Social Panorama of Latin America and the Caribbean 2024

The challenges of non-contributory social protection in advancing towards inclusive social development

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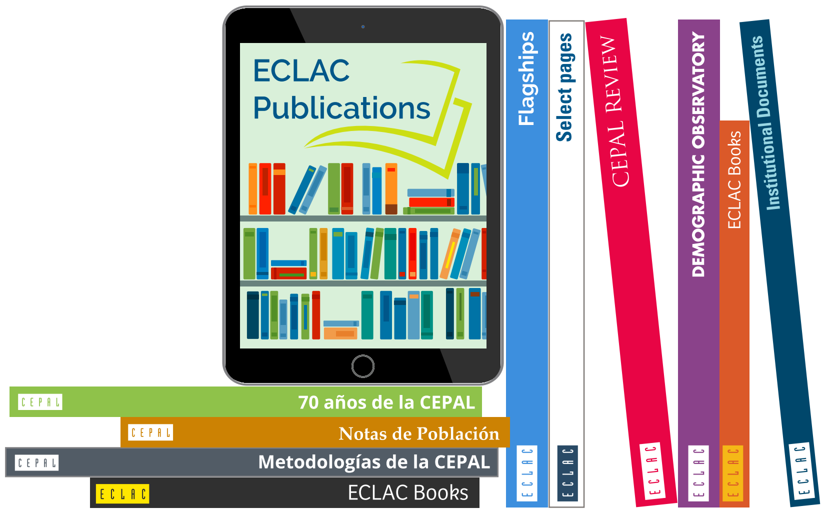

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Explanatory notes:

Three dots indicate that data are not available or are not separately reported.
A dash indicates that the amount is nil or negligible.
A full stop is used to indicate decimals.
The word “dollars” refers to United States dollars, unless otherwise specified.
A slash between years (e.g. 2023/2024) indicates a 12-month period falling between the two years.
Individual figures and percentages in tables may not always add up to the corresponding total because of rounding.

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Introduction

A. Social protection, especially its non-contributory component, is essential for advancing towards inclusive social development

Although it varies from country to country, the development pattern in Latin America and the Caribbean has a number of common economic, social and environmental imbalances, which are reflected in three development traps: low capacity for growth; high inequality and low social mobility and cohesion; and low institutional capacity and ineffective governance to address development challenges (Salazar-Xirinachs, 2023). Against the backdrop of these three traps and the vicious circles that feed them, it is no exaggeration to say that the countries of the region are in a development crisis.

Data regarding the first trap speak volumes: between 2015 and 2024, the annual growth rate in Latin America and the Caribbean averaged just 0.9%, less than half the 2.0% recorded in the "lost decade" of the 1980s (ECLAC, 2024a). This worrying situation has led the Economic Commission for Latin America and the Caribbean (ECLAC) to underscore the need to move towards a great productive transformation by scaling up and improving productive development policies. This is the key to breaking from the trap of low capacity for growth (ECLAC, 2024b; Salazar-Xirinachs and Llinás, 2023). As regards the second trap, the high inequality characteristic of the region is caused by several factors: a heterogeneous and slow-changing production matrix, weak education and vocational training systems with high dropout rates and poor learning outcomes, regressive tax systems, and social protection systems marked by weaknesses and gaps (ECLAC, 2024c). The trap of low institutional capacity and ineffective governance translates into public policies and institutions that lack the capacities to manage the necessary transformations. Breaking from this trap will require strengthening the technical, operative, political and prospective (TOPP) capabilities of institutions in each area of transformation, including forums for social dialogue and the mobilization of requisite financial resources. Also needed are strategies to build pro-reform coalitions, as opposed to those that resist change; for this, an analysis of the political economy of reform is essential (ECLAC, 2024c).

This development crisis is interwoven with a host of critical obstacles to inclusive social development in the region. These include deeply rooted poverty and vulnerability to it, structural, unjust and inefficient inequalities; gaps in human capacity-development (in education, health, nutrition) and in access to basic services; deficits in decent work and uncertainties linked to technological changes in the world of work; still partial and unequal access to social protection; a social institutional framework under construction; and insufficient social investment. These issues have been compounded by emerging obstacles related to the different forms of violence, the demographic transition and migratory trends; changes in the world of work, the technological transformation, epidemiological and nutritional changes, and climate change and disasters (ECLAC, 2019). This involves a structure of social risks that is being reconfigured and is superimposed on a set of structural risks that occur over the life cycle and render people more vulnerable to falling into and remaining in poverty, and to the violation of their social, economic, cultural and environmental rights (Robles, 2024).

Addressing the various challenges posed by this scenario calls for urgent efforts to strengthen social protection systems in the region, as they play a direct role in eradicating poverty and reducing inequalities by aiming to ensure universal access to adequate income levels, basic social services and housing, and to labour and social inclusion policies and decent work (ECLAC, 2020a, 2022a, 2022b and 2023a). Moving towards universal, comprehensive, sustainable and resilient social protection systems is vital. This will require adopting a universalist approach that is sensitive to differences, making these social protection systems accessible to all and making it possible to address existing inequalities. It will also require strengthened and comprehensive systems to address risks in an intersectoral manner and with coordination among administrative levels and throughout the life cycle. At the same time, they must be sustainable, meaning that they must fulfil the commitments made to this generation and future generations, with a balanced approach to three dimensions: coverage, adequacy of entitlements and financial sustainability. Lastly, there is a need for social protection systems that are resilient to change and crises and are responsive, flexible and adaptable (Arenas de Mesa, 2023; ECLAC, 2021 and 2022a; Cecchini and Martínez, 2011).

Social protection systems of this nature, which place people at the centre, are of strategic importance for progress towards inclusive social development and are the fundamental basis for progress towards true welfare States (Arenas de Mesa, 2023). The focus on the eradication of extreme poverty and poverty, and the reduction of inequalities, is consistent with inclusive social development, which can be defined as a condition in which all people live free from poverty and have a level of well-being that aligns with economic growth. This enables the development of skills in a context of freedom and dignity, with full enjoyment of economic, social, cultural and environmental rights and opportunities for recognition and participation. To achieve this, the gaps in access to basic areas of well-being must be addressed, along with social inequalities and the structures that perpetuate them, from a universalist perspective that is sensitive to differences (ECLAC, 2024d). Likewise, the focus on the enjoyment of rights helps to ensure people's access to quality public services, reduce their vulnerability to social risks and ensure sustainable income levels, making social protection a requirement of welfare states (Briggs, 1961; Barr, 2020; ECLAC, 2023a; ILO, 2018; Segura-Ubiergo, 2007). These systems also enhance social cohesion and inclusion, redistributing risk exposure and a common social protection floor (Robles, 2024).

Social protection systems consist of contributory and non-contributory entitlements (Cecchini and Martínez, 2011). Contributory policies link the contributions made by individuals throughout their working lives with access to entitlements (both for recipients and any beneficiaries). They may be funded by contributions from employees and employers, as well as by public or other sources. Conversely, non-contributory policies decouple access to entitlements from contributions and are funded mainly from public resources (taxes or other government revenues), or from external grants or loans. They may be universal or target specific population categories, with priority given to certain income levels (ILO, 2024a). In the region, they include cash transfers (both conditional and non-conditional) and in-kind transfers, financial support through subsidies and tax deductions, transfers of goods and the provision of services, as well as non-contributory pension systems (Cecchini and Martínez, 2011; ECLAC, 2024d; Robles and others, 2024).

Non-contributory social protection becomes particularly relevant in view of the persistent levels of extreme poverty and poverty in the region, together with the historical and structural nature of inequality and the high levels of labour informality and low-quality jobs that translate into limited or scarce access to contributory social protection policies (ECLAC, 2023a). Non-contributory social protection policies are key to ensuring that access to well-being does not depend on the socioeconomic level of households and participation in the labour market (Esping-Andersen, 1990 and 1999), as they lower access barriers for essential public goods such as quality education and health, and reduce people's exposure to various risks through income protection mechanisms. To achieve this, social protection uses a number of mechanisms and tools, such as inter-agency work and linkages between the components of social protection systems; policies to ensure a basic level of income for all; integrated social information systems; crisis, disaster and emerging risk response mechanisms; systems and instruments for intersectoral linkages and coordination such as the joined-up policies developed for comprehensive care in early childhood and for other groups in need, such as older persons and persons with disabilities; and comprehensive care policies (ECLAC, 2020a and 2023b).

This edition of the *Social Panorama of Latin America and the Caribbean* presents an in-depth analysis of non-contributory social protection policies and programmes and the corresponding institutional framework, with particular emphasis on their vital role in eradicating poverty and reducing inequality. The impact of non-contributory social protection on poverty and inequality, which hinder inclusive social development, substantiates the need to increase social investment in this area, thus ensuring its financial sustainability, as well as the urgency of strengthening institutional capacities for the efficient implementation of these public policies.

B. Towards the Second World Summit for Social Development: social protection at the heart of inclusive social development strategies

The World Summit for Social Development held in Copenhagen in 1995 was the first international effort to define social protection, linking it primarily to poverty eradication. On that occasion, it was argued that social protection should protect from poverty those whose employment situation, health or care needs and those who lost their livelihoods due to natural disasters or civil violence, wars or forced displacement put them at risk of falling into poverty (United Nations, 1995). The indissoluble link between the promotion of social development and the protection of human rights was highlighted at the Summit, and social protection was a central element.

Almost 30 years later, debate on the definition and scope of the concept of social protection is ongoing (Arenas de Mesa, 2019 and 2023; ILO, 2018, 2021 and 2024a; ECLAC, 2006, 2018 and 2020a; Levy, 2018; Cecchini and Martinez, 2011). In 2000, the Commission for Social Development established that social protection is a "a set of public and private policies and programmes undertaken by societies in response to various contingencies in order to offset the absence or substantial reduction of income from work; provide assistance for families with children; and provide people with health care and housing", noting that the definition was non-exhaustive a starting point (United Nations, 2000, p. 3). It is noteworthy that this definition, together with the reference to the need for social consensus on the levels of either risk or deprivation that are deemed unacceptable, alludes to the idea that social protection is not exclusively aimed at people living in poverty, but also at those facing other types of life-cycle risks, whether during their working years or in retirement or old age.

The International Labour Organization (ILO) has also provided descriptions of social protection, regarding it as a human right that is "defined as the set of policies and programmes designed to reduce and prevent poverty, vulnerability and social exclusion throughout the life cycle" (ILO, 2021, p. 226). It also establishes nine branches of social protection,[1] which may be addressed by a mix of contributory and non-contributory schemes and are closely linked with the ILO Social Protection Floors Recommendation, 2012 (No. 202).

[1] These branches are: child and family benefits, maternity protection, unemployment support, employment injury benefits, sickness benefits, health protection (medical care), old-age benefits, invalidity/disability benefits, and survivors' benefits (ILO, 2021).

ECLAC has also participated actively in the debate on social protection. In 2019, the Regional Agenda for Inclusive Social Development was adopted at the third session of the Regional Conference on Social Development in Latin America and the Caribbean; the instrument states that social protection aims to "guarantee universal access to income that permits an adequate level of well-being, as well as universal access to social services (such as health, education, water and sanitation), housing, labour inclusion policies and decent work" (ECLAC, 2020a, p. 19). This first axis of this technical and political instrument focuses on the design, consolidation and deepening of universal and comprehensive social protection systems, and reflects a broad understanding of the concept of social protection that incorporates not only income protection and medical care when facing various risks, but also the importance of the development of human capacities, labour inclusion and care (Robles, 2024).

The pivotal role of social protection in advancing inclusive social development over the past 30 years and the extensive debate on the definition thereof set the stage for the discussions that will take place at the Second World Summit for Social Development in 2025. This will be a critical opportunity to ensure that social protection is regarded as a key component of development strategies and, on that basis, to identify and agree on strategic guidelines and policies to move towards universal, comprehensive, sustainable and resilient social protection systems.

C. The high-inequality trap and high levels of poverty: challenges for non-contributory social protection

The high inequality and low social mobility and cohesion characteristic of Latin America and the Caribbean constitute a trap that hinders development and stems from various factors, including weak social policies and social protection systems that fail to mitigate the effects of inequality rooted in the production system and in the region's history and culture (ECLAC, 2024c). Progress towards universal, comprehensive, sustainable and resilient social protection systems is therefore essential in order to face multidimensional, concurrent and acute challenges old and new.

Given the various interactions between the critical obstacles mentioned above and the simultaneity with which they occur, it is possible to identify a risk structure that is being reconfigured and could shape the development and future of social protection systems (Robles, 2024). Therefore, regional challenges faced by governments must be urgently identified with a view to designing transformative social protection policies that ensure the well-being of all. This requires, among other things, adequate levels of coverage, sufficiency and financial sustainability (Arenas de Mesa, 2023).

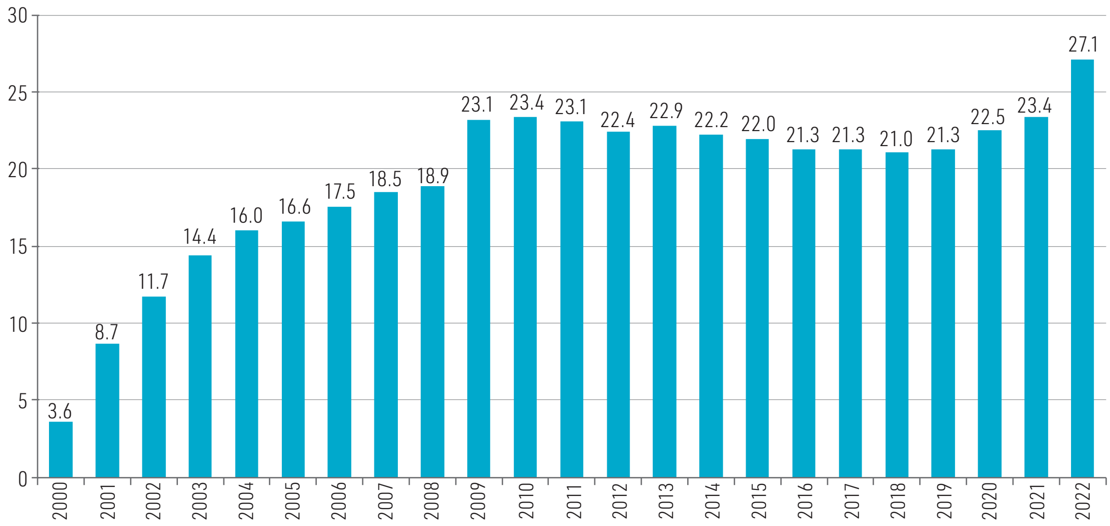
Although the countries of the region have made significant progress in expanding and strengthening their social protection systems, especially non-contributory social protection policies, significant gaps and inequalities remain that require urgent attention. According to the International Labour Organization (ILO, 2024a), around 2023, the proportion of the population covered by at least one social protection entitlement in Latin America and the Caribbean (effective coverage) was 61.2%.[2] As shown in chapter II, addressing this coverage gap requires strengthening social registries and establishing information systems that enable countries to identify vulnerable populations and bolster the mechanisms of social protection systems to ensure access for those who need it. Furthermore,

[2] This indicator to monitor target 1.3 of the Sustainable Development Goals (SDGs) indicates the proportion of the total population that receives a contributory or non-contributory cash benefit, excluding health and sickness benefits, under at least one of the contingencies or functions of social protection (refers to a contributory or tax-financed benefit) or that is contributing to at least one social security scheme (ILO, 2024a).

there is marked segmentation in access to social protection depending on household characteristics. For example, in 2022, while 1 in 2 households in the lowest income quintile accessed social protection through non-contributory programmes (50.2%), this proportion dropped to 1 in 10 higher-income households (10.4%). Among the latter, the percentage of households lacking access to social protection was less than one fifth (17.3%) that same year, while in the lowest income quintile it exceeded one third of households (36.5%).

There has been a notable expansion of non-contributory social protection policies in the region. Two of the most important entitlements, in terms of coverage and investment in recent decades, are conditional cash transfer programmes, as shown in figure 1, and non-contributory pension systems, as shown in figure 2.

Figure 1
Latin America and the Caribbean (20 countries):[a] population in recipient households of conditional cash transfer programmes and other continuous transfers,[b] 2000–2022
(Percentages of total population)

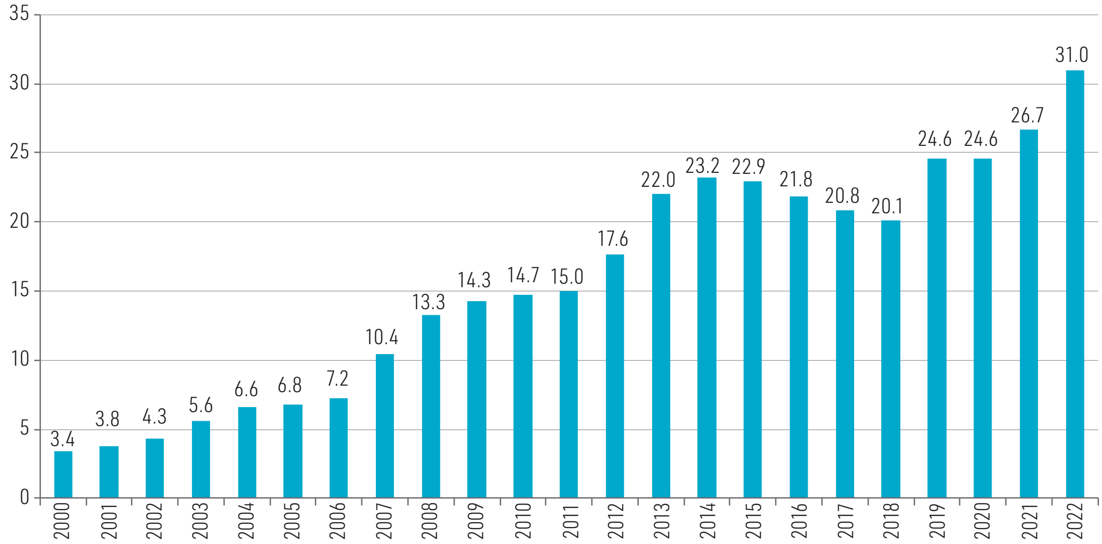


Source: Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes Database - Latin America and the Caribbean [online] https://dds.cepal.org/bpsnc/home; Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, "Population estimates and projections. Revision 2022"; United Nations, *World Population Prospects 2022*, New York, 2022.

[a] Weighted average based on information on conditional transfer programmes and other permanent cash transfers, excluding in-kind transfers and subsidies, from the following countries: Argentina, Belize, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia, Trinidad and Tobago and Uruguay. For Brazil, data for 2020 refer to coverage and expenditure of the *Bolsa Família* programme, and for 2021 and 2022, data refer to the *Auxílio Brasil* programme.

[b] This indicator is built by multiplying the number of households covered, as informed by official country sources, by the average household size of the poorest income quintile at the national level, according to CEPALSTAT data. The method of Figueroa and Vila (2024) was used for the estimation of the complete series. The imputation of missing data by programme is done using the available data, assuming equivalence with the last available data or a linear relationship between the two closest available data. The total population of Latin American and Caribbean countries is used as a base for the average, regardless of whether they have programmes that are active in the year of estimation.

Figure 2
Latin America and the Caribbean (23 countries):[a] coverage of pensioners aged 65 and over in non-contributory pension systems,[b] 2000–2022
(Percentages of population aged 65 years and over)



Source: J. I. Vila, C. Robles and A. Arenas de Mesa, "Overview of non-contributory pension systems in Latin America and the Caribbean: analysis of their evolution and their role in old-age economic security", *Non-contributory pension systems in Latin America and the Caribbean: towards solidarity with sustainability*, ECLAC Books, No. 164 (LC/PUB.2024/6-P/-*), A. Arenas de Mesa and C. Robles (eds.), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2024.

[a] Weighted average for the following countries: Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia, Saint Kitts and Nevis, Trinidad and Tobago and Uruguay.

[b] For years in which there is no coverage data, but the non-contributory pension system is operating, the values are imputed according to the following rule: if missing values are found at the start or end of the series, the first or last value is repeated up to three times; and the Akima (1970) interpolation method is used to complete intermediate missing values. If the age of access to non-contributory entitlements is younger than 65 years and age-specific coverage data is not available, this is calculated by multiplying the total reported coverage by the share of the population aged 65 years and older in the target population. No imputations are made if the non-contributory pension system has not been operating.

According to data from the ECLAC Non-contributory Social Protection Programmes Database - Latin America and the Caribbean,[3] 27.1% of the population of Latin America and the Caribbean —that is, one in every four individuals in the region— resided in households receiving these entitlements in 2022 (Figueroa and Vila, 2024). The expansion of non-contributory pension systems represents one of the major milestones in strengthening the region's social protection systems, especially considering the high levels of labour informality and the wide gaps and inequalities in pension systems. Their coverage has grown from 3.4% of people aged 65 and over in 2000, equivalent to approximately 1 million older persons, to 31% of this population in 2022, equivalent to 19.6 million people (Arenas de Mesa and Robles, 2024).

The importance of non-contributory public transfers is also reflected in the share of transfer amounts in total household income. In 2022, this was 23.8% of the income of households living in extreme poverty, and the adequacy of these entitlements remains a key challenge. The information presented in chapter II shows that the disbursements under conditional transfer programmes are often insufficient to close the gap between the per capita income of poor households and the poverty line, while the entitlements paid by non-contributory pension systems are lower than those of contributory systems.

It is therefore essential to improve linkages between contributory and non-contributory policies to close the gaps in the coverage, sufficiency and financial sustainability of social protection systems. In addition, it is important to continue strengthening social information systems and social registries to identify the populations that lack access to these instruments and strengthen the mechanisms

[3] See [online] https://dds.cepal.org/bpsnc/home.

to ensure access. Entitlement design should also be tailored to the needs and characteristics of the various target populations. Such efforts become more urgent in the face of recurrent crises and a risk structure that is being reconfigured.

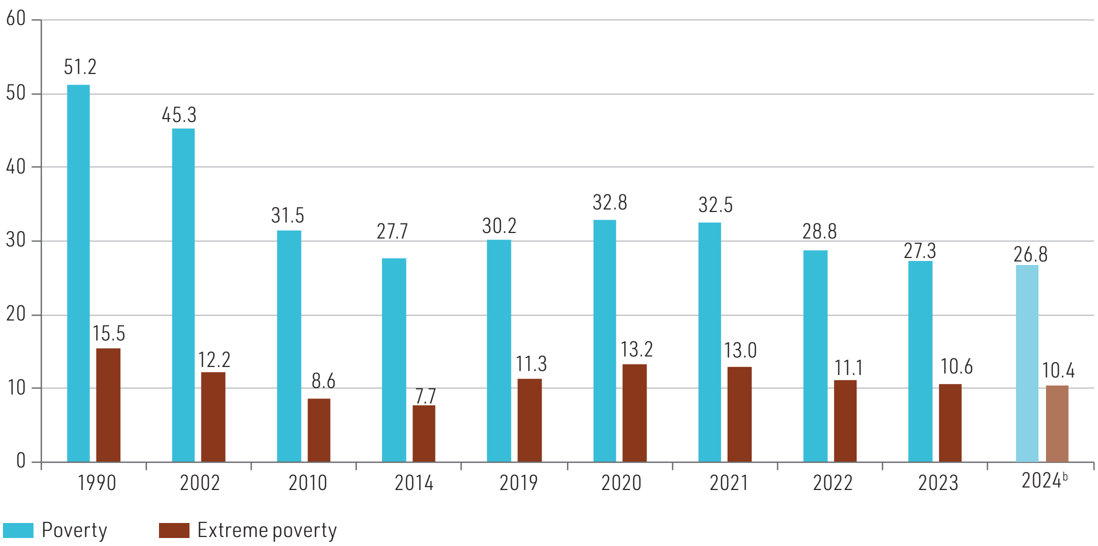
D. In 2023, poverty fell to its lowest level since 1990, but income inequality remains high

Slow economic growth, together with a sluggish labour market and inflation, poses significant challenges for the region's social protection systems, owing mainly to its effect on poverty and inequality. As examined in chapter I, Latin America and the Caribbean recorded moderate per capita GDP growth of 1.4% in 2023, with a rate of 1.3% in Latin America and 2.6% in the Caribbean.[4] Only 5 of the 20 Latin American countries recorded growth above 3%, and 9 had growth rates below the regional average, including 4 that contracted relative to 2022.

The labour market was relatively flat, with no change in the labour participation rate between 2022 and 2023, while employment was up 0.3 percentage points and average unemployment down 0.6 percentage points. Regional inflation, as measured by the variation in the consumer price index (CPI) and excluding countries with chronic inflation, ended the year at 4.6%, 3 percentage points lower than the 2022 rate.

Despite this, in the aggregate, poverty continued its gradual descent, following a spike during the coronavirus disease (COVID-19) pandemic. In 2023, 27.3% of the population was living in poverty, the lowest figure for Latin America since 1990, though the 2014 rate came close (27.7%). As shown in figure 3, this represents a decrease of 1.5 percentage points from 2022 and of more than 5 percentage points from 2020, the year the pandemic broke out.

Figure 3
Latin America (18 countries):[a] people in poverty and extreme poverty, 1990–2024
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Household Survey Data Bank (BADEHOG).
[a] Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.
[b] Projections.

[4] This figure does not include Guyana, which recorded 38.3% growth after initiating oil production from recently discovered oil reserves.

The decline in regional poverty in 2023 is attributable mainly to poverty reduction in Brazil, which accounted for approximately 80% of the variation in the regional average. Reductions of at least 1 percentage point were also registered in Colombia, El Salvador, Paraguay and the Dominican Republic. Only in Honduras (compared to 2019) and Peru did poverty and extreme poverty indicators rise (by approximately 1 percentage point each). In all other countries for which information is available, poverty and extreme poverty remained relatively stable relative to the previous year.

Extreme poverty in the region was 10.6%, down 0.5 percentage points since 2022 but up nearly 3 percentage points compared to 2014 which was heretofore the year with the lowest rate of the past three decades. Poverty is likely to continue to trend downward —albeit slowly— with a decrease of 0.5 percentage points in 2024, but progress on extreme poverty is expected to be negligible (see figure 3).

Regional poverty among women aged 20–59 stood at 22.2% in 2023, nearly 4% over the rate for men in the same age group. From 2014 to 2023, poverty declined more among men than among women, causing the femininity index of poverty to rise from 113 to 121.[5]

In 2023, 4 out of 10 children and adolescents lived in households below the poverty line. This proportion is high compared to the adult population, where the figure is 2.4 out of 10 for the 18–59 age group and 1.5 out of 10 for the 60 and over age group.

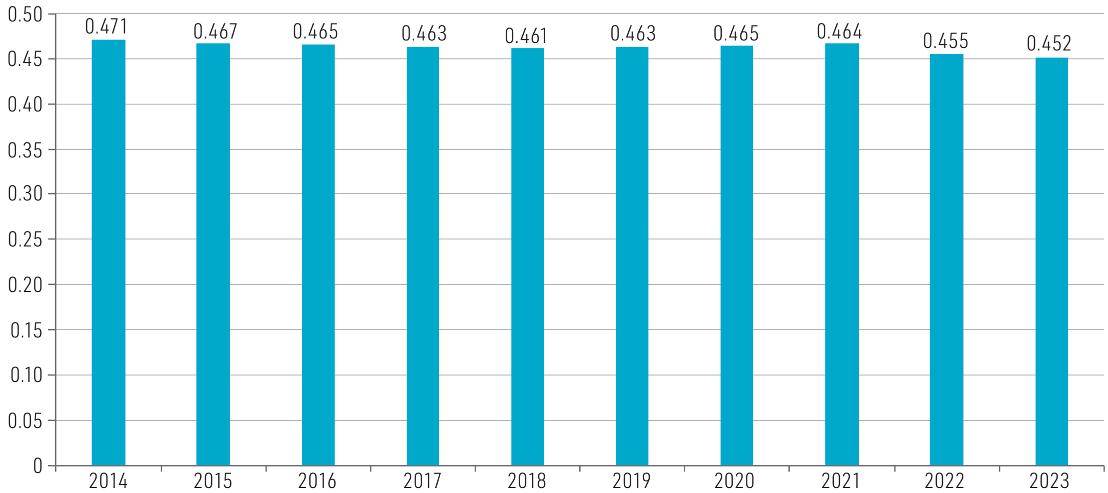
Poverty estimates are closely associated with wage income. In 8 out of 12 countries in which poverty declined between 2021 and 2023, income from waged work was the main contributor to that reduction. In three countries, an increase in own-account worker income also contributed to poverty reduction.

Public transfers, including conditional and non-conditional cash transfers, emergency assistance, non-contributory pensions and other State programmes, also had a significant impact on poverty, as seen in the first year of the pandemic (ECLAC, 2022b). In some countries, transfers have continued to support poverty reduction since that year, in particular in Brazil, Colombia and Mexico. Non-contributory transfers are a substantial source of income for low-income households.

Income inequality in the region remained characteristically high in 2023 as measured by the Gini index, with a value of 0.452 representing minimal year-on-year variation (see figure 4). This long-term trend has held true even in years when income concentration indices have decreased (ECLAC, 2023a). As will be discussed in chapter I, the simple average for 14 countries with available data indicates a 4% decline in the Gini index between 2014 and 2022–2023, for an annual variation of -0.4%.

Figure 4

Latin America (14 countries):[a] Gini index, 2014–2023



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, Panama, Paraguay, Peru and Uruguay (countries with household survey data available for 2022 or 2023).

[5] The femininity index of poverty is the ratio between the poverty rate for women and the poverty rate for men, typically calculated for the 20–29 age range.

Estimates based on models that integrate data on the wealth of the Latin American population (financial and non-financial assets) show that it is even more concentrated and unequal than income distribution. Around 2021, the wealthiest 10% of the population held 66% of total income, and 33% was in the hands of the richest 1%. That wealth concentration figure for the top 10% represents an average decline of barely 2 percentage points relative to 2010.

The perception of distributive injustice has remained very high in Latin America and the Caribbean, with figures at or above 80%, although the proportion of the population believing income distribution to be unjust or very unjust decreased by approximately 4 percentage points between 2020 and 2023. Meanwhile, 7 in 10 people reported being in favour of public policies aimed at reducing income inequality, showing that there is strong support for such measures.

Breaking free of the trap of high inequality and poverty in the region requires the design and implementation of comprehensive public policies to address multidimensional inequality (ECLAC, 2024c). Strengthening social protection systems in Latin America and the Caribbean, in particular their non-contributory components, is a strategically important area in which a comprehensive approach can significantly reduce poverty, the causes of inequality and low levels of social cohesion in Latin America and the Caribbean.

E. Investing in children: a critical aspect of non-contributory social protection

In light of the significant role of non-contributory social protection in overcoming poverty, it must be strengthened, especially to support the population groups at greatest risk of poverty. Designing and implementing a poverty reduction strategy focused on protecting income at either end of the life cycle —childhood and old age— is therefore important (Robles and Santos García, 2023; Arenas de Mesa and Robles, 2024).

The region’s children and adolescents face a range of challenges and are among the population groups hardest hit by the protracted social crisis brought about by the pandemic. In 2020, poverty in Latin America was estimated to affect 51.3% of this population group (ECLAC/UNICEF, 2020). Although the poverty rate fell to 42.5% in 2022, it was still considerably higher than for other population groups and nearly thrice the rate for persons 65 and over (ECLAC, 2023a). Eradicating child and adolescent poverty is a human rights imperative and essential for achieving inclusive social development.

Child and adolescent poverty not only poses many challenges for their comprehensive development (ILO/UNICEF, 2023), but also entails high costs, with significant impacts on countries’ inclusive social, economic and environmental development. Considering the critical window of opportunity for early childhood development during the first 1,000 days of life, investing in early childhood is an extremely cost-effective policy (Heckman and Masterov, 2007); the same is true for adolescence, the second critical period (UNICEF, 2017). Investing in children and adolescents is therefore strategic for the region. Addressing the wide gaps that remain in access to social protection for households with children and adolescents is essential (ECLAC/UNICEF, 2020). According to the data presented in chapter II for 14 Latin American countries, nearly a quarter of households with children and adolescents had no access to any type of social protection in 2022. The role of non-contributory social protection in closing these gaps and in comprehensive child and adolescent development is key.

A study by Esping-Andersen (2013) on policies that proved effective in reducing inequality in Nordic societies highlighted the importance of childcare policies, including parental leave and family allowances. These policies have a virtuous chain reaction: not only do they contribute to child and adolescent development, they also open up opportunities for paid work for parents and caregivers, in particular women, broadening their options and enabling them to contribute more to household income. Cash transfers aimed at children and adolescents are among the most direct methods available to States for addressing monetary poverty in this phase of the life cycle (ODI/UNICEF, 2020). As indicated in the Regional Agenda for Inclusive Social Development (ECLAC, 2020a) and with a view to achieving Sustainable Development Goal (SDG) 1, the coverage and sufficiency of these entitlements could be significantly expanded in the region as part of a comprehensive strategy aimed at eradicating poverty at either end of the life cycle and steadily reducing inequalities (ECLAC/UNICEF, 2020). In addition, the region's experience in consolidating the processes and mechanisms of the institutional framework for non-contributory pension systems could offer valuable lessons for the sustainable expansion of public programmes to address child and adolescent poverty and inequality.

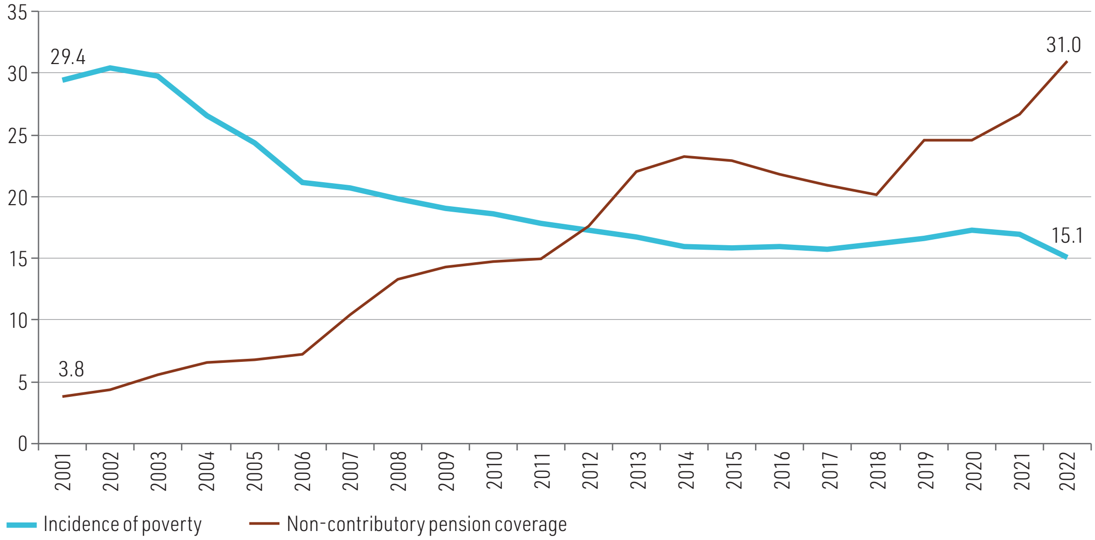
F. Non-contributory pension systems: a key element in the effort to eradicate old-age poverty

High levels of informality, coupled with changes in the world of work and persistent gender inequality and other labour market inequalities (ECLAC, 2023a) have led to low levels of contributory pension system coverage in the countries of the region. This translates into significant gaps and inequalities in contributory pension system coverage in old age, in addition to the challenges arising from population ageing and the feminization of this ageing, which are addressed in chapter III. These factors explain much of the expansion of non-contributory pension systems in the region over the last two decades. In addition, their potential to eradicate poverty and extreme poverty in old age and reduce inequalities, particularly those linked to gender, have placed them at the centre of non-contributory social protection strategies in the region (Arenas de Mesa and Robles, 2024).

The region presents a wide range of experiences and arrangements related to the role of these policies in pension systems. There are some countries where non-contributory pension systems have limited coverage and are designed as welfare entitlements, with limited linkages with contributory pension systems. Other countries have wider coverage and increasing linkages with contributory pension systems, resulting in broad pension system coverage as a whole. Still others have made progress towards universality: examples in Latin America include Chile, with a quasi-universal pension; and Mexico and the Plurinational State of Bolivia, with universal pensions.

Non-contributory pension system coverage increased by more than 27 percentage points among persons aged 65 and over in the last 20 years, a period in which poverty fell by 14.3 percentage points in this population group, as shown in figure 5. In addition, in most countries where the overall pension system covers less than 50% of persons aged 65 and over, the proportion of this population living in poverty is above 20% (Vila, Robles and Arenas de Mesa, 2024). This illustrates the important role of non-contributory pension systems in reducing old-age poverty and the progress made to date in its eradication.

Figure 5
Latin America and the Caribbean (23 countries):[a] poverty and non-contributory pension system coverage among persons aged 65 and over, 2001–2022
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of J. I. Vila, C. Robles and A. Arenas de Mesa, "Overview of non-contributory pension systems in Latin America and the Caribbean: analysis of their evolution and their role in old-age economic security", *Non-contributory pension systems in Latin America and the Caribbean: towards solidarity with sustainability*, ECLAC Books, No. 164 (LC/PUB.2024/6-P/-*), A. Arenas de Mesa and C. Robles (eds.), ECLAC, 2024; and CEPALSTAT [online database] https://statistics.cepal.org/portal/cepalstat/index.html?lang=en.

[a] Figures on the incidence of poverty are for 18 countries: Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay. Non-contributory pension system coverage includes information from 23 countries: Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia, Saint Kitts and Nevis, Trinidad and Tobago and Uruguay.

The data indicate that progress towards eradicating old-age income poverty in the region is possible and feasible from a financial sustainability perspective. In 2022, the incidence of old-age poverty stood at 15.1% of the population aged 65 and over.[6] Based on this information, the estimated additional social investment required by non-contributory pension systems would be around 0.7% of GDP in 2035 to cover all older persons in the first two quintiles of the income distribution —that is, the poorest 40% of the population, with a level of sufficiency equivalent to one poverty line— which would significantly contribute to eradicating old-age poverty in the region (Arenas de Mesa and Robles, 2024).

G. The care crisis perpetuates gender inequality and calls for stronger social protection

The right to care, which includes the right to give and receive care, and to self-care, is a cornerstone of internationally recognized human rights. It implies recognizing the value of care work, ensuring the rights of caregivers, and challenging the stereotypical assignment of these responsibilities to women,

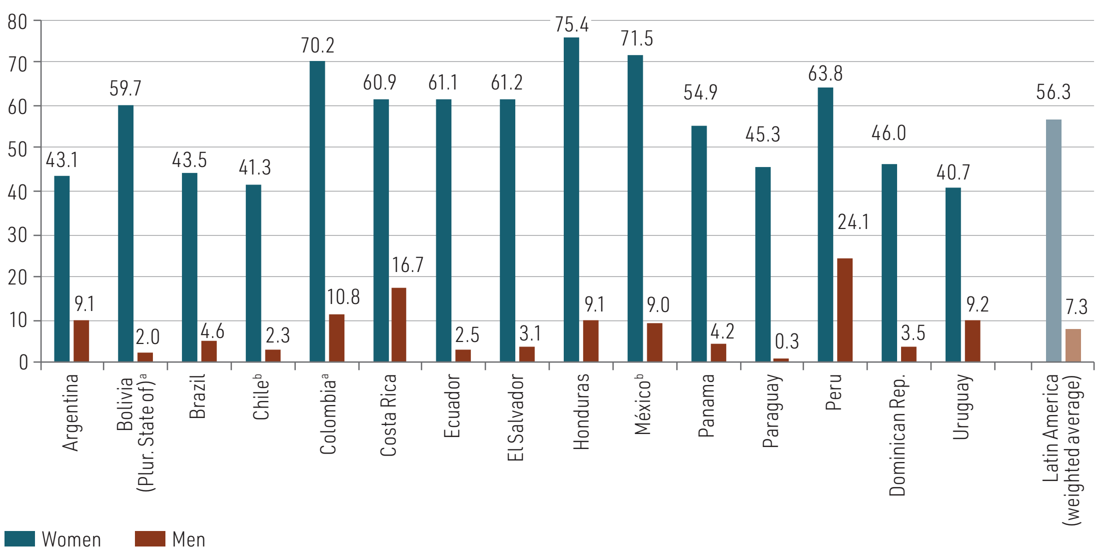
[6] According to ECLAC data for 18 Latin American countries, based on the Household Survey Data Bank (BADEHOG).

promoting social and gender co-responsibility. Ensuring the right to care requires strengthening of social protection systems with care policies focused on a new social organization of care and on reducing poverty and inequalities.

Latin America and the Caribbean is experiencing a care crisis exacerbated by demographic processes, specifically population ageing and changing epidemiological trends, that reflect a widening gap between the demand for care and the availability of people to provide it in the current environment. The hallmark of this continuing crisis is growing demand that far outstrips the availability of care infrastructure and services, which has a disproportionate impact on the burden of unpaid care work shouldered by women (ECLAC, 2010 and 2020a; Fraser, 2016; Benería, 2008).

The sexual division of labour and the current social organization of care create gender gaps manifested throughout the life cycle and in the different labour market trajectories of women. In 2022, only slightly more than half of women in Latin America and the Caribbean were active in the labour market (53.5%), compared to close to 75.9% of men (ECLAC, 2023a). Among the economically inactive population, 56.3% of women said they engaged exclusively in unpaid domestic and care work, compared to 7.3% of men, as shown in figure 6. These gaps are also reflected in men's and women's access to old-age pensions and the sufficiency of these entitlements. As shown in chapter III, the proportion of women with income of their own below the poverty line and who receive a non-contributory pension is smaller than the percentage of those who do not (42.6% compared to 70.3%); however, the own income of more than 85% of women is less than two times the poverty line, whether they receive a pension or not, and whether they receive contributory or non-contributory pensions.

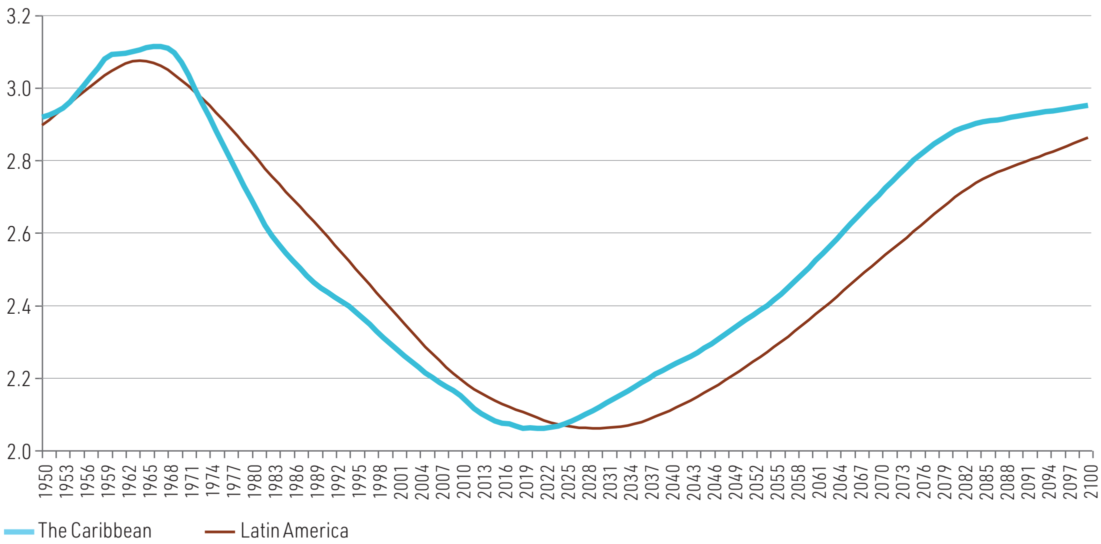
Figure 6
Latin America (15 countries): population aged 15–65 years outside the labour market whose main activity is unpaid domestic and care work, around 2023
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
[a] Data refer to 2021.
[b] Data refer to 2022.

These gender gaps are being created and perpetuated amid rapid population ageing that will increase demand for social protection and for care, especially the long-term kind. It is estimated that there will be 138 million people aged 65 years and over in the region in 2050, an increase from 9.9% in 2024 to 18.9% of the total population. Likewise, as indicated in chapter III, the number of persons aged 65–79 years is expected to peak in 2077, at 126 million, while the population aged 80 years and over will continue to grow until 2100. The burden of care required by this population segment will fall entirely on persons aged 15–64 years, and will grow steadily in the future, as shown in figure 7. Failure to address the gaps reflected in the current social organization of care as it relates to the labour market and access to social protection may worsen the crisis, exacerbating existing gender inequalities and undermining the sustainability of care.

Figure 7
Latin America and the Caribbean (47 countries and territories):[a] burden of care, 1950–2100
(Units of care per caregiver aged 15–64 years)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, *World Population Prospects 2024: Summary of Results*, New York, 2024; and M. Durán Heras, *El trabajo no remunerado en la economía global*, Bilbao, BBVA Foundation, 2012.
Note: The unit of care refers to the unit of total care required for each age group, according to the Durán scale (Durán, 2012), divided by the population aged 15-64 years. The unit of total care represents the sum of units of care for persons aged 0-14 years, 15-64 years and 65 years and over, divided by the total number of persons aged 15-64 years.
[a] Latin America: Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay. The Caribbean: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, British Virgin Islands, Caribbean Netherlands, Cayman Islands, Curaçao, Dominica, French Guiana, Grenada, Guadeloupe, Guyana, Jamaica, Martinique, Montserrat, Puerto Rico, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Sint Maarten (Netherlands part), Suriname, Trinidad and Tobago, Turks and Caicos Islands, and United States Virgin Islands.

Demand for long-term care is also on the rise. The growing population aged 80 years and over is more likely to become dependent or have some disability for which they will require assistance and care to be able to exercise their autonomy. Meanwhile, epidemiological changes, with a rise in chronic illnesses, will result in greater long-term care requirements for older persons (ECLAC, 2022b). Given that women have a longer life expectancy than men, and considering the current social organization of care, women are expected to be increasingly responsible for care and in need of it at the same time. Moreover, demographic changes will shrink the family networks that have historically provided the bulk of unpaid care. All these changes underpin the urgency of consolidating comprehensive, accessible and effective public care systems, and of providing families with economic compensation for their contribution to care, ensuring that women are no longer disproportionately responsible for this work.

Unlike other sectors, where productivity gains may reduce the need for labour, the total demand for labour in the care sector is expected to increase, despite the incorporation of new technologies, owing partly to the interpersonal, socio-affective nature of this work (ECLAC, 2022b and 2023a; ILO, 2018 and 2024a). This presents two opportunities for the region: first, it would generate new jobs in the care economy thanks to the expansion of care services, and second, it would reduce the amount of time spent on unpaid care work in households, eliminating the main barrier to women's labour market participation and improving activity and income. However, without suitable labour inclusion policies that counter gender stereotypes in care work, historical gender inequalities may be perpetuated and the precariousness already affecting many women employed in this sector may worsen (ECLAC, 2022a and 2023a).

In that regard, advancing towards a care society with universal, comprehensive, sustainable and resilient social protection systems means recognizing the need to expand the provision of care to avoid perpetuating and deepening inequalities stemming from the sexual division of labour, and guaranteeing the right to care for all people (ECLAC, 2022a).

This requires social protection systems that protect all workers sufficiently and recognize unpaid care work (ILO, 2024b). It also means implementing comprehensive care systems that establish a new social organization of care to assist, support and care for people, seeking to ensure their autonomy and promoting gender-equal and inclusive societies. This may be achieved by expanding services and contributory or non-contributory entitlements, strengthening paid leave systems (maternity, paternity and parental) and flexible working arrangements, and encouraging economic subsidies or transfers for care, among other initiatives. These efforts must recognize, reduce, redistribute, compensate and represent care work from a gender, intersectional and human rights perspective that encourages co-responsibility among genders, households, the State and communities (United Nations, 2024).

H. The technical, operational, political and prospective (TOPP) capabilities of institutions are also key to strengthening non-contributory social protection

Achieving inclusive social development through public measures requires implementation of comprehensive, sustainable and transparent social policies, which in turn calls for robust social institutions that can both manage social protection systems and maintain and strengthen management with the passage of time and governments, through State policies. In the past three decades, social institutions in the region have played a significant role, especially in the creation of social development ministries (or equivalent entities), most of which are responsible for the available non-contributory social protection programmes. Although each country's social institutional framework has its specific characteristics, there are similarities among the countries, given the shared objective of advancing towards inclusive social development, which favours the exercise of rights and the closing of gaps that affect the poor and vulnerable (ECLAC, 2023a).

The strengthening of social institutions requires suitable TOPP capabilities at the State level, in general, and non-contributory social protection, in particular. These capabilities allow the State to take transformative action and coordinate various stakeholders in each policy area, employing social dialogue as a tool for collaboration, persuasion and conflict management, and with planning and anticipatory capacities for harmonious governance (Salazar-Xirinachs, 2023).

The TOPP capabilities of social protection institutions encompass specific objectives and guidelines. Regarding technical capabilities, there is need of progress in the consolidation of comprehensive information systems (social registers) and of monitoring and evaluation systems to ensure appropriate decision-making and accountability. Operational capabilities require the application of process management models, skilled human resources to ensure the quality of services, and use of modern budget management tools. Political capabilities include the strengthening of governance and the supervision of forums for social dialogue that advance social and fiscal covenants to bolster social protection. Lastly, prospective capabilities should advance a long-term strategic vision that identifies limiting and facilitating factors as well as demographic, technological, labour market and other trends; harmonizes the opinions and positions of the different stakeholders; and develops negotiation, implementation and communication strategies to ensure that non-contributory social protection policies are effective and efficient (Salazar-Xirinachs, 2023; ECLAC, 2023a and 2024b).

Despite the progress in the region in this area, there are still fundamental challenges to strengthening the capabilities of social institutions. Thus, at the fifth session of the Regional Conference on Social Development in Latin America and the Caribbean, ECLAC (2023c) proposed a set of guidelines for each dimension of the institutional framework. With respect to the legal and regulatory dimension, a recommendation was made to consolidate the legal foundations for an approach based on rights and of universalism that is sensitive to differences, and to ensure that policy objectives are aligned with institutional capacity. In turn, to strengthen the organizational dimension, it was proposed to invest in human resources, capabilities and technology, and to improve efficiency and sustainability through coordination, decentralization and participation.

For the technical and operational dimension, a recommendation was made to improve information systems for decision-making, expand the dissemination of intersectoral and population-based social information, create systems for monitoring and evaluating social policy, and expand the metrics for social policy decisions. Regarding the financial dimension, it was suggested to pursue financial sustainability to strengthen social institutions for eradicating poverty and reducing inequality, and to generate information on the socioeconomic cost of social gaps.

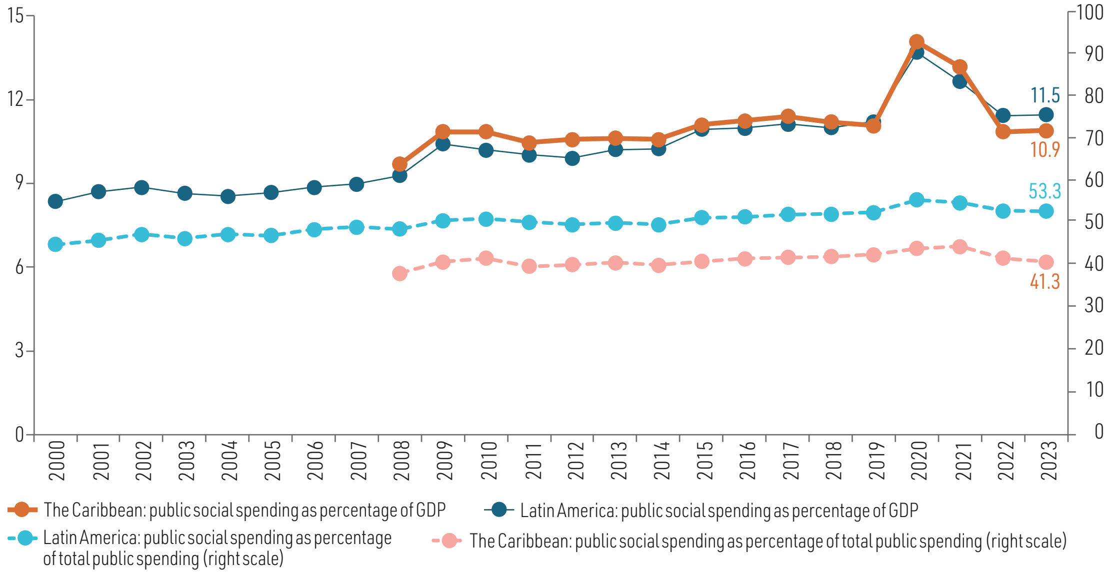
Lastly, two cross-cutting proposals were also put forward, concerning the development of strategic and prospective planning, and progress in the creation of new social and fiscal covenants. Progress in these areas would enable countries to improve the quality of non-contributory social protection policies, which would in turn allow them to advance towards the inclusive social development targeted by the social dimension of the 2030 Agenda for Sustainable Development.

I. Social spending stopped declining and stabilized, but non-contributory social protection spending remains insufficient

Central government social spending in the countries of the region increased in response to the crisis caused by the COVID-19 pandemic and subsequent crises in 2020. Social spending as a percentage of GDP then contracted, but stabilized in 2023, as private consumption was weighed down by the deteriorating purchasing power of real wages, weak job creation and declining consumer confidence, together with a restrictive monetary policy.

Social spending levels in Latin America remained relatively stable in 2023, averaging 11.5% of GDP, 0.1 percentage points higher than in 2022 and reflecting real growth of 3.2% (in constant dollars at 2018 prices). This trend was more marked, but similar to those seen during the crises in the region in 2002 and 2008. In those cases, there was an increase in the year after the crisis, followed by a sharp drop, then a return to more stable levels, as shown in figure 8.

Figure 8
Latin America and the Caribbean (24 countries): central government social spending, 2000–2023
(Percentages of GDP and of total public spending)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from the countries.
Note: The figures for Latin America refer to the simple average for: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay. The figures for the Caribbean refer to the simple average for: Bahamas, Barbados, Belize, Guyana, Jamaica, Saint Lucia, and Trinidad and Tobago. Coverage for Peru refers to general government. The data for Uruguay do not include the Social Security Bank. The data for the Plurinational State of Bolivia refer 2021, while those for Brazil and Panama refer to 2022.

In 2023, the situation in the seven Caribbean countries for which information is available was similar to that of the Latin American countries. In these countries, social spending as a percentage of GDP came to 10.9% that year, an increase of 0.1 percentage points over 2022. In both cases, there was a slight decrease in the proportion of social spending in relation to total central government spending.

In 2023, the countries of the region allocated 3.9% of GDP, on average, to the central government social protection function, or 1.2 percentage points more, on average, than in 2006. This was the highest level in the region since 2000, with the exception of 2020, when this type of spending averaged 5.2% of GDP. Despite the contraction in spending levels following the pandemic, non-contributory social protection systems have expanded considerably in the last two decades, both in terms of coverage and of spending as a proportion of GDP, increasing the impact of measures to reduce the level and depth of poverty. Expenditure on conditional transfer programmes and other continuous transfers came to 0.26% of GDP in 2022, and the resources used by non-contributory pension systems were equivalent to 0.42% of GDP in 2021. However, major institutional challenges remain in relation to ensuring greater effectiveness in terms of implementation, scope and results. A key factor in this regard is the combination of financing sources with sustainability and sufficiency because, although most programmes depend mainly on national budgets, resources are still limited.

J. Setting a standard for investment in non-contributory social protection is key for progress on poverty eradication

Target 1.1 of the 2030 Agenda for Sustainable Development sets out to eradicate extreme poverty for all people everywhere by 2030. Just as minimum standards for investment have been established in various social sectors, such as health and education, for specific targets to be met, there is need for an agreed standard for social investment among ministries of social development or equivalent bodies, which will help to eradicate poverty and extreme poverty in Latin America and the Caribbean. Financing for social policies, in particular non-contributory social protection policies, is a cornerstone of social institutional frameworks that must be strengthened. The financial sustainability of such investments must be guaranteed to ensure universal access to income that permits an adequate level of well-being, in particular for persons living in extreme poverty or poverty (ECLAC, 2020a). Estimating the required level of funding is essential to secure and allocate resources.

Beyond the differences in the size and economic value of poverty gaps across countries, it is possible to set common targets for sustainable public spending that will advance the eradication of poverty in the region. In 2022, public spending by the region's ministries of social development or equivalent entities averaged 0.8% of GDP, equivalent to 3.0% of total public spending (see chapter IV). As such, in line with the position document presented at the sixth meeting of the Presiding Officers of the Regional Conference on Social Development in Latin America and the Caribbean (ECLAC, 2024d) and the estimates in chapter IV of this publication, a minimum standard of investment in non-contributory social protection of 1.5%–2.5% of GDP or 5%–10% of total public spending has been proposed to advance poverty eradication (ECLAC, 2024d). Combined with actions to strengthen the other dimensions of the social institutional framework and appropriate support for the most marginalized populations, this would be a decisive step towards attaining target 1.1 of the 2030 Agenda.

A look at the regional landscape through the lens of poverty gaps and institutional capacities suggests that the proposed standard, with its requisite cash transfers and related administrative costs, is feasible and sustainable. It will also support poverty eradication and contribute significantly to inclusive social development.

K. The pressing need to strengthen intersectoral action for progress towards universal, comprehensive, sustainable and resilient social protection

The development crisis and changing trends in Latin America and the Caribbean make it urgent to accelerate progress in the establishment of universal, comprehensive, sustainable and resilient social protection. The expansion of these systems and of the welfare state are among the transformations proposed by ECLAC as critical for addressing structural challenges in the development model (Salazar-Xirinachs, 2023; ECLAC, 2024c and 2024d).

The multidimensional nature of the objectives of social protection makes it essential to adopt a holistic approach to their design and implementation, with robust intersectoral coordination. In addressing sustainability, a balance must also be struck between the objectives of coverage, sufficiency and financial sustainability (Arenas de Mesa, 2023). In the current scenario, non-contributory entitlements must also be designed with greater resilience, so that they can be rapidly adapted in crisis contexts —as brought to light during the COVID-19 pandemic (Atuesta and Van Hemelryck, 2024)— combining emergency responses to unexpected events with transformations of a more structural nature (Robles and others, 2024).

These considerations have made it possible to identify a series of policy for strengthening non-contributory social protection in the region. First, as noted, it is essential to expand the coverage and sufficiency of strategic entitlements, such as cash transfers and non-contributory pension systems. A gradual, planned expansion can be designed for both of these variables, in keeping with financial sustainability criteria and with the ILO Social Protection Floors Recommendation, 2012 (No. 202),[7] to ensure at a minimum access to healthcare and income security for all. One pathway towards the universalization of social protection is to begin with the populations at either end of the life cycle, bearing in mind their higher vulnerability and demographic trends, for example by providing transfers with a high degree of coverage to households with children and adolescents or by strengthening existing non-contributory pension systems.

Second, linkages with policies for education (Rossel and others, 2022), health (Marinho, Dahuabe and Arenas de Mesa, 2023), labour inclusion (Robles and others, 2024) and care (ECLAC, 2022a), among other areas of importance, must be increased and enhanced to strengthen the role of non-contributory social protection in building human capacities and protecting household income. Expanding and consolidating intersectoral policies, such as those for comprehensive early childhood and comprehensive care, as well as their essential institutional operating mechanisms, could significantly boost well-being in the region. In particular, the design of conditional and unconditional cash transfers can be strengthened through linkages with these sectors, including in education, health and labour inclusion, to enhance synergies by planning public social service provision in the territories and eliminating financial barriers that can hinder access.

There is a need for better linkages with educational policies and economic entitlements to ensure enabling conditions for children and adolescents to remain in school, discouraging school drop-out and supporting re-entry. Programmes for scholarships, school feeding, support for pregnant students and adolescent mothers and fathers, access to care policies and transportation subsidies, and the provision of textbooks and school supplies (ECLAC/UNESCO/UNICEF, 2024) are policies that contribute to these aims. Continuous learning is also increasingly important in educational and labour policies and in social protection systems, since it supports people in building skills and competencies, in particular in the current context of multiple transformations.

Given the strategic impact of social protection on the social determinants of health, enhancing linkages between non-contributory social protection and health policies is also fundamental. One example is the proven direct impact of early childhood development programmes on children's health (Irwin, Siddiqi and Hertzman, 2007), which is why strengthening these programmes in the region is a must. The expansion of primary healthcare should also be at the heart of the strategy for inclusive social development in the region, since it also contributes to eliminating poverty and reducing inequalities (Marinho, Dahuabe and Arenas de Mesa, 2023).

In the labour market, cash transfers can be combined with training, skill-building, labour inclusion and productive transformation policies, as part of initiatives in sectors that drive growth, employment and the transformation towards green and sustainable economies. These policies must be strengthened and linked with active labour market policies, in particular training, labour intermediation and continuous skill-building schemes. It is also essential to strengthen the design of active labour market policies in the context of non-contributory social protection, especially for the most vulnerable populations, to address the specific barriers they face in that regard. It will be important to not only promote labour inclusion policies for particularly vulnerable populations, but also ensure linkages with comprehensive care policies (Espejo and others, 2023; Robles and others, 2024).

On the issue of care policies, there is evidence that non-contributory policies account for a larger share of women's income than men's. Owing to higher levels of informality and unemployment among women and their greater burden of unpaid care work, non-contributory policies have

[7] This Recommendation refers to the need for States to provide nationally defined sets of basic social security guarantees, including access to essential healthcare, which includes maternity care and basic income security for children and for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability, and for older persons (ILO, 2012).

been key in countering the feminization of poverty. Progress must therefore be made in promoting non-contributory transfers from a gender perspective to avoid reinforcing the perception that women are responsible for care work. Along those lines, processes aimed at linking, coordinating and regulating care policies are key for avoiding overlap, duplication and segmentation in the quality and accessibility of these services and entitlements.

Lastly, these recommendations require a robust social institutional framework that has strong interlinkages and is highly adaptable. Social information systems and registries are critical in that regard. In particular, social protection systems must meet the challenges of social protection in the digital age (Palma, 2024). Given the digital inclusion gaps in the region, such challenges relate both to public policy management, including accessibility, management and provision of services, and to people's ability to engage with an increasingly digitalized institutional framework.

L. Presentation and summary of the key messages of the chapters

The *Social Panorama of Latin America and the Caribbean, 2024* has four chapters. Chapter I presents an analysis of poverty and income inequality trends in Latin America and the Caribbean. An overview of the region's economic situation, with a particular focus on per capita GDP, employment, average household income and inflation is followed by a review of poverty trends between 1990 and 2023 and an analysis of the underlying factors. The chapter also examines changes in income inequality, incorporating data on people's perception of inequality and support for State policies to reduce it.

Chapter II presents a detailed analysis of the current status of the main social protection policies in social protection systems in Latin America and the Caribbean, with an emphasis non-contributory social protection systems. A brief conceptual review of these systems and their current challenges is followed by an analysis of access to non-contributory social protection —and persistent inequalities therein— in the region and the progress they have made in narrowing social protection access gaps. Progress and challenges in the coverage and sufficiency of non-contributory social protection policies are then examined, with a focus on the policy design challenges that remain with respect to the goals of eradicating poverty and reducing inequalities. The chapter concludes with recommendations for improving the design of non-contributory social protection policies and strengthening social protection.

Chapter III focuses on the challenges to social protection posed by the care crisis and population ageing. Analysis of the trends and projections of rising demand for care work, exacerbated by demographic and epidemiological shifts, points to a widening gap between supply and demand, which could deepen gender inequalities and pose a risk to the sustainability of care if not addressed through social protection systems. This is compounded by challenges linked with increasing demand for long-term care services, placing women at risk of needing care while also being called to provide it. The chapter closes with proposals and recommendations for care-based perspective to social protection policies and for the development of comprehensive care policies that can help to build a care society.

Lastly, chapter IV analyses social institutional frameworks in Latin America and the Caribbean and their role in enhancing the technical, operational, political and prospective capabilities of institutions. It begins with a focus on the elements of the institutional framework for non-contributory social protection in the region, investment needs and the need to move forward in establishing a public spending standard for non-contributory social protection to advance poverty eradication. Next, it presents an overview of central government social spending in the countries of the region, broken down by government function (social protection, education, health, housing and community services, recreation, culture and religion, and environmental protection). This analysis includes a comparison of trends in central government spending and a detailed review of the broadest institutional coverage in countries for which information is available.

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CHAPTER

I

Poverty and income inequality

Introduction

The eradication of poverty and the reduction of distributive inequality are core priorities of the Economic Commission for Latin America and the Caribbean (ECLAC). High inequality and limited social mobility and cohesion are structural challenges that it is vital to overcome if Latin America and the Caribbean is to develop successfully. Reducing inequality is not only a matter of social justice, but a prerequisite for greater economic growth and social cohesion. Likewise, high and persistent levels of poverty and extreme poverty in most of the countries are a fundamental part of the development crisis affecting the region (Salazar-Xirinachs, 2023).

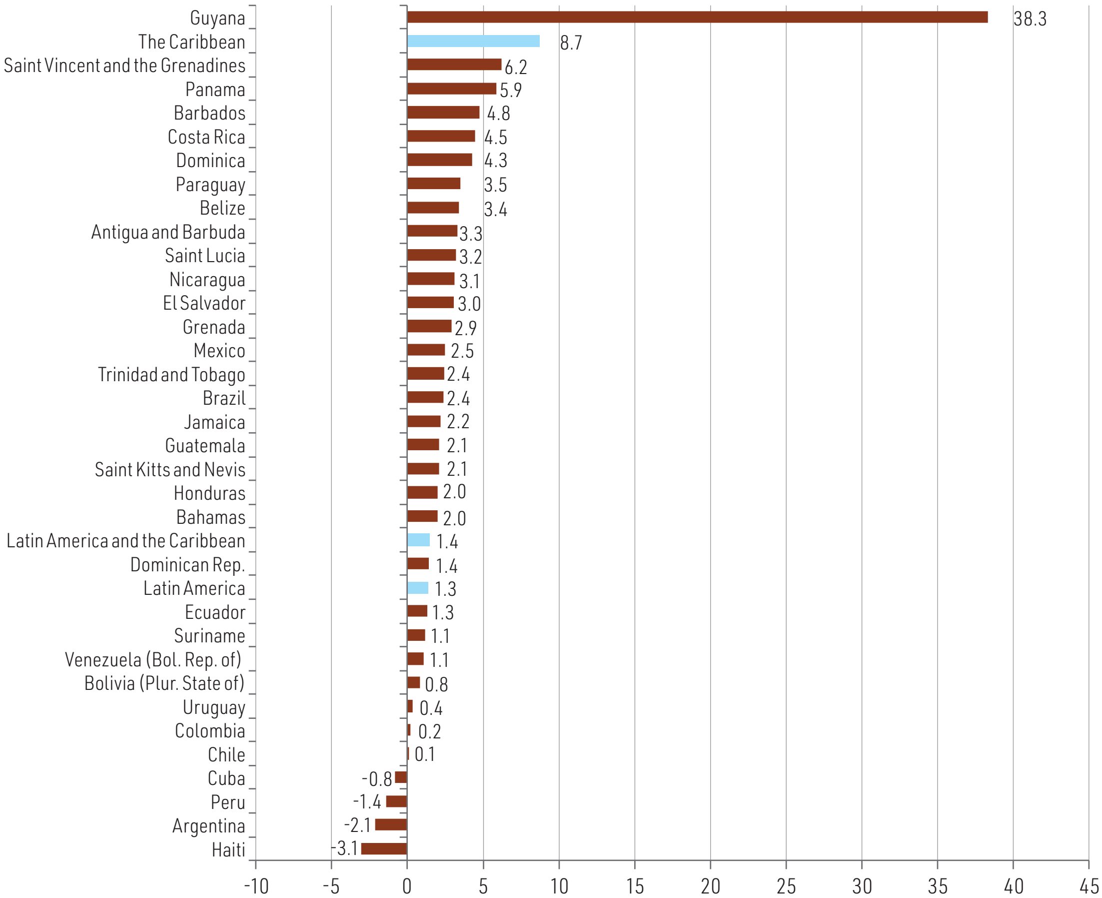
As is customary in this publication, this first chapter provides an up-to-date overview of the situation with poverty and income inequality, structured into three sections. The first section describes the recent trajectories of poverty and extreme poverty indicators and examines the changes in income sources that have driven these trends. The second section explores the link between poverty, individual characteristics and territory, emphasizing the importance of meeting the needs of the most disadvantaged populations. Lastly, the third section discusses recent trends in income inequality and presents a brief overview of the distribution of wealth and people's perceptions of inequality. While the chapter analyses the link between the various sources of household income and indicators of poverty and inequality, the detailed discussion of the impact of non-contributory public transfers on these indicators will be found in chapter II.

This introduction describes the economic context of the countries of Latin America and the Caribbean, with emphasis on the evolution of per capita GDP, some labour market indicators and consumer prices, all factors that influence the dynamics of the level and distribution of household income. Per capita GDP reflects the capacity of the economy to generate income to meet the needs of the population. The availability of employment and labour force participation are direct determinants of household income. Inflation, and especially food inflation, impacts the purchasing power of households, particularly those that are economically vulnerable.

In 2023, Latin America and the Caribbean achieved moderate per capita GDP growth of 1.4%. The increase in Latin America was similar, at 1.3%. The best performers in the subregion were Panama (5.9%), Costa Rica (4.5%) and Paraguay (3.5%); at the other extreme, there were declines in Argentina (2.1%), Cuba (0.8%), Haiti (3.1%) and Peru (1.4%). In the Caribbean subregion, per capita GDP rose at an annual rate of 8.7%, owing to strong growth in Guyana (38.3%) as oilfields discovered a few years previously were brought on stream (see figure I.1). If Guyana is excluded from the calculation, per capita GDP growth in the Caribbean was 2.6%.

Like average per capita GDP, the labour market showed little movement. The average participation rate in Latin America and the Caribbean was the same in 2023 as in 2022 (62.5%). The employment rate in the region grew by only 0.3 percentage points in 2023 compared to the previous year. As a result of this slight improvement in employment, the unemployment rate declined to 6.4% in 2023, 0.6 percentage points below the 7.0% recorded in 2022. The reduction was widespread, encompassing 17 of the 21 countries that report this indicator annually. The best performers were Belize, Brazil, Colombia, Costa Rica and Panama, where unemployment fell by more than 1 percentage point.

Figure I.1
Latin America and the Caribbean: annual changes in per capita GDP, 2023
(Percentages)

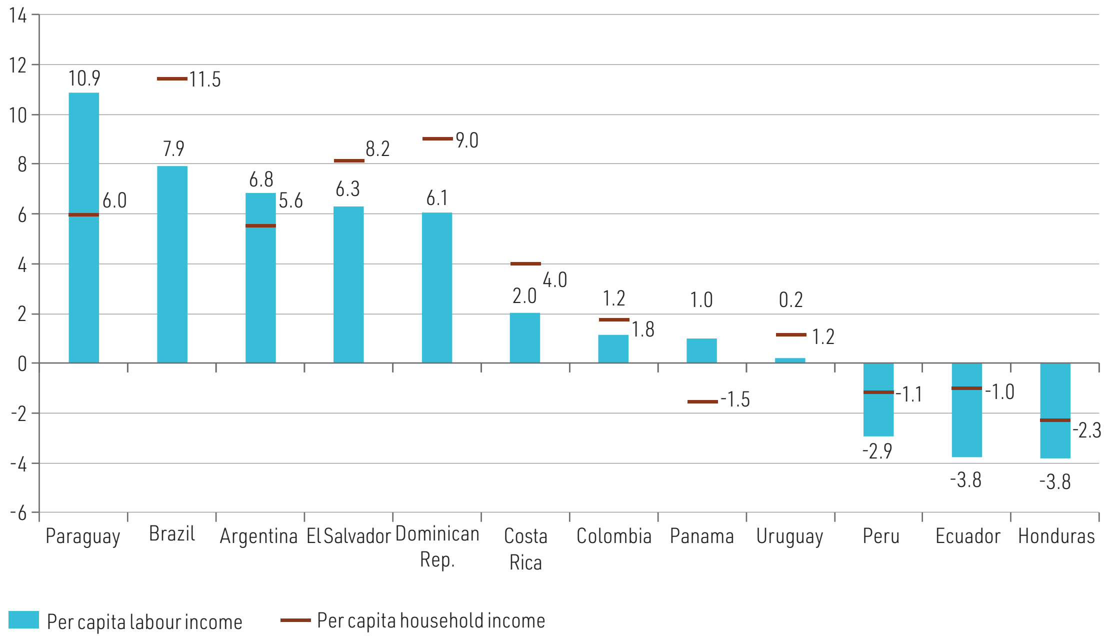


Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Economic Survey of Latin America and the Caribbean*, 2024 (LC/PUB.2024/10-P), Santiago, 2024.

In parallel, earnings and household incomes increased in real terms.[1] Indeed, both labour and total household income increased in seven of the Latin American countries with information available for 2023. In Brazil, Colombia, Costa Rica, the Dominican Republic, El Salvador and Uruguay, household income increased by more than its labour component, implying a larger increase in other components. Labour income also increased in Panama, although this was offset by a fall in income from other sources, resulting in a decrease in household income, while household per capita income in Ecuador, Honduras and Peru fell by 1 percentage point or more as a direct result of declines of some 3 percentage points or more in the labour component (see figure I.2).

1 Household income is made up of income from wage work and self-employment, income from ownership of financial and non-financial assets, and transfer income from government (pensions and social assistance) and the private sector (other households, businesses and non-profit institutions). In addition, household income includes an imputed item for the rental of owner-occupied housing (known as imputed rent or rental value).

Figure I.2
Latin America (12 countries): annual changes in per capita labour and household income, measured in poverty lines, 2023
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
Note: Includes countries with information available to 2023, ranked by the change in per capita labour income.

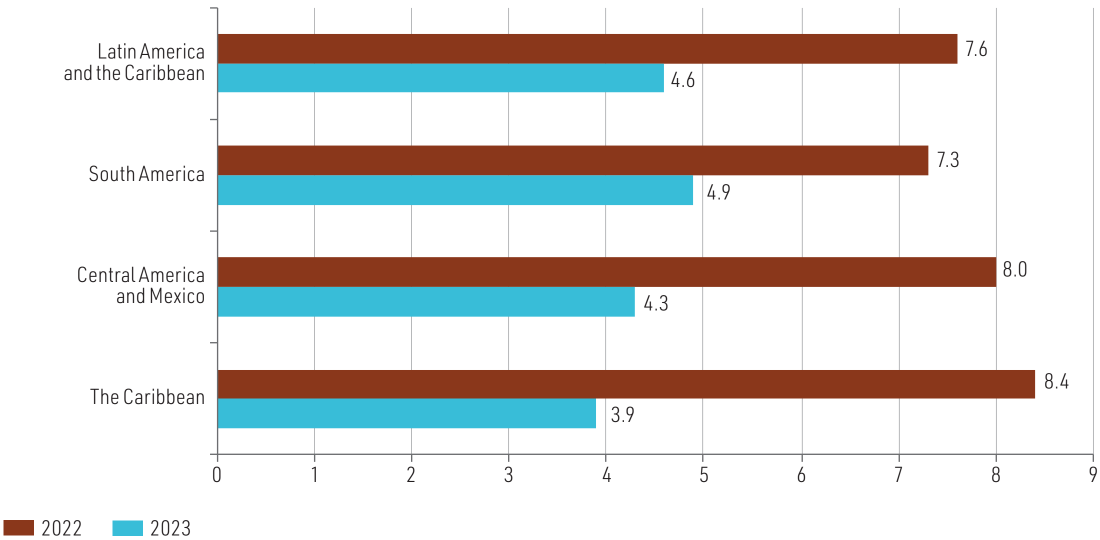
Consumer price growth slowed in 2023; as discussed in previous editions of the *Social Panorama of Latin America and the Caribbean*, increases in this component of inflation affect households in the lowest-income quintiles of the population most. Measured by the change in the consumer price index (CPI), and excluding countries with chronic inflation,[2] prices in Latin America and the Caribbean rose by 4.6% to December 2023, 3 percentage points less than in 2022. The decline in inflation was much the same in the South American countries as in the group comprising Central America and Mexico and in the Caribbean (see figure 1.3).

Average food price inflation in Latin America and the Caribbean, meanwhile, declined by almost 3 percentage points, from 31.1% in 2022 to 28.2% in 2023. Excluding countries with chronic inflation from the average, food price inflation fell by almost 10 percentage points, from 13.3% in 2022 to 3.7% in 2023. This moderation in food price growth may translate into a smaller increase or a decrease in extreme poverty levels, given the improvement observed in household incomes.

In summary, the region showed moderate per capita GDP growth in 2023, with only small movements in most countries. In the labour market, a slight increase in the employment rate led to a reduction in the unemployment rate. Average headline and food inflation fell significantly in the region if countries with chronic inflation are excluded. This situation contributed to an improvement in real household incomes in several countries, which was helped not only by the aforementioned changes in the labour market, but also by increases in transfer and asset income. The region is expected to remain on a trajectory of low GDP growth in the coming years, with figures of some 1.8% in 2024 and 2.3% in 2025 (ECLAC, 2024).

2 The countries with chronic inflation not included in the estimate of the regional average are Argentina, the Bolivarian Republic of Venezuela, Cuba, Haiti and Suriname, which had double- and triple-digit inflation rates in 2022 and 2023, ranging from 22% to 234%.

Figure I.3
Latin America and the Caribbean (28 countries):[a] annual changes in the consumer price index (CPI), December 2022 and December 2023
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Economic Survey of Latin America and the Caribbean, 2024* (LC/PUB.2024/10-P), Santiago, 2024.
[a] Excludes countries with chronic inflation: Argentina, Bolivarian Republic of Venezuela, Cuba, Haiti and Suriname.

A. Poverty: factors and recent trends

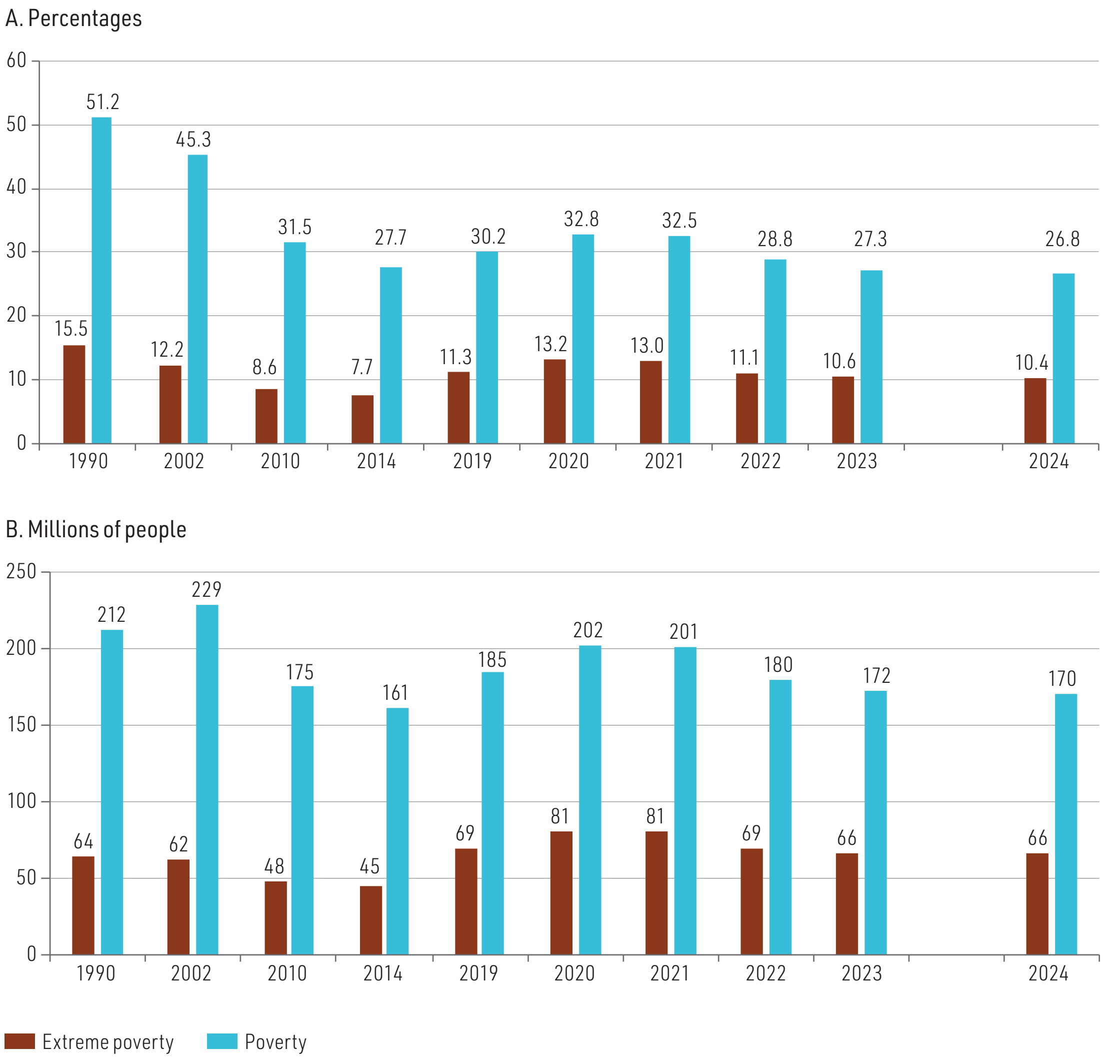
The incidence of poverty has gradually but steadily declined since the coronavirus disease (COVID-19) pandemic in most countries of Latin America, bringing this subregion's poverty rate down to its lowest level since 1990. The percentage of people living in poverty has fallen back to levels similar to those of 2014. The incidence of extreme poverty has also declined, although it remains above 2014 levels. In the 12 countries where poverty fell between 2021 and 2023, income from wage employment was the largest contributor to the decline. Non-contributory social protection via public transfers, which are essential to help households cope with income shortfalls, also contributed to poverty reduction in a number of countries.

1. The recent poverty trend

Overcoming poverty is one of the priority objectives of socioeconomic development in Latin America and the Caribbean. Poverty is manifested in situations of human rights violations and deprivation of the capacities people need to attain essential levels of well-being in different dimensions (see box I.1 for details of the progress made by ECLAC in constructing a multidimensional poverty index). Moreover, eradicating extreme poverty is the first target of the 17 Goals of the 2030 Agenda for Sustainable Development. However, there is still a long way to go, and the high and persistent levels of poverty and extreme poverty in most of the countries are a central part of the development crisis affecting the region (Salazar-Xirinachs, 2023).

On aggregate, although Latin America has shown only slow progress in poverty reduction over the last decade, the rate is now the lowest it has been since 1990. The percentage of the Latin American population living in poverty in 2023 was 27.3%, down 1.5 percentage points from the previous year and more than 5 percentage points from 2020, the most critical year of the COVID-19 pandemic. The extreme poverty rate fell to 10.6%, 0.5 percentage points lower than in 2022. These figures reaffirm a downward trend in the population living on insufficient income that has been consolidated in the years since the pandemic. Less progress has been made with extreme poverty, as the rate is almost 3 percentage points higher than in 2014, the year with the lowest incidence of extreme poverty in the last three decades (see figure I.4 and a brief description of the methodology in box I.2).

Figure I.4
Latin America (18 countries):[a] people in extreme poverty and poverty, 1990–2023 and projections for 2024
(Percentages and millions of people)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

[a] Weighted averages of the following countries: Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

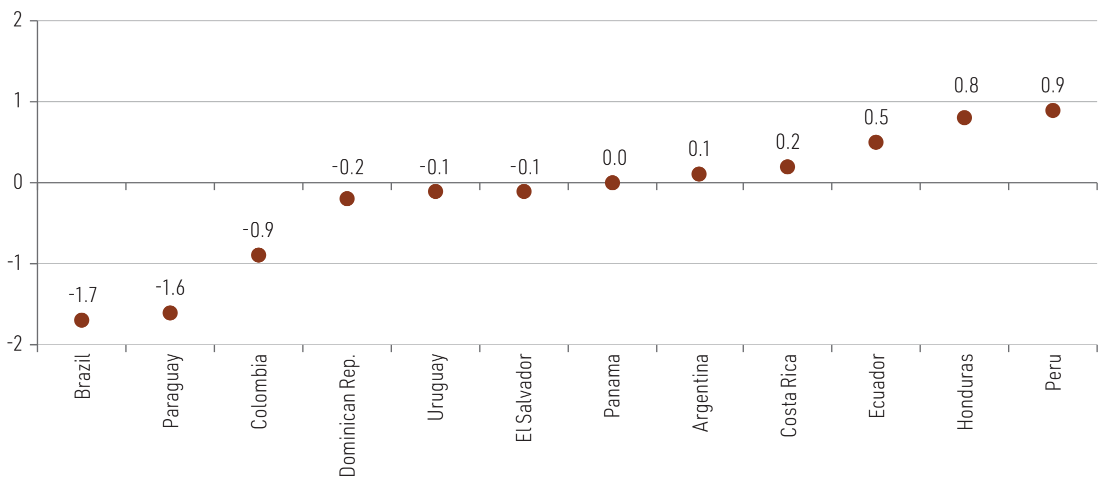
As detailed below, this decline originated mainly in Brazil, which is home to one third of Latin America's population and where non-contributory transfers contributed to a significant fall in poverty. Had the poor population in Brazil not declined, the regional average in 2023 would have been 28.4%, just 0.4 percentage points lower than the previous year, and the incidence of extreme poverty would have remained unchanged at 11.1%.

On the basis of the low expectations for GDP growth in 2024 (1.7% in Latin America), poverty can be expected to decline by a modest 0.5 percentage points while extreme poverty remains broadly unchanged (see box I.3 for a discussion of the prospects for eradicating extreme poverty by 2030).[3]

The fall in poverty and extreme poverty rates in Latin America in 2023 was mainly the result of the evolution of these indicators in Brazil, as the number of people lifted out of poverty in that country was equivalent to 80% of the change in the indicator at the Latin American level. Brazil's poverty and extreme poverty rates fell the most, by 3.4 and 1.7 percentage points, respectively. Paraguay also showed substantial declines in these indicators, of 3.2 percentage points for poverty and 1.6 percentage points for extreme poverty. Other countries where poverty declined by at least 1 percentage point were Colombia (-1.8 percentage points), El Salvador (-1.9 percentage points) and the Dominican Republic (-2.2 percentage points). Of these countries, Colombia alone showed a significant reduction in extreme poverty (-1.0 percentage points). Only Honduras (compared to 2019) and Peru showed increases in their poverty and extreme poverty indicators, both of about 1 percentage point. In the other countries, the poverty and extreme poverty situation in 2023 did not change significantly from the previous year (see figure I.5).[4]

Figure I.5
Latin America (12 countries): changes in extreme poverty and poverty, 2023
(Percentage points)

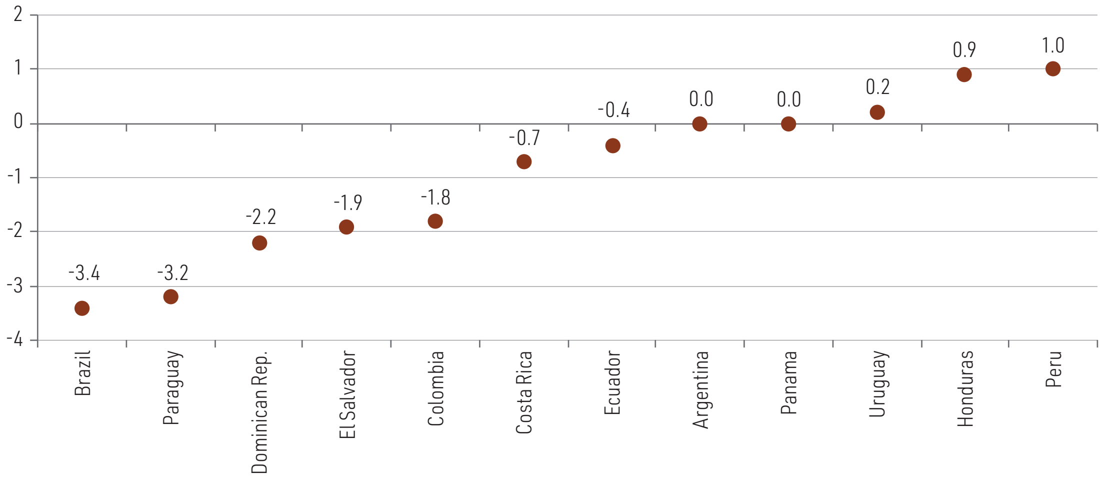
A. Extreme poverty



3 It should be noted that the expected poverty and extreme poverty trend in 2024 does not necessarily reflect the situation in particular countries. In Argentina, for example, official figures show a considerable increase in both indicators in the first half of 2024, of some 11 and 6 percentage points, respectively.

