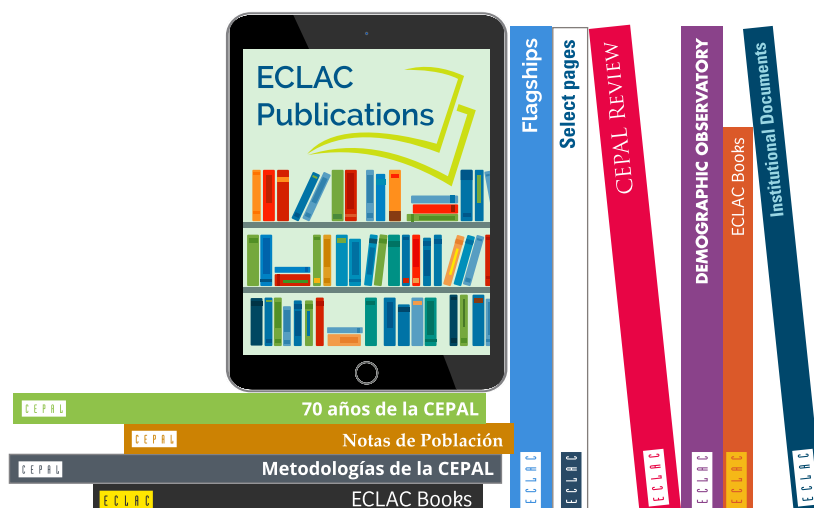


# Report of the second regional seminar on social development

Social security  
(pensions and health)  
and the protracted crisis:  
an opportunity to combat  
inequality in the framework  
of a welfare state in  
Latin America and  
the Caribbean

Antonia Dahuabe  
Compiler

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Social security (pensions and health) and the protracted crisis: an opportunity to combat inequality in the framework of a welfare state in Latin America and the Caribbean

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Compiler



This document was compiled and edited by Antonia Dahuabe, Social Affairs Officer in the Social Development Division of the Economic Commission for Latin America and the Caribbean (ECLAC), in the framework of the project "Social protection and vulnerability", financed by the European Union Facility for Development in Transition, and the project "Recover better: Overcoming the COVID-19 Pandemic Consequences in Latin America and the Caribbean", which is implemented jointly by ECLAC and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) as part of the ECLAC-BMZ/GIZ cooperation programme and funded by the Federal Ministry for Economic Cooperation and Development (BMZ) of Germany. The valuable comments on the document by Alberto Arenas de Mesa, Chief of the Social Development Division of ECLAC, are gratefully acknowledged, as are the substantive contributions of María Luisa Marinho and Claudia Robles, Social Affairs Officers; Daniela Huneeus, Research Assistant; and Isabel Jacas and Tania Ulloa, consultants, all in the same Division. The collaboration and support provided by GIZ staff are also greatly appreciated. The author wishes to thank Adrien Pajot-Moric, United Nations Online Volunteer, for his contributions.

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## Summary

This document is the report of the Second Regional Seminar on Social Development “Social security and protracted crisis: an opportunity to combat inequality in the framework of a welfare state in Latin America and the Caribbean”. This seminar was organised by the Social Development Division of ECLAC in collaboration with the International Labour Organization (ILO) and the Pan American Health Organization (PAHO/WHO) and in partnership with the German Cooperation and the European Union’s Transitional Development Facility Project,<sup>1</sup> and was held on 30 and 31 August and 1 September 2022. In its second version, the Regional Seminar focused on providing a space of dialogue and reflection on social security systems in the region, with a attention on diagnoses, challenges and strategic orientations for reform processes and restructuring of pension and health systems. As a backdrop, there is an uncertain context of recovery and the need to consolidate full guarantees for the exercise of social rights in the countries of the region.

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<sup>1</sup> The joint work with German Cooperation is mainly developed within the framework of the project “Recover better: Overcoming the COVID-19 Pandemic Consequences in Latin America and the Caribbean”, implemented by ECLAC and GIZ, and financed by the Federal Ministry for Economic Cooperation and Development of Germany (BMZ) and, in the case of the European Union, within the framework of the Project of the Facility for Development in Transition “Social protection and vulnerability: Universal social protection systems in Latin America”.





## Introduction

Since 2020, faced with the impacts of the COVID-19 pandemic, the countries of the region have confronted a protracted social crisis with unprecedented challenges to guarantee basic levels of well-being for citizens, with guaranteed access to social protection and health as a fundamental right and an essential public good. (ECLAC, 2022c). The crises triggered by the COVID-19 pandemic have deepened structural problems in Latin America and the Caribbean, which have a direct impact on social security and which problems had already been intensifying: high levels of informality in a scenario of profound transformations in the labour market in the context of ongoing technological change, the increase of poverty, the various forms of inequality and the rapid ageing of the population, among others. Although the measures implemented by the countries in terms of social protection have been substantial and have made it possible to mitigate, to a certain extent, the devastating social and economic effects of the pandemic, since it began three years ago, the living conditions of the region's inhabitants have deteriorated considerably, a situation that has worsened in the context of an unfavourable economic context and rising inflation. It is evident that there exists a significant gap in the region to consolidate true welfare states, with social security systems that ensure equality in access to entitlements with adequate levels of coverage, sufficiency and financial sustainability. This is reflected in an increase in unmet health needs during the pandemic due to the exacerbation of access barriers and the displacement effect of diseases other than COVID-19 (ECLAC-PAHO, 2021). Likewise, it is reflected in the identified deterioration of coverage indicators in social protection, including the coverage of workers that contribute to pension schemes, in which a setback of a decade was identified in 2020 (ECLAC, 2022c). Additionally, despite the recovery of labour markets that has been observed since 2021 with the acceleration of economic growth and the relaxation of pandemic-related health measures, the gender gap has not been eliminated (with a 22.5 percentage point difference in labour force participation rates between men and women) and there has been a deterioration in real wages due to inflationary pressures, as well as a significant increase in informality (ECLAC, 2022b). In addition, according to projections by ECLAC in the *Social Panorama of Latin America and the Caribbean 2022: Transforming education as a basis for sustainable development*, the extreme poverty rate for 2022 is estimated at 13.1% and poverty at 32.1% of the population. While these figures show a slight decrease in the poverty level and a slight increase in extreme poverty, they are framed in a context of economic uncertainty that leaves households in poverty and extreme poverty in a highly vulnerable position (ECLAC, 2022a).

Social security systems, particularly pension and health systems, have been at the centre of attention. This is due to the urgent need to strengthen the capacity of health systems to respond to an increase of the population's need in this area, with demand in many cases being unsatisfied and unequally addressed, as well as in the context of debates on pension systems and the inadequacy to ensure a dignified old age. Citizen demands for guaranteed access to health and pension systems, sufficient entitlements, and greater equality have increased. Likewise, higher levels of fiscal pressure are foreseen in line with the strengthening of public systems of universal reach and increasing coverage with comprehensive interventions of both systems that respond to the needs of the population and ensure the sufficiency of their entitlements. In this context, the need to move towards universal, comprehensive, sustainable, and resilient schemes has been raised, which are endowed with solidarity and progressivity, in order to guarantee access and coverage of key policies of these systems to the entire population.

The pandemic has opened up a new scenario and possibilities for rethinking the architectures of welfare regimes in the region and the way in which old and new risks are distributed. As a result of the economic and social crisis caused by the COVID-19 pandemic, the gaps and inequalities in access to key instruments of social protection to protect against the risks of poverty have become more evident and, in several cases, have deepened. The increase in informal labour levels constitutes an important barrier to the financial sustainability of social protection systems. In response, it is imperative to explore strategies to strengthen the institutional capacities of the state in order to advance comprehensive reforms in line with the principles of social security.

On the one hand, the COVID-19 pandemic has highlighted the importance of strengthening the coordination between health and social protection systems, as well as the structural weakness of health systems in Latin America and the Caribbean, with a strong impact on the health of vulnerable groups. Given this reality, it is necessary to deepen the development of public policies to restructure and strengthen the capacity of health systems and move towards universal coverage and access, with timely and quality care for the entire population. This reflection must consider the need to increase investment in health through sustainable financing and a more efficient organisation of health services, with a strong emphasis on a strengthened primary care system with a resolution capacity and models of integrated and comprehensive care and support focused on people and communities, and with the ability to address the social determinants of health.

In the case of pension systems, they are a constitutive element of universal social protection systems and countries' welfare architectures, being decisive for the economic security of millions of elderly people. As ECLAC has indicated, it is essential to consolidate sustainable pension systems from a triple perspective, including coverage, sufficiency and financial sustainability, and to consider in their design the principles of social security, including social solidarity and gender equality. Moving towards the coordination of the contributory and non-contributory components of these systems and mechanisms to guarantee universally basic levels of entitlements, with adherence to the set principles of social security, becomes a central challenge for the region, especially given the impacts caused by the COVID-19 pandemic.

The Second Regional Seminar on Social Development aimed to provide a space for dialogue in the region on the situation of social security systems and their challenges. It also served as an opportunity to reflect on processes of transformation and reform of pension and health systems, in a context of uncertainty and urgency to advance the guarantee of the implementation of social rights. A summary of the speeches made during this event is available below in the form of a report.

## Presentation of the Social Development Division

*Alberto Arenas de Mesa*  
*Director of the Social Development Division*  
*Economic Commission for Latin America and the Caribbean (ECLAC)*



The Regional Seminar on Social Development (SRDS) is a gathering for various stakeholders to share their experiences and insights on issues relevant to inclusive social development and sustainable development within societies of Latin America and the Caribbean. The first edition of the SRDS aimed to reflect on education as a driving force for inclusive social development with experts from various organisations, to discuss education policy and strategies being proposed as part of the transformative recovery with equality and sustainability in the region.

The second edition of the Regional Seminar on Social Development focused on the situation of social security systems in the region, particularly on pension and healthcare systems. These systems have become a prominent feature in responding to the impacts of the pandemic as well as the protracted social crisis. Furthermore, their significant gaps have allowed us to visualise the challenges of moving towards universal, comprehensive, sustainable, and resilient social protection systems that are at the centre of countries' response and development strategies.

