 2013, particularly in the lowest-income brackets (see figure I.14). The percentage of the population living in houses built using substandard materials decreased in the four lowest-income deciles by between 6.0 and 6.9 percentage points, while in the other deciles the decreases ranged from 5.5 to 0.6 percentage points.

Figure I.14
Latin America (17 countries): population living in housing built with substandard materials,
by income decile, around 2005 and 2013^{a b}
(Percentages, simple averages)



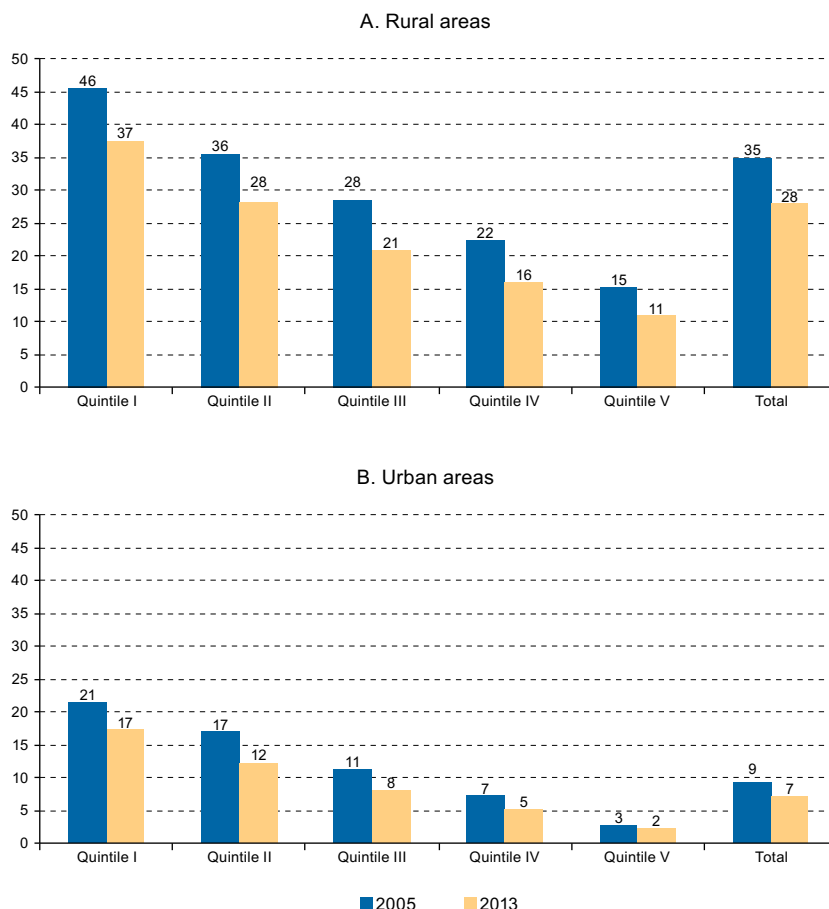
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

^a Data refer to the following countries and years: Argentina (urban areas, 2005 and 2012), Bolivarian Republic of Venezuela (2005 and 2013), Brazil (2005 and 2013), Chile (2003 and 2013), Colombia (2008 and 2013), Costa Rica (2005 and 2013), Dominican Republic (2006 and 2013), Ecuador (2005 and 2013), El Salvador (2004 and 2013), Guatemala (2000 and 2006), Honduras (2006 and 2010), Mexico (2004 and 2012), Nicaragua (2005 and 2009), Paraguay (2005 and 2013), Peru (2003 and 2013), Plurinational State of Bolivia (2003 and 2011) and Uruguay (2007 and 2013). Data for Panama are not included.

^b Housing built using natural or rudimentary materials for flooring, external walls or roofing is considered substandard.

In the latest year with data available, the number of people living in housing built with substandard materials was much greater in rural areas than urban ones, with the highest levels of deprivation being found among the lowest-income quintiles in rural areas. In turn, the largest decreases, measured in absolute terms, were in the lowest-income quintiles in rural areas (see figure I.15).

Figure I.15
Latin America (15 countries): population in housing built with substandard materials,
by income quintile and area of residence, around 2005 and 2013^{a b}
(Percentages, simple averages)



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.

^a Data refer to the following countries and years: Brazil (2005 and 2013), Chile (2003 and 2013), Colombia (2008 and 2013), Costa Rica (2005 and 2013), Dominican Republic (2006 and 2013), Ecuador (2005 and 2013), El Salvador (2004 and 2013), Guatemala (2000 and 2006), Honduras (2006 and 2010), Mexico (2004 and 2012), Nicaragua (2005 and 2009), Paraguay (2005 and 2013), Peru (2003 and 2013), Plurinational State of Bolivia (2003 and 2011) and Uruguay (2007 and 2013). Data for Argentina, the Bolivarian Republic of Venezuela and Panama are not included.

^b Housing built using natural or rudimentary materials for flooring, external walls or roofing is considered substandard.

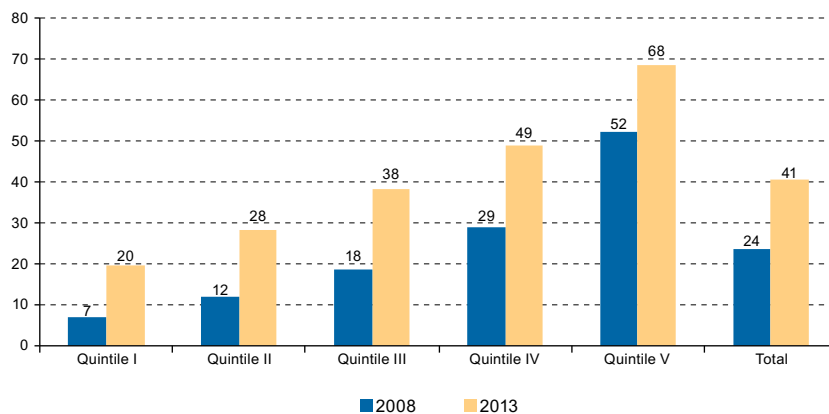
As is the case with education indicators, the incidence of deprivations in respect of building materials and access to basic services varies widely from country to country. When only those in the poorest income quintile living in rural areas are considered, Nicaragua was the country with the greatest incidence of deprivation for basic services in the latest year with data available (84% in 2009), followed by the Plurinational State of Bolivia (71% in 2011) and Honduras (70% in 2010). The countries with the lowest incidence were Costa Rica (4% in 2013), Uruguay (6% in 2013) and Mexico (16% in 2012). Rates of deprivation in access to basic services in the poorest quintile in rural areas were reduced most quickly in Uruguay (11.2%) and in Costa Rica and Mexico (5.9% in both countries) (see table I.A1.5 for more details).

With regard to deprivations associated with housing materials affecting people in the poorest quintile in rural areas, the highest incidence in the latest year with information available was in Peru (87% in 2013), Guatemala (76% in 2006) and the Plurinational State of Bolivia (74% in 2011), and the lowest was in Chile (1% in 2013), Costa Rica (4% in 2013) and Uruguay (5% in 2013). Housing material-related deprivations in the poorest quintile decreased much more markedly in the countries that had the lowest incidences of occupancy of housing built with substandard materials in the first measurement:³⁴ for example, Chile, Costa Rica and Uruguay saw reductions of between 7% and 10% a year, while Guatemala, Peru and the Plurinational State of Bolivia saw reductions of between 0.6% and 2% a year.

3. Access to new information and communications technologies

The countries of Latin America have substantially increased access to telecommunication services and the use of social networks and applications in recent years (ECLAC, 2015). In this field, the ninth Sustainable Development Goal is to “significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020” (United Nations, 2015, p. 24).³⁵ However, significant socioeconomic and gender gaps remain in access to and use of new technology. Around 2013, for example, the proportion of people living in households with a computer and the proportion with access to the Internet were substantially higher in higher-income quintiles (see figures I.16 and I.17). Although both increased in all income quintiles between 2008 and 2013, those increases, measured in absolute terms, were more modest in the poorest quintile.

Figure I.16
Latin America (12 countries): households with at least one computer,
by income quintile, around 2008 and 2013^a
(Percentages)



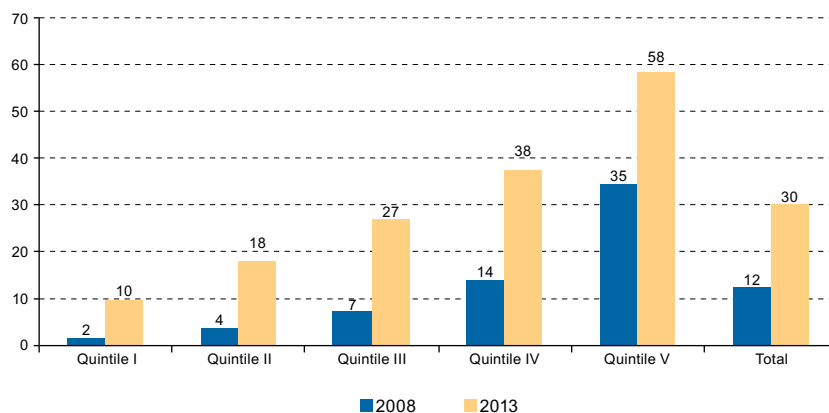
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

^a Data refer to simple averages for the following countries and years: the Bolivarian Republic of Venezuela (2008 and 2013), Brazil (2008 and 2013), Chile (2009 and 2013), Colombia (2008 and 2013), Costa Rica (2009 and 2013), the Dominican Republic (2007 and 2013), El Salvador (2008 and 2013), Honduras (2006 and 2010), Mexico (2008 and 2012), Paraguay (2008 and 2013), Peru (2007 and 2013) and Uruguay (2008 and 2013). Most surveys asked about computer ownership in general. Laptop computers were specifically included in Chile (2009 and 2013), Costa Rica (2013) and Uruguay (2008 and 2013).

³⁴ Non-parametric correlations between the annual rate of change and the substandard housing baseline value for the poorest quintile in rural areas: Kendall's tau = 0.552 (p=0.006**), Spearman's rho = 0.772 (p=0.001**).

³⁵ There are many fields in which the new information and communications technologies can be used to promote the social inclusion of the most vulnerable population. Among other things, these technologies can serve to increase access to employment, improve educational processes, expand the scope of health services, increase the efficiency and effectiveness of State provision, provide the voiceless with greater options for the exercise of citizenship and improve human security in socially disadvantaged environments.

Figure I.17
Latin America (14 countries): people living in households with an Internet connection,
by income quintile, around 2008 and 2013^a
(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.

^a Data refer to simple averages for the following countries and years: the Bolivarian Republic of Venezuela (2008 and 2013), Brazil (2008 and 2013), Chile (2009 and 2013), Colombia (2008 and 2013), Costa Rica (2009 and 2013), Ecuador (2010 and 2013), El Salvador (2008 and 2013), Guatemala (2006 and 2011), Honduras (2006 and 2010), Mexico (2008 and 2012), Paraguay (2008 and 2013), Peru (2007 and 2013), the Plurinational State of Bolivia (2008 and 2013) and Uruguay (2008 and 2013).

Examining the evolution of home computer availability in the lowest-income quintile reveals great heterogeneity among the countries.³⁶ The country with the greatest absolute increase between 2008 and 2013 was Uruguay (53 percentage points) (see box I.2 for more details). Next came the Bolivarian Republic of Venezuela (23 percentage points) and Brazil and Chile (20 percentage points each). The countries where the situation of the poorest quintile improved the least were Honduras, El Salvador, Mexico and Paraguay, with increases of 0.5 percentage points, 2 percentage points, 3 percentage points and 4 percentage points, respectively (see table I.A1.6).

The gap in home computer access between the richest and poorest quintiles decreased in 3 of the 12 countries for which data were available around 2008 and 2013: Uruguay (-37 percentage points), Chile (-14 percentage points) and Brazil (-5 percentage points).³⁷ The gaps widened the most in El Salvador, Honduras, Mexico and Paraguay. In these countries, absolute differences between the richest and poorest quintiles grew by over 15 percentage points, as the absolute increases in home computer access were much larger in the highest-income quintile than in the lowest.³⁸

A similar heterogeneity can be seen when the evolution of home Internet connections in quintile I households between 2008 and 2013 is analysed. The countries with the largest absolute increases were Chile, Uruguay and Costa Rica (26, 22 and 21 percentage points, respectively), while in El Salvador, Guatemala and Honduras the change over the period was less than 1 percentage point. Thus, between 2008 and 2013 the trend was for a more marked increase in home Internet access in the more developed countries. Meanwhile, the poorest quintile in some of the less developed countries was in much the same position in 2013 as in 2008 (see table I.A1.6 for more details).³⁹

³⁶ Ownership may cover not only desktop computers but also laptop computers, depending on the country and the survey.

³⁷ The change in the gap is calculated by subtracting the absolute difference between quintiles V and I in 2008 from the absolute difference between quintiles V and I in 2013. In the case of Brazil, for example, the absolute difference between the two in 2008 was 65 percentage points (70.52-5.36). In 2013, it was 60 percentage points (80.76-21.05). Thus, 60-65 = -5 percentage points.

³⁸ Taking the average of the 12 countries analysed, the proportion of people in households with a computer almost doubled from 24% to 41% of the total between 2008 and 2013. Gaps generally narrowed in countries that had higher levels of ownership in 2008. That was the case in Brazil, Chile and Uruguay, where the product cycle is at a more advanced stage than elsewhere in the region and computers are now considered mass consumption items.

³⁹ Once again, the greatest increases in Internet penetration occurred in the countries with the highest coverage at the beginning of the period of analysis. In several of them, moreover, the greatest increases were in the poorest quintiles. Countries with lower coverage around 2008 not only saw the lowest growth in Internet-connected households, but still had not achieved significant availability of Internet access for households in the two lowest-income quintiles by 2013 or thereabouts.

Box I.2

Uruguay's Basic Computer Connectivity for Online Learning Plan (CEIBAL)

The CEIBAL Plan, implemented in 2007, is a universal public policy that seeks to reduce digital and knowledge divides and to promote access to education and culture.

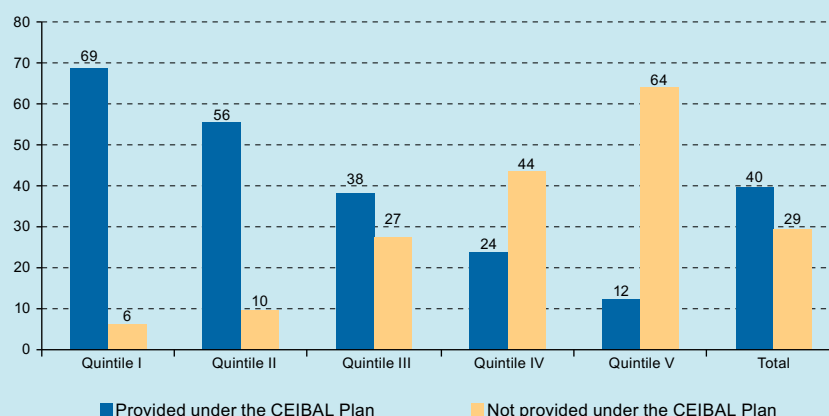
The first stage was for all pupils and teachers in State primary schools to be given a laptop computer. The Plan began to be rolled out in State secondary schools in 2011.

As regards its educational principles, the aim of the CEIBAL Plan is for new technology to be introduced into classrooms in accordance with pedagogical precepts, with the idea of improving student learning through the development of new skills and

attitudes, access to new information and the creation of spaces for reflection and shared experiences.

One of the most noticeable effects of the CEIBAL Plan has been to reduce the gap in access to new technology in the home. As can be seen in the chart below, a large majority of people in the lower-income quintiles (and not only those of school age) potentially have access to a computer at home thanks to this programme. This outcome has led to international recognition for the CEIBAL Plan, which received the ICTs in Sustainable Development Award from the International Telecommunication Union in 2015.

Uruguay: people living in households with a computer, by whether or not provided under the CEIBAL Plan and by income quintile, 2013
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of the 2013 Continuous Household Survey (ECH) of Uruguay.

The CEIBAL Plan has not gone uncriticized. Besides the implementation difficulties that have been identified in qualitative assessments (see Rivoir and Lamschtein, 2012, for more details), a recent impact assessment based on a within-subject longitudinal design with four measurements found that it had had no impact on learning in the areas

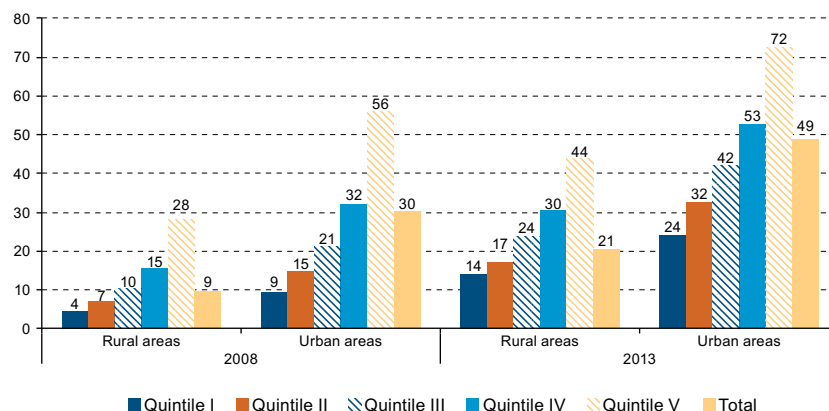
of reading and mathematics (De Melo and others, 2013). However, the assessment did not control for differences in implementation quality or measure the impact on objective (rather than self-reported) skills in computer and Internet use, which are fundamental to students' educational and career paths and subsequent integration into society.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of A. Rivoir and S. Lamschtein, "Plan Ceibal, un caso de usos de las tecnologías de información y de las comunicaciones en la educación para la inclusión social", *Las tecnologías digitales frente a los desafíos de una educación inclusiva en América Latina: algunos casos de buenas prácticas* (LC/L.3545), G. Sunkel and D. Trucco (eds.), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2012, and G. de Melo and others, *Profundizando en los efectos del Plan Ceibal*, Mexico City, National Public Education Administration (ANEP), 2013.

Although home Internet access increased in the poorest quintile in all countries with data available for 2008–2013, the absolute gap between the highest and lowest quintiles grew by over 15 percentage points in 10 countries, as growth was much stronger in the highest-income segment. The largest increases in the gap between the highest and lowest quintiles were in Paraguay, Peru, Honduras, Colombia and Guatemala (31, 29, 24, 22 and 22 percentage points, respectively). Chile was the only country where the home Internet access gap between the highest and lowest quintiles narrowed (10 percentage points), although the difference between the two socioeconomic groups remained very large in 2013 (37% in the poorest quintile versus 84% in the richest quintile).

In 2013, home computer access and Internet connections were substantially more widespread among people living in urban areas than among those in rural areas, a situation common to all income quintiles. Home Internet and computer access increased among the rural and urban populations between 2008 and 2013, but this growth, measured in absolute terms, tended to be slower for lower-income and rural populations (see figures I.18 and I.19).

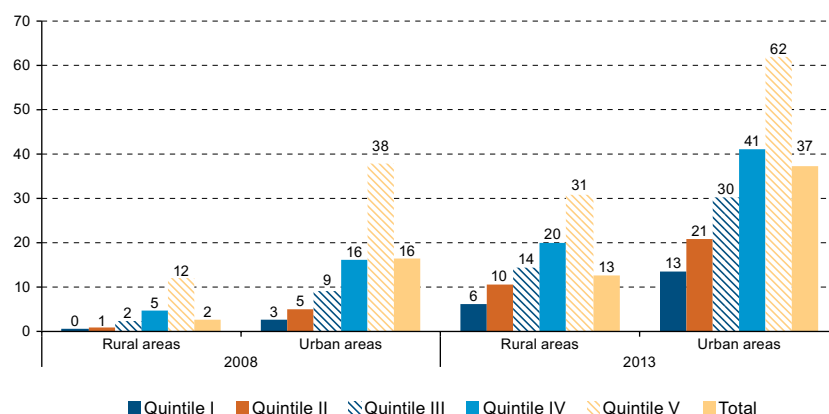
Figure I.18
Latin America (11 countries): people living in households with computers,
by income quintile and area of residence, around 2008 and 2013^a
(Percentages)



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.

^a Data refer to simple averages for the following countries and years: Brazil (2008 and 2013), Chile (2009 and 2013), Colombia (2008 and 2013), Costa Rica (2009 and 2013), the Dominican Republic (2007 and 2013), El Salvador (2008 and 2013), Honduras (2006 and 2010), Mexico (2008 and 2012), Paraguay (2008 and 2013), Peru (2007 and 2013) and Uruguay (2008 and 2013).

Figure I.19
Latin America (13 countries): people living in households with Internet access,
by income quintile and area of residence, around 2008 and 2013^a
(Percentages)

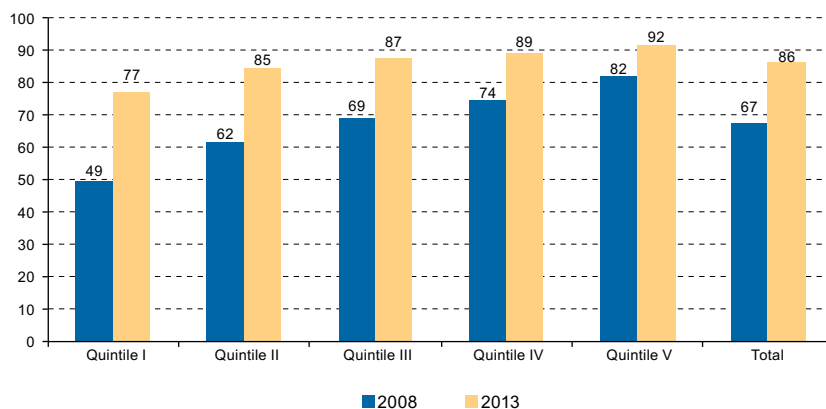


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

^a Data refer to simple averages for the following countries and years: Brazil (2008 and 2013), Chile (2009 and 2013), Colombia (2008 and 2013), Costa Rica (2009 and 2013), Ecuador, (2010 and 2013), El Salvador (2008 and 2013), Guatemala (2006 and 2011), Honduras (2006 and 2010), Mexico (2008 and 2012), Paraguay (2008 and 2013), Peru (2007 and 2013), the Plurinational State Bolivia (2008 and 2013) and Uruguay (2008 and 2013).

A different picture emerges when access to mobile phones is examined, as there was a substantial increase in this case, most particularly in the lowest-income group. Taking a simple average of 14 countries, the share of people living in households where at least one person had a mobile phone increased from 67% in 2008 to 86% in 2013 (see figure I.20). The poorest quintile saw the greatest absolute increase (28 percentage points) and the richest quintile the smallest (10 percentage points). The strong expansion of mobile telephony in the poorest segment has been partly due to its relatively low cost (Crane, 2015), while growth has been much more limited in the richest quintile because access to mobile telephony in this income bracket was already quite high in 2008.

Figure I.20
Latin America (14 countries): people living in households with at least one mobile phone, by income quintile, around 2008 and 2013^a
 (Percentages)



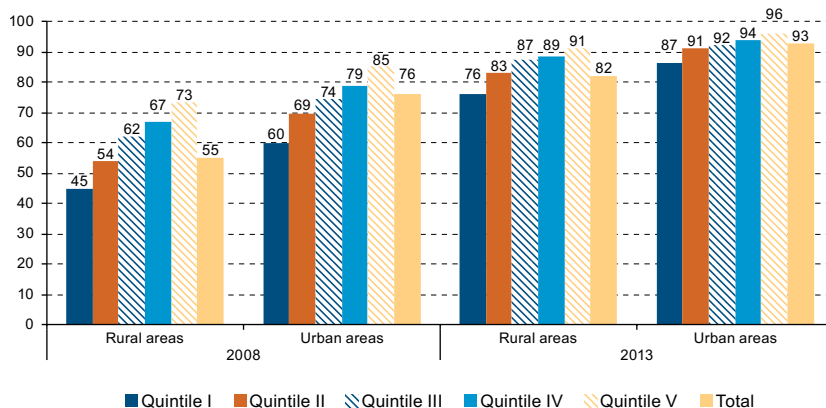
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

^a Data refer to simple averages for the following countries and years: the Bolivarian Republic of Venezuela (2008 and 2013), Brazil (2008 and 2013), Chile (2009 and 2013), Colombia (2008 and 2013), Costa Rica (2009 and 2013), the Dominican Republic (2007 and 2013), Ecuador (2010 and 2013), El Salvador (2008 and 2013), Honduras (2006 and 2010), Mexico (2008 and 2012), Paraguay (2008 and 2013), Peru (2007 and 2013), the Plurinational State of Bolivia (2008 and 2013) and Uruguay (2008 and 2013).

This tendency for mobile telephony access to increase more among lower-income groups led to a significant reduction in the average difference between the highest and lowest quintiles in this dimension between 2008 and 2013: whereas in 2008 the absolute difference between the two groups was 32 percentage points, by 2013 it had dropped to 15 percentage points.

The percentage of the population with home access to mobile phones was higher in urban areas than in rural ones in 2013 (see figure I.21), but differences by area of residence were much less than in the case of home computers and Internet access. Again, mobile phone access tended to increase by more among rural populations than urban ones between 2008 and 2013. Combined with the fact that the rise in mobile phone access was greater in lower-income groups, this meant that the highest absolute growth in home access to mobile phones was in lower-income quintiles in rural areas.

Figure I.21
Latin America (13 countries): people living in households with at least one mobile phone, by income quintile and area of residence, around 2008 and 2013^a
 (Percentages)



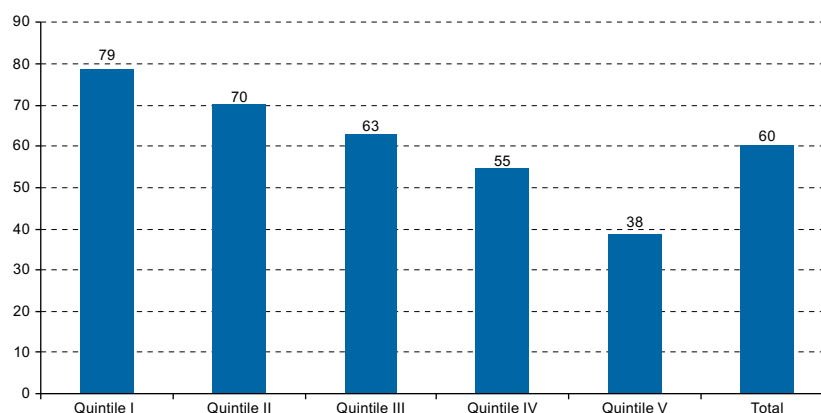
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

^a Data refer to simple averages for the following countries and years: Brazil (2008 and 2013), Chile (2009 and 2013), Colombia (2008 and 2013), Costa Rica (2009 and 2013), the Dominican Republic (2007 and 2013), Ecuador (2010 and 2013), El Salvador (2008 and 2013), Honduras (2006 and 2010), Mexico (2008 and 2012), Paraguay (2008 and 2013), Peru (2007 and 2013), the Plurinational State of Bolivia (2008 and 2013) and Uruguay (2008 and 2013).

Lastly, home computer availability, Internet access and mobile phone ownership are only a limited gauge of access to new technology. For years, many countries in the region have been implementing public and private initiatives that provide free or subsidized access to computers or Internet connections in schools, telecentres and Internet cafés, among other places. In addition, people can access computers and Internet in their workplaces. As for mobile telephony, lower-income users might choose low-cost plans with limited connectivity in terms of the quantity and quality of services, or they might not be able to afford data plans at all.⁴⁰ Ultimately, even assuming that these indicators provide a reasonably reliable picture of access to new technology despite their limitations, they cannot be used to directly measure its use.

In this same connection, information from nine countries of the region as of around 2013 reveals the existence of wide gaps in Internet usage between the different quintiles of the income distribution. On average, the proportion of people who do not use the Internet regularly is highest in the poorest quintile (79%) and lowest in the richest quintile (38%) (see figure I.22). Examination of national situations reveals that the biggest gaps between the richest and poorest quintiles are in Paraguay, Peru and the Plurinational State of Bolivia and the smallest gaps are in Chile and Uruguay (see table I.A1.7).

Figure I.22
Latin America (9 countries): people aged 10 and over stating they do not use the Internet, by income quintile, around 2013^a
(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.

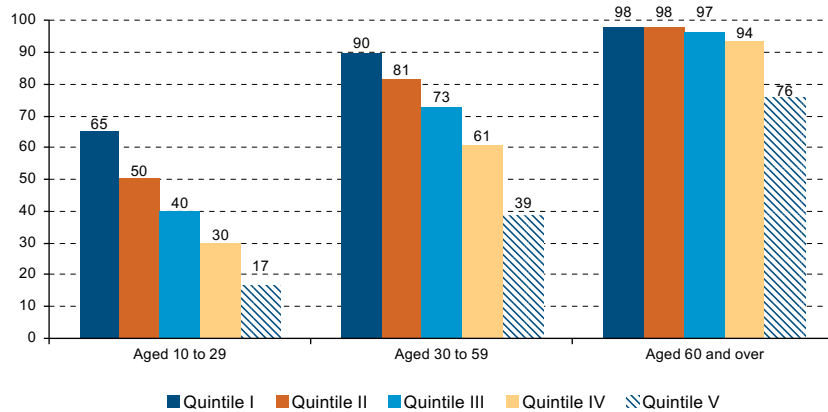
^a The countries considered are: Brazil, Chile, Ecuador, El Salvador, Honduras, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay. Data refer to simple averages for 2013, except in the case of Honduras (2010). The reference periods for questions about Internet use are: the last 12 months in Ecuador and Honduras, the last 3 months in Brazil, Paraguay and the Plurinational State of Bolivia and the last month in Peru and Uruguay. Chile and El Salvador ask about Internet use or non-use without specifying a time period. Owing to these differences, some countries capture habitual use or non-use while others capture more or less recent use or non-use. Those aged 10 and over were taken as the reference population with a view to making the results more comparable between countries.

Available data for 2013 also show that older age groups are most likely to not use the Internet at all. Among those aged under 60, this generational effect is reinforced or attenuated by socioeconomic differences: for example, the lowest level of non-Internet use (17%) was in the youngest group (aged 10 to 29) from the richest quintile, while the highest rate of non-Internet use (90%) was among those aged 30 to 59 in the poorest quintile. The situation is different for the 60-plus age group, as non-Internet use is over 90% in the first four income quintiles and falls to 76% only in the richest quintile. Since the richest quintile has the greatest access to the Internet at home, it is possible that age-related factors are one important explanation for non-use (see figure I.23).⁴¹

⁴⁰ For this reason, it has been proposed that the number of community access points providing fuller connectivity (free public Wi-Fi networks, Internet cafés and others) should be expanded (Crane, 2015).

⁴¹ This is not necessarily just a question of biology, and cultural aspects should also be considered in any study attempting to address the issue in more depth.

Figure I.23
Latin America (9 countries): people aged 10 and over stating they do not use the Internet, by income quintile and age group, around 2013^a
 (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.

^a Simple averages. The countries considered are: Brazil, Chile, Ecuador, El Salvador, Honduras, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay. Data refer to 2013 except in the case of Honduras (2010).

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Statistical annex

Methodological note

This annex presents the countries' official poverty measurements together with ECLAC measurements, which allow regional comparability (see table I.A1.1 for ECLAC estimates and table I.A1.2 for the countries' official measurements).

Over the years, more and more countries in the region have developed their own official measurements, using processes and methodologies appropriate to their circumstances. ECLAC recognizes the usefulness and relevance of these measurements for tracking the level and evolution of poverty. The inclusion of these figures in this publication is meant to raise awareness of them and avoid the impression their absence might give rise to that their reliability was open to question.

However, the methodological decisions adopted for national measurements differ from country to country, which means that they cannot be used for comparison purposes or aggregated to estimate regionwide figures. Accordingly, ECLAC produces estimates that use a common methodological structure to achieve the greatest possible regional comparability. These estimates are arrived at independently of the countries', although use is made of microdata from the same surveys as the official country measurements are based on.

The current ECLAC indigence and poverty lines are based on methodological parameters estimated from spending and income surveys conducted an average of three decades ago. Efforts to update them will be completed this year, using the most recent surveys for each country with a view to improving the comparability of the respective estimates. The process will involve updating a number of parameters such as the choice of reference stratum, the selection of goods making up the basic food basket and their value, the ratio between non-food spending and food spending (Orshansky coefficient) and the treatment given to household and personal income.

Table I.A1.1
Latin America (18 countries): poverty and indigence indicators, around 2001-2014^a
(Percentages)

Country	Year	Poverty ^b				Indigence			
		Households		Population		Households		Population	
		Poverty headcount ratio (H)	Poverty headcount ratio (H)	Poverty gap (PG)	Poverty gap squared (FGT2)	Poverty headcount ratio (H)	Poverty headcount ratio (H)	Poverty gap (PG)	Poverty gap squared (FGT2)
Argentina ^c	2004	27.3	34.9	16.0	10.0	11.7	14.9	6.8	4.6
	2009	8.1	11.3	4.7	2.9	3.0	3.8	1.9	1.4
	2012	3.4	4.3	1.9	1.3	1.7	1.7	1.0	0.8
Bolivia (Plurinational State of)	2002	55.5	62.4	34.4	23.8	31.7	37.1	19.5	13.5
	2009	36.3	42.4	19.8	12.7	18.2	22.4	11.0	7.3
	2011	31.2	36.3	15.5	9.4	15.6	18.7	8.1	4.9
	2013	28.4	32.7	14.3	8.7	13.6	16.8	7.7	4.9
Brazil	2001	30.0	37.5	17.3	10.7	10.0	13.2	5.8	3.8
	2009	19.3	24.9	10.5	6.2	5.7	7.0	3.2	2.2
	2013	14.1	18.0	7.6	4.7	5.3	5.9	3.1	2.3
	2014	12.6	16.5	6.3	3.6	3.9	4.6	2.1	1.4
Chile	2003	15.3	18.7	6.3	3.2	3.9	4.7	1.7	1.0
	2009	9.7	11.4	3.9	2.2	3.3	3.6	1.6	1.0
	2013	6.5	7.8	2.5	1.3	2.3	2.5	1.0	0.7
Colombia ^d	2002	42.2	49.7	21.9	12.8	14.3	17.8	6.8	3.7
	2010	30.4	37.3	15.2	8.5	9.6	12.3	4.6	2.5
	2013	24.8	30.7	11.8	6.4	7.3	9.1	3.3	1.8
	2014	23.0	28.6	10.9	5.8	6.5	8.1	3.0	1.7
Costa Rica	2002	18.6	20.3	8.4	5.2	7.7	8.2	3.9	2.7
	2010 ^e	16.0	18.5	6.8	3.8	5.8	6.8	2.7	1.7
	2013 ^e	15.6	17.7	6.9	4.0	6.4	7.2	3.1	1.9
	2014 ^e	16.4	18.6	7.1	4.0	6.7	7.4	2.9	1.8

Table I.A1.1 (concluded)

Country	Year	Poverty ^b				Indigence			
		Households		Population		Households		Population	
		Poverty headcount ratio (H)	Poverty headcount ratio (H)	Poverty gap (PG)	Poverty gap squared (FGT2)	Poverty headcount ratio (H)	Poverty headcount ratio (H)	Poverty gap (PG)	Poverty gap squared (FGT2)
Dominican Republic	2002	42.2	47.1	20.9	12.6	18.2	20.7	8.8	5.3
	2010	38.0	41.4	18.7	11.1	19.2	20.9	8.2	4.6
	2013	36.9	40.7	17.7	10.2	18.3	20.2	7.6	4.1
	2014	33.5	37.2	15.7	9.1	16.6	17.9	7.0	3.9
Ecuador ^c	2002	42.6	49.0	20.8	11.8	16.3	19.4	6.9	3.7
	2010	31.4	37.1	14.2	7.5	11.9	14.2	4.6	2.4
	2013	28.2	33.5	11.6	5.7	8.9	10.9	3.2	1.6
	2014	25.6	31.0	10.5	5.1	7.8	9.9	2.9	1.3
El Salvador	2001	42.9	48.9	22.7	14.0	18.3	22.1	9.5	5.7
	2009	41.8	47.9	19.4	10.5	14.1	17.3	5.7	2.7
	2013	35.5	40.9	14.9	7.4	10.1	12.5	3.5	1.5
	2014	35.9	41.6	14.6	7.2	10.3	12.5	3.5	1.4
Guatemala	2002	52.8	60.2	27.0	15.4	26.9	30.9	10.7	5.5
	2006	46.7	54.8	25.5	15.2	22.7	29.1	11.3	5.8
	2014	60.5	67.7	33.1	20.1	38.5	46.1	19.1	10.3
Honduras	2002	70.9	77.3	45.3	31.2	47.1	54.4	26.6	16.2
	2010	63.3	69.5	39.3	26.9	39.8	45.9	22.9	14.5
	2013	69.0	74.3	43.3	30.2	45.0	50.5	25.5	16.4
Mexico	2002	31.8	39.4	13.9	6.7	9.1	12.6	3.5	1.4
	2010	29.3	36.3	12.8	6.3	9.8	13.3	4.1	1.9
	2012	29.9	37.1	12.7	6.1	10.4	14.2	4.2	1.8
	2014	33.2	41.2	14.2	6.7	12.1	16.3	4.5	1.9
Nicaragua	2001	63.0	69.4	37.1	24.5	36.5	42.5	19.2	12.0
	2009	52.0	58.3	26.1	15.2	25.1	29.5	11.7	6.3
Panama	2002	30.0	36.9	16.8	10.2	14.4	18.6	7.6	4.3
	2010	19.3	25.7	10.6	5.9	8.9	12.6	4.6	2.3
	2013	17.4	23.1	10.1	6.1	8.7	12.2	5.3	3.1
	2014	16.2	21.4	9.6	6.0	8.1	11.5	5.3	3.2
Paraguay	2001	50.7	59.7	28.7	18.0	25.2	31.3	13.7	8.2
	2010	48.0	54.8	25.4	15.5	26.0	30.7	12.9	7.6
	2013	35.2	40.7	16.6	9.3	16.8	19.2	7.1	3.9
	2014	36.9	42.3	17.7	10.1	17.2	20.5	8.0	4.4
Peru	2001	48.7	54.7	24.7	14.5	20.4	24.4	9.6	5.2
	2010 ^d	29.7	34.3	12.7	6.4	8.0	9.5	2.7	1.2
	2013 ^f	21.1	23.9	8.1	3.9	3.8	4.7	1.3	0.5
	2014 ^f	19.8	22.7	7.5	3.5	3.5	4.3	1.1	0.5
Uruguay ^c	2002	9.3	15.4	4.5	1.9	1.3	2.5	0.6	0.2
	2010	5.0	8.6	2.3	0.9	0.7	1.4	0.3	0.1
	2013	3.7	5.7	1.6	0.6	0.7	0.9	0.2	0.1
	2014	2.9	4.5	1.1	0.5	0.6	0.7	0.2	0.1
Venezuela (Bolivarian Republic of)	2002	43.3	48.6	22.1	13.4	19.7	22.2	9.2	5.7
	2010	23.7	27.8	9.9	5.3	9.3	10.7	3.9	2.4
	2013 ^g	27.9	32.1	12.1	6.7	8.9	9.8	3.9	2.5
Latin America ^h	2002	36.1	43.9	...	14.6	19.2	...	...	...
	2010	23.9	31.1	...	9.1	12.1	...	...	...
	2013	21.6	28.1	...	8.8	11.9	...	...	...
	2014	21.7	28.2	...	8.8	11.8	...	...	...

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.

^a H = headcount ratio; PG = poverty gap; FGT2 = Foster, Greer and Thorbecke squared poverty gap index. ECLAC estimates are designed to ensure the highest possible degree of regional comparability, the aim being to maintain a common methodological structure for all the countries while drawing on data from the surveys they use in their own official measurements.

^b Includes households (and individuals) living in indigence or extreme poverty.

^c Urban areas.

^d Figures from the National Administrative Department of Statistics (DANE) of Colombia.

^e These figures are not comparable with those of previous years, owing to a change in the criterion used to construct the income aggregate.

^f Figures from the National Institute of Statistics and Informatics (INEI) of Peru, not comparable with those of previous years.

^g Figures from the National Institute of Statistics (INE) of the Bolivarian Republic of Venezuela, not comparable with those of previous years.

^h Estimate for the 18 countries included in the table plus Haiti.

Table I.A1.2
Latin America (18 countries): official poverty and indigence rates
by geographical area, latest two years available
(Percentages of people)

Country	Year	Poverty			Indigence		
		Nacional	Urban	Rural	Nacional	Urban	Rural
Argentina	2012 ^a	...	5.4	...	...	1.5	...
	2013 ^b	...	4.7	...	...	1.4	...
Bolivia (Plurinational State of)	2012	43.4	34.7	61.2	21.8	12.2	41.2
	2013	39.1	29	59.9	18.8	9.2	38.8
Brazil ^c	2013	7.8	...	...	3.1	...	...
	2014	7.0	...	...	2.5	...	...
Chile	2011	22.2	19.9	37.7	8.1	7.2	14.5
	2013	14.4	12.4	27.9	4.5	3.8	9.6
Colombia	2013	30.6	26.9	42.8	9.1	6	19.1
	2014	28.5	24.6	41.4	8.1	5.1	18.0
Costa Rica ^d	2013	20.7	18.2	27.8	6.4	5.1	10.1
	2014	22.4	19.5	30.3	6.7	5.2	10.6
Dominican Republic	2013	41.8	37.9	49.9	9.8	8	13.5
	2014	35.5	30.9	44.8	7.2	5.4	10.8
Ecuador	2013	25.6	17.6	42.0	8.6	4.4	17.4
	2014	22.5	16.4	35.3	7.7	4.5	14.3
El Salvador ^d	2013	29.6	26.2	36.0	7.1	5.7	9.8
	2014	31.8	28.5	37.9	7.6	5.7	10.9
Guatemala	2011	53.7	35.0	71.4	13.3	5.1	21.1
	2014	59.3	42.1	76.1	23.4	11.2	35.3
Honduras ^d	2013	64.5	60.4	68.5	42.6	29	55.6
	2014	62.8	61.0	65.0	39.7	29.8	51.8
Mexico ^e	2012	51.6	48.3	62.8	20	16.2	32.7
	2014	53.2	50.5	62.4	20.6	17.1	31.9
Nicaragua	2009	42.5	26.6	63.3	14.6	5.6	26.6
	2014	29.6	14.8	50.1	8.3	2.4	16.3
Panama	2013 ^f	26.2	14.2	49.7	11.1	3.1	26.7
	2014 ^f	25.8	13.8	49.7	11.0	3.3	26.3
Paraguay	2013	23.8	17.0	33.8	10.1	5.1	17.6
	2014	22.6	16.2	32.0	10.5	4.6	19.2
Peru	2013	23.9	16.1	48.0	4.7	1.0	16.0
	2014	22.7	15.3	46.0	4.3	1.0	14.6
Uruguay	2013	11.5	12.0	3.0	0.5	0.5	0.1
	2014	9.7	10.1	3.0	0.3	0.3	0.0
Venezuela (Bolivarian Republic of)	2012	25.4	...	...	7.1	...	...
	2013	32.1	...	...	9.8	...	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from the countries. Argentina: National Institute of Statistics and Censuses (INDEC); Bolivarian Republic of Venezuela: National Institute of Statistics (INE); Brazil: Ministry of Social Development and Hunger Alleviation (MDS); Chile: Ministry of Social Development; Colombia: National Planning Department (DNP); Costa Rica: National Institute of Statistics and Censuses (INEC); Dominican Republic: Ministry of Economy, Planning and Development; Ecuador: National Institute of Statistics and Censuses (INEC); El Salvador: Department of Statistics and Censuses (DIGESTYC); Guatemala: National Institute of Statistics (INE); Honduras: National Institute of Statistics (INE); Mexico: National Council for the Evaluation of Social Development Policy (CONEVAL); Nicaragua: National Institute of Development Information (INIDE); Panama: Ministry of Economy and Finance (MEF); Paraguay: Department of Statistics, Surveys and Censuses (DGEEC); Peru: National Institute of Statistics and Informatics (INEI); Plurinational State of Bolivia: National Institute of Statistics (INE)/Economic and Social Policy Analysis Unit (UDAPE); Uruguay: National Institute of Statistics (INE).

^a Urban total, second half.

^b Urban total, first half.

^c There is no official measure of poverty in Brazil. MDS estimates are used as a reference.

^d Household poverty and indigence estimate.

^e The poverty figures are calculated using the welfare line, while the indigence figures are based on a minimum welfare measure.

^f Labour Market Survey of March 2013 and March 2014.

Table I.A1.3
Latin America (18 countries): household income distribution, around 2001-2014^a

Country	Year	Concentration indicators				
		Gini coefficient ^b	Theil index	Atkinson index		
				($\epsilon=0.5$)	($\epsilon=1.0$)	($\epsilon=1.5$)
Argentina ^c	2004	0.578	0.720	0.276	0.452	0.582
	2009	0.510	0.549	0.219	0.377	0.509
	2014	0.470	0.444	0.185	0.325	0.444
Bolivia (Plurinational State of)	2002	0.614	0.775	0.322	0.553	0.732
	2009	0.508	0.511	0.223	0.413	0.594
	2013	0.491	0.459	0.206	0.388	0.568
Brazil	2001	0.639	0.914	0.340	0.536	0.665
	2009	0.576	0.716	0.277	0.455	0.586
	2014	0.548	0.646	0.253	0.421	0.548
Chile	2003	0.552	0.674	0.257	0.418	0.535
	2009	0.524	0.585	0.231	0.384	0.501
	2013	0.509	0.537	0.217	0.363	0.475
Colombia	2002	0.567	0.672	0.268	0.447	0.579
	2010 ^d	0.557	0.627	0.257	0.436	0.571
	2014 ^d	0.535	0.572	0.238	0.408	0.541
Costa Rica	2002	0.488	0.440	0.193	0.349	0.491
	2010 ^e	0.492	0.455	0.198	0.352	0.484
	2014 ^e	0.505	0.462	0.206	0.370	0.507
Dominican Republic	2002	0.537	0.569	0.236	0.404	0.536
	2010	0.554	0.603	0.253	0.433	0.572
	2014	0.519	0.482	0.217	0.390	0.532
Ecuador ^c	2002	0.513	0.563	0.222	0.370	0.484
	2010	0.485	0.471	0.195	0.335	0.445
	2014	0.447	0.401	0.167	0.290	0.390
El Salvador	2001	0.525	0.527	0.232	0.423	0.599
	2009	0.478	0.440	0.189	0.333	0.449
	2014	0.436	0.356	0.157	0.281	0.385
Guatemala	2002	0.542	0.583	0.239	0.401	0.515
	2006	0.585	0.773	0.291	0.467	0.590
	2014	0.553	0.728	0.265	0.422	0.534
Honduras	2002	0.588	0.719	0.288	0.476	0.608
	2010	0.572	0.624	0.271	0.474	0.626
	2013	0.564	0.623	0.265	0.465	0.625
Mexico	2002	0.514	0.521	0.218	0.372	0.485
	2010	0.481	0.458	0.192	0.335	0.448
	2014	0.491	0.534	0.207	0.342	0.443
Nicaragua	2001	0.579	0.782	0.288	0.469	0.615
	2009	0.478	0.437	0.189	0.337	0.462
Panama	2002	0.567	0.616	0.266	0.465	0.616
	2010	0.528	0.540	0.232	0.411	0.555
	2014	0.519	0.513	0.227	0.415	0.580
Paraguay	2001	0.558	0.673	0.265	0.450	0.606
	2010	0.533	0.666	0.248	0.416	0.557
	2014	0.536	0.673	0.251	0.412	0.539
Peru	2001	0.525	0.556	0.231	0.397	0.526
	2010	0.458	0.399	0.174	0.311	0.424
	2014	0.439	0.355	0.160	0.293	0.408
Uruguay ^c	2002	0.455	0.385	0.169	0.300	0.406
	2010	0.422	0.327	0.145	0.262	0.359
	2014	0.379	0.253	0.117	0.218	0.306
Venezuela (Bolivarian Republic of)	2002	0.500	0.456	0.201	0.361	0.501
	2010	0.394	0.264	0.123	0.233	0.337
	2013	0.407	0.286	0.131	0.246	0.353

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.

^a Calculated from the distribution of personal per capita income in the country as a whole.

^b Includes those with zero income.

^c Urban total.

^d These figures are not comparable with those of previous years, owing to a change in the criterion used to construct the income aggregate.

^e These figures are not comparable with those of previous years, owing to a change in the survey used.

Table I.A1.4
Latin America (17 countries): indicators of educational attainment,
by country and income quintile, around 1997 and 2013

Country	Complete secondary education (percentages of the population aged 15 to 24)				Complete or incomplete tertiary education (percentages of the population aged 25 and over)				Average education level of the economically active population (EPA) (number of years' education)			
	1997	2012	Absolute change ^b	Relative change ^c	1997	2012	Absolute change ^b	Relative change ^c	1997	2012	Absolute change ^b	Relative change ^c
Argentina ^a												
Quintile I	13.8	51.5	2.5	18.2	2.3	10.5	0.55	23.8	7.4	9.5	0.14	1.9
Quintile V	84.3	83.9	-0.03	-0.03	45.3	53.1	0.52	1.15	13.1	13.9	0.05	0.41
Gap between quintiles ^d	83.6	38.6	-3.0	-3.59	94.9	80.2	-0.98	-1.03	43.5	31.7	-0.79	-1.82
Bolivia (Plurinational State of)												
Quintile I	11.5	44.6	2.4	20.6	0.7	4.5	0.3	38.8	3.5	5.3	0.13	3.7
Quintile V	65.0	77.3	0.9	1.4	31.2	46.4	1.1	3.48	10.1	11.6	0.11	1.06
Gap between quintiles ^d	82.3	42.3	-2.9	-3.47	97.8	90.3	-0.53	-0.54	65.3	54.3	-0.79	-1.21
Brazil												
Quintile I	4.4	33.6	1.7	39.0	0.6	3.5	0.2	28.4	2.8	5.9	0.18	6.5
Quintile V	59.1	88.5	1.7	2.9	27.9	43.6	0.9	3.31	9.9	11.7	0.11	1.07
Gap between quintiles ^d	92.6	62.0	-1.8	-1.94	97.8	92.0	-0.35	-0.35	71.7	49.6	-1.30	-1.82
Chile												
Quintile I	27.7	73.9	2.7	9.8	2.7	7.9	0.3	11.3	7.5	9.8	0.14	1.8
Quintile V	87.7	93.9	0.4	0.4	43.6	57.6	0.8	1.89	12.8	13.9	0.06	0.51
Gap between quintiles ^d	68.4	21.3	-2.8	-4.05	93.8	86.3	-0.44	-0.47	41.4	29.5	-0.70	-1.69
Colombia												
Quintile I	18.9	39.8	1.3	6.9	1.0	3.3	0.1	14.4	4.3	5.7	0.09	2.0
Quintile V	75.6	92.2	1.0	1.4	33.8	50.9	1.1	3.16	10.8	12.5	0.11	0.98
Gap between quintiles ^d	75.0	56.8	-1.1	-1.51	97.0	93.5	-0.22	-0.23	60.2	54.4	-0.36	-0.60
Costa Rica												
Quintile I	12.6	33.1	1.3	10.2	2.2	3.6	0.1	4.0	5.4	6.6	0.08	1.4
Quintile V	60.1	88.1	1.8	2.9	38.3	58.5	1.3	3.30	10.7	12.8	0.13	1.2
Gap between quintiles ^d	79.0	62.4	-1.0	-1.31	94.3	93.8	-0.03	-0.03	49.5	48.4	-0.07	-0.14
Ecuador ^a												
Quintile I	38.6	49.2	0.7	1.7	7.0	6.2	-0.1	-0.7	7.4	8.0	0.04	0.5
Quintile V	74.0	93.3	1.2	1.6	43.3	53.2	0.6	1.43	12.5	13.8	0.08	0.65
Gap between quintiles ^d	47.8	47.3	-0.04	-0.07	83.8	88.3	0.28	0.34	40.8	42.0	0.08	0.19
El Salvador												
Quintile I	7.2	17.7	0.7	9.1	0.2	0.8	0.04	18.8	2.7	4.8	0.13	4.9
Quintile V	62.4	74.9	0.8	1.3	26.4	34	0.5	1.80	10.1	11.1	0.06	0.62
Gap between quintiles ^d	88.5	76.4	-0.8	-0.85	99.2	97.6	-0.10	-0.10	73.3	56.8	-1.03	-1.41
Guatemala												
Quintile I	2.0	2.8	0.0	2.4	0.3	0.2	-0.01	-2.0	1.6	2.1	0.03	1.8
Quintile V	40.4	60.0	1.2	2.9	25.4	34.6	0.5	2.13	7.3	9.0	0.10	1.37
Gap between quintiles ^d	95.0	95.3	0.02	0.02	98.8	99.4	0.04	0.04	78.1	76.7	-0.08	-0.11
Honduras												
Quintile I	3.2	8.1	0.4	11.8	1.2	1.6	0.03	2.6	2.9	3.6	0.05	1.9
Quintile V	46.2	63.6	1.3	2.9	36.0	45.5	0.7	2.03	8.3	9.9	0.12	1.48
Gap between quintiles ^d	93.1	87.3	-0.4	-0.48	96.7	96.5	-0.01	-0.01	65.1	63.6	-0.11	-0.17

Table I.A1.4 (concluded)

Country	Complete secondary education (percentages of the population aged 15 to 24)				Complete or incomplete tertiary education (percentages of the population aged 25 and over)				Average education level of the economically active population (EPA) (number of years' education)			
	1996	2012	Absolute change ^b	Relative change ^c	1996	2012	Absolute change ^b	Relative change ^c	1996	2012	Absolute change ^b	Relative change ^c
Mexico												
Quintile I	3.0	19.4	1.0	34.2	0.3	1.9	0.1	33.3	4.0	6.0	0.13	3.1
Quintile V	52.9	74.5	1.4	2.6	30.1	42.7	0.8	2.62	10.0	12.5	0.16	1.56
Gap between quintiles ^d	94.3	74.0	-1.3	-1.35	99.0	95.6	-0.22	-0.22	60.0	52.0	-0.50	-0.83
Nicaragua												
Quintile I	4.0	17.2	1.2	30.0	1.1	0.7	-0.04	-3.3	2.8	4.0	0.11	3.9
Quintile V	38.4	59.5	1.9	5.0	24.8	33.0	0.7	3.01	8.3	9.8	0.14	1.64
Gap between quintiles ^d	89.6	71.1	-1.7	-1.88	95.6	97.9	0.21	0.22	66.3	59.2	-0.64	-0.97
Panama ^a												
Quintile I	37.2	42.2	0.3	0.8	4.9	7.1	0.1	2.8	8.1	8.9	0.05	0.6
Quintile V	79.8	88.7	0.6	0.7	53.1	62.0	0.6	1.05	13.8	14.6	0.05	0.36
Gap between quintiles ^d	53.4	52.4	-0.1	-0.11	90.8	88.5	-0.14	-0.15	41.3	39.0	-0.14	-0.34
Paraguay ^a												
Quintile I	8.9	51.5	2.5	28.2	0.5	6.1	0.3	65.9	5.3	7.9	0.15	2.9
Quintile V	60.4	87.9	1.6	2.7	32.7	54.3	1.3	3.89	10.9	13.2	0.14	1.24
Gap between quintiles ^d	85.3	41.4	-2.6	-3.03	98.5	88.8	-0.57	-0.58	51.4	40.2	-0.66	-1.29
Peru												
Quintile I	6.8	55.1	3.0	44.4	0.9	4.5	0.2	25.0	3.7	5.7	0.13	3.4
Quintile V	47.6	95.4	3.0	6.3	41.0	54.5	0.8	2.06	10.4	13.0	0.16	1.56
Gap between quintiles ^d	85.7	42.2	-2.7	-3.17	97.8	91.7	-0.38	-0.39	64.4	56.2	-0.52	-0.80
Uruguay ^a												
Quintile I	11.8	13.2	0.1	0.7	1.1	3.3	0.1	12.5	6.9	7.5	0.04	0.5
Quintile V	64.7	74.6	0.6	1.0	28.7	50.7	1.4	4.79	11.5	13.3	0.11	0.98
Gap between quintiles ^d	81.8	82.3	0.03	0.04	96.2	93.5	-0.17	-0.17	40.0	43.6	0.23	0.56
Venezuela (Bolivarian Republic of)												
Quintile I	21.8	56.4	2.2	9.9	3.9	12.7	0.6	14.1	6.4	8.0	0.10	1.6
Quintile V	63.8	86.4	1.4	2.2	33.7	46.0	0.8	2.28	10.8	11.7	0.06	0.52
Gap between quintiles ^d	65.8	34.7	-1.9	-2.95	88.4	72.4	-1.00	-1.13	40.7	31.6	-0.57	-1.40

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.

^a Urban areas.

^b Absolute difference between the values of the final measurement and the initial measurement, divided by the number of years between the two.

^c Relative change between the final and initial measurement, multiplied by 100 and divided by the number of years in the period.

^d Relative distance between the average level of attainment in quintile I and that in quintile V, annualized figures. As a first step, the attainment figure for quintile I (AQI) is expressed as a proportion of the figure for quintile V (AQV). The gap is then calculated using the following formula: $(1 - (AQI/AQV)) * 100$. The annualized relative gap is calculated using the formula $(1 - (AQI/AQV)) * 100 / AT$, where AT is the number of years between the two measurements.

Table I.A1.5
Latin America (16 countries): evolution of deprivations associated with basic services and housing materials,
by country, area of residence and income quintile, around 2001 and 2013
(Percentages of the population)

Country	Deprivations in basic services (water, sanitation and electricity) ^a				Housing built with substandard materials ^b			
	Rural areas		Urban areas		Rural areas		Urban areas	
Argentina	2002	2012	2002	2012	2005	2012	2005	2012
Quintile I	...	...	1.8	0.7	...	...	5.4	3.6
Quintile V	...	...	0.1	0.1	...	...	0.4	0.42
Bolivia (Plurinational State of)	2002	2011	2002	2011	2003	2011	2003	2011
Quintile I	75.4	70.9	17.0	8.1	88.4	73.9	33.6	16.7
Quintile V	52.5	41.4	4.0	3.9	51.8	31.1	5.4	3.9
Brazil	2002	2013	2002	2013	2005	2013	2005	2013
Quintile I	48.5	32.0	17.7	9.4	7.8	5.6	0.9	1.1
Quintile V	14.4	9.6	3.1	2.8	0.7	0.8	0.1	0.3
Chile	2000	2013	2000	2013	2003	2013	2003	2013
Quintile I	57.9	19.9	4.5	1.2	8.0	0.6	1.4	0.2
Quintile V	33.2	10.2	0.2	0.1	1.5	0.2	0.1	0.0
Colombia	1999	2013	1999	2013	2008	2013	2008	2013
Quintile I	29.4	28.9	3.7	6.8	33.9	29.6	12.2	10.1
Quintile V	17.6	12.0	0.2	0.7	4.1	4.4	0.3	0.2
Costa Rica	2002	2013	2002	2013	2005	2013	2005	2013
Quintile I	12.6	4.4	1.8	0.7	10.1	4.2	5.1	2.9
Quintile V	2.2	0.6	0.1	0.0	3.6	1.4	1.0	2.5
Dominican Republic	2002	2013	2002	2013	2006	2013	2006	2013
Quintile I	60.8	48.0	20.1	23.7	10.8	9.2	2.7	2.0
Quintile V	34.5	32.0	5.9	9.0	2.5	1.2	0.5	0.7
Ecuador	2002	2013	2002	2013	2005	2013	2005	2013
Quintile I	...	...	16.0	12.4	...	...	18.3	12.0
Quintile V	...	...	1.9	1.9	...	...	1.2	1.7
El Salvador	2001	2013	2001	2013	2004	2013	2004	2013
Quintile I	69.9	55.4	36.2	51.9	59.1	49.3	24.8	27.9
Quintile V	31.0	36.8	5.6	9.1	11.9	12.2	2.7	1.8
Guatemala	1998	2006	1998	2006	2000	2006	2000	2006
Quintile I	83.8	63.0	36.3	23.1	79.1	76.2	49.1	58.6
Quintile V	60.1	21.2	2.5	1.5	27.2	16.7	7.5	2.0
Honduras	2002	2010	2002	2010	2006	2010	2006	2010
Quintile I	86.6	70.3	28.1	8.3	67.4	61.8	28.1	14.8
Quintile V	40.5	19.1	3.3	1.4	12.1	8.5	1.8	1.8
Mexico	2002	2012	2002	2012	2004	2012	2004	2012
Quintile I	38.4	15.9	5.0	4.9	41.3	14.7	17.5	8.9
Quintile V	7.0	4.4	0.1	0.3	4.5	2.3	1.7	0.4
Nicaragua	2001	2009	2001	2009	2005	2009	2005	2009
Quintile I	90.4	83.5	39.5	18.1	71.8	71.4	48.9	42.1
Quintile V	66.1	67.3	5.3	5.7	33.4	38.5	9.2	10.1
Paraguay	2001	2013	2001	2013	2005	2013	2005	2013
Quintile I	78.3	26.6	51.6	30.1	54.9	42.0	21.0	10.1
Quintile V	32.4	13.8	22.2	24.6	12.7	4.7	1.2	0.6
Peru	2001	2013	2001	2013	2003	2013	2003	2013
Quintile I	89.8	42.4	39.0	11.1	94.7	87.2	53.1	48.0
Quintile V	64.6	22.5	7.9	2.4	48.5	30.8	6.1	4.1
Uruguay	2007	2013	2007	2013	2007	2013	2007	2013
Quintile I	19.4	6.4	7.8	8.5	12.8	5.1	4.0	2.8
Quintile V	12.2	2.6	0.9	0.6	3.8	2.7	0.2	0.2

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.

^a Those living in homes lacking at least two services are considered deprived.

^b Housing built using natural or rudimentary materials for flooring, external walls or roofing is considered substandard.

Table I.A1.6
Latin America (15 countries): indicators of access to new information and communications technologies,
by country and income quintile, around 2008 and 2013^a
(Percentages of the population)

Population with home computer access															
Year 2008	BOL	BRA	CHL	COL	CRI	DOM	ECU	GTM	HND	MEX	PRY	PER	SLV	URY	VEN
Quintile I	...	5.4	27.3	2.2	12.7	2.4	...	...	0.7	2.1	1.6	0.3	0.3	23.5	3.7
Quintile V	...	70.5	80.8	57.6	76.7	32.5	...	...	26.5	47.3	44.6	45.2	37.3	67.5	39.9
Total	...	32.2	50.7	21.2	39.2	12.8	...	...	7.4	20.8	15.2	14.6	11.0	41.3	17.6
Year 2013	BOL	BRA	CHL	COL	CRI	DOM	ECU	GTM	HND	MEX	PRY	PER	SLV	URY	VEN
Quintile I	...	21.1	46.9	7.8	24.0	13.6	...	...	1.2	5.3	5.2	5.0	2.6	76.8	26.3
Quintile V	...	80.8	86.4	73.0	87.9	51.4	...	...	45.0	65.9	66.5	61.9	57.1	83.5	62.1
Total	...	51.6	64.1	37.3	53.9	25.5	...	...	13.9	31.2	33.9	32.9	23.8	76.4	43.9
Population with home Internet connection															
Year 2008	BOL	BRA	CHL	COL	CRI	DOM	ECU	GTM	HND	MEX	PRY	PER	SLV	URY	VEN
Quintile I	0.2	2.5	10.6	0.8	2.6	...	1.8	0.1	0.1	0.7	0.3	0.0	0.0	3.7	1.1
Quintile V	12.5	61.9	67.3	40.5	52.8	...	43.9	7.9	6.2	40.9	25.1	25.7	18.5	56.5	24.9
Total	3.6	24.4	32.7	12.3	18.8	...	14.7	1.7	1.4	13.8	6.4	6.6	4.3	22.8	9.0
Año 2013	BOL	BRA	CHL	COL	CRI	DOM	ECU	GTM	HND	MEX	PRY	PER	SLV	URY	VEN
Quintile I	2.2	14.9	36.9	4.9	24.0	...	7.0	0.4	0.4	3.0	4.1	1.6	0.8	25.9	11.1
Quintile V	34.4	76.0	83.9	66.3	82.2	...	65.3	30.7	30.2	59.0	59.6	56.1	39.2	81.4	53.6
Total	13.8	44.6	58.0	31.2	49.1	...	29.9	7.8	7.8	25.2	28.5	24.2	13.3	57.1	31.5
Population with home mobile phone access															
Year 2008	BOL	BRA	CHL	COL	CRI	DOM	ECU	GTM	HND	MEX	PRY	PER	SLV	URY	VEN
Quintile I	35.6	57.1	90.1	33.5	48.1	48.4	62.5	...	14.4	28.2	75.3	7.1	68.4	86.2	37.7
Quintile V	88.6	92.3	96.4	46.2	92.5	76.8	93.0	...	73.4	82.0	96.8	76.7	91.6	89.2	50.7
Total	68.4	78.0	92.7	40.6	71.3	63.1	80.3	...	42.7	57.9	88.9	44.7	82.5	86.4	44.6
Year 2013	BOL	BRA	CHL	COL	CRI	DOM	ECU	GTM	HND	MEX	PRY	PER	SLV	URY	VEN
Quintile I	76.5	84.4	97.5	87.0	93.0	76.2	81.9	...	65.2	52.2	91.2	67.6	89.4	81.1	36.3
Quintile V	97.9	96.5	98.9	98.0	98.4	92.7	95.7	...	95.1	91.3	98.1	94.5	97.6	89.3	39.3
Total	91.6	91.9	97.8	94.3	95.7	83.8	90.4	...	83.2	76.4	95.6	86.1	94.8	83.6	39.1

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.

^a Data refer to the years given except in the cases of Chile (2009 and 2013), Costa Rica (2009 and 2013), the Dominican Republic (2007 and 2013), Ecuador (2010 and 2013), Guatemala (2006 and 2011), Honduras (2006 and 2010), Mexico (2008 and 2012) and Peru (2007 and 2013). For mobile phone access only, the Brazil data refer to 2008 and 2012.

Table I.A1.7
Latin America (9 countries): proportion of people stating they are not Internet users,
by country, income quintile and age group, 2013^a
(Percentages)

Whole population	BOL	BRA	CHL	ECU	HND	PRY	PER	SLV	URY
Quintile I	87	69	52	75	98	89	89	92	55
Quintile II	74	56	50	69	96	76	74	87	48
Quintile III	62	48	47	62	92	67	63	80	45
Quintile IV	53	49	40	55	84	51	52	72	39
Quintile V	41	29	21	39	62	38	39	52	26
Total	63	49	42	60	86	63	63	76	42
Aged 10 to 29	BOL	BRA	CHL	ECU	HND	PRY	PER	SLV	URY
Quintile I	74	56	24	54	97	81	77	87	37
Quintile II	52	35	18	45	94	63	50	77	20
Quintile III	39	21	14	36	86	48	36	66	13
Quintile IV	28	13	10	30	74	31	23	54	8
Quintile V	18	5	3	14	48	18	13	30	2
Total	42	29	14	37	80	48	40	64	19
Aged 30 to 59	BOL	BRA	CHL	ECU	HND	PRY	PER	SLV	URY
Quintile I	94	83	72	92	98	96	97	98	77
Quintile II	86	69	62	86	97	84	89	97	61
Quintile III	77	57	53	78	95	79	78	92	46
Quintile IV	61	47	42	65	90	62	64	84	32
Quintile V	44	22	19	39	66	44	42	58	14
Total	70	53	47	69	88	71	71	84	43
Aged 60 and over	BOL	BRA	CHL	ECU	HND	PRY	PER	SLV	URY
Quintile I	99	93	96	99	100	99	100	100	98
Quintile II	99	97	95	99	99	100	99	100	95
Quintile III	97	96	91	99	99	98	98	99	93
Quintile IV	96	94	85	94	99	95	95	98	85
Quintile V	77	70	56	79	92	84	77	87	61
Total	92	87	84	92	98	95	92	96	82

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.

^a Data for Honduras refer to 2010.



Social spending and the economic cycle: the importance of maintaining funding for social policy

Introduction

A. Recent and long-term trends in government social spending

1. Recent trends in government social spending
2. Long-term trends in social spending
3. Social spending by sector

B. Funding public social spending in a growth context that imposes constraints

1. The tax burden in Latin America: direct and indirect taxation, and social contributions
2. The collapse of the commodities boom and its fiscal impact

C. Conclusion

Bibliography

Annex II.A1

Introduction

After showing signs of recovery in 2010, the global economy slowed: in 2011, the world growth rate sank to 2.8%, and it has been even lower in subsequent years. Although 2014 seemed to mark a turnaround, the economy once again performed poorly in 2015 and the low-growth trend is likely to persist over the medium term (see ECLAC, 2016a).

In Latin America, the impact of a sluggish economy could already be felt in 2012 and 2013, when the process of poverty reduction ground to a halt (see ECLAC, 2014a). By 2013 this was also associated with the end of the commodity price boom, rising inflationary pressures, and a decline in the capacity to generate and formalize employment. Following the recovery in the regional economy in 2010 and 2011, GDP growth in Latin America and the Caribbean amounted to 2.8% in 2012 —a figure that, while below that of the two previous years, reflected a better performance than the world average, thanks to higher domestic demand which helped to counteract the decline in regional exports (ECLAC, 2011). In 2013, the regional economy again grew at a rate similar to that of the previous year, but in 2014 it dropped to 0.9%, and GDP in Latin America and the Caribbean recorded negative growth in 2015 (-0.5%), while projections for 2016 suggest growth of -0.8% (ECLAC, 2016a).

The current world economic scenario, which is more complex and uncertain than that of previous years and which, at least in the short term, will be less favourable for the region, poses the challenge of securing the advances made over the last decade in terms of social development, and taking prompt action on pending issues where progress has been insufficient: these include reducing and ultimately eradicating poverty in its many dimensions, narrowing inequality in all its manifestations, expanding social protection through better social policies, promoting productive employment and decent work, achieving universal coverage in quality health services and enhancing the quality and the scope of all levels of education beyond primary school (see ECLAC, 2015b).

It is clear that the room for expanding public social spending has shrunk because of constraints on tax revenues due to the economy's poor performance. As a result, new sources and mechanisms of financing will have to be found to make social policy (and its attendant outlays) sustainable over time, and to consolidate achievements to date and move forward on the challenges mentioned.

This chapter reviews recent and long-term trends in social spending, based on official information from country sources. Those measurements correspond to statistics organized according to functional classifications (by purpose) or administrative classifications (by origin).

There is also a brief analysis of the functional distribution of social spending, its medium- and long-term evolution, and the changes in its composition. Lastly, constraints on tax-based financing are reviewed, together with possible measures that could serve to sustain the current levels and priority of public social spending.

Box II.1

Social spending and investment: the challenges of a conceptual and analytical discussion

At the Regional Conference on Social Development in Latin America and the Caribbean held in Lima in November 2015, social development ministers and high-level authorities of the region's governments requested that the Economic Commission for Latin America and the Caribbean (ECLAC) "organize, maintain and systematically update the social investment database, using official data provided by the countries for this purpose, and to publish this information on a regular basis on digital platforms or in other media"

In the 1980s Latin America fell under the spell of a reductionist approach that took a negative view of spending on universal social services and sought to reduce such spending through programmes targeting the most vulnerable segments of the population. This approach faded gradually over the following decade, as it became clear that these targeted programmes were of limited effectiveness and could not be delivered in isolation from other social services. As of the year 2000, notions of guaranteed rights and full citizenship gained ground in the region, influencing the approach to social policies adopted by governments and calling into question the negative view of social spending, which was

sometimes seen as decreasing the net worth of the State.^a This new policy thrust has had a significant impact in recent years in reducing poverty and income inequality, as well as in the areas of education, health, housing and basic services (ECLAC, 2015b).

Despite these conceptual shifts and the progress made in terms of the design and implementation of social policies, there is still a view that government resources devoted to those policies are excessive and inefficient and should be cut back, especially in hard economic times. At the Regional Conference on Social Development in Latin America and the Caribbean, ministers and high-level authorities responsible for social development countered this view, reaffirming the importance of social policy and its attendant resources for addressing persistent regional challenges, in line with the ECLAC position outlined in the documents comprising the so-called trilogy of equality in the position paper presented at its thirty-sixth session, *Horizons 2030: Equality at the Centre of Sustainable Development* (ECLAC, 2016b).

The term "social spending" has been used regularly to designate the resources earmarked for funding social policy.

Box II.1 (concluded)

In recent years, however, there has been a growing tendency to analyse this issue from the viewpoint of “social investment”. In English it is common to use the terms “expense”, “expenditure” and “outlay” as synonyms. However, they do not have identical meanings when it comes to specialized analysis.

In the field of public finance and the United Nations System of National Accounts, the word “expense” is used to refer to current spending and capital spending (see United Nations, 2009, section 22.74). As of the 2001 version of its Government Finance Statistics Manual (GFSM), the International Monetary Fund (IMF) draws a distinction between “expense” and “outlay”. In technical terms, it is more accurate to speak of “social outlays” than of “social spending”, in order to include the acquisition of non-financial assets such as the construction of a hospital or a school.

It is common to speak of “social spending” to refer to all those resources earmarked for financing social policy, programmes and projects. However, ECLAC has preferred to use the term “social investment” in many of its documents, recognizing the returns that such investment yields in terms of human development within society (Martínez and Collinao, 2010). Social investment raises the level of well-being: education translates into an informed citizenry whose members are better able to secure high-quality, productive

jobs and to participate in various types of political and social affairs; an effective health-care system enables people to live longer and healthier lives; and unemployment insurance and a minimum wage lower poverty levels (ECLAC, 2000, 2006, 2007 and 2010b; Cecchini and Martínez, 2011; Boyer, 2015). On the other hand, refraining from making these types of investment entails losses of income and a series of costs, as shown by studies on the cost of hunger and illiteracy, among others (Martínez and Fernández, 2006 and 2009). Social spending may be understood as investment in its broad meaning, reflecting the impact of social policy in three dimensions: the social, the economic and the redistributive (ECLAC, 2010b).