4 In Argentina, the official measure has the poverty and extreme poverty rates increasing by 2.5 and 3.8 percentage points, respectively, in 2023. The difference in the trend compared to the ECLAC figures is due mainly to the use of different reference periods to update the poverty line for cumulative inflation. The official measure uses the CPI of the month in which the interview is conducted, while ECLAC uses the CPI of the reference month for the income reported (previous month).

B. Poverty

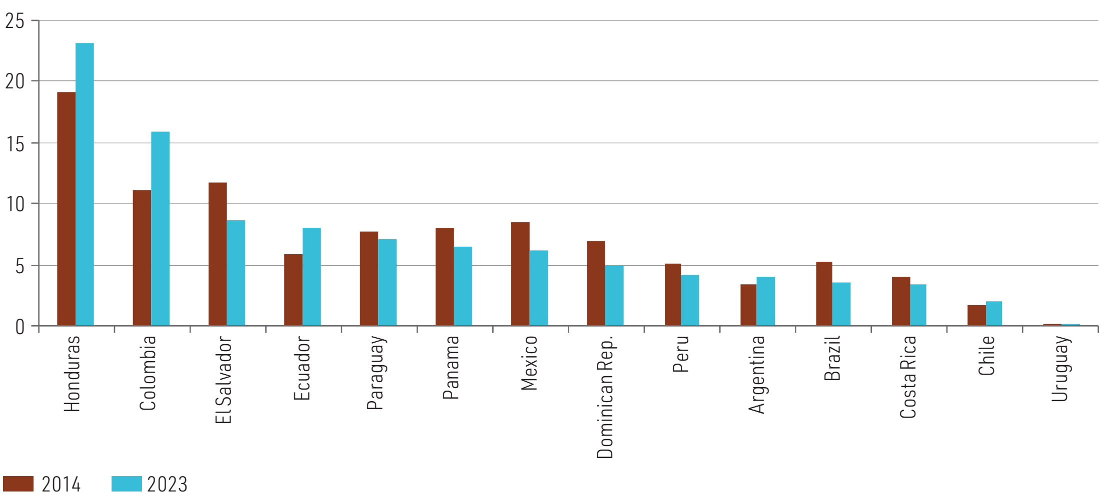


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
Note: Includes countries with figures available to 2023, ranked by the percentage point change between 2022 and 2023. The figure for Honduras shows the annual change between 2019 and 2023.

Following recent progress, whereby the region appears to have left behind the worsening of income shortfalls that characterized the COVID-19 pandemic period, the situation in most Latin American countries is somewhat more favourable than it was in 2014. While the strict comparability of surveys between 2014 and the most recent year available (2022 or 2023) is limited, they do provide an overview of changes during the period.5 In Brazil, Chile, the Dominican Republic, El Salvador, Mexico and Panama, poverty was at least 4 percentage points lower in the most recent year than at the beginning of the period, while Costa Rica, Paraguay and Peru also saw declines in poverty rates, albeit of a smaller magnitude. Conversely, the most recent figures in Argentina, Colombia, Ecuador and Honduras were higher than those at the beginning of the period. In the case of extreme poverty, changes have been smaller, with only five countries showing decreases of more than 1 percentage point, while three recorded increases larger than this (see figure I.6).

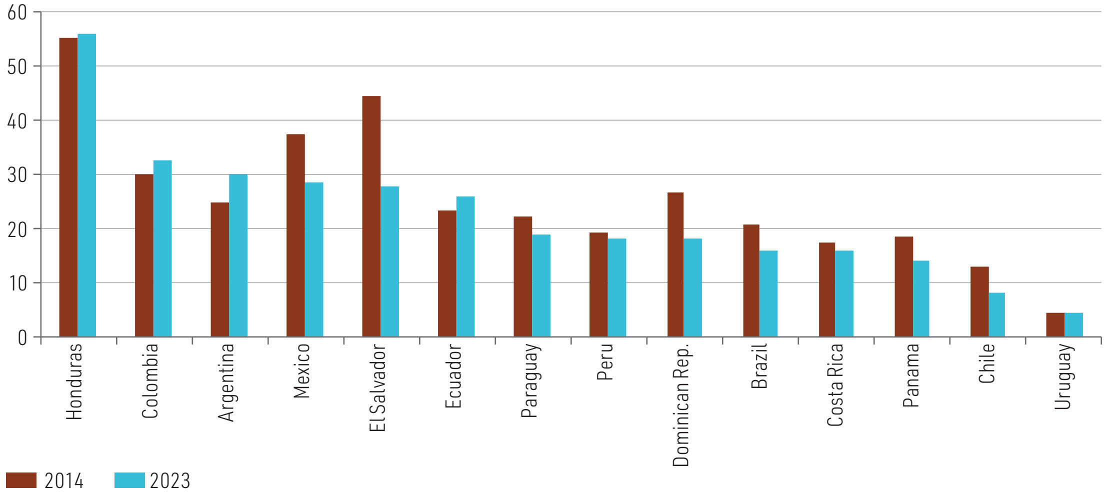
Figure I.6
Latin America (14 countries): people in extreme poverty and poverty, around 2014 and around 2023
(Percentages)

A. Extreme poverty



5 In the cases of Brazil, Colombia, the Dominican Republic, Ecuador and Mexico, the most recent figures are not strictly comparable with those of 2014 because of changes in the design of household surveys. Accordingly, this comparison uses figures from 2016 for Brazil, the Dominican Republic and Mexico and from December 2023 for Ecuador. See table I.A1.2 in the annex for more information.

B. Poverty



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

Note: Includes countries with figures available to 2022 or 2023, ranked by the value of the indicator in the most recent year. The figures are from 2016 and 2023 for Brazil, 2015 and 2022 for Chile, 2016 and 2023 for the Dominican Republic and 2016 and 2022 for Mexico. For Ecuador, figures from December 2023 are used. In the case of Paraguay, figures for the fourth quarter of 2023 are used. The figures for Colombia are not strictly comparable over the period.

Box I.1
Towards a multidimensional poverty index for Latin America

In recent years, the international community has recognized the importance of moving towards a broader and more comprehensive poverty measure that does not focus solely on the monetary aspects of well-being but considers its different dimensions. This recognition was enshrined in the first Sustainable Development Goal (SDG), whereby countries committed themselves to striving to end poverty in all its forms everywhere, and in target 1.2 of the same SDG, which is to reduce at least by half the proportion of men, women and children living in poverty in all its dimensions by 2030.

Although there are already multidimensional poverty indices in Latin America, they do not provide a measure that is commensurate with the region's level of development and comparable between countries. The global multidimensional poverty index (Alkire and Santos, 2010; UNDP, 2023) was designed to measure critical deprivations in developing countries, so its adequacy thresholds are too undemanding for the Latin American context. Furthermore, although 11 countries in the subregion have official multidimensional poverty indices, which are extremely valuable for the design of national policies, their dimensions, indicators and thresholds are not comparable, which makes it difficult to use them to monitor international commitments.

The Economic Commission for Latin America and the Caribbean (ECLAC) has been a leader in the multidimensional measurement of poverty in Latin America using the unmet basic needs method since the 1980s. Continuing in this tradition, ECLAC has been working on the development of a multidimensional poverty index that is adapted to the peculiarities of the region, comparable between countries and consistent with its institutional approach. This process has prompted far-reaching debate within ECLAC and has been informed by the Commission's experience in measuring multidimensional poverty (ECLAC/UNICEF, 2010; ECLAC, 2014) and recent advances in the measurement of well-being. Outside experts, including leading specialists from the Oxford Poverty and Human Development Initiative (OPHI) and the United Nations Development Programme (UNDP), have provided valuable input into the process. Different consultations have also been held with national statistical offices and social development ministries (or equivalent entities), these being essential for incorporating country perspectives. The ECLAC multidimensional poverty index for Latin America is in the final stage of preparation and will be launched in early 2025 jointly with UNDP.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of S. Alkire and M. Santos, "Acute multidimensional poverty: a new index for developing countries", *OPHI Working Paper*, No. 38, Oxford, University of Oxford, 2010; United Nations Development Programme/Oxford Poverty and Human Development Initiative (UNDP/OPHI), *Global Multidimensional Poverty Index 2023. Unstacking global poverty: data for high impact action*, New York, 2023; Economic Commission for Latin America and the Caribbean/United Nations Children's Fund (ECLAC/UNICEF), *Pobreza infantil en América Latina y el Caribe* (LC/R.2168), Santiago, 2010; ECLAC, *Social Panorama of Latin America, 2014* (LC/G.2635-P), Santiago, 2014.

Box I.2
Income poverty measures of the Economic Commission for Latin America and the Caribbean (ECLAC)

ECLAC calculates the poverty and extreme poverty figures presented in this chapter on the basis of a common methodology that aims to provide the most comparable possible picture of the region's countries, given the heterogeneity of each country's measurement instruments and data collection procedures.

The approach used by ECLAC for estimating poverty is to classify someone as poor when the per capita income of his or her household is below the poverty line. The poverty line represents the level of income per person required to meet the basic needs of all members of a household. The basic food basket for measuring poverty is constructed from a selection of foodstuffs adequate to cover people's nutritional needs, considering their level of physical activity and consumption habits, the actual availability of food, and prices in each country and geographical area.

The value of this basic food basket, known as the "extreme poverty line", is supplemented by the amount households require to meet basic non-food needs in order to calculate the total value of the poverty line. This involves multiplying the extreme poverty line by a factor (the Orshansky coefficient) corresponding to the ratio between total expenditure and food expenditure for a reference population, which takes different values in each country and in urban and rural areas.

The value of the poverty and extreme poverty lines is updated annually by the cumulative change in the consumer price index (CPI): the extreme poverty line is updated by the change in the food CPI, while the non-food expenditure part of the poverty line is updated by the change in the non-food CPI. Thus, the Orshansky coefficient implicit in the poverty line changes from year to year according to relative price developments. The use of different price deflators for the two components of the poverty line means that the extreme poverty line increases by more than the poverty line in periods when food inflation is higher than inflation for other goods.

The percentages of households and people living in poverty and extreme poverty are obtained by contrasting the value of the two lines with the total per capita income of each household. Total household income is obtained by adding together all the income received by household members (in cash and in kind), including labour income, pension and other transfer income, income from asset ownership, imputed rent and other income.

Poverty lines are calculated from household expenditure surveys, which are conducted every 5 to 10 years in most countries of the region. Household income is estimated from employment or multipurpose surveys, which are usually available annually or biennially. Both data sources form part of the ECLAC Household Survey Data Bank (BADEHOG), a repository of household surveys whose variables are harmonized to produce estimates that are comparable across countries, to the extent that the characteristics of the instruments allow.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Income poverty measurement: updated methodology and results*, ECLAC Methodologies, No. 2 (LC/PUB.2018/22-P), Santiago, 2019.

Box I.3

Towards the eradication of extreme poverty (target 1.1 of the Sustainable Development Goals): different scenarios for growth and income redistribution

In 2015, 193 Member States of the United Nations, meeting in the General Assembly, adopted the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs), whereby they undertook to eradicate poverty, reduce inequality, protect the environment and promote well-being for all. Target 1.1 of the 2030 Agenda was the eradication of extreme poverty by 2030. The indicator selected to monitor progress towards the target was the World Bank's extreme poverty measure, which is based on the definition of income poverty generally used in the world's poorest countries. In 2024, the poverty line used by the World Bank is US$ 2.15 per day at 2017 international prices.

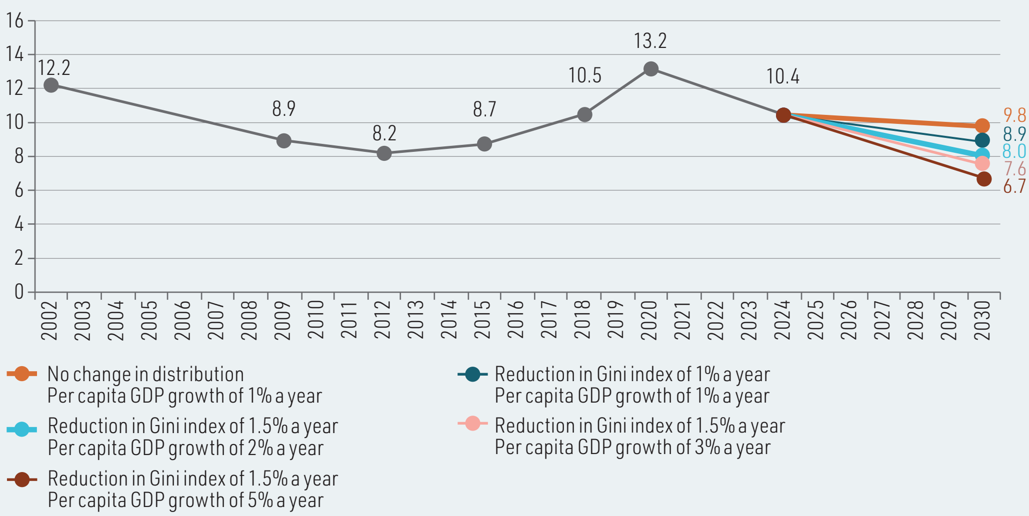
Using the official indicator to monitor progress towards target 1.1 yields a quite encouraging picture for Latin America. According to World Bank estimates, the incidence of extreme poverty in 2022 was 3.5% in the subregion and below 3.0% in 10 out of 18 Latin American countries (World Bank, 2024), a situation that could be interpreted as meeting the target.[a]

A different picture emerges from the Economic Commission for Latin America and the Caribbean (ECLAC) measure of extreme poverty, which can be used as a supplement to the official indicator for monitoring target 1.1. For example, ECLAC (2019) warned that the countries of the region were not growing or redistributing enough to eradicate extreme poverty. Subsequently, ECLAC (2021) argued that the increase in poverty due to the coronavirus disease (COVID-19) pandemic and subsequent inflation could make it even more difficult to eradicate extreme poverty by 2030. The post-pandemic economic recovery, falling inflation and the slow but persistent trend towards poverty reduction provide an appropriate context for analysing the feasibility of eradicating extreme poverty by 2030, considering different scenarios for economic growth and income redistribution.

Different combinations of average household income growth (assumed to be equal to changes in per capita GDP) and distributive changes can be used to estimate the level of extreme poverty in the subregion in 2030. In an initial scenario, with per capita income growth of 1.0% per year and no change in income distribution, extreme poverty in the subregion would fall from 10.4% to 9.8% on aggregate (see chart). With the same per capita GDP growth rate (1.0% per year) but a decrease in the Gini index of 1.0% per year, the incidence of extreme poverty would fall to 8.9% by 2030. In a more favourable scenario, with per capita GDP growth of 3.0% per annum and a decline in the Gini index of 1.5% per annum, the extreme poverty rate would fall to 7.6% by 2030. Using very optimistic assumptions of 5.0% annual GDP growth and a fall in inequality of 1.5% per year, the subregional extreme poverty rate would fall to 6.7% by 2030.

Latin America (18 countries):[a] extreme poverty rates projected to 2030 under different scenarios for per capita GDP growth and changes in income distribution

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

[a] Weighted averages of the following countries: Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

The exercise carried out shows that the eradication of extreme poverty, measured by the ECLAC criteria, continues to be a challenge for the countries of Latin America, even in the optimistic scenarios. The scale of the task becomes more evident when it is considered that the recent trajectory of the region's countries has been closer to the more conservative scenarios. Thus, growth and income distribution efforts need to be stepped up if substantive progress is to be made in eradicating extreme poverty. In the area of income distribution, non-contributory social protection transfers aimed at poverty reduction should be strengthened (see chapter IV).

It is important to bear in mind that the simulation presented here considers different macro scenarios for economic growth and income distribution and their potential impact on progress towards the target of eradicating extreme poverty by 2030, and does not constitute an exercise in evaluating specific policies and their potential to achieve the target, such as the one presented in chapter IV of this *Social Panorama of Latin America and the Caribbean*, which analyses the feasibility of eradicating extreme poverty by 2030 by strengthening non-contributory transfer programmes.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Bank, "Poverty", Washington, D.C., 2024 [online] https://data.worldbank.org/topic/poverty; Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2019* (LC/PUB.2019/22-P/Rev.1), Santiago, 2019; *Social Panorama of Latin America, 2020* (LC/PUB.2021/2-P/Rev.1), Santiago, 2021.

[a] Certain methodological limitations of survey-based income measurements make it inappropriate to take a zero extreme poverty rate as the yardstick for judging whether the target has been met. These limitations mean that even if extreme poverty were completely eradicated, the measure would still show an extreme poverty rate above zero.

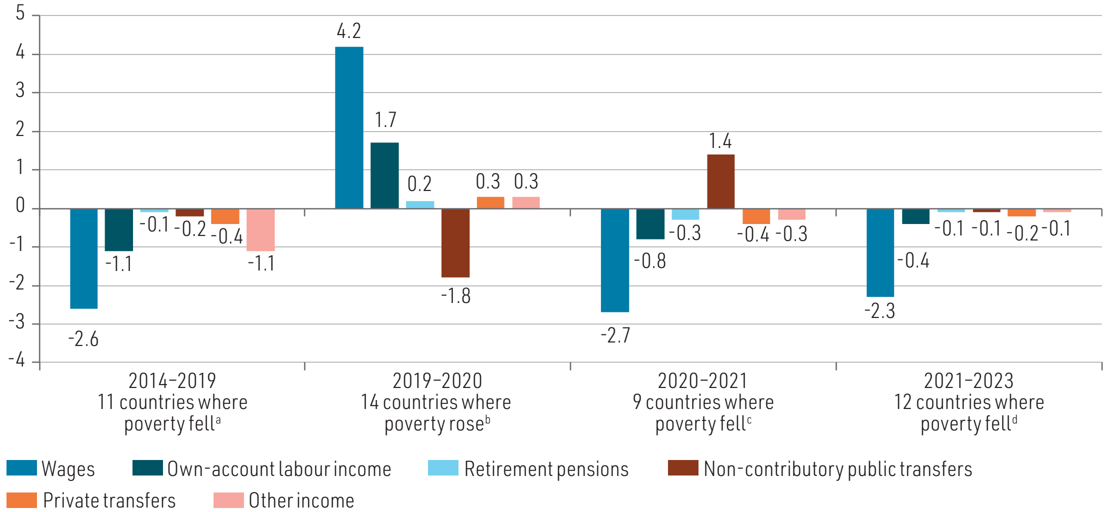
2. The contribution of income sources to changes in poverty

Previous editions of the *Social Panorama of Latin America and the Caribbean* have analysed changes in poverty by following the evolution of the different income sources of households at the bottom of the distribution (ECLAC, 2023b, 2022a and 2022b). This document presents an analysis of the contribution of changes in the various income sources to developments in poverty in the Latin American countries over recent years, with the innovative feature that the estimates are based on a decomposition technique which allows the contributions of each income source to the percentage change in poverty to be calculated additively (see box I.4 for further details). The analysis of the incidence of the different income sources on changes in poverty is carried out for the following periods: 2014–2019, 2019–2020, 2020–2021 and 2021–2023. It is important to note that the behaviour of some income sources, such as wages, transfers and pensions, and their impact on changes in poverty are closely linked to access to contributory and non-contributory social protection, topics that are addressed in chapters II and IV.

Changes in wage income were the main driver of changes in poverty rates, whether upward or downward, in all the periods analysed.[6] In all 12 countries where poverty fell between 2021 and 2023, higher incomes from wage employment were the largest factor in this decline, contributing an average of 2.3 percentage points (see figure I.7). Again, in 2020–2021, the biennium that included the economic recovery following the first year of the COVID-19 pandemic, wage income was also the largest factor in the nine countries where poverty declined, contributing an average of 2.7 percentage points to the reduction. The impact of this component was strongest between 2019 and 2020; in the 14 countries where poverty rose, declines in wage income translated on average into a 4.2 percentage point increase in poverty. The largest effects were in Peru, Argentina, Honduras, Chile, Colombia and Costa Rica, where the contribution of falling incomes from wage employment to the increase in poverty exceeded 5 percentage points (see figure I.8). In the period 2014–2019, likewise, changes in income from wage employment were the largest contributor to changes in poverty in the countries (6 of the 11 countries where poverty declined and 2 of the 4 countries where it increased).

[6] The effect of changes in wage income on changes in poverty rates is explained both by the size of this component and by the fluctuations in it.

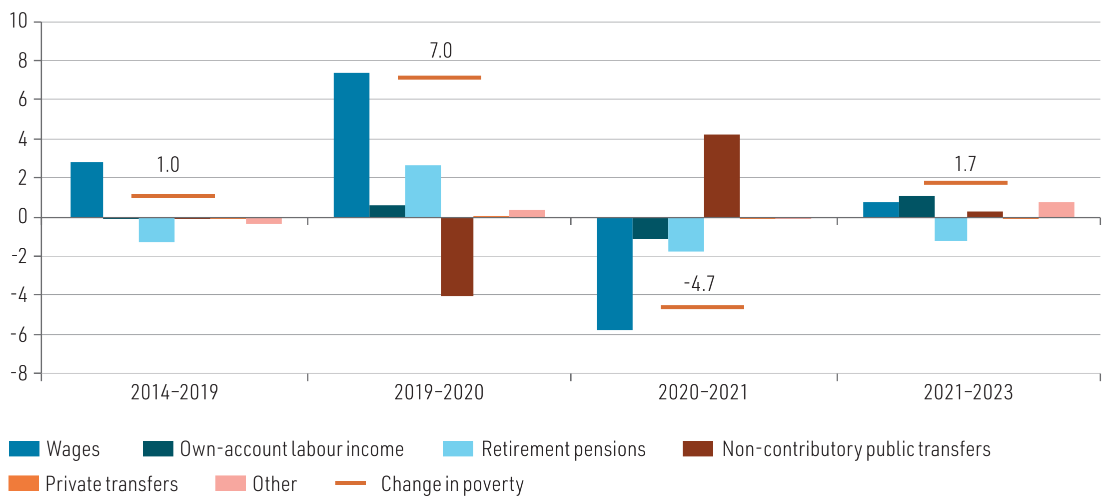
Figure I.7
Latin America (15 countries): contributions of changes in different income sources to changes in poverty, 2014–2023
(Percentage points)



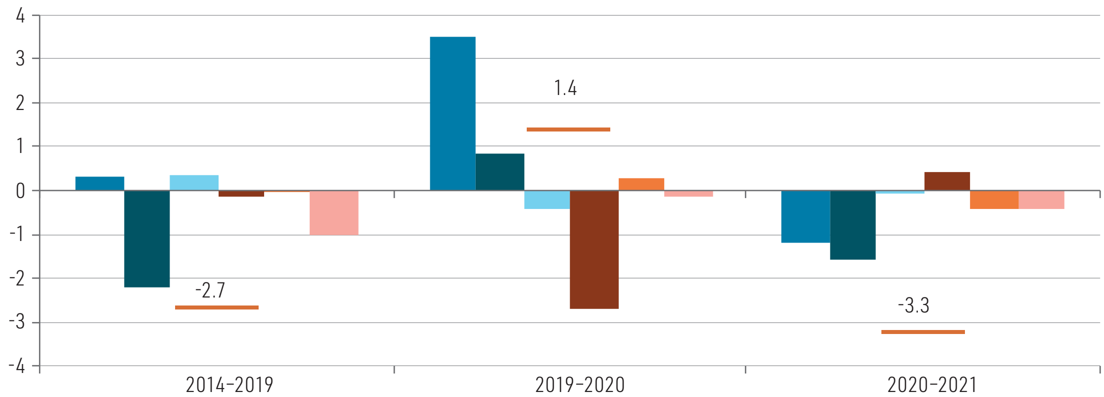
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
Note: Simple averages of the countries included in each case. In each period, these are only the countries where the dominant trend prevailed (rising or falling poverty).
[a] Chile, Costa Rica, the Dominican Republic, El Salvador, Honduras, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay. The period taken is 2013-2017 for Chile and 2014-2018 for Mexico.
[b] Argentina, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay. The period taken for Honduras and Panama is 2019-2021.
[c] Argentina, Colombia, Costa Rica, Ecuador, El Salvador, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay. The period taken for Mexico and Chile is 2020-2022.
[d] Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru and Uruguay.

Figure I.8
Latin America (15 countries): contributions of changes in different income sources to changes in poverty, by country, 2014–2023
(Percentage points)

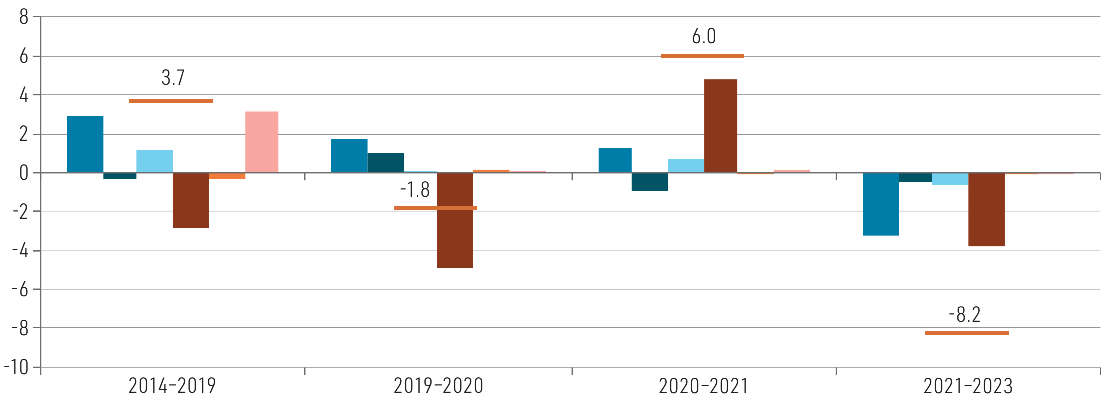
A. Argentina



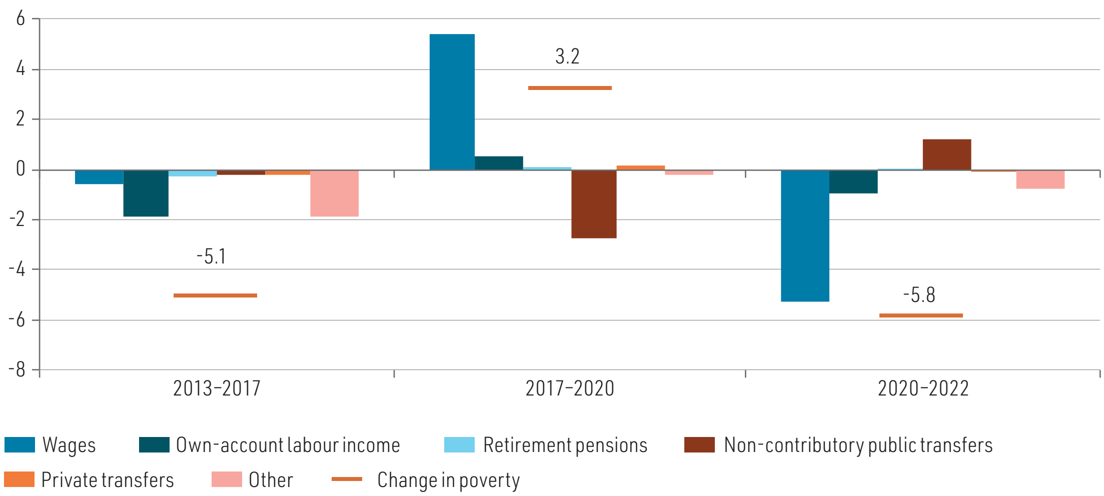
B. Bolivia (Plurinational State of)



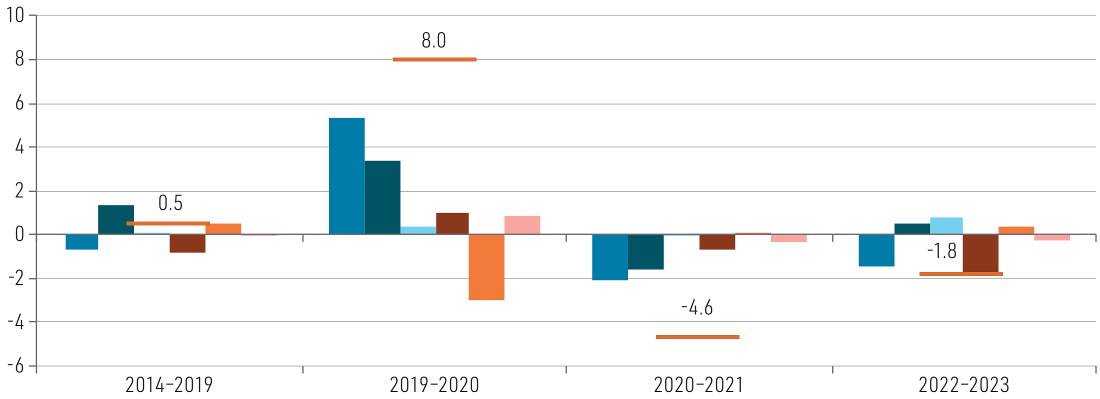
C. Brazil



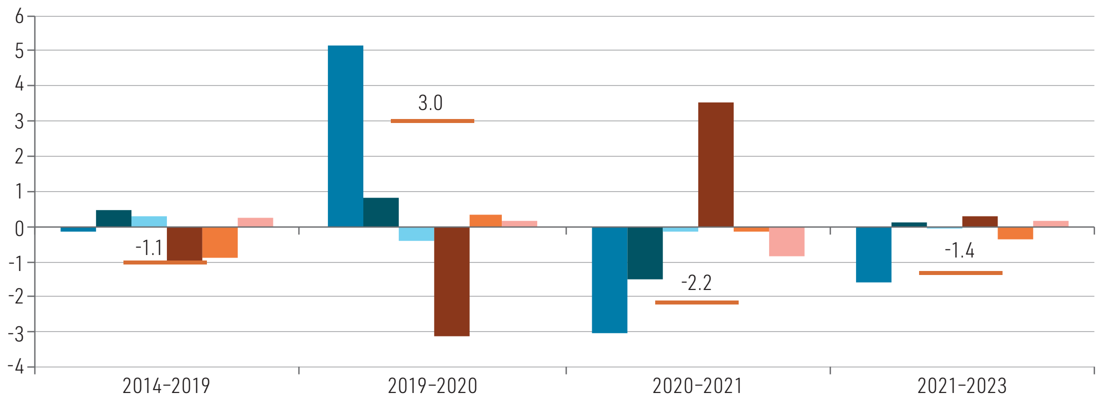
D. Chile



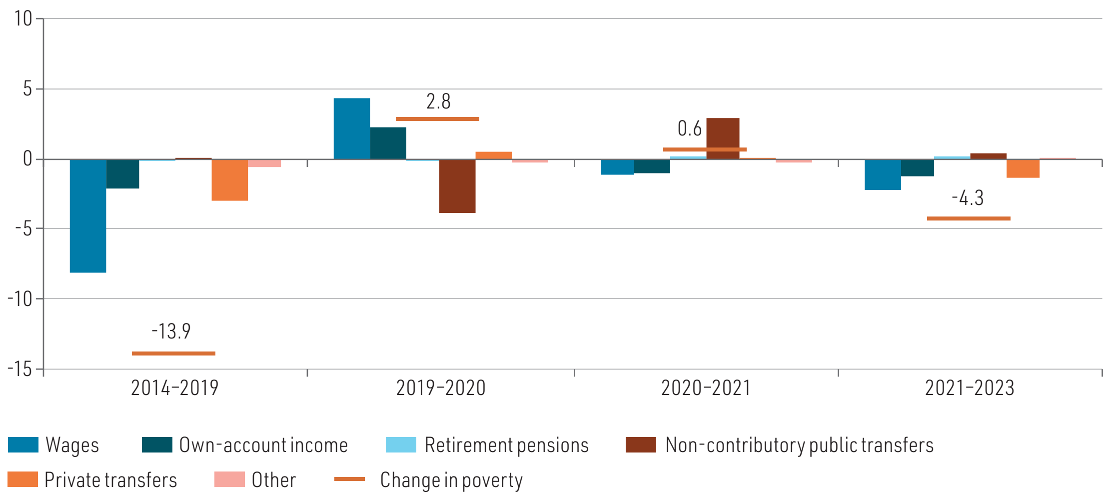
E. Colombia



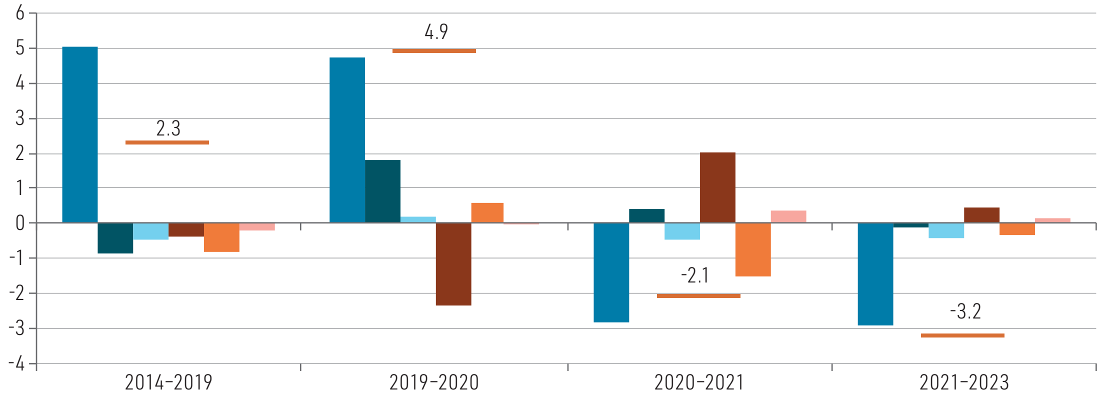
F. Costa Rica



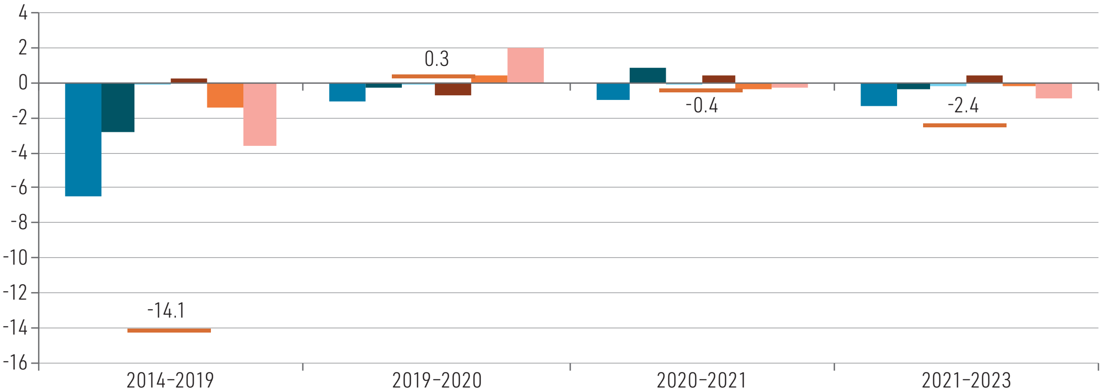
G. Dominican Republic



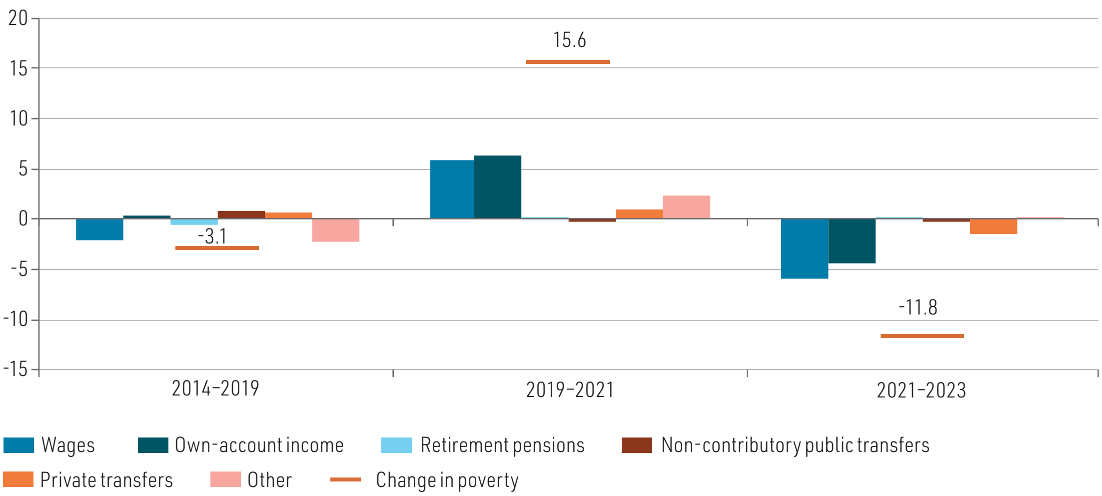
H. Ecuador



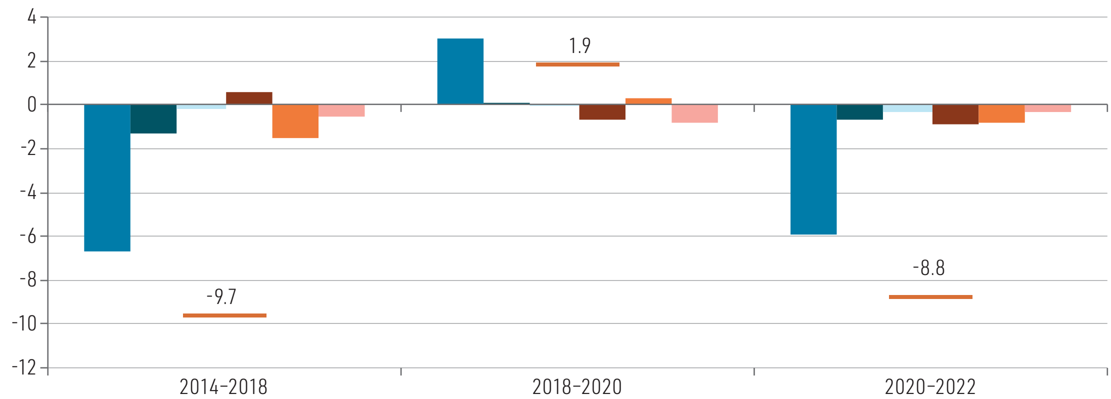
I. El Salvador



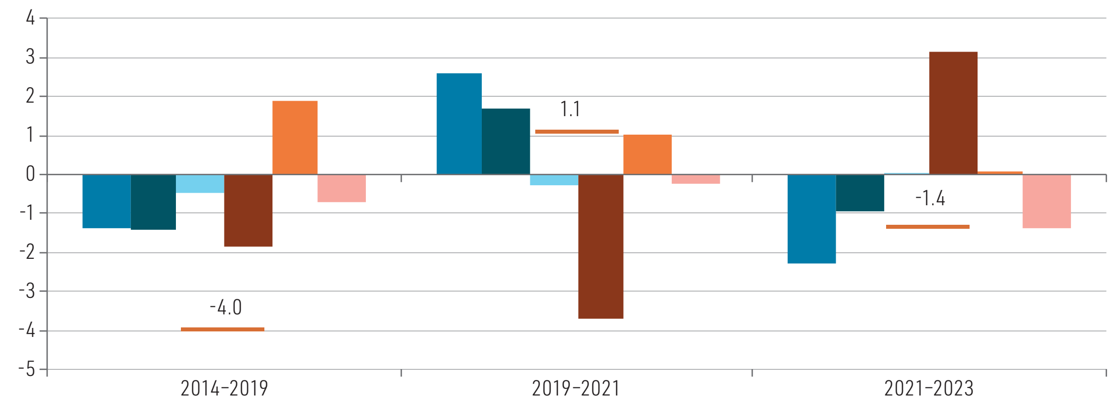
J. Honduras



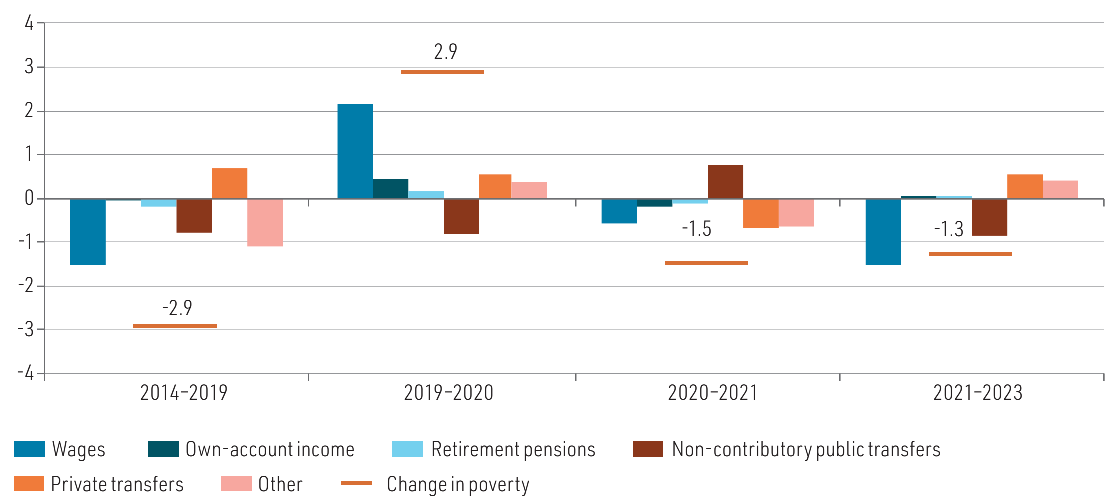
K. Mexico

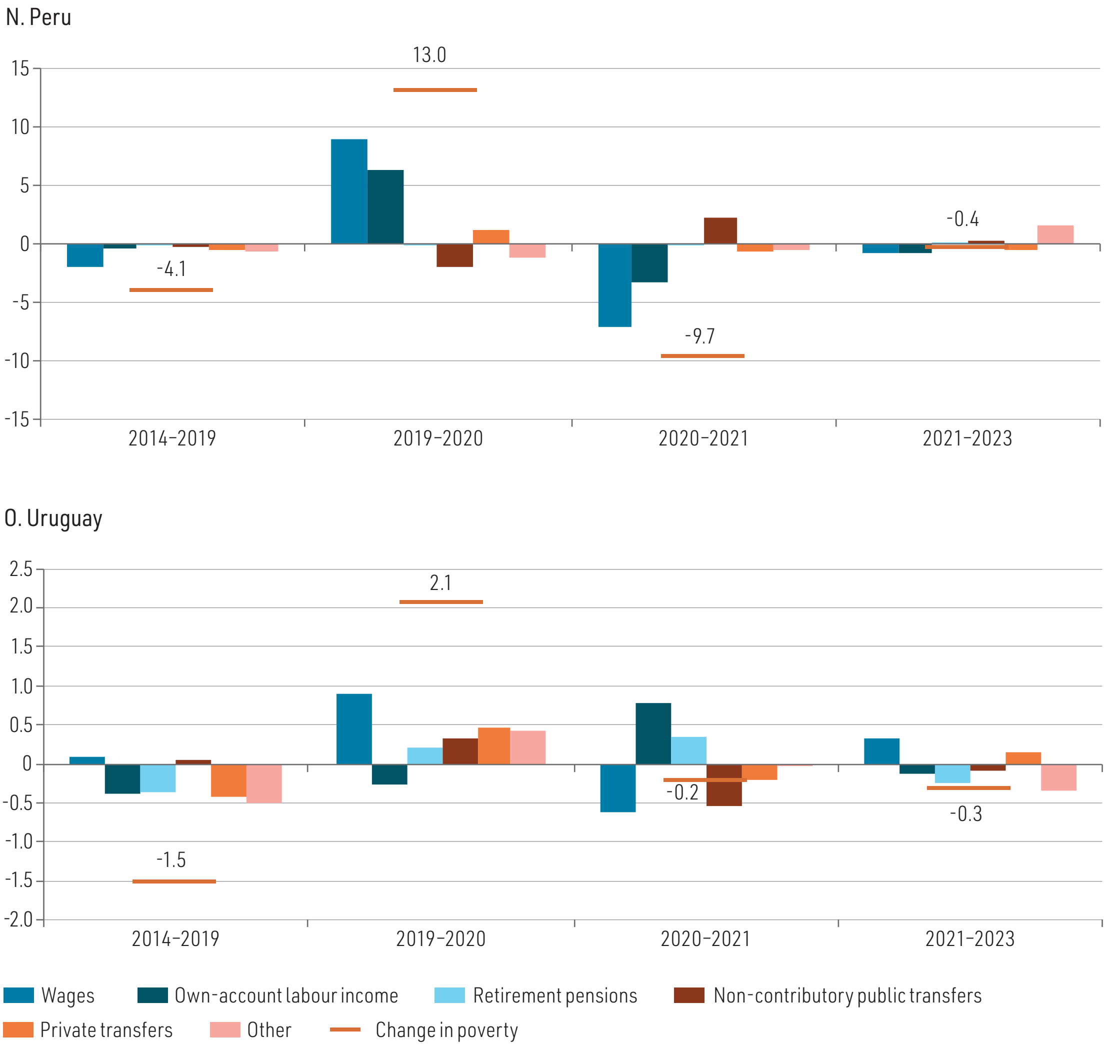


L. Panama



M. Paraguay





Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

Changes in own-account labour income had considerably less influence than wage changes on poverty movements in all the periods analysed. In the countries where poverty declined between 2021 and 2023, for example, this source contributed on average only 0.4 percentage points to the reduction, far behind the contribution of wages (see figure I.7). Over the same period, changes in own-account labour income contributed more than 1 percentage point to the change in poverty only in Argentina and the Dominican Republic: in the former, a decline in this income was the largest contributor to the rise in poverty, while in the latter, a rise in own-account labour income contributed to poverty reduction after wages and private transfers. Changes in own-account labour income had a greater impact in 2021 than in 2023, contributing more than 1 percentage point to the change in the poverty rate in six countries. Their greatest impact was in Peru, Colombia, the Plurinational State of Bolivia and Costa Rica, in that order, through their contributions to poverty reduction. Likewise, during the deep economic crisis that struck the region in the first year of the COVID-19 pandemic (2020), the contraction of own-account labour income contributed more than 2 percentage points to the increase in poverty in Honduras, Peru, Colombia, the Dominican Republic and Ecuador (ranked from greatest to least effect on the rise in poverty) (see figure I.8).

Non-contributory public transfers include income from State programmes such as conditional transfers, emergency entitlements[7] and non-contributory pension schemes. Increases in non-contributory public transfers were crucial in helping households cope with the economic crisis during the first

[7] For more details of COVID-19 pandemic response programmes, see the box "Policies to contain the impact of inflation on the most vulnerable households" in the *Social Panorama of Latin America and the Caribbean, 2022* (ECLAC, 2022a).

year of the pandemic (see chapters II and IV for an in-depth analysis of these public programmes and their impact on poverty and inequality). In 2020, the increase in public transfers restrained the rise in poverty, contributing more than 2 percentage points to poverty reduction in eight countries (Argentina, the Dominican Republic, Panama, Costa Rica, Chile, the Plurinational State of Bolivia, Ecuador and Peru, ranked from greatest to least contribution). In Brazil, the only country in the subregion where poverty declined in 2020, the increase in non-contributory public transfers contributed 4.9 percentage points to poverty reduction, more than offsetting the effect of falling labour incomes.

In most of the countries, the recovery of labour incomes allowed emergency entitlements to fall without an increase in poverty during 2021. However, in two countries where poverty rose, Brazil and the Dominican Republic, the decrease in non-contributory public transfers contributed to the increase (4.8 and 2.9 percentage points, respectively).[8] As for the situation between 2021 and 2023, increased public transfers contributed to poverty reduction in five countries, most notably Brazil, where this income source was the main factor, outweighing the effect of wages (their respective contributions to poverty reduction were 3.8 and 3.3 percentage points). Public transfers also contributed substantially to the fall in the poverty rate in Colombia (1.7 percentage points). By contrast, in other countries where poverty declined substantially in the post-pandemic period, such as Chile, the Dominican Republic and Ecuador, public transfers did not contribute to this outcome.

Contributory pensions have not had a substantial impact on changes in poverty, which is unsurprising considering the demographic make-up of households whose income is around the poverty line (younger than better-off households). Argentina is the only country where changes in pension income[9] affected changes in poverty rates in almost all the periods analysed: in 2023, for example, increases in pension income contributed about 1.2 percentage points to poverty reduction, and in 2021 they contributed 1.8 percentage points; in 2020, conversely, a decline in pension income was the second-largest contributor to the increase in poverty, after the decline in wages. This does not mean, in any event, that pensions do not have a significant impact on the situation of older persons.

The private transfers component includes remittances and transfers from actors other than the public sector, such as non-governmental organizations (NGOs) and other households. Remittances are an income component that has traditionally been associated with households in Central America, Mexico and the Caribbean, particularly because of migration to the United States. This income component may have been fuelled by recent migration dynamics in some countries, including a rise in intraregional migration (ECLAC, 2019). The information available does not indicate that private transfers played a significant role in changes in poverty during and after the pandemic (see figure I.7).[10] In 2023, for example, private transfers contributed more than 1 percentage point to the decline in poverty only in the Dominican Republic, and in 2021 this occurred only in Ecuador. Between 2019 and 2020, a decline in private transfers contributed more than 1 percentage point to the increase in poverty in Panama and Peru. In Colombia, conversely, changes in private transfers prevented a larger increase in poverty. The largest effects of changes in private transfers were observed between 2014 and 2019, when they contributed more than 1 percentage point to poverty reduction in the Dominican Republic, Mexico and El Salvador (ranked from greatest to least contribution).

In summary, the figures show the great effect that changes in labour income, especially wages, have on poverty rates. This highlights the need to pursue labour market policies and productive development initiatives capable of reducing the heterogeneity that has historically characterized the production

8 It should be noted that inflationary pressures could have been greater if emergency public transfers had not been withdrawn. General equilibrium effects are not analysed here.

9 Although the Permanent Household Survey (EPH) does not differentiate between contributory and non-contributory pensions, it can be assumed that this income source mainly captures contributory entitlements: in December 2023, Argentina had 7,750,542 pensioners, 77% of whom were beneficiaries of a contributory pension. Only 3.9% were beneficiaries of the Universal Pension for Older Persons (PUAM), paid to those who have no other pension (ANSES, 2024). For the purposes of this analysis, pensions paid under the Pension Moratorium scheme are considered to be a special category of contributory pension (or semi-contributory pension, as detailed in Cherkasky (2024)).

10 Up-to-date figures are not available for the Bolivarian Republic of Venezuela, where this component could account for a large share of household income.

structure of the region's countries. As ECLAC (2023b) has argued, labour inclusion should be at the heart of inclusive social development. At the same time, the analysis conducted shows the substantial contribution of non-contributory public transfers in the fight against poverty; these entitlements (especially emergency entitlements) behaved countercyclically in response to labour market dynamics, averting a greater increase in poverty as wage income contracted. In a context of economic recovery, too, non-contributory public transfers helped to reduce poverty significantly in some countries.

Box I.4

Decomposition of changes in poverty and inequality by income source

The Shapley decomposition methodology is a useful tool for assessing the impact of changes in different income sources on poverty or inequality indicators. It works by calculating the marginal contribution of the change in each income source to the total change in the indicator of interest when that source is added to a set of other sources. All possible combinations of income sources are considered. The main advantage of this process is that it decomposes contributions symmetrically and without residuals, ensuring accuracy of interpretation.

In practice, to estimate contributions to the change in the poverty rate or Gini index between period t_0 and period t_1, it is necessary to:

- express incomes in real terms (using the average value of the poverty line as a deflator);
- estimate average income by source, dividing the population into 1,000 quantiles;
- replace an income source in period t_1 by the same source in period t_0 and estimate the impact on the final indicator;
- repeat this last step for all possible combinations of income sources.

The Shapley value is obtained as the average of all the estimates of the marginal contribution of a particular source, so that it provides a fair measure of the contribution of the change in each income source (between t_0 and t_1) to the total change in poverty or inequality. This is because, in practice, the impact of any one income source may vary depending on the other sources present. For example, a fall in wages may have a larger effect on households that do not receive government transfers, and vice versa. By averaging the marginal contributions across all possible scenarios, the Shapley value reflects the relative importance of each income source, considering all possible interactions between them.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of A. Shorrocks, "Decomposition procedures for distributional analysis: a unified framework based on the Shapley value", *Journal of Economic Inequality*, vol. 11, Berlin, Springer, 2013.

B. Leaving no one behind: the link between poverty, individual characteristics and territory

In Latin America, poverty continues to disproportionately affect women of working age, children, Indigenous and Afrodescendent people, and those living in rural areas. The persistence of these gaps shows that the groups of people concerned face structural disadvantages which reinforce one another, making them more vulnerable to poverty and limiting their opportunities to overcome it, so that particular kinds of difference-sensitive public policy efforts are needed for these population groups. The gaps tend to prove even wider when considered in conjunction with people's place of residence, as the analysis of poverty by major administrative division confirms.

1. Poverty in different population groups: persistent gaps

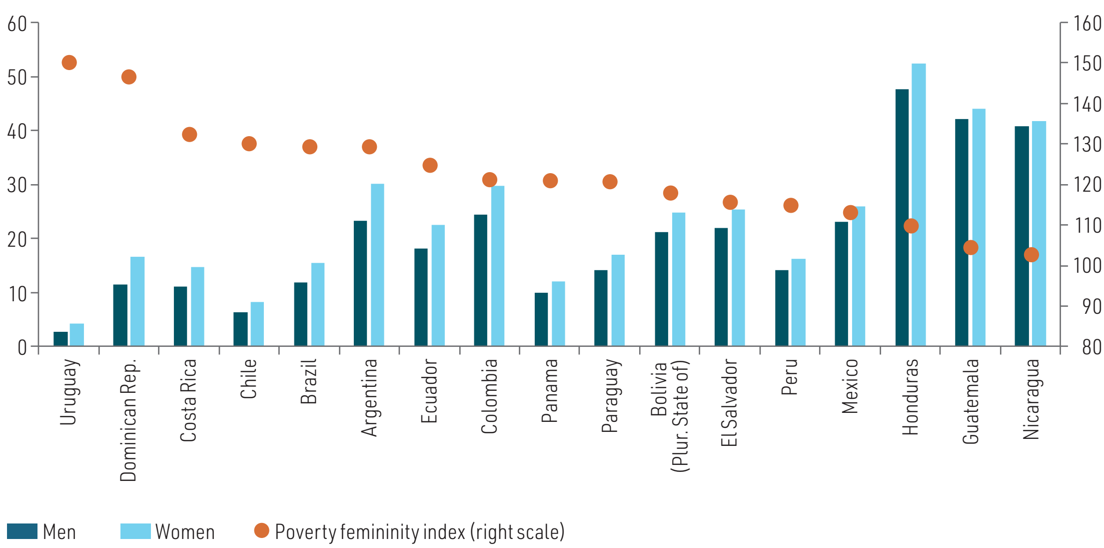
Not only does the incidence of income poverty vary between the Latin American countries, but it disproportionately affects some population groups within countries. In previous editions of the *Social Panorama*, ECLAC (2021 and 2022b) has shown that factors such as gender, age, ethnicity or race and area of residence are axes of the social inequality matrix in Latin America (ECLAC, 2016), reinforcing one another and contributing to the reproduction of poverty and various welfare gaps over time. The most recent data confirm that the long-standing poverty gaps by gender, age, ethnicity or race and area of residence still persist in Latin America.

Around 2023, the incidence of monetary poverty was higher for women aged between 20 and 59 than for men in the same age group in all Latin American countries. The femininity of poverty index, which captures the extent to which women are more affected by a lack of financial resources than men, tended to be higher in countries with lower poverty rates.[11] The countries with the highest femininity of poverty index values were Uruguay, the Dominican Republic, Costa Rica and Chile, in that order, while the lowest values were observed in Nicaragua, Guatemala and Honduras. In percentage points, the largest differences between female and male poverty rates were in Argentina (6.8 percentage points), the Dominican Republic (5.3 percentage points) and Colombia (5.2 percentage points) (see figure I.9).

Figure I.9

Latin America (17 countries): people in poverty, by sex, and femininity of poverty index values, ages 20 to 59, by country, 2023 or latest year with information available

(Percentages and index values)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

Note: The countries are ranked by their femininity of poverty index scores. A value above 100 indicates that poverty is higher for women. Data are from 2023, except for Guatemala and Nicaragua (2014), the Plurinational State of Bolivia (2021) and Chile and Mexico (2022).

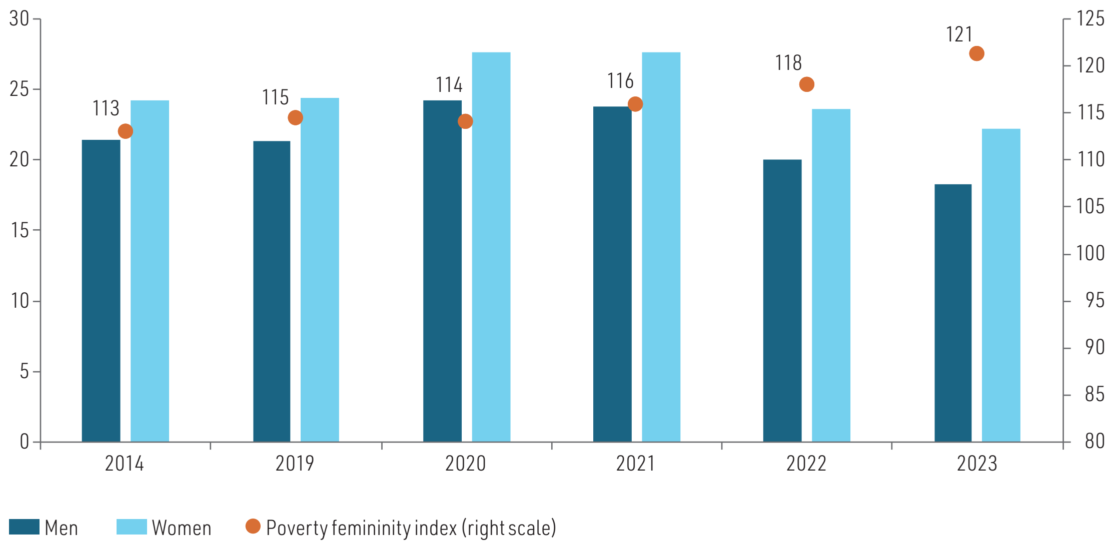
[11] Around 2023, the correlation between national poverty rates and the femininity of poverty index was -0.73. The tendency for poverty to be more feminized in less poor countries may be due to statistical issues (the more generalized a situation is, the less likely it is that there will be differences between groups) and also to structural factors that result in poverty falling less and rising more for adult women, as discussed later in this section.

Between 2014 and 2023, aggregate poverty in the region fell by more among men aged 20 to 59 (-3.1 percentage points) than among women in the same age group (-2.0 percentage points), the femininity of poverty index increased from 113 to 121 and the absolute gap between women and men in the incidence of poverty increased from 2.8 to 3.9 percentage points. The fact that poverty declined more among men than among women explained the rise in the femininity index in six countries between 2014 and 2023, while in four countries poverty increased by more among women than among men and in three countries female poverty increased and male poverty decreased. Only in Chile and Panama did poverty fall by more among women than among men. These results suggest that working-age women face a structural disadvantage that makes them more vulnerable to poverty and limits their chances of escaping it at times of economic growth (see figure I.10).

Figure I.10

Latin America (18 countries):[a] people in poverty, by sex, and femininity of poverty index values, ages 20 to 59, 2014–2023

(Percentages and index values)



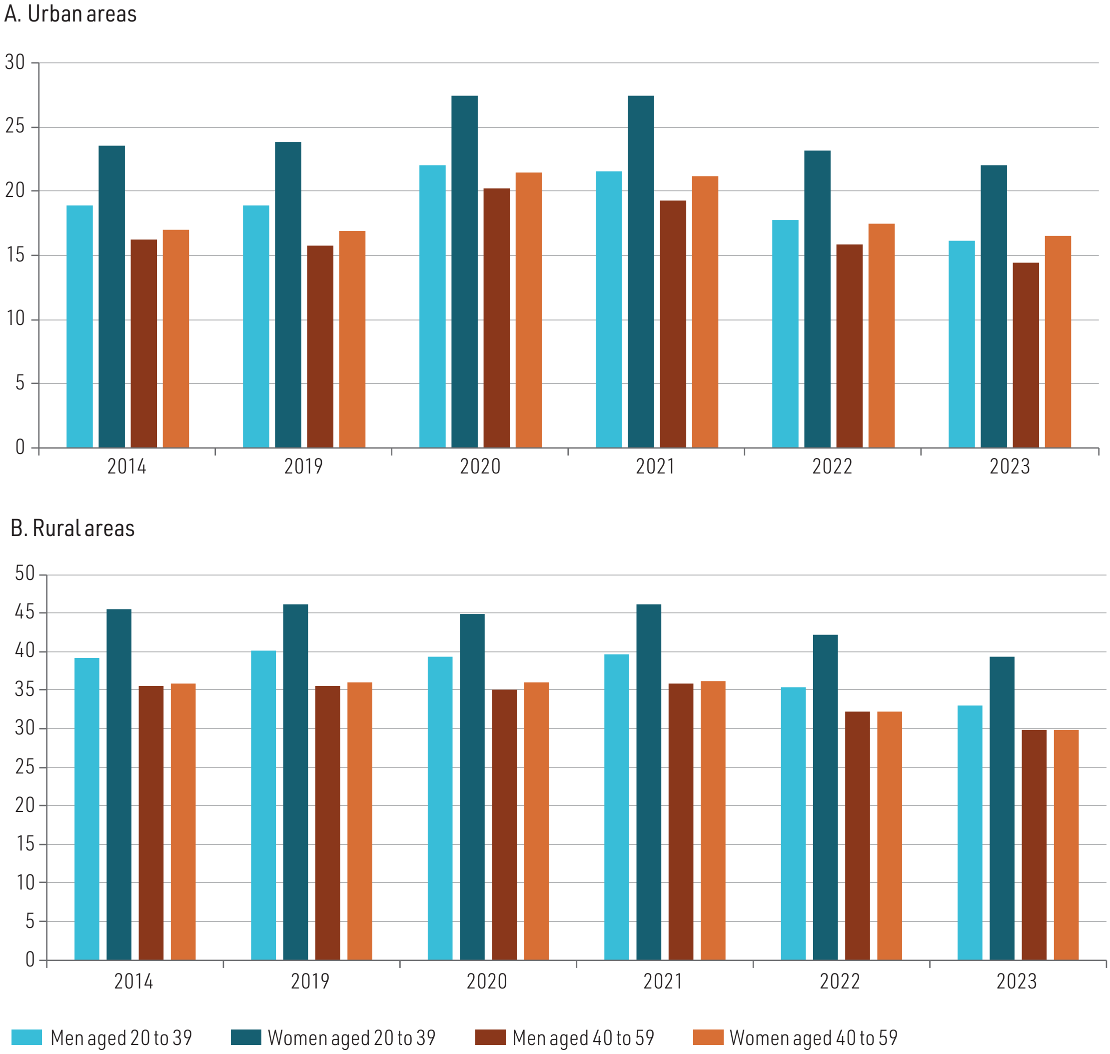
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

Note: A femininity of poverty index score above 100 indicates that poverty is higher for women.

[a] Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay. The averages exclude the Bolivarian Republic of Venezuela from 2019 onward.

Over the period from 2014 to 2023, the gap between men and women in the incidence of monetary poverty was largest for the younger adult population (aged 20 to 39) in both urban and rural areas. In 2023, for example, the poverty rate was 6.4 percentage points higher among rural women aged between 20 and 39 than among men in the same age group and area of residence, while there was no difference between the poverty rates of rural men and women aged between 40 and 59. In urban areas, the absolute differences between the poverty rates of men and women were 5.9 percentage points for the population aged between 20 and 39 and 2.1 percentage points for those aged between 40 and 59 (see figure I.11).

Figure I.11
Latin America (18 countries):[a] people in poverty, by sex, age group and area of residence, 2014–2023
(Percentages)



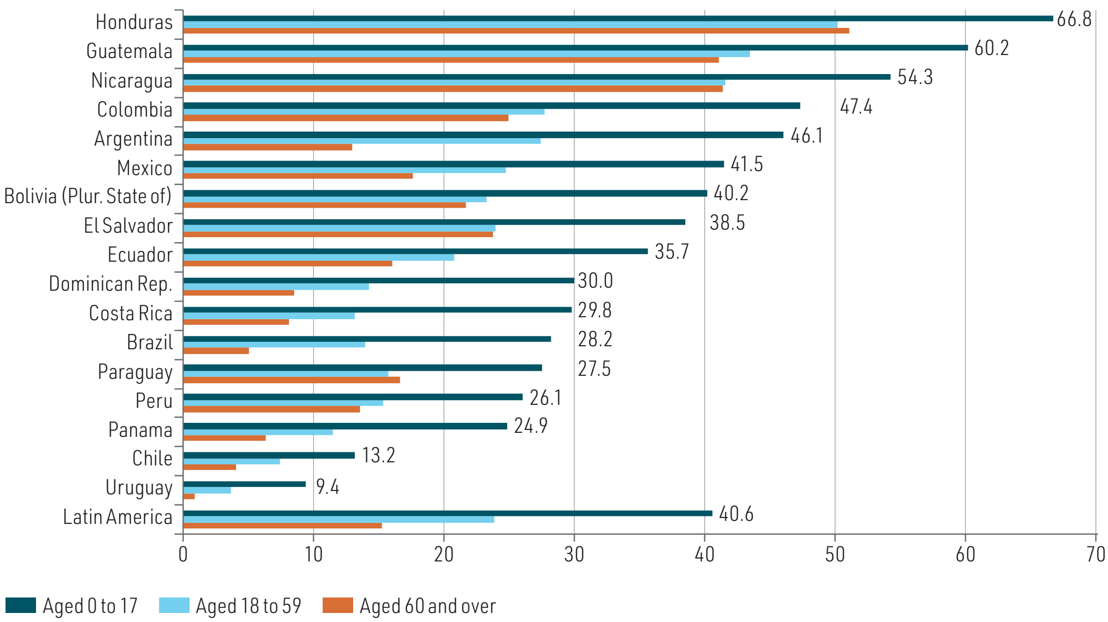
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
[a] Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay. The averages exclude the Bolivarian Republic of Venezuela from 2019 onward.

ECLAC (2023b) has argued that the poverty incidence gap between women and men in the 20 to 39 age bracket is largely explained by the sexual division of labour and the consequent greater participation of women in unpaid domestic and care work, which constitutes a barrier to participation in the paid labour market.[12] The amount of time spent on unpaid domestic and care work by women in Latin America is almost triple that spent by men, which limits their participation in all spheres and exacerbates inequalities in all their forms. This greater participation in unpaid care work and the weakness of such care policies as exist mean that women's employment in the paid labour market is likely to be of poorer quality and more prone to interruption, which affects their present and potential income.

[12] Around 2023, 83.7% of rural women aged from 20 to 39 in 16 countries of Latin America lived in households with at least one child under the age of 18, compared to 70% of urban women in the same age group (regional median values). These figures are considerably higher than those for the female population aged 40 to 59 in both rural areas (58.9%) and urban areas (54.1%).

ECLAC (2021 and 2022b) reported that children and adolescents under 18 years of age in Latin America were much more likely than adults to live in households affected by monetary poverty. This was still the situation around 2023, when 4 out of every 10 children and adolescents on aggregate in 17 Latin American countries were living in a household below the income poverty line, a figure that far exceeded the incidence of poverty in the adult population, which was 2.4 out of every 10 in the group aged 18 to 59 and 1.5 out of every 10 among those aged 60 and over (see figure I.12).

Figure I.12
Latin America (17 countries): people in poverty, by age group, 2023 or latest year with information available
(Percentages)

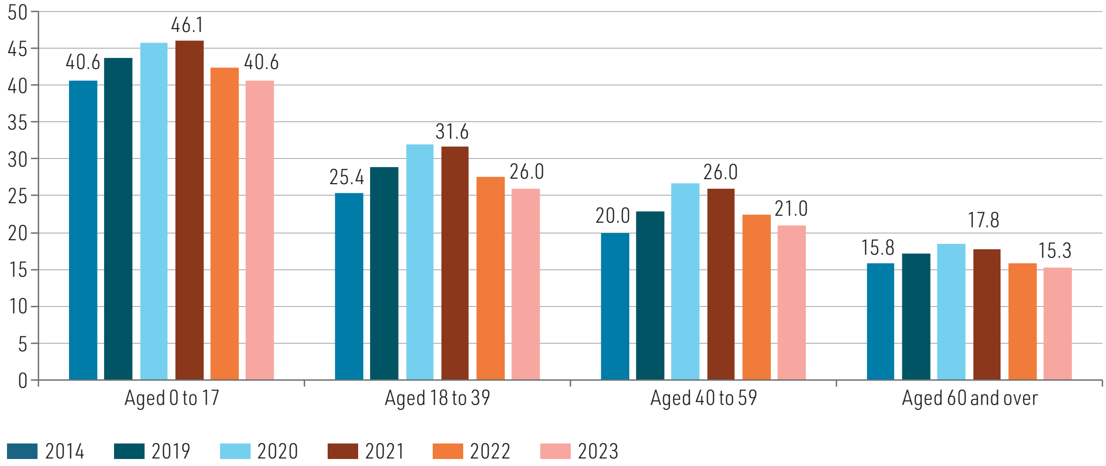


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
Note: Countries are ranked by the poverty incidence in the 0 to 17 agre group. Data are from 2023, except for Guatemala and Nicaragua (2014), the Plurinational State of Bolivia (2021) and Chile and Mexico (2022). The Latin American average includes the Bolivarian Republic of Venezuela.

In 17 countries of Latin America, poverty rates were between 1.3 and 2.5 times as high for under-18s as for people aged 18 to 59 and between 1.3 and 10.4 times as high as for people aged 60 and over. The largest differences between poverty rates for those under 18 and those aged 18 to 59 were in Uruguay, Costa Rica and Panama. The largest differences between poverty among children and adolescents and among those aged 60 and over were in Uruguay, Brazil and Panama. In 2023, seven countries of Latin America had child and adolescent poverty rates above 40%. These figures highlight a situation that needs to be urgently addressed, given the great vulnerability of children and adolescents and the current and future effects of child poverty.

In the regional aggregates, the poverty trend does not differ substantially between age groups. Poverty increased between 2014 and 2020, changed little between 2020 and 2021 and decreased between 2021 and 2023 for all age groups. The difference is in the magnitude of the changes. The smallest absolute changes were in the group of people aged 60 and over: between 2021 and 2023, poverty in this age group decreased by 2.5 percentage points, while in the other age groups the decrease ranged from 5.0 to 5.6 percentage points; between 2014 and 2020, poverty among older persons increased by 2.7 percentage points, while in the other age groups the increase was between 5.2 and 6.7 percentage points (see figure I.13).

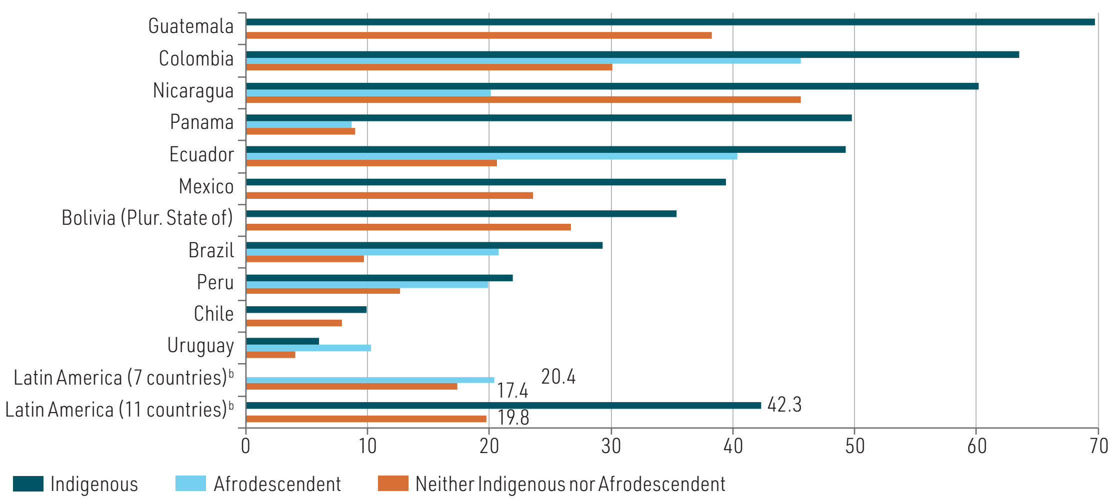
Figure I.13
Latin America (18 countries):[a] people in poverty, by age group, 2014–2023
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
[a] Weighted averages of the following countries: Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

A much larger proportion of Indigenous Peoples than of non-Indigenous, non-Afrodescendent people were affected by poverty in almost all the countries of the region for which information is available from around 2023, a situation already alluded to in other editions of the *Social Panorama* (ECLAC, 2021 and 2022b). The highest rates of poverty among the Indigenous population were found in Guatemala, Colombia, Nicaragua and Panama, and the largest relative differences in the incidence of poverty between the Indigenous population and the non-Indigenous, non-Afrodescendent population were in Panama (5.5 times), Brazil (3.0 times), Ecuador (2.4 times) and Colombia (2.1 times). For its part, the Afrodescendent population had higher poverty rates than the non-Indigenous, non-Afrodescendent population in 5 of the 7 countries with this information. Likewise, in almost all the countries with this information available, the incidence of monetary poverty was higher among the Indigenous population than among the Afrodescendent population (see figure I.14).

Figure I.14
Latin America (11 countries): people in poverty, by ethnicity or race, 2023 or latest year with information available
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
Note: Weighted averages. The countries are ranked by the incidence of poverty in the Indigenous population. The figures are from 2023, except for Guatemala and Nicaragua (2014), the Plurinational State of Bolivia (2021) and Chile and Mexico (2022).
[a] Brazil, Colombia, Ecuador, Nicaragua, Panama, Peru and Uruguay.

2. Geographical distribution of poverty and extreme poverty

Poverty and extreme poverty are phenomena that affect millions of people in Latin America. Understanding their geographical distribution is essential for designing effective public policies to reduce inequalities and improve living conditions. One of the main problems in producing disaggregated poverty estimates that combine geographical and sociodemographic variables is the accuracy of the results that can be achieved. Household surveys, even if robust at the national or regional level, are usually not powerful enough to provide precise estimates and detect differences in small geographical areas and groups formed from a combination of characteristics such as sex, age group, ethnicity or race, educational level or disability status, among others.

Small area estimation emerges as an effective solution to this problem of accuracy. It is a statistical tool that serves to improve direct estimates by integrating information from additional sources, such as population censuses, administrative records or satellite information, among other resources that may have a greater and fuller geographical coverage than household surveys, into the geographical or group estimation model. ECLAC has obtained poverty and extreme poverty estimates disaggregated simultaneously by variables such as those mentioned for more than 350 major administrative divisions (MADs) in the countries of Latin America.[13] This represents a significant advance in the potential to understand the distribution of poverty at the local level and to design more targeted and effective policies so that the most vulnerable territories and groups are not left behind.

(a) The geographical heterogeneity of poverty: differences between and within countries

From a geographical perspective, poverty in Latin America is unevenly distributed. When the differences between countries are observed, the incidence of poverty is found to range from 5% to more than 55% of the population. Much the same is true of extreme poverty, with rates varying between countries from less than 1% to more than 20%. When subnational rates are considered, the spread widens further: poverty rates at the MAD level range from 0% to 80% and extreme poverty rates from 0% to 65%.

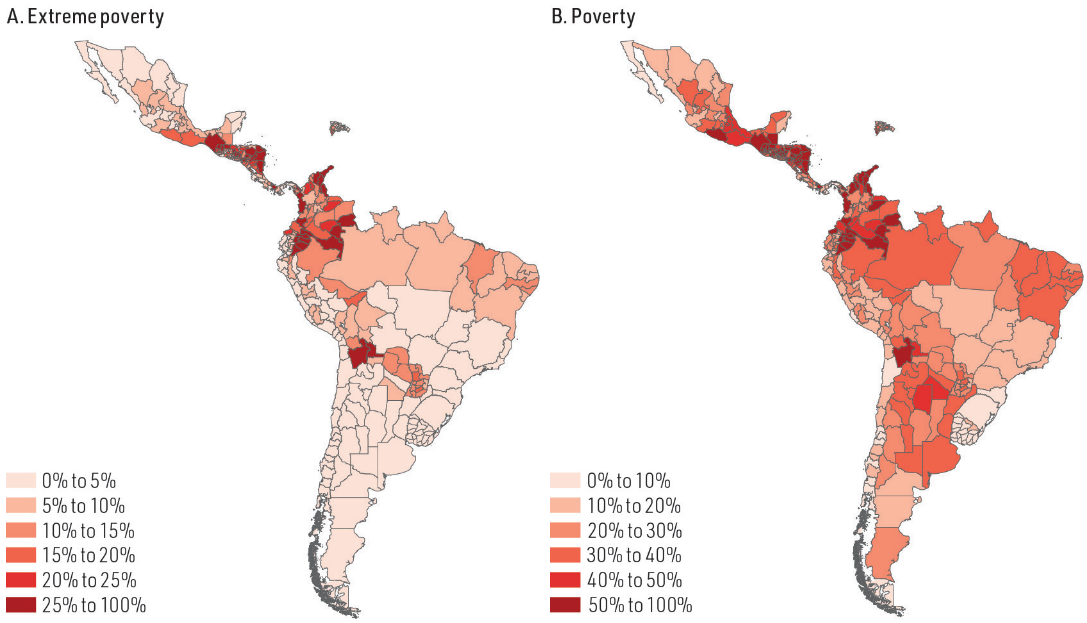
This can be seen in a map of poverty by MAD (see map I.1). There are countries with homogeneously low levels of poverty, such as Chile and Uruguay, where there are no major differences at the subnational level. Conversely, in countries with medium and high levels of poverty, there are MADs where poverty and extreme poverty rates are as low as in the countries just mentioned, and others where poverty rates are high, resulting in great heterogeneity within countries. By way of example, the part of the map that covers Brazil shows two clearly differentiated groups of States, those in the centre and south of the country, with poverty rates that are among the lowest in the entire region, and those in the north, where poverty and extreme poverty rates are considerably higher.

An important issue is whether the heterogeneity observed is related to differences between or within countries. To find out, an analysis of variance in poverty at the MAD level was carried out, taking the country the MAD belongs to as an explanatory factor. It was thus estimated that differences between countries explained about a third of the variance, while the remaining two thirds were associated

[13] A major administrative division (MAD) is the highest level of territorial subdivision in a country for administrative and statistical purposes. Depending on the specific territorial organization of each country, MADs may be entities such as States, provinces, regions or departments.

with differences within each country.[14] In other words, this means that the geographical dimension plays a considerable role in explaining the heterogeneity of poverty rates both between the countries of the region and between MADs within each of them.

Map I.1
Latin America (17 countries):[a] people in extreme poverty and poverty, by major administrative division, 2022
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG), population and household surveys and satellite imagery.

[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay. Data are from 2022, except for the Plurinational State of Bolivia (2021), Guatemala (2014), Honduras (2019) and Nicaragua (2014).

(b) Socioeconomic factors influencing subnational differences in poverty

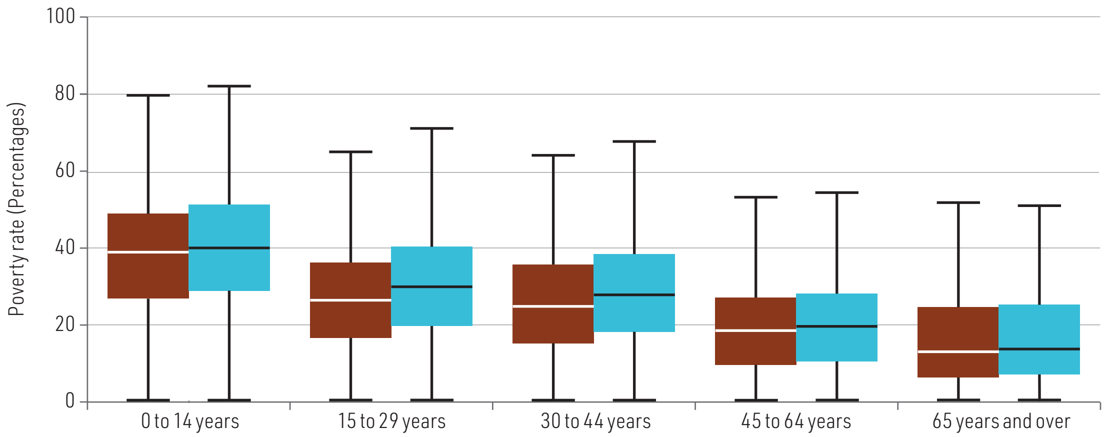
As already mentioned, the main potential of small area estimation is that it allows poverty rates to be disaggregated within MADs by different combinations of the characteristics of the population residing in them. The results are then used to produce maps showing poverty and extreme poverty rates by MAD for different population groups, which are available in the CEPALSTAT database. With these rates, it is possible to analyse the impact of different socioeconomic factors on the poverty situation at the subnational level and compare this with the situation at the national level.

Figure I.15 presents four distributions of MADs according to the incidence of poverty by sex and some additional characteristic, namely age group, educational level (in years), ethnicity or race and geographical area (urban or rural). The first panel of the chart shows that the median poverty rate at the MAD level (the centre line of the box) declines uniformly with age, from around 40% among children aged between 0 and 14 to less than 20% in the group aged 65 and over. Gender differences, which are smaller in the age groups mentioned, become larger at the central ages and particularly during women's reproductive years, i.e. between the ages of 15 and 44. This finding is consistent with the identification of the sexual division of labour as a structural obstacle to equality and with the figures presented above on differences by age group and the femininity of poverty index at the national level.

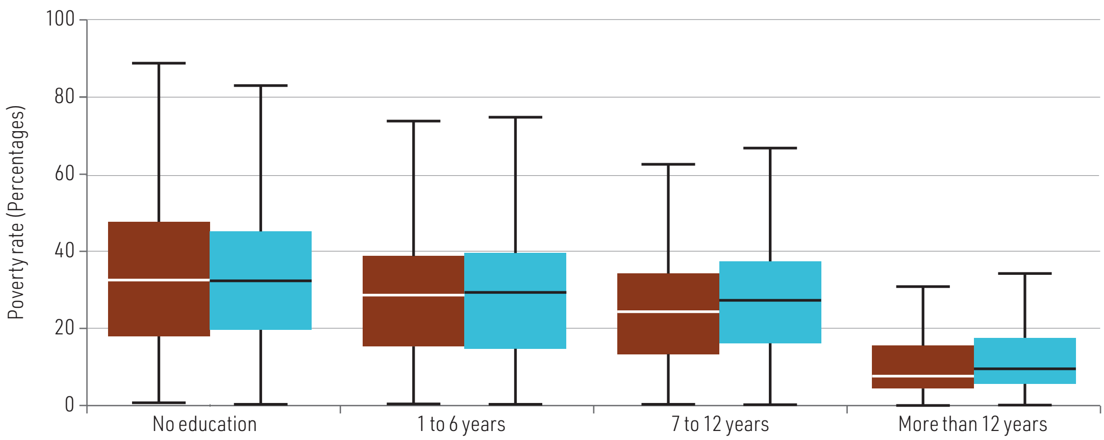
[14] The analysis was based on a linear mixed model fit, which is suitable for analysing hierarchically organized data, in this case countries disaggregated by MADs. Two fits were made, with and without covariates, and similar conclusions were reached regarding the importance of differences between countries and between MADs in each of them.

Figure I.15
Latin America (15 countries):[a] distribution of major administrative divisions by incidence of poverty, disaggregated by sex and by age group, years of education, ethnicity or race, and geographical area, 2022
(Percentages)

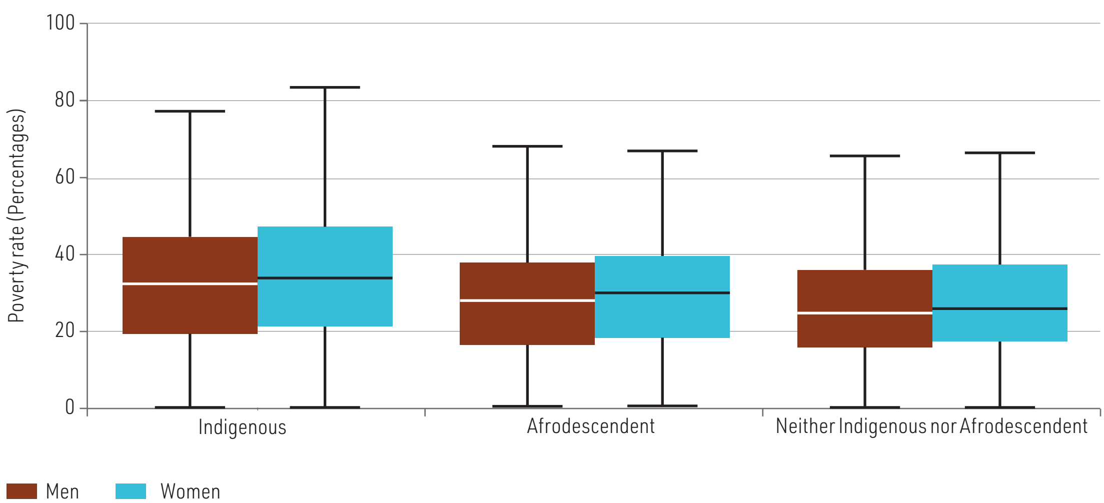
A. Sex and age group



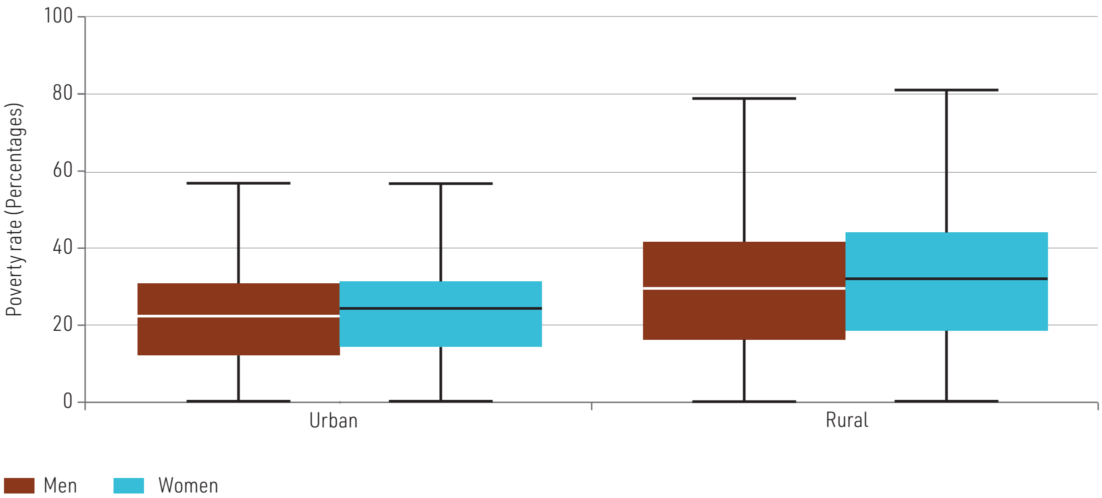
B. Sex and years of education



C. Sex and ethnic or racial self-identification



D. Sex and geographical area



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG), population and household surveys and satellite imagery.

[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Honduras, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

The second panel (see figure I.15B) shows the relationship between the poverty rate and educational level and distinguishes the group with more than 12 years of education, which has much lower poverty rates than the rest. It can also be seen that the differences between the rates for women and men increase with the level of education. With respect to the disaggregation of the poverty rate by sex and ethnicity or race (see figure I.15C), situations similar to those observed in the analysis of the national data are detected at the MAD level, in that the poverty rate is higher among the Indigenous and Afrodescendent population and that in all cases the median poverty rate is higher among women than among men. Something similar is observed for the incidence of poverty by sex and geographical area of residence (see figure I.15D): poverty is found to be higher in the rural areas of the subnational entities and, as in the previous breakdowns, to affect women more than men.[15]

To complement this, a predictive model of poverty and extreme poverty rates at the MAD level was fitted using household survey data (see box I.5). Although surveys are not the most appropriate instrument for disaggregating poverty information by population group and subgroup in limited geographical areas, they are useful for detecting factors that are not brought out by the census variables and that help predict the rate at this level. Thus, it was possible to confirm the importance of some of the factors already mentioned when predicting both poverty and extreme poverty. Among them, mention can be made of membership of Indigenous or Afrodescendent populations, which is associated with higher rates of poverty and extreme poverty. A larger number of children per household was also found to be associated with higher rates of poverty and extreme poverty. With regard to the number of people in the household, it was observed that a larger average number in a MAD was associated with higher poverty rates, but also with lower extreme poverty rates.