The current situation in the region is complex, with slower economic growth due to inflationary pressures, an increasing in informal employment, falling investment and growing social demands for guaranteed access to social security systems and sufficient entitlements, as well as greater equality. This situation results into major challenges for social policy; without social security, it is not possible to guarantee the full implementation of people's rights and, as a result, it is not possible to think of inclusive and sustainable social development.

In the field of health, the pandemic revealed the persistence of obstacles to accessing quality and timely healthcare, especially for the most vulnerable populations. Much of the challenges in the area are due to the structural weaknesses of the health systems in the region, which is characterised by chronic underfunding, reflected in low public spending and high out-of-pocket spending; segmentation into subsystems that are not interrelated and lack solidarity; and fragmentation of care and organisation of services. This not only generates efficiency problems, but also reproduces health inequalities.

In the area of pension, it is essential to consolidate sustainable pension systems from a triple perspective: adequate coverage, sufficiency entitlements and financial sustainability. In their design, these systems must centrally consider the principle of social security, including solidarity and gender equality. It is necessary to make progress in the coordination of the contributory and non-contributory components of pension systems, while proposing financially sustainable mechanisms to guarantee basic entitlement levels that address poverty among the elderly population.

The evidence is compelling regarding the urgency of placing these systems in a perspective of universal rights and, therefore, where their universal access, with increasing levels of equality, solidarity, and sustainable financing, is guaranteed. This requires an understanding of health and pension systems as core elements of the strategy of inclusive social development and sustainable development in our countries, within the framework of welfare states based on social rights that increasingly aim to be strengthened and expanded, progressively and sustainably. It is essential to propose this debate, which has brought together efforts with the present organisations, precisely at this historic moment for our region and the world, when uncertainty is spreading and where it is more necessary than ever to consolidate certainties, to build guaranteed and truly civilising minimums so that our societies can move forward, cohesively and with stability, towards a better future for all people and inclusive social development that decisively confronts inequality in the region.

- Recording Session Day 1 [here](#)
- Recording Session Day 2 [here](#)
- Recording Session Day 3 [here](#)

## I. Opening Session: Strengthening social security for today and tomorrow

**Moderator:** Alberto Arenas de Mesa,  
Director of the Social Development Division, ECLAC



**Mario Cimoli**  
**Acting Executive Secretary, ECLAC**

Mario Cimoli stressed the importance of the event in bringing to the forefront the social crisis triggered by the COVID-19 pandemic in a context where different key indicators for social development, such as inequality, poverty and general well-being, are worsening. In this regard both ECLAC and the governments of the region have expressed concerns to face these challenges, contributing with key experiences to gather lessons and explore possible paths towards the construction of universal social protection systems and a strengthened welfare state. He highlighted that this seminar is essential to open the possibility of a dialogue on social policies in the region and the key role played by social security systems in this context. He pointed out that the seminar serves to reflect on the urgency of addressing the social situation, which

could potentially worsen in view of the current uncertainty and long-term consequences and is also a call for participants to recognize the urgency of immediate action. In conclusion, Mario Cimoli emphasised that this seminar offers an opportunity to build a network of cooperation between organisations and governments to raise awareness of the importance of social security during the current protracted crisis in the region, with an aim of moderating its negative impact on the population.

### **Fabio Bertranou**

#### **Director of the International Labour Organization (ILO) Office for the Southern Cone of Latin America**

Referring to the latest report on social protection from ILO, "World Social Protection Report 2020-2022: Social protection at the crossroads - in search of a better future" (ILO, 2022), Fabio Bertranou stressed that, despite the unprecedented expansion of social protection in the context of the pandemic, more than 4 billion people remained unprotected. Responses to the pandemic were unequal and insufficient, and widened the gap between low and high-income countries. He emphasised that this was an ideal moment to build a new generation of rights-based social protection systems that can protect people and workers from future crises. In this regard, it must be recognised that effective and comprehensive social protection is not only essential for social justice and decent employment, but also for the creation of a sustainable and resilient future. The insufficient recovery of labour markets, the persistence of labour informality, shrinking fiscal space and economic slowdown, together with demographic and productive transitions, are creating a context that calls for a repositioning of social protection debates. The Director of the ILO Office for the South Cone of Latin America concluded by highlighting that the Social Security (Minimum standards) Convention, 1952 (No.102) and the Recommendation Social Protection floors, 2012 (No. 202) remain two of the most prominent instruments in this area.

### **Carissa F. Etienne**

#### **Director of the Pan American Health Organization (PAHO)**

Carissa F. Etienne began her speech by emphasising that the Americas were the region most impacted with COVID-19, with the highest numbers of cases and deaths. To address the impacts of the pandemic, the construction of welfare states based on human rights is crucial. In this regard, as we enter a period of recovery, there are two critical factors to take into account. Firstly, the region faces the need for adequate and immediate action; the time for substantial change in health systems is now. Such change must be based on the principle that all people have a right to health, and structural and institutional barriers to the enjoyment of that right must be dismantled. Considering access to health based on primary health is not only relevant to guarantee this universal right but is also necessary to protect our economies and societies. Secondly, the evident interdependence between social protection and health must be made explicit in national actions and policies. This calls for joint actions, with solidarity-based financing mechanisms that pool resources to provide equity for the most vulnerable. The highly regressive logic of co-payments continues to play a large role in the dynamics of current health systems. Adjusting health expenditures is therefore a critical foundation for social protection. Carissa F. Etienne concluded by emphasising that the window of opportunity for change is small and that the time to reform health systems is now.

### **Volker Oel**

#### **Commissioner for Latin America, Federal Ministry for Economic Cooperation and Development (BMZ), Germany**

Volker Oel highlighted the importance of a recovery-focused approach to addressing the consequences of the pandemic, combating hunger and poverty, and transitioning to more sustainable and climate-friendly economic models, as well as developing a feminist development policy with central attention to

gender equality. In this regard, he indicated that he shares the call from ECLAC for growth with equality, or rather, a transformative recovery with equality and sustainability. The pandemic not only endangers progress towards achieving the 2030 Agenda for Sustainable Development and its 17 goals, but also risks reversing past gains. The sustained increase in the prices of basic goods, such as food, energy, and transportation, disproportionately affects the most vulnerable populations. In this context, the 2030 Agenda and its motto “leave no one behind” take on an even greater importance.

Volker Oel clarified that ultimately many of the objectives of international cooperation can only be achieved with effective social protection systems, which play a crucial role especially in eradicating poverty and hunger, strengthening good health and well-being, as well as achieving gender equality. Social protection must be understood as a key element of governance especially in times of crisis. He indicated that through regional cooperation mechanisms with other powerful and recognized partners, such as the strategic alliance with ECLAC, Germany contributes to regional integration processes and structural changes, creating cooperation links in various areas of public policy, including social policy. To this end, it is essential to generate spaces for the exchange of experiences, challenges and learning between countries and regions.

### **Jutta Urpilainen**

#### **Commissioner for International Partnerships of the European Commission**

Jutta Urpilainen stressed the need for stronger global health and social security systems, particularly in the regions of Latin America and the Caribbean. She emphasised how social cohesion should be at the centre of the strengthening of the alliance between the European Union and Latin America and the Caribbean. She also highlighted the need to continue collaborating on social policies and the role that social pacts play in this alliance. Jutta Urpilainen indicated that this is the best way to reduce poverty and inequality, promoting democratic and inclusive societies. She insisted that the collaborative work does not start from scratch, as the European Union has been addressing social inequalities together with Latin America for over 15 years. She highlighted the EU's flagship program, EUROsociAL+, which has helped promote social policies, good governance, and gender equality. She also mentioned the great ambitions of the European Commission as part of the Global Getaway strategy, where the focus will be on health, education, women, and youth, tackling the roots of social inequality and supporting decent and sustainable jobs. Finally, she emphasised that the European team is already preparing the ground for next year's EU-LAC Summit, and they look forward to joining forces with ECLAC to take EU-Latin America and the Caribbean cooperation to a new level.





## II. Social Security and Welfare States

**Panel 1:** “An opportunity for a strengthened welfare state in the region: towards the construction of universal, comprehensive, resilient and sustainable social protection systems”

**Moderator:** Fabio Bertranou, Director of the ILO Office for the Southern Cone Office of Latin America

**Main presentation:** Alberto Arenas de Mesa, Director, Social Development Division, ECLAC



His presentation addressed how the region is facing a cascade crisis stemming from the pandemic, the war in Ukraine, the global macroeconomic situation, and a persistent inflation process, with expectations of slowed growth for 2022. Despite the economic rebound in 2021, projections for 2022 show an impact on the labour market, with lags in the recovery of employment rates, particularly for women; a redistributive impact from persistent inflationary pressure since the mid-2020s, especially in food and energy price index; and fiscal challenges related to the evolution of public spending, high indebtedness, and the reduction of emergency transfers that countries in the region have implemented. ECLAC has called for integrated monetary and fiscal policies to address this situation of uncertainty and higher inflation. The health, economic, and social crises triggered by the pandemic were reflected, on the one

hand, in a disproportionate regional concentration of COVID-19 infections and deaths that generated unprecedented pressure on health systems and deepened health inequalities. On the other hand, the deep economic contraction, in combination with the health crisis, translated into higher levels of poverty and extreme poverty, higher rates of inequality and a major setback in other key variables for inclusive social development. This catastrophic impact highlights the urgency of strengthening social protection systems and addressing structural challenges. Permanent and universal social protection instruments are needed to fill the high gaps in coverage and adequacy of non-contributory social protection, as well as the low coverage of unemployment insurance and pension systems. At the same time, there is an urgent need to transform chronically underfunded, highly fragmented and segmented health systems with high out-of-pocket spending. Even with a rapid and diverse response, with ample social spending, the crisis showed the persistence and widening of gaps in coverage, sufficiency, and financial stability of social security entitlements in their multiple dimensions. The recovery from this social crisis, in this sense, is slower than the economic recovery, depending substantially on the strengthening of social protection systems and their investment. Guaranteeing the right to social security and social protection is therefore essential in times of social crisis, providing certainty in the face of uncertainty and enabling the foundations for a social and fiscal pact that strengthens the systems, fostering political, economic, and social stability. Within the framework of a welfare state, subsidiary policies must be left behind in order to move towards universal, comprehensive, sustainable, and resilient social protection systems with five dimensions: (i) a life-cycle approach that strengthens contributory coverage while expanding non-contributory coverage; (ii) comprehensive social protection guarantees with greater articulation between contributory and non-contributory instruments; (iii) linkages with labour inclusion policies that invest in skills; (iv) the restructuring of pension and health systems with a view to universal coverage and access; and (v) the strengthening of social institutionality through robust social information systems and intersectoral articulation. Arenas de Mesa stressed the importance of a social-fiscal pact to provide financial sustainability and address inequality in the region. By guaranteeing the continuity of investments and ensuring the adequacy of entitlements, this pact will not be constrained by the levels of individual contributions and will ultimately be able to make progress in social protection systems towards universalization, adopting an intergenerational perspective, which would contribute to inclusive and transformative social development that decisively addresses inequality in the region.