The ongoing debate is conceptual, linguistic and methodological, with clear references to the view of social development and the role of the State and of public policies in achieving it.

For this reason, although the *Social Panorama of Latin America* continues to use the term “social spending”, it emphasizes the importance of the debate over the concept of “social investment” or an alternative term that consolidates the importance of public resources earmarked for social policy and aims to strengthen the view that outlays for social functions help build human capacity and subsequently improve the well-being of the population, which then contributes to sustainable development.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Monetary Fund (IMF), *Government Finance Statistics Manual 2001* [online] <https://www.imf.org/external/pubs/ft/gfs/manual/pdf/all.pdf>; United Nations, *System of National Accounts 2008, 2009* [online] <http://unstats.un.org/unsd/nationalaccount/docs/SNA2008.pdf> and R. Martínez and M.P. Collinao, “Gasto social: modelo de medición y análisis para América Latina y el Caribe”, *Manuales series*, No. 65 (LC/L.3170), Santiago, ECLAC, 2010; R. Martínez and A. Fernández, “Modelo de análisis del impacto social y económico de la desnutrición infantil en América Latina”, *Manuales series*, No. 52 (LC/L.2650-P), Santiago, ECLAC, 2006; “The Cost of Hunger: Social and Economic Impact of Child Undernutrition in the Plurinational State of Bolivia, Ecuador, Paraguay and Peru”, *Project Documents*, No. 260 (LC/W.260), Santiago, ECLAC/World Food Programme (WFP), 2009; ECLAC, *Equity, Development and Citizenship* (LC/G.2071/REV.1-P), Santiago, 2000; *Shaping the Future of Social Protection: Access, financing and solidarity* (LC/G.2294(SES.31/3)), Santiago, 2006; *Social Panorama of Latin America, 2007* (LC/G.2351-P), Santiago, 2007; *Social Panorama of Latin America, 2010* (LC/G.2481-P), Santiago, 2010; *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)), Santiago, 2015; R. Boyer, “Crecimiento, empleo y equidad: el nuevo papel del Estado”, *Neoestructuralismo y corrientes heterodoxas en América Latina y el Caribe a inicios del siglo XXI*, ECLAC Books, No. 132 (LC/G.2633-P), A. Bárcena and A. Prado (eds.), Santiago, ECLAC, 2015; 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, ECLAC, 2011.

^a See the discussion on this point in ECLAC 2015b.

A. Recent and long-term trends in government social spending

While the rising trend in public social spending has been maintained, the increases have been smaller in recent years, especially when compared with those during the period of strong growth recorded between 2003 and the onset of the international financial crisis. At present, public social spending represents 19.5% of regional GDP (more than US\$ 1 billion at 2010 prices). Yet according to the most recent evidence, the current low rates of global and regional growth will make it very difficult to continue increasing social spending and to insulate it from the fluctuations of the economic cycle: such spending could even suffer reductions in the short term.

1. Recent trends in government social spending

Despite the repeated economic ups and downs since the international financial crisis of 2008 and 2009, the regional trend until 2013 was for a real increase in the funding allocated to social services and cash transfers to households.

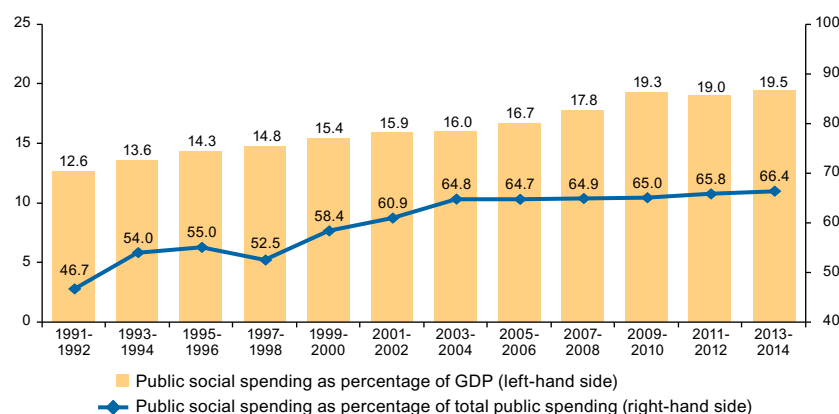
That increase was reflected, first, in social spending as a proportion of regional GDP: at the beginning of the 1990s (average for the two-year period 1991-1992), social spending stood at around 12.6% of GDP, and in the following bienniums it showed a systematic, if modest, increase, rising to 17.8% in 2007-2008, a period which witnessed the outbreak of the subprime mortgage crisis. Subsequently there was a sharp jump, as a result of which social spending

in the region reached 19.3% of GDP in 2009-2010, the thrust of which was clearly countercyclical, especially in 2009 when the economy shrank by 1.6%.¹

Nevertheless, in the following biennium (2011-2012) most countries made fiscal adjustments that entailed a relative cutback in total public spending, and this affected public social spending to the extent that it declined to 19% of GDP at the regional level. In 2012, especially, there began an evident reining in of social spending, which had recorded systematic growth in both absolute and relative terms. This slight shift in the trend gave rise to steadily smaller absolute increases in public social spending, reflecting both the persistence of the fiscal deficits incurred by various governments to cope with the international financial crisis, and lower revenue margins that were projected due to the slowing of growth in the majority of countries, with certain exceptions including several countries of Central America and the Caribbean (see ECLAC, 2014b).

In the last biennium analysed (using estimated data in the case of some countries), there was once again a recovery in total spending as well as in social spending, which rose to 19.5% of regional GDP (see figure II.1).

Figure II.1
Latin America and the Caribbean (21 countries): public social spending as a share of GDP
and total public spending, 1991-1992 to 2013-2014^{a b}
(Percentages)



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

^a Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay and Venezuela (Bolivarian Republic of).

^b Weighted average of country figures.

The priority that governments assign public social spending (expressed as the proportion of such spending to GDP) can be appreciated in table II.A1.2 of the annex. That table shows that, while the importance of social spending in GDP is somewhat lower as a simple average than as a weighted average (which is skewed by high social spending in Brazil), countries have made fairly systematic efforts to enhance the macroeconomic priority of such spending: in the biennium 1991-1992 as a simple average, this spending represented 10% of GDP, while in 2001-2002 it amounted to 12.6%, and the latest estimates suggest that it reached 14.9% in 2013-2014.

Until around 2005, the trend in public social spending had been markedly procyclical (as discussed in further detail in section B of this chapter). As early as that year, however, several countries had embarked on systematic efforts to boost their social investment, earmarking more funds for social policies and creating or strengthening various programmes, including those for combating poverty.² The shift in the behaviour of social spending at the regional level, toward a pattern more resistant to the economic cycle, and at times countercyclical, can also be attributed to measures that were implemented progressively to cope with external shocks: the sustained rise in export commodity prices, which began in 2003, and the escalation in food and fuel prices in 2008; the global financial crisis, which had its greatest manifestations and consequences towards the end of 2008 and in 2009; and the more recent and

¹ This behaviour corresponds to the regional aggregate, where trends are dominated by the largest economies of Latin America and the Caribbean, but it did not occur in all countries, and indeed several did not record absolute declines in GDP during that time.

² Brazil and Mexico, for example, had launched programmes of this kind back in the early 1990s, to which they gradually added increased coverage and benefits.

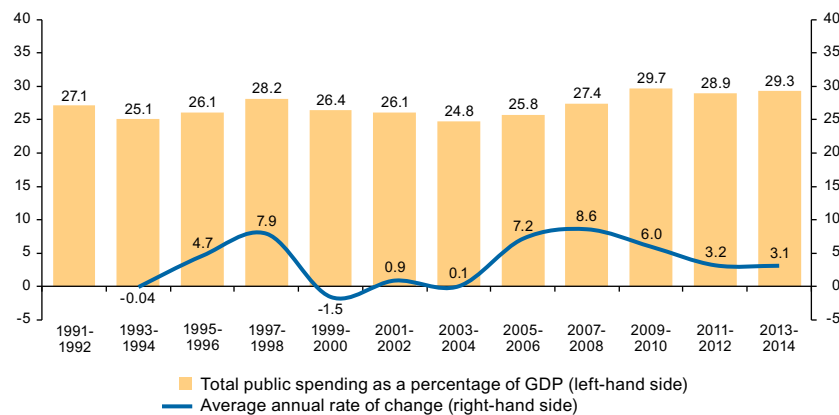
prolonged climate of uncertainty that has prevailed across the world as global and regional economic growth has slowed (see ECLAC, 2014a).

These shocks influenced fiscal and social policies to various extents. The systematic tendency to increase funding for social security payments—independent of the economic cycle—was reinforced by the strengthening of certain large-scale social programmes, stepped-up efforts to combat poverty, and the increase in non-contributory social protection, as well as measures to redirect spending in order to forestall the regressive effects of rising commodity prices, especially in 2007 and 2008.

Later, after the global financial crisis had set in, governments took various steps to stabilize domestic demand, by boosting non-social public spending (in particular through heavy investments in infrastructure projects), putting in place public employment programmes associated with those investments, and efforts to promote production (loans to microenterprises). There was also a significant effort to strengthen social welfare and protection programmes (solidarity-based pension schemes) and to invest in education (construction and improvement of educational facilities), health (hospitals) and housing and basic services (construction programmes for housing and, especially, sanitation), which helped to boost private employment as well as public employment programmes. The delays in formulation and legislative approval of investment projects and various shortcomings in implementation capacity held back their execution in some countries, while the responses in the area of social spending came more promptly (for further details on these processes, see ECLAC, 2012 and 2010a).

The foregoing was also accompanied by an increase in the proportion of social spending to total public spending, which rose gradually from 46.7% in the 1991-1992 biennium to 60.9% in 2001-2002, and then rose steadily as of 2003-2004 (when it was 64.8%) to more than 65% in 2009-2010, reaching 66.4% in 2013-2014 (see figure II.1). However, some increases in the weight of social spending within total public spending were due to cutbacks in outlays for non-social functions, and hence to relative reductions in total public spending, primarily between 1999 and 2003, and then again since 2010 (see figure II.2).

Figure II.2
Latin America and the Caribbean (21 countries): total public spending as a proportion of GDP and average annual rates of change, 1991-1992 to 2013-2014^{a b}
(Percentages)



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

^a Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay and Venezuela (Bolivarian Republic of).

^b The annual rates of change are calculated on the basis of mean biennial amounts. The data corresponds to the weighted average of country figures. The figures on total public spending correspond to official data, mostly from the functional classification of public spending, and may not coincide with those based on an economic classification of spending.

Since 2010, several countries have embarked on fiscal reforms on both the revenue and the expenditure side in order to consolidate their public finances. This is because, after some five years (from 2003 to 2008) of primary surpluses and falling public debt, the spike in public spending on measures to address the short- and medium-term effects of the global financial crisis led to a public accounts deficit as GDP stagnated or began to fall (see ECLAC, 2014a). The sluggishness of the region's economies in recent years proves the timeliness of those reforms.

Although the figures for 2010 show that total fiscal outlays continued to expand in that year, there was a greater increase in public social spending and, in some cases, a decline in public spending in the economic and administrative spheres. At the regional level, in 2009 public social spending grew in real terms at an annual rate of 7.5%, and non-social spending at a rate of 3.9%. In 2010, the increase in social spending was already lower (by 3.6% compared to the previous year), while non-social public spending rose by 4.2%. In 2011 expenditure in both categories was up, but public social spending rose at a faster rate (by 5.7%, compared with 2.2% for public non-social spending). In 2012 social and non-social spending alike rose by 4%, but in 2013 the trend again turned to the disadvantage of social spending, which increased by 4.8% compared with 6.6% for non-social spending. In 2014 this trend seems to have been reversed, but with much more restrictive margins: public social spending in the region rose by an estimated 0.8% over the previous year, while public non-social spending declined by 7.5%. This means that for the first time since 2002, there has been a contraction (of 2.1%) in total public spending. Despite the decline in total public spending as a percentage of GDP in 2014, public social spending edged up in real terms that year, as shown in table II.1.

Table II.1
Latin America and the Caribbean (19 countries): public social spending as a proportion of GDP
and annual rates of change, 2009-2014
(Percentages)

	Percentage of GDP					Percentage change				
	2009-2010	2011	2012	2013	2014	2009-2010	2011	2012	2013	2014
Argentina	10.5	11.0	12.0	13.2	12.6	...	15.0	4.1	25.0	-3.5
Bolivia (Plurinational State of)	12.7	11.7	11.5	...	...	...	-4.1	-3.7	...	...
Brazil	25.1	24.1	25.1	26.3	26.3	...	3.3	0.4	12.9	1.8
Chile	15.2	14.3	14.7	14.7	15.2	...	-0.5	-0.2	8.7	8.8
Colombia	14.0	12.3	13.1	13.6	...	...	-8.7	4.4	12.7	...
Costa Rica	22.5	22.4	23.0	23.3	23.3	...	4.8	0.0	8.4	5.3
Cuba	42.6	36.5	32.8	32.1	31.5	...	-12.3	-11.2	1.7	1.1
Dominican Republic	7.2	6.8	...	...	...	...	1.2	...	...	...
Ecuador	7.9	7.9	8.0	...	...	...	3.2	-0.3	...	...
El Salvador	13.5	14.7	14.8	15.1	...	...	10.5	0.0	4.6	...
Guatemala	8.1	7.5	7.6	7.6	7.5	...	-4.3	-0.6	6.2	1.9
Honduras	11.8	...	...	...	...	...	...	...	...	...
Mexico	11.1	11.3	10.6	...	...	...	6.9	-7.8	...	...
Nicaragua	9.8	8.9	9.5	10.1	10.5	...	-6.7	5.6	14.4	9.2
Panama	9.8	9.4	9.6	9.3	...	...	1.5	-1.3	11.3	...
Paraguay	14.2	15.0	17.8	...	...	...	19.5	12.2	...	...
Peru	10.2	9.1	9.8	...	...	...	-3.1	3.4	...	...
Uruguay	23.4	23.5	...	...	...	...	8.4	...	...	...
Venezuela (Bolivarian Republic of)	17.9	22.8	21.2	17.8	...	...	25.8	-6.7	-13.2	...
Latin America	19.3	18.9	19.1	19.5	19.4	...	5.7	4.0	4.8	0.8

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

In summary, then, in the early 1990s (average 1991-1994) the total volume of resources earmarked for social spending in the region barely exceeded US\$ 380 million a year (at 2010 prices), equivalent to around US\$ 850 per capita. By 2003, the volume of resources had reached US\$ 600 million (US\$ 1,135 per capita), and in the biennium 2013-2014 it stood at nearly US\$ 1.1 billion annually (more than US\$ 1,840 per capita).

Among the countries for which there are data available for 2013 or 2014, absolute cuts in public social spending are apparent only in the Bolivarian Republic of Venezuela —where an absolute drop of around 13% was recorded in 2013, after a fall of 6.7% in the previous year— and in Argentina, where 2014 saw a decline of 3.5%.³ In Chile, Cuba, Guatemala and the Plurinational State of Bolivia there were consecutive decreases in 2011 and 2012 (see table II.1).

In Colombia, public social spending fell sharply in 2011 (by 8.7%) and thereafter recorded significant increases, particularly in 2013 (12.7%). In Peru the situation was similar: there, social spending recovered in 2012 (with an increase of 3.4%). In Mexico, social spending fell by 7.8% that same year.

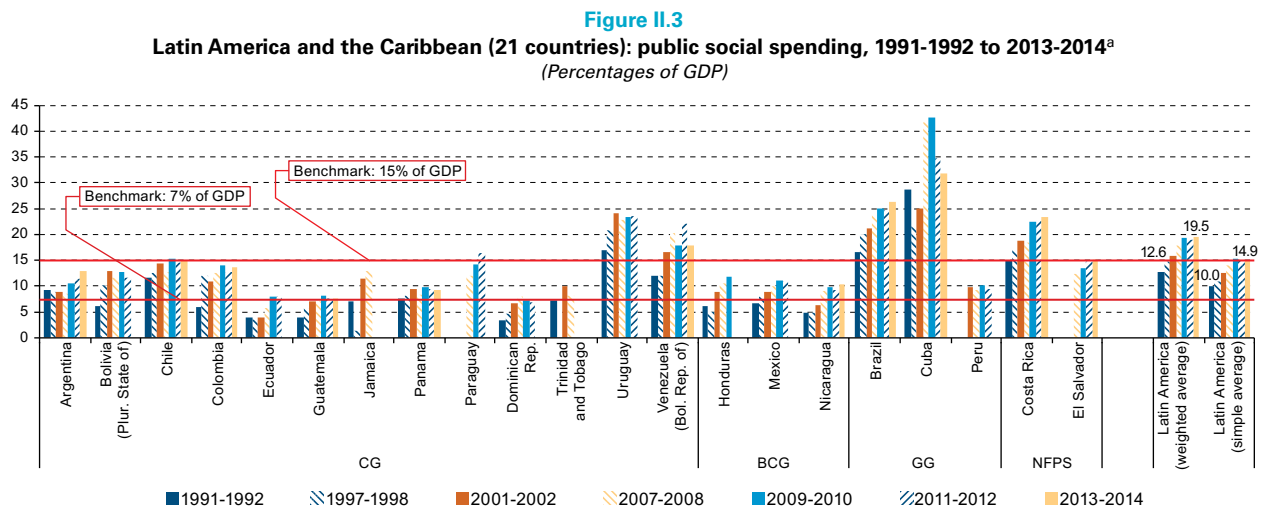
³ The figures refer to the national government and autonomous entities.

In any case, the absolute changes in public social spending do not necessarily reflect the efforts that countries are making to sustain such spending. Between 2011 and the last year for which information is available, the Bolivarian Republic of Venezuela, Cuba, Mexico, Panama and the Plurinational State of Bolivia reduced the level of social spending as a percentage of GDP, while Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala (to a lesser extent), Nicaragua, Paraguay and Peru made significant efforts to boost public social spending as a proportion of GDP.

2. Long-term trends in social spending

The countries of the region exhibit notable differences, not only in the volume of resources they can actually mobilize for the social sectors, but also in the percentage of GDP represented by the public social budget. Naturally, the capacity to increase the weight of social spending depends on a myriad of economic, political and social variables. One of the key variables is tax revenues, which impose a certain limit on the total budget (this topic is addressed in the final section of this chapter). Notwithstanding the region-wide increase in social spending as a percentage of GDP (from 12.6% in 1991-1992 to 19.5% in 2013-2014), the weight of such spending has varied greatly from one country to the next: this was true at the beginning of the 1990s, as it is today. In 1991-1992, Colombia, the Dominican Republic, Ecuador, Guatemala, Honduras, Jamaica, Mexico (national government), Nicaragua and the Plurinational State of Bolivia devoted less than 7% of GDP to the social sectors; by contrast, Argentina (all levels of government), the Bolivarian Republic of Venezuela, Brazil, Cuba and Uruguay earmarked 15% or more of GDP for these sectors (information covering this period is not available for El Salvador, Paraguay or Peru).

A decade later (the 2001-2002 biennium), only the Dominican Republic, Ecuador and Nicaragua were still devoting less than 7% of GDP to social spending, while Costa Rica joined the list of countries where social spending exceeded 15% of GDP. Nevertheless, except in specific periods, all countries have made efforts to boost public social spending, both as a share of total public spending (a measure of fiscal priority) and as a percentage of GDP (a measure of macroeconomic priority). At the end of the period under analysis, the level of social spending as a percentage of GDP had risen sharply in nearly all countries. In the biennium 2013-2014 (or in the nearest period with available data), virtually no country in the region was devoting less than 7% of GDP to the social sectors (with the exception of the Dominican Republic, where the weight of social outlays declined in 2011). Only in Ecuador, Guatemala, Panama and Peru did social spending amount to less than 10% of their respective GDP. Moreover, the group of countries where social spending already exceeded 15% of GDP in the early 1990s saw the addition of El Salvador and Paraguay, followed closely by Chile (see figure II.3).

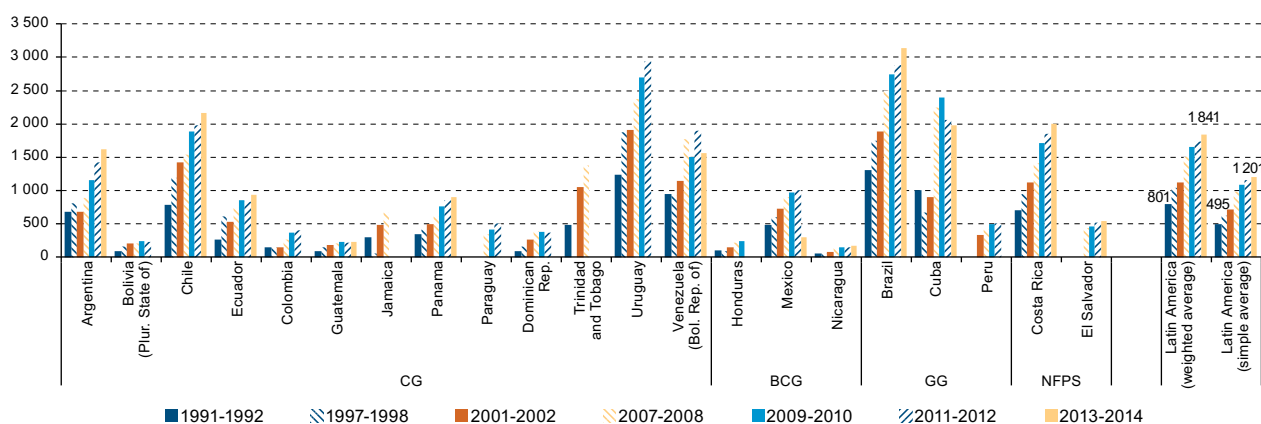


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official data provided by the countries.

^a CG: Central government; BCG: Budgetary central government; GG: General government; NFPS: Non-financial public sector (for Costa Rica: total public sector).

Although there are still differences in the levels of public social spending as a percentage of GDP, some countries have been making serious efforts to increase these levels. Of particular note in this regard are Paraguay, where social outlays rose by 8.9 percentage points of GDP between 2003 and 2012; Brazil, where they increased by 8.7 percentage points of GDP between 1991 and 2014; Costa Rica, up by 8.3 percentage points of GDP over the same period; Colombia, up by 8.1 percentage points of GDP between 1991 and 2013; and Uruguay, where public social spending rose by nearly 7 percentage points of GDP between 1991 and 2011. By contrast, the share of public social spending in GDP rose over the same period by less than four percentage points in Chile (1991-2014), Ecuador (1991-2012), El Salvador (2004-2013), Guatemala (1991-2014), Panama (1991-2013), Peru (1999-2012) and the Dominican Republic (1991-2011). The institutional coverage of data varies from country to country (as detailed in figures II.3 and II.4, where countries are grouped according to such coverage, and in the tables referring to this issue in the annex). In the majority of countries, the bulk of social spending comes from the central government, and consequently broader-coverage data (for instance, for general government, which includes local governments, or the non-financial public sector, which includes public enterprises apart from State-owned banks and similar institutions) tend to reflect similar trends. However, in some countries with a federal structure, such as Argentina, the Bolivarian Republic of Venezuela, Brazil and Mexico, and other countries such as Colombia that, while not formally “federal”, have a high degree of the decentralization, the revenues and expenditures of subnational governments may account for a significant portion of social spending and can affect the trends observed over time.

Figure II.4
Latin America and the Caribbean (21 countries): annual per capita public social spending, 1991-1992 to 2013-2014^a
(Dollars at constant 2010 prices)



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

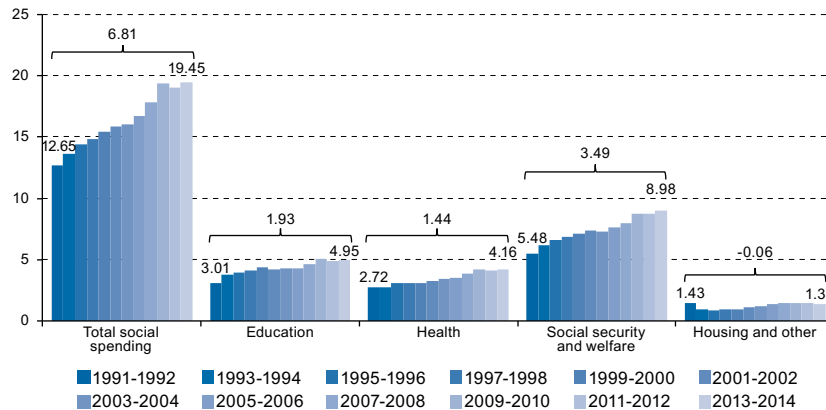
^a CG: Central government; BCG: Budgetary central government; GG: General government; NFPS: Non-financial public sector (for Costa Rica: total public sector).

Social spending expressed as a percentage of GDP conceals even greater discrepancies in the amount of resources actually earmarked for the social sectors, which depends to a large extent on the level of economic development of each country (see figure II.4). Over the biennium 1991-1992, annual per capita social spending in the region averaged US\$ 801 at 2010 prices, and that amount more than doubled over the next 22 years to reach US\$ 1,841 annually in the biennium 2013-2014. Yet in Guatemala, Honduras, Nicaragua and the Plurinational State of Bolivia, such spending did not exceed US\$ 300 per capita, while in Argentina, Brazil, Chile, Costa Rica and Uruguay it amounted to around US\$ 2,000 per capita, or more.

3. Social spending by sector

Although at the regional level there has been relatively systematic growth in public social spending, that increase has not been spread evenly across all social functions. It is useful, then, to examine the composition of this expenditure by sector (education, health, social security and welfare, housing and other) as well as its evolution over recent decades (see figure II.5).

Figure II.5
Latin America and the Caribbean (21 countries): public social spending
by function, 1991-1992 to 2013-2014^{a b}
(Percentages of GDP)



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

^a Argentina, Bolivia (Plurinational State of), Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Trinidad and Tobago, Uruguay and Venezuela (Bolivarian Republic of).

^b Weighted average of country figures. Figures are rounded to two decimal points; hence the differences between bienniums 1991-1992 and 2013-2014 may not correspond to those resulting from a direct calculation of the figures shown.

Growth in social spending has not been uniform across all sectors. This is partly because of varying assessments of the utility of investment in different sectors (in terms of returns and yields), but also because growth in any given sector also depends on the level of development of the institutional framework and social services coverage at the start of the period under review (1991-1992), on the long-term commitments to investment (for example in social security), on the pressures that various social groups can bring to bear on the State to raise certain types of expenditure more quickly, on contractions in the economy requiring mobilization of welfare resources, and on changes in the age structure of the population.⁴

Generally speaking, the increase in social expenditure (equal to 6.8 percentage points of GDP) is largely attributable to greater spending on social security and welfare. The progressive ageing of the population in many countries in the region has meant a gradual increase in the resources earmarked for paying social security benefits. Although a significant proportion of these resources comes from revenues based on contributory social security schemes (in this case, public or mixed), many countries have gradually introduced solidarity mechanisms for financing social security payments. Thus, in 1991-1992 this sector accounted for 43% of social expenditure funding, but in 2013-2014 that share had risen to 46.1%; in GDP terms, this meant an increase of 3.5 percentage points (see figure II.5). The amount involved is significant: while at the beginning of the period under analysis the funds that governments of the region were devoting to social security (and to a lesser extent to welfare) amounted to just under US\$ 21 billion (at 2010 prices), by the end of the period they were equivalent to around US\$ 98 billion, or 4.7 times the amount mobilized in the early 1990s. It is this social sector that has seen the greatest proportionate increase in funding, accounting for more than half of the total increase in the weight of social spending in the region (51.3% of its increase as a percentage of GDP).⁵

The other sector in which there has been a notable increase in spending (of 1.9 percentage points of GDP) over the past 22 years is education. This increase reflects the great efforts made to expand the coverage and accessibility of primary education in the poorest countries, and secondary education in the others (in terms of infrastructure, and, above all, of current expenditure, associated mainly with the increase in teaching staff) as well as, to a lesser extent, an expansion of public post-secondary education. Over the last 15 years, this effort has moreover been concomitant with national commitments under the Millennium Development Goals and the Dakar Framework for Action on Education for All, both adopted in 2000. Over the period as a whole, funding for education rose from slightly less than US\$ 11.5 billion to nearly US\$ 54.5 billion (in other words, from US\$ 191 to US\$ 468 per capita) (see table II.A1.3 in the annex).

⁴ For more details on the changes in the age structure of the population, see chapter V of the present document.

⁵ Although there is no disaggregated information that distinguishes between contributory and non-contributory social protection systems, the available data indicate that a number of welfare programmes were significantly expanded (mostly during the first decade of this century), especially anti-poverty programmes that include mechanisms for direct transfers (conditional or not) to households.

These developments have come at the expense of growth in the health sector, which posted a smaller increase than social spending (1.4 percentage points of GDP on a regional basis), despite the fact that, in contrast to education, the potential beneficiaries of these services are persons of all ages. Budget cuts (across-the-board or specific to the social sector) usually entail a freeze on investments or reinvestments (capital spending) in health infrastructure, renewal of equipment and replacement of medical supplies, which causes problems in the public health sector that affect the coverage and, above all, the quality of services; these can take a long time to return to normal. Across the region, the absolute increase in funding for this sector has been slightly over US\$ 35 billion, bringing the current volume to just over US\$ 46 billion (thus, based on a weighted average for countries, funding has risen from US\$ 173 per capita to US\$ 394, as can be seen in table II.A1.4 of the annex).

Lastly, the sector receiving the least attention has been housing (which includes drinking water supply, sanitation, community infrastructure and, lately, the environment), despite the fact that in practically all countries and major cities there are still large pockets of substandard housing and segregation. There has even been a contraction in the most recent biennium (-0.1 percentage points of GDP), owing in part to an expansion in the preceding period when housing was used as a tool to boost job creation and revitalize the region's domestic economies, particularly the construction industry.

The situation described is impeding the development and maintenance of housing improvement programmes, affecting the poorest population groups and indirectly placing greater demands on health systems. In absolute volume terms, the housing sector currently receives around US\$ 15 billion across the region, which is only 2.8 times what was being spent in the biennium 1991-1992; in per capita terms, the increase for the entire period was from US\$ 90 to US\$ 130, or only 44% (as can be seen in table II.A1.6 of the annex).

Box II.2

Updating social expenditure data

With a view to updating social expenditure figures for this edition of the *Social Panorama of Latin America*, ECLAC used data on the functional classification of public spending up to 2014, in concordance with the total and sectoral series published in previous editions. Information was obtained up to 2014 for 7 of the 21 countries reviewed, and to 2013 for another 3. The decision to publish these figures was based on the realization that it is important to have recent data, even if they are only provisional, approximate or partial. The figures were updated during the fourth quarter of 2015, and the exercise was closed in early December.

In most cases, it was possible to collect data on central government budget execution; in a number of countries figures for actual spending were obtained from agencies with budgetary autonomy, local governments and non-financial public enterprises. Although differences in institutional coverage make comparisons between countries difficult, it was decided to publish the most comprehensive data available for each country except when they involved significant constraints for constructing a series for 1990-2014. This is because the Commission's primary interest is to report the amount of public social spending in each country as accurately as possible, in order to convey the effort being made by States in this area.

The following is a classification of the countries by institutional coverage of the social expenditure series used:

Institutional coverage	Countries
Public sector (NFPS + FPE)	Costa Rica
Non-financial public sector (GG + NFPE)	Argentina (until 2009) and El Salvador
General government (CG + LG)	Brazil, Cuba and Peru
Central government (BCG + AA)	Argentina, Bolivia (Plurinational State of), Chile, Colombia, Dominican Republic, Ecuador, Guatemala, Jamaica, Panama, Paraguay, Trinidad and Tobago, Uruguay and Venezuela (Bolivarian Republic of)
Budgetary central government (BCG)	Honduras, Mexico and Nicaragua

where NFPS: non-financial public sector; FPE: financial public enterprises; GG: general government; NFPE: non-financial public enterprises; CG: central government; LG: local government; BCG: budgetary general government; AA: autonomous State agencies.

Considering that a number of countries only very recently adopted the classification system presented in the Government Finance Statistics Manual 2001 of the International Monetary Fund (IMF), which is harmonized with the 1993 System of National Accounts (SNA), the 1990-2013 series is not always compatible at the subfunction and/or subgroup level. Most of the countries publish the functional classification in aggregated form and use classifications of their own.

Data continuity problems brought about by the switch include a lack of information for the full series or for certain years and/or functions in particular cases. For example, there are no data for the Bolivarian Republic of Venezuela for the year 1990, for Colombia between 1990 and 1999, for El Salvador between 1990 and 2003, for Paraguay between 1990 and 2002, or Peru from 1990 to 1998. In the case of the Plurinational State of Bolivia, there are no data on total government spending from 2010 onwards, and for Nicaragua there are no figures for social security. In Ecuador, the absolute figures on social spending by sector between the years 1990 and 1999 had to be adjusted to dovetail with the series to 2014. In other countries, it was not possible to construct a complete series because of intervening gaps in the available data: this was the case with Jamaica and with Trinidad and Tobago between 1997 and 1999. The figures for Mexico relate to programmable spending of the budgetary public sector from the Federal Public Treasury Account until 2012.

Like previous editions, *Social Panorama of Latin America 2015* uses biennial averages to present social spending data. The indicators published are for total public social spending and its component functions and sectors (education, health, social security and welfare, and housing, sanitation and other functions not included in the above categories) as a percentage of GDP, in dollars per capita,

Box II.2 (concluded)

and as a percentage of total public spending. In the case of this last indicator, official information from the countries is used, but these figures may differ from those based on other classification systems (such as economic or administrative classification of spending) because some include interest payments on the public debt and others do not, and because different methodologies are used to classify disbursements.

This 2015 edition, like those of 2013 and 2014, includes countries' change of base year for GDP in constant dollars. This means that levels of GDP have been re-estimated, and the data are therefore not necessarily comparable with those published in previous years. All calculations of public spending in constant dollars are expressed in dollars of 2010.

The figures used to calculate the percentage relationships are in current prices for each year and each country. These values, together with those for current GDP, were taken at prices in local currency of 2010 using the implicit deflator, and the average annual exchange rate for that year was then used to transform them into dollars. In those cases where the implicit deflator was available for only a portion of the period, or was not available because of recent changes in the GDP base year, the proportions observed between public social spending and GDP at current prices were

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

applied to the GDP series in dollars of 2010, making it possible to derive per capita social spending expressed in that currency. This may result in certain variations in relation to the data in constant currency reported by the countries, which depend on the degree of appreciation or depreciation implicit in the official parity of each country's currency in relation to 2010, and also on the demographic data on which the per capita calculations are based.

Figures at current prices on total and social public spending and the breakdown of the latter by sector or function are official data provided by the corresponding government bodies. Depending on the country, these may be directorates, departments, sections or units for planning or drawing up the budget or social policy within the ministries of the treasury, finance or the economy. In addition, information on budgetary execution was obtained from the countries' general accounting offices or treasury departments, and occasionally from central banks, national statistical institutes and national social and economic information systems.

The figures for GDP in constant dollars of 2010 are official ECLAC statistics; the population figures come from projections by the Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC.

B. Funding public social spending in a growth context that imposes constraints

Fiscal policy in Latin America has historically suffered from two major problems: insufficient resources to finance social policies, and a procyclical stance (attenuated in the latest economic cycle). The inadequacy of resources for funding social policies persists and constitutes a constraint on broadening the coverage of social policies. The end of the commodities boom and the outlook for slow economic growth in the future pose an enormous challenge because of their fiscal implications. In this context, what is needed is a "compact" for the governance of non-renewable natural resources that will ensure the establishment of institutional mechanisms to guarantee that the rents generated by natural resources will contribute to sustainable expenditure.

1. The tax burden in Latin America: direct and indirect taxation, and social contributions

Fiscal policy in Latin America has historically suffered from two major problems: (i) insufficient resources to finance social policies, and (ii) a procyclical stance, meaning that it moves in the same direction as the economic cycle and thus accentuates rather than smoothes the effects of that cycle. While the procyclical nature of fiscal policy seems to have been attenuated in the last economic cycle (see ECLAC, 2013; Celasun and others, 2015), the resources for financing social policies remain inadequate, and this constitutes a constraint for expanding the coverage of social policies and improving the quality of benefits.

Since 1990, and especially since 2002, the region has seen an increase in tax revenues as a proportion of GDP, caused by four complementary processes: (i) economic growth, which has expanded the tax base; (ii) public management reforms, which have made tax collection systems more efficient and have reduced tax evasion and avoidance; (iii) the introduction of new taxes, as well as the reform of existing taxes and rates; and (iv) the application

of royalties, concession fees, revenue collection and other retention measures to the exploitation and sale of natural resources (particularly in the mining and hydrocarbons sectors), in a context of sharply rising commodity prices. The increase in the total tax burden in the region—including social security—has amounted over the last two decades to 7 percentage points of GDP on average, and represents a relative increase of nearly 48% in the original tax burden, which went from 14.6% of GDP in 1990 to 21.7% of GDP in 2014. In countries that have the heaviest tax burden (for example Argentina, Brazil and Uruguay), it rose from 19.1% of GDP on average to 30.8% of GDP over the same period. The countries with the lowest tax burden (Bolivarian Republic of Venezuela, Dominican Republic, Guatemala, Honduras and Mexico) have progressed the least and their levels are still extremely low (the tax burden having risen from 15.9% of GDP to 19.4% of GDP between 1990 and 2014).

As has been discussed in various ECLAC documents (see for example ECLAC, 2013), the composition of tax revenues in Latin America is characterized by the steadily increasing weight of general consumption taxes and, to a lesser extent, the growing weight of taxes on income and profits. The share of corporate income tax is greater than that of personal income tax. By contrast, the decline in specific excise tax revenues has to do with initiatives relating to trade liberalization.

With respect to the financing of government through the individual contributions of the citizens, the role played by social security contributions constitutes an element of differentiation among countries in the region. Some countries have highly developed pension and retirement systems that mobilize great volumes of monetary resources from workers in formal employment, while other countries have less-developed social welfare structures. As an average for the region, social security contributions have risen, growing from 2.0% of GDP in 1990 to 3.7% of GDP in 2014 (see figure II.6.A). But this average conceals a highly varied landscape, and several countries have reformed their social security systems. For example, Chile, Colombia and Mexico rely to a large extent on privately funded individual regimes, which explains the low levels of contributions to public social security. By contrast, in other countries such as Argentina, Brazil, Costa Rica and Uruguay, the level of social security contributions accounts for at least 7% of GDP (see figure II.6.B).

Tax revenues have increased over the last two decades, but that increase has been gradual and has depended to a great extent on consumption taxes and on corporate income taxes, especially those paid by firms in the natural resources sector. This situation poses two problems for the financing of social policies: it is regressive, and it is also hostage to commodity prices. As regards the first point, according to Hanni, Martner and Podestá (2015), the impact of fiscal policy on the improvement in income distribution continues to be limited in Latin America: the Gini coefficient falls by just three percentage points after taxes and public transfers, while in OECD countries it drops by 17 percentage points. Moreover, 60% of the reduction in the Gini coefficient comes from social spending (social transfers and public pensions) which implies that one of the region's greatest challenges will be to strengthen the redistributive impact of the tax system (reforming income tax, fighting tax avoidance and evasion and reducing preferential treatment). On the second point, because of its fundamental contribution to Latin America's outstanding macroeconomic performance over the past decade, the fiscal handling of non-renewable natural resources is an issue of crucial interest for the majority of countries in the region, particularly for those that have traditionally relied on the production and export of hydrocarbons and minerals.

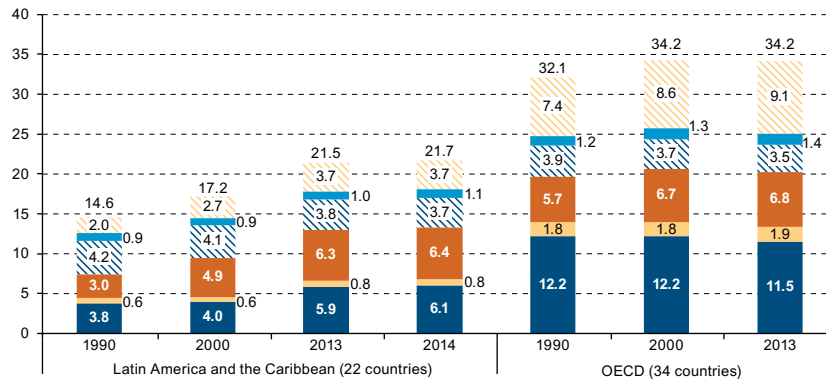
One of the key aspects of the tax reforms promoted during the 1980s and 1990s was the quest for greater horizontal equity (whereby individuals with the same income would face the same tax burden), for which the recommended solution was the gradual elimination of a long list of tax benefits and exemptions. Despite the progress achieved in this area, the level of tax expenditures is still high. Jiménez and Podestá (2009) estimate that tax expenditures in eight countries of the region ranged between 2% and 8% of GDP in 2007. Moreover, they note that the majority of these tax instruments have been concentrated in the two most important taxes: the value-added tax and the income tax.

In one way or another, all of these aspects affect the financing of social policies. While all countries of the region have seen an increase in their government revenues, this has not been sufficient, and a new agenda of tax reforms is needed that will “create virtuous circles that will drive structural change and contribute to greater equality” (ECLAC, 2014c).

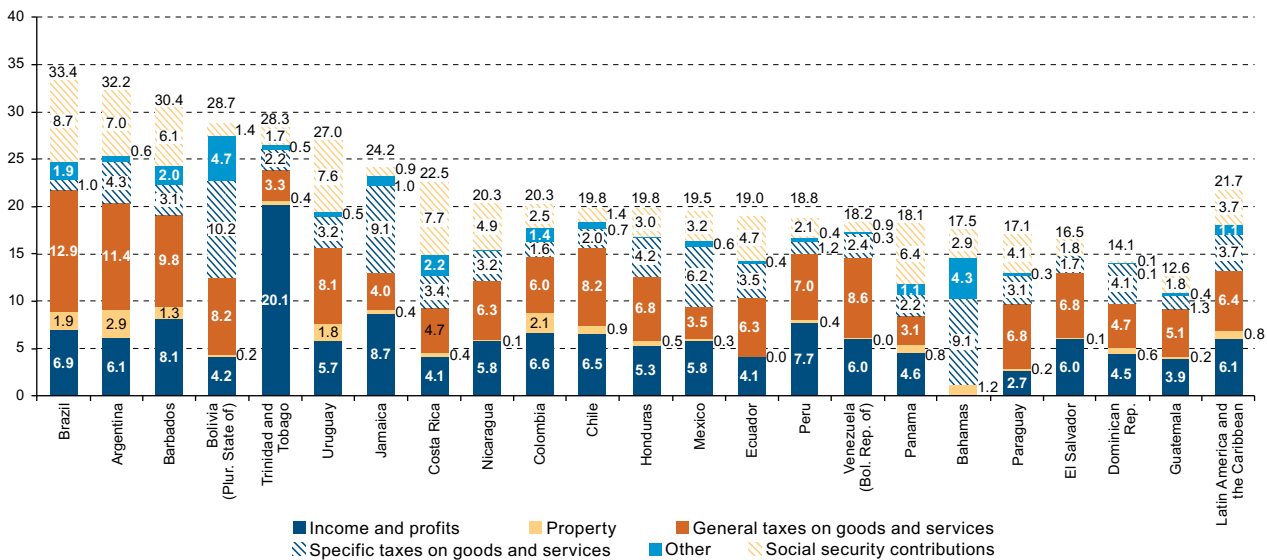
Figure II.6

Latin America and the Caribbean (22 countries) and countries of the Organization for Economic Cooperation and Development (OECD): tax revenues by type of tax, 1990, 2000, 2013 and 2014
(Percentages of GDP)

A. Latin America and the Caribbean and OECD countries, 1990, 2000, 2013 and 2014



B. Latin America and the Caribbean (22 countries), 2014



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Organization for Economic Cooperation and Development (OECD), *Revenue Statistics in Latin America and the Caribbean, 2016* [online] <http://www.oecd.org/tax/revenue-statistics-in-latin-america-2310922x.htm>.

2. The collapse of the commodities boom and its fiscal impact

The commodities boom from 2003 to 2014 was a time when the prices of basic or primary products of Latin America and the Caribbean rose sharply. This phenomenon was driven by many factors on both the demand and the supply side, but it was led primarily by economic activity in China, a country that had championed a growth model based on investment in infrastructure, which required an enormous consumption of raw materials for the construction of works such as highways, housing and electricity grids. According to Ocampo (2015), Latin American countries concentrated their exports to China in a small number of commodities, primarily oil, copper, iron ore, soya and wood pulp, which made them highly vulnerable to the ups and downs of that country's economy. The boom was also fuelled during the last two decades by the growing trade in commodities, rising commodity prices and the access that Latin

American countries enjoyed to external financing at historically low rates. On this last point, the region was able to reduce its indebtedness considerably during the boom and to build up international reserves as a consequence of greater available revenues, which gave private capital markets a feeling of confidence that Latin America could pay its debts (Ocampo, 2015).

The boom was interrupted during the Great Recession of 2008-2009, sparked by the subprime mortgage crisis in the United States, but the commodities sector was in fact the first to recover. This boom lasted longer than previous cycles, and the average price increase was more pronounced. At the same time there were more markets that simultaneously experienced price hikes. The end of the high prices for commodities began between 2014 and 2015, and was again associated with factors on both the demand side (the Chinese economy is growing at slower rates) and on the supply side (especially in the oil sector). Figure II.7 shows the behaviour of commodity price indices as a whole, and those for agricultural products, metals and energy. As can be seen, the end of the boom began in late 2014 and in all cases, with the exception of agricultural products, prices had returned to their 2005 levels by December 2015.

Table II.2 shows two indicators of tax revenues for eight countries of the region, where these revenues depend to a large extent on non-renewable natural resources. The first indicator corresponds to the degree to which tax revenues depend on non-renewable natural resources, or the amount of tax revenues generated by this sector as a percentage of the country's total tax take. The second corresponds to tax pressure on the sector, or the amount of tax revenues generated by the sector as a percentage of GDP. As an average for the eight countries, over the period 2005-2008 fiscal dependence on the non-renewable natural resources sector was 32%, representing a tax pressure of 8% of GDP. As can be seen from table II.2, the situation differs among countries: while Colombia and Peru have the lowest degree of fiscal dependence (less than 15%), in the Bolivarian Republic of Venezuela, Ecuador and Trinidad and Tobago tax revenues are highly dependent (more than 40%) on non-renewable resources.

Figure II.7
Commodity price indices, 1990-2015
(2005=100)

A. Monthly series to December 2015

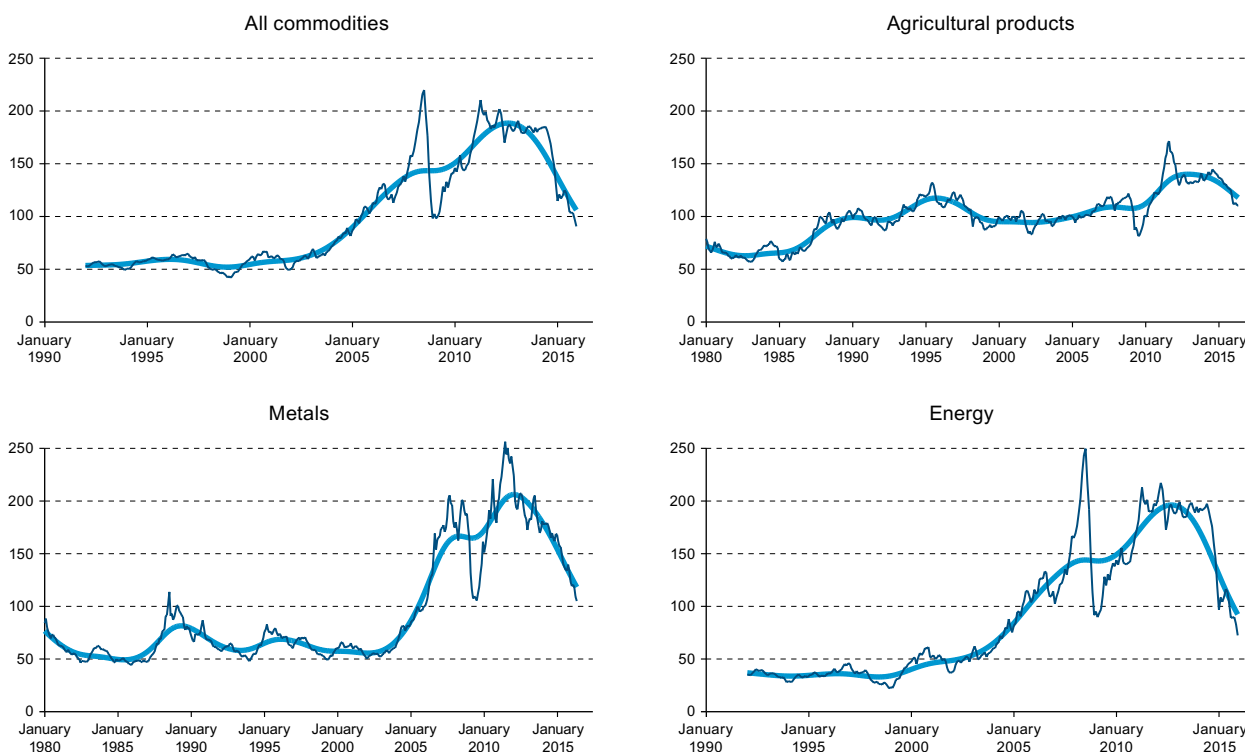
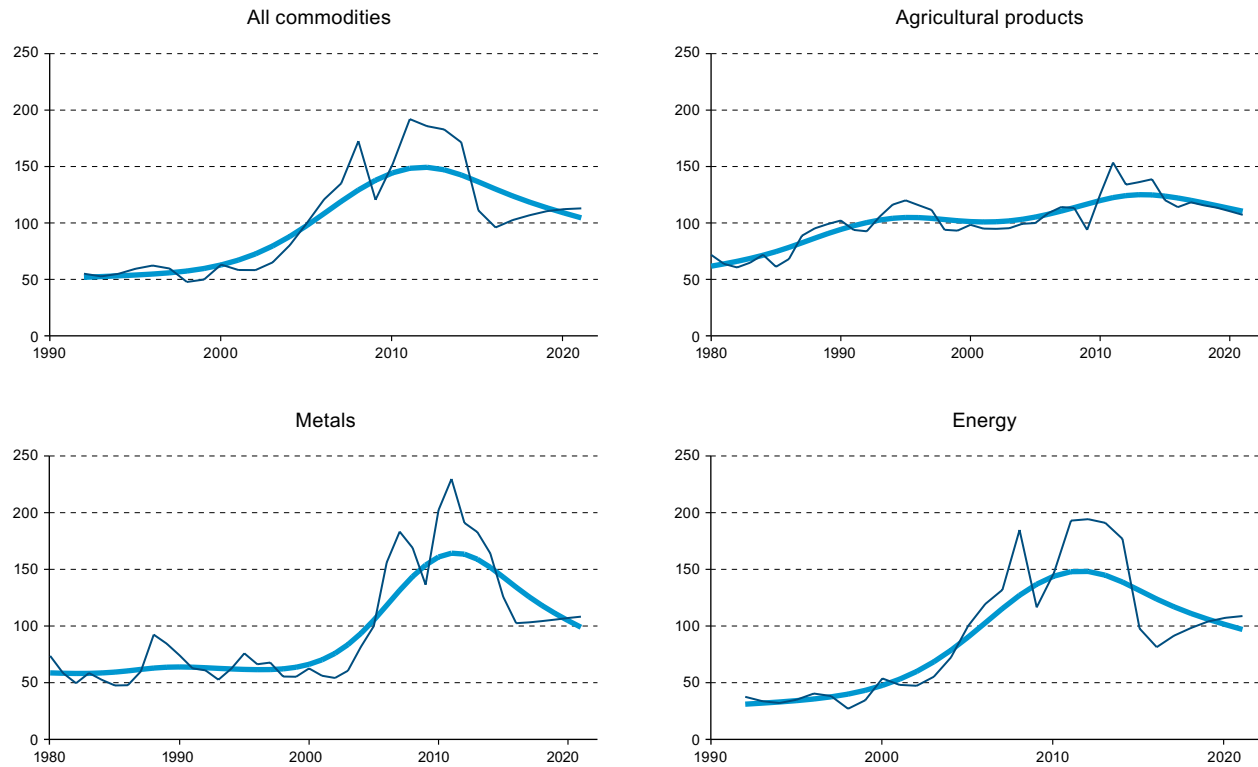


Figure II.7 (concluded)

B. Annual series projected to 2020



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Monetary Fund (IMF), IMF Primary Commodity Prices [online] <http://www.imf.org/external/np/res/commod/index.aspx>.

Table II.2
Latin America and the Caribbean (8 countries): indicators of tax revenues
derived from non-renewable natural resources, 2000-2014^a
 (Percentages)

Country	Percentages of total revenues			Percentages of GDP		
	2000-2003	2005-2008	2010-2014	2000-2003	2005-2008	2010-2014
Bolivia (Plurinational State of)	11.4	30.2	33.1	2.8	9.7	11.6
Chile	4.0	28.1	13.8	0.8	6.9	3.0
Colombia	6.1	9.7	13.4	1.8	2.8	3.8
Ecuador	29.3	35.3	38.2	5.7	8.7	12.8
Mexico ^b	21.4	39.1	33.7	3.1	6.0	5.5
Peru	4.3	16.4	13.3	0.7	3.2	2.7
Trinidad and Tabago	31.3	51.8	40.2	7.6	16.2	12.4
Venezuela (Bolivarian Republic of)	48.2	50.6	39.3	10.5	13.8	9.9

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of J.C. Gomez Sabaini, J.P. Jimenez and D. Morán, “El impacto fiscal de los recursos naturales no renovables en América Latina y el Caribe,” *Project Documents*, No. 658 (LC/VV.658), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2015; tables 4 and 5 updated.

^a Information calculated on the basis of cumulative values for the periods, in national currency at current values. The figures correspond to revenues from hydrocarbon exploration and production and mining.

^b Does not include own revenues of Petróleos Mexicanos (PEMEX).

For these countries one may speak of a certain “tax laziness”, in the sense that —as they can raise revenues from non-renewable natural resources (whether through taxes, royalties, transfers from State-owned enterprises or any other means)— they are not inclined to make the effort to collect taxes from the rest of the economy (whether by expanding the tax base for existing taxes, undertaking tax reforms so as not to depend on non-renewable resources, or combating tax evasion and avoidance).

The collapse of the commodities boom represents an enormous challenge for the region's producing countries, due to its impact on the external sector and its fiscal implications. If production levels do not rise or if international prices do not recover, exporting countries will face an erosion of their export earnings and a consequent contraction in government revenues. In fact, the first half of 2015 already saw tax revenues from non-renewable natural resources fall by more than 50% from the levels recorded in the first half of 2012 (ECLAC, 2015a).

A compact on the governance of non-renewable natural resources is needed, one that will provide for the creation of institutional mechanisms (such as stabilization funds) to ensure that the economic rents derived from these resources are channelled into sustainable investments in education and health, infrastructure, innovation and technological development, in order to lay a more solid foundation of well-being, capacity-building and innovation over the long term (ECLAC, 2014c).

C. Conclusion

Fiscal policy and public expenditure (social spending in particular), have historically betrayed a procyclical bias in Latin America.⁶ Previous editions of the *Social Panorama of Latin America* have also pointed to such behaviour in aggregate social spending at the regional level during periods of economic growth, and even with the countercyclical trend seen in response to the 2008 and 2009 crisis (see ECLAC, 2014a). Specific studies have indicated that social spending in Latin America has had a greater procyclical bias than public spending as a whole, sparking calls to protect its “hard core” explicitly (Aldunate and Martner, 2006).

ECLAC has frequently called for measures to strengthen the countercyclical thrust of fiscal policy, recognizing that a procyclical fiscal policy accentuates the economic cycle and can affect people's social and economic rights if social spending is reduced. Emphasis is placed on the fact that, generally speaking, the impact of the economic cycle on social spending should be neutral (in other words, it should be “acyclical”): good-quality services guaranteeing social rights such as education, health and social protection should not depend on the economic cycle. Nonetheless, given the size of the persisting gaps in the region in these areas and the need to move forward in building a universal social protection system, social spending should be stepped up during periods of economic prosperity, with adequate funds set aside to continue spending regardless of macroeconomic conditions. Also, during economic crises, social spending should be countercyclical in that the necessary resources continue to be made available to fund poverty eradication and job protection policies.

Countries have adopted a number of different strategies to guarantee funding for social spending. Some have incorporated into their constitutions a minimum level of State funding for education, health or both, as is the case in Argentina, Colombia, Costa Rica, Ecuador and Paraguay. However, mechanisms of this kind do not eliminate the procyclical bias of public spending, as they allow social spending to fall if GDP declines (Aldunate and Martner, 2006).

The current economic scenario of falling commodity prices raises a concern in this respect, as the tax revenues of several Latin American countries depend heavily on non-renewable natural resources. On average, between 2005 and 2008, 30% of the total tax take, or more than 7% of GDP, came from non-renewable energy sources: hydrocarbons in the Plurinational State of Bolivia, mining in Chile and Peru, and oil in the Bolivarian Republic of Venezuela, Colombia, Ecuador and Mexico.

This is worrying amid the current backdrop of slowing economic growth and suggests the need for fiscal policy measures that produce the required levels of social spending to sustainably fund social policies geared towards guaranteeing rights and strengthening institutions (see chapter IV). There is a pressing need to protect the “hard core” of social spending, to define policies and programmes that are deemed priorities —particularly those for combating poverty and social exclusion and for protecting the people most vulnerable to the economic cycle and other contingencies— ensuring stability in the financing of health, education and social protection. Countries must pursue tax reforms that focus on making the system more progressive and less dependent on revenues generated by the commodities sector.

⁶ Intuitively, a procyclical fiscal policy is one that raises taxes or reduces expenditures in times of recession, while cutting taxes or boosting expenditures in times of expansion. Nevertheless, these variations may be due to so-called automatic stabilizers, that is, automatic variations in income and expenditure items that are caused by the economic cycle and that do not depend on policy decisions (or on discretionary policies). Some authors —for example Gali and Perotti (2003) and Kaminsky, Reinhart and Vegh (2005)— argue that a fiscal policy may be deemed countercyclical or procyclical only if discretionary policies are taken into account, and for that reason the cyclically adjusted balance must be used. For other authors, the countercyclical or procyclical stance is estimated from a combination of both effects, using the primary balance or the adjusted primary balance (as proposed by Klemm, 2014).

Box II.3

Measuring social outlays via the System of National Accounts

ECLAC defines social spending as the amount of resources earmarked for plans, programmes and projects that are intended to have a positive impact on some social problem, regardless of the administrative entity that performs each function (education, health, social protection, environmental protection, housing and community services, and recreational activities), the source of internal and external financing (public or private) or the cost item to which they are assigned (current or capital expenditures) (see Martínez and Collinao, 2010).

The region has broad experience in measuring public social spending on the basis of public finance statistics, but measurement on the private sector side is very sporadic. This is a gap that needs to be filled, bearing in mind the recurrent participation of foundations, corporations and private firms in the financing and administration of social programmes. In the field of social protection, especially, the tendency has been to undertake reforms that incorporate the private sector. In fact, during the 1990s and even since the year 2000, most countries of the region have undertaken reforms to their pension systems designed to introduce individual capitalized accounts. There is a significant degree of private sector participation as well in education and health insurance systems, but that contribution is not properly accounted for.

Accordingly, a more accurate picture of social outlays by the private sector is both timely and necessary. To this end, ECLAC proposes to measure social spending (public and private) via the System of National Accounts (SNA). The SNA is a complete

and coherent system for recording transactions by all economic agents, and it also offers a broad accounting framework and allows data to be presented in a format suitable for economic analysis, decision-making, and policy formulation.

As the national accounts statistics do not show outlays by purpose (Classification of the Functions of Government (COFOG)), an alternative route must be taken, based on the classifiers used in the national accounts themselves (the classifier of transactions and other flows used in calculating the Integrated Economic Accounts, IEA, and the product classifier used in the supply and use table), and drawing the correspondence between them.

The proposed measurement is organized in two tables: a table of current and capital outlays, and a second table of current revenues. In both tables, the players are identified in the columns: social security linked to pensionable and non-pensionable employment (public and private sectors), social welfare (from non-profit institutions and governments) and, lastly, voluntary life and health insurance (from the public and private sectors). The rows of the outlays table represent the social function transactions for each subsector. The main sources of information needed to complete these tables are the integrated economic accounts and the supply and use table, in addition to some specific data and breakdowns for certain items.

ECLAC is currently working with three countries (Ecuador, El Salvador and Peru) to implement the measurement of social spending based on the System of National Accounts.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Monetary Fund (IMF), *Government Finance Statistics Manual 2001* [online] <https://www.imf.org/external/pubs/ft/gfs/manual/pdf/all.pdf>; United Nations, *System of National Accounts 2008* [online] <http://unstats.un.org/unsd/nationalaccount/docs/SNA2008.pdf> and R. Martínez and M.P. Collinao, “Gasto social: modelo de medición y análisis para América Latina y el Caribe”, *Manuales series*, No. 65 (LC/L.3170), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2010.

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Annex II.A1

Table II.A1.1
Latin America and the Caribbean (21 countries): public social spending as a proportion
of total public spending, 1991-1992 to 2013-2014
(percentages)

Country	Coverage ^a	Period											
		1991-1992	1993-1994	1995-1996	1997-1998	1999-2000	2001-2002	2003-2004	2005-2006	2007-2008	2009-2010	2011-2012	2013-2014
Argentina	NFPS	63.0	65.0	65.6	65.2	63.6	64.8	65.5	63.1	63.1	64.3	...	...
	CG	61.3	64.7	67.8	66.7	63.0	64.4	66.0	60.0	58.5	58.4	57.6	56.8
Bolivia (Plurinational State of) ^b	CG	29.4	28.2	26.2	33.0	34.8	33.9	30.5	28.7	30.6	37.5	...	...
Brazil	GG	47.3	57.5	55.6	50.5	59.5	64.3	72.2	72.3	72.4	71.7	73.0	74.8
Chile	CG	61.8	64.0	65.3	65.9	67.8	68.1	68.1	66.9	66.4	67.1	67.3	67.8
Colombia	CG	...	...	...	...	68.3	68.7	68.7	68.8	69.6	69.6	69.6	69.6
Costa Rica	PS	39.6	40.2	39.8	41.9	40.4	39.0	37.2	35.3	36.2	39.0	42.9	43.8
Cuba	GG	33.9	36.5	44.8	42.9	45.7	49.7	52.2	56.7	57.2	58.7	50.8	51.4
	CG	...	...	...	...	...	...	...	35.1	41.8	44.3	33.6	27.3
Dominican Republic	CG	38.7	42.4	41.6	41.0	45.2	45.6	39.4	41.5	39.9	39.1	37.7	...
Ecuador	CG	25.8	28.0	20.1	17.6	12.8	18.6	18.9	21.2	24.4	26.3	25.3	...
El Salvador	NFPS	...	...	...	...	...	...	56.3	56.1	57.9	55.9	58.8	60.7
Guatemala	CG	29.6	38.7	42.2	44.8	44.1	47.8	48.5	50.0	48.2	53.6	50.8	53.6
Honduras	BCG	41.3	36.5	41.1	38.3	43.8	46.8	52.8	52.5	51.3	51.1	...	...
Jamaica	CG	22.8	22.7	20.0	...	18.5	17.3	16.4	19.2	21.0	...	...	...
Mexico	BCG	46.6	52.1	53.1	55.2	61.9	59.6	57.4	59.0	57.0	55.1	57.3	57.9
Nicaragua ^c	BCG	36.6	39.8	38.7	34.9	39.8	39.6	44.1	49.2	52.7	54.9	54.9	57.2
Panama	CG	42.6	45.8	42.2	42.4	39.0	38.3	37.0	37.7	41.5	43.1	42.0	41.0
Paraguay	CG	...	...	...	...	...	...	27.9	33.9	39.7	41.1	41.2	...
Peru	GG	...	...	...	...	45.8	54.2	56.2	55.7	52.1	50.5	49.4	...
Trinidad and Tobago	CG	40.8	41.6	41.8	...	41.2	45.8	41.8	31.0	33.4	...	...	...
Uruguay	CG	65.3	69.6	71.3	68.7	67.1	67.4	59.0	63.1	73.3	74.1	74.2	...
Venezuela (Bolivarian Republic of) ^d	CG	46.1	45.7	45.1	48.5	51.3	54.1	57.6	56.8	60.0	68.9	70.8	58.9
Latin America and the Caribbean (weighted average)^e		46.7	54.0	55.0	52.5	58.4	60.9	64.8	64.7	64.9	65.0	65.8	66.4
Latin America and the Caribbean (simple average)^f		41.3	43.6	45.3	45.6	46.5	48.0	48.0	48.5	49.9	51.3	50.9	50.7

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

^a Coverage corresponds to: NFPS (Non-financial public sector); CG (Central government); GG (General government); PS (Total public sector); BCG (Budgetary central government).

^b The figure for 2009-2010 corresponds to 2009.

^c Social security figures are not available.

^d The figure for 2013-2014 corresponds to 2013.

^e Weighted average of countries. Includes estimates for years in which information on some countries is lacking.

^f Simple average of countries. Includes estimates for years in which information on some countries is lacking.

Table II.A.1.2
Latin America and the Caribbean (21 countries): public social spending as a proportion of GDP
and per capita, 1991-1992 to 2013-2014
(percentages and 2010 dollars)

Country	Coverage ^a	Period											
		1991-1992	1993-1994	1995-1996	1997-1998	1999-2000	2001-2002	2003-2004	2005-2006	2007-2008	2009-2010	2011-2012	2013-2014
		As a percentage of GDP (percentages)											
Argentina	NPS	16.5	17.3	17.3	16.7	18.1	17.5	15.9	16.6	18.7	22.5	...	...
	CG	9.2	8.9	9.4	8.9	9.2	8.9	8.2	7.8	8.4	10.5	11.5	12.9
Bolivia (Plurinational State of) ^b	CG	6.1	7.6	7.3	10.2	11.2	12.8	13.1	12.1	11.6	12.7	11.6	...
Brazil	GG	16.7	17.9	19.2	20.1	20.8	21.2	21.9	22.5	23.7	25.1	24.6	26.3
Chile	CG	11.5	11.9	11.8	12.6	14.2	14.4	13.3	11.9	12.7	15.2	14.5	14.9
Colombia	CG	5.9	7.6	12.3	12.0	10.5	10.9	10.4	11.6	12.5	14.0	12.7	13.6
Costa Rica	PS	14.8	16.0	15.9	16.9	16.6	18.7	18.2	17.1	18.4	22.5	22.7	23.3
Cuba	GG	28.6	28.2	24.3	21.6	22.9	25.1	27.4	36.0	41.8	42.6	34.7	31.8
	CG	...	...	...	...	...	...	...	16.7	22.0	22.7	16.1	11.2
Dominican Republic	CG	3.4	4.6	4.1	4.6	5.5	6.7	5.7	7.2	7.9	7.2	6.8	...
Ecuador	CG	3.8	4.3	4.0	3.6	2.7	3.9	3.7	4.2	5.8	7.9	7.9	...
El Salvador	NPS	...	...	...	...	...	...	12.0	12.7	12.3	13.5	14.8	15.1
Guatemala	CG	3.9	4.9	4.5	5.8	6.7	7.1	7.3	7.7	7.1	8.1	7.5	7.6
Honduras	BCG	6.2	6.0	5.6	5.1	7.2	8.8	10.1	9.7	10.5	11.8	...	...
Jamaica	CG	6.9	7.2	7.4	...	5.7	11.5	12.4	13.5	12.9	...	...	...
Mexico	BCG	6.6	8.0	7.5	7.9	8.5	8.9	9.0	9.3	9.9	11.1	11.0	3.1
Nicaragua ^c	BCG	4.8	5.4	5.2	4.8	6.9	6.2	7.9	8.6	9.1	9.8	9.2	10.3
Panama	CG	7.6	7.3	7.3	8.1	8.2	9.4	8.0	8.3	8.4	9.8	9.5	9.3
Paraguay	CG	...	...	...	...	...	...	9.0	11.1	12.0	14.2	16.4	...
Peru	GG	...	...	...	...	8.8	9.8	9.9	9.6	9.2	10.2	9.4	...
Trinidad and Tobago	CG	7.3	6.9	6.5	...	8.2	10.0	9.3	8.9	8.2	...	...	...
Uruguay	CG	16.9	19.0	20.1	20.9	22.4	24.2	20.4	20.3	22.9	23.4	23.5	...
Venezuela (Bolivarian Republic of) ^d	CG	12.0	10.0	9.9	11.9	13.9	16.5	17.5	19.9	20.2	17.9	22.0	17.8
Latin America and the Caribbean (weighted average) ^e		12.6	13.6	14.3	14.8	15.4	15.9	16.0	16.7	17.8	19.3	19.0	19.5
Latin America and the Caribbean (simple average) ^e		10.0	10.5	10.5	10.8	11.6	12.6	12.5	13.3	14.1	15.2	14.9	14.9

Table II.A1.2 (concluded)

Country	Coverage ^a	Period											
		1991-1992	1993-1994	1995-1996	1997-1998	1999-2000	2001-2002	2003-2004	2005-2006	2007-2008	2009-2010	2011-2012	2013-2014
		As a percentage of GDP (percentages)											
Argentina	NFPS	1 223	1 418	1 420	1 516	1 575	1 350	1 286	1 570	1 979	2 392		
	CG	680	733	775	808	806	684	666	742	894	1 157	1 418	1 625
Bolivia (Plurinational State of) ^b	CG	87	112	110	161	177	203	211	206	211	242	234	...
Brazil	GG	1 308	1 464	1 648	1 751	1 814	1 886	2 006	2 176	2 497	2 749	2 879	3 141
Chile	CG	781	908	1 023	1 190	1 354	1 427	1 392	1 354	1 544	1 887	1 978	2 161
Colombia	CG	266	366	617	613	502	528	529	636	741	865	835	938
Costa Rica	PS	709	836	847	944	1 005	1 123	1 161	1 186	1 407	1 718	1 855	1 999
Cuba	GG	1 003	784	716	673	777	902	1 052	1 668	2 244	2 399	2 058	1 984
	CG	...	...	...	...	...	...	...	770	1 184	1 279	951	693
Dominican Republic	CG	90	135	127	158	207	264	225	320	393	375	367	...
Ecuador	CG	146	165	155	144	100	147	148	182	263	364	398	...
El Salvador	NFPS	...	...	...	...	...	...	363	424	435	463	515	541
Guatemala	CG	89	115	110	149	177	189	196	212	207	232	221	228
Honduras	BCG	98	97	92	86	119	152	184	192	222	243	...	...
Jamaica	CG	297	315	324	...	240	484	540	600	671	...	...	...
Mexico	BCG	486	597	532	606	692	731	751	816	906	969	1 012	299
Nicaragua ^c	BCG	54	58	59	57	88	82	107	124	139	146	148	176
Panama	CG	341	350	349	420	441	502	452	520	615	759	853	903
Paraguay	CG	...	...	...	...	...	...	236	301	348	417	513	...
Peru	GG	...	...	...	...	289	329	354	378	418	495	512	...
Trinidad and Tobago	CG	484	448	462	...	806	1 049	1 198	1 323	1 380	...	...	...
Uruguay	CG	1 236	1 513	1 653	1 874	1 963	1 910	1 635	1 878	2 369	2 698	2 941	...
Venezuela (Bolivarian Republic of) ^d	CG	952	774	749	924	992	1 145	1 124	1 551	1 776	1 500	1 899	1 563
Latin America and the Caribbean (weighted average)^e		801	895	965	1 038	1 085	1 121	1 162	1 300	1 502	1 654	1 741	1 841
Latin America and the Caribbean (simple average)^e		495	536	564	620	667	714	722	839	989	1 092	1 154	1 201

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

^a Coverage corresponds to: NFPS (Non-financial public sector); CG (Central government); GG (General government); PS (Total public sector); BCG (Budgetary central government).

^b The figure for 2009-2010 corresponds to 2009.

^c Social security figures are not available.

^d The figure for 2013-2014 corresponds to 2013.

^e Weighted average of countries. Includes estimates for years in which information on some countries is lacking.

^f Simple average of countries. Includes estimates for years in which information on some countries is lacking.