In parallel, lack of access to basic services such as energy was associated with higher rates of extreme poverty, while a larger number of people with access to the Internet in a MAD meant lower rates of poverty and extreme poverty. Lastly, different aspects of labour market characteristics in MADs were

[15] For reasons of space, the analysis has been limited to the total poverty rate. However, similar trends, with some smaller gender differences, were observed when extreme poverty data disaggregated by MAD were analysed.

variously associated with higher or lower poverty rates. A larger proportion of people employed in the private sector meant a lower incidence of poverty, while a larger proportion of wage earners with a higher average number of hours worked was also associated with lower levels of poverty.

In sum, the socioeconomic factors usually associated with differential poverty rates at the national level, namely gender, age, level of education, area of residence and ethnicity or race, also operate at the subnational level. The inclusion of additional variables from household surveys expands the set of factors that can be used to predict poverty rates more accurately at the level of territorial aggregates, adding components that facilitate the design of public policies aimed at mitigating poverty.

Box I.5

Using machine learning to predict poverty and extreme poverty rates by major administrative division

The availability of disaggregated information at the major administrative division (MAD) level makes it possible to apply various models to predict poverty and extreme poverty rates and to find the main factors contributing to this prediction. Although household surveys have their limitations when it comes to producing disaggregated poverty estimates, they are useful for predicting both rates in MADs, as they allow a wider set of variables to be considered than are usually available in population censuses. To conduct this analysis, a database of 665 observations and 254 initial variables was compiled from household surveys in 15 countries for the period 2021–2023. The methodology used consisted of the following steps:

- Data preprocessing: continuous variables were standardized at the country level to ensure comparability. Variables expressed as a proportion were kept in their original form. Median imputation techniques were applied, and variables with a high proportion of missing data were discarded.
- Feature selection: Since the number of available factors was very large, four feature selection methods were used: correlation, least absolute shrinkage and selection operator (LASSO), recursive feature elimination (RFE) and random forests. The LASSO method was selected because it offers a good balance between the number of features and the mean squared error: 15 features were selected for the poverty model and 13 for the extreme poverty model.
- Implementation of predictive algorithms: several regression algorithms were applied for supervised prediction, such as linear regression, Ridge regression, random forests, support vector machine, k-nearest neighbours, decision trees and convolutional neural networks.

The support vector regression machine model was the one that provided the best balance between fit and generalization and was ultimately selected (see table 1). In this model, the line or hyperplane of best fit of the data to a linear space is selected, minimizing prediction errors. It thus operates much like a linear regression, and so the coefficients associated with each factor are directly interpreted as their importance in the model fit. Positive coefficients are positively correlated with poverty and extreme poverty rates, while the opposite holds for negative coefficients (see table 2).

Table 1

Evaluation metrics of the support vector regression machine model for predicting extreme poverty and poverty rates

	Extreme poverty rate	Poverty rate
Cross-validation root mean squared error	1.062	1.009
Train root mean squared error	1.050	0.991
Test root mean squared error	0.839	0.921

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

Table 2
Importance of factors in the support vector regression machine model for predicting extreme poverty and poverty rates

Factor	Extreme poverty	Poverty
Number of children	1.56	0.98
People with unmet basic fuel needs	1.06	0.68
Number of people in the household	-0.57	0.50
Households receiving government transfers	-0.23	0.38
People working informally	0.16	---
People with Internet access	-0.49	-0.54
People working in the private sector	-0.32	-0.64
Number of rooms in the dwelling	-0.17	-0.65
People not belonging to Indigenous peoples or Afrodescendent populations	-0.90	-0.70
Households receiving wage income	-1.03	-0.73
People in work	-1.02	-1.04
People working in the private sector	-1.10	-1.04
Hours worked	-1.42	-1.82

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

C. Complementary approaches to income inequality

While income inequality remains very high and there have been no very far-reaching changes in this area, the indicators available reflect a slight narrowing of income gaps among the population. For example, the Gini index was 4% lower in 2023 than in 2014. According to some complementary estimates, wealth was much more concentrated than income in Latin America, and this was found to be the situation in all countries of the region for which information was available. At the same time, there was majority citizen support between 2008 and 2023 for State policies to reduce income inequality in the region, although it began to decline from 2012.

1. Recent trends in household income inequality

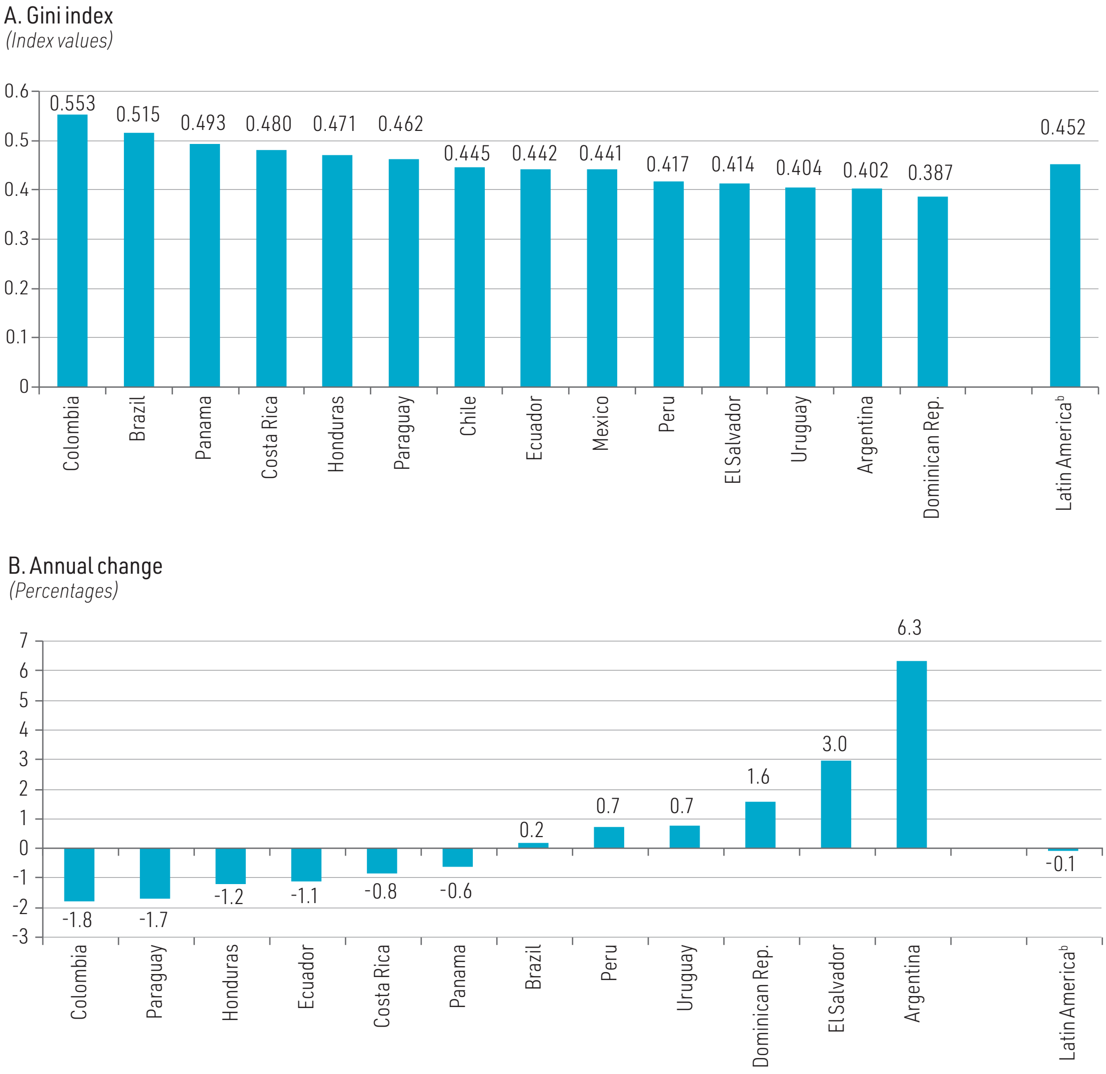
The countries of Latin America are characterized by a high level of income inequality, a feature that has persisted even though income concentration rates have tended to fall in recent years (ECLAC, 2023b).

The Gini index is a synthetic way of expressing the magnitude of inequality in income distribution. At 0.452 as a simple average, the index value for a set of 14 countries in Latin America was considerably higher than in other regions of the world.[16] Of the countries for which information is available for 2022 or 2023, Brazil and Colombia had the highest values, exceeding 0.50. Costa Rica, Honduras and

[16] According to the World Bank database, if the most recent value of the Gini index for the last 10 years is taken as a benchmark for all the countries of the region, only sub-Saharan Africa has a simple average (0.41) close to that of Latin America. In the other regions, the average ranges from 0.30 (Europe and Central Asia) to 0.35 (Asia and the Pacific). See World Bank, World Bank Open Data [online] https://data.worldbank.org/.

Panama also scored above the regional average. Argentina, the Dominican Republic, El Salvador, Peru and Uruguay had the lowest values (between 0.38 and 0.42), followed by Chile, Ecuador and Mexico, whose index scores were around 0.44 (see figure I.16).

Figure I.16
Latin America (14 countries): Gini index levels and changes, 2023[a]
(Index values and percentages)

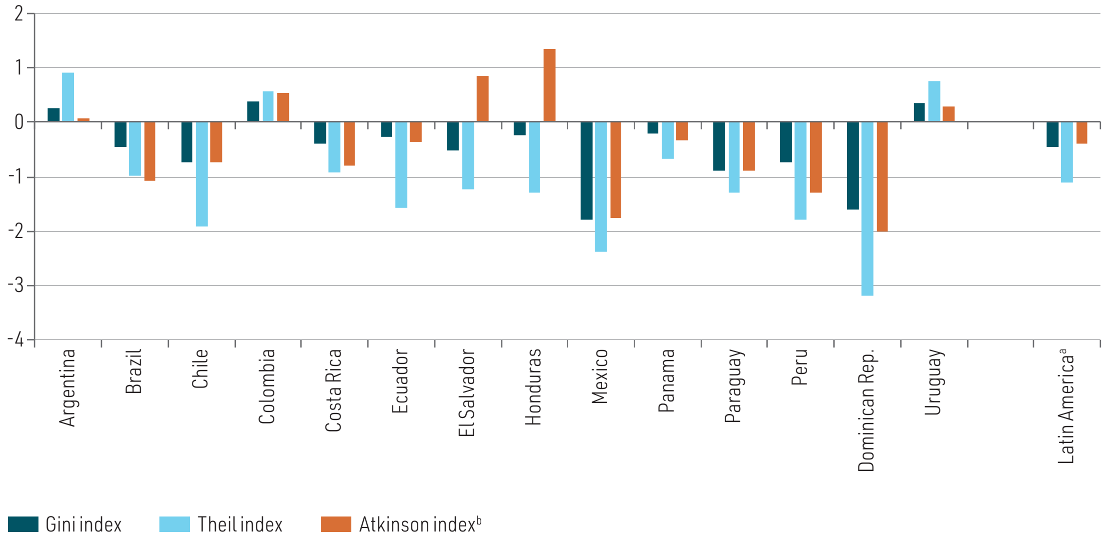


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
[a] The figures for Chile and Mexico are from 2022.
[b] Simple average.

Figures for 2023 show that four countries (Colombia, Ecuador, Honduras and Paraguay) managed to reduce their Gini index by at least 1% compared to 2022 (or 2019 in the case of Honduras), while three countries (Argentina, the Dominican Republic and El Salvador) saw increases of more than 1%.

If a longer time horizon is considered, inequality has tended to fall very slightly. Taking 2014 as a benchmark, the simple average for the set of 14 countries with data available (from 2022 or 2023) decreased by 4% compared to the 2014 value, which is equivalent to an annual rate of change of -0.4%. Over this period, Chile, the Dominican Republic, El Salvador, Mexico, Paraguay and Peru managed to reduce their Gini index values at a rate of at least 0.5% per year, giving a cumulative fall of about 5%. No country experienced an increase in inequality of similar magnitude during this period (see figure I.17).

Figure I.17
Latin America (14 countries): annual changes in the Gini, Theil and Atkinson inequality indices, 2014–2023
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
Note: The figures are from 2016 and 2023 for Brazil, 2013 and 2022 for Chile, 2016 and 2023 for the Dominican Republic and 2016 and 2022 for Mexico. In the case of Ecuador, December 2023 figures are used. For Paraguay, figures from the fourth quarter of 2023 are used. The figures for Colombia are not strictly comparable in the period of analysis.
[a] Simple averages.
[b] The Atkinson index is calculated with an inequality aversion parameter of 1.5.

Complementary indicators of inequality, namely the Theil and Atkinson indices, show a picture similar to that described by the Gini index and corroborate the decline in inequality in most of the countries analysed.[17] Exceptions to this trend include El Salvador and Honduras, where the Atkinson index points to a slight increase in income inequality, rather than the reduction reflected by the other two indicators. As an indicator that is more sensitive to changes in the lower part of the distribution, this result indicates that the improvements in inequality occurred mainly among middle-income households, with a loss of share for low-income households.

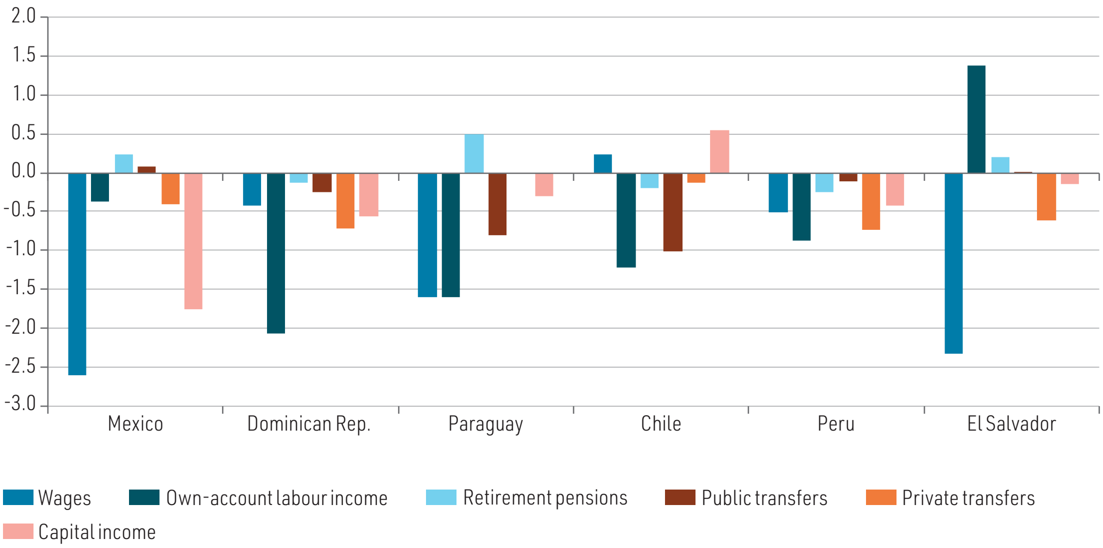
In the six countries where the Gini index declined appreciably between 2014 and 2023, the various income sources contributed in various ways to the result. Using the decomposition methodology detailed in box I.2, it is possible to show that labour income accounted for more than 90% of the change in inequality in Paraguay and about half the change in the Dominican Republic, El Salvador, Mexico and Peru. However, the composition of labour income varied in each case. In El Salvador and Mexico, income from wage employment played a larger role than income from own-account work, while the opposite was true in Chile, the Dominican Republic and Paraguay (see figure I.18).

[17] Although less well known than the Gini index, the Theil and Atkinson indices have other properties that are valuable for measuring inequality and are more sensitive to changes at the top and bottom of the distribution. It is thus helpful to use them as a complement to corroborate the trends described by the Gini index.

Figure I.18

Latin America (6 countries): contribution of changes in each income source to the decrease in the Gini index, 2014–2023

(Percentage points)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

Note: The countries are ranked by the cumulative change in the Gini index over the period. The figures are from 2013 and 2022 for Chile and from 2014 and 2022 for Mexico. For Paraguay, figures from the fourth quarter of 2023 are used.

Government transfers, which mainly take the form of non-contributory social protection and whose coverage and amount have increased, as discussed in chapters II and IV, helped to reduce inequality in some countries, even if they did not account for the bulk of this reduction. This source featured most prominently in Chile, where it accounted for about 30% of the total change in the Gini index. Generally speaking, other income sources also contributed to the reduction in inequality, but their share was not as large.

2. Complementary measures of income and wealth inequality

(a) Reconciling information sources for the measurement of income and wealth

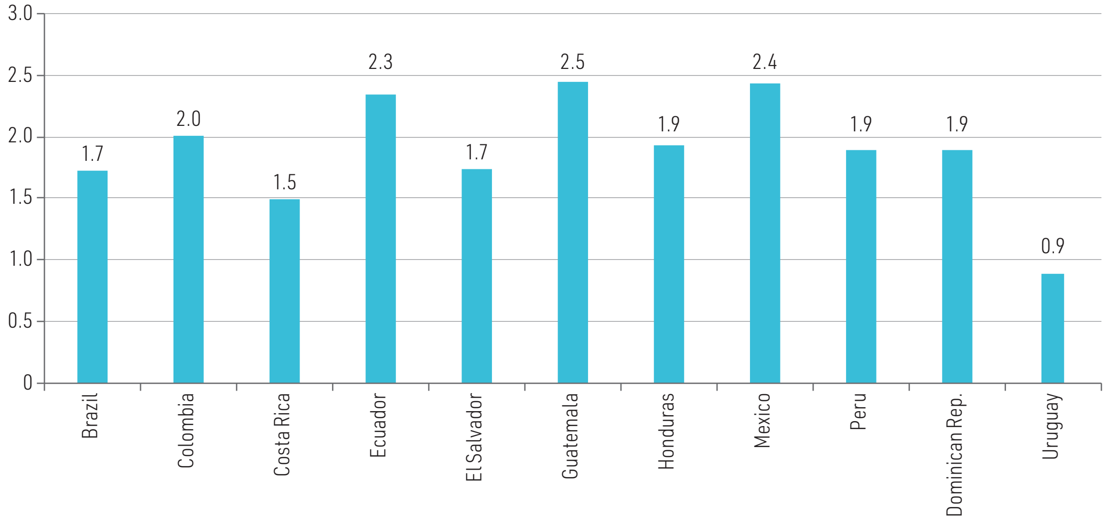
Both the levels and trends of income inequality are debatable because of a lack of information on the distribution of certain income components and a failure to reconcile the various data sources. Most income distribution statistics are derived from household surveys, in which respondents are asked about income from all possible sources. While these are the main instrument used to analyse inequality trends and levels everywhere in the world, the fact is that they are better suited to measuring labour income and transfers than income from physical and financial assets, which tends to be underestimated (ECLAC, 2022a).

In turn, official estimates of income in the whole national economy and its various sectors are provided by the national accounts. In this context, economic transactions between households and all other sectors, including the rest of the world, are reported in the household sector accounts.

While the production of this instrument presents some difficulties because of the limitations of the core household income and expenditure statistics on which it is based, it is useful as a benchmark for analysing discrepancies with measures based on household surveys.

According to the most recent information available for 11 countries, the amount of household income captured by the national accounts is 1.9 times as high on average as that recorded in surveys.[18] This gap is at its widest in Ecuador, Guatemala and Mexico, where the national accounts report income between 2.3 and 2.5 times as high as the surveys. At the other extreme, in Uruguay, the income reported by the survey is actually slightly higher than that reported in the national accounts (see figure I.19).

Figure I.19
Latin America (11 countries): ratios of total household income reported by national accounts to that reported by household surveys, latest year with information available
(Multiples)

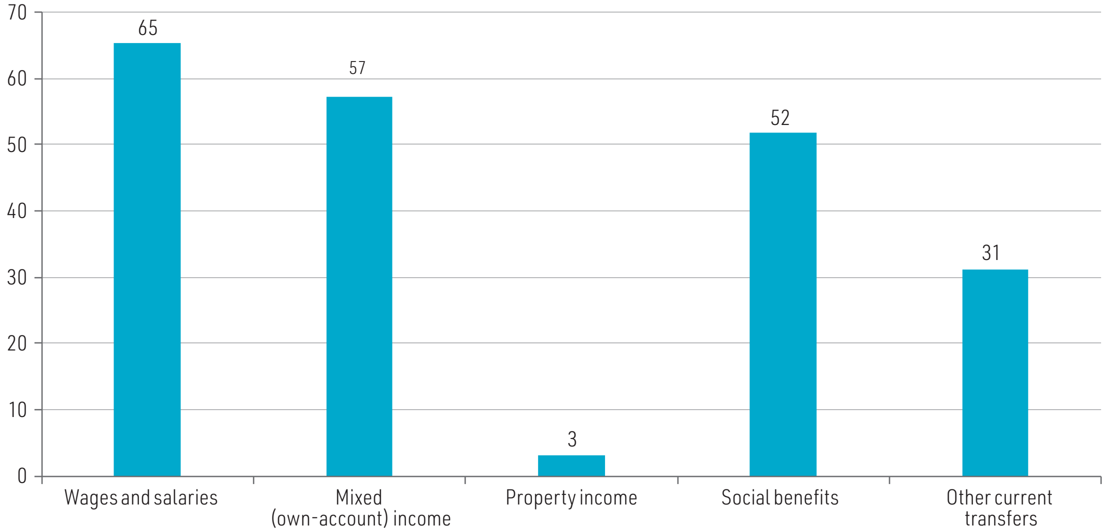


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG) and national accounts.
Note: The figures are from 2022 for Ecuador, Mexico and Peru, 2021 for Brazil, Colombia, Costa Rica and Guatemala, 2020 for El Salvador, 2019 for Uruguay, 2016 for the Dominican Republic, and 2015 for Honduras.

The income gap between household surveys and the national accounts is not homogeneous across income sources. The wage and salary component tends to present the smallest gap relative to the national accounts total; in a set of 10 countries (simple average), surveys capture two thirds of the income from this source as measured in the national accounts. In the case of mixed income (a concept associated with income from paid own-account work) and social entitlements, the figure captured by surveys is about half that reported in the national accounts. The component where the difference is largest is property income: in this case, the amount captured by surveys is no more than 3% of the income reported in the national accounts (see figure I.20). Given that the information collected on this source of income almost exclusively concerns wealthier households, the application of a procedure to correct for income gaps would be expected to yield a particularly large increase for these households and an increase in inequality.

[18] Although it would be desirable for information on household income and expenditure to be produced and disseminated along with the accounts of a country's other institutional sectors, this is not always the case. Only 11 Latin American countries publish household sector accounts, and just 7 of these have information beyond 2020.

Figure I.20
Latin America (10 countries): ratios of income reported by household surveys to that reported by national accounts, by income component, latest year with information available
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG) and national accounts.
Note: Simple averages. The figures are from 2022 for Ecuador, Mexico and Peru, 2021 for Brazil, Colombia, Costa Rica and Guatemala, 2020 for El Salvador, 2016 for the Dominican Republic and 2015 for Honduras.

While the national accounts do not in themselves provide information on income distribution, it is possible to apply the distribution obtained from household surveys and other sources (such as tax records) to national aggregates to generate distributional data consistent with the total income amounts reported in the national accounts.

Various initiatives have sought to integrate information on the distribution of income and wealth into the national accounts framework. One such initiative is the distributional national accounts methodology proposed by Blanchet and others (2024), which aims to provide annual estimates of income and wealth distribution that maintain consistency with macroeconomic national accounts and to disseminate them through their global inequality database, the World Inequality Database (WID.world). Another initiative is the Expert Group on Disparities in a National Accounts Framework (EG DNA), set up in 2011 by the Organisation for Economic Co-operation and Development (OECD) and Eurostat with the aim of developing a methodology for the compilation of distributional outcomes for household income, consumption and savings, consistent with national accounts totals. The group recently published a handbook (OECD, 2024). While the two initiatives differ in their methods and approaches, both aim to compile annual estimates of income distribution using concepts consistent with national accounts by employing tax and household survey data (OECD, 2024).[19]

There is still a long way to go before measurements of household income and its distribution can be obtained from fully consistent information sources. The limited availability of information beyond that

19 This is not the only area in which efforts are being made to integrate distributional aspects into the national accounts. For example, national transfer accounts record economic flows classified by the age of individuals, making it possible to measure the intergenerational economy and estimate the economic impacts of demographic change. This methodology also works by combining national accounts with data from household surveys and other sources. National transfer accounts can, in turn, be disaggregated into other dimensions, such as national inclusion accounts, which deal with the socioeconomic dimension, or national time transfer accounts. For more information, see Economic Commission for Latin America and the Caribbean (ECLAC), "National transfer accounts (NTA)" [online] https://www.cepal.org/en/subtopics/national-transfer-accounts-nta; National Transfer Accounts Project, "National Transfer Accounts: understanding the generational economy" [online] https://ntaccounts.org/web/nta/show/.

provided by surveys makes it necessary to use various assumptions to reconcile the gap between this source and the total amounts reported by the national accounts. These assumptions have a direct impact on the measurement of inequality, and for this reason it is common to find discrepancies between the measurements made by different authors and institutions.

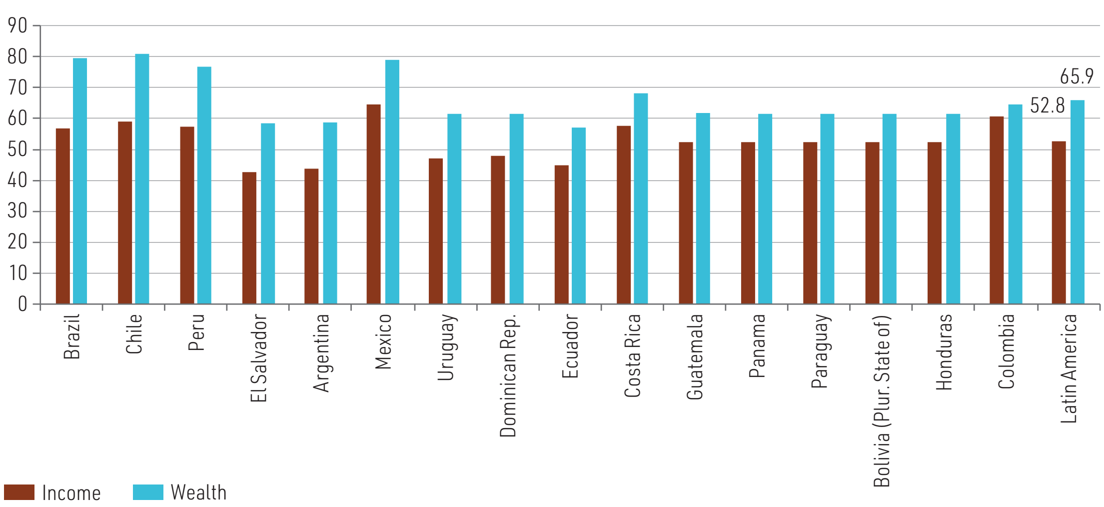
(b) The regional situation with income and wealth inequality according to distributional national accounts

The distributional national accounts methodology can be used to obtain information on inequality not only of income, but also of wealth. Blanchet and others (2024) have comparable estimates of both indicators for the Latin American countries, based on the complementary use of information from different sources, such as surveys, administrative records and tax data, as explained above. Although these estimates do not always have all the necessary inputs, so that imputations must be used, they are helpful for obtaining an overview of the inequality situation in the region. In these estimates, income is measured before taxes and includes pensions (Chancel and Piketty, 2023), while wealth is calculated by adding up financial assets (e.g. deposits, stocks, bonds and loans) and non-financial assets (e.g. housing, land and business assets) owned by individuals, then subtracting debts and valuing everything at market prices (Blanchet and others, 2024).

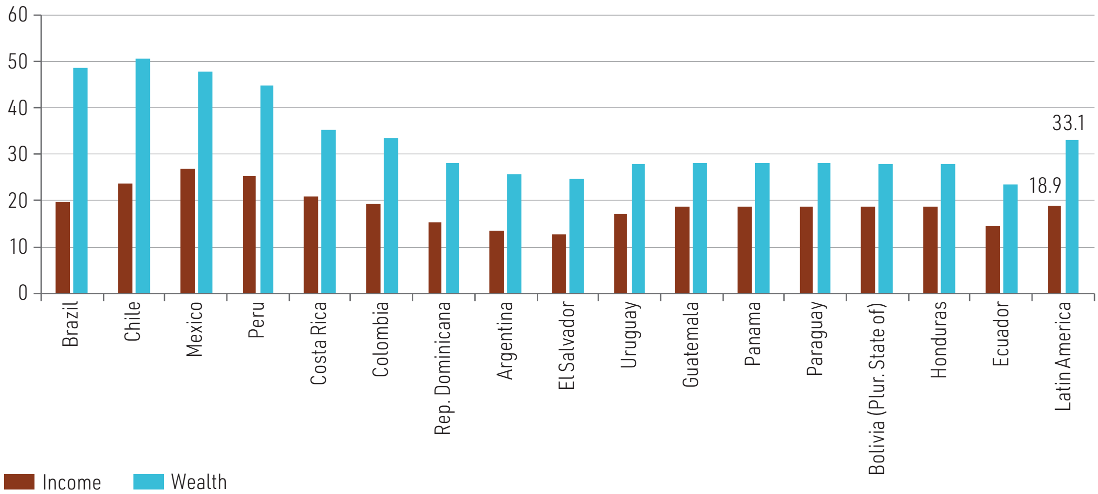
These estimates show that wealth is much more concentrated than income in Latin America, a situation corroborated in all the countries of the subregion with information available by different indicators of the total income and wealth shares of the groups at the top of the distribution (see figure I.21). Around 2021, 52.8% of total income was captured by the top 10% of the distribution, while the richest 10% accounted for 65.9% of total wealth (simple regional averages). The top 1% of the distribution had 18.9% of total income and 33.1% of wealth. Taking this 1% indicator, the largest absolute differences between wealth and income concentration were in Brazil, Chile, Mexico and Peru, where the wealth share was 28.9, 26.9, 20.9 and 19.5 percentage points higher, respectively, than the income share.

Figure I.21
Latin America (16 countries): total income and wealth shares of the top 10% and the top 1% of the distribution, around 2021
(Percentage shares of total income and wealth)

A. Top 10%



B. Top 1%

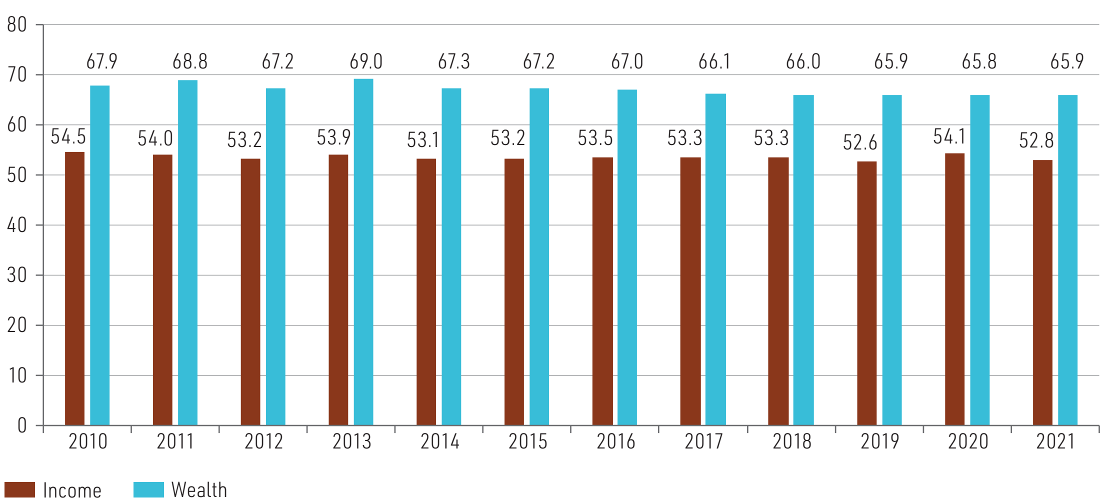


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Inequality Lab (WIL), World Inequality Database (WID.world) [online] https://wid.world/data/.

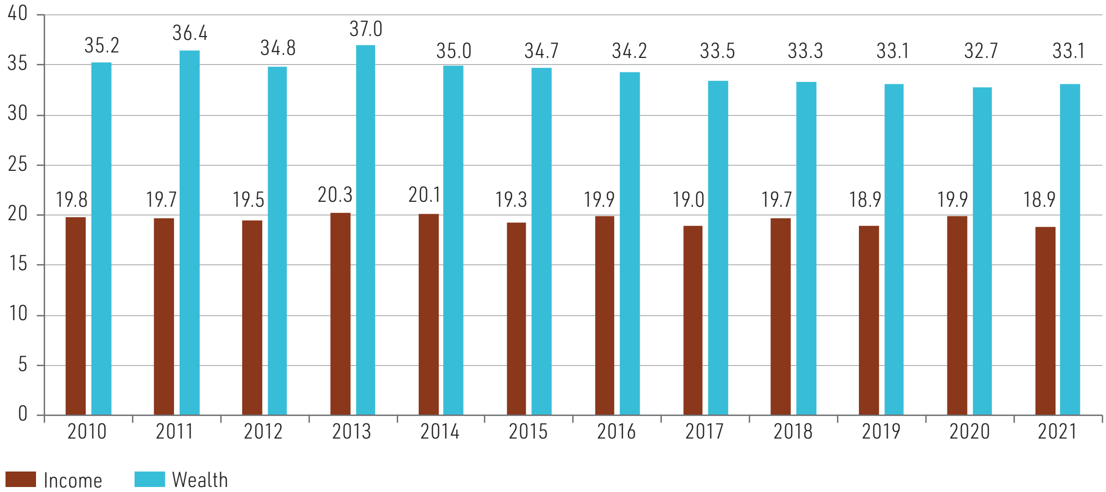
According to these estimates, the shares of the best-off groups showed similar trends for both income and wealth between 2010 and 2021. The income and wealth shares of the top 10% and 1% of the distribution remained very high during this period, although there was a slight downward trend (see figure I.22). The share of total wealth captured by the top 10% of the distribution fell from a simple average of 67.9% in 2010 to 65.9% in 2021, while the total wealth share of the richest 1% fell from 35.2% in 2010 to 33.1% in 2021. In turn, the total income share of the top 10% declined by 1.8 percentage points between 2010 and 2021, while the total income share of the top 1% declined by 0.9 percentage points over the period.

Figure I.22
Latin America (16 countries):[a] total income and wealth shares of the top 10% and the top 1% of the distribution, 2010–2021[b]
(Percentage shares of total income and wealth)

A. Top 10%



B. Top 1%



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of World Inequality Lab (WIL), World Inequality Database (WID.world) [online] https://wid.world/data/.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.
[b] Simple averages.

The wealth concentration estimates[20] made by the World Inequality Lab for the countries of Latin America are based on imputations constructed from the income distribution[21] and corrected at the top of the distribution with information from Forbes on the wealth of billionaires (Chancel and Piketty, 2023). In the Latin American countries, official sources for the direct measurement of wealth are often few and far between, and can even yield contradictory estimates (Carranza, De Rosa and Flores, 2023). To improve the direct measurement of wealth, Fandiño, Kerstenetzky and Simões (2024) recommend including questions on wealth in household surveys and propose adjustments to tax returns that would allow the assets reported by couples to be individualized. These authors also stress the desirability of having fiscal data with detailed information on capital income to facilitate the use of the "capitalization method".[22]

Where income is concerned, incorporating data from administrative records and national accounts to supplement surveys is a great help in the effort to track the highest incomes, which is essential for assessing the different countries' tax collection potential. To maximize the use of this information source, however, it is imperative for the countries of the region to make the distribution of tax returns public and provide timely access to household income and expenditure accounts (ECLAC, 2022a). At present, there are still many countries in the region that do not publish the household sector account or, if they do, do not provide fully updated information.

3. Perceptions of inequality in income distribution

The study of perceptions of inequality and preferences regarding an active role for the State in income redistribution in Latin America is of great importance given the persistence in the region of heavy income

[20] A number of such measurements have been conducted in Latin America. For some of the most recent, see Souza and Medeiros (2015), Morgan (2017), Flores and others (2019), Larrañaga, Echecopar and Grau (2022), Díaz-Bazán (2015), Cortés and Vargas (2017), Burdín, Esponda and Vigorito (2015) and Del Castillo (2023).

[21] This is justified by the high correlation observed between wealth and income distribution in countries that measure both (see Chancel and Piketty, 2023).

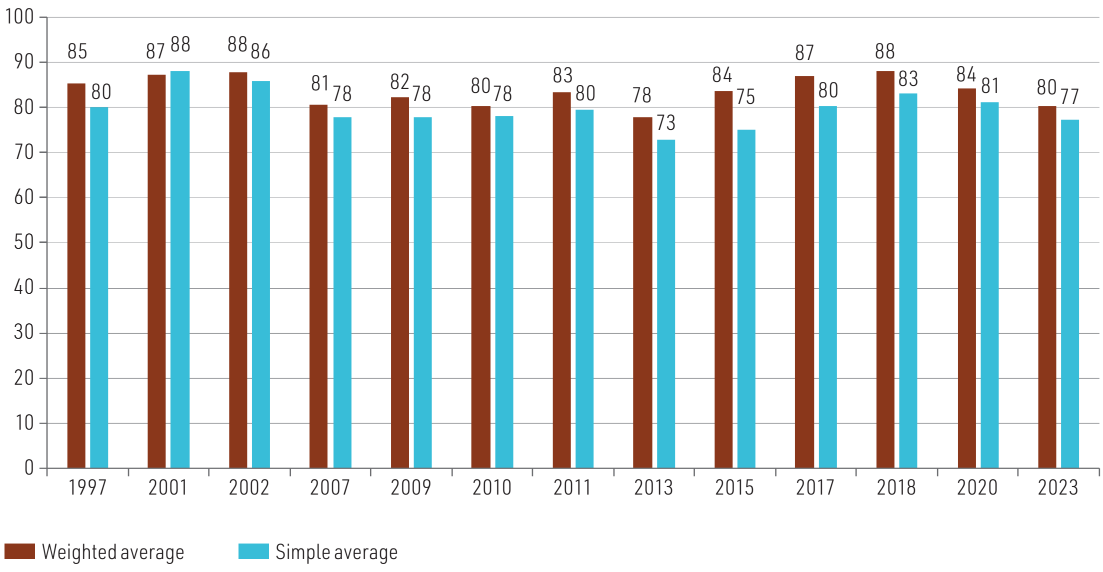
[22] The capitalization method estimates total wealth from reported capital income. This method sets out from the premise that if the income generated by an asset and its rate of return are known, the value of the asset can be inferred.

concentration, since this, together with other expressions of social inequality, affects the well-being of the population, undermines social cohesion and erodes countries' economic and political stability. These perceptions and preferences must be given particular weight in the design of fiscal reforms aimed at reducing economic and social divides and universalizing social protection, two challenges that are crucial for progress towards inclusive and sustainable development. Addressing these issues contributes not only to equity but also to social cohesion and democratic governance in Latin America.

This section presents the regional evolution of two indicators, the percentage of the population believing that income distribution is unfair and the percentage of the population stating that they support redistribution by the State. It also analyses the relationship between these perceptions and some indicators of the quality of the social contract in the region, such as political distrust and perceptions of corruption.

Over the long term, perceptions of distributional unfairness in Latin America have stood at very high levels of some 80% or more. In 2023, however, the proportion of the population considering that income distribution was unfair or very unfair fell by about 4 percentage points relative to 2020 (-3.8 as a weighted average and -4.1 as a simple average), maintaining the downward trend observed between 2018 and 2020 (see figure I.23). Thus, between 2018 and 2023, the proportion of people considering income distribution to be unfair, measured as a weighted average, decreased by 7.8 percentage points. This was strongly influenced by developments in Brazil and Mexico, where perceptions of distributional unfairness fell by 12.0% and 15.9%, respectively.[23] When the same comparison is made using the regional simple average,[24] the drop between 2018 and 2023 was 6.0 percentage points.

Figure I.23
Latin America (18 countries):[a] people considering that income distribution in their country is unfair or very unfair, 1997–2023
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Latinobarómetro Corporation [online] https://www.latinobarometro.org/lat.jsp.
Note: The question used in the Latinobarómetro questionnaire was "How fair do you think income distribution in (name of country) is?" The reply options given were "very fair", "fair", "unfair" and "very unfair". Data were not available for the Dominican Republic in 1997, 2001 or 2002 or for Nicaragua in 2023. The weighted averages are estimated on the basis of the population aged 18 and over in each country.
[a] Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

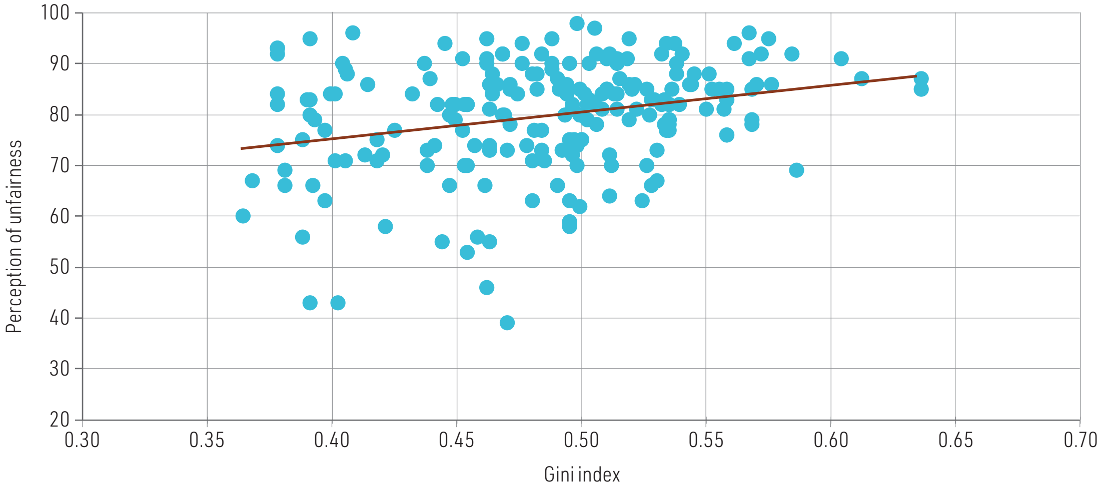
[23] Relative changes.
[24] The simple average is less sensitive to changes in countries with larger populations and thus better reflects the situation in each country.

The high levels of perceived unfairness where income distribution is concerned are consistent with the heavy concentration of income in the countries of the region, and in the regional aggregate the two indicators are moderately correlated over the time period for which data are available (see figure I.24).[25] This means that the highest levels of perceived inequality are not always found in the most unequal countries,[26] nor is there an unambiguous correlation between trends in the two indicators over the short and medium term.[27] For example, although the regional Gini index declined between 2018 and 2023, which matches the trajectory of the perceived inequality indicator, the same did not occur between 2013 and 2018, when the rise in the perception of distributional unfairness was accompanied by a reduction in income concentration.

Figure I.24

Latin America (18 countries):[a] perceptions of distributional unfairness and Gini index values, 2001–2023

(Percentages and index values)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG) and Latinobarómetro Corporation [online] https://www.latinobarometro.org/lat.jsp.

Note: The years for which figures were available were 2001, 2002, 2007, 2009, 2010, 2011, 2013, 2015, 2017, 2018, 2020 and 2023. In the years for which information on the Gini index was not available, the observation of the immediately preceding year was taken. R2 = 7.2%, (p = 0,000***).

[a] Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

It should not necessarily be assumed that perceptions of distributional unfairness reliably proxy a preference for fairer forms of distribution. Some people might perceive distribution as unfair, but at the same time believe fatalistically that “it’s just the way it is” and not support redistribution efforts[28] (Da Fonseca and Alencar, 2013), or they might not trust the State institutions responsible for implementing redistribution programmes. For this reason, it is desirable to analyse more direct measures of redistributive preferences.

Between 2008 and 2023, a majority of the region’s citizens supported State policies to reduce income inequality between rich and poor in general,[29] but this indicator has been declining since 2010, with an especially large drop between 2012 and 2017. Since then, the level of support for redistribution

[25] These results are broadly in line with those obtained by Reyes and Gasparini (2022).

[26] In fact, when each year is analysed separately, the Gini index is found to be uncorrelated with perceptions of unfairness (Spearman’s correlation coefficient is not significant for any of the years included in figure I.24).

[27] Perceived inequality does not necessarily reflect objective levels of inequality, as perceptions are subject to different biases (Marandola and Xu, 2021).

[28] For example, not all those who believe that income distribution is unfair or very unfair think that the level of inequality in their country is unacceptable. In 2023, these rates ranged from 88.0% in Chile to 28.8% in El Salvador. The simple regional average was 54.4% (estimated on the basis of Latinobarómetro Corporation [online] https://www.latinobarometro.org/lat.jsp).

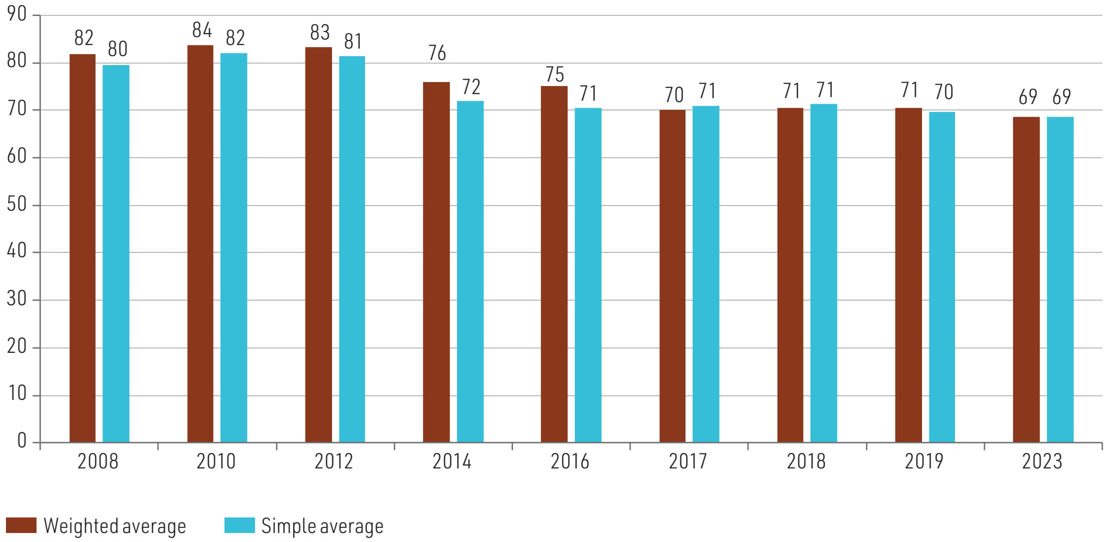
[29] Reference is made to support “in general” because people are not consulted about specific initiatives.

has been around 70% (see figure I.25), which is still quite high. Looking at the trend for the period 2010–2023 as a whole, regional support for redistribution declined by 1.2 percentage points per year (estimated using weighted averages).

Figure I.25

Latin America (18 countries):[a] support for State policies to reduce income inequality, 2008–2023

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Vanderbilt University, "Center for Global Democracy" [online] https://www.vanderbilt.edu/lapop/.

Note: The question in the AmericasBarometer questionnaire was: "The (name of country) government should implement strong policies to reduce income inequality between the rich and the poor. How much do you agree or disagree with this statement?" The response scale ranges from 1 to 7, where 1 = Strongly disagree and 7 = Strongly agree. Responses from 5 to 7 are considered supportive.

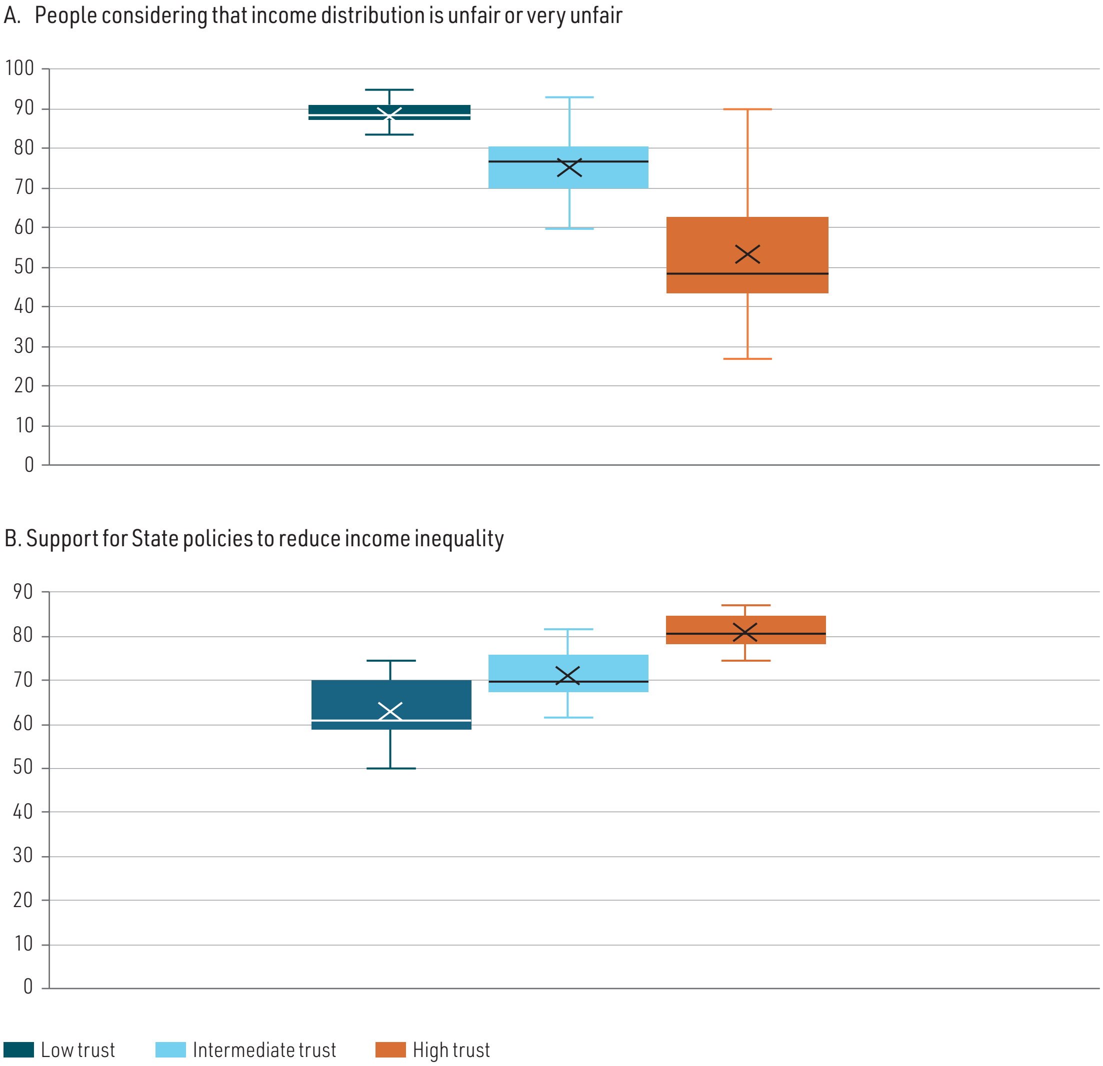
[a] Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.

The importance of distributional perceptions and preferences regarding initiatives to reduce inequality makes it advisable to explore some factors in public opinion that might be associated with them. For example, social contract approaches, which assume that citizens are willing to fulfil their responsibilities in exchange for State entitlements, argue that low trust in institutions and perceptions of corruption erode support for redistribution.[30] It has been argued that corruption in government and lack of trust in institutions and the public administration weaken the social compact, as citizens may perceive that their taxes are spent on poor-quality services or that they end up going to individuals and groups who do not need them (Busso and others, 2023).

In a large majority of the region's countries, perceptions of unfairness in income distribution are highest among people who report low political trust and lowest among those who report high levels of trust. Even so, the perception of distributional unfairness among the latter is around 50% (regional median 48.6%, average 53.2%) (see figure I.26A). At the same time, predictably, support for redistribution is lower among those who have less political trust and higher among those who report having more trust. Even among those with low trust, however, the majority support redistribution (see figure I.26B).

[30] There are other theoretical models, not explored in detail in this paper, that can be used to analyse perceptions of inequality and redistribution preferences. The self-interest model, for example, suggests that people support or reject redistribution depending on their economic position: those with lower incomes favour redistributive policies (Cavaillé and Trump, 2015; Stantcheva, 2020). Again, the mobility expectations model posits that those who believe in their opportunities for social advancement through individual effort are less inclined to support redistribution (Hirschman and Rotschild, 1973; Alesina, Stantcheva and Teso, 2018).

Figure I.26
Latin America (17 countries):[a] attitudes towards inequality by level of political trust, 2023
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Latinobarómetro Corporation [online] https://www.latinobarometro.org/lat.jsp; Vanderbilt University, "Center for Global Democracy" [online] https://www.vanderbilt.edu/lapop/.

Note: Political trust is estimated from a composite index that aggregates trust in parliament, political parties, the government, the president, the electoral service and elections, according to the information available from each source.

[a] Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay. In the case of figure I.26B, no figures are available for the Bolivarian Republic of Venezuela.

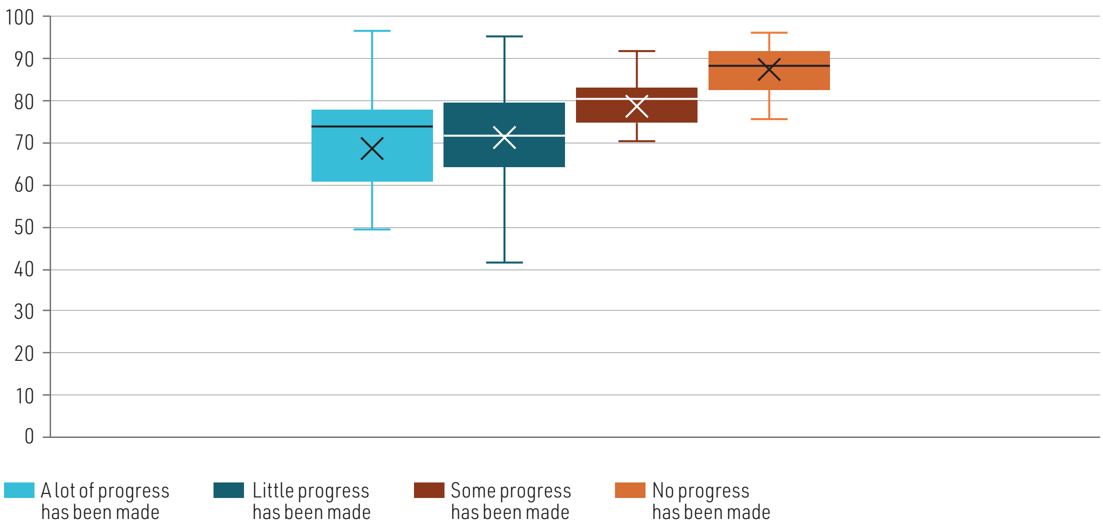
Again, unsurprisingly, the perception that the distribution of income is unfair is more prevalent among those who believe that no progress has been made in reducing corruption (see figure I.27A). However, the highest support for redistribution is among those who perceive higher levels of corruption in the public sector, which seems counterintuitive, since perceived corruption could lead people to distrust the government and public administration (see figure I.27B).

Figure I.27

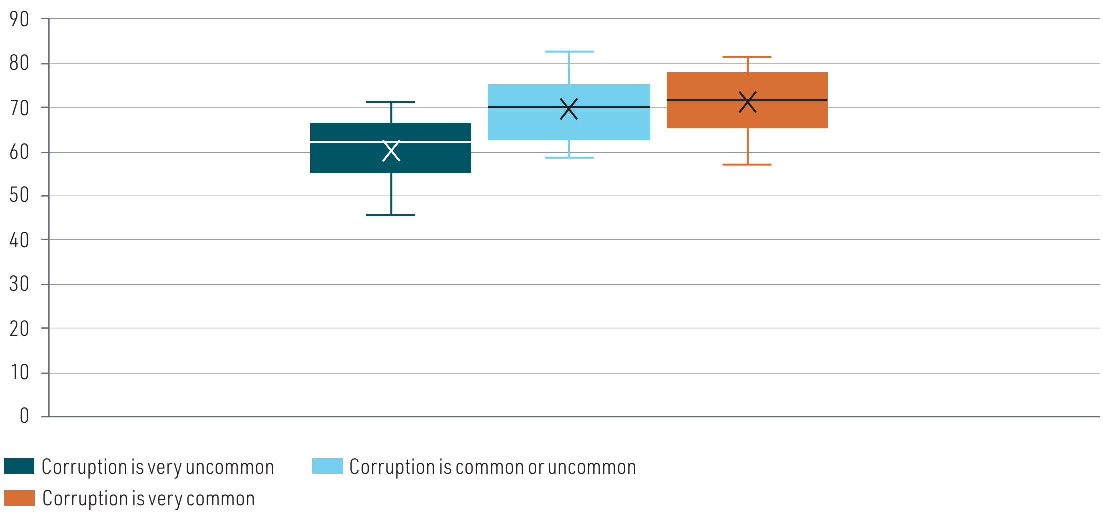
Latin America (17 countries):[a] attitudes towards inequality by perceived level of corruption in State institutions, 2023

(Percentages)

A. People considering that income distribution is unfair or very unfair



B. Support for State policies to reduce income inequality



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Latinobarómetro Corporation [online] https://www.latinobarometro.org/lat.jsp; Vanderbilt University, "Center for Global Democracy" [online] https://www.vanderbilt.edu/lapop/.

Note: The question in the Latinobarómetro questionnaire on which figure I.27A is based is: "How much progress do you think has been made in reducing corruption in State institutions in the last two years?" The question in the AmericasBarometer questionnaire on which figure I.27B is based is: "Taking into account your own experience or what you have heard, is corruption among public officials very common, common, uncommon, or very uncommon?"

[a] Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay. In the case of figure I.27B, no figures are available for the Bolivarian Republic of Venezuela.

In sum, indicators of cracks in the social contract are associated with distributional perceptions and preferences.[31] Political distrust is associated with a greater perception of distributional unfairness, but with preferences that are less favourable to State redistribution. Meanwhile, greater political trust is associated with a lower perception of distributional unfairness and with a more favourable attitude towards an active role for the State in implementing redistributive policies. This latter finding is consistent with those of other studies conducted at the regional level (Franetovic and Castillo, 2021). Thus, strengthening trust in the political system should facilitate the establishment of a social covenant for equality aimed at guaranteeing basic rights for the population and promoting a substantial role for the State (ECLAC, 2013).

A greater perception of corruption is associated with a greater perception of unfairness and with higher support for redistribution policies. This last finding is consistent with those obtained in other recent regional studies (Hauk, Oviedo and Ramos, 2022; Lasarga and Leiter, 2022). Corruption could translate into greater demand for redistribution as a mechanism to compensate for the loss of income it generates (Hauk, Oviedo and Ramos, 2022), and perhaps also for the poor quality of public services it may result in. People may also want to tax the richest as an expression of a desire to punish those who, in their view, possess undeserved wealth (Busso and others, 2023). Similarly, if people understand corruption to mean elite capture and exploitation of the State, support for redistribution could represent citizens' yearning for the State to serve the majority of the population rather than the few.

Lastly, it should be noted that support for redistributive interventions by the State "in general" remains high in Latin America (see box I.6 for an analysis of support for transfers to children in the countries of the subregion. In a regional context characterized by high levels of discontent (ECLAC, 2021) and a fractured social contract, paradoxically, some symptoms of this fracture seem to fuel support for redistribution (ECLAC, 2013). However, neither perceived distributional unfairness nor support for State redistribution in general should be taken as a guarantee that citizens will support specific redistribution policies, given that a high level of support for redistribution and fiscal progressivity in the abstract could prove considerably weaker when it comes to applying particular tax policies and measures (Busso and others, 2023). In sum, distributional preferences and attitudes are factors that need to be given special consideration in efforts to escape from the trap of high inequality and low social cohesion that the region is caught in.

Box I.6

Public opinion regarding cash transfers for children and adolescents in Latin America

The expansion of non-contributory social programmes in Latin America since the 2000s has left a significant political and social legacy. A recent study of seven countries in the region by Blofield and Martinez (2023) highlights the existence of a broad public consensus on the importance of cash transfers for children and adolescents. A representative telephone survey was conducted for the study, and in all the countries surveyed there was strong support for transfers with high levels of coverage and sufficiency. This support provides an opportunity to expand and consolidate the gains made in recent decades with non-contributory social protection.

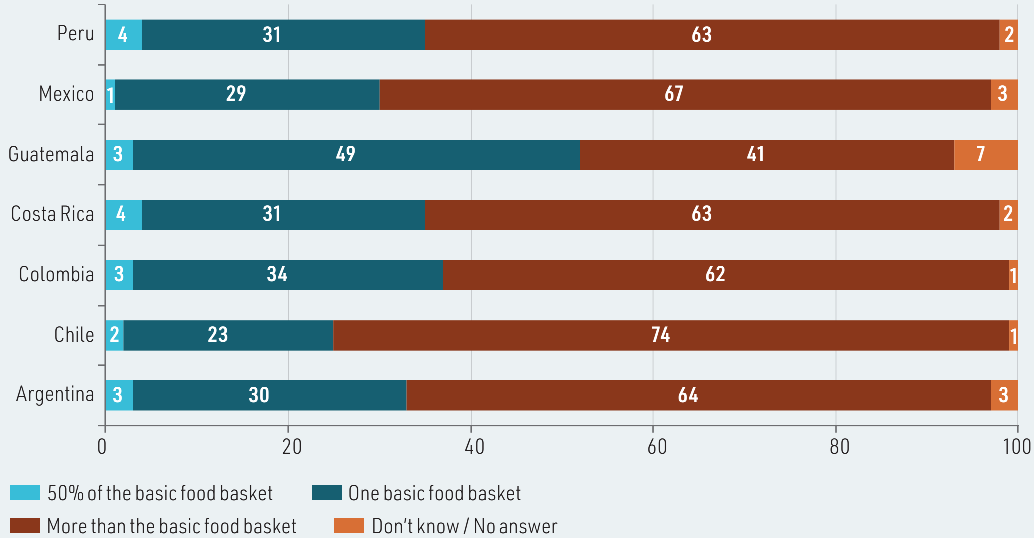
In all seven countries analysed, at least 85% of the population aged 18 and over supported cash transfers for children and adolescents, and the figure was 92.5% in Colombia. Public opinion is more divided on the scope of coverage: while in some countries there is strong support for universal transfers to children, as in Chile (38.4%) and Mexico (29.4%), the majority of the population in Peru (57.6%) and Colombia (54.3%) prefer

[31] The relationship between perceptions of distributional unfairness, political distrust and perceived corruption was observed by ECLAC (2013) some time ago. This measurement was based on an indicator of institutional trust that included congress, political parties and the judiciary. It was thus not a "chemically pure" measure of political trust, but came quite close. Tables I.A1.6 and I.A1.7 in the annex present the regression coefficients of the indicators for the quality of the social contract, along with other possible predictors of perceptions of inequality and distributional preferences.

that they be targeted specifically at children and adolescents living in extreme poverty. In Guatemala, 52% agree with the idea that transfers should at least reach children and adolescents in poverty, while almost half (45.5%) would prefer them to be restricted to those in extreme poverty. Regardless of the scenario, this would entail a 10- to 30-fold expansion of current coverage.

Public opinion also supports an increase in the sufficiency of transfers (see chart). In six of the seven countries surveyed, more than 60% of respondents supported the idea that transfers for children and adolescents should exceed the value of a basic food basket. Similarly, at least 90% of respondents in all countries agreed that the value of transfers should at least cover the cost of a basic food basket, which would represent a considerable increase over current amounts. In Argentina, for example, 94% support the idea of transfers being increased to cover at least the basic food basket, which would imply a rise of 68% on the current value of the Universal Child Allowance. In Chile, this would mean increasing transfers for children and adolescents to 8.5 times their current amount.

Latin America (7 countries): public views on the sufficiency of cash transfers for children and adolescents in Latin America, 2022
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of M. Blofield and J. Martínez, "Opinión pública sobre las transferencias monetarias en América Latina en Colombia, Guatemala, Costa Rica, México, Chile, Perú y Argentina", Nota de Política, San José, University of Costa Rica, 2023.

Note: he question asked in the telephone survey for the study was: "What should cash transfers for children cover?".

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of M. Blofield and J. Martínez, "Opinión pública sobre las transferencias monetarias en América Latina en Colombia, Guatemala, Costa Rica, México, Chile, Perú y Argentina", *Nota de Política*, San José, University of Costa Rica, 2023.

D. Final comments

The picture presented in this chapter is mixed. On the one hand, recent trends can be considered encouraging: indicators of poverty, extreme poverty and inequality have declined gradually but steadily in most Latin American countries since the COVID-19 pandemic. This has resulted in the average incidence of poverty in the region falling to its lowest level in 33 years. Income inequality indicators have also shown a downward trend in most of the countries.

This gradual progress is still insufficient, however. Eradicating extreme poverty by 2030 remains a considerable challenge for the countries of the region, even under the most optimistic scenarios for economic growth and income distribution. Poverty continues to disproportionately affect women of working age, children, and Indigenous and Afrodescendent populations. These inequalities, together with territorial disparities, reflect structural disadvantages that limit the scope for meeting basic needs and fully exercising rights.

Gradual progress in recent times does not change the fact that Latin America and the Caribbean remains the world region with the highest average Gini index. This chapter points out that income gaps are even wider than household surveys suggest, and that the disparities are greater still when the distribution of wealth, which is more concentrated than income, is analysed. Implementing policies to improve income distribution is particularly challenging in a context where the social compact is fractured and where citizen support for distributive policies, although still high, has been declining in recent years.

All this shows that efforts must be stepped up in the region to ensure that incomes are high enough for people to meet their basic needs and for wide income and wealth gaps to be narrowed. A crucial part of these efforts involves social protection, and particularly non-contributory policies. That is a central theme of this edition of the *Social Panorama of Latin America and the Caribbean* and will be discussed in more detail in the following chapters.

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Annex I.A1

Table I.A1.1

Latin America (18 countries): household surveys used to estimate inequality and poverty, 2000–2023

Country	Survey	Geographical coverage	Years	Time conducted
Argentina	Permanent Household Survey (EPH)	Urban areas	2000 to 2017	Fourth quarter
	Permanent Household Survey (EPH)	Urban areas	2018 to 2023	Second half
Bolivia (Plurinational State of)	Household Survey	National	2002	November to December
	Continuous Household Survey (ECH)	National	2004 to 2021	November
Brazil	National Household Survey (PNAD)	National	2001 to 2015	September
	Continuous National Household Survey (PNAD Contínua)	National	2016 to 2023	Annually
Chile	National Socioeconomic Survey (CASEN)	National	2003 to 2022	November to January
Colombia	Continuous Household Survey (ECH)	National	2002 to 2008	Annually
	Large Integrated Household Survey (GEIH)	National	2008 to 2023	Annually
Costa Rica	Multipurpose Household Survey	National	2000 to 2009	July
	National Household Survey (ENAHO)	National	2010 to 2023	July
Dominican Republic	National Labour Force Survey (ENFT)	National	2001 to 2015	October
	Continuous National Labour Force Survey (ENCFT)	National	2016 to 2023	Annually
Ecuador	National Survey on Employment, Unemployment and Underemployment (ENEMDU) in urban and rural areas	National	2001 to 2020	December
			2021 to 2023	Annually
El Salvador	Multipurpose Household Survey	National	2001 to 2023	Annually
Guatemala	National Survey of Living Conditions (ENCOVI)	National	2002, 2006 and 2014	Different times
Honduras	Permanent Multipurpose Household Survey	National	2001 to 2023	May or June
Mexico	National Household Income and Expenditure Survey (ENIGH)	National	2002 to 2006	Third quarter
	Socioeconomic Conditions Module of ENIGH (MCS-ENIGH)	National	2008 to 2014	August to November
	National Household Income and Expenditure Survey (ENIGH) New Series	National	2016 to 2022	August to November
Nicaragua	National Household Living Standards Survey	National	2005, 2009 and 2014	Different times
Panama	Labour Market Survey	National	2001 to 2013 and 2023	August
	Multipurpose Survey	National	2014 to 2019 and 2022	March
	Labour Market Survey	National	2021	October
Paraguay	Permanent Household Survey	National	2001 and 2002	November to December
	Permanent Household Survey	National	2003 to 2021	October to December
	Quarterly Continuous Permanent Household Survey	National	2022 to 2023	Annually
Peru	National Household Survey - Living Conditions and Poverty	National	2001 to 2003	Fourth quarter
	National Household Survey - Living Conditions and Poverty	National	2004 to 2023	Annually
Uruguay	Continuous Household Survey (ECH)	Urban areas	2001 to 2005	Annually
	Continuous Household Survey (ECH)	National	2007 to 2020, 2022 and 2023	Annually
	Continuous Household Survey (ECH)	National	2021	Second half
Venezuela (Bolivarian Republic of)	Household Sample Survey	National	2001 to 2014	Second half

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

Table I.A1.2
Latin America (15 countries): extreme poverty and poverty rates, according to estimates by the Economic Commission for Latin America and the Caribbean (ECLAC) and official national figures, 2020–2023
(Percentages)

	ECLAC estimates							
	Extreme poverty				Poverty			
	2020	2021	2022	2023	2020	2021	2022	2023
Argentina[a]	6.1	4.0	3.9	4.0	33.0	28.3	30.1	30.1
Bolivia (Plurinational State of)	13.5	9.9	...	...	32.3	29.0	...	...
Brazil[b]	5.1	8.3	5.3	3.6	18.4	24.3	19.5	16.1
Chile	4.5	...	2.1	...	13.9	...	8.1	...
Colombia	18.6	14.4	16.8[c]	15.9[c]	38.4	33.8	34.5[c]	32.7[c]
Costa Rica	4.0	3.7	3.3	3.5	19.4	17.3	16.6	15.9
Dominican Republic	5.6	5.2	5.1	4.9	21.8	22.5	20.4	18.2
Ecuador[d]	10.8	7.6	6.9	7.4	30.6	28.5	25.7	25.3
El Salvador	8.3	8.4	8.7	8.6	30.7	30.3	29.8	27.9
Honduras	...	34.4	...	23.1	...	67.8	...	56.0
Mexico	9.2	...	6.2	...	37.4	...	28.6	...
Panama	...	5.7	6.5	6.5	...	15.7	14.3	14.3
Paraguay	6.0	6.0	8.9[e]	7.3[e]	22.3	20.9	22.8[e]	19.6[e]
Peru	8.6	3.9	3.3	4.2	28.4	18.6	17.2	18.2
Uruguay	0.3	0.1	0.3	0.2	5.0	4.8	4.3	4.5
	Official country estimates							
	Extreme poverty				Poverty			
	2020	2021	2022	2023	2020	2021	2022	2023
Argentina[a]	10.5	8.2	8.1	11.9	42.0	37.3	39.2	41.7
Bolivia (Plurinational State of)	13.7	11.1	12.5	...	39.0	36.4	37.7	...
Brazil[b]	6.0	9.0	5.9	...	31.0	36.7	31.6	...
Chile	4.3	...	2.0	...	10.7	...	6.5	...
Colombia	15.1	13.7[c]	13.8[c]	11.4[c]	42.5	39.7[c]	36.6[c]	33.0[c]
Costa Rica[e]	7.0	6.3	6.4	6.3	26.2	23.0	23.0	21.8
Dominican Republic	4.9	4.1	3.8	3.2	30.4	30.7	27.7	23.0
Ecuador[d]	15.4	10.5	8.3	9.8	33.0	27.7	25.2	26.0
El Salvador[f]	8.6	7.8	8.6	8.8	26.2	24.6	26.6	27.2
Honduras[f]	...	53.7	...	41.5	...	73.6	...	64.1
Mexico[g]	17.2	...	12.1	...	52.8	...	43.5	...
Panama	...	9.5	...	...	...	21.8	...	...
Paraguay	3.9	3.9	6.1	4.9	26.9	26.9	25.5	22.7
Peru	5.1	4.1	5.0	5.7	30.1	25.9	27.5	29.0
Uruguay	0.4	0.3	0.3	0.2	11.6	10.6	10.0	10.1

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG); Brazilian Institute of Geography and Statistics (IBGE), "Síntese de indicadores sociais: uma análise das condições de vida da população brasileira 2023", *Estudos & Pesquisas*, No. 53, Rio de Janeiro, 2023; and official figures.
Note: The countries included are those for which ECLAC poverty estimates are available from 2020 onward.
[a] Data are for urban areas
[b] Brazil does not have an official poverty estimate. The figures are estimates by the Brazilian Institute of Geography and Statistics (IBGE) as indicated in the source, based on the World Bank lines of US$ 2.15 and US$ 6.85 a day at 2017 purchasing power parity.
[c] The figures are from a new series based on the 2018 National Population and Housing Census sample frame and are not comparable with previous years' figures.
[d] The ECLAC measurement uses the cumulative annual sample from 2021. The official figures are based on the sample for December each year.
[e] The 2022 and 2023 figures are for the annual cumulative sample. Data up to 2021 are for the fourth quarter.
[f] Official national measure reported as percentages of households.
[g] Mexico's official measure is a multidimensional poverty measure. Accordingly, the estimates published by the National Council for the Evaluation of Social Development Policy (CONEVAL) as "population below the minimum welfare line" (taken here as equivalent to extreme poverty) and "population below the welfare line" (taken as equivalent to poverty) are used as unofficial national benchmarks.

Table I.A1.3
Latin America (18 countries): extreme poverty and poverty indicators, 2014–2023
(Units of the respective indices)

Country	Year	Poverty[a]				Extreme poverty			
		Households	People			Households	People		
		Headcount	Headcount	Poverty gap	Squared poverty gap	Headcount	Headcount	Poverty gap	Squared poverty gap
Argentina[b]	2014	17.9	25.0	7.3	3.5	3.0	3.4	1.6	1.1
	2019	18.4	26.0	8.0	4.0	3.2	3.9	1.6	1.1
	2021	21.2	28.3	8.8	4.4	3.5	4.0	2.0	1.5
	2022	22.6	30.1	8.8	4.2	3.5	3.8	1.7	1.1
	2023	22.5	30.1	9.0	4.1	3.5	4.0	1.6	1.0
Bolivia (Plurinational State of)	2014	28.6	33.7	13.9	8.1	12.5	14.9	6.5	4.0
	2019	24.8	30.9	11.2	6.0	9.2	12.0	4.6	2.6
	2020	27.4	32.3	12.7	7.2	11.0	13.5	5.6	3.3
	2021	23.1	29.0	10.2	5.3	7.5	9.9	3.9	2.1
Brazil	2014[c]	12.6	16.5	5.5	2.9	3.0	3.3	1.4	1.0
	2019	16.0	20.2	7.8	4.6	5.3	5.8	2.7	1.9
	2021	19.7	24.3	9.9	6.1	7.5	8.3	4.0	2.9
	2022	15.5	19.5	7.1	4.0	4.8	5.3	2.4	1.8
	2023	13.0	16.1	5.6	3.1	3.5	3.6	1.8	1.4
Chile	2013	12.4	15.8	4.6	2.2	1.9	2.0	0.9	0.6
	2015	10.3	13.2	3.7	1.7	1.6	1.7	0.7	0.5
	2017	8.5	10.7	3.0	1.5	1.5	1.4	0.8	0.6
	2020	12.2	13.9	5.8	3.8	5.0	4.5	2.8	2.3
	2022	6.9	8.1	2.9	1.8	2.5	2.1	1.2	1.0
Colombia	2014	24.8	29.9	11.7	6.5	9.6	11.2	4.3	2.5
	2019	24.9	30.4	12.1	6.8	10.4	12.4	4.8	2.8
	2021	27.6	33.8	13.6	7.7	11.9	14.4	5.6	3.2
	2022[d]	28.6	34.5	14.4	8.4	14.3	16.8	6.9	4.1
	2023[d]	27.3	32.7	13.2	7.6	13.7	15.9	6.3	3.8
Costa Rica	2014	14.4	17.5	6.4	3.5	3.7	4.1	1.9	1.2
	2019	13.0	16.5	5.6	2.9	2.8	3.4	1.3	0.8
	2021	13.5	17.3	5.9	3.1	3.0	3.7	1.5	0.9
	2022	12.8	16.6	5.6	2.9	2.6	3.3	1.3	0.8
	2023	12.0	15.9	5.3	2.7	2.6	3.5	1.2	0.7
Dominican Republic	2014[e]	27.0	32.9	11.5	5.6	7.4	9.7	2.8	1.3
	2019	14.0	19.0	5.4	2.3	2.7	3.9	1.0	0.5
	2021	16.8	22.5	6.4	2.7	3.7	5.2	1.4	0.6
	2022	15.0	20.4	5.8	2.5	3.6	5.1	1.3	0.5
	2023	13.1	18.2	5.3	2.4	3.4	4.9	1.4	0.6
Ecuador	2014	19.2	23.4	7.0	3.1	4.7	5.9	1.7	0.8
	2019	19.4	25.7	8.1	3.7	5.4	7.6	2.1	1.0
	2021[f]	22.7	28.5	8.7	3.9	5.7	7.6	2.0	0.9
	2022[f]	20.3	25.7	7.8	3.5	5.3	6.9	1.9	0.9
	2023[f]	19.8	25.3	7.8	3.5	5.4	7.4	2.1	0.9
El Salvador	2014	38.0	44.5	16.4	8.1	9.1	11.7	3.3	1.3
	2019	25.3	30.4	9.6	4.3	4.4	5.6	1.4	0.6
	2021	26.4	30.3	11.4	6.3	7.6	8.4	3.6	2.3
	2022	26.5	29.8	11.2	6.2	8.1	8.7	3.6	2.3
	2023	24.8	27.9	10.1	5.6	7.8	8.6	3.4	2.1

Country	Year	Poverty[a]				Extreme poverty			
		Households	People			Households	People		
		Headcount	Headcount	Poverty gap	Squared poverty gap	Headcount	Headcount	Poverty gap	Squared poverty gap
Guatemala	2014	43.1	50.5	22.4	13.0	11.8	15.4	5.3	2.7
Honduras	2014	50.0	55.3	22.9	12.3	17.1	19.2	5.5	2.5
	2018	51.1	55.7	23.6	13.2	17.3	19.4	6.4	3.3
	2019	48.0	52.3	23.7	13.9	18.9	20.0	7.0	4.0
	2021	63.9	67.8	36.6	25.0	31.8	34.4	17.0	11.8
	2023	50.7	56.0	25.6	15.4	20.8	23.1	9.3	5.7
Mexico	2014[g]	38.1	45.2	17.6	9.3	10.2	13.0	4.2	2.0
	2016	30.5	37.6	12.9	6.2	6.3	8.4	2.4	1.1
	2018	28.6	35.5	11.8	5.6	5.8	7.7	2.2	1.0
	2020	29.9	37.4	12.9	6.3	6.9	9.2	2.7	1.3
	2022	22.0	28.6	8.9	4.1	4.4	6.2	1.7	0.8
Nicaragua	2014	40.9	46.3	18.7	10.2	16.1	18.3	6.6	3.5
Panama	2014	13.5	18.5	7.1	3.8	5.2	8.0	2.9	1.5
	2018	10.6	14.6	5.7	3.2	4.3	6.8	2.5	1.3
	2019	10.4	14.6	5.6	3.0	4.4	6.6	2.3	1.2
	2022	9.9	14.3	5.5	3.0	4.2	6.5	2.3	1.2
	2023	9.8	14.3	5.5	2.9	4.1	6.5	2.3	1.2
Paraguay	2014	18.5	22.3	8.2	4.2	6.3	7.7	2.4	1.2
	2019	16.2	19.4	6.4	3.0	5.0	6.2	1.5	0.6
	2021	17.0	20.9	6.5	2.9	4.9	6.0	1.5	0.7
	2022[h]	19.9	22.8	8.3	4.3	7.7	8.9	3.0	1.6
	2023[h]	16.8	19.6	6.8	3.4	6.3	7.3	2.3	1.1
Peru	2014	16.7	19.5	6.4	3.1	4.2	5.1	1.5	0.6
	2019	13.1	15.4	4.6	2.0	2.4	3.0	0.8	0.4
	2021	15.7	18.6	5.7	2.6	3.2	3.9	1.2	0.6
	2022	14.4	17.2	5.1	2.3	2.6	3.3	1.0	0.5
	2023	15.7	18.2	5.6	2.6	3.6	4.2	1.2	0.6
Uruguay	2014	2.6	4.5	0.9	0.3	0.2	0.2	0.1	0.0
	2019	1.8	3.0	0.6	0.2	0.1	0.1	0.1	0.1
	2021	3.1	4.8	0.9	0.3	0.2	0.1	0.1	0.1
	2022	2.7	4.3	0.9	0.3	0.2	0.3	0.1	0.1
	2023	2.8	4.5	0.8	0.3	0.2	0.2	0.1	0.1
Venezuela (Bolivarian Republic of)	2014	24.0	28.3	9.3	4.6	10.3	12.0	3.7	2.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
[a] Includes individuals and households in extreme poverty.
[b] Urban total.
[c] The figures for 2014 are based on the National Household Survey (PNAD) and are not comparable with subsequent years' figures, which are based on the Continuous National Household Survey (PNAD Continua).
[d] The figures for 2022 and 2023 are from a new series based on the sample frame of the 2018 National Population and Housing Census and are not comparable with the previous years' figures.
[e] The figures for 2014 are based on the National Labour Force Survey (ENFT) and are not comparable with subsequent years' figures, which are based on the Continuous National Labour Force Survey (ENCFT).
[f] Figures from 2021 onward are for the full year (earlier figures are for December).
[g] The figures for 2014 are not comparable with subsequent years' figures, which are based on a new series of the National Household Income and Expenditure Survey (ENIGH).
[h] Figures from 2022 onward are for the full year (earlier figures are for the fourth quarter).

Table I.A1.4
Latin America (18 countries): extreme poverty and poverty lines, 2014–2023
(Local currency and current dollars)

Country	Year	Local currency				Exchange rate[a]	Current dollars			
		Urban areas		Rural areas			Urban areas		Rural areas	
		Extreme poverty	Poverty	Extreme poverty	Poverty		Extreme poverty	Poverty	Extreme poverty	Poverty
Argentina	2014	878	2 000	…	…	8.1	108.6	247.6	…	…
	2019	3 786	9 132	…	…	48.2	78.6	189.7	…	…
	2021	8 143	19 351	…	…	95.0	85.7	203.7	…	…
	2022	15 187	35 644	…	…	130.6	116.3	272.9	…	…
	2023	37 352	84 349	…	…	269.3	138.7	313.3	…	…
Bolivia (Plurinational State of)	2014	375	747	341	539	6.9	54.3	108.1	49.4	78.0
	2019	468	878	426	644	6.9	67.7	127.1	61.7	93.2
	2020	443	859	403	625	6.9	64.1	124.3	58.3	90.5
	2021	446	866	406	629	6.9	64.5	125.3	58.8	91.0
	2014	147	334	121	241	2.4	62.7	142.0	51.5	102.5
Brazil	2019	193	438	158	316	3.9	48.9	111.1	40.2	80.2
	2021	236	503	194	366	5.4	43.8	93.4	36.0	67.8
	2022	264	555	217	404	5.2	51.2	107.6	42.1	78.3
	2023	275	578	226	421	5.0	55.1	115.9	45.2	84.3
	2013	42 049	97 665	38 275	71 862	495.3	84.9	197.2	77.3	145.1
Chile	2015	48 246	108 305	43 917	80 186	654.1	73.8	165.6	67.1	122.6
	2017	51 309	113 958	46 705	84 538	648.8	79.1	175.6	72.0	130.3
	2020	57 572	124 593	52 406	92 879	792.7	72.6	157.2	66.1	117.2
	2022	73 348	152 398	66 766	114 503	873.3	84.0	174.5	76.5	131.1
	2014	117 571	242 075	101 735	162 802	2 001.8	58.7	120.9	50.8	81.3
Colombia	2019	154 229	308 841	133 455	209 290	3 281.6	47.0	94.1	40.7	63.8
	2021	175 838	337 100	152 154	231 250	3 744.2	47.0	90.0	40.6	61.8
	2022	215 324	387 342	186 304	270 673	4 256.2	50.6	91.0	43.8	63.6
	2023	250 143	441 081	216 446	310 095	4 326.0	57.8	102.0	50.0	71.7
	2014	35 085	80 709	31 682	66 736	538.3	65.2	149.9	58.9	124.0
Costa Rica	2019	37 357	85 794	33 734	70 949	587.3	63.6	146.1	57.4	120.8
	2021	37 886	87 318	34 211	72 191	620.8	61.0	140.7	55.1	116.3
	2022	43 927	97 442	39 666	80 783	647.1	67.9	150.6	61.3	124.8
	2023	45 616	97 686	41 191	81 198	544.1	83.9	179.6	75.7	149.3
	2014	55	100	48	80	1.0	54.6	100.2	47.9	79.7
Dominican Republic	2014	2 354	4 612	2 281	3 945	43.6	54.1	105.9	52.4	90.6
	2019	2 791	5 097	2 704	4 403	51.3	54.4	99.4	52.7	85.8
	2021	3 256	5 788	3 154	5 020	57.2	56.9	101.2	55.1	87.7
	2022	3 607	6 347	3 495	5 513	55.1	65.4	115.1	63.4	100.0
	2023	3 893	6 745	3 772	5 873	55.2	70.6	122.3	68.4	106.5
Ecuador	2019	58	106	51	85	1.0	57.9	106.5	50.8	84.7
	2021	58	106	51	84	1.0	57.8	106.1	50.7	84.5
	2022	60	110	53	88	1.0	60.5	110.2	53.0	87.8
	2023	64	114	56	91	1.0	63.9	114.4	56.2	91.4
	2014	50	109	45	92	1.0	50.5	108.8	44.9	92.4

Country	Year	Local currency				Exchange rate[a]	Current dollars			
		Urban areas		Rural areas			Urban areas		Rural areas	
		Extreme poverty	Poverty	Extreme poverty	Poverty		Extreme poverty	Poverty	Extreme poverty	Poverty
El Salvador	2019	52	111	46	94	1.0	52.0	111.0	46.3	94.3
	2021	54	114	48	97	1.0	53.8	114.1	47.9	96.9
	2022	60	124	53	105	1.0	60.0	123.6	53.5	105.1
	2023	65	130	58	111	1.0	65.1	130.4	58.0	111.0
	2014	295	726	254	630	7.7	38.2	93.9	32.9	81.6
Guatemala	2014	1 075	2 302	860	1 790	21.0	51.2	109.7	41.0	85.3
Honduras	2018	1 184	2 616	947	2 033	23.9	49.5	109.5	39.6	85.1
	2019	1 214	2 734	971	2 124	24.5	49.5	111.6	39.6	86.7
	2021	1 324	2 983	1 059	2 317	24.0	55.1	124.2	44.1	96.5
	2023	1 674	3 546	1 339	2 759	24.6	68.1	144.2	54.4	112.1
Mexico	2014	986	2 178	809	1 629	13.3	74.2	163.9	60.9	122.6
	2016	1 067	2 314	875	1 733	18.7	57.2	124.0	46.9	92.9
	2018	1 194	2 578	980	1 932	19.2	62.1	134.0	50.9	100.4
	2020	1 342	2 787	1 101	2 095	21.5	62.5	129.7	51.2	97.5
	2022	1 606	3 220	1 318	2 429	20.1	79.8	160.0	65.5	120.7
Nicaragua	2014	1 183	2 371	980	1 734	26.0	45.6	91.3	37.8	66.8
Panama	2014	59	118	56	91	1.0	59.0	117.9	56.0	90.9
	2018	62	121	58	94	1.0	61.6	121.4	58.4	93.8
	2019	62	121	59	94	1.0	62.0	121.3	58.9	93.9
	2022	66	126	63	98	1.0	66.0	126.1	62.7	98.2
	2023	68	129	64	100	1.0	67.6	129.0	64.2	100.4
Paraguay	2014	221 069	452 135	211 337	373 930	4 462.2	49.5	101.3	47.4	83.8
	2019	268 709	536 487	256 880	445 306	6 240.7	43.1	86.0	41.2	71.4
	2021	308 838	594 043	295 243	495 931	6 774.2	45.6	87.7	43.6	73.2
	2022	344 109	650 464	328 960	544 532	6 982.8	49.3	93.2	47.1	78.0
	2023	358 954	674 879	343 152	565 457	7 288.9	49.3	92.6	47.1	77.6
Peru	2014	129	283	107	189	2.8	45.4	99.8	37.7	66.4
	2019	147	323	122	215	3.3	44.0	96.8	36.6	64.4
	2021	157	343	131	228	3.9	40.4	88.3	33.6	58.9
	2022	175	373	146	250	3.8	45.7	97.1	38.0	65.1
	2023	194	401	162	271	3.7	52.0	107.3	43.3	72.4
Uruguay	2014	1 808	4 017	1 894	3 928	23.3	77.8	172.8	81.5	168.9
	2019	2 723	5 913	2 852	5 790	35.3	77.2	167.7	80.9	164.2
	2021	3 339	7 143	3 496	7 000	43.6	76.7	164.0	80.3	160.7
	2022	3 619	7 655	3 791	7 508	41.2	87.9	185.9	92.1	182.4
	2023	3 943	8 164	4 129	8 017	38.8	101.6	210.3	106.4	206.5
Venezuela (Bolivarian Republic of)[b]	2014	1 309	2 014	...	...	6.3	208.4	320.7	...	...