**Dean Jonas M.P.**  
**Minister of Social Transformation, Human Resource Development and the Blue Economy, Antigua and Barbuda**



Dean Jonas M.P. summarised the impacts of the pandemic in his country, highlighting the challenges for social protection. He noted that, compared to the extreme climate events that usually affect Antigua and Barbuda, the recovery from the health crisis has been much slower. The negative impact of the crisis was concentrated on the workforce in services and tourism, which represents 71% of the economically active population. This has significant consequences for the country's growth and financing of education, health, and social security systems due to a sharp 41% drop in worker contribution. The lower resources made it difficult to provide urgently needed social protection policy responses, such as pensions, funeral coverage, and sickness and maternity leave. He noted that the ideal for the Caribbean in these cases would be to have a contingency reserve covering at least three months. However, the reserves in his country manage to cover only one month in case of eventualities. The pandemic revealed the importance of unemployment insurance and protection for formal and informal workers towards more resilient social protection systems. In this context, tools such as the contingency reserve, to which an amount equivalent to 3 to 4 per cent of GDP would be allocated for social security systems while moving towards modern welfare states, as well as stimulus mechanisms (*Economic Stimulus Payment*) were proposed.

**María Begoña Yarza**  
**Minister of Health, Chile**

María Begoña Yarza presented an overview of the current inequalities in coverage, quality, and access to healthcare services in Chile, as well as the guidelines for the ongoing health reforms towards universal coverage. The structural challenges of the Chilean health system are related to the high segmentation of financing and the pronounced fragmentation in service provision, where access, coverage and quality of healthcare services depend on the ability to pay. In a context where coverage is provided through two parallel systems, public and private, this duality has led to an increase in inequalities in healthcare and in several health indicators of the population. The more than 15 million people who are in the National Health Fund (FONASA), the public health system, have a 35% higher risk of illness and include mostly women, people living in poverty, and the elderly. In contrast, the expenditure of individuals in the private health system (ISAPRE) is three times higher even though it concentrates a smaller fraction of the population and people with better health conditions. This situation of selection by risk, together with the higher effective coverage of the private system, translates into an amplification of the inequalities of the Chilean health system and of health outcomes. As a result, the health system shows large gaps between the richest and most vulnerable communes, which are also reflected in the unequal impact of COVID-19 according to socio-economic level, with higher mortality in poorer communities. In light of the structural weaknesses of the health system, the current government is proposing a reform of the health system that would move towards a universal and resilient system, thus establishing health as a right. The reform essentially considers, among other aspects, moving towards solidarity-based, equitable and efficient financing, consolidating comprehensive networks based in primary health care, strengthening a governance focused on people, creating healthy environments and improving working conditions in healthcare.

## José Carlos Cardona Minister of the Social Development Secretary, Honduras



José Carlos Cardona reported on the current situation in the country following the pandemic and the impact of hurricanes, which combined highlighted the complexity and fragility of the economy and the vulnerability of the living conditions of large proportions of the population. This is linked to the fragility of the welfare state, which has been systematically weakened in the last 20 years, generating large social gaps that in turn have impacted the levels of well-being in the country. The vulnerability of Honduras to extreme weather events is of particular concern, with economic impacts of at least 600 million dollars annually. However, Carlos Cardona argued that it is possible to consider such situations as opportunities for transformation. The current government is developing new foundations for the country's social protection system. The process of constructing a new social protection framework law has begun, the main objective of which will be to facilitate articulation and coordination between institutions involved in social issues until 2030. To move in this direction, the Social Council of Government is a key element that seeks to articulate the institutions and secretariats that have worked in this area and guarantee coordination mechanisms. In this case, the Secretariat for Social Development has two executing arms that are programmes validated by international banks and socialised with ECLAC: (i) the Solidarity Network, which will seek to reduce the levels of extreme poverty that currently affects almost 54% of the population, and (ii) the Solidarity Action Programme with strategies focused on 12 groups in conditions of greater vulnerability and social exclusion. The government is in search of a social protection agenda with a public institutional framework that is adapted to the specific needs of the country, making it crucial to exchange experiences between regions and articulate efforts to share tools between countries.

## María del Rocío García Pérez Undersecretary of the Ministry of Welfare, Mexico



She referred to the centrality of welfare programmes in addressing the effects of the COVID-19 pandemic in the country, as well as the structural problems of poverty and inequality. Currently, Mexico is developing the National Development Plan, which has proposed to comprehensively address all sectors of society,

integrating the principles of universality, transversality, intersectionality, sustainability, and care. The Plan is structured under the consideration of citizens as co-responsible subjects who contribute to the transformation of the country, and not only as users of social protection. A key advance in the recognition of social rights has been to elevate these welfare programmes to rights established in the Constitution. He emphasised that the rights-based approach in public policy and the centrality of the state as a guarantor of these rights is key to reducing inequality and poverty. Another central element mentioned is the restructuring and expansion of social spending, with increased revenue collection and reduced transaction costs. As part of the Plan, conditional policies were replaced by non-contributory programmes with universality, such as pensions for the elderly and people with disabilities on a permanent basis, as well as labour insertion programmes, the improvement of the public health system and other non-contributory entitlements. In this way, the move towards universality goes hand in hand with efforts to redistribute resources equitably, with government support reaching 65% of households.

### **Sonia Tarragona**

#### **Head of the Cabinet of Advisors Unit of the Ministry of Health, Argentina**



Sonia Tarragona alluded to the fact that the crisis caused by the COVID-19 pandemic did not impact all people equally, with women, informal workers, the elderly, and children and adolescents disproportionately affected. The new challenges generated by the pandemic were added to structural challenges within the health system. Measures and mechanisms for mitigating health risks during the pandemic focused on the active role of the Federal Health Council (COFESA), expanding the budget of the ministry of Health by 59,5%, increasing transfers, the national vaccination plan against COVID-19, and programs and actions aimed at ensuring access to medicines and vaccines. The pandemic opened an opportunity for State presence at both regional and national levels. At the local level, vaccine production was strengthened and expanded with the support of PAHO/WHO, with the creation of centres for the development and production of vaccines using mRNA technology through technology transfer schemes in Argentina and Brazil. At the national level, the process of integrating the health system (provincial and national security systems, public and private sectors) was promoted, digital health was strengthened, expanding the connectivity of priority health centres, and support was given to the production of medicines, equipment and supplies. Prioritised actions were defined based on three factors: (i) the reorganisation and integration of the public, social security and private sub-sectors through six axes: governance and federal articulation, new model of care, human resources in health, financing strategies, information systems and scientific-technological innovation, and health communication; (ii) expansion of the primary health network; and (iii) strengthening of prioritised health care, safeguarding mental health and treating problematic consumption, ensuring the prevention and control of chronic non-communicable diseases and communicable diseases, and promoting healthy environments. In this way, the health system and social protection systems in Argentina constitute tools to ensure an effective guarantee of social rights and achieve the objectives of the 2030 Agenda.



### III. Pension Systems

**Keynote presentation:** “Strengthening welfare states and pension systems: the role of the state, solidarity and the risk sharing”

**Nicholas Barr, Professor of Public Economics, London School of Economics and Political Science**

**Moderator:** Carlos Maldonado, Social Affairs Officer, Social Development Division, ECLAC



Professor Barr started by setting out the reasons why a flourishing welfare state is an essential part of a modern society and economy. It is well known that welfare states address poverty relief, income and wealth redistribution, and the reduction of social exclusion. Less well-understood is that welfare states also exist to address market failures, and thus do things that markets, for technical reasons, would either do badly, or not at all. As an example, people are asked to make choices in complex circumstances like pensions, where barriers related to financial capacity and uncertainty are considerable.

Next, he considered guidelines for the design of pension systems. A good pension system must respect multiple objectives, including consumption smoothing, insurance, poverty relief, and redistribution. It needs also to respect multiple constraints, including fiscal, behavioural (for example, not everybody is a financial expert), and institutional capacity. The design of pension systems should seek to address gender inequalities caused by the unequal wages of men and women, by the fact that women work part-time more often than men and have more career breaks, and by institutional elements such as earlier retirement ages for women in some countries, and different mortality rates of men and women.

He emphasised the importance of acknowledging the limitations of models that assume that consumers are well-informed even for complex products like pensions, and therefore will make rational choices about saving and retirement. The reality is very different: workers are not well-informed about the performance of different pension funds or about the burden of administrative charges; in addition is the complexity of making choices about a future that is inherently uncertain.

In the next part of his talk, he identified three core elements of pension systems: savings, solidarity, and central administration. Saving is a key element in addressing declining fertility. Financial markets have a central role in that respect in that their purpose is to convert savings into productive investments. Second, given the role of welfare states, solidarity in the design of pension systems matters. One way to address this aspect is by strengthening non-contributory pensions, as in Chile. There are other ways to share risk and generate solidarity, such as a part of the pension system that provides collective insurance. Finally, central administration plays a key role in providing the overall framework within which the different parts of the pension system operate. That administration can include private entities in the management of pension funds.