Table II.A1.3
Latin America and the Caribbean (21 countries): public social spending on education
as a proportion of GDP and per capita, 1991-1992 to 2013-2014
(percentages and 2010 dollars)

Country	Coverage ^a	Period											
		1991-1992	1993-1994	1995-1996	1997-1998	1999-2000	2001-2002	2003-2004	2005-2006	2007-2008	2009-2010	2011-2012	2013-2014
		As a percentage of GDP (percentages)											
Argentina	NPS	3.1	3.4	3.5	3.6	4.1	4.0	3.4	4.0	4.6	5.4	...	...
	CG	0.9	0.8	0.8	0.9	0.8	0.8	0.7	1.0	1.3	1.5	1.7	1.8
Bolivia (Plurinational State of) ^b	CG	3.8	4.8	5.0	5.0	5.1	6.0	6.4	6.1	5.8	6.1	5.5	...
Brazil	GG	2.9	4.2	4.5	4.7	5.1	4.6	4.8	4.6	5.1	5.6	5.5	5.8
Chile	CG	2.2	2.4	2.6	3.1	3.7	3.9	3.6	3.1	3.6	4.3	4.2	4.5
Colombia	CG	2.5	2.6	3.6	3.9	3.5	3.3	3.4	3.1	3.0	3.3	3.0	3.3
Costa Rica	PS	3.9	4.4	4.2	4.6	4.5	5.5	5.6	5.3	5.6	7.2	7.3	7.6
Cuba	GG	11.1	9.5	7.3	7.4	8.4	10.0	11.9	14.0	17.0	17.3	15.2	12.9
	CG	...	...	...	...	...	...	...	5.1	8.4	7.8	5.3	2.9
Dominican Republic	CG	0.9	1.4	1.5	1.9	2.2	2.6	1.7	1.9	2.4	2.4	2.3	...
Ecuador	CG	2.7	2.8	2.5	2.4	1.7	2.2	2.2	2.3	2.9	4.5	4.6	...
El Salvador	NPS	...	...	...	...	...	...	3.4	3.3	3.2	3.8	3.9	4.0
Guatemala	CG	1.8	2.0	1.8	2.2	2.7	2.9	2.9	3.0	2.9	3.3	3.2	3.2
Honduras	BCG	3.6	3.4	3.2	3.3	4.5	5.6	6.5	6.5	7.1	7.6	...	...
Jamaica	CG	3.5	3.5	4.0	...	6.1	6.6	7.4	8.2	7.7	...	...	...
Mexico	BCG	2.6	3.5	3.3	3.4	3.4	3.5	3.4	3.4	3.5	3.8	3.6	...
Nicaragua	BCG	1.5	2.1	2.1	2.3	3.0	3.0	3.6	3.8	4.1	4.4	3.9	4.3
Panama	CG	3.7	3.6	3.8	4.1	4.0	4.3	3.9	4.0	3.5	3.4	3.4	3.2
Paraguay	CG	...	...	...	...	...	...	3.5	4.1	4.3	4.8	5.4	...
Peru	GG	...	...	...	...	3.0	2.9	3.1	3.0	2.9	3.2	2.9	...
Trinidad and Tobago	CG	3.3	3.2	3.0	...	3.6	4.5	4.3	3.8	3.5	...	...	...
Uruguay	CG	2.3	2.4	2.6	3.0	2.8	3.2	3.1	3.0	3.6	4.1	4.3	...
Venezuela (Bolivarian Republic of) ^c	CG	4.7	4.6	3.8	4.7	5.6	6.3	6.5	6.7	6.7	6.1	5.8	5.5
Latin America and the Caribbean (weighted average)^d		3.0	3.8	3.9	4.1	4.3	4.2	4.3	4.2	4.6	5.0	4.9	4.9
Latin America and the Caribbean (simple average)^d		3.3	3.5	3.4	3.6	4.0	4.4	4.5	4.6	4.9	5.3	5.1	5.1

Table II.A1.3 (concluded)

Country	Coverage ^a	Period											
		1991-1992	1993-1994	1995-1996	1997-1998	1999-2000	2001-2002	2003-2004	2005-2006	2007-2008	2009-2010	2011-2012	2013-2014
		Per capita (2010 dollars)											
Argentina	NPS	230	284	291	331	362	309	279	382	484	575	...	...
	CG	66	65	70	79	74	60	59	92	137	165	212	231
Bolivia (Plurinational State of) ^b	CG	55	71	75	79	81	96	104	104	106	117	111	...
Brazil	GG	226	345	387	408	442	406	439	445	540	611	642	692
Chile	CG	150	185	228	293	352	384	382	357	437	534	567	649
Colombia	CG	113	126	182	199	167	160	171	168	176	200	197	230
Costa Rica	PS	188	229	226	257	275	330	356	365	428	549	595	654
Cuba	GG	389	264	215	229	283	359	459	647	917	974	905	804
	CG	...	...	...	...	...	...	...	236	450	441	315	179
Dominican Republic	CG	25	41	46	65	83	103	88	85	119	122	123	...
Ecuador	CG	103	109	97	96	63	85	89	100	131	206	230	...
El Salvador	NPS	...	...	...	...	...	...	108	110	114	132	137	143
Guatemala	CG	42	48	45	56	72	78	78	83	84	96	94	95
Honduras	BCG	57	56	52	56	76	96	119	128	149	157	...	...
Jamaica	CG	149	151	174	...	257	277	322	361	404	...	...	...
Mexico	BCG	195	264	237	260	278	290	285	298	318	332	331	...
Nicaragua	BCG	16	23	24	27	38	39	48	55	62	66	63	74
Panama	CG	166	170	183	213	215	230	216	248	259	262	305	315
Paraguay	CG	...	...	...	...	...	...	92	111	125	142	168	...
Peru	GG	...	...	...	...	97	98	111	119	132	156	158	...
Trinidad and Tobago	CG	219	207	212	...	356	472	553	569	593	...	...	...
Uruguay	CG	165	191	217	274	245	255	251	280	377	475	541	...
Venezuela (Bolivarian Republic of) ^c	CG	374	353	288	368	399	435	418	521	585	515	502	486
Latin America and the Caribbean (weighted average)^d		191	249	261	284	305	297	308	330	389	430	445	468
Latin America and the Caribbean (simple average)^d		148	161	165	186	204	223	236	264	311	341	354	368

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

^a Coverage corresponds to: NFPS (Non-financial public sector); CG (Central government); GG (General government); BCG (Budgetary central government).

^b The figure for 2009-2010 corresponds to 2009.

^c The figure for 2013-2014 corresponds to 2013.

^d Estimates are used for those years for which some countries do not have data.

Table II.A1.4
Latin America and the Caribbean (21 countries): public social spending on health
as a proportion of GDP and per capita, 1991-1992 to 2013-2014
(Percentages and 2010 dollars)

Country	Coverage ^a	Period											
		1991-1992	1993-1994	1995-1996	1997-1998	1999-2000	2001-2002	2003-2004	2005-2006	2007-2008	2009-2010	2011-2012	2013-2014
		As a percentage of GDP (percentages)											
Argentina	NPS	3.7	4.0	4.0	3.8	4.2	4.0	3.5	3.7	4.0	5.0	...	...
	CG	2.0	2.0	2.1	2.0	2.1	1.9	1.7	1.1	0.5	0.6	0.7	0.8
Bolivia (Plurinational State of) ^b	CG	0.9	1.1	1.0	0.9	1.2	1.4	1.6	1.6	1.4	1.5	1.4	...
Brazil	GG	3.0	3.0	3.9	3.7	3.8	4.1	4.5	4.6	5.0	5.2	4.9	5.2
Chile	CG	1.9	2.2	2.2	2.4	2.7	2.8	2.7	2.6	3.0	3.7	3.6	3.9
Colombia	CG	0.8	1.5	2.8	3.1	2.3	2.0	1.8	1.9	1.9	1.9	1.9	2.1
Costa Rica	PS	4.6	4.7	4.7	4.7	4.9	5.5	5.4	4.9	5.4	6.5	6.6	6.5
Cuba	GG	5.5	5.8	4.7	5.1	5.5	5.7	5.6	9.5	12.2	11.8	9.6	10.4
	CG	...	...	...	...	...	...	...	1.6	3.6	3.6	2.5	0.9
Dominican Republic	CG	0.7	1.0	0.9	1.0	1.3	1.6	1.0	1.3	1.4	1.5	1.7	...
Ecuador	CG	0.9	0.8	0.8	0.8	0.6	0.8	1.0	1.0	1.3	1.6	1.6	...
El Salvador	NPS	...	...	...	...	...	...	3.6	4.0	3.7	4.2	4.1	4.4
Guatemala	CG	1.0	1.1	0.8	1.0	1.2	1.1	1.1	1.2	1.2	1.3	1.1	1.1
Honduras	BCG	2.3	2.2	2.2	1.8	2.5	2.9	3.3	2.9	2.7	3.4	...	...
Jamaica	CG	2.0	2.1	1.8	...	2.4	2.9	3.4	3.3	3.2	...	...	...
Mexico	BCG	2.8	2.6	1.9	2.0	2.1	2.1	2.2	2.4	2.4	2.7	2.7	...
Nicaragua	BCG	2.0	2.1	2.0	1.8	2.4	2.3	2.6	2.7	2.8	2.9	2.8	3.3
Panama	CG	1.7	2.0	1.8	1.9	2.0	2.4	2.1	2.1	1.9	2.1	1.8	1.8
Paraguay	CG	...	...	...	...	...	...	1.6	2.2	2.3	3.1	3.8	...
Peru	GG	...	...	...	...	1.5	1.7	1.6	1.6	1.8	2.3	2.4	...
Trinidad and Tobago	CG	2.8	2.5	2.1	...	1.9	2.3	2.3	2.5	2.2	...	...	...
Uruguay	CG	2.8	3.1	2.9	2.9	3.6	3.8	3.2	3.5	4.4	5.3	5.9	...
Venezuela (Bolivarian Republic of) ^c	CG	2.2	1.7	1.5	2.0	2.6	3.2	2.8	3.2	3.7	3.1	4.4	3.9
Latin America and the Caribbean (weighted average)^d		2.7	2.7	3.0	3.0	3.1	3.2	3.4	3.5	3.8	4.1	4.0	4.2
Latin America and the Caribbean (simple average)^e		2.3	2.4	2.3	2.4	2.6	2.8	2.7	3.0	3.2	3.6	3.5	3.6

Table II.A.1.4 (concluded)

Country	Coverage ^a	Period											
		1991-1992	1993-1994	1995-1996	1997-1998	1999-2000	2001-2002	2003-2004	2005-2006	2007-2008	2009-2010	2011-2012	2013-2014
		Per capita (2010 dollars)											
Argentina	NFPS	274	328	330	349	369	307	286	346	418	535	...	...
	CG	147	167	173	180	185	147	138	100	54	72	85	106
Bolivia (Estado Plurinacional de) ^b	CG	13	17	15	15	18	22	26	28	26	29	29	...
Brazil	GG	232	245	332	327	332	368	414	449	523	573	577	622
Chile	CG	129	166	191	226	253	280	288	302	365	455	491	569
Colombia	CG	34	73	143	159	111	95	93	101	111	117	127	146
Costa Rica	PS	221	245	249	263	295	331	343	338	417	500	541	560
Cuba	GG	191	160	138	159	186	205	214	443	654	662	567	650
	CG	...	...	...	...	...	...	...	70	193	204	147	55
Ecuador	CG	33	29	33	30	21	32	40	45	61	71	82	...
El Salvador	NFPS	...	...	...	...	...	...	115	133	131	143	142	158
Guatemala	CG	24	25	20	26	33	30	30	34	34	39	32	34
Honduras	BCG	37	36	35	30	41	49	60	58	57	70	...	...
Jamaica	CG	86	92	79	...	100	123	148	144	167	...	...	...
Mexico	BCG	210	198	136	156	169	173	183	207	220	238	251	...
Nicaragua	BCG	22	22	23	21	31	30	35	38	43	44	45	56
Panama	CG	77	94	87	100	109	130	120	132	140	166	160	171
Paraguay	CG	...	...	...	...	...	...	43	58	66	91	119	...
Peru	GG	...	...	...	...	48	56	57	62	82	111	128	...
Dominican Republic	CG	19	29	28	36	49	61	39	56	71	79	91	...
Trinidad and Tobago	CG	187	161	146	...	186	242	290	369	376	...	...	...
Uruguay	CG	206	250	235	259	318	300	261	324	458	613	736	...
Venezuela (Bolivarian Republic of) ^c	CG	171	131	113	159	185	219	184	248	324	262	380	343
Latin America and the Caribbean (weighted average)^d		173	181	203	212	217	229	244	275	321	355	370	394
Latin America and the Caribbean (simple average)^d		111	118	120	131	143	153	156	186	226	254	273	292

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

^a Coverage corresponds to: NFPS (Non-financial public sector), CG (Central government), GG (General government), PS (Total public sector), BCG (Budgetary central government).

^b The figure for 2009-2010 corresponds to 2009.

^c The figure for 2013-2014 corresponds to 2013.

^d Estimates are used for those years for which some countries do not have data.

Table II.A1.5
Latin America and the Caribbean (21 countries): public social spending on social security
and welfare as a proportion of GDP and per capita, 1991-1992 to 2013-2014
(Percentages and 2010 dollars)

Country	Coverage ^a	Period											
		1991-1992	1993-1994	1995-1996	1997-1998	1999-2000	2001-2002	2003-2004	2005-2006	2007-2008	2009-2010	2011-2012	2013-2014
		As a percentage of GDP (percentages)											
Argentina	NFPS	8.4	8.4	8.5	8.0	8.5	8.5	7.9	7.5	8.7	10.4	...	...
	CG	6.3	6.0	6.4	6.0	6.3	6.2	5.8	5.5	6.2	7.8	8.6	9.4
Bolivia (Plurinational State of) ^b	CG	1.3	1.6	1.3	4.1	4.6	5.1	4.9	4.2	4.1	4.8	4.4	...
Brazil	GG	9.0	10.2	10.1	10.9	11.1	11.4	11.4	12.1	12.2	12.8	12.8	13.9
Chile	CG	7.2	7.1	6.7	6.8	7.5	7.4	6.6	5.8	5.7	6.8	6.3	6.1
Colombia	CG	2.2	3.0	5.0	4.1	3.7	5.0	4.7	6.2	7.0	8.2	7.1	7.3
Costa Rica	PS	4.6	5.1	5.2	6.0	5.7	5.9	5.4	5.2	5.4	6.4	6.6	6.9
Cuba	GG	8.1	8.5	7.1	7.1	6.6	6.8	7.2	6.8	6.8	7.6	7.3	7.0
	CG	...	...	...	...	...	...	...	6.8	6.8	7.6	7.3	7.2
Dominican Republic	CG	0.2	0.4	0.3	0.5	0.8	1.0	1.4	2.1	2.2	1.9	1.7	...
Ecuador	CG	0.3	0.4	0.4	0.3	0.3	0.4	0.3	0.7	1.0	1.5	1.4	...
El Salvador	NFPS	...	...	...	...	...	...	3.5	3.9	3.9	4.2	4.8	4.9
Guatemala	CG	0.9	0.9	0.8	0.9	1.1	1.1	1.4	1.1	1.1	1.4	1.5	1.4
Honduras	BCG	0.3	0.3	0.3	0.3	0.4	0.4	0.3	0.3	0.7	0.7	...	...
Jamaica	CG	0.4	0.4	0.3	...	0.4	0.5	0.5	0.6	0.6	...	...	...
Mexico	BCG	0.1	0.6	1.4	1.7	2.2	2.1	2.1	2.2	2.5	3.0	3.1	...
Nicaragua ^c	BCG	...	...	...	...	...	...	...	...	...	...	...	...
Panama	CG	1.8	1.5	1.3	1.8	1.4	1.4	1.1	1.1	1.5	1.7	1.5	1.3
Paraguay	CG	...	...	...	...	...	...	3.5	4.6	5.0	6.0	6.7	...
Peru	GG	...	...	...	...	3.6	4.5	4.5	4.2	3.5	3.4	3.1	...
Trinidad and Tobago	CG	0.1	0.1	0.1	...	1.4	1.6	1.5	1.3	1.2	...	...	...
Uruguay	CG	11.5	13.0	14.1	14.0	14.4	15.2	12.3	11.7	12.3	11.7	10.8	...
Venezuela (Bolivarian Republic of) ^d	CG	2.6	2.4	3.1	3.1	3.6	4.7	5.9	6.6	7.2	7.0	8.9	6.5
Latin America and the Caribbean (weighted average)^e		5.5	6.2	6.6	6.8	7.1	7.3	7.3	7.6	7.9	8.7	8.7	9.0
Latin America and the Caribbean (simple average)^e		3.5	3.7	3.8	4.0	4.2	4.5	4.3	4.4	4.6	5.1	5.1	5.0

Table II.A1.5 (concluded)

Country	Coverage ^a	Period											
		1991-1992	1993-1994	1995-1996	1997-1998	1999-2000	2001-2002	2003-2004	2005-2006	2007-2008	2009-2010	2011-2012	2013-2014
		Per capita (2010 dollars)											
Argentina	NFPS	619	692	700	728	743	654	639	710	920	1 108	...	...
	CG	464	498	531	546	546	476	467	518	658	862	1 063	1 188
Bolivia (Plurinational State of) ^b	CG	19	23	20	65	73	81	79	71	75	92	90	...
Brazil	GG	705	830	871	949	970	1 018	1 045	1 170	1 281	1 405	1 499	1 659
Chile	CG	490	539	582	646	713	735	694	664	697	845	864	881
Colombia	CG	99	142	251	208	177	242	240	337	420	498	469	507
Costa Rica	PS	217	267	278	335	347	356	341	361	415	492	539	591
Cuba	GG	283	237	209	221	225	245	275	314	363	429	436	435
	CG	...	...	...	...	...	...	...	314	363	429	436	447
Dominican Republic	CG	6	11	11	18	30	41	57	94	109	101	94	...
Ecuador	CG	10	16	16	10	13	16	12	28	47	70	72	...
El Salvador	NFPS	...	...	...	...	...	...	112	130	139	143	166	176
Guatemala	CG	20	21	19	23	28	30	39	30	32	41	43	43
Honduras	BCG	5	5	4	...	5	6	6	6	16	14	...	...
Jamaica	CG	17	16	13	...	16	20	22	27	31	...	...	...
Mexico	BCG	9	44	99	130	177	176	179	194	232	264	291	299
Nicaragua ^c	BCG	...	...	...	...	...	...	...	...	...	...	...	...
Panama	CG	83	69	60	94	77	75	62	72	112	131	134	124
Paraguay	CG	...	...	...	...	...	...	93	124	144	175	210	...
Peru	GG	...	...	...	...	119	151	162	166	156	164	166	...
Trinidad and Tobago	CG	6	5	7	...	136	171	199	190	202	...	...	...
Uruguay	CG	845	1 039	1 162	1 251	1 257	1 204	991	1 085	1 270	1 352	1 349	...
Venezuela (Bolivarian Republic of) ^d	CG	203	186	234	240	256	325	375	515	635	588	772	572
Latin America and the Caribbean (weighted average)^e		348	407	444	479	497	518	527	593	669	744	796	850
Latin America and the Caribbean (simple average)^e		195	222	242	263	277	287	281	314	365	409	437	452

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

^a Coverage corresponds to: NFPS (Non-financial public sector), CG (Central government), GG (General government), PS (Total public sector), BCG (Budgetary central government).

^b The figure for 2009-2010 corresponds to 2009.

^c Social security figures are not available.

^d The figure for 2013-2014 corresponds to 2013.

^e Estimates are used for those years for which some countries do not have data.

Table II.A1.6
Latin America and the Caribbean (21 countries): public social spending on housing and other areas
as a proportion of GDP and per capita, 1991-1992 to 2013-2014
(Percentages and 2010 dollars)

Country	Coverage ^a	Period											
		1991-1992	1993-1994	1995-1996	1997-1998	1999-2000	2001-2002	2003-2004	2005-2006	2007-2008	2009-2010	2011-2012	2013-2014
		As a percentage of GDP (percentages)											
Argentina	NFPS	1.3	1.4	1.2	1.2	1.2	1.0	1.0	1.4	1.5	1.6	...	...
	CG	0.05	0.03	0.02	0.03	0.02	0.01	0.02	0.3	0.4	0.5	0.5	0.8
Bolivia (Plurinational State of) ^b	CG	0.1	0.1	0.1	0.1	0.2	0.3	0.2	0.2	0.2	0.2	0.3	...
Brazil	GG	1.8	0.5	0.7	0.8	0.8	1.1	1.2	1.2	1.4	1.5	1.4	1.4
Chile	CG	0.2	0.2	0.2	0.3	0.4	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Colombia	CG	0.4	0.5	0.8	0.9	1.0	0.6	0.5	0.5	0.6	0.7	0.6	...
Costa Rica	PS	7.8	9.5	9.1	11.8	12.6	14.5	14.8	13.8	13.4	14.8	13.6	...
Cuba	GG	4.0	4.4	5.2	2.1	2.5	2.6	2.7	5.7	5.8	5.9	2.5	1.5
	CG	...	...	...	...	...	...	...	3.3	3.3	3.6	0.9	...
Dominican Republic	CG	1.5	1.9	1.4	1.1	1.2	1.5	1.5	1.9	1.9	1.4	1.1	...
Ecuador	CG	0.0	0.3	0.2	0.2	0.1	0.4	0.2	0.2	0.5	0.4	0.3	...
El Salvador	NFPS	...	...	...	...	...	...	...	1.5	1.4	1.3	2.0	...
Guatemala	CG	0.1	0.9	1.0	1.8	1.7	1.9	1.8	2.4	2.0	1.9	1.8	1.8
Honduras	BCG	...	...	...	...	...	...	...	...	...	0.1	...	...
Jamaica	CG	1.1	1.3	1.3	...	...	1.5	1.1	1.5	...	...	...	...
Mexico	BCG	1.0	1.2	0.9	0.8	0.8	1.1	1.2	1.3	1.5	1.5	1.5	...
Nicaragua	BCG	1.4	1.3	1.1	0.7	1.5	1.0	1.8	2.2	2.2	2.5	2.4	2.7
Panama	CG	0.3	0.4	0.4	0.3	0.7	1.2	0.9	1.1	1.4	2.6	2.8	3.0
Paraguay	CG	...	...	...	...	...	...	0.3	0.3	0.5	0.3	0.5	...
Peru	GG	...	...	...	...	0.7	0.7	0.7	0.8	1.0	1.3	1.1	...
Trinidad and Tobago	CG	1.1	1.1	1.4	...	...	1.6	1.2	1.3	1.3	...	...	...
Uruguay	CG	0.3	0.4	0.5	1.0	1.6	1.9	1.6	2.0	2.5	2.2	...	...
Venezuela (Bolivarian Republic of) ^c	CG	2.6	1.3	1.5	2.0	2.1	2.4	2.3	3.4	2.6	1.6	2.9	...
Latin America and the Caribbean (weighted average)^d		1.4	0.9	0.9	0.9	0.9	1.1	1.1	1.3	1.5	1.5	1.4	1.4
Latin America and the Caribbean (simple average)^d		1.5	1.5	1.4	1.2	1.3	1.4	1.4	1.8	1.9	1.8	1.6	1.6

Table II.A.1.6 (concluded)

Country	Coverage ^a	Period											
		1991-1992	1993-1994	1995-1996	1997-1998	1999-2000	2001-2002	2003-2004	2005-2006	2007-2008	2009-2010	2011-2012	2013-2014
		Per capita (2010 dollars)											
Argentina	NFPS	99	118	102	111	104	80	82	132	156	175	...	...
	CG	3	3	1	3	2	1	1	31	45	57	59	100
Bolivia (Plurinational State of) ^b	CG	1	1	1	2	4	5	3	4	4	4	5	...
Brazil	GG	144	44	58	67	74	94	108	112	152	159	161	168
Chile	CG	13	18	21	26	35	28	27	31	45	54	56	62
Colombia	CG	20	26	41	47	58	31	25	29	35	40	43	55
Costa Rica	PS	83	96	94	89	89	110	120	121	147	176	180	195
Cuba	GG	140	123	153	64	83	94	105	264	311	334	150	96
	CG	...	...	...	...	...	...	...	151	178	206	53	13
Dominican Republic	CG	40	54	42	40	46	60	61	86	95	73	58	...
Ecuador	CG	0	22	9	8	3	14	8	8	24	17	15	...
El Salvador	NFPS	...	...	...	...	...	...	49	51	51	44	70	64
Guatemala	CG	3	21	26	45	44	50	50	66	57	56	53	55
Honduras	BCG	...	...	...	...	...	...	...	...	...	6	...	...
Jamaica	CG	45	55	57	...	51	64	47	68	69	...	...	...
Mexico	BCG	72	91	61	60	68	92	103	117	136	135	139	...
Nicaragua	BCG	15	13	12	...	19	13	24	31	34	37	39	46
Panama	CG	15	18	18	14	39	66	53	68	104	200	280	293
Paraguay	CG	...	...	...	...	...	...	9	8	13	8	...	...
Peru	GG	...	...	...	...	24	23	24	32	47	64	60	...
Trinidad and Tobago	CG	72	75	97	...	129	164	157	195	210	...	...	...
Uruguay	CG	20	34	39	106	143	151	133	188	264	257	315	...
Venezuela (Bolivarian Republic of) ^c	CG	204	104	113	157	153	185	147	267	231	135	246	162
Latin America and the Caribbean (weighted average)^d		90	58	58	63	66	77	83	103	124	125	130	130
Latin America and the Caribbean (simple average)^d		66	63	63	66	69	76	75	107	125	122	126	126

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

^a Coverage corresponds to: NFPS (Non-financial public sector); CG (Central government); GG (General government); PS (Total public sector); BCG (Budgetary central government).

^b The figure for 2009-2010 corresponds to 2009.

^c The figure for 2013-2014 corresponds to 2013.

^d Estimates are used for those years for which some countries do not have data.



Tackling structural disparities in the labour market: policies and programmes for labour and productive inclusion

Introduction

A. Labour inclusion and exclusion in Latin America

1. Disparities in labour market access
2. Gaps in access to rights and social protection
3. Income gaps and poverty

B. The urgent need to link labour and productive inclusion programmes

1. Support for labour supply
2. Support for labour demand
3. Labour intermediation services
4. Some results of labour and productive inclusion programmes

C. Final thoughts: challenges for the labour inclusion of populations living in conditions of poverty and vulnerability

Bibliography

Annex III.A1

Introduction

Work is the master key for equality, the linchpin of social and economic integration and a fundamental mechanism for constructing autonomy, identity, personal dignity, and expanded citizenship (ECLAC, 2010, 2012a and 2014a). Latin American households obtain 80% of their total incomes from work, which, therefore, is also the driving force for overcoming poverty and gaining access to well-being and social protection (ECLAC, 2015a). Nonetheless, the world of work can also produce and exacerbate inequalities. In Latin America and the Caribbean, the labour market has historically served as the link between a highly heterogeneous production structure with a large low-productivity sector, and high levels of inequality among household incomes. The heterogeneity of the production structure is reflected in labour markets with high levels of informality, which generate large disparities in job quality, labour incomes, access to social protection and opportunities for upward occupational mobility throughout a person's working life. These inequalities also intersect with gaps based on gender, race, ethnicity and area of residence, which have always been features of Latin American societies (ECLAC, 2015a).

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, 2014a).

This chapter of the *Social Panorama of Latin America* analyses the public policies and programmes for labour and productive inclusion aimed at increasing access to economic opportunities and quality jobs, and thereby helping to overcome poverty and reduce vulnerability. These labour market policies are intended to improve both the supply of labour and the demand for it, through technical and vocational training, remedial or second-chance education, support for own-account work, direct and indirect job creation and local labour market intermediation services (OAS/ECLAC/ILO, 2011; ECLAC/ILO, 2014a). These are short and medium-term measures to promote decent work opportunities, which need to be articulated with longer-term policies aimed at bringing about profound technological and structural change.

This chapter first analyses a number of characteristics of the disparities present in the region's labour markets and the job profile of the working-age members of households living in indigence or poverty or that are vulnerable to poverty. This sheds light on the context in which labour and productive inclusion policies and programmes operate. Next, an analysis is made of 61 labour inclusion and income-generation programmes currently being applied in the region, compiled in the ECLAC database of non-contributory social protection programmes in Latin America and the Caribbean. The chapter then provides a discussion of some of the lessons learned from studies and impact evaluations on these and other programmes that have already been completed. The chapter concludes by highlighting the achievements and limitations of those policies and programmes from a standpoint of rights and the promotion of decent work, and several recommendations are put forward.

A. Labour inclusion and exclusion in Latin America

Despite the positive trend in labour market indicators between 2002 and 2013, involving a reduction in unemployment, rising labour incomes, formalization processes, and an increase in women's participation rates, Latin American labour markets continue to display wide disparities, according to household income level, sex, age, area of residence, ethnicity and race, which obstruct access to decent work. This is compounded by the potential negative labour market consequences of the current downswing phase in the region's economic activity.

This section analyses a number of key indicators of the disparities that have existed in the Latin American labour market in 1990-2013, with the aim of informing the discussion on the formulation and implementation of labour and productive inclusion policies and programmes. The analysis focuses on disparities in access to the labour market (labour market participation rates and unemployment rates, productivity sector, occupational category, branch of activity), disparities in access to rights (wage earners in possession of a contract and affiliation to social security—pensions

and health), and on income gaps and how they relate to poverty (labour incomes, percentage of the population without their own income, and poverty and vulnerability among the employed). In addition to the regional averages, consideration is also given to data by income quintiles and deciles, gender, race and ethnicity, and urban and rural areas,¹ as the case may be. In addition, for analytical purposes, the figures for three groups of countries are included, according to whether they display modest, moderate, or extreme well-being disparities, in economic and social terms, and for workers according to their level of vulnerability to household poverty (see box III.1). An analysis of this information shows that, despite the gradual increase in labour market participation, particularly among women, the fall in unemployment rates and other positive developments in 2002–2013, the region's labour markets continue to provide insufficient and differentiated access for the poorest and most vulnerable social groups.

Box III.1

Classification of countries by welfare gaps and households by vulnerability to poverty

Welfare gaps in the countries

Owing to its high levels of poverty, inequality and labour informality, Latin America still faces enormous welfare gaps, the breadth of which varies according to the countries' socioeconomic and institutional development level. To classify countries according to their different gaps, a typology of welfare regimes has been developed, based on different factors such as the capacity of societies to generate sufficient income through the labour market, and the capacity of States to provide sustenance and protection to those who lack an income or earn an insufficient income. Latin American welfare regimes were classified on the basis of variables such as per capita gross domestic product (GDP); the demographic dependency ratio (which reflects the demographic heterogeneities discussed in chapter V of this edition of the *Social Panorama*); the proportion of male and female wage earners who contribute to social security systems; (pensions and health care);^a the percentage of employed persons over 15 years of age who

are below the poverty line; social public spending per capita; and public expenditure on social security and social assistance as a percentage of GDP (Cecchini, Filgueira and Robles, 2014). The table below lists the countries comprising the following welfare gap groups: extreme (which display lower values of per capita GDP, social spending, and wage earners contributing to social security, and whose dependency rates and number of employed people living below the poverty line are higher); moderate (with average values); and modest (with higher levels of per capita GDP, social spending and wage earners contributing to social security, and lower dependency rates and fewer employed people below the poverty line) according to this analysis. The analysis only considers countries in Latin America and the Caribbean, so, although the gaps are classified as "modest," they are large in comparison to countries that have more developed welfare regimes, such as the Nordic group.

Country groupings by welfare gaps, around 2012

El Salvador, Guatemala, Honduras,
Nicaragua, Paraguay and
Plurinational State of Bolivia

Colombia, Dominican Republic,
Ecuador, Mexico and Peru

Argentina, Bolivarian Republic
of Venezuela, Brazil, Chile, Costa
Rica, Panama and Uruguay

Source: S. Cecchini, F. Filgueira and C. Robles, "Sistemas de protección social en América Latina y el Caribe: una perspectiva comparada," *serie Políticas Sociales*, No. 202 (LC/L.3856), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2014.

Vulnerability to poverty

Over the last few decades, many people and families have succeeded in moving out of poverty in Latin America and the Caribbean. Nonetheless, a large proportion of these "non-poor" continue to display incomes that are only slightly above the thresholds defined for the poverty lines, so they are in a situation of vulnerability and could easily slip back below the poverty line.

One way to capture social vulnerability in Latin America is to classify the population in income brackets expressed as multiples of the poverty line. Based on the *Social Panorama of Latin America 2009*, ECLAC has ranked the population in four per-capita income categories with respect to the poverty line:

(i) up to 0.6 times the poverty line (defined as indigent and highly vulnerable to indigence); (ii) between 0.6 and 1.2 times (poor and highly vulnerable to poverty); (iii) between 1.2 and 1.8 times (vulnerable to poverty); and (iv) above 1.8 times (not vulnerable). Although the thresholds for the four population categories are chosen arbitrarily, this methodology highlights the large number of people living in situations of indigence, poverty or vulnerability to poverty in the different Latin American countries. Around 2013, people classified as not-vulnerable represented over half of the population in just six countries (Argentina, Brazil, Chile, Costa Rica, Panama and Uruguay).

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of S. Cecchini, F. Filgueira and C. Robles, "Sistemas de protección social en América Latina y el Caribe: una perspectiva comparada," *Políticas sociales series*, No. 202 (LC/L.3856), Santiago; ECLAC, *Social Panorama of Latin America 2009* (LC/G.2423-P), Santiago; and S. Cecchini and others, "Vulnerabilidad de la estructura social en América Latina: medición y políticas públicas," *Realidad, Datos y Espacio. Revista Internacional de Estadística y Geografía*, vol. 3, No. 2, Mexico City, National Institute of Statistics and Geography (INEGI), 2012.

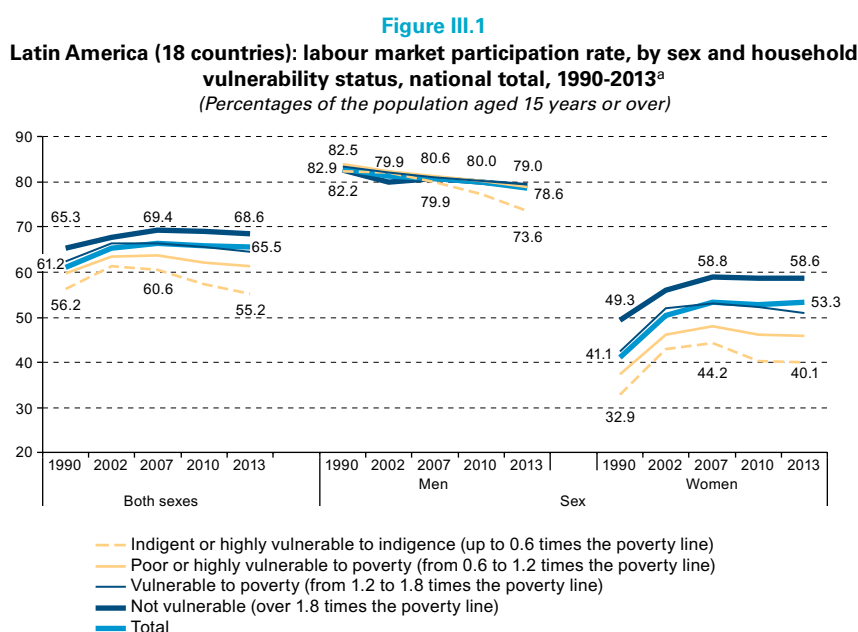
^a Affiliation to pension and health-care systems according to the definition used since the 2013 edition of the *Social Panorama of Latin America*. For Brazil, affiliation to the health-care system is not considered since that country has a universal health system.

¹ As described in detail in FAO/ECLAC/ILO (2012a and 2012b), the vast majority of labour market disparities are even wider in rural zones, and often greater in the agriculture sector.

1. Disparities in labour market access

(a) Labour market participation

The labour market participation rate in Latin America rose from 61.2% in 1990 to 65.5% in 2013, owing to two opposing trends: a reduction in male labour market participation, by roughly 4 percentage points (particularly among the indigent or persons highly vulnerable to indigence), and an increase in female participation, by over 12 percentage points. Nonetheless, women still display lower rates than men, with differences of around 26 percentage points in 2013. Figure III.1 also shows how the gaps between male and female labour market participation rates increase with the degree of vulnerability of the households in which persons of working age live; in other words, it is precisely the poorest women who find it hardest to enter the labour market, which constitutes a key obstacle for overcoming poverty.



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

^a Weighted average on the basis of information from Argentina (Greater Buenos Aires), the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador (urban zones), El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay (Metropolitan Asunción), Peru, the Plurinational State of Bolivia (departmental capitals and El Alto) and Uruguay (urban zones). The data for 2010 do not include Guatemala; and those for 2013 do not include Guatemala, Honduras or Nicaragua.

Looking beyond the averages, a breakdown of participation rates by geographical area shows that labour market participation rates in Latin America are not only higher in rural zones than in urban areas,² but also that the urban-rural gap is wider for the population living in situations of indigence, poverty or vulnerability, than for the non-vulnerable population (in 2013, the participation rate of the former group was 60.9% in urban areas and 64.9% in rural zones, compared with rates of 68.6% and 70.1%, respectively, for the non-vulnerable population).

Labour participation rates are also related to the disparities in well-being that characterize the region's countries. Countries with modest welfare gaps display lower participation rates than the groups of countries that have moderate and extreme gaps (see figure III.2).³ An initial explanation of labour market participation rates in countries with extreme gaps can be found in the early entry of young people into the world of work and the early conclusion of their studies, whereas in countries with modest gaps, young people continue to study and enter the labour market later. A second possibility is that pension coverage in countries with extreme gaps is limited, so participation rates among

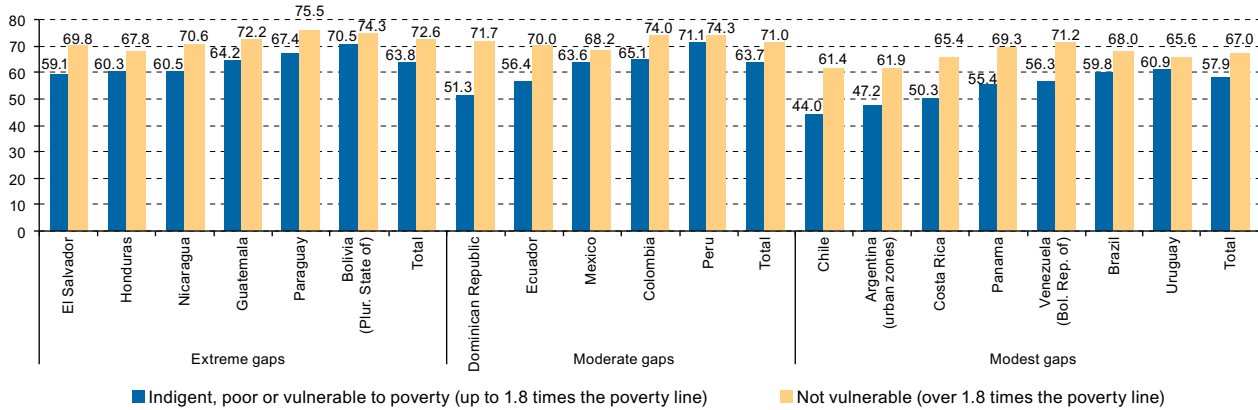
² In 2014, in Latin America the weighted-average participation rates of the population aged 15 years or over were 66.1% in rural zones and 65.0% in urban areas (CEPALSTAT).

³ A gender breakdown shows that female labour participation rates are similar across countries with extreme disparities (51.1%), moderate disparities (53.3%) and modest ones (52.9%).

older adults are significantly higher than in countries with more advanced welfare states.⁴ The third is that these are countries with a relatively larger rural population, and labour market participation rates tend to be somewhat higher in the rural areas of Latin America than in urban ones.

Figure III.2

Latin America (18 countries): labour market participation rates by household vulnerability to poverty and country welfare gaps, national totals, around 2013^a
(Percentages of the population aged 15 years or over)



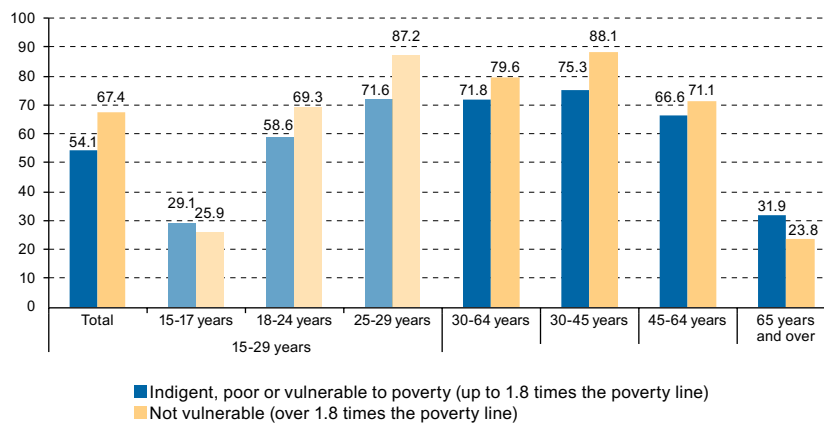
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household survey conducted in the respective countries.

^a Weighted average on the basis of information from Argentina (urban zones), the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

The disparities in labour market participation across the region become clear when the analysis includes the life-cycle perspective. On average, 67.4% of 15- to 29-year-olds living in non-vulnerable households participate in the labour market, compared with just 54.1% among young people who are indigent, poor or vulnerable to poverty (a gap of over 13 percentage points), mainly owing to the low rates of female labour participation (since no account is taken of the heavy burden of unpaid care work done in the home). Access to the labour market increases among adults from 30 to 64 years of age, with participation rates above 70%. In this age group, the gap between indigent, poor or vulnerable and not vulnerable narrows to roughly 8 percentage points (see figure III.3).

Figure III.3

Latin America (18 countries): labour market participation rates by age group and household vulnerability to poverty, national totals, around 2013^a
(Percentages of the population aged 15 years or over)



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

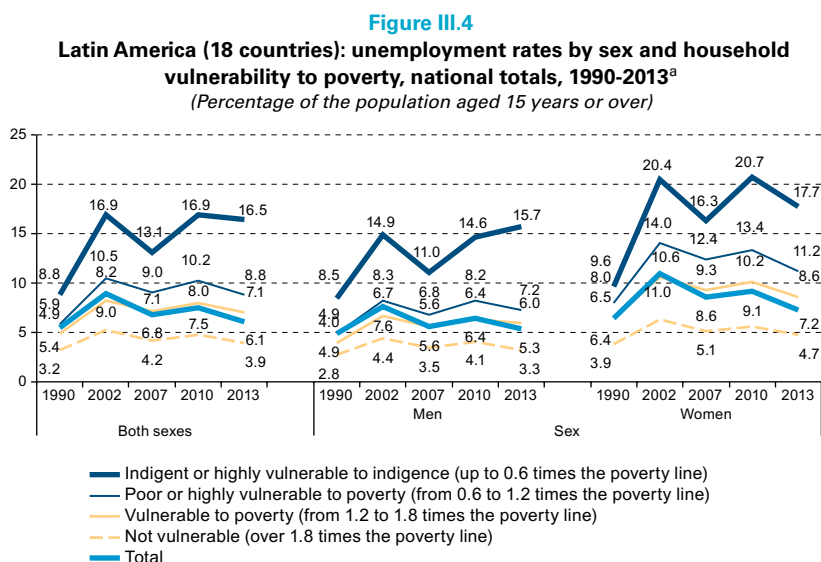
^a Weighted average on the basis of information from Argentina (urban zones), the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

⁴ In urban zones around 2014, the labour market participation rate of persons aged over 60 was 38.9% in countries with extreme gaps, 37.4% in countries with moderate gaps, and 26.9% in those with modest ones (simple averages).

Nonetheless, in the extreme age groups (15-17 years and 65 years and over), the situation is the reverse, with higher participation rates among the poorest and most vulnerable. In the 15-17 age group,⁵ labour market participation among adolescents who are indigent, poor or vulnerable to poverty is just over 3 percentage points higher than the rate among those belonging to non-vulnerable households. But it is particularly in countries with extreme welfare gaps where participation rates among the youngest are highest.⁶ In most cases this early entry into the world of work reflects high levels of dropout or expulsion from the school system, and reinforces the intergenerational transmission of poverty and vulnerability (Weller, 2007). Labour market participation among people of 65 years and over who live in conditions of indigence, poverty or vulnerability, is 31.9%, compared with 23.8% in the case of the non-vulnerable population (see figure III.3). The inadequate coverage of social protection systems, compounded by precarious and unstable jobs throughout life and by low pension levels, explain the high participation rates seen among the poorer and more vulnerable older population.

(b) Unemployment

Despite an uptick in 2015,⁷ the unemployment rate in Latin America has fallen gradually since the start of the previous decade, to accumulate a 2.8 percentage point drop between 2002 and 2013 (see figure III.4), but with a much sharper decline among women. Nonetheless, around 2013 the regionwide female unemployment rate (7.2%) was still above the male rate (5.3%). Moreover, among people living in situations of indigence, poverty or vulnerability, unemployment rates have remained relatively high in the period analysed. In 2013, that indicator stood at 16.5% among indigent persons or those highly vulnerable to indigence, 8.8% among persons who are poor or highly vulnerable to poverty, 7.1% among those vulnerable to poverty, and just 3.9% among those who are not vulnerable.⁸ In all socioeconomic strata, women's unemployment rates are higher than those of men.



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

^a Weighted average on the basis of information from Argentina (Greater Buenos Aires), the Bolivian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador (urban zones), El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay (Metropolitan Asunción) Peru, the Plurinational State of Bolivia (departmental capitals and El Alto) and Uruguay (urban zones). The weighted average for 2010 does not include Guatemala; and the data for 2013 do not include Guatemala, Honduras or Nicaragua.

⁵ Argentina and Brazil have set the minimum age for employment at 16 years, which means that, in those countries, work done by 15- and 16-year-olds is considered illegal, except, in the case of Brazil, for adolescents working in apprenticeship situations as defined by Law 10097 of 2000, on Professional Apprenticeships.

⁶ In these countries, in 2013 the participation rates of 15- to 17-year-olds, by vulnerability status were as follows: 45.1% (indigent or highly vulnerable to indigence); 38.9% (poor or highly vulnerable to poverty); 35.9% (vulnerable to poverty); and 32.4% (not vulnerable).

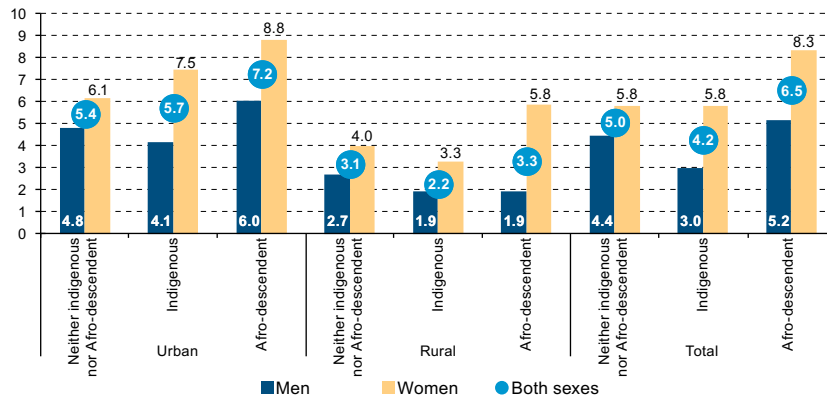
⁷ ECLAC (2015b) estimates that the urban open unemployment rate in Latin America and the Caribbean rose from 6.0% to 6.6% between 2014 and 2015.

⁸ These figures do not imply a direction of causality from one variable (social vulnerability) to the other (unemployment), but merely reflect a close correlation.

Unemployment is more prevalent in urban areas than in rural zones, and there are clear differences according to people's vulnerability status; 10.8% of the indigent, poor or vulnerable population and 4.0% of the non-vulnerable urban population are unemployed, whereas in rural zones unemployment affects 3.9% of the indigent, poor or vulnerable population and 2.3% of the non-vulnerable.

Moreover, the Afro-descendent population has the highest unemployment rate (6.5%) compared with 4.2% among indigenous peoples and 5% among population groups who are neither indigenous nor Afro-descendent. Combining the race and ethnicity variables with sex shows higher rates of unemployment among women in all ethnic or racial groups, particularly among Afro-descendent women who live in urban zones (8.8%) (see figure III.5).⁹

Figure III.5
Latin America (9 countries): unemployment rate, by ethnicity, sex and geographical area, around 2013^a
(Percentages of the population aged 15 years or over)

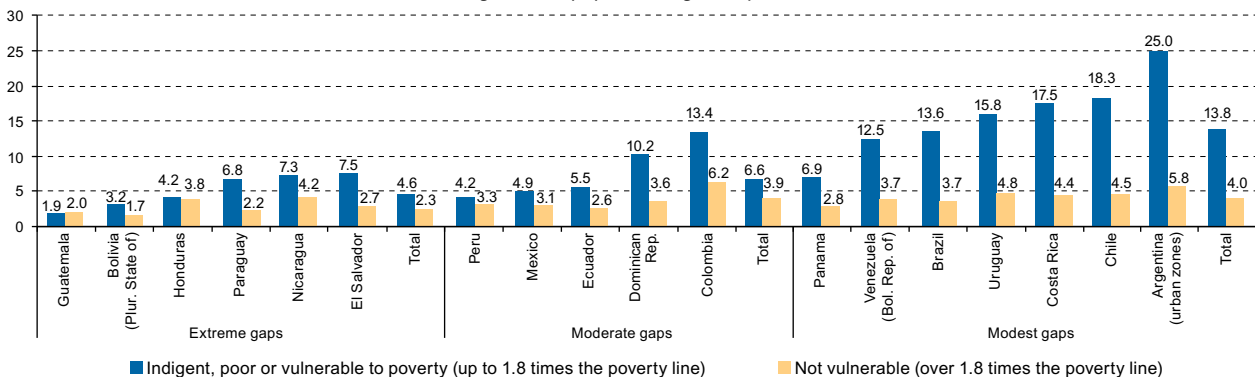


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household survey conducted in the respective countries.

^a Simple average on the basis of information from Brazil, Chile, Ecuador, Mexico, Panama, Peru, Paraguay, the Plurinational State of Bolivia and Uruguay.

Somewhat counterintuitively, unemployment is higher in countries with modest welfare gaps, in which the gap between the indigent, poor or vulnerable population and the non-vulnerable population is also very wide. Countries with extreme gaps display lower unemployment rates, and smaller differences between socioeconomic strata (see figure III.6). Nonetheless, labour market engagement is much more precarious and informal in countries with extreme gaps than in those with modest gaps.

Figure III.6
Latin America (18 countries): unemployment rates, by household vulnerability to poverty and country welfare gaps, national totals, around 2013^a
(Percentages of the population aged 15 years or over)



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

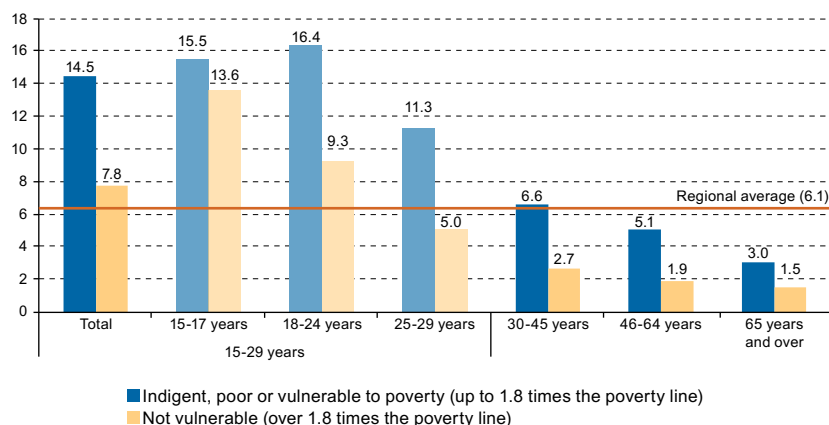
^a Weighted average on the basis of information from 18 countries: Argentina (urban zones), the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

⁹ The low unemployment rates among the indigenous population in rural areas (2.2%) could reflect the high proportion of own-account workers, many of them engaging in agricultural activities or employed in the informal sector. It is therefore important to complement the analysis of unemployment rates with an evaluation of job quality indicators (ILO, 2007).

In particular, countries with modest welfare gaps display very high rates of youth unemployment, above 40% in the case of young people who are indigent or highly vulnerable to indigence in the 18-24 year age group.

Unemployment among young people is higher than the rate for adults and persons aged 65 or over, and significantly higher among the vulnerable population. The largest gaps in unemployment rates according to poverty and vulnerability status, are seen in the 18-24 year age group, where the indigent, poor or vulnerable population displays an unemployment rate of 16.4%, compared with 9.3% among the non-vulnerable population (see figure III.7).

Figure III.7
Latin America (18 countries): unemployment rates by age group and household vulnerability to poverty, national totals, around 2013^a
(Percentages of the population aged 15 years or over)



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

^a Weighted average on the basis of information from Argentina (urban zones), the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

(c) Employment in low-productivity sectors

Individuals employed in low-productivity sectors generally display precarious and unstable labour market engagement, with little access to social protection benefits (such as pensions and health care) and low labour incomes.¹⁰ In periods of high unemployment or economic crisis, these workers have a high chance of falling into poverty.

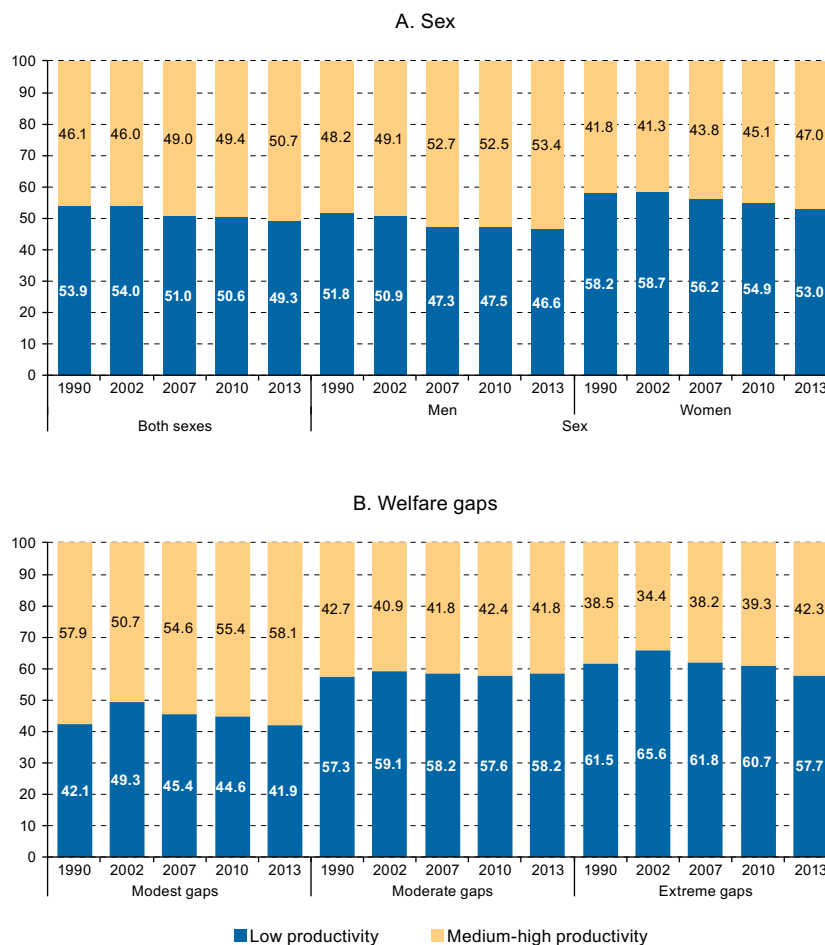
Employment in low-productivity sectors in Latin America declined by roughly 5 percentage points between 2002 and 2013, among both men and women alike, and in 2013 accounted for 49.3% of workers of both sexes (compared with 54% in 2002). Nonetheless, in 2013, women's involvement in those sectors (53%) remained higher than that of men (46.6%) (see figure III.8) and was particularly high among the poorest income quintiles (see figure III.9). This shows that, although women have succeeded in increasing their labour market participation rates, they are disproportionately employed in unstable jobs, with unequal access to social protection and lower wages. Since 2014, there has been a gradual increase in employment in low-productivity sectors among workers of both sexes, as a result of the increasingly complex economic scenario and the deterioration of labour markets (ECLAC, 2015b).

At the regional level, there are sharp differences between countries in terms of the engagement of employed people in low-productivity sectors. In 2013, in countries with modest welfare gaps, 41.9% of the employed were in low-productivity sectors —significantly less than in countries with moderate welfare gaps (58.2%) or extreme ones (57.7%) (see figure III.8).

¹⁰ Employment in low-productivity sectors encompasses employers or wage earners (professional and technical workers or otherwise) who work in microenterprises (establishments employing up to five people), unskilled self-employed workers (own-account workers and unpaid family workers without vocational or technical qualifications), and domestic employees. Medium-high productivity sectors encompass public sector wage earners, employers and private wage earners who work in establishments with over five workers, and self-employed professional and technical workers.

Figure III.8

Latin America (18 countries): distribution of employed people aged 15 years or over, by productivity level, sex and country welfare gaps, national totals, 1990-2013^a
(Percentages)



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

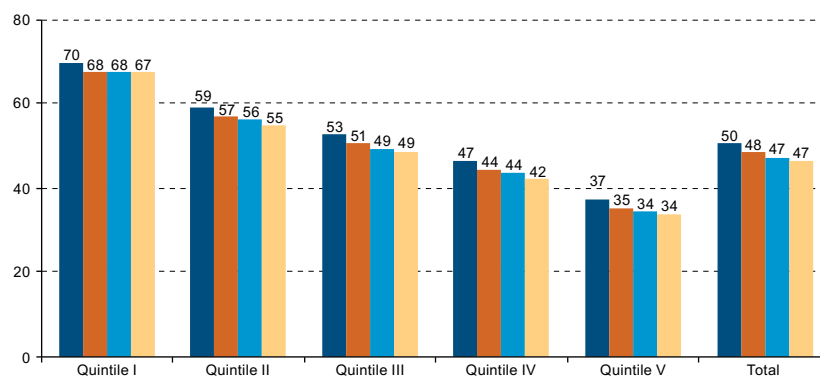
^a Weighted average on the basis of information from Argentina (Greater Buenos Aires), the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador (urban zones), El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay (Metropolitan Asunción), Peru, the Plurinational State of Bolivia (departmental capitals and El Alto) and Uruguay (urban zones). The figures for 1990, 2002 and 2007 do not include Colombia as information on firm size is not available. For the same reason, Brazil is not included in the data for 1990. For 2010, the weighted average does not include Guatemala or Nicaragua; and, in 2013, it does not include Guatemala, Honduras or Nicaragua.

The prevalence of low-productivity jobs remains much greater in the poorest population quintiles, and has decreased more slowly than in the higher-income sectors, thereby widening the gaps between the extreme quintiles of the distribution. In particular, between 2002 and 2013, the annual rate of decrease in employment in low-productivity sectors in urban areas was less in the poorest quintile (0.3%) than in the other income brackets (ranging between 0.6% and 0.9%). This has resulted in a slight increase in the overrepresentation of low-productivity employment among the poorest: in 2002, urban employment in low-productivity sectors in quintile I was 1.89 times that of quintile V; compared with 1.97 times in 2013. Among women in the poorest quintile, the rate of employment in low productivity sectors rose from 2.01 times that of women in the wealthiest quintile in 2002 to 2.28 times in 2013. In contrast, there was no increase among the poorest men: in 2002, low-productivity employment among the male population from the poorest quintile was 1.84 times that of men in the wealthiest 20%, slightly higher than in 2013 (1.83 times) (see figure III.9). In terms of the situation in the region's countries, the first income quintile in Chile—a country with modest welfare gaps—reported the lowest incidence of urban employment in low-productivity sectors in 2013 (38%) whereas the highest incidence (83%) was recorded in Honduras, a country with extreme gaps.

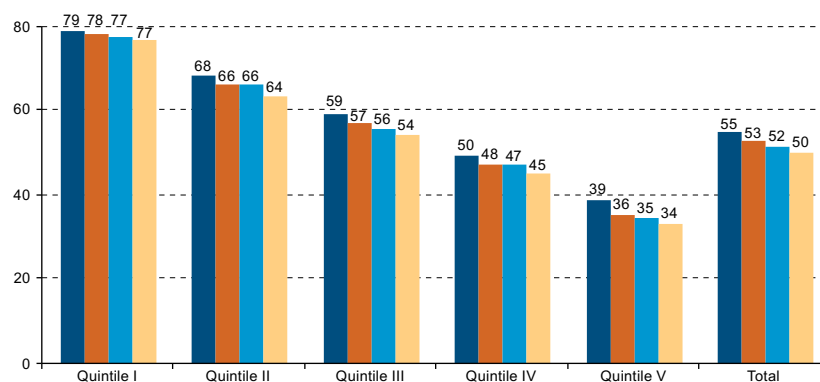
Figure III.9

Latin America (18 countries): urban employed in low-productivity sectors, by income quintile, 2002-2013^a
(Percentages)

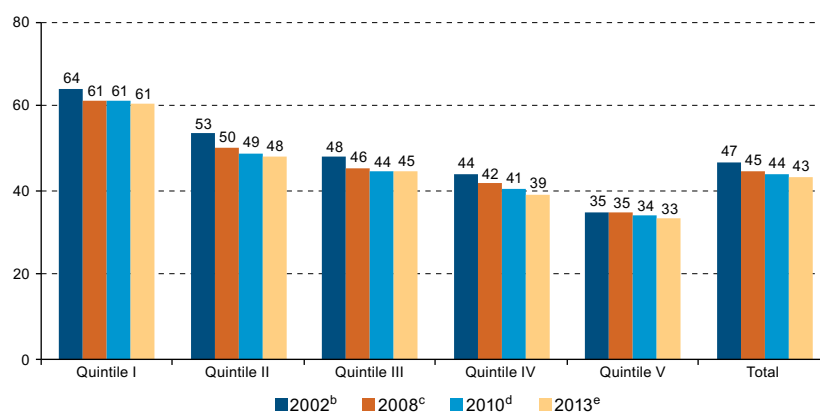
A. Both sexes



B. Women



C. Men



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

^a Simple averages. The regional averages per year were constructed on the basis of information of national coverage from each country for that year. When such information was not available, the nearest year or urban coverage was used.

^b The data for Chile correspond to 2000; those for El Salvador, Nicaragua, Peru and Paraguay refer to 2001. The information for Argentina, Ecuador and Uruguay relates to urban zones.

^c The data for Argentina correspond to 2006 and urban zones; those for Honduras and the Plurinational State of Bolivia refer to 2007; those for Chile and Guatemala to 2006; those for El Salvador to 2009; and those for Nicaragua to 2005.

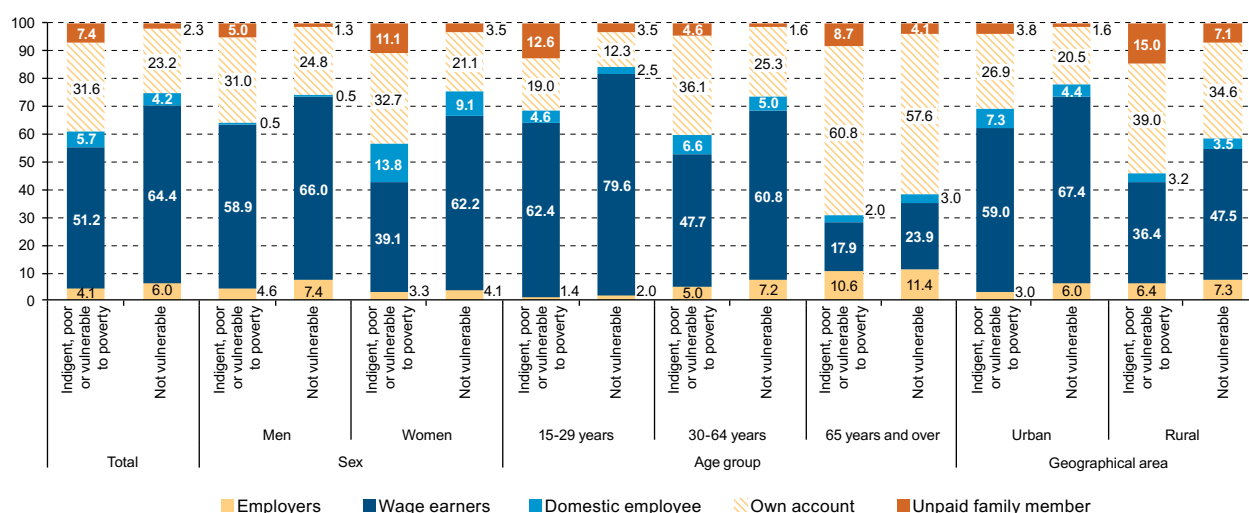
^d The data for Brazil, Chile, Nicaragua and the Plurinational State of Bolivia correspond to 2009, and those for Guatemala to 2006. The information for Argentina relates to urban zones.

^e The data for the Plurinational State of Bolivia correspond to 2011; those for Guatemala refer to 2006; those for Honduras to 2010; Mexico 2012; and Nicaragua 2009. The information for Argentina relates to urban zones.

(d) Occupational category and branch of activity

Occupational category is an indicator of job quality and stability; own-account workers, unpaid family members and domestic employees tend to have lower incomes, more precarious working conditions, and less social protection than wage earners and employers. As would be expected, persons in situations of indigence, poverty or vulnerability are mostly own-account workers (31.6%) and unpaid family members (7.4%); whereas in the non-vulnerable population, there is a higher percentage of wage earners (64.4%) and employers (6%). Women are largely in the category of unskilled self-employed jobs, and in domestic employment; and the proportion of women who work as unpaid family members is more than double that of men. Meanwhile, men are employed as unskilled self-employed and wage-earning workers. This situation sheds light on the concentration of women in a narrowly defined range of jobs, which generates sharp occupational segregation by sex, with consequences for labour incomes (see figure III.10).

Figure III.10
Latin America (18 countries): occupational category of employed persons aged 15 years or over, by household vulnerability to poverty, sex, age group and geographical area, around 2013^a
 (Percentages)



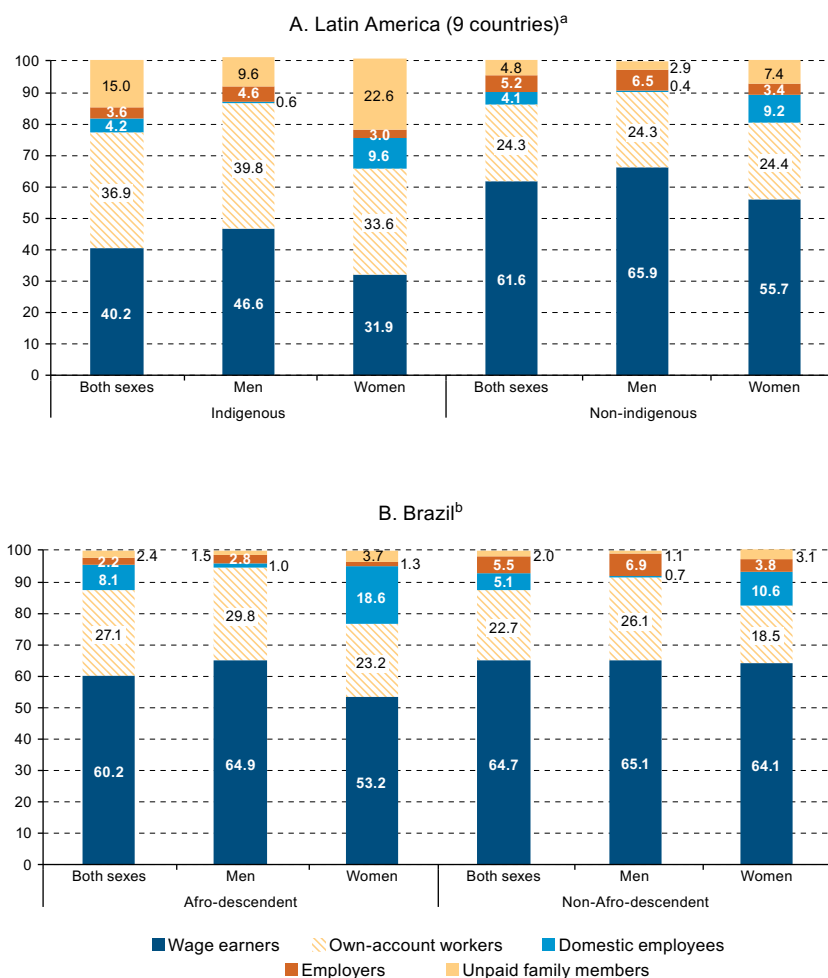
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household survey conducted in the respective countries.

^a Weighted average on the basis of information from 18 countries: Argentina (urban zones), Bolivian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

Among 15- to 29-year-olds, an estimated 62.4% of the vulnerable and 79.6% of the non-vulnerable work as wage earners. In the 30-64 age group, there is a smaller but significant proportion of wage earners among the indigent, poor or vulnerable population (47.7%) and the non-vulnerable population (60.8%), and also a sizeable number of own-account workers. Individuals aged 65 years or over are mainly self-employed: 60.8% among the vulnerable population and 57.6% among the non-vulnerable population. The proportion of employers among individuals aged 65 years or over is 10.6% among the vulnerable and 11.4% among the non-vulnerable. The occupational structure also shows a greater presence of wage earners in urban zones than in rural areas, where the percentage of own-account workers and unpaid family members is higher (see figure III.10).

When an ethnic and racial dimension is introduced into the analysis, with information from nine Latin American countries for which data are available, the proportion of own-account and unpaid family workers is larger among the indigenous population and the proportion of wage earners and employers is higher among the non-indigenous. In addition, the case of Brazil shows that the proportion of own-account workers is higher among Afro-descendants than the rest of the population, and that the percentage of Afro-descendent women among female domestic wage earners (18.6%) is 8 percentage points higher than the proportion of non-Afro-descendants (see figure III.11).

Figure III.11
Latin America (8 countries and Brazil): occupational category of persons employed
aged 15 years or over, by race/ethnicity and sex, national totals, around 2013^a
(Percentages of the employed population aged 15 years or over)



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

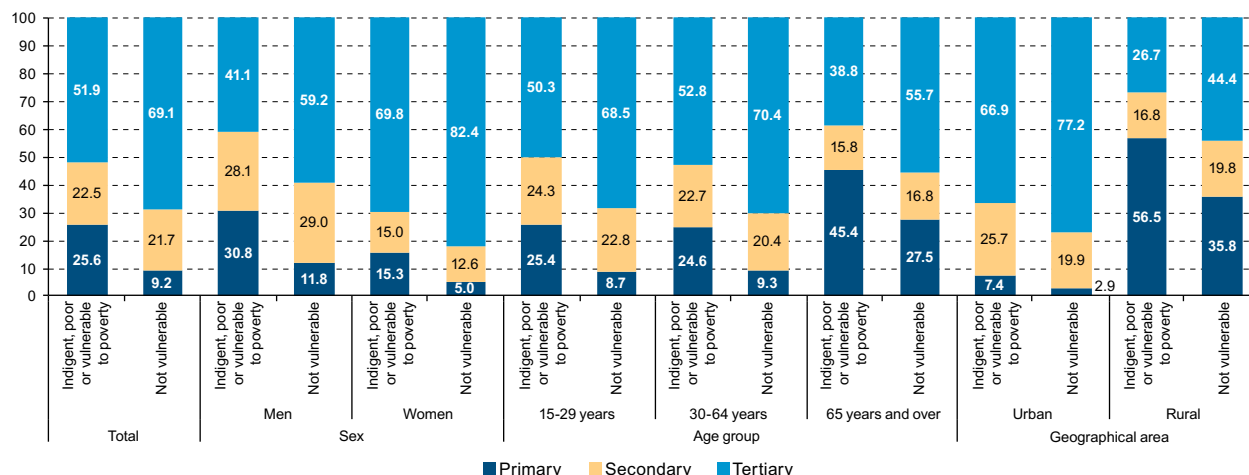
^a Simple average on the basis of information from Brazil, Chile, Ecuador, Mexico, Panama, Peru, Paraguay, the Plurinational State of Bolivia and Uruguay. The non-indigenous population does not include Afro-descendants.

^b The Afro-descendant population does not include indigenous people.

The distribution of vulnerability status among the employed population also varies across sectors of economic activity. Around 2013, the participation of employed indigenous, poor or vulnerable groups in the primary sector (agriculture) was much higher than among the non-vulnerable, whereas participation in the tertiary sector (services) was lower. Sex and age differences are very pronounced. Among the indigenous, poor or vulnerable, participation in the tertiary sector is estimated at 69.8% among women and 41.1% among men. Moreover, employed persons aged 15-29 years and 30-64 years are mainly in the tertiary sector, whereas those over 65 years of age are predominantly in the primary sector. Lastly, the indigenous, poor or vulnerable populations in rural zones work mainly in the primary sector (56.5%), whereas in urban zones they are more predominantly in the tertiary sector (66.9%) (see figure III.12).

Figure III.12

Latin America (18 countries): activity sector of employed persons aged 15 years or over, by household vulnerability to poverty, sex, age group and geographical area, around 2013^a
(Percentages)



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

^a Weighted average on the basis of information from 18 countries: Argentina (urban zones), Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

2. Gaps in access to rights and social protection

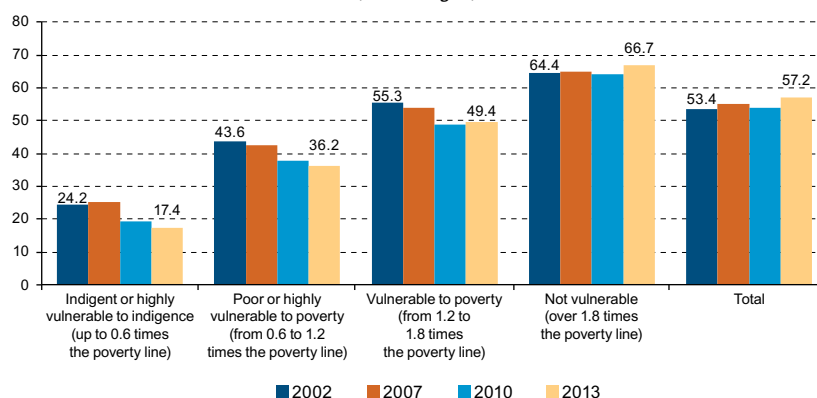
(a) Wage earners with an employment contract

A relevant indicator for analysing disparities in the labour market and job quality is the existence of a formal employment contract, since this gives access to social rights and benefits, such as contributing to pension and health systems, entitlement to maternal and paternal leave periods and paid holidays, restrictions on the length of the working day and overtime payment.

In Latin America, the proportion of wage earners with formal employment contracts rose from 53.4% in 2002 to 57.2% in 2013. The proportion is higher among non-vulnerable wage earners than among indigenous, poor or vulnerable wage earners (see figure III.13); among men as compared with women; among adult workers compared with younger or older persons; and in urban zones compared with rural areas (see figure III.14).