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and International Monetary Fund (IMF).

[a] Average annual exchange rate.

[b] The extreme poverty and poverty lines apply at the national level.

Table I.A1.5

Latin America (18 countries): indicators of personal income distribution, 2014–2023

(Units for each indicator)

Country	Year			Atkinson index[b]			
		Gini index[a]	Theil index[b]	(*e* = 0.5)	(*e* = 1.0)	(*e* = 1.5)	Population with incomes below 50% of the median *(Percentages)*
Argentina[c]	2014	0.393		0.123	0.227	0.320	13.0
	2019	0.404	0.270 0.295	0.132	0.242	0.339	13.5
	2021	0.391	0.265	0.120	0.225	0.332	11.9
	2022	0.378	0.252	0.114	0.212	0.300	10.7
	2023	0.402	0.293	0.130	0.234	0.322	12.8
Bolivia (Plurinational State of)	2014	0.471	0.403	0.185	0.350	0.507	22.7
	2019	0.430				0.326 0.152 0.288 0.421	18.3
	2020	0.449	0.349	0.165	0.314	0.457	20.5
	2021	0.418	0.305	0.143	0.274	0.400	18.6
Brazil	2014[d]	0.514	0.526	0.217	0.370	0.486	21.6
	2019	0.538	0.574	0.236	0.403	0.529	23.4
	2021	0.537	0.555	0.231	0.395	0.521	22.9
	2022	0.514	0.507	0.212	0.363	0.478	21.6
	2023	0.515	0.519	0.214	0.364	0.475	21.7
Chile	2013	0.476	0.441	0.185	0.316	0.420	14.5
	2015	0.462	0.427	0.177	0.304	0.404	14.5
	2017	0.462	0.427	0.177	0.303	0.404	14.5
	2020	0.488	0.460	0.192	0.339	0.476	16.9
	2022	0.445	0.371	0.160	0.284	0.393	14.6
Colombia	2014	0.534	0.571	0.236	0.405	0.539	22.6
	2019	0.529	0.552	0.231	0.399	0.532	22.7
	2021	0.529	0.544	0.229	0.397	0.530	22.1
	2022[e]	0.563	0.629	0.260	0.441	0.578	22.9
	2023[e]	0.553	0.601	0.250	0.427	0.565	22.3
Costa Rica	2014	0.498	0.440	0.197	0.356	0.488	21.1
	2019	0.495	0.443	0.196	0.350	0.475	20.4
	2021	0.501	0.437	0.196	0.352	0.479	20.7
	2022	0.484	0.417	0.187	0.336	0.459	19.9
	2023	0.480	0.405	0.183	0.332	0.454	20.9
Dominican Republic	2014[f]	0.449	0.351	0.160	0.293	0.404	18.3
	2019	0.432	0.346	0.149	0.263	0.355	15.4
	2021	0.395	0.286	0.127	0.230	0.318	13.9
	2022	0.381	0.260	0.118	0.217	0.302	14.2
	2023	0.387	0.267	0.121	0.225	0.316	15.2
Ecuador	2014	0.449	0.391	0.165	0.288	0.387	16.5
	2019	0.456	0.382	0.167	0.297	0.404	18.1
	2021[g]	0.466	0.443	0.180	0.307	0.407	15.7
	2022[g]	0.447	0.377	0.163	0.289	0.392	16.5
	2023[g]	0.442	0.368	0.160	0.286	0.389	16.4
El Salvador	2014	0.434	0.340	0.151	0.273	0.373	17.6
	2019	0.406	0.298	0.134	0.245	0.338	16.1
	2021	0.406	0.284	0.135	0.262	0.396	18.6
	2022	0.402	0.281	0.133	0.257	0.387	18.3
	2023	0.414	0.304	0.141	0.270	0.402	17.5
Guatemala	2014	0.535	0.664	0.248	0.407	0.533	22.2

Country	Year	Gini index[a]	Theil index[b]	Atkinson index[b] (e = 0.5)	(e = 1.0)	(e = 1.5)	Population with incomes below 50% of the median *(Percentages)*
Honduras	2014	0.481	0.428	0.185	0.325	0.435	19.0
	2018	0.481	0.427	0.187	0.334	0.457	21.0
	2019	0.494	0.406	0.185	0.339	0.471	23.2
	2021	0.535	0.495	0.221	0.406	0.579	26.0
	2023	0.471	0.381	0.177	0.333	0.490	21.5
Mexico	2014[h]	0.502	0.511	0.209	0.357	0.475	19.1
	2016	0.491	0.448	0.186	0.320	0.425	16.8
	2018	0.464	0.444	0.182	0.312	0.415	16.5
	2020	0.452	0.401	0.169	0.297	0.401	16.6
	2022	0.441	0.388	0.163	0.284	0.382	15.7
Nicaragua	2014	0.495	0.511	0.207	0.355	0.476	19.9
Panama	2014	0.502	0.465	0.206	0.372	0.511	24.2
	2018	0.501	0.457	0.206	0.377	0.522	23.7
	2019	0.506	0.459	0.206	0.374	0.516	23.8
	2022	0.496	0.449	0.201	0.366	0.505	22.4
	2023	0.493	0.438	0.197	0.360	0.496	22.1
Paraguay	2014	0.522	0.542	0.219	0.372	0.493	21.5
	2019	0.473	0.412	0.180	0.320	0.432	20.3
	2021	0.447	0.372	0.163	0.291	0.397	18.6
	2022[i]	0.470	0.430	0.183	0.326	0.447	20.4
	2023[i]	0.462	0.401	0.173	0.310	0.427	19.8
Peru	2014	0.446	0.369	0.165	0.303	0.424	21.5
	2019	0.429	0.332	0.151	0.278	0.390	19.6
	2021	0.423	0.327	0.147	0.271	0.382	17.3
	2022	0.414	0.315	0.141	0.260	0.369	16.6
	2023	0.417	0.314	0.143	0.264	0.377	17.4
Uruguay	2014	0.392	0.271	0.124	0.229	0.319	16.3
	2019	0.392	0.270	0.123	0.226	0.314	16.2
	2021	0.402	0.286	0.129	0.235	0.323	16.4
	2022	0.401	0.285	0.129	0.236	0.326	16.8
	2023	0.404	0.290	0.130	0.237	0.327	16.3
Venezuela (Bolivarian Republic of)	2014	0.378	0.242	0.112	0.210	0.300	14.8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

Note: Indicators are calculated from the per capita income distribution in the country as a whole.

[a] Includes people with income equal to 0.

[b] The calculation excludes values close to 0 and the three highest per capita incomes (to mitigate the effect of extreme values).

[c] Urban total.

[d] The figures for 2014 are based on the National Household Survey (PNAD) and are not comparable with later years' figures, which are based on the Continuous National Household Survey (PNAD Continua).

[e] The figures for 2022 and 2023 are from a new series based on the sample frame of the 2018 National Population and Housing Census and are not comparable with previous years' figures.

[f] The figures for 2014 are based on the National Labour Force Survey (ENFT) and are not comparable with subsequent years' figures, which are based on the Continuous National Labour Force Survey (ENCFT).

[g] Figures from 2021 onward are for the full year (earlier figures are for December).

[h] The figures for 2014 are not comparable with subsequent years' figures, which are based on a new series of the National Household Income and Expenditure Survey (ENIGH).

[i] Figures from 2022 onward are for the full year (earlier figures are for the fourth quarter).

Table I.A1.6

Latin America (17 countries): factors associated with perceptions of unfairness in income distribution, ordered probit regression model,[a] 2023

(Regression coefficients)

Country	Political trust[b]	Perceptions of corruption[c]	Interpersonal trust[d]	Economic expectations[e]	Political identification[f]	Subjective income[g]	Educational level[h]	Age[i]	Sex[j]
Argentina	-0.32(***)	-0.10	-0.01	-0.11 (*)	-0.01	0.04	-0.02	0.02	0.00
Bolivia (Plurinational State of)	-0.70(***)	-0.12 (**)	-0.12	-0.08	0.02	0.02	-0.02	0.01	0.15
Brazil	-0.28(***)	-0.16 (***)	-0.02	0.00	-0.01	0.04	0.02	0.15 (**)	0.28(***)
Chile	-0.41 (**)	0.09	0.12	-0.03	-0.11 (**)	0.07	-0.03	0.04	-0.10
Colombia	-0.34(***)	-0.19 (***)	0.08	0.02	-0.01	0.15(*)	0.02	0.08	-0.03
Costa Rica	-0.54(***)	-0.20 (***)	0.06	-0.03	-0.01	0.03	-0.01	0.19(**)	0.08
Dominican Republic	-0.40(***)	-0.10 (*)	0.01	-0.03	-0.02	0.04	0.03	0.02	0.05
Ecuador	0.01	0.03	0.02	0.01	-0.05(**)	0.03	-0.02	0.07	-0.10
El Salvador	-0.40(***)	-0.08	0.03	-0.13(**)	-0.03	0.16(**)	0.06(*)	0.16(*)	-0.03
Guatemala	-0.55(***)	-0.05	-0.21	-0.04	-0.01	0.12(*)	0.01	0.12	-0.01
Honduras	-0.43(***)	-0.11(*)	-0.06	-0.03	-0.02	0.05	0.05	0.23(**)	-0.10
Mexico	-0.53(***)	-0.19(***)	0.14	-0.09(*)	0.05(**)	0.22(***)	0.04	0.02	0.08
Panama	-0.52(***)	-0.07	0.00	-0.08	-0.03(*)	0.07	0.06(*)	0.13(*)	-0.05
Paraguay	-0.51(***)	-0.17(***)	-0.07	-0.02	0.00	0.19(***)	0.02	0.00	0.02
Peru	-0.39(***)	-0.05	0.16	-0.06	-0.01	0.11(*)	0.04	0.05	0.17(*)
Uruguay	-0.35(***)	-0.34(***)	-0.04	-0.04	-0.09(***)	0.25(***)	0.11(***)	0.17(**)	0.03
Venezuela (Bolivarian Republic of)	-0.55(***)	-0.09	-0.23	0.03	0.03	0.20(***)	0.05	0.24(**)	-0.01

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Latinobarómetro Corporation [online] https://www.latinobarometro.org/lat.jsp.

[a] Dependent variable: perception of fairness in income distribution, with four categories: 1 = very fair; 2 = fair; 3 = unfair; 4 = very unfair. * significant at 95%; ** significant at 99%; *** significant at 99.9%.

[b] Composite index that aggregates trust in parliament, political parties, the government, the president and the electoral service. A higher score means greater trust.

[c] Perception of progress in reducing corruption. A higher score means greater progress in reducing corruption.

[d] Generalized interpersonal trust: 1 = trust and 0 = distrust.

[e] People's expectations for their personal and family financial situation in the next 12 months. A higher score means better financial expectations.

[f] Political self-identification on a scale of 1 to 10, where 1 = far left and 10 = far right.

[g] Subjective income: perceived sufficiency of household income. A higher score means greater sufficiency.

[h] Educational level of the respondent. A higher score means a higher level.

[i] Age: 1 = 18 to 34; 2 = 35 to 59; 3 = 60 and over.

[j] Sex: 1 = male; 2 = female.

Table I.A1.7

Latin America (16 countries): factors associated with support for redistribution by the State, probit regression model,[a] 2023

(Regression coefficients)

Country	Political trust[b]	Perceptions of corruption[c]	Interpersonal trust[d]	Political identification[e]	Educational level[f]	Monetary income	Age[g]	Sex[h]
Argentina	0.15(***)	0.02	0.03	0.20(**)	-0.01	0.00	0.01	0.06
Bolivia (Plurinational State of)	0.19(***)	0.05	-0.05	0.08	-0.06(*)	-0.02	-0.07	0.04
Brazil	0.15(***)	0.08(*)	-0.01	0.10	0.05	0.00	0.06	0.12
Chile	0.15(**)	0.13(*)	-0.10	0.33(***)	0.00	0.01	-0.08	-0.03
Colombia	0.13(***)	0.12(**)	0.04	0.02	0.02	-0.01	-0.06	0.00
Costa Rica	0.21(***)	0.07	0.03	0.05	0.04	-0.02	-0.02	0.07
Dominican Republic	0.15(***)	0.10(**)	0.04	0.10(*)	0.03	-0.01	0.07	0.00
Ecuador	0.08(**)	0.12(**)	0.05	-0.01	-0.01	-0.01	-0.01	0.02
El Salvador	0.16(***)	0.09(*)	0.06	-0.04	0.03	-0.03	-0.09	0.00
Guatemala	0.18(***)	0.11(**)	0.12(**)	0.08	0.07(*)	0.01	-0.02	0.04
Honduras	0.20(***)	0.02	0.08(*)	0.02	0.08(*)	-0.02	-0.12	0.02
Mexico	0.24(***)	0.10(**)	0.11(*)	0.05	0.02	-0.02	0.05	-0.03
Panama	0.08(**)	0.17(***)	0.11(*)	0.08	0.07(*)	-0.01	0.01	0.17
Paraguay	0.06	0.10(*)	0.09(*)	-0.04	0.08(**)	0.00	-0.17	-0.07
Peru	0.10(**)	0.15(***)	0.09(*)	0.09	0.09(**)	-0.03	0.01	0.13
Uruguay	0.15(***)	0.13(**)	-0.02	0.33(***)	-0.03	-0.01	0.15	0.07

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Vanderbilt University, "Center for Global Democracy" [online] https://www.vanderbilt.edu/lapop/.

[a] Binary dependent variable, where 1 = supports redistribution and 0 = does not support redistribution. * significant at 95%; ** significant at 99%; *** significant at 99.9%.

[b] Composite index that aggregates trust in parliament, political parties, the president, the electoral service and elections. A higher score means greater trust.

[c] Perceived corruption in the public sector. A higher score means greater perceived corruption.

[d] Interpersonal trust. A higher score means greater trust.

[e] Political self-identification with three categories: 1 = right; 2 = centre; 3 = left.

[f] A higher score means a higher level of education.

[g] Age: 1 = 18 to 34; 2 = 35 to 59; 3 = 60 and over.

[h] Sex: 1 = male; 2 = female.

CHAPTER

II

Non-contributory social protection in Latin America and the Caribbean: challenges and opportunities

Introduction

Latin America and the Caribbean is confronted with a historical context, both globally and in the region, marked by high levels of instability and recurrent crises, multiple transformations and a crisis of development that has created a variety of social, employment, environmental and economic challenges (ECLAC, 2024a). At a time when recovery from the consequences of the coronavirus disease (COVID-19) pandemic is still uneven and incomplete, other phenomena that may have a major impact on people's living conditions have been intensifying, including the effects of climate change, to which the region is highly vulnerable (ECLAC, 2023a, 2024a and 2024b). The choice of measures to deal with this situation will be extremely important for the well-being of present and future generations. The contribution of social protection systems in this respect is and will be crucial. In particular, non-contributory social protection policies have an especially important role to play, as they serve to safeguard household incomes, which can be severely affected by the situations described. They also contribute to the enhanced development of human capacities and labour market participation by providing access to education, labour inclusion, health and other policies. They are thus conducive to economic and productivity growth and the creation of formal employment in the countries. Accordingly, they are key policies that allow the countries to carry out prospective and strategic planning and move towards inclusive social development, especially in contexts of transition.

Given the high levels of labour informality in the region,[1] social protection systems, and non-contributory social protection policies in particular, are central to poverty and food insecurity eradication strategies, as well as the reduction of inequalities. During the COVID-19 pandemic and in the face of recurrent disasters, non-contributory policies have been essential to mitigate a potential increase in poverty and vulnerability. Social protection responses in the region during the pandemic revalidated the role of public policy and the State as a key actor in dealing with the challenges posed. However, analysis of the responses also brought to light substantive flaws and inadequacies in these systems (ECLAC, 2021a, 2021b and 2022a). In particular, the numerous non-contributory emergency social protection measures adopted during the pandemic served to contain, but not completely stem, the rise in poverty and vulnerability (ECLAC, 2021a and 2021b). The region should not have to face a crisis of this nature again with inadequately prepared social protection systems.

The analyses presented over the course of this edition of the *Social Panorama of Latin America and the Caribbean* reveal major advances in non-contributory social protection. They also discuss some challenges relating to its capacity to provide the levels of protection needed to eradicate poverty and reduce inequalities (see also chapters I and IV). These derive from deficiencies in design and sustainability, including the dimensions of coverage, sufficiency of entitlements and financial sustainability. In particular, there are considerable gaps in access, which is far from universal. According to information provided by ILO (2024), only 61.2% of the population of Latin America and the Caribbean was covered by at least one social protection benefit in 2023.[2] The scale of extreme poverty, poverty and vulnerability in the region,[3] as well as crises and emerging transformations, mean that non-contributory social protection policies need to be strengthened and their conceptualization reoriented from a logic of subsidiarity and mitigation to one of transformation. The priority given to this

1 For reference, the average informal employment rate in 11 countries of Latin America was 45.8% in the first quarter of 2024 (ECLAC, 2024b).

2 According to the International Labour Organization (ILO, 2024), this indicator is for the share of the population receiving a contributory or non-contributory cash benefit, excepting health and sickness benefits, under at least one of the contingencies or social protection functions, or actively contributing to at least one social security scheme.

3 In 2022, people belonging to households in low-income strata (people in extreme poverty, those in non-extreme poverty and the low-income non-poor) and lower-middle-income strata (people with incomes up to three poverty lines) made up 76.4% of Latin America's population (ECLAC, 2023a). According to analyses carried out by ECLAC during the pandemic, this population was the most vulnerable to sudden changes in income and consumption levels at times of crisis (ECLAC, 2021b).

issue in the commitments made by the international community in the 2030 Agenda for Sustainable Development (United Nations, 2015) must be recognized here. Sustainable Development Goal 1 "End poverty in all its forms everywhere" has as its target 1.3 "Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable". At the regional level, this commitment translated into the first line of action of the Regional Agenda for Inclusive Social Development, agreed by ECLAC member States at the third session of the Regional Conference on Social Development in Latin America and the Caribbean (ECLAC, 2020). The Regional Agenda for Inclusive Social Development and the documents produced subsequently within the framework of the Regional Conference highlight the centrality of universal, comprehensive, sustainable and resilient social protection systems in the pursuit of inclusive social development (ECLAC, 2020, 2021a and 2023b) and their role in expanding the welfare State in the region.

This chapter analyses the situation of social protection systems in the region, with an emphasis on non-contributory policies. It examines the progress achieved by these in narrowing social protection access gaps. It also points out the issues that remain in the design of these public policies in relation to the goals of eradicating poverty and reducing inequalities, and offers some proposals for addressing them. As regards the structure of the chapter, the first section includes a brief conceptual review of non-contributory social protection systems and the context in which they currently operate. The second section analyses the ways in which social protection is accessed in the region and the inequalities that persist in this area. The third section provides a more detailed account of progress and challenges with the coverage and sufficiency of the entitlements included in non-contributory social protection policies. The chapter concludes with recommendations for strengthening the design of non-contributory social protection policies and thereby contributing to the consolidation of universal, comprehensive, sustainable and resilient social protection systems.

A. Non-contributory social protection in the framework of universal, comprehensive, sustainable and resilient systems

> Non-contributory social protection policies, and most particularly income protection, social services access and labour inclusion policies, play an overwhelmingly important role in achieving the objectives and functions of social protection systems. These policies are vital for addressing the development crisis affecting the region and expanding the welfare State, and thereby contributing to the effort to eradicate poverty, reduce inequalities and increase social cohesion. In the current context, these non-contributory policies need to be strengthened to cope with a series of ongoing crises and structural transformations that reflect a risk structure in the process of reconfiguration.

Social protection systems comprise a set of contributory and non-contributory policies that serve to protect incomes in the face of various contingencies and provide access to health services, universal education, care and various social services, and labour inclusion, in accordance with the definition agreed by the countries of the region in the Regional Agenda for Inclusive Social Development (ECLAC, 2020). ILO has identified social protection as a human right, defining it as "the set of policies and programmes designed to reduce and prevent poverty, vulnerability and social exclusion throughout the life cycle" (ILO, 2021, p. 226). According to this perspective, these policies are organized around nine main categories: "child and family benefits, maternity protection, unemployment support, employment injury benefits, sickness benefits, health protection, old-age benefits, disability benefits and survivors' benefits" (ILO, 2021, p. 29). In addition, according to the ILO Social Protection Floors Recommendation, 2012 (No. 202), States must provide a set of basic income security guarantees that include access to essential health care and basic income security for children, at least at a nationally defined minimum level, providing access to nutrition, education, care and any other necessary goods and services; basic income security, at least at a nationally defined minimum level, for persons in active age who are unable to earn sufficient income, in particular in cases of sickness, unemployment, maternity and disability; and basic income security, at least at a nationally defined minimum level, for older persons (ILO, 2012).

Contributory social protection policies link the contributions made by individuals during their working lives in the labour market with access to entitlements (for both contributors and their potential beneficiaries). These contributions are typically paid through the compulsory social insurance system. In other words, the insurance mechanism is based on the payment of contributions prior to the insured contingency, following a guarantee and risk pooling logic. These policies are generally associated with formal employment, although in the region they are increasingly being extended to the self-employed. Contributory schemes are funded by employees and employers, but may also include funding from public or other sources. Access to non-contributory benefits is not linked to prior contributions, and these are funded mainly from public resources (taxes or other State revenues) or even from external grants or loans. They may be specific to certain populations, prioritized by income level, or universal (ILO, 2024). A number of non-contributory social protection instruments can be identified in the region, including income transfers (with and without conditionality) and in-kind transfers, financial support through subsidies and tax deductions, transfers of goods and provision of services, and non-contributory pension systems (Cecchini and Martínez, 2011; ECLAC, 2024c; Robles and others, 2023). While these public policies are often seen as focused on poverty eradication, given low levels of contributory coverage, they play a key role as broader insurance policies for each of the functions described above.

As posited by the Regional Agenda for Inclusive Social Development, social protection systems must have four main characteristics if their objectives are to be achieved: universality, comprehensiveness, sustainability and resilience. The first of these, universality, is conceived as a universalism that is sensitive to differences. This means guaranteeing access to social protection for all throughout the life cycle from a rights-based perspective that recognizes people's diverse identities and needs and the barriers they face in overcoming inequalities. Where the design of social protection policies is concerned, it is therefore essential to adopt cross-cutting and intersectional approaches related to gender, the life cycle, interculturality and territory, among other aspects (Arenas de Mesa, 2023). Second, the idea of comprehensiveness as applied to social protection systems means having in place a set of policies, plans and programmes that respond to the diverse social development demands and needs of the population. Comprehensive provision requires coordination of social policy across the various sectors and levels of government. On the demand side, comprehensiveness requires benefits and services to be coordinated with a life-cycle approach (Cecchini and Martínez, 2011). Third, social protection systems must be sustainable if they are to fulfil their mandates and commitments to current and future generations. Moreover, they must take a balanced approach to three dimensions: coverage, sufficiency of entitlements and financial sustainability. Progress in these areas requires strengthened social institutions. Lastly, systems must be resilient to cope with emergencies and implement longer-term actions that focus on flexible preparation, prevention, and response and adaptation (Arenas de Mesa, 2023; ECLAC, 2021a; Robles and others, 2023).

Conceptualized from this perspective, social protection systems are presented as one of the tools needed to overcome the triple development trap in the region, namely low growth, high inequality and low social mobility, and weak institutional and governance capacities; and as one of the major transformations needed to promote a more productive, inclusive and sustainable development model (Salazar-Xirinachs, 2023; ECLAC, 2024a). In addition to playing a central role in the fight against poverty, social protection policies, especially non-contributory ones, are vital to the development of human capacities, including new skills, and to labour inclusion (ECLAC, 2020; Robles and others, 2023). This means that they also have a leading role in countries' economic and productivity growth (World Bank, 2022; Barr, 2024). Non-contributory social protection policies have been shown to have positive effects on households' asset availability in a number of areas, including increased entrepreneurship and diversification of livelihoods. This also leads to economic multiplier effects in territories. Labour inclusion policies can contribute to the emergence of new sectors and industries, in relation for example to green economies, within the framework of a just transition, via training activities (World Bank, 2022). Social protection systems are therefore key components in the effort to eradicate poverty, significantly reduce inequalities and strengthen social cohesion.

Social protection systems are the backbone of welfare States (ECLAC, 2023a), being designed to give people access to quality public services, reduce their vulnerability to social risks and sustainably guarantee certain levels of income (Briggs, 1961; Barr, 2020; ECLAC, 2010; ILO, 2018). They thus make people's access to welfare less exclusively dependent on their families and position in the labour market, regulate the public-private relationship in these areas and reduce the resulting levels of social stratification (Esping-Andersen, 1990 and 1999). Non-contributory social protection policies promote the attainment of these ends and the extension of the welfare State by reducing, through a variety of channels, people's risk exposure and the barriers that prevent them from accessing public goods essential to the exercise of their rights, such as quality education and healthcare. With a view to reducing inequalities, greater coordination between contributory and non-contributory policies is needed to guarantee access to entitlements of equal quality and timeliness and to deal with the segmentation that can arise when people receive benefits that are more or less adequate depending on their income level and how they access social protection. To achieve this, countries need to have a properly planned design and build a solid system of social institutions with technical, operational, political and prospective (TOPP) institutional capabilities (Salazar-Xirinachs, 2023) (see chapter IV).

1. The future of social protection in the face of sequential crises and a risk structure in the process of reconfiguration

Non-contributory social protection is particularly important in the current context, characterized as it is by sequential crises and low economic growth. The consequences of the COVID-19 pandemic, geopolitical tensions and wars, among other developments, have left a considerable mark on the world's economies and, consequently, on those of the region, which have limited institutional capacity to cope with this environment. The repercussions of these circumstances are compounded by the effects that may ensue from worsening climate shocks, since most countries of the region are particularly exposed to changes in hydrometeorological conditions or extreme weather events (ECLAC, 2024b).

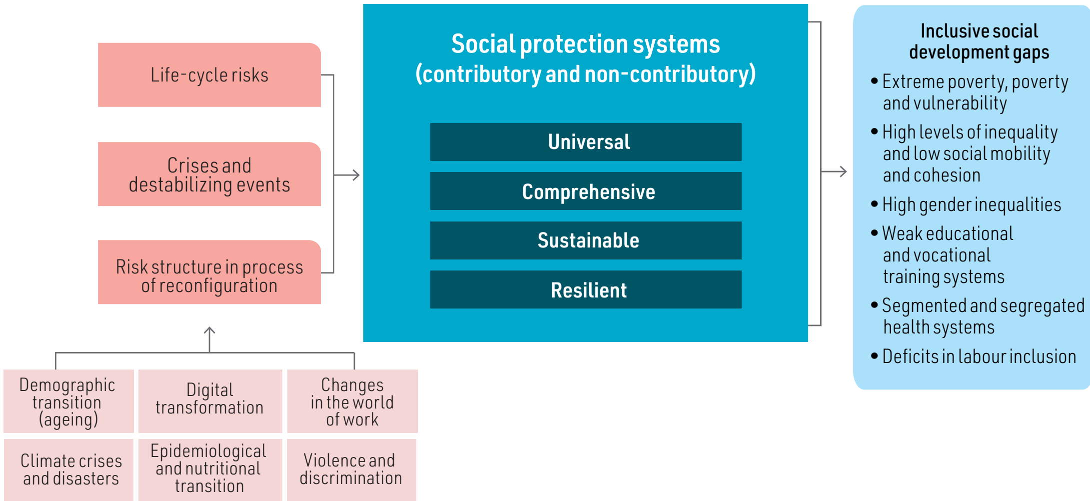
As became evident during the COVID-19 pandemic, it is essential for non-contributory social protection systems to respond quickly and suitably to disasters (ECLAC, 2021a and 2022a). Between March 2020 and May 2023, a total of 522 emergency non-contributory social protection measures of varying duration were adopted in the 33 countries of Latin America and the Caribbean in response to the pandemic (Figueroa and Vila, 2024). During 2020, these measures came to cover 50.2% of the population of Latin America and the Caribbean (ECLAC, 2022a). An analysis for the period from 1 March 2020 to 31 August 2022 found that while some of these measures involved the expansion of existing programmes, a third were new cash transfers (Atuesta and Van Hemelryck, 2023). In the face of disasters of this nature, it will be essential to plan for policies that facilitate a timely response, following a comprehensive preparedness, prevention, mitigation and adaptation logic

(ECLAC, 2021a). Alongside these phenomena, which are not always foreseeable, a number of ongoing transformations are complicating the current situation (ILO, 2018). In addition to risks associated with the life cycle, with high levels of poverty and with inequality, and those linked to the labour market and economic cycles, recent years have witnessed the emergence of phenomena that point to critical emerging obstacles in the way of inclusive social development (ECLAC, 2019). These include: (i) the demographic transition and migration trends; (ii) technological transformations; (iii) changes in the world of work; (iv) the climate crisis and disasters; (v) violence of various kinds; and (vi) the challenges posed by the epidemiological and nutritional transitions (ECLAC, 2019 and 2024c; ILO, 2018; Robles, 2023).

These obstacles entail a number of interactions. Given the simultaneity of their occurrence, they may give rise to a risk structure in the process of reconfiguration, which will condition the future of social protection systems (Robles, 2023). These dynamics may increase the vulnerability of households and exacerbate inequalities, requiring a renewed social protection effort (see diagram II.1).

Diagram II.1

Challenges for social protection systems in the face of sequential crises and a risk structure in the process of reconfiguration



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of ECLAC, *Critical obstacles to inclusive social development in Latin America and the Caribbean: Background for a regional agenda* (LC/CDS.3/3), Santiago, 2019; C. Robles and others, "Strategic guidelines to meet the challenges of future social protection", *The future of social protection in the midst of a protracted social crisis in Latin America: advancing towards universal, comprehensive, sustainable and resilient systems*, Social Policy series, No. 246 (LC/TS.2023/163), C. Robles and R. Holz (eds.), Santiago, ECLAC, 2023.

For example, while technological transformations are beneficial in several respects, they can be a source of exclusion and rights violations in a context of unequal access to devices, technology and connectivity, which is combined with the digital skills gap. This is the case even though Internet penetration among the region's population was over 70% in 2022 (Palma, 2024). The digital skills gap intersects with the matrix of social inequality and is unevenly distributed by age, territory and socioeconomic level, with language barriers a possible constraint. The digital transformation is also influencing the transformations taking place in the world of work, as it may destroy or alter jobs, as well as create new ones, and may require changes in skills. However, it can also foster risks and changes in employment and even informal work dynamics, such as those emerging in work via digital platforms (Salazar-Xirinachs, 2017). These changes in the labour market, coupled with those being generated as a consequence of the demographic transition and the move towards environmentally sustainable economies (ECLAC, 2017), may accentuate inequalities between people depending on whether they are better or worse equipped to deal with them. For example, Espíndola and Suárez (2023) estimate that the risk of job automation will particularly affect men, people with non-university qualifications and members of the middle class.

At the same time, the climate crisis threatens to push an additional 720 million people into poverty globally by 2050 (Agrawal and others, 2019), create new or severer epidemiological risks and place new demands on health systems (ECLAC and others, 2021). In addition to the direct effects of disasters and extreme events on people's living conditions, it is projected that the climate crisis could cause the loss of some 43 million jobs in Latin America between 2025 and 2050 unless prevention, mitigation and adaptation policies are implemented. This figure is equivalent to about 11% of total employment compared to a baseline scenario in which the region's economies do not diverge from trend GDP growth (ECLAC, 2024b). These developments are exacerbating inequalities between those who have the resources and assets to cope with them and those who must rebuild their livelihoods once they occur (ECLAC, 2021b). The demographic transition and emerging migratory dynamics, including growing intraregional migration, are creating greater demand for social protection and increasing the fiscal pressure associated with it as the population ages (ECLAC, 2024d). They are also exacerbating inequalities in labour inclusion and job quality for migrants (ECLAC, 2023a). In particular, as detailed in chapter III, there is a care crisis whose evolution will largely depend on demographic factors, making it necessary to strengthen comprehensive care policies in the region. This is also evident in the area of pension and health policies (ILO, 2018).

At the same time, the high levels of violence in the region (UNODC, 2019) may exacerbate existing inequalities, including gender inequalities. The increasing penetration of social violence associated with organized crime is weakening governance and affecting local economies (Maldonado and others, 2021). These dynamics are hampering the implementation of inclusive and equitable policies, which creates a cycle of exclusion, marginalization and segregation, and are obstructing access to social protection in territories (Holz, Jacas and Robles, 2023).

Lastly, the epidemiological and nutritional transitions are characterized by changes in health patterns, with a decline in communicable diseases and an increase in non-communicable ones. This is combined with major transformations in dietary patterns and the twofold burden of malnutrition, which has created new risks for health systems, especially among the populations most affected by the social determinants of health, and high economic costs owing to inaction in this area (ECLAC, 2024c).

Diagram II.1 highlights the importance of having universal, comprehensive, sustainable and resilient social protection systems that are doubly prepared to respond both to immediate events and crises and to long-term transformations, reflecting a risk structure in the process of reconfiguration (Robles and others, 2023). If not adequately responded to, these phenomena could lead to increasing levels of poverty, vulnerability and inequality in the region, accentuating deficits in inclusive social development. Social protection systems, and non-contributory social protection systems in particular, can act on this dynamic by implementing comprehensive and coordinated public policies with a logic of transformation in the structural conditions underlying vulnerability (Devereux and Sabates-Wheeler, 2004), which will help to protect household incomes, develop human capabilities and foster labour inclusion in the region.

B. The region has been showing progress in social protection coverage, albeit with segmented access and persistent gaps

Analysis of information from household surveys in 14 countries of Latin America shows that 23.5% of households had no access to either contributory or non-contributory social protection in 2022. The lowest-income households were worst affected, with 36.5% of households in the first income quintile having no access to social protection that year, compared to 17.3% in the highest-income quintile. Households containing children, adolescents and youth were also disproportionately affected compared to those in which older persons lived. Access to non-contributory social protection increased from 22.8% to 27.0% between 2019 and 2022. The expansion of this coverage has helped to close social protection access gaps in the region, with large differences by axis of social inequality.

Social protection policies are crucial for dealing with the situation identified in the previous section. As the COVID-19 pandemic showed, countries with higher levels of labour informality, linked to lower contributory coverage, had higher rates of excess mortality during the pandemic (Cid and Marinho, 2022). Countries with more consolidated welfare States mobilized responses based on contributory instruments to a greater extent than the countries of the region (Atuesta and Van Hemelryck, 2023). In those countries, substantive measures were taken to ease access requirements for labour market policies and unemployment insurance, which are seen as automatic stabilizers in crises (Spasova and others, 2021).

While such measures were also adopted in the region, the use of instruments such as unemployment insurance and contributory family allowances is still limited. This is connected to the various institutional challenges faced by the countries and the characteristics of the labour market (ECLAC, 2006 and 2023a). According to data provided by ILO (2024), only 10% of the unemployed population received cash unemployment benefits in 2023.

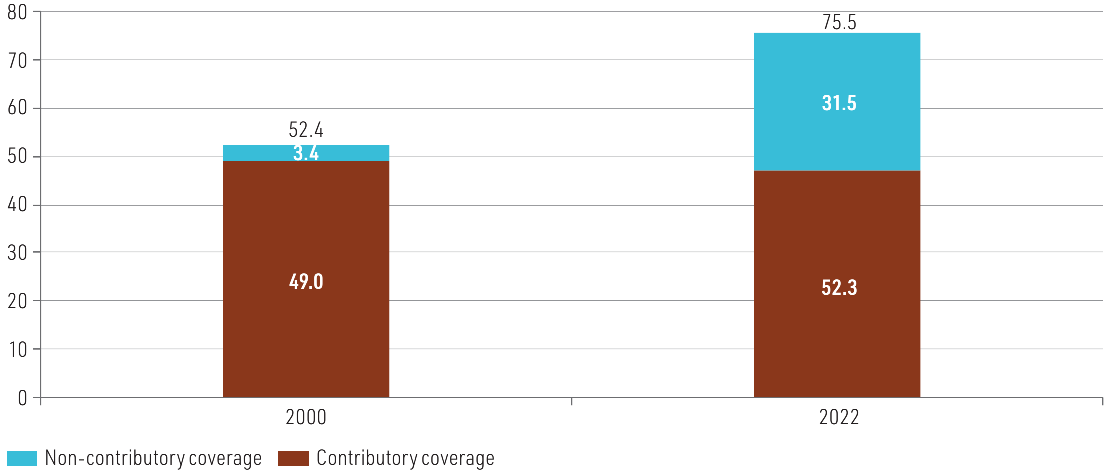
In the twentieth century, social protection systems had low levels of coverage and were highly stratified and uninclusive. Access to contributory social protection was confined to formal jobs, while social welfare institutions of limited scope targeted the most vulnerable populations (Cecchini and Martínez, 2011; ECLAC, 2006; Mesa-Lago, 2009). The 2000s saw the “expansionary phase” of social protection systems in Latin America (Abramo, Cecchini and Morales, 2019; Arza and others, 2022; Barrientos, 2024), in which the non-contributory component was strengthened to close coverage and exclusion gaps in social protection systems.

Pension systems reflect the trajectory of social protection policies in the region.[4] Analysis of the effective coverage of pension systems shows that, although the proportion of the economically active population contributing to them in Latin America increased by 12.9 percentage points between 2000 and 2022 (from 35.0% to 47.9%), more than half the economically active population in the region does not contribute to these systems, and there are large inequalities (ECLAC, 2024a). The proportion of people aged 65 and over in receipt of a pension from these systems has grown very substantially, from 52.4% in 2000 to 75.5% in 2022. While the coverage of contributory pension schemes increased by only 3.3 percentage points between 2000 and 2022, the coverage of non-contributory schemes

[4] These systems comprise contributory and non-contributory systems, which in turn form part of the social protection systems of the region’s countries (Arenas de Mesa and Robles, 2024c).

increased more than eightfold, from 3.4% to 31.5% of those aged 65 and over in Latin America. This is one of the major developments in the construction and consolidation of social protection systems in the region (Arenas de Mesa and Robles, 2024a) (see figure II.1).

Figure II.1
Latin America (18 countries):[a] contributory, non-contributory and total pension coverage,[b] population aged 65 and over, 2000 and 2022
(Percentages)



Source: A. Arenas de Mesa and C. Robles, "Introduction", *Non-contributory pension systems in Latin America and the Caribbean: towards solidarity with sustainability*, ECLAC Books, No. 164 (LC/PUB.2024/6-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2024.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.
[b] Total pension coverage is not equal to the sum of contributory and non-contributory coverage. This is because in some countries there are people who receive both contributory and non-contributory pensions. This was not the case in 2000 but was in 2022, as some countries in the region have moved towards universal coverage of non-contributory pension systems and some pensioners there also have access to the contributory pension system.

To assess the growing role of non-contributory social protection, over and above non-contributory pension systems, and the gaps and challenges affecting the region's social protection systems, an analytical exercise designed to gather information on the ways in which people in households are able to access social protection will now be described.[5] It uses information from household surveys in 14 countries of the region, employing a typology applied by ECLAC for the first time in 2011 (ECLAC, 2012a, 2012b and 2021b). This typology makes it possible to approximate the distribution of contributory, non-contributory and combined coverage and to identify cases where households lack access to such protection. To identify households' access to contributory social protection, the yardstick used was whether at least one household member aged 15 or over was contributing to the pension system or receiving a contributory pension. While a comprehensive analysis of the contributory coverage of social protection systems would require the situation of all entitlements included in these systems to be identified, this information is not always available from household surveys.[6] In the Dominican Republic, Ecuador and Panama, household surveys only report pension system affiliation, so the proportions of people paying into these countries' contributory systems

5 The household was chosen as the unit of analysis because some household surveys record receipt via the person heading the household and the recipients cannot necessarily be identified, especially in the case of non-contributory public transfers.
6 This exercise does not include health and sickness benefits or those related to unemployment protection, maternity, paternity and parental leave, occupational accidents and diseases, or family allowances, among others. It is assumed that the indicators identified provide an approximation of the potential coverage of these key entitlements for household members.

were not considered, but only the proportions drawing pensions from them. Households with non-contributory coverage, meanwhile, were taken to be those in which at least one household member received a non-contributory entitlement. For these, the household surveys recorded the receipt of any of the following public transfer types: conditional and non-conditional cash transfer programmes, non-contributory pensions, transfers in kind, other transfers such as family allowances, grants and allowances for the payment of basic services such as water and electricity, school bursaries and food programmes, mainly aimed at children and adolescents of school age, among other social entitlements. In both cases, households are identified as accessing either of these two types of protection exclusively or in combination, as households that receive both types are also included.[7]

The analysis examines the evolution of this coverage between 2019 and 2022, making it possible to explore whether the countries of the region expanded their social protection coverage, especially non-contributory coverage, after the COVID-19 pandemic. Emergency measures created specifically in response to the pandemic were not included, on the basis that the great majority of these were temporary and were discontinued when it ended (Atuesta and Van Hemelryck, 2023). Nonetheless, the analyses conducted found cases in which the coverage of existing cash transfer programmes and non-contributory pension systems was expanded.

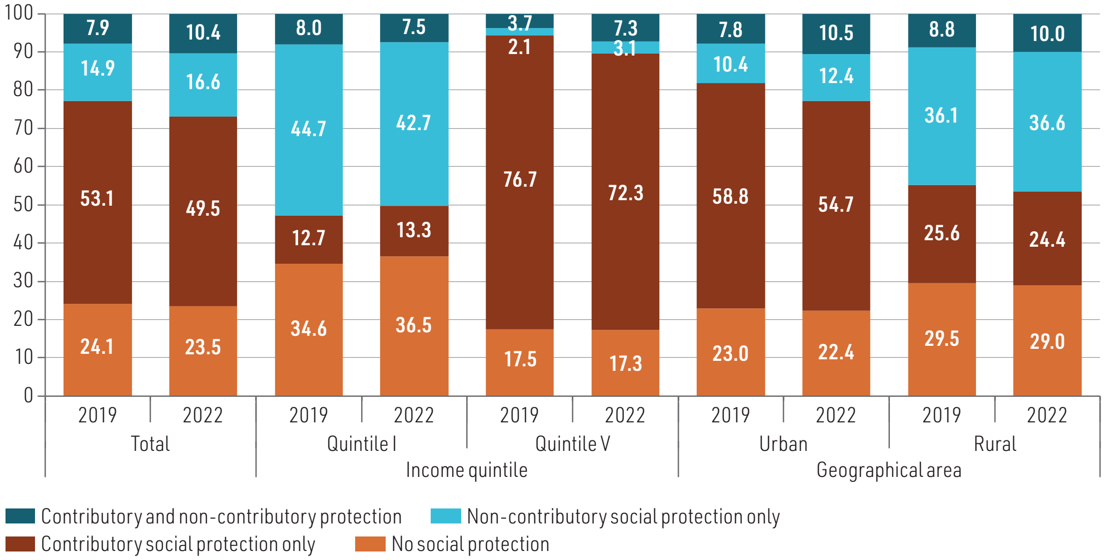
The results of this exercise indicate that, exclusively or in combination, at least 59.9% of households were accessing social protection through the contributory pension system in 2022, while 27% were doing so through non-contributory public transfers. The proportion of households lacking access to any form of social protection remained almost unchanged between 2019 and 2022 and was very high: almost a quarter of households in the countries considered were in this situation in 2022. Non-contributory access increased significantly over the period: while the percentage of households with exclusively contributory coverage fell from 53.1% to 49.5%, the proportion with non-contributory access rose from 22.8% to 27.0%, an increase of more than 4 percentage points over a short period (see figure II.2).

Large inequalities in households' access to social protection by axis of social inequality can be observed in the region. The comparison between low- and high-income households is striking. The proportion of households in the lowest-income quintile that lacked coverage in 2022 exceeded one third (36.5%) and was more than double the proportion of households in the highest-income quintile (17.3%) in the same situation.

The analysis reveals considerable segmentation in the type of social protection accessed by households depending on their characteristics. Whereas half of households (50.2%) belonging to the lowest-income quintile accessed non-contributory social protection in 2022, among the highest-income households this proportion was only 10.4%. The situation is reversed in the case of contributory coverage, as only 20.8% of the lowest-income households had access to this coverage, compared to 79.6% of households in the highest-income quintile. There is a similar difference between urban and rural households. Whereas in 2022 urban households accessed social protection mainly through the contributory route (65.2%) and only 22.9% did so through the non-contributory route, non-contributory coverage was twice as high among rural households, encompassing almost one in every two (46.6%). Again, the proportion of rural households with contributory coverage was considerably lower (34.4%), indeed barely more than half that of urban households.

[7] This exercise is not without limitations. As noted in ECLAC (2021b), because only entitlements reported in household surveys are considered, the actual coverage of programmes in the different countries may be underestimated. One reason is that household surveys capture fewer transfers in total than information from administrative records, essentially owing to underreporting of recipients in the surveys (Villatoro and Cecchini, 2018; Cecchini, Villatoro and Mancero, 2021). Also, there are entitlements that cannot be identified in any household survey round, either because they had not been created or because they were not included in the questions. Again, if access to contributory social protection is considered with reference to pension contributions alone because of the greater regionwide availability of this indicator, the coverage of other important entitlements that are less frequently reported in country surveys cannot be assessed.

Figure II.2
Latin America (14 countries):[a] forms of access by households to social protection,[b] by income quintile and geographical area, around 2019 and 2022[c]
(Percentages)



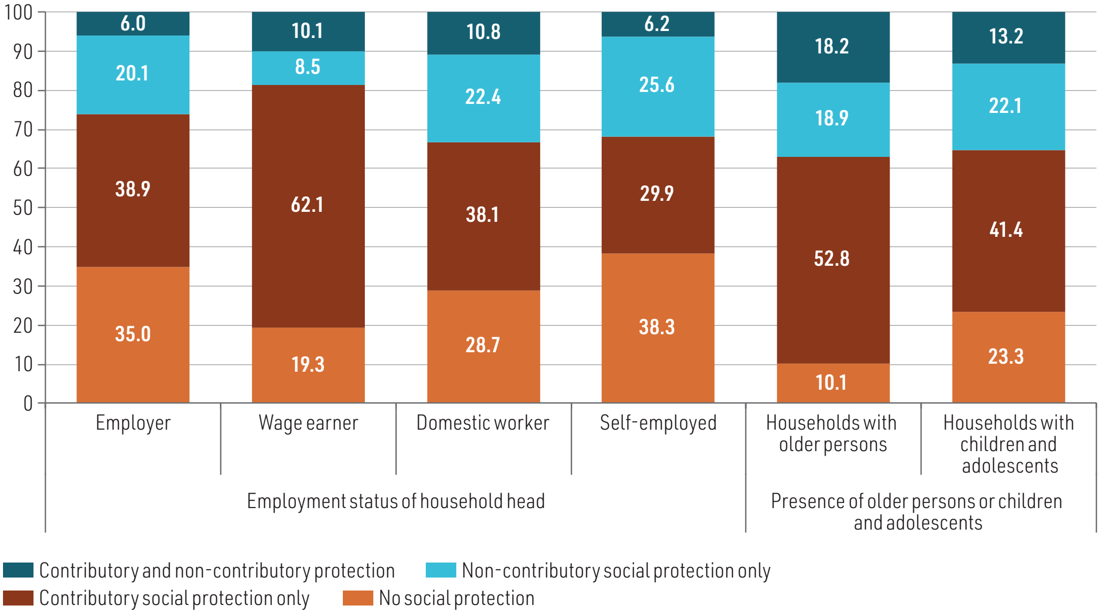
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
[a] Weighted averages of the following countries: Argentina (urban areas), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay. Argentina is excluded from the geographical area averages.
[b] In Argentina and El Salvador, household surveys only measure the conditional cash transfer component of public transfers.
[c] The 2022 round data are from 2021 for Colombia and the Plurinational State of Bolivia, while the 2019 round data are from 2017 for Chile and from 2018 for Colombia and Mexico.

Non-contributory coverage in the second and third quintiles was 40.4% and 27.3%, respectively, in 2022. This could reflect both a worsening of households' socioeconomic circumstances as a result of the sequence of crises and progress towards universality in social protection.

When access to social protection is examined in detail from the perspective of gender inequalities and a life-cycle analysis, more than a quarter of households with young heads are found to have had no access to social protection in 2022, as reflected in the exercise. The proportion was higher among men than among women. However, the incidence was considerably lower in households headed by older women. This may be due to the increased coverage of non-contributory pension systems, which benefit women more (Arenas de Mesa and Robles, 2024b).

Labour market participation has a major influence on access to social protection. In 2022, most households whose heads were in paid employment (72.2%) had access to the contributory component, either exclusively or in combination. Nevertheless, almost a fifth of these households lacked access to either contributory or non-contributory social protection. Over a third of households with self-employed heads were in this situation. Levels were likewise very high in the case of employers and domestic workers. In these households, access was mainly via the non-contributory route. It is therefore right and necessary to pursue strategies for formalizing these jobs and extending contributory coverage among own-account workers (see figure II.3).

Figure II.3
Latin America (14 countries):[a] forms of access by households to social protection,[b] by employment status of household head and presence of older persons or children and adolescents in household,[c] around 2022[d]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
[a] Weighted averages of the following countries: Argentina (urban areas), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.
[b] In Argentina and El Salvador, household surveys only measure the conditional cash transfer component of public transfers.
[c] The categories "Households with older persons" and "Households with children and adolescents" are not mutually exclusive, since households can be found in which older persons reside with children and adolescents or in which only one of these populations is present. This analytical approach more accurately reflects the different family configurations, bringing out the complexity of the dynamics of vulnerability and access to social protection within households.
[d] The 2022 round data are from 2021 for Colombia and the Plurinational State of Bolivia.

Levels of non-coverage are considerably higher among households with children and adolescents than among households with older persons. Almost a quarter of households with children and adolescents (23.3%) lack access to social protection of either kind, while the proportion falls to 10.1% in households where older persons live. This highlights the importance of non-contributory pension systems, which have considerably increased the social protection coverage of older persons. At the same time, it reveals how much ground remains to be covered in the region as regards the social protection of children, adolescents and youth, an issue that needs to be urgently addressed. These analyses also point up the need for cross-cutting approaches that reflect the different axes of social inequality in the region so that they can be incorporated into the analysis of social protection systems, the challenges confronting these and the design of policies for them, as established in the Regional Agenda for Inclusive Social Development. Box II.1 analyses this issue in relation to persons with disabilities.

Box II.1

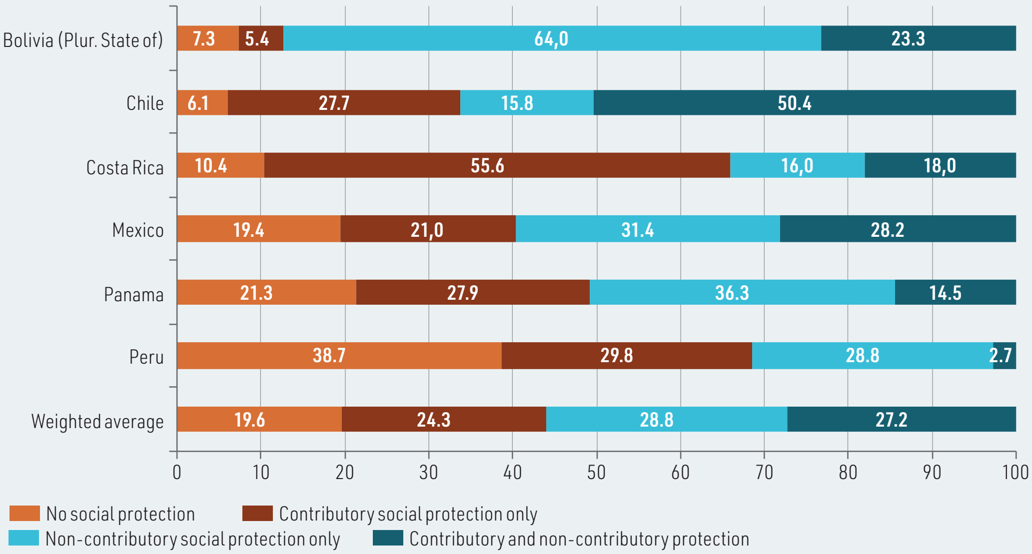
Access to social protection for persons with disabilities

Mainstreaming a disability approach in social protection is an urgent requirement in the region. About 6.5% of the population of Latin America and the Caribbean has some form of disability (ECLAC, 2022). Despite the steps taken in the region to guarantee the rights of this population, social protection systems often fail to adequately cover their basic and particular needs, which perpetuates and multiplies barriers to access for services and labour inclusion. This not only increases the risk of poverty, inequalities and exclusion, but shows that their rights are being violated.

Social protection coverage for households containing persons with disabilities varies significantly between countries. In Chile, 93.9% of households containing persons with disabilities have some form of social protection, and a considerable proportion of households (50.4%) have both contributory and non-contributory protection. The situation is similar in the Plurinational State of Bolivia, where 92.7% of households containing persons with disabilities have access to some form of social protection, mainly non-contributory (87.3%). In Peru, by contrast, a large proportion of these households (38.7%) have no access to any form of social protection.

Latin America (6 countries): forms of access to social protection by households including persons with disabilities,[a] 2022

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

[a] Households in which at least one member has a disability.

These data reflect the importance of further expanding social protection coverage for these households. According to the information available in the Non-contributory Social Protection Programmes Database - Latin America and the Caribbean, just 17 countries in Latin America and the Caribbean have implemented a total of 21 non-contributory pension programmes that provide entitlements to persons with disabilities. There is scope to expand the legal and effective coverage of these. It is also important to strengthen the design of entitlements so that access to non-contributory social protection does not depend on the employment status of persons with disabilities and does not contribute to labour informality, as has been seen to be the case with some non-contributory pensions for this population (Bietti, 2023). In their design, likewise, special attention should be paid to the specific needs of the persons concerned, which translate into higher levels of expenditure because of the adjustments and support they require to live autonomously and into low levels of household income because of the care they often require. In some countries, such as Argentina, Brazil, Chile, Costa Rica, the Dominican Republic and Uruguay, supplementary public allowances are provided for persons with disabilities and their families to cover the costs of specialized home care services, the employment of professional personal assistants and even entitlements without co-responsibilities. In Brazil, for example, the Continuous Benefit Programme (BPC) provides a benefit equivalent to one monthly minimum wage (of 1,412 reais or approximately US$ 250) to people who have a disability that prevents them from participating fully and effectively in society, provided that the per capita income of the household is a quarter of the minimum wage or less (Mapurunga, 2024). In Costa Rica, the Poverty and Disability programme provides monthly transfers to people aged between 18 and 65 with disabilities who are at social risk to compensate for the additional expenses involved in accessing basic services or reasonable support and adjustments required for them to go about their daily lives (ECLAC, 2024).

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG); M. Bietti, "Personas con discapacidad e inclusión laboral en América Latina y el Caribe: principales desafíos de los sistemas de protección social", *Project Documents* (LC/TS.2023/23), Santiago, ECLAC, 2023; ECLAC, Non-contributory Social Protection Programmes Database - Latin America and the Caribbean, 2024 [online] https://dds.cepal.org/bpsnc/cct; *ECLAC, The sociodemographic impacts of the COVID-19 pandemic in Latin America and the Caribbean* (LC/CRPD.4/3), Santiago, 2022; F. Mapurunga, "Experiências exitosas em políticas de apoios e cuidados para pessoas com deficiência na América Latina e em países de outras regiões: considerações para a construção da Política Nacional de Cuidados do Brasil", *Project Documents* (LC/TS.2024/35), Santiago, ECLAC, 2024.

C. Non-contributory social protection policies: developments and challenges

Non-contributory social protection policies have gained importance in the protection systems of Latin America and the Caribbean. In particular, the coverage of cash transfer programmes and non-contributory pension systems has grown strongly. By 2022, one in every four people in the region (27.1%) lived in households that received entitlements from at least one conditional transfer programme, and non-contributory pension schemes covered 31% of people aged 65 and over. There is evidence that these programmes are having a positive impact on various social indicators and contributing to the reduction of poverty and inequalities. Their design still poses many challenges, such as the need to expand coverage and the sufficiency of entitlements if they are to provide adequate income protection for households and individuals in changing circumstances.

A more detailed analysis of non-contributory social protection policies is needed to study their evolution, progress and challenges in respect of coverage and sufficiency, and their contribution to reducing inequalities. Given their importance as part of the region's social protection systems, this section explores the situation of cash transfer programmes (conditional and non-conditional) and non-contributory pension systems in greater detail. In addition to these, non-contributory social protection encompasses a range of instruments, such as subsidies, provision of goods and services to individuals and in-kind transfers, including school feeding programmes. It also includes policies that bring together different entitlements, such as comprehensive early childhood care programmes, comprehensive care policies and labour inclusion policies, among others. From this broader perspective, funding for education, healthcare, housing, water and sanitation policies should be added to the list, as should tax deductions aimed at protecting incomes. Different conceptions are applied in the design of these policies. On the one hand, there are those that are highly focused on the poor and extremely poor,[8] and on the other, those that provide ever-increasing levels of coverage, up to and including universality, on the basis of a logic of social rights, like some of the region's non-contributory pension systems (Arenas de Mesa and Robles, 2024b). Box II.2 deals specifically with the situation of school feeding programmes in the region, given their importance as part of a comprehensive strategy for the eradication of hunger.

Box II.2
School feeding programmes in Latin America and the Caribbean: the comprehensive pursuit of well-being for children and adolescents

School feeding programmes aim to ensure a varied, balanced and high-quality daily diet that meets the specific nutritional and calorie needs of each age group. These programmes are essential for improving the food and nutritional security of school-age children, which helps to combat hunger and malnutrition.

In Latin America and the Caribbean, school feeding programmes are a comprehensive social protection mechanism, as they help to narrow socioeconomic inequality gaps and support equitable access to quality education and a healthy diet. Besides providing more favourable conditions for learning, these programmes can also be an incentive for children to stay in school. Furthermore, by planning nutritious menus adapted to the context, they can use local produce and boost the food-producing sector (WFP, 2017). Programme implementation brings together different sectors such as agriculture, education, healthcare and social protection, which need to work together to provide comprehensive, sustainable, effective and complementary food solutions (IDB/WFP, 2023).

School feeding programmes have been shown to help reduce gender gaps in educational performance, have a positive impact on numeracy skills, and improve attention in class and short-term cognitive task performance (WFP, 2017; Wang and Fawzi, 2020). In cost-benefit terms, it is estimated that every dollar invested in school meals will yield an average return of nine dollars in nutrition and health, but especially in education (Verguet and others, 2020). In 2020, the potential costs and benefits of multisectoral school feeding programmes in Latin America were assessed with data from Brazil, Chile, Ecuador and Mexico. Potential health and nutrition benefits ranged from US$ 126 to US$ 335 per student, generating a cost-benefit ratio of 2.6 (Verguet and others, 2020; IDB/WFP, 2023).

According to data from the World Food Programme (IDB/WFP, 2023), an estimated 418 million children worldwide receive school meals, 80.3 million of them in Latin America and the Caribbean, with a high degree of heterogeneity between countries. While there is a trend towards universalization of the population benefiting from school feeding programmes, some countries use individual or geographical mechanisms to select recipients, examples being Chile, Colombia, Haiti and Mexico. In addition, the different countries of the region do not provide feeding benefits at every stage of schooling. In general, early childhood and primary education tends to be prioritized (IDB/WFP, 2023). While this prioritization is essential to contribute to comprehensive early childhood development, it is also critical for these programmes to reach the adolescent school population if the twofold burden of malnutrition at all stages of childhood is to be tackled.

Source: Inter-American Development Bank/World Food Programme (IDB/WFP), *State of School Feeding in Latin America and the Caribbean 2022*, Washington, D.C., 2023; World Food Programme (WFP), *Smart School Meals: Nutrition-Sensitive National Programmes in Latin America and the Caribbean. A Review of 16 Countries*, Rome, 2017; S. Verguet and others, "The broader economic value of school feeding programs in low- and middle-income countries: estimating the multi-sectoral returns to public health, human capital, social protection, and the local economy", *Frontiers in Public Health*, vol. 8, Lausanne, Frontiers Media, 2020; D. Wang and W. Fawzi, "Impacts of school feeding on educational and health outcomes of school-age children and adolescents in low- and middle-income countries: protocol for a systematic review and meta-analysis", *Systematic Reviews*, vol. 9, Berlin, Springer, 2020.

8 There is a wide-ranging debate all over the world about the relative merits of universal and targeted policies. Various analyses have pointed to the high costs entailed by the latter, the errors of inclusion and exclusion that arise with them, their complexity and their lesser effectiveness compared to universal policies. See Razavi and others (2022) for a review of these debates. From the perspective of ECLAC, applying certain degrees of selectivity is not incompatible with the principle of universality of rights when the instrument concerned is a specific one for attaining this objective (Arenas de Mesa, 2023).

1. Cash transfer programmes and non-contributory pension systems

Cash transfers can serve a variety of purposes. First, there are a number of permanent or continuous unconditional cash transfers intended to secure minimum levels of income for the most vulnerable households. In Chile, for example, regular allowances have been established to supplement household incomes at certain times of the year when family costs increase, such as the Permanent Family Contribution, formerly the March Grant. Similarly, the Winter Grant is paid once a year to pensioners who meet the statutory requirements, such as being in receipt of entitlements from the non-contributory pension system. More recent is the Electronic Family Benefit, a direct transfer to the most vulnerable families to help them cope with the rising price of the basic food basket. It can be used to buy food from local grocery stores, supermarkets, street markets and other food retailers.

Some continuous cash transfers are aimed at providing social protection to families with children and adolescents when they lack contributory coverage that would give them access to family allowance programmes. In some specific cases, there are entitlements to cover maternity leave shortfalls affecting pregnant women who do not have a wage-paying job. For example, the Maternity Allowance in Chile provides a cash allowance from the fifth month of pregnancy to women belonging to the most vulnerable 60% of households who lack contributory coverage. The Family Allowance provides a monthly financial entitlement to mothers, fathers or guardians without social security coverage who have children and adolescents in their care and belong to the least well-off 60% of households. This allowance is automatically payable if these households are among the most vulnerable 40%.[9]

There are also a variety of cash entitlements aimed at assisting the labour inclusion of the most vulnerable. For example, Mexico's Youth Building the Future programme provides occupational training to youth aged between 18 and 29 to help this group participate in the productive economy. Recipients are provided with monthly financial assistance for up to 12 months, as well as health insurance guaranteed by the Mexican Social Security Institute.[10]

The non-contributory entitlements that have become particularly important in recent decades as their spending and coverage have expanded have been conditional transfer programmes and non-contributory pension systems. The first group provides cash entitlements to poor and vulnerable families, subject to a number of conditions being met. In most programmes, recipient families must ensure that children and adolescents in the household attend school and health check-ups, among other things (Cecchini and Madariaga, 2011; Figueroa and Vila, 2024).

Non-contributory pension systems form part of pension systems and provide cash transfers to older persons or those with disabilities. These policies aim to prevent and eradicate poverty in this segment of the population, secure certain levels of income and reduce inequalities. They are unconditional, regular and stable cash entitlements that are calculated without regard to people's employment record and have their own institutional framework. Recipients have usually not had a formal job or not paid enough contributions to the pension system during their working lives to access a contributory pension (Arenas de Mesa and Robles, 2024a).

Studies have shown the impact of these policies in different areas. Conditional transfer programmes are reported to have positive effects on recipient families, reflected in indicators such as children's and adolescents' secondary school attendance, school enrolment, reduced dropout

[9] See Ministry of Social Development and Family of Chile, "Subsidio Familiar (SUF)" [online] https://www.reddeproteccion.cl/fichas/subsidio_familiar_suf.

[10] See Secretariat of Labour and Social Security, "Preguntas frecuentes: Jóvenes Construyendo el Futuro" [online] https://www.gob.mx/stps/es/articulos/preguntas-frecuentes-jovenes-construyendo-el-futuro?idiom=es.

rates, enrolment in housing programmes, labour inclusion and reduced inequality (Baird and others, 2013; Barrientos and Villa, 2013; Cecchini and Madariaga, 2011; Edo, Marchionni and Garganta, 2017; Fiszbein and others, 2009; Galasso, 2011; Soares and others, 2009). Moreover, significant improvements in health indicators have been observed in various meta-analyses dealing with the impact of these programmes, for example in the area of maternal and neonatal health, including reductions in infant mortality rates, and in the use of health services by target populations (Calvacanti and others, 2023; Gaarder, Glassman and Todd, 2010; Leroy, Ruel and Verhofstadt, 2009). Programmes have also contributed to a reduction in child labour (Del Carpio, Loayza and Wada, 2016; Kabeer and Waddington, 2015).

The debate on cash transfer conditionalities is ongoing, especially in a context where social protection systems are having to adapt to a risk structure in the process of reconfiguration. Numerous studies have analysed the advantages and challenges of conditionalities or co-responsibilities in the provision of social protection system entitlements. Conditional transfers are notable for their ability to prioritize the use of scarce resources, facilitate economic redistribution and legitimize social protection coverage for the most vulnerable populations (Attanasio, Oppedisano and Vera-Hernández, 2015; Pérez-Muñoz, 2017). Attention has also been drawn to their limitations, which relate to the imposition of additional burdens, especially for women, given that co-responsibilities have to be complied with and administration costs are high, among other issues (ECLAC and others, 2013; Krubiner and Merritt, 2016; Ladhani and Sitter, 2019; Scheel, Scheel and Fretheim, 2020). In institutional terms, access to and the effects of conditional transfer programmes depend on factors beyond the control of the institutions responsible for them, such as the quality of health and education services or the functioning of labour markets (Stampini, Medellín and Ibarrarán, 2023). It should be noted that unconditional transfer programmes have had significant and positive effects not only in areas such as education and health (Bastagli, Hagen-Zenker and Sturge, 2016), but also on employment variables and food consumption indicators.

With respect to non-contributory pension systems, the literature reports effects in a number of areas. They include improvements in health indicators such as recipients' life expectancy (Miglino and others, 2023; Valderrama and Oliveira, 2023) and mental health (Bando, Galiani and Gertler, 2022), nutrition and food security, the stimulation of local consumption and consumption,[11] and the reduction of child labour. From a gender perspective, important effects have also been observed on the subjective well-being of women who receive this entitlement, owing to the recognition of their contribution to unpaid care work (UNDP, 2010). The conclusion, then, is that non-contributory pension systems not only significantly reduce pension system access gaps and old-age poverty, but improve other areas related to the well-being of recipients and their families, such as food security, healthcare and access to basic services.

For more than a decade, the ECLAC Social Development Division has maintained the Non-contributory Social Protection Programmes Database - Latin America and the Caribbean, with the aim of providing systematized information on the evolution of coverage, expenditure and the sufficiency of entitlements under these programmes (see box II.3 and annex II.A1). The following section presents the results obtained from this information source in more detail.

[11] See, for example, Escobar, Martínez and Mendizábal (2013) for the Plurinational State of Bolivia; Martínez and others (2020) for El Salvador; and Galiani, Gertler and Bando (2016) for Mexico.

Box II.3

The Non-contributory Social Protection Programmes Database - Latin America and the Caribbean

The Economic Commission for Latin America and the Caribbean (ECLAC) Non-contributory Social Protection Programmes Database - Latin America and the Caribbean systematizes data on the characteristics of the non-contributory social protection programmes implemented by the countries of the region. In particular, it presents detailed information on the different components of conditional transfer programmes, non-contributory pensions and labour inclusion programmes. At present, the ECLAC Non-contributory Social Protection Programmes Database has qualitative and quantitative information on 59 conditional transfer programmes in 21 countries, 50 non-contributory pension programmes in 25 countries and one territory and 156 labour inclusion programmes in 22 countries, collected mainly between 2000 and 2022. The data have been obtained from official documents and administrative records provided by the institutions in charge of the programmes, plus information requested directly from the countries.

This database was created in fulfilment of a mandate from the first session of the Regional Conference on Social Development in Latin America and the Caribbean, held in Lima in November 2015. It is available on a website in Spanish and English maintained by ECLAC and hosted by the ECLAC Observatory on Social Development in Latin America and the Caribbean, which publishes the information described. The site also provides systematized details of individual programmes and allows users to download quantitative data. The website of the Non-contributory Social Protection Programmes Database has been heavily used ever since it was launched, receiving more than 250,000 visits a year. As a reliable information source for citizens and civil society, it has also been cited in a variety of studies. Up to August 2024, more than 300 publications had used the information available from this resource.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes Database - Latin America and the Caribbean [online] https://dds.cepal.org/bpsnc/home; ECLAC, "Resolution 1(I)", Regional Conference on Social Development in Latin America and the Caribbean, 2015 [online] https://repositorio.cepal.org/server/api/core/bitstreams/e2542136-6dca-4a58-9917-14627472360f/content; Observatory on Social Development in Latin America and the Caribbean [online] https://dds.cepal.org/observatorio/index-e.php.

2. The coverage and sufficiency of conditional cash transfer programmes and non-contributory pension systems

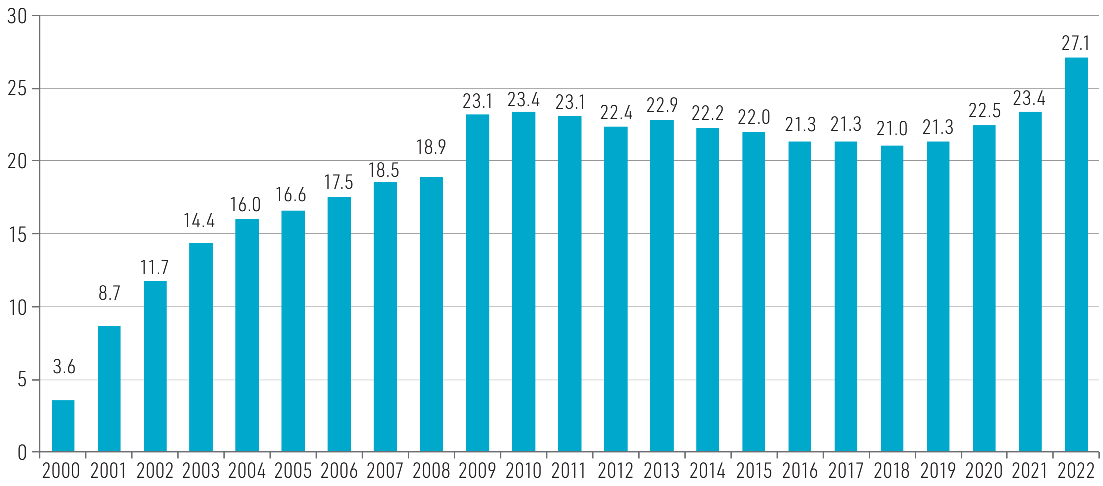
Since 2009, more than 20% of the population of Latin America and the Caribbean has lived in households receiving conditional cash transfers. By 2020, the proportion had reached 22.5%. In the context of the pandemic, the countries of the region modified programmes or adopted new measures. As a result, the number of recipients reached a new high of 27.1% of the region's total population in 2022, i.e. one in four people in the region lived in households receiving these entitlements (see figure II.4). In 2022, 19 countries had at least one conditional cash transfer programme, with a total of 31 programmes operating in the region (Figueroa and Vila, 2024) (see annex II.A1).[12]

Despite their importance in terms of population coverage, conditional transfer programmes face challenges in relation to sufficiency. Using information from the Non-contributory Social Protection Programmes Database - Latin America and the Caribbean, it is estimated that the minimum transfer amount in 15 countries of Latin America in 2022 represented 33.2% of that year's poverty line (Figueroa and Vila, 2024). Similarly, 2022 data from special tabulations of household surveys in 14 countries of Latin America indicate that in most cases the amounts were insufficient to cover the average per capita income shortfall of poor households, reflecting the difference between the poverty line and the average monthly per capita income of households before these cash transfers.

[12] These data are based on information provided by the countries or available on the Internet and collected in the Non-contributory Social Protection Programmes Database - Latin America and the Caribbean. Figure II.4 does not include countries for which it was not possible to obtain information on effective coverage for the whole series.

In those countries, conditional cash transfers covered an average of 46.8% of the per capita income shortfall of poor households (see figure II.5A). In the case of extreme poverty, the average per capita amount of conditional transfer programmes more than covered the income shortfall relative to the extreme poverty line, albeit with variations between countries. Transfer amounts covered a relatively large proportion of the extreme poverty income shortfall in Uruguay, Brazil and Costa Rica, while the lowest proportions were in the Plurinational State of Bolivia and El Salvador (see figure II.5B). It should be noted that this analysis does not fully reflect the distributional effect of cash transfers, and therefore it is not possible to determine precisely who is lifted out of extreme poverty and poverty by receiving a transfer.

Figure II.4
Latin America and the Caribbean (20 countries):[a] population in households receiving conditional cash transfers and other continuous transfers,[b] 2000–2022[c]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes Database - Latin America and the Caribbean [online] https://dds.cepal.org/bpsnc/cct; "Population estimates and projections: Excel tables", Santiago, 2024 [online] https://www.cepal.org/en/subtopics/demographic-projections/latin-america-and-caribbean-population-estimates-and-projections/population-estimates-and-projections-excel-tables; CEPALSTAT [online database] https://statistics.cepal.org/portal/cepalstat/index.html?lang=en; United Nations, *World Population Prospects 2024*, New York, 2024 [online] https://population.un.org/wpp/; N. Figueroa and J. Vila, "Programas de protección social no contributiva en América Latina y el Caribe: revisión metodológica de la estimación de tendencias de cobertura e inversión", *Project Documents*, Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2024, forthcoming.

[a] Weighted averages calculated from the information available on conditional and other continuous cash transfer programmes in the following countries: Argentina, Belize, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia, Trinidad and Tobago and Uruguay. In the case of Brazil, the coverage information is for the *Bolsa Família* programme in 2020 and the *Auxilio Brasil* programme in 2021 and 2022.

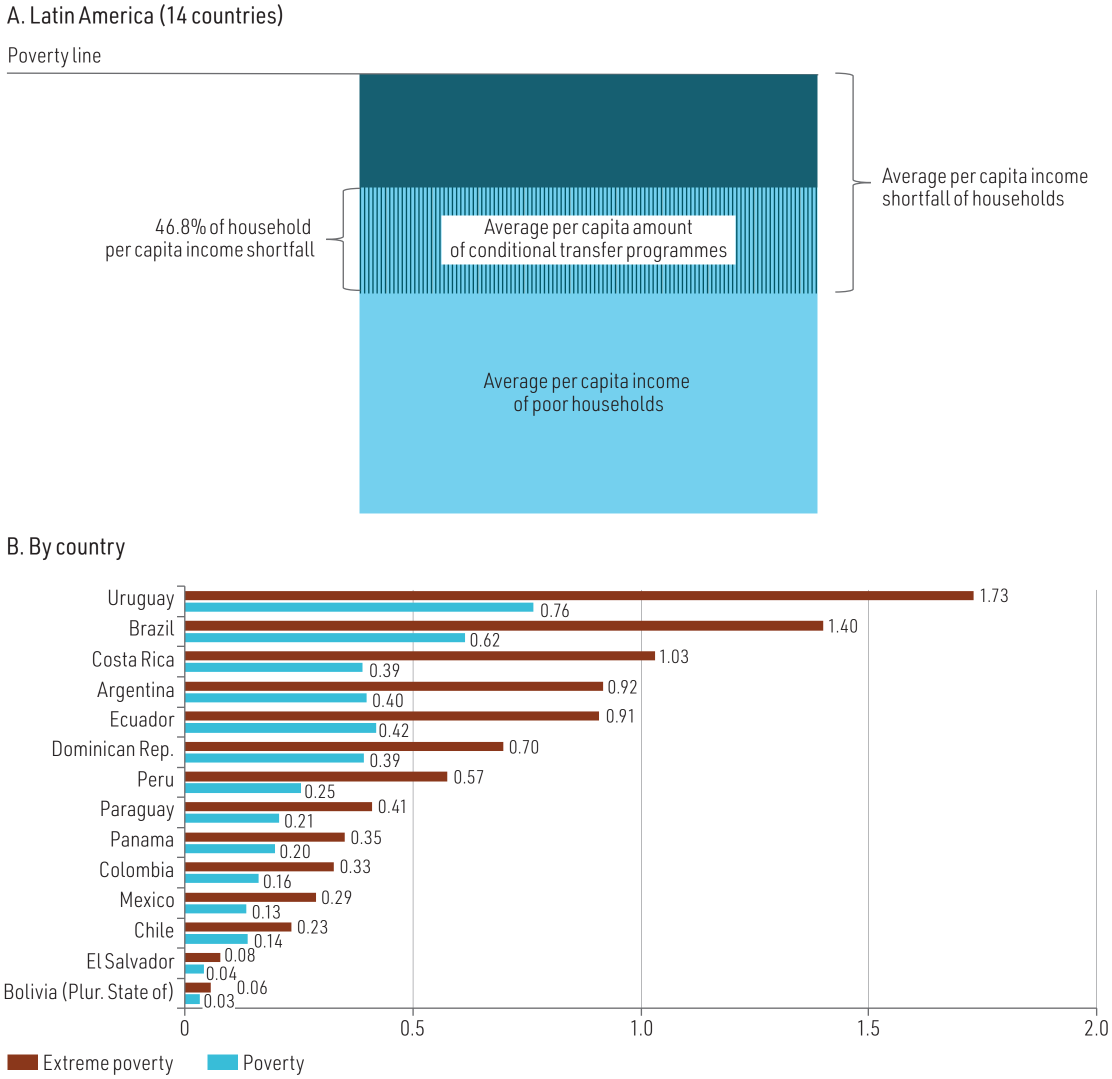
[b] This indicator includes other permanent cash income transfers as well as conditional transfer programmes. No information on in-kind transfers or allowances is included.

[c] The indicator is constructed by multiplying the number of programme recipient households reported in official country sources by the average size of households in the lowest-income quintile nationally, according to CEPALSTAT data. The method employed by Figueroa and Vila (2024) is used to estimate the complete series. Missing programme data are imputed from the data available, assuming equivalence with the latest available figures or a linear relationship between the two closest available figures. Averages are calculated by taking the total population of the Latin America and Caribbean countries, regardless of whether they had any programmes active in the estimation year.

Figure II.5

Latin America (14 countries): average conditional and other continuous transfer amounts[a] relative to the income shortfall[b] of households that were poor and extremely poor before the transfers, around 2022[c]

(Percentages and proportions of household per capita income shortfall)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).

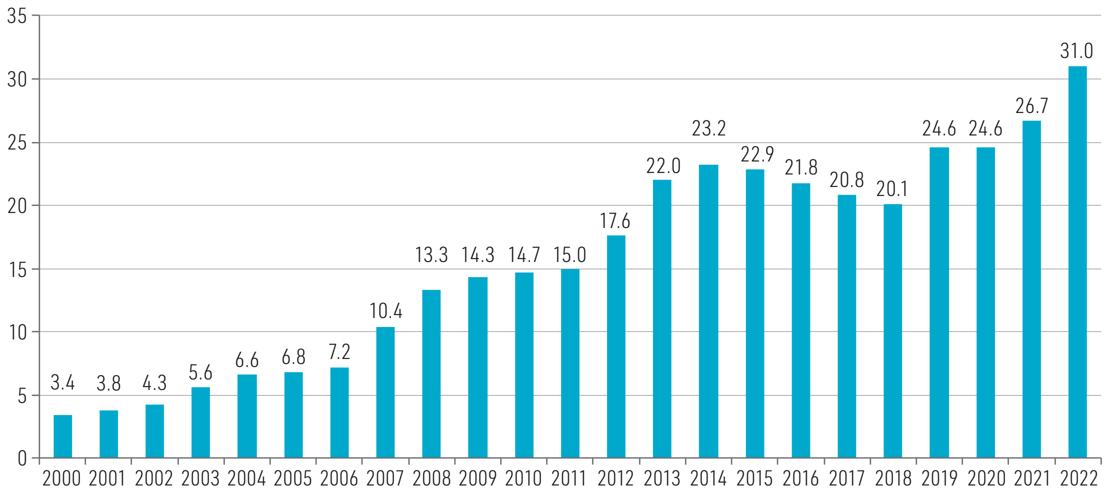
[a] The following conditional and continuous transfer programmes are considered: the Universal Child Allowance in Argentina; *Bolsa Família* in Brazil; Solidarity Chile/Ethical Family Income and the Family Allowance in Chile; Families in Action and Youth in Action in Colombia; *Avancemos* in Costa Rica; Progressing with Solidarity in the Dominican Republic; the Human Development Grant in Ecuador; the Sustainable Families Programme in El Salvador; the Benito Juárez Scholarships in Mexico; the Opportunities Network in Panama; *Tekoporã* in Paraguay; the National Programme of Direct Support to the Poorest (*Juntos*) in Peru; the Juancito Pinto Grant and the Juana Azurduy Grant in the Plurinational State of Bolivia; and Family Allowances and the Social Uruguay Card (Ministry of Social Development) in Uruguay.

[b] The income shortfall is defined as the difference between the poverty or extreme poverty line and the average monthly per capita income of households before receipt of conditional transfers. This estimate is then used to determine the proportion of the shortfall covered by the average per capita amounts delivered through conditional transfer programmes.

[c] The 2022 round data are from 2021 for Colombia and the Plurinational State of Bolivia.

As for non-contributory pension systems, the data show that there has been a remarkable increase in coverage since the beginning of the century. Whereas 14 countries of the region had such programmes in 2000, by 2022 they had spread to 28 of the 33 countries in the region (see annex II.A1). Thus, their coverage increased in Latin America and the Caribbean from 3.4% of people aged 65 and over in 2000, equivalent to about 1 million older persons, to 31.0% of this population, or 19.6 million people, in 2022 (see figure II.6). This large expansion was mainly due to the countries' efforts to reduce coverage gaps in contributory pension systems resulting from the high levels of informality in the labour market (Arenas de Mesa and Robles, 2024a).

Figure II.6
Latin America and the Caribbean (23 countries):[a] population aged 65 and over receiving pensions from non-contributory pension systems, 2000–2022
(Percentages of population aged 65 and over)



Source: J. Vila, C. Robles, C. and A. Arenas de Mesa, "Overview of non-contributory pension systems in Latin America and the Caribbean: analysis of their evolution and their role in old-age economic security", *Non-contributory pension systems in Latin America and the Caribbean: towards solidarity with sustainability*, ECLAC Books, No. 164 (LC/PUB.2024/6-P), A. Arenas de Mesa and C. Robles (eds.), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2024.

[a] Weighted averages. The information is from the following countries: Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia, Saint Kitts and Nevis, Trinidad and Tobago and Uruguay.

Chile, Mexico and the Plurinational State of Bolivia have adopted policies that have made it possible to move towards universalization of these entitlements through successive processes of expansion and institutional strengthening. The Plurinational State of Bolivia has achieved near-universal coverage already this century, first through the *Bonosol* (Solidarity Bond) programme and then through *Renta Dignidad* (Dignity Income). In Chile, the Universal Guaranteed Pension only excludes older persons belonging to the richest 10% of households. In Mexico, the largest expansion of the non-contributory pension system took place in 2019 with the introduction of the Pension for the Well-being of Older Persons, which achieved universal coverage after only four years of implementation and was given the status of a citizen's right (Vila and Yanes, 2024).

It is crucial to highlight the major role that non-contributory pension systems have played in reducing inequalities in pension system access in the region. This has been particularly important in reducing gender inequalities, given the increasing feminization of ageing and, as detailed in chapter III, the greater prevalence of labour informality among women and their lesser participation in the formal labour market. These issues translate into larger pension shortfalls, lower wages and lower contributory pension coverage (Arza, Robles and Arenas de Mesa, 2024; Arenas de Mesa, 2019). According to information for nine Latin American countries,[13] the expansion of these systems reduced the proportion of older women lacking access to a pension by 8 percentage points between 2010 and 2021. Nonetheless, a larger proportion of older women (23.1%) than older men (19.2%) still lacked access to pension systems in 2021 (Vila, Robles and Arenas de Mesa, 2024). It is important to continue to push for a gender equality approach in pension reforms to address these inequalities.

As regards the sufficiency of the entitlements provided by non-contributory pension systems, Vila, Robles and Arenas de Mesa (2024) found an increase of 11 percentage points in the value of these as a percentage of the poverty line in 14 Latin American countries,[14] from 81% in 2010 to 92% in 2022. An analysis of 14 Latin American countries[15] around 2021, using information on the average monthly amount of contributory pensions as reported by household surveys and a monthly value calculated from the administrative data of non-contributory pension systems, indicates that the benefits paid out by contributory pension systems were more than twice (2.4 times) as high as those provided by non-contributory pension systems.

3. Non-contributory public transfers are a central component of incomes in the lowest-income households

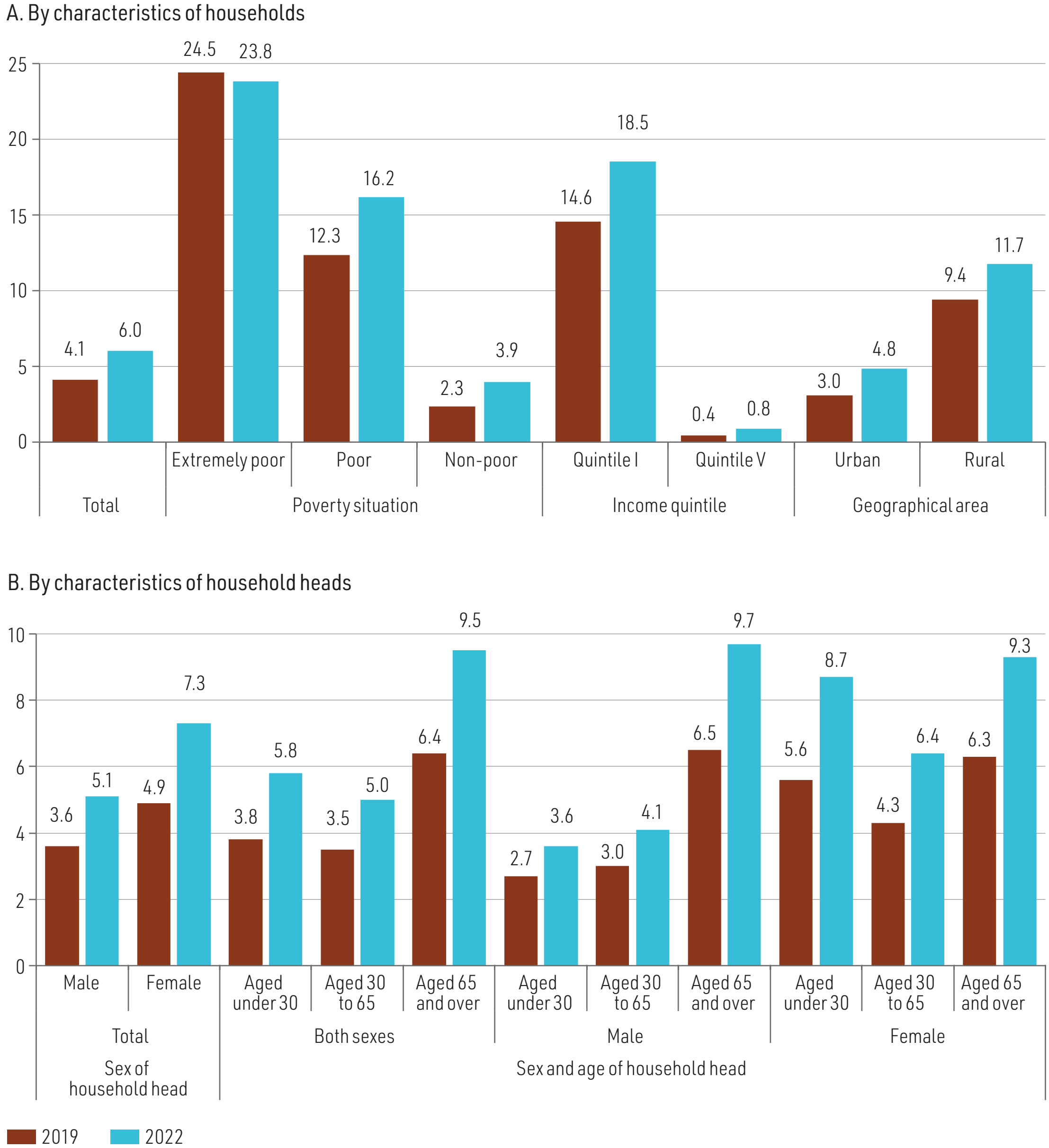
The specifics of conditional transfer programmes and non-contributory pension systems aside, the importance of non-contributory public transfer programmes lies not only in their coverage levels, but also in the proportion of total income that they represent for the most vulnerable households. While this type of public transfer accounted for just 6% of total household income in 2022, the proportion was much higher for poor households, with figures of 23.8% for households in a situation of extreme poverty and 16.2% for households in a situation of poverty (see figu re II.7A). The picture is similar for households in the lowest-income quintile, where 18.5% of total income derived from this type of public transfer. For households in the fifth (highest-income) quintile, meanwhile, only 0.8% of total income came from public transfers in 2022. Similarly, non-contributory public transfers accounted for 11.7% of total household income in rural areas, more than twice as much as in urban households (4.8%), with a rising trend compared to 2019. Notably, in 2022, public transfers accounted for 9.5% of total income in households headed by a person aged 65 or over, with a rising trend compared to 2019. This proportion was higher than for the other age groups analysed, and especially than for households headed by a young person. This again reinforces the realization of the role that non-contributory pension systems have played in the incomes of older persons in the region and the need to strengthen access to social protection for households with young heads. Additionally, the share of income from public transfers varied by the sex and age of the household head (see figure II.7B). In particular, households headed by women under the age of 30 received a significantly higher percentage of their income from public transfers (8.7%) than male-headed households (3.6%). In both cases, though, the proportion was significantly lower than for either male or female household heads aged 65 and over.