He noted that a pension system is made up of different plans, and different systems can design different plans in different ways. Second, he discussed the role that individual accounts can play in the pension system, proposing that they should exist as a good way of organizing voluntary pension saving, without necessarily being mandatory.

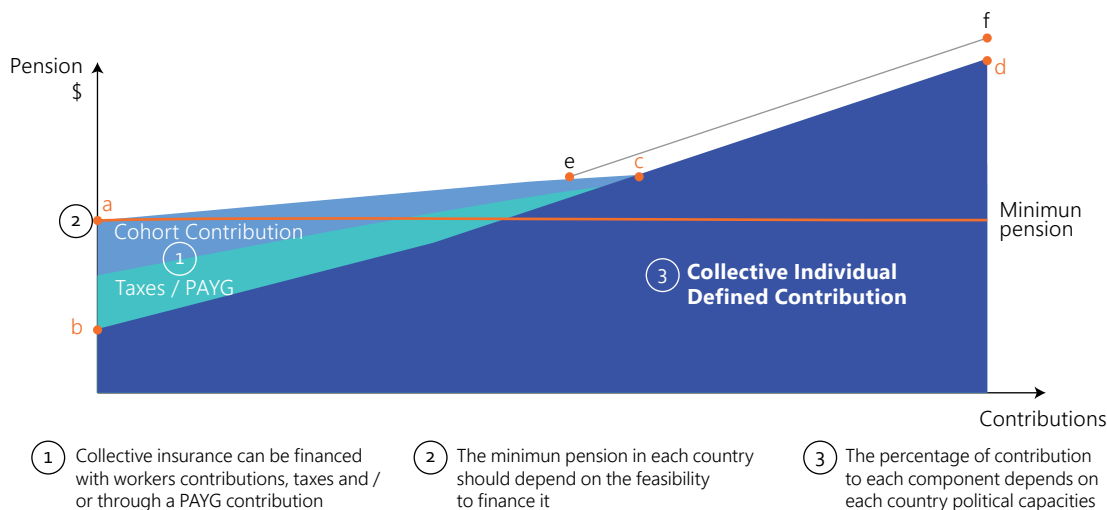
Against that background, he outlined three principles of good pension design: (1) people who wish to make choices about pensions should be able to do so, but (2) the pension system should work well for people who do not wish to make choices, and (3) making no choice should be an entirely acceptable option.

He then considered good ways to organize individual accounts. (1) They should include a mandate or automatic enrollment and (2) should offer a limited range of simple options, including a good default for people who make no choice. To keep administrative costs low, it is desirable (3) to separate account administration (i.e. record keeping) from fund management (i.e. the choice of assets in the fund). The UK National Employment Saving Trust (Nest) is an example of this approach. The design has automatic enrollment, limited choice, and a default fund, and separates account administration (done centrally) from fund management (outsourced to private fund managers).

He then turned to a new proposal for a pension system composed of a solidarity pension, individual accounts, and collective insurance (Bacigalupo *et al.*, 2022), illustrated in Figure 1. The collective arrangements share risks within birth cohorts (sometimes referred to as a collective individual defined-contribution (CIDC) arrangement), or across cohorts, known as a collective defined-contribution plan (CDC). He presented a proposal for a pension system based on a CIDC design which has multiple flexibilities. First, the plan has individual accounts that can be larger or smaller and can be organised like Nest pensions. Second, the size of the collective insurance element can be larger or smaller. Additional design options relate to the maximum pension from the collective insurance for somebody with low or no individual account pension, the minimum pension for someone with a large individual account, the combination of funding and PAYG, and how quickly the funded element is built up.



**Diagram 1**  
**Proposal of a pension system model with collective capitalization**



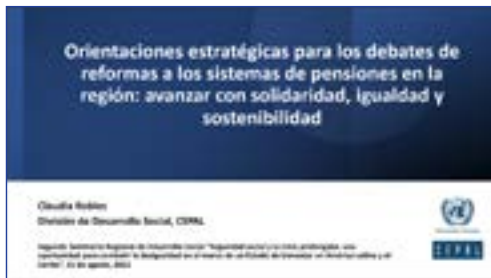
Source: Bacigalupo, S., Banda, G., Ossa, M., Palomino, M., and Zarama, M. (2022), "Achieving a Better Mix of Pension Provision in Latin America", Discussion paper, London School of Economics, School of Public Policy. See online [<https://zenodo.org/record/7022687>]

Finally, he highlighted aspects of the welfare state to keep in mind in Latin America. First, it is important to maintain and strengthen the solidarity components of pension systems. Second, on individual accounts, he suggested adding a government AFP organised along the lines of Nest pensions in the UK, thus keeping administrative costs low, and simplifying choices for workers. Third, further detailed work is required on the collective insurance element, whose design should take into account the economic, political, and institutional situation in each country.

## Panel 2: “Strategic guidelines for pension reform debates in the region: advancing with solidarity, equality and sustainability”

**Moderator:** Alberto Arenas de Mesa, Director, Social Development Division, ECLAC

**Main presentation:** Claudia Robles, Social Affairs Officer, Social Development Division, ECLAC



She spoke about the importance of economic security in old age as a fundamental dimension of social protection. It requires a universal approach that values the role of collective insurance against contextual risks. On the other hand, Robles pointed out that the sustainability of pension systems reveals problems in their coverage, sufficiency, and financial sustainability dimensions, which have been exacerbated by the effects of the pandemic. In light of the current situation, it is imperative to address the high inequality and insufficiency of entitlements while eradicating old-age poverty. Addressing non-contributory pensions in this area requires a comprehensive approach. To this end, the design of pension systems must calibrate their objectives to the context in which they operate. Robles emphasised that the role of the state is key to expanding contributory coverage, where solidarity, both exogenous and endogenous to the system, plays a substantive role. In the process of ongoing transformations, it is urgent to move towards a social, fiscal, and intergenerational pact that will make it possible to consolidate pension systems with universal rights.

### Walter Borja Rojas Head of the Social Security Office, Peru (ONP)

Walter Borja Rojas spoke about the structural constraints that social protection systems face. Among them, he mentioned scarce fiscal resources, low productivity and formality, and population ageing and its epidemiological consequences. The situation resulting from the COVID-19 pandemic generated new challenges. In view of these elements, there is a need to understand social protection, and in particular pension systems, as a new social contract in which social protection does not depend on labour market position or other factors that run counter to a rights-based approach. He referred to the Peruvian pension system, marked by the fragmentation of a public system based on intergenerational solidarity and a private system based on individual accounts, as well as a non-contributory system. The contributory subsystems face problems of low coverage, with only one-sixth of the population contributing to the system, where the adequacy of entitlements in the private system is low and the years of contribution in the public system are insufficient. In addition, the rate of labour informality, with high base levels, increased during the pandemic. In view of this scenario, three principles of pension reform in Peru are stipulated: (i) increase the coverage of liabilities by moving towards universalisation; (ii) strengthen the replacement rate for middle and lower sectors to improve sufficiency; and (iii) increase financial solidarity by increasing formality. To achieve these objectives, the ONP has taken measures such as reducing the number of years required to access a pension and strengthening the presidential commission to reform the system. Borja concluded by reflecting on the need to consider social protection as a fundamental right and the importance of building the reform with a gender focus.

**Dr. Rolf Schmachtenberg**  
**Permanent State Secretary, Federal Ministry of Labour**  
**and Social Affairs (BMAS), Germany**

Mr. Schmachtenberg started his presentation by highlighting the heterogeneity of national pension systems for old age across the world and within the European Union, where Member States are explicitly given the power to determine the fundamental principles of the social security systems on their own. In Germany, the share of old age income, specifically on the pension system, reaches 12% of GDP, which can be considered as relatively small with a view to the share of the old age population over the total population. The share of old age income in the EU Members varies between 10% and 16% of GDP.

Next, he mentioned three pillars that compose the German pension system. The first pillar is the statutory (public) pension insurance that operates as a PAYG scheme. This pillar covers more than 80% of the pension-insured population. The second pillar is the occupational component, which covers 54% of active employees, and the third one, the private pension scheme, covers almost 30% of the population.

Then, Mr. Schmachtenberg explained the compensating mechanisms operating within the system during periods without contribution due to e.g. unpaid care work.

Regarding the overall social protection system in Germany, he said that although there is no basic or minimum pension in Germany within the statutory pension scheme, people who do not have access to a pension through this channel may apply for means-tested basic income support. This entitlement stands from a right granted in the Constitution and enables every person to live in dignity and have at least a minimum level of participation in social life.

Next, he referred to the main challenges of the German pension system: demographic shifts and the shortage of skilled workers. In this context, the German government is working on concepts of qualified migration. Finally, Mr. Schmachtenberg described the recent changes that have been implemented in the German pension system. These changes include inter alia a basic pension supplement for long-term insured persons on the basis of a relatively low income and, the requirements for pension levels and contribution rates. In addition, it is planned to improve the old-age security for self-employed workers.

**Paula Benavides**  
**Executive President, Espacio Público, Chile**



Paula Benavides spoke about the pension reform in Chile and its strategic orientations. She described the Chilean civil pension system and its components, with a non-contributory pillar that provides a universal guaranteed pension and is aimed at 90% of the population, a contributory subsystem that operates exclusively through the Pension Fund Administrators (AFPs) and a voluntary savings pillar. Benavides defined the problems facing each component, citing the contributory pillar's low profitability, low contribution density, social sustainability problems, significant gender gaps, limited spaces for social participation and deteriorating pensions. For this sector, there is an urgent need for higher levels of insurance, and increases in the contribution rate and in coverage. She then reflected on how to organise a mixed system and what are

its advantages. The mixed system consists of an individual savings subsystem, with efficient administration and reasonable costs as well as a collective savings subsystem that allows for redistribution and risk sharing, increasing the capacity to invest in a diversified manner and improving levels of coverage. Additionally, there is a non-contributory and a voluntary component, which recommended relying on behavioural economics to increase the level of savings. Benavides provided a series of additional recommendations and considerations. Firstly, she emphasised the need to strengthen the role of the State, the institutional framework and the need to increase the participation of affiliated individuals, with greater levels of solidarity and risk sharing. Secondly, it is crucial to deepen a gender perspective in the pension system, with measures to reduce gaps and compensate for inequalities. Benavides mentioned that the role of the previous Solidarity Pillar in generating greater gender equity would be compensated by the Universal Guarantee Pension, also addressing this objective with effective measures from the contributory pillar to reduce gaps and inequalities. Finally, she emphasised the need to view pension systems as long-term social contracts, in order to increase their credibility, and for public policy to focus on objectives rather than mechanisms should a reform be carried out. In this regard, the principles of solidarity and dignity are key.