Figure III.13

Latin America (13 countries): wage earners aged 15 years or over with an employment contract, by household vulnerability to poverty, national totals, 2002-2013^a
(Percentages)

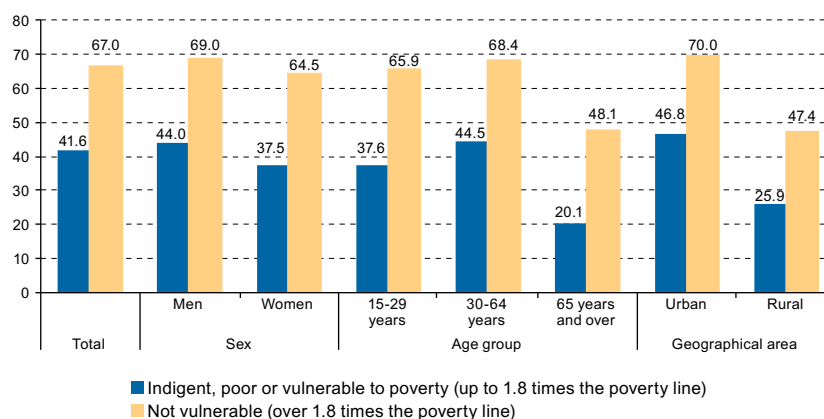


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household survey conducted in the respective countries.

^a Weighted average on the basis of information from Argentina (Greater Buenos Aires), Brazil, Chile, Colombia, the Dominican Republic, Ecuador (urban zones), El Salvador, Guatemala, Mexico, Panama, Paraguay (Metropolitan Asunción), Peru and the Plurinational State of Bolivia (departmental capitals and El Alto). The data for 2002 do not include the Dominican Republic, Paraguay (Metropolitan Asunción) or Peru.

Figure III.14

Latin America (18 countries): wage earners aged 15 years or over with an employment contract, by household vulnerability to poverty, sex, age group and geographical area, around 2013^a
(Percentages)



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

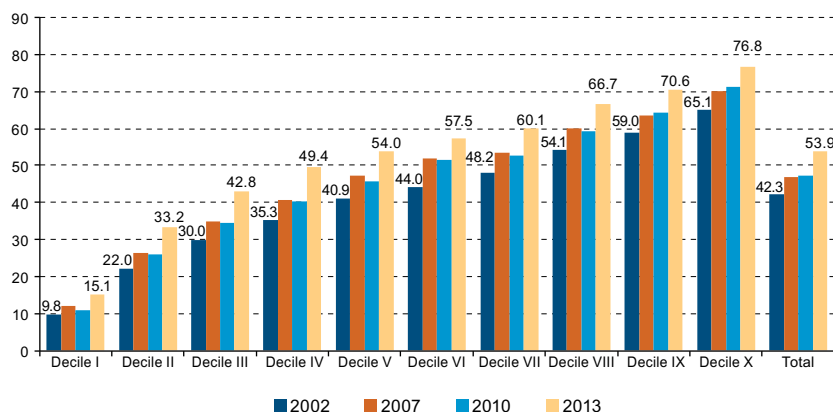
^a Weighted average on the basis of information from 18 countries: Argentina (urban zones), Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

(b) Affiliation to social security: pensions and health

Between 2002 and 2013, the coverage of pension and health systems grew significantly among the employed population of Latin America. In the case of pensions, increases in the period range from 5.3 percentage points in the case of the first income decile to 14.2 percentage points in the fourth decile. Despite these improvements, significant coverage gaps persisted in 2013: whereas affiliation to pension systems covered 76.8% of the employed in the tenth income decile, the average for the first three deciles was no more than 30% (see figure III.15). Moreover, pension system affiliation is heterogeneous across the region's countries, with higher affiliation levels among workers in countries with modest welfare gaps than in countries with moderate or extreme gaps.

Figure III.15

Latin America (12 countries): pension system affiliation among employed persons aged 15 years or over, by income decile, national totals, 2002-2013^a
(Percentages)

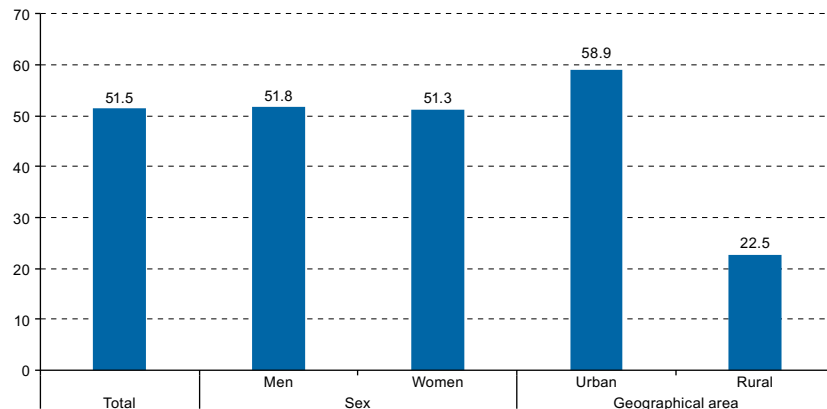


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household survey conducted in the respective countries.

^a Weighted average on the basis of information from Brazil, Chile, Colombia, Costa Rica, Ecuador (urban zones), El Salvador, Honduras, Nicaragua, Paraguay (Metropolitan Asunción), Peru, the Plurinational State of Bolivia (departmental capitals and El Alto) and Uruguay (urban zones). The figures for 2002 do not include Colombia, Costa Rica or Honduras. The figures for 2007 do not include Colombia or Costa Rica; those for 2010 do not include Nicaragua; and the figures for 2013 do not include Honduras or Nicaragua.

Pension system affiliation rates vary widely according to area of residence: 58.9% among employed people in urban zones around 2013, compared with 22.5% of employed persons in rural areas. In contrast, affiliation does not differ significantly by sex, with levels around 50% for both employed women and employed men alike (see figure III.16). Nonetheless, if the total working-age population is considered (rather than just the employed), so as to capture the high proportion of women who perform unpaid work in their homes, a significant gender gap in terms of pension system affiliation is then revealed: just 27.3% of women aged 15 years or over are affiliated to a pension system compared with 39.5% of men.

Figure III.16
Latin America (12 countries): pension system affiliation among employed persons aged 15 years or over, by sex and geographical area, around 2013^a
(Percentages)

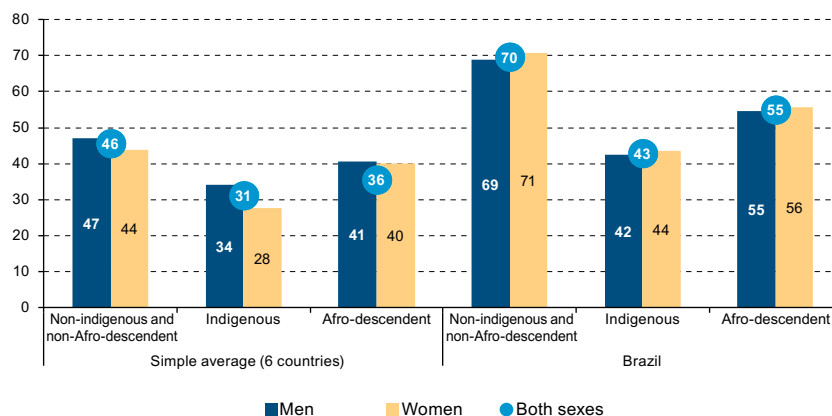


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

^a Weighted average on the basis of information from Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Nicaragua, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

In terms of race and ethnic origin, the employed non-indigenous and employed non-Afro-descendent population show greater affiliation to pension systems, among both men and women. In Brazil and in the six other countries considered in the analysis, Afro-descendants are more likely to be affiliated to a pension system than the indigenous population. For example, in 2013, 70% of the non-indigenous and non-Afro-descendent population of Brazil was affiliated to a pension system; the figure was 55% among Afro-descendants and 43% among the indigenous population, without major gender differences (see figure III.17).

Figure III.17
Latin America (6 countries and Brazil): pension system affiliation among employed persons aged 15 years or over, by race/ethnicity and sex, around 2013^a
(Percentages)

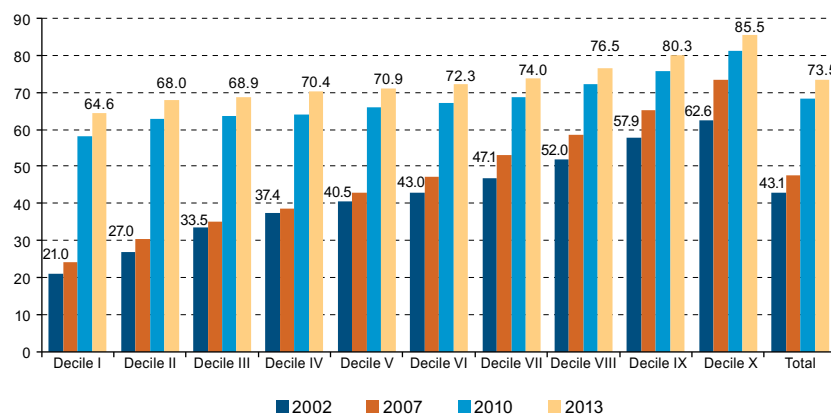


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

^a Simple average on the basis of information from Chile, Ecuador, Peru, Paraguay, the Plurinational State of Bolivia and Uruguay. The Afro-descendent population is identified only in the surveys of Brazil, Ecuador, Peru, the Plurinational State of Bolivia and Uruguay.

Health system coverage also expanded considerably between 2002 and 2013, by which time affiliation encompassed roughly two thirds of the employed population. At the start of the decade, that indicator was no higher than 50% in the first seven deciles of the income distribution. In contrast, around 2013, affiliation to a health system was estimated at between 64.6% in the first decile and 85.5% in the tenth (see figure III.18). Once again, the analysis in terms of welfare gaps reveals heterogeneity between countries, particularly in relation to the coverage of the poorest countries. In those with modest gaps, affiliation to health systems by the first decile is 68.3%; in countries with moderate gaps, the affiliation rate is 74.5%, but in countries with extreme gaps, the affiliation rate is no higher than 10%.

Figure III.18
Latin America (13 countries): health system affiliation among employed persons
aged 15 years or over, by income decile, national totals, 2002-2013^a
(Percentages)

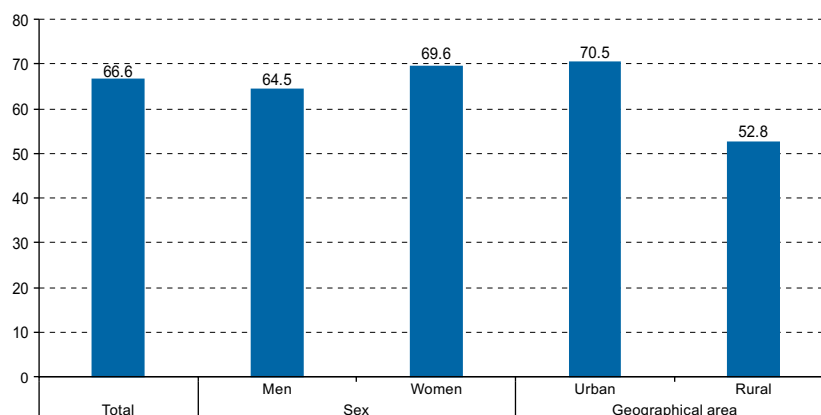


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

^a Weighted average on the basis of information from Argentina (Greater Buenos Aires), Chile, Colombia, Costa Rica, Ecuador (urban zones), El Salvador, Honduras, Nicaragua, Panama, Paraguay (Metropolitan Asunción), Peru, the Plurinational State of Bolivia (departmental capitals and El Alto) and Uruguay (urban zones). The following countries are not included in the figures for the years indicated: Colombia and Honduras in 2002, Colombia in 2007, Nicaragua in 2010, and Honduras and Nicaragua in 2013.

Affiliation to health systems among employed people is higher among women than men. The affiliation gap between urban and rural areas is estimated at 17.7 percentage points, lower than in the case of pension systems (see figure III.19).

Figure III.19
Latin America (13 countries): health system affiliation among employed persons
aged 15 years or over, by sex and geographical area, national total, 2013^a
(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.

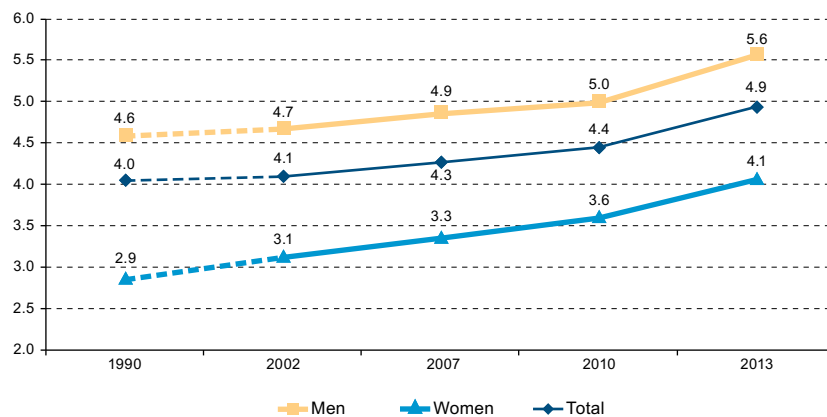
^a Weighted average on the basis of information from Argentina (urban zones), Chile, Colombia, Costa Rica, Ecuador, El Salvador, Honduras, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

3. Income gaps and poverty

(a) Labour incomes

The analysis of labour incomes—which includes wages and income earned from self-employment—reveals both job quality and occupational segregation levels. After a period of stagnation in the 1990s, real labour incomes in the region grew between 2002 and 2013, from an average of 4.1 times the poverty line to 4.9 times. This variation has been unequal between the sexes: while women's average labour incomes (4.1 times the poverty line around 2013) remain significantly below those of men (5.6 times),¹¹ the gap narrowed slightly during the period (see figure III.20). This could be due to an increase in women's labour market participation, the rise in minimum wages¹² and the implementation of policies to formalize domestic employment¹³ (ECLAC/ILO, 2014b; Amarante and Arim, 2015).

Figure III.20
Latin America (18 countries): labour incomes of employed persons
aged 15 years or over, by sex, national total, 1990-2013^a
(Multiples of the poverty line)



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.

^a Weighted average on the basis of information from Argentina (Greater Buenos Aires), the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador (urban zones), El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay (Metropolitan Asunción), Peru, the Plurinational State of Bolivia (departmental capitals and El Alto) and Uruguay (urban zones).

Labour incomes also reflect the disparities present in other dimensions of the world of work, including geographical area of residence and the race or ethnicity of the employed. Average labour incomes are higher in urban zones (US\$ 470 per month in 2013) than in rural areas (US\$ 192); and there are sharp racial and ethnic differences. Moreover, combining the ethnic and racial dimension with gender reveals a pattern of inequality in which indigenous women are on a lower rung of the income ladder at all levels of education. Among persons with a higher level of education (eight or more years of schooling) the upper extreme of the income scale is occupied by non-indigenous non-Afro-descendent men, followed by Afro-descendent men, non-indigenous and non-Afro-descendent women, Afro-descendent women, indigenous men and, lastly, indigenous women (see figure III.21).

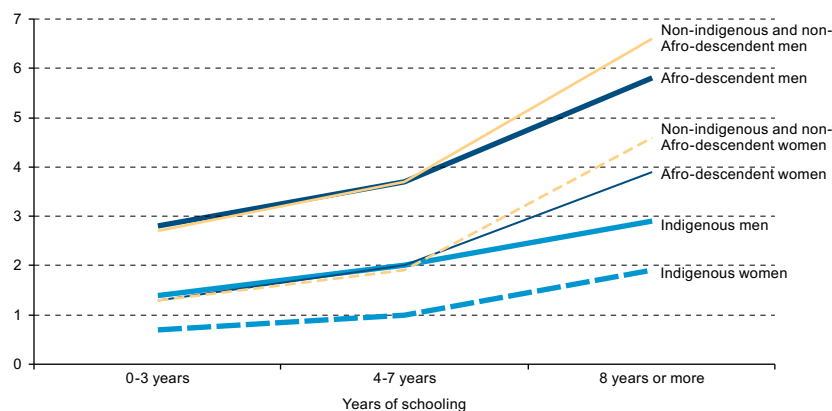
¹¹ The analysis refers to monthly labour incomes. The differences between the labour incomes of men and women could partly reflect the fact that men work a larger number of paid hours. In 2012, men worked on average nearly eight hours more per week on paid tasks. If this is factored in, a gender difference in average incomes persists in most countries, although the gaps are smaller. In some cases, such as Argentina, Costa Rica, El Salvador, Honduras and Nicaragua, the wage differences tend to disappear when hours of work are controlled for (ECLAC, 2014b).

¹² Considering the larger proportion of women in groups with low labour incomes (ILO, 2010) the increase in the minimum wage recently implemented in several of the region's countries has had positive consequences for average female labour incomes. Maurizio (2014) reports the equalizing impacts of the minimum wage in some countries of the region (Argentina, Brazil and Uruguay).

¹³ The formalization of domestic work benefited women in particular. Nonetheless, general formalization processes had unequal impacts on the income gaps between men and women across countries. Whereas in Brazil, Ecuador, Panama and Paraguay the formalization trends had a positive effect on reducing labour income gaps between men and women, in Colombia, Mexico, Peru and the Plurinational State of Bolivia, the formalization processes served to expand income gaps. For example, in Colombia, this happened because formalization was greater among men than among women (ECLAC/ILO, 2014b).

Figure III.21

Latin America (9 countries): labour incomes by sex, race/ethnicity and years of schooling, national totals, around 2013^a
(Multiples of the poverty line)



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.

^a Figures for the indigenous population and for the non-indigenous and non-Afro-descendent population: Brazil, Chile, Ecuador, Mexico, Panama, Peru, Paraguay, Plurinational State of Bolivia and Uruguay. Afro-descendent population: Brazil, Ecuador, Peru, Plurinational State of Bolivia and Uruguay.

The tendency for women to be employed in lower quality jobs is corroborated by comparing their labour incomes with those earned by men from the same household per capita income quintile. Figure III.22 shows that women in all income quintiles received lower labour incomes than men on average in 2013.

Figure III.22

Latin America (18 countries): women's labour incomes, by income quintile and geographical area, 1997-2013^a
(Percentages of the labour incomes earned by men)

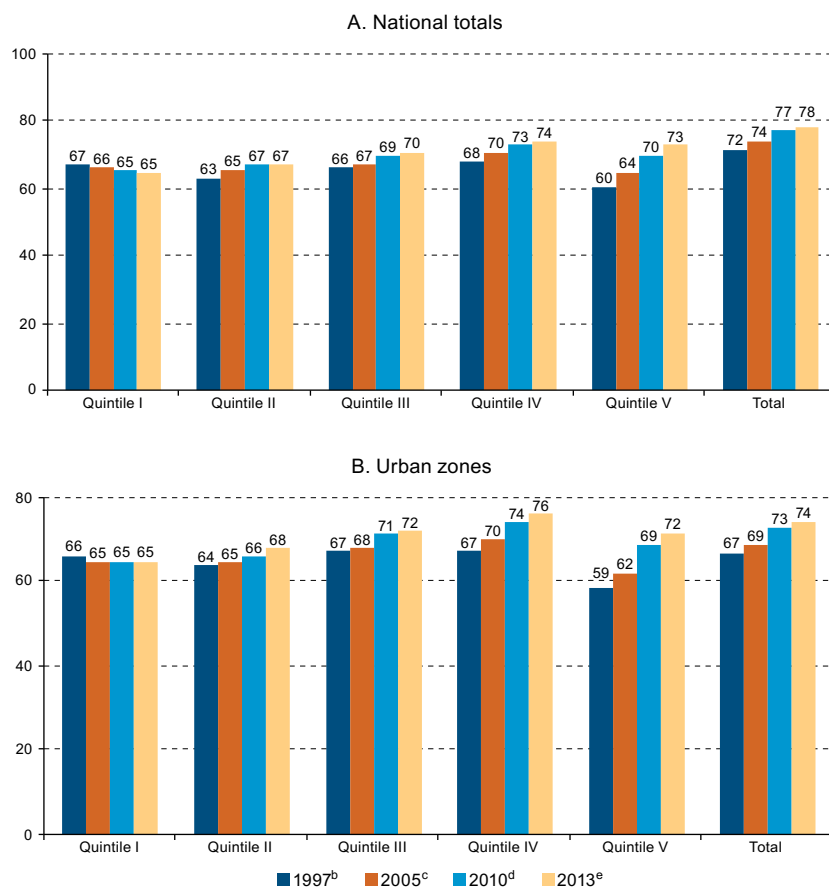
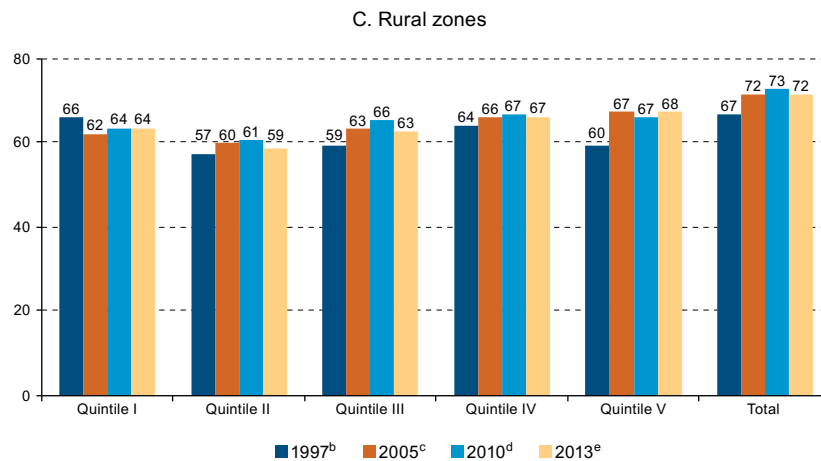


Figure III.22 (concluded)



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.

^a Labour income = wages + income from self-employment (own-account work). The simple regional averages per year were constructed on the basis of information of national coverage from each country for that year. When such information was not available, the closest year or urban coverage was used.

^b The data for Brazil, Chile, Mexico and Paraguay correspond to 1996; those for Guatemala correspond to 1989; and those for Nicaragua to 1998. The data for Argentina, Ecuador, Panama, Paraguay and Uruguay refer to urban zones.

^c The data for El Salvador, Mexico and the Plurinational State of Bolivia correspond to 2004; those for Chile to 2003; those for Guatemala to 2002; and those for Honduras and Peru to 2003. The information for Argentina and Uruguay refers to urban zones.

^d The data for Brazil, Chile, Nicaragua and the Plurinational State of Bolivia correspond to 2009; and those for Guatemala to 2006. The information for Argentina refers to urban zones.

^e The data for the Plurinational State of Bolivia correspond to 2011; those for Guatemala to 2006; those for Honduras to 2010; those for Mexico to 2012; and those for Nicaragua to 2009. The information for Argentina refers to urban zones.

Between 1997 and 2013, the gender gap in labour incomes decreased in all income quintiles except the poorest, where it widened, possibly because many workers and, particularly, female workers, are informal and do not receive the minimum wage. In this latter group, in 1997 women earned 67% of the labour income of their male counterparts, but by 2013 that ratio had fallen to 65%. The sharpest reductions in gender gaps in labour incomes occurred in quintiles IV and V in urban zones and in the wealthiest quintile of rural zones. The worst situation was recorded in the poorest quintile of rural areas, where women had a labour income equivalent to 64% of that earned by men in 2013 (see figure III.22).¹⁴

The income inequalities are repeated throughout the life cycle: although employed indigent, poor or vulnerable people aged 30 to 64 years have higher incomes than young people, their average labour incomes are very low compared with those corresponding to the non-vulnerable. Around 2013, poor or vulnerable adults earned an average of US\$ 184 from their work, equivalent to less than one third of that received by their non-vulnerable peers (US\$ 579), but higher than that received by young people (US\$ 159) and persons aged 65 years or over (US\$ 86). The territorial inequality present in Latin America is also reflected in the amounts of labour incomes, which differ between rural and urban zones (see figure III.23).

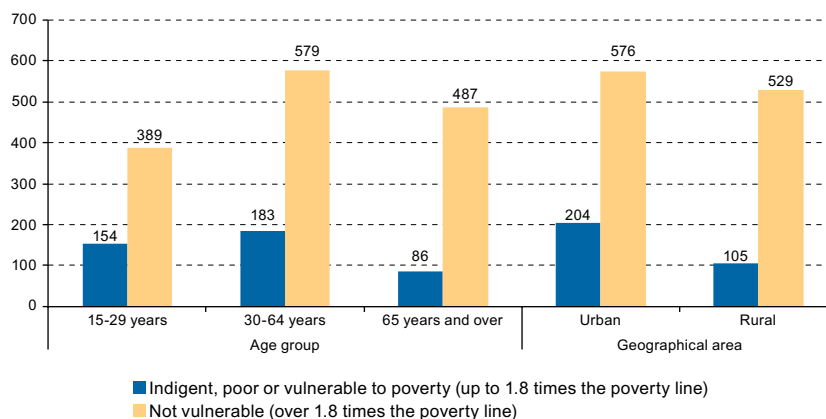
(b) Population without income of their own

The indicator “population without their own income” can be used as an approximation to the absence of economic autonomy and —along with the lack of social protection— as a measure of vulnerability or lack of protection against risks, because people in this condition are more exposed to economic shocks. In Latin America, the proportion of the population without their own income is significantly higher among women, and particularly those in the poorest quintiles. In 2013, the lowest rates were among men in the socioeconomically least privileged quintiles (5% in quintile V and 8% in quintile IV) (see figure III.24).

¹⁴ In terms of the disparity of labour incomes by gender in the poorest quintile, in the most recent year with data, Honduras was the only country displaying a favourable situation for women, albeit in a very low wage context (parity index of 115% in 2010). Next came El Salvador (94%) and Chile (84%). The least favourable situations for women occurred in Uruguay, Peru, Mexico and Argentina, with ratios around 70%.

Figure III.23

Latin America (18 countries): labour income earned by employed persons aged 15 years or over, by household vulnerability to poverty, age group and geographical area, around 2013^a
(Dollars at constant 2005 prices)



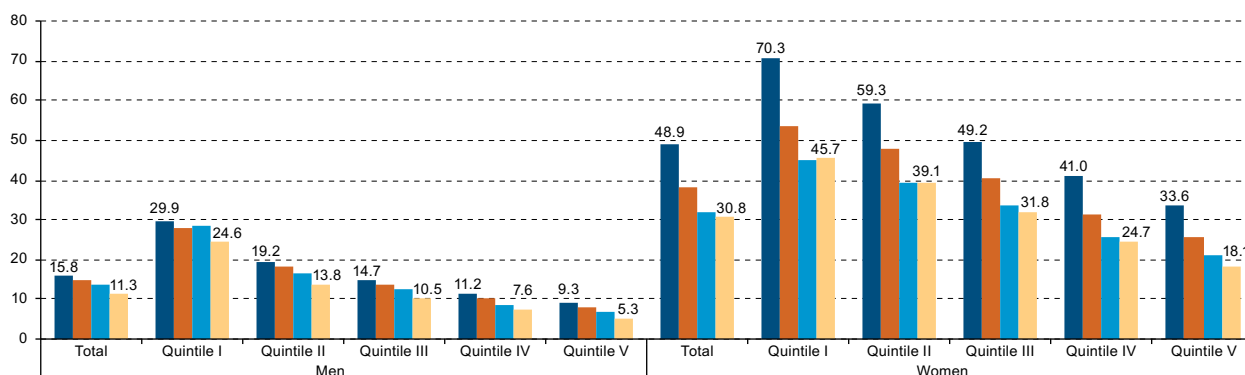
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

^a Weighted average on the basis of information from 18 countries: Argentina (urban zones), Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

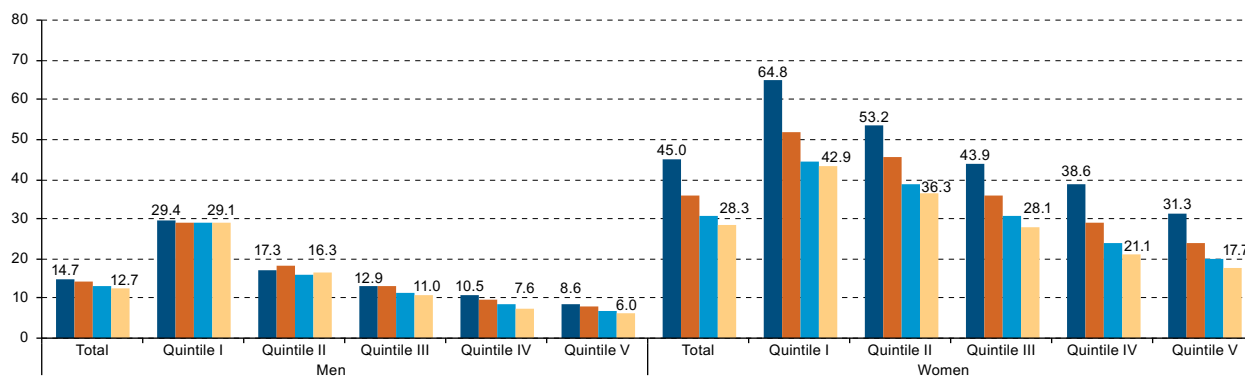
Figure III.24

Latin America (17 countries): population without their own income, by income quintile, sex and geographical area, 1997-2013^a
(Percentages of the population aged 15 years or over)^b

A. National totals

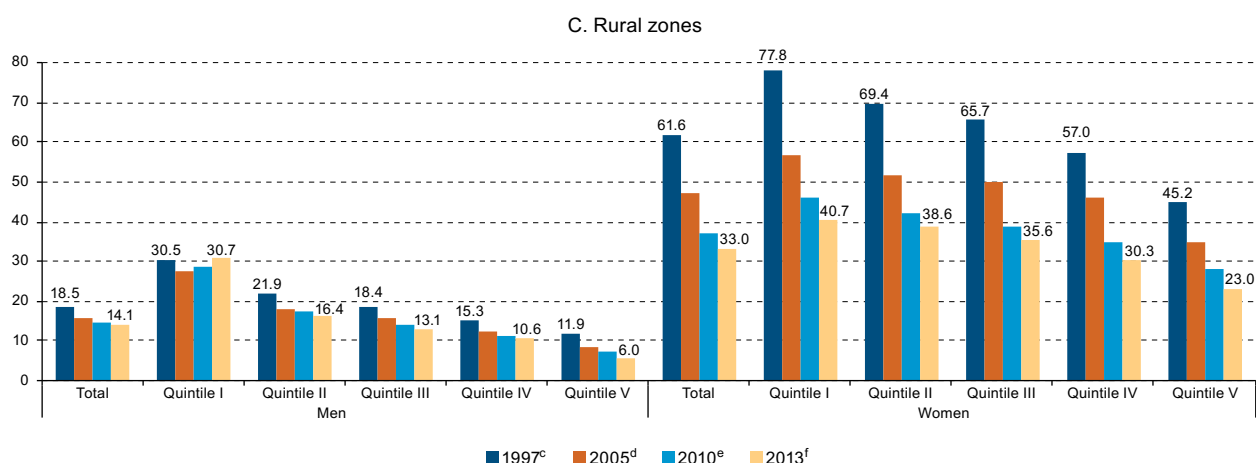


B. Urban zones



■ 1997^c ■ 2005^d ■ 2010^e ■ 2013^f

Figure III.24 (concluded)



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.

^a Regional weighted averages. The regional averages per year were constructed on the basis of information of national coverage for each country in that year. When such information was not available, the closest year or urban coverage was used.

^b Population aged 15 years or over who are not receiving an income of their own and are not studying (according to their activity status) in relation to the total population aged 15 years or over who are not studying. Individual incomes are obtained by summing the following income sources: salaries, wages and the labour market earnings of self-employed workers; retirement and other pensions; transfers between households and those originating abroad; social benefits paid by the government; fixed-term investments and property income; and other income.

^c The data for Brazil, Chile, Mexico and Paraguay correspond to 1996; the data for Guatemala correspond 1989 and those for Nicaragua to 1998. The information for Argentina, Ecuador, Panama, Paraguay and Uruguay relates to urban zones.

^d The data for El Salvador, Mexico and the Plurinational State of Bolivia correspond to 2004; those for Chile, Honduras and Peru correspond to 2003; and those for Guatemala to 2002. The information for Argentina and Uruguay refers to urban zones.

^e The data for Brazil, Chile, Nicaragua and the Plurinational State of Bolivia correspond to 2009; those for Guatemala to 2006. The information for Argentina refers to urban zones.

^f The data for the Plurinational State of Bolivia correspond 2011; those for Guatemala to 2006; those for Honduras to 2010; those for Mexico to 2012; and those for Nicaragua to 2009. The information for Argentina refers to urban zones.

Between 1997 and 2013, the proportion of women without incomes of their own declined significantly: from 48.9% to 30.8%; but this still means that just under one in every three Latin American women was in that situation in 2013 (see figure III.24). The reduction was sharper among the poorest income brackets: in the first two quintiles, the female population without their own income declined by 24.6 and 20.2 percentage points, respectively. This mainly reflected their greater incorporation into the labour market, and also the fact that women tend to be the recipients of cash transfers aimed at poverty reduction (ECLAC, 2015a). Nonetheless, at the end of the period, there was still a very clear gap in the proportion of women without their own incomes between the first quintile (45.7%) and the tenth (18.1%).

The proportion of the population without their own income analysed has nearly been always larger among rural than urban women throughout the period, but the differences have narrowed in recent years. In 1997, the proportion of women without their own incomes was 1.37 times higher in rural areas than in urban zones; and this ratio had dropped to 1.17 times in 2013. A large part of this change is due to what happened with the poorest women: in 1997, the proportion of rural women in quintile I without their own incomes was 1.20 times the rate among urban women in the same quintile. This ratio was 0.95 times in 2013, in other words the proportion of women from quintile I without their own incomes was larger in urban zones than in rural areas.

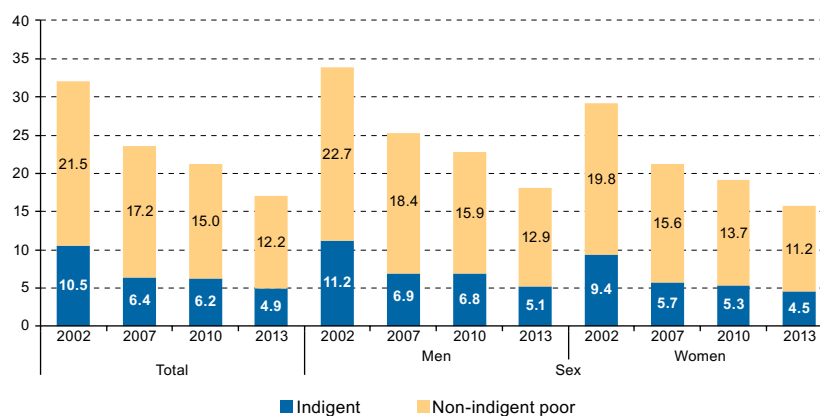
As regards the situation in the individual countries, in the most recent year with data available, the lowest proportions of women without their own income in the poorest quintile were reported in two countries with modest welfare gaps—Uruguay (21% in 2013) and Chile (31% in 2013)—and in one with moderate gaps—Mexico (36% in 2012). In contrast, the highest incidences were recorded in countries with extreme gaps: Nicaragua (80% in 2009), Guatemala (71% in 2006), Honduras (65% in 2010) and the Plurinational State of Bolivia (63% in 2011).

(c) Vulnerability of employed persons

In 2013, 39% of persons employed in the region were still living in conditions of indigence, poverty or vulnerability to poverty, which shows that there are still major shortages in terms of decent work. Nonetheless, Latin America has achieved a sustained reduction in poverty and indigence levels in 2002-2012, both among the total population (see

chapter I) and among the employed. In 2002, 32.0% of the employed were poor and 10.5% were indigent, whereas in 2013 the figures had fallen to 17.1% and 4.9%, respectively. The poverty rate among employed people dropped by 15.8 percentage points for men and by 13.5 points for women (see figure III.25). These positive trends are linked to various factors, including a favourable economic context, significant improvements in the labour market, and various social policy initiatives, such as the expansion and redefinition of policies and programmes aimed at overcoming poverty and indigence, and the promotion of social inclusion (ECLAC, 2015a, p. 19).

Figure III.25
Latin America (18 countries): employed persons aged 15 years or over
by poverty status and sex, national totals, 2002-2013^a
(Percentages)

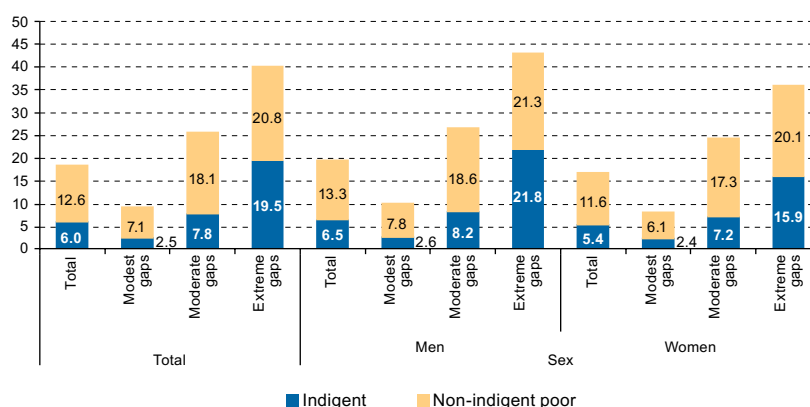


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

^a Weighted average on the basis of information from Argentina (Greater Buenos Aires), the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador (urban zones), El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay (Metropolitan Asunción), Peru, the Plurinational State of Bolivia (departmental capitals and El Alto) and Uruguay (urban zones). The figures for 2007 do not include El Salvador or Peru. The data for 2010 do not include Guatemala; and those for 2013 do not include Guatemala, Honduras or Nicaragua.

Despite the significant reduction, the proportion of employed people living in poverty and indigence remains relatively high, and it varies greatly according to the welfare gaps prevailing in their countries. In those with modest gaps, 2.5% of workers were indigent in 2013 and 9.6% were poor. Poverty levels among employed people are substantially higher in countries with moderate gaps (7.8% of the employed are indigent, 25.9% poor) and also in extreme-gap countries, where 19.5% of employed people are indigent and 40.3% of them are poor (see figure III.26).

Figure III.26
Latin America (18 countries): employed persons aged 15 years or over by poverty status,
sex and country welfare gaps, national totals, around 2013^a
(Percentages)



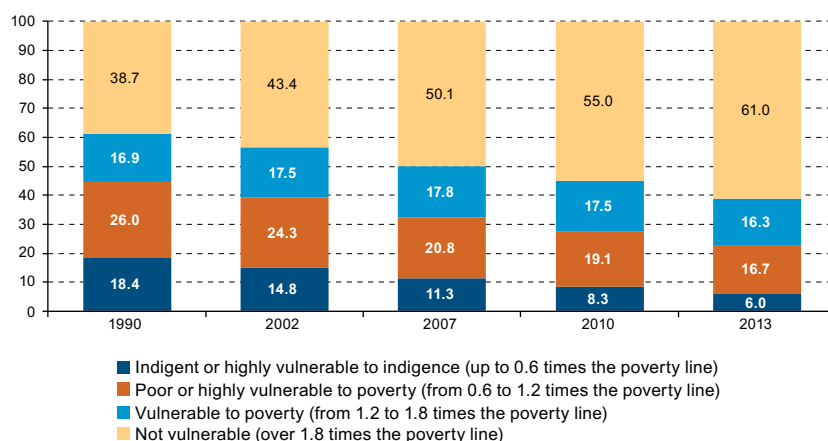
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

^a Weighted average on the basis of information from Argentina (urban zones), the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

A gender analysis of the poverty status of the employed population, around 2013, shows that while a regional average of 6.5% of employed men were indigent and 19.8% were poor, the equivalent figures for women were 5.4% and 17.0% (see figure III.26). The highest proportion of poor workers was recorded among men, irrespective of the country's welfare gap classification. This shows the pronounced effects of women's incorporation into paid work, in terms of both reducing poverty and reducing the income gap, compared with men (ECLAC, 2014a and 2014b).

Between 1990 and 2013, the indigence, poverty and vulnerability status of employed persons aged 15 years or over declined in the region (see figure III.27). The proportion of workers not vulnerable to poverty grew to 61%, roughly 22 percentage points higher than the levels prevailing in the 1990s. Nonetheless, the number of workers in situations of indigence, poverty or vulnerability remains high, and it may increase as a result of the complex economic scenario currently prevailing.

Figure III.27
Latin America (18 countries): distribution of the employed persons aged 15 years or over, by household vulnerability to poverty, national totals, 1990-2013^a
(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.

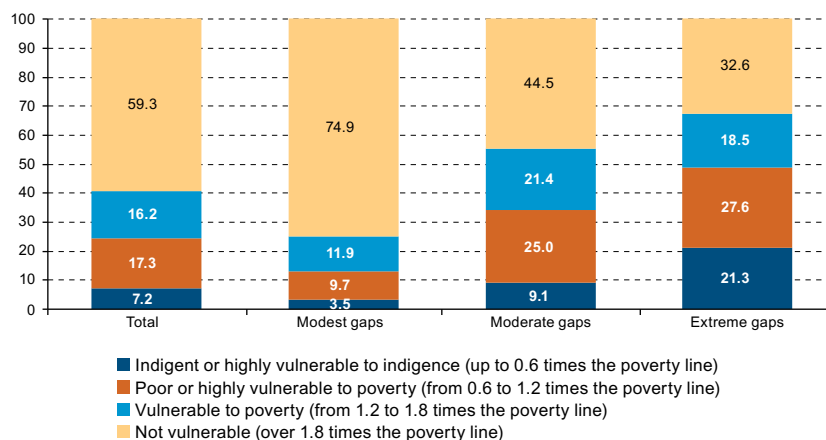
^a Weighted average on the basis of information from Argentina (Greater Buenos Aires), the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador (urban zones), El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay (Metropolitan Asunción), Peru, the Plurinational State of Bolivia (departmental capitals and El Alto) and Uruguay (urban zones). The figures for 2010 do not include Guatemala, and those for 2013 do not include Guatemala, Honduras or Nicaragua.

The three country welfare-gap groupings display wide disparities in terms of the magnitude of indigence, poverty and vulnerability among the employed, which poses different challenges in terms of the scale of intervention needed from labour and productive inclusion policies implemented by the governments. Whereas in countries with modest gaps the indigent, poor or vulnerable population represents 25% of the total employed, the figure exceeds 50% in countries with moderate gaps, and it is around two thirds in those with extreme gaps (see figure III.28).

In short, the benign economic climate of the last decade and the adoption of a set of public policies —such as the increase in the minimum wage, formalization, extension of social protection coverage and the strengthening of collective bargaining and social dialogue mechanisms— meant a number of improvements in the quality of jobs and a moderate reduction in employment in low-productivity jobs (ECLAC, 2015a). Nonetheless, large disparities in the labour market still persist, and the proportion of persons in situations of indigence, poverty and vulnerability remains high, both in the population at large and among the employed. The current economic scenario makes the future trends of Latin American labour markets more uncertain. Section B reviews some of the government programmes that could contribute to better labour and productive inclusion among the poorest and most vulnerable.

Figure III.28

Latin America (18 countries): distribution of the employed persons aged 15 years or over by household vulnerability to poverty and country welfare gaps, national totals, around 2013^a
(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.

^a Weighted average on the basis of information from Argentina (urban zones) the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

B. The urgent need to link labour and productive inclusion programmes

In the social policy domain, labour and productive inclusion programmes are gaining ground owing to the need to expand autonomous income generation alternatives for the recipients of conditional cash transfer programmes. Labour and productive inclusion programmes act both on the supply of labour through remedial, or second-chance, education and the provision of job training, and on the demand side, by promoting self-employment and micro-enterprise, and direct or indirect job creation. They also include employment and labour intermediation services.

Nearly two decades after the first national conditional transfer programme was launched in Mexico (*Progres*a, subsequently renamed *Oportunidades* and currently known as *Prospera*), and following 13 years of implementation of the *Bolsa Família* programme in Brazil, many of the region's countries are taking steps that could be viewed as a new generation of social policies and programmes, which stress linkage with the labour market and the development of production activities by working-age youth and adults living in conditions of poverty or vulnerability.

Conditional transfer programmes originally combined a short-term objective —increasing the resources available for consumption by families living in conditions of poverty to meet their basic needs— with a long-term goal of strengthening the human capacities of boys and girls and thus avoid the intergenerational transmission of poverty. It was therefore assumed that the economies would be capable of generating jobs for the young people who “graduated” from these programmes.

According to ECLAC (2015a), these programmes have helped alleviate poverty and have powered significant progress in terms of access to schools and health services. Nonetheless, time has revealed the lack of medium-term mechanisms to promote labour inclusion and autonomous income generation, both for young people who have recently graduated from the programmes and for the working age parents of the families that receive the transfers.

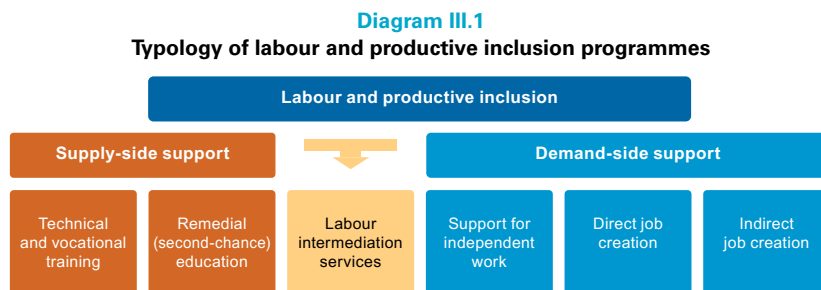
The unemployed population, or those employed in precarious jobs and in low-productivity sectors, constitute a particularly worrying nucleus in the inequalities reproduction chain, which makes it even more necessary to consider the generation of autonomous incomes and decent work as a preferred way out of poverty (ECLAC, 2012b). Thus, the labour dimension has acquired increasing importance in social policies over the years (ECLAC/

ILO, 2014a); and most countries in the region currently share a concern to combine cash transfers aimed at securing certain standards of living and conditionalities aimed at strengthening the increase in human capacities, with policies and programmes aimed at improving conditions of labour inclusion and the generation of current and future incomes for their participants.

This section analyses the public programmes that have arisen over the last 15 years to promote labour and productive inclusion among the poor and vulnerable population.¹⁵ Nonetheless, the region's Ministries of Labour or employment services have for long been implementing active labour market policies; and there is an extensive literature, both on the objectives of active policies, aimed at helping individuals to enter the labour market, and on passive policies that provide benefits to the unemployed (Samaniego, 2002; ILO, 2003), and also on the gender dimension in employment policies (Abramo, 2005).

The chief aim of the labour and productive inclusion policies and programmes implemented mainly by ministries of Labour, but also by Social Development Ministries, or else developed on an intersectoral basis (in coordination with national training institutes or services for example) (ECLAC/ILO, 2013), is to give men and women of working age living in situations of poverty or economic and social vulnerability access to mechanisms that enable them to enter the labour market, and to ensure the sustainability of that access through actions that lead to an improvement in working conditions and an increase in labour incomes. This is not a minor challenge, considering that this population has low education levels, low participation rates, high rates of unemployment and precarious conditions of labour market engagement, as noted in the previous section.

The types of intervention revealed by an analysis of the different labour and productive inclusion programmes can be classified in two broad categories: support for labour supply and support for labour demand (OAS/ECLAC/ILO, 2011). Programmes to improve labour supply include those that promote technical and vocational training, together with remedial primary and secondary school studies. Programmes to expand labour demand consist of the following actions: (i) support for independent work with microcredit, self-employment and entrepreneurship components; (ii) direct job creation; and (iii) indirect job creation. The link between supply and demand can be facilitated by labour intermediation services (see diagram III.1). All of these actions should focus on helping individuals enter the formal labour market and gain access to social protection.



Source: Economic Commission for Latin America and the Caribbean (ECLAC)/International Labour Organization (ILO), "Conditional transfer programmes and the labour market," *The Employment Situation in Latin America and the Caribbean*, No. 10 (LC/L.3815), Santiago, 2014.

This typology can be used to rank the different actions currently under way in the region; but often the programmes are designed to cover more than one domain of intervention. Poverty reduction programmes are increasingly linked to labour and productive inclusion programmes. Some of these, such as *Bolsa Família* in Brazil (part of the Brazil without Poverty (*Brasil Sem Miséria*) strategy that began in 2011), *Solidarity Chile* and the *Ethical Family Income* programme (also Chile), or Colombia's *Unidos* network, provide preferential access to public labour and productive inclusion programmes to their participants. There are also poverty reduction programmes which, in addition to providing cash transfers, directly provide labour and productive inclusion services to their recipients. These include *Prospera* in Mexico, *Solidarity in Communities* in El Salvador, or *Progressing with Solidarity* in the Dominican Republic.

¹⁵ Naturally, the fine work done by non-governmental organizations and private foundations is also recognized, but a compilation of those experiences goes beyond the scope of this chapter.

Based on the typology presented in diagram III.1, the following sections will analyse the measures currently being adopted —on both the supply and the demand sides, and in terms of intermediation— to promote labour market inclusion and autonomous income generation for working-age young people and adults living in conditions of indigence, poverty or vulnerability to poverty. According to the information obtained from the database of non-contributory social protection programmes in Latin America and the Caribbean (see box III.2), at least 61 labour and productive inclusion programmes are currently being implemented in 21 of the region's countries¹⁶ (see box III.2 and table III.A1.1 of the annex).

Box III.2

Database of non-contributory social protection programmes in Latin America and the Caribbean

The database of non-contributory social protection programmes in Latin America and the Caribbean (see [online] <http://dds.cepal.org/bpsnc/>) provides information on the programmes (such as the target population, targeting methods, scope of action, legal framework, responsible entities and executing agencies, and financing sources) and their different components (recipients and co-responsibilities, amount, modes of delivery and periodicity of the transfers), together with quantitative data on budget, investment and coverage. They also provide bibliographical references, with the aim of deepening knowledge on the results of each of the programmes.

It was created in response to the mandate given to ECLAC at the

Regional Conference on Social Development in Latin America and the Caribbean (Lima, November 2015) to organize, maintain and systematically update the database of non-contributory social protection programmes in Latin America and the Caribbean, using the official data provided by the countries.^a

The database contains three modules: (i) conditional cash transfer programmes; (ii) social pensions; and (iii) labour and productive inclusion programmes, which are the subject of this chapter. Although the database represents a significant step forward in terms of disseminating knowledge on public social programmes, it is still a work in progress and it needs further strengthening to cover all programmes in the region.



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

^a See [online] http://repositorio.cepal.org/bitstream/handle/11362/40359/15-01116_cds.1_resolucion.pdf?sequence=1&isAllowed=y.

Lastly, in the framework of the 2030 Agenda for Sustainable Development, these policies and programmes relate to target 8.3, which calls on countries to promote development-oriented policies that support productive activities, the creation of decent jobs, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small and medium-sized enterprises, including through access to financial services, which forms part of the eighth Sustainable Development Goal (promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all).

1. Support for labour supply

Actions to promote labour supply among the indigenous, poor or vulnerable population of working age are divided into: (a) skill development and technical and vocational training (which, by increasing knowledge and capacities, seeks to promote labour inclusion and higher incomes); and (b) remedial schooling, and the fight against school dropout. Some programmes combine both actions and also seek to connect the trainees to the labour market through intermediation or the promotion of entrepreneurship.

¹⁶ As this database is still under construction, there may be programmes that have not yet been included.

Brazil's National Programme for Access to Technical Education and Employment (PRONATEC) is the region's largest technical and vocational training programme. Between 2011 and 2014, its enrolment totalled roughly 8.1 million people from over 4,300 municipalities; of these 53% were Afro-descendants, 60% were women and 64% young people (Montagner and Muller, 2015).¹⁷

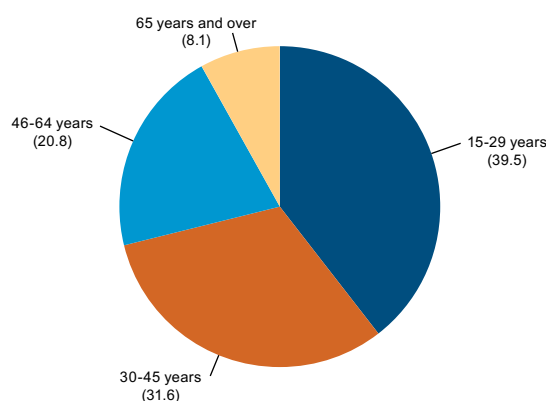
(a) Technical and vocational training

The technical and vocational training programmes target three different groups. Firstly, they focus on the employed to improve their knowledge and skills and thus enable them to perform more productively in their jobs. They can also be targeted on the unemployed to help them return to their previous activity or obtain a job in another one. Lastly, they target individuals seeking to enter the labour market for the first time (Weller, 2009).

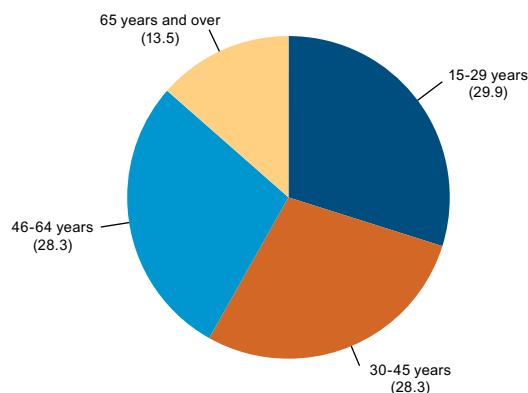
Technical and vocational training is the most frequent domain of action of labour and productive inclusion policies in the region, with a presence in 37 of the 61 programmes analysed (61.6%). Given the demographic profile of the population that lives in conditions of indigence, poverty and vulnerability, which is significantly younger than the non-vulnerable population (see figure III.29), around half of these programmes target individuals between 18 and 35 years of age. In some cases, preference is given to specific categories, such as female heads of household with children, and they promote gender equality (see box III.3).

Figure III.29
Latin America (18 countries): age-group distribution of individuals aged 15 years or over, by household vulnerability to poverty, around 2013^a
(Percentages)

A. Indigent, poor and vulnerable (up to 1.8 times the poverty line)



B. Not vulnerable (over 1.8 times the poverty line)



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.

^a Weighted average on the basis of information from Argentina (urban zones), the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay).

¹⁷ Afro-descendants account for 53% of the individuals enrolled in PRONATEC; 68% are women, and 49% are young people between 18 and 29 years of age (ECLAC, 2015a).

Box III.3

Women's labour and productive inclusion: qualification, skill certification and professional engagement alternatives

The institutions and programmes that promote gender equality have fulfilled a significant role in terms of the labour inclusion of women, leading to their sustained entry into the labour force and new development opportunities at the workplace. Over the last decade, initiatives introduced in Latin America corroborate this and have had positive effects, as a result of articulation and partnerships between institutions at the national and regional levels, with the private sector and public enterprises.

Policies and programmes of this type can be classified in three ways: (i) qualification and professional engagement targeting women in traditionally male occupations, with the aim of expanding the range of employment and professional alternatives, and combating the gender occupational gap; (ii) qualification and professional engagement targeting women

in traditionally female occupations, aimed at improving their employability through skill certification mechanisms, promoting empowerment and education in contents that include management skills, women's rights and civic education; and (iii) qualification and labour participation targeting women's groups linked to cooperative activity and micro-enterprise, to address the problem of poverty and promote the formalization of informal production activities, providing knowledge as a way of formulating development projects in firms that can attract financing (Yannoulas, 2005).

The region's countries provide different examples of these policies and programmes. The following paragraphs outline three cases for illustrative purposes, one of each type, in Uruguay, Argentina and Mexico.

Quality with gender equity in Uruguayan firms

In 2008, the National Women's Institute launched the quality with gender equity model, a programme that helps participating entities to identify gender disparities and work to combat discrimination in women's labour market access and development, with the aim of improving effectiveness and competitiveness while promoting gender equality. Among other actions, the programme encourages women to enter predominantly male activities, through the use of non-sexist language in job vacancy announcements, special training opportunities for women, and the creation of mechanisms and benefits relating to co-responsibility for family care.

Following a pilot held between 2008 and 2011, public institutions joined the programme, generating actions aimed at training and promoting women's inclusion, particularly in the lower rungs, in traditionally male activities such as operating cranes in the port, the installation of electric cabling and optic fibre, membership of drinking water network maintenance teams and other tasks that have historically only employed men. The firms that form part of this programme include the National Ports Administration (ANP), the National Electricity Plants and Distribution Administration, the National Telecommunications Administration and the State Sanitary Works.

Professionalization of paid domestic and care work in Argentina

As part of its Continuing Education Programme, the Ministry of Labour, Employment and Social Security of Argentina is promoting free vocational training courses for men and women employed in private homes on care and other similar activities. The aim of this programme is to improve the employability of low-income individuals or those with precarious employment, through quality training, labour market orientation and job search support.

The institution recognizes that domestic and care work in private homes is undervalued and subject to discrimination; and it is

poorly regulated.^a The skills involved are considered "natural" for women who do this work; they are an important source of employment and often the gateway to the labour market for low-income women. The courses provide knowledge and skills that are specific to each labour sector, along with skills that are considered "cross-cutting," or necessary for different tasks. This initiative is useful to help male and female workers gain access to better jobs and move forward in upgrading and professionalizing these sectors of activity.

Microcredit in Mexico

The National Programme for Micro-enterprise Financing (PRONAFIM) promotes productivity and competitiveness through a gender inclusion perspective. Implemented by the Secretariat of Economic Affairs, from its inception in 2000 through to 2010 it allocated 82% of credits to women in an amount equivalent to US\$ 2 billion. By 2014, the proportion of women loan recipients rose by 30% to reach roughly 90%. Working through 129 microfinance institutions, PRONAFIM was serving 1,821 municipalities in 2014,

half of which have populations with a large indigenous component, producing a positive impact on the lives of 823,000 people; and it is expected to continue growing. The main forms of support consist in granting credit lines and providing technical assistance and training for professionalization, operational efficiency and innovation (hardware, software and technology), supported by incentives for expansion through the establishment of branches, agencies and promoters (PRONAFIM, 2014).

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of National Programme for Micro-enterprise Financing (PRONAFIM), "Comunicados," 2014 [online] <http://www.pronafim.gob.mx/articulo/comunicados>; United Nations Conference on Trade and Development (UNCTAD), "Buenas prácticas y efectos indirectos," ¿Quién se beneficia de la liberalización del comercio en el Uruguay? Una perspectiva de género, box 2, Geneva, United Nations, 2015; Silvia Yannoulas, Perspectivas de género y políticas de formación e inserción laboral en América Latina, Buenos Aires, redEtis (IIEP-IDES), 2005 [online] http://www.oei.es/etp/perspectivas_genero_politicas_formacion_insercion_laboral_AL.pdf.

^a In 2013, Law No. 26.844, the Special Employment Contract Regime for Employees in Private Homes, was passed, seeking to equalize access to labour rights with those enjoyed by other workers (see [online] <http://www.trabajo.gov.ar/domestico/derechos.asp>).

The duration of the training courses—which could be run by either public or private institutions depending on the programmes—ranges between 40 and 360 hours, usually spread over three to 12 months. The objective of the courses is to improve the knowledge and capacities of people living in conditions of indigence, poverty and vulnerability to poverty, enabling them to achieve a level of skill in specific sectors where there is heavy demand for labour. The courses may consist of traditional training, targeting the development and acquisition of knowledge and technical skills to perform a specific

task; or skill training, which consists in developing skills that are applicable to different circumstances and adaptable to change, such as communication or teamwork (OAS/ECLAC/ILO, 2011).

There are also specific programmes for urban and rural areas and innovative experiences in terms of participation and gender mainstreaming. In Brazil, the National Youth Inclusion Programme (PROJOVEM), created in 2005 and reformulated in 2008, has urban and rural sub-programmes and provides young people not only with vocational and technical training, but also training for citizen participation and monitoring by a social counsellor. In urban zones of Peru, the Productive Youth programme targets capacity-building and labour market entry, promoting wage-earning employment and own-account work. In rural areas, the programme is more targeted on training for own-account work and the promotion and implementation of economic and productive development activities. The Temporary Income Support Programme (PATI) of El Salvador, which was implemented in 2009 to meet the demands for income and employment among urban population groups living in conditions of poverty and vulnerability, offers vocational training courses in which the training to be supplied is identified from a diagnostic study of business opportunities and employment, developed specifically in each municipality with community participation. It also promotes women's participation in traditionally male tasks, to generate changes and modify stereotypes in relation to women's and men's capacity for work.

The alternatives offered to supplement the training courses are, firstly, support for micro-enterprise (in 12 countries), or the preparation of business plans or employment projects (in three countries). For example, the *Mi Primer Empleo Digno* youth job programme in the Plurinational State of Bolivia promotes productive undertakings to help young people set up their own microenterprises and generate and improve their income. Secondly, in 11 countries, these programmes involve not only courses but also work practice (internships) in firms, which play a tutorship role under the supervision and responsibility of the entities running the programmes. Although the firms are not required to pay the trainees or employ them after the end of the internship, the hiring of interns that have performed well is a desirable outcome and occurs frequently. Examples of programmes offering work practice are the "Youth with More and Better Work" programme in Argentina, the Young Apprentice (PRONATEC) programme in Brazil,¹⁸ and the *Mi Primer Empleo Digno* youth job programme in the Plurinational State of Bolivia. Thirdly, five countries have training programmes that also offer labour intermediation services, such as *Acessuas Trabalho* in Brazil and *Más Capaz (+Capaz)* in Chile. Six countries facilitate access to community infrastructure jobs. In El Salvador, the PATI programme envisages participation by the target population in community projects for six hours per day five days a week, with the aims of helping to improve conditions of habitation and citizen coexistence in urban settlements and to increase the participants' opportunities for productive and social integration.

In some cases, the target population for the training also receives cash transfers to encourage their attendance (nine countries), subsidies to cover the costs of meals and transport (four countries), accident insurance (three countries) and health care (two countries). In Colombia, the Young People in Action programme, for example, pays a monthly cash incentive during the training process.

Lastly, several countries offer access to care services for the children of course participants. An example is the Support for Argentine Students Programme (PROG.R.ESAR), under which participants can request assistance from the Ministry of Social Development to find a childcare unit to look after their children and thus facilitate their studies. 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, PROJOVEM participants have access to crèches for their children.

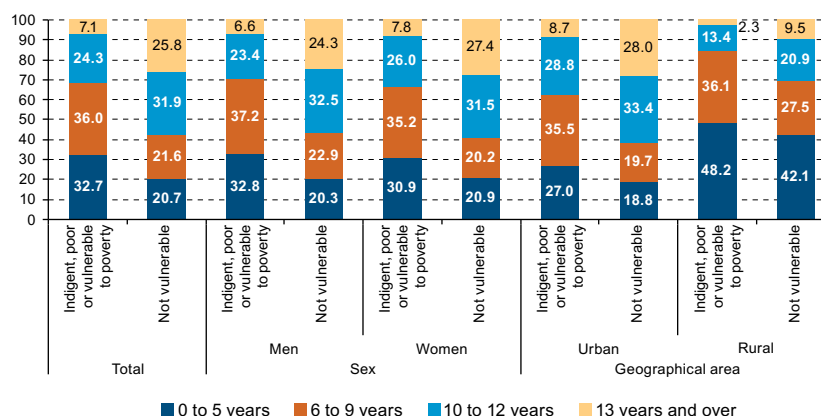
(b) Remedial (second-chance) education and combating school dropout

As the completion of secondary school is a minimal prerequisite for obtaining a good job, there are 14 programmes in the region that offer specific scholarships to counter secondary school dropout and to enable young adults who dropped out of the education system to complete their studies. In Latin America, most of the population living in a situation of indigence, poverty and vulnerability have very few years of schooling: from

¹⁸ Law 10097 (the Apprenticeship Law) of Brazil, which was passed in 2000 and implemented as from 2005, requires large and medium-sized firms to allocate between 5% and 15% of all their jobs to official apprentices, granting them a special employment contract for a defined period of time, with a maximum duration of two years, with functions that require vocational training. As the participants also enrol in technical and vocational training courses related to the activity performed in the workplace, the work schedule defined in the contract must take account of the time spent on work experience in the firm and the time dedicated to learning.

0 to 5 years (32.7%) or from 6 to 9 years (36%). Just 7.1% of the indigent, poor or vulnerable have 13 or more years of schooling. The education deficits in are slightly higher among men than among women, and much higher in rural areas than in urban zones (see figure III.30).

Figure III.30
Latin America (18 countries): years of schooling of persons aged 15 years or over by household vulnerability to poverty, sex, age bracket and geographical area, around 2013^a
 (Percentages)



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

^a Weighted average on the basis of information from Argentina (urban zones), the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

The steps taken to counter school dropout by young people use economic incentives to tackle the problem, either through cash transfers conditional on school attendance and achievement (for example, the School Attendance Bonus and the School Achievement Bonus of the Ethical Family Income in Chile, and the PROG.R.ESAR and the cash transfer basis of Argentina's "Youth with More and Better Work" programme); scholarships (the Educational Commitment Programme of Uruguay), or transport subsidies (+*Capaz* in Chile). In addition, the remedial education components are targeted on young people or adults with incomplete formal education or no schooling at all. They mainly cover primary and secondary education; but, in some cases —such as *Misión Ribas* in the Bolivarian Republic of Venezuela, the higher education scholarships of *Prospera* in Mexico, or the Programme of Advancement through Health and Education (PATH) of Jamaica— also extend to the tertiary level.¹⁹ Mexico's *Prospera* programme aims to encourage young people from families living in extreme poverty to continue their studies until they complete secondary school, so as to prevent school dropout and at the same time provide them with capital to enable them to continue with their academic training or set up micro-businesses. The programme offers scholarship holders a deferred economic benefit which gradually accumulates if they stay in school.²⁰ In addition, when the young people from the programme seek a job, they have priority in labour training granted by the National Employment Service and its *Bécate* subprogramme.²¹ For example, the "Argentina works, teaches and learns" programme, a component of the "Argentina works" programme enables participants to learn to read and write but does not certify their secondary studies.

¹⁹ That is also the case in the "University for all" programme (ProUni) of Brazil, created in 2004, which offers full and partial (50%) study scholarships to young people with monthly family incomes of up to 1 minimum wage (in the case of full scholarships) or up to 3 times the minimum wage (for partial scholarships), and includes affirmative actions for the indigenous and Afro-descendent populations. As of 2015, roughly 1.7 million students had received support through that programme.

²⁰ The transfers are deposited in a saving account that will belong to the scholarship holder provided he or she completes upper-secondary education studies before reaching 22 years of age. Through the *Prospera* programme, scholarship holders can use the money: (i) to continue with their higher education studies; (ii) as a down payment for a credit for the programme of home purchase, construction or improvement; (iii) to purchase a public health system insurance policy; or (iv) as collateral for a loan from popular saving and loan entities.

²¹ Several countries have wide-ranging literacy programmes such as *Brasil Alfabetizado* or the National Literacy Mobilization Programme (PRONAMA) of Peru, which are not necessarily linked explicitly to labour and productive inclusion programmes.

As happens with training, some of these programmes include the supply of care services. *Misión Ribas*, of the Bolivarian Republic of Venezuela, includes a distance education modality in response to the lack of time that the target population have to attend classes, owing to work or domestic commitments.

2. Support for labour demand

Tools aimed at activating the demand for labour are programmes to support self-employment, which is one of the most frequent decisions in this sphere (25 out of 61 programmes), and direct and indirect job creation (8 and 10 out of 61 programmes, respectively).

(a) Support for own-account work

Actions to support self-employment aim to promote job opportunities in own-account and micro-enterprise activities, supporting the growth of assets through seed capital or microcredit (OAS/ECLAC/ILO, 2011). They also frequently include training programmes on issues relating to saving and finance, micro-enterprise and economic planning (ECLAC/ILO, 2014a). Some offer technical assistance and support the link with production or marketing networks (see table III.A1.4).

Financial support and microcredit programmes aim to provide access to cash resources to enable people in vulnerable groups, who have limited access to credit services and other financial instruments, to launch new undertakings or upgrade their small businesses. In this way they affect income generation. To gain access to financing, some programmes require the participants to complete a minimum number of hours of training and have a micro-enterprise already launched or with a business idea. The training actions aim to enable the participants to improve their administrative and management skills and their knowledge on financial issues (economic planning, saving, credit, investment and others), and learn to negotiate and market their products. They also generally include monitoring by tutors who assist in drawing up business plans, tax commitments and search for financing, as happens with the “Argentina works” programme and Colombia’s Young Rural Entrepreneurs programme.

In most cases, financial support takes the form of a defined amount of money, but in others it covers the total amount requested on the basis of a business plan. In the *Mi Chacra Emprendedora - Haku Wiñay* programme of Peru and the creation of urban indigenous micro-enterprise programme in Chile, the funds are granted through a competitive tender following the presentation of business projects.²² The support can also be provided in kind, in the form of seeds, animals or tools for agricultural activities; such is the case of Nicaragua’s Food Production Programme and *Kore Peyizan* of Haiti.

Several of the self-employment support programmes target young people and aim to develop the productive dimension and creation of self-employment through education for entrepreneurship, access to financial markets under special conditions, and support (which ranges from identification of the business, development of the idea and the administrative and technical procedures to consolidate the enterprise). Such is the case of the Colombian Young Rural Entrepreneurs programme, and Argentina’s More and Better Work programme and *Jóvenes con Prospera* in Mexico.

Around one fifth of self-employment support programmes target the promotion of female entrepreneurship and provide care services. In Chile, +Capaz has the Woman Entrepreneur component, which provides business management skills training for women running an enterprise or intending to do so, or else working on own-account. Some, such as “Women Savers in Action” in Colombia and the “Argentina works” programme promote associative work and cooperativism.

Ten of the programmes that were analysed promote entrepreneurship in rural areas, where the supply of wage-earning work is scarcer. These seek not only to generate autonomous incomes, but also to promote production for self-consumption and improved food security. Examples are the Solidarity in Rural Communities programme in El Salvador, and the *Mi Chacra Emprendedora - Haku Wiñay* programme in Peru.²³

²² In Peru, the projects are evaluated by Local Resource Allocation Committees (CLARs), and the successful bidders receive financing for specific technical assistance and the purchase of inputs and equipment (Trivelli and Clausen, 2015).

²³ Other measures to help reduce rural poverty include public procurement from family farmers, such as Brazil’s Food Procurement Programme (PAA), in which 191,000 farmers participated in 2012; and the National School Meals Programme (PNAE) which by 2014 covered about 42,000,000 students. In rural areas, family farming is an important source of income and has a strong impact on poverty reduction, the revitalization of local economies, reduction of migration and improvement of food security.

Lastly, some programmes promote the formalization of micro-entrepreneurs and own-account workers through simplified tax regimes. Examples include the Single Social Tax (*Monotributo Social*) in the “Argentina works” programme, the Entrepreneurship Strengthening Programme in Uruguay, and the Brazil’s *Crescer* microcredit programme, which is linked to the Brazil without Poverty programme. The latter provides guidance to legalize businesses and gain access to the benefits of the special regime for individual micro-entrepreneurs (see box III.4).

Box III.4

Measures to formalize own-account workers, micro-enterprises and small businesses

Given the context of high levels of informal work, in Latin America simplified tax regimes have been set up for small-scale taxpayers, which, in addition to promoting the economic formalization of self-employed workers, also gives them access to the contributory social protection component, thus affording them the same social security benefits as wage earners, mainly in relation to health coverage and retirement. In countries where this scheme has been implemented, it is expected to increase the number of taxpayers and reduce the level of tax evasion.

Tax simplification regimes, known as “*monotributos*” (single taxes) consist of special tax arrangements applicable to small-scale taxpayers (private individuals or firms), under which they are exempted from the general regulations on value added tax (VAT) or income tax, and are taxed at lower rates (Cetrángolo and others, 2014). Aside from the reduction in labour costs, these regimes make it easier to comply with administrative and regulatory procedures. Five examples from Latin America are discussed in the following paragraphs.

Brazil was the first Latin American country to create and implement a Simplified Tax Regime for Small-Scale Taxpayers; this was the Unified Special Regime for Collecting Tax and Contributions Levied on Micro-enterprises and Small Businesses (SIMPLES), set up in 1996. In 2006, the SIMPES Nacional regime was created, which replaced and integrated the various simplified regimes that existed at the different government levels. In 2008, the Special Regime for Individual Micro-entrepreneurs (SIMEI) was created as a new legal framework for formalizing and extending contributory social protection to micro-entrepreneurs and self-employed workers. As of March 2016, 5.9 million employed persons had formalized and are now entitled to pension benefits. Of these 52% are men and 48% are women, and 26% are between 16 and 30 years of age. Of the formalized micro-entrepreneurs, 500,000 participate in *Bolsa Família*, and of these, 63% are Afro-descendants.

In Argentina, the single-tax (*monotributo*) regime was created in 1998 to promote formalization and expand the coverage of social protection for own-account workers, by subsidizing social security contributions of individual self-employed workers and micro-enterprises. This is complemented with four special regimes: the Simplified Regime for Local Development and Social Economy Promoters (social single-tax – *monotributo social*), the Simplified Regime for Employees in Private Houses, the Social Inclusion and Independent Work Promotion Regime, and the Special Regime for Workers Affiliated to Labour Cooperatives. The targets workers in situations of social vulnerability, in other words “households and individuals who, owing to their relative lack of tangible and intangible assets, are prone to suffering sharp and significant changes in their standard of living” (Cetrángolo and others, 2014, p. 36); and it subsidizes 100% of the payment of the tax and social security component. Moreover, a taxpayer covered by this regime (*monotributista*) does not lose access to the universal child benefit, and in terms of pensions, is entitled to the basic universal pension. At the present time, the social single tax forms part of the “Argentina works” plan, reflecting

the effort to articulate social policies targeting persons living in situations of vulnerability. The Simplified Regime for Employees in Private Houses has been designed to address the informality of these workers (including women) by enabling their access to health and retirement benefits through their contributions and those of the employer.