13 Based on the Household Survey Data Bank (BADEHOG) of the Economic Commission for Latin America and the Caribbean (ECLAC). The nine countries are Brazil, Chile, Costa Rica, Ecuador, El Salvador, Mexico, Panama, the Plurinational State of Bolivia and Paraguay.

14 Using administrative information obtained from the Latin American countries with non-contributory pension systems and poverty lines standardized by ECLAC for the years considered.

15 The countries considered in this estimate are: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

Figure II.7
Latin America (14 countries):[a] average income from non-contributory public transfers as a share of total household income,[b] by characteristics of households and household heads, around 2019 and 2022[c]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
[a] Weighted averages of the following countries: Argentina (urban areas), Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay. Argentina is excluded from the geographical area averages. Estimates do not include emergency transfers implemented by the countries to cope with the COVID-19 pandemic.
[b] In Argentina and El Salvador, household surveys only measure the conditional cash transfer component of public transfers.
[c] The 2022 round data are from 2021 for Colombia and the Plurinational State of Bolivia, while the 2019 round data are from 2017 for Chile and from 2018 for Colombia and Mexico.

The proportion of total household income accounted for by public transfers is higher in female-headed households. In 2022, according to the information available on conditional and other continuous transfer programmes in the region, 21 of the 31 entitlements identified in the Non-contributory Social Protection Programmes Database included at least one component in which women were the main recipients of cash transfers. The mere fact of women receiving the entitlement does not guarantee that a gender approach is being mainstreamed. From the perspective of this approach, it is essential to consider mechanisms that enable these transfers to contribute to greater economic autonomy for women and a lessening of gender inequalities in the organization of care. To achieve this, there needs to be better coordination between cash transfers, labour inclusion policies and care policies in the countries. Again, while non-contributory social protection policies have reduced access gaps for Afrodescendent populations and Indigenous Peoples, challenges remain in this area (see box II.4).

The share of income provided by public transfers varies widely in the region. In 2022, the contribution of public transfers was around 50% of the total income of poor households in Chile (64.3%) and Brazil (46.4%), while in the Dominican Republic, Peru and El Salvador it was less than 10%. The region has before it the important task of improving the sufficiency of non-contributory programmes.

Box II.4

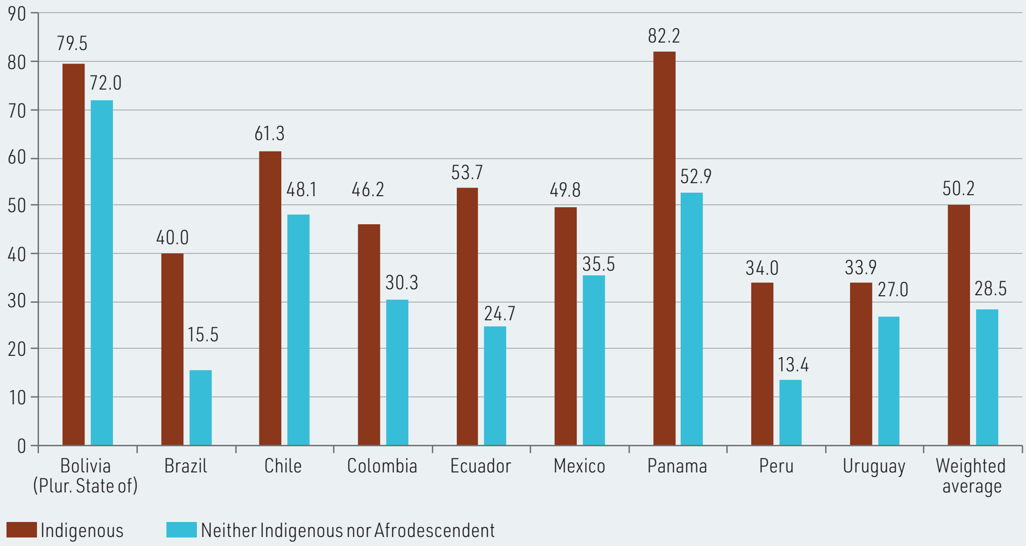
Indigenous Peoples and social protection: towards the adoption of an intercultural approach in the design of non-contributory social protection policies

Members of Indigenous Peoples represent 10.4% of the population of Latin America, equivalent to more than 58.5 million people (ECLAC, 2024). Indigenous persons are often disproportionately represented among the populations with the highest poverty rates. The poverty rate among Indigenous persons in 2022 was 43.1%, more than double that of the non-indigenous, non-Afrodescendent population, which was 21.4%. Indigenous persons also face inequalities in access to education, food and nutritional security, labour inclusion and health. Despite their importance, the dearth of inclusive public policies adapted to the cultural realities of Indigenous Peoples helps to perpetuate the cycle of poverty and deepen the inequalities that affect these populations (ECLAC, 2024; Pedrero, 2023).

From the information available for nine Latin American countries, it can be seen that persons belonging to Indigenous Peoples have greater non-contributory social protection coverage than the non-indigenous, non-Afrodescendent population. While 50.2% of persons belonging to Indigenous Peoples access non-contributory social protection, the proportion is considerably lower (28.5%) among those who are neither Indigenous nor Afro-descendent (see chart). However, it is still necessary to look beyond coverage and adopt an intercultural approach in the design of social protection policies aimed at this population. The ILO Indigenous and Tribal Peoples Convention, 1989 (No. 169) and the United Nations Declaration on the Rights of Indigenous Peoples call for culturally appropriate social protection and provide guidelines for achieving this. For example, one recommendation is that access for persons belonging to Indigenous Peoples should not be hindered by the imposition of particular eligibility conditions that are not culturally appropriate or by the lack of adequate information. The point is also made that the cultural integrity of these populations and their livelihoods are often not taken into account in the design of public policies, and nor are they included in decision-making processes that affect them (Errico, 2018).

While progress has been made, the cultural relevance of non-contributory social protection policies in general is still limited. The procedures for accessing transfers, deadlines for withdrawing them and other bureaucratic formalities, and the way transfers are designed for individuals or households, prevent Indigenous Peoples from enjoying their individual and collective rights and often undermine the cultural integrity and social organization of communities, so adaptations are still needed. Furthermore, the conditionalities of non-contributory programmes can impose limitations that exclude them, as these do not usually go together with guaranteed access to culturally appropriate health and education services.

Latin America (9 countries): people living in households with non-contributory social protection, by ethnicity, around 2022[a]
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
[a] The data for Colombia are from 2021.

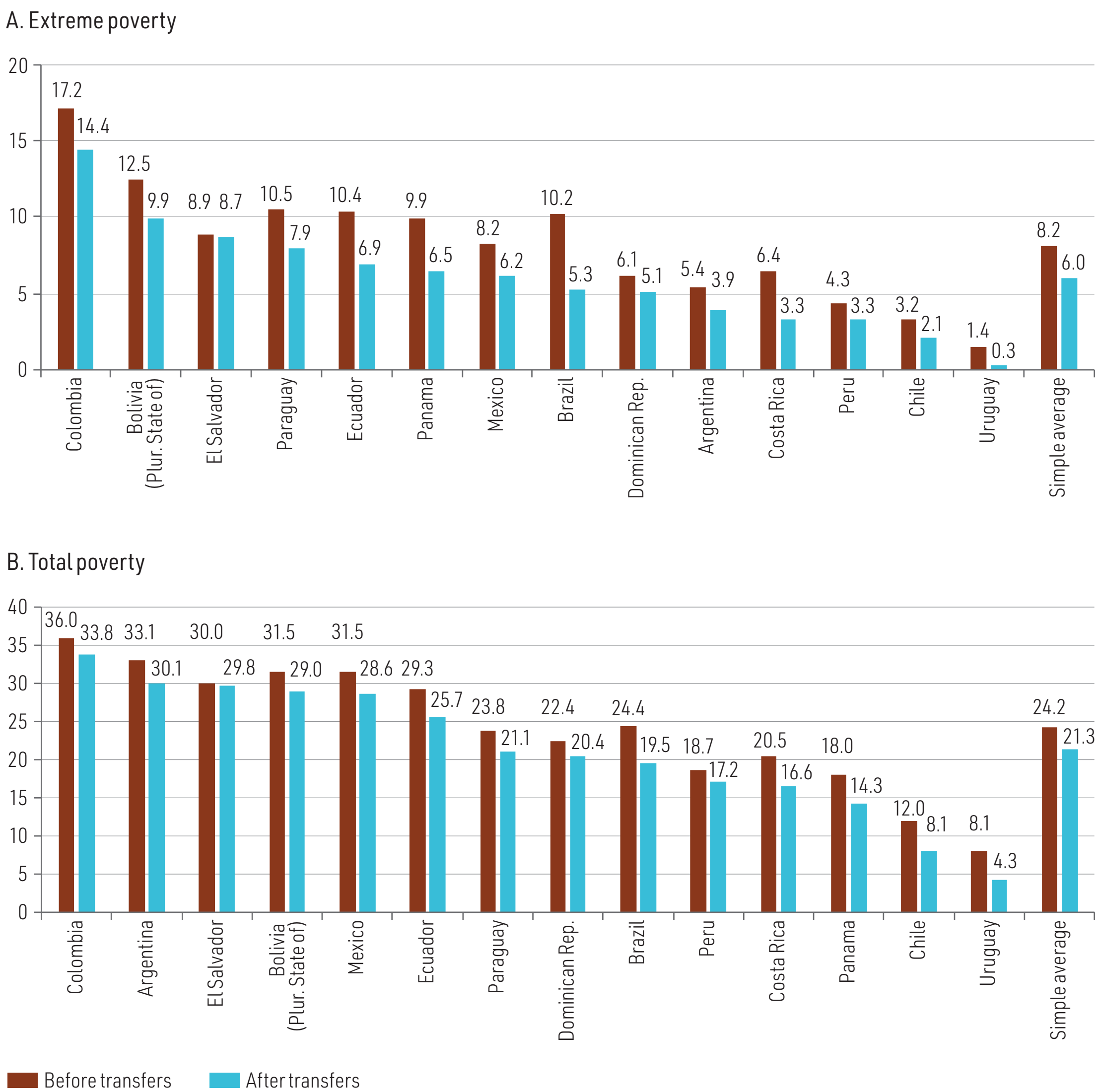
To strengthen the intercultural approach in non-contributory social protection, it is essential to ensure the effective participation of Indigenous Peoples in programme design, implementation and follow-up. It is equally important to strengthen intersectoral coordination and linkages between the relevant government entities with a view to overcoming structural challenges and ensuring that non-contributory social protection policies are properly adapted to the standards of Indigenous Peoples' individual and collective rights.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Population, Development and Rights in Latin America and the Caribbean: draft second regional report on the implementation of the Montevideo Consensus on Population and Development* (LC/MDP.5/4/Rev.1), Santiago, 2024; M. Pedrero, "Hacia una recuperación económica transformadora de América Latina-Abya Yala: desafíos para garantizar los derechos colectivos de los pueblos indígenas", *Project Documents* (LC/TS.2023/35), Santiago, ECLAC, 2023; S. Errico, "Social protection for Indigenous Peoples", *Social Protection for All Issue Brief*, Geneva, International Labour Organization (ILO), 2018; C. Robles, "Pueblos indígenas y programas de transferencias con corresponsabilidad: avances y desafíos desde un enfoque étnico", *Social Policy series*, No. 156, Santiago, ECLAC, 2009.

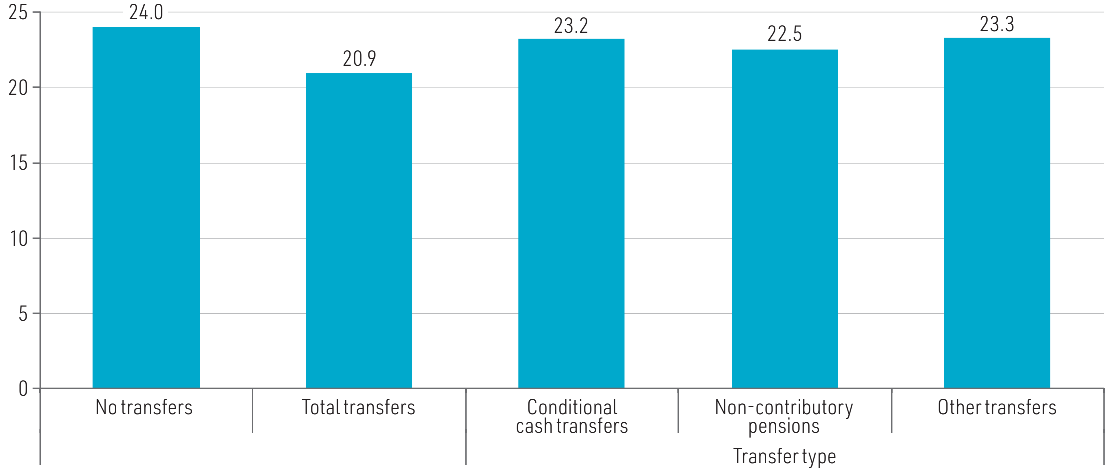
The tangible effects of non-contributory public transfers include reductions in the incidence of extreme poverty and total poverty. Figure II.8 shows, for a total of 14 countries around 2022, that the public transfers recorded in official household surveys reduced extreme poverty by 2.2 percentage points overall, from 8.2% to 6.0%. As for the reduction in the incidence of total poverty, the effect was slightly larger, as it fell from 24.2% to 21.3% in the same set of countries, a decline of 2.9 percentage points (see figures II.8A and II.8B). Looking at the effects of the types of non-contributory public transfers reported in the household surveys of nine countries in the region for which this disaggregation can be applied, non-contributory pensions alone reduced poverty by 1.5 percentage points, over twice as much as conditional transfer programmes and all other transfers combined (0.7 percentage points) (see figure II.8C). The greater impact of non-contributory pension systems on the incidence of poverty derives from their broad coverage and the higher average amounts provided by them relative to conditional transfer programmes. Compared to conditional transfers, furthermore, non-contributory pension systems may impose fewer restrictions on their recipients in terms of eligibility requirements and conditions. In both cases, the countries need to strengthen the income and coverage dimensions, and likewise social information systems and social registries so that populations currently not covered can be identified (Arenas de Mesa and Robles, 2024a).

Again, the non-contributory public transfers identified in these countries have an effect in reducing economic inequality, as measured by the Gini index. The results are quite modest when measured over the whole population: as a simple average for the countries analysed, the Gini index falls from 0.458 to 0.444, a decrease of barely 3% in income concentration (see figure II.8D).

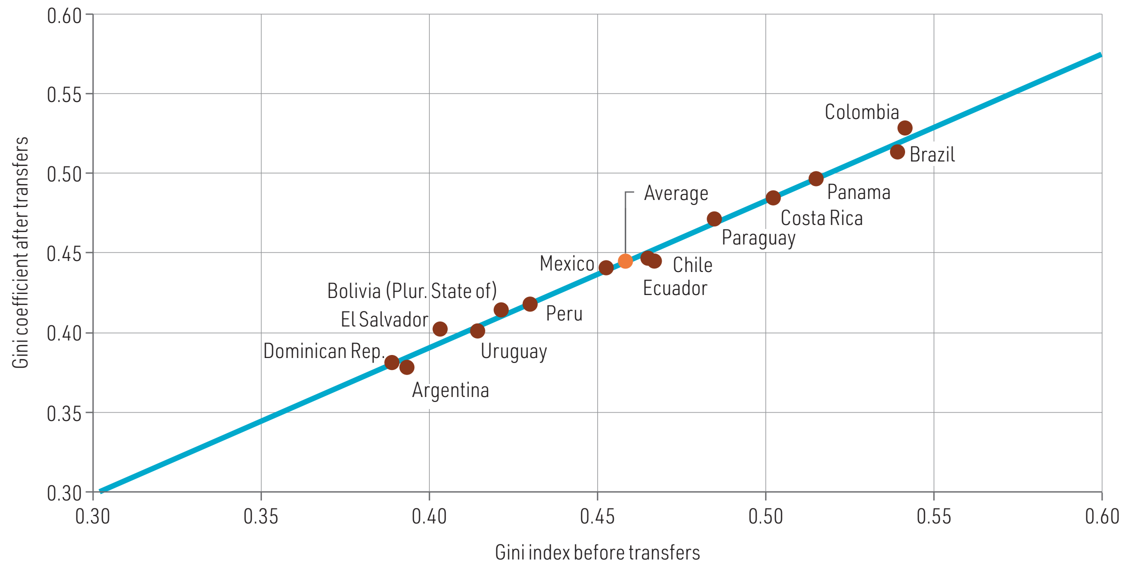
Figure II.8
Latin America (14 countries):[a] incidence of poverty and extreme poverty, and Gini index before and after public transfers, around 2022
(Percentages and index)



C. Incidence of poverty by transfer type (9 countries)[b]



D. Gini index



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG) and official information from the countries.

[a] Simple averages of the following countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay. Estimates do not include emergency transfers implemented by the countries to cope with the COVID-19 pandemic.

[b] Simple averages of the countries with aggregate information available on the amounts of conditional transfers, non-contributory pensions and other public transfers: Brazil, Chile, Colombia, Costa Rica, Mexico, Panama, Paraguay, Peru and Plurinational State of Bolivia.

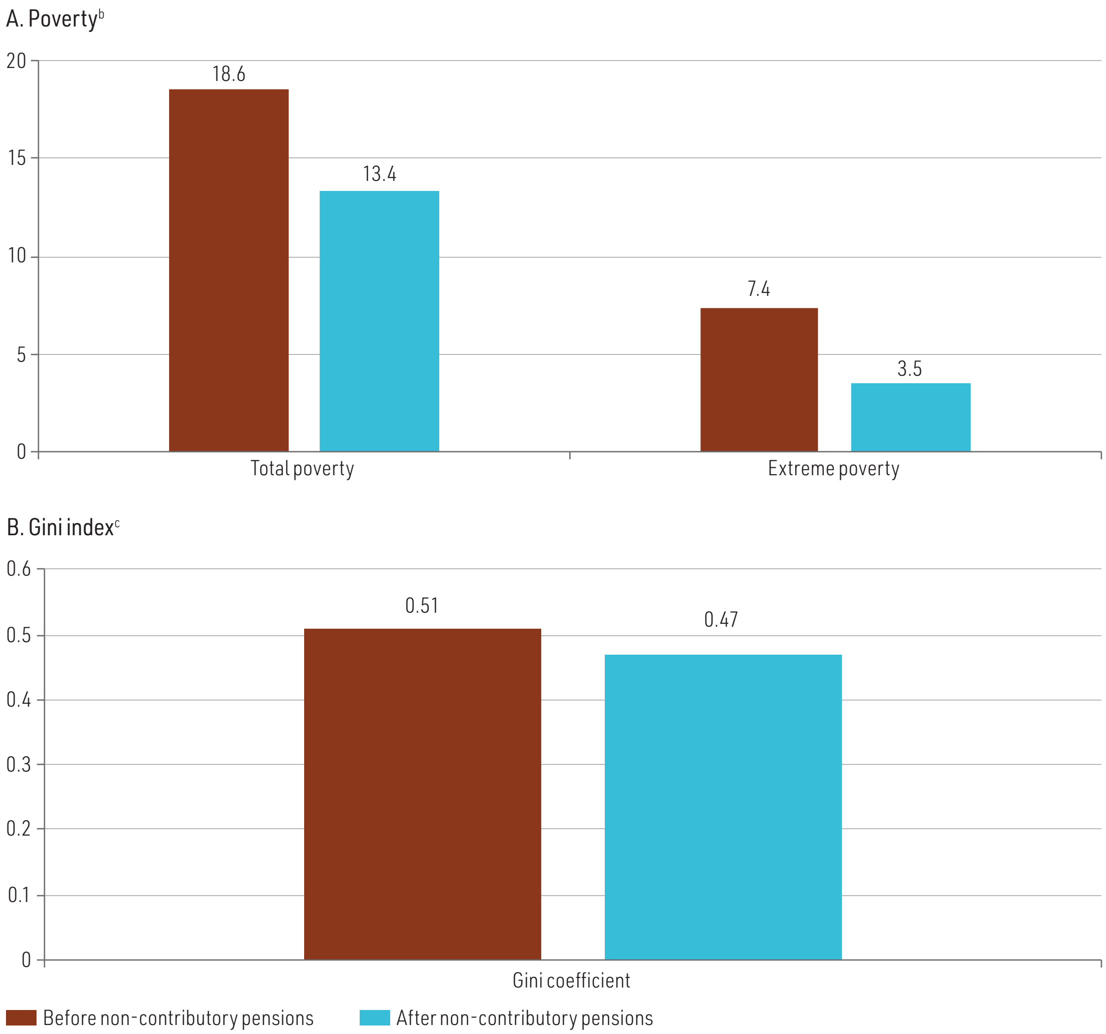
These findings are consistent with others in the literature. As for conditional transfer programmes, they are found to do more to reduce the severity and depth of poverty than its incidence (Cecchini, Villatoro and Mancero, 2021). This is mainly because of challenges relating to the sufficiency of their entitlements.[16]

Non-contributory pension systems, among other social policies, have contributed to the reduction of old-age poverty. The coverage of non-contributory pension systems among people aged 65 and

[16] Chapter IV estimates the levels of social investment required to close poverty gaps and fund basic levels of non-contributory social protection in the countries of the region.

over increased from 3.4% to 31.0%, i.e. by more than 27 percentage points, in Latin America and the Caribbean between 2000 and 2022, a period in which poverty among this same population in Latin America fell from 29.4% to 15.1% (14.3 percentage points) (see figure 5 in the Introduction). The analysis by Arenas de Mesa, Espíndola and Vila (2024), based on household surveys in 10 Latin American countries in 2021, shows the receipt of non-contributory pensions accounting for a reduction of 5.2 percentage points in the incidence of poverty among the population aged 65 and over, which means that 2.5 million people were lifted out of poverty after receiving non-contributory pensions. At the same time, the Gini coefficient fell from 0.51 to 0.47 for the population aged 65 and over (see figure II.9).

Figure II.9
Latin America (10 countries):[a] extreme poverty, poverty and Gini coefficient before and after receipt of non-contributory pensions by population aged 65 and over, around 2021
(Percentages and index)



Source: A. Arenas de Mesa, E. Espíndola and J. Vila, "Financial sustainability for the expansion of non-contributory pension systems and the eradication of old-age poverty", *Non-contributory pension systems in Latin America and the Caribbean: towards solidarity with sustainability*, ECLAC Books, No. 164 (LC/PUB.2024/6-P), A. Arenas de Mesa and C. Robles (eds.), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2024.

[a] The countries considered are Brazil, Chile, Colombia, Costa Rica, Ecuador, Mexico, Panama, Paraguay, Peru and the Plurinational State of Bolivia.

[b] Weighted averages of poverty and extreme poverty.

[c] The totals for the contribution of non-contributory pensions to income and to the Gini coefficient are simple averages.

In summary, while non-contributory public transfers do support the incomes of households, especially the most vulnerable, a number of challenges will need to be addressed in their design, implementation and operation if they are to have a greater impact in reducing poverty and inequality. Transfers can be strengthened in a number of areas, for example by expanding their coverage, especially for the most vulnerable households, and improving their sufficiency. Again, Stampini, Medellín and Ibarrarán (2023) have identified barriers to access, such as a lack of information about these programmes in the most vulnerable households and the levels of social investment available in the countries to fund these benefits. The weakness of social information systems and social registries also needs to be addressed for assistance to reach these households promptly. These challenges can be addressed as part of a comprehensive strategy to strengthen social protection for households in a way that reflects the countries' different starting situations. Reinforcing the institutional framework for social policy will be key to achieving this goal (see chapter IV).

D. Towards the Second World Summit for Social Development (2025): the challenges of social protection and non-contributory social protection policies in particular

There is an urgent need to strengthen the design of non-contributory social protection policies in the region in a way consistent with the characteristics of universal, comprehensive, sustainable and resilient social protection systems. This means improving their coverage and sufficiency, with special attention to the challenges of financial sustainability, and devising strategies to reduce segmentation and improve the quality of the contributory and non-contributory entitlements available, thereby strengthening the linkages between them. At the same time, their design must address the challenges arising from the axes of social inequality and the responses called for by crises and the transformations taking place, with a sound institutional framework for social policy. In the face of these challenges, strategic priorities can be set to guide high-quality, well-coordinated policymaking.

The gaps and inequalities in access to social protection identified over the course of this chapter generate costs and inefficiencies for inclusive social development, which limits the prospects for eradicating poverty, significantly reducing inequalities and consolidating a path towards inclusive social development, in line with the commitments made at the global level in the 2030 Agenda for Sustainable Development (United Nations, 2015) and at the regional level in the Regional Agenda for Inclusive Social Development (ECLAC, 2020), as well as the provisions of the Social Protection Floors Recommendation, 2021 (No. 202). This situation is hindering efforts to transform the development model. Social protection systems will be constrained by a context of sequential crises and a risk structure in the process of reconfiguration, which may exacerbate current inequalities. This means that there is a need to build stronger, better-prepared systems and address the challenges that emerged in social protection systems during the response to the pandemic (ECLAC, 2022a). Given the high levels of informality in the region, the role of non-contributory social protection, in coordination with contributory systems, will be fundamental.

It is possible to chart a strategic path for the region leading to the implementation of social protection systems that support a transformation of the current development model. For this, it will be essential to agree on a set of principles and policies that place social protection at the centre of development strategies, treating it as an instrument not only of mitigation or reaction, but also of transformation. The Second World Summit for Social Development, to be held in 2025, will be an opportunity to identify and establish the dialogue mechanisms needed to move forward on this issue and with the needful consensuses. Three areas that can contribute to this work are explored in detail below, with a particular focus on non-contributory policies: (i) tackling the gaps identified and strengthening policy design on the basis of the cross-cutting principles of social protection systems; (ii) consolidating an agenda of coordinated non-contributory social protection policies that addresses their current challenges; and (iii) strengthening social institutions by anticipating change and taking advantage of the opportunities offered by digital social protection.

1. Strengthening the universality, comprehensiveness, sustainability and resilience of non-contributory social protection policies

The shortcomings in non-contributory social protection policies identified in the chapter can be addressed by strengthening their design on the basis of the four characteristics of social protection systems: universality, comprehensiveness, sustainability and resilience. Each of these principles is discussed in detail below.

(a) Universality

Social protection contributes to the full exercise of economic, social, cultural and environmental rights and must therefore be accessible by all. Given the large gaps in the coverage of contributory social protection, non-contributory social protection has a preponderant role to play in the enjoyment of this right. The universal orientation of social protection is not necessarily incompatible with selectivity, as long as the latter is treated as an instrument for reducing inequalities with a rights-based approach. Nonetheless, non-contributory social protection policies must aspire to universality, in order to ensure that those who need social protection can access it and to move beyond the reductionist perspective that treats it purely as a resource for combating extreme poverty or poverty (Arenas de Mesa, 2023; Cecchini and Martínez, 2011; ECLAC, 2006).

Adopting a universal orientation in the design of non-contributory social protection policies also means securing progress towards levels of coverage and sufficiency sufficient to reduce segmentation and guarantee the quality of their entitlements, which also requires improvements in their distributive capacity (Martínez and Sánchez-Anconchea, 2013 and 2021). This paves the way for broad social agreements and dynamic social dialogues on guarantees and financing mechanisms to ensure their viability. Likewise, from the approach of universalism that is sensitive to differences, the public provision of non-contributory social protection should not only remove the barriers to access confronting certain populations, but also address their specific needs. It is extremely important for approaches related to gender, the life cycle, interculturality, territory and disability to be integrated into their design (ECLAC, 2020). For example, policies should address the problem of limited access to entitlements in households with children and adolescents and those with young heads, and likewise the specific gender inequalities they confront in the design of their entitlements, as highlighted in this chapter.

(b) Comprehensiveness

Comprehensiveness is essential if the current entitlements of non-contributory social protection policies in the countries are to be better coordinated. Its aim is to ensure that these systems, which include income protection, access to social services and labour inclusion, all work together. Comprehensiveness can be considerably strengthened through close coordination between the various parts of the public institutional system (Cecchini and Martínez, 2011). This is particularly clear in the case of comprehensive early childhood policies and comprehensive care policies, which combine a variety of provision. It is also evident in other types of provision, such as conditional transfer programmes and their linkages with the health and education sectors, or non-contributory pension systems and contributory pension systems. The same holds true for the different levels of administration within government (central, regional and local).

Lastly, and in line with the approach of universalism that is sensitive to differences, the comprehensiveness of non-contributory policies needs to be considered in relation to the social protection needs of different population groups and with a life-cycle approach. This is particularly important in the context of the multidimensionality that must form part of approaches to poverty and inequality, especially given a risk structure in the process of reconfiguration, as described in section A.1. Thus, not only must policies be predesigned to deal with these phenomena, but their design must be tailored to the specific social protection needs that different populations will face.

(c) Sustainability

From the perspective of the sustainability of non-contributory social protection, at least three dimensions should be considered: coverage, the sufficiency of entitlements and financial sustainability (Arenas de Mesa, 2019 and 2023). It is imperative to close legal and effective coverage gaps in the instruments making up social protection systems, including at least the social security guarantees established for social protection floors (ILO, 2012), as well as social protection functions (ECLAC, 2020). This means ensuring that people have access to social protection against life-cycle risks and ongoing transformations with relevant instruments and setting specific targets for extending each component of social protection systems. Where contributory access is not covered, non-contributory instruments should be developed to complement this lack of coverage. Gaps can also be bridged by developing mechanisms to incorporate informal and self-employed workers into contributory social protection. It is important to pursue closer coordination between contributory and non-contributory social protection systems (Robles and others, 2023). The extension of contributory coverage is unavoidable and will pose challenges for the financial sustainability of social protection systems.

The analyses presented reveal large shortfalls in the sufficiency of entitlements. What policies are employed to deal with these will depend, among other factors, on countries' fiscal space and the quality of the social dialogue that can be established with a view to remedying them. In this context, there is scope to agree on universalization goals for strategic policies, with a particular focus on their financial sustainability. Examples include family allowances and widely distributed (or universal) cash transfers for households containing children and adolescents, which prevent these from falling into poverty (Robles and Santos Garcia, 2023; Robles, 2023). The first step is to move towards the eradication of child and adolescent poverty. In an exercise covering 15 countries of Latin America, Espíndola (2023) estimated that a cash transfer equivalent to one extreme poverty line targeted at children and adolescents belonging to the poorest 40% of the population (coverage of some 55.0% of the population aged between 0 and 17 and 14.4% of the total population) would cost 1.4% of GDP in 2030. Of course, it is possible to achieve higher levels of coverage and sufficiency, in line with agreements reached at the national and regional levels.

In the case of older persons, the countries can also be encouraged to set thresholds for increased coverage and sufficiency in non-contributory pension systems, in accordance with the goals set in each country for the eradication of old-age poverty. Arenas de Mesa, Espíndola and Vila (2024) have estimated that if regional coverage of these systems were extended to 40% of the population aged 65 and over by 2035, so that the entire older population currently in poverty received an entitlement equivalent to one poverty line, the total investment required that same year would be 1.1% of GDP.

This is a feasible goal if it is considered that 0.42% of GDP was invested in these systems in 2021. This resource effort should be planned gradually over the next 10 years. Such a public policy is viable in the region from an institutional, financial and political economy perspective.

(d) Resilience

It is essential to strengthen social protection systems so that they are prepared for events as they arise in accordance with a dual logic: (i) shocks and crises whose timing is unpredictable, and (ii) more structural transformations (Robles and others, 2023). Resilient non-contributory social protection policies can play a central role in these responses. In an emergency, strategic provision needs to have been designed so that it can be deployed and adapted quickly to provide a prompt response. Mechanisms include vertical expansion (increasing the sufficiency of entitlements or the duration of an existing programme or system); horizontal expansion (increasing the coverage of an existing programme or system); the use of mechanisms within the structure of the social protection system to respond to the emergency separately; or the establishment of a parallel humanitarian system that is the best possible fit with the existing social protection system (Beazley, Solórzano and Barca, 2019).

At the same time, the region needs to develop coordination between disaster risk management policies and social protection systems to ensure that responses do not centre exclusively on reactive measures once events occur (ECLAC, 2021a). Achieving this means introducing a new perspective on protection that identifies its role in preparedness, prevention, mitigation and adaptation in the event of crises and disasters, and that adopts a dual approach of institutional and social resilience (ECLAC, 2021a). Consideration can be given to policies aimed at ensuring food and nutritional security for the people affected, providing access to education strategies in emergency situations, guaranteeing care, housing and basic services, strengthening settlement planning in line with disaster management analysis, and designing strategies to strengthen labour inclusion in these contexts (ECLAC, 2021a). Furthermore, given the lessons learned about income protection during the pandemic, it is important to plan for mechanisms that can be activated in the event of shocks (Robles, Atuesta and Santos Garcia, 2024). During the pandemic, for example, ECLAC recommended establishing a basic emergency income equivalent to one poverty line for the entire population living in poverty (ECLAC, 2021b).

A second indication of the resilience of non-contributory policies is their ability to cope with a risk structure in the process of reconfiguration, contributing to structural transition and transformation processes. Some policy recommendations are explored below.

2. Interlinking non-contributory social protection policies

Although the picture in the region is more encouraging than in 2021, with a decrease in poverty and extreme poverty rates (see chapter I) and in levels of undernutrition (FAO and others, 2024), the effects of the protracted social crisis that followed the COVID-19 pandemic are still being felt to this day in areas vital to inclusive social development, such as education and healthcare (ECLAC/UNESCO/UNICEF, 2024; ECLAC/PAHO, 2024). Strengthening non-contributory social protection by pursuing a policy agenda with a universal, sustainable orientation at its centre is vital if the countries are to progress with recovery and transformation of the current situation and address the existing risk structure. Non-contributory social protection policies must have a high level of interlinkage and a design that meets the challenges posed by a context of high social inequality, which will require the countries to strengthen their human, technical and financial capacities. This entails, among other things, moving beyond the subsidiary concept of social protection as a risk mitigation mechanism and adopting a systemic, transformative, universal and comprehensive vision of social protection that impacts at least three areas: poverty eradication, the reduction of inequalities and progress towards inclusive social development.

In this context, non-contributory social protection policies that require high levels of interlinkage and can contribute to the achievement of the goals mentioned above include: (i) income protection policies; (ii) comprehensive early childhood development policies; (iii) education policies, including lifelong learning policies; (iv) health policies; (v) care policies; and (vi) labour inclusion policies. It will be important for their design to address at least three elements: the specific needs deriving from the life cycle; the axes of social inequality; and the determining elements of a risk structure in the process of reconfiguration (Robles and others, 2023).

(a) Income protection policies and non-contributory pension systems at a time of transformation

The information presented in this chapter has revealed the serious shortfalls in the capacity of the region's non-contributory social protection instruments to provide effective income protection. In addition to the challenges of coverage, there are those of sufficiency. Public transfers are playing their part, albeit with limitations, in reducing the income gap relative to the poverty and extreme poverty lines. However, substantive challenges are posed by the low amounts of the entitlements provided. Various types of challenges in the different countries are preventing the most vulnerable people from being targeted and covered by these entitlements. Public transfers help to reduce poverty and, to a lesser extent, income inequality. This effect is greatest in the case of non-contributory pension systems.

While these programmes produce effects that transcend the domain of monetary poverty and are manifested in various dimensions of well-being, it is clear that their design can be substantively strengthened in response to the imperative of eradicating poverty and reducing inequalities. This can be achieved through a systemic approach to the income protection challenges faced by households. Importantly, too, this is a strategic policy when it comes to ensuring an adequate standard of living and full enjoyment of other social rights, as demonstrated in the analyses relating to children and older persons. In this approach, attention must be paid, among other things, to the high levels of vulnerability affecting households with children and adolescents and those with young heads. The specifics of gender mainstreaming and the other axes of social inequality must also be considered in its formulation, with priority for population groups that are overrepresented among the most vulnerable (Stampini, Medellín and Ibarrarán, 2023). The path of expansion and institutional strengthening followed by non-contributory pension systems can inform this reflection. In the resulting design, it is important to consider, first, the composition of households and the instruments that can be coordinated to cover the various needs of their members. Second, it is also necessary to consider the challenges that arise because of the transformations now taking place. More research is needed in both areas. It is essential to calibrate the coverage and sufficiency of these entitlements by maintaining financial sustainability and timely and continuous protection of incomes and consumption.

There are a variety of income protection mechanisms that can be implemented simultaneously (Farías, Santos Garcia and De Wispelaere, 2023; Robles, 2023). One involves strengthening formalization policies with the aim of achieving greater household access to social security in situations of unemployment, maternity, disability, survival and old age, among others, and thus enhancing the sustainability of social protection systems. At the same time, from a systemic perspective, it is important to consider the whole variety of non-contributory instruments available to countries, which are not confined to conditional cash transfer programmes. It is essential to pursue greater coordination between these instruments following a life-cycle approach. Income protection can also play a central role in the context of transformations in the world of work and the effects of climate change on work. This should be done in conjunction with active labour market policies (see section D.2(f)).

Given that children, adolescents and older persons are highly constrained in their ability to generate autonomous income, and considering the demographic transition that is taking place, there is scope for a strategy to strengthen income protection at either end of the life cycle (Robles and

Santos Garcia, 2023). In the non-contributory sphere, cash transfers and non-contributory pension systems are policies of great significance because of their regional scale, and the sufficiency of the entitlements they provide should be strengthened. In particular, non-contributory pension systems are crucial to progress in the strategy to eradicate old-age poverty, and it is essential to improve their coordination with contributory pension systems in order to consolidate this objective (Arenas de Mesa and Robles, 2024a). Analyses of the experiences of Chile and Mexico, for example, describe successive processes of expansion in coverage and sufficiency levels that are making it possible to eradicate old-age poverty (Vila and Yanes, 2024). By drawing on the experience gained and strengthening the institutional framework of non-contributory pension systems, it is possible to guarantee entitlements aimed at protecting incomes in households with children and adolescents. For example, an unconditional transfer for children with wide coverage could be included to support households in meeting the costs of their upbringing, even as a comprehensive strategy for access to social education and health services in territories is pursued. This universal transfer could be provided first to poor or vulnerable households, depending on its financial impact (ECLAC/UNICEF, 2020). Following the experience of some countries, it is also possible to coordinate this transfer with another aimed at protecting pregnant women who do not have contributory coverage during the prenatal period, while moving towards increasing levels of formalization so that they have access to paid leave.

(b) Investment in comprehensive early childhood policies

Esping-Andersen (2013) mentions three key elements in his analysis of the measures taken by Nordic societies to reduce inequality and broaden the opportunity structure: (a) policies that boosted women's entry into paid work, including the universalization of childcare systems with high quality standards; (b) the introduction of generous parental leave; and (c) cash entitlements for families with children. Various analyses have highlighted the importance of early childhood care as an essential element in guaranteeing the rights of children and adolescents and promoting countries' development, and as a highly cost-effective policy. Scientific evidence shows that brain and cognitive development occurs exponentially during early childhood and that early experiences have a lasting impact on an individual's future development. Quality early interventions, such as early education and sound nutrition programmes, can significantly improve school performance, health and long-term earnings. Numerous studies have quantified the economic benefits of investing in early childhood (Heckman and Masterov, 2007; Gertler and others, 2014; Nores and Barnett, 2010; UNICEF, 2019).[17] Similarly, there is evidence linking exposure to poor early childhood environments to negative educational, behavioural and occupational outcomes later in the life cycle (Heckman and Masterov, 2007).

Other early interventions can also help break the cycle of poverty and reduce inequality. This means ensuring that households in which children are growing up have sufficient resources and access to quality family entitlements. In other words, households must have access to the set of direct and indirect entitlements for families with children to ensure their full development, including transfers, services and regulations for co-responsibility between work and family life (Rossel, 2023). The effects of the pandemic on the well-being of children and adolescents, particularly in early childhood, were devastating and must be addressed as a matter of priority (Santos Garcia, 2024).

In view of this, it is essential to pursue comprehensive early childhood policies that include expanded family entitlements, and to move progressively and gradually towards a higher level of coverage and sufficiency. These are key issues that can transform the development model and affect the well-being of society as a whole, particularly in the face of the challenges that will be posed by the

[17] According to Heckman and Masterov (2007), for every US$ 1 invested in early childhood education programmes for children in poverty, there is a return of between US$ 7 and US$ 10 in productivity and reduced social costs. Gertler and others (2014) found that participants in early childhood education programmes had higher earnings and better health outcomes in adulthood, and estimated a return of US$ 17 for every dollar invested.

various transformations now taking place, including the epidemiological and nutritional transition. It is just as important to ensure continuity of services during crises, as interruptions to them entail high costs, as was evident in the pandemic. Laying the foundations for the comprehensive development of children enables inequalities that will be a major barrier to sustainable development at later stages to be reduced from the start of the life cycle. These are multisectoral policies that include access to health, nutrition, care, education, parental care support and home visiting services, among others. Despite the progress achieved and the experience accumulated in the region, comprehensive early childhood policies have yet to materialize for most children. There is also an urgent need to strengthen coordination between these policies and sectoral policies, especially in areas related to health, nutrition and education (Santos Garcia, 2024).

(c) Protecting educational continuity and access to quality education

Education systems in Latin America and the Caribbean have many structural weaknesses, including inequalities in access and learning and high dropout rates, which disproportionately affect vulnerable households (ECLAC/UNESCO/UNICEF, 2024). The level of education people attain has a considerable impact on economic and social indicators in the short and medium term (ECLAC, 2022a).

To tackle the factors preventing the minimum conditions for access to or continuation in the education system from being assured, it is necessary to strengthen coordination between non-contributory social protection policies and education policies by means of a comprehensive and coordinated approach (Rossel and others, 2022). As noted, there is sufficient evidence in the region for the impact of cash transfer programmes with educational components. Scholarship programmes in secondary education have emerged as a complement to transfer programmes with educational components. They generally focus on the population with the highest dropout rates, and their main objective is to ensure that children complete compulsory education, including those who have interrupted their educational careers. Some also include tertiary education.

It is likewise important to continue strengthening other programmes and services that help protect children's educational careers, such as school feeding programmes, support for pregnant students and adolescent parents, and access to care policies, as well as transport subsidies and the provision of textbooks and school supplies (ECLAC/UNESCO/UNICEF, 2024; ECLAC/ILO, 2023). These policies should include protection for the educational careers of youth who have interrupted their studies, including young household heads confronting significant gaps in social protection coverage in their households. It is essential to address the challenges involved in universalizing access to a quality public education as a collective good that is fundamental for transforming the development model in the region, where non-contributory social protection systems play a key role.

In view of the challenges posed by changes in the world of work and demographic and technological transformations requiring people to acquire new skills and competences so that they can adapt to new forms of employment and become less vulnerable to unemployment and informality, the last few years have seen a trend towards strengthened lifelong learning policies. The European Commission defines lifelong learning as all learning activities undertaken throughout life with the aim of improving knowledge, skills and competences. Their main objective is to enhance employability and labour inclusion. At the same time, these policies are of great importance for increasing social mobility and cohesion (European Commission, 2000). Continuing education programmes can be implemented in three different settings: (i) a formal setting, encompassing formal educational institutions where certificates recognized by the education and employment system are awarded; (ii) a non-formal setting, usually work environments or services that complement formal education, offering vocational training programmes that do not lead to recognized degrees; and (iii) an informal setting, meaning day-to-day education in personal interests, which may even take place unintentionally. Continuing education should be treated as a strategic policy in the region's social protection systems, as it contributes to economic growth by increasing productivity and activity and reduces inequalities by promoting labour inclusion (Jacas, n.d.). Its design can be coordinated with the allocation of cash transfers, which would require a new approach in the region.

(d) The role of comprehensive care policies in reducing inequalities

Comprehensive care policies are an essential component of social protection systems (see chapter III). Care needs and the social organization of care mean that both people in need of it (children, older persons and people with disabilities or illnesses that require care and support for daily living) and their caregivers may be more exposed to poverty, vulnerability and inequality. These policies are essential to decouple guaranteed access to care from family ties (Esping-Andersen, 2002) and labour market participation. They contribute directly to the reduction of gender inequalities, since it is women who are most involved in paid and unpaid care work, which limits their income and ability to remain in the labour market (ECLAC, 2022b and 2023a).

In response to the challenges posed by demographic transformations, which reflect a rapidly ageing population, and by changes in the labour market, the Regional Agenda for Inclusive Social Development urged member States to "incorporate care into social protection systems, interlinking care instruments with the other components, from a perspective of gender equality, rights, and the promotion of joint responsibility, advancing towards universalization of care" (ECLAC, 2020, p. 31). Care policies, which provide, among other things, for transfers and resources to access care and caring, time policies and leave to guarantee the right to care, care services and infrastructure for different populations, and regulatory standards and mechanisms for care provision, are closely related to non-contributory social protection policies and support income protection, capacity-building and labour inclusion for those requiring and providing care. A gendered approach and attention to the social organization of care in the design of cash transfers (such as those of conditional cash transfer programmes and non-contributory pension systems) are essential, as is expanded availability of quality public care services. In this way, entitlements will help to reduce rather than deepen inequalities. Unpaid care work should also be recognized across the board in pension systems and incorporated into pension reform processes (Rico and Robles, 2019).

(e) The role of non-contributory policies in removing barriers to universal healthcare

Both contributory and non-contributory social protection play a crucial role via programmes and actions in promoting the right to health for all, as they impact the social determinants of health. Programmes implemented in this area include paid leave from work, cash transfers, housing programmes and access to essential services. Their role has become more important in the context of the demographic, epidemiological and nutritional transitions and multiple crises, including the current climate crisis.

A clear example of the importance of non-contributory social protection to health are the early childhood development programmes already highlighted, in particular those for children living and growing up in vulnerable situations. Children's exposure to experiences that stimulate cognitive and emotional development and to environments free of violence during their early years and even before birth, as well as access to sound nutrition, basic services such as safe water and sanitation, safe housing and timely, high-quality health services, determine their physical and mental health throughout their lives (Irwin, Siddiqi and Hertzman, 2007). Consequently, investing in non-contributory social protection policies and programmes, which include entitlements to ensure an adequate level of income, health check-ups and priority access to basic services, contributes both to good health and to a significant reduction in health inequalities from an early age and throughout life.

Universal healthcare also creates synergies with non-contributory social protection by contributing to the eradication of poverty and the reduction of inequalities, especially via the primary healthcare strategy. Nutrition and food security programmes, financial protection, access to sexual and reproductive healthcare and monitoring of the risk of rights violations in vulnerable populations, among other primary healthcare actions, can strengthen the effectiveness of non-contributory social protection systems. Thus, close coordination between social protection and universal healthcare not only helps to guarantee the population's right to health, eradicate poverty and reduce inequalities, but also promotes inclusive and sustainable social development (ECLAC/PAHO, 2024; Marinho, Dahuabe and Arenas de Mesa, 2023).

As with education, the consolidation of universal, high-quality healthcare systems equipped to cope with a risk structure in the process of reconfiguration will require rising levels of public investment that should form part of an agenda focused on the expansion of non-contributory social protection systems, especially in response to the serial transformations that are taking place. This will pose a number of financial sustainability challenges that need to be addressed as part of the effort to build sound social protection systems and welfare States in the region.

(f) The importance of non-contributory social protection policies in promoting labour inclusion

Labour inclusion is an objective of social protection systems and at the same time a prerequisite for consolidating sustainable and resilient systems, as it means ensuring simultaneously that people participate in the labour market and have decent working conditions, with guaranteed access to social protection (ECLAC, 2023a). To meet these challenges, it is first necessary to design gradual and financially sustainable strategies to strengthen and expand the coverage of contributory social protection systems so that they reach the self-employed and informally employed. As for non-contributory social protection, a number of instruments that play a strategic role in improving coordination with labour inclusion policies can be identified. These policies will be extremely important in contexts of labour transition where people may be faced with periods of unemployment resulting from changes in the world of work and the climate crisis (Robles and others, 2023), and they can play a key role in relation to strategies for formalization and economic and productive development in the region.

The role of active labour market policies, and in particular labour inclusion policies targeting the most vulnerable populations, needs to be strengthened (Espejo and others, 2023). Such policies should address the specific barriers and support needs faced by these populations, for example by creating specific incentives for hiring them or by taking account of their characteristics (Huepe, 2023). Between 2013 and 2022, the age group in which informality increased the most was youth aged 15 to 25 (ECLAC, 2024b). In designing these policies, attention should be paid to the situation of this group, the transformations taking place and their greater levels of vulnerability, and measures should be planned to help ensure a successful transition from education to the labour market. This approach should also be applied to other populations facing similar difficulties, which it would be desirable to prioritize in the strategies indicated. Some policies that can be strengthened in the region are those concerned with training and labour intermediation, cash transfer systems and hiring subsidies for groups that suffer higher levels of exclusion (Robles and others, 2023).

Active labour market policies can also facilitate the transition to jobs for a sustainable economy, which includes the provision of training in new skills and support for those seeking employment opportunities and reintegration into the labour market (World Bank, 2022; ECLAC, 2024b; ITUC, 2019). In particular, cash transfers can be allocated to protect people's incomes while they are retraining and reintegrating as part of just transition strategies or in response to the effects of technological change on employment (Robles and others, 2023). To counteract the effects of the climate crisis, it is essential to better coordinate macroeconomic, productive development and climate change mitigation and adaptation policies with active employment policies (ECLAC, 2024b). Non-contributory social protection, in conjunction with the expansion of other instruments such as unemployment insurance, is central to this.

3. The challenges facing the institutional framework for social policy and the role of digital social protection

As has been indicated in this chapter, the effort to strengthen social protection systems, and non-contributory social protection systems in particular, poses a series of institutional challenges in all four of their dimensions: (i) the legal and regulatory dimension; (ii) the organizational dimension; (iii) the technical and operational dimension; and (iv) the financial dimension (ECLAC, 2023b). They include the need to strengthen the frameworks for regulation, governance and coordination, for strategic prioritization, for team technical capacity-building and for financing in the countries so that these can advance with the design and implementation of improved social protection systems. This need is reflected in the different areas of countries' institutional capacities that require strengthening, including technical, operational, political and prospective (TOPP) institutional capabilities (ECLAC, 2024a), which are discussed in chapter IV of this edition of the *Social Panorama of Latin America and the Caribbean*. The aforementioned challenges need to be addressed swiftly, especially given the current context of transformations, the challenges created by violence in territories and the obstacles to timely provision of social protection entitlements as one of the clear expressions of the link between the State and citizens. Of particular importance is the impact that the extension of digital social protection is having on non-contributory social protection policies and on these challenges.

The development of technology in recent years has set the pace of change, with clear advances in the digitalization of societies and economies that will undoubtedly condition the future of social protection. The concept of digital social protection refers simultaneously to the digital transformation of these policies, with special emphasis on their management components, and to the coordinated set of entitlements serving to reduce digital inclusion gaps. At least three main areas of digital social protection can be distinguished in relation to the management of non-contributory policies: access, administration and provision of entitlements (Palma, 2024). Regarding access to non-contributory social protection systems, it became clear during the pandemic that digital tools were useful for individualizing the population and making different government databases interoperable, thus allowing those at risk to be identified. Social protection systems had to respond quickly, and new ways were found of searching for users and allocating entitlements in the digitized world. Location via platforms, the use of georeferencing and other digital information system tools and social registries emerged as part of these new strategies for improving their management in the emergency. Similarly, social protection provision was progressively digitalized as entitlements allocation moved to the digital world, which happened during the pandemic. For example, many countries opted for digital banking or e-card payments of income allowances (Atuesta and Van Hemelryck, 2023).

Social protection systems are being affected by digitalization, which creates new opportunities but also poses challenges. Non-contributory social protection systems will need to strengthen social information systems, including increasingly digitalized social registries, so that they meet the new requirements for the availability of up-to-date, high-quality information (Palma, 2024). This will help to promote universal, dynamic access to social protection and its instruments where needed (World Bank, 2022). The process must be people-centred and guarantee respect for individual and collective rights in the processing and use of the information collected, ensure that there are parallel digital and face-to-face mechanisms for accessing State infrastructure and provide for the increasing digital inclusion of the population (Palma, 2024).

In the context of inclusive social development, digital inclusion can be understood as the process that gives people the opportunity to participate fully in the digital world, ensuring that their rights are protected and the risks to them reduced in a highly digitalized world. This process is essential to avoid other exclusion dynamics, such as those arising via the application of algorithms. If information on the population excluded from the digital world is not digitized and available, the use of algorithms can lead to biased responses, increasing gaps and discrimination (Palma, 2024).

Thus, digital social protection can help to strengthen the institutional framework for social protection systems, particularly non-contributory ones, by reinforcing the technical and operational dimension required for the implementation and management of their programmes. Care must be taken to ensure that these advances do not generate new forms of exclusion. Strengthening social institutions is an essential part of the effort to foster legitimacy and build trust between citizens and their political representatives and State institutions (ECLAC, 2024a). This trust is essential as a foundation for broad social dialogues leading to the necessary agreements on the basic welfare guarantees that countries will be able to provide, their delivery and recipients, and the policies that should be promoted and prioritized.

E. Summary

This chapter has presented data showing that considerable progress has been made in the region with non-contributory social protection policies, whose goals are to eradicate poverty, reduce inequalities and contribute to inclusive social development in a context marked by high levels of labour informality and the resulting gaps in the contributory coverage of social protection systems. This progress demonstrates how much the countries have expanded the range of instruments available to them to deal with the various risks affecting people over the life cycle, as well as the effective coverage of these instruments. There have been particular advances with cash transfers and non-contributory pension systems. Whereas at the beginning of the century the coverage of these non-contributory policies at the regional level was limited, it has now expanded considerably. Cash transfers have come to cover more than a quarter of the regional population in households receiving these entitlements, while non-contributory pension schemes have reached almost a third of the regional population of older persons.

Given the high levels of vulnerability confronting households, the expansion of non-contributory social protection policies is good news (ECLAC, 2022a and 2021b). The importance of wide coverage was highlighted during the pandemic. However, this was not enough to prevent severe consequences for the population, leading to a prolonged social crisis (ECLAC, 2022a) with effects that still persist.

There are considerable challenges that require urgent attention and are being intensified by recurrent crises and a risk structure in the process of reconfiguration. As for coverage, the proportion of the lowest-income households lacking access to social protection in some form remains very high. There are inequalities in households' levels of protection by income quintile, the age and sex of the household head, ethnicity or race, and area of residence. This can leave large population groups unprotected, including people in informal jobs and those in middle-income strata, who generally qualify for neither contributory nor non-contributory social protection (ECLAC, 2021b and 2022a). There is scope to comprehensively and significantly strengthen the sufficiency and overall design of these entitlements. Achieving this requires a perspective that considers not only the problems of poverty, vulnerability and inequality caused and perpetuated by the current gaps but also the necessary links between the policies designed and their potential to help lay the foundations for a better response to the transformations that are taking place.

It is becoming more necessary than ever to develop arrangements for social dialogue in which agreement can be reached on the levels of social protection that must be preserved and on a strategic policy agenda in these areas. The Second World Summit for Social Development, to be held in Qatar in 2025, could be an opportunity to debate and adopt measures of this kind.

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Annex II.A1

Table II.A1.1

Latin America and the Caribbean (27 countries): non-contributory pension systems, conditional transfer programmes and other continuous transfer programmes, 2022

Country	Programme type[a]	Programme name	Year of implementation
Antigua and Barbuda	Non-contributory pension	People's Benefit Programme	2009
	Non-contributory pension	Old-age Assistance Programme	1993
Argentina	Non-contributory pension	Non-contributory Pension Programme	1948
	Non-contributory pension	Universal Pension for Older Persons	2016
	Conditional transfer programme	Universal Child Allowance for Social Protection	2009
Bahamas	Non-contributory pension	Invalidity Assistance	1972
	Non-contributory pension	Old Age Non-Contributory Pension	1972
Barbados	Non-contributory pension	Non-Contributory Old-Age Pension	1982
Belize	Non-contributory pension	Non-Contributory Pension Program	2003
	Conditional transfer programme	Building Opportunities for Our Social Transformation	2011
Bolivia (Plurinational State of)	Non-contributory pension	*Renta Dignidad* (Dignity Income) Universal Old-age Pension	2008
	Non-contributory pension	Monthly Transfer for People with Severe and Very Severe Disabilities	2018
	Conditional transfer programme	Juana Azurduy Mother-and-Child Grant	2009
	Conditional transfer programme	Juancito Pinto Grant	2006
Brazil[b]	Non-contributory pension	Continuous Benefit Programme	1996
	Conditional transfer programme	*Bolsa Família* family allowance programme	2003
	Conditional transfer programme	*Bolsa Verde* programme	2011
	Conditional transfer programme	Child Labour Eradication Programme	1996
Chile	Non-contributory pension	Universal Guaranteed Pension	2022
	Non-contributory pension	Basic Solidarity Pension	2008
	Conditional transfer programme	Chile Securities and Opportunities (Ethical Family Income)	2012
	Conditional transfer programme	Single Family Allowance	1981
Colombia[b]	Non-contributory pension	*Colombia Mayor* programme	2012
	Conditional transfer programme	Families in Action	2001
	Conditional transfer programme	*Unidos* Network (formerly *Juntos* Network)[c]	2007
Costa Rica	Non-contributory pension	Poverty and Disability	1999
	Non-contributory pension	Non-contributory Scheme for Basic Pensions	1974
	Conditional transfer programme	*Avancemos*	2006
Cuba	Non-contributory pension	Social Assistance Regime	1979
Dominican Republic	Non-contributory pension	Solidarity Pensions of the Subsidized Regime	2019
	Conditional transfer programme	*Supérate* (Improve yourself) (formerly Progressing with Solidarity)	2012

Country	Programme type[a]	Programme name	Year of implementation
Ecuador	Non-contributory pension	*Toda Una Vida* (A Whole Life) Pension	2019
	Non-contributory pension	*Mis Mejores Años* (My Best Years) Pension	2017
	Non-contributory pension	Pension for Older Adults	2009
	Non-contributory pension	Pension for Persons with Disabilities	2009
	Non-contributory pension	Joaquin Gallegos Lara Grant	2010
	Conditional transfer programme	Human Development Grant	2003
	Conditional transfer programme	Zero Malnutrition	2011
El Salvador	Non-contributory pension	Basic Pension for Older Adults and Persons with Disabilities and Dependency	2018
	Conditional transfer programme	Sustainable Families Programme (Poverty Eradication Strategy)	2017
Guatemala	Non-contributory pension	Older Adult Economic Contribution Programme	2005
	Conditional transfer programme	*Bono Social* (Social Grant) (formerly *Mi Bono Seguro*)	2012
	Conditional transfer programme	*Bolsa Social* cash grant for food purchases (formerly *Mi Bolsa Segura*)	2012
	Conditional transfer programme	*Vida* (Life) Programme	2017
Guyana	Non-contributory pension	Old Age Pension (universal)	1994
Honduras	Conditional transfer programme	Solidarity Network	2022
Jamaica	Conditional transfer programme	Programme of Advancement Through Health and Education	2001
Mexico	Non-contributory pension	Pension for the Well-being of Older Persons	2019
	Non-contributory pension	Pension for the Well-being of Persons with Permanent Disabilities	2019
	Conditional transfer programme	Benito Juárez Basic Education Welfare Scholarships	2019
Panama	Non-contributory pension	*Ángel Guardián* (Guardian Angel) Programme	2013
	Non-contributory pension	120 at 65: Special Programme of Financial Assistance for Older Adults	2009
	Conditional transfer programme	Family Grants for Food Purchases	2005
	Conditional transfer programme	Universal Educational Social Assistance Programme	2020
	Conditional transfer programme	Opportunities Network	2006
Paraguay	Non-contributory pension	Food Pension Programme for Older Adults in a Situation of Social Vulnerability	2009
	Conditional transfer programme	*Abrazo* programme to counter child labour	2005
	Conditional transfer programme	*Tekoporã* poverty alleviation programme	2005
Peru	Non-contributory pension	*Pensión 65* National Solidarity Assistance Programme	2011
	Non-contributory pension	National Non-contributory Pension Programme for People with Severe Disabilities in a Situation of Poverty – CONTIGO	2017
	Conditional transfer programme	*Juntos* (National Programme of Direct Support to the Poorest)	2005
Saint Kitts and Nevis	Non-contributory pension	Non-Contributory Assistance Pension	1998
Saint Vincent and the Grenadines	Non-contributory pension	Non-contributory Assistance Age Pension	1998
Trinidad and Tobago	Non-contributory pension	Disability Assistance Grant	1997
	Non-contributory pension	Senior Citizens' Pension (formerly Old Age Pension)	2001
	Conditional transfer programme	Food Support Programme	2005

Country	Programme type[a]	Programme name	Year of implementation
Uruguay	Non-contributory pension	Non-contributory old age and disability pensions	1919
	Conditional transfer programme	Family Allowances – Equity Plan	2008
	Conditional transfer programme	Social Uruguay Card (formerly Food Card)	2006
Venezuela (Bolivarian Republic of)	Non-contributory pension	*Gran Misión en Amor Mayor* (Great Mission in Elder Love)	2011

Source: N. Figueroa and J. Vila, "Programas de protección social no contributiva en América Latina y el Caribe: revisión metodológica de la estimación de tendencias de cobertura e inversión", *Project Documents*, Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2024, forthcoming, on the basis of ECLAC, Non-contributory Social Protection Programmes Database - Latin America and the Caribbean.

[a] In the case of non-contributory pension systems, programmes providing old-age benefits, disability benefits or both are included, regardless of beneficiary age requirements. This list does not include programmes in Dominica, Jamaica or Suriname, as there is no information available for their inclusion in the Non-Contributory Social Protection Programmes Database and they have not been considered in the analysis carried out in this chapter.

[b] In 2023, the *Pé-de-Meia* programme was created in Brazil and the Citizen Income programme in Colombia.

[c] The *Unidos* Network programme in Colombia is part of a comprehensive national intervention strategy coordinated by Social Prosp erity, which aims to improve the living conditions of recipient families and foster the accumulation of social and human capital. Through this strategy, family and community support services are provided to recipients of the Families in Action programme. Until 2022, recipients of this strategy also had access to the Income for Social Prosperity conditional transfer programme. This programme was not included in the calculation of the coverage and sufficiency indicators presented in the chapter.

CHAPTER

III

Social protection, the care crisis and ageing

Introduction

The Latin American and Caribbean region faces multiple interconnected crises that threaten to deepen historical inequalities. Added to low trend growth and limited fiscal space are the environmental crisis and the care crisis. The care crisis is persistent, with growing demand that far exceeds the number of people, services and infrastructure available to provide care, and high levels of structural inequality that disproportionately affect women, especially women who face multiple and interrelated forms of exclusion and discrimination, such as poor, rural, Indigenous and Afrodescendent women and those with disabilities, caught up in human mobility or living in territories in conflict, among others (Benería, 2008; Fraser, 2016; ECLAC, 2010b, 2020a and 2022a).

Care needs are on the rise in all countries across the region, as a result of demographic, epidemiological and labour market changes, as well as the effects of climate change. The region faces an unresolved demand for childcare, simultaneously with a rising population aged 65 or over —especially the population aged 80 and over in the coming decades (ECLAC, 2022c). It is therefore urgent to strengthen social protection systems through care-centred contributory and non-contributory policies, focused both on caregivers and those who need care throughout the entire life cycle, especially long-term care.

A. Care and social protection policies for the care society

Progress towards a care society requires affording value and recognition to the activities that sustain life and enable the economic system to function. This implies a social reorganization of care, designing and implementing comprehensive care systems that meet the needs of children and adolescents, persons with disabilities and older persons, and ensuring the rights of caregivers, be they paid or unpaid. Care policies must be built into the design of social protection systems (contributory and non-contributory), as a way of ending the current sexual division of labour and moving towards gender equality. States must comprehensively recognize the right of all to provide care, to receive care and to exercise self-care, regardless of their degree of dependency. Based on the principles of equality, universality and social and gender co-responsibility, these rights must be fulfilled in order to ensure the sustainability of human life (ECLAC, 2022a).

1. Social protection and care policies

Amid a persistent care crisis, it is urgent to address the current social organization of care and review the fragile protection systems in the region. Failure to do so will allow the crisis to become ever more acute, leading to higher levels of household poverty, inequality and vulnerability, owing to the additional care requirements that will arise as a result of population ageing, demographic and epidemiological trends, and the effects of climate change[1] and transformations in the labour market. Unlike other sectors, where productivity gains may reduce the need for labour, the care sector is expected to see an increase in total labour demand, even with the advent of new technologies

[1] In its general recommendation No. 37 (2018), the Committee on the Elimination of Discrimination against Women (CEDAW) noted that "The burden of caregiving and domestic work often increases for women following disasters. The destruction of food stocks, housing and infrastructure such as water and energy supplies and an absence of social protection systems and health-care services all have specific consequences for women and girls. The result of such gendered inequalities is the increased vulnerability and mortality levels among women and girls, and they are frequently left with less time to engage in economic activities or to gain access to the resources, including information and education, necessary for recovery and adaptation" (CEDAW, 2018, p. 18).

(ECLAC, 2022b and 2023a; ILO, 2018 and 2024). Without effective policies to reorganize the distribution of care with co-responsibility, the gap between supply and demand could increase poverty levels and worsen existing inequalities and vulnerabilities.

Care encompasses the activities and relationships that support human reproduction of current and future societies and the sustainability of life. Care takes various forms: direct care activities, such as support and assistance for people who need it to perform the activities of daily living, and indirect care activities, such as household chores like cleaning, cooking and errands. Care also implies the maintenance of social bonds; it is relational and may be exercised in different settings, such as homes, communities, social and health services, and the education system (ECLAC, 2022b; ILO, 2024; United Nations, 2024a).

In this vein, the Buenos Aires Commitment, adopted in 2022 at the fifteenth session of the Regional Conference on Women in Latin America and the Caribbean, recognizes care as a need, a job, whether paid or unpaid, and as a right (ECLAC, 2023b). The Commitment calls for a transition towards a new development model, the care society, that prioritizes the sustainability of life and the planet, recognizes care as forming part of the human rights that are fundamental to the well-being of the population as a whole and ensures the rights of people who require or provide care, as well as the right to exercise self-care based on the principles of equality, universality and social and gender co-responsibility, and therefore, as a responsibility that must be shared both by men and women, and by people from all sectors of society, families, communities, businesses and the State.

For this reason, it is urgent that the State design and implement care policies, defined as the set of policies for creating a new social organization of care aimed at ensuring the right to care. These policies include regulatory frameworks, data and information, infrastructure, care services and entitlements, financing, programmes, regulation, training and certification, governance and administration, as well as decisive action in multiple dimensions and policies to end the current sexual division of labour. They are implemented through services, transfers, leave provisions or regulations that allow the provision of care, protecting the rights of care recipients and providers. For this reason, care policies are not only associated with specific infrastructure such as childcare centres or care facilities for older persons and persons with disabilities who need support or care in their daily lives. They also take the form of policies concerning time (regulation of working hours, maternity and paternity leave, parental and care leave, time off, respite periods for caregivers), regulations on the quality of services and decent work within the care economy, and the expansion of resources through fiscal policies, among others. In addition, they are materialized in health and education systems and social protection policies. Thus, care policies must be addressed from the social, environmental and economic dimensions, as they are key for social well-being and ensuring sustainable development. The idea of care connected to the economic and environmental dimension of sustainable development may serve as a driving force to improve social protection overall, through the decent employment creation and investment in the care economy (ECLAC, 2022a and 2023b).

The Latin American and Caribbean countries began developing their social security systems in the twentieth century, mainly between 1940 and 1970, and at that time most did not consider the demand for care essential for the functioning of people's lives and economies (Collier and Collier, 2015; Pribble, 2013). Changes in the world of work, rising female labour participation, demographic changes and the discussions and mobilizations of women's and feminist organizations have led to care being acknowledged as a key dimension of well-being. Thus, unpaid care work shifted from being an activity carried out mainly in homes —principally by women— to becoming a matter of public policy.

The current social organization of care deprives many women of adequate access to social protection (ILO, 2024). Social protection based on work-related contributions from the formal labour market, without due recognition of unpaid work or informal paid work, tends to reproduce and deepen the inequalities stemming from the current social organization of care. At the same time, although with nuances between countries, social protection regimes in the region tend to situate care responsibilities within the family (Martínez, 2008), which means that much of the population's demand for care is covered at home and by the family, or neighbourhood or community networks, with women as the main caregivers. Over time, this aggravates socioeconomic inequality and perpetuates poverty among women throughout the different stages of the lifecycle and across generations. Given gender inequalities in access to the labour market, the introduction of a care-based perspective must occur both in contributory social protection systems and in non-contributory policies (Arenas de Mesa, 2023). Inequality and poverty affect unpaid caregivers disproportionally, as they are excluded from contributory social protection. This is also the case of population groups needing care, who often face barriers to accessing care services. At this intersection, for example, are older women in need of support and care, most of whom have provided unpaid care during their productive and reproductive lifecycle stages and during old age tend to experience higher levels of dependency and to live in greater proportion in single-person households. Developing a care society means valuing and recognizing the contribution of life-sustaining unpaid activities, which entails a profound reorganization of the economic and social system in our societies, with the State playing a crucial regulatory role (ECLAC, 2022a).

Care policies are interrelated with various sectoral policies, such as health, education and social security, as well as with labour regimes (ECLAC, 2021), and they include a set of contributory and non-contributory entitlements. In the region, their financing is primarily non-contributory. From the perspective of non-contributory social protection systems, comprehensive care policies encompass access to services and public transfers that contribute to ensuring the right to care, among other measures that recognize and revert the current social organization of care. It is essential that these policies be coordinated in a cross-cutting manner with the range of entitlements available within social protection systems. From a gender perspective, creating and strengthening care policies, as well as expanding the public supply of care, improves employment access and quality, female labour inclusion, social security coverage, public health, labour standards and school attendance and continuity, which generates returns for the State in the form of taxes and social security contributions, in addition to contributing directly to the well-being of individuals and society as a whole.

In particular, care policies intersect with contributory and non-contributory social protection. For example, the establishment of care centres or other facilities for the care and self-care of older persons has a direct impact by reducing demands on the health system. The same is true in the case of children, as investment in early childhood development centres and the extension of the school day in primary and preschool education, among other measures, strengthen children's social and cognitive capacities and increase the efficiency of the education system overall, while also facilitating the incorporation of people with childcare responsibilities into the labour market. Here, coordination between care policies and non-contributory social protection policies is crucial, both to enable universal access to early childhood educational development facilities, and to remove barriers to the labour inclusion of women who are devoted mainly to childcare, especially women in more vulnerable circumstances. The redistribution of care from the family and from unpaid female labour towards quality care services directly affects women's participation in the formal labour market, strengthening social protection systems and generating benefits and guarantees of rights not only within the framework of contributory social protection, but also for those outside the formal employment market. Non-contributory social protection will be increasingly important because, among other factors, over 50% of employed persons —51.9% in the case of women— are not contributing or affiliated to pension systems (ECLAC, 2022b, 2022e and 2023a).

It is also essential to work towards recognizing care work within contributory social protection systems. This entails creating accounting mechanisms to afford value to unpaid work within social security and pension systems so that periods devoted to caregiving do not leave gaps in contribution histories but instead support access to social protection entitlements (Arza, Robles and Arenas de Mesa, 2024; Arza, 2017). Recognition strategies may also include the provision of caregiving credits (ILO, 2024). Although non-contributory pension systems have helped to lay the foundations for strengthening the valuation of unpaid work by reducing gaps in access to pension systems, especially for women, there is room for firmer progress in this area (see chapter II).

The discussion on social protection systems in the region has been informed by the understanding of how care arrangements are organized in the countries (Martínez, 2008), and specifically, by the recognition of the role played by households and families, particularly women and unpaid female labour, in sustaining well-being, especially where there is no active State presence. The idea of the social organization of care as part of the conversation on social protection began with the contributions of welfare regimes (Esping-Andersen, 1990), with the care perspective later incorporated through the analysis of social arrangements of care (Jenson, 1997), social care (Daly and Lewis, 2000), care regimes (Bettio and Plantenga, 2004) and the care diamond (Razavi, 2007). Razavi (2007), in particular, shows that in the design, financing and provision of care, households and families, markets and communities, in addition to the State, play a role (ECLAC, 2022a). Razavi also sheds light on the heterogeneity of care arrangements, since the care diamond assumes shapes that are far from symmetrical and equidistant, depending on the context. The relative weight of responsibility falling on institutions, organizations and people in the provision of care are subject to economic, political and social relations, as well as cultural patterns. From this discussion emerges the concept of social organization of care, which refers to the interrelated way in which families, the State, the market and communities provide care (Daly and Lewis, 2000; Jenson and Saint-Martin, 2003; Razavi, 2007; Rodríguez, 2015).

To address the unequal distribution in the current social organization of care, comprehensive care policies and systems need to be designed and implemented so that all aspects function in an integrated manner: legal and public policy frameworks, care services and entitlements, financing, social and physical infrastructure, programmes, regulation, training and certification, governance and administration. These transformations require putting into practice a new social organization of care to assist, support and care for people and the environment, as well as recognize, reduce, redistribute, reward and represent care work from a gender, intersectional and gender perspective of human rights that fosters co-responsibility between genders and between households, the State, the market and communities (United Nations, 2024a). The role of non-contributory social protection policies can be key in this area, for example, through the public investment needed to expand infrastructure, by generating transfers to cover care-related costs or pension mechanisms that take unpaid work into account.

Given the multidimensional nature of care, the coordination and integration of care policies into comprehensive care systems unavoidably requires taking an intersectoral and interinstitutional approach (ECLAC, 2022b). It is necessary to expand or restructure care services —such as extended-hours in early childhood development centres, long-stay or day centres for older persons, and support for persons with disabilities— in order to redistribute care and reduce the care burden care work in the household, especially for women, making sure to comply with pre-established quality criteria in relation to staff numbers and training, infrastructure and skills (UN-Women/ECLAC, 2022; ECLAC, 2022b). This also includes regulation of the services and working conditions of caregivers, their professionalization and the management of information and communication to promote cultural change (UN-Women/ECLAC, 2022). In short, building comprehensive care systems means making available to citizens a wide range of infrastructure, entitlements and services that necessarily cover sectors such as health, education and employment, with a cross-cutting component of equality policies to address the structural barriers of gender inequality. Although the social authority for setting up comprehensive care systems has been placed in ministries of social development in several countries in the region, such as Brazil, Chile, Costa Rica and Uruguay, an essential role is also played by national machineries for the advancement of women, as the institutions responsible for ensuring that policies are constructed from a transformative perspective in relation to gender. In all cases, these policies need a strengthened social institutional framework.

Care policies, strategies and systems must be implemented in dialogue with the different components of social protection. This must also be guided by the ability of States to create citizen participation and democratic oversight mechanisms, which are essential for efficient and transparent management. These mechanisms contribute to strengthening institutions, ensuring that care policies are inclusive and reflect the needs and contributions of different social stakeholders.

As life expectancy increases and epidemiological profiles change in the region, these systems can generate significant returns and savings in public budgets over the medium term. Access to preventive policies and programmes within health systems has a large impact on people's well-being over the life cycle and can reduce future resource needs. Moreover, investment in universal care services reduces segmentation in care access and helps bring people who currently perform unpaid care work, mostly women, into the labour market. It can also generate new good-quality jobs and alleviate the burden on the social protection system as a whole. Care policies thus offer an opportunity to achieve more efficient resource allocation in social protection systems.

The aim is to meet people's growing care needs, without eroding the autonomy of women in their diversity, and to accelerate the achievement of gender equality, as well as reduce the various expressions of social inequalities. Building a care society requires placing care policies and social protection systems at the heart of development strategies, so that they can help to reduce gender, socioeconomic, ethnic and territorial inequalities.

2. The sexual division of labour and its effects on unequal access to social protection

The sexual division of labour and the current social organization of care is one of the structural challenges of gender inequality.[2] This challenge has effects on access to social protection and generates gaps that are expressed throughout the entire life cycle and women's different trajectories in the labour market. This means that women participate less in social protection systems though contributions from paid work, which later impacts the income they receive autonomously during old age. In 2023, just over half (51.8%) of women in Latin America and the Caribbean were in the labour market, compared to 74.2% of men.[3] This gender gap in labour participation persists in all countries in the region. However, when the average weekly hours of both paid and unpaid work are computed, women have a similar or higher total workload. This key information is provided by the different time-use surveys conducted by the countries in the region.[4] Although methodological differences in the surveys preclude direct comparison between countries, they do serve to identify patterns in the proportion of time spent by men and women on each type of work. By these measurements, men allocate more than half of their working time to the labour market, while women allocate approximately a third. In the case of unpaid domestic and care work, women devote three times as many hours as men (ECLAC, 2023a).

2 As set forth in the Montevideo Strategy for Implementation of the Regional Gender Agenda within the Sustainable Development Framework by 2030 (ECLAC, 2017a), the structural challenges refer to: (i) socioeconomic inequality and the persistence of poverty; (ii) discriminatory, violent and patriarchal cultural patterns and the predominance of a culture of privilege; (iii) the sexual division of labour and the unfair social organization of care; and (iv) the concentration of power and hierarchical relations in the public sphere.

3 See CEPALSTAT, "Labor force participation rate, by sex" [online] https://statistics.cepal.org/portal/cepalstat/dashboard.html?theme=1&lang=en.

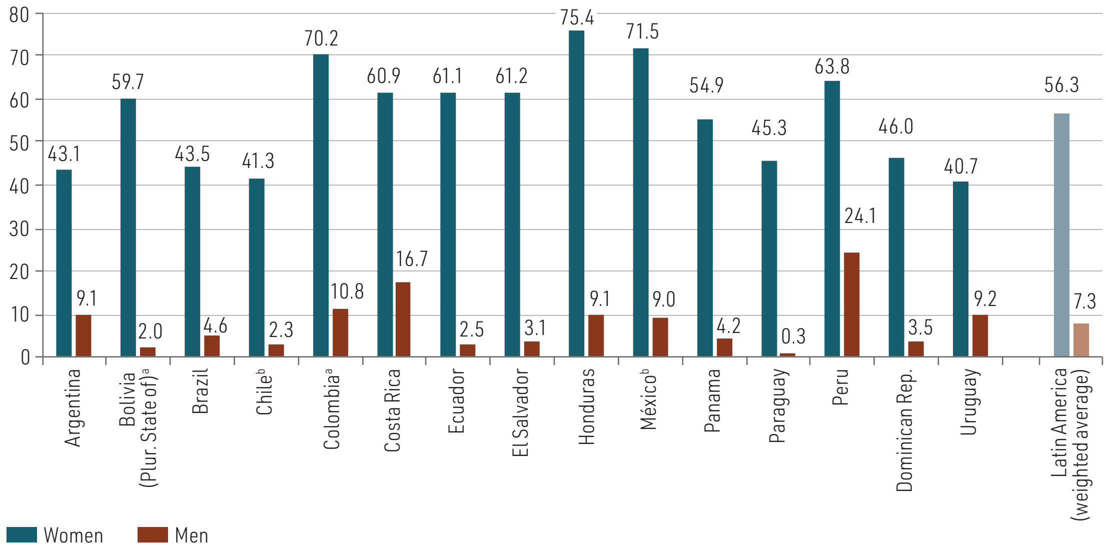
4 See Gender Equality Observatory for Latin America and the Caribbean, "Total work time" [online] https://oig.cepal.org/en/indicators/total-work-time.

Consistently with these patterns in the distribution of total work, as seen in figure III.1, 55.1% of women who are outside the labour market in Latin American countries report being devoted exclusively to domestic and unpaid care work, compared to 7.3% of men. This rate varies from country to country, and in some cases more than 7 in 10 women are outside the labour market and devoted exclusively to unpaid domestic and care work.

Figure III.1

Latin America (15 countries): population aged 15–65 years outside the labour market whose main activity is unpaid domestic and care work, around 2023

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Household Survey Data Bank (BADEHOG).

[a] Data refer to 2021.

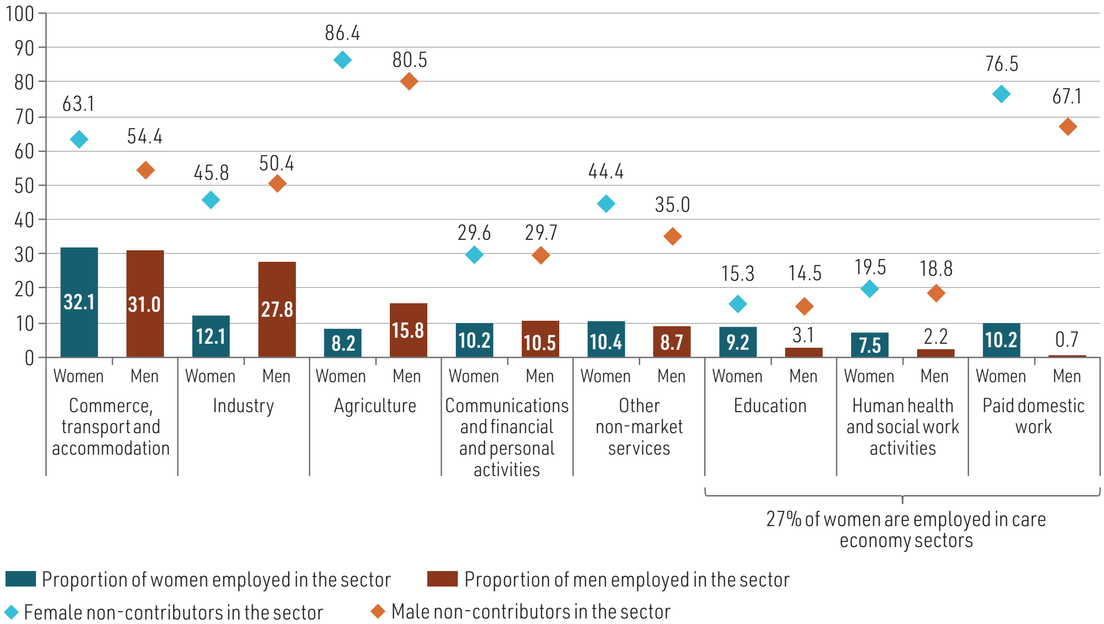
[b] Data refer to 2022.

The sexual division of labour, both in the home and in the labour market, has remained rigid, and women have become established as the main providers of care. Faced with the possibility of a deepening care crisis, it is essential to reorganize care to galvanize economies by means of an expanding sector that fosters decent work.

The labour market shows marked horizontal segregation, that is, processes and dynamics of exclusion of men and women from certain economic sectors and areas of knowledge. This form of exclusion leads to women being concentrated in lower paid and less valued occupations and areas, where the difference and hierarchy reproduces the sexual division of labour in the occupational structure (Charles, 2011; ECLAC, 2022e). In Latin America and the Caribbean, horizontal segregation is combined with structural inequality between sectors of economic activity, which results in greater informality —and, therefore, lower coverage and effective contribution rates in the pension system— in certain service sectors, which also tend to be those in which women are employed in greater proportions.

As shown in figure III.2, the commerce, transportation and accommodation sector is the largest sector of employment for both women and men, at 32.1% and 31% of the employed population, respectively. Although over half of the employed population in these sectors do not contribute to a pension system, the proportion of non-contributors is 9 percentage points higher for women than for men. This gender gap is also repeated in other sectors, both in highly informal sectors with little female participation, such as agriculture, and in sectors with an average level of informality and greater female participation, and in other, non-market services. In industry, although the proportion of female employment in general is low, the proportion of female non-contributors is lower than for men. Among the care economy sectors —health, education, and households as employers— which represent 27% of the employed female population, the level of the contributing employed population is uneven. The education and health sectors show the highest contribution rates, with non-contributors representing less than 20%, although the proportion of women is slightly higher than that of men. Conversely, in the households as employers sector —i.e. paid domestic work, a major sector among lower-income women— non-protection rates run high.

Figure III.2
Latin America (13 countries):[a] distribution of the employed population aged 15 and over and employed population not contributing[b] to a pension system, by sex and sector of economic activity,[c] weighted average, around 2023[d]
(Percentages)



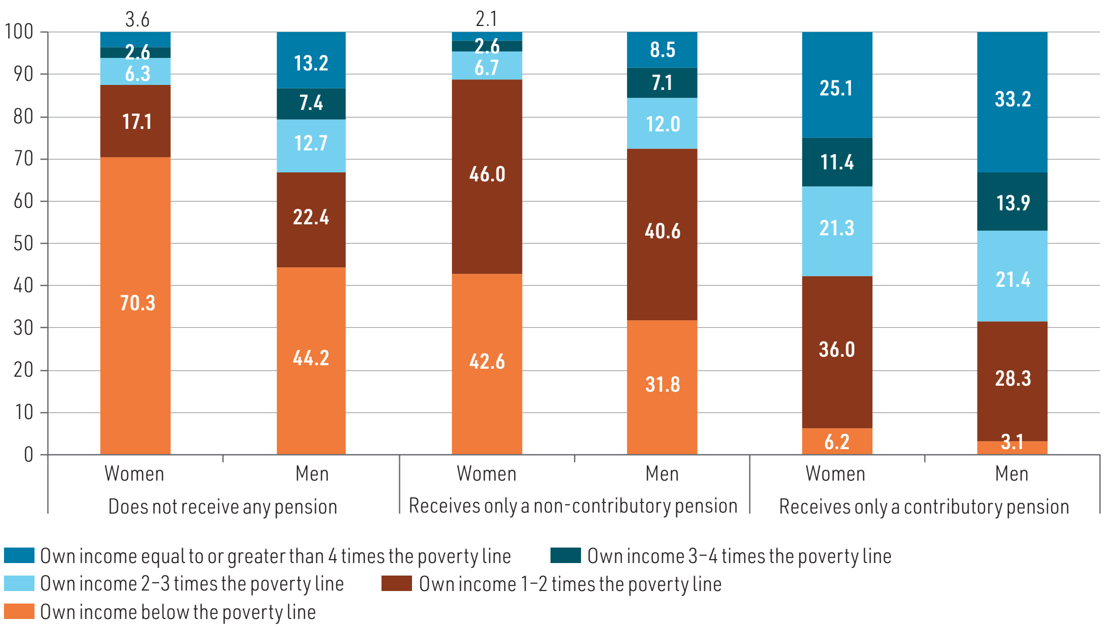
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Household Survey Data Bank (BADEHOG).
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Peru, the Plurinational State of Bolivia and Uruguay.
[b] The social security contribution variable is available for all countries except the Dominican Republic, Ecuador and Panama, where the variable available is social security affiliation.
[c] The sectoral composition of employment was constructed using the International Standard Industrial Classification of All Economic Activities (ISIC) revision 4: (i) Agriculture corresponds to category A (Agriculture, forestry and fishing); (ii) Industry is made up of categories B (Mining and quarrying), C (Manufacturing), D (Electricity, gas, steam and air conditioning supply), E (Water supply; sewerage, waste management and remediation activities) and F (Construction); (iii) Commerce, transport and accommodation is made up of categories G (Wholesale and retail trade; repair of motor vehicles and motorcycles), H (Transportation and storage) and I (Accommodation and food service activities); (iv) Communications and financial and professional activities is made up of categories J (Information and communication), K (Financial and insurance activities), L (Real estate activities), M (Professional, scientific and technical activities) and N (Administrative and support service activities); (v) Other non-market services is made up of categories O (Public administration and defence; compulsory social security), R (Arts, entertainment and recreation) and S (Other service activities); (vi) Education is category P; (vii) Human health and social work activities is category Q; and (viii) Paid domestic work is category T (Activities of households as employers).
[d] Data refer to 2023, except in the cases of Brazil, Chile, Mexico and Peru, where they refer to 2022, and Colombia and the Plurinational State of Bolivia, where they refer to 2021.

The current social organization of care, unequal access to the labour market and women's lower effective participation in contributory social protection combine to generate a gender gap in pension coverage and sufficiency during old age. Figure III.3 shows how women aged 65 and over have lower income of their own than men in relation to the poverty line, regardless of whether they receive pensions or whether these are contributory or non-contributory. The receipt of independent income improves when a pension is received, be it contributory or non-contributory. Although the proportion of women below the poverty line who have income of their own is 70.8% for non-pension-recipients and 41.3% for recipients of a non-contributory pension, for over 85% of women, their own income is less than twice the poverty line for either group. This is both a testimony to the importance of non-contributory pensions for poverty reduction, and a warning that the coverage and amounts of these pensions need to be increased.