**Helmut Schwarzer**  
**Head of Public Finance, Actuarial and Statistical Services Unit,**  
**Social Protection Department, ILO**



Helmut Schwarzer began by mentioning the role of the ILO's system of international labour and social security standards and conventions in the discussion on sustainable social security and social protection systems in Latin America. He highlighted the Social Security (Minimum Standards) Convention, No. 102. This Convention addresses the role of solidarity in financing, and tripartite social dialogue in the management and reform processes of social security, a key element in building consensus on this matter. It also stipulates minimum criteria regarding the sufficiency of systems and the need to generate actuarial studies for the systems' financial sustainability. Schwarzer referred to the discussion held in 2013 at the International Labour Conference on how to coordinate the challenges of demographics with the development of labour markets and the universalization of social protection. He highlighted that labour market policies are key to pension systems. Schwarzer went on to explain that the ILO does not advocate a single pension model, but international labour standards show the value of multi-pillar systems where schemes are combined and contributory social insurance, possibly administered by the state, plays an important role. Furthermore, he also expressed concern about the impact of high inflation and poverty, stressing the importance of adjusting the real value of pension entitlements. He then reflected on the long-term financing of social security systems. He indicated that there is no evidence to support the thesis that social security contributions can cause distortions in the labour market and even stimulate/strengthen informality. There are specific cases, such as incentives for young people, or the simplification of the contribution form for small and micro enterprises, where administrative modifications or subsidies to the contribution can generate a positive effect on formalisation, but in general, there is no evidence that eliminating contributions on payrolls and other taxable bases intended for social security financing will improve formalisation. As the average collection of these contributions in Latin America is equivalent to 4% of GDP, this is a necessary amount to finance it. Furthermore, the role of taxes is increasing in terms of redistribution, compensation, and extension of coverage for sectors of the population with insufficient contributions.

## **Keynote Presentation: “Individually funded pensions in Latin America: effects, reforms, impact of COVID-19 and policies”**

**Carmelo Mesa-Lago, Professor Emeritus, University of Pittsburgh**

**Moderator:** Rodrigo Martínez, Senior Social Affairs Officer, Social Development Division, ECLAC



The Emeritus Professor from the University of Pittsburgh conducted an analysis of the failures of individual capitalization systems in the region over the past 40 years, contrasting the promises made and resulting reality. He indicated that between 1980 and 2008 there were eleven Latin American countries that implemented structural reforms, totally or partially changing the previous public system characterised by a defined entitlement, pay-as-you-go system, and public administration of pension funds to a private, defined contribution, individually funded, and privately administered for-profit system. He identified three models of structural reform: the substitutive model, with the cases of Chile, Mexico, the Plurinational State of Bolivia, the Dominican Republic, and El Salvador, where the public system changes entirely to a private one; the mixed model, with Argentina, Uruguay, Costa Rica, and Panama, where the public system becomes a pillar accompanied by the private pillar and the insured receives pensions from both schemes; and the parallel model, with Colombia and Peru, where the public system is maintained separately and a parallel private system is added.

Based on the experience of these countries, Mesa-Lago analysed their results considering the fundamental principles of social security defined by the ILO. Firstly, he referred to universal coverage and the promise that contributory coverage of the economically active population (EAP) would increase, without mentioning non-contributory pensions. Evidence indicated that EAP coverage decreased in all countries after the reform, and despite a slight subsequent growth, rates are low given the size of the informal sector and the failure to adapt the design of the systems to the reality of the labour market. Secondly, he discussed the principle of solidarity and gender equality indicating that no prior promises were found in these dimensions. Solidarity increased, but not because of the private system but because of state policies on non-contributory pensions, fiscal contributions to improve contributory pensions, and specific inclusion policies, resulting in an increase in coverage. On the contrary, private systems accentuate gender inequality by reproducing the gaps present in the labour market, caused as well by institutional design elements such as the presence of sex-differentiated mortality rates. Thirdly, he referred to the sufficiency of entitlements, an area in which it was promised that adequate pensions would be achieved, but which remain at a very low level in the available evidence for private systems. When reviewing replacement rates, these average 39.8% compared to 64.7% in public systems. Fourthly, Mesa-Lago discussed administration, competition and administrative costs, where it was promised that competition would reduce administration costs. However, it was noted that the number of administrators has dropped significantly while the transfer rate of affiliates is very low. Moreover, in four of the countries analysed, the profit to net assets ratio of the administrators is between 20% and 48%, with high administrative

costs. The fifth place alluded to the principle of financial and actuarial sustainability, where the highest number of pledges was concentrated. Nevertheless, the number of affiliates contributing to pension systems declined in all countries, and although the capital invested grew, it did so at the expense of a risk assumed solely by the insured and with diminishing returns on investment since the subprime crisis.

Due to these shortcomings, between 2008 and 2021, private pension systems have undergone reforms, known as “re-reforms”, as shown in table 1. The reforms were classified according to the depth of the structural change to the private system, either by closing it and making it public or by making it mixed. These reforms have had a positive impact on the principles of social security, although there have been challenges in financial and actuarial sustainability in certain countries. Among the lessons learned, he noted that there is no ideal pension model for countries, as the original substitute model has disappeared in nine countries, while eight countries with private systems are moving towards a mixed system with variants. While a reform that closes the private system might be feasible, it must be conditional on consultation with insured persons and must guarantee financial-actuarial sustainability. At the same time, a growing trend in the role of the state in pension systems was observed in the ten systems that have a private component.

**Table 1**  
**Typology of private reforms in Latin America, by depth, 2008-2021**

Countries	Type	Year	Change in private system and social security principles
Argentina	Re-reform	2008	Closes it and improves social security
Bolivia (Plurinational State of)	Re-reform	2010	Closes it, but maintains individual accounts that will have public management, creates a public solidarity pillar, and improves social security.
Chile	Re-reform	2008	Maintains it, but in the framework of an integrated system and with substantial improvements in social security.
Mexico	Re-reform	2020	Maintains it, but in practice moves to a mixed system, with significant improvements in social security.
El Salvador	Re-reform	2017	Change to mixed system, no improvement in social security, except elimination of gender-differentiated mortality tables.
Peru	Project Law re-reforms	2021	It proposes integration of two systems (public and private), with a mixed system and potential improvement of social security.
Colombia	Proposal re-reform	2018	It proposes the integration of two systems (public and private), the trend towards a mixed model and the potential improvement of social security.
Uruguay	Proposal re-reform	2021	It proposes ratifying the mixed model, improving social security in both pillars and adding new ones.
Dominican Republic	Initial process	2021	It creates a Bicameral Commission to study a comprehensive modification of the current system.
Panama	Reform debate public pillar	2022	Initial process of discussion of parametric reform of the public pillar.

Source: C. Mesa-Lago, “Pensiones de capitalización individual en América Latina: efectos, reformas, impacto del COVID-19 y propuestas de política”, Políticas Sociales series, No. 242 (LC/TS.2022/99), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2022.

Mesa-Lago then referred to the impacts of the pandemic and the subsequent economic crisis on the pension systems during 2019 and 2020, as evidenced by the reduction in the coverage of the EAP, as well as in the percentage of contributing affiliates. Transfers between administrators fell, while their profits remained the same. Meanwhile, the accumulated capital in the funds decreased in countries such as Chile, stagnated in countries such as Peru, and real gross returns declined in several countries. In addition, withdrawals from individual accounts were made, reducing the future size of pensions, and compromising financial sustainability.

Finally, Mesa-Lago referred to general guidelines for the reform processes of pension systems. He emphasised the need for broad social dialogue, particularly in schemes with individual accounts, where the participation of workers and employers in their administration should be increased. He also stressed the urgency of increasing coverage for economically active populations and the elderly, based on non-contributory pensions financed by the state and inclusion measures for populations that are difficult to include on the contributory component. These measures should be combined with the expansion of the endogenous component solidarity and, in the case of exogenous solidarity, through state policies. Additionally, it is essential to promote greater gender equality through policies aimed at reducing labour market inequalities and compensating for them within the private system. Mesa-Lago also noted that separate regimes (such as armed forces and public officials) should be integrated in order to reduce inequalities and high costs resulting from fragmentation. Furthermore, it is necessary to increase the low sufficiency of entitlements by increasing replacement rates in pension systems. One way to do this is through the creation of a mixed system. It is also important to increase low contributory pensions and adjust pensions to the consumer price index in several countries.

Likewise, he recommended that the private systems reduce the high commissions of the administrators to increase pensions and competition, as well as strengthening compliance in the payment of workers' contributions, establishing centralised collection. He also suggested making progress in sharing the risk of financial volatility with the administrators, as well as improving information and knowledge of the pension system among the insured. He also recommended diversifying the investment portfolio to increase real and net profitability and publishing this figure for the instruments, together with carrying out actuarial studies where they have not been done recently. Finally, he indicated that it is essential to face the adverse effect of the pandemic and crisis, restricting the withdrawal of funds, as well as adapting the pension systems to population ageing, a phenomenon that affects both public and private systems, and safeguarding the independence of the pension supervisory bodies.