In Uruguay, following the 2007 tax reform, which was intended, among other things, to give a differentiated treatment to small-scale taxpayers (own account workers or small firms) the single-tax regime was implemented, targeting persons undertaking small-scale economic activities: (i) single-person enterprises, including those formed by married couples, with at most one employee; and (ii) companies formed by up to two partners and without employed workers (the limit will be three partners in the case of firms formed exclusively by family members). In 2012, the social single-tax of the Ministry of Social Development (*Monotributo Social MIDES*) entered into force, which is a special regime for personal or partnership undertakings (consisting of up to four partners, or five if exclusively family members), available for persons living in households that have incomes below the poverty line, or who are in a situation of socioeconomic vulnerability, according to the classification established by the Ministry of Social Development. In a similar way to the single-tax, this instrument allows for the provision of pension coverage to its members. Taxpayers have the possibility of choosing medical coverage through the National Health Fund (FONASA), assuming any additional payments, a benefit which covers the entrepreneur and family members who are not covered within the system.

Through the Ecuadorian Simplified Tax Regime (RISE) for private individuals, which has been active since 2008, the aim is to make workers from the informal sector eligible for benefits such as microcredit, training through specialized technical assistance, and the integration of social security contributions to provide access to health services and retirement benefits. One of the benefits of RISE is that for each new worker incorporated to the payroll and affiliated to the Ecuadorian Social Security Institute (IESS), a 5% discount is given on contributions, up to a maximum 50% discount. According to data from the Internal Revenue Service (SRI), in December 2014, RISE covered 206,797 taxpayers.

In Mexico in 2014, the federal programme “Let’s grow together” targeting micro-enterprises and small businesses was approved, with the aim of facilitating the transit from informality to formality by eliminating the requirements for formalization. Under the programme, a new fiscal incorporation regime with the option of a simplified system was created. The benefits of the programme include discounts on income tax (ISR) of 100% in the first year of affiliation, 90% in the second year, and so on successively until the tenth year; if the firm does not issue invoices and has annual revenue of less than 100,000 Mexican pesos, it is exempt from the payment of VAT and the excise duty on products and services; in addition, workers who have not made contributions in the last 24 months can affiliate to the Mexican Social Security Institute with a 50% subsidy (ILO, 2014).

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of O. Cetrángolo and others, *Monotributo en América Latina. Los casos de Argentina, Brasil y Uruguay*, Lima, Regional Office for Latin America and the Caribbean, Programme for the Promotion of Formalization in Latin America and the Caribbean (FORLAC), 2014; International Labour Organization (ILO), *Thematic Labour Review: Transition to Formality in Latin America and the Caribbean*, Lima, Regional Office for Latin America and the Caribbean, 2014; and Internal Revenue Service, “Ecuador” [online] www.sri.gob.ec.

(b) Direct and indirect job creation

Direct job creation consists of expanding the demand for labour through public plans offering temporary jobs, generally in services that use unskilled labour, public works and local and community infrastructure projects, such as the Community Employment Programme in Argentina and the Temporary Employment Programme in Mexico. The participants, unemployed individuals belonging to households in situations of socio-economic vulnerability, undertake temporary jobs of public utility for a defined time period (up to nine months in the case of the “Uruguay works” programme) and receive an income transfer.

These actions have often been implemented to address situations of economic crisis, as occurred in Argentina with the Unemployed Heads of Household Programme (2002-2005) or in Uruguay with the National Social Emergency Response Plan (PANES) (2005-2007) (ECLAC/ILO, 2014a). In recent years, in a regional context of economic growth and declining unemployment, they have not represented a key instrument in labour policies and productive engagement for the population living in conditions of poverty or vulnerability, but this could change in the current low-growth scenario.

Indirect job creation occurs through public economic subsidies usually for a defined time period, for the hiring by private firms of young people and adults living in conditions of poverty or belonging to groups considered vulnerable. The subsidies encourage hiring, since they reduce labour costs by covering part of the wage (for example, PROEMPLEAR in Argentina, the Youth Employment Subsidy and the Women at Work bonus in Chile)²⁴ and social security contributions or tax obligations (Godfather entrepreneur programme, Panama) (ECLAC/ILO, 2014a).

3. Labour intermediation services

Labour intermediation services try to match labour demand and supply, facilitating contact between workers and employers in terms of the job profiles demanded and supplied. The services, provided in 17 of the 61 programmes analysed, provide information on vacancies in private firms and public organizations to participants on labour and productive inclusion programmes, and they provide priority access to job offers in municipal employment agencies or offices. This occurs, for example, in Brazil, with the *Acessuas Trabalho* programme, which is linked to the Brazil without Poverty programme and is executed in coordination with PRONATEC. In the framework of an agreement between the Ministry of Employment and Social Security (MTPS) and the Ministry of Social Development and Hunger Alleviation, the *Mais Empregos* programme facilitates job placement for *Bolsa Família* participants in states in the Northeast region and the State of Minas Gerais, through the National Employment System (SINE) (Gregol de Farias, 2014).

Some programmes implement job promotion activities, such as job fairs and informative workshops, or else promote the creation or strengthening of databases to provide guidance and information to jobseekers. An example is the Employment Support Programme of the Plurinational State of Bolivia, and *Empléate* in Costa Rica. The monitoring associated with labour intermediation is also crucial, and increasing amounts of guidance and support services are being provided to prepare strategies and individual plans for labour market participation (ECLAC/ILO, 2014a). In addition, several of the programmes analysed articulate labour intermediation services with technical and vocational training courses.

4. Some results of labour and productive inclusion programmes

Monitoring and evaluation are essential for any public policy. Nonetheless, very few labour and productive inclusion programmes have the resources and statistical bases needed to conduct impact evaluations under rigorous techniques (Samaniego, 2002). It would therefore be desirable for programmes to prepare quality information and make their databases publicly accessible (ECLAC/ILO, 2013); and progress needs to be made in analysing the set of labour and productive inclusion policies rather than just individual projects.

²⁴ The Women at Work bonus targets women workers belonging to the poorest 30% of households. It consists of a subsidy which is equivalent to up to 30% of the wage, divided into 20% for the woman and 10% for the employer. The maximum duration is four years for the woman and two years for the employer (Cecchini, Robles and Vargas, 2012).

The growth of labour and productive inclusion programmes over the last few years has encouraged evaluations of the benefits obtained by the participants (Bucheli, 2005), but there is still no broad information base.²⁵ This section reviews examples of quantitative studies undertaken to evaluate the results of labour and productive inclusion programmes in the region, either still active or having ceased their operations. In particular, it summarizes the results of impact evaluations performed with different methodologies on the basis of continuous household survey data.

To supervise the public policies and institutions operating in this sphere, it is also possible to conduct specific surveys. Box III.5 presents information and the results of the innovative productive inclusion supplement of the Municipal and State Survey of Brazil.

Box III.5

Results of the productive inclusion supplement of the Survey of Basic Municipal and State Information of Brazil, 2014

In 2014, the Brazilian Geographical and Statistical Institute (IBGE) together with the Ministry of Social Development and Hunger Alleviation (MDS), for the first time included a productive inclusion supplement in the Surveys of Basic Municipal Information (MUNIC) and the Surveys of Basic State Information (ESTADIC) which compile information on governance and public policies—for example, in the areas of education, health, human rights, public security and food security—at the state and municipal levels. Given the importance acquired by productive inclusion initiatives on the Brazilian public agenda, the supplement aims to respond to the need for information on actions in this sphere, both in the rural area and in urban zones. The data from basic questionnaires and the supplement were compiled between July 2014 and March 2015, through interviews of the staff of agencies responsible for productive inclusion initiatives. In the absence of these, the questionnaire had to be answered by the governor, the mayor or a person designated by them. Moreover, as secondary information sources, interviews were held with staff in universities, technical and vocational training institutes, and non-governmental organizations, among others.

The supplement compiles information on: the existence of sector studies or diagnostics for the analysis of the socioeconomic reality and situations of risk and social vulnerability existing in the territories; organizations responsible for execution and coordination of the programmes; productive inclusion programmes or projects for job creation and income generation; rural and urban productive inclusion initiatives; vocational training actions, and the promotion of credit, microcredit and insurance for producers, among other things. For the 2014 edition, information was obtained on the 5,570 municipalities of Brazil's 27 federal units. According to the results of the supplement, all units have implemented productive inclusion actions, programmes or projects. In total, 5,503 municipalities (98.7%) stated that they have carried out at least one type of action. The results of the actions identified in each geographical area are outlined below.

Rural productive inclusion strategies were designed to strengthen the activities undertaken by farmers in situations of social vulnerability, but they also targeted certain specific groups, such as indigenous peoples or traditional communities, with the aim of increasing their productive capacity and facilitating the entry of their products on local markets. The rural productive inclusion activities included the purchase of food through the food procurement programme (PAA) and the National School Meals Programme (PNAE) together with technical assistance and rural extension, and access to credit and rural insurance. In 2014, 5,054 municipalities (90.7% of the total) implemented at least one urban productive inclusion action; 86% of the municipalities implemented some measure related to vocational training and skill development, whereas 31.9% undertook actions to promote access to credit and microcredit. The institutions responsible for this type of policy targeted their actions mainly on groups living in situations of socioeconomic vulnerability, such as those included in the *CadÚnico* register and participants in *Bolsa Família* (in 23 states), unemployed persons (20 states) graduates from vocational training and skill development courses (22 states), recycling agents (20 states) and, to a lesser extent, street dwellers (seven states). The vocational training and skill development actions were implemented mainly through the National Programme for Access to Technical Education and Employment (PRONATEC). Labour intermediation actions include the role played by the National Employment System and the Brazilian Micro- and Small Business Support Service (SEBRAE). The Individual Micro-entrepreneur Programme (MEI) works to strengthen and promote individual and collective entrepreneurship. Lastly, actions linked to the granting of microcredit were mostly implemented by Banco do Povo and the Employment and Income Generation Programme of the Ministry of Work and Employment.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Brazilian Geographical and Statistical Institute (IBGE), *Perfil dos estados e dos municípios brasileiros: inclusão produtiva, 2014*, Rio de Janeiro, 2015; and “Coordenação de população e indicadores sociais”, Rio de Janeiro [online] <http://www.ibge.gov.br/biblioteca/visualizacao/livros/liv94542.pdf>.

(a) Technical and vocational training and completion of studies

According to Filgueira and Rossel (2015), there are few evaluations available in the region that show the conclusive effects of labour training and skill development programmes. In cases where there is empirical evidence, they vary widely 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. In addition, interventions that include components of professional practice in firms improved the results of the training (ECLAC/ILO, 2013).

²⁵ There are also evaluations on the net employment and aggregate unemployment impact and a few on the cost-benefit analysis of the different alternative lines of action (Bucheli, 2005), which are not included in the review made in this edition of the *Social Panorama of Latin America*.

The available studies show that training programmes such as Young People in Action in Colombia, the Sector Vocational Qualification Plan (PlanSeQ) of Brazil, the Employment Support Programme (PAE) of Mexico and the Youth Labour Training Programme (PROJoven) of Peru have had a positive impact on the employability of their participants. In the case of Young People in Action, Attanasio, Kugler and Meghir (2009) show that it has positive effects by increasing the probability of having a better quality paid job, and contributes to an increase in wage incomes (of 12%). In addition, the training provides higher probabilities of having a job in the formal sector with a written contract, increasing the chances by 5.3% and 6.6%, respectively, compared with young people that did not participate in the training events. In addition, the National Planning Department of Colombia (DNP, 2008) found that the probability of employment for young people participating in the programme is higher after graduating (55.5%) than before joining it (51.8%). As regards PlanSeQ of Brazil, which operated between 2007 and 2011 before being absorbed by PRONATEC, Petterini (2010) shows that persons age 15-56 years who participated in the training activities are 19.6% more likely to find a job than those that did not participate. The PAE of Mexico, consisting of the subprogramme *Bécate*, among others,²⁶ also reported positive results in terms of monthly labour incomes and job placement rates, which were higher for participants compared with similar characteristics but who did not participate (Van Gameren, 2010; CONEVAL, 2010). The strongest effects of *Bécate* on job placement was seen in the mixed training and training in labour practice modalities, which combine training with labour subsidies.²⁷ In Peru, PROJoven improves the employment rate of the participants and also raises labour incomes, thanks to an increase in the number of hours worked, although the effects on hourly wages are non-existent (Burga, 2003).

The study performed by the Ministry of Social Development and Hunger Alleviation of Brazil, on the functioning of PRONATEC in 2011-2014 (Montagner and Muller, 2015), indicates that there is a significant difference in the professional life of persons who attend the courses offered by the programme compared with those who do not participate,²⁸ with a 73.6% increase in the number of participants employed in the formal sector, either in a formal wage-earning job or through the Individual Micro-Entrepreneur Programme (MEI). According to Montagner and Muller (2015), PRONATEC increases the probability of formalization and contributes to employment for inactive or unemployed participants, either in the formal or in the informal market. They also conclude that, apart from the skills and abilities acquired during the courses, access to information on available vacancies and the labour market intermediation provided by the programme mark the difference in professional opportunities between participants and non-participants. In addition, the authors stress that the benign economic context in the country encourage these results, since, in 2011, when the programme was designed and implemented, the Brazilian labour market was showing an increase in the number of formal jobs, wages (both average and minimum) and the activities of own-account workers, together with a reduction in unemployment.

In Chile, the results of the impact evaluation of the Job Skills Equalization Programme (PNCL), both intermediate and final, were positive. The programme, which aims to provide remedial basic and secondary school education, benefited 33,963 people living in conditions of poverty between 1999 and 2002. At the intermediate level, a strong impact was detected on the continuation of studies: compared with the control group, 97% of the target population for basic remedial education would not have undertaken completed seventh and eighth grade, and 23% would not have continued studying in ninth and tenth grade if the PNCL had not existed. In terms of the final results, comparing the situation in June 2003 with that of June 2000, the programme is seen to have produced an increase in the level of employment of between 17% and 18%, particularly favouring the targeted women. Nonetheless, there is no evidence of effects on the formality of employment or on wages (Bravo, 2003). Lastly, in Argentina, it was found that participation on the Continuing Education Programme produces a positive impact on the chances of obtaining wage-earning jobs recorded by workers, particularly the most vulnerable. On average, the vocational training actions increased the chances of joining the formal labour market by 3 percentage points (Castillo, Ohaco and Schleser, 2014).

²⁶ *Bécate* provides training courses for work to persons aged 16 years and over, with the aim of promoting their access or permanency in a job or development of a productive activity on their own account.

²⁷ Thirteen weeks after the training, job placement among participants had increased by 43%, compared to 32% in the case of non-participants (Van Gameren, 2010).

²⁸ The universe of study included 2.5 million people (participants and non-participants).

(b) Support for self-employment

Strategies to support self-employment for persons of working age living in conditions of poverty or vulnerability face a number of difficulties, particularly in terms of generating sustainable income. These programmes focus on two objectives: training and access to capital. With these two tools, persons living in poverty must be able to set up more successful businesses which would enable them to improve their condition (Martínez and others, 2013). Nonetheless, 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 and which, above all give best results when the users are motivated individuals with a relatively high level of education (Farné, 2009). In addition, despite the fact that promoting own-account employment is considered a way to include the poorest groups in the productive world, many of the firms set up in this way fail to take root and end up disappearing shortly after their creation (Weller, 2009), which calls into question the effectiveness of these programmes.

In the case of Brazil, Serpa Braga, Leandro and Gama Lyra (2008) provide evidence based on the experience of *Crediamigo*, which is a complementary microcredit programme run by the federal government (*Crescer*), executed in the northern regions of the country, where it acts mainly through a strengthening of prior micro-enterprise experiences, it was found that 16% of cases of credit granted was used to start the participants own business, and 82% of the resources were used to expand already existing businesses. This seems to indicate that micro-enterprise actions operate better when they strengthen installed capacities than when they promote new income generation alternatives.²⁹ In Chile, an impact evaluation conducted by Martínez and others (2013) on the Micro-enterprise Support Programme (PAME), currently known as *Yo Emprendo Semilla*, shows that it has had positive results in terms of labour income and has promoted increases in the rate of employment and micro-enterprises among participants (of 18% and 34%, respectively) relative to the control group.

(c) Direct and indirect job creation

There are few impact evaluations of direct and indirect job creation programmes in the region. The DNP of Colombia (2007) performed an impact assessment of the Employment in Action Programme, executed between 2002 and 2004, which aimed to generate temporary jobs in infrastructure works. The evaluation performed during works execution (in other words short-term) found that women, particularly heads of household —traditionally excluded from jobs in construction— and young people aged 18-25 years receive more benefits, both in terms of the number of hours worked and as regards labour incomes, given their relative lack of experience in the labour market. Although it was concluded that one of the advantages of short-term public employment programmes over other policy alternatives is the possibility of closer targeting on population groups living in poverty and vulnerability, insufficient grounds were found to consider that the effects could be sustained through time. In fact, once the works had finished, most of the participants returned to informal wage-earning jobs and own-account activities.

In Peru, in an evaluation of the impact of the Urban Productive Social Emergency Programme “*A trabajar urbano*”, which employed heads of family of both sexes who are unemployed to build socially useful works in poor localities, positive short-term effects were detected, because the programme succeeded in increasing the incomes of the participants by nearly 40% compared with what they would have received if they had not participated in it. The impacts were greater for women, those living in situations of extreme poverty, and the inhabitants of the provinces. In addition, the participants who received some type of training showed a crater effect on income (Chacaltana, 2003). Successively, an impact evaluation of the temporary employment programme known as *Construyendo Perú* in 2007-2010 also reported that it had short-term positive outcomes, since participation in the programme made it possible to increase labour incomes by 42%. The effects were more significant for population groups with fewer job opportunities: women and the population of the provinces. Nonetheless, in the medium term, no systematic differences are detected between participants and non-participants in terms of income, the probability of finding work, or the perception of a better standard of living (IDB, 2012).

In terms of indirect job creation, according to an evaluation of the impact of the youth employment subsidy in Chile, this programme has been a useful tool for reviving employment in vulnerable sectors, particularly in periods of

²⁹ The study analyses the socioeconomic profile of 99 *Bolsa Familia* beneficiaries who participated in the pilot project in five municipalities (Ceará, Itaitinga, Maranguape, Pacajus and Paracuru) in 2007.

economic recession. There is evidence of a considerable effect on the chances of participating in the labour market as the subsidy is implemented, with slightly greater effect for men than for women. Although an increase was recorded in employment for persons who previously did not participate in the formal labour market, it was not possible to discern a significant impact on the density of pension contributions (Centro de Microdatos, 2012). Nonetheless, in the impact evaluation of the Programme to Subsidize Labour Hiring in Chile, which promoted labour market re-engagement of unemployed workers by providing a fixed percentage subsidy to private firms and the financing of a training course, statistically significant effects were found on the probability of being employed, receiving training or increasing the wages of the participants of both components between 2004 and 2006, both during the year of programme participation and at six, 12 and 18 months after participation. This shows that, if the programme had not existed, participants of the two components would have had the same chances of obtaining a job, receiving training or receiving the same level of wages that they would have received if the programme had not existed in those years. The hypothesis that could explain the situation is that the design of the programme enabled the employer to select workers with higher levels of employability, which would therefore not affect the population with deficits in terms of this variable. Consequently, the employment programme was only benefiting firms by enabling them to lower the costs of their labour hiring (DIPRES, 2009).

(d) Labour market intermediation services

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 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 Brazil, Silva and others (2010) highlight the low quality of infrastructure and lack of effectiveness of the SINE, particularly in relation to persons living in poverty who, generally, have less information and need more guidance to enter the labour market. In Chile, the Municipal Labour Intermediation Offices (OMIL) are considered to be in a precarious situation (in terms of material conditions of work and human resources) and they are ineffective in making job placements; in addition, the users report low levels of satisfaction. In particular, there are shortcomings in labour intermediation to guide low-skill workers. This reflects the higher technical requirements posed by labour intermediation with unskilled workers, which tend to be integrated into informal jobs and do not rely on labour intermediation services (only 3% of participants in the *Chile Solidario* programme are registered in an OMIL) (Brandt, 2012). In Mexico, the formal employment subprogramme (a component of the PAE implemented between 2002 and 2008) consisted of providing economic support to the unemployed population and those expelled from the formal sector, to promote their link to a job, fostering permanent job search actions by the participants and providing labour market guidance and advice through the National Employment Service. In this regard, the monetary support offered enabled users to find better paid jobs and with better benefits, thereby reducing the time needed to rejoin the formal sector (Van Gameren, 2010).

C. Final thoughts: challenges for the labour inclusion of populations living in conditions of poverty and vulnerability

Persons living in conditions of indigence, poverty or vulnerability face multiple barriers for integrating into productive and quality jobs on a sustainable basis, with access to rights and protection. Those difficulties are heavily marked by the determinants of gender, race and ethnic origin, as well as by certain moments in the life cycle—particularly youth—and conditions of disability; and they are more pronounced in rural areas and in countries with wider welfare gaps. To address that reality and as part of poverty reduction strategies, labour and productive inclusion programmes

and actions are being undertaken in Latin America and the Caribbean with the aim of expanding possibilities for engagement and autonomous labour income generation for that population group. Nonetheless, as analysed in this chapter, those initiatives are frequently implemented on a small scale, and never constitute a national policy; they focus more on labour supply than on the demand for it; and they are poorly articulated with productive development and innovation strategies.

The effective contribution made by these actions and programmes in terms of reducing poverty and vulnerability depends on the quality of economic growth and the nature of the production structure. Their success will be limited if the economies do not generate sufficient decent work opportunities. It is therefore necessary to expand the scale of the programmes and inset them into an integrated and more balanced policy between labour supply and demand which, in turn, is articulated with other social and economic policy programmes and instruments, and with strategies for structural change in the labour market and promotion of decent work, which is an eminently intersectoral task (ECLAC, 2015a).

In particular, it is crucial for the programme participants to successfully formalize, receive above minimum wages or find jobs giving access to social protection. The problem of the potential incentives for labour informality largely relates to initiatives that support self-employment; hence the importance of complementing actions to support micro-enterprise and own-account work with tax and administrative simplification programmes that encourage formalization (see box III.4).³⁰

The articulation and integration of policies and programmes to promote decent work means, among other measures, implementing macroeconomic, industrial and sectoral policies that will help to create quality jobs, promote employment formalization and the regularization of the informal economy, foster women's economic autonomy, broaden opportunities for young people to build decent work trajectories and develop policies and regulations and means to reconcile work and family. Progress is also needed on policies to raise minimum wages, measures to protect employment (including unemployment insurance), the prevention and eradication of child labour and forced labour, means to combat all forms of discrimination in employment and the guarantee of freedom of association and collective bargaining rights, as well as instituting and strengthening forums and processes of social dialogue (ECLAC, 2015a, p. 131). This brings to the table one of the greatest challenges for social inclusion in the region, namely articulating and harmonizing economic policy, industrial and labour policies, and social policy.

Public labour and productive inclusion policies and programmes also need to recognize the heterogeneous nature of the participant profile (in terms of gender, age, race and ethnicity) and of the localities in which they live, the educational training deficits and problems of adaptation between labour supply and demand, given the weakness of the links with job-creating sectors. Ideally, the different public policy measures on labour productive inclusion (see table III.A1.1) should be integrated in a single facility that gives working-age adults access to the different interventions (training and skill development, remedial education, micro-enterprise, direct and indirect job creation and labour intermediation), according to the specific needs of those requesting the services.³¹

Lastly, a key factor for success is adequate consideration of the gender dimension (Abramo, 2005). Although gender gaps in the labour market have been narrowing, they remain large, despite women's educational achievements. Initiatives to promote gender equality in the division of unpaid labour in households need to be strengthened, because these asymmetries obstruct women's labour market participation, making them vulnerable to risks and eroding their chances of economic autonomy. Similarly, progress needs to be made in promoting participation in decision-making spaces, such as collective bargaining mechanisms, unions, business confederations and civil society organizations, to achieve greater recognition and guaranteed rights. Policies to be strengthened include the provision of care services to dependent people (see box III.6), interventions to prevent early parenthood (guaranteeing access to public services for adolescents and young people of both sexes), training and employment programmes for women in deprived socioeconomic situations, and policies that reduce occupational segregation and income gaps (ECLAC, 2014a). Special attention should be paid to indigenous and Afro-descendent women who face multiple discriminations owing to their gender, ethnicity and race.

³⁰ For example, in Brazil, firms that contract beneficiaries of the *Jovem Aprendiz*/PRONATEC programme receive reductions in their tax burden as a counterpart. In Argentina, the Young People with More and Better Work programme offers financial incentives to microenterprises and small and medium-sized businesses to hire young people on a wage-earning basis, for up to six months.

³¹ The challenge is particularly acute in rural areas, where Ministries of Employment or Agriculture do not generally address the needs of workers of either sex adequately.

Box III.6**Labour inclusion of caregivers: challenges for articulating labour market and care policies with women's economic autonomy**

The unequal burden of unpaid domestic and care work born primarily by women in Latin America, in a context that lacks a culture of co-responsibility between the sexes and between the state, families and market, raises major obstacles for the countries' women, in gaining full labour inclusion and earning their own income to exercise economic autonomy. The social and economic effects of this situation, which is an expression of the predominant sexual division of labour and discrimination, underpin the maintenance of persistent gender inequalities that are starting to attract increasing attention in public debate in the region. In this regard, there is evidence of a positive impact in terms of closing gender gaps, both in access to paid work or to the incomes received, and in monetary poverty and distributive inequality. For example, the first is estimated to have fallen by up to 10 percentage points in El Salvador and Nicaragua, with a four-point reduction in inequality in these countries, measured through the Gini coefficient (ECLAC, 2014a). These findings, together with a significant flow of studies and reflections on the demographic and cultural changes that are unfolding in the region, have helped to promote debate on the economy and the need to implement integrated policies in Latin American countries, which include the population groups that require care and the persons that provide it, particularly women who do this work on an unpaid basis in their homes every day (Batthyány, 2015; ECLAC, 2012, 2014a and 2014b; Marco and Rico, 2013; Rico and Robles, 2015).

Despite their importance, these policies are still incipient in Latin America and, mostly, do not have an integrated and interagency design. Along these lines, it is also impossible to discern their articulation with labour inclusion strategies for women in the framework of initiatives to reconcile the labour market and domestic demands of all workers. This is a significant shortcoming, particularly considering that the care workload makes it difficult for women to effectively participate in the labour market, and obstructs their participation in labour inclusion and training programmes.

Nonetheless, there are several experiences which, with political will, without a large amount of resources invested, and measures that could be considered small-scale but which make a big difference, indicate elements to establish a strategy of public policies on equality at the regional level. For example, the Support for Argentine Students Programme (PROG.R.ES.AR), coordinated by the Treasury and Public Finance Department (*Ministerio de Hacienda y Finanzas Públicas*), aims to help young people aged 18 to 24 years, with income below the minimum wage, or those who are outside the labour market to complete their studies. It consists of a universal economic benefit of 900 Argentine pesos (US\$ 95) per month, conditional on participation in a training programme or school attendance. Complementary benefits include a scheme of training in different tasks and work introduction courses provided by the Ministry of Work, Employment and Security. To ensure the participation by young people of both sexes who have children in their care, the programme is articulated with

the Ministry of Social Development, to enable the children of participants to attend child development centres while the job training sessions take place (PROG.R.ES.AR, 2015).

In Chile, the National Women's Service (SERNAM), in conjunction with the National Student Assistance and Scholarship Board (JUNAEB), have implemented Programme 4 to 7, targeting women responsible for the personal care of children aged 6 to 13 years, with the aim of contributing to their integration and permanency in the labour market, through their attendance at workshops preparing them for paid work. While the women attend these training sessions, their children attend workshops and activities in education centres coordinated by the municipalities on an after-school schedule (SERNAM, 2014). The National Training and Employment Service (SENCE) implemented the national vocational training programme *+Capaz* to support access and permanency in the labour market for women, young people and persons with disability who are in a situation of social vulnerability, through technical training, the development of cross-cutting skills and labour intermediation. To facilitate participation by persons with childcare responsibilities, the programme includes a specific component. In the case of children aged two to six years, they can stay in the place where the training is given; those who are responsible for children under two years of age receive a child subsidy equivalent to 4,000 Chilean pesos (US\$ 6) for each training session (SENCE, 2015).

In Uruguay, the "I study and work" programme aims to offer an initial formal job experience to students aged 16 to 20 years, to develop cross-cutting work skills, and also ensure that they continue studying. It is coordinated by the National Employment Directorate (DINAE) of the Ministry of Labour and Social Security (MTSS), under an interagency scheme that also involves the National Institute of Employment and Vocational Training (INEFOP), the Uruguayan Institute for Children and adolescents (INAU), the Ministry of Social Development (MIDES) and the Ministry of Education and Culture (MEC). The programme includes a differentiated economic benefit for pregnant women or those caring for children under four years of age, equivalent to 16,914 Uruguayan pesos (US\$ 574) for 30 hours per week of work, whereas the basic monthly compensation of the programme is 11,276 Uruguayan pesos (US\$ 383) (MTSS, 2015). Also in this country, the Training Programme for Adolescent and Young Mothers, attached to the Programme to Promote Equal Opportunities for Women in Employment and Vocational Training (PROIMUJER) of INEFOP, provides training to adolescent and young women aged 19 to 29 years, who are living in a situation of vulnerability, pregnant, or with at least one child under four years of age. The programme includes a technical training scheme with access to an internship, in which a scholarship is awarded per day attended; a fund of up to US\$ 350 to address issues such as oral and ophthalmological health; clothing and transport for the participants; and a childcare fund (ECLAC and others, 2013).

Box III.6 (concluded)

These initiatives demonstrate the feasibility of designing labour inclusion strategies for unpaid care-givers, considering the specific difficulties, both cultural and economic, faced in participating in training programmes and integrating into the labour market. Although they represent a significant

step forward in relation to a problem that is frequently unseen, it is necessary to promote the consolidation of integrated care systems that include concrete measures in their formulation that are articulated with inclusive labour policies, on both the supply and the demand sides.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of K. Batthyány, “Las políticas y el cuidado en América Latina. Una mirada a las experiencias regionales”, *Asuntos de Género*, No. 124 (LC/L.3958), Santiago, ECLAC, 2015; ECLAC, *Social Panorama of Latin America 2014* (LC/G.2635-P), Santiago, 2014; *Regional review and appraisal of implementation of the Beijing Declaration and Platform for Action and the outcome of the twenty-third special session of the General Assembly (2000) in Latin America and the Caribbean* (LC/L.3951), Santiago, 2015; *Social Panorama of Latin America 2012* (LC/G.2557-P), Santiago, 2012; Economic Commission for Latin America and the Caribbean (ECLAC)/Food and Agriculture Organization of the United Nations (FAO)/United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)/United Nations Development Programme (UNDP)/International Labour Organization (ILO), *Trabajo decente e igualdad de género. Políticas para mejorar el acceso y la calidad del empleo de las mujeres en América Latina y el Caribe*, Santiago, 2013, United Nations; F. Marco and N. Rico, “Cuidado y políticas públicas: debates y estado de situación a nivel regional”, *Las fronteras del cuidado. Agenda, derechos e infraestructura*, L. Pautassi and C. Zibecchi (coords.), Buenos Aires, Editorial Biblos, 2013; Ministry of Labour and Social Security, Programa “Yo estudio y trabajo” [online] <http://www.mtss.gub.uy/web/mtss/programa-yo-estudio-y-trabajo>; M.N. Rico and C. Robles, “Los cuidados como pilar de la protección social: desafíos para su institucionalización”, *Project Documents*, Santiago, ECLAC, 2015; Support for Argentine Students Programme (PROG.R.ES.AR), 2015 [online] <http://www.progresar.anses.gob.ar/institucional/resolucion-decreto-9>; National Women's Service, “Orientaciones técnicas 2014. Programa 4 a 7: Mujer Trabaja Tranquila”, Santiago, 2014 [online] http://www.sernam.cl/descargas/licitacion4a7/doc/OrientacionesTécnicas4a7_2014.pdf; National Training and Employment Service, “+Capaz”, 2015 [online] <http://www.sence.cl/portal/Oportunidades/Capacitacion/+Capaz/>.

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Annex III.A1

Table III.A1.1

Latin America and the Caribbean (21 countries): main scopes of action of labour and productive inclusion programmes

Country	Programme (starting year)	Technical and vocational training	Remedial education and school retention	Employment intermediation services	Support for independent work	Direct job creation	Indirect job creation
Argentina	PROEMPLEAR (2014)	x ^a					x
	Support for Argentine Students Programme (PROG.R.ES.AR) (2014)	x	x	x			
	"Argentina works" Plan (2009)	x	x		x	x	
	"Youth with More and Better Work" programme (2008)	x	x	x	x		x
	Training and Employment Insurance (2006)	x	x		x		
	Continuing Education Programme (2003)	x					x
	Community Employment Programme (2003)					x	
Bolivia (Plurinational State of)	Economic Inclusion Programme for Rural Families and Communities in the Territory of the Plurinational State of Bolivia (ACCESOS) (2013)				x		
	Employment Support Programme (2012)	x		x			
	<i>Mi Primer Empleo Digno</i> youth job programme (2008)	x			x		x
Brazil	<i>Acessuas Trabalho</i> (2012)	x ^b		x			
	National Programme for Access to Technical Education and Employment (PRONATEC) (2011)	x					x
	<i>Crescer</i> (2011)				x		
	<i>Projovem Integrado</i> -youth inclusion programme (2005)	x	x				
Chile	+ <i>Capaz</i> (2014)	x	x	x			
	<i>Yo Trabajo-Apoyo a tu plan laboral</i> (2013)				x		
	Women at Work bonus (2012)						x
	Creation of urban indigenous micro-enterprise (2011)				x		
	<i>Yo trabajo</i> (2009)	x		x			
	Youth Employment Subsidy (2009)						x
	<i>Yo Trabajo-Joven</i> youth job programme (2007)	x					
	Working women and female head of household (2007)	x	x	x	x		
	Labour skills development (2005)	x		x			
	<i>Yo Emprendo Semilla</i> (2002)				x		
	Programme to upgrade job skills (1999)		x				
	Vocational skills training (1997)	x		x			
Colombia	Income for Social Prosperity (IPS) (2011)	x	x			x	
	Women Savers in Action (2007)				x		
	Young Rural Entrepreneurs Programme to upgrade job skills (2006)				x		
	Young People in Action (2001)	x					
Costa Rica	<i>Empleáte</i> job programme (2011)	x		x			
	National Employment Programme (2000)	x					x
Dominican Republic	Progressing with Solidarity programme (2012)	x	x	x	x		
Ecuador	Human Development Credit (2001)				x		
El Salvador	Temporary income support programme (PATI) (2009)	x					
	Solidarity in Communities (2005)			x	x	x	
Guatemala	Programme to create jobs and vocational training for young people (2013)	x		x			

Table III.A1.1 (concluded)

Country	Programme (starting year)	Technical and vocational training	Remedial education and school retention	Employment intermediation services	Support for independent work	Direct job creation	Indirect job creation
Haiti	<i>Ti Kredi</i> (2014)				x		
	<i>Kore Peyizan</i> (2013)				x		
Honduras	Vocational training for young people at risk of exclusion (PROJOVEN) (2014)	x					
Jamaica	Step-to-work Programme (2008)	x		x			
	Jamaica Youth Employment Network (2005)	x		x			
	Building Youth for National Development (2002)	x					
Mexico	<i>Prospera</i> (2014)	x	x	x	x		
	Temporary Employment Programme (2000)				x	x	
Nicaragua	Food Production Programme (2007)				x		
Panama	Godfather Entrepreneur Programme (2000)						x
Paraguay	<i>Tenonderã</i> (2014)	x			x		
	<i>Ñamba'apo</i> Paraguay (2010)	x	x			x	
Peru	Productive Youth (2011)	x			x		
	<i>Trabaja Perú</i> Programme for the Generation of Inclusive Social Employment (2011)					x	
	<i>Mi Chacra Emprendedora – Haku Wiñay</i> (2009)	x			x		
	Micro-entrepreneurship Support Programme (1992)				x		
	(2009) Youth and Employment Programme	x					
Trinidad and Tobago	Unemployment Relief Programme (2011)	x					
Uruguay	Educational commitment (2011)		x				
	"Uruguay works" programme (2008)	x				x	
	Social cooperatives (2007)						x
	Programme for Strengthening Entrepreneurship (2006)				x		
Venezuela (Bolivarian Republic of)	<i>Gran Misión Saber y Trabajo</i> (2012)	x		x			
	<i>Misión Ribas</i> (2003)		x				
Total	61	37	14	17	25	8	10
Percentage	100.0	61.6	23.0	27.9	41.0	13.1	16.4

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

^a Provided through PROG.R.ES.AR.

^b Provided through PRONATEC.

Table III.A.1.2
Latin America and the Caribbean (17 countries): programmes of labour and productive inclusion, technical and vocational training components

Country	Programme	Entity responsible	Number of trainees	Age group of trainees	Eligibility criteria	Duration of training courses	Other measures
Argentina	Youth with More and Better Work	Ministry of Labour, Employment and Social Security (MTEySS)	130 000 (2012)	18-24 years	Unemployment and incomplete studies	130 hours (4 months)	- Cash transfers - Micro-enterprise support - Internships and labour inclusion - Labour intermediation and job search support
	"Argentina works" plan/ Social income with work	Ministry of Social Development (MDS)	203 877 (2013-2014)	Persons aged over 15 years	Vulnerability, without formal income (including pensions)	...	- Microcredits - Cooperative organization - Community infrastructure work - Health promotion or prevention activities
	"Argentina works" plan/ <i>Elias Hacen</i>	MDS	272 900 (2013-2015)	Persons aged over 15 years	Persons with three or more children in their care (Persons aged under 18 years or in a condition of disability or suffering from gender violence)	...	- Internships and labour inclusion - Promotion of registered employment
	Support for Argentine Students Programme (PROG.R.ES.AR)	National Social Security Administration (ANSES) (in coordination with Ministry of Education, MDS and MTEySS, among others)	702 867 (2015)	18-24 years	Unemployment or income below three times the minimum wage	130 hours (work introduction courses)	- Cash transfers - Childcare - Tutors network - Labour intermediation and job search support
	Training and employment insurance	MTEySS	226 744 (2012)	Persons aged over 18 years	Unemployment without access to unemployment insurance on a contributory basis	...	- Cash transfers - Micro-enterprise support - Labour intermediation and job search guidance
Bolivia (Plurinational State of)	Continuing Education Programme	MTEySS	2 400 000 (2003-2013)	...	Workers and unemployed	Minimum 50 hours	- Certification of Labour skills - Completion of primary and secondary school studies (through other employment programmes)
	<i>Mi Primer Empleo Digno</i> youth job programme	Ministry of Labour, Employment and Social Security	3 377 (2014)	18-24 years	Poverty and without complete secondary education	3 months (10 hours from Monday to Saturday)	- Food and transport bonus - Accident insurance - Internships and labour inclusion - Micro-enterprise support
	Employment support programme	Ministry of Labour, Employment and Social Security	20 000 (2012-2016)	Persons aged over 18 years	Unemployment or lack of job experience	160 hours (minimum)	- Training vouchers - Internship and labour inclusion - Accident insurance - Labour intermediation and job search support
Brazil	<i>Acessuas Trabalho</i>	Ministry of Social Development and Hunger Alleviation, Ministry of Education (MEC) and Brasil sem Miséria [Brazil without Poverty] (BSM)	649 300 (2012-2013)	14-59 years	Vulnerability and poverty	160 hours (minimum) ^a	- Labour intermediation and job search support
	<i>Projovem Integrado</i> Youth inclusion programme	National Youth Secretariat (in conjunction with: Ministry of Education, Ministry of Social Development and Hunger Alleviation, Ministry of Education	1 419 398 (2010)	18-29 years	Unemployment and income below 50% of the minimum wage	350 hours (minimum)	- Cash Transfers Tutors Network (<i>Projovem Adolescente</i>) - Crèche
	National Programme for Access to Technical Education and Employment (PRONATEC)	Ministry of Education-Ministry of Social Development and Hunger Alleviation	4 600 000 (2014)	Persons aged over 16 years	Poverty and extreme poverty	160 hours (minimum)	- Internships and labour inclusion (Young apprentice) - Access to information technologies - Scholarships for language courses

Table III.A1.2 (continued)

Country	Programme	Entity responsible	Number of trainees	Age group of trainees	Eligibility criteria	Duration of training courses	Other measures
Chile	Vocational skills training	National Training and Employment Service (SENCE)/Ministry of Labour and Social Security	14 351 (2014)	18-65 years	Vulnerability and incomplete higher studies	250 hours (minimum)	- Internships and labour inclusion - Daily subsidy for attendance at the internship - Micro-enterprise support
	Labour skills development	Foundation for Women's Promotion and Development	700 (2015)	18-65 years	Women in a situation of vulnerability belonging to families benefiting from the <i>Chile Solidario</i> and Ethical Family Income programmes	40 hours (minimum)	
	+ <i>Capaz</i>	National Training and Employment Service (SENCE)/Ministry of Labour and Social Security	85 904 (2015)	Persons aged over 18 years	Vulnerability and scant or no labour participation	180 hours (minimum)	- Internships and labour inclusion - Support for women's micro-enterprise - Inclusion of persons with disability - Transport subsidy - Childcare persons aged under 6 - Accident insurance
	Woman worker and head of household	National Women's Service (SERNAM)/National Training and Employment Service (SENCE)	30 717 (2014)	18-65 years	Women workers and female heads of household belonging to the first three income quintiles	80 hours (minimum)	- Preparation of individual employment project and training plan - Micro-enterprise support - Childcare - Health care (preventive medicine, odontology, ophthalmologist and mental health)
	<i>Yo trabajo</i>	Solidarity and Social Investment Fund, (FOSIS)/Ministry of Social Development	572 (2014)	Persons aged over 18 years	Poverty or vulnerability, unemployment or precarious employment	...	- Preparation of individual labour project
Colombia	<i>Yo trabajo – youth</i>	Solidarity and Social Investment Fund, (FOSIS)/Ministry of Social Development	2 579 (2015)	18-24 years	Poverty or vulnerability, unemployment or precarious employment	...	- Preparation of individual employment project - Micro-enterprise support - Transport subsidy - Financing to obtain certificates - Dental care - Childcare
	Income for Social Prosperity	Department of Social Prosperity (DPS)	6 083 (2015)	18-35 years	Heads of household and spouses participating in the United network with schooling between fifth grade (minimum) and eleventh grade (maximum)	24 months	- Cash transfers - Community infrastructure work - Promotion of saving
	Young people in action	DPS	183 467 (2015)	16-24 years	Unemployed of levels 1 and 2 of the system of identification of potential social programme beneficiaries (SISBEN); participants in the United network; displaced; indigenous or young people with protection measures from the Colombian family welfare Institute (ICBF)	360 hours (3 months)	- Cash transfers' internships and labour inclusion
	<i>Empléate</i>	Ministry of Labour and Social Security (MTSS)	4 000 (2014)	17-24 years	Vulnerability	80 hours in 6 months	- Inclusion of young people with disability - Micro-enterprise support
	National Employment Programme	MTSS	9 225 (2014)	Persons aged over 15 years	Vulnerability, poverty and unemployment	3 months	- Cash transfers - Community infrastructure work

Table III.A1.2 (concluded)

Country	Programme	Entity responsible	Number of trainees	Age group of trainees	Eligibility criteria	Duration of training courses	Other measures
Dominican Republic	Youth and Employment Programme	Ministry of Labour	41 000 (2009-2013)	16-29 years	Unemployment or underemployment, with incomplete baccalaureate	225 hours	- Internships and labour inclusion
	Progressing with Solidarity/ <i>Progresando</i> training and production centres (CCPP) and community technological centres(CTC)	Vice-Presidency of the Republic	300 575 (at November 2015)	Young people and adults	Extreme and moderate poverty	...	- Micro-enterprise support - Access to information technologies
El Salvador	Temporary Income Support Programme (PAII)	Social Investment Fund for Local Development (FISUL)/Technical Secretariat of the Presidency/Presidency of the Republic	23 456 (2013)	16-24 years	Residents in urban zones without participation in the formal employment	80 hours	- Cash transfers - Community infrastructure work
Guatemala	Programme of Employment Creation and Vocational Education for Young People (Youth Employment Programme)	Ministry of Economic Affairs/Ministry of Labour and Social Security (MINITRAB)/Ministry of Education (MINEDUC)	...	14-29 years	...	...	- Micro-enterprise support - Labour intermediation and job search support
Honduras	Vocational Training for Young People at Risk of Exclusion (PROJOVEN)	Swiss Cooperation/National Professional Training Institute (INFOP)/Ministry of Labour and Social Security	...	18-30 years	Situation of risk and social exclusion	...	- Internships and labour inclusion - Labour intermediation and job search support - Micro-enterprise support
Jamaica	Building Youth for National Development	Ministry of Industry and Tourism	...	17-29 years	Residency in rural zones and vulnerability	...	- Internships and labour inclusion - Preparation of a business plan - Micro-enterprise support
	Jamaica Youth Employment Network	Jamaica Employers' Federation	...	...	Residency in rural zones	...	- Micro-enterprise support
	Step-to-work Programme	Ministry of Labour and Social	3 000 (2012)	...	Participants in the programme of advance through health and education (PATH)	...	- Internships and labour inclusion - Micro-enterprise support
Mexico	<i>Prospera/Bécatate</i> subprogramme	Secretariat of Social Development (SEDESOL)/Secretariat of Labour and Social Security	...	Persons aged over 16 years	Unemployment or workers with temporary suspension of labour relations	...	- Cash transfers - Subsidy for transport and training materials - Accident insurance - Micro-enterprise support - Internships and labour inclusion
Paraguay	<i>Namba'apo</i> Paraguay	Ministry of Justice and Labour/General Directorate for Employment	...	Young people	Vulnerability, with third cycle of basic school education completed	6 hours per day (minimum)	- Cash transfers - Micro-enterprise support - Community infrastructure work
	<i>Tenonderā</i>	Department of Social Welfare	7 200 (2014-2015)	Young people and adults	Participants in the <i>Tekaporā</i> programme at the graduation stage	...	- Micro-enterprise support
Peru	Productive Youth	Ministry of Labour and Employment Promotion (MTPE)	87 000 (2011-2015)	15-29 years	Unemployment, poverty and extreme poverty	6 months	- Internships and labour inclusion - Micro-enterprise support
	<i>Mi Chacra Emprendedora –Haku Wiñay</i>	National Fund for Social Compensation and Development (FONCODES)	59 574 households (2014)	Young people and adults	Residency in rural zones and vulnerability	...	- Preparation of business plan - Micro-enterprise support - Strengthening of family production systems - Housing improvement - Promotion of saving
Trinidad and Tobago	Unemployment Relief Programme	Ministry of Social Development and Family Services	...	Young people and adults	Vulnerability and poverty (particularly single mothers of children with cerebral palsy)	...	- Childcare
Uruguay	"Uruguay works" programme	Ministry of Social Development (MIDES)	...	18-65 years	Vulnerability, unemployment longer than two years and education level below the third cycle of school education	9 months (maximum) 6 hours per week	- Cash transfers - Social security benefits - Community infrastructure work
Venezuela (Bolivarian Republic of)	<i>Gran Misión Saber y Trabajo</i>	Vice-Presidency of the Republic	122 000 (2012)	Young people and adults	...	...	- Cash transfers - Internships

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

^a The courses are provided through PRONATEC.

Table III.A1.3
Latin America and the Caribbean (9 countries): labour and productive inclusion programmes, remedial education and school retention components

Country	Programme	Entity in charge	Target group	Education level			Eligibility criteria	Other measures
				Primary	Secondary	Tertiary or higher		
Argentina	Youth with More and Better Work	Ministry of Work, Employment and Social Security (MTEySS)	18-24 years	x	x	-	Unemployment and incomplete studies	- Cash transfers
	"Argentina works" plan (Argentina works, teaches and learns)	Ministry of Social Development (in conjunction with the Ministry of Education)	Persons aged over 15 years	x	x	-	Vulnerability, without formal income (including pensions)	- Adult literacy
	PROGRESAR	National Social Security Administration (ANSES) (in coordination with the Ministry of Education, Ministry of Social Development and MTEySS, among others)	18-24 years	x	x	x	Unemployment or income below three times the minimum wage	- Cash transfers - Childcare - Health care
Brazil	Training and employment insurance	MTEySS	Persons aged over 18 years	x	x	-	Unemployed, without access to contributory unemployment insurance	- Cash transfers
	Projovem Integrado	National Youth Secretariat (together with the Ministry of Education, Ministry of Work and Employment and the Ministry of Social Development and Hunger Alleviation)	18-29 years	x	x	-	Unemployment and income below 50% of the minimum wage	- Cash transfers
Chile	+Capaz	National Employment and Training Service (SENCE)/Ministry of Work and Social Security	Persons aged over 18 years	-	x	x	Vulnerability and scant or no labour participation	- Transport subsidy - Childcare
Colombia	Working women and female head of household	National Women's Service (SERNAM)/SENCE	18-65 years	x	x	-	Women workers and heads of household belonging to the first three income quintiles	- Socio-labour training - Supply of study materials
	Programme to upgrade job skills	Ministry of Education/Solidarity and Social Investment Fund (FOSIS)	Persons aged over 15 years	x	x	-	Poverty, without basic education and without first cycle of secondary education complete	- Cash transfers
	Income for Social Prosperity (IPS)	Social Prosperity Department (DPS)	18-35 years		x	x	Head of household and spouses participating in the United network with schooling between fifth grade (minimum) and eleventh grade (maximum)	- Cash transfers
Dominican Republic	Progressing with solidarity/School bonus studying progress	Vice Presidency of the Republic	5-21 years	x	x	-	Extreme and moderate poverty	- Cash transfers
Mexico	Prospera/Educational support and scholarships for higher education	Social Development Secretariat (SEDESOL)	Persons aged under 18 years	x	x	x	Children and young people of families participating in Prospera	- Cash transfers
Paraguay	Prospera/Young people with Prospera	SEDESOL	Persons aged under 22 years	...	x	...	Students of the third and fourth year of secondary school	- Cash transfers - Access to the system of scholarships for higher technical university studies
	Namba'apo Paraguay	Ministry of Justice and Labour/General Employment Directorate	Young people and adults	...	...	...	Vulnerability and third cycle of basic school education complete	- Adult literacy
Uruguay	Educational commitment	Ministry of Social Development of Uruguay/Ministry of Education and Culture/National Institute for Youth/National Public Education Administration/Uruguayan Institute for Children and Adolescents of Uruguay/University of the Republic (UDELAR)	Adolescents and young people	x	x	-	Social and educational vulnerability	- Cash transfers - Support for facilitators - Creation of youth spaces
Venezuela (Bolivarian Republic of)	Misión Ribas	Ministry of Education and Sports	Young people and adults	x	x	x	Socio-economic vulnerability	- Cash transfers - labour inclusion - Access to the distance education modality - Support of facilitators

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

Table III.A1.4
Latin America and the Caribbean (15 countries): programmes of labour and productive inclusion, self-employment support components

Country	Programme	Entity in charge	Target age group	Priority		Actions			Other measures
				Rural zone	Urban zone	Training	Financial support or microcredit	Incentives for formalization	
Argentina	Youth with More and Better Work	Ministry of Work, Employment and Social Security (MTEySS)	18-24 years			x	x		
	"Argentina works" plan	Ministry of Social Development	Persons aged over 15 years			x	x	x	- Promotion of the work of artist, Artisans and small-scale producers that express the cultural identity of the country - Strengthening partnerships with firms and public organizations - Promotion of participation in fairs, exhibitions, processions and other events - Consolidation of trademarks and procedural assistance
	Training and employment insurance	MTEySS	Persons aged over 18 years			x	x		
Bolivia (Plurinational State of)	ACCESOS	Ministry of Rural Development and Land (MDRyT)	Persons aged over 18 years	x		x	x		- Strengthening for food security support in the creation of economic alternatives in the nonagricultural - Promotion of access to financial services, including saving, credit and insurance
	<i>Mi Primer Empleo Digno</i> youth job programme	Ministry of Work, Employment and Social Security	18-24 years		x	x	x		-
Brazil	<i>Crescer</i>	Brazilian Small and Medium-Sized Enterprise Support Service (SEBRAE)					x	x	-
Chile	Creation of urban indigenous micro-enterprise	Ministry of Social Development (MDS)	18-65 years		x	x	x		- Funds awarded through competitive tender
	Woman worker and head of household	National Women's Service (SERNAM)/National Employment and Training Service (SENCE)	18-65 years			x	x	x	- Preparation of the business plan - Childcare - Health care
	<i>Yo Emprendo Semilla</i>	Solidarity and Social Investment Fund, (FOSIS)/MDS	Persons aged over 18 years			x	x		- Preparation of the business plan
	<i>Yo Trabajo</i> youth job programme plan	FOSIS/MDS	Persons aged over 18 years				x		- Preparation of the participants' labour plan - Childcare
Colombia	Young Rural Entrepreneurs Programme	National Apprenticeship Service (SENA)	16-35 years	x		x			- Monitoring for four or five months after the project has been implemented. Also after the completion of the training and monitoring, assistance will be provided according to stakeholder needs
Dominican Republic	Women as Savers in Action		18-72 years		x	x	x		- Promotion of saving - Promotion of associative work (formation of associations, collectives)
	Progressing with Solidarity	Vice Presidency of the Republic				x	x	x	Contribution to the improvement of food security (production and self-consumption)

Table III.A1.4 (concluded)

Country	Programme	Entity in charge	Target age group	Priority		Actions			Other measures
				Rural zone	Urban zone	Training	Financial support or microcredit	Incentives for formalization	
Ecuador	Human Development Credit	Ministry of Economic and Social Inclusion	Persons aged over 18 years			x	x		- Integrated specialized assistance: promotion of credit operations and the provision of financial services for micro-enterprises
El Salvador	Solidarity in Communities	Social Investment Fund for Local Development (FISDL)/ Technical Secretariat of the Presidency/ Office of the President of the Republic					x		- Technical assistance linked with productive or marketing networks - Promotion of the solidarity-based economy - Contribution to the improvement of food security
Haiti	<i>Kore Peyiza</i>	Economic and Social Assistance Fund (FAES)		x			x		- Transfers in kind
	<i>Ti Kredi</i>	FAES/Ministry of Agriculture, Natural Resources and Rural Development			x		x	x	- Endorsement groups of five people who guarantee credits
Mexico	<i>Prospera</i>	Social Development Secretariat (SEDESOL)				x	x	x	
	Temporary Employment Programme	SEDESOL/Secretariat of Communications and Transport (SCT)/ Secretariat of the Environment and Natural Resources (SEMARNAT)	Persons aged over 16 years				x		
Nicaragua	Food Production Programme	Ministry of Agriculture and Forestry		x		x	x		- Contribution to the improvement of food security - Transfers in-kind
Paraguay	<i>Tenonderā</i>	Presidency of the Republic				x	x		
Peru	Productive Youth	Ministry of Work and Employment Promotion	15-29 years			x			
	<i>Mi Chakra Emprendedora-Haku Winay</i> programme	Social Development Cooperation Fund (FONCODES)		x		x	x		- Contribution to the improvement of food security - Preparation of business plan - Funds awarded through competitive tender
	Micro-enterprise Support Programme					x	x		
Uruguay	Programme for Strengthening Entrepreneurship	Ministry of Social Development	Persons aged over 18 years			x	x	x	

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



Institutional frameworks for social development: overview and challenges

Introduction

- A. The institutional framework of social development in the international and regional domain
 - 1. Various forums available to the countries
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 - 1. The legal and regulatory features of the institutional framework of social policies
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- C. The institutional framework of social protection in the countries of the region
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D. Final comments

Bibliography

Annex IV.A1

Introduction

This chapter looks at the institutional framework of the region's social policies by examining government agencies such as ministries, secretariats and coordination cabinets, whose fundamental responsibilities are to design and implement anti-poverty and social development strategies in the countries. To that end, analytical dimensions are proposed as a basis for furthering the study of the institutional framework of social policies. The chapter focuses particularly on social protection and describes how this has evolved over the last few decades. It also discusses the institutional challenges involved in: ensuring that universal rights are upheld; addressing the specific problems and needs of various segments of the population; and fulfilling the social development commitments made by the different countries.

The progress made by the region according to several social indicators over the last few years has been accompanied by major challenges in policy design and implementation, and in establishing the institutional bases on which policies are implemented. While each country has followed its own path, there are also common elements that reflect the current institutional status of social policy in the region's countries.

An initial factor that needs to be considered when analysing the scope and orientation of the discussion on social policy relates to the notions of social development, inclusion and protection. The concept of social development includes the idea of progress in all spheres and functions of social policy, such as health, education, social protection, employment, housing, food and nutritional security. The notion of social inclusion focuses on incorporating most of the population into the benefits of development, closing gaps and fostering their participation in social, economic and political life. Social protection is a sphere of public policy that aims to achieve a level of economic and social well-being which, at the least, enables the population to escape from poverty and protect against the risks of falling into it, while also facilitating access to social and promotion services that enable individuals to acquire capacities, exercise their rights and develop throughout the life cycle, for which there are the contributory and non-contributory components, labour market regulation and care systems (Cecchini and Martínez, 2011).

A second key element is the geographical scope of the analysis. The institutional framework of social policies has a specific point of reference in the countries in terms of the laws and the organizational structure responsible for the policies. This covers not only the central level, but also the subnational and local ones —spheres where policies are implemented and outcomes monitored more directly. Nonetheless, it also encompasses the international domain, through the global, regional and subregional mechanisms that define objectives and targets and also ethical and legal foundations for all governments and organizations created by the international system to observe, share experiences and seek implementation agreements, such as the forums devoted to the region's social development. These include the Economic Commission for Latin America and the Caribbean (ECLAC), the Organization of American States (OAS), the Community of Latin American and Caribbean States (CELAC), the Union of South American Nations (UNASUR), the Central American Integration System (SICA) and the Andean Community (CAN).

A third element corresponds to the definitions of social authority and institution, together with the analytical dimensions to be considered for studying them (Maldonado and Martínez, 2016). The first dimension relates fundamentally to the legal and regulatory setting in which social policies operate. The second focuses on the organizational structure in which, and with which, the social policy of diagnosis and prioritization of objectives, through to implementation and the evaluation of outcomes is managed.

The regulatory and organizational dimensions make it possible to identify the characteristics of a country's social authority; in other words, the entity or entities in the government structure with the power and formal mandate for exercising the governance function in the field of social development.¹ An essential element in this is the coordination of the various mechanisms that participate in policy management.

¹ Governance functions include the following: (i) setting and prioritizing goals and targets; (ii) designing plans, strategies and intervention methodologies; (iii) assigning responsibilities and functions; (iv) coordinating with actors; (v) distributing resources; (vi) monitoring physical and financial implementation; (vii) providing guidance and regulating governmental and non-governmental actors; (viii) systematizing information and evaluating outcomes.

The other two dimensions are fundamental for social development policy institutions: first, the technical and operational dimension, centred on management tools for the design, programming and implementation of policies and the information accountability and dispute settlement systems; second, the fiscal and private resources available to finance social development policies.

Based on those elements, this chapter—as noted above—analyses the institutions that exist in the region in the sphere of social development policies, starting with the government agencies responsible for the design and implementation of strategies for social development and inclusion, and poverty reduction.

A. The institutional framework of social development in the international and regional domain

A social development agenda adapted to the region's needs and priorities is proceeding steadily and is accompanied by multiple intergovernmental forums, which reflects a strengthening of the institutional framework governing social policies across the region. The agendas of these forums are convergent and complementary, and they are mainly aimed at overcoming poverty and social inequalities from a rights standpoint. The 2030 Agenda for Sustainable Development displays close ties with the region's social agenda, and those forums could serve as intermediate steps in its implementation, in line with the specific characteristics of the different countries and subregions of Latin America and the Caribbean.

An important component of the institutional framework of social policies are the intergovernmental forums in which the governments of Latin America and the Caribbean are constructing a social agenda with individual features and commitments. Currently there are 15 intergovernmental forums focused on social development, nearly all of which have been created since 2000.

The importance of those forums relates mainly to the legal and regulatory framework and the organizational characteristics and types of regional coordination. They are the organizational expression of international mandates in the social area and make it possible to coordinate efforts between countries to improve social policy and its institutions. They facilitate the exchange of experiences, the search for consensus around common positions, the promotion of cooperation relations and progress in constructing a regional social agenda. They can also have other objectives, such as monitoring mandates or generating information, analysing proposals for setting social policy priorities and defining action plans. In view of this, the forums are a source of enormous wealth and relevance for the policies being implemented regionally and nationally.

Nevertheless, the multiplicity of existing mechanisms raises a number of problems. These include the duplication of tasks and efforts, the fragmentation and potential dispersion of commitments and competition between the different forums to become the authorized voice on social issues, which could hinder the construction of a shared and consistent regional agenda.

With the aim of contributing to the analysis of this important process, this section attempts to classify and organize the various intergovernmental social development forums that exist in the region, taking into account two aspects: the evolution of forums explicitly oriented towards progressing the social agenda, distinguishing between the main types of forum; and the contents of the social agenda, specifying the spheres in which commitments and targets have been established.

1. Various forums available to the countries

A noteworthy feature of the social institutional framework recently has been the proliferation of intergovernmental mechanisms (conferences, meetings, forums and councils) which focus explicitly on advancing the social agenda. Other than those that are sector-specific,² the region has 15 intergovernmental forums on development and social inclusion, of which only one was created before 2000.³

The number of forums shows the need for the countries to intensify collaboration in the social domain, on tasks such as coordinating efforts to improve social policy and its institutions; sharing objectives, achievements and difficulties in social policy development; and sharing analytical and methodological approaches to make headway in measuring and understanding the main social problems. It also evidences the growing importance of social issues on the countries' development agenda over the last few decades. These mechanisms also complement (or could complement) international agreements on development, by contributing to the regional adaptation of the objectives and targets of the global agenda, or else monitoring their fulfilment. They can also provide a platform for targeting the region's specific social challenges, such as the high level of inequality that is one of its defining features.

A first attempt at characterization (and organization) makes it possible to distinguish two types of forums in terms of their affiliation, in other words the mechanism by which they were created and from which they operate (see table IV.1). Twelve of them are embedded in intergovernmental integration mechanisms, either regional or subregional. What makes it possible to incorporate social issues in this type of structure is a change in the regional integration agenda, which, along with trade issues, is now creating space for new topics (Dabène, 2012). Moreover, there are three intergovernmental forums in the social development sphere linked to United Nations organizations: the Forum of Ministers of Social Development of the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Ministerial Forum for Development in Latin America and the Caribbean of the United Nations Development Programme (UNDP) and the Regional Conference on Social Development in Latin America and the Caribbean (a subsidiary body of ECLAC).⁴

² These are intergovernmental mechanisms related to sectoral social policies, such as health, education, employment and housing. In the health sphere, these include the Pan-American Sanitary Conference of the Regional Committee of the World Health Organization (WHO) and the Andean Health Organization which is responsible for implementing the Hipólito Unanue Agreement. In education, institutions include the Ibero-American Conference on Education of the Organization of Ibero-American States for Education, Science and Culture, which is held in the framework of the Ibero-American summits (see [online] <http://www.oei.es/cumbres.htm>); the Regional Project for Education in Latin America and the Caribbean (PRELAC) of the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Andrés Bello Convention on Educational, Scientific, Technological and Cultural Integration. Institutions in the employment sphere include the Tripartite American Regional Meeting of the International Labour Organization (ILO) (consisting of representations from governments, employers' organizations and workers in the Americas); and the Inter-American Conference of Ministers of Labour under the auspices of the Organization of American States (OAS). Regional or Ibero-American social security mechanisms include the Ibero-American Social Security Organization (OISS) and the Ibero-American Conference of Ministers and High-level Authorities Responsible for Social Security. It should be noted that OISS, which operates within the framework of the Ibero-American Summit, is responsible for implementing the Multilateral Social Security Convention, which is the "first international instrument that protects the rights of millions of migrant workers and their families and the workers of multinational enterprises, in terms of economic support, through the coordination of national legislation on pensions, such as guaranteeing economic security in old age, disability or death, protected under the social security schemes of the different Ibero-American States" (see [online] <http://www.oiss.org/Que-es,5335.html>). The analysis also does not include intergovernmental conferences aimed at improving the social conditions of certain population segments, because, although the issues addressed are clearly part of social development, they are geared towards constructing a more specific agenda around the rights of women, youth, children or the indigenous and Afro-descendent populations.

³ Council for Human and Social Development of the Caribbean Community (CARICOM), created in 1973.

⁴ This conference was set up under resolution 682 (XXXV), adopted at the thirty-fifth session of the Economic Commission for Latin America and the Caribbean, held in May 2014. The first meeting of the Regional Conference on Social Development in Latin America and the Caribbean was held in Lima in November 2015, organized jointly by ECLAC and UNDP. Other ECLAC subsidiary bodies that play a major role in the development and monitoring of agendas that are highly relevant for social development include the Regional Conference on Women in Latin America and the Caribbean and the Regional Conference on Population and Development in Latin America and the Caribbean.

Table IV.1
Latin America and the Caribbean: intergovernmental forums on social development,
by type of mechanism to which they are affiliated, 2015

A. United Nations organizations				
Institution	Forum	Year of creation	Frequency of meetings	Type of forum
United Nations Educational, Scientific and Cultural Organization (UNESCO)	Forum of Ministers of Social Development	2001	Twice a year (but it has been irregular)	Mechanism of analysis and proposals
United Nations Development Programme (UNDP)	Ministerial Forum for Development in Latin America and the Caribbean	2007	Annual	Discussion mechanism
Economic Commission for Latin America and the Caribbean (ECLAC)	Regional Conference on Social Development in Latin America and the Caribbean	2015	Biennial	Mechanism of analysis and proposals
B. Regional intergovernmental forums				
Institution	Forum	Year of creation	Frequency of meetings	Type of forum
Latin American Integration Association (LAIA)	Meeting of Ministers for the Social Area of Member Countries of LAIA	2009	When considered necessary (without fixed periodicity)	Analysis and proposals mechanism
Bolivarian Alliance for the Peoples of our America (ALBA)	Meeting of the Ministerial Council for the Social Area	2004	When considered necessary (without fixed periodicity)	Mandate monitoring mechanism
Community of Latin American and Caribbean States (CELAC)	Meeting of Social Development Ministers and Authorities to Eradicate Hunger and Poverty	2013	Biennial (the last meeting was in 2015)	Analysis and proposals mechanism
Organization of American States (OAS)	Meeting of Ministers and High Authorities of Social Development	2008	Biennial	Mandate monitoring mechanism
Organization of American States (OAS)	Inter-American Committee on Social Development (CIDES)	2010	When considered necessary (without fixed periodicity)	Mandate monitoring mechanism
Ibero-American Secretariat (SEGIB)	Ibero-American Conference of Ministers and High-level Authorities Responsible for Social Security	2000	Biennial since 2015	Discussion mechanism
Union of South American Nations (UNASUR)	South American Council of Social Development	2009	Annual	Analysis and proposals mechanism
C. Subregional intergovernmental forums				
Institution	Forum	Year of creation	Frequency of meetings	Type of forum
Andean Community (CAN)	Andean Council of Social Development Ministers	2004	Annual	Analysis and proposals mechanism
Caribbean Community (CARICOM)	Council for Human and Social Development	1973	When considered necessary (without fixed periodicity)	Analysis and proposals mechanism
Southern Common Market (MERCOSUR)	Meeting of Ministers and High Authorities of Social Development of MERCOSUR	2011	Twice a year	Discussion mechanism
Organisation of Eastern Caribbean States (OECS)	Council of Ministers for Social and Human Development	2014	Annual	Discussion mechanism
Central American Social Integration Secretariat (SISCA), social subsystem of the Central American Integration System (SICA)	Council of Ministers for the Social Area	2008	Annual	Mandate monitoring mechanism

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

Irrespective of the mechanism to which they are affiliated, the forums are distinguished by the orientation with which they have been created and the objectives they pursue. From this standpoint, three types of forum can be identified: those that are set up as mechanisms for discussion; those which formulate analyses and proposals; and those that are devoted mainly to monitoring the regional mandates and commitments.⁵

Of the 15 forums mentioned, four serve mainly as discussion spaces; in other words, they make it possible to exchange experiences, forge consensus around common positions, promote cooperation and move ahead in constructing a regional social agenda. The forums created with this aim are the UNDP Ministerial Forum for Development in Latin America and the Caribbean, the Ibero-American Conference of Ministers and High-level Authorities Responsible for Social Security of the Ibero-American Secretariat (SEGIB), the Meeting of Ministers and

⁵ The forums have been classified according to the main function they fulfil, as established in their mission. This does not mean that a given type of forum does not perform other functions.

High Authorities of Social Development of the Southern Common Market (MERCOSUR) and the Council of Ministers of Social and Human Development of the Organisation of Eastern Caribbean States (OECS).

There are also seven forums whose key objective is to generate information, analysis and proposals, and to set social policy priorities. Clearly, these are also spaces for exchanging experiences that stimulate debate among public policy decision-makers and promote cooperation. In addition, some of them also monitor mandates. These forums include the UNESCO Forum of Ministers of Social Development, the Meeting of Ministers for the Social Area of Member Countries of the Latin American Integration Association (LAIA), the CELAC Meeting of Social Development Ministers and Authorities to Eradicate Hunger and Poverty, the UNASUR South American Council of Social Development, the CAN Andean Council of Social Development Ministers, the Council for Human and Social Development of the Caribbean Community (CARICOM), and the ECLAC Regional Conference on Social Development in Latin America and the Caribbean, which, among other aims, seeks to foster improvements in national social development policies, provide technical inputs at the request of the countries, examine multidimensional poverty and make progress on the measurement of poverty, inequality and structural gaps.

Lastly, the four forums that monitor specific mandates are the OAS Meeting of Ministers and High Authorities of Social Development, for which the technical secretariat is that organization's Department of Economic and Social Development (DESD); the OAS Inter-American Committee on Social Development (CIDES), the technical secretariat of which is also DESD; the social subsystem of the Central American Integration System (SICA), which has a Council of Ministers for the Social Area and a Central American Social Integration Secretariat (SISCA), and the Meeting of the Ministerial Council for the Social Area of the Bolivarian Alliance for the Peoples of our America (ALBA), which aims to implement and monitor social programmes to the benefit of the peoples of the region's countries.

In some specialized areas, there are experiences that represent an example of institutional development at the regional level, such as the following subregional organizations which implement and operate conventions on social issues in specific sectors: the Andean Health Organization, which is responsible for implementing the Hipólito Unanue Agreement, and the Organization of the Andrés Bello Convention on Educational, Scientific, Technological and Cultural Integration.

2. The social agendas of selected intergovernmental forums

It is interesting to analyse the focus of the agendas of the aforementioned intergovernmental social development forums: whether there is convergence and complementarity between them, and what spheres are targeted by the commitments established. To address these questions, a brief overview of the contents of the agendas of seven of these forums is now presented.⁶ As shown in table IV.1, five of them have the main aim of generating information, analysis and proposals; and two are focused on monitoring mandates.

In general, there is considerable convergence and complementarity among the agendas of these forums, mainly oriented towards overcoming poverty and social inequalities from a rights standpoint. The predominant conception of poverty sees it as a multidimensional phenomenon that needs to be addressed through integrated social policies. Moreover, as several of these forums are linked to integration mechanisms, their agendas contain —more or less explicitly— the idea that regional integration processes can contribute to greater equality and social inclusion.

Apart from overcoming poverty and inequalities, other recurrent issues in the forums are food and nutritional security, the importance of developing the institutional dimension of social policies, and the need to develop integrated policies (see table IV.2). Thus, from the thematic standpoint, these elements constitute what might be referred to as the “hard core” of social development forums.

⁶ This only considers forums where there is some type of documentation, plan of action, mandate, or other instrument that makes it possible to identify the thematic pillars of the agendas and specify the spheres in which commitments and targets have been established. Forums set up as discussion mechanisms are not considered.

Table IV.2
Latin America and the Caribbean: central themes of selected
intergovernmental forums on social development

Intergovernmental forums and the year of the document establishing their themes	Central themes
Council of Ministers for the Social Area of the Central American Social Integration Secretariat (SISCA) (2008)	<ol style="list-style-type: none"> 1. Strengthening of the institutional framework of social policies in Central America 2. Effective provision of basic social services 3. Social well-being and human development
Meeting of Ministers for the Social Area of Member Countries of the Latin American Integration Association (LAIA) (2009)	<ol style="list-style-type: none"> 1. Cooperation as a tool to support social inclusion 2. Productive integration as a tool of social inclusion 3. Trade deepening and facilitation in support of social inclusion
Inter-American Committee on Social Development (CIDES), of the Organization of American States (OAS) (2010)	<ol style="list-style-type: none"> 1. Social protection and inclusion 2. Job creation for vulnerable population groups 3. Poverty reduction 4. Food and nutritional security
Andean Council of Social Development Ministers, of the Andean Community (CAN) (2011)	<ol style="list-style-type: none"> 1. Overcoming poverty and inequalities 2. Exercise and guarantee of rights 3. Identity and sense of belonging 4. Overcoming territorial asymmetries 5. Guarantee of social investment 6. Prevention of the social impacts of climate change and natural disasters
Meeting of Ministers and Authorities for Social Development and Eradication of Hunger and Poverty of the Community of Latin American States (CELAC) (2013)	<ol style="list-style-type: none"> 1. Strengthening food security 2. Universalization of health care 3. Universalization of education 4. Basic literacy programme
Regional Conference on Social Development in Latin America and the Caribbean, of the Economic Commission for Latin America and the Caribbean (ECLAC) (2015)	<ol style="list-style-type: none"> 1. Helping countries strengthen their public policy evaluation systems 2. Promoting the exchange of experiences between countries and intensifying the integrated analysis of economic and social policies 3. Deepening the analysis of the multiple dimensions of inequality, poverty and vulnerability 4. Organizing, maintaining and updating databases on social investment, non-contributory social protection programmes and youth and social inclusion
South American Council of Social Development, of the Union of South American Nations (UNASUR) (2015-2017)	<ol style="list-style-type: none"> 1. Development with inclusion 2. Food security in the fight against malnutrition 3. Social, solidarity-based and/or communal economy with productive inclusion and the generation of opportunities 4. Social participation 5. Regional cooperation and social policies

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on basis of Latin American Integration Association (LAIA), “Plan de acción priorizado para el desarrollo de la dimensión social del proceso de integración” (ALADI/CR/Resolución 360), 16 December 2009; Community of Latin American and Caribbean States (CELAC), “Plan of Action of Public Policies on Social Issues”, 2013; Union of South American Nations (UNASUR), “Plan de Acción 2015-2017”; Andean Community (CAN), Andean Social Development Objectives (OANDES), Lima 2011; Central American Social Integration Secretariat (SISCA), “Strategic Social Agenda of the System for Central American Integration”, 2008; Organization of American States (OAS) [online] http://www.oas.org/es/sedi/ddse/paginas/cpo_cides.asp#_Hlk1; ECLAC, “Resolution 1 (I) of the Regional Conference on Social Development in Latin America and the Caribbean”, Lima, 2015.