Figure III.3

Latin America (8 countries):[a] distribution of the population aged 65 and over by level of own income in relation to the per capita poverty line,[b] by sex and coverage in the pension system, weighted average, 2023[c]

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Household Survey Data Bank (BADEHOG).

Note: Does not include the route "Receive both types of pension", because of insufficient observations of persons with their own income below the poverty line.

[a] Costa Rica, the Dominican Republic, Mexico, Panama, Paraguay, Peru and the Plurinational State of Bolivia.

[b] Own income in relation to the per capita poverty line refers to the ratio between the person's own income and the per capita poverty line. A ratio of less than 1 indicates own income below the poverty line. A ratio equal to or greater than 1 and less than 2 indicates own income equivalent to between 1 and 2 times the poverty line. A ratio equal to or greater than 2 and less than 3 indicates own income equivalent to between 2 and 3 times the poverty line. A ratio equal to or greater than 3 and less than 4 indicates own income equivalent to between 3 and 4 times the poverty line. Lastly, a ratio equal to or greater than 4 indicates own income equivalent to 4 or more times the poverty line.

[c] Data for Chile and Mexico refer to 2022 and those for the Plurinational State of Bolivia refer to 2021.

Non-contributory social protection entitlements, such as cash transfers, can help people rise above the poverty line. This amplifying effect depends on the magnitude of the transfers, which in most countries are insufficient to cover basic needs and care requirements, either of older persons who need support and care for daily living, or of children. Because of the concentration of non-contributory transfers in the two extreme age groups —precisely those with the greatest care requirements— non-contributory social protection opens a door to recognition and reward of care work. However, transfers must be accompanied by care entitlements, leaves, services and infrastructure that lead care to be afforded value, remunerated and treated as a public good.

It is also essential that transfers should not be undertaken at the expense of investment in the public provision of care services, from early childhood development centres and full-time schools (especially in primary and preschool education) to comprehensive healthcare establishments and professional healthcare in the community and home, including community spaces and collective activities, as well as residential establishments for older persons or dependent persons who require it. This also includes designing and implementing home-based care by personnel specialized in comprehensive health, containment and psychological assistance, long-term care and palliative treatment.

Lastly, gaps in contributory social protection coverage and pension insufficiency generate a high demand for non-contributory social protection. Despite the contribution of women's labour to the functioning of the economic system, much of this work is unpaid. In at least 10 countries in which it has been measured, the contribution of unpaid domestic and care work would represent between a quarter and a fifth of GDP, and 74% of that contribution is made by women (ECLAC, 2022a). This renders it imperative to make social protection universal, and that is why the Economic Commission for Latin America and the Caribbean (ECLAC) has argued for the need to build universal, comprehensive, sustainable and resilient systems that include non-contributory policies and instruments that contribute to closing gender equality gaps (ECLAC, 2022a and 2022b).

3. The right to provide care, to receive care and to exercise self-care

The right to care, understood as the right to provide care, to receive care and to exercise self-care, is a fundamental part of the human rights recognized in international compacts and treaties that apply to all, regardless of state of vulnerability or dependency. Based on the principles of equality, universality and social and gender co-responsibility, this right is fundamental for the sustainability of human life and the stewardship of the planet. The right to care involves recognizing the value of care work and ensuring the rights of both those who need and those who provide care, challenging the stereotypical allocation of these responsibilities exclusively to women and promoting social and gender co-responsibility (ECLAC, 2022a).

Interdependence over the life cycle means that everyone needs care at some point in their lives and must provide it at others, and that care is crucial for sustaining life. Care as a right has its own essential contents, since all individuals depend on it and benefit from the work of caregivers, mostly women who receive no remuneration for it (ECLAC, 2021, 2022a and 2023a). This situation is often to the detriment of the economic opportunities, life plans and personal well-being of caregivers, especially at times of greatest demand for care (ECLAC, 2022a). In addition to being intensive work that should be valued in all its dimensions, care is a fundamental human right: the right to give care, to receive care and to exercise self-care (Pautassi, 2007).

The right to care has been progressively recognized in various international and regional human rights instruments, as well as in the general recommendations of the committees responsible for monitoring those agreements, referring to living conditions and access to material and cultural goods for human dignity. It is a right that has gained increasing space on the global social protection agenda and transcended its initial focus on old age and motherhood, to acquire a fuller and more comprehensive vision (see box III.1).

Box III.1

The right to care

The recognition of care as a fundamental right has evolved significantly in the international and regional human rights and social security frameworks, and has been gaining ground since the 1980s. The Universal Declaration of Human Rights (1948) marked the beginning by proclaiming the right to special care and assistance for motherhood and childhood. The American Convention on Human Rights (1969) expanded this recognition by referring to the protection of life, dignity and equality and freedom from discrimination, as well as the protection of the family and children. The Convention on the Elimination of All Forms of Discrimination against Women (1979) emphasized maternity as a social function and the common responsibility of men and women in the upbringing and development of children. The Convention on the Rights of the Child (1989) established the State's obligation to ensure adequate care for children. The Inter-American Convention on the Prevention, Punishment and Eradication of Violence against Women (Convention of Belém do Pará) (1994) establishes the undertaking to modify social and cultural patterns based on the idea of the inferiority of women and to support an education free of stereotypical prejudices. Subsequently, the Convention on the Rights of Persons with Disabilities (2006) established support for persons with disabilities and, notably, the Inter-American Convention on Protecting the Human Rights of Older Persons (2015) explicitly names the right to care and includes right to long-term care. Care thus has broad content established in various legally binding international, regional and universal commitments, as expressed in the resolution of the Human Rights Council (United Nations, 2023), adopted in October 2023, on the "Centrality of care and support from a human rights perspective."

As early as the 1950s, the Social Security (Minimum Standards) Convention, 1952 (No. 102) of the International Labour Organization (ILO) established family benefits focused on children, maternity benefits and old-age benefits among the minimum standards for social security. This Convention laid the foundations for the recognition of care in the field of social security, which was later expanded and strengthened in other instruments. The Workers with Family Responsibilities Convention, 1981 (No. 156) and its Workers with Family Responsibilities Recommendation, 1981 (No. 165) expanded the focus to the needs of male and female workers, and introduced concepts such as parental leave and labour flexibility. Later, the Maternity Protection Convention, 2000 (No. 183) strengthened maternity protection, and the Indigenous and Tribal Peoples Convention, 1989 (No. 169) and the Domestic Workers Convention, 2011 (No. 189) addressed the specific needs of Indigenous Peoples and domestic workers, respectively.

In relation to the right to long-term care, the Additional Protocol to the American Convention on Human Rights in the Area of Economic, Social and Cultural Rights (Protocol of San Salvador) (1988) recognizes the right to social security, specialized care and care for the well-being of older persons.

At the regional level, various intergovernmental bodies of the Economic Commission for Latin America and the Caribbean (ECLAC) have adopted agreements on how to advance public policies on care. In particular, the Regional Gender Agenda, developed by the Regional Conference on Women in Latin America and the Caribbean over more than 45 years, has achieved progressive conceptual advances regarding the right to care. The approach agreed by the governments progressed from a rationale of entitlements for formal workers towards work-family reconciliation, to then include informal workers, then introduced the idea of social reproduction as an economic objective in the Quito Consensus (2007). The right to care is included in the Brasilia Consensus (2010) as a universal right throughout the lifecycle, promoting gender and social co-responsibility and the coordination of social and economic policies, which was then integrated with the 2030 Agenda for Sustainable Development in the Montevideo Strategy for Implementation of the Regional Gender Agenda within the Sustainable Development Framework by 2030 (2016). The Santiago Commitment (2020) identifies the need to establish countercyclical policies to mitigate the effects of crises on women, recognizing the sexual division of labour as a structural challenge of inequality and the care economy as a key sector to achieve a sustainable recovery and women's autonomy. The more recent Buenos Aires Commitment (2022) recognizes care as the right to provide and receive care and to exercise self-care, and calls for overcoming the sexual division of labour, promoting a fair social organization of care in the framework of a development model that fosters gender equality in the economic, social and environmental dimensions. It charts a path towards a care society and proposes agreements for a transformative recovery with gender equality and sustainability.

In the Montevideo Consensus on Population and Development, adopted by the Regional Conference on Population and Development in Latin America and the Caribbean (2013), it was agreed to develop policies and universal care services based on the highest human rights standards, from a gender equality and intergenerational perspective, promoting co-responsibility between the State, the private sector, civil society, families and households. Care was also incorporated into social protection systems and attention was drawn to the importance of maximizing the autonomy and dignity of older persons. The Asunción Declaration, adopted at the Fourth Regional Intergovernmental Conference on Ageing and the Rights of Older Persons in Latin America and the Caribbean (2017), urges governments to combat age-based discrimination and to provide comprehensive health and care services, promoting healthy ageing. The Santiago Declaration, adopted at the Fifth Regional Intergovernmental Conference on Ageing and the Rights of Older Persons in Latin America and the Caribbean (2022), and the conclusions and recommendations of the sixth meeting of the Forum of the Countries of Latin America and the Caribbean on Sustainable Development (2023), also highlight the importance of building an inclusive and resilient care society. The Regional Conference on Social Development in Latin America and the Caribbean (2023) reaffirmed the importance of social protection systems that ensure co-responsibility between the State and society, and between women and men, as essential for a transformative recovery. In its Regional Agenda for Inclusive Social Development, it urges member States to "incorporate care into social protection systems, interlinking care instruments with the other components, from a perspective of gender equality, rights, and the promotion of joint responsibility, advancing towards universalization of care" (ECLAC, 2020, p. 31). Lastly, at the sixth meeting of the Forum of Latin American and Caribbean Countries on Sustainable Development (2023) the importance of promoting plans for a care society with gender equality was recognized.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), "Contenido y alcance del derecho al cuidado y su interrelación con otros derechos" [online] https://corteidh.or.cr/sitios/observaciones/OC-31/13_CEPAL.pdf; *Regional Agenda for Inclusive Social Development* (LC/CDS.3/5), Santiago, 2020; United Nations, *Centrality of care and support from a human rights perspective* (A/HRC/54/L.6/Rev.1), New York, 2023.

In this vein, at the fifteenth session of the Regional Conference on Women in Latin America and the Caribbean, the member States of ECLAC adopted the Buenos Aires Commitment (ECLAC, 2023b, p. 8), which refers to the need to: "Recognize care as a right to provide and receive care and to exercise self-care based on the principles of equality, universality and social and gender co-responsibility, and therefore, as a responsibility that must be shared by people of all sectors of society, families, communities, businesses and the State, adopting regulatory frameworks and comprehensive care policies, programmes and systems with an intersectional and intercultural perspective that respect, protect and fulfil the rights of those who receive and provide paid and unpaid care, that prevent all forms of violence and workplace and sexual harassment in formal and informal work, and that free up time for women, so that they can engage in employment, education, public and political life and the economy, and enjoy their autonomy to the full".

The development of a human rights approach as applied to care has served to bring together a set of guiding legal principles and standards: (i) universality; (ii) the obligation to ensure threshold contents of rights; (iii) the obligation of States to take actions and measures on the principle of progressivity and the consequent prohibition of applying regressive measures or actions; (iv) the duty to guarantee citizen participation; (v) the principle of equality and non-discrimination; (vi) access to justice; and (vii) access to public information. Together, these standards make up a common matrix that States, social stakeholders and development cooperation agencies can apply when establishing policies and strategies, and also apply to the design of policy oversight and evaluation measures (Pautassi, 2021).

The recognition of care as a human right clearly delimits the role of the State and the different stakeholders and identifies bearers of the right to care, bearers of duties or obligations, and mechanisms for making the right to care enforceable as well as measures for reducing inequalities and gaps in access to and enjoyment of this right (Pautassi, 2007). A State that guarantees the right to care, from a gender perspective, thus plays a key role, since it is able to regulate the social organization of care within the framework of international standards, organize the ecosystem of services designed and supplied by public and private institutions, and establish quality standards, with different financing modalities. In fact, this type of regulation occurs by action or omission, because the provisions of the State and the coverage of the services it provides establish the manner in which markets, firms, families and communities participate in care provision and access (Razavi, 2007; Faur, 2014). To the extent that States fulfil their role as guarantors of the right to care, public institutions must design, implement and supervise the supply of care services and ensure that access is not conditioned by purchasing power, ethnic origin, sexual orientation, gender identity, area of residence or any other individual characteristic (Güezmes, Scuro and Bidegain, 2022; ECLAC, 2022a).

B. The demand for long-term care and social protection in the context of ageing

Rapid demographic changes in the region are changing the magnitude and profile of the demand for care. On the one hand, the amount of parenting-related care is declining in relative terms, owing to falling child and adolescent population. Nevertheless, this group continues to have priority because of its higher levels of poverty and the lack of public resources and institutional support for care. Conversely there are two sources of increase in the magnitude of care demand: the ageing process and changes in family arrangements. Older persons have greater care requirements, including long-term care, which increases further among those aged 80 and over. The cohorts that will join older persons in the coming years will typically have poor social protection and will have accumulated deficits and deficiencies, posing greater risk of disability, health problems and dependency. Family care networks will be smaller in the future, generating additional pressure on these networks, which are already overburdened because of the lack of value afforded to unpaid care and care systems. Thus, the expected demographic shifts will exacerbate the crisis in care, whose social organization is already unsustainable when analysed from the point of view of women’s right to enter paid work. Social protection, particularly non-contributory protection, is therefore key to mitigating these deficits and shortcomings, which are much more severe among lower-income groups. Care systems are essential to guarantee the right of all to give and receive care.

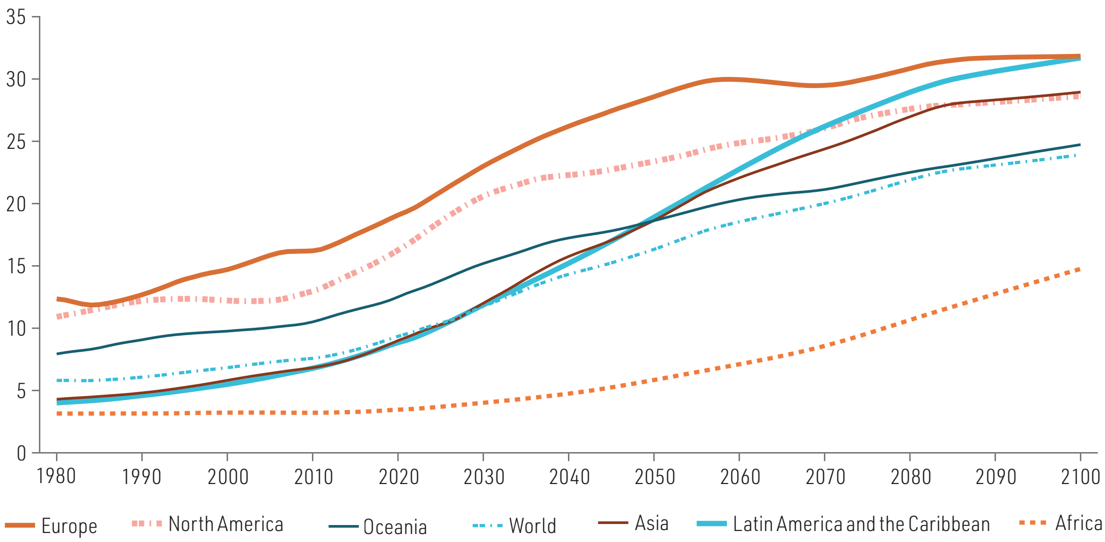
1. Demographic shifts in Latin America and the Caribbean

In the last 70 years, the region has undergone a rapid process of demographic transition, going from high levels of mortality and fertility[5] in the 1950s, to low levels in both variables today. This is reflected in the rise in the percentage of people aged 65 and over since the 1970s, which has occurred more quickly than in other world regions. For example, while in Europe it took 57 years for the population

[5] For example, in 1950, each woman in Latin America and the Caribbean had 5.8 children, on average, and life expectancy at birth was 48.7 years, while at present, the total fertility rate is 1.85 children per woman and life expectancy is 75.9 years (United Nations, 2024b).

aged 65 or over[6] to go from 10% to 20%, in Latin America and the Caribbean this process will take only 30 years (Arenas de Mesa and Robles, 2024). The population in this age group is projected at 138 million in 2050, slightly more than double the estimate for 2024, as it will increase from 9.9% to 18.9% of the total population (see figure III.4).

Figure III.4
World population aged 65 and over, by region, 1980–2100
(Percentages of the total population)



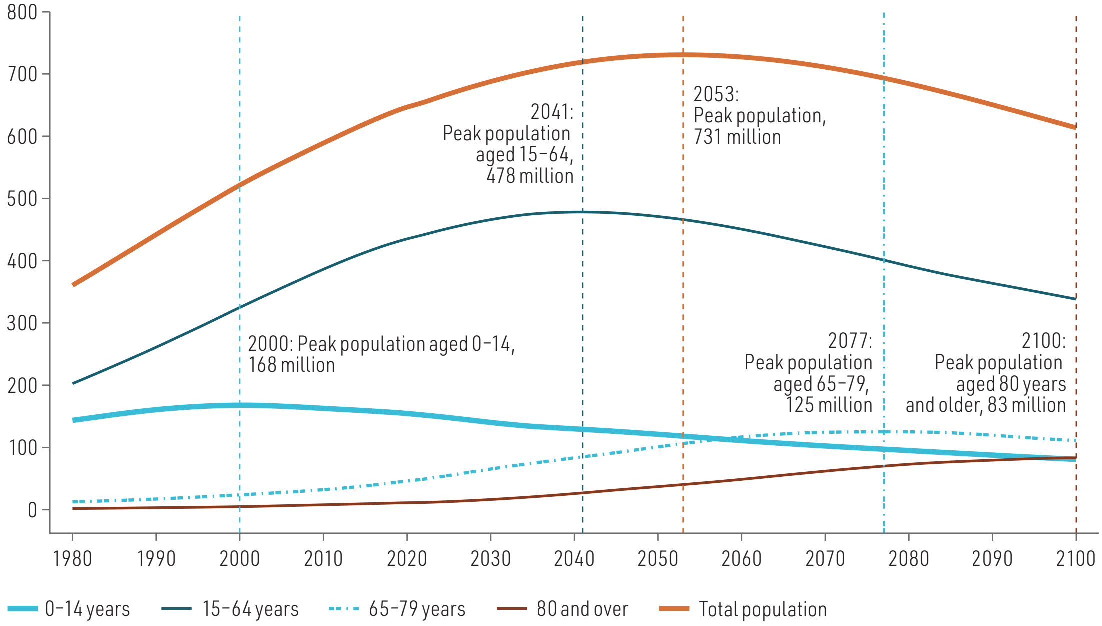
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, *World Population Prospects 2024: Summary of Results*, New York, 2024.

The rapid ageing process represents an increase in the demand for social protection and care, relating to the increase in the number and proportion of older persons and the deficits this population has accumulated over the course of their lives. However, the proportion of the population in middle age, which is still high, offers States a window of opportunity to transform social protection and care systems.

According to population estimates and projections (United Nations, 2024b), the population aged 0–14 years in the region peaked around 2000 and has fallen since, while the population aged 15–64 will continue to grow and will peak in 2041. Meanwhile, the population aged 65–79 will peak in 2077, at 126 million, and the population aged 80 and over will continue to grow until 2100. The population aged 15–64 has also grown rapidly, doubling in 40 years (from 220 million in 1983 to 448.8 million in 2024) (see figure III.5). In that same period, the population aged 65 and over has quadrupled, from 16 million in 1983 to 65.4 million in 2024, while the child population under age 15 rose slightly until the beginning of the twenty-first century, then stabilized and fell slightly for a time (from 149 million in 1983, to 149.3 million in 2024), and will decline more sharply in the future. The Caribbean countries underwent an earlier ageing process and currently have a higher percentage of over-65 population than the Latin American countries.

6 This age criterion will be used to define older persons in this chapter, but definitions may differ. For example, according to the Inter-American Convention on Protecting the Human Rights of Older Persons, this group includes persons aged 60 years and over (OAS, 2015).

Figure III.5
Latin America and the Caribbean (47 countries and territories):[a] total population at mid-year, by age group, estimated and projected, 1980–2100
(Millions of persons)



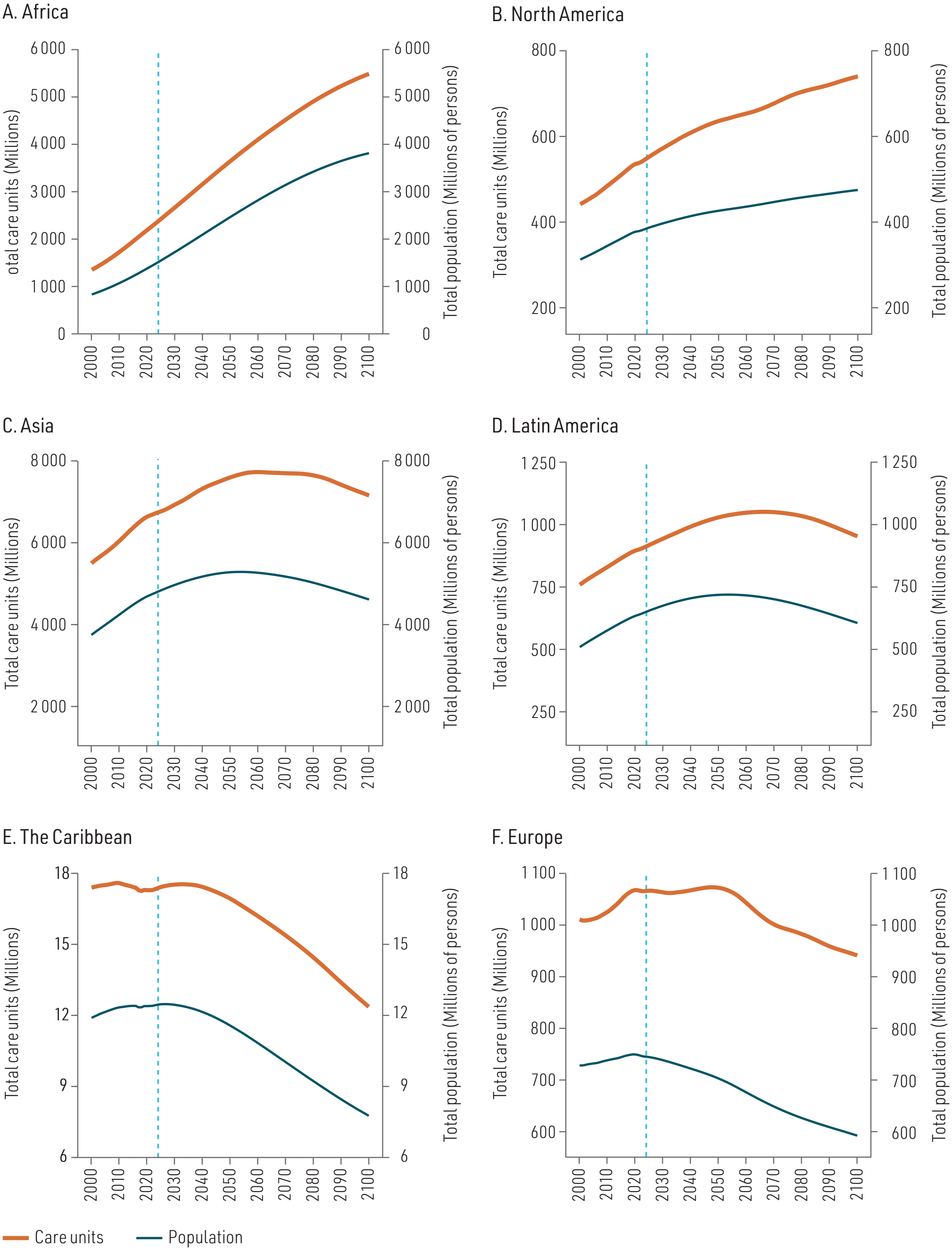
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, *World Population Prospects 2024: Summary of Results*, New York, 2024.
Note: The vertical dotted lines in different colours indicate the year in which the age group of the corresponding colour peaks.
[a] The Caribbean: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, British Virgin Islands, Caribbean Netherlands, Cayman Islands, Curaçao, Dominica, Dominican Republic, Grenada, Guadeloupe, Jamaica, Martinique, Montserrat, Puerto Rico, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Sint Maarten (Netherlands part), Trinidad and Tobago, Turks and Caicos Islands, United States Virgin Islands. Central America: Belize, Costa Rica, Cuba, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama. South America: Argentina, Brazil, Chile, Colombia, Ecuador, French Guiana, Guyana, Paraguay, Peru, Plurinational State of Bolivia, Suriname.

The population changes described above will significantly affect the demand for care. This may particularly affect women, since, as noted earlier and as widely documented in previous editions of the *Social Panorama of Latin America and the Caribbean*, care requirements fall disproportionately on women and often force them out of the labour market or to undertake a double or triple working day between paid and unpaid work (ECLAC, 2022a, 2022b, 2022c and 2023a). The Madrid II scale (Durán, 2012, p. 434) proxies the demand for care in a population according to its age structure. Accordingly, it attributes 3 care units for ages 0–3 and 85 and over, 2 care units for ages 5–14 and 65–84, and 1 care unit for ages 15–64. Thus, care units are defined as a function of care required by the population of this last age group, which is on average the group with the lowest care requirements. Although the demand for care in a society tends to increase with population growth, peak care demand may differ from peak population owing to changes in its age structure: the demand for care will increase as a result of population growth, but also because of population ageing. Figure III.6 shows the expected scenarios for care demand in different world regions. Until the middle of this century, care demand will be fairly stable in Europe and the Caribbean, unlike in other regions where it is expected to rise, with a greater number of care units.

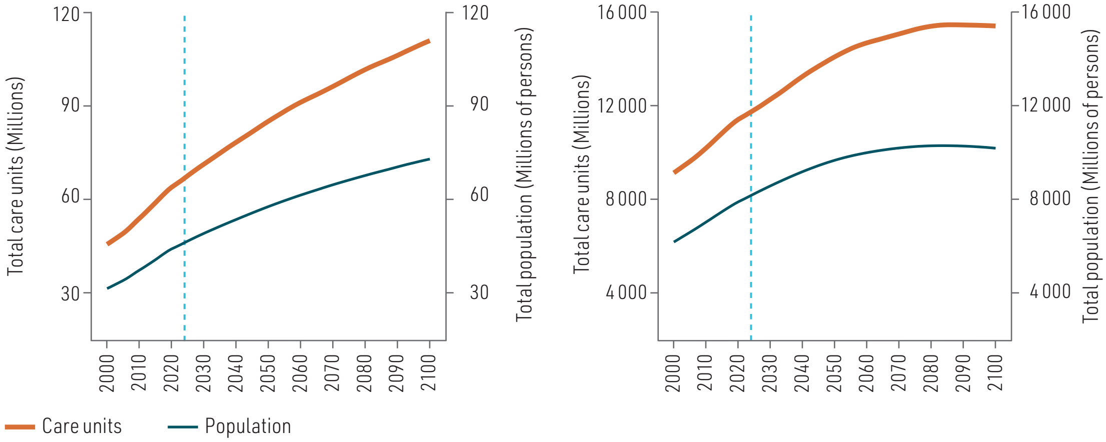
Figure III.6

Demand for care and global population, 2000–2100

(Millions of care units and millions of persons)



G. Oceania H. World

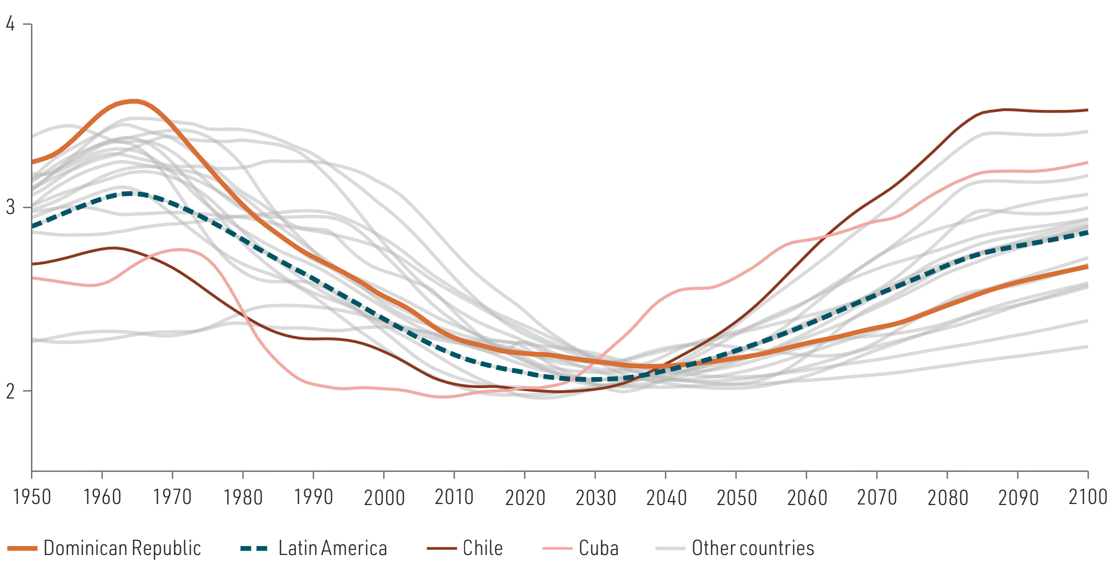


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, *World Population Prospects 2024: Summary of Results*, New York, 2024; M. Durán, *El trabajo no remunerado en la economía global*, Bilbao, BBVA Foundation, 2012.

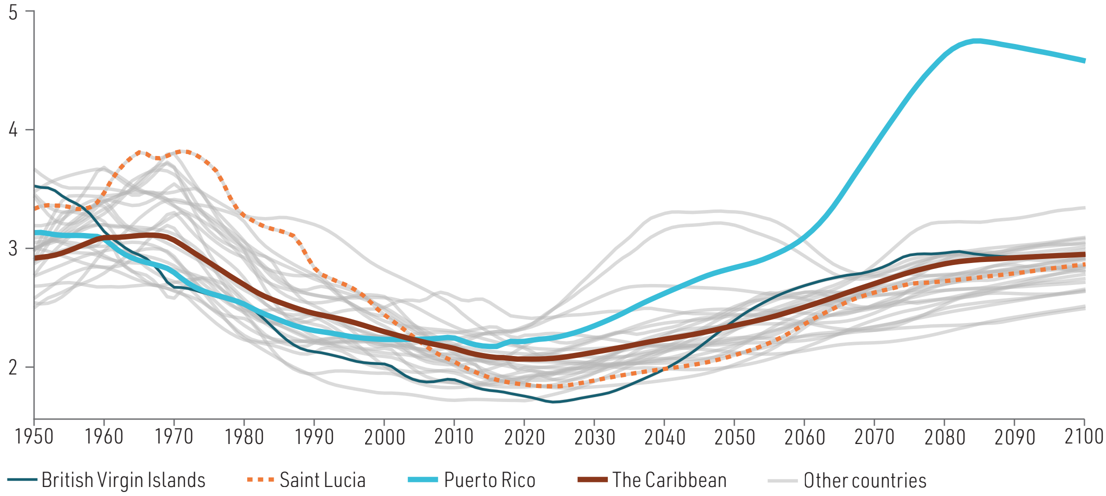
Assuming that the entire care burden will be assumed by people aged 15–64 (regardless of sex), it is seen to be considerably higher in the future (see figure III.7). For example, in 2080, in Latin America this burden will be 3.5 care units per caregiver in Chile, and in the Caribbean it will be 4.6 care units per caregiver in Puerto Rico. The scenario is even worse if the care burden goes unaddressed by the market, the State or other organizations and is fully assumed by women: for example, 7 care units per woman in the case of Chile in 2080. However, it is not sustainable for women in the region to assume unpaid care burdens similar to those of today: this unfairly burdens them, violates their rights and undermines their autonomy; what is more, it is economically inefficient and a constraint on processes of recovery and economic growth.

Figure III.7
Latin America and the Caribbean (47 countries and territories):[a] care burden, 1950–2100
(Care units per caregiver aged 15–64 years)

A. Latin America



B. The Caribbean



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, *World Population Prospects 2024: Summary of Results*, New York, 2024; M. Durán, *El trabajo no remunerado en la economía global*, Bilbao, BBVA Foundation, 2012.

Note: The care unit refers to the total care demanded by each age group, according to Durán's scale (2012), divided by the population aged 15–64. Accordingly, the total care unit represents the sum of the care units aged 0–14 years, 15–64 years and 65 and over, divided by the total number of people aged 15–64.

[a] Latin America: Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay. The Caribbean: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, British Virgin Islands, Caribbean Netherlands, Curaçao, Dominica, Grenada, Guadeloupe, French Guiana, Guyana, Cayman Islands, Jamaica, Martinique, Montserrat, Puerto Rico, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Sint Maarten (Netherlands part), Suriname, Turks and Caicos Islands, Trinidad and Tobago, and United States Virgin Islands.

The care burden rate per caregiver rises mainly because of the growth of the population aged 65 and over in the future. Figure III.8, for Latin American countries, and figure III.9, for Caribbean countries, show the breakdown of the Madrid II scale for ages 0–14 and 65 and over, revealing the heterogeneity of the care demand for the countries in the region, how this has evolved from 1950 to 2024, and how it is projected into the future. Argentina, Chile, Cuba and Uruguay, for example, have experienced fairly stable care demand per person aged 15–64, but a considerable increase is projected for the future. In the Caribbean countries, meanwhile, the levels are generally similar to those of 1950.

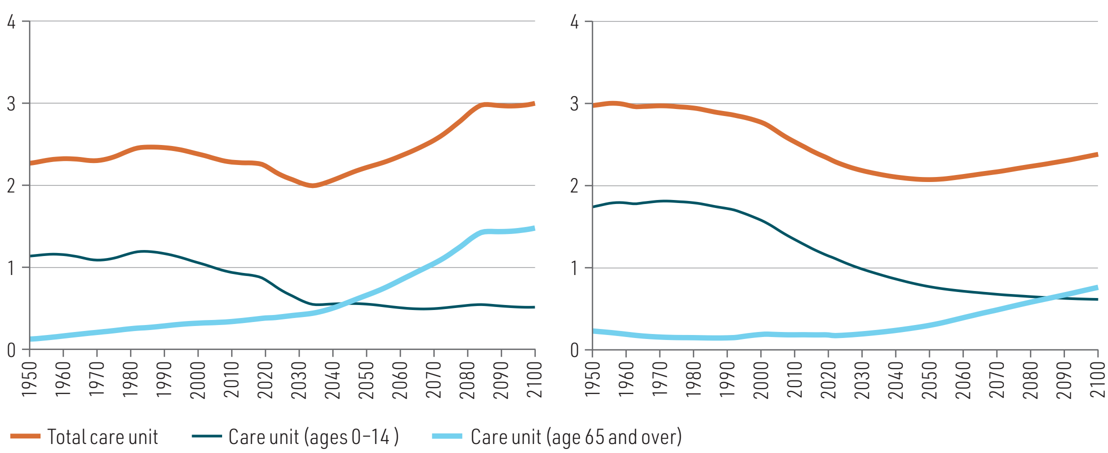
Figure III.8

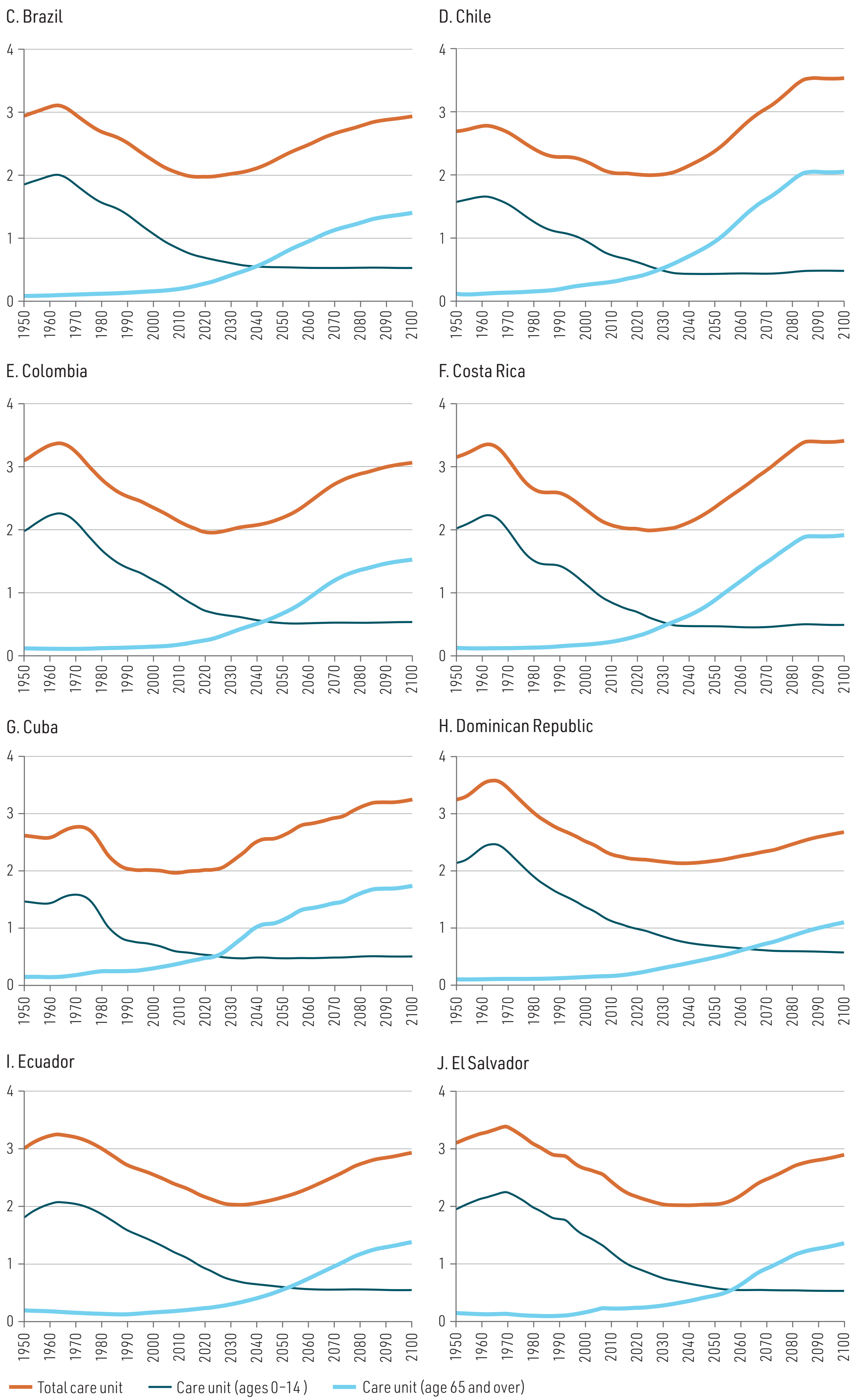
Latin America (20 countries): care burden, 1950–2100

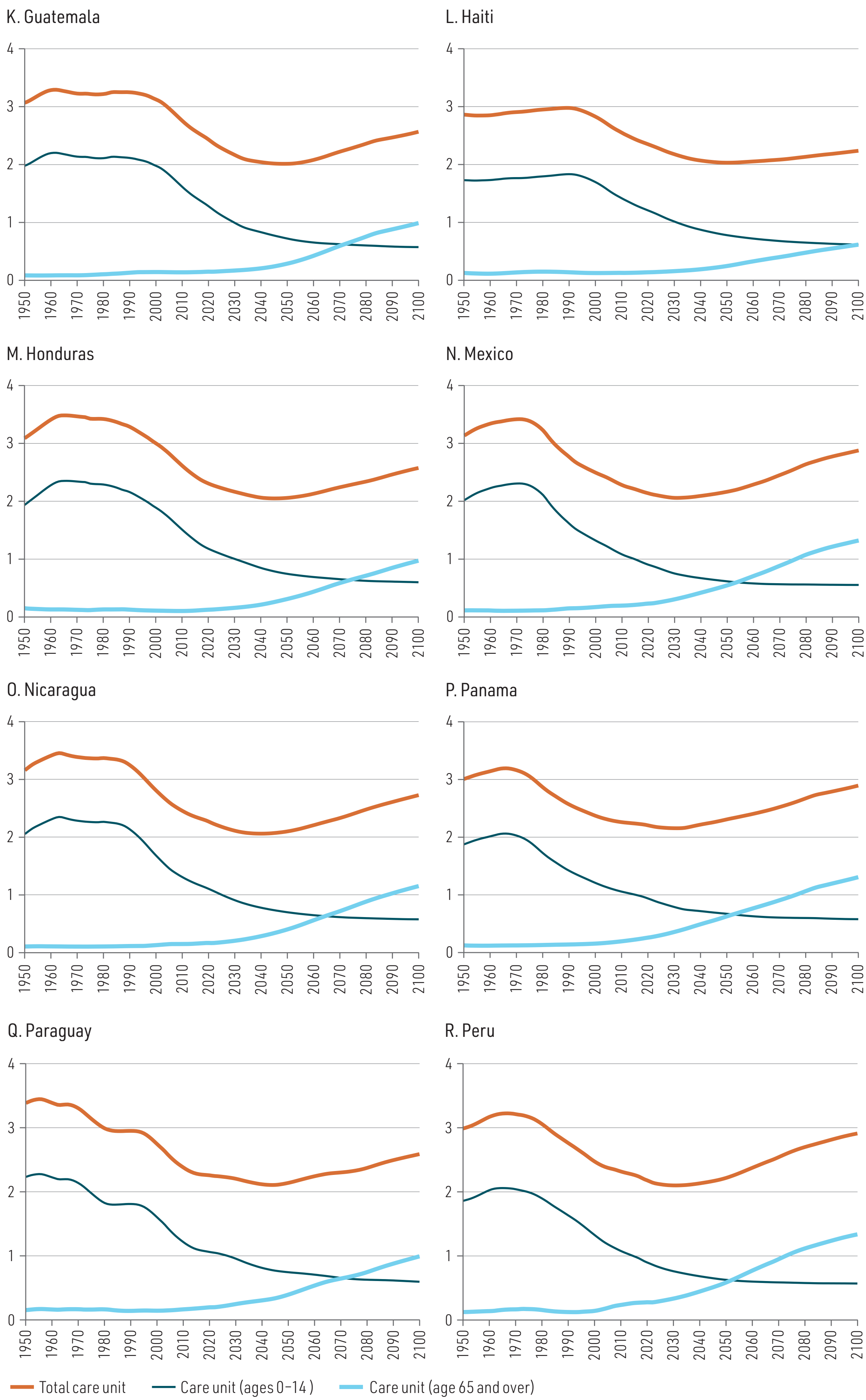
(Care units per caregiver aged 15–64 years)

A. Argentina

B. Bolivia (Plurinational State of)

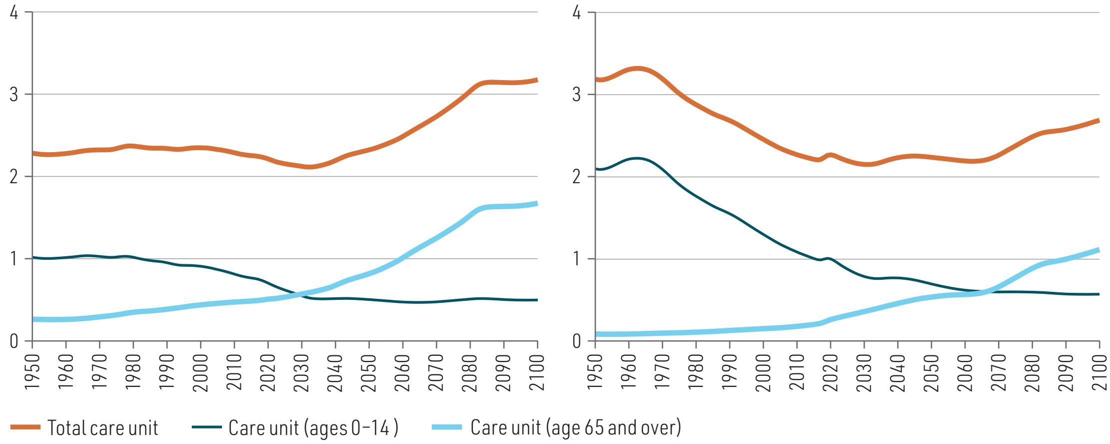



C. Brazil
D. Chile
E. Colombia
F. Costa Rica
G. Cuba
H. Dominican Republic
I. Ecuador
J. El Salvador
0
1
2
3
4
1950
1960
1970
1980
1990
2000
2010
2020
2030
2040
2050
2060
2070
2080
2090
2100
Total care unit
Care unit (ages 0-14)
Care unit (age 65 and over)


K. Guatemala
L. Haiti
M. Honduras
N. Mexico
O. Nicaragua
P. Panama
Q. Paraguay
R. Peru
0
1
2
3
4
1950
1960
1970
1980
1990
2000
2010
2020
2030
2040
2050
2060
2070
2080
2090
2100
Total care unit
Care unit (ages 0–14)
Care unit (age 65 and over)

S. Uruguay

T. Venezuela (Bolivarian Republic of)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, *World Population Prospects 2024: Summary of Results*, New York, 2024; M. Durán, *El trabajo no remunerado en la economía global*, Bilbao, BBVA Foundation, 2012.

Note: The care unit refers to the total care demanded by each age group, according to Durán's scale (2012), divided by the population aged 15–64. Accordingly, the total care unit represents the sum of the care units aged 0–14 years, 15–64 years and 65 and over, divided by the total number of people aged 15–64.

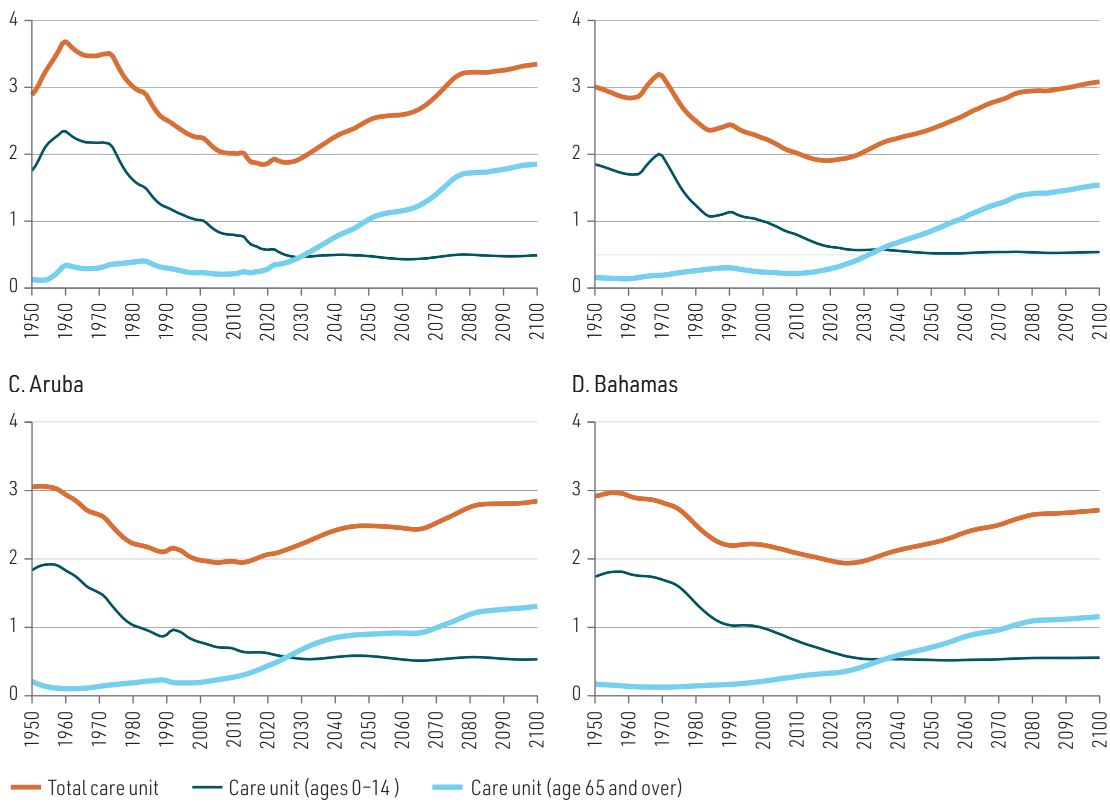
Figure III.9

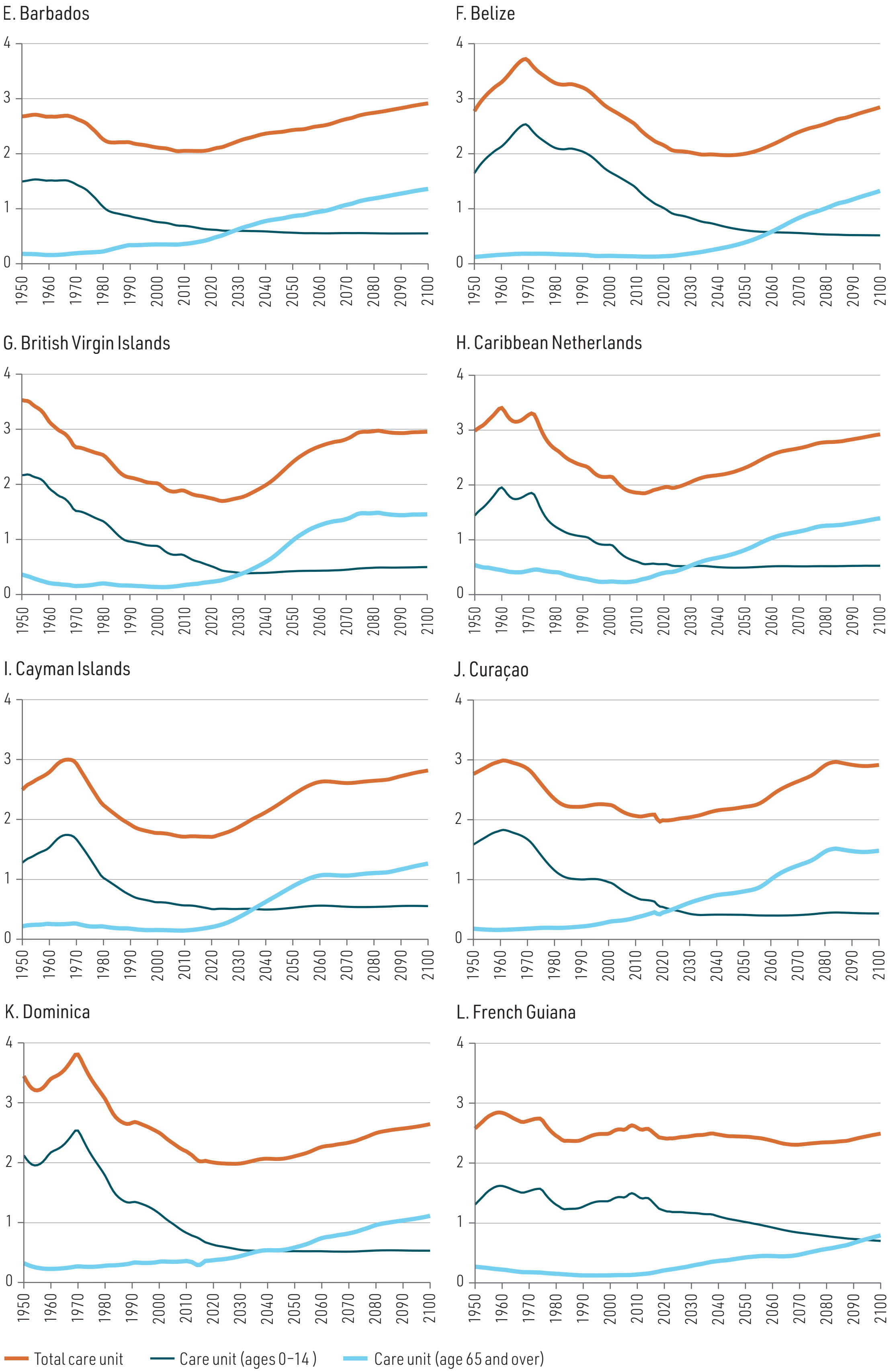
The Caribbean (27 countries and territories): care burden, 1950–2100

(Care units per caregiver aged 15–64 years)

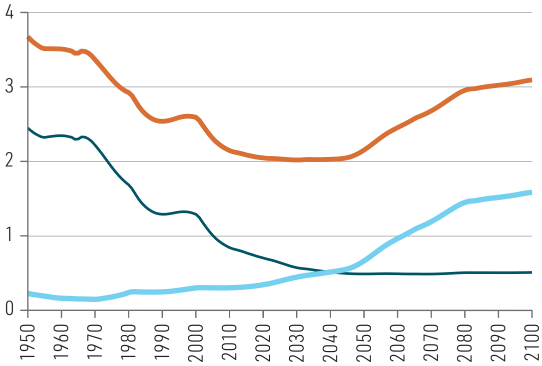
A. Anguilla

B. Antigua and Barbuda

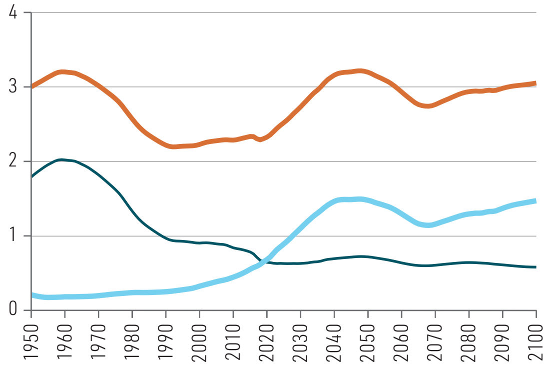



E. Barbados
F. Belize
G. British Virgin Islands
H. Caribbean Netherlands
I. Cayman Islands
J. Curaçao
K. Dominica
L. French Guiana
0
1
2
3
4
1950
1960
1970
1980
1990
2000
2010
2020
2030
2040
2050
2060
2070
2080
2090
2100
Total care unit
Care unit (ages 0-14)
Care unit (age 65 and over)

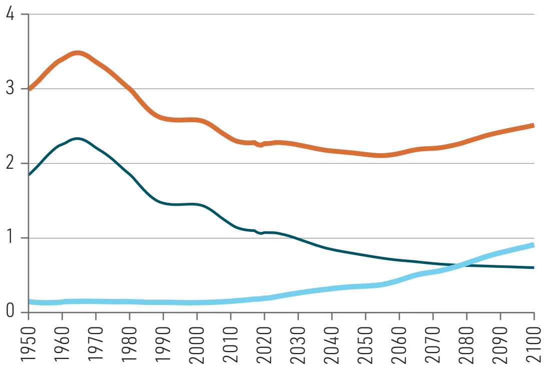
M. Grenada



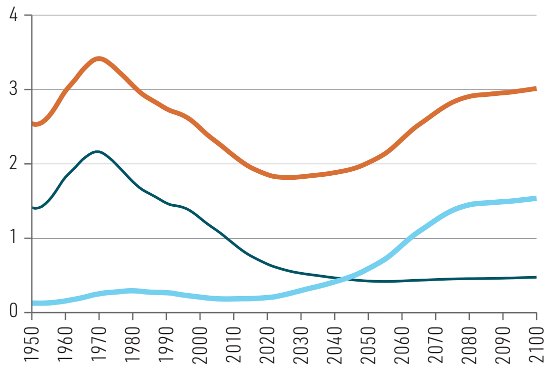
N. Guadeloupe



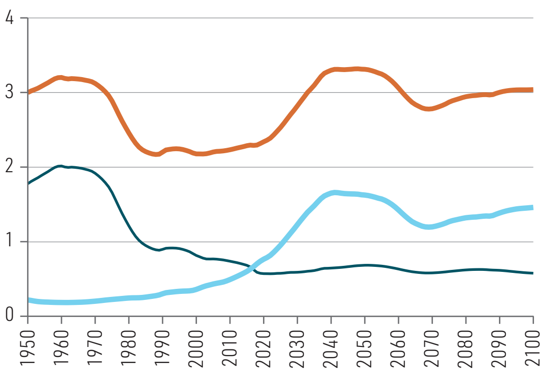
O. Guyana



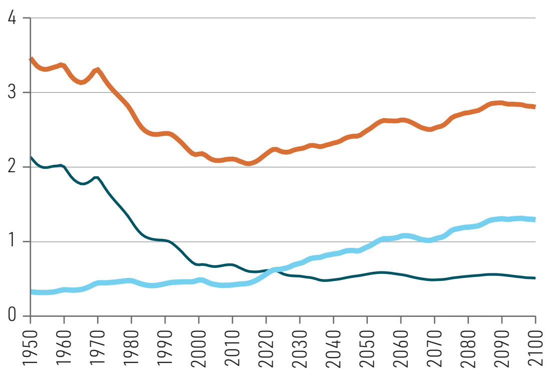
P. Jamaica



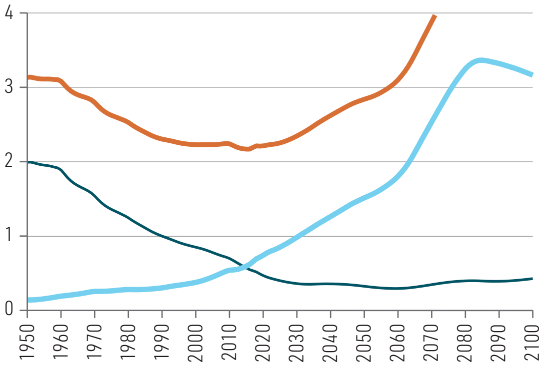
Q. Martinique



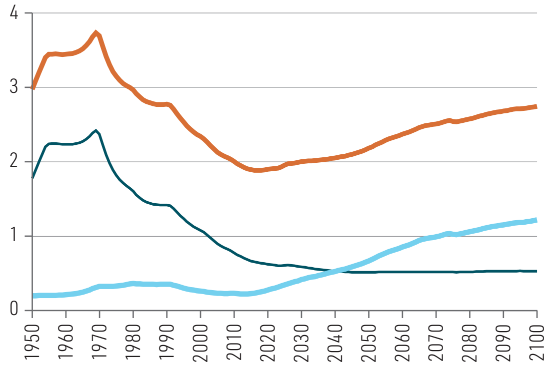
R. Montserrat



S. Puerto Rico

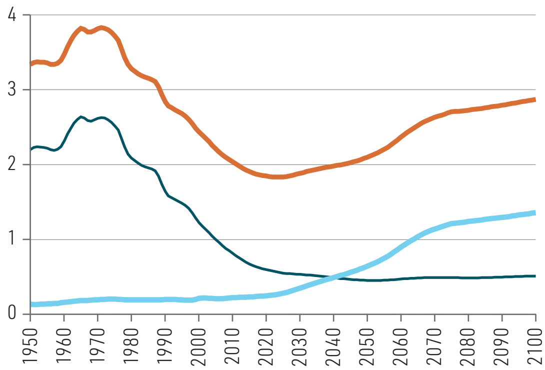


T. Saint Kitts and Nevis

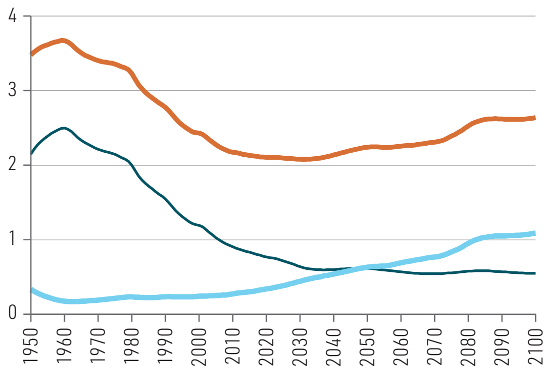


Total care unit — Care unit (ages 0–14) — Care unit (age 65 and over)

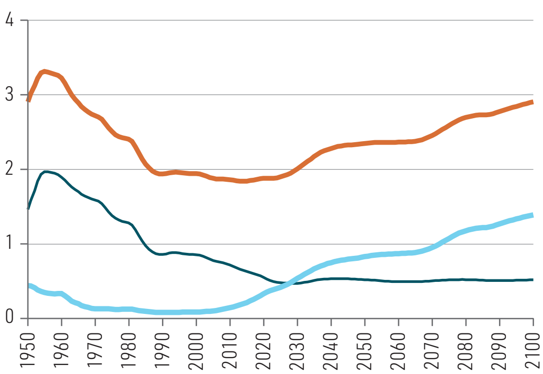
U. Saint Lucia



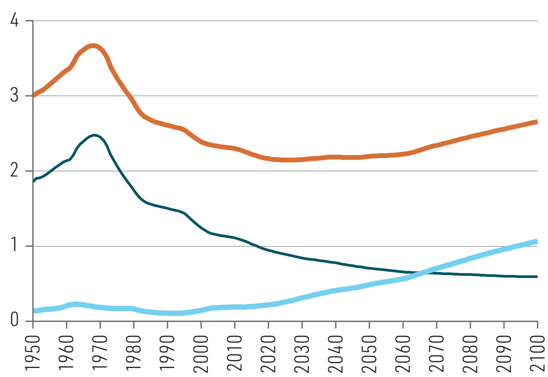
V. Saint Vincent and the Grenadines



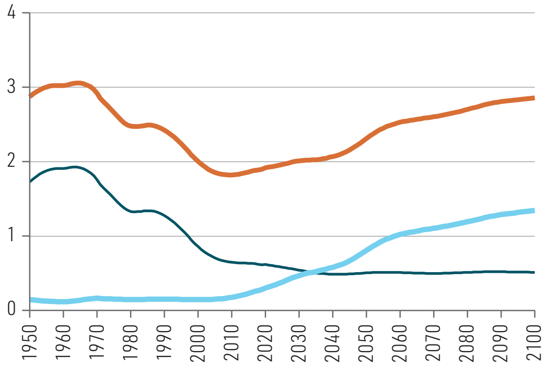
W. Sint Maarten (Netherlands part)



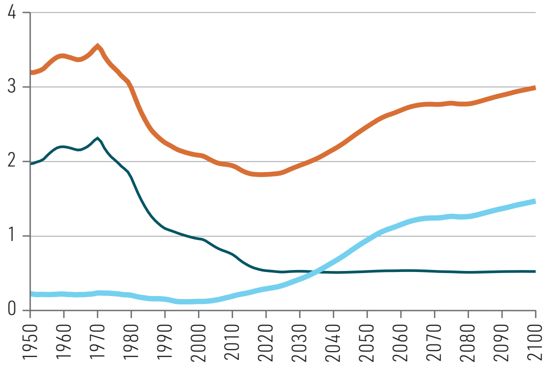
X. Suriname



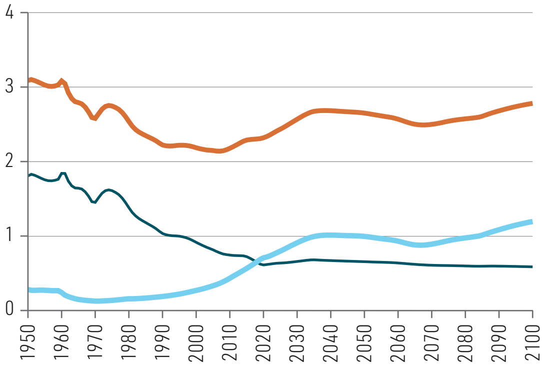
Y. Trinidad and Tobago



Z. Turks and Caicos Islands



AA. United States Virgin Islands



Total care unit — Care unit (ages 0–14) — Care unit (age 65 and over)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, *World Population Prospects 2024: Summary of Results*, New York, 2024; M. Durán, *El trabajo no remunerado en la economía global*, Bilbao, BBVA Foundation, 2012.

Note: The care unit refers to the total care unit demanded by each age group, according to Durán's scale (2012), divided by the population aged 15–64. The total care unit represents the sum of the care units aged 0–14 years, 15–64 years and 65 and over, divided by the total number of people aged 15–64.

The growing demand for care in the region, together with demographic changes and countries' unequal level of development, has given rise to the phenomenon of global care chains. This concept refers to the transnational flow of care work, mainly carried out by migrant women. Migration processes and the care crisis are intertwined, generating complex dynamics that affect workers' origin and destination countries alike (Hochschild, 2000; Ehrenreich and Hochschild, 2003; Parreñas, 2001; Hondagneu-Sotelo, 2001). As the feminization of care is naturalized, together with the feminization of migration, migrant women become closely linked with the care sectors, as they replace native-born women in these tasks and facilitate the social reproduction of destination countries. In turn, migrant women must delegate caregiving in their countries of origin or provide care remotely, which translates into a reorganization of care in their own families and communities.

Care activities are in high demand and have lower access barriers than other areas of work, which makes them a gateway into the world of work for migrant women. They often have no contracts, and generally receive low wages (ECLAC, 2023a; Valenzuela, Scuro and Vaca Trigo, 2020). Migrant women who belong to historically excluded groups are those most exposed to rights violations in their working lives, and experience discrimination, exploitation and abuse. Occupational mobility in the care sector is limited. Even if migrant women have the necessary skills to support mobility, prejudice, lack of networks, discrimination and difficulty in validating degrees and certifying skills make it difficult for them to achieve better working conditions or better jobs.

Working conditions in the paid care sector, where migrant women find a niche, make them an even more vulnerable group within this occupation. Normatively speaking, the Domestic Workers Convention, 2011 (No. 189) of the International Labour Organization (ILO), which 17 countries in the region have ratified, encourages members to comply with measures to ensure the effective promotion and protection of the human rights of all persons engaged in domestic employment, including measures relating to decent work. However, the majority of women engaged in paid domestic work have an informal employment status (Gontero and Velásquez, 2023). This means that, despite progress in the legal protection of the conditions of paid domestic work, in practice the challenges to effective protection remain. Having a written contract is one of the most basic conditions for ensuring fulfilment of the rights of persons engaged in paid domestic work. In the case of migrant women, the difficulty of securing a written contract is amplified by the restrictions on immigration regularization, which is a requirement for formal work.

Even with all the difficulties in achieving decent work for persons in paid domestic employment, it is still an area with high demand and too little supply, especially in countries with higher income levels in the region. Hence the growing relevance of global care chains and the need for female migrant population in care activities. According to the data collected, care-related migratory corridors have developed in the region, connecting neighbouring countries to meet care demands (ECLAC, 2019a; Valenzuela, Scuro and Vaca Trigo, 2020). The analysis of global care chains tends to focus on domestic work owing to the concentration of migrant women in this activity.[7] The tasks that may be understood as included in domestic work are not well delimited, so they often involve —sometimes complex— care work, such as looking after chronically ill people or administering medication (ECLAC, 2023a). Accordingly operational collection and analysis of data on care must include all related activities, beyond paid domestic work. This need is exemplified by the concern of Caribbean countries over the emigration of skilled health personnel, mainly to Canada, the United Kingdom and the United States. As reflected in studies carried out in Barbados (Jones, 2022) and Trinidad and Tobago (Parreñas, 2015), in addition to widening the deficit of health professionals in their countries of origin, this emigration is also associated with the underutilization of the workers involved, who are often employed in lower-skilled jobs in destination countries.

2. Heterogeneity in the older population and long-term care needs: the effects of demographic and epidemiological shifts

The population aged 80 and over, the oldest group and the one with the greatest demand for care and support, is increasing at a faster rate than the population aged 65 and over (see figure III.10). In 1950, the population aged 80 and over represented under 0.5% of the regional population. As the demographic transition has advanced, this group has increased steadily and currently represents 2% of the region's total population. In the coming decades this percentage is projected to continue growing, to reach 5% of the population in 2050 and 10% in 2075. Throughout the period analysed, the femininity index, which measures the number of women per 100 men, remains consistently above 100 in both age groups. Because of women's higher survival rates, female predominance is even greater in the population

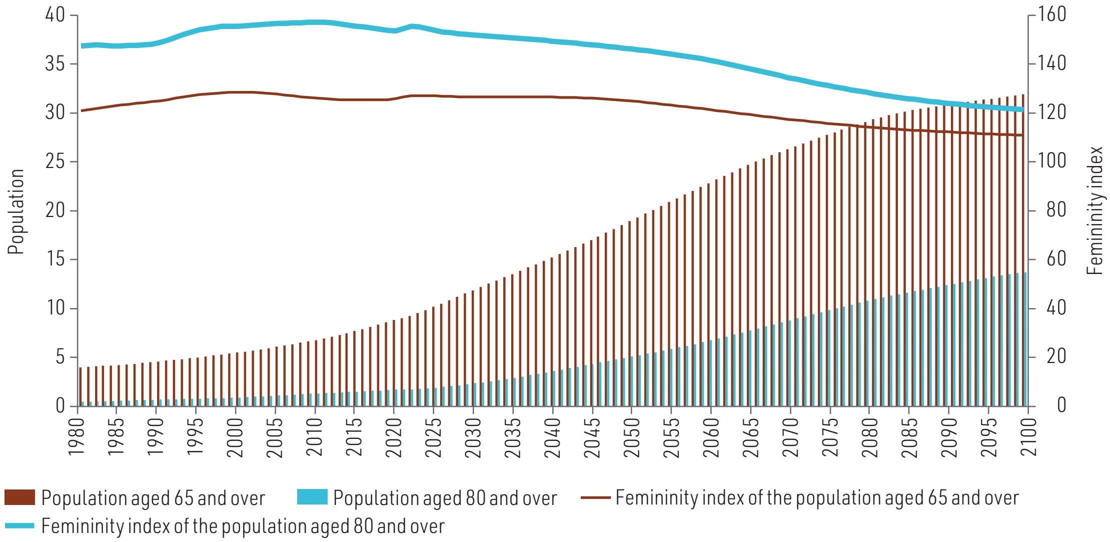
7 For example, in the case of Costa Rica, a country with high immigration, 31.3% of immigrant women report engaging in paid domestic employment, contrasting with 11.1% of native-born women. See Economic Commission for Latin America and the Caribbean (ECLAC), Household Survey Data Bank (BADEHOG).

aged 80 and over, which in 2024 posted a femininity index of 154 women per 100 men. Projections show this indicator decreasing slightly in the coming decades, but always remaining above 125 women per 100 men. Taking into account the persistent gender inequalities in the design of the region's pension systems, reflecting inequalities originating in the labour market, non-contributory pension systems will be very important within the framework of strengthened comprehensive pension systems, as will policies for strengthening universal health systems, with a most robust function for the public sector.

Figure III.10

Latin America and the Caribbean (47 countries and territories):[a] population aged 65 and over and 80 and over and femininity index of these two groups, 1980–2100

(Percentages of the total population and number of women per 100 men)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, *World Population Prospects 2024: Summary of Results*, New York, 2024.

[a] The Caribbean: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, British Virgin Islands, Cayman Islands, Caribbean Netherlands, Curaçao, Dominica, Dominican Republic, Grenada, Guadeloupe, Jamaica, Martinique, Montserrat, Puerto Rico, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Sint Maarten (Netherlands part), Trinidad and Tobago, Turks and Caicos Islands, and United States Virgin Islands. Central America: Belize, Costa Rica, Cuba, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua and Panama. South America: Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Ecuador, French Guiana, Guyana, Paraguay, Peru, Plurinational State of Bolivia, Suriname and Uruguay.

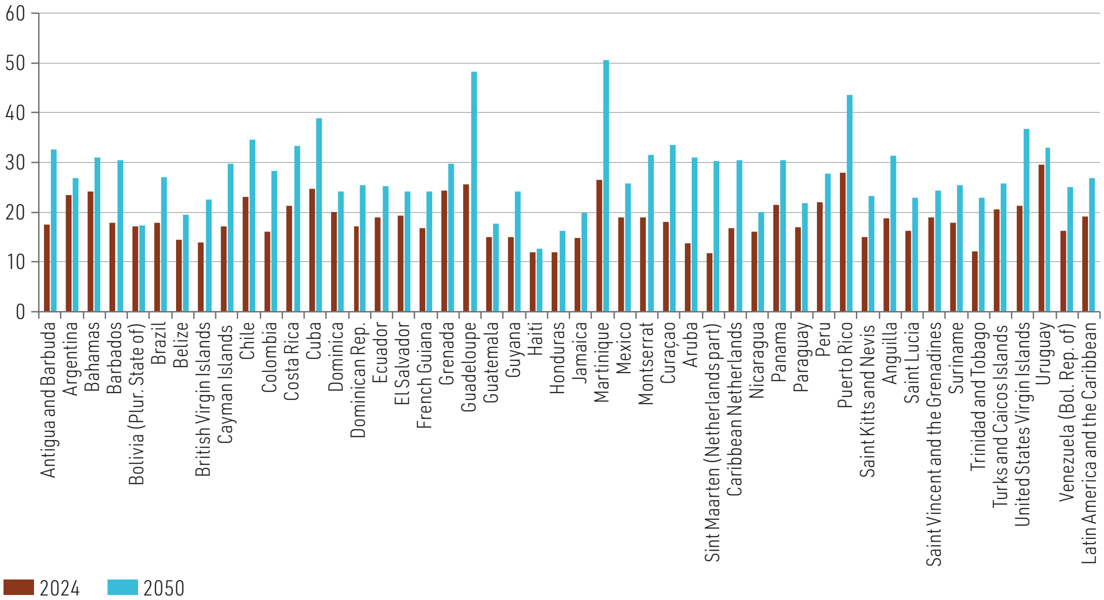
In the ageing process, women are more likely to need long-term care than men given their longer life expectancy. The problem is that the feminization of ageing brings with it worse health in the latter years of life, with the implications of physical and economic dependence that this entails (PAHO/ECLAC, 2023; ECLAC, 2022a and 2022c).

The increase in the proportion of people aged 80 years and over in the total number aged 65 years and over is uneven among the countries of Latin America and the Caribbean. Although in 2024 this proportion is 19% for the region overall, 16 countries and territories have over-80 populations above that value, with Puerto Rico (28%) and Uruguay (30%) standing out. At the other extreme, Haiti and Honduras, which are at the incipient and moderate phases of ageing, respectively, have the lowest relative proportions, at 12% in both cases. In 2050, this proportion will be much higher at the regional level (27%) and several countries will have values over 35%, while in countries with lower relative proportions, it will be between 13% and 20% (see figure III.11).

Figure III.11

Latin America and the Caribbean (47 countries and territories):[a] population aged 80 and over, 2024 and 2050

(Percentages of the total population of older persons)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, *World Population Prospects 2024: Summary of Results*, New York, 2024.

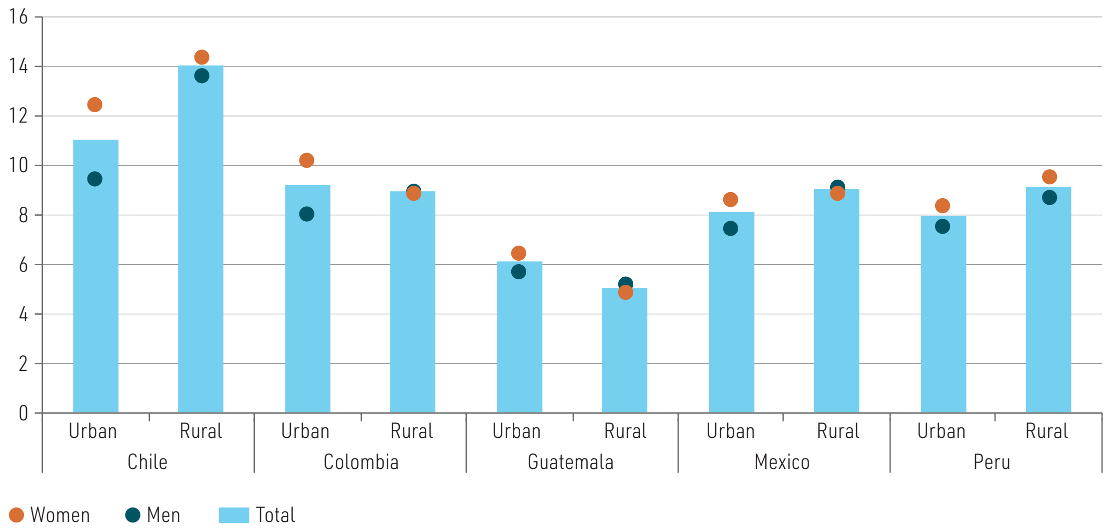
[a] The Caribbean: Anguilla, Antigua and Barbuda, Aruba, Bahamas, Barbados, British Virgin Islands, Caribbean Netherlands, Cayman Islands, Curaçao, Dominica, Dominican Republic, Grenada, Guadeloupe, Jamaica, Martinique, Montserrat, Puerto Rico, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Sint Maarten (Netherlands part), and Trinidad and Tobago, Turks and Caicos Islands, and United States Virgin Islands. Central America: Belize, Costa Rica, Cuba, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua and Panama. South America: Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Ecuador, French Guiana, Guyana, Paraguay, Peru, Plurinational State of Bolivia, Suriname and Uruguay.

On average, the population aged 80 and over exhibits higher levels of dependency and disability than the population aged 65 to 79, which translates into greater needs for support, assistance and care. In particular, women, who have a higher life expectancy and survival rate than men, are overrepresented among older persons, especially in the group aged 80 and over, which leaves them at risk of being both caregivers and needing care until an advanced age in the absence of accessible and effective public care systems (ECLAC, 2022c; Montes de Oca, 2023). Given the deficit of contributory mechanisms to generate adequate insurance for access to care services, non-contributory social protection policies linked to comprehensive care policies play a fundamental role.

The trend of the ageing process at the national scale masks differences in the distribution of older persons by territory, an axis of the social inequality matrix (ECLAC, 2016) and the subject of chapter G of the Montevideo Consensus on Population and Development. In some countries in the region, rural areas have older populations, mainly owing to selective rural migration to urban areas, as the working-age population is the most likely to move, leaving older persons in rural areas (ECLAC, 2022c; Rodríguez, 2017). In countries such as Chile and, to a lesser extent, Mexico and Peru, the percentage of people aged 65 and over is higher in rural areas than in urban areas. In other countries, such as Guatemala and Colombia, the opposite is true (ECLAC, 2022c; PAHO/ECLAC, 2023). In short, the urbanization process had led to the majority of the population (including older persons) living in urban areas, but premature population ageing is occurring in rural areas, which in some countries have older populations than urban areas (see figure III. 12). According to data from the few countries with available censuses from the 2020 round, this effect has intensified in recent years.[8]

[8] According to the calculations by the authors on the basis the flow indicator matrix available in Mexico, internal migration increased the percentage of persons aged 60 and over in municipalities without cities of 20,000 inhabitants or more (a proxy for rural areas) by 0.69%, 0.48% and 1.24% in the five-year periods 1995–2000, 2005–2010 and 2015–2020, respectively, while in Panama this percentage increased by 1.6%, 4% and 5% in the five-year periods 1995–2000, 2005–2010 and 2018–2023, respectively.

Figure III.12
Latin America (5 countries): persons aged 65 and over, by urban and rural area, 2020 census round
(Percentages of the total population)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Household Survey Data Bank (BADEHOG).

Rural areas suffer from social and economic disadvantages, so older persons living there, particularly very old persons, have less access to basic services and more complex health services (ECLAC, 2022c; PAHO/ECLAC, 2023). This is even more marked among older persons who are Indigenous and live in far-flung rural areas, away from urban centres with more hospital or services infrastructure. Likewise, as a result of internal migration, many people of working age who could provide care have migrated from rural to urban areas, so older persons, especially those with some type of disability or a high degree of dependency, such as those who are bedridden, cannot necessarily rely on long-term care services. Where these services are offered, they tend to be provided by other older persons, mainly older women who care for their partners or parents in the 80-and-over age group.

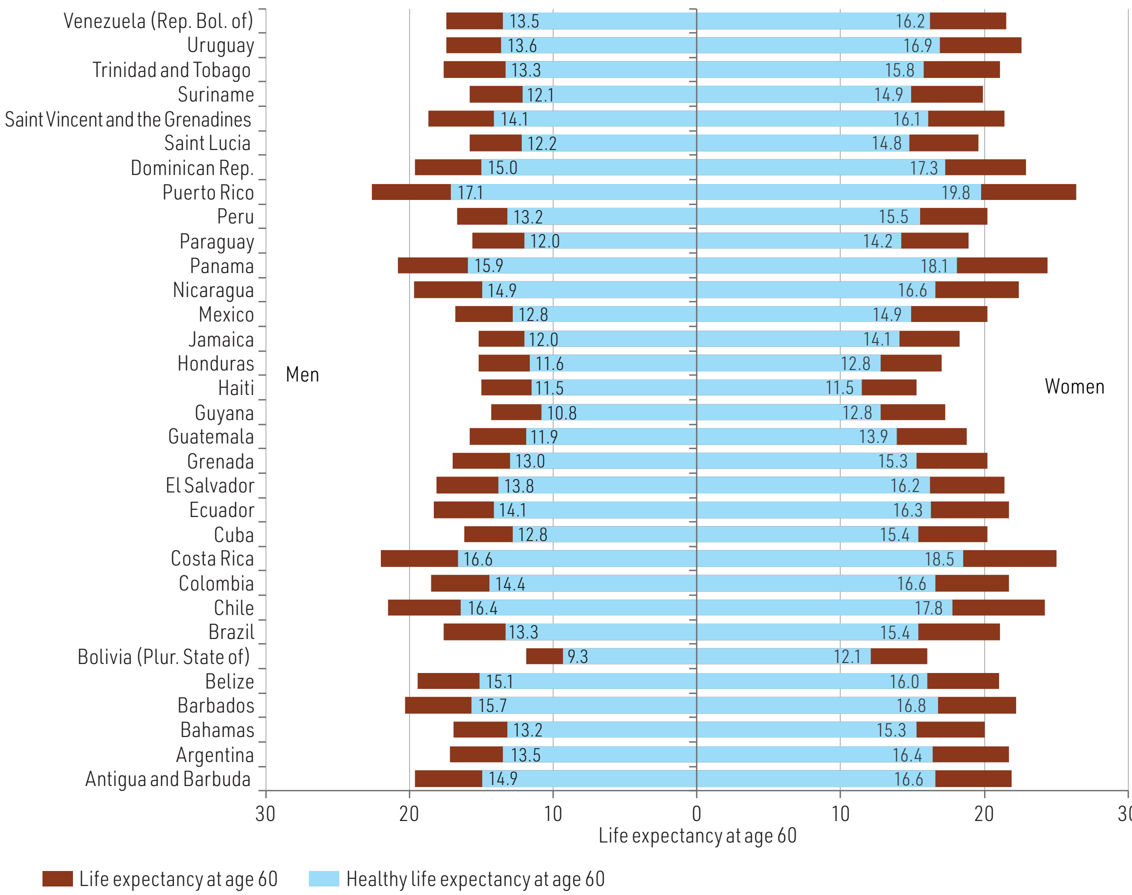
Another important aspect to consider is the marital status of older persons, of whom a larger proportion have been widowed (ECLAC, 2017c and 2019b). Once again, it is women, of all ages but mainly those aged 80 and over, in both urban and rural areas, who are most commonly widows (PAHO/ECLAC, 2023). The case of men is different, as most are married or in conjugal unions, regardless of age and area of residence. Being single at older ages can increase the likelihood of living alone at home. The percentage of older persons living alone has been on the rise in recent decades, with a marked urban-rural difference in the distribution. Likewise, in the five countries with recent data available, it is more common for both older men and older women to live alone in the countryside than in urban areas (Huenchuan, 2018). The numbers of people living alone, especially highly-dependent persons and those aged over 80, is evidence of the need and urgency of strengthening institutional care services, as they do not necessarily have care support from family or friends.

Another driver of long-term care requirements, especially among older persons, is the steady increase in the relative frequency of chronic and limiting diseases or conditions (ECLAC, 2010a). In 2019, the gap between life expectancy and healthy life expectancy at age 60 makes it likely that a significant portion of persons aged over 80, especially women, will have a disability of some kind. Accordingly, long-term care services need to be set up as of now.[9] Women have a longer life expectancy at age 60 than men and indeed a longer healthy life expectancy at that age, but nevertheless they have

[9] Data after 2019 were not used owing to the effect of the coronavirus disease (COVID-19) pandemic, which temporarily altered the levels and patterns of life expectancy at birth and at age 60 (ECLAC, 2022b).

more years of unhealthy life ahead of them than men. As a result, women face a larger proportion of their lives in unhealthy conditions after age 60, associated, among other things, with a greater risk of losing functional capacity, especially at older ages (PAHO/ECLAC, 2023). Their care needs therefore intensify and it becomes more likely that the care they continue to provide when they are older will be undertaken in conditions of poor health, which exacerbates gender inequalities among older persons (see figure III.13).

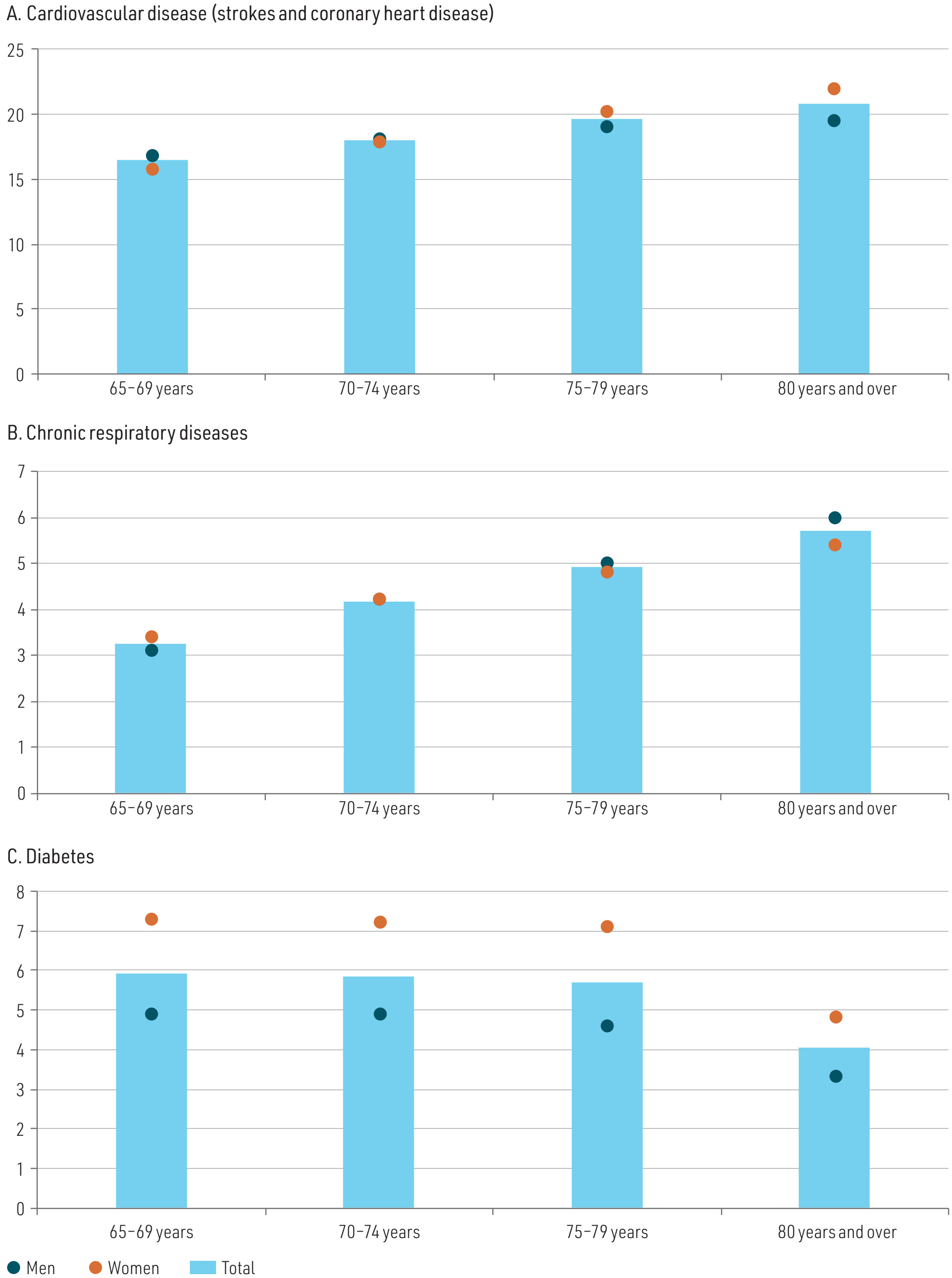
Figure III.13
Latin America and the Caribbean (32 countries): life expectancy and healthy life expectancy at age 60, 2021
(Years)



Source: World Health Organization (WHO), "Life expectancy and healthy life expectancy" [online] https://www.who.int/data/gho/data/themes/topics/indicator-groups/indicator-group-details/GHO/life-expectancy-and-healthy-life-expectancy.

Higher morbidity rates among older persons, especially at more advanced ages, are one of the reasons why they have greater care requirements. Figure III.14 shows, first, that people aged 65 and over in the region suffer in greater proportions from cardiovascular disease (strokes and coronary heart disease). Chronic respiratory diseases figure in lower numbers but also afflict a significant proportion of the older population, as does diabetes. Second, as shown in figure III.14, at older ages both prevalence and comorbidity also increase, which increases requirements for support and care, particularly in the population already suffering symptoms or disabilities owing to the effects of these diseases. In the case of diabetes, prevalence is higher in women.