### **Panel 3: “The challenges of reforming pension systems in the region and the new scenario following the pandemic”**

**Laura Ripani, Head of the Labour Markets Division,  
Inter-American Development Bank (IDB)**



Laura Ripani mentioned how the pandemic exposed the structural vulnerabilities of the labour markets in the region, with the emphasis on informality and job losses, as well as the exacerbation of the challenges of sufficiency and sustainability of pension systems. In this context, three main lessons can be drawn. First, it is a mistake to maintain a pension system based solely on the contribution of formal employment, as it deprives it of stability in the face of crisis scenarios. Second, pension systems should aim to promote a well-functioning labour market. Third, reform processes require additional measures for the institutionalisation of pension systems in contexts such as the significant digitalisation experienced in the pandemic. Moreover, they require a more comprehensive vision that considers adjustments to the tax system, and financing of health, care, and protection systems for the unemployed. Among the elements and recommendations for the reform discussions is the need for a type of system that adapts to labour markets and contributes to promoting formal employment. The multipillar design of a pension system - which puts a universal non-contributory pension as the basis of the system, integrated with the contributory and voluntary pillars - is proposed to promote a well-functioning labour market, allowing for a contribution rate for low-income workers and employers that does not make formal employment more expensive. Additionally, priority measures were enumerated to strengthen pension systems, as well as to make progress in closing gender gaps. Among them, Ripani spoke about the expansion of non-contributory pensions in the short term, and in the long term, promoting greater labour flexibility, more gender parity regulations, investments to promote care systems, investment in skills, eliminating contribution restrictions for low-income and part-time workers to make contributions, innovation in promoting savings and designing investment plans, and designing gender-neutral retirement policies. Reforms should include social dialogue, strengthen access and formalisation of workers, and strengthen pension institutions.

**Sebastián Nieto Parra,  
Head of Latin America and the Caribbean, OECD Development Centre**

Sebastián Nieto Parra reflected on how the Covid-19 pandemic and its consequent crisis highlighted the low coverage of social protection in Latin America, where 40% of the population lacks access to social protection. Emergency measures, in some cases, were able to cover a significant proportion of the population and opened up reflection on the different ways to improve pension systems. In addition, large gaps in terms of inequality, particularly among the elderly, were amplified. On the other hand, a phenomenon that states must address is labour informality, which is higher among young and older people, as well as the imminent automation of labour, which is estimated to affect 20% of jobs. Regarding pension systems in particular, he spoke about the high replacement rates faced by workers who had been formally employed and had access to a pension. In addition, Nieto Parra referred to the practice of several OECD countries that implement increases to the retirement age in line with life expectancy. In the case of Latin America, these ages are mostly equal to or lower than the OECD average (65 years), with



wide differences by gender. Finally, he referred to public spending on pensions, which is relatively low at present, where the demographic ageing experienced by the region leads to an unsustainable cost by 2060, pushing the need for new and greater fiscal covenants that contemplate a diversity of funding sources.

**Camila Arza**  
**Researcher at the Interdisciplinary Centre for the Study of Public Policy (CIEPP), Argentina**



She stated that the focus of the reorientation of pension policy faces challenges in terms of coverage, redistribution, and incorporation of the excluded population. In this sense, non-contributory pensions have significantly expanded in terms of coverage, with new programs and increased public spending, playing a central role during the COVID-19 pandemic. However, the coverage deficit persists, with wide gaps in access that must be supplemented by non-contributory pillars, low sufficiency in terms of amounts that often do not exceed the poverty line, and obstacles in terms of equality caused by the gap in entitlements between contributory and non-contributory schemes, with different conditions and lack of integration. In light of this situation, a differentiated political economy is generated. On the other hand, the assumptions of a continuous and formal labour trajectory, without recognition of unpaid work, reproduces and amplifies existing gender gaps in the labour market. Recent reforms incorporate a gender perspective through contributory credits and uniform mortality rates. In this area, non-contributory pensions are the main tool to reduce gender gaps. However, there is an urgent need for an integrated and intersectoral vision of the mechanisms defined to address these gaps. Finally, he mentioned that the pandemic made visible the importance of social protection systems to contain the social costs of crises, but it is important to keep in mind that the economic and fiscal space can be highly adverse, so that translating social needs into public policies is not an automatic process but requires a high component of political economy.

**Ana Mohedano**  
**Deputy Secretary General, Ibero-American Organization of Social Security (OISS)**



Ana Mohedano mentioned that the pandemic highlighted the role of non-contributory pension systems, particularly given the spread of informal employment. Meanwhile, other challenges are emerging for contributory systems as a result of the crisis, especially in light of the decline in the number of contributors, population ageing and the care crisis. In addition, emphasis was placed on the need to improve the digitalization

of contributory system processes to increase their effectiveness and efficiency, as well as to facilitate access to entitlements, especially for the elderly population. In the current context of an inflationary crisis, increasing poverty, and slowing economic growth, measures must be implemented to increase coverage and encourage innovation in contributory systems in order to adapt to the dynamics of the labour world and its needs, as well as the trajectory of informality. On the other hand, the role of the state is crucial to ensure the adequacy of pensions by increasing replacement rates, with indexation to consumer price indices and homogeneous mortality tables. Furthermore, in order to protect the sustainability of the systems, it is necessary to reduce administrative costs, strengthen pension education, and make pensions a state policy. She clarified that non-contributory pensions must be coordinated with contributory systems, in order to move towards comprehensive systems with fiscal reforms that treat entitlements as a right of citizenship. In addition, it is urgent to take on the great challenge of mainstreaming the gender equity perspective by increasing coverage in feminised economic sectors, with incentives for pension savings and equalisation of entitlements in self-employment. In this regard, she pointed out that compensation measures for unpaid care should be implemented and co-responsibility in the area of care should be developed with equal and non-transferable parental leave, which would go beyond pension systems.

### **Mauricio Olivera**

**Administrative and Financial Vice President, Universidad de Los Andes, Colombia**



He described the Colombian pension system and talked about the ways in which the reform that created the parallel pension system deepened the pension problem that Colombia was experiencing. The differentials in entitlements obtained in both regimes make it complex for individuals to decide which subsystem they should opt for. On the other hand, there are high rates of informality in the country, with 55% of workers not contributing to the national social security system, while experiencing high turnover between the formal and informal sectors, deteriorating coverage and contribution capabilities. The low contribution means that only 25% of the elderly are pension recipients, indicating that the main problem of the pension system in the country is that of coverage. He then referred to a proposal for reform of the Colombian pension system drawn up in 2012 based on an old-age protection model. This proposal sought to increase the coverage of the pension system and was made up of a zero pillar (Colombia Mayor), a non-contributory scheme focused on people living in poverty, followed by a pillar of periodic economic entitlements (BEPS), and finally the pillars of a mixed system, with a pay-as-you-go system for salaries below the minimum wage and another of individual savings. He stressed that pension reform must be linked to labour reform. He also stressed that no system is sustainable on its own, as the pay-as-you-go system has financial balance problems, while individual capitalisation is not socially sustainable. He reflected on the current debate between the pay-as-you-go system and the individually funded system, advocating flexible solutions to provide a viable one to the Colombian pension reality. Finally, he addressed the BEPS matching mechanism, in which pension regulations are brought closer to the labour reality, particularly in the case of informal workers, where pension contributions are encouraged and the state subsidises 20% of the contribution, without there being a pre-established periodicity, giving rise to a pension or, alternatively, a periodic entitlement.

## IV. Health Systems

**Panel 4:** “Structural issues for health equality and COVID-19: the urgency of moving towards universal and resilient health systems”

**Moderator:** Daniel Titelman, Director of the Economic Development Division, ECLAC

**Keynote presentation:** James Fitzgerald, Director of Health System and Services, PAHO

James Fitzgerald reflected on how, almost three years after the pandemic, the region of the Americas, the most affected in terms of number of infections and deaths associated with COVID-19, sustains critical impacts on social development, economic growth, and health. There has been a disruption in the provision of social services from both supply and demand sides, particularly at the primary level, with a consequent long-term impact. The pandemic has also amplified existing gaps and barriers around segmentation, fragmentation, financing, and responsiveness of health systems. Despite progress in indicators and goals associated with financing and financial protection, the state of health systems was insufficient even prior to the pandemic. This is reflected in the underfunding of the first level of care and the chronic deficit in human resources. Additionally, the heavy dependence of Latin American and Caribbean countries on imports of medical supplies has led to shortages and uneven distribution of COVID-19 vaccines and other health technologies in the region. It is for this reason that the region has been called upon to build a productive and industrial capacity that is innovative and sufficient, with sectoral policies that ensure equitable access, strengthened and integrated regulatory systems, regionalised value and supply chains, and rational use of technologies to promote solidarity and reduce dependence on imports. On the other hand, Fitzgerald mentioned that few countries have had comprehensive health system reforms in recent years, with cases of transformations focused on insurance or care models predominating. In light of this, he emphasised the urgent need for profound reforms that involve efforts in Primary Health Care (PHC), increase the capacity for research and technology production, invest in human resources, strengthen governance, increase health financing and the

capacity of care networks, as well as deliver better responses to emergencies. Reforms, he stressed, require constant evaluation at all times. In this sense, the pandemic led to the establishment of four axes to make health systems resilient: (i) transformations based on the PHC approach, in line with the “30-30-30 PHC for Universal Health Pact” to break down structural barriers to access; (ii) strengthening leadership; (iii) strengthening care networks; and (iv) increasing and sustaining public funding for health and social protection, with a focus on social, environmental and economic determinants aligned with the principles of universal health coverage and universal health. Finally, he reflected on the window of opportunity presented at this critical moment for integrated technical cooperation between countries, contemplating transformations that will require political, strategic, and practical approaches and with a fundamental role in steering and governance.