There is also a diverse range of issues, since each forum has its specific focus. Thus, the respective plans of action identify issues that are only present on the agenda of one or two initiatives. Among forums that are linked to regional integration organizations, LAIA stresses the social dimension of the integration process and proposes the integration of production and trade facilitation to support social inclusion as specific themes. CELAC and SISCA have key themes that include the universal provision of social services (education and health); while the specific issues highlighted by UNASUR are social participation and the social economy, with labour market inclusion and the creation of opportunities.

In 2011, CAN defined a set of Andean Social Development Objectives (OANDES), which cover several additional issues that are crucial for constructing the regional agenda: overcoming territorial asymmetries, particularly by fostering social development in depressed areas, which are predominantly rural and border zones; preventing the social impacts of climate change and natural disasters on poor and vulnerable population groups; increasing social investment; and fostering identity and the sense of belonging (reduction of social inequities that affect indigenous and Afro-descendent populations).

The OAS Inter-American Committee on Social Development (CIDES) brings two issues to the agenda that are crucial for eradicating poverty and inequalities: social protection and job creation for vulnerable population groups.⁷

⁷ See [online] http://www.oas.org/en/sedi/ddse/pages/cpo_cides.asp.

Lastly, the mandates of the Regional Conference on Social Development in Latin America and the Caribbean stress the production of information, analysis and technical assistance. In particular, ECLAC is tasked with organizing, maintaining and systematically updating databases on three key issues: social investment, non-contributory social protection programmes, and youth and social inclusion. In terms of research, ECLAC is urged to deepen the analysis of the multiple dimensions of inequality, poverty and vulnerability, with a particular focus on women, indigenous and Afro-descendent populations, the life cycle and territory. It is also encouraged to make a deeper integrated analysis of economic, production and social and employment protection policies and the promotion of decent work, stressing the importance of the exchange of experiences between countries and fostering South-South cooperation. In terms of technical assistance, it is called on to support the countries in strengthening their public policy evaluation systems and promoting the exchange of experiences.

It is important to note that the greatest dispersion and, hence, the highest risk of duplication of tasks and efforts is in the specific objectives and targets, since this involves the risk of dispersion of commitments and, possibly, also in the indicators designed to measure their achievement.

The common and specific issues of the intergovernmental social development forums make an important contribution to formulating a regional social development agenda that should be nourished by the interests and concerns of the countries in each particular regional or subregional scenario. Also essential is dialogue with the social pillar of the Sustainable Development Goals.

The 2030 Agenda for Sustainable Development has close ties with the social agenda of Latin America and the Caribbean (ECLAC, 2015). The region's social forums should gain enhanced status as intermediate steps in addressing the challenge of adapting the targets of the Sustainable Development Goals to the specific characteristics and needs of the countries and subregions of Latin America and the Caribbean, moving ahead in producing a regional social development agenda in the context of the 2030 Agenda for Sustainable Development.

B. The institutional framework and development at the national level: overview and challenges

The institutional framework of social policy varies across countries, but all of them have made progress in the last three decades, whether in terms of the legal and regulatory foundations of the policies, the organizational models and social authority, the technical and management tools, or the amounts of funding and financing schemes. Mandates have expanded, as have the coordination mechanisms, which —with increasing frequency— no longer work only to overcome poverty, but also address the construction of more integrated social protection systems and the issue of guaranteeing rights. Nonetheless, significant challenges remain, together with major opportunities, in developing a good-quality social policy.

In view of the dimensions discussed above, this section describes the key features, achievements and challenges for the different countries as they develop an institutional framework that facilitates a good-quality policy (in other words, one that is effective, efficient, sustainable and transparent) for achieving development and social inclusion, and overcoming poverty.

1. The legal and regulatory features of the institutional framework of social policies

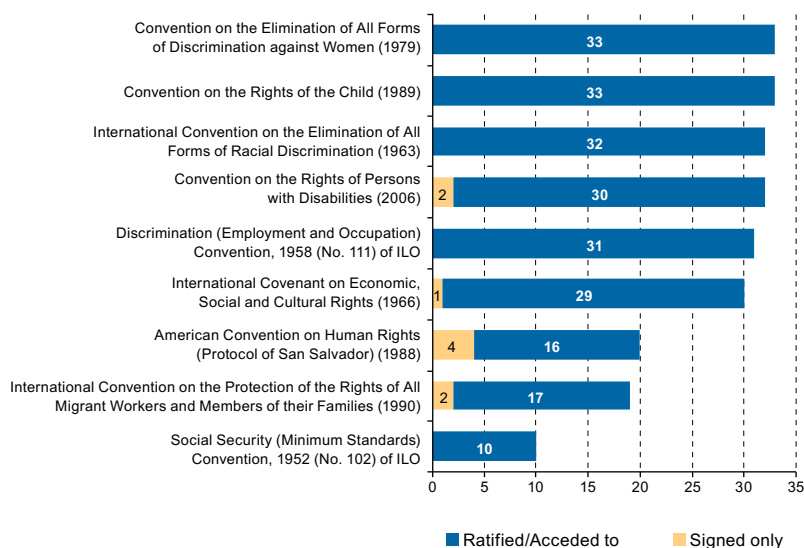
The legal underpinning of each country's social policies has different reference points and components. An initial level consists of the mandates and objectives proposed in the aforementioned instruments and international forums, which imply a commitment for the countries. These are supplemented by the rights defined in the constitution and the various legal and regulatory instruments that exist in each country.

Chief among these is the 1948 Universal Declaration of Human Rights, which was followed by other global and regional instruments, such as the conventions of the International Labour Organization (ILO), particularly the Equal Remuneration Convention, 1951 (No. 100), the Social Security (Minimum Standards) Convention, 1952 (No. 102), the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), and the Indigenous and Tribal Peoples Convention, 1989 (No. 169); as well as the International Covenant on Economic, Social and Cultural Rights, adopted in 1966; and the American Convention on Human Rights and the Additional Protocol to the American Convention on Human Rights in the Area of Economic, Social and Cultural Rights (Protocol of San Salvador), adopted by the Organization of American States (OAS) in 1969 and 1988, respectively. Two other international instruments that have served as a reference point for advances in national legislation include the Beijing Declaration and Platform for Action (1995), on gender equality, signed by 31 of the region's countries; and the Durban Declaration and Programme of Action (2001) to combat racism, racial discrimination, xenophobia and related intolerance at the national, regional and international levels, signed by 28 countries of the region.⁸ In addition, the Programme of Action of the International Conference on Population and Development, adopted in 1994 at the International Conference on Population and Development, held in Cairo and attended by 31 of the region's countries, has been very valuable in guiding social policies and promoting the adoption of the rights approach.

Although some of these instruments seem somewhat remote in time, they have had a fundamental effect on social policy in this century. Reinforced by the fresh impetus provided by the Copenhagen Declaration on Social Development (1995) and the Millennium Declaration and the Millennium Development Goals, adopted in 2000, these instruments and commitments have given additional substance to combating poverty and reducing inequalities in health, education, work, housing and in relation to gender, race and ethnicity. Today, these efforts are gathering renewed momentum with the 2030 Agenda for Sustainable Development, which presents new commitments and challenges for the countries and for social policy institutions at the national and regional levels.

As figure IV.1 shows, 29 of the region's 33 countries have (either implicitly or explicitly) acceded to the International Covenant on Economic, Social and Cultural Rights; but only 14 of these countries have had the instrument signed and ratified by their legislature. Only 16 countries have acceded to the Additional Protocol to the American Convention on Human Rights in the Area of Economic, Social and Cultural Rights (Protocol of San Salvador).

Figure IV.1
Latin America and the Caribbean (33 countries): signing and ratification or accession to covenants, conventions and agreements on economic, social and cultural rights
(Number of countries)



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

⁸ These instruments were adopted at the Fourth World Conference on Women, held in Beijing in 1995, and the World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance, held in Durban, South Africa in 2001, respectively. See [online]: <http://www.un.org/womenwatch/daw/beijing/pdf/Beijing%20full%20report%20S.pdf> and http://www.un.org/es/events/pastevents/cmcr/aconf189_12.pdf.

The Convention on the Rights of the Child and the Convention on the Elimination of All Forms of Discrimination against Women (33 ratifications or accessions) are those that have been most widely endorsed by Latin American and Caribbean countries. In addition, 32 countries have ratified or acceded to the International Convention on the Elimination of All Forms of Racial Discrimination. The recent Convention on the Rights of Persons with Disabilities, of 2006, has been ratified or acceded to by 30 countries.⁹

In the employment domain, the ILO Discrimination (Employment and Occupation) Convention, 1958 (No. 111) has been ratified by the vast majority of the region's countries. This convention is regarded as the first international instrument to protect workers from discrimination on the basis of race, colour, sex, religion, political opinion, national extraction, social origin or any other criteria that may be specified by each State. The countries that ratify it undertake to develop policies to promote equality of opportunities and treatment in those areas.

Other ILO conventions relating to social protection have been ratified by fewer countries in the region. For example, the Social Security (Minimum Standards) Convention, 1952 (No. 102) has been ratified by just 10 countries; while the Maternity Protection Convention (Revised), 1952 (No. 103) and the Maternity Protection Convention, 2000 (No. 183) have been ratified by nine countries. In the case of instruments targeting specific segments of the population, 15 out of 33 countries have ratified the Indigenous and Tribal Peoples Convention, 1989 (No. 169), which, among other provisions, aims to overcome discriminatory practices against these peoples, based on the fundamental principles of consultation and participation. Meanwhile, the Domestic Workers Convention, 2011 (No. 189) has received eloquent endorsement: in only four years since its adoption, it has been ratified by 12 Latin American and Caribbean countries (out of 22 that have done so worldwide). Nonetheless, 21 of the region's countries have not yet ratified it.

In the case of national regulations and considering the different functions of the social area, the constitutions of most of the region's countries proclaim the rights to health and education, domains in which specific legislation has been passed. Protection of employment and the right to social security are established explicitly in the constitutions of 21 countries; and the right to housing is included in 15. Moreover, 32 countries have specific laws on employment and social security, while 24 have legislation on the right to housing. Of the 38 cases analysed, the notion of social development is mentioned in just one constitution; and only nine countries have specific legislation on the subject (see table IV.3).

Table IV. 3
Latin America and the Caribbean (33 countries): existence of constitutional and specific regulations
on sectoral social issues and those relating to specific population groups^a
(Number of countries)

Pillar	Category	Constitutional mention	Specific regulation
Sectoral issues	Housing	15	24
	Health	19	28
	Education	24	28
	Employment protection/Social Security	21	32
	Social development	1	9
Population groups or segments	Persons with disabilities	15	22
	Older persons	16	15
	Youth	8	15
	Children and adolescents	22	29
	Women	10	15

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of an analysis of the constitutional texts and a review of the main national laws on social issues

^a The table lists the constitutions that explicitly evoke the rights of each issue or segment. For example, with the exception of Chile and Costa Rica, all constitutions refer at least in some dimension to persons with disabilities, nearly always in terms of non-discrimination in employment and disability pensions; but only in 13 countries is explicit reference made or details given of the rights and protection of each segment. In the case of national legislation, a review was made of the existence of laws on the various sectoral social issues (education, health, housing and development, social assistance and protection), specific population life cycle groups (children, youth and older persons), and cross-cutting issues (gender, indigenous peoples and persons with disabilities).

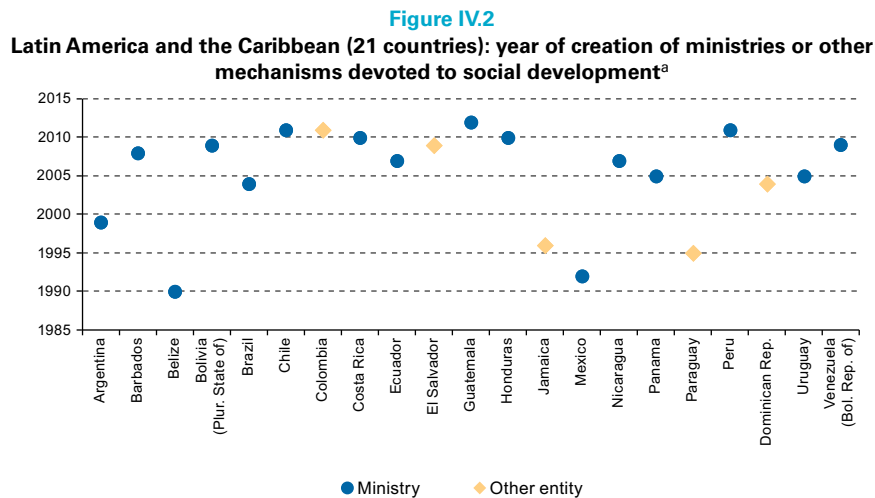
⁹ Ratification or accession involve acceptance of the legally binding nature of these instruments, whereas signing only represents acceptance in principle, which is followed by ratification as the final act.

Some national constitutions grant rights to specific segments of the population, such as persons with disabilities, which are identified in the constitutions of 22 countries, followed by older persons (16 countries) and children and adolescents (15 countries). The rights of women (10 countries) and young people (8 countries) and the definition of racism as a crime (one country) are mentioned less frequently in national constitutions.¹⁰ A total of 29 countries have specific laws governing the rights of children and adolescents, and 15 have laws on the rights of women.

In terms of the degree of fulfilment of rights, in accordance with the configuration of human rights indicators developed by the United Nations High Commissioner for Human Rights, Latin America and the Caribbean has a high degree of compliance with structural indicators, essentially owing to the enactment of legislation and the ratification of international instruments. However, its compliance level is much lower in terms of effective implementation (process indicators) and in terms of the results achieved (outcome indicators) in compliance with national and international instruments. Thus, beyond progress in the legal and regulatory dimension, the challenge remains of developing a quality institutional framework that is effective, efficient, sustainable and transparent, particularly in relation to the other dimensions with which the institutional framework of social policies is analysed.

2. Organizational characteristics and social authority

Entities with ministerial rank in the areas of education, health and employment have a long track record in the region's countries. In contrast, as shown in figure IV.2, ministries of development and social inclusion only emerged at the end of the twentieth century and particularly during the twenty-first.



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

^a The figure does not include countries in which no Ministry of Social Development has yet been created (Antigua and Barbuda, Bahamas, Dominica, Haiti, and Trinidad and Tobago).

In general, these ministries were created thanks to the social investment funds (FIS) set up during the 1990s as autonomous and temporary entities to develop programmes and projects to combat poverty, and to invest in the infrastructure of health, education and water and sanitation services. It was precisely in that period when discussion on authority and institutional frameworks in the social sector began to form part of the debate, particularly focused on positioning social issues with the economic authority and promoting the effectiveness and efficiency of social programmes through the dimensions of organization and tools for evaluating, monitoring and registering participants (Franco and Székely, 2010).

At present, ministries specialized in development and social inclusion policies have spread significantly, and most countries have this entity or a specific unit attached to the Office of the President or Vice President, specifically targeting the design, implementation and coordination of such policies. Nonetheless, not all have a law governing them, but some are based on an administrative decree issued by the Office of the President.

¹⁰ Racism is only considered explicitly as a crime in Brazil.

The region thus displays a heterogeneous institutional panorama in terms of organizational structure and social authority. Apart from varying in terms of their level in the State structure and their legal status, some of these entities have been formally designated to coordinate social development and inclusion policies, while others share authority with other units or mechanisms. In the vast majority of cases, their mandate includes (or is limited to) fighting poverty and a number of aspects of promotion and non-contributory social protection, which does not necessarily mean that all social policy is their responsibility (Székely, 2015).

The region has a variety of social authority modalities, depending on the place these occupy in the general government structure, the origin of their delegation and how they are set up:¹¹

- Appointment by the Office of the President or Vice President: specialized technical agency at the central government level, with authority formalized usually by a government decree.
- Family members of the executive: the mechanism is typically headed by the First Lady, as coordinator of social assistance programmes.
- National planning ministries: their hierarchical location and functions enable them potentially to coordinate intersectoral relations, but they generally lack the necessary level of technical specialization.
- Ministry of Social Development or Inclusion: ministry or secretariat specialized in poverty reduction and non-contributory social protection; often has coordination responsibilities, although functional overlap, funding disparities and their short history hinder their consolidation as the coordinating authority of all social policy.
- Coordinating ministry: organization appointed to mediate and coordinate the relevant ministries and agencies in the social area, whether central government or other levels of government; the best-known example is that of Ecuador, which in 2008 adopted this modality for the entire government structure.
- Intersectoral collegial bodies: social cabinets or economic and social councils, normally consisting of ministers from the social area and the directorates of specialized services, headed by the President, a Vice President, or a minister appointed as coordinator, with a collegial technical secretariat or one based in the planning area.

At least 22 of the region's countries have collegial bodies. Thus, rather than a unique model or alternative to the others, they represent a complementary mechanism through which authority over social policy is to some extent shared among the different government bodies involved in social policies (see table IV.4). The vast majority of these councils or cabinets are coordinated by the President or Vice President. Ministries of Social Development (or their equivalent) fulfil this function in only seven countries. This reflects a disconnect between formal authority and the real authority of the ministries that are tasked with coordinating social policy.¹² At the same time, rather than adopting a specific model, the leadership mechanism needs the mandate, resources and capacity for inter-agency coordination on social issues.

Table IV.4
Latin America and the Caribbean (22 countries): type of authority that coordinates the social cabinet or main intersectoral collegial entity in the social area

Country	Office of the President, Vice President, or presidential delegate	Ministry of development or social inclusion	Family or spouse of the executive	Other ministry	Ministry coordinating social affairs
Antigua and Barbuda	X				
Argentina		X			
Belize	X				
Bolivia (Plurinational State of)	X				
Brazil		X			
Chile		X			
Colombia				X	
Costa Rica	X				
Dominican Republic	X				
Ecuador					X
El Salvador ^a				X	

¹¹ The modalities described are ideals that do not necessarily exist in pure form in each country, and are not mutually exclusive. For example, in any given country a modality centred on the Office of the President of the Republic or a Ministry of Social Development with coordination capacities could coexist with a social cabinet. Moreover, a proliferation of mandates involving overlaps or the successive creation of new mechanisms can result in the coexistence of several modalities.

¹² Annex table IV.A1.2 gives details of the composition of the collegial intersectoral coordination mechanisms in the social area in each country.

Table IV.4 (concluded)

Country	Office of the President, Vice President, or presidential delegate	Ministry of development or social inclusion	Family or spouse of the executive	Other ministry	Ministry coordinating social affairs
Guatemala	X				
Haiti ^b			X		
Honduras	X				
Mexico		X			
Nicaragua ^c			X		
Panama		X			
Paraguay	X				
Peru	X				
Trinidad and Tobago		X			
Uruguay		X			
Venezuela (Bolivarian Republic of)	X				
Total	10	7	2	2	1

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

^a In El Salvador, the Office for Social Policy and Inclusion is coordinated, by presidential decision, by the Ministry of Health.

^b In Haiti, the entity in question is the National Commission for the Fight against Hunger and Malnutrition, coordinated by the First Lady during 2012-2014 (see the decree published in the Official Journal of 12 January 2012 [online] http://www.abagrangou.ht/medias/COLFAM_Moniteur_24%20janvier%202012.pdf).

^c In Nicaragua, the government appoints the person responsible for coordinating the intersectoral entity, the Council of Communication and Citizenship.

Over the last few years, entities have also arisen that focus on specific issues (poverty, social protection, malnutrition and food and nutritional security, care, discrimination, gender and others), or target specific segments of the population. The latter may be cross-cutting (such as the national machineries for the advancement of women and the promotion of racial equality, or mechanisms to promote the rights of persons with disabilities); or else they may be focused on promoting the rights and well-being of segments of the population in a certain phase of the life cycle (such as childhood, youth or old age).

The social authorities that work in thematic areas have a wide variety of mandates and missions, but their distinctive features generally include the mainstreaming and coordination of central government actions, while identifying particular needs and shortcomings in certain population segments or specific social problems, to guarantee the rights or access to services and priority care. Effective intersectoral coordination of social policies depends on the fulfilment of those mandates, through the actions of multiple government agencies. There is a wide variety of models and alternatives for social authorities on thematic areas (intersectoral committees, ministries, vice-ministries and institutes, among others). Boxes IV.1 and IV.2 discuss the specific cases of institutions serving the Afro-descendent population¹³ and persons with disabilities.

Box IV.1

Institutions addressing the needs and rights of the Afro-descendent population in Latin America

The number of institutions responsible for the rights of the Afro-descendent population in the region has increased in the last few years; and today over a dozen countries have a government institution coordinating these issues.^a This situation is the result of lobbying by Afro-descendent movements, together with other civil society organizations, governments and international agencies.

Most of the institutions that exist are founded on laws or decrees, have national and international legal support and have emerged since 2000, with the intensification of the process of preparing the World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance held in Durban (South Africa) in 2001; and, later, to fulfil commitments undertaken in the period following the conference. Similarly, the International Decade for People of African Descent, which runs from 2015 to 2024, is expected to help strengthen institutional arrangements that promote the overcoming of racism and racial equality in the region.

The set of institutions that coordinate issues related to

the Afro-descendent population at the government level varies widely across the region, both in terms of their character and in their nature, responsibilities and capacity to design, coordinate or implement policies. Intersectoral commissions are the most frequent institutional mechanism, followed by councils and secretariats. They also take the form of institutes, committees, directorates, commissions, corporations, departments, liaison offices and, in some cases, ministries.

The heterogeneity of the institutions also reflects the populations they serve. Some are devoted exclusively to people of African descent, while others also serve other groups, such as the Secretariat for Indigenous and Afro-descendent Affairs of Nicaragua.

A key factor for evaluating the effectiveness of those institutions is their rank in the government apparatus, which has a significant influence on the human and financial resources available to them, and their capacity to effectively influence public policy. Unlike secretariats and ministries, institutional entities

¹³ See annex table IV.A1.3

Box IV.1 (concluded)

such as commissions or councils do not always have those resources or their capacity. For example, the Special Secretariat for the Promotion of Policies of Racial Equality (SEPPIR) of Brazil (which had ministerial rank between 2003 and 2015) had over 100 staff, whereas the Directorate for Black, Afro-Colombian, Raizal and Palenquero Community Affairs has a staff of 33, and the Afro-Costa Rican Community Affairs Commission of the Office of the President of the Republic, created in 2015, has just three.

The experience of SEPPIR, in Brazil, has been noteworthy. Created in 2003, until mid-2015 it played an important role in formulating and implementing policies and participation in inter-ministerial coordination mechanisms in various areas (health, education, employment, poverty, violence, youth and childhood, among others). It also developed a significant dialogue with civil society, particularly with Afro-descendent organizations, mainly through the National Council and the National Conferences for the Promotion of Racial Equality. In October 2015, as part of a ministerial reform, SEPPIR was brought under the umbrella of

the Ministry for Women, Racial Equality and Human Rights, along with the Secretariat on Policies for Women and the Secretariat for Human Rights.

Lastly, it is important to note that the region currently has both national and local institutions. For example, in Brazil as of May 2015, the National System for the Promotion of Racial Equality (SINAPIR) encompassed 303 organizations and councils for the promotion of racial equality, distributed throughout national territory.

A more detailed study needs to be made of the scopes and limitations of organizations devoted to combating racism and promoting racial equality in the region, with a view to their development and strengthening. It is also necessary to deepen the analysis of the characteristics and scopes of the policies implemented thus far. Except for a few countries, the paucity of information with a breakdown by ethnicity or race in the region makes it hard to monitor and evaluate the policies and programmes developed in terms of their results and impact.

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

^a Argentina, Bolivarian Republic of Venezuela, Brazil, Colombia, Costa Rica, Ecuador, Honduras, Mexico, Nicaragua, Panama, Peru, Plurinational State of Bolivia and Uruguay.

Box IV.2

Progress in developing institutions for persons with disabilities: the challenge of closing the gap between de jure principles and their de facto implementation

Persons with disabilities have been gaining an ever greater presence both in the conventions of international organizations and in national legislation. The Vocational Rehabilitation and Employment (Disabled Persons) Convention, 1983 (No. 159) of the International Labour Organization (ILO) clearly establishes the principle of equal opportunity between workers with disabilities and workers in general. The Inter-American Convention on the Elimination of All Forms of Discrimination against Persons with Disabilities, adopted by the Organization of American States (OAS) in 1999, is a regional benchmark. The Dakar Framework for Action on Education for All asserts that education is a fundamental right and a basic need for all children, young people and adults, including those with disabilities (UNESCO, 2000). In December 2006, the United Nations General Assembly adopted the Convention on the Rights of Persons with Disabilities and its Optional Protocol.

All of the region's countries have central government mechanisms that exist mainly to protect the rights of persons with disabilities. In most cases, those entities form part of the Ministry of Social Development, if there is one; although, in some countries, such as El Salvador, Guatemala and the Dominican Republic, they report directly to the Office of the President of the Republic. In general, their aim is to promote, execute and evaluate public policy for the social inclusion of persons with disabilities and their families in different spheres, such as health, education, social protection, labour inclusion and accessibility, broadly defined. In many cases, public organizations of this type also exist at local levels.

Health-care access for persons with disabilities is one of the issues on which most progress has been made in the region, because there is wide-ranging legislation on the subject. The same is not true of access to rehabilitation, which in most countries is provided by non-governmental organizations that are unable

to cover the needs of the entire population with disabilities, and whose resources depend, to a considerable extent, on philanthropic grants. Even greater obstacles exist in education, in terms of both coverage and quality, in access to the labour market, and in accessibility in the broad sense. Although there are laws or other regulations that recognize the right to education and stress the importance of the inclusive model, and although several countries have made it compulsory to include children with disabilities in regular education, there are still many who are left outside the school system, or else receive services of very poor quality (IDB, 2015; Padilla Muñoz, 2011; ECLAC, 2013a).

All countries have laws or other regulations governing labour market participation by persons with disabilities. The region's labour market inclusion programmes include training to enhance skills, improve employability conditions, and support job or occupational search, together with hiring incentives in the private sector. Nonetheless, information that would make it possible to analyse the impact of this type of action is not available. Several countries in the region have defined quotas for hiring persons with disabilities, in some cases extended to the private sector, as in Brazil and Ecuador.^a Nonetheless, available capacity to supervise the fulfilment of those quotas is seriously lacking (ILO, 2012a). In 2014, Uruguay adopted Decree No. 79/014, which requires 4% of budgetary resources earmarked for staffing and recruitment in public institutions to be assigned to the recruitment of workers with disabilities (see [online] www.impo.com.uy/bases/decretos/79-2014).

The key institutional challenge relating to this segment in the region is that the entities responsible must have the mechanisms, structure and staff needed to improve coordination and monitoring, and thus ensure that legally recognized rights and measures are effectively enforceable.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Inter-American Development Bank (IDB), "10 Myths about Students with Disabilities in Latin America," 2015; Pedro Luis Castellanos, "Políticas Sociales inclusivas, aportes desde la estrategia Quisqueya sin Miseria," 2013; ECLAC, Social Panorama of Latin America 2012, (LC/G.2557-P), Santiago, 2013; International Labour Organization (ILO), "Perfil do trabalho decente no Brasil. Um olhar sobre as unidades da Federação," 2012; Andrea Padilla Muñoz, "Inclusión educativa de personas con discapacidad," Revista Colombiana de Psiquiatría, vol. 40, No. 4, Amsterdam, Elsevier, 2011; Yessenia Tapia Solórzano, "La inserción laboral de las personas con discapacidad y su incidencia socioeconómica en el Ecuador. Período 2009-2011," 2012; United Nations Educational, Scientific and Cultural Organization (UNESCO), The Dakar Framework for Action. Education for All: Meeting our Collective Commitments, Paris, 2000.

^a Argentina, Bolivarian Republic of Venezuela, Brazil, Costa Rica, Ecuador, El Salvador, Honduras, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

3. Management tools and the technical and operational dimension

Aside from the need for adequate legal underpinning and clear organization, with mandates to confer authority and coordination capacity, a key factor for putting in place institutions that allow for a quality social policy is having instruments to adequately implement government plans, so as to achieve policy targets. To that end, it is essential to have information systems for diagnosis, monitoring and evaluation, together with suitable and sufficient technical teams.

A review of data on the region's 33 countries shows that only 21 currently have an explicit social development plan or strategy. Although the mere existence of such plans is a positive sign, the fact that many of them are time-bound to government terms of office, rather than the expression of State policies, is an institutional weakness. In the health and education areas, the implementation of these plans dates back a long time; but strategies on combating poverty, and promoting development and social inclusion are more recent. Several evaluation and monitoring systems were first implemented, with ex-ante evaluation processes, in the social investment funds (FIS) of the 1990s. This extended into the current century, along with conditional transfer programmes, which have added significant innovations in terms of technical and administrative capacity, together with an expansion of impact assessments.

As shown below, most Latin American and Caribbean countries have been developing management tools involving the coordination of social development programmes, such as participant registers (totally or partially integrated), and systems for monitoring and evaluating these programmes.

In terms of accountability, it is essential to have formal rules and procedures within the State to control and verify the functioning of social policies and programmes, processes in which monitoring and evaluation systems play a key role, along with participant registers and operating rules, and (general and sectoral) mechanisms for the oversight and auditing of public actions. This is complemented with the accountability instruments of the entities implementing the social development policies and programmes, and the role played by a wide variety of non-government actors, including programme participants, civil society and their organizations and the media, among others.

Alongside accountability, participation mechanisms play a crucial role in improving the design of policies and institutionalising and boosting their impact and sustainability. These mechanisms encompass a series of modalities, ranging from participatory budget exercises and sectoral or thematic consultation forums, to instruments enabling beneficiaries to participate in programme management. These include, given its scope and magnitude, as well as its results, the National Conference on Social Assistance in Brazil, which is developing an extensive dialogue and consultation process, initially at the municipal level and eventually to be rolled out nationally. This involves the election of delegates in each of those stages and the participation of various government agencies coordinated by the Ministry of Social Development and Fight against Hunger, together with civil society organizations and programme users. The National Conference on Social Assistance has achieved significant results such as the creation of the national social assistance system.

4. The fiscal dimension of the institutional framework

The proportion of funding destined for each government function is a basic indicator of their political and economic importance, and the volatility of funding levels in the face of the economic cycle shows how context-dependent that allocation is. Thus, increasing the share of gross domestic product (GDP) destined for funding social policies and its relative stability are key factors for the sustainability and institutional strengthening of those policies.

The continued growth of resources channelled into social sectors in the region reflects a progressive institutionalization of social policy in fiscal terms, particularly in relation to poverty reduction and social protection. Although the rate of growth in funding varies, it has remained positive and was a central support during the global crisis in the latter years of the 2000 decade.¹⁴ Nonetheless, many needs remain unmet in the

¹⁴ See chapter II for further information on this subject.

region and major challenges persist in terms of the availability of resources. The region is still far from attaining the expenditure levels (both absolute and relative) seen in the countries of the Organization for Economic Cooperation and Development (OECD), which average 27% of GDP (see table IV.5).

Table IV.5
Latin America (18 countries): social spending in three groups of countries with different results in terms of social protection and promotion (simple average of each group), around 2010-2014
(United States dollars at 2010 prices and percentages of GDP)

Indicator	Group 1	Group 2	Group 3
	Argentina, Brazil, Chile, Costa Rica, Panama and Uruguay	Colombia, Mexico and Venezuela (Bolivarian Republic of)	Bolivia (Plurinational State of), Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay and Peru
Public social spending per capita <i>(United States dollars at 2010 prices)</i>	2 132	1 166	366
Public spending on social protection (social security and assistance) per capita <i>(United States dollars at 2010 prices)</i>	966	456	111
Social public spending <i>(percentages of GDP)</i>	20.2	14.0	11.0
Public expenditure on social protection (social security and assistance) <i>(percentages of GDP)</i>	8.9	5.6	3.1
Public expenditure on education <i>(percentages of GDP)</i>	4.8	4.1	4.4
Public expenditure on health <i>(percentages of GDP)</i>	4.5	2.9	2.6
Public expenditure on housing and others <i>(percentages of GDP)</i>	1.5	1.3	1.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of 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), 2012.

A comparison between the different countries in terms of available resources and the GDP share of these resources shows that the institutional framework is not homogeneous in this regard or in relation to the services provided in the different policy areas. In general, in the countries with the greatest needs coverage of services is more limited and there are fewer resources per capita, and lower fiscal priority is afforded to these services.

The foregoing paragraphs have commented on the contribution made by conditional transfer programmes to the institutional framework of social policies, in relation to coordination and management tools. In contrast to their coverage level, which approaches 21% of the population in the region, the resources of those programmes only represented 0.39% of GDP as a regional average around 2013 (the individual countries attained levels ranging between 0.01% and 1.13% of GDP), while the per capita amounts fluctuated between US\$ 0.51 and US\$ 41.19 per month (ECLAC, 2015). This could be a good sign of efficiency, but it also reflects the level of priority that these programmes enjoy in the different countries.

One indicator of the priority that the region’s countries assign to development and social inclusion policies is the annual budget of the ministry of social development, or equivalent entity, in relation to the total public budget. This also varies widely, but with a different distribution than that seen in table IV.5. The percentage in question ranges from 1.0% in Nicaragua and Uruguay, or 1.1% in Paraguay, to 5.2% in Peru and 6.0% in Argentina (see table IV.6). Those figures show that the budgetary weight of those entities is low-to-moderate, in contrast to the importance of their tasks.¹⁵ Although the amounts in question do not reflect the mobilization of resources from other ministerial entities that act in coordination, they do indicate an order of magnitude for their relative weight within central government.

¹⁵ The values indicated represent an administrative but not functional classification of social spending (see chapter II of this edition of *Social Panorama*).

Table IV.6

Latin America and the Caribbean (14 countries): budget of the ministry of social development or equivalent entity, as a proportion of budgeted primary expenditure, around 2015^a
(Percentages)

Country	Ministry of social development or equivalent	Percentage
Argentina	Ministry of Social Development	6.0
Brazil	Ministry of Social Development and Hunger Alleviation	3.9
Chile	Ministry of Social Development	1.7
Colombia	Social Prosperity Department	2.4
Costa Rica	Ministry of Human Development and Social Inclusion/Joint Institute for Social Aid (IMAS)	3.3
Ecuador	Ministry of Economic and Social Inclusion	3.4
Guatemala	Ministry of Social Development	3.2
Haiti	Ministry of Social Affairs and Employment	3.1
Mexico	Secretariat for Social Development	3.2
Nicaragua	Ministry of the Family, Adolescence and Childhood	1.0
Panama	Ministry of Social Development	2.7
Paraguay	Social Action Secretariat	1.1
Peru	Ministry of Social Development and Social Inclusion	5.2
Uruguay	Ministry of Social Development	1.0
Latin America and the Caribbean (simple average)		2.8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the budgetary laws of the countries.

^a The figures refer to amounts budgeted, but not necessarily executed.

Another element to be considered in this dimension is the quality of data collection and dissemination processes. Although progress has been made on incorporating approaches, categories, and procedures for the functional analysis of expenditure, the institutional coverage and classification of social functions continues to vary, as does the consideration of private contributions, either by co-financing of services provided (out-of-pocket expenses) or the contribution made by foundations and non-governmental organizations (NGOs) or other entities (see chapter II). In contrast, the analytical approach is still essentially based on accounting and budgetary control, and little progress has been made towards viewing expenditure as an integral part of public policy management and decision-making.¹⁶

C. The institutional framework of social protection in the countries of the region

Although the region's social protection systems have improved, considerable institutional challenges remain. The vast majority of countries have set up social development entities, and these play a major role in implementing non-contributory social protection policies, in which progress can be discerned in terms of management tools. One of the key challenges is to improve coordination between the contributory and non-contributory components of social protection, and also between government entities that have general mandates and those specialized in a specific social problem or segment of the population. In that context, care policies are a central component of social protection in the region, and their effectiveness will increase as progress is made in institutionalising them as part of a universal social protection system.

The social protection policies that emerged in the region were anchored to participation by working age people in formal employment, in the context of low levels of social investment. Through that channel, and based on the labour market regulations in force at each point in time, workers along with their families and dependents gained access

¹⁶ Improving these measurement systems entails articulating the methodological proposals contained in the government finance statistics manual of the International Monetary Fund (IMF) with the System of National Accounts, in the satellite accounts category, and including information on costs and investment as an integral part of the social management analysis system, articulated with social information, with a view to improving the rationale of decision-making to maximize the impacts and efficiency of resource use (Martínez and Collinao, 2010; Martínez, 2015).

to social security (pensions); social services such as health; different forms of insurance against various economic, employment, and personal contingencies; and also to a large proportion of the policies on social advancement and those fostering access to the social services on offer. In situations of high informality, that model had obvious coverage limitations in most cases, and large segments of the population were left out.

In view of this trend, ECLAC has proposed developing universal social protection systems, promoting the integration of their different components (contributory, non-contributory, labour market regulations and care systems) as a basis for moving towards greater social inclusion and guarantee of rights. The contributory component is associated with social security, while the non-contributory component encompasses the actions generally associated with social assistance, and labour market regulations seek to protect and foster decent work. Care systems provide services to assist and facilitate the development of those who, owing to age or condition, need to be supported by others, together with the coordination of transfers, regulatory benefits related to care periods (leave), labour standards for those who provide care services, and quality standards for those services, among other instruments.

The main functions of social protection and their components include ensuring and protecting the incomes of individuals and their family nuclei, identifying unmet demand, ensuring access to social services and social promotion actions; and, lastly, promoting and protecting decent work, ensuring a correspondence between employment and social protection (Cecchini and Martínez, 2011). As shown below, the set of actions targeting care for individuals in the different stages of life is a recent problem of social protection, partly cutting across the components mentioned above, but also encompassing other areas of public action, and other public, private and civil society actors.

The complexity of social problems, and of the policy goals designed to address them, requires intersectoral approaches and designs to link the supply of social protection with the demand for it. From the policies and programmes side, sectoral (or horizontal) coordination is needed between the different government areas, together with vertical linkages between the different levels of government. At the same time, policies and programmes must simultaneously address general and specific problems that affect certain segments of the population, defined by life stages (longitudinally) or gender, ethnic, social or economic differences (transversally). To some extent, the social institutional framework in place today reflects that aspiration and the difficulties in attaining it, particularly owing to the coordination challenges it implies.

The social protection in force in most of the region's countries reflects dual models in its conception and has a two-headed form of organization, insofar as they are answerable to two different authorities, depending on whether they are contributory or non-contributory. The coordination within each component also has shortcomings, with participation by the various actors in the contributory component on the one hand, and a set of non-contributory programmes on the other. The latter generally target population groups living in poverty or excluded from formal social security, and they are publicly financed.

The ensuing paragraphs describe a number of institutional features of this situation and the associated dilemmas. First, aspects of the institutional framework of non-contributory components are considered, focusing on the ministerial entities that are formally mandated to work for social development. Then, consideration is given specifically to integrated care policies, as a new social protection problem that is eliciting innovative institutional responses in the region.

1. Entities devoted to social development and non-contributory social protection

Most of the government social development mechanisms in the region today have been set up in the last 25 years. Although in many cases they were created in contexts of economic and social emergency, these entities have consolidated and become permanent. At the same time, their coverage and formal mission have expanded, from dealing with extreme poverty to pursuing a broader social inclusion objective and, in some cases, explicitly including the mission to guarantee minimum and universal levels of social well-being.

The panorama of the mandates, the organizations responsible for them, the social protection programmes under their authority, and the management tools available to them, are indicative of these ministries' relative weight in the social institutional framework generally, and in non-contributory social protection in particular, as well as their relative capacity to generate intersectoral policies and programmes.

(a) Mandates and organizational structures of the ministries of social development

The analysis of the mission and mandates of entities devoted to social development, and the range of mechanisms that depend on them, give an idea of the challenges involved in the intersectoral coordination of non-contributory social protection policies.

In the vast majority of cases, these entities have mandates and missions related to poverty, protection and social inclusion and, to a lesser extent, care provision in various modalities. At the same time, they all coexist with a growing number of mechanisms devoted to welfare and guaranteeing the rights of specific population segments, such as children and adolescents, older persons, persons with disabilities, indigenous peoples and Afro-descendent populations. Within this diverse panorama, it is possible to characterize a number of institutional modalities associated with their mandates (see annex table IV.A1.1).

The first corresponds to cases in which the mandate of these social development ministries makes them responsible for the needs of the aforementioned population segments. Of the 25 countries of the region for which there is information available, in 9 the social development ministries are also in charge of mechanisms devoted to older persons; in 6 they are responsible for youth institutes; and in 8, for institutions addressing the needs of the child and adolescent population. In cases where the Ministry of Social Development has a mandate and responsibility for the management of several of these segments, such as in Uruguay and Chile (where these ministries were created in 2005 and 2011, respectively), their effectiveness in meeting the particular needs of each segment depends on their specific design and implementation capabilities, the authority for coordinating actors, and the available resources.

A second modality, which is generally complementary to the previous one, consists in intersectoral commissions composed of the various ministries and other entities, and coordinated by the Office of the President or Vice President. Examples are entities responsible for the well-being and rights of the child population (childhood councils), as seen in 12 of the 25 countries. The key challenge is that those intersectoral mechanisms need authority to coordinate a multiplicity of ministries and other government entities (and even non-government ones). As those intersectoral mechanisms have broad mandates (generally, promoting or guaranteeing a wide range of rights), their capacity to mobilize resources and coordinate the government entities involved in implementing social protection actions is fundamental.

The third alternative that has its own coordination challenges is the existence of specific ministries targeting population segments. Common examples are the national machineries for the advancement of women, which generally consist of a ministry to address the needs and rights of women (this is the case in 11 of the 25 countries), or else an individual to head the mechanism with ministerial rank.¹⁷ In this case, the challenge stems from the coordination capacity of these entities in relation to the other ministries, particularly with those involved in social development —both in terms of implementing social protection policies and programmes, and in coordination with other central government mechanisms, so as to ensure that the needs of each segment are taken into account by government public action as a whole.

The challenge that these modalities share in terms of implementing social protection policies is to ensure that their basic functions (protecting and guaranteeing income, identifying unsatisfied demand and guaranteeing access to social services and promotion policies, as well as fostering decent work as a gateway to social protection and welfare) are fulfilled for each population segment, through either general or specific actions.

(b) The challenges of coordination and linkages between social protection actors

The need for linkages between social protection systems arises on several levels and in a number of dimensions. As argued in previous studies, the level of intersectoral coordination represents a continuum that runs from communication and coordination between different institutional players to a consolidated or integrated effort in which the institutions, faced with a given problem, implement all the phases of their policies and programmes on an intersectoral basis, based on common procedures and practices, and even sharing resources, responsibilities and actions, as well as monitoring and evaluation (PAHO/WHO, 2015). Constructing high levels of intersectoral coordination entails political, financial and organizational costs together with time; so it is justified in the event of facing highly complex and large-scale problems (Repetto, Cunill Grau and Bronzo, 2015; Repetto and Potenza, 2015). The following paragraphs outline some of the dimensions and challenges of institutional coordination of social protection systems.

¹⁷ On this point, see Gender Equality Observatory for Latin America and the Caribbean, “Ficha técnica: nivel jerárquico de los Mecanismos para el Adelanto de la Mujer (MAM)” [online] <http://www.cepal.org/oig/html/niveljerarquico2.html>.

(I) Coordination between the different sectors of social policy

Sectoral inertias often hinder the design of social policies and programmes aimed at addressing and producing impacts in several dimensions of well-being. The experience of cash transfer programmes was an innovation at the time, by combining coordinated and intersectoral actions in terms of assistance, education, nutrition and health. Most of these programmes are currently developing greater capacities for linkage and coordination with other sectoral actions related to employment and productive development, so as to take better advantage of the years of education achieved under the programmes themselves, through less precarious labour market participation, and contributing to an escape from poverty (see chapter III for further discussion of this topic). Nonetheless, most countries still need to implement the logic of intersectoral work, which includes joint planning, the setting of shared objectives, and an integrating rationale in terms of budget and evaluation and performance systems.

(II) Coordination between contributory and non-contributory components of social protection

The existence of social protection systems with high levels of coverage, equity and fiscal sustainability is closely tied to the possibility that, in the long term, access to that system is less segmented, and the contributory and non-contributory components respond to the same rationale of social inclusion and vocation of universality, with the joint analysis of the risk and consistency between incentives and financing. Although recently the non-contributory pillar has spread autonomously in the region to fill the gaps in traditional social security coverage, an outstanding challenge consists in expanding the latter to sectors that have been sparsely covered thus far, and to construct means of communication between policies and non-contributory programmes, social security and the formal labour market. Although there is no conclusive evidence of the disincentives generated by migrating non-contributory programmes to contributory and formal mechanisms, institutional alternatives and mechanisms to establish links between them are yet to be developed.

(III) Coordination between general-mandate social entities and thematic social authorities targeting social problems or segments of the population (transversal or by stages of the life cycle)

The appearance of thematic social authorities is a consequence of the enrichment and growing complexity of the region's social agenda. These entities have focused on an intersectoral approach to addressing certain social issues or problems such as discrimination, inequality, poverty or care, along with promoting the rights and serving the needs of specific population segments (women, persons with disabilities, Afro-descendent populations or indigenous peoples), and those relating to the different stages of the life cycle (childhood, youth and old age). A key institutional challenge is to ensure that the work done by those entities, based on their more or less broad mandates, results in higher levels of mainstreaming and intersectoral coordination, rather than a fragmentation of the institutional architecture reflected in unfocused policies and programmes that are more motivated by competition than by collaboration. In the specific case of social protection systems, the mission of these entities is relevant for mainstreaming or linking the services provided by the different components and specifying particular needs and shortcomings. The experience of care systems (which are described in point 2 of this section) illustrates these challenges.

(c) The institutional affiliation of cash transfer and non-contributory pension programmes

Another example of the institutional challenges of non-contributory social protection is the institutional affiliation of conditional cash transfer and social pension programmes. As noted above, the significance of these initiatives stems less from their relative fiscal weight and more from their coverage and targeting of the low-income strata.

Table IV.7 shows that, of 21 countries in the region that implement at least one nationwide cash transfer programme, in 10 cases this is affiliated to the Ministry of Social Development or equivalent ministerial entity; in six countries the programme is affiliated to the Office of the President; and in five to some other ministerial brief. In the 19 countries that have a non-contributory national pension programme, in eight cases it is affiliated to the Ministry of Social Development or equivalent; in two cases to the Office of the President, and in nine to some other ministerial brief.

Table IV.7
Latin America and the Caribbean (21 countries): mechanisms responsible for the main cash transfer and non-contributory pension programmes^a

Country	Programme	Type of programme	Entity responsible			
			Ministry of social development and equivalent	Office of the President or Vice President	Other portfolio or mechanism	Portfolio or mechanism responsible
Argentina ^b	Universal Child Allowance for Social Protection	CTP			x	National Social Security Administration (ANSES) of the Ministry of Work, Employment and Social Security
	Non-contributory pensions programme	SP	x			
Belize ^c	Building opportunities for our social transformation	CTP	x			
Bolivia (Plurinational State of) ^c	Juancito Pinto Grant	CTP			x	Ministry of Education
	<i>Renta Dignidad</i> universal old-age pension	SP			x	Pensions and Insurance Inspection and Control Authority (APS)
Brazil ^c	<i>Bolsa Família</i>	CTP	x			
	Continuous Benefit Programme	SP	x			
	Rural Pension Saving	SP			x	Ministry of Labour and Social Security
Chile ^c	Ethical Family Income	CTP	x			
	Solidarity Chile	CTP	x			
	Basic Solidarity Pension (formerly Welfare Pension (PASIS))	SP			x	Ministry of Labour and Social Security
Colombia	Income for social prosperity	CTP	x			
	<i>Colombia Mayor</i> older adult solidarity programme	SP			x	Ministry of Labour
Costa Rica ^d	<i>Avancemos</i>	CTP			x	Vice Ministry of Housing and Human Settlements
	Non-contributory minimum basic pension regime	SP			x	Costa Rican Social Security Fund
Dominican Republic	Progressing with Solidarity	CTP		x		
Ecuador ^c	Human Development Grant	CTP	x			
	Pension for Older Adults and Pension for Persons with Disability (complementing the Human Development Grant)	SP	x			
El Salvador	Solidarity in Communities	CTP		x		
	Our Greatest Rights	SP		x		
Guatemala ^c	<i>Mi Bono Seguro</i>	CTP	x			
Haiti ^c	<i>Ti Manman Cheri</i>	CTP			x	Ministry of Economy and Finance
Honduras ^c	<i>Bono 10 000</i> programme for education, health and nutrition	CTP		x		
Jamaica	Programme of Advancement through Health and Education (PATH)	CTP			x	Ministry of Labour and Social Security
Mexico ^c	<i>Prospera</i> programme	CTP	x			
	Pension for Older Adults (formerly 70+ programme)	SP	x			
Panama ^c	Opportunities network	CTP	x			
	120 to the 65s (special programme of cash transfers to older adults)	SP	x			
Paraguay	Tekoporã	CTP		x		
	Food pension for older adults	SP			x	Non-contributory Pensions Directorate of the Ministry of Finance
Peru ^e	<i>Juntos</i> programme	CTP		x		
	<i>Pensión 65</i> National Solidarity Assistance Programme	SP			x	Office of the Chair of the Council of Ministers

Table IV.7 (concluded)

Country	Programme	Type of programme	Entity responsible		
			Ministry of social development and equivalent	Office of the President or Vice President	Other portfolio or mechanism
Trinidad and Tobago	Targeted conditional cash transfer programme	CTP	x		
Uruguay ^c	Family allowances	CTP	x		
	Non-contributory pension for old age or disability	SP	x		
Venezuela (Bolivarian Republic of)	Large-scale missions, missions and micro-missions	CTP		x	
	Great mission <i>Amor Mayor</i>	SP	-	x	
Latin America and the Caribbean	Cash transfer programme	21	10	6	5
	Social pension	15	6	2	7

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

^a Governing entities are defined as those identified in the legal framework as the responsible entities, irrespective of whether or not there are executing agencies. The programmes are classified as conditional transfer programmes (CTP) or social pension (SP) schemes.

^b Has one ministerial mechanism devoted explicitly to development or social inclusion. The National Social Security Administrator (ANSES), attached to the Ministry of Work, Employment and Social Security, has played a key role in the non-contributory social protection provided since 2005, and later with the nationalization of the retirement and pensions system (for example, retirement pensions under the “*moratorium*” scheme, or later the universal subsidy per child for unemployed and informal workers, among other things).

^c Has one ministerial entity devoted explicitly to development or social inclusion.

^d Has one ministerial entity devoted explicitly to development or social inclusion. The *Avancemos* programme is inter-institutional and has been governed by various mechanisms. Since 2014, the programme has been executed by the Joint Social Assistance Institute (IMAS), headed by the Minister of Human Development and Social Inclusion, but under the responsibility of the Head of the Human Development and Social Inclusion Sector, coordinated jointly by the Minister of Labour and Social Security, and the head of IMAS, and the regulation on the execution of the *Avancemos* programme in IMAS of 2009.

^e Has a ministerial mechanism devoted explicitly to development or social inclusion. The National Solidarity Assistance Programme (*Pensión 65*) is run by the Ministry of Development and Social Inclusion, but depends on the Office of the Chair of the Council of Ministers.

In short, although ministerial entities devoted to social development have emerged as protagonists of non-contributory social protection and with formal mandates in that field, the governance of the main programmes, at least those of broader scope, is not always under their responsibility. To a large degree, this is related to the social authority models in each country, the role granted to ministerial entities devoted to social development, and the existence and institutional affiliation of non-contributory benefits in the pension systems. This highlights the need to strengthen consistency and linkages between authority models, mandates and ministerial structures and existing programmes, and also between them and the multiple participants in social protection systems that are more complex than they used to be, as argued in the following sections.

(d) Management tools

In terms of the technical and operational dimension, the ministerial entities working on social development have made significant progress, which is an indicator of their implementation capacity. As noted in the previous section, much of the progress made on management was linked to the implementation of conditional transfer programmes, the design of which included the development of information systems, beneficiary registers, monitoring and evaluation, and in many cases went outside their original mission to address programmes of other divisions. In particular, progress has been made in terms of the design and scope of the evaluation of those programmes, which grew from the monitoring of budgetary execution to the evaluation of their impact through experimental, quasi-experimental, and pre-experimental designs.

As can be seen in table IV.8, if the existence of systems of information, evaluation and transparency are taken as an approximation, most of the ministerial entities devoted to social development currently have this type of tool. Of the 22 countries with information available, 19 have social programme beneficiary registers, although few of these are integrated systems that are periodically updated. In the case of social information systems, nine countries have a sectoral type of system (in other words specific to the ministerial entity responsible for social development); and in five cases such systems span the range of central government social policies. There are also at least 15 countries with mechanisms for evaluating government programmes, including social programmes, and nine with sectoral evaluation systems.

Table IV.8
Latin America and the Caribbean (22 countries): synthesis of selected tools of social programme management, planning, evaluation and transparency, 2015

Country	Social protection actor of highest rank and with largest presence	Technical-operational dimension					
		Single participant register	Social development sectoral plan	Transparency or access to public information systems	Integrated social information system		Social programme evaluation mechanisms
					General	Sectoral	
Argentina	Ministry of Social Development	x	X	x		x	x
Belize	Ministry of Human Development, Social Transformation and Poverty Alleviation	x					
Bolivia (Plurinational State of)	Ministry of Development Planning	x	X	x			x
Brazil	Ministry of Social Development and Hunger Alleviation	x	X	x		x	x
Chile	Ministry of Social Development	x	X	x		x	x
Colombia	Social Prosperity Department	x	X	x		x	x
Costa Rica	Joint Institute for Social Aid	x	X		x		
Dominican Republic	Social Policy Coordination Cabinet of the Office of the Vice President	x	X			x	x
Ecuador	Ministry for the Coordination of Social Development	x	X	x		x	x
El Salvador	Social Inclusion Secretariat of the Presidency	x	X	x	x		x
Guatemala	Ministry of Social Development	x	X	x			x
Haiti	Ministry of Social Affairs and Employment	x	X	x			
Honduras	Ministry of Social Development and Inclusion	x	X	x		x	x
Jamaica	Jamaica Social Investment Fund of the Office of the Prime Minister		X				x
Mexico	Secretariat of Social Development	x	x	x	x		x
Nicaragua ^a	n.a.	x	X	x		x	x
Panama ^b	Ministry of Social Development	x	X	x		x	x
Paraguay	Social Action Secretariat of the Office of the President of the Republic	x	X	x	x ^c		x
Peru	Ministry of Social Development and Inclusion	x	X	x			x
Trinidad and Tobago	Ministry of the People and Social Development		X				
Uruguay ^c	Ministry of Social Development	x	X	x		x	x
Venezuela (Bolivarian Republic of)	Ministry of People's Power for Communities and Social Movements		X		x		x
Latin America and the Caribbean	Total	19	21	16	5	9	15
							9

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

Note: n.a. = Information not available.

^a The country has plans in specific areas of social development with intervention areas in poverty and inequality, through the 2012-2016 National Human Development Plan.

^b The country has plans in specific areas of social development with intervention areas in poverty and inequality, through the National Plan for Food Security and Nutrition 2009-2015.

^c The National Social Emergency Response Plan (PANES) of Uruguay was replaced in 2008 by the Equity Plan. Nonetheless, the register of participants remained the responsibility of PANES.

Lastly, in terms of transparency, 16 public information access systems were identified, which depend on the government, or else are specific to the ministerial entities devoted to social development.

Despite the progress revealed by this information, most of the countries face technical challenges for deepening and expanding the scope of the analysis, moving, for example, from the evaluation of programmes to the evaluation of the policies and components of social protection, or even evaluation of the impact of overall policies on poverty, inequality or individual well-being (Martínez, 2015).

2. The institutional framework governing care systems

(a) Care policies as a component of social protection

Care policies include public actions that address the social and economic organization of tasks aimed at guaranteeing the daily physical and emotional well-being of individuals who cannot complete these tasks on their own, and who need support at various levels, including in the provision of essential goods (such as food, shelter, and clean living conditions), assistance and child-rearing.

The debate on the social organization of care and the role of public policies in this area has gained ground in the public agenda as a result of the initial impulse of the women's movement and the feminist economy, and then owing to the concern of various social actors, academics and policymakers about the repercussions on countries' social and economic dynamics (Marco and Rico, 2013).

Various factors contribute to this concern. First, it has been shown that unpaid care work is distributed unequally between the sexes, with women spending disproportionately more time performing this type of work in a context where more and more of them are entering the labour market, men are resisting care work and public policies on the issue are lacking. The current social organization of care shows a marked and unfair imbalance in the participation and responsibility of the four actors that provide care: the State, the market, the community and the family. Women are the main day-to-day care providers, which restricts their time, their well-being, and their opportunities to earn income in the labour market, and as a result sustains the cycle of poverty in many households (ECLAC, 2010a).

According to the latest available round of surveys on time-use in the nine Latin American countries for which data is available, women's total work time is longer than that of men in eight countries.¹⁸ In Mexico in 2009, women's total work time was up to 80 hours per week, compared with 69 for men; of this total number of hours worked, women spent 60 hours per week on unpaid work, compared with just 24 hours a week for men. The time constraints that weigh on women impose a major barrier to their entry into the labour market and, hence, to their economic autonomy. In 2013, 30.8% of women did not have incomes of their own, compared with 11.3% of men,¹⁹ and their labour market participation remained considerably lower than that of men (ECLAC, 2014b).

In the absence of sufficient and adequate public policies to meet the demands for care, and given the scant and segmented supply of care services provided by the market or by civil society, economic and sociocultural strategies are based on the sexual division of labour and, therefore, on major inequalities between men and women in terms of the availability of time, resources and responsibilities (with regard to dependent persons).

The seriousness of the situation depends on the socioeconomic conditions of the households in question: whereas higher-income households can satisfy their care needs by contracting services externally (provided this type of service exists in the market), it is much more difficult for households living in poverty, given their more limited available resources; and, as they also have higher fertility rates, these households have greater care needs. As of 2013, about one third (27.3%) of Latin

¹⁸ According to data provided by the ECLAC Gender Affairs Division, based on special tabulations of the surveys on time-use available for the following years: Argentina (2013), Brazil (2012), Colombia (2012), Costa Rica (2011), Ecuador (2012), Mexico (2009), Panama (2011), Peru (2010) and Uruguay (2013); total work time includes time spent on unpaid domestic work and paid work time.

¹⁹ According to ECLAC data, on the basis of special tabulations of the household surveys of 17 countries (see chapter III, figure III.10); for further information, see Gender Equality Observatory for Latin America and the Caribbean [online] at: <http://www.cepal.org/oig/ws/getRegionalIndicator.asp?page=12&language=spanish>.

American women stated that they were outside the paid labour market, and that their main activity was domestic work.²⁰ This varied significantly according to income quintile: for example, in El Salvador, 53% of women in the lowest income quintile were in this situation, compared with 17% of women in the highest bracket.²¹

The increasing attention paid to the right to and need for care has also been bolstered by pressures related to the demographic transition in countries of the region. While mortality and fertility rates are declining —albeit in a segmented manner— the population is ageing: by 2030 the number of older persons in Latin America and the Caribbean is forecast to double to 16.7% of the total population, as discussed in chapter V.²² As a result, the demand for care for people living in situations of moderate and chronic dependency is set to increase.²³

There is also increasing concern in the region for individuals who require care and for their rights, together with the importance of access to quality services. This is particularly relevant in terms of childcare, given the effect of quality care on full development in early childhood and its repercussions on present and future inequality among this population group and society as a whole.

In this scenario, care, in its three dimensions (guaranteed income, insurance against risks and access to social promotion services and policies), represents a central problem for social protection (Cecchini and others, 2015). From the standpoint of the people who provide care, the fact that a large proportion of women perform exclusively unpaid care work at the expense of their economic autonomy indicates the highly precarious nature of this type of work, particularly in the absence of policies that address the need for care and regulate its provision. These women face the risks associated with limited income and social security coverage, and, in their old age, they will become highly vulnerable owing to their reduced participation in contributory pension systems. In cases where this situation is compounded by the expense of market-based care services when family members cannot provide care, the entire household is affected (ECLAC, 2013a).

In 2010, 97.2% of paid care-givers were women. These workers have little access to social protection (that same year, 63.2% of care professionals were not affiliated with social security, compared with 56.4% of other employed persons), precarious jobs and lower incomes than other workers.²⁴ (ECLAC, 2013a). Moreover, the incidence of poverty is greater in the care sector than in other occupational sectors (24.1% compared with 20.2% in other sectors in 2010). Three quarters of the individuals who work in the care sector provide domestic services in homes, and only one quarter provides education and health services. Lastly, a large percentage of the women who work in paid domestic care are migrants (indigenous or Afro-descendent people in many countries), so they experience additional dimensions of vulnerability.

Meanwhile, several scenarios call for a clear social protection role in relation to the population that receives care. For those who, in extreme cases, receive no care or inadequate care, there is a profound impact on their chances of full exercise of their rights and development. This worsens inequality and can lead to a wide range of risks that prevent them from enjoying an adequate standard of living (precisely what social protection seeks to safeguard), for example by imposing a choice between covering care needs or investing in social goods that are essential for the well-being of all household members.

In this scenario, care policies fulfil an essential role as a component of social protection in the welfare equation of the region's households, and they become one of its pillars for ensuring and guaranteeing cross-cutting and permanent rights, which requires a systematic and integrated public-policy response. This orientation thus surpasses the sectoral approach and that of specific attention to certain population groups with particular needs, to position care as a problem common to all social protection, which affects the various population groups participating in it (both the people who are dependent and those responsible for providing the care), to consolidate guarantees for care under principles of universality, equality and solidarity, in the framework of a rights and gender approach.

²⁰ According to data from the ECLAC Division for Gender Affairs for 16 Latin American countries, on the basis of special tabulations of household surveys conducted in the respective countries.

²¹ According to ECLAC data for 10 Latin American countries, on the basis of special tabulations of household surveys conducted in the respective countries.

²² According to data from the Department of Economic and Social Affairs of the United Nations. See [online] <http://www.cepal.org/en/topics/ageing>.

²³ The number of people subject to moderate dependency is forecast to double between 2000 and 2050, rising from 23 million to 50 million people, according to estimates made by the Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, on the basis of data from the World Health Organization (WHO) (ECLAC, 2010a, p. 217).

²⁴ The exercise performed by ECLAC, in 14 countries on the basis of special tabulations made from the household surveys of the individual countries, showed that individuals who work in the care sector can earn on average between 89.6% (Costa Rica) and 13.8% (Peru) less than other workers.

(b) The institutional framework of care policies in Latin America²⁵

The nature of care policies is eminently intersectoral and multidimensional: it responds to very diverse needs, both of the individuals who provide care and of those who need it, including children during early childhood or older adults or persons with disabilities who are in a situation of dependency and need support to preserve their autonomy. Accordingly, as would be expected, the implementation of care policies involves different public institutions, ranging from those that are specifically devoted to caring for these population groups or problems (children's institutes, institutions for persons with disabilities, or older persons and machineries for the advancement of women), to those that cover sectoral benefits relating to care (such as health or education) and the respective social ministries that are often responsible for coordinating it. For this reason, it is essential to promote the functioning of these policies in a coordinated and solid intersectoral institutional framework.

In response to this challenge, the notion of “integrated care policies” is starting to gain a foothold. This notion refers to the public and private intersectoral actions that are developed jointly to provide direct care for individuals and support for families in caring for household members (Salvador, 2011), forming part of countries' social protection systems.

The institutional framework of these policies is analysed in terms of the available regional data, based on the following elements: (i) the legal and regulatory framework governing these policies at the international and national levels; (ii) the programmes and benefits comprising them; (iii) the entities responsible for coordinating them; and (iv) the mechanisms that exist to forge social and fiscal agreements aimed at implementing these policies, using new and existing technical and operational tools (Rico and Robles, 2016).²⁶

(I) Regulatory framework for the design of integrated care policies

The development of a regulatory framework for care policies in the region has coincided with the emergence of international human rights instruments that enshrine the right to social protection and recognize the value of paid and unpaid care work, together with those that address the situation of groups requiring care at different stages of life, and those that value the care work undertaken by women within the family. Care services are included in the recent regulation on social protection, and are enshrined in the Social Protection Floors Recommendation, 2012 (No. 202) of the International Labour Organization (ILO, 2012b), as one of the fundamental dimensions that must be guaranteed as part of basic income security for children. As this recommendation indicates, the guarantee of adequate income should ensure access to care, including the necessary services.

In addition, the Inter-American Convention on Protecting the Human Rights of Older Persons was adopted by the General Assembly of the Organization of American States in June 2015 (OAS, 2015). This is a binding instrument that requires States to implement measures aimed at creating an integrated care system for older persons with a gender perspective. The formulation of policies aimed at promoting co-responsibility for care and valuing unpaid care work has also been included in the last five consensuses to have emerged from the Regional Conference on Women in Latin America and the Caribbean (Lima, 2000; Mexico City, 2004; Quito, 2007; Brasilia, 2010; and Santo Domingo, 2013) (see ECLAC, 2000, 2004, 2007, 2010b and 2013b). Lastly, and along the same lines, the Framework Law on the Economy of Care was adopted in October 2013 at the twenty-ninth General Assembly of the Latin American Parliament. This law requires States to promote policies, plans and programmes for individuals requiring care and for those who provide it, paying attention to their differences and promoting the implementation of integrated care systems.

All Latin American countries have laws referring to childcare and the situation of working people who also provide care, particularly through maternity protection (and recently paternity), and paid domestic work. In this regard, all countries have legislated on the work time of that occupation, benchmarked on the Domestic Workers Convention, 2011 (No. 189) (ILO, 2011a) and the domestic workers recommendation, 2011 (No. 201) (ILO, 2011b) of the International Labour Organization. In addition, in all Latin American countries the law promotes, guarantees or regulates the existence of child development centres for early childhood as a benefit associated with their care.

²⁵ This section is based on Rico and Robles (2015), drawing on the review of the institutional framework of care policies of the central government level in 18 Latin American countries.

²⁶ For further information on the financing of care policies, see Rico and Robles (2016).

Few countries refer to the right to care and the work of caregiving in their constitutions. Only four countries explicitly provide for post natal leave as part of the maternity protection provisions for female workers in their constitutions (Brazil, El Salvador, Mexico and the Plurinational State of Bolivia); and only Brazil includes the rights of domestic workers. Moreover, only two countries' constitutions refer specifically to care work (particularly unpaid) and its contribution to the country's development: the Bolivarian Republic of Venezuela and Ecuador.

In the case of older persons, the regulations on care focus on services provided outside the home, long-stay residences and, in general, institutions that provide care services to older adults, issues on which there is legislation in 10 Latin American countries;²⁷ the provision of services in the home continues to lack visibility and remains virtually absent from current regulations.²⁸

Persons with disabilities living in situations of dependency are less frequently included in current national laws than other population groups that receive care (particularly in the case of persons with disabilities who are also living in poverty): the role of the State in providing access to care services is only mentioned specifically in six Latin American countries (Bolivarian Republic of Venezuela, Ecuador, Guatemala, Mexico, Panama and Paraguay).

Regulations on the care of persons with terminal diseases are virtually non-existent in the region's legislation. In Costa Rica, Law 7756 defines benefits for persons who are responsible for the care of terminal-phase patients, including care leave and a subsidy for workers who have paid at least six social security contributions.

Lastly, the legislation on unpaid care work remains relatively under-developed in the region; and care providers are basically recognized by extending social security coverage and benefits to them. The 2008 Constitution in Ecuador recognizes unpaid work as productive labour for self-sustenance and human care which takes place in homes; the State undertakes to promote an employment regime that operates in harmony with care needs, facilitating access to childcare services and care for persons with disabilities and others, to make it possible to reconcile paid and unpaid work, and also to extend the right to social security to those who perform this work. This provision materialized recently in the Organic Law for Labour Justice and Recognition of Work in the Home, passed in 2015. The right to social security has been recognized or measures have been introduced to increase pensions for persons who provide unpaid care in the Constitution of the Bolivarian Republic of Venezuela and in specific laws in Chile, Peru, the Plurinational State of Bolivia and Uruguay.²⁹

The existence of integrated care regulations, in other words, with an approach that simultaneously reaches all care destination populations and their providers, as well as their benefits, has only been identified in Law 19353 of Uruguay, which in 2015 created the Integrated National Care System. This system takes into account coordinated benefits and regulation mechanisms linked to the care of persons living in situations of dependency (children of up to 12 years of age, non-autonomous persons with disabilities, and persons aged over 65 with care needs), and the persons responsible for care (House of Representatives of Uruguay, 2015). Along the same lines, Costa Rica has pioneering legislation that gave rise to the National Childcare and Development Network (Law 9220), although it specifically targets childhood (Legislative Assembly of the Republic of Costa Rica, 2014).

²⁷ Brazil, Chile, Colombia, Costa Rica, Ecuador, Honduras, Guatemala, Panama, Paraguay and Uruguay.

²⁸ An exception in this regard is the Organic Law of the Social Security System in the Bolivarian Republic of Venezuela: the Social Service Benefits Regime for Older Adults and Other Categories of Persons includes domicile care services providing support for older adults requiring it. Law 17796 in Uruguay on the Integrated Promotion of Older Adults of 2004 refers to progressive health care, provided preferably in the home. In Argentina, in the framework of benefits provided by the National Institute of Social Services for Retirees and Pensioners (PAMI), created by Law 19032, a subsidy is granted to pay a domicile caregiver based on the recipient's level of functional autonomy. In addition, a 2012 Draft Law on the Protection of the Rights of Older Adults in this country provides for the creation of a progressive care system for those needing it, with benefits provided inside and outside the home, as part of State duties towards older persons (see [online] <http://www1.hcdn.gov.ar/proyxml/expediente.asp?fundamentos=si&numexp=2741-D-2012>).

²⁹ In Brazil, Constitutional Amendment 72/2013, passed by the Senate in 2013, regulates paid domestic work at the constitutional level, mainly protecting wages and working hours.

(II) Care programmes and policies

A second dimension of institutional frameworks consists of the programmes and policies that form part of the public response to care issues. These include policies relating to the time, services and resources linked to care, for example: maternity, paternity or parental leave, and leave to care for family members in situations of occasional or chronic illness; public services inside and outside the home, to care for various population groups that need it and actions targeting individual care providers, such as training programmes, rest services or psychological support; transfers associated with care, both to compensate for the expenses incurred by households in contracting care services and to recognize the unpaid care work performed by family members, particularly women; and labour market regulation mechanisms through the protection of maternity and paternity and the supervision and inspection of care services available in both the private and public sectors. In the framework of integrated care policies, the aim is for these components to be linked, to provide integrated responses to guarantee the well-being and social protection of those who need and provide care (Rico and Robles, 2016).

The region has a shortage of integrated policies in this area. Analysis of the existing policies shows that, aside from the Integrated National Care System of Uruguay (see box IV.3), no other initiatives to coordinate services for those who need care and those who provide it have emerged yet.

Box IV.3

The Integrated National Care System of Uruguay

As indicated in Law 19353, passed in 2015, the Integrated National Care System aims to enhance the autonomy of persons living in situations of dependency, and promote their care and assistance. The holders of the rights enshrined by this law are, on one hand, persons living in situations of dependency (including children up to 12 years of age, persons with disabilities, and those over 65 who lack autonomy to carry out basic daily activities); and, on the other hand, the persons who provide care, paid or otherwise.

The system seeks to change the orientation of public care policies, moving from a services logic to one centred on the people involved. It is framed in a model that divides responsibility among the families, the State, the market and the community, and it aims to help overcome the sexual division of labour, promoting co-responsibility between men and women, and between the different generations.

The system is designed to include the coordination of care provision inside and outside the home, and to improve existing care, access and quality.

The benefits considered within the home are as follows: (i) extension of maternity leave to 14 weeks and paternity leave to 10 consecutive days and care leave (half-time work until the baby reaches six months of age), which encourages parents to keep the baby at home and promotes a culture of co-responsibility for care within families; (ii) domicile care for persons living in situations of severe dependency, for which a subsidy is granted to hire personal assistants; and (iii) a tele-assistance programme for persons with disabilities or older persons. Care benefits outside the home are as follows: (i) community care homes for children up to 12 months of age, and expanded coverage of childhood and family care centres, day centres and early education for children

up to three years of age; (ii) early childhood care centres in firms or unions; (iii) scholarships to attend private schools for children up to three years of age; (iv) vouchers giving older persons access to long-term private residences; (v) day centres for older adults or persons with disabilities living in situations of dependency; and (vi) long-stay residences.