Figure III.14
Latin America and the Caribbean (36 countries and territories):[a] older persons (age 65 years and over), by selected chronic diseases, around 2021
(Percentages)



Source: Institute for Health Metrics and Evaluation (IHME), "GBD Results", Seattle, 2021 [online] https://vizhub.healthdata.org/gbd-results/.
[a] The Caribbean: Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, Cuba, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Puerto Rico, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, and United States Virgin Islands. Central America: Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua and Panama. South America: Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Plurinational State of Bolivia and Uruguay.

From the paradigm of social inclusion and a rights-based approach, the causes of disability are located in the social and physical environment and, therefore, the deficiencies, barriers and exclusions associated with disability are not the result of individual characteristics, but rather of the cultural context in which they occur (ECLAC, 2024). In this paradigm, persons with disabilities must be guaranteed the right to social protection, as provided in the Convention on the Rights of Persons with Disabilities. This serves to ensure that income security is guaranteed, disability-related expenses are covered, and the effective participation of persons with disabilities is supported (Bietti, 2023). To make this possible, countries should establish systems that offer measures, actions, tools and incentives that truly enable the inclusion of persons with disabilities in society (Bietti, 2023, p. 22). Inclusive social protection systems should include reasonable accommodations to adapt to particular situations, taking into account the specific needs and expenditures associated with disability. With this in mind, it is very important that social protection policies and programmes genuinely contribute to the empowerment, participation and inclusion of persons with disabilities (Bietti, 2023).

In this sense, non-contributory social protection can serve as a central pillar for bringing down the barriers faced by persons with disabilities and their families. Programmes of this sort contribute to income security and provide access to social and support services, care (when needed) and coverage of disability-related expenditures (Ullmann and others, 2021).

The probability of having a disability increases with age, so there is a higher proportion in this situation among older persons (ECLAC, 2022c) (see box III.2). As shown in figure III.15, prepared with census data from the 2020 round, the proportion of persons with disabilities increases significantly in the age group 80 and over, with women predominating. Disability prevalence in the population aged 80 and over ranges between 31% in Guatemala and 45% in Mexico, and it is higher among women. For example, in Mexico and Panama, women aged 80 and over who have some type of disability outnumber men in the same circumstances by 4 percentage points. Unless these prevalence rates[10] change in the coming decades, the number of persons aged 80 and over with disabilities in Colombia will increase from 244,000 in 2024 to double that in 2035, while in Guatemala and Panama it will increase from 41,000 and 38,000 in 2024 to 84,000 and 75,000, respectively, in 2038. The rate in Mexico will double by 2040. Therefore, within some 15 years, these countries could be facing twice the demand for intensive long-term care for persons with disabilities aged 80 and over. This jump in demand comes on top of these countries' ongoing need to resolve care for the child population and the population with disabilities of other ages, which will generate enormous pressure on social protection systems.

[10] Disability prevalence rates are comparable between countries because, with some minor differences, they follow the same international recommendations for measuring disability in censuses (ECLAC, 2019b; Washington Group on Disability Statistics, 2017). These involve a short list of questions that cover the following six domains: (i) difficulty seeing, even if wearing glasses; (ii) difficulty hearing, even if using a hearing device; (iii) difficulty walking or climbing steps; (iv) difficulty remembering or concentrating; (v) difficulty with self-care (washing, dressing); and (vi) difficulty communicating using the usual language. The following four response alternatives are proposed: (i) cannot do it at all; (ii) a lot of difficulty; (iii) some difficulty; and (iv) no difficulty. The Washington Group on Disability Statistics recommends counting as persons with disabilities those who select the response (i) or (ii) in at least one of the domains. This enables the calculation of prevalence and differential participation for international reporting purposes and comparisons between countries.

Box III.2

Colombia: a higher prevalence of disability in the older population

In Colombia, the National Administrative Department of Statistics (DANE) uses two data sources to estimate disability prevalence: the National Population and Housing Census and household surveys.[a] According to the National Quality of Life Survey, it was estimated that the population with disabilities made up 5.2% of the population aged 5 years and over in 2023, or 2.5 million people. The proportion of persons with disabilities is seen to be significantly higher in the older population: 30.3% of people aged 75 years and over have a disability, compared with 10.3% of those aged 60–74; while in younger age groups the rate is under 6%. The domain with the highest prevalence is "moving the body, walking or going up and down stairs", which corresponds to 43.9% of persons with disabilities. Among the population reporting this type of disability, there is a group that may not be accessing technical support mechanisms (items or implements necessary to improve or recover functionality, therapies or medications that allow them to lead as independent and autonomous a life as possible). Furthermore, this population is still affected by persistent exclusion barriers (infrastructure, contextual or social),[b] which leads to a high demand for unpaid care provided mainly by women in the home.

Some persons with disabilities must necessarily receive direct support and care if they are to avoid a situation of dependency. In 2020, 34.9% of persons with disabilities requiring care received support from someone in their household, 4.3% received unpaid care from someone from another household and 2.1% received paid care from a person from another household. Furthermore, 5.5% of persons with disabilities are alone even if they require care (DANE, 2022, p. 41). Among those who provide care for the population with disabilities at home, 82.1% are women and 17.9% are men. The need for care affects caregivers' time and access to paid work; this is reflected in the fact that 29.1% of those providing unpaid care to persons with disabilities in their home had to give up paid work to devote themselves to this task (DANE, 2022).

Furthermore, women experience different forms of disability more intensely, and show higher prevalence of disability than men, even more so in the case of older women. According to the indicator "disability-related life years lost", women lose the equivalent of 3.5 years of life owing to difficulty moving, walking or going up and down stairs, while men lose around 1.4 years to this cause.[c]

Source: National Administrative Department of Statistics (DANE), "Nota Conceptual. Evento paralelo en el marco de la Quinta Conferencia de Población y Desarrollo 2024 'Cambio demográfico, equidad intergeneracional y sostenibilidad de sistemas de protección social en ALC considerando los Análisis de Situación de Población – ASP'", Cartagena de Indias, 2024; *Nota estadística: estado actual de la medición de la discapacidad en Colombia*, Bogotá, 2022.

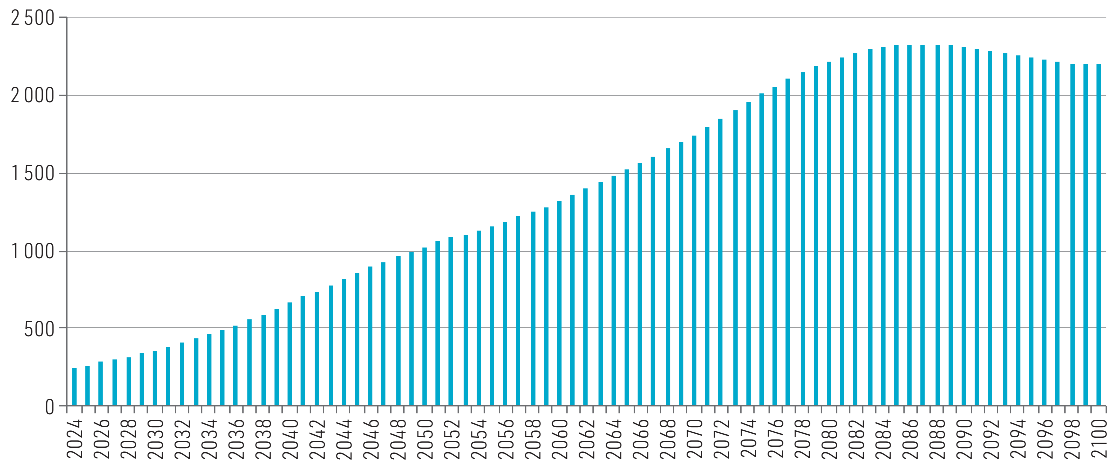
[a] In these statistical projects, disability is identified by means of a short set of questions that enquire about four levels of difficulty in around eight domains of functionality, in accordance with the guidelines of the Washington Group on Disability Statistics. Persons with disabilities are identified as those who cannot do the activity at all or have great difficulty doing it (DANE, 2022).

[b] The barriers that affect the population with disabilities are clearly expressed in labour market indicators: in 2023, the employment rate of working-age persons with disabilities was 22.0%, 37.7 percentage points less than the rate for without disabilities (59.7%), according to the Major Integrated Household Survey.

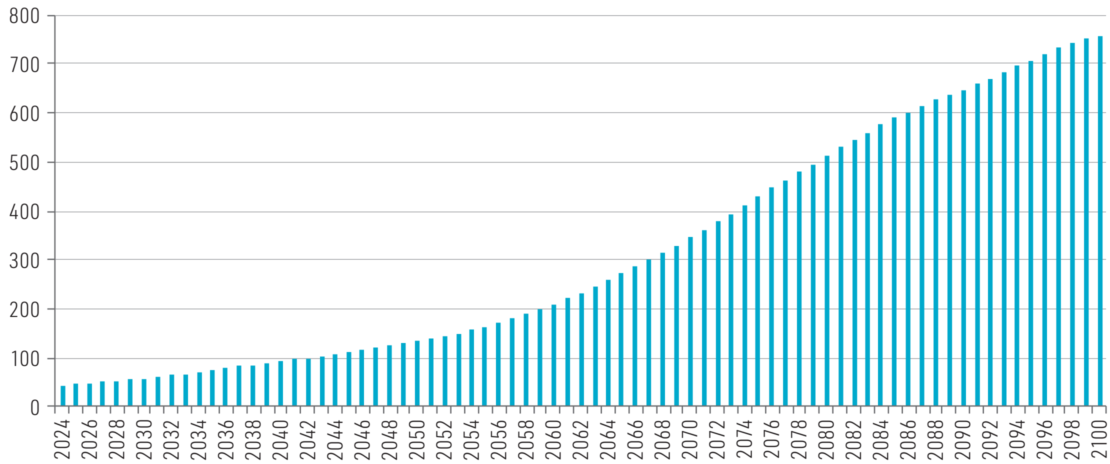
[c] In 2023, life expectancy at birth was 74.48 years for men and 80.13 years for women.

Figure III.15
Latin America (4 countries): population aged 80 and over with a disability, 2024–2100
(Thousands of persons)

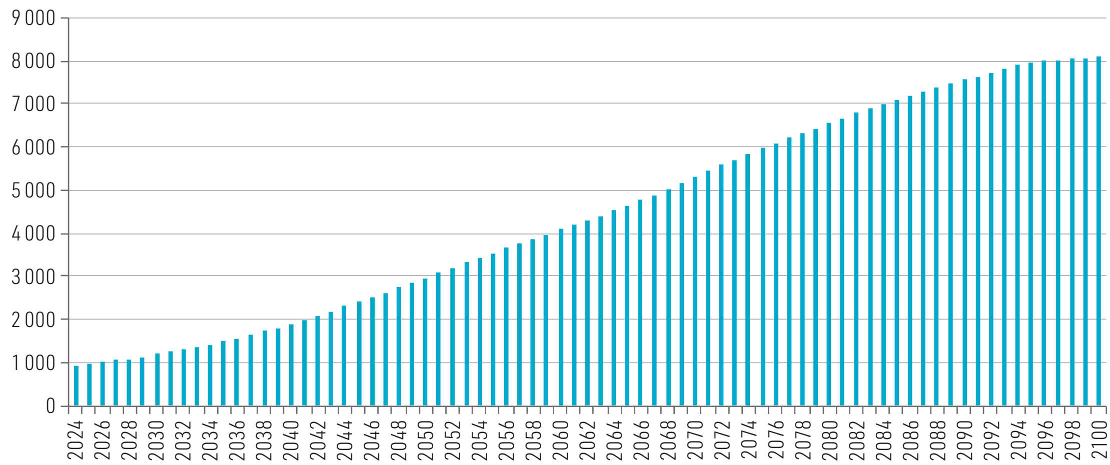
A. Colombia



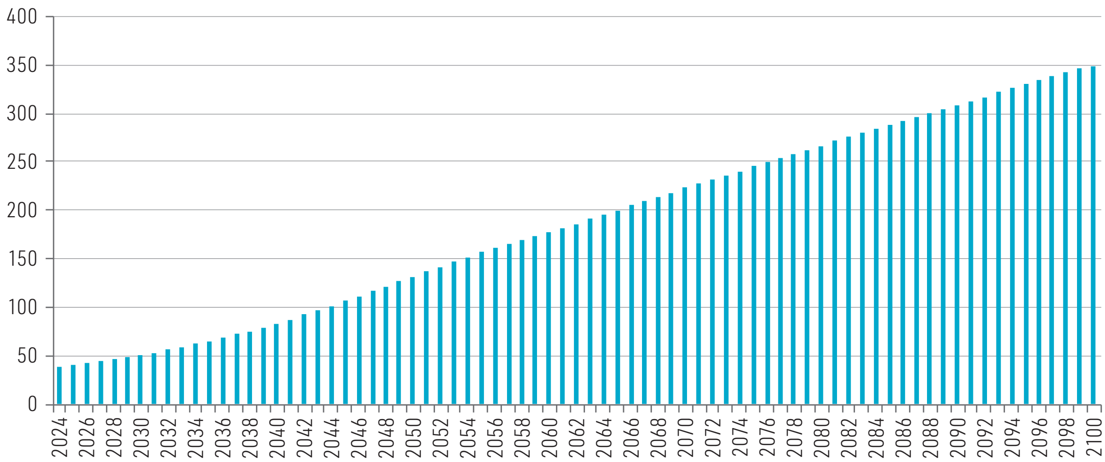
B. Guatemala



C. Mexico



D. Panama



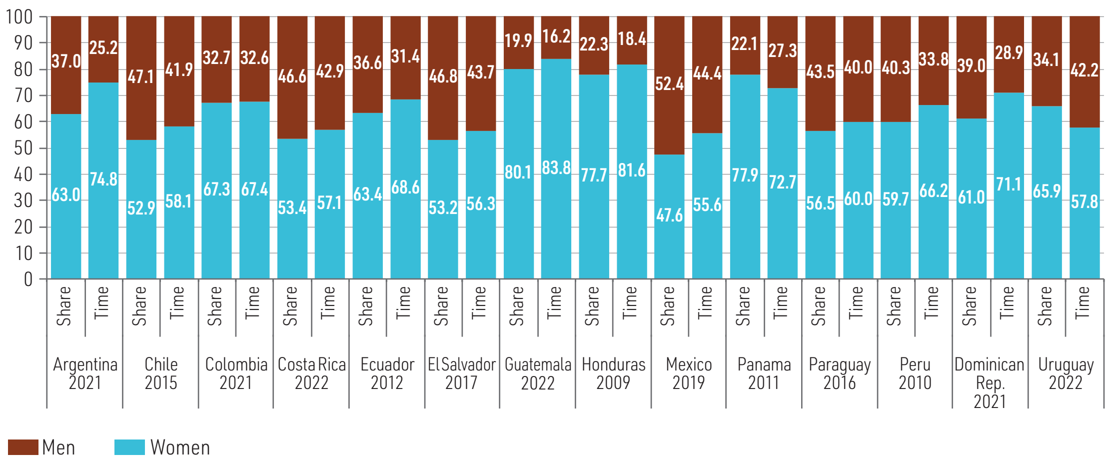
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of United Nations, *World Population Prospects 2024: Summary of Results*, New York, 2024; and census microdata from the respective countries.

3. The sexual division of labour in old age

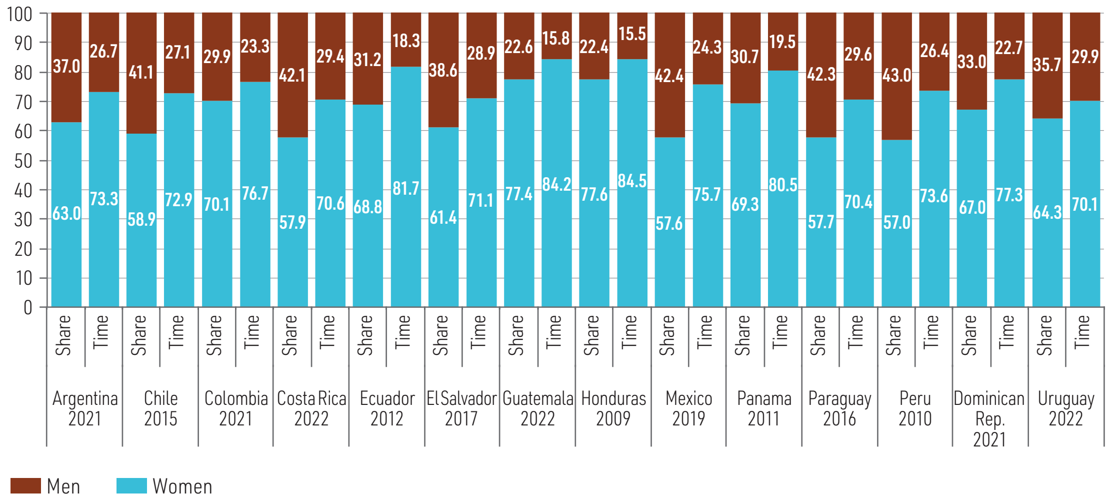
Patterns of inequality in the organization of domestic and care work in homes continue into old age. Data from time-use measurements show that older women continue to take on a greater share of unpaid work and caregiving and devote more time to it than men. In most countries, women over 65 years of age perform the majority of care work compared to their male peers. In some countries, such as Argentina, the Dominican Republic, Guatemala, Honduras and Panama, over 70% of the time needed for care is spent by women over age 65. Although the distribution of both share and total care time often becomes more equitable after working age (15–64 years), patterns of unequal distribution also remain between men and women over age 65 (see figure III.16).

Figure III.16
Latin America (14 countries): share distribution and time devoted to caregiving, population aged 65 and over and working-age population (15–64 years), by sex
(Percentages)

A. Population aged 65 and over



B. Working-age population (15–64 years)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Repository of information on time use in Latin America and the Caribbean.

Note: Given the heterogeneity of data sources, which precludes comparison between countries, the purpose of this graph is to show the trends within each country.

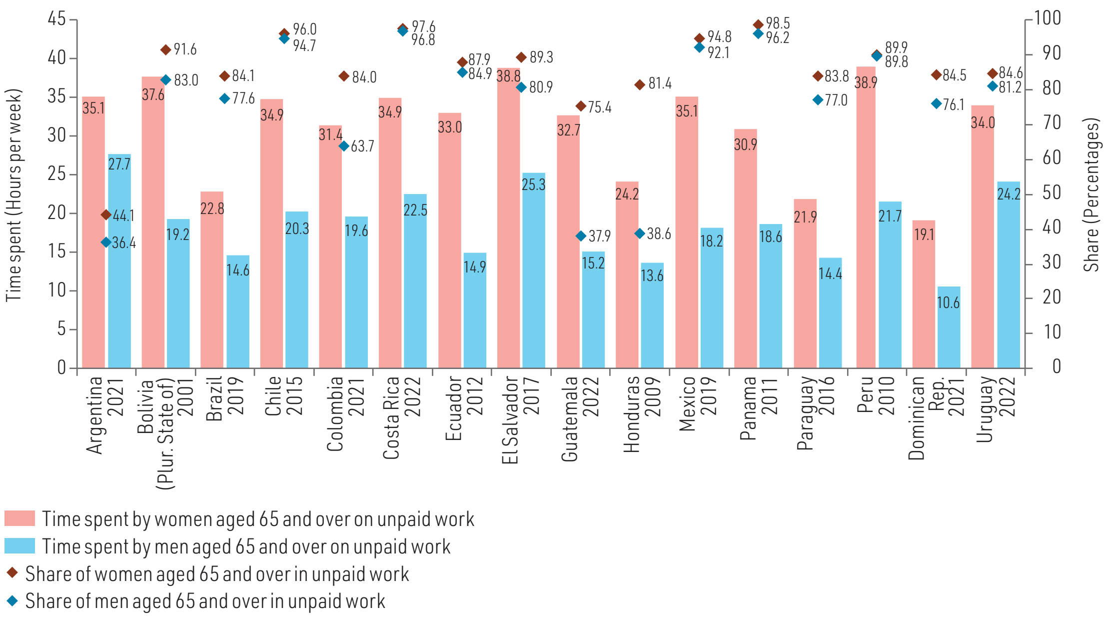
As seen in figure III.17, after age 65, women continue to spend over 30 hours per week to unpaid work. Some of the care and domestic work tasks they perform are strenuous and highly physically demanding, which implies ergonomic risks that affect the body and health, such as awkward postures, repetitive movements, heavy lifting and lack of rest (Osinuga and others, 2021). This type of work, which is usually performed in the private sphere and often in isolation, negatively affects older women's health and well-being. Hence the need for policies aimed at improving income during old age, as well as policies supporting respite, rest and leisure for this population. Countries have developed a series of social protection policies to address this latent need of a growing population in the region, including strategies to care for the older population and to support ageing and make it community-supported. Examples of this are the design and implementation of sheltered housing communities, day and long-stay centres, and community care centres, which allow people in similar situations to meet up, while also relieving caregivers who perform these tasks in the home.

This unequal burden of unpaid work in old age could be affected by the availability of people to provide care as a result of demographic and organizational changes in households and families (see box III.3). As well as the greater demand for and complexity of caregiving caused by the demographic transition and the scarcity of public care provision for early childhood, adolescence and older persons, a further challenge puts more pressure on States to create and strengthen services to meet the needs of the population aged 80 and over: the demand for new types of more complex care for this population.

Figure III.17

Latin America (16 countries): share and time devoted to unpaid work,[a] population aged 65 and over, by sex

(Percentages and hours per week)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Repository of information on time use in Latin America and the Caribbean.

Note: Given the heterogeneity of data sources, which precludes comparison between countries, the purpose of this graph is to show the trends within each country.

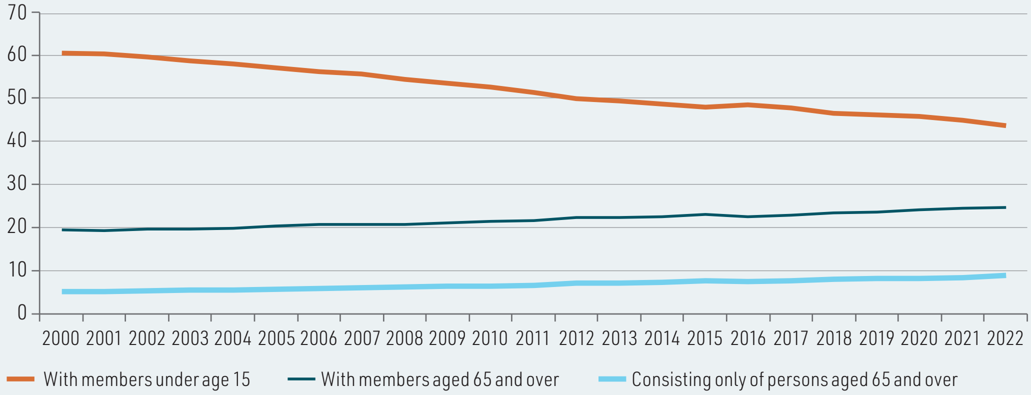
[a] Unpaid work includes unpaid domestic and care work.

Box III.3

Demographic shifts and changes in caregiving in families and households

While care requirements are driven directly by the population and its characteristics, the provision of care may be organized socially in different ways and through combinations of different institutions, such as the State, the family, the market and the community (including civil society organizations). In the case of families, much of the care they provide is delivered in the home, by their nature as a place of co-residence. Of course, family-based care exists outside the home, just as care is provided in households to co-residents who are not family members. Be that as it may, falling fertility rates have significantly reduced child and adolescent care requirements in the home, owing to both the reduction in the number of children and adolescents under age 15 in households, and to the decrease of the number of households with children and adolescents of that age, from 60.4% in 2000 to 43.6% in 2022. The drop in fertility is also associated with a rise in women's labour market participation. This —representing an evident achievement from the point of view of women's advancement and a financial contribution for households— makes the traditional care model based on women's unpaid work all the more unsustainable. At the same time, the increase in life expectancy and population ageing raises the requirements for care of older persons. In fact, the percentage of households with members aged 65 and over in Latin America rose from 19.4% in 2000 to 24.7% in 2022, and households composed only of older persons increased from 5.1% to 8.8% of total households between those two years. Thus far, these trends have tipped the balance towards a reduction in care requirements at the household level. This is clearly expressed in the increase in the proportion of households without children and adolescents under age 15 or older persons over age 64, which went from 26.6% in the region in 2000 to 36.5% in 2022. But this is changing as population ageing increases the proportion of households with older persons and with it the care burden at the household level.

Latin America (18 countries):[a] households with children and adolescents under age 15, with members aged 65 and over, and consisting only of persons aged 65 and over, 2000–2022
(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Household Survey Data Bank (BADEHOG).
[a] Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru, Paraguay, the Plurinational State of Bolivia, and Uruguay.

Regional values and trends are quite different in the different countries. In 2022, households consisting only of older persons represented 14% and 16% of households in Argentina and Uruguay, respectively, but only 4.8% and 5.5%, respectively, in Paraguay and Honduras. The differences are less marked for households that have older persons as members, varying between 20.6% in Paraguay and 31.6% in Uruguay. In the case of households with children, the distribution ranges from 35% in Uruguay to 59% in Honduras.

These results should be complemented using other analyses. First, the decrease in childrearing demands is consistent with poverty levels, which affect children and adolescents the most, so particular efforts are warranted for group. Persistent reproductive inequality explains much of high child poverty, which implies that sexual and reproductive health policies, together with the expansion of non-contributory social protection systems, benefit the exercise of women's rights, poverty reduction and care time per child in the household. Second, there is more uncertainty surrounding the evolution of the age structure of households, which depends fundamentally on factors such as the patterns of household formation, dissolution and make-up, which are more difficult to project than the age structure of the population. Third, care requirements depend not only on age, but also on other factors, such as health and disability status, so estimates should be considered as partial orders of magnitude. And fourth, early unions and adolescent maternity, which are still prevalent, generate special requirements for care by children and adolescents and by households headed by the adolescents and young people who take on this responsibility, often in precarious conditions. Social protection and care systems must consider this diversity of situations, particularly via the non-contributory channel, in order to be efficient and adjust better to the needs of the population.

Lastly, declining fertility and rising longevity affect families and their options for caregiving in other ways, including a reduction in the size and greater verticality of kinship networks. In other words, different generations will coexist and the age spread of these networks will increase, such that the adult generation in the middle will be faced with a confluence of care requirements from both their parents (older persons) and their offspring (children and adolescents), with fewer contemporaries to share the burden of these requirements. This point was noted by Durán (2014), who voiced concern over the unsustainability of the traditional care model associated with the family as the main provider of care and women as the main caregivers, which is incompatible with gender equality and growing female labour participation.

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of D. Alburez-Gutierrez, I. Williams and H. Caswell, "Projections of human kinship for all countries", *Proceedings of the National Academy of Sciences*, vol. 120, No. 52, Washington, D.C., National Academy of Sciences (NAS), 2023; M. Durán, "El desafío de la dependencia en una proyección de futuro", *Documentación Laboral*, No. 102, Madrid, Spanish Association of Labour Law and Social Security (AEDTSS), 2014.

The few policies on recognition of care work that have been included in social protection systems in Latin America and the Caribbean have been implemented through measures related to maternity; it is therefore necessary to take a broader approach to caring for diverse dependent populations and to the burden of unpaid domestic work. Social protection systems must also recognize the burden of caring for grandchildren and dependent persons in households, which continues after retirement age. In this vein, it is essential to develop universal, comprehensive, sustainable and resilient social protection systems, which ensure sufficient entitlements during old age in both contributory and non-contributory pension systems. This would recognize the work and contribution to the economic system —whether remunerated or not— made throughout life.

It is also imperative to adopt policies to reduce time needed for care during old age, in order to relieve women of all ages —but especially those of retirement age—of care work. In this sense, comprehensive care policies and systems aimed at the older population must be developed in the framework of non-contributory social protection policies. This will allow States to contribute to the redistribution of care work, partly by shifting functions and taking responsibility for care that has hitherto fallen to households, especially to women, and partly by promoting community-based ageing, precluding isolation and taking a comprehensive approach to older adulthood, considering the fact that, although it is a population that increasingly needs more care, it is also one that provides care.

C. Long-term care in old age

Population ageing and, above all, the increase in the proportion of the population aged 80 and over, requires expanded social protection systems and stronger long-term care services. Formal provision of these in the region is woefully insufficient and until now, families, especially women, have been responsible for meeting this demand. But families are facing numerous difficulties and limitations in providing care for their older members. It is also common for older persons to lack care networks or to find themselves obliged to continue providing care for others, owing to lack of institutional support. To progress with long-term care policies that meet the needs both of older persons who need it and of those who provide it, it is crucial to strengthen social protection systems through contributory and non-contributory policies, social and economic valuation of care (including public transfers to alleviate the costs of long-term care), programmes safeguarding care time (for example, respite services) and specialized assistance. This means facing challenges such as fiscal constraints and the failure to treat these public policies as social investment.

Anyone may, at some point in their life, need long-term care, in the event of an accident or a chronic illness that causes difficulties for performing activities of daily living independently, whether temporarily or permanently. Rising life expectancy and epidemiological changes have made it increasingly urgent to strengthen social protection systems, especially non-contributory social protection policies, as well as programmes, policies and care systems to address the growing demand for care as a result of ageing. Care dependency becomes more prevalent at older ages. Accordingly, population ageing will lead the number of care-dependent older persons in the region to triple in 30 years, especially in the case of women (PAHO/ECLAC, 2023).

It is crucial to look carefully at long-term care, understood as a system of actions, carried out by unpaid caregivers (family members and close friends) or professionals (health or social workers or others) or both, that provide a person who is unable perform basic activities of daily living independently for a prolonged period with quality of life, considering individual preferences and affording the highest possible degree of autonomy, participation, personal fulfilment and human dignity (United Nations, 2002).

Concern regarding long-term care needs in a scenario of population ageing has been reflected and prioritized in different international instruments, including the Santiago Declaration, adopted within at the Fifth Regional Intergovernmental Conference on Ageing and Rights of Older Persons in Latin America and the Caribbean, held in 2022 (see box III.1).

There is a consensus that countries must have a system capable of addressing the varied needs of older persons with regard to long-term care. In particular, social assistance and support services must be established to help them with daily living and personal care, and enable them to maintain relationships, to age in a place that is right for them, to be free from elder abuse, to access community services and to participate in activities that give their life meaning (WHO, 2020). Similarly, already over a decade ago the importance of rethinking social protection was being discussed in terms of the construal of dependency and care of older persons as a collective responsibility, with the creation of entitlements and services to maximize the autonomy and well-being of families, as a logical extension of the work or the State (ECLAC, 2012).

When it comes to meeting the demand for long-term care of older persons, the public and private sectors both appear as key actors, but still mainly located within the family. The State has focused on home-based care services as a good practice. However, residential services are still the main modality of care, although they have limited coverage and the public sector plays a small role compared to the private sector. In the case of Mexico, only 8% of these services are publicly provided and in Brazil, barely 2% (PAHO/ECLAC, 2023). In Chile, the entirety of certified residences, whether public or private, provide care services to only 5.34% of the population that needs them (Ministry of Social Development and Family of Chile, 2024).

Over the last decade, however, the countries of the region have made progress on care-related actions, programmes and policies, particularly in relation to long-term care. The report of Latin America and the Caribbean for the fourth review and evaluation of the Madrid International Plan of Action on Ageing (ECLAC, 2022c) reports on legislative and programmatic advances, as well as the creation of long-term public care systems, which are summarized in table III.1.

Table III.1
Latin America (14 countries): legislative and programmatic advances related to long-term care, 2017–2022

Country	Long-term care action	Specific law on the operation of long-stay institutions
Argentina	X	X
Bolivia (Plurinational State of)	X	X
Brazil[a]	X	X
Chile	X	X
Colombia		X
Costa Rica	X	X
Cuba	X	X
Dominican Republic	X	
Guatemala		X
Mexico	X	
Paraguay		X
Peru	X	X
Uruguay	X	X
Venezuela (Bolivarian Republic of)	X	

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of V. Montes de Oca, "Políticas y sistemas integrales de cuidados de largo plazo para las personas mayores: análisis de experiencias en América Latina y el Caribe", *Project Documents* (LC/TS.2023/158), Santiago, ECLAC, 2023; Presidency of the Republic of Brazil, "Presidente envia ao Congresso proposta da Política Nacional de Cuidados", Brasilia, 3 July 2024 [online] https://www.gov.br/planalto/pt-br/acompanhe-o-planalto/noticias/2024/07/presidente-envia-ao-congresso-proposta-da-politica-nacional-de-cuidados; and official data from the countries.

[a] On 4 July 2024, the National Care Policy bill entered the Brazilian Congress. See Presidency of the Republic of Brazil (2024).

In the normative arena, progress is being made regarding the right to care of persons with some functional dependency, especially older persons and persons with disabilities. In parallel, progress has been made in the recognition of rights and the protection of caregivers (Montes de Oca, 2023). Without a doubt, one of the main instruments to have recognized long-term care as a right is the Inter-American Convention on Protecting the Human Rights of Older Persons (2015). In particular, article 12 of the Convention calls on States to establish comprehensive long-term care systems that take particular account of a gender perspective and a regulatory framework that ensures care services function properly. It also mandates the design of assistance measures for families and caregivers.

Historically, the home has been the main arena for the provision of long-term care, primarily by families and particularly by women. This has often enabled older persons to remain in a familiar and caring environment, which fosters intergenerational solidarity. However, cases of abuse and neglect do occur in family settings and the concentration of care demands imposes high costs on families and their members, who do not usually receive pay or any sort of non-contributory transfer for these tasks. For those providing unpaid care, this means an excessive workload, physical and mental exhaustion, constraints on entering the labour market and reduced income (Montes de Oca, 2023). For those performing paid work in households, there is not always a clear line between domestic work and home-based care work, often because of insufficient public care services and poor coverage of long-term care services (ILO, 2018; ECLAC, 2022a and 2023a). Paid caregivers in homes in the region also face greater job insecurity, with long hours, low pay and little social protection coverage. This group of caregivers is dominated by women of low socioeconomic status, Indigenous People, Afrodescendants and migrants (Valenzuela, Scuro and Vaca Trigo, 2020).

Care institutions are another key arena in which long-term care services are provided. They include long-stay residences, hospital institutions, day centres and cooperatives or assisted living (Montes de Oca, 2023). Long-stay or long-term residences offer devices better adapted to different levels and types of dependency or disability and provide "services to help people perform basic and instrumental activities of daily living. They also provide more complex healthcare services in most cases. For that reason, [they] are geared towards severely care-dependent people" (Cafagna and others, 2019, p. 18). Hospital institutions, such as geriatric hospitals, provide care services in accordance with health needs. Day centres are geared towards mildly or moderately dependent persons, and assisted living facilities are "individual dwellings with shared common areas, as well as assistance services and community activities" (Cafagna and others, 2019, p. 47), aimed at people who are mildly dependent or fully independent, but lack a support network.

Given the growing demand and greater complexity of care owing to increased life expectancy and epidemiological changes, programmes are needed to strengthen the training and certification of caregivers. Care work must be professionalized, to ensure that those who need assistance can rely on receiving quality care. This includes setting up active labour market and education policies, promoting training, upskilling and re-skilling, skills recognition and skills certification in each country and among different countries (ILO, 2024). It is also crucial to promote openness to learning and access to ongoing learning opportunities, in line with technological developments, to promote career development and attract and retain a skilled workforce in the care sector. The undervaluation of care work must be addressed by raising public awareness about its social and economic value (ILO, 2024).

With regard to the allocation of time for caregiving, it is key to review policies aimed at balancing family responsibilities and professional obligations. In this vein, leave for long-term care is an important mechanism to address the care demands of the population. This could include time off or leave for those responsible for persons who need support to perform activities of daily living or those who have sick or dependent family members, in the form of short-term leaves to be taken in cases of force majeure in family emergencies or leave for long-term care provision. This means reviewing the rules that govern caregiving leave and the definition of family responsibilities, extending it to include other family members in addition to children. Together with other measures, such as reduced working hours and flexibility in working hours and locations, guided by labour, standards, these are regulatory tools that should be available to men and women alike, as they are key to the exercise of co-responsibility and achievement of equality. Some non-contributory policies could also be considered relevant to allocation of time for caregiving, including respite services for caregivers, temporary care services and public transfers aimed at alleviating the highly unequal care costs faced by households in the region.

Long-term care policies face a number of challenges, not least fiscal constraints in a context of growing care demand. Areas for improvement could be found by means of gains in tax collection and control of evasion; efficient planning to avoid duplication of effort where there is greatest supply of programmes by public or private service providers, and specific management tools are created and coordinated harmoniously with existing instruments in the social protection system (Bidegain and Calderón, 2018). It is also important to consider the nature of the places where care is delivered; they can often exhibit high degrees of informality and feminization of low wages, and may not offer social security entitlements.

Spending on long-term care is low at the regional level. For example, the cost of various public services for dependent older persons in Chile amounted to 0.02% of GDP in 2019, while public services for dependent persons in Uruguay (including the youngest beneficiaries) cost 0.04% of GDP in 2017. However, underdevelopment and the fragmentation of the response to care demands make it difficult to calculate the cost of all the care services that each country needs to address long-term care (Aranco and others, 2022).

Increasing social spending on care is undoubtedly one of the main challenges. It must be understood that public policies on long-term care are a social investment that, in addition to supporting distributive justice, free women to contribute to the social and economic development of their countries. Furthermore, savings in health expenditures occur down the line as a positive externality of investment in medium- and long-term care policies, because hospitalizations are reduced, avoiding overburdening healthcare systems (UN-Women, 2022).

A key element in designing a care system to meet the needs of older persons with long-term care needs is the way services are financed. Financing must ensure the system's continuity: options such as mandatory social insurance, taxes or co-payments need to be considered, and the contribution of public and private actors has to be established. As a matter of priority, everyone, especially those in the most vulnerable positions, must have access to these services. A strategy must therefore be considered to underpin progress towards a universal system of progressive care, in order to provide social protection to all older persons, eliminate inequality and leave no one behind.

The experiences of higher-income countries offer important lessons with regard to financing mechanisms. Among Organisation for Economic Cooperation and Development (OECD) countries, average public spending on long-term care increased from 0.9% to 1.4% of GDP between 2004 and 2019, almost four times as fast as health spending. Public expenditure on long-term care is projected to increase to 2.3% of GDP by 2040 (Biase and Dougherty, 2023). Using a cost simulation model and considering different possible care dependence scenarios, the Inter-American Development Bank (IDB) has estimated that the cost of developing long-term care services in Latin America will increase from 0.5% of GDP in 2020 to 1.4% in 2050 (Aranco and others, 2022).[11]

Although countries vary in how they finance their long-term care systems and tend to combine different funding sources (see box III.4), three broad systems may be identified across OECD countries: (i) mainly non-contributory financed by taxes (as in Denmark, Sweden and the United Kingdom); (ii) largely financed by mandatory contributions (as in Germany, Japan and the Republic of Korea); and (iii) voluntary payment to the private sector (as in Luxembourg and Portugal). Those countries where long-term care services are mainly funded through taxes provide either universal long-term care services, such as in the Nordic countries, or means-tested welfare programmes, as in the United Kingdom (Biase and Dougherty, 2023; Joshua, 2017).

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11 The projections for spending on long-term care dependence assume that countries will develop care systems that would provide coverage for up to 50% of care-dependent older persons. The countries included in this projection are: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay. See more methodological details in Aranco and others (2022).

Box III.4

Republic of Korea: long-term care insurance

The long-term care system in the Republic of Korea is a relevant reference for the region. Unlike Japan and several European countries, the Republic of Korea introduced long-term care insurance in 2008, when its population was still relatively young and those over 65 made up about 10% of the total, a similar proportion to that in Latin America and the Caribbean today. By 2050, the country is expected to have the second-largest percentage of persons aged 65 and over in the world (United Nations, 2023).

Korean long-term care insurance is administered and operated by the National Health Insurance Service (NHIS), and was designed from the beginning to contribute to reducing the rising costs to the health system of caring for older persons. Long-term care insurance apart from National Health Insurance (NHI) has the advantage of reducing the hospital burden from older persons. However, this institutional design also poses challenges for aligning the two financing mechanisms and for coordinating medical care and long-term care. Entitlements under long-term care insurance consist of home-based care, institution-based care and cash transfers, including, but not limited to, transfers for older persons living in remote areas or affected by a disaster (NHIS, 2024; Kim and Kwon, 2021; Kwon, 2021).

Public spending on long-term care insurance per recipient increased on average 5.4% per year in the period 2009–2018, to reach US$ 12,705, representing 0.37% of GDP in 2018. The system is financed through four pillars. The first and most important is the contributory pillar, which represents between 60% and 65% of the total. This is paid along with health insurance. The long-term care insurance contribution rate is set at a fixed percentage (7.38% as from 2018) of the National Health Insurance contribution rate. Contributions by the self-employed people and agricultural workers are calculated based on income, property and other personal assets (Kim and Kwon, 2021; Kwon, 2021).

The second funding source complements long-term care insurance contributions with additional resources from general taxes (approximately 20% of the total). Third, the central government and local governments subsidize recipients of basic livelihood security or medical care, who are exempt from co-payments. Lastly, the co-payment rate is set at 20% for care in institution-based residences and 15% for services delivered at home and in the community. These co-payment rates also have discounts for those with lower incomes (Kim and Kwon, 2021; Kwon, 2021).

Source: United Nations, *World Social Report 2023: Leaving No One Behind in an Ageing World*, New York, 2023; National Health Insurance Service (NHIS), *National Health Insurance & Long-Term Care Insurance System. Republic of Korea 2024*, Wonju-si, 2024; H. Kim and S. Kwon, "A decade of public long-term care insurance in South Korea: policy lessons for ageing countries", *Health Policy*, vol. 125, No. 1, Amsterdam, Elsevier, 2021; S. Kwon, "Case study: Republic of Korea", *Pricing Long-term Care for Older Persons*, Seoul, World Health Organization/Organisation for Economic Co-operation and Development (WHO/OECD), 2021.

In a context of demographic transformations and population ageing in the region, it is important to estimate the impacts of investment in care policies and the new paid jobs that will emerge in the care economy. Investment in care policies has the potential to create jobs, contribute to economic growth and increase tax revenue. It may also reduce gender gaps in the labour market, either by bringing women into new jobs or by redistributing care work, by enabling those devoted exclusively to unpaid domestic and care work to enter the labour market (see box III.5).

Box III.5

The driving potential of investment in care

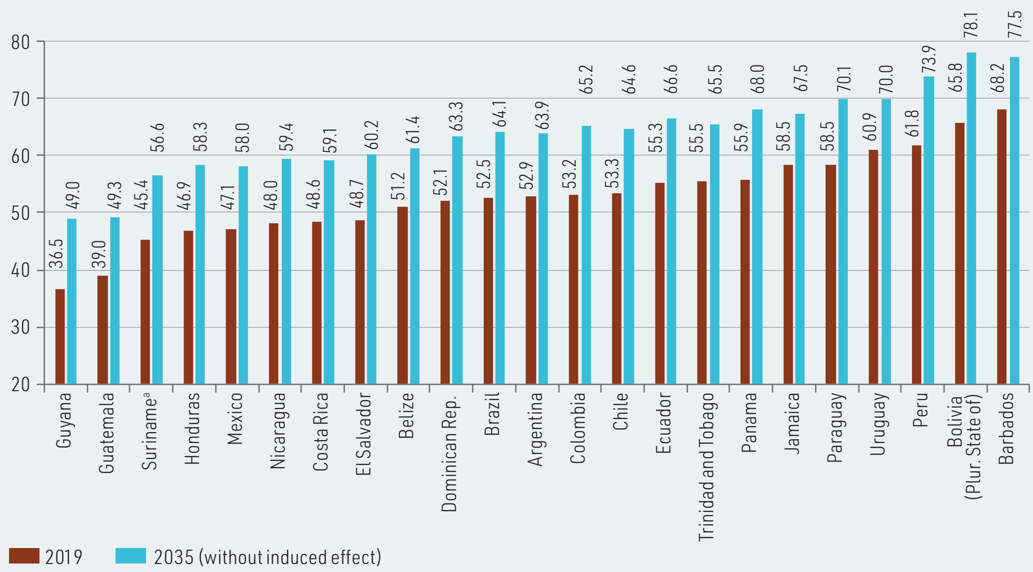
The International Labour Organization (ILO) has created a Care Policy Investment Simulator, an online tool that models the investment opportunities and potential benefits of parental leave, as well as childcare and long-term care for people who need support or daily care in order to preserve their autonomy and well-being. The simulator can be used to build a package of care policies and simulate the annual public spending that would be needed to implement it in a given country. For their part, the benefits modelled refer to the short-term return on investment (annual tax revenue) and the reduction of gender gaps in employment and wages. The increase in jobs comes from direct rises in the care sectors, indirect rises in the industries supplying the care sector, and those generated in the economy by household consumption and expenditure (based on the income from these new jobs).

Studies that have made use of the simulator worldwide have shown the virtues of investing in universal early childcare and long-term care services. By 2035, such investment could generate over 178 million jobs in Asia and the Pacific and almost 13 million in the Middle East and North Africa region. Of those jobs, 47% and 41%, respectively, would be direct employment in the long-term care sector. Tax revenues from the additional employment and income would also rise, reducing the net funding requirement for these policies to an average of 3.6% of GDP for Asia and the Pacific and 5.3% of GDP for the Middle East and North Africa.

In a collaboration exercise between the Economic Commission for Latin America and the Caribbean (ECLAC) and ILO, the simulator's coverage was updated for 23 countries in the region, and new information was included for these calculations. The investment that would be needed in care varies by country depending on its particular characteristics, but it represents 5.1% of GDP on average for the region, ranging from 2.5% (Uruguay) to 15.5% of GDP (Nicaragua). Without considering induced effects or indirect employment, investment in care in the region could generate approximately 32 million jobs by 2035, of which 11 million would come from universal early childcare services and 21 million would be in long-term care. In addition to these benefits, the projected change in the female employment rate would have a major impact in terms of reducing employment gender gaps.

Latin America and the Caribbean (23 countries): women's employment rate simulated on the basis of investment in care, 2019 (reference) and 2035

(Percentages)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of International Labour Organization (ILO), ILOSTAT [online database] https://ilostat.ilo.org/; ILO Care Policy Investment Simulator [online database] https://webapps.ilo.org/globalcare/?language=en#simulator.

[a] Data refer to 2016.

Source: International Labour Organization (ILO), ILOSTAT [online database] https://ilostat.ilo.org/; ILO Care Policy Investment Simulator [online database] https://webapps.ilo.org/globalcare/?language=en#simulator; *ILO Care Policy Investment Simulator. Technical note – version 2.0*, Geneva, 2024; "Care at work in Asia and the Pacific: investing in care leave and services for a more gender equal world of work", *ILO Regional Brief*, Geneva, 2023; "Care at work in the Middle East and North Africa (MENA): investing in care leave and services for a more gender equal world of work", *ILO Regional Brief*, Geneva, 2023.

D. Towards the care society: care and social protection policies for a sustainable transformation

Given the rate of population ageing in Latin America and the Caribbean, it is crucial to design and implement care policies appropriate to the needs both of persons who need care and of caregivers themselves, by strengthening the contributory and non-contributory dimensions of social protection systems. The implementation and coverage of these policies must be designed to make up an integrated system with universal projection in order to avoid segmentation in access to care entitlements, services and infrastructure, and to ensure their quality.

The region is presented with a double opportunity to create new jobs in the care economy, by expanding long-term care services, and to reduce unpaid work time in the home, which would attack the main barrier to women's labour participation. To move towards a care society, several policy areas must be tackled to transform the sexual division of labour and the social organization of care. This requires rethinking the design and implementation of social, environmental and economic policies, and working on other areas in addition to social protection, such as taxation, infrastructure and mobility, employment and health policies, and immigration regulation.

ECLAC has pointed to the need for a paradigm shift: advancing towards the construction of a care society. This implies a profound transformation in the social, economic and environmental dimensions of development. It also shapes a sector with the potential to galvanize economies, as established by the Buenos Aires Commitment (ECLAC, 2023b). Developing a care society is a process of collective and multidimensional construction, which cannot occur without State policies, sustainable and sufficient financing, renewed multilateralism and a shift in the organization of society overall (Güezmes, Scuro and Bidegain, 2023).

Social protection systems must be strengthened and expanded to address the care demands of the population and, at the same time, recognize, redistribute and reduce ("3R") unpaid care work (Elson, 2017; United Nations, 2015). This framework has been expanded to include representation and reward: the "5Rs" of care work (ILO, 2019 and 2024). The 5Rs framework for decent work in care work seeks to achieve policy outcomes that lay the foundation for: (i) recognizing care work; (ii) reducing unpaid care work; (iii) redistributing the time, cost and responsibility for care work between the State, the private sector, the community, the family or household and the individual; (iv) representation of those who provide care (paid and unpaid) and care recipients; and (v) rewarding paid care workers with the guarantee of decent work and social protection. This implies social dialogue, freedom of association and collective bargaining rights for paid care workers, as well as consultation and representation for unpaid carers and recipients of care. The successful application of this framework depends to a large extent on the sustainable long-term endowment of resources and investment in care systems (United Nations, 2024a), which means including the concept of resources, adding a sixth "R" to the analysis of care.

Care policies, in turn, must take a gender, intersectional and human rights perspective to gender co-responsibility between households, the State, the market, families and the community (ECLAC, 2023c; United Nations, 2024a). At the fifteenth session of the Regional Conference on Women in Latin America and the Caribbean, held in Buenos Aires in 2022, ECLAC proposed additional criteria for the design and implementation of comprehensive care policies and systems to complement and strengthen social protection systems in the region (ECLAC, 2023b). Care policies must be made more universal, given that everyone needs some type of care over their lives, and criteria of progressivity towards that universality will be needed in view of the uneven coverage of the region's social protection systems and the existing inequalities. In view of the multidimensional nature of care, the approach must also be intersectoral and inter-institutional, joining up and coordinating work, both between different ministries and between different levels of government, to address multiple and often overlapping needs. Financial sustainability is also crucial, with solid regulatory mechanisms to ensure the necessary public investment and adjust to current demographic trends. Lastly, the perspective must also be situated and intersectional, to ensure that care services are relevant from a cultural and territorial point of view and underpin genuine enjoyment of rights.

To achieve this, social protection systems must be expanded by means of universal and comprehensive policies offering adequate protection to all workers in the labour market and recognizing unpaid care work, including by providing care credits in social insurance (ILO, 2024). Social protection systems must also include universal and sustainable healthcare policies, entitlements for dependent children, feeding programmes and extension of the school day, and public works with a focus on accessible and inclusive care infrastructure. It is also necessary to consider the additional support and care costs that persons with disabilities and their families may incur in order to exercise their rights (United Nations, 2024a). It is also essential to make progress in providing adequate responses to the different needs surrounding time to provide care, with policies that permit reasonable and flexible working hours with guaranteed labour rights, and paid maternal, paternal, parental and caregiving leave in situations of emergency or need for long-term care. Given current population trends, it is particularly important to explore how these leave systems could be expanded to include the care of other family members with serious conditions or illnesses, older persons or persons with disabilities who need support or care.

It is essential to strengthen the link between contributory and non-contributory policies that can form part of comprehensive care systems within the social protection system, safeguarding the situation of persons in need of support and care, and those providing such support and care.

As the demographic transition progresses, comprehensive care systems become increasingly urgent to prevent the rising demand for care from continuing to weigh primarily on the labour and time of women throughout their lives, and to relieve them of these tasks during retirement. While continuing to build systems to address the care needs of children and their caregivers, steady progress must be made towards systems to address the care and support needs of older persons and persons with disabilities and varying degrees of dependency, as well as caregivers. The implementation and coverage of these systems are central to avoiding segmentation in access to care services and ensuring their quality, to prevent public care services from being viewed as second-choice or marginal consumption services to be resorted to only when market-based services are not an option. This is especially important in view of the way access to care services varies by income level (Orloff, 2005; ECLAC, 2019a and 2022a; ECLAC/UN-Women, 2020).

Taking into consideration the predictability —and rapid pace— of population ageing, it is crucial to strengthen social protection systems through contributory and non-contributory policies to develop care systems that can meet the needs of those who need or will need care as they age, and those providing that care. The differences between life expectancy and healthy life expectancy at age 60 also speak to the need for policies and programmes to focus on maintaining functionality and autonomy among older persons. Health policies must therefore be based on rights across the entire life cycle, with health and prevention as a priority and an axis running through public policies, with the aim of people reaching old age in a better state of health. Prolonging life in good health will help address population ageing and prepare for future health crises (United Nations, 2024a).

There is no doubt that demographic and social changes make a new approach essential, with a more active role by the State in ensuring and providing care, and treating care not only as a right, but also as a fundamental task for societal reproduction that should be afforded economic value. These changes also require that those performing care work have the same rights as people in other sectors of the labour market.

Long-term care needs must be included in the design of social protection systems in order to prevent both recipients and providers of care from slipping into poverty and greater dependency. Accordingly, long-term care policies must also incorporate a gender, intersectional, intercultural and human rights perspective (ECLAC, 2023c and 2024; United Nations, 2024a), fostering the autonomy and independence of older persons, as well as intergenerational solidarity (ECLAC, 2017c). It is also key to better coordinate health policies and care policies in order to face the challenges of population and epidemiological trends, and to foster healthy ageing to improve quality of life and reduce the non-communicable disease burden (ECLAC, 2013 and 2017b). This is important both to guarantee the right to care of older persons and reduce the total need for care at the population level, and to reduce the burden on monetary resources and health systems.

Long-term care services must be adapted to different dependency situations. They may be provided both outside the home (in day centres, assisted living facilities, nursing homes or hospital institutions) or in the home (through home care schemes, providing respite time for unpaid caregivers, or through telecare). This step must in turn be supported by monitoring, regulation and training policies to ensure the quality of the services offered by the different sectors involved in care delivery (Rico and Robles, 2017; Montes de Oca, 2023).

The region is presented with a double opportunity to create new jobs in the care economy, by expanding long-term care services, and to reduce unpaid work time in the home, which would attack the main barrier to women's labour participation. Without the right labour-related policies, however, there is a risk of reproducing historical gender inequalities and exacerbating the existing precarious conditions of many women employed in the care sector (ECLAC, 2022a and 2023a). Given demographic and epidemiological changes, specialized training and skills certification and knowledge are urgent. Although many of those employed in the care sector are highly skilled and well paid, many others, especially migrants and those employed in domestic work, receive low wages and often work in informal employment conditions, and are thus excluded from legislative provisions or, in practice, from social protection. Consequently, it is crucial to tackle the undervaluation of care work and promote active labour policies in the field of lifelong training, skilling and upskilling, and to recognize and certify existing skills (ILO, 2024). It is also essential to promote macroeconomic and employment policies to generate decent jobs in the care economy, including by formalizing informal jobs and enterprises, preventing the informalization of those already in the formal sector, and ensuring sufficient fiscal space to fund them (ILO, 2024).

To build the care society, work is needed on several policy areas and on social protection systems, tackling both their contributory and non-contributory components, to transform the sexual division of labour and the social organization of care. This requires rethinking the design and implementation of social, environmental and economic policies, and working on areas such as taxation, social protection, infrastructure and mobility, employment and health policies, and immigration regulation. The Regional Gender Agenda highlights the importance of the principles of universality, progressivity and gender and social co-responsibility, and calls for social and fiscal compacts and the inclusion of the care dimension in all public policies, including social protection, education, health, macroeconomic and fiscal policies, as provided in the Buenos Aires Commitment (ECLAC, 2023b).

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CHAPTER

IV

Institutional frameworks and social spending: challenges for non-contributory social protection

Introduction

Institutional frameworks constitute an indispensable scaffolding for developing transformative and quality social policies; that is, policies that are focused on fostering full exercise of human rights and are based on the concepts of effectiveness, efficiency, sustainability, sufficiency, accountability, transparency and social participation. To this end, the four dimensions of the institutional framework for social policy —legal-normative, organizational, managerial (technical and operational) and financial— need to be consolidated. The first dimension focuses on establishing a robust legal foundation, aligned with the main international agreements on social and human rights issues, in terms of constitutional norms, national and even local legislation, and regulations. The second dimension concerns the development of an organizational model with clear authority and mandates, and a coherent structure and division of labour, with defined roles and effective horizontal and vertical coordination mechanisms. The third dimension, related to management, focuses on the availability of suitable instruments for implementing quality policies, such as integrated information and monitoring and evaluation systems, as well as equipment and trained human resources. Lastly, the financial dimension includes the amounts, structure and sources of financing for social investment, and constitutes an essential means for implementing quality policies based on sufficient, predictable resources adapted to the established objectives (Martínez and Maldonado Valera, 2019; ECLAC, 2020 and 2023a). This last dimension, from the perspective of social spending generally and investment in non-contributory social protection in particular, is one of the main topics of this chapter.

A strengthened social institutional framework also implies having adequate technical, operational, political and prospective (TOPP) institutional capabilities, both in the State at large and in the individual entities tasked with non-contributory social protection. These capabilities enable the State to undertake transformative actions in each policy area, and to manage coordination with the different actors, using social dialogue as a tool for coordination, persuasion and conflict management, while strengthening planning and foresight capabilities to contribute to harmonious governance (Salazar-Xirinachs, 2023).

In the social protection domain, the development of TOPP capabilities entails establishing certain objectives and guidelines. In the case of technical capabilities, comprehensive information systems (social registries) and monitoring and evaluation systems need to be consolidated, to underpin adequate decision-making and accountability. Operational capabilities require the implementation of process-based management models, trained human resources to ensure the quality of services and the use of modern budget management tools. Political capabilities, in addition to the above, require strengthened governance and the management of social dialogue mechanisms that promote agreements to consolidate social protection. Lastly, prospective capabilities need to form a long-term strategic vision that makes it possible to define constraints and facilitating factors, harmonize the opinions and positions of the various stakeholders, and create negotiation, implementation and communication strategies to guarantee the effectiveness and efficiency of non-contributory social protection policies (Salazar-Xirinachs, 2023; ECLAC, 2023a and 2024a).

Social cohesion is understood as the capacity of a society, and of its democratic institutions, to develop equality-based social relations with a rights-based approach, and build upon a sense of belonging and orientation towards the common good, in a way that its members perceive as legitimate. To this end, public policies must make viable the construction of a framework of shared well-being and governance to guarantee rights effectively, and a coexistence that makes it possible to resolve conflicts peacefully (Maldonado Valera and others, 2021 and 2022). A strengthened social institutional framework that is accountable contributes to better governance, in particular because it mitigates citizens' mistrust of the public action that predominates in the region. Moreover, the implementation of quality social policies, especially those relating to non-contributory social protection, is essential for guaranteeing basic and universal levels of well-being. This would provide a less uncertain horizon and greater resilience when confronting the various risks and shocks that affect societies, thereby also nurturing a greater sense of belonging and social cohesion.

This chapter consists of two sections. The first analyses specific elements of the institutional framework of non-contributory social protection in the region, focusing on permanent transfers to households and non-contributory pensions. It also presents estimations of the levels of investment needed to define a standard of public expenditure on non-contributory social protection that will enable progress in eradicating both total and extreme poverty. The second section discusses the evolution of central government social spending in the countries of the region, according to the different functions of government (social protection; education; health; housing and community services; recreation, culture and religion; and environmental protection), by comparing trends at the central government level. A specific analysis of broader institutional coverage is added for countries that have the relevant information available.

A. The institutional framework of non-contributory social protection

The institutional framework of non-contributory social protection is not new in the region, especially in the case of non-contributory pension systems in several countries. Moreover, the expansion of conditional transfer programmes and the emergence of social development ministries between the 1990s and the decade of 2000 have driven key advances in the countries' social policy institutions, particularly in terms of inter-agency coordination and information systems for decision-making. Although, on average, these advances have had a significant impact on poverty reduction in the different countries, they are still insufficient to eradicate poverty. Coverage and management constraints are compounded by inadequate financial resources. To make progress towards eradicating poverty (Sustainable Development Goal 1) in the region by 2030 at the latest, funding of between 1.5% and 2.5% of GDP, or between 5% and 10% of total public expenditure, should be considered a minimum standard to enable social development ministries or equivalent institutions to finance non-contributory social protection.

In Latin America and the Caribbean, social development ministries, or equivalent entities, are usually in charge of some of the main non-contributory social protection actions. The latter consist of multiple infrastructures, services, entitlements, and both cash and in-kind transfers that are essential for well-being and the exercise of rights throughout an individual's life cycle. In this framework, as noted in chapter II, the countries of the region have implemented various public cash transfer mechanisms to reduce poverty levels and overcome the deficits in contributory social protection. The most important of these, given their coverage and economic significance for lower-income households, are cash transfer programmes targeted to the poor or vulnerable population (such as conditional transfers and other continuous cash transfers) and non-contributory pension systems.

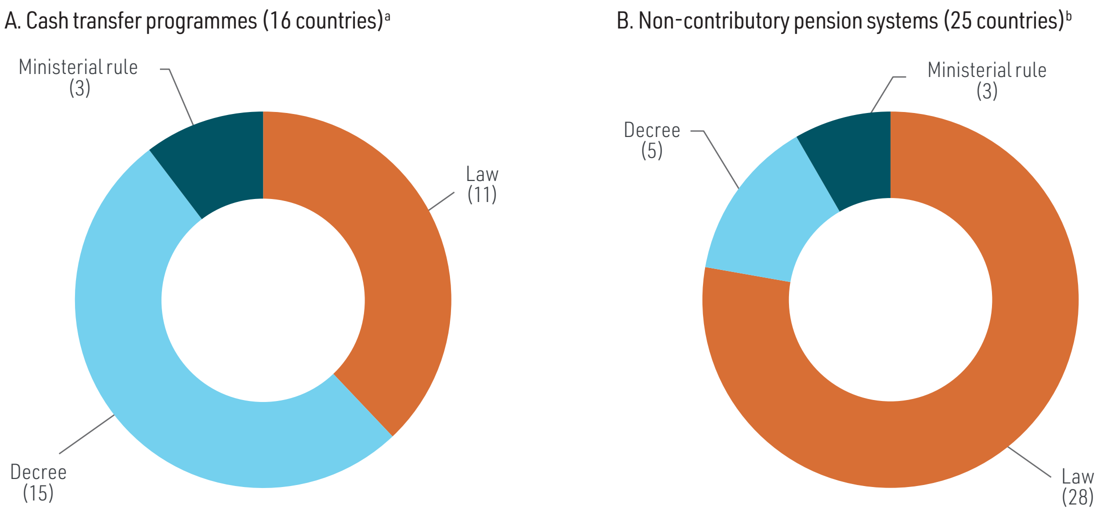
The following sections review key elements of the institutional framework of non-contributory social protection, focusing particularly on cash-transfer programmes and non-contributory pensions. Some characteristics of their regulatory frameworks are presented, along with elements of the organizational model of the programmes in question, the supervisory and executing entities, and their links with social development ministries, in addition to challenges and progress in terms of coordination. In the technical-operational dimension, the importance of information systems and social registries for non-contributory social protection is considered, as well as interoperability and the management challenges that exist. Lastly, the financial dimension is analysed, highlighting the level of public outlays on these programmes and the functioning of social development ministries generally, with a brief analysis of their cost-effectiveness. Estimations are also made of the resources needed to finance transfers to close the existing gaps, such that the entire population would have incomes above the extreme poverty and poverty lines.

1. Elements of the legal framework for cash transfer programmes and non-contributory pension systems

The countries of Latin America and the Caribbean have diverse regulatory frameworks that reflect a varied history and level of institutionalization. This also determines the instrument that each country uses to create and formalize its non-contributory social protection programmes. Accordingly, there are programmes based on laws originating in the legislative branch and others based on executive decrees that are within the remit of the president or prime minister. There are also programmes based on decrees or regulations of ministerial rank.[1] The higher the legal level of the instruments that create and regulate a programme, the greater its institutionalization and medium or long-term sustainability and the less its dependence on short-sighted arbitrary decisions or the social, political or economic situation.

As shown in figure IV.1, the legal institutionalization of the two instruments analysed varies widely across the region (for further information, see annexes IV.A2 and IV.A3). Of the 29 cash transfer programmes in the region for which information is available (referring to 16 countries), 11 have a regulatory framework based on a law. In addition, 28 of the 36 non-contributory pension systems analysed (with data from 25 countries) are also regulated by a law. While over half of the 15 cash transfer programmes currently operating are based on an executive decree, this is the case in just five non-contributory pension systems. Lastly, only three cash transfer programmes and three non-contributory pension systems are founded on a ministerial regulation.[2]

Figure IV.1
Latin America and the Caribbean: regulatory framework of current cash transfer programmes and non-contributory pension systems, 2024 or latest year available
(Number of programmes)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes Database - Latin America and the Caribbean [online] https://dds.cepal.org/bpsnc/home.
[a] Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay.
[b] Antigua and Barbuda, Argentina, the Bahamas, Barbados, Belize, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Trinidad and Tobago, and Uruguay).

[1] These are legal mandates issued by ministers or secretaries of State who have been empowered to issue them. In some countries, these rules of ministerial rank are called agreements, but, despite their name, they do not necessarily involve an agreement between two or more authorities or agencies, but may be issued by a single minister.

[2] Examples are the *Bono Social*, *Bolsa Social* and *Vida* cash transfer programmes in Guatemala, created between 2012 and 2017 by ministerial agreement of the Ministry of Social Development; the *Pobreza y Discapacidad* non-contributory pension systems in Costa Rica, created through an agreement of the National Council for Persons with Disabilities (comprised of several ministries); and the *Mis Mejores Años* and *Toda Una Vida* pension programmes in Ecuador, which are based on a ministerial agreement of the Ministry of Economic and Social Inclusion.

Non-contributory social protection programmes have important historical antecedents in the twentieth century, which have enhanced their institutional robustness. Cash transfer programmes include long-standing examples in the region, such as Uruguay's family allowances[3] and Chile's Single Family Allowance (*Subsidio Único Familiar*), which were launched in 1980 and 1981, respectively. Among the conditional transfer programmes, the Child Labour Eradication Programme and the early versions of the *Bolsa Escola* and *Bolsa Família* subsidy programmes in Brazil, originally at the State level and later at the federal level, as well as the *Progresa* and *Oportunidades* programmes in Mexico, were pioneering experiences in the region by innovating in entitlements of this type during the 1990s. In the Caribbean, the Programme for Advancement through Health and Education (PATH) in Jamaica, created in 2001 is a key example.

Non-contributory pension systems go back even longer. Uruguay is also the forerunner of these systems at the regional level, with its Old Age and Disability Pension dating from 1919. Argentina has also made progress through its non-contributory pension programme, which was created in 1948 and today includes four components (old age, disability, mothers of seven children, and persons with HIV and/or hepatitis B and/or C). These were followed by the Bahamas, Chile, Costa Rica and Cuba, which created their systems or programmes in the 1970s (1972, 1974, 1975 and 1979, respectively) (Arenas de Mesa and Robles, 2024).

All of the aforementioned programmes that emerged in the last century, whether cash transfers or non-contributory pensions, have had a regulatory structure based on a law; and, although they have evolved in terms of names and components, they have maintained a certain continuity as a long-term social policy. While this legal substratum does not guarantee the effectiveness or efficiency of these non-contributory social protection programmes, it does seem to afford them greater legal stability than those based on administrative or ministerial decrees. However, the latter are the majority in the region, particularly in the case of cash transfer programmes. In contrast, the welfare pensions provided to older persons and persons with disabilities in Mexico are founded on rights enshrined in the constitution.[4]

As ECLAC (2023a) notes, the legal foundation of social protection programmes is crucial for their legitimacy and sustainability. In the region, despite the remarkable continuity of some instruments, such as those mentioned above, significant institutional challenges persist in terms of consolidating the legal and regulatory foundations needed to move towards a rights-based approach and a universalism that is sensitive to differences, while also strengthening consistency between the objectives and normative mandates and the institutional capacities of the social development ministries (ECLAC, 2023a).

2. Organizational characteristics: responsible authorities and executing agencies

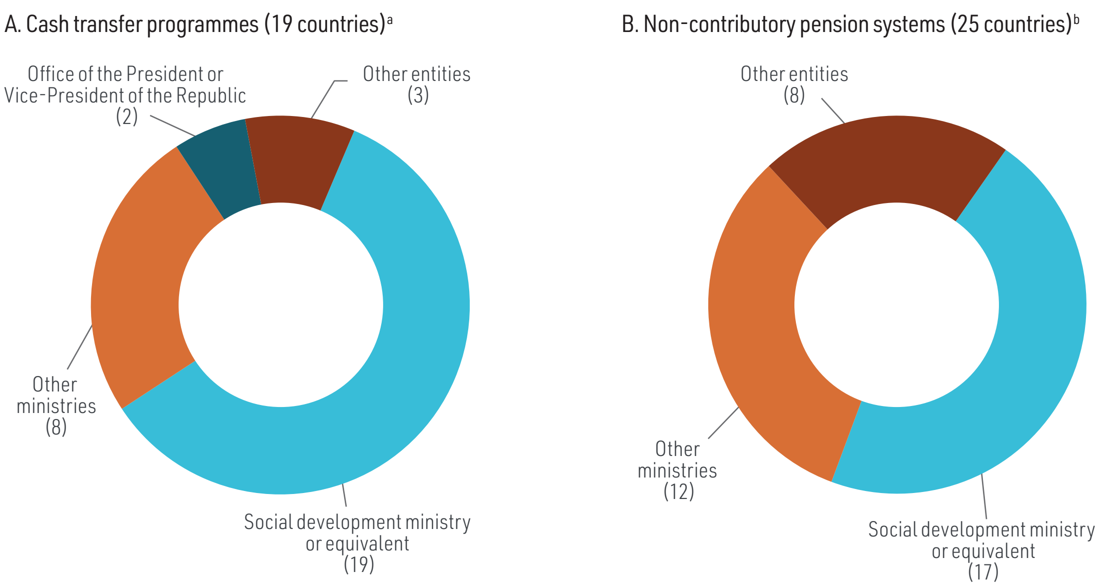
In Latin America and the Caribbean, social authority generally resides in the social development ministries, and in entities specialized in poverty reduction and in non-contributory social protection, which often have coordination responsibilities. However, these ministries have found it difficult to coordinate social policy as a whole, because of overlapping functions, the disparity of resources administered by the different ministries, and political changes, among other reasons. Although social development ministries and other equivalent entities have similar objectives, they also have specific features in each country, not only in terms of their mandates, but also in relation to the agencies that operate under their auspices (Martínez and Maldonado Valera, 2019; ECLAC, 2023a).

3 The oldest precursor of family allowances in Uruguay is Act No. 10449 of 1943, which granted unconditional entitlements to the children under 14 years of age of working people (Maldonado Valera and Palma Roco, 2013).

4 Article 4 of the Mexican Constitution provides that the State shall guarantee the delivery of economic support to persons with permanent disabilities under the terms established by law. Persons over 68 years of age are entitled to receive a non-contributory pension from the State under the terms established by law. In the case of Indigenous and Afro-Mexican people, this entitlement will be granted from the age of 65.

As shown in figure IV.2, non-contributory social protection programmes fall under the jurisdiction of various agencies. In the case of cash transfers, of 32 programmes currently operating in the 19 countries for which data are available, 19 are the responsibility of the social development ministry, while, in eight cases, the programme is overseen by another ministry (health, education, finance or some other). In two cases, the programme is governed by the Office of the President or Vice-President of the respective country, while the remainder (three programmes) are in the jurisdiction of other entities (for example, social security institutes). With respect to non-contributory pension systems, based on the analysis of 37 programmes in force in 25 countries that have information available, in 17 cases, social development ministries are also the main entity responsible, while 12 that are attached to other ministries (five in finance ministries, four in ministries of labour and another three in ministries with other portfolios). The remaining eight programmes report to social security institutes or other public agencies (see annexes IV.A2 and IV.A3 for further information).

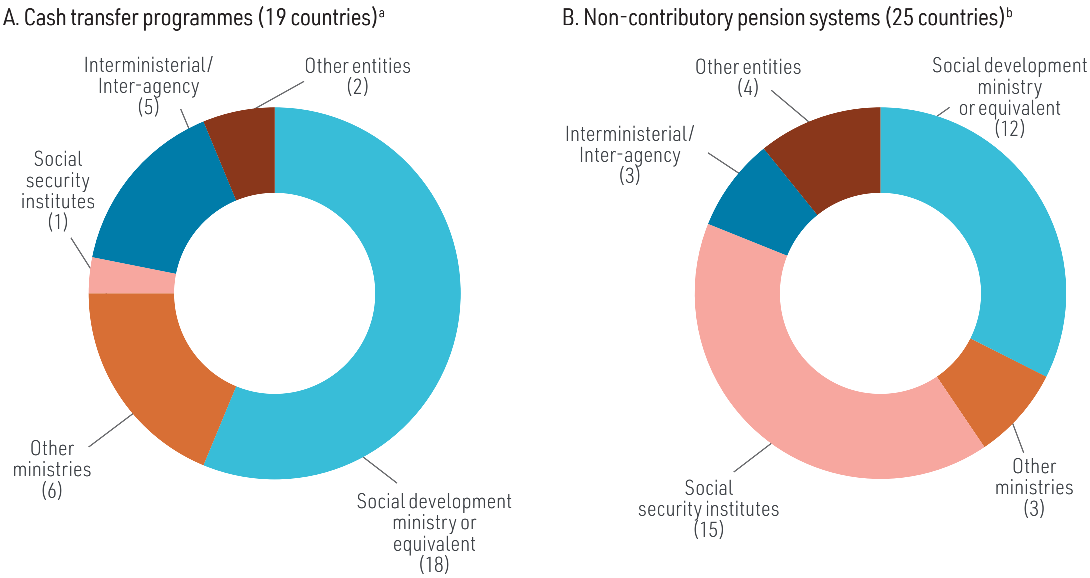
Figure IV.2
Latin America and the Caribbean: current cash transfer programmes and non-contributory pension systems, by responsible agency, 2024 or latest year available
(Number of programmes)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes Database - Latin America and the Caribbean [online] https://dds.cepal.org/bpsnc/home.
[a] Argentina, Belize, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia, Trinidad and Tobago and Uruguay.
[b] Antigua and Barbuda, Argentina, the Bahamas, Barbados, Belize, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Trinidad and Tobago, and Uruguay.

In several countries, the entity that is responsible for non-contributory social protection programmes differs from the agency that operates them (see figure IV.3A). In the case of cash transfer programmes, social development ministries act as the executing agency in just over half (18 of the 32 programmes in force in the 19 countries with data available), while in six programmes the executing agency is another ministry, such as health or education. In the remaining cases, most are executed by a different public entity or by an inter-ministerial or inter-agency group encompassing two or more public entities.

Figure IV.3
Latin America and the Caribbean: current cash transfer programmes and non-contributory pension systems, by executing agency, 2024 or latest year available
(Number of programmes)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), Non-contributory Social Protection Programmes Database - Latin America and the Caribbean [online] https://dds.cepal.org/bpsnc/home.
[a] Argentina, Belize, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia, Trinidad and Tobago and Uruguay.
[b] Antigua and Barbuda, Argentina, the Bahamas, Barbados, Belize, the Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Trinidad and Tobago, and Uruguay.

Non-contributory pension systems present a somewhat more varied picture, as figure IV.3B shows. Of the 37 systems or programmes analysed in the 25 countries with data available, 15 are run by social security institutes —particularly in Caribbean countries, such as Antigua and Barbuda, the Bahamas, Barbados, Belize, Saint Kitts and Nevis, and Saint Vincent and the Grenadines— while another 12 are administered by the Ministry of Social Development or its equivalent. Three programmes are executed by an inter-ministerial or inter-agency body, while three others are administered by other ministries. The remaining four programmes are operated by other entities (see annexes IV.A2 and IV.A3 for further information).

The foregoing analysis confirms the preponderance of social development ministries as authorities in charge and implementers of non-contributory social protection programmes. Nonetheless, other ministries also play an important role, especially in the case of non-contributory pension systems, where finance and labour ministries are particularly important, although less so than the social development ministries. Considering their mission of ensuring a minimum level of economic welfare and access to goods and services that make it possible to exercise social rights, social development ministries face several challenges in strengthening the organizational dimension of social institutional frameworks. These include investment in human resources, capacities and technologies to ensure results. They also face the challenge of improving efficiency and sustainability, through coordination, decentralization and participation (ECLAC, 2023a).

On this latter point, there is a need to strengthen the effectiveness of horizontal coordination between the sectoral entities that participate in social protection systems, in both the contributory and the non-contributory components, in order to include the entire population in the different entitlements and services in an integrated system. Moreover, vertical coordination between levels of government needs to be expanded to ensure that central-level agreements are translated into effective results in the territory; and, conversely, that local demands are reflected adequately in national policies. This involves extending the formalization of inter-agency agreements on roles, processes and joint work protocols, with a view to reducing duplication and enhancing management efficiency. A key innovation in this area has been the single window mechanism, which provides a single point of digital or face-to-face access to a wide range of social services and entitlements, operated by various social protection entities (ECLAC, 2023a).[5]

3. Technical capabilities: social information systems and social registries

The technical-operational dimension of social institutional frameworks refers to the various instruments and capacities needed to implement a quality social policy that is effective, efficient, transparent and participatory (Martínez and Maldonado Valera, 2019; ECLAC 2022a). Among these, social information and participant registration systems are particularly important in all phases of social policy (design, implementation, monitoring and evaluation) as they increase possibilities for coordinating actions, identify areas of complementarity and avoid potential duplication. These systems —both the social registries themselves and social information systems— may have subsystems or types (Van Hemelryck, 2022). The former are used mainly to help identify the target population and assign entitlements, and they include information on the participants and potential recipients. The latter make it possible to characterize the population in the territories socioeconomically, and usually include administrative records, georeferenced records and census and social survey data, among other data that are available in the national statistical systems.

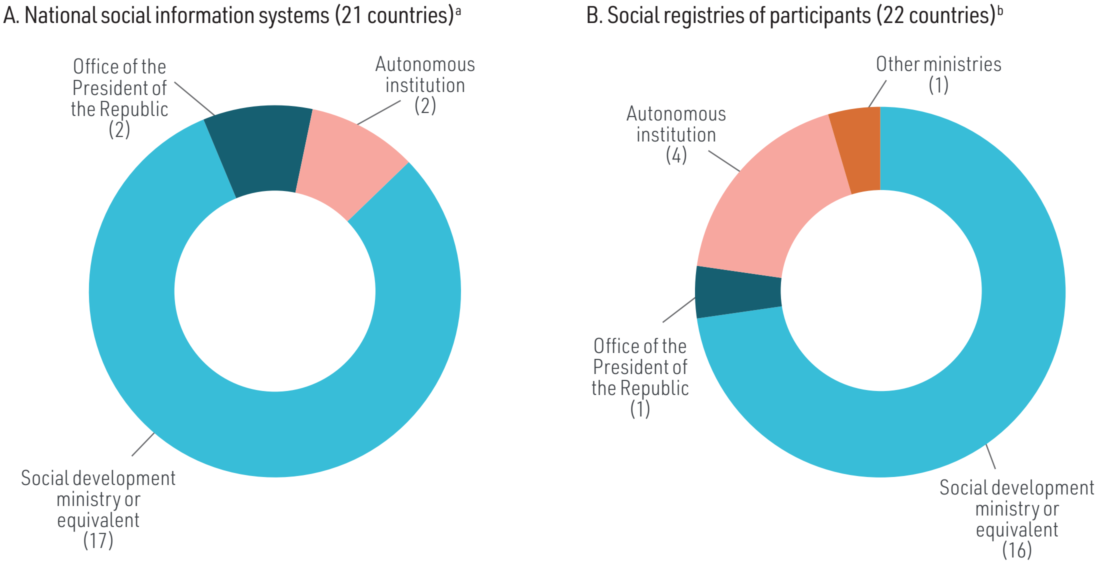
To enhance the quality of social management, it is essential that these systems tend towards integration and interoperability, and thus strengthen the exchange of data from various sources, whether physical or digital, as well as from different institutions or ministries. This requires public agencies to share information, in order to identify data gaps and areas of interaction and complementarity. To this end, advantage should be taken of the fact that, in most of the region's countries, both instruments (social information and registration systems) fall within the purview of the same entity, the social development ministry or equivalent, which facilitates their potential integration (ECLAC, 2023a).

Figure IV.4 shows that in 17 out of 21 countries in the region, the social development ministry is responsible for national social information systems, while in 16 of 22 countries, it is also in charge of participant registries, many of which were developed under cash transfer programmes. Ecuador is the only country in which the Office of the President of the Republic, acting through a subordinate agency, is in charge of both the information system and social registry. In the Dominican Republic, the information system forms part of the functions of the Office of the President, while the social registry is under another ministry.[6] An autonomous institution runs the information system in just two countries (Colombia and Costa Rica), rising to four in the case of participants' registries (Argentina, Colombia, Costa Rica and El Salvador).

[5] In general, the single window functions include the following: providing information on what is available; evaluating and determining applicant eligibility; helping to collect the necessary documentation; guiding applicants and following up on applications; enrolling people in the programmes; and providing the service or social entitlement directly (ECLAC, 2023b).

[6] Ministry of Economy, Planning and Development.

Figure IV.4
Latin America and the Caribbean: authority in charge of national social information systems and social registries of participants, 2024 or latest year available
(Number of countries)



Source: Economic Commission for Latin American and the Caribbean (ECLAC), on the basis of ECLAC, *Institutional Frameworks for Social Policy in Latin America and the Caribbean: a Central Element in Advancing towards Inclusive Social Development* (LC/CDS.5/3), Santiago, 2023, with updated data.

[a] Antigua and Barbuda, Argentina, the Bahamas, Belize, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia, Trinidad and Tobago, and Uruguay.

[b] Antigua and Barbuda, Argentina, the Bahamas, Belize, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia, Trinidad and Tobago, and Uruguay.

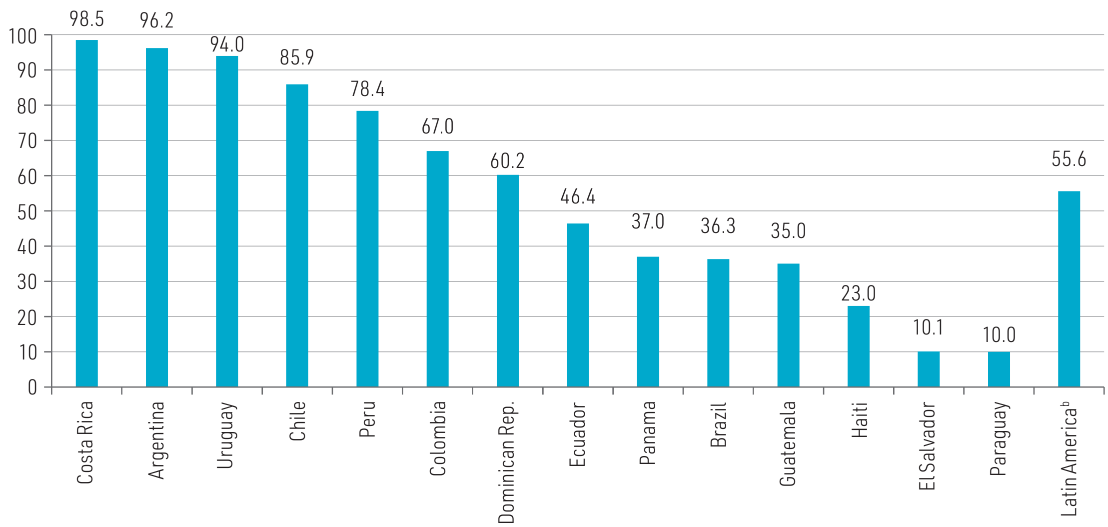
It is essential to expand the coverage of social information systems and social registries of recipients to make social policy more effective and enable it to reach the largest number of people who need it in a timely manner. The region displays a varied panorama in terms of these instruments, which cover 55.6% of the region's population (see figure IV.5). In light of these data, ECLAC (2023a) classifies the countries into three groups according to the extent of coverage of their social registries of recipients. The first group includes countries with a high degree of coverage (over 75% of the population). These are Argentina, Chile, Costa Rica, Peru and Uruguay. The second group contains countries whose registries cover between one and two thirds of the population: Brazil, Colombia, the Dominican Republic, Ecuador, Guatemala and Panama. Lastly, there are the countries in which coverage is below 25%, namely El Salvador, Haiti and Paraguay.

Strengthening the technical-operational dimension of social institutional frameworks faces technical and professional capacity challenges. These include the need to invest in information systems that disseminate innovation in analytical methods and consolidate comprehensive systems for monitoring and evaluating social policy. Constant monitoring would make the processes and execution of financial resources more efficient, and would improve programme design and effectiveness (ECLAC, 2023a). It is also essential to expand metrics related to social policy decision-making, by adopting the three-dimensional approach to sustainable development (economic, social and environmental) in the evaluation methodologies (ECLAC, 2023a).

Figure IV.5

Latin America (14 countries): coverage of the social registry of recipients, 2023 or latest year available[a]

(Percentages of national population)



Source: Economic Commission for Latin American and the Caribbean (ECLAC), *Institutional Frameworks for Social Policy in Latin America and the Caribbean: a Central Element in Advancing towards Inclusive Social Development* (LC/CDS.5/3), Santiago, 2023.

[a] The information for the following countries refers to the years indicated in parentheses: Argentina (2019), Brazil (2020), Costa Rica (2022), Dominican Republic (2018), Ecuador (2016), El Salvador (2015), Guatemala (2022), Haiti (2020), Peru (2020) and Uruguay (2017).

[b] Refers to the simple average of the 14 countries analysed.

Social information at the intersectoral and population levels also needs to be deepened and disseminated, in order to reaffirm and consolidate the central place of inclusive social development on the public agenda. In this context, the rights of individuals must always be respected through the appropriate treatment and use of information, which requires protocols and data protection measures together with ethical practices that safeguard individual privacy.

Another key challenge is the need to promote South-South cooperation and interregional dialogue, as mechanisms for exchanging solutions and lessons learned in the design and expansion of social registry coverage. Such exchanges facilitate the adoption of best practices and strategies adapted to each country's specific realities.

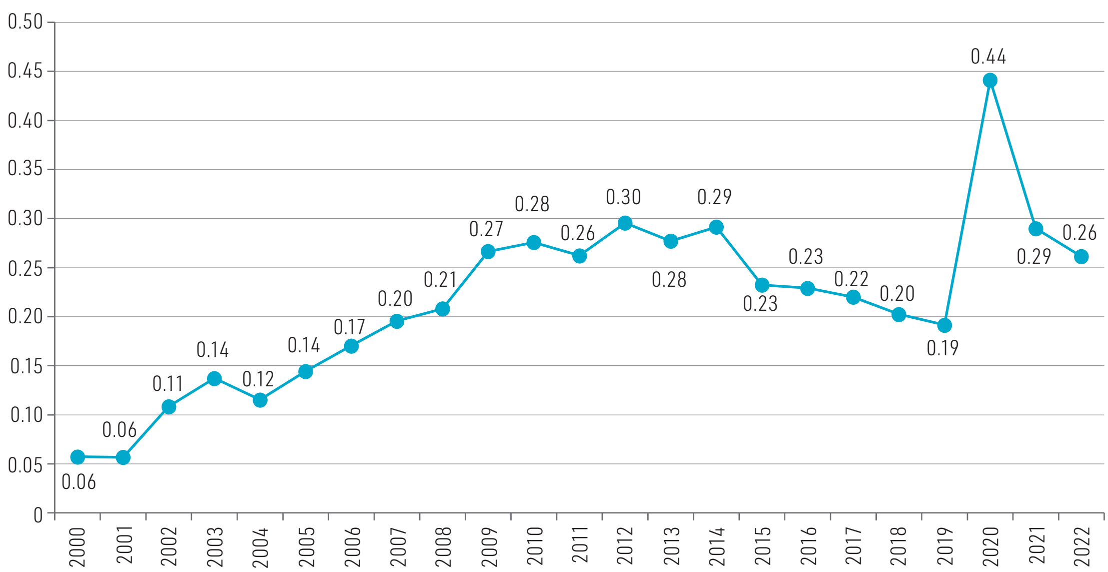
Lastly, it is also necessary to move forward with new technologies, strengthening the digital infrastructure of public administration and the digital development of social protection, to reach more people more effectively and, at the same time, foster the exercise of digital citizenship. This could make it possible to reduce the digital divide that affects not only the lower socioeconomic and sociocultural strata, but also the older-age population and the most isolated territories, which are increasingly excluded as technological tools are incorporated into the management of public services (Palma, 2024; Martínez, Palma and Velásquez, 2020; Claro and others, 2021).

4. Trends in social investment in non-contributory social protection programmes

An analysis of the financial dimension of social institutional frameworks in the region shows that cash transfer programmes and non-contributory pension systems have been gaining importance as instruments of non-contributory social protection systems. This can be discerned in significant coverage increases, as described in chapter II, and increased public expenditure allocated to their financing, beyond the variations associated with the business cycle and the various economic crises of recent decades.