**Asa Christina Laurell**  
**Director of Strategic Planning, IMSS, Mexico**

The Mexican public health system is characterised by high fragmentation and segmentation, despite health being considered a constitutional right and having a relatively small private sector. This segmentation problems translate into challenges regarding health personnel, as their rights differ across different types of contracts. On the other hand, during the COVID-19 pandemic, care was provided to all who sought it, regardless of their insurance status. The Mexican Social Security Institute (IMSS), the institution with the largest capacity in the system, expanded its service delivery capacity and built an ambulatory care system called the Social Security Respiratory Care Module (MARS), along with a major advance in teleconsultations. Joint work with the Ministry of Health allows the IMSS to distribute the burden of disease among the states most affected by COVID-19, balancing the weight between institutions and aiming at universalisation and federalisation of services. Regarding the expansion of IMSS to the non-affiliated population, mainly people without social security, surveys point to the willingness of the IMSS-affiliated population, which is linked to the universalisation programme to provide free service to the entire population through IMSS-Bienestar. Asa Christina Laurell concluded by mentioning the challenges surrounding the plans to transform the health system, where the capacity to operate beyond planning is fundamental, with special consideration for field work, in contact with populations and territories and generating policies from the bottom up and from the periphery to the centre. She noted that the changes require political will and support in order to be successful.

**Ligia Bahía**  
**Doctor in Public Health from the FIOCRUZ Foundation and Associate Professor at the Federal University of Rio de Janeiro (UFRJ) in Brazil.**



She presented an analysis of the Brazilian health system and mentioned four fundamental points to address the current situation. The first is related to the identification of structural social, economic and environmental issues affecting the health system and the population’s health, such as long-standing

inequality, racism, deforestation, extractivism, increased private spending compared to stagnant public spending, inequalities in spending distribution among segments, fragmentation in care, and privatisation in the training of human resources. The second point refers to the fight against the pandemic, in which Brazil accounted for a significant number of deaths in the region, with unequal impacts between provinces and a late start to the vaccination process. In his third point, she referred to the current situation in Brazil. On the one hand, there is broad public approval of the Unified Health System (SUS) and a reversal in the vaccination trend. Furthermore, the private sector grew during the pandemic through increased participation in the pharmaceutical sector, health schemes and healthcare training schools. As a result of increased private sector involvement, the health system has experienced greater financialisation and strong social stratification. Bahía reflected in a fourth point on the future political landscape where, despite almost unanimous mention of strengthening the SUS, there are topics being left out of the debate such as abortion, drugs, weapons, prisons, the pandemic, and the private sector's participation. Finally, to strengthen the SUS, she indicated that it is necessary to expand the public space through implementation of healthcare policies aimed at universality, limiting the private sector and reducing the financialisation of the system while generating fiscal policies to address these issues. This requires tackling complex political tasks, generating dialogue and consensus agreements with all sectors transversal to all areas, where the coordination between different social spheres with health is crucial.

### Vicente Ortún

**Emeritus Professor of the Faculty of Economics, Pompeu Fabra University, Spain**



Vicente Ortún spoke about public goods, health equality through non-health policies and health equity through health policies. In addressing the issues of public good, he referred to so-called public bad, whether natural, human or political in origin. In this regard, Ortún mentioned the real risk that we have as a society an increased prevalence of zoonotic viruses due to the public good (bad) of global warming and migration resulting from the loss of habitable spaces. A public good raises the need for collective cooperation. When it comes to a global situation, coordination between billions of individuals becomes complex, depending on the willingness of those committed to comply and the support of international organisations. Another example of a public bad to which Ortún referred is inequality, which was deepened by the COVID-19 pandemic, threatening health, economic growth, and democracy. Regarding public goods, he mentioned the relevance of creating health policies and non-health policies that aim to generate scientific knowledge, reduce resource inequality, and create human capital, among other aspects. In his second point, he referred precisely to the advances in equity resulting from non-health policies, in which he highlighted education, particularly primary education, to tackle the inequality that erodes social cohesion and future development. Finally, Ortún mentioned health policies as tools for combating inequality, highlighting public health and Primary Health Care, where greater supply is related to better health and equitable outcomes, considering it a common good exposed to the weakness of low funding. He reiterated the importance of public financing as the only way to enable efficiency and equity, and the importance of having good governments that can manage redistributive policies. Redistribution of wealth facilitates the implementation of a universal public health system and vice versa.

## **Camilo Cid**

### **Director of FONASA, Ministry of Health, Chile**

Camilo Cid characterised the challenges facing the Chilean health system, including the progress towards universality in coverage, access, and quality of services, and breaking down barriers financing and supply. He referred to segmentation, occasionally lower than in other countries, but with a wider gap between public and private spheres, with profound differences in resources and health outcomes. Referring to fragmentation, he highlighted the fundamental role it plays in the problems of organising services and that it reinforces the difficulties arising from segmentation. Thirdly, he mentioned the problems of under-financing, reflected in high out-of-pocket spending and low public spending, which is not in line with the country's high level of per capita income. In this area, there is low financial coverage, lack of financial protection and risk of falling into poverty, under which he emphasised the government's efforts to remove barriers to access through the new Zero Co-payment law. He mentioned that these characteristics were reinforced by the pandemic and the increase in demand, tripling waiting lists. The health system's responses also show its strengths, as in the case of mass vaccinations that have reached different parts of the country, supported by a strong primary care network. However, indicators such as excess mortality exceed the values expected for the Chilean income level. He went on to present the proposal for structural reform of the Chilean health system. This includes the creation of a new Universal Health Fund that pools financing in solidarity and distributes it among providers, together with a hierarchical service component under the National Health Service, based on universal Primary Health Care (PHC), with a capacity for resolution and coordination, an increase in public spending, and the consideration of private actors with public rules regarding quality and financing, as well as complementary insurance outside the social security system. The reform aims to increase access and quality of services. Finally, Cid insisted on the political nature of the reform, which requires laws passed in parliament, broad consensus, and the conviction of large groups to make it a state policy.

## Panel 5: “Strengthening social protection systems: the challenges of restructuring health systems in Latin America and the Caribbean”

**Moderator:** Simone Cecchini, Director of CELADE- Population and development Division, ECLAC

**Keynote presentation:** Maria Luisa Marinho, Social Affairs Officer, Social Development Division, ECLAC



Maria Luisa Marinho reflected on the role of health as the central axis on inclusive and sustainable development, the inequalities prior to the pandemic, the centrality of the social inequality matrix and structural weaknesses of health systems, the vulnerability of the region to a triple crisis, and the window of opportunity that opens up for advancing towards new health systems. The COVID-19 pandemic triggered an unprecedented health, social and economic crisis, with short and long-term effects that highlight the particular vulnerability of Latin America and the Caribbean. The right to health was threatened by the health, economic and social crisis stemming from the pandemic, where inequality acted as both the cause and effect of unequal risk to COVID-19. Regarding the centrality of health in sustainable development, evidenced in the pandemic through the setback in multiple goals of the 2030 Agenda for Sustainable Development, he alluded to the bilateral relationship between health and inclusive social development, inclusive economic development and environmental sustainability, in a systemic and interdependent dynamic where greater public investment in health generates positive impacts on education, productivity, growth, overcoming poverty and reducing inequality. Furthermore, she emphasised the urgent need for comprehensive and integrated policies to address health disparities both between and within countries, which are rooted in the social determinants of health and structural elements of the inequality matrix. This highlights the importance of advancing towards universal health coverage, with a particular focus on Primary Health Care. The pandemic, in this sense, presents a historic opportunity to reform health systems and move towards more universal, sustainable and resilient systems that prioritise health as a fundamental element of inclusive and sustainable development strategies. In this process, a consensus is crucial that includes political, technical, financial, institutional, and communicational debate, under a new social and fiscal pact that allows inequalities to be addressed with financial sustainability.

### Álvaro Ramos

#### Executive President of the Costa Rican Social Security Fund (CCSS)

Ramos spoke about the pillar of Costa Rica’s social security system, the CCSS, with its high quality of care, mainly focused on Primary Health Care, and levels of coverage that four decades ago exceeded 80% of the population and recently 90%. He explained that Costa Rica faces multiple challenges, such as population ageing which challenges social protection systems, high inequality rates that exceed those of countries such as Mexico or Chile, informality, and challenges around financial sustainability. While coverage is high, it is much lower among the non-wage-earning population, so the CCSS, despite good

overall health outcomes, seeks universality in this area. Ramos outlined action axes based on preventive medicine, strengthening the primary level of healthcare and promoting the capacity of health personnel. The promises of the Costa Rican system, meanwhile, include universality, transparency, neutrality with respect to working conditions, and credibility based on the guarantee of timely health care. To fulfil these promises, Ramos said, principles of efficiency and cost control, improvement of services to users, optimisation of asset management, protection of vulnerability in the life cycle of individuals, and sustainable financing are necessary. Finally, he reiterated the concern for the quality of care in a context of high coverage, where the technological component for the management of files and referrals is key to the functioning and good perception of the system.

**Miguel Fernández Galeano**  
**Specialist in Health Services Administration, Faculty of Medicine,**  
**University of the Republic (UDELAR)**

He raised the relevance of rethinking the welfare state, together with the need to integrate social security systems with health systems. The challenges of coverage, quality, and financial sustainability must be addressed comprehensively and without neglecting the homogeneity, resolution, timeliness, and adequacy of entitlements. To break with segmentation, the political will and leadership of the transformation is fundamental, as it is governments and health authorities who carry it out, and not just a technical roadmap. Pooling of funds is also key to resolving inequalities and making the system financially sustainable, considering risk-adjusted per capita. To solve the issue of fragmentation, Fernández argued, integrated health networks must be built with the user at the centre. Primary Health Care must be structured with a territorial logic in which dialogue between social determinants of health and health systems is essential. In this sense, countries must increase their public spending on health, restructuring with the clear goal of universality with equality in quality. In Uruguay, despite the progress that has been made in terms of coverage, there is still an informal population outside the system, which poses a challenge to be faced. In this regard, Fernández referred to the importance of the relationship between contributory and non-contributory, based on solidarity-based financing that allows for the distribution of risks between rich and poor, sick and healthy, young and old. Finally, he spoke about the centrality of the concept of gradualism and the strategic approach in the construction of successful health system reforms, where a roadmap must be drawn up that advances towards clear and defined principles.