For the implementation of this system, Law 19353 creates three institutions with their own jurisdictions. One of these is the National Care Board, which is responsible for proposing to the government the guidelines, objectives and policies of the Integrated National Care System, and for defining its priorities. It is chaired by the Minister of Social Development, and consists of the Ministers of Education and Culture, Employment and Social Security, Public Health, and Economy and Finance, together with the Director of the Budget and Planning Office (OPP), the Chair of the Central Board of Directors of the National Public Education Administration, the Chair of the Board of Directors of the Social Security bank, the Chair of the Board of Directors of the Childhood and Adolescent Institute of Uruguay, a representative of the Congress of Governors and a representative of the National Institute of Women. Another of the institutions is the National Care Secretariat, which is responsible for inter-agency coordination and linkage of the system. The Secretariat implements the programmes, instruments, and activities of the National Care Plan, operating under the auspices of the Ministry of Social Development. Lastly, the third institution is the Care Consultative Committee, which advises the National Care Secretariat on good practices for fulfilling the objectives, policies and strategies of the national integrated care system. It consists of representatives from civil society organizations, the academic world, workers and the private sector.

Source: House of Representatives of the Eastern Republic of Uruguay, “Ley N° 19.353, por la cual se crea el Sistema Nacional Integrado de Cuidados,” Montevideo, 2015; Chamber of Senators of the Eastern Republic of Uruguay, “Proyecto de Ley Sustitutivo aprobado por la Comisión de Población, Desarrollo e Inclusión de la Cámara de Senadores,” Carpeta No. 138, 2015; Ministry of Social Development (MIDES), Cuidados como sistema. Propuesta para un modelo solidario y corresponsable de cuidados en Uruguay, Montevideo, 2014.

In the region, care policies targeting early childhood have been developed more strongly than those for older adults. Except in Costa Rica, with its National Network for Child Care and Development (REDCUDI) and Progressive Care Network for Integrated Care of Older Persons, policies in this domain are not exclusively centred on care, but either target the integrated development of early childhood or else are set in the framework of national policies for older adults (see table IV.9).

Table IV.9
Latin America (13 countries): care policies, around 2015

Integrated care system		
Country	Policy	Coordinating entity
Uruguay	Integrated National Care System	National Care Secretariat (Ministry of Social Development)
Early childhood		
Argentina	Draft Law on the Federal Policy for Early Childhood Care	Not yet defined
Chile	<i>Chile Crece Contigo</i> Integrated Childhood Protection System	Ministry of Social Development
Costa Rica	National Network for Child Care and Development	Joint Institute for Social Assistance
Colombia	<i>De Cero a Siempre</i> National Integrated Early Childhood Care Strategy	Intersectoral Commission for the Comprehensive Care of Early Childhood (Office of the President of the Republic)
Cuba	Child Circles Policy	Ministry of Education
Dominican Republic	<i>Quisqueya Empieza Contigo</i> National Plan for Early Childhood Protection and Integrated Care	Directorate General of Special Programmes of the Office of the President (Ministry of the Presidency)
Ecuador	National Intersectoral Strategy for Early Childhood	Ministry for the Coordination of Social Development
El Salvador	National Policy of Education and Integrated Services for Early Childhood	Ministry of Education
Mexico	National Programme for the Provision of Services for Child Assistance, Care and Development 2014-2018	National Council for the Provision of Services for Assistance, Care and Development (Governance Secretariat)
Nicaragua	<i>Amor para los más Chiquitos y Chiquitas</i> National Early Childhood Policy	Office of the President of the Republic
Paraguay	National Plan for Integrated Development in Early Childhood, 2011-2020	National Commission on early Childhood (Office of the President of the Republic)
Older persons		
Brazil	National Older Adult Policy	Ministry of Social Development and Hunger Alleviation ^a
Costa Rica	Progressive Care Network for Integrated Care of Older Persons	National Council for Older Adults (Office of the President of the Republic)
Cuba	Older Adult Integrated Care Programme	National Directorate of Services for older adults and Social Assistance (Ministry of public health)

Source: M.N. Rico and C. Robles, “Los cuidados como pilar de la protección social: desafíos para su institucionalización,” Documentos de Proyecto, Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2015, forthcoming.

^a Law No. 8842 of 1994 stipulates that the general coordination of this policy shall be a competence of the ministerial body responsible for social assistance and promotion.

A look at the range of specific care programmes offered by countries reveals that benefits are provided in a variety of sectors and dimensions, as well as to different population segments. All Latin American countries have some type of policy in relation to care, particularly as regards the time component, including provisions for maternity leave, childcare services, and day services or long-stay facilities for older persons. However, public care services provided to dependent older persons within the home, which could prevent their premature institutionalization, as well as care services for dependent persons with disabilities, are less widespread. This is also the case with the cash transfers in recognition of care work or to cover the cost of care services (Rico and Robles, 2015). This situation demonstrates the still-limited capacity of the region’s care policies to provide a comprehensive response to the risks associated with care needs, and to prevent these risks from heightening household vulnerability.

(III) The entities that coordinate care policies

Most care policies and programmes are coordinated and implemented by entities specifically devoted to target populations or caregivers (commissions or institutes for childhood, older adults or persons with disabilities, or machineries for the advancement of women),³⁰ which mostly operate in the social institutional framework of the country in question, under the aegis either of the Ministry of Social Development, should one exist, or the Office of the President. In other cases, policies are implemented by education or health ministries.

³⁰ For further details on machineries for the advancement of women in the region, see the information available at the Gender Equality Observatory for Latin America and the Caribbean [online] at <http://www.cepal.org/cgi-bin/getprod.asp?xml=/oig/noticias/paginas/8/34018/P34018.xml&xsl=/oig/tpl/p18f.xsl&base=/oig/tpl/top-bottom.xslt>.

The region has numerous entities responsible for implementing the different care benefits in each country, depending on the target population, and they are poorly coordinated. In addition, the machineries for the advancement of women in the different countries have an uneven involvement in care policies, despite the care problem having been placed on the public agenda, and the fact that this problem is now mainstreamed in current gender equality plans.

(IV) Dialogue mechanisms and the forging of agreements to implement care policies

The process of formulating integrated care policies includes dialogue and consensus-building among stakeholders. These are intersectoral and inter-agency mechanisms that make it possible to reach cross-cutting agreements on the orientation of the policies, and foster social and fiscal covenants to implement them under sustainable institutional arrangements. These mechanisms can also help strengthen policy management tools, such as in the operational plans for their implementation, designed with a social participation logic.

The most consolidated experience in this area is Uruguay's Integrated National Care System, which arose from the creation, through Presidential Resolution 863/0 10, of the Working group for the Construction of the Care System in the framework of the National Social Policies Council (CNPS) in May 2010. The objective of this working group was to prepare the system proposal and design, and define the concept of care and the population to be served. The working group was convened by the Ministry of Social Development, and has wide representation from all sectors: the State Health Services Administration, the Social Security Bank (BPS), the National Institute of Statistics, the Institute of Children and Adolescents of Uruguay (INAU), the Ministry of Economy and Finance, the Ministry of Education and Culture, the Ministry of Public Health, the Ministry of Employment and Social Security, and the Planning and Budget Office. As part of the work of this group, a dialogue was held with civil society, which reaffirmed the legitimacy of the proposal (Aguirre and Ferrari, 2014). This work made it possible to lay the foundations for the design of the current Integrated National Care System.

In Ecuador, El Salvador and Mexico, there are several key initiatives under way to formulate integrated care policies. In March 2014, the Institute of Women of the Federal District and the Secretariat of Employment and Job Creation of the Government of Mexico City, set up and formed the committee to promote the care economy and labour equality policy within the Mexico City government. The committee's objective is to promote strategies and mechanisms to evaluate and monitor labour market policy and the care economy within the public administration of Mexico City, from a perspective of non-discrimination and substantive equality between women and men. It consists of several institutions of the Mexico City government: the Judicial and Legal Services Council, the Comptroller General of the Federal District, the Institute for Older Adult Care of the Federal District, the Institute of Women of the Federal District, the Secretariat of Labour and Job Creation, the Secretariat of Economic Development, the Secretariat of Social Development, the Secretariat of Urban Development and Housing, the Secretariat of Finance, the Secretariat of the Environment, the Secretariat of Mobility, the system for the integrated development of the family of the Federal District, and the Economic and Social Council of Mexico City. The measures being evaluated include a citizen wage programme for women care providers in Mexico City, and the implementation of community cooperatives of women care providers (Government of Mexico City, 2014).

Ecuador has implemented a technical and political inter-agency coordination desk, to accompany the process of design and implementation of a national care system as an intersectoral State policy, from an agenda and rights approach. Initially, the desk consists of five institutions: the National Assembly, the National Council for Gender Equality, the Social Development Coordination Ministry, the Ministry of Economic and Social Inclusion, and the National Secretariat of Planning (National Council for Gender Equality, undated).

Lastly, in 2014, El Salvador set up the National Commission for the Construction of a Care Policy. This is an inter-agency mechanism created to analyse the components that would form part of this policy (Salvador, 2015). The commission consists of the National Council for the Comprehensive Care of Persons with Disabilities (CONAIPD), the Salvadoran Institute for the Advancement of Women, the Salvadoran Institute for the Integrated Development of Children and Adolescents, the Ministry of Education, the Gender Equity Unit of the Ministry of Employment and Social Security, the Ministry of Health, the Older Adults Directorate of the Social Inclusion Secretariat, and the Directorate of Strategic Programmes and Human Rights and Gender Unit of the Technical Secretariat of Planning of the Office of the President, the entity that coordinates the initiative.

The challenges of an integrated care policy that includes both the providers and the recipients, and responds to the new demands of institutionality and sustainability of the social protection system, provide the opportunity to rethink public policy and its architecture, together with links, competencies and resource allocation, with a view to eliminating overlap, power struggles and segmented views, and to adopting an institutional format that contributes to the objective of equality through a flexible and coordinated approach, and considers care as a public good.

D. Final comments

At both the regional and national levels, the institutional framework of social policies has made major progress in the region, and their quality has improved substantially compared with earlier decades. The great heterogeneity observed between countries suggests there is no single institutional model to aspire to, but common challenges. These include the need to consolidate a legal and regulatory base; strengthen capacity for linking and coordinating poverty reduction policies with social protection and other public policy areas; improve capacity for linkages and cooperation between local, regional and central governments; enhance the quality of public governance in all its procedures, ranging from the definition of plans to the evaluation of their outcomes, and the availability of reliable information, and having sufficient fiscal resources.

As noted above, the analysis of the legal and regulatory, organizational, technical and operational, and investment and financing dimensions is crucial for the study of the social institutional framework. This analysis must take into account the different national realities, but also the regional and international panorama. In recent years, the region's social development agenda has included multiple expressions of institutional frameworks in all of the spheres mentioned, along with several processes of integration, dialogue and exchange between the countries. There is broad convergence and complementarity in the content of the agendas of these multiple forums, particularly in terms of their common outlook for overcoming poverty and social inequalities from a rights perspective. In addition, the predominant conception of poverty is as a multidimensional phenomenon that needs to be addressed through integrated social policies, which means sharing conceptual elements to define a consistent regional social agenda. In addition, those forums harbour the more or less explicit idea that regional integration processes can contribute to greater equality and social inclusion.

These topics are compatible with the main orientations of the 2030 Agenda for Sustainable Development, which will facilitate coordination of the monitoring of this agenda in the region. Moreover, some mechanisms highlight their own specific themes, expanding the diversity of the regional institutional framework of social policies.

In terms of the social institutional arrangements in each country, better intersectoral coordination and linkages are still needed to promote the systemic and integrated management of social policies in the region, given the multidimensional nature of social phenomena, the thematic specialization of the sectors (in ministries responsible for health, education, social development, employment or housing, for example), and the specific nature of the diverse population segments served (depending on a given stage of the life cycle or gender, race, ethnicity or disability status).

Another organizational challenge is vertical linkages between the different government levels (local, subnational and central), and the consolidation and expansion of consultation and participation mechanisms.

Moreover, the countries of the region have made significant progress in terms of management models and instruments, which has been reflected in the expansion of programming regulations and participant registration systems, and the incorporation of processes of design and ex-ante evaluation, monitoring and evaluation of programme impact. This is an auspicious step forward in terms of the effectiveness, efficiency, transparency and sustainability of social policies. Nonetheless, significant challenges remain, including the global evaluation of policies and not just programmes, the expansion of techniques and knowledge among policymakers, or the design of a larger number of accountability mechanisms that are clearer and include participation from the different stakeholders.

It is also necessary to adopt measures that guarantee the availability of sufficient and constant resources to address social policy challenges, particularly in terms of social protection targeting populations living in poverty and indigence. For that purpose, there are two possible courses of action: (i) identify alternatives associated with fiscal rules that favour social policy, or (ii) associate social policy with green fiscal reform initiatives.

The institutional framework of non-contributory social protection shows a diverse panorama, but with common challenges. In general, there is a clear need for consistency and linkages between the different institutional models and the existing ministerial structures and programmes, and between these and the multiple agents that participate in the current social protection systems, which are more complex today than in the

past. For example, cash transfer and social pension programmes are not always run by the entities that have formal responsibility for combating poverty or promoting social protection: this necessarily implies greater coordination. Another challenge is to strike a balance between the objective of promoting social protection for all and making it viable, and meeting the specific needs of different population segments, in which various government entities converge. The main institutional challenge, therefore, is intersectoral coordination between different social policy areas, between contributory and non-contributory components, and between entities with general and specific mandates.

The challenge of achieving intersectoral coordination and serving the needs and upholding the rights corresponding to the different stages of the life cycle becomes even clearer when integrated care policies are considered as a fundamental component of social protection. Despite their relevance, integrated care policies have only recently achieved visibility on the regional public agenda. Significant progress has been made in reflection and internal debate on these policies in Latin America, although the challenge remains to ensure that they revolve around an integrated vision that combines and coordinates the provisions of the various populations that require and provide care in the framework of social protection systems. Their institutionalization shows signs of prospering, provided there is a social authority responsible for their coordination, explicit synergies between these policies and the different components of the social protection systems, a framework that clearly defines the responsibilities of the entities that design and implement them, and a preponderant role for the machineries for the advancement of women in their formulation. This will make it possible to move towards a vision of care as a public good and universal right, which is an essential requirement for achieving sustainable development with equality in Latin America.

In short, the countries of the region have made significant progress in terms of their institutional framework of social policies, which augurs well for substantive improvements in terms of quality, effectiveness, efficiency, transparency and sustainability. There is no single desirable model in this domain, but there are major challenges that need to be addressed, including:

- Consolidating a legal and regulatory basis that gives sustainability to a social policy as a long-term State policy and facilitates progress towards structural long-term goals, irrespective of changes in government administration.
- Building capacity for the coordination of anti-poverty policies with social protection policies as a whole, with other areas of social policy (education, health and housing) and with the spheres of the economy, infrastructure and productive development. This priority stems from the multidimensional nature of poverty, inequality and social development, the thematic specialization of each sector, and the need to care for population segments based on their particular features, such as stage of life, gender, race, ethnicity or disability.
- Enhancing coordination and cooperation capacity between local, regional and central government, particularly in poorer areas where governments are particularly weak, and creating entities to enable participation of relevant populations, their organizations, and private sector stakeholders. The heterogeneity of subnational governments' technical capacities and their physical, financial and human resources represents a further challenge, since they tend to be weaker in areas that are more remote from the central government and which have higher poverty levels.
- Increasing public administration capacity in the social area through procedures ranging from the drafting of plans to the evaluation of their outcomes, and ensuring the timely availability of reliable information to guide decision-making with a view to maximizing impacts and efficiency.
- Allocating sufficient resources to meet the needs of a high-quality social policy, transforming the notion of current expenditure into that of social investment and improving measurement and reporting in relation to its funding and implementation.

Lastly, spaces need to be promoted for wide-ranging social and political agreement and covenants aimed at accomplishing higher objectives, such as those set forth in the 2030 Agenda for Sustainable Development (ECLAC 2014a). Such accords are essential to underpin the institutionalization of new social protection policies and give them legitimacy over time. In addition to social and political consensus, progress is needed towards a fiscal covenant that ensures sufficient and stable resources with which to achieve the goals of eradicating poverty, guaranteeing rights, and substantially reducing social inequality in Latin America and the Caribbean.

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Annex IV.A1

Table IV.A1.1

Latin America and the Caribbean (26 countries): government mechanisms devoted to social development, 2015

A. Countries that have a social development ministry or equivalent

Country	Ministry of Social Development or equivalent	Year of creation of specific first instance	Mission
Antigua and Barbuda	Ministry of Social Transformation and Human Resource Development	n.a.	Be responsible for community and social services, with an emphasis on combating poverty, promoting equality and improving people's quality of life.
Argentina	Ministry of Social Development	1999	Plan and implement actions aimed at fostering social integration and human development, addressing and reducing social vulnerability, developing equal opportunities and protecting the family.
Bahamas	Ministry of Social Services and Community Development	n.a.	Be responsible for social development and various services aimed at providing care to children, young people, adults, older adults, indigenous people and persons with disabilities.
Barbados	Ministry of Social Care, Constituency Empowerment and Community Development	2008	n.a.
Belize	Ministry of Human Development, Social Transformation and Poverty Alleviation	1990	Facilitate development policy and implement programmes to promote social justice and equity, fostering self-sufficiency, individual responsibility and productivity.
Bolivia (Plurinational State of)	Ministry of Development Planning	2009	Formulate policies for the development of the plural economy, promotion of efficiency, effectiveness and equity in public investment and economic and social development.
Brazil	Ministry of Social Development and Hunger Alleviation	2004	Promote social inclusion, food security, integrated assistance and a minimum income for families living in poverty.
Chile	Ministry of Social Development	2011	Contribute to the design and application of social development policies, plans and programmes, particularly those aimed at eradicating poverty and providing social protection to vulnerable people, promoting social mobility and inclusion.
Costa Rica	Ministry of Human Development and Social Inclusion/Joint Institute for Social Aid (IMAS)	2010	Promote conditions for a decent life and social development for persons living in conditions of poverty and social risk, providing them with opportunities, services and resources.
Dominica	Ministry of Social Services, Family and Gender Issues	n.a.	Facilitate human and social capital by providing support to the most vulnerable segments of society and reducing inequalities, while also improving access to opportunities.
Ecuador	Ministry for the Coordination of Social Development	2007	Propose inter-ministerial development policies through the coordination, linkage and permanent monitoring of social policy, plans and programmes executed by the ministries and institutions that form part of the Sectoral Social Development Policy Council.
	Ministry of Economic and Social Inclusion	2007	Serve as governing body and execute policies, regulations, programmes and services for social inclusion and care for persons during their life cycle, including those living in poverty and persons with disabilities.
Guatemala	Ministry of Social Development	2012	Manage public policies aimed at improving the welfare of vulnerable persons and social groups that suffer exclusion and live in poverty or extreme poverty.
Haiti	Ministry of Social Affairs and Employment	n.a.	Define and execute the government's social policy; provide protection for workers in the formal and informal sectors of the economy and improve conditions of life and work; establish, on the basis of national solidarity, an adequate regime of social security against physical, economic, social and other risks; lead the fight against hunger, malnutrition, unemployment and indigence; create, authorize, foster and supervise social assistance works, both public and private.
Honduras	Ministry of Social Development and Inclusion	2010	Generate income and develop personal and social capacities in the unemployed low-income population, by financing labour-intensive projects and training workshops.
Mexico	Secretariat of Social Development	1992	Formulate and coordinate solidarity-based and subsidiary federal government social policy, focused on the common good, and share the responsibility for execution with society; also overcome poverty through inclusive integrated human development.

Table IV.A1.1 (concluded)

Country	Ministry of Social Development or equivalent	Year of creation of specific first instance	Mission
Nicaragua	Ministry of the Family, Adolescence and Childhood	2007	Facilitate the execution of integrated actions to the benefit of vulnerable population groups, disadvantaged and abandoned children, older adults and differently abled persons, seeking to offer solutions for self sustenance.
Panama	Ministry of Social Development	2005	Perform institutional management guided by consensus-based social policies that promote social organization, equity and common well-being.
Peru	Ministry of Social Development and Inclusion	2011	Promote development and social inclusion, ensuring that the social policies and programmes of the different sectors and government levels act coordinate and combine efforts to close gaps in access to universal quality public services and to the opportunities that are provided by economic growth.
Trinidad and Tobago	Ministry of the People and Social Development	n.a.	Improve the quality of life of individuals, particularly the most vulnerable, through a network of integrated, effective and accessible social services.
Uruguay	Ministry of Social Development	2005	Formulate, execute, supervise, coordinate, programme, monitor and evaluate policies, strategies and plans in the areas of youth, women and family, older adults, persons with disabilities and social development generally.
Venezuela (Bolivarian Republic of)	Ministry of People's Power for Communities and Social Movements	2009	Implement the fundamental social policies inherent in the democratic process of the Venezuelan State in terms of promotion, assistance and comprehensive and participatory social development, through committees, plans, programmes and projects of the social protection system, founded on the integral nature not only of immediate and direct services to the affected person or social group in situations of extreme poverty or maximum social exclusion, but also to the social context that surrounds the affected population or vulnerable groups potentially at risk.

B. Countries with other mechanisms devoted exclusively to social development

Country	Other mechanisms devoted explicitly to social development	Year of creation	Mission
Colombia	Social Prosperity Department	2011	Create conditions of prosperity among the vulnerable population, contribute to the reconciliation of Colombian people and promote regional integration.
Dominican Republic	Social Policy Coordination Cabinet of the Office of the Vice President	2004	Guarantee the effectiveness and efficacy of the government's strategy and social policies, linking the programmes and actions formulated by the institutions that make up the cabinet in terms of social demand.
El Salvador	Social Inclusion Secretariat of the Presidency	2009	Oversee the creation of conditions that allow for social inclusion, development and protection of the individual and the family, the elimination of different forms of discrimination in the development of capacities for citizen action and participation, from a human rights perspective.
Jamaica	Jamaica Social Investment Fund of the Office of the Prime Minister	1996	Mobilize resources and channel them into socioeconomic infrastructure, to the benefit of the community and social service projects.
Paraguay	Social Action Secretariat of the Office of the President of the Republic	1995	Lead and coordinate the State's social protection and promotion actions by implementing social programmes and projects focused on the population living in poverty and extreme poverty.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from the Ministries and Secretariats of Social Development

Note: n.a. = information not available.

Table IV.A1.2
Latin America and the Caribbean (21 countries): composition of collegial mechanisms
of intersectoral social policy coordination, 2015

Country	Collegial mechanism of intersectoral social policy coordination	Year of creation	Coordinating entity	Institutions and other participants
Antigua and Barbuda	National Economic and Social Council	2004	Delegate of the Prime Minister	Union Congress; Chamber of Commerce and Industry of Antigua; Antigua and Barbuda Employers' Federation; Antigua Hotels and Tourist Association; Professional Organization for Women in Antigua and Barbuda; Antigua and Barbuda Medical Association; Environmental Awareness Group; Antigua Christian Council; United Evangelical Association of Antigua and Barbuda; Antigua and Barbuda Bar Association; Pensioners' Association; Antigua and Barbuda Cooperatives League; Antigua and Barbuda Industrial and Small Enterprise Association; Institute of Chartered Accountants of Antigua and Barbuda; National Youth Council; Antigua and Barbuda Association of Persons with Disabilities; representatives of the construction industry and of the financial sector.
Argentina	National Social Policy Coordination Council	2002	Minister of Social Development	Ministry of Social Development; Ministry of Education; Ministry of Labour, Employment and Social Security; Ministry of Health; Ministry of Justice and Human Rights; Ministry of Security; Ministry of Science, Technology and Productive Innovation; Ministry of Economic Affairs and Public Finance; Ministry of Federal Planning, Public Investment and Services; National Women's Council; National Advisory Commission for the Integration of Persons with Disabilities; National Comprehensive Approach Plan (Plan Ahi); National Consultative Council for Social Policies; Early Years (National Infant Development Programme); National Network of Physical Activity and Human Development; National Observatory of Sport and Physical Activity; National Centre for Community Organizations; Social Programme Information, Monitoring and Evaluation System and the National Tax and Social Security Identification System.
Belize	Caucus of Chief Executive Officers	n.a.	n.a.	n.a.
Bolivia (Plurinational State of)	National Economic and Social Policy Council (CONAPES)	2003	President of the Republic	Ministry of Development Planning; Ministry of Economic Affairs and Public Finance; Ministry of Production and Microenterprises; Ministry of Rural Development and Land; Ministry of Public Works, Services and Housing; Ministry of Mining and Metallurgy; Ministry of Hydrocarbons and Energy; Ministry of Education; Ministry of Health; Ministry of Labour, Employment and Social Security; and Ministry of Environment and Water.
Brazil ^a	Inter-ministerial Group for Monitoring the <i>Brasil sem Miséria</i> plan	2011	Minister of Social Development and Fight Against Hunger	Civil Office of the Presidency; Ministry of Finance; Ministry of Planning, Budget and Management; General Secretariat of the Office of the President of the Republic; Ministry of Cities; Ministry of Labour and Employment; Ministry of Agricultural Development; Ministry of Health; Ministry of Education and Ministry of National Integration
Chile	Interministerial Social Development Committee	2011	Minister of Social Development	Ministry of Finance; Ministry of Health; Ministry of Sports; Ministry of Housing and Urban Affairs; National Women's Service; Office of the Undersecretary for Social Evaluation; Ministry of Labour and Social Security; and Ministry of Education
Colombia	National Economic and Social Policy Council	1958	National Planning Department	Office of the Vice President, all ministers, administrative department of the Office of the President of the Republic, National Department of Planning, and Administrative Department of Science, Technology and Innovation (<i>Colciencias</i>).
Costa Rica	Presidential Social Council	2014	Second Vice President of the Republic	Ministers of the Presidency, Ministry of Labour and Social Security, Ministry of Public Education; Ministry of Health; Ministry of Culture and Youth; Ministry of Housing and Human Settlements and the Executive Presidents of the National Institute of Women, the Joint Institute for Social Aid and the Costa Rican Institute of Sport and Recreation.
Dominican Republic	Social Policy Coordination Office	2004	Vice President of the Republic	Ministry of Finance; Ministry of Education; Ministry of Public Health; National Health Insurance; Solidarity Programme; Technical Directorate of the Coordinating Office of Social Policy; Administrator of Social Subsidies and The Single Beneficiary System.
Ecuador	Sectoral social Development Policy Council	2008	Minister for Social Development Coordination	Office of the Vice President; Ministry of Agriculture, Livestock, Aquaculture and Fishing; Ministry of Labour Relations; National Council of Vocational Education and Training; Ecuadorian Vocational Training Service; Ecuadorian Institute of Educational Loans and Grants; Technical Secretariat of Plan Ecuador; National Secretariat of Higher Education, Science, Technology and Innovation; public enterprises; National Secretariat for Migrants; National Microfinance Programme; Ministry of Economic and Social Inclusion; Ministry of Education; Ministry of Public Health; Ministry of Sports and Ministry of Urban Development and Housing.
El Salvador	Social Management and Inclusion Office	2014	Minister of Health	Ministry of Health; Ministry of Education; Ministry of Labour and Social Security; Ministry of Public Works, Transport, Housing and Urban Development; Secretariat for Social Inclusion; Technical and Planning Secretariat; Secretariat for Culture; Presidency of the Board of Directors of the National Youth Institute; Presidency of the Board of Directors of the Social Investment Fund for Local Development; Presidency of the Board of Directors of the National Popular Housing Fund; Office of the Presidency of the Board and Executive Committee of the Social Fund for Housing.

Table IV.A1.2 (continued)

Country	Collegial mechanism of intersectoral social policy coordination	Year of creation	Coordinating entity	Institutions and other participants
Guatemala	Specific Social Development Office	2012	Vice President of the Republic	Office of the Vice President of the Republic; Ministry of Social Development; Ministry of Agriculture Livestock and Food; Ministry of Communications, Infrastructure and Housing; Ministry of Culture and Sports; Ministry of Economic Affairs; Ministry of Education; Ministry of Public Finance; Ministry of Public Health; Ministry of Labour and Social Security; Ministry of the Environment and Natural Resources; Secretariat for Planning and Programming of the Office of the President; Secretariat for Food Security and Nutrition; Presidential Secretariat for Executive Coordination; Social Welfare Secretariat; Presidential Women's Secretariat ; National Statistics Institute ; National Youth Council; National Council for Assistance to Guatemalan Migrants; Presidential Commission on Discrimination and Racism; National Coordination Office for Disaster Reduction; and Social Development Fund.
Haiti	National Commission for the Fight against Hunger and Malnutrition	2012	First Lady of the Republic	Ministry of Planning and External Cooperation; Ministry of the Interior and Local Government; Ministry of Foreign Affairs and Religion; Ministry of Culture; Ministry of Haitians Living Abroad; Minister Delegate to the Prime Minister in charge of Electoral Issues; Ministry of Social Affairs and Labour; Ministry of Public Health and Population; Ministry of Agriculture, Natural Resources and Rural Development; Ministry of Communications; Ministry of Economic Affairs and Finance; Ministry of Defence; Ministry of Commerce and Industry; Ministry of Women's Affairs and Women's Rights; Ministry of Education and Vocational Training; Ministry of Sports; Ministry of Public Works, Transport and Communications; Ministry of Justice and Public Security; Ministry of the Environment; Ministry of Tourism and Creative Industries; and Minister Delegate to the Prime Minister in charge of government social programmes and projects.
Honduras ^b	Sectoral Cabinet for Social Development and Inclusion	2014	Presidential Delegate	Ministry of Health; Ministry of Education; Water and Sanitation Community Development Institute; Secretariat of Social Development and Inclusion; National Institute for Women; National Children's Foundation and National Directorate for Children, Youth and the Family.
Mexico ^c	Specialized Inclusion Office of Mexico	2013	Social Development Secretariat	Secretariat of Social Development; Secretariat of Public Education; Secretariat of Labour and Social Security; Secretariat of Health; Office of Legal Counsellor to the Federal Executive; Secretariat of the Environment and Natural Resources; Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Food; Secretariat of Communications and Transport; Secretariat of Finance and Public Credit; Secretariat of Foreign Affairs; Secretariat of the Interior; Mexican Institute for Social Security; National Council for Culture and the Arts; National Women's Institute ; Social Security and Social Service Institute for State Workers; National Workers Housing Fund Institute; and National Water Commission.
Nicaragua	Council of Communication and Citizenship of the Office of the President	2007	Presidential delegate	Secretariat of Communication and Citizenship for Social Development; National Police; Army of Nicaragua; Nicaraguan Women's Institute; Ministry of Development, Industry and Commerce; Nicaraguan Youth Institute; Ministry of the Family; Nicaraguan Social Security Institute; Ministry of Health; Ministry of Education; Ministry of the Environment and Natural Resources; Ministry of Transport and Infrastructure; Ministry of Agriculture and Forestry; Institute of Rural Development; Nicaraguan Cultural Institute; Nicaraguan Sports Institute; municipal mayors' offices; municipal councils; Nicaraguan Institute for Municipal Development; Emergency Social Investment Fund and National Staple Foods Agency.
Panama	Social Cabinet	1992	President of the Republic	Technical Secretariat attached to the Ministry of Social Development; Multisectoral Commission of the Social Cabinet; Population Technical Committee; Directors of Planning of the ministries comprising the Social Cabinet; and Director of Social Policies of the Ministry of Social Development.
Paraguay	Social Cabinet	2003	Executive Director of the Technical Unit of the Social Cabinet	Ministry of Agriculture and Livestock; Ministry of Defence; Ministry of Education and Culture; Ministry of Finance; Ministry of Industry and Trade; Ministry of Justice; Ministry for Women; Ministry of Public Works and Communications; Ministry of Foreign Affairs; Ministry of Public Health and Social Welfare; Ministry of the Interior; Ministry of Labour, Employment and Social Security; Executive Secretariats of the Office of the President; central government institutions; binational entities and autonomous, self-governed and decentralized bodies.

Table IV.A1.2 (concluded)

Country	Collegial mechanism of intersectoral social policy coordination	Year of creation	Coordinating entity	Institutions and other participants
Peru	Interministerial Commission for Social Affairs	2011	President of the Council of Ministers	Vice Ministry of Policies and Social Assessment of the Ministry of Social Development and Inclusion; Ministry of Education; Ministry of Health; Ministry of Justice and Human Rights; Ministry of Women and Vulnerable Populations; Ministry of Production; Ministry of Labour and Employment Promotion; Ministry of Housing, Construction and Sanitation; Ministry of Energy and Mines; Ministry of Culture; Ministry of Economic Affairs and Finance and National Strategic Planning Centre.
Uruguay	Social Office	2014	Minister of Social Development	Ministry of Social Development; Ministry of Economic Affairs and Finance; Ministry of Education and Culture; Ministry of Labour and Social Security; Ministry of Public Health; Ministry of Tourism and Sports; Ministry of Housing, Land Use Management and the Environment; Office of Planning and the Budget, and the Congress of Mayors.
Venezuela (Bolivarian Republic of) ^d	Office of the Vice President for Social Development and Missions	2009	Second Vice President of the Council of Revolutionary Ministers for the Social Area	Ministry of People's Power for the Social Process of Labour; Ministry of People's Power for Health; Ministry of People's Power for Indigenous Peoples; Ministry of People's Power for Youth and Sports; Ministry of People's Power for Prison Services and Ministry of People's Power for Women and Gender Equality.

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

^a Another important intersectoral coordination mechanism is the National Social Service Council, created in 1993, which is chaired by a presidential delegate and consists of nine government representatives, including a representative from the States and one from the municipalities, together with nine civil society representatives (from the users of the social security organizations of the sector's workers), chosen under the supervision of the Federal Public Prosecution Department. The council is also chaired by one of its members, elected democratically by members to serve a one-year mandate, with only one re-election allowed for a similar period. It also has an executive secretariat, in addition to a series of thematic committees devoted to both management and the financing of the competencies needed to fulfil the requirements of the Organic Law on Social Security: the Social Security Policy Committee, the Committee to Monitor the Social Security Councils, the Financing Committee, the Standards Committee, the Benefits and Income Transfers Monitoring Committee and the Committee to Monitor the Deliberations of the National Social Security Conferences.

^b In Honduras, another important intersectoral coordination entity is the Social Protection Technical Committee. Its participants include the Secretariat of State in the Office of Social Development, the Secretariat of State in the Office of the President, the Technical Secretariat for Planning and External Cooperation, the Secretariat of State in the Office of Education, the Secretariat of State in the Office of Health, the Secretariat of State in the Offices of Labour and Social Security, the Secretariat of State in the Offices of Justice and Human Rights, the Secretariat of State in the Offices of Indigenous Peoples and Afro-Hondurans, the Secretariat of State in the Offices of the Interior and Justice, the Honduran Institute for Children and the Family, the National Institute for Women, the National Youth Institute, the Honduran Association of Municipalities, the Honduran Social Investment Fund, the National Commissioner for Human Rights, the Civil Society Group, the Coordination of Rehabilitation Institutions and Associations of Honduras, the National Commission for Non-Formal Education, the Women's Network, the National Confederation of Indigenous Peoples of Honduras, the Honduran Foundation for the Rehabilitation and Integration of Persons with Limited Abilities, the Regional Network of Justice and Peace, the Kukulkan Association, the Violet Collective Association, the Network of Institutions for Children's Rights, *Ayuda en Acción*, *Casa Alianza*, the Christian Children's Fund, Plan Honduras, the National Association of Honduran Millers, *Asociación Compartir*, the Foundation for Solidarity and Voluntary Work of the Valencian Community, *Asociación Gaviota*, the Christian Youth Association and the National Youth Forum; the Honduran Council of Private Enterprise and the Ministry of Industry and Commerce.

^c In 2000, the Human and Social Development Office was set up for the first time in Mexico, consisting of the main federal social offices and coordinated by a Board of Directors comprising the Secretariat of Social Development, Education and Health. In 2004, the General Law of Social Development created the Intersectoral Commission on Social Development (CIDS) as the Federal Coordination Mechanism for Implementing the National Social Development Policy. This included the main social and economic entities of the federal government, chaired by the Social Development Secretariat. In 2013, the Specialized Office of Inclusive Mexico was created, as a higher rank mechanism for coordination at the federal level, followed by the CIDS itself, which added the formal mission of coordinating implementation of the National Crusade against Hunger.

^d Another important coordination body is the Vice Ministry for the Supreme Social Happiness of the People, chaired by a representative appointed by the government, and consisting of the General Directorate of Social Assistance, the General Directorate of Social Networks, the National Council for Children's and Adolescents' Rights, the National Institute of Social Services, the National Development Council for Afro-descendent Communities of Venezuela, the National Council for Persons with Disabilities, as well as the *El Niño Simón* National Foundation and the José Félix Ribas Foundation, and the Child Jesus Mission, the Negra Hipólita Mission, the José Gregorio Hernández Mission and the Culture Mission.

Table IV.A1.3

Latin America (13 countries): institutions responsible for issues related to the Afro-descendent population

Country	Authority or entity responsible	Institutional attachment	Legal instrument	Year
Argentina	National Institute to Combat Discrimination, Xenophobia and Racism (INADI)	Ministry of Justice and Human Rights	Law No. 24515	1995
Bolivia (Plurinational State of)	National Committee for the prevention of Racism and All Forms of Discrimination	Ministry of Cultures and Tourism	Supreme Decree No. 29894	2009
Brazil	Ministry of Women, Racial Equality and Human Rights ^a	(Autonomous ministry)	Provisional Measure No. 696	2015
Colombia	Directorate of Affairs for Black, Afro-Colombian, Raizal and Palenquera Communities	Ministry of the Interior and justice	Law No. 70	1993
	Directorate of Populations (for all populations including the Afro-descendent population)	Ministry of Culture	Decree No. 4827	2008
Costa Rica	National Afro-Costa Rican Commission	Ministry of Foreign Relations	Executive Decree No. 36465	2011
	Commission of the Office of the President of the Republic for Affairs Related to the Afro-Costa Rican Community	Office of the President of the Republic	Executive Decree No. 38835	2015
Ecuador	National Council for Afro-Ecuadorian Development (CONDAE)	Office of the President of the Republic	Executive Decree No. 279	2007
	National Equality Councils (including the Council for the Development of the Nationalities and Peoples of Ecuador (CODENPE))	n.a.	Official Record No. 283	2014
Honduras	National Council to Combat Racial Discrimination, Racism, Xenophobia and Related Forms of Intolerance	Secretariat of the Interior and Justice	Executive Decree No. 002	2004
	Secretariat of State in the Offices of Indigenous Peoples and Afro-Hondurans ^b	Secretariat of Social Development and Inclusion	Executive Decree No. PCM-03-2014	2014
Mexico	National Council for the Prevention of Discrimination (CONAPRED)	Secretariat of the Interior	Federal Law of 11 June 2003	2003
Nicaragua	National Commission for the Elimination of Racial Discrimination	Ministry of Foreign Affairs	n.a.	2001
	Secretariat for Indigenous and Afro-descendent Affairs (SAIA)	Ministry of Foreign Affairs	Presidential Decree No. 21	2008
Panama	Coordinating Commission of Panamanian black ethnicity	Office of the President of the Republic	Law No. 16	2002
	Special commission to establish a government policy for the full inclusion of Panamanian black ethnicity	Office of the President of the Republic	Executive Decree No. 124	2005
	National Council of Black Ethnicity (CONEN)	Ministry of the Presidency	Executive Decree No. 116	2007
	Secretariat of Black Ethnicity	Ministry of the Presidency	Draft Law No. 214	Submitted to the National Assembly in 2015
Peru	Directorate of policies for the Afro-Peruvian population	Vice Ministry of Inter-culturality of the Ministry of Culture ^c	Law No. 29565	2010
Uruguay	Honorary Commission against Racism, Xenophobia and All Other Forms of Discrimination	Human rights directorate of the Ministry of Education and Culture	Law No. 17817	2004
	Department of Afro-descendent women	Ministry of Women	n.a.	2005
Venezuela (Bolivarian Republic of)	National Institute against Racial Discrimination (INCODIR)	Ministry of People's Power for Culture	Law against Racial Discrimination	2011
	Presidential Commission for the Prevention and Elimination of all forms of Racial Discrimination and other Distinctions in the Venezuelan Education System	Ministry of People's Power for Education	Decree No. 3645	2005

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

Note: n.a. = Information not available.

^a Previously, issues related to the Afro-descendent population were the responsibility of the Secretariat of policies for the promotion of racial equality (SEPPIR).

^b Originally, the Secretariat for the Development and Racial Equality of Indigenous and Afro-Honduran Peoples (SEDINAFROPIR), which was abolished in 2014, and whose functions were taken over by the Social Development and Inclusion Secretariat.

^c Inherited the functions of the National Institute for the Development of Andean, Amazonian and Afro-Peruvian Peoples (INDEPA), deactivated in 2010 during the government of Alan García (2006-2011).



The impact of demographic trends

Introduction

A. The major trends

1. The fertility rate plummets to replacement level
2. The population will continue to grow until the middle of the century
3. Life expectancy has risen
4. Intraregional migration increases
5. Reproductive inequalities remain
6. Indigenous peoples and Afro-descendants continue to be excluded

B. The impact of demographic change

1. The young population declines and the potentially active population increases
2. Fewer demographic dividend resources
3. The dividend will last longer in education than in health and pensions
4. Towards greying societies and economies

C. Policies for the demographic transition

1. Using education sector savings to raise the quality of education
2. Eliminating discrimination against young people and women in the labour market
3. Preparing health systems for ageing societies
4. Improving young peoples' sexual and reproductive health
5. Protecting the rights of indigenous peoples and Afro-descendants
6. Adapting pension systems
7. Creating a public care system

Bibliography

Introduction

Since the late 1960s, most Latin American and Caribbean countries have undergone profound demographic changes, altering the growth, age structure and geographical distribution of the population. Efforts to achieve the Sustainable Development Goals, eradicate poverty and reduce inequality will be significantly affected by these changes, which must be factored into development strategies, policies and programmes, in accordance with the Programme of Action of the International Conference on Population and Development (Cairo, 1994) and the Montevideo Consensus on Population and Development (2013).

The region's heterogeneity also has a demographic dimension, with differences among countries and, within those countries, among areas and population groups. Understanding the causes and consequences of these differences is paramount for promoting equality, ensuring rights are exercised, recognizing the diversity of groups and identities and adopting a gender perspective.

A. The major trends

1. The fertility rate plummets to replacement level

The hallmark of demographic change in the region in the second half of the twentieth century was its declining fertility rates. Between 1965 and 1970, the regional fertility rate was very high (5.5 children per woman) compared with the global figure, but has fallen today to rates barely above replacement level (2.2 children) (see table V.1).¹ In addition to being rapid and precipitous, this decline spread quickly to nearly all countries. The decline in fertility considerably lowered population growth, although this effect has since been attenuated. Conversely, the effects of the decline in fertility on the age structure of the population can still be seen and will be felt for several years to come.

Across the region, the onset of the decline in fertility, the periods of most rapid change and the moment when the replacement level was reached have all been different. These differences will result in variations in the size and relative weight of the different generations in the total population in the future and, therefore, in the onset, size and duration of the demographic dividend² and ageing.

Fertility began to decline relatively early in the Caribbean and South America, with rates in most countries already starting to fall by the end of the 1960s (see figure V.1 and table V.1).³ However, in some Central American countries, such as Belize and Guatemala, rates did not start to fall until the 1980s. In all three subregions there were some countries where fertility plummeted: Cuba and Barbados already had fertility rates below replacement level by the end of the 1970s, a phenomenon that later spread to Antigua and Barbuda, Chile, Colombia, Costa Rica, Brazil, El Salvador, Mexico, Panama and Trinidad and Tobago.

¹ Replacement level is roughly equal to a total fertility rate of 2.1 children per woman. Replacement level is reached when the net reproduction rate is equal to 1, that is, when each woman in the population is projected to bear a daughter, thus ensuring the reproduction of her generation. The net reproduction rate is equal to the number of daughters that would be born to a woman if she experienced the fertility and mortality risks of today throughout her life.

² The demographic dividend refers to the economically favourable period when the potentially active population grows faster than the total population (ECLAC, 2009).

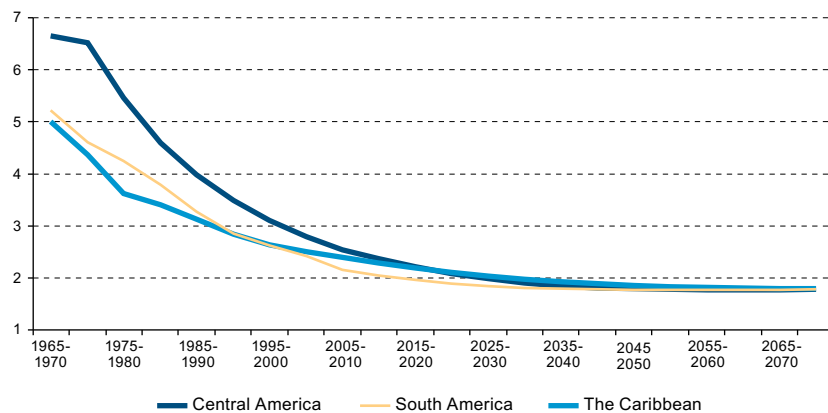
³ Antigua and Barbuda, Argentina, the Bahamas, Barbados, Cuba, Trinidad and Tobago and Uruguay began the 1960s with fertility rates of between four and five children per woman, which was low for the time.

Table V.1
Latin America and the Caribbean: total fertility rate by country and subregion, 1965-2075
 (Number of children per woman)

Country	1965-1970	1980-1985	1995-2000	2010-2015	2025-2030	2040-2045	2055-2060	2070-2075
Latin America and the Caribbean	5.53	3.95	2.75	2.15	1.90	1.79	1.77	1.78
The Caribbean	5.01	3.41	2.64	2.29	2.03	1.89	1.81	1.79
Antigua and Barbuda	4.00	2.14	2.31	2.10	1.94	1.86	1.83	1.82
Bahamas	3.58	3.05	2.33	1.89	1.77	1.75	1.76	1.78
Barbados	3.53	1.92	1.74	1.79	1.82	1.84	1.85	1.86
Cuba	4.30	1.85	1.64	1.63	1.59	1.65	1.70	1.75
Dominican Republic	6.65	4.15	2.98	2.53	2.13	1.89	1.79	1.77
Grenada	4.80	4.23	2.81	2.18	1.90	1.78	1.75	1.77
Haiti	6.00	6.21	4.62	3.13	2.46	2.11	1.91	1.82
Jamaica	5.78	3.55	2.70	2.08	1.86	1.78	1.77	1.79
Saint Lucia	6.48	4.20	2.60	1.92	1.69	1.65	1.68	1.73
Saint Vincent and the Grenadines	6.41	3.64	2.55	2.01	1.75	1.69	1.71	1.75
Trinidad and Tobago	3.81	3.28	1.82	1.80	1.68	1.69	1.73	1.77
Central America	6.65	4.60	3.11	2.37	1.98	1.81	1.77	1.78
Belize	6.35	5.40	3.85	2.64	2.19	1.95	1.82	1.78
Costa Rica	5.26	3.50	2.61	1.85	1.67	1.68	1.72	1.75
El Salvador	6.36	4.75	3.20	1.97	1.73	1.66	1.68	1.72
Guatemala	6.30	6.10	4.70	3.30	2.64	2.28	2.05	1.92
Honduras	7.42	6.00	4.34	2.47	1.99	1.79	1.73	1.73
Mexico	6.75	4.37	2.89	2.29	1.90	1.73	1.72	1.75
Nicaragua	6.95	5.85	3.40	2.32	1.93	1.76	1.72	1.74
Panama	5.41	3.63	2.81	2.48	2.16	1.97	1.87	1.83
South America	5.22	3.78	2.62	2.05	1.84	1.78	1.77	1.78
Argentina	3.05	3.15	2.63	2.35	2.13	1.98	1.89	1.85
Bolivia (Plurinational State of)	6.41	5.51	4.29	3.04	2.51	2.20	2.00	1.89
Brazil	5.38	3.80	2.45	1.82	1.66	1.66	1.70	1.74
Chile	4.46	2.66	2.16	1.78	1.70	1.72	1.75	1.78
Colombia	6.18	3.70	2.50	1.93	1.69	1.66	1.70	1.74
Ecuador	6.40	4.45	3.20	2.59	2.21	1.97	1.85	1.80
Guyana	5.28	4.11	3.12	2.60	2.27	2.05	1.92	1.86
Paraguay	6.15	5.12	3.88	2.60	2.22	1.99	1.86	1.81
Peru	6.70	4.65	3.10	2.50	2.12	1.89	1.79	1.77
Suriname	5.95	3.70	2.92	2.40	2.08	1.89	1.82	1.80
Uruguay	2.80	2.57	2.30	2.04	1.90	1.84	1.82	1.82
Venezuela (Bolivarian Republic of)	5.90	3.96	2.94	2.40	2.08	1.89	1.81	1.79

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables", *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

Figure V.1
Latin America and the Caribbean: total fertility rate by subregion, 1965-2075
 (Number of children per woman)



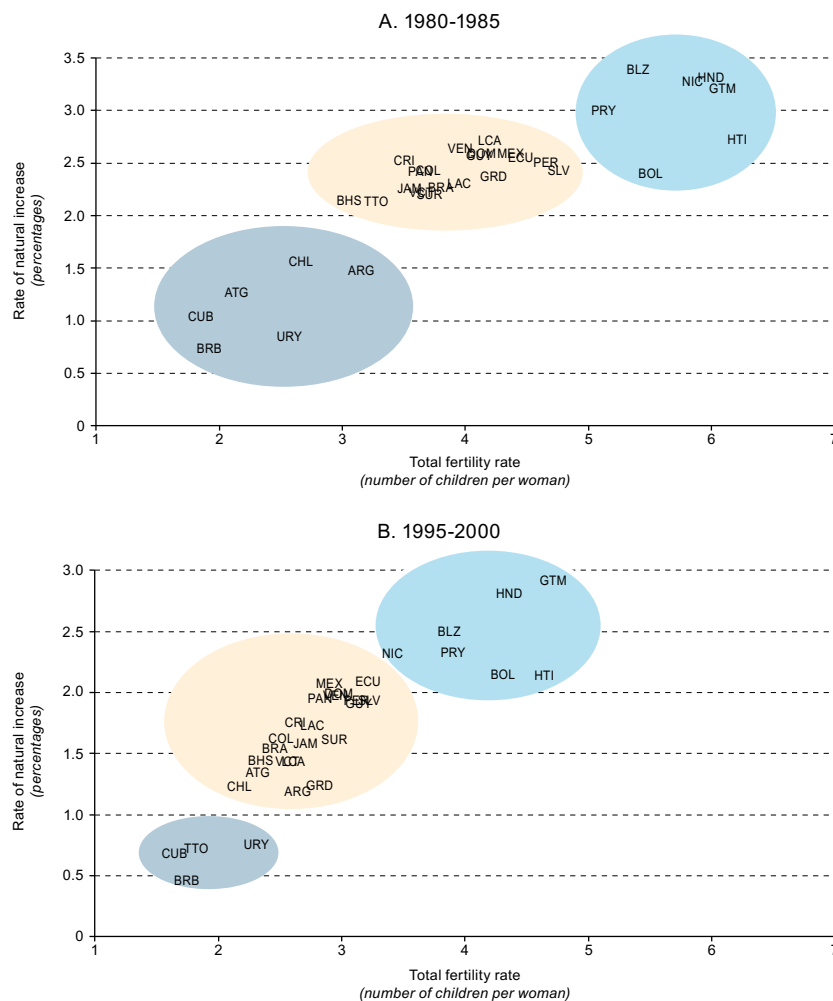
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables", *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

According to the population projections of the United Nations (2015b), the fertility rate is expected to stabilize, dropping below replacement level for a long time. Rapid convergence suggests that almost all countries in the region will reach this level by 2050. However, different national trends mean that it will stabilize at very different rates. Thus, two countries that are lagging behind in the demographic transition, the Plurinational State of Bolivia and Guatemala, will reach this level between 2050 and 2055 and between 2055 and 2060, respectively, or some 70 or 75 years after Cuba and Barbados. Like the regional average, fertility rates in all countries will continue to fall below replacement level in the next 15 to 30 years, before the trend is reversed.

Figure V.2 shows how the demographic transition has evolved, marked by declines in fertility and population growth rates. Although the transition was already well under way in Cuba, Barbados, Trinidad and Tobago and Uruguay during the period 2010-2015, Guatemala, the Plurinational State of Bolivia and Haiti still lagged well behind, with population growth rates over 1.5% and fertility rates above three children per woman.

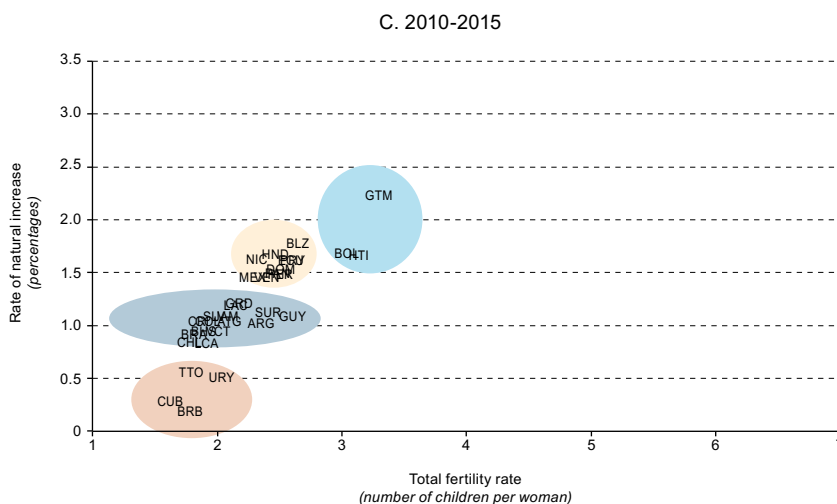
Despite the sharp decline in fertility, rates remain relatively high among indigenous peoples, lower and less educated socioeconomic groups, and adolescents.⁴ These high levels of fertility, especially unplanned pregnancies, reflect the difficulties that these women and their partners face in accessing sexual and reproductive health services and information.

Figure V.2
Latin America and the Caribbean: total fertility rate and rate of natural increase, 1980-2015
(Percentages and number of children per woman)



⁴ In the case of indigenous adolescents, becoming a mother at a very young age is related to traditional cultural practices that promote early marriage and procreation. This does not mean that these practices are beneficial for people or that they take precedence over individuals' rights. In the event of a conflict between these practices and individuals' rights, the latter should take precedence.

Figure V.2 (concluded)

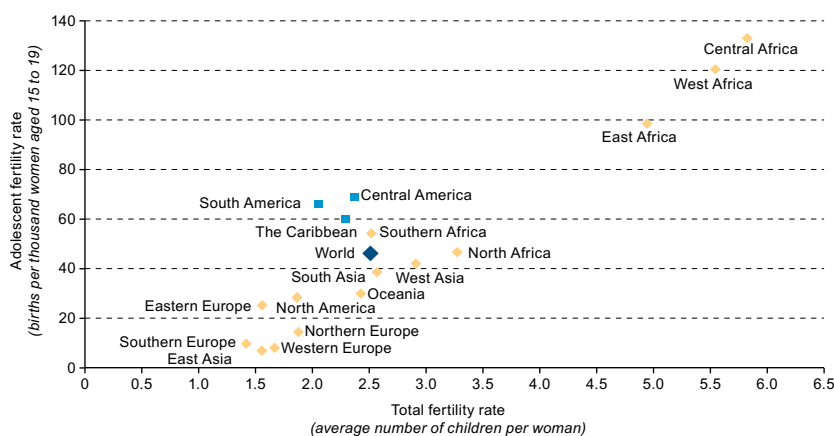


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables", *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

The adolescent fertility rate in the region (66.5 live births per 1,000 adolescents between 2010 and 2015) is the second highest in the world after Africa's and has declined much less than total fertility, a situation that is common to all three subregions despite their socioeconomic differences (see figure V.3). It is higher than expected, given the total fertility rate and other social indicators, such as education levels, the extent of urbanization, life expectancy and income levels. While the trend in adolescent fertility rates is worrying, the adolescent maternity rate is even more so, since it increased in the 1990s.⁵ Subsequently, the regional average reverted to a downward trend (Rodríguez, 2014); although it did increase in 5 of the 12 countries examined in figures V.4 and V.5.

Figure V.3

World: total fertility rate and adolescent fertility rate by subregion, 2010-2015
(Average number of children per woman and births per thousand women aged 15 to 19)

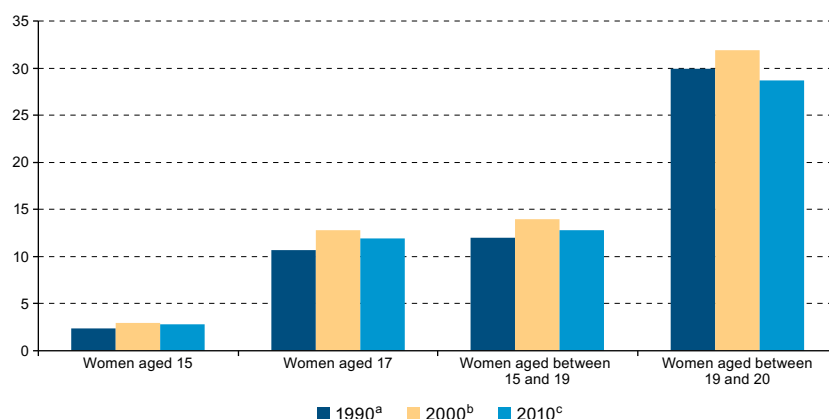


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables", *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

⁵ The difference between the fertility and adolescent maternity rates is due to the fact that the fertility rate considers all births, including those to adolescent mothers, while the adolescent maternity rate only covers first order births, which initiate the transition from nulliparity (having never borne a child) to motherhood. As motherhood changes the lives of adolescents, in analytical and policy terms the maternity indicators are more relevant than fertility indicators. The adolescent fertility rate may decline without it leading to a reduction in adolescent maternity rates, when such a decline is the result of a fall in the average number of children borne in adolescence.

Figure V.4

Latin America (19 countries): women who are mothers by age, 1990, 2000 and 2010 census rounds
(Percentages)



Source: J. Rodríguez, “La reproducción en la adolescencia y sus desigualdades en América Latina. Introducción al análisis demográfico, con énfasis en el uso de microdatos censales de la ronda de 2010”, *Project Documents* (LC/W.605), Santiago, Economic Commission for Latin America and the Caribbean (CEPAL); regional database on maternity (MATERNILAC) and special processing of databases from Argentina, 2010 and Honduras, 2013.

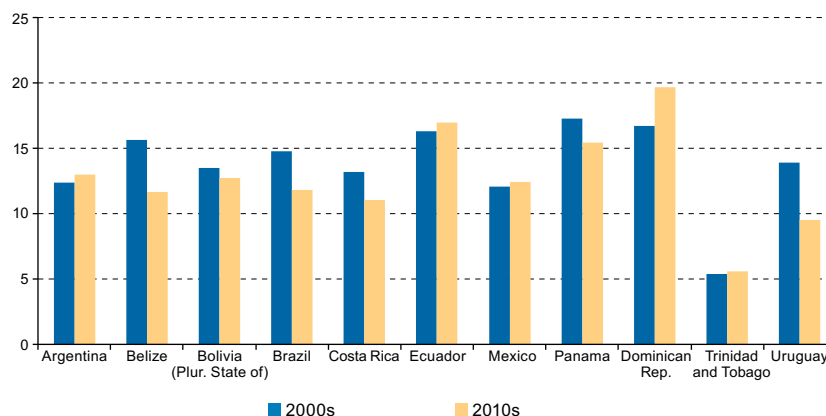
^a 1990 census round: Argentina, 1991; the Bolivarian Republic of Venezuela, 1990; Brazil, 1992; Chile, 1992; Colombia, 1993; Ecuador, 1990; El Salvador, 1992; Guatemala, 1994; Mexico, 1990; Panama, 1990; Paraguay, 1992; Peru, 1993; the Plurinational State of Bolivia, 1992; and Uruguay, 1996.

^b 2000 census round: Argentina, 2001; the Bolivarian Republic of Venezuela, 2001; Brazil, 2000; Chile, 2002; Colombia, 2004-2005; Costa Rica, 2000; the Dominican Republic, 2002; Ecuador, 2001; El Salvador, 2007; Guatemala, 2002; Honduras, 2001; Mexico, 2000; Nicaragua, 2005; Panama, 2000; Paraguay, 2002; Peru, 2007; and the Plurinational State of Bolivia, 2001.

^c 2010 census round: Argentina, 2010; the Bolivarian Republic of Venezuela, 2011; Brazil, 2010; Costa Rica, 2011; the Dominican Republic, 2010; Ecuador, 2010; Honduras, 2013; Mexico, 2010; Panama, 2010; the Plurinational State of Bolivia, 2012; and Uruguay, 2011.

Figure V.5

Latin America (selected countries): women aged between 15 and 19 who are mothers, 2000 and 2010 decades
(Percentages)

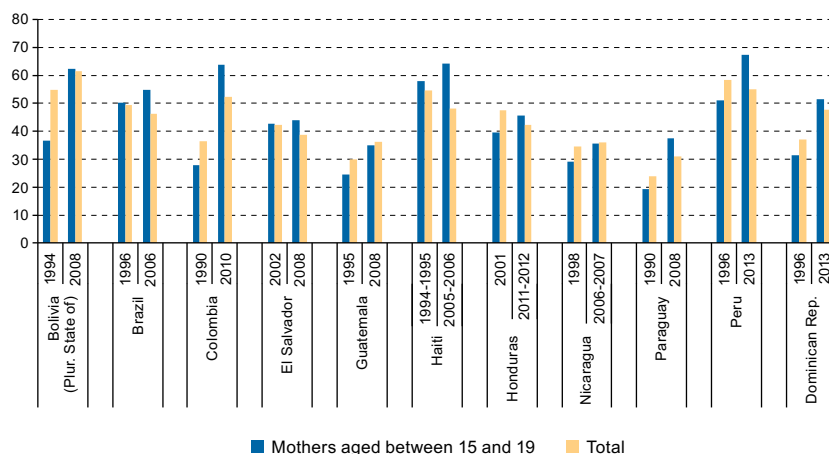


Source: Economic Commission for Latin America and the Caribbean (CEPAL), on the basis of regional database on maternity (MATERNILAC) and CEPALSTAT database [online] http://estadisticas.cepal.org/cepalstat/WEB_CEPALSTAT/Portada.asp.

A significant proportion (a majority in nearly all the countries) of adolescent mothers do not plan their pregnancy (see figure V.6), infringing their reproductive right to choose when to have children. While data from the 1980s and 1990s indicated better family planning by adolescent mothers, surveys in the first decade of the twenty-first century reveal a systematic decline in this variable. More than half of births to adolescent mothers are unplanned. Reproduction in adolescence leads to problems for the mother, the baby and the family of the adolescent mother, who bear much of the cost and burden of raising the child. Moreover, the high concentration of adolescent mothers among the poorest sections of society contributes to the intergenerational reproduction of poverty.

Figure V.6

Latin America (selected countries): unplanned births in the five years preceding the survey, by the age of the mother at birth, around 1990 and 2010
(Percentages)



Source: Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, on the basis of J. Rodríguez, “High adolescent fertility in the context of declining fertility in Latin America”, 2011 [online] http://www.un.org/esa/population/meetings/egm-adolescents/p01_rodriguez.pdf.

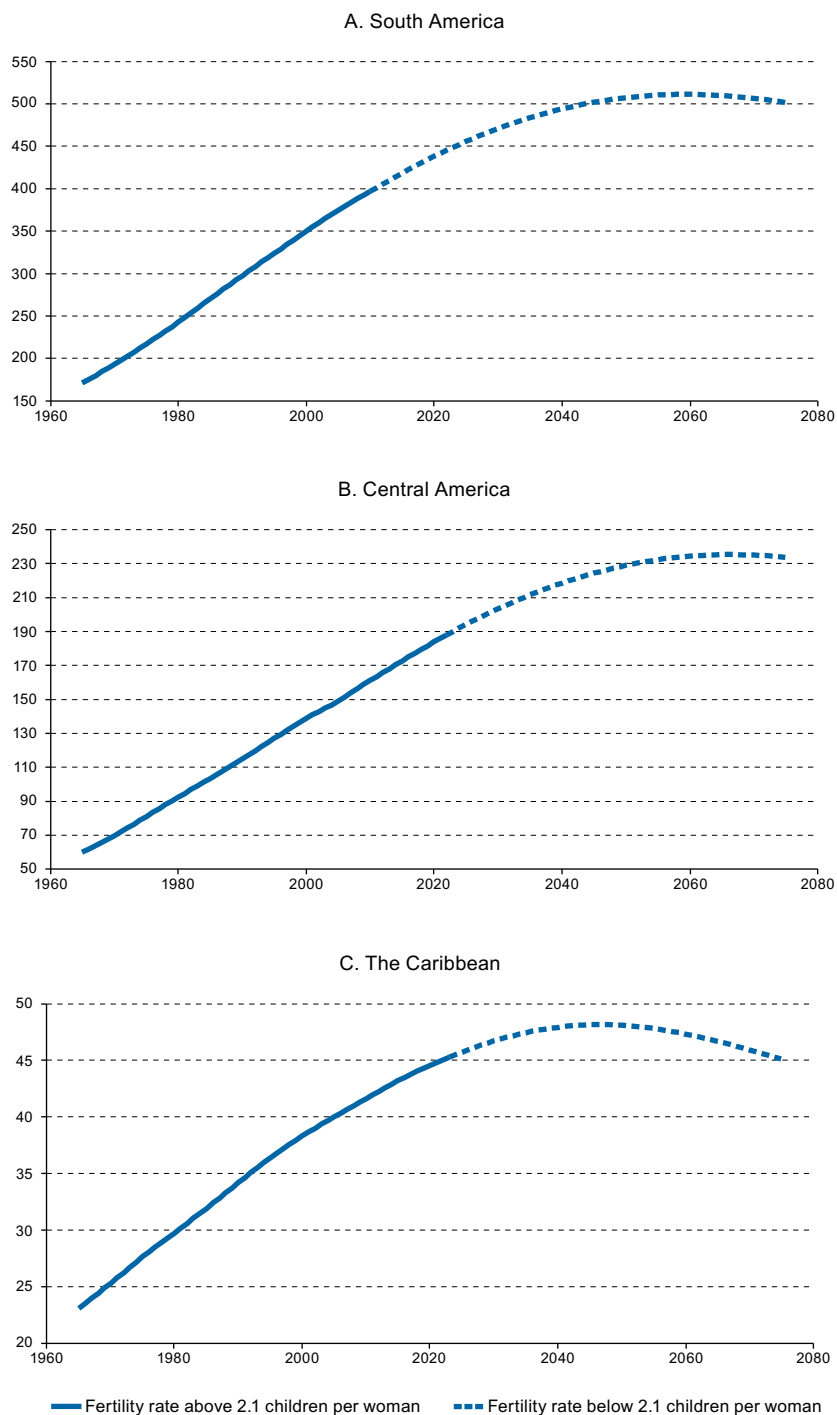
Some studies in the region have suggested that adolescents want to have children and, in particular, they want to have them more than people at other ages (Stern, 1997; Guzmán and others, 2001; Binstock and Pantelides, 2006; Oliveira and Melo, 2010). Arguments that support this hypothesis are rooted in demography (first order births are the most wanted and the majority of births to adolescent mothers are clearly first order ones), anthropology (cultural norms that promote early reproduction) and sociology (early motherhood is seen as an option that provides meaning and a life plan, especially in places where there are few opportunities). These arguments are based on data from the end of the twentieth century and underscore the need to increase incentives for delaying reproductive initiation. However, the data presented herein point, instead, to the barriers that prevent adolescents from exercising their reproductive rights, specifically those barriers that restrict access to sexual and reproductive health and contraception from the start of the sexually active period.

2. The population will continue to grow until the middle of the century

The region's total population will continue to grow, peaking at 793 million in 2061 (United Nations, 2015b). As they are at different stages in the demographic transition, countries' situations will continue to vary greatly (see figure V.7), with population growth rates ranging from below 0.5% in those countries that are further along in the demographic transition, such as Barbados, to almost 3% in Guatemala, a typical rate for countries in the early stages of the transition.

This growth will not be directly related to the fertility rate, but to demographic inertia, i.e. the tendency for population growth to continue beyond the time that replacement-level fertility has been achieved because of the change in age structure, because of the large proportion of people of childbearing age in the population (ECLAC, 2008).

Figure V.7
Latin America and the Caribbean: population growth by subregion, 1965-2075
(Millions of inhabitants)

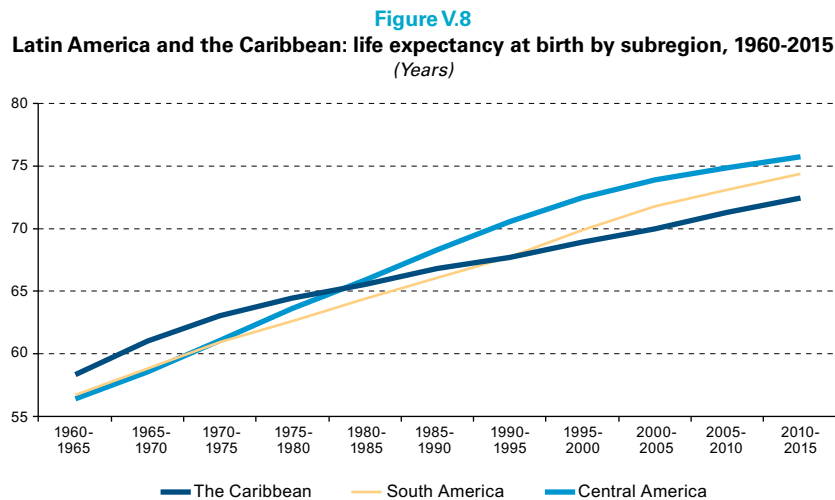


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables"; *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

3. Life expectancy has risen

As in developed countries, the start of the demographic transition in the region was linked to the decline in the mortality rate. This change was mainly the result of socioeconomic and cultural shifts, improved living conditions, an increasingly urbanized population, higher education levels, the availability of health-care technology and successful policies.⁶ The result was an unprecedented breakthrough in the control of infectious and parasitic diseases, and treatment of maternal, perinatal and nutritional problems (Di Cesare, 2011; ECLAC, 2008; ECLAC, 2015a). The epidemiological shift benefited mainly the younger population, women and children, which led to significant demographic changes, in particular large increase in life expectancy at birth, due initially to the decrease in infant mortality and later to the drop in mortality at other ages.

Life expectancy has increased steadily over the past century and continues to rise today. From an average of some 59 years in the period 1965-1970, life expectancy rose to almost 75 years between 2010 and 2015. On average, people have gained 16 years of life in the last 45 years, which is almost two more years every five years. However, the regional average is equal to that of developed countries some 25 years ago (ECLAC, 2008). Life expectancy improved in all countries, but considerable differences remain among countries and among the subregions, which are unacceptable in the light of the epidemiological and socioeconomic gains (see figure V.8 and table V.2).



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables," *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

Major differences remain between the more and less developed countries within the subregions —Central America (8 years), the Caribbean (10 years) and South America (15 years)— revealing substantial disparities in health conditions. Chile and Haiti have the region's highest and lowest life expectancies (81 and 62 years, respectively). If life expectancy in Haiti were to continue increasing by two years every five-year period, it would still take Haiti 48 years to close the gap with the current life expectancy in Chile.

In the Caribbean, lifespan dispersion has not changed significantly since the end of the 1960s, but, if the Dominican Republic and Haiti are excluded, the lifespan dispersion of the other countries has increased: the gap widens from 5 years to nearly 10 years. Something similar occurs in South America: if the Plurinational State of Bolivia is excluded, dispersion shrinks by two years, from 17 to 15 years. In Central America, dispersion narrowed, with the gap between the two extremes dropping from more than 15 years to less than 10.

⁶ In the 1950s and 1960s, several countries in the region implemented successful policies on basic care and environmental sanitation, including maternal and child health-care, mass immunization, oral rehydration, parasite control and nutrition programmes, and the expansion of sanitary services, particularly drinking water and sewage systems.