**Ernesto Báscolo**  
**Acting Head of Health Services and Access Unit, PAHO**



He discussed the historical trajectory of social security as a platform for universal health reform, the different health systems and the fundamental dimensions of reforms. In the relationship between the state and the market, timing is important in terms of speed and progress, as no reform or transformation



of this relationship is autonomic or instantaneous. Along with this, it is necessary to consider all actors involved in such a way that the reform processes are consolidated and stable. Additionally, advances in social protection and health must occur within a framework of progress that considers diverse interests and conceptions, where the political and institutional process is crucial. Báscolo distinguished adjustment reforms, which tend to be local or sub-national, from comprehensive reforms that articulate transformations focused on the public sector with increased access together with targeted transformations in social security with increased coverage. However, policies aimed at increasing formal coverage do not necessarily reduce the real barriers to real and effective access, nor do they lead directly to improvements in equality. It is therefore essential to have comprehensive reforms that consider expansions in insurance while improving the quality of the coverage provided. Báscolo gave a historical overview of the reforms and counter-reforms in the countries of the region and emphasised the key role of the steering role, highlighting the centrality of coordination and integration with social protection and health systems. He emphasised the results of the processes linked to increased coverage and the systematic reduction of out-of-pocket expenses.

### **Bertha Luz Pineda**

**Coordinator of Climate Change, Inequalities, Economy and Health,  
Andean Health Organization – Convenio Hipólito Unanue, Peru**



She discussed the issues highlighted by the COVID-19 pandemic and the consequent need for policies to transform the region's health policies. In a context of a health, planetary, social, political and economic crisis, health must be at the centre of reforms, in an intersectoral effort that coordinates, among others, economics, education, and employment. Only by placing health at the centre of public policy can progress be made towards inclusive social development in accordance with its relationship with the social determinants of health. Transformations must be geared towards guaranteeing the right to health, with social and environmental justice in mind, within the framework of a new welfare state. In this regard, there is an urgent need to address and reduce social inequalities in health through universal systems and sustainable social protection. Health policies must include adequate financing, integration with other sectors, regional and international cooperation and solidarity, as well as health sovereignty. Pineda referred to the current situation, where the crisis represents a favourable space for transformation in light of the unequal results in health indicators it has brought about. She then proceeded to identify key recommendations for the transformation of health systems. Collective work is crucial to address and reduce health inequalities. Likewise, to achieve universal, resilient and sustainable health systems, policies must be constantly evaluated, in such a way that accountability is ensured, and the path is corrected at all times. On the other hand, it is essential to have a budget that guarantees rights, ensuring financial sustainability and safeguarding the essential political commitments that enable such financing.

**Michele Gragnolati**  
**Practice Manager for Health, Nutrition and Population,**  
**Latin America and Caribbean Region, World Bank**



Gragnolati spoke about the inequalities that characterise the region. There is a marked social gradient between social and health indicators that consolidates the close relationship between health indicators and other areas, such as wealth, income, and education, both among countries and within them. The COVID-19 pandemic had a devastating impact that was felt most strongly in populations in greater situations of vulnerability. Likewise, Gragnolati explained that access to health systems was negatively affected and gaps by socio-economic status widened. He then proceeded to characterise the trajectories of health systems within the region in terms of health financing, where public and out-of-pocket spending varies widely across countries. In the last decade, some countries have reduced public spending while increasing out-of-pocket spending, which, together with the reduction of social protection, places their populations in a situation of financial vulnerability and hinders access to quality health. In 2017, 34% of the total health expenses in the region corresponded to out-of-pocket household spendings, highlighting the critical situation of a region that sustains the highest global catastrophic expenditure and where many countries have seen this component increase as part of health spending. This situation is unequal and socially inefficient. Gragnolati then reflected on the optimal recovery path after the pandemic, proposing four possible scenarios in a context of economic and fiscal uncertainty: (i) a pro-cyclical reduction in public health spending; (ii) a maintenance of public spending; (iii) an increase in public spending; or (iv) an increase in public spending to compensate for the increase in out-of-pocket spending. In this regard, he pointed out that the second scenario is more likely to occur, but efforts must be made to increase public health spending to move towards the changes needed to support sustainable and inclusive progress. On the other hand, Gragnolati discussed how fragmentation and segmentation of health systems puts the sustainability of the system at risk, generating structural inefficiencies. In this area, the lack of access to health coverage for the population that works informally perpetuates existing inequalities, generating a critical situation in view of the little progress that has been made in terms of their incorporation into the formal market.

## V. Closing session: The opportunity to recover social security systems in the context of uncertainty

**Moderator:** Leonardo Ferreira, ILO Deputy Director, Central America, Haiti, Panama and the Dominican Republic



**Alberto Arenas de Mesa**  
**Director, Social Development Division, ECLAC**

Arenas de Mesa highlighted the opportunity for dialogue offered by the Second Regional Seminar on Social Development on the debate on social security systems in Latin America and the Caribbean and discussed the main challenges facing the countries of the region in light of the historic opportunity to implement the necessary transformations to the pension and health systems to consolidate full guarantees for the exercise of the population's social rights. More than two and a half years since the start of the Covid-19 pandemic, the countries of Latin America and the Caribbean are still facing an extremely complex regional situation. One of the fundamental lessons learned from this difficult period is that without social

security it is not possible to think about inclusive social development or sustainable development. With regard to pension systems, the region finds itself in a challenging situation in terms of sustainability, since entitlements do not have adequate levels of coverage or sufficiency, together with the restrictions on financial sustainability that countries may face. There is therefore broad consensus on the need to consolidate universal and comprehensive systems that, based on the principles of social solidarity and equality, move towards sustainable systems, both in terms of coverage and sufficiency of entitlements, as well as financial sustainability. In turn, the COVID-19 pandemic has made urgent the need to move towards health systems that are also universal, comprehensive, sustainable, and resilient. The health crisis triggered by the pandemic exposed the structural weaknesses of the region's health system, which suffers from chronic underfunding characterised by low public spending and high out-of-pocket expenses, the segmentation of health systems into different subsystems that are not interconnected and lack solidarity, as well as the fragmentation of healthcare and its organisation. In the face of these challenges, the role of the state is fundamental, while at the same time there is a need to move towards a social state governed by the rule of law with a strengthened welfare state. He concluded by stressing the urgency of reaching political agreements that would make it possible to sustain a social, fiscal, and intergenerational pact that would provide certainty and protection and make policies and transformations in the pension and health systems viable, guaranteeing the financial sustainability of social protection at all times.

### **Felice Zaccheo**

#### **Head of Unit for Mexico, Central America, Caribbean and Regional Operations (INTPA) of the European Commission**

It was highlighted that the impacts of the COVID-19 pandemic have exposed the inequalities and gaps in coverage that exists in the region, which hinder progress towards comprehensive social protection systems. The centrality of social security in European welfare states was discussed, which despite its ups and downs, has guaranteed improvements in productivity and progress for most of the population and is also a factor in economic development. In this regard, Zaccheo mentioned how the efficiency of equality is due to the binomial between social protection and economic development. He stressed that the European Union has been collaborating with Latin America for more than fifteen years to strengthen social cohesion and reduce inequalities through multiple programmes. He highlighted the EUROsociAL+ flagship programme, which creates a solid space for bi-regional dialogue, peer learning and transfers of successful experiences in the promotion of public policies. Through this program, the European Union has supported various reforms to pension and health systems in the region. Zaccheo then mentioned the lessons derived from the pandemic concerning health systems. Firstly, health investment is marked by universal accessibility and resilience of health systems, prioritising investment in healthcare personnel, digitalization of services, and addressing inequalities. Secondly, he pointed out the need for greater autonomy in the countries of the region with regard to key issues such as vaccines, pharmaceuticals, and supplies, where both the region and the European Union can mutually benefit by diversifying their sources of supply and building alliances. Thirdly, he indicated that particular attention needs to be paid to the care of the elderly and dependent persons, strengthening social protection systems both vertically and horizontally, to move towards universal, comprehensive, and sustainable systems. Finally, Zaccheo warned that the region should not allow its austerity measures to reverse progress in national social protection systems. The European Commission, therefore, plans to manage a new generation of programs that support bilateral regional dialogue on human development, including the Caribbean, focusing on health, education, gender, and youth, with the reduction of inequalities and the creation of decent jobs as cross-cutting focuses. Along these lines, he announced that in 2024 the global programme *Universal Social Protection 2030* will be developed to create integrated and interoperable social protection information systems.

**Manfred Häbig****Principal Advisor for the Cooperation Program ECLAC-BMZ/GIZ**

He began by summarising that one of the lessons learned from the seminar presentations is the presence of major challenges for the functioning of welfare states, understood as having social protection and health systems that are universal, comprehensive, sustainable, and resilient. Among the challenges mentioned were the difficulties in ensuring coverage and quality of social security systems. In this context, the future of pensions undoubtedly represents a major challenge for countries facing a marked ageing population, including the Nordic states. Another relevant challenge is mass migration and the future of work in a world of work progressively influenced by advances in digitalisation. On the other hand, he mentioned that social protection, understood as a right and a fundamental basis for welfare states, is counterbalanced by the inevitable need for sustainable financing. In this area, both aspects directly related to fiscal policy and the redistribution of resources, as well as those derived from productivity, innovation, and quality of work, become relevant. The latter must play the role of generating the necessary income to make the systems sustainable. He then referred to the constant challenges appearing on the global scene, such as the pandemic and the ongoing war in Ukraine, the full impact of which is still difficult to foresee. Today, a complex scenario is emerging for economies, with high inflation rates, significant increases in the cost of energy and commodity prices, and the consequent risks to social cohesion and peace as well as to democracies. In the same instance, the reaction of the international financial system affects the state budget of many countries in the region and, with it, the possibility of financing social protection systems that are sufficient for the concerned population. In conclusion, Häbig mentioned how the current scenario indicates that the paradigms that drove much of the 20th century and the beginning of the 21st century have reached their limits, and that new ideas are therefore needed. Finally, he stated that even though there are no perfect solutions and country contexts must be taken into account, the experiences and lessons learned are valuable to be shared in order to facilitate decision-making in this complex scenario. In this regard, he thanked and highlighted the work of ECLAC and mentioned the commitment of the German Cooperation to continue supporting these instances.



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