Table V.2
Latin America and the Caribbean (31 countries): life expectancy at birth by subregion and country, 1965-2015
(Years)

Country	1965-1970	1980-1985	1995-2000	2010-2015
Latin America and the Caribbean	58.9	64.9	70.4	74.5
The Caribbean	61.0	65.5	68.9	72.4
Antigua and Barbuda	65.0	69.5	73.0	75.8
Bahamas	65.2	69.1	71.7	75.1
Barbados	64.6	69.5	73.0	75.4
Cuba	68.5	74.2	76.2	79.2
Dominican Republic	56.9	64.0	70.0	73.2
Grenada	63.0	67.1	69.8	73.2
Haiti	46.2	51.6	57.1	62.3
Jamaica	67.6	72.0	72.1	75.4
Saint Lucia	61.6	70.0	71.2	74.8
Saint Vincent and the Grenadines	64.0	68.4	70.6	72.7
Trinidad and Tobago	64.8	67.3	68.4	70.2
Central America	58.6	65.9	72.5	75.7
Belize	64.3	70.4	68.6	69.8
Costa Rica	65.2	73.4	77.0	79.2
El Salvador	53.9	57.1	68.0	72.6
Guatemala	50.1	58.3	66.4	71.5
Honduras	51.0	61.6	69.8	72.8
Mexico	60.3	67.7	73.7	76.5
Nicaragua	52.0	59.5	68.5	74.5
Panama	64.4	71.0	74.6	77.3
South America	58.8	64.4	69.9	74.4
Argentina	65.8	70.2	73.3	76.0
Bolivia (Plurinational State of)	44.7	51.2	59.3	67.7
Brazil	58.0	62.7	68.9	74.1
Chile	61.5	69.2	75.9	81.2
Colombia	60.1	66.9	70.3	73.7
Ecuador	56.8	64.6	72.1	75.5
Guyana	61.6	62.8	64.6	66.3
Paraguay	65.0	67.1	69.4	72.7
Peru	51.5	61.5	69.3	74.2
Suriname	62.4	66.5	67.8	70.9
Uruguay	68.6	71.0	74.2	77.0
Venezuela (Bolivarian Republic of)	63.3	68.7	71.6	73.9

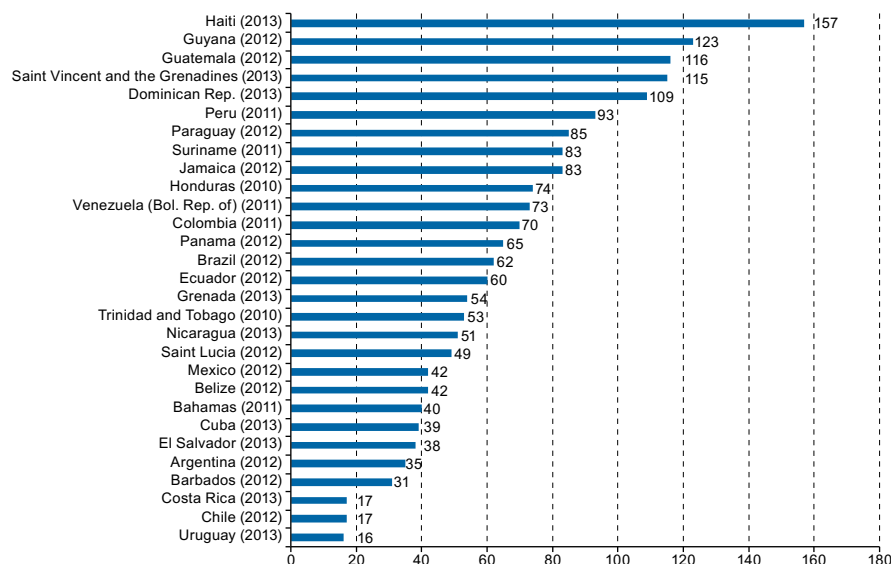
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables," *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

On average in the region, women are expected to live nearly seven years more than men, a figure that is close to that of the most developed countries (United Nations, 2015b). In the Bolivarian Republic of Venezuela, Colombia, El Salvador and Guatemala, that difference is greater, fluctuating between seven and more than nine years, which could be linked to excess male mortality due to violence. This difference is expected to decrease as the incidence of some epidemiological risks evens out between men and women, although some biological differences will remain, such as the risks associated with pregnancy and childbirth.

Despite the general decline in mortality, which has produced significant increases in life expectancy, maternal mortality rates remain high in most of the countries of the region (see figure V.9). The situation is worst in Haiti, Guyana, Guatemala, Saint Vincent and the Grenadines and the Dominican Republic, where maternal death rates are 100 or more per 100,000 live births, while, at the other end of the spectrum, Uruguay, Costa Rica and Chile have reduced this indicator to 17 or fewer.

Figure V.9

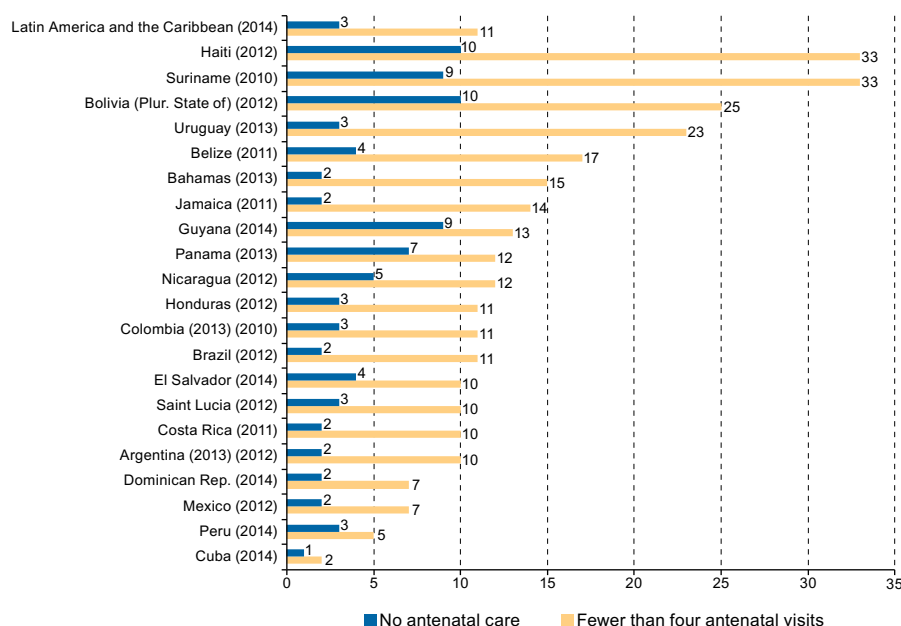
Latin America and the Caribbean (29 countries): reported maternal mortality rate, latest available year
(Number of deaths per 100,000 live births)



Source: Pan American Health Organization (PAHO), on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), *Latin America and the Caribbean: looking ahead after the Millennium Development Goals: Regional monitoring report on the Millennium Development Goals in Latin America and the Caribbean, 2015* (LC/G.2646), Santiago, September.

Figure V.10

Latin America and the Caribbean (21 countries): lack of prenatal care, around 2014
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Latin America and the Caribbean: looking ahead after the Millennium Development Goals: Regional monitoring report on the Millennium Development Goals in Latin America and the Caribbean, 2015* (LC/G.2646), Santiago, September.

Maternal mortality is determined by women's access to and the quality of sexual and reproductive health services, particularly obstetric and emergency care during pregnancy and childbirth. On average, 92% of deliveries in the region are carried out by specialized personnel, although some countries lag behind, notably Guatemala and Haiti, where the figure is less than 70%. Although the proportion of pregnant women without antenatal care is below 15%

in most countries (see figure V.10), when the indicator of at least four antenatal visits is used, as recommended by the World Health Organization (WHO), deficits clearly persist. Indigenous women and women living in rural areas are most at risk of maternal mortality, as antenatal care services and professional attendance during childbirth is very scarce in those areas. The contrast between the limited progress made in reducing maternal mortality and the high rates of professional care during and prior to childbirth raise doubts about the quality of these services, which must be made more efficient (ECLAC, 2013a; ECLAC, 2010a; ECLAC, 2015a).

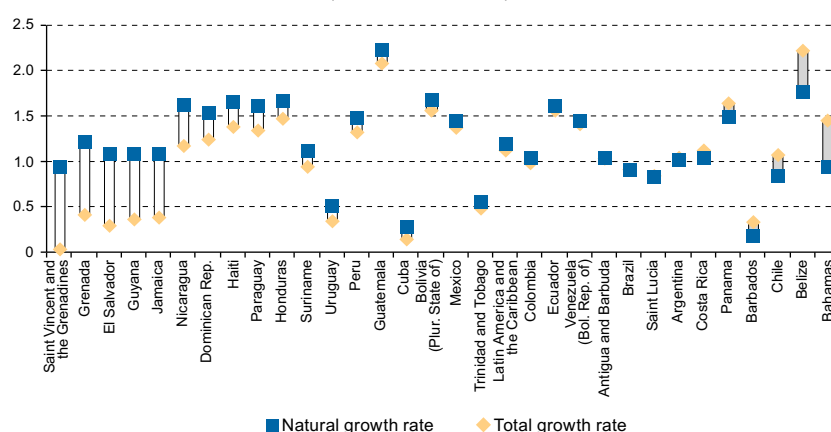
4. Intraregional migration increases

Emigration by the region's population has reached very high figures recently. Before the 1990s, the primary emigration flows were from the Caribbean, Mexico and Central America to the United States. Thereafter, emigration rose sharply and Spain became a major destination country, followed by other developed countries, such as Western and Eastern Europe, Australia, Canada and Japan.

The financial crisis that hit developed countries in late 2007 led to a decline in the number of Latin American migrants to these destinations. Recently, there has been a growing tendency towards return migration, particularly among Mexicans living in the United States, which has resulted in a negative net migration balance to the United States (Pew Hispanic Center, 2015). A proportion of migratory flows shifted to other destinations within the region, which lessened the impact of the crisis.

The overall impact of migration can be calculated as the difference between the total population growth rate and the natural growth rate (see figure V.11). Central American and Caribbean countries have the highest rates of emigration, in particular Saint Vincent and the Grenadines, Grenada, El Salvador and Jamaica. In South America, emigration is highest from Guyana, Paraguay, Uruguay and Peru, and has increased recently from a number of other countries (the Bolivarian Republic of Venezuela, Colombia and Ecuador). The main net recipient countries (on the right-hand side of figure V.11) are Barbados and the Bahamas in the Caribbean; Belize, Panama and Costa Rica in Central America; and Chile and Argentina in South America. The last four are increasingly the destinations of choice of intraregional migrants.

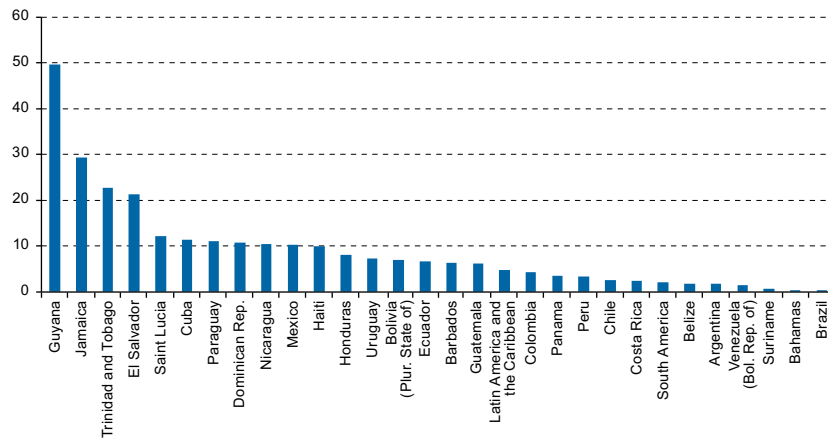
Figure V.11
Latin America and the Caribbean: annual average total population growth and natural population growth, 2010-2015
(Per 100 inhabitants)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables", *Working Paper*, No. 241 (ESA/P/WP/241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

The number of Latin Americans living in the United States, Europe and countries within the region other than their country of birth remains very large, as illustrated by comparing the proportion of emigrants to resident nationals in any given country. In many countries that proportion is very high (see figure V.12): nearly 50% in Guyana and between 20% and 30% in Jamaica, Trinidad and Tobago and El Salvador.

Figure V.12
Latin America and the Caribbean (29 countries): emigrants relative to the total population, around 2010
(Percentages)



Source: Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, Investigation of International Migration in Latin America (IMILA) research project and United Nations Population Division.

The migration of such large numbers of people has a significant demographic impact: it changes population sizes in origin and destination countries and, given its selectivity, affects the gender and age structure, generally cutting the size of the economically active population and the duration of the demographic dividend in countries of origin. It also has economic and social effects on labour supply, demand for goods and services, poverty and education levels, and the social and cultural environment in countries of origin and destination. Economic effects include the contribution of migrant remittances to communities of origin, the role of migrants and returnees in bringing in business skills and technologies and the contribution of immigrants to the social and economic reproduction of host countries.

5. Reproductive inequalities remain

Inequality in the region takes many forms, some of which have a more direct effect than others on different aspects of population dynamics and distribution. Particular attention should be given to gender inequalities, specifically the obstacles that women face in order to exercise fully their sexual and reproductive rights and to participate equally in production activity. Territorial inequalities, which result in isolation, discrimination, underdevelopment and vulnerability, and affect deprived population groups or those who face discrimination, particularly on account of their ethnic origin or race, also stand out.

Reproductive inequalities can be seen in the intensity of fertility, which is calculated by comparing the total fertility rates of different socioeconomic groups; in the reproductive calendar, in particular having children at an early age, which is revealed by adolescent fertility or maternity rates; and in the social distribution of reproduction, which is measured by the total reproduction rate of each socioeconomic group.

These inequalities follow a systematic, self-reinforcing pattern, as they tend to worsen the situation of lower socioeconomic groups, which exacerbates the initial inequalities. They also reveal an unequal exercise of human rights, including women's basic reproductive right to decide the number and timing of their children. This is corroborated by indicators such as preferences regarding the number of children—generally more even among population groups than the actual number of children—and unwanted fertility—generally more common among poor women and adolescents (Rodríguez, 2014). Reducing reproductive inequalities would help to break a vicious cycle that reinforces poverty and social inequality and would promote fulfilment of human rights.

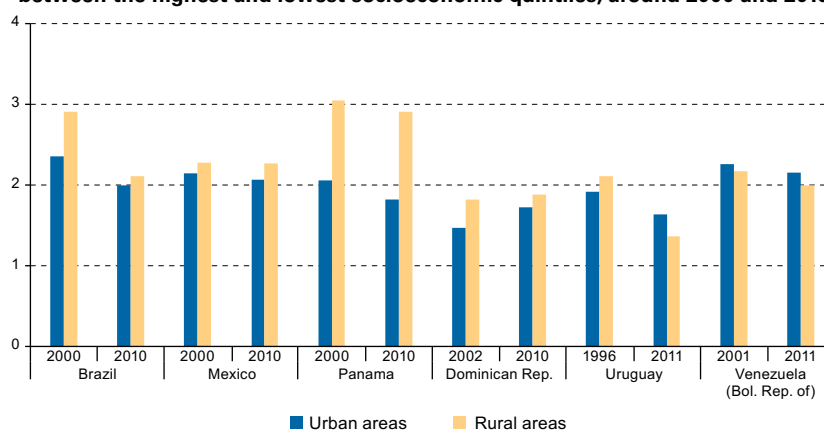
There are different schools of thought on the ability of policies to combat reproductive inequalities (ECLAC, 2006). One point of view is that reproductive inequalities are the result of deeper social inequalities, linked to peoples' productive role and to their income, assets and well-being. According to this hypothesis, as long as these inequalities persist, reproductive inequalities will too. Another point of view is that demographic inequalities are mainly the

result of restrictions on the exercise of rights that can be overcome by public policies, of cultural factors that can be changed, and of social inequalities and barriers to access to services that can be eliminated through specific, targeted policies and programmes. This point of view suggests that convergence is possible between relatively independent demographic patterns of structural socioeconomic inequalities linked to access to productive resources.

The experience of developed countries shows that, while social gradients of fertility intensity can be reduced significantly, fertility calendar gradients tend to decrease more slowly (Rendall and others, 2009). Regional experience confirms that fertility intensity can decrease across socioeconomic and ethnic lines, and that this decline can even be greater among disadvantaged groups, especially if the fertility levels of advantaged groups are very low.

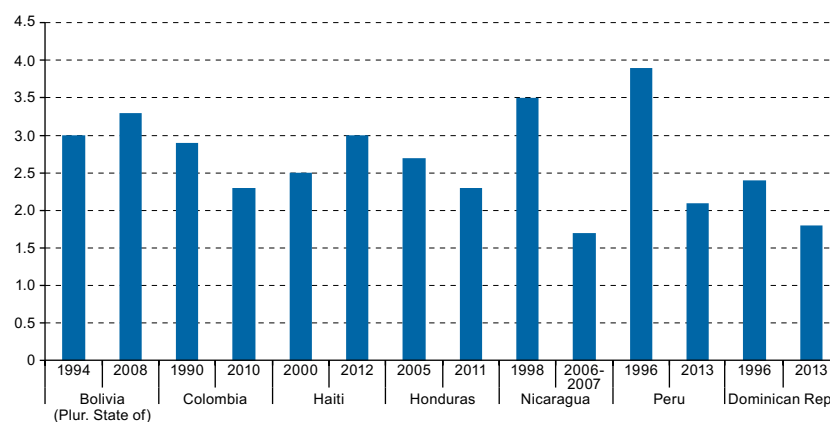
Figure V.13 charts the evolution of socioeconomic inequality in the total fertility rate (TFR) between the census rounds of 2000 and 2010. Inequality is measured by comparing TFR of the lowest and highest socioeconomic quintiles. The results confirm that inequality in total fertility fell across the board and more sharply in rural areas. Figure V.14 presents data from surveys examining inequality in reproductive intensity by socioeconomic quintile, and its evolution in another group of countries. The results show that, in general, TFR inequality has fallen (it decreased in five countries and increased in two), in line with the results based on census data.

Figure V.13
Latin America (6 countries): inequality in the total fertility rate (TFR) in urban and rural areas as a ratio between the highest and lowest socioeconomic quintiles, around 2000 and 2010



Source: Economic Commission for Latin America and the Caribbean (ECLAC), using indirect estimation (Brass's P/F ratio) and socioeconomic household quintiles of urban areas on the basis of the overcrowding and household equipment variables (see the methodological annex for further details).

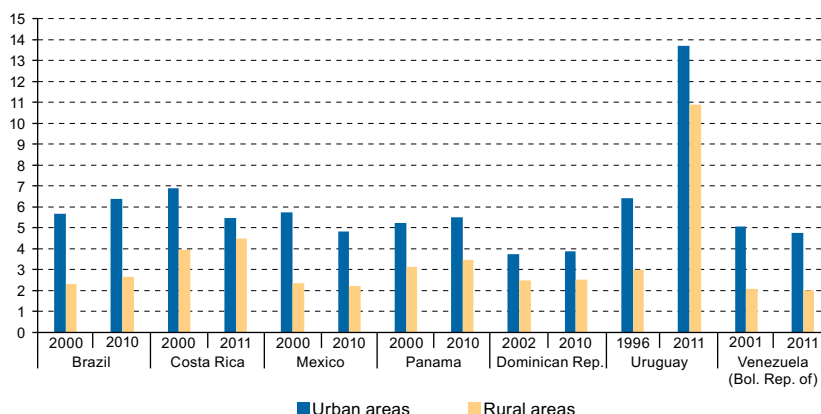
Figure V.14
Latin America (7 countries): inequality in the total fertility rate (TFR) as a ratio between the highest and lowest socioeconomic quintiles, around 2000 and 2010



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Demographic and Health Surveys (DHS) [online] <http://www.measuredhs.com/>.

Although reproductive inequality persists, it is falling in most countries against the backdrop of a massive and widespread decline in total fertility. However, the —greater— inequality in reproductive initiation is not falling, so it has become the focus of policies on population matters and poverty reduction. According to the data shown in figure V.15, social inequality among adolescent mothers might even have increased in the 2000s in most countries of the region, depending on how it is calculated (Rodríguez, 2014).

Figure V.15
Latin America (7 countries): inequality in the percentage of mothers aged 19 and 20 as a ratio between the highest and lowest socioeconomic quintiles, by area of residence, census rounds of 2000 and 2010



Source: J. Rodríguez, “La reproducción en la adolescencia y sus desigualdades en América Latina. Introducción al análisis demográfico, con énfasis en el uso de microdatos censales de la ronda de 2010”, *Project Documents* (LC/W.605), Economic Commission for Latin America and the Caribbean (ECLAC), 2014.

A key aspect of reproductive inequality is the socioeconomic distribution of the number of births nationally per year. ECLAC (2010b) has highlighted concerns about the overrepresentation of children aged under 15 living in poverty (the juvenilization of poverty). The higher levels of poverty among this population group have serious implications for social inequality. Initial inequalities, that is, those that exist at birth or even during pregnancy, are unacceptable from an ethical point of view and have negative social and economic effects. These inequalities concatenate with others during childhood and adolescence, preventing the equal exercise of rights and allowing disadvantages to accumulate with serious consequences for peoples’ futures. The high numbers of impoverished young people will further complicate efforts to combat poverty, as poverty and social divisions tend to be reproduced over successive generations.

Reproductive inequalities, resulting from higher fertility among the poor, largely explain the higher levels of child poverty. At all ages, the highest socioeconomic quintile is underrepresented in the birth rate, while the lowest quintile is largely overrepresented, even more so with regard to childbirth early in life, particularly during adolescence. Since almost 20% of births are to adolescent mothers, their concentration in the poorest quintile has implications for the intergenerational reproduction of inequality. The persistence of early parenthood reduces the benefits derived from the steady decline in fertility among poor women.

In an extreme scenario, the number of births in all the socioeconomic quintiles could even out, but with the poorest quintiles having their children earlier and the richer quintiles later in life, after having completed the key stages of education, gained experience and started formal work. In this scenario, apparent socioeconomic equality in biological reproduction would mask a profound inequality in the demographic conditions under which this reproduction occurred.

6. Indigenous peoples and Afro-descendants continue to be excluded

There were more than 800 indigenous peoples in Latin American countries in 2010, with a population of some 45 million that is very demographically, socially, geographically and politically diverse. Some peoples live in voluntary isolation, while others live mainly in rural areas or large urban settlements. Likewise, there

is an Afro-descendant population of more than 120 million that is also highly diverse, demographically and socio-politically speaking, between and within countries. In addition to sharing origins, culture and identity, Afro-descendants face problems rooted in slavery, colonization, discrimination and exclusion, as was recognized by the World Conference against Racism, Racial Discrimination, Xenophobia and Related Intolerance, held by the United Nations in Durban, South Africa, in 2001. Indigenous peoples and Afro-descendants suffer profound inequalities, in addition to structural discrimination based on the denial of their collective, mainly territorial, rights, which affects indigenous peoples in particular.

These two groups have always had lower levels of well-being than the rest of the population and have been unable to fully exercise—or have even been totally deprived of—their rights. Indigenous peoples and Afro-descendants have lower-than-average incomes, higher rates of poverty, extreme poverty and malnutrition, and, in general, a lower life expectancy. Further evidence of discrimination is that information on the Afro-descendent population remains patchy and insufficient.

The 2010 census round revealed that, although the fertility rates of indigenous women had fallen in the past decade, they were still higher than those of non-indigenous women, particularly in Brazil and Panama, where fertility of indigenous women is at least twice that of non-indigenous women. While the average in most countries fluctuates around 2.4 and 3.9 children per woman, in the Bolivarian Republic of Venezuela and Nicaragua it is still 4 children per woman, and in Guatemala and Panama it is 5 (ECLAC, 2014b).

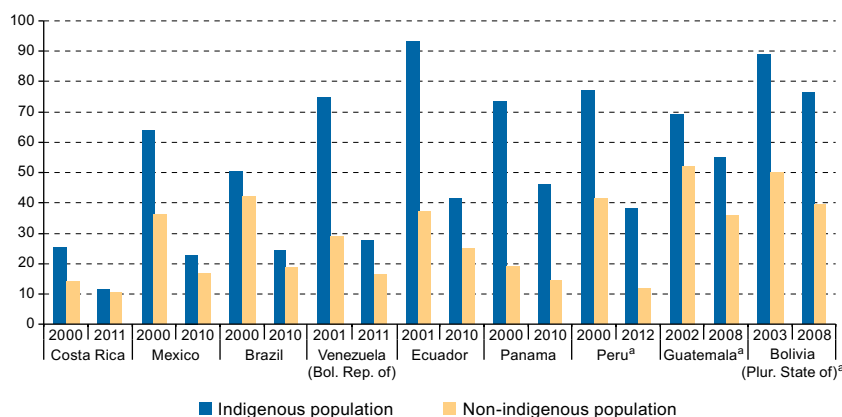
The 2000 census round showed that the percentage of young women aged between 15 and 19 who were mothers was higher among indigenous than among non-indigenous adolescents (Del Popolo, Oyarce and Ribotta, 2009). This variable decreased in all countries, except Ecuador, according to the 2010 census round. The largest declines were seen in the Bolivarian Republic of Venezuela, Costa Rica, Mexico and Panama. However, in 15 countries for which data are available, the percentage of young mothers is higher among indigenous groups, ranging from 12% of indigenous adolescents in Uruguay to 31% in Panama. The largest differences along ethnic lines occur, in order of magnitude, in Panama, Costa Rica, the Bolivarian Republic of Venezuela, Brazil and Paraguay, where the number of indigenous adolescent mothers is more than double that of non-indigenous teenage mothers. In the Plurinational State of Bolivia, Ecuador and Peru, these differences are less pronounced. While becoming a mother at a young age does not necessarily mean that a woman will have a larger family, on average indigenous women have more children than the rest of the population.

The epidemiological profile of indigenous peoples highlights the overlapping of illnesses from different stages of the epidemiological transition; incidence and mortality rates remain high as a result of communicable diseases, such as tuberculosis, and non-communicable diseases, such as diabetes, linked to malnutrition and obesity. The incidence of tuberculosis is higher among indigenous peoples than the rest of the population in the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Mexico, Paraguay and Peru (ECLAC, 2014b).

In the past 10 years, infant and child mortality rates have declined significantly among indigenous peoples, notably in Mexico and the Bolivarian Republic of Venezuela, where they dropped by 64% between 2000 and 2010, and in Brazil, Costa Rica, Ecuador and Peru, where the indicators decreased by just over half. However, infant mortality in the indigenous population continues to be higher across the board than in the non-indigenous population, except in Costa Rica. The largest gaps are seen in Panama and Peru, where indigenous communities experience infant mortality at three times the rate of non-indigenous communities, and in the Plurinational State of Bolivia, where the rate is over twice as high among the indigenous population. These disparities are seen in urban and rural settings, but are generally larger in rural areas, regardless of the level of mortality (ECLAC, 2014b).

Child mortality rates follow a similar pattern, with wide gaps between indigenous and non-indigenous groups, except in Costa Rica (see figure V.16). Costa Rica and Uruguay report the lowest indigenous child mortality rates, at 11.5 and 15.8 deaths per 1,000 live births, respectively. At the other end of the spectrum are Panama and Guatemala, with 46.4 and 55 deaths per 1,000 live births, respectively. The situation is worst in the Plurinational State of Bolivia, where 77 of every 1,000 indigenous children die before reaching the age of 5 (compared to 38 per 1,000 non-indigenous children). The cities show somewhat smaller gaps than the countryside, but ethnic inequalities persist and, with the exception of Brazil, are always sharper in rural areas (ECLAC, 2014b).

Figure V.16
Latin America (9 countries): child mortality by ethnicity, around 2000 and 2010
 (Number of deaths per 1,000 live births)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Los pueblos indígenas en América Latina. Avances en el último decenio y retos pendientes para la garantía de sus derechos* (LC/L.3902), Santiago 2014.

^a Estimates for these countries are derived from demographic and health surveys, while housing and population censuses were used for the other countries.

In recent years, indigenous peoples have been positioning their rights in the legislation and institutions of the States in which they live. Over the past decade, significant progress has been made in enacting laws and decrees in a number of spheres; although these differ in scope in each of the countries of the region. However, this process of inclusion does not come without contradictions or even setbacks and there are still critical gaps in the fulfilment of the rights of indigenous peoples as enshrined in constitutions and domestic legislation. In the case of the Afro-descendent population, efforts to create legal norms and institutions that promote racial equality and implement affirmative action policies in the different countries are more uneven.⁷

B. The impact of demographic change

The impact of demographic change can be seen from the two perspectives of its effects on individuals and populations. Its effects on individuals include higher survival rates, resulting from the fall in the mortality rate, which means higher costs to ensure good health and well-being over the course of a longer life cycle, and declining fertility rates, which have allowed women to devote less time to raising children and participate more in economic life, increasing their autonomy and well-being at home.

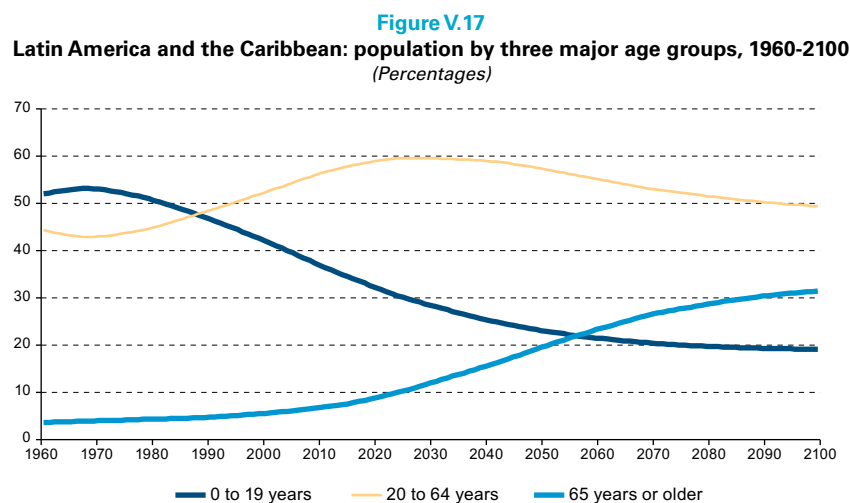
With regard to populations, the main consequences are declining population growth and, perhaps the most important now and in the medium and long terms, the changing age structure, which leads to a demographic dividend and then an ageing population, as young societies gradually become mature, then aged, societies.

1. The young population declines and the potentially active population increases

As the demographic transition progresses in the region, mortality and fertility rates are reaching low or very low levels, lessening their direct impact on natural population growth. These developments are, however, having a profound and far-reaching effect on the population age structure as generations from the different phases of demographic change progress through their life cycle.

⁷ Box IV.1 in chapter IV gives an overview of institutions for the Afro-descendent population in Latin America.

Since the 1960s, the population age structure of Latin American and Caribbean countries has undergone major changes, shifting from a relatively young population at that time to a population that is now starting to age rapidly (see figure V.17). The weight of the population aged under 20 (estimate for the school-age population) started to decrease at the end of the 1960s. As large cohorts of those born before that decade were reaching working age, the weight of the potentially active population (20 to 64 years) began to increase, giving rise to the demographic dividend. This change was crucial given the link between population dynamics and economic growth.



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables," *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

Moreover, longer life expectancy, owing to decreasing mortality rates, increased the proportion of older adults (65 or older), which rose from 4% between 1960 and 1965 to 8% today. Although this proportion seems small, it shows that the population has already entered the phase of accelerated growth (accelerated ageing). At this rate, the region will hit an important milestone in 2057, when the proportion of older persons will be equal to that of young people aged under 20 (22.1%).

In absolute terms, the young population is the only group that is decreasing. The downtrend began in 2004, when the youth population reached 223 million. The working-age population became the largest population group in 1988, when it reached 206 million and overtook the population aged under 20, marking the start of the relative predominance of the working-age population. This group will continue to grow until more than doubling by 2045, when it will peak at 452 million. The population aged 64 or older, some 50 million people, will experience a period of strong growth to reach 173 million—level with the young population—by 2057, and 277 million by the end of the century.

Although Latin America and the Caribbean is entering an accelerated ageing phase, this process is still incipient in half of the countries of the region. The concentration of the population in the working-age group is the most notable change to the age structure and will continue to be until at least the 2030s. In the countries furthest behind in the demographic transition, the economic tailwinds provided by this favourable situation will prevail until the 2050s or even beyond.

2. Fewer demographic dividend resources

The various age groups have different needs and make different contributions to the economy and society from a productive and reproductive point of view. The demographic dividend, a period when the working-age population is the largest population group, is a particularly important phase in the demographic transition, as the potential labour force grows faster than the dependent population, which is conducive to economic growth (Bloom, Canning and Sevilla, 2003; Wong and Carvalho, 2006; ECLAC, 2008; ECLAC, 2009).

The demographic dividend is determined by the dependency ratio, which is the ratio between the potentially inactive population (for the purposes of this study, composed of people aged under 20 and over 64), the numerator,

and the potentially active population (considered herein to be persons aged between 20 and 64), the denominator. The dependency ratio is useful for calculating how demographics affect other aspects of socioeconomic development.

The main milestones in the trajectory of the dependency ratio are when it reaches its maximum and minimum levels and the length and intensity of its decline. The demographic dividend occurs when the dependency ratio is in decline and its magnitude will be equal to the percentage reduction in the dependency ratio.

Table V.3 shows that milestones in the dependency ratio occur at very different times in various countries of the region. The year in which the dependency ratio peaks and starts to decrease is closely linked to the year that fertility starts to decline. For most countries, the peak was reached in the second half of the 1960s, but in Belize, Guatemala and Haiti it was attained in the 1970s, 1980s and 1990s, respectively, due to the late onset of the decline in fertility.⁸ The dependency ratio has already bottomed out in three countries: Barbados in 2008, Trinidad and Tobago in 2012 and Cuba in 2014. In these cases, the demographic dividend has ended, and it is expected to do so in the Bahamas and Chile in 2017 and 2018, respectively. In all countries, except Argentina and Uruguay, once the demographic dividend period is over, the dependency ratio will have decreased by 50% or more, with an annual intensity of close to 1%.

Table V.3
Latin America and the Caribbean (31 countries): aspects of the evolution in the dependency ratio

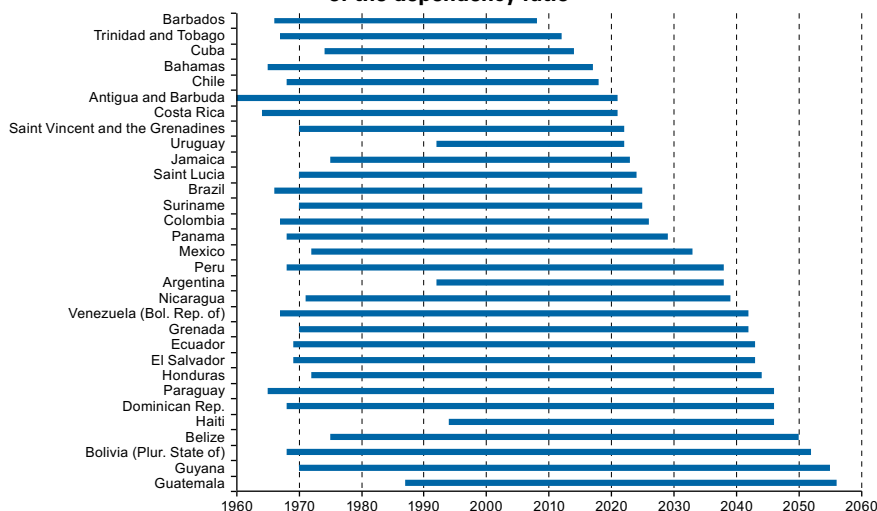
Country	Period of decline in the dependency ratio					Total intensity variation (percentages)	Intensity since 2015 (percentages)
	Maximum level	Year maximum level reached	Minimum level	Year minimum level reached	Duration of the demographic dividend (years)		
Antigua and Barbuda	137	1960	64	2021	61	53	5
Argentina	94	1992	73	2038	46	22	7
Bahamas	127	1965	58	2017	52	54	1
Barbados	130	1966	64	2008	42	51	N/A
Belize	180	1975	62	2050	75	65	30
Bolivia (Plurinational State of)	134	1968	73	2052	84	45	24
Brazil	134	1966	60	2025	59	55	7
Chile	118	1968	62	2018	50	47	0
Colombia	155	1967	63	2026	59	60	5
Costa Rica	140	1964	63	2021	57	55	4
Cuba	113	1974	57	2014	40	49	N/A
Dominican Republic	159	1968	73	2046	78	54	14
Ecuador	145	1969	74	2043	74	49	10
El Salvador	146	1969	67	2043	74	54	20
Grenada	186	1970	62	2042	72	66	17
Guatemala	147	1987	73	2056	69	51	34
Guyana	161	1970	60	2055	85	63	30
Haiti	133	1994	68	2046	52	49	29
Honduras	160	1972	62	2044	72	61	32
Jamaica	169	1975	68	2023	48	59	7
Mexico	157	1972	67	2033	61	58	13
Nicaragua	163	1971	64	2039	68	61	22
Panama	140	1968	74	2029	61	47	5
Paraguay	159	1965	67	2046	81	58	23
Peru	140	1968	70	2038	70	50	9
Saint Lucia	181	1970	63	2024	54	65	8
Saint Vincent and the Grenadines	193	1970	65	2022	52	66	6
Suriname	170	1970	70	2025	55	59	6
Trinidad and Tobago	133	1967	57	2012	45	57	N/A
Uruguay	86	1992	74	2022	30	13	3
Venezuela (Bolivarian Republic of)	147	1967	71	2042	75	52	8
Latin America and the Caribbean	133	1968	68	2027	59	49	7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables", *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

⁸ In the specific cases of Argentina and Uruguay, where the dependency ratio also peaked more recently, the decline in fertility began much earlier and has been more gradual than in other countries of the region.

Figure V.18 charts the status of the demographic dividend by country, ordered by the year in which the dependency ratio stopped falling (countries where this happened earlier are located at the top of the chart). The length of the bars is equal to the period of decline in the dependency ratio and, therefore, the duration of the demographic dividend. Their lengths vary from a minimum of 30 years in Uruguay to a maximum of 85 years in Guyana. There is some evidence of a link between the length of the dividend and the extent of demographic change. For example, Uruguay, Cuba and Barbados, where demographic change is advanced or very advanced, are among the countries where the dividend was shortest, while in countries where the demographic transition is still in its early phases (the Plurinational State of Bolivia, Honduras, Paraguay, the Dominican Republic, Belize and Guyana) the dividend will last longer.

Figure V.18
Latin America and the Caribbean (31 countries): period between the maximum and minimum levels of the dependency ratio



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables", *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

Of particular interest is last year of the demographic dividend. With the exception of Cuba, Barbados and Trinidad and Tobago, where it has already come to an end, and the Bahamas and Chile, where it is tailing off, most countries of the region are still in the demographic dividend period. It is expected to end in the 2020s in 10 countries; in the 2030s in four others; and in the 2040s in a further nine. However, the dividend looks set to extend beyond 2050 in three countries (Guatemala, the Plurinational State of Bolivia and Guyana).

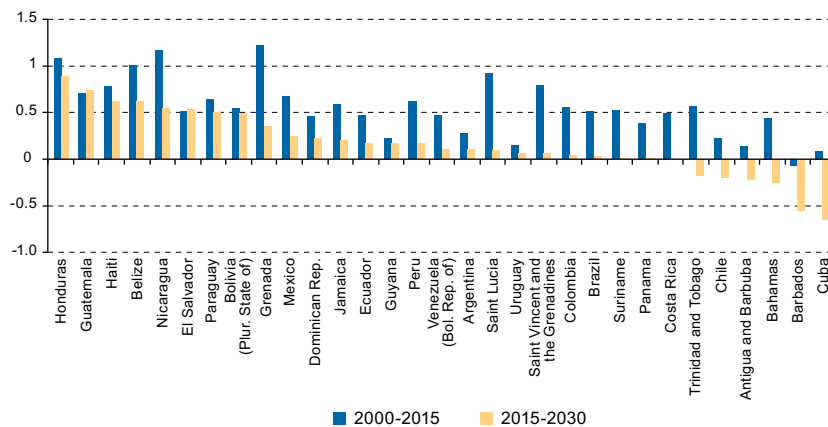
The dependency ratio is an imprecise measure of the demographic dividend, because age is not enough to classify a person as active or dependent. To calculate the actual number of workers, for example, participation rates and age-specific unemployment rates should be taken into account. One direct method of determining the actual ratio of workers to dependants is to calculate the support ratio, i.e. the effective number of producers relative to the effective number of consumers in each single-year age group (United Nations, 2013).⁹

The support ratio quantifies the economic impact of demographic change and allows comparisons with macroeconomic variables, such as GDP. In the demographic dividend period, the number of effective consumers decreases relative to the number of effective producers which, all else being equal, boosts labour income relative to consumption. This freeing-up of resources is an approximation of the economic value of the demographic dividend. As the population enters the rapid ageing phase, the number of effective consumers will increase relative to the number of effective producers (the support ratio worsens), giving rise to a period of demographic disadvantage or demographic tax. This could cause a drop in well-being if it is not offset by increased productivity.

⁹ The number of effective consumers is calculated by weighting the population by average consumption at each age. Similarly, the number of effective producers is calculated by weighting the population by average labour income at each age. The formula for calculating the support ratio is: $SR = P(t,i) / C(t,i) = \sum \{l(x) * n(x,t,i)\} / \sum \{c(x) * n(x,t,i)\}$; where $C(t,i)$ = Number of effective consumers at year t and in country i ; $P(t,i)$ = Number of effective producers at year t and in country i ; $c(x)$ = Average consumption at age x (from the standard profile); $l(x)$ = Average labour income at age x (from the standard profile), and $n(x,t,i)$ = Total population at age x , year t , in country i .

Figure V.19 shows the economic value of the demographic dividend between 2000 and 2015 and between 2015 and 2030, as measured by the annual percentage variation in the support ratio due to the changing age structure. A number of countries are seeing, and will continue to see, an economic advantage, which will decrease as their population changes and begins to age. The extent of the economic contribution of the demographic dividend is indicated by the length of the bars and represents savings made by consumers or possible tax cuts or additional investments that could be made as a result of the resources freed by the demographic transition. Its impact is not negligible, although it has decreased considerably; had education spending per pupil remained constant between 2000 and 2015, annual savings of 1% or more would have been made on the education budgets of Honduras, Belize, Nicaragua and Grenada. Over the next 15 years (2015-2030), eight countries will continue to see potential savings of between 0.5% and 0.8% per year. At the other extreme, Barbados and Cuba will have to invest more than 0.5% of additional resources annually between 2015 and 2030 to offset the adverse conditions arising from the end of their demographic dividend.

Figure V.19
Latin America and the Caribbean (31 countries): economic impact of the age structure changes,
expressed as an estimated annual variation of the support ratio, 2000-2015 and 2015-2030
 (Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables", *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

3. The dividend will last longer in education than in health and pensions

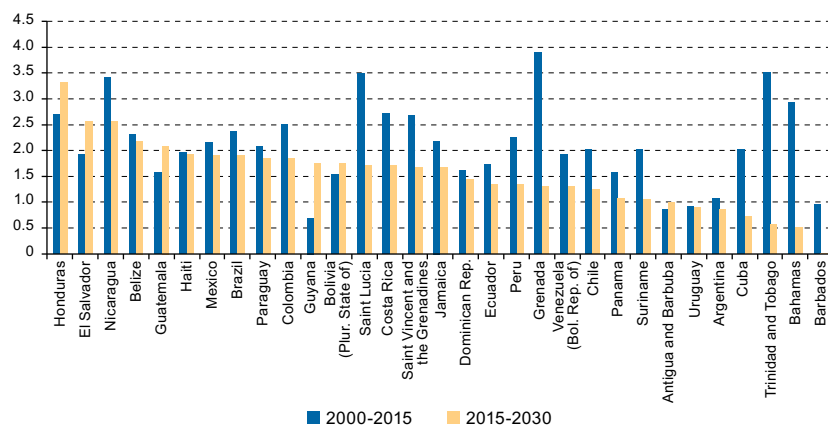
The method of calculating the overall economic benefit of the demographic dividend can also be applied at the sectoral level. Thus, the support ratio of each sector, defined as the number of effective producers in the economy relative to the number of effective consumers of the sector's services, can be calculated.¹⁰ The sectoral support ratio represents the percentage of labour income that has to be transferred (or taxes that have to be imposed) to finance the benefits of a particular sector. An improvement in a sector's support ratio indicates a freeing up of resources equivalent to the economic value of its demographic dividend.

The education sector in all countries of the region could benefit from age structure changes, but the real benefit will depend on how policymakers decide to use those freed-up resources. In most countries, this dividend will continue until at least 2050, although it is expected to end relatively soon in Caribbean countries. This is illustrated in figure V.20, where the bars represent the economic value of the educational demographic dividend, i.e. the annual percentage that society potentially saves on education as a result of less consumption of education relative to income in the economy.

¹⁰ The standard formula for calculating the support ratio of a sector is: $SSR = P(t,i) / B(t,i) = \Sigma\{l(x) * n(x,t,i)\} / \Sigma\{b(x) * n(x,t,i)\}$; where: $B(t,i)$ = Number of effective consumers of the services of sector S in year t and country i ; $P(t,i)$ = Number of effective producers in year t and country i ; $b(x)$ = Average benefits of sector S at age x (from the standard profile); $l(x)$ = Average labour income at age x (from the standard profile), and $n(x,t,i)$ = Total population at age x , in year t and country i .

Figure V.20

Latin America and the Caribbean (31 countries): economic impact of age structure changes on the education sector, expressed as the estimated annual variation in the sector's support ratio, 2000-2015 and 2015-2030
(Percentages)



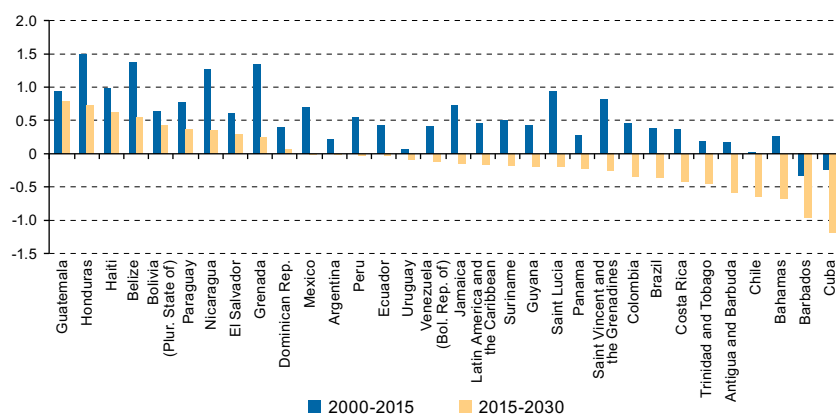
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables," *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

Between 2000 and 2015, more than half the countries saved 2% or more annually on the education budget. Between 2015 and 2030, only five countries will save this much, but more than half will see annual savings of 1.5% or more.

Owing to population ageing, demographic advantages that countries of the region had in the health sector have either run their course or are nearing their end. Figure V.21 shows that, between 2000 and 2015, the economic impact of demographic change on the health sector was favourable in almost all countries, except Barbados and Cuba. While this beneficial situation will come to an end between 2015 and 2030 in more than two thirds of the countries, the dividend will continue in 10 countries throughout that period. Guatemala, Honduras, Haiti and Belize will make annual resource savings equivalent to 0.5%. Conversely, Barbados and Cuba will have to invest around 1% of additional resources in the health sector annually to offset demographic change, while the Bahamas, Chile and Antigua and Barbuda will have to invest more than 0.5%.

Figure V.21

Latin America and the Caribbean (31 countries): economic impact of age structure changes on the health sector, expressed as the estimated annual variation in the sector's support ratio, 2000-2015 and 2015-2030
(Percentages)

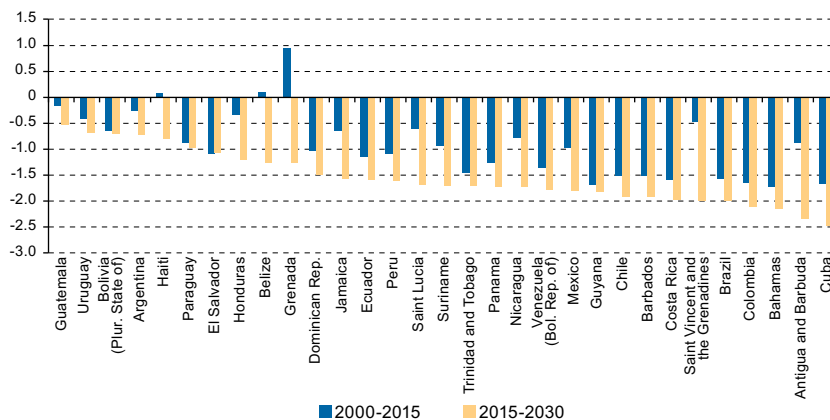


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables," *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

Population ageing is driving down the support ratio of the pensions sector in all countries of the region (see figure V.22). Between 2000 and 2015, the only countries to see a positive demographic impact on pensions were Grenada, Belize

and Haiti. Between 2015 and 2030, all countries will have to introduce additional charges or taxes, varying from 0.5% per year in Guatemala to 2.5% in Cuba, in order to maintain current benefits.

Figure V.22
Latin America and the Caribbean (31 countries): economic impact of age structure changes on the pensions sector,
expressed as the estimated annual variation in the sector's support ratio, 2000-2015 and 2015-2030
 (Percentages)



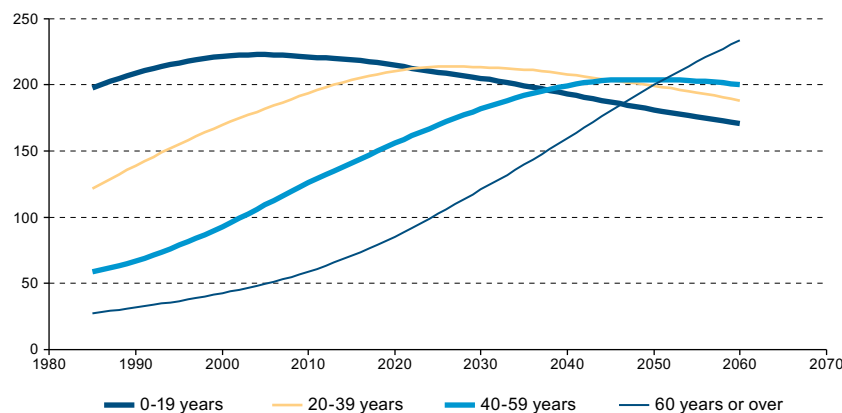
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables", *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

4. Towards greying societies and economies

As the demographic dividend disappears, the rapid ageing of the population will become most significant demographic trend in the region. When that happens, age structure changes will be dominated by the needs of older generations, making ageing and its impact on social demands the most influential demographic phenomena.

Age structure changes follow a particular sequence. This is illustrated by analysing the evolution of the population in four main age groups: 0-19 (children and adolescents), 20-39 (young adults), 40-59 (adults) and persons aged 60 or over (older people). Historically, the predominant population group in the region has been children and adolescents, aged 0-19. However, the year 2023 is projected to mark the end of the youthful society in the region, with the group aged 20-39 becoming the largest population segment. In 2045, the population aged 40-59 is expected to exceed those aged 20-39, giving rise to a more mature society. Seven years later, in 2052, those aged 60 or over will become the predominant group, ushering in the era of an aged society (see figure V.23).

Figure V.23
Latin America: population by age group, 1985-2060
 (Millions of inhabitants)

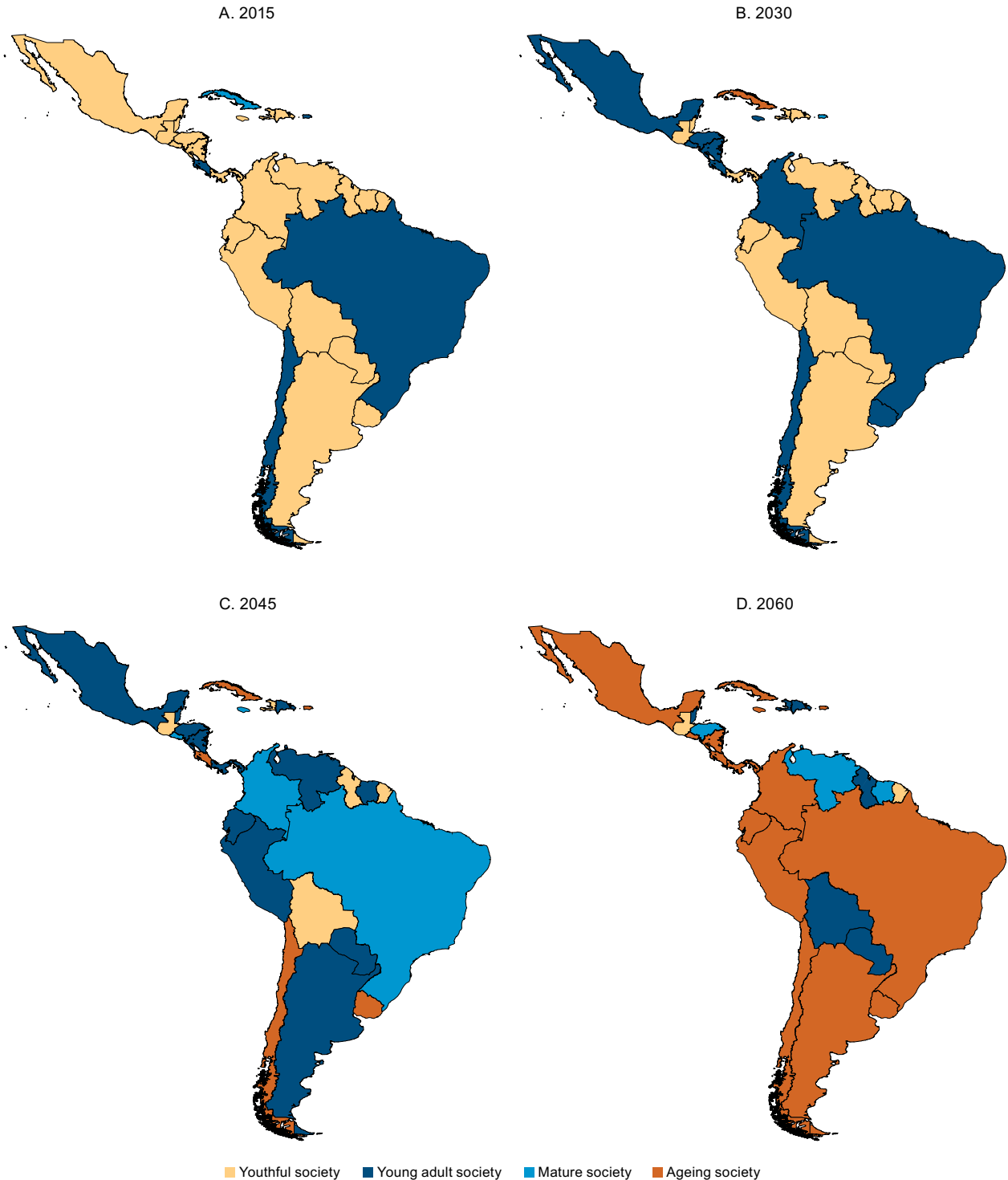


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables", *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

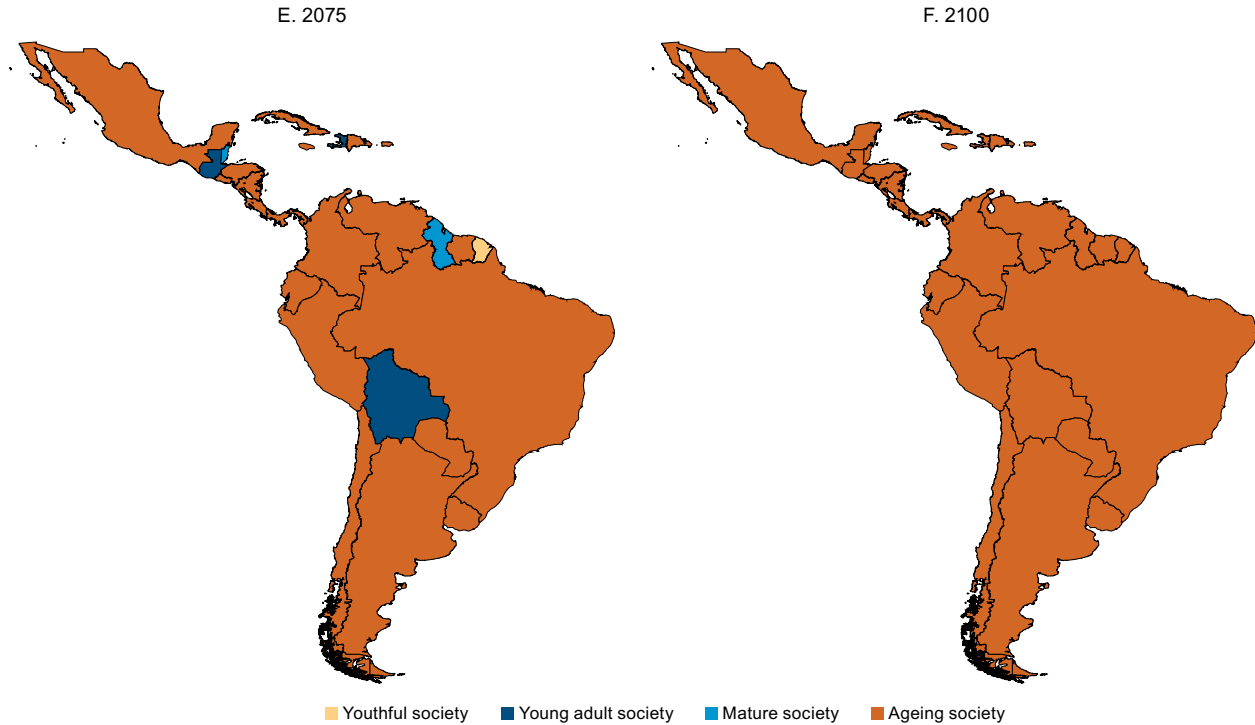
All countries go through these stages, but at different times. For example, societies left the youthful phase in Europe (on average) in the late 1980s and in North America in the 1990s. The transition will take place in the 2030s in Latin America and Asia, in the 2070s in Oceania and in the 2090s in Africa. Latin American countries will undergo these changes at different times, as illustrated in map V.1.

Map V.1

Latin America and the Caribbean: changing age structures of the population, 2015-2060



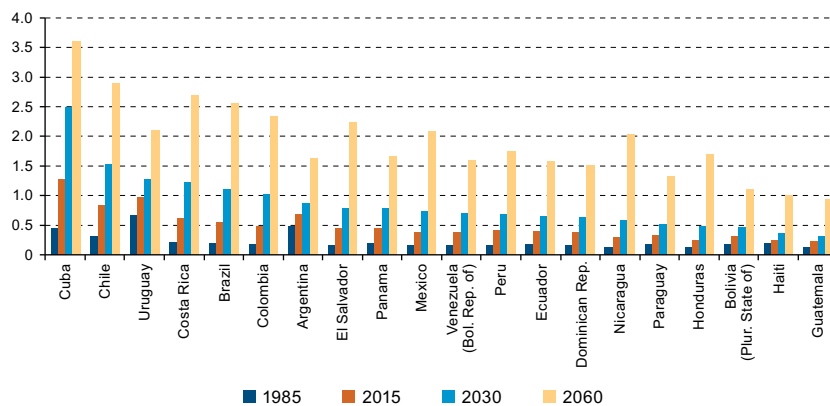
Map V.1 (concluded)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables", *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

As the different age groups successively become the predominant demographic group, the structure of the population's economic and social demands and contributions changes. This requires the redistribution of financial resources, with a shift in priorities from the needs of children and adolescents (education) to those of older people (health, care and pensions). The point at which the financial resources consumed by older persons exceed those consumed by children and adolescents marks the beginning of an ageing economy.

Figure V.24
Latin America: total consumption of older persons relative to total consumption of children and young people, 1985-2060



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, "World Population Prospects: The 2015 Revision, Key Findings and Advance Tables", *Working Paper*, No. 241 (ESA/P/WP.241), New York, Population Division, 2015 [online] <http://esa.un.org/unpd/wpp/>.

Figure V.24 illustrates the consumption ratio between older persons (aged 60 or over) and children and adolescents, by country. In 1985, children and adolescents consumed between five and eight times more resources than older persons in most countries in the region. By 2015, there was a significant shift towards consumption by older persons

in most countries. Cuba became the region's first ageing economy in 2010. Between 2015 and 2030, five other countries will join that category: Uruguay (2017), Chile (2020), Costa Rica (2025), Brazil (2028) and Colombia (2030). After 2030, nearly all the economies of the region will become ageing economies: Mexico (2037), Argentina (2037), El Salvador (2038), Panama (2038), Peru (2040), Nicaragua (2042), the Bolivarian Republic of Venezuela (2042), Ecuador (2044), the Dominican Republic (2045), Honduras (2047), Paraguay (2051), the Plurinational State of Bolivia (2057) and Haiti (2060).

Given that ageing economies are a recent phenomenon, little is known about the long-term consequences for economic growth, equality and the sustainability of intergenerational support systems. However, demographic pressures on health-care and pension systems are expected to increase dramatically.

C. Policies for the demographic transition

Rapid demographic changes in the region present opportunities and challenges with regard to promoting the Sustainable Development Goals and achieving equality. Countries where the transition has taken place later still have a good portion of the demographic window before them to improve the outcomes of their education, health, pension and employment policies. Countries further along in the demographic transition are already undergoing rapid population ageing and face mounting demands to finance pension systems, to adapt their health services to an increasingly onerous and mixed epidemiological profile and to provide appropriate care services.

A wide range of policies is needed to respond to the effects of demographic change, including policies aimed at expanding education and employment opportunities for young persons, and social security, pension and health policies. Public care systems should also be established and fiscal policies adapted to ensure a balance in intergenerational transfers (World Bank, 2015). Such policies require a comprehensive and long-term approach that takes demographic trends into account, mainstreams life-cycle, gender and rights perspectives, and gives due consideration to interculturalism and intergenerational processes in accordance with national contexts.

1. Using education sector savings to raise the quality of education

The decline in the relative number of children and adolescents reduces the cost of education substantially and permanently. Using these resources would allow the benefits of a quality education to be spread more widely. Investing in youth enables countries to promote equality and equip the future workforce with the tools needed to face the challenges of an ageing society.

Investment in public education can be broken down into two components. The first is demographic and measures the proportion of the school-age population relative to the working-age population (education-weighted dependency ratio). The second includes non-demographic aspects and measures investment per person actually received (ratio between investment in education and productivity). Thus, investment in public education as a percentage of GDP is the product of the ratio between the school-age population and the working-age population, multiplied by investment per person of school age relative to productivity (GDP per person of working age).¹¹ The amount invested per capita is a policy decision that depends on factors such as the degree of development, the fabric of social institutions and the ability to generate resources (Cecchini, Filgueira and Robles, 2014).

Between 1950 and 2070, the education dependency ratio in most countries of the region will have been reduced to 1:3, i.e. the school-age population will go from being roughly the same size as the working-age population to being three times smaller. If all other factors remain constant, the new situation would allow educational investment per student to be tripled. The question is whether countries will endeavour to invest in education in line with the sector's demographic dividend.

¹¹ The decomposition equation is: $E / Y = P(6-21) / P(20-64) * [E / P(6-21) / Y / P(20-64)]$; where E = Educational investment, Y = GDP, $P(6-21)$ = Population aged 6-21, and $P(20-64)$ = Population aged 20-64. See Miller, Mason and Holz (2011).

The region's experience shows that while primary education is nearly universal in many countries, improving the coverage and quality of secondary education remains a major challenge. Indicators such as access to and timely progression through secondary education are significantly worse than at the primary level and the situation across countries is more mixed. Large gaps persist with regard to completing secondary education, learning outcomes, quality and achievements, which stem from socioeconomic inequalities (which they in turn exacerbate) and from inequalities based on geography and ethnic origin. In addition, educational progress in recent decades has not led to more people entering the labour market or good use being made of young peoples' new skills (ECLAC, 2009; ECLAC, 2011).

While education is one of the main mechanisms for reducing inequalities and a key route for overcoming intergenerational poverty, the education system has not been able to capitalize on this potential.

2. Eliminating discrimination against young people and women in the labour market

Another priority for countries with a demographic dividend is creating high-quality employment for young people, together with better occupational education and training. This would allow them to boost their productivity and income, and thus save more.

Young people face several disadvantages in accessing high-quality jobs. Their unemployment rate is higher than that of the total active population, particularly in some English-speaking Caribbean countries where youth unemployment was over 30% at the beginning of the decade. Labour-market participation is also hampered by the socioeconomic conditions in which young people have grown up and developed. At the regional level, youth unemployment in the highest income quintiles is a third of that found in the poorest quintiles (ECLAC, 2014a). In addition, youth employment tends to be precarious and segmented, with a high turnover rate, which leads to highly unequal access to and payment into contributory social protection systems—linked to formal employment—and results in the waste of the demographic dividend (ECLAC, 2015b).

What is more, women's labour market participation rates are much lower than men's, reflecting the persistence of cultural and structural factors that prevent women from obtaining and remaining in a job and keep their wages lower. To promote gender equality in the labour markets, female workforce participation must increase, which will in turn give them greater economic autonomy, reduce poverty in their households and boost economic growth.

The progress made towards gender parity in economic activity has had as great an impact on increasing per capita output as the region's demographic dividend in recent years and will probably be greater in the near future (Martínez, Miller and Saad, 2013). This offers an opportunity to implement policies that encourage women's participation on an equal footing with men.

Ensuring equal participation rates and eliminating the income gap between men and women would reduce poverty and inequality (ECLAC, 2014a). Employment policies and services must be strengthened through programmes and interventions that safeguard jobs and open up high-quality job opportunities to women, by preventing gender-based occupational segregation and discrimination in the labour market. Training is needed to overcome discrimination and allow women to take up posts more often held by men, ensure pay equity and encourage women's empowerment through their presence in all spheres of life in society, from the home to the highest echelons of power, by way of the communal space. All of this should take place in the framework of actions aimed at bringing about a cultural transformation in the traditional distribution of productive and reproductive roles between the sexes.

3. Preparing health systems for ageing societies

The combination of population ageing and economic growth is leading to a rapid and sustained increase in health spending. Cost projections for Brazil, Chile and Mexico suggest that the health sector's share of GDP will double in size between now and 2060.

Since the health costs of older people are mostly (although not exclusively) met by the government, population ageing will lead to a substantial increase in public spending. In 10 countries of the region, meeting health sector costs will be a bigger challenge for governments than financing public pensions (Miller, Mason and Holz, 2011; Miller and Castanheira, 2013). Although the debate has focused on pensions, health sector spending could be the main fiscal challenge in ageing economies.

Together with the increase in the size of the sector, the services offered will also change as the population ages. Today, older persons account for 17% of health spending. Even countries with a high proportion of older people, such as Argentina, Chile, Cuba and Uruguay, spend less than 30% of their health budget on this demographic. This will change in the coming decades, as the ageing population and older people need ever more health care. Spending on older persons is expected to reach 53% of total health expenditure in 2070.

This means that the focus of health services will have to shift towards the prevention and treatment of chronic illnesses, such as heart disease, cancer, lung disease and diabetes. The Montevideo Consensus on Population and Development sets out guidelines for adapting health policies to the epidemiological profile and the ageing population, by stepping up the fight against communicable diseases, taking steps to prevent and treat chronic illnesses, and addressing specific issues linked to gender, age, region, ethnicity and socioeconomic status (ECLAC, 2013b).

4. Improving young peoples' sexual and reproductive health

Public policies must make it a priority to prevent adolescent pregnancy, by adopting a multidimensional approach. From the demographic point of view, the focus should be on early union, which is common among the poor and excluded and continues to be linked to high adolescent fertility rates. Legal, education and training initiatives that encourage young people to postpone union and prevent forced marriages should therefore be considered.

The key variable in government action in the region is access to contraception. Developed countries have similar or higher indices of sexual activity in adolescence, but much lower fertility rates, because of virtually universal use of modern contraception methods during sexual initiation and the legality of abortion. High-quality contraception and information should be made freely and readily available to adolescents, based on principles such as confidentiality. Adolescents face different barriers to access to contraception and they often lack the knowledge, experience and power to overcome them effectively. This disempowerment can be redressed through comprehensive sex education, information and awareness-raising campaigns, training and counselling programmes, and adolescent-friendly sexual and reproductive health services.

The effect of these actions may be cancelled out if key social actors—such as families, the media, the State and communities—continue to ignore or condemn adolescents' status as sexual beings. Although this may give rise to different private and public stances, in the near term, efforts should focus on universal access to contraception to avoid a hike in adolescent reproduction, particularly unwanted pregnancies. Even the most determined and robust campaigns to encourage contraceptive use can be undermined if there are no incentives for some adolescents to protect themselves against pregnancy and there are sociocultural pressures to become parents at a young age. In this regard, guaranteeing the right to suitable, high-quality education, as well as opening and expanding spaces, opportunities, projects and activities for adolescents will be essential if adolescent pregnancies are to be prevented.

5. Protecting the rights of indigenous peoples and Afro-descendants

Ending the deprivation and inequality faced by indigenous peoples and Afro-descendants is crucial to a rights-based approach. To do this, policies must be consistent with current international standards, such as International Labour Organization (ILO) Convention No. 169 on Indigenous and Tribal Peoples, (1989) and the United Nations Declaration on the Rights of Indigenous Peoples (2007). Unfortunately, the Sustainable Development Goals do not address the needs and aspirations of indigenous peoples in a sufficiently broad or forceful manner; there is no specific target concerning indigenous peoples and they are referred to only in two targets as part of the wider vulnerable population. The visibility of Afro-descendants is even lower; they are mentioned only in one target under data, monitoring and accountability, and as part of the groups in vulnerable situations.

The countries of the region recognized the rights of indigenous peoples and Afro-descendants with the adoption of the Montevideo Consensus on Population and Development in August 2013 and of an operational guide for the implementation and follow-up of the Montevideo Consensus on Population and Development in Mexico in 2015. The Consensus expresses the commitment of States to continue moving forward with the fulfilment of the rights of indigenous peoples, as a priority for strengthening their democracies. The operational guide contains seven priority measures relating to indigenous peoples and states that their situation must be considered in a cross-cutting and comprehensive manner.

Thus, the Consensus reinforces and complements the Programme of Action of the International Conference on Population and Development with regard to indigenous peoples. Although the section on indigenous peoples in the guide emphasizes their collective rights, in order to implement the measures contained therein the connection between individual and collective rights must be established, by identifying and taking into account the specific needs of women, children, young people, older persons and those with disabilities.

The United Nations General Assembly proclaimed the years 2015-2024 the International Decade for People of African Descent (resolution 68/237), citing the need to strengthen national, regional and international cooperation so as to engender the full enjoyment of economic, social and cultural as well as civil and political rights for Afro-descendants, and their full and equal participation in all aspects of society; hence the importance of their inclusion in the Montevideo Consensus on Population and Development. Although the Programme of Action of the International Conference on Population and Development did not explicitly include the situation of Afro-descendants, the regional five-year reviews of the Programme of Action have increasingly done so.

6. Adapting pension systems

Like education spending, public expenditure on pensions can be broken down into two factors. The first is demographic and measures the retirement age population as a percentage of the working-age population (old-age dependency ratio). The second includes non-demographic aspects and measures the benefit generosity per person (pension expenditure as a share of productivity). Thus, public spending on pensions as a percentage of GDP is the product of the ratio of the retirement-age population relative to the working-age population, multiplied by the benefit per person relative to productivity (GDP per person of retirement age).¹² Benefit generosity is the result of a policy decision with respect to the demographic situation.

In countries that are furthest ahead in the demographic transition (Argentina, Brazil, Chile, Costa Rica, Cuba and Uruguay), the proportion of older persons relative to the working-age population will increase from around 15% to between 40% and 60% by 2070. This increase in the dependency ratio will mean tripling or quadrupling pension expenditure. If the current ratio of the average pension to per capita GDP is maintained, demographic changes in the region will lead in many cases (for example, in Brazil, Chile and Cuba) to large increases in the share of GDP spent on public pensions. Therefore, current pension systems, coverage of which tends to be low and benefits insufficient, must be adjusted and strengthened in order to protect a growing population of older persons.

7. Creating a public care system

The changes in the age structure of the population have a significant impact on the care needs of different age groups during their life cycles. Similarly, the changing age structure and household composition affects the availability of caregivers within families and undermines the rights and autonomy of women, upon whom the burden of care for family members often falls. In addition to this is the risk that the lack of care systems create another form of inequality that affects the living conditions and dignity of older persons, namely whether or not they have family members who are willing and financially able to care for them privately.

Demand for care in the region is high and increasing because, in addition to a still large number of children, an ever greater number of older and dependent persons will need health care (ECLAC, 2010a). This trend will be exacerbated

¹² The equation for decomposing public spending is: $S / Y = P(65+) / P(20-64) * [S / P(65+) / Y / P(20-64)]$; where S = Public spending on pensions, Y = GDP, $P(65+)$ = Population aged 65 or older, and $P(20-64)$ = Population aged 20-64. See Miller, Mason and Holz (2011).

as population ageing accelerates, so that dependency and care in old age will make up the bulk of the demographic burden of assistance. As a result, national care systems must be implemented or strengthened and well funded.

Governments must play a role in providing universal care services, based on delivery shared among the State, the private sector, civil society and households, and between men and women. Care policies should address life-cycle needs in a comprehensive and coordinated manner, as well as the availability, training and rights of caregivers.

The care policy landscape in the region is uneven; in general, most policies are aimed at specific groups, with little integration or coordination, and are, therefore, unable to ensure a comprehensive response to care needs and work.

In 2015, the Inter-American Convention on Protecting the Human Rights of Older Persons gave governments a mandate to develop comprehensive care systems, which had been explicitly called for by five sessions of the Regional Conference on Women in Latin America and the Caribbean between 2000 and 2013. Care is at the heart of the measures proposed for the implementation of and follow-up to the Montevideo Consensus on Population and Development (ECLAC, 2015c), which call for care to be included in social protection systems, through allowances, social and health-care services and economic benefits that maximize autonomy, in particular for older persons, and for universal, rights-based care policies and systems to be developed and strengthened.

These measures include ensuring equitable access to care services; developing national care systems; improving the availability and quality of those systems; and creating specific care programmes, including home and community-based care services, programmes that provide caregivers with time off, counselling, training and assistance, and public transfer programmes for non-professional caregivers, including social security benefits. Legislation is also needed to regulate the operation of long-term care institutions, including the working hours of those providing care to a dependent older family member.

Despite this regulatory framework and regional experience of implementing integrated care policies, there is no consensus on which services and policies should be part of comprehensive care systems. Systems should address the requirements of different population groups that need care and of caregivers, and devote time, resources and services to upholding the right to provide and receive care (Huenchuan, 2014; Marco and Rico, 2013; Rico and Robles, 2015).

Whether or not countries implement such policies will depend on power structures, the availability of resources and the priorities established, which will be decided in the light of considerations linked to demographic balances. Integrated care policies should adopt a progressive incrementalist approach, based on the principles of equal and universal access to care and social protection; of solidarity, considering the care needs of all population groups; and of joint responsibility, based on an equal division of care between the sexes and concerted efforts by the State, the market, families and communities.

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