The total value of cash transfer programmes and other continuous transfers grew steadily between 2000 and 2012, from 0.06% to 0.30% of GDP, despite the contraction recorded in 2010. The latter was associated with the sharp rise in the previous year to deal with the effects of the 2008–2009 financial crisis on the real economies of most of the region's countries (see figure IV.6). Despite the increases that occurred in the first decade and part of the second decade of the twenty-first century, the rising trend reversed after 2014, and levels of social investment in this type of programme receded as a proportion of GDP. Thus, in 2019, the resources allocated to this type of anti-poverty programme averaged 0.19% of the region's GDP, almost the same as in 2007. However, in the first year of the coronavirus disease (COVID-19) pandemic, increases in monthly transfer amounts, exceptional payments and the expansion of the coverage of these programmes, generated exceptional spending growth, which rose to an average of 0.44% of GDP in 2020. However, it then dropped back to 0.29% of GDP in 2021 and 0.26% in 2022.

Figure IV.6
Latin America and the Caribbean (20 countries):[a] public spending on conditional and other continuous cash transfer programmes, 2000–2022[b]
(Percentages of GDP)



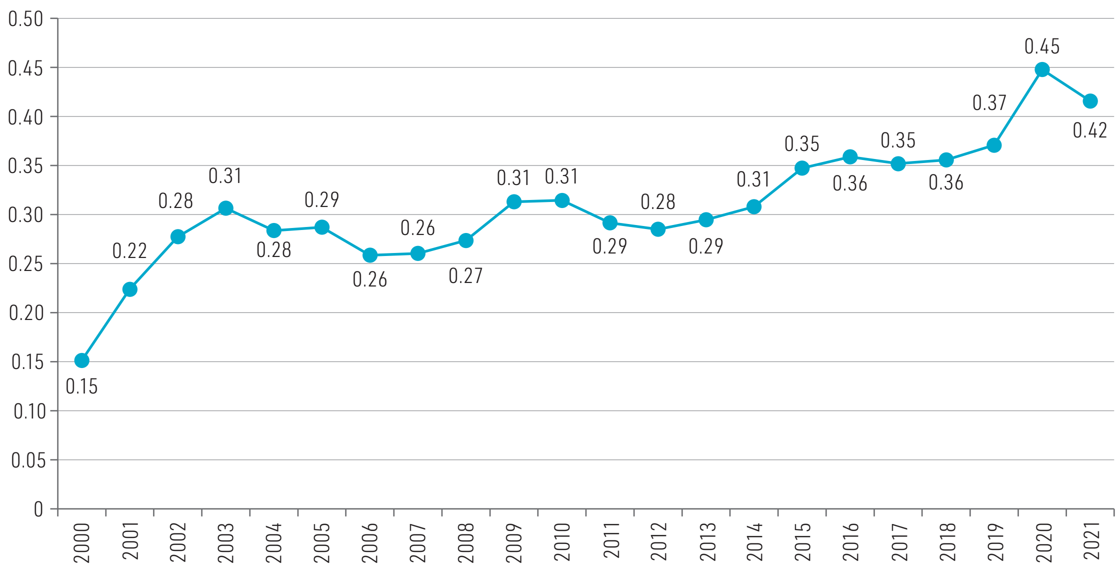
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of N. Figueroa and J. Vila, "Programas de protección social no contributiva en América Latina y el Caribe: revisión metodológica de la estimación de tendencias de cobertura e inversión", *Project Documents*, Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2024, forthcoming, on the basis of ECLAC, Non-contributory Social Protection Programmes Database - Latin America and the Caribbean [online] https://dds.cepal.org/bpsnc/home.

[a] Simple average of the following countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia, Trinidad and Tobago and Uruguay.

[b] The method of Figueroa and Vila (2024) was used to estimate the complete series. The missing data in each programme are imputed from the available data, assuming either equality with the latest available data point or a linear relation between the two closest available points. In the case of Brazil, in 2020, information on the *Bolsa Família* programme spending is considered, while, in 2021 and 2022, the information refers to the *Auxílio Brasil* programme. In addition to conditional transfer programmes, this indicator includes other permanent cash transfers, but not transfers in kind and subsidies.

Non-contributory pension systems have expanded considerably in Latin America and the Caribbean over the last two decades (see section II.C.2), as reflected in the amounts of public investment allocated to their financing. In 2000, spending on old-age pensions (for persons aged 65 years and older) averaged 0.15% of GDP, and by 2021 it had risen almost threefold to an average of 0.42% of GDP (Arenas de Mesa, Espíndola and Vila, 2024). As in the case of conditional and other continuous transfer programmes, during the pandemic there was an increase in spending on non-contributory pension systems owing to the countries' efforts to transfer additional resources to the population, which amounted to an average of 0.45% of GDP in 2020 (see figure IV.7 below).

Figure IV.7
Latin America and the Caribbean (24 countries):[a] public spending on non-contributory pension systems for persons aged 65 years and older, 2000–2021
(Percentages of GDP)



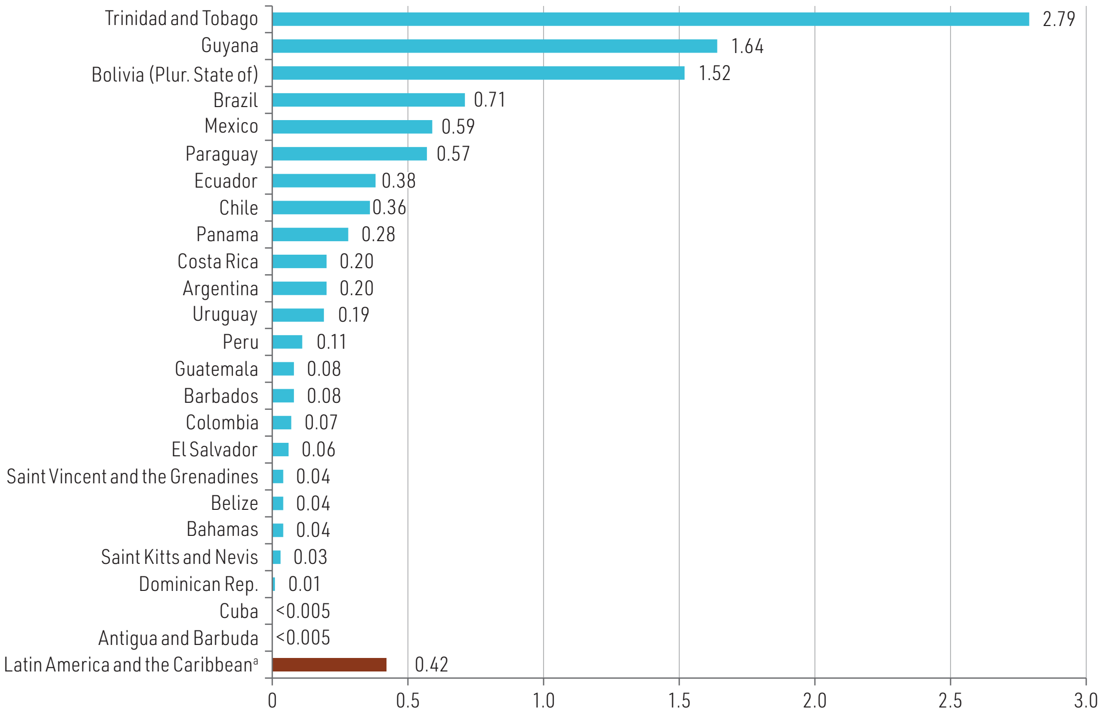
Source: A. Arenas de Mesa, E. Espíndola and J. I. Vila, "Financial sustainability for the expansion of non-contributory pension systems and the eradication of old-age poverty", *Non-contributory pension systems in Latin America and the Caribbean: towards solidarity with sustainability,* ECLAC Books, No. 164 (LC/PUB.2024/6-P/-*), A. Arenas de Mesa y C. Robles (eds.), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2024.

[a] Simple average of the following countries: Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Mexico, Panama, Paraguay, Peru, Plurinational State of Bolivia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Trinidad and Tobago and Uruguay.

The Caribbean countries report the largest increase in average spending on non-contributory pensions, from 0.14% of GDP in 2000 to 0.58% in 2021 (Arenas de Mesa, Espíndola and Vila, 2024), although this increase is explained partly by high levels of spending in Guyana and in Trinidad and Tobago in 2021, equivalent to 1.64% and 2.79% of GDP, respectively (see figure IV.8). The remaining Caribbean countries have lower expenditure levels, which have tended to decline, partly because the design of some programmes sets ceilings on entitlement coverage (examples being the Old Age Assistance Programme in Antigua and Barbuda and the Non-Contributory Assistance Age Pension in Saint Vincent and the Grenadines).

In the Latin American countries, public spending on non-contributory pension systems for persons aged 65 years and older grew from 0.16% to 0.33% of GDP, on average, between 2000 and 2021 (Arenas de Mesa and Robles, 2024). This has been influenced by an increase in the number of countries in the subregion with this type of programme, from seven in 2000 to 17 in 2021. According to the most recent figures available, the Plurinational State of Bolivia allocated the equivalent of 1.52% of GDP, owing partly to the decision to implement a universal non-contributory pension system. In the same year, spending on non-contributory old-age pensions was substantial in Brazil (0.71% of GDP), Mexico (0.59% of GDP) and Paraguay (0.57% of GDP).

Figure IV.8
Latin America and the Caribbean (24 countries): public expenditure on non-contributory pension systems for persons aged 65 years and older, 2021
(Percentages of GDP)



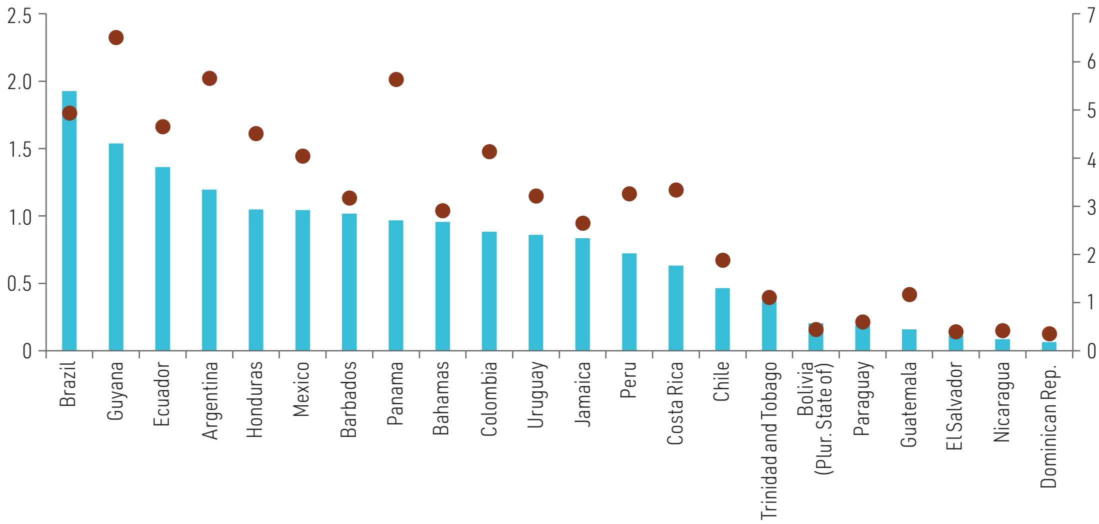
Source: A. Arenas de Mesa, E. Espíndola and J. I. Vila, "Financial sustainability for the expansion of non-contributory pension systems and the eradication of old-age poverty", *Non-contributory pension systems in Latin America and the Caribbean: towards solidarity with sustainability*, ECLAC Books, No. 164 (LC/PUB.2024/6-P/-*), A. Arenas de Mesa y C. Robles (eds.), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2024.

[a] Refers to the simple average of the 24 countries analysed. The Bolivarian Republic of Venezuela is not included owing to the lack of recent data.

The financial capacity of the institutions that oversee the policies gives an idea of their capacity for expanding coverage and improving entitlements. As noted in section IV.A.2, social development ministries or equivalent entities play a central role as the agencies responsible for, or executors of, non-contributory social protection programmes. Figure IV.9 shows that they have relatively small budgets. At the central government level, their expenditures in 2022 ranged between 0.07% and just under 2% of GDP; but, in a majority of countries (15 out of 22), they represented less than 1% of GDP or had a low fiscal priority (in 14 out of 22 countries, they accounted for less than 3.5% of central government expenditure). In the Caribbean countries considered, the social development ministries spend an average of nearly 0.95% of GDP (3.3% of total public expenditure), while in the Latin American countries they spend on average just over 0.7% of GDP (2.9% of total central government expenditure) (see figure IV.9).

The following section considers the extreme and total poverty gaps and the effects that public transfers have on them; and it analyses requirements for increasing expenditures associated with conditional transfer or similar programmes. As the vast majority of these programmes are the responsibility of social development ministries or their equivalents, estimates are made of resource needs to achieve Goal 1, with a view to eradicating either extreme poverty or total poverty, depending on each country's possibilities.

Figure IV.9
Latin America and the Caribbean (22 countries): central government expenditure by social development ministries or equivalent entities, 2022[a]
(Percentages of GDP and of total central government expenditure)



Source: Economic Commission for Latin American and the Caribbean (ECLAC), on the basis of official information from the countries.
[a] The data for the Bahamas, Barbados, Guatemala, Guyana, Honduras, Jamaica and Trinidad and Tobago refer to 2021.

5. A minimum standard of investment by social development ministries in non-contributory social protection to advance poverty eradication

As noted in chapter II, the various social policies that include cash transfers to individuals and households generally aim to improve the material and social living conditions of various population groups. Given the existence of financial constraints, programmes of this type prioritize the most disadvantaged groups, mainly people living in poverty or extreme poverty and, sometimes, those that are vulnerable to poverty; they have a significant impact on alleviating these problems and, to a lesser extent, on improving the income distribution (see figures II.8 and II.9 in chapter II). This section analyses the effects of public transfers on closing the extreme poverty and poverty gaps; and, on this basis, estimates are made of the additional funding needed to make progress towards eradicating poverty by 2030. These estimates are presented as a minimum standard of resources to finance non-contributory social protection initiatives to combat poverty and thus attain target 1.1 of Goal 1 of the 2030 Agenda for Sustainable Development.[7]

(a) Resources and outcomes of income transfers to households

Based on information available from household surveys in Latin America, in most countries a distinction can be made between public transfers linked either to conditional transfer programmes or to non-contributory pension systems and other public transfers (in general, vouchers and direct subsidies).

[7] Target 1.1: By 2030, eradicate extreme poverty for all people everywhere (currently, extreme poverty is defined as living on less than US$1.25 a day).

In 14 countries for which household surveys provide at least partial information (Argentina, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Mexico, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay),[8] the total value of public transfers was equivalent to about 0.9% of GDP, as a simple average in 2022. Of this total, 0.38% of GDP was targeted to populations living in poverty or extreme poverty.[9]

In addition to reducing rates of both extreme and total poverty (see section II.C.3), a significant effect of public transfers that benefit the poorest sectors is the narrowing of the extreme poverty and poverty gaps (the distance, absolute or relative, between the value of the extreme poverty or poverty line and the per capita income of those living in extreme poverty or poverty, respectively). Measured as a simple average of the 14 countries analysed, the extreme poverty gap represented 40.9% of the extreme poverty line before public transfers and 37.4% after transfers. Meanwhile, the total poverty gap decreased from 37.4% to 33.0% of the poverty line (see table IV.1).[10] Measured in terms of financial resources, the extreme poverty gap was reduced, as a simple average, from 0.32% to 0.22% of GDP, whereas the total poverty gap narrowed on average from 1.64% to 1.34% of GDP.

Table IV.1

Latin America (14 countries): extreme poverty and poverty gaps, around 2022

(Percentages of the extreme poverty and total poverty lines, and percentages of GDP)

Country	Year	Extreme poverty gap				Poverty gap (total)			
		Before transfers		After transfers		Before transfers		After transfers	
		(Percentages of the extreme poverty line)	*(Percentages of GDP)*	*(Percentages of the extreme poverty line)*	*(Percentages of GDP)*	*(Percentages of the extreme poverty line)*	*(Percentages of GDP)*	*(Percentages of the extreme poverty line)*	*(Percentages of GDP)*
Argentina	2022	45.0	0.13	44.1	0.09	33.0	1.40	29.1	1.12
Bolivia (Plur. State of)	2021	44.8	1.16	39.1	0.81	39.2	4.53	35.1	3.77
Brasil	2022	56.2	0.39	45.4	0.17	46.6	1.61	36.4	1.01
Chile	2022	55.8	0.12	58.7	0.08	36.7	0.58	35.7	0.39
Colombia	2021	42.6	0.62	38.9	0.48	43.5	2.42	40.2	2.11
Costa Rica	2022	44.2	0.16	37.8	0.07	40.4	1.02	34.0	0.70
Dominican Republic	2022	27.2	0.12	25.5	0.10	29.8	0.87	28.6	0.76
Ecuador	2022	32.7	0.37	28.1	0.21	35.0	2.00	30.2	1.53
El Salvador	2022	41.6	0.51	41.7	0.50	37.8	3.16	37.6	3.13
Mexico	2022	31.5	0.19	28.1	0.13	34.0	1.60	31.3	1.34
Panama	2022	45.7	0.19	35.7	0.10	45.7	0.59	38.6	0.40
Paraguay	2022	38.0	0.40	33.1	0.27	39.7	1.68	35.5	1.33
Peru	2022	31.9	0.14	30.9	0.11	31.3	1.24	29.4	1.09
Uruguay	2022	34.8	0.03	36.8	0.006	30.8	0.28	20.2	0.10
Simple average		**40.9**	**0.32**	**37.4**	**0.22**	**37.4**	**1.64**	**33.0**	**1.34**

Source: Economic Commission for Latin American and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG).
Note: In contrast to the poverty gap index (FGT1), the percentage gaps were calculated among persons living in poverty or extreme poverty. The gaps expressed as a percentage of GDP can be interpreted as the amount of resources that, if transferred to all extremely poor (or poor) households, would enable them to attain an income level at least equivalent to the extreme poverty line (or poverty line).

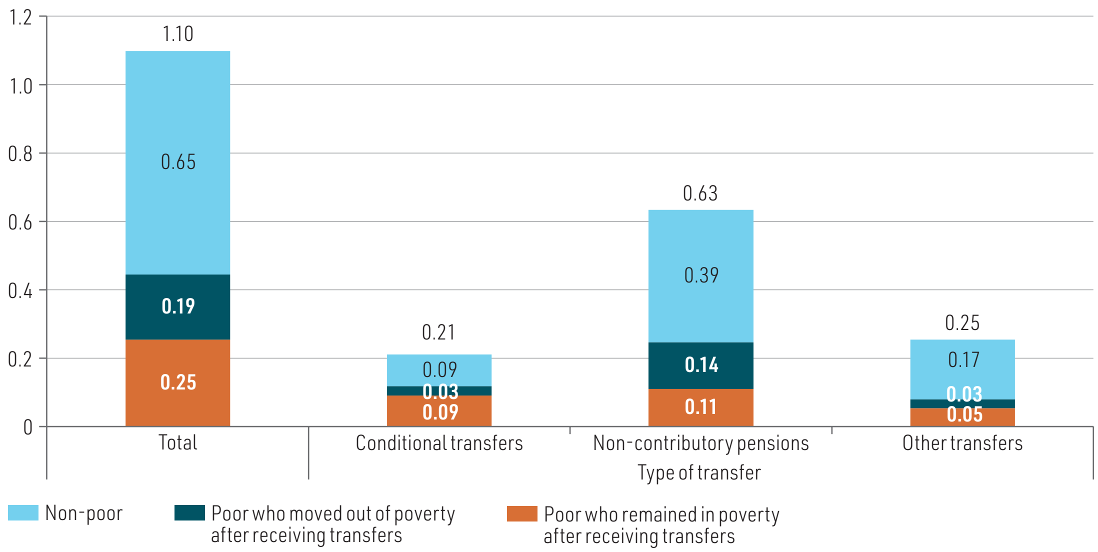
8 Given the nature of household surveys, the individual and aggregate amounts of entitlements they measure may differ from the official information originating from administrative records.

9 The aggregate amounts of transfers analysed here do not include operating expenses.

10 The poverty (or extreme poverty) gap is calculated as the difference between the poverty (or extreme poverty) line and per capita income, divided by the poverty (or extreme poverty) line. It is possible that a reduction in total poverty (or extreme poverty) increases this gap –calculated among persons living in poverty– because more of those who had incomes closer to the line may have emerged from poverty relative to those in extreme poverty, as has happened Chile, El Salvador and Uruguay.

In total, the nine countries for which there is a joint record of the three main types of public transfer mentioned above accumulate resources equivalent to an average of 1.1% of GDP. In these countries, non-contributory pension systems are the most important, in terms of both the coverage and the average amount of the entitlements (equivalent to 0.63% of GDP on average). Total expenditure on conditional transfer programmes averaged 0.21% of GDP, and the remaining public transfers represented 0.25% of GDP (see figure IV.10).

Figure IV.10
Latin America (9 countries):[a] composition of public transfers by poverty status of recipients before receiving transfers, around 2022
(Percentages of GDP)



Source: Economic Commission for Latin American and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG) and official data from the countries.
[a] Simple average of countries with aggregate information on the amounts of conditional transfers, non-contributory pensions and other public transfers: Brazil, Chile, Colombia, Costa Rica, Mexico, Panama, Paraguay, Peru and Plurinational State of Bolivia.

The transferred resources reduced the absolute pre-transfer poverty gap by an average of 0.35 GDP percentage points from 1.7% to 1.35% of GDP. Of this reduction non-contributory pensions contributed 0.18 percentage points of GDP, conditional transfer programmes accounted for 0.11 points, and other public transfers, 0.07 points. Similarly, public transfers reduced the absolute extreme poverty gap from 0.38% to 0.25% of GDP. Of this 0.13 percentage point reduction, non-contributory pensions contributed 0.07 points and conditional transfer programmes, 0.04 points.

These averages conceal great heterogeneity between countries. While the extreme poverty gap represents 0.006% of GDP in Uruguay, it exceeds 0.80% of GDP in the Plurinational State of Bolivia; and in half of the countries it represents more than 0.13% of GDP. In the case of total poverty, the gaps range from a minimum of 0.10% of GDP in Uruguay to almost 3.8% in the Plurinational State of Bolivia, with a median of 1.12%. Eight out of 10 countries have a gap equivalent to at least 2% of GDP (see table IV.1).

These data show that, although conditional transfer programmes generally allocate quite small monthly amounts, they are very effective in reducing the incidence and intensity of poverty. On average, for each percentage point of GDP allocated to these programmes, poverty is seen to decrease by nearly 7 points. In addition, non-contributory pension systems have a significant effect on reducing poverty among older persons (aged 65 years and older), among whom the percentage point reduction is four times that recorded among the general population (see Arenas de Mesa and Robles, 2024, p. 364), thereby significantly improving their level of well-being and that of their families.

(b) Estimation of public transfers needed to achieve Goal 1

Information on the size of the poverty and extreme poverty gaps is an indicator of the additional financial resources that would need to reach households to make progress in closing the gaps.[11] This section presents a projection of the minimum level of annual funding needed so that the progress that still needs to be made towards eradicating extreme poverty or poverty by 2030 can be achieved, in addition to covering the expenditure of current public transfer programmes.[12] The objective is to define a minimum standard of investment in non-contributory social protection that would help attain Goal 1 through social development ministries and equivalent institutions, in their capacity as authorities responsible for public policies to combat poverty and extreme poverty.[13]

As shown in figure IV.11, the average amount of funding required by the social development ministries annually until 2030 to make progress in eradicating extreme poverty is projected as equivalent to 0.86% of GDP, ranging from a minimum of 0.15% (the Dominican Republic) to a maximum of 1.8% (Brazil). Nearly two thirds of the countries would require a budget of 1% of GDP or less (see figure IV.11A). In all cases, this would require financial resources equivalent to no more than 6% of total public expenditure by the region's central governments. To meet this spending target progressively by 2030 (in six years' time), a significant subset of countries (Argentina, Brazil, Chile, Costa Rica, Ecuador, Mexico, Panama, Peru and Uruguay) would have to at least maintain the size of their current budgets as a percentage of GDP until 2030. In other countries, given the extent of extreme poverty, the economic value of the respective gaps or the current meagre budgets, an additional annual increase of between 0.01% of GDP (the Dominican Republic) and 0.12% of GDP (the Plurinational State of Bolivia) would be required.

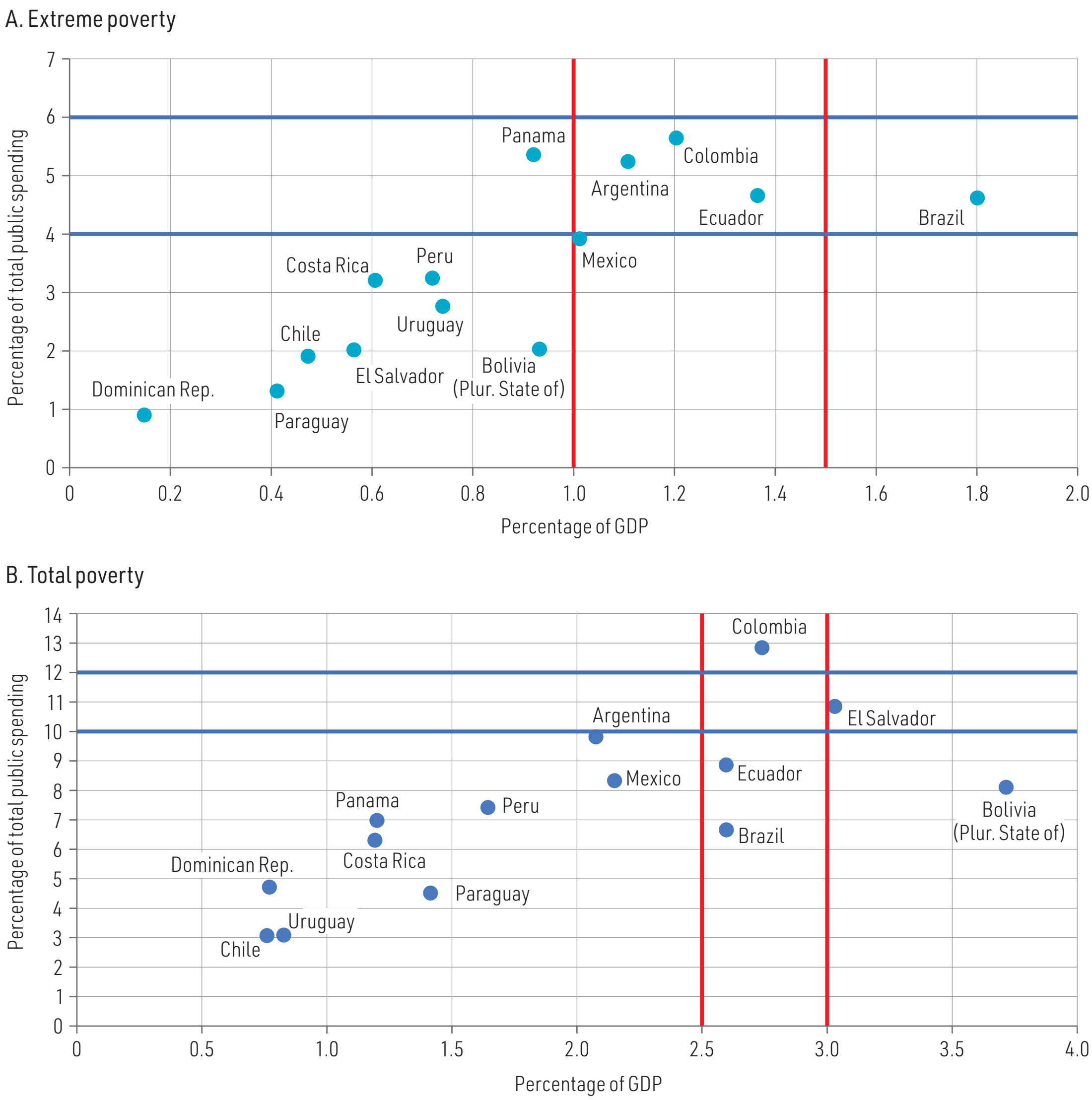
As would be expected, the funding needed to make progress in eradicating total poverty entails a greater fiscal effort. On average, this would have to be slightly more than 1.9% of GDP, with a minimum of 0.76% (the Dominican Republic) and a maximum of 3.7% (the Plurinational State of Bolivia). The vast majority of countries would require financial resources equivalent to no more than 2.5% of GDP. Alternatively, the target would be met in the vast majority of cases if a maximum of 10% of total public expenditure were allocated to the social development ministries (see figure IV.11B). In terms of the gradual increase in the budgets of these ministries until 2030, expressed as a percentage of GDP, all countries except Uruguay would have to make some effort in this direction, which would be no more than 0.2 points of GDP per year in most cases (Argentina, Brazil, Chile, Costa Rica, the Dominican Republic, Ecuador, Mexico, Panama, Paraguay and Peru).

11 The poverty eradication criterion used to estimate the minimum amount of additional resources consists of reducing its incidence (and the gap) to zero (0), without counting errors of inclusion or exclusion in the programmes and considering entitlements equivalent to each person's poverty (or extreme poverty) gap. This criterion is used only for the purpose of estimating these resources, but is not suitable for monitoring progress towards the Goal 1 poverty eradication target (see box I.2 in chapter I). There are other approaches to estimating the closing of poverty gaps that address issues such as targeting problems, monthly benefit amounts, or the incentives or disincentives that these produce.

12 This projection is made for 2030, based on the following assumptions: (i) management costs absorb 10% of the additional resources (see annex IV.A1); (ii) an economic growth rate of 2% per year; (iii) the assets associated with the current budget execution of social development ministries or similar entities —expressed as a percentage of GDP in 2022 (see section IV.A.4)— are maintained in absolute terms; (iv) the poverty and extreme poverty gaps prevailing 2022 remain at the same levels in 2024; (v) a reduction in the gaps proportional to the increase in transfers; and (vi) the macroeconomic priority of total public expenditure observed in 2022 is maintained throughout the period.

13 This does not mean ignoring the relevant role that other public or private agencies and organizations associated with international cooperation can play in the various countries. These entities could help especially in the financing and management of non-contributory social protection systems, as illustrated by the impact of non-contributory pension systems on poverty reduction.

Figure IV.11
Latin America (14 countries): estimation of financial resources needed by social development ministries and equivalent entities to make progress towards eradicating extreme poverty and total poverty by 2030, considering current spending on existing programmes in each country
(Percentages of total public expenditure and GDP)[a]



Source: Economic Commission for Latin American and the Caribbean (ECLAC), on the basis of the Household Survey Data Bank (BADEHOG) and official data from the countries.
Note: The red lines refer to the reference thresholds (as a lower and upper bound) of the spending needed make progress towards eradicating extreme poverty or total poverty, expressed as percentages of projected GDP in 2030. The blue lines represent the thresholds expressed as percentages of total public expenditure. Thus, the vast majority of countries could achieve their target by meeting the upper threshold of one of the criteria and the lower threshold of the complementary criterion.
[a] The 2030 figures assume constant GDP growth of 2% per year in all countries.

Despite the diversity of the countries' realities in terms of poverty gaps and their equivalents in economic value, it is possible to set common sustainable public spending targets that would enable progress to be made in eradicating poverty in the region. Thus, in the position document for the sixth meeting of the Presiding Officers of the Regional Conference on Social Development in Latin America and the Caribbean and on the basis of the estimates presented here, it has been proposed to set a minimum standard of investment in non-contributory social protection and to continue to promote the commitment that social development ministries or their equivalents in the countries of the region should manage funds of between 1.5% and 2.5% of GDP, or between 5% and 10% of total public expenditure, to contribute to the eradication of extreme poverty and poverty (ECLAC, 2024a). If this is combined with decisive actions to strengthen the other dimensions of social institutional frameworks analysed in this document, together with adequate support for the most vulnerable population, it would make a decisive contribution to attaining target 1.1 of the 2030 Agenda for Sustainable Development.

B. Social spending trends in 2000–2023

Central government social spending in the region averaged the equivalent of 11.5% of GDP in 2023. This represents an easing of the declining expenditure trend observed in the previous two years, as it is 0.1 percentage points above the peak attained by Latin American countries in 2022 and represents a real increase of 3.2% in average spending levels (measured in dollars at constant 2018 prices). is available, the average level of central government social spending amounted to 10.9% of GDP However, considerable heterogeneity persists across the region, with central government social spending in four countries representing more than 14.5% of GDP, while seven others spend less than 10%. In per capita terms, measured in dollars at constant 2018 prices, four countries spend more than US$ 2,500 per year, while nine spend less than US$ 750. For the seven Caribbean countries for which information in 2023, thus continuing the retreat from the peak level recorded in 2020 (13.7% of GDP). The distribution of resources among the functions of government maintains the profile of the last two decades throughout the region, with social protection at the forefront.

Given the significance of social spending as an indicator of institutional action on social policies generally, and on social protection in particular, the following makes a description and brief analysis of the information available on public social spending in the countries of the region by functions of government, as presented in the International Monetary Fund's *Government Finance Statistics Manual 2001* and *Government Finance Statistics Manual 2014* (IMF, 2001 and 2014). The analysis spans 2000–2023 for central government coverage in 20 Latin American countries. For the English-speaking Caribbean, seven countries are presented in this document, two more than in previous editions of *Social Panorama,* with central government data for 2008–2023. This is complemented by an analysis of major institutional coverage (general government, non-financial public sector and public sector) in the eight countries for which the relevant information is available (see box IV.1).

Box IV.1
Statistical information on public social spending

The data used to analyse public social spending in Latin America and the Caribbean are drawn from official information on public expenditure reported by each of the region's countries. This information is compiled annually by the Economic Commission for Latin America and the Caribbean (ECLAC); and it is available in the CEPALSTAT database in three indicators: (i) in national currency at current prices, (ii) in percentages of GDP, and (iii) in dollars at constant 2018 prices (the latter, prepared by ECLAC on the basis of official information from the countries). As this edition of *Social Panorama of Latin America and the Caribbean* continues to use 2018 as the base year, this is the series used for the implicit GDP deflator.

The following table presents the available data series for each country at different levels of institutional coverage. A country's public sector is analysed by subsector or institutional coverage, as follows: (i) central government, which consists of ministries, secretariats and public institutions that exercise authority over the entire national territory (regardless of whether some departments have their own legal authority and autonomy); (ii) general government, which combines central government with subnational governments (first territorial subdivision and local governments) along with social security institutions; (iii) the non-financial public sector, which consists of general government plus non-financial public corporations; and (iv) the public sector, which encompasses the non-financial public sector and financial public corporations. The comparative analysis is more complete at the general government level, because there are federal countries or others where intermediate governments have high degrees of collection and management autonomy, and where much of social spending is also the responsibility of subnational governments. However, all of the region's countries have information available at this level of institutional coverage, so the analysis made in this document compares central government data, which are widely available and linked to national budgetary processes.

Latin America and the Caribbean (27 countries): availability of information on public social spending, by institutional coverage and available years, 1990–2023

Country	Central government	Other existing coverage levels		
		General government	Non-financial public sector	Public sector
Latin America				
Argentina	1990-2023	...	...	1990-2022
Bolivia (Plurinational State of)	1990-2021	1997-2020	...	...
Brazil	1994-2022	2000-2022	...	...
Chile	1990-2023	...	...	...
Colombia	1990-2023	2009-2022	...	...
Costa Rica	1993-2023	1990-2016 2019-2021	...	...
Cuba	2002-2022	1996-2022	...	...
Dominican Republic	1990-2023	2018-2023	...	...
Ecuador	1990-2023	...	...	...
El Salvador	1990-2023	...	...	2002-2021
Guatemala	1991-2023	2014-2023	...	...
Haiti	2012-2014	...	...	...
Honduras	2000-2023	...	...	...
Mexico	1990-2023	...	2013-2023	...
Nicaragua	1998-2023	...	...	...
Panama	2000-2022	...	...	...
Paraguay	2000-2023	2003-2023	...	...
Peru	...	1999-2023	...	...
Uruguay	1990-2023	...	...	...
Venezuela (Bolivarian Republic of)	1997-2014	...	...	...
The Caribbean				
Bahamas	1990-2023	...	...	...
Barbados	2006-2023	...	...	...
Belize	2008-2023	...	...	...
Guyana	2004-2023	...	...	...
Jamaica	1992-2023	...	...	...
Saint Lucia	2006-2023	...	...	...
Trinidad and Tobago	2008-2023	...	...	...

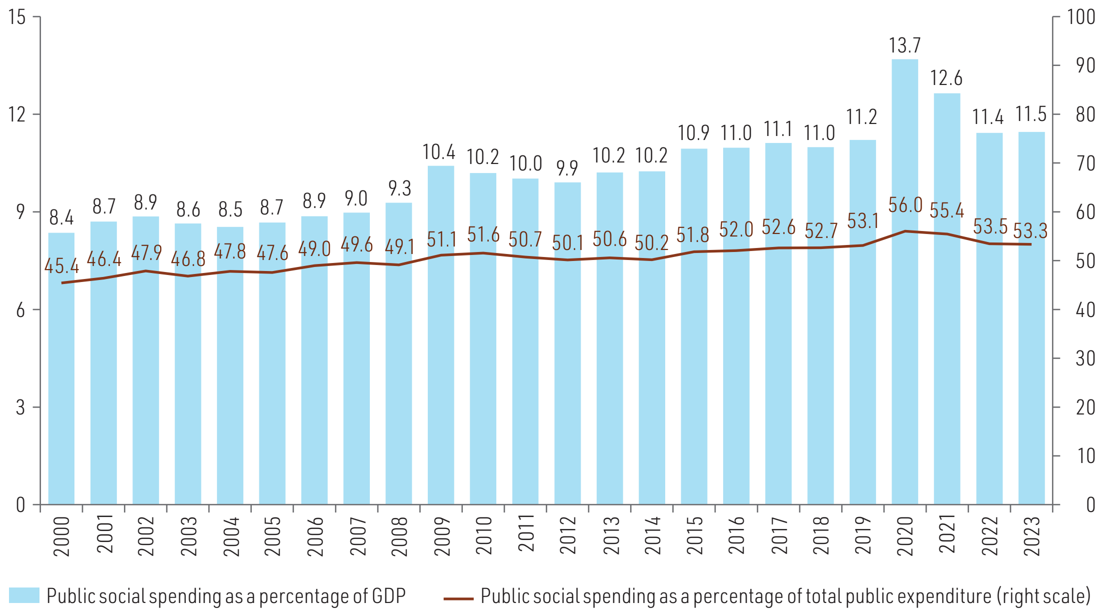
Source: Economic Commission for Latin American and the Caribbean (ECLAC), CEPALSTAT [online database] https://statistics.cepal.org/portal/cepalstat/index.html?lang=en; Database on Social Investment in Latin America and the Caribbean [online] https://observatoriosocial.cepal.org/inversion/en; *Social Panorama of Latin America, 2016* (LC/PUB.2017/12-P), Santiago, 2017; and International Monetary Fund (IMF), *Government Finance Statistics Manual 2014*, Washington, D.C., 2014.

Source: Economic Commission for Latin America and the Caribbean.

1. Trends in central government social spending in the region

As noted previously in *Social Panorama of Latin America and the Caribbean, 2023* (ECLAC, 2023b), central government social spending in Latin America grew quite steadily relative to GDP between 2000 and 2019; but in recent years it has gathered pace owing to the crisis caused by the COVID-19 pandemic. This resulted in the highest levels of social spending recorded in the region in this century (ECLAC, 2023b), which then fell back sharply in subsequent years. In the three-year period 2021–2023, the reduction amounted to 1.1 percentage points of GDP, while the year-on-year variation in 2022–2023 stabilized the level of spending at 11.5% of GDP in 2023 (0.1 percentage points above the 2022 levels). Thus, the period of sharply contracting social spending that followed the ending of the emergency measures adopted to deal with the COVID-19 pandemic is now in the past. This pattern is similar, albeit at higher levels, to the trends observed in the 2002 and 2008 crises, when social spending rose in the year after the crisis but then dropped back to its previous levels (see figure IV.12 below).

Figure IV.12
Latin America (17 countries): central government social spending, 2000–2023
(Percentages of GDP and of total public expenditure)

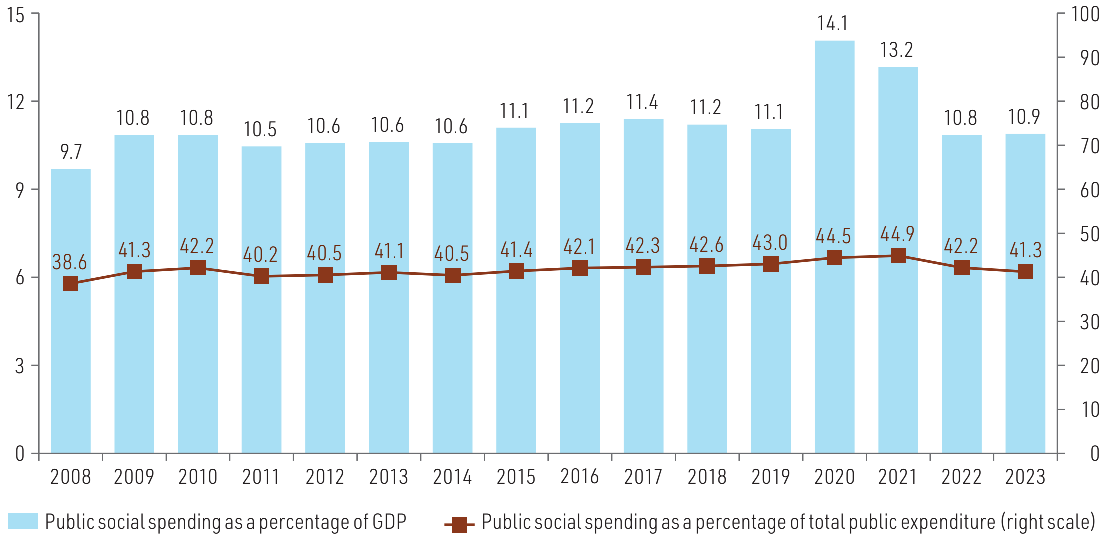


Source: Economic Commission for Latin American and the Caribbean (ECLAC), on the basis of official information from the countries.
Note: The averages refer to the arithmetic mean of the non-zero values of the following countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Plurinational State of Bolivia and Uruguay. The coverage of the Plurinational State of Bolivia refers to the central administration and that of Peru to general government. Data for the Plurinational State of Bolivia refer to 2021, while those for Brazil and Panama refer to 2022.

In addition, the share of social spending in total central government expenditure also stabilized to some extent, averaging 53.3% in 2023, just 0.2 percentage points lower than in the previous year and remaining above the pre-2020 levels. Public social spending therefore continues as the main component of total public expenditure.

Among the seven English-speaking Caribbean countries for which comparable data are available on central government social spending between 2008 and 2019 (the Bahamas, Belize, Barbados, Guyana, Jamaica, Saint Lucia and Trinidad and Tobago), the recent expenditure trend is similar to that of the Latin American countries, but with slight differences in magnitude. In 2023, social expenditure ended the declining trend it had been following, to stand at 10.9% of GDP on average, slightly lower than in 2019 and just shy of the 11.1% average of the last few years of the previous decade (see figure IV.13).

Figure IV.13
The Caribbean (7 countries): central government social spending, 2008–2023
(Percentages of GDP and of total public expenditure)



Source: Economic Commission for Latin American and the Caribbean (ECLAC), on the basis of official information from the countries.
Note: The averages refer to the arithmetic mean of non-zero values for the following Caribbean countries: Bahamas, Barbados, Belize, Guyana, Jamaica, Saint Lucia, and Trinidad and Tobago. The fiscal calendar of some Caribbean countries is different from that of the Latin American countries: Bahamas (July to June); Barbados and Jamaica (April to March); and Trinidad and Tobago (October to September). The published reference period refers to the calendar year of the end-month.

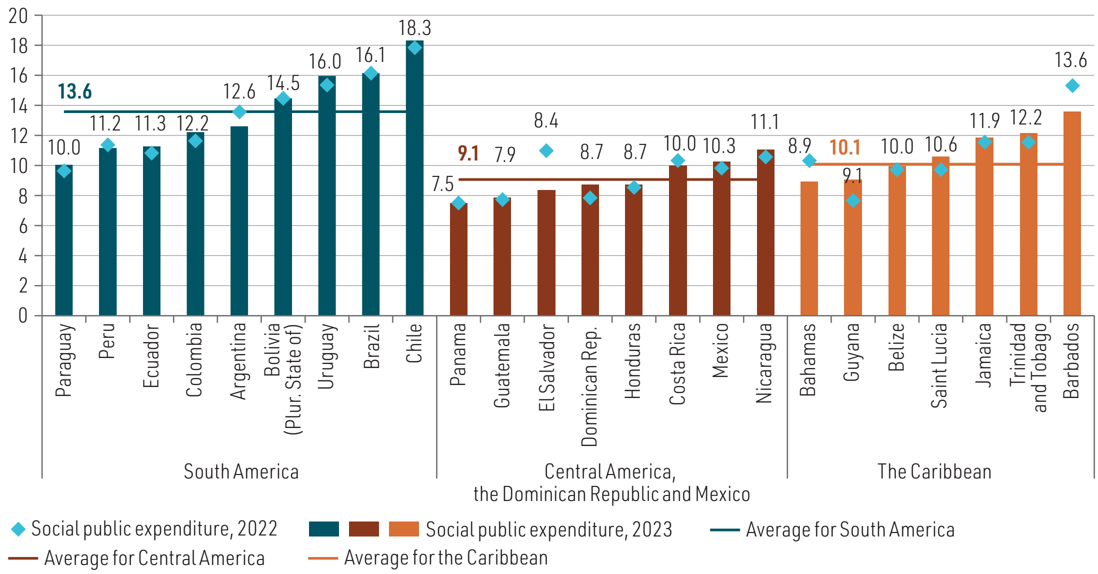
The share of social spending in total public expenditure also declined in Caribbean countries, to represent 41.3% of the total in 2023, similar to the share in 2017. This implied an even greater widening of the existing gap relative to the Latin American countries, which was 12 percentage points in 2023.

These regional trends in social spending are backdropped by faltering private consumption, declining purchasing power of real wages, scant job creation, decreasing levels of consumer confidence and the depletion of savings accumulated by families in recent years, which affects tax revenue. In addition, monetary policies are being kept tight to control inflation, with interest rates held above normal levels, in a context of geopolitical tensions and wide fluctuations in commodity prices on the world market, which have contributed to a scenario of low economic growth in the region. Growth of value added in the different branches of economic activity slackened, especially in the case of financial and business services; community, social and personal services; and basic services, thus adding to the low value added of the agricultural and mining sectors. Inflation, while continuing to weaken among goods prices, is rising in the services sector, thereby raising the costs associated with social services (ECLAC, 2024b).

The analysis by subregions shows a slight decline in spending levels in the Caribbean countries compared to their South American counterparts in 2023, which on average increased their social spending slightly in that year. This difference in spending between the two subregions was equivalent to 2.5 percentage points of GDP, compared to 2.6 points in 2022.

In the South American countries, social spending averaged 13.6% of GDP in 2023, which is the highest in the region as a whole and 0.2 percentage points of GDP above the previous year's level. Heterogeneity also persisted among this group of countries, with five spending less than the subregional average (Argentina, Colombia, Ecuador, Paraguay and Peru), three spending between 14.5% and 16.1% of GDP (Brazil, the Plurinational State of Bolivia and Uruguay), and Chile maintaining central government social spending well above the regional average, at 18.3% of GDP (see figure IV.14).

Figure IV.14
Latin America and the Caribbean (24 countries): central government social spending, by country and subregion, 2022 and 2023
(Percentages of GDP)



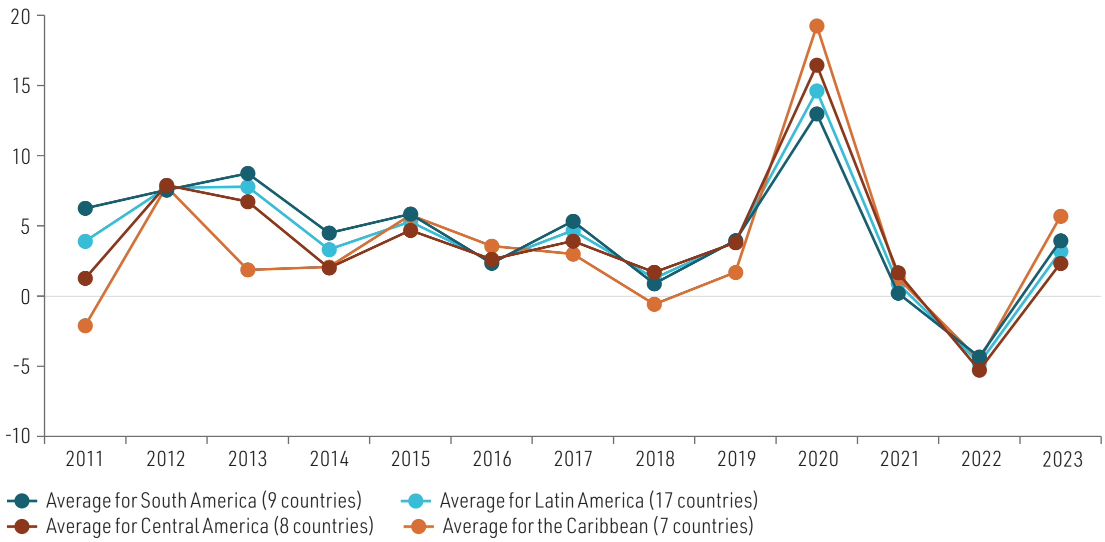
Source: Economic Commission for Latin American and the Caribbean (ECLAC), on the basis of official information from the countries.
Note: Coverage for the Plurinational State of Bolivia refers to central administration and for Peru, to general government. Data for Uruguay do not include the Social Security Bank (BPS). Data for the Plurinational State of Bolivia refer to 2021, while those for Brazil and Panama refer to 2022. For comparison purposes, the 2022 levels of public social spending are included as a reference.

In the group comprising the Central American countries plus the Dominican Republic and Mexico, central government social spending averaged 9.1% of GDP in 2023, 0.1 percentage points less than in the previous year. The steepest reductions occurred in El Salvador, from 11.0% of GDP in 2022 to 8.4% in 2023 —associated with the fall in tax revenue and the elimination or reduction of social entitlements, such as the reduction in the subsidy for liquefied petroleum gas (ECLAC, 2024c)— and Costa Rica, where spending decreased from 10.3% to 10.0% of GDP in the same period. In this group, only three countries reported central government social spending above 10% of GDP, and there was relatively little variety between them, with a range of 3.6 percentage points of GDP.

In the Caribbean countries for which information on central government social spending is available, the trend is similar to that of Central America, the Dominican Republic and Mexico, although at a higher level. In 2023, social spending averaged 10.1% of GDP, 0.8 percentage points lower than in 2022, with less heterogeneity as the difference between the countries with the lowest and highest levels of spending was 4.7 percentage points (3 points less than in 2022). Guyana, in contrast, increased spending by 1.4 percentage points of GDP, in a context of rapid real growth driven by offshore oil production (ECLAC, 2024b).

Analysis of the rate of growth of social spending in 2023 reveals a reversal of the declining trend observed in the region since 2021 (see figure IV.15). The Latin American countries increased their social spending (measured in dollars at constant 2018 prices) by an average of 3.2%, which indicates a change of direction relative to 2022 (-4.8%) and is greater than the 0.9% growth recorded in 2021. The group of countries comprising Central America, the Dominican Republic and Mexico reports the lowest rate of growth of spending, at 2.3%, while South American countries increased their spending by 4%. The Caribbean also posted the strongest spending growth in 2023, at 5.7%.

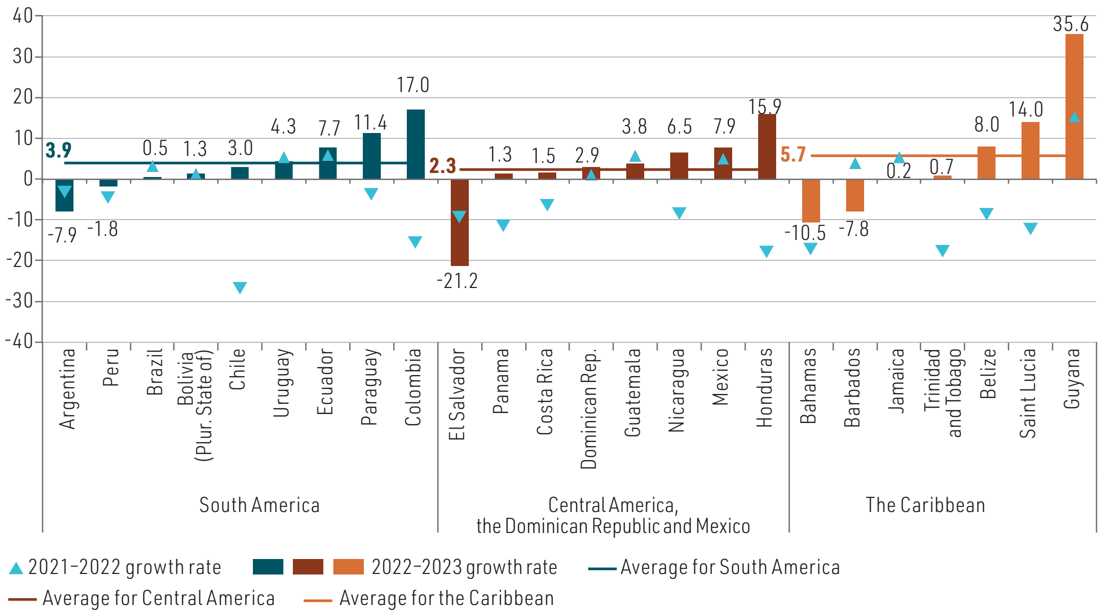
Figure IV.15
Latin America and the Caribbean (24 countries): average annual rate of growth of central government social spending, by subregion, 2011–2023
(Percentages)



Source: Economic Commission for Latin American and the Caribbean (ECLAC), on the basis of official information from the countries.
Note: The Latin American averages refer to the arithmetic mean of the non-zero values of 17 countries, which are divided into two groups: nine from South America (Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay) and eight from the group comprising Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama), the Dominican Republic and Mexico. In the case of the Caribbean, seven countries are included (the Bahamas, Barbados, Belize, Guyana, Jamaica, Saint Lucia and Trinidad and Tobago). Coverage refers to general government in Peru and to central administration in the Plurinational State of Bolivia. Data for the Plurinational State of Bolivia refer to 2021, while those for Brazil and Panama refer to 2022.

As shown in figure IV.16, which reports the particular situation of each country, in the case of South America, Colombia posted the highest rate of growth of central government social spending (17%), followed by Paraguay (11.4%), Ecuador (7.7%) and Uruguay (4.3%), which exceeded the regional average. In Central America, Honduras and Mexico recorded highest rates in this subgroup, of 15.9% and 7.9%, respectively. Lastly, in the Caribbean, Guyana was an outlier with central government social spending rising by 35.9%, 32 percentage points above the regional average. This represents a continuation of this country's outstanding growth trend, explained partly by oil production in recent years. In contrast, Argentina, the Bahamas, Barbados and El Salvador were the countries that, in general, reported the steepest declines in the region 7.9%, 10.5%, 7.8% and 21.2%, respectively, which is explained partly by decreased tax revenue and reduced central government expenditure on subsidies and current transfers (ECLAC, 2024c).

Figure IV.16
Latin America and the Caribbean (24 countries): annual rate of growth of central government social spending, by country and subregion, 2021–2023
(Percentages)



Source: Economic Commission for Latin American and the Caribbean (ECLAC), on the basis of official information from the countries.
Note: The bars represent growth rates between 2022 and 2023, calculated as the variation in spending measured in dollars at constant prices. The Latin American averages refer to the arithmetic mean of the non-zero values of 17 countries, which are divided into two groups: nine from South America (Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay) and eight from the group comprising Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama), the Dominican Republic and Mexico. In the case of the Caribbean, seven countries are included (the Bahamas, Barbados, Belize, Guyana, Jamaica, Saint Lucia and Trinidad and Tobago). Coverage refers to general government in Peru and to central administration in the Plurinational State of Bolivia. Data for Uruguay do not include the Social Security Bank (BPS). Data for the Plurinational State of Bolivia refer to 2021, while those for Brazil and Panama refer to 2022.

2. Trend of social spending per person

Among the 24 countries in the region that have information available, central government social spending per person, in dollars at constant 2018 prices, averaged US$ 1,240 in 2023, US$ 18 higher than in the previous year and representing growth of 1.5%.

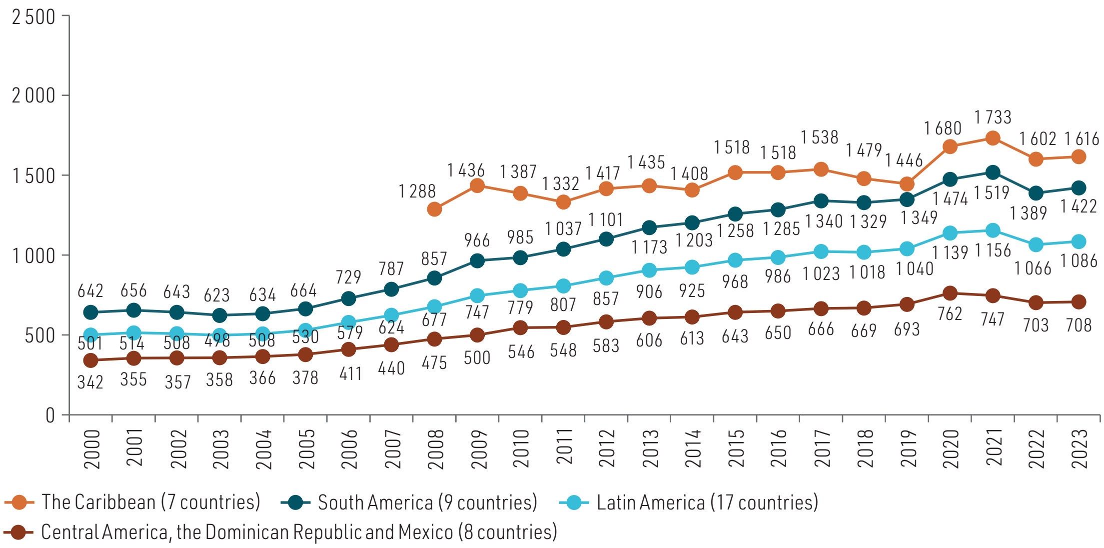
For the 17 Latin American countries, central government social spending per person averaged US$ 1,086 in 2023, which is US$ 70 below its 2020 peak, but US$ 20 above the 2022 level. The increase is explained mainly by social spending in Chile, Colombia and Uruguay. Thus, among the South American countries, the increase in spending averaged US$ 33 (2.4%) relative to 2022, when it had declined by US$ 130 (8.6%). Among the countries in the group comprising Central America, the Dominican Republic and Mexico, average spending per person was up by US$ 5 in 2023, which also represents a change in trend from the previous year, when it had decreased by an average of US$ 44 (see figure IV.17).

In the case of the English-speaking Caribbean, the countries analysed raised their per capita social spending slightly in 2023, to US$ 1,616 at constant 2018 prices —an increase of US$ 14 over the previous year. The figures show that these countries have been spending considerably more per capita than their Latin American counterparts, with the gap equivalent to 30% in 2023.

Figure IV.17

Latin America and the Caribbean (24 countries): per capita central government social spending, by subregion, 2000–2023

(Constant dollars at 2018 prices)



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

Note: The Latin American averages refer to the arithmetic mean of the non-zero values of 17 countries, which are divided into two groups: nine from South America (Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay) and eight from the group comprising Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama), the Dominican Republic and Mexico. In the case of the Caribbean, seven countries are included (the Bahamas, Barbados, Belize, Guyana, Jamaica, Saint Lucia and Trinidad and Tobago). Coverage refers to general government in Peru and to central administration in the Plurinational State of Bolivia. Data for Uruguay do not include the Social Security Bank (BPS). Data for the Plurinational State of Bolivia refer to 2021, while those for Brazil and Panama refer to 2022.

An analysis by country shows that Uruguay allocated the most resources per person in 2023, at US$ 3,165, followed by Chile, which spent an average of US$ 2,972 per capita in that year. A second group of countries, consisting of Argentina, the Bahamas, Barbados, Brazil, Guyana and Trinidad and Tobago, spent between US$ 1,500 and US$ 2,700 per person in 2023. A third group, with per capita outlays of between US$ 600 and US$ 1,500, consists of Belize, Colombia, Costa Rica, the Dominican Republic, Ecuador, Jamaica, Mexico, Panama, Paraguay, Peru and Saint Lucia. Lastly, El Salvador, Guatemala, Honduras, Nicaragua and the Plurinational State of Bolivia spent less than US$ 600 per person in 2023 (see table IV.A2.1 in annex IV.A2).

The largest year-on-year country-level variations in this indicator were the 34.7% increase in Guyana, followed by increases of 16.5% in Colombia and 14.2% in Honduras. In contrast, the main per capita reductions in 2023 occurred in El Salvador (21.6%), followed by the Bahamas (11%), Argentina (8.4%) and Barbados (8%). The variations in that year were relatively smaller than those of 2021 and 2022, suggesting greater stabilization compared to the historical increases that occurred during the years of the COVID-19 pandemic.

As indicated in previous editions of *Social Panorama* (ECLAC, 2021, 2022a and 2022b), central government social expenditures display two features that characterize the situation in the region. Firstly, the countries that are experiencing the greatest difficulties in achieving the social targets of the 2030 Agenda for Sustainable Development, and in moving towards inclusive social development in terms of poverty, health, education, social protection and access to drinking water, electricity and sanitation, generally allocate fewer resources to social spending, both in absolute terms and in relation to population and GDP. Secondly, the region is still lagging well behind the most developed countries in this regard. For example, European Union countries allocated an average of 6.5% of GDP to social protection in 2022 at the central government level and 16.5% at the general government level. In comparison, in Latin America and the Caribbean spending on social protection by central government level averaged 3.9% of GDP.

3. Social spending by function of government

In 2023, the structure of central government social spending in the six functions of government has remained broadly unchanged over the last two decades. In Latin America, the social protection and education functions continue to attract the highest levels of social spending (averaging 4.4% and 3.7% of GDP, respectively). Their resource levels remained stable in 2023, with variations not exceeding 0.1 percentage points (see figure IV.18). Meanwhile, the third most important expenditure function continues to be health, which accounted for 2.5% of GDP in 2023, down by 0.1 percentage points from the previous year, although above the 2019 pre-pandemic levels.

Among the South American countries, the order of distribution is similar to that of Latin America as a whole, but spending on social protection accounts for a larger relative share (6.6%), and education reports a higher growth rate (0.2 percentage points). However, as noted in previous versions of *Social Panorama* (ECLAC, 2022a and 2022b), there are significant differences between the subregions in the social protection function. In 2023, average central government expenditure on social protection in South American countries (6.4% of GDP) was still almost three times the average in Central America, the Dominican Republic and Mexico (2.2% of GDP).

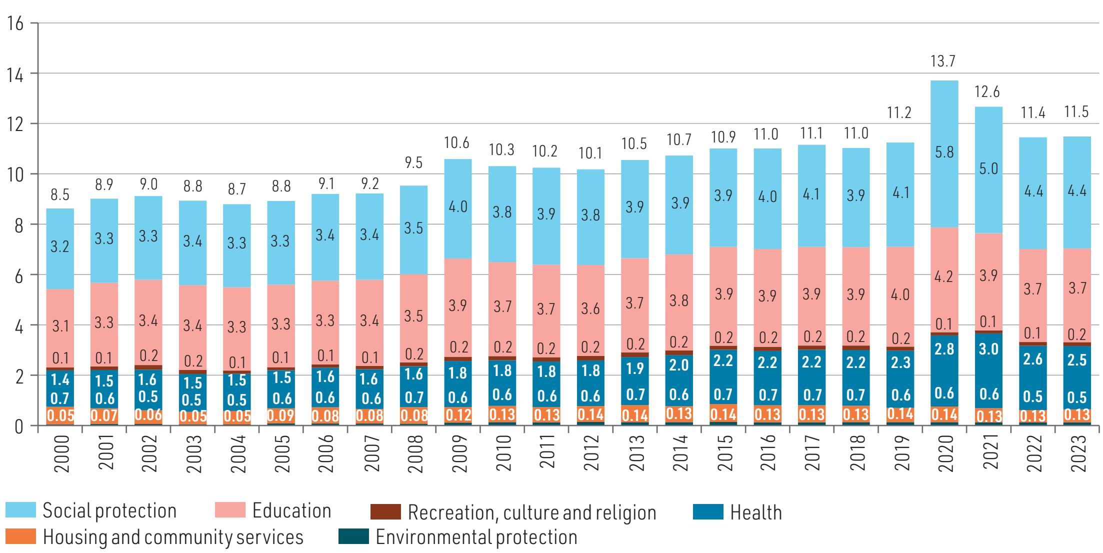
Historically, the education function has occupied first place in the subgroup of Central America, the Dominican Republic and Mexico, and this continued to be the case in 2023. This is also the subregion with the largest share of education in total central government social spending (3.8% of GDP), although it is at its lowest level since 2012. Costa Rica, Honduras, Nicaragua and Panama have recorded the sharpest reductions in this function since 2019. Among South American countries, average spending on education represented 3.7% of GDP, slightly more than in 2022 and similar to that recorded between 2014 and 2019.

Figure IV.18

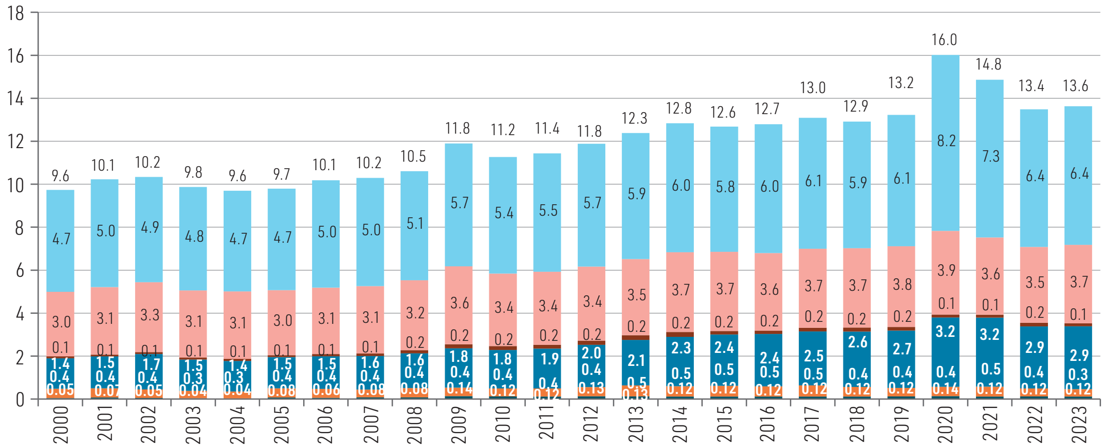
Latin America and the Caribbean (22 countries): central government social spending, by function, 2000–2023

(Percentages of GDP)

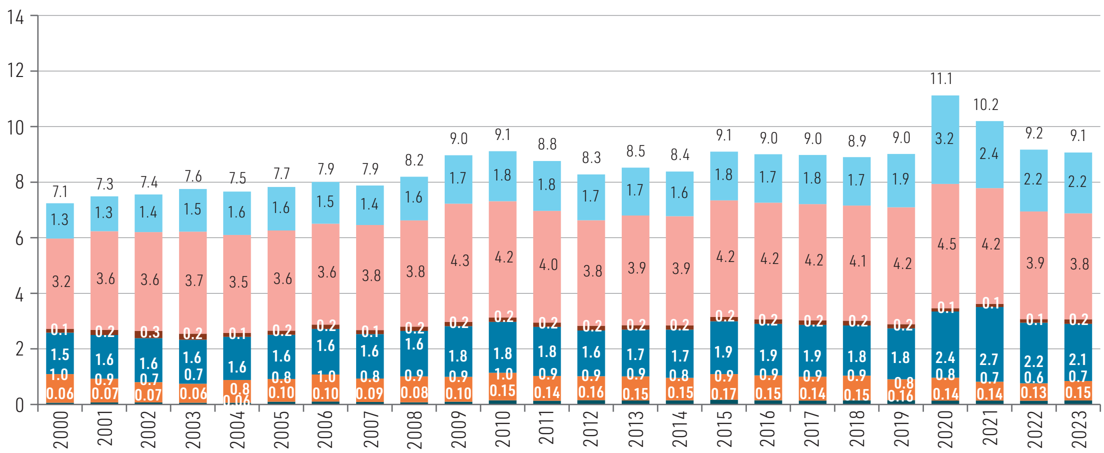
A. Latin America



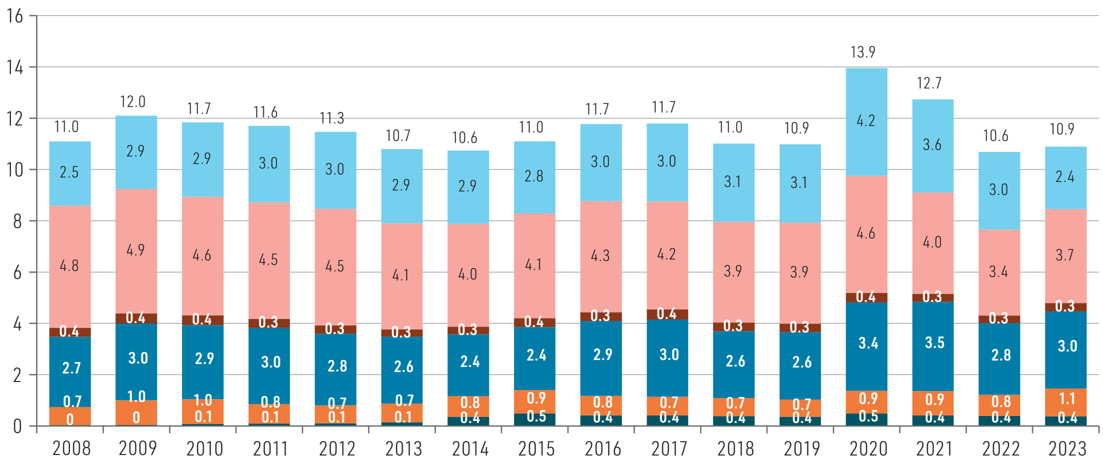
B. South America



C. Central America, the Dominican Republic and Mexico



D. The Caribbean



Social protection | Education | Recreation. culture and religion | Health | Housing and community services | Environmental protection

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

Note: The Latin American averages refer to the arithmetic mean of 17 countries, which are divided into two groups: nine countries in South America (Argentina, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Plurinational State of Bolivia, and Uruguay) and eight countries in Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama), the Dominican Republic and Mexico. In the case of the Caribbean, seven countries are included (the Bahamas, Barbados, Belize, Guyana, Saint Lucia, Jamaica and Trinidad and Tobago). Coverage refers to general government in Peru and to central administration in the Plurinational State of Bolivia. Data for the Plurinational State of Bolivia refer to 2021, while those for Brazil and Panama refer to 2022.

In the case of the health function, average expenditure decreased slightly in both subregions in 2023. In the South American countries, it represented 2.9% of GDP, while among the Central American countries, together with the Dominican Republic and Mexico, it amounted to 2.1% of GDP. Although these values are still above their 2019 levels, they have retreated considerably in recent years, especially in the second subregion, where average spending on health relative to GDP was only about 78% of what it was in 2021.

Expenditure on housing and community services remained stable in 2023, at around 0.5% of GDP among all Latin American countries. Continuing the previous years' trend, the Central American countries, along with the Dominican Republic and Mexico, on average spent slightly more than twice as much on this function as those of South America (0.7% and 0.3% of GDP, respectively).

Spending on environmental protection and on recreation, culture and religion in Latin American countries remained stable, averaging 0.12% and 0.15% of GDP, respectively.

An analysis of data for the seven English-speaking Caribbean countries for which information is available shows that the reduction in central government social spending in 2023 is explained mainly by the social protection function, where spending decreased from an average equivalent to 3.0% of GDP in 2022 to 2.4% in 2023. Conversely, the education and health functions posted slight increases in spending, rising from 3.4% and 2.8% of GDP, respectively, in 2022 to 3.7% and 3.0% in 2023. Although spending on the health function in this subregion is still below the levels recorded during the COVID-19 pandemic, it is close to the pre-2019 peaks.

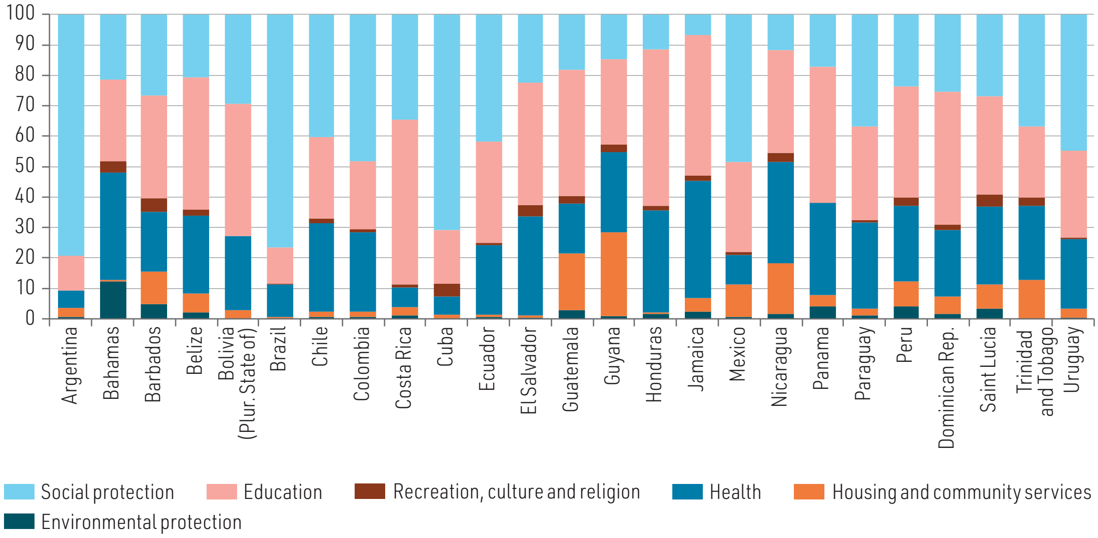
In the housing and community services function, spending among the Caribbean countries increased significantly from 0.8% of GDP in 2022 to 1.1% in 2023. In the case of environmental protection, spending averaged 0.4% of GDP, which, while broadly the same as in previous years, is more than three times the equivalent figure in Latin American countries. Similarly, spending on recreation, culture and religion in the Caribbean averages more than double that of Latin American countries (0.33% and 0.12% of GDP, respectively).

The analysis is complemented by a review of the distribution of central government social spending among the social functions of government in each country, which makes it possible to set priorities for the allocation and use of public resources. As described at the regional level and noted in previous editions of *Social Panorama* (ECLAC, 2021, 2022a and 2022b), the social protection, education and health functions absorbed the largest expenditures in 2023 in most countries, but with widely varying distribution (see figure IV.19 and table IV.A2.1 in annex IV.A2). The distributions analysed refer to central government expenditure and may differ under broader institutional coverage, such as that of general government or the non-financial public sector. This is particularly important in the case of countries that have a federative government structure or subnational governments with a high degree of autonomy, such as Argentina, Brazil, Colombia and Mexico. The same is true of countries in which part of the resources attributable to social security are not recorded as central government expenditure, as in Costa Rica, Ecuador, Honduras and Uruguay, among others.

The following paragraphs provide a brief description of central government social spending on each social function in the Latin American and Caribbean countries for which information is available for 2023.[14]

[14] The Bolivarian Republic of Venezuela and Haiti are not included owing to lack of information.

Figure IV.19
Latin America and the Caribbean (25 countries): distribution of central government social spending, by function, 2023
(Percentages)



Source: Economic Commission for Latin American and the Caribbean (ECLAC), on the basis of official information from the countries.
Note: The coverage of the Plurinational State of Bolivia refers to central administration and that of Peru to the general government. Data for the Plurinational State of Bolivia refer to 2021, while those for Brazil and Panama refer to 2022.

(a) Social protection

The outlays considered in the social protection function refer to services and both cash and in-kind transfers to individuals and families, related to illness, disability, old age, survivors,[15] family, daughters and sons, unemployment, housing[16] and social exclusion, which emanate from both the contributory and non-contributory components. Transfers include those aimed at covering the risks of income loss or increased expenses that could affect part or all of the population (related to illness, old age, care, disasters, economic and social crises[17] and unemployment), as well as those intended to facilitate inclusion and protect the population from the consequences of poverty and inequality (such as income or in-kind transfer programmes and non-contributory pension systems).

In 2023, the countries of the region recording the highest level of central government expenditure relative to GDP on the social protection function were Brazil (12.4%) and Argentina (10.0%), followed by Chile (7.4%), Uruguay (7.1%) and Colombia (5.9%). Those that spent the least on this function were Panama (1.3%), Honduras (1.0%) and Jamaica (0.8%).

Although the region has generally been trending down in this regard, 10 countries managed to keep above the regional average, with Honduras, Nicaragua and Colombia posting increases of 0.49, 0.43 and 0.70 percentage points of GDP, respectively, relative to 2022. Conversely, the countries with the largest decreases relative to GDP were El Salvador (1.76 percentage points), Barbados (0.63 points) and the Bahamas (0.57 points). These variations take account both of real increases in spending and of variations in each country's GDP.

15 This expenditure represents benefits in cash and in kind to the survivors of a deceased person (such as spouses, ex-spouses, daughters and sons, granddaughters and grandsons, mothers and fathers and other relatives).

16 Under this function, housing-related expenditure refers to support through funds to facilitate access to housing and includes the following: "Provision of social protection in the form of benefits in kind to help households meet the cost of housing (recipients of these benefits are means-tested). Administration, management or support of such social protection schemes. Benefits in kind, such as payments made on a temporary or long-term basis to help tenants with rent costs, payments to alleviate the current housing costs of owner-occupiers (i.e., to help with paying mortgages or interest), and provision of low-cost or social housing" (IMF, 2014, p. 170).

17 Such as the economic and social crisis caused by the COVID-19 pandemic. For a detailed analysis, see ECLAC (2022b, chapter III, section. B).

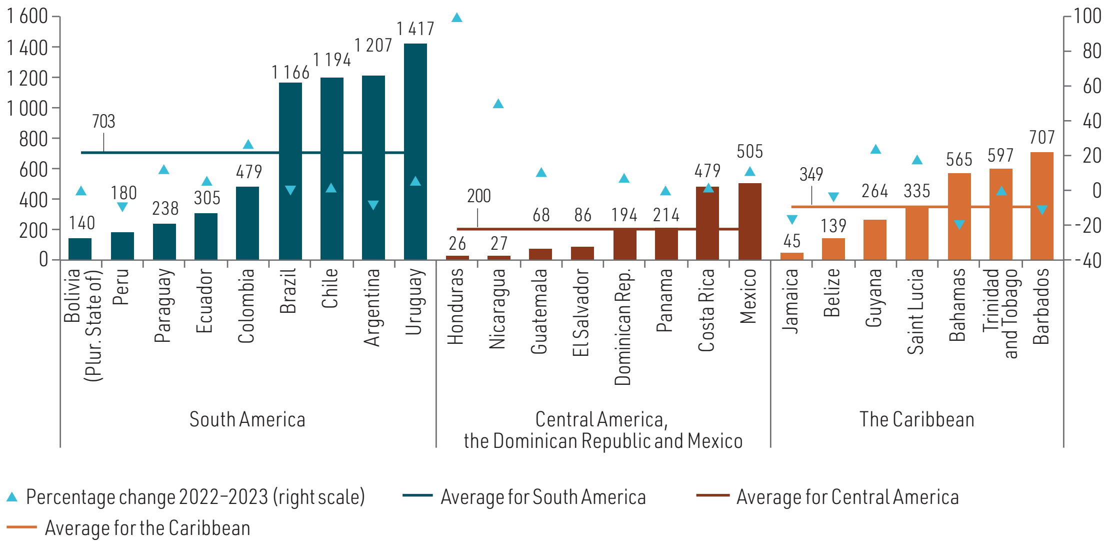
Ten countries make social protection their top priority in central government social spending, including Argentina and Brazil, where this function absorbs 79.4% and 76.5% of the total, respectively, followed by Cuba (70.9%) and Mexico (48.5%). In contrast, Jamaica, Nicaragua and Honduras allocated less than 12% to this function (see figure IV.19 and table IV.A4.1 in annex IV.A4).

In per capita terms, Argentina, Brazil, Chile and Uruguay report the largest social protection outlays, ranging from US$ 1,166 to US$ 1,417 in 2023. In contrast, five countries spent less than US$ 100 per capita on this function: El Salvador, Guatemala, Honduras, Jamaica and Nicaragua (see figure IV.20).

Figure IV.20

Latin America and the Caribbean (24 countries): per capita central government spending on social protection function, by country and subregion, 2023

(Constant dollars at 2018 prices and year-on-year percentage variation)



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

Note: The bars represent spending measured in dollars at constant 2018 prices. Positive changes are indicated by upward-pointing triangles and negative changes by downward-pointing ones. Coverage refers to general government in Peru and to central administration in the Plurinational State of Bolivia. Data for Uruguay do not include the Social Security Bank (BPS).

The low levels of per capita spending on social protection reaffirm the statement made in section IV.A.5 on the importance of having a financing standard that makes it possible to at least close the extreme poverty gaps and address the main challenges that these countries have to face, in order to reach levels of financial sufficiency commensurate with what they need to achieve the Goal 1 targets.

Year-on-year variations are mixed. Despite their low level, two countries recorded a significant year-on-year increase in social protection spending: Honduras, which almost doubled its per capita spending in 2023, and Nicaragua, which reported an increase of 49.7%. These countries are followed by Colombia and Guyana, with increases of 26.7% and 24%, respectively. Lastly, the sharpest reductions occurred in Jamaica (17.4%), the Bahamas (20.7%) and El Salvador (46.9%), which in the previous period had already dropped significantly by between 9.5% and 32%.

As indicated in previous editions of *Social Panorama,* in several of the countries, such as Costa Rica, Ecuador, El Salvador, Honduras, Nicaragua, Panama and Uruguay, data from social security institutes could increase the social protection expenditure analysed here and alter the trends described. Compounding this are the different institutional models and modes of resource management at the different levels of government, as some countries give management and accounting autonomy to subnational governments or else outsource management to the private sector. The following section presents information from countries that publish broader institutional coverage, which makes it possible to complement the analysis, at least partly, by taking this situation into account.

(b) Education

The analysis of spending on the education function takes account of all resources used to finance education policies at the three levels of education (from preschool to tertiary), along with auxiliary services and research and development activities. To this end, the Framework for Action SDG 4-Education 2030: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all, the development of which was coordinated by the United Nations Educational, Scientific and Cultural Organization (UNESCO), urges governments to allocate at least 4% to 6% of GDP, or 15% to 20% of total public expenditure, to education (UNESCO and others, 2016).

In 2023, Jamaica was the country in which central government spent the most on education (5.5% of GDP), followed by Costa Rica (5.4% of GDP). A second group, consisting of Barbados, Chile, Honduras and Uruguay, allocated between 4.5% and 4.9% of GDP. Lastly, in Argentina, the Bahamas and Brazil central government expenditure on this function was no more than 2.5% of GDP.

The spending levels reported in 2023 remain lower, on average, than those of 2019, before the COVID-19 pandemic. Only seven countries recorded increases greater than 0.1% of GDP over the previous year in this function: Argentina, Chile, Ecuador, Guyana, Jamaica, Peru and Uruguay, which increased their spending by between 0.14 and 0.39 percentage points of GDP.

In terms of fulfilling the UNESCO recommendation, only seven countries achieve that level of spending, four fewer than in 2019. However, central government data underestimate education expenditure in countries such as Argentina and Brazil, which would join the list of those that attain the recommended level if broader coverage than central government is considered. Meanwhile, 16 countries meet the target of allocating more than 15% of total spending to education, compared to the 20 that met that target in 2019.

In terms of the relative priority of the education function, the countries that in 2023 devoted a larger share of central government social spending to this function included Costa Rica (54.2%) and Honduras (51.5%), followed by Jamaica (46.3%), Panama (44.8%) and the Dominican Republic (43.7%).

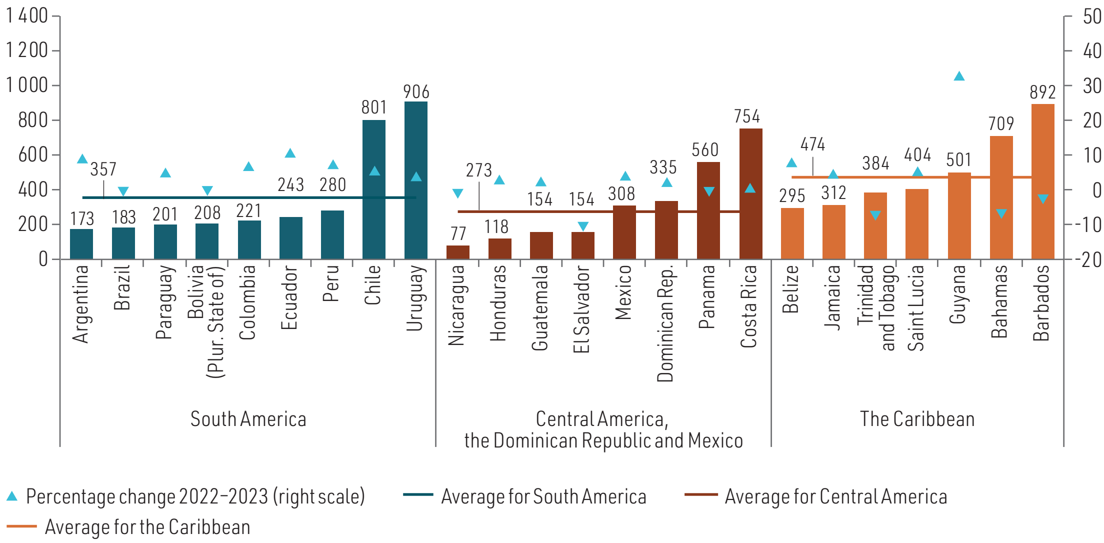
Lastly, in terms of dollars per capita, seven countries spent more than US$ 500 per person on education function in 2023. In contrast, Guatemala, Honduras, Nicaragua and El Salvador spent the least, with per capita amounts ranging from US$ 77 to US$ 154.

Figure IV.21 shows the real year-on-year variations between 2022 and 2023. Although the general trend in the region is towards a slight increase in spending, some countries reported an above-average variation, including Colombia, Ecuador and Peru with increases of between 7% and 11%, and Guyana, which reported a considerably greater increase of 33%. The largest reductions were those of El Salvador, Trinidad and Tobago and the Bahamas, of between 6.5% and 10.1%.

Figure IV.21

Latin America and the Caribbean (24 countries): per capita central government expenditure on education function, by country and subregion, 2023

(Constant dollars at 2018 prices and year-on-year percentage variation)



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

Note: The bars represent spending measured in dollars at constant 2018 prices. Positive changes are indicated by upward-pointing triangles and negative changes by downward-pointing triangles. Coverage refers to general government in Peru and to central administration in the Plurinational State of Bolivia. Data for Uruguay do not include the Social Security Bank (BPS).

(c) Health

Spending on the health function encompasses all outlays for services provided to individuals and collective entities at different levels of care, in both preventive and curative programmes. To move towards universal health, target 4.1 of the Sustainable Health Agenda for the Americas 2018–2030 indicates that public spending equivalent to at least 6% of GDP should be allocated to this function (PAHO, 2017, p. 35).[18] This amount is considered a minimum benchmark for the performance of countries in terms of the financial sustainability of the health system, a value that contrasts with the average of 2.7% of GDP attained by the central governments of the 24 countries analysed and reveals the magnitude of the funding gap still to be bridged.

Although spending in 2023 remained above pre-pandemic levels, the downtrend recorded in 2022 continued, and none of the countries attained the target proposed by the Pan American Health Organization (PAHO). It should be noted that there is a group of countries that do not include spending on this function among central government items; but at a broader coverage level, such as general government or the non-financial public sector, they do meet the proposed target of allocating 6% of GDP to health.

The countries with the highest levels of spending relative to GDP were Chile, the Bahamas, Nicaragua and Uruguay (between 3.1% and 5.7% of GDP). Progress relative to GDP was only recorded in Paraguay, Trinidad and Tobago, and Uruguay, with increases of 0.35, 0.30 and 0.18 percentage points, respectively.

A comparison of these data relative to the funds allocated to the other social functions shows that six countries allocate 30% or more of social spending to health. The largest shares were recorded in the Bahamas and Jamaica (with 35.4% and 38.6%, respectively), followed by Honduras (33.6%) and Nicaragua (33.2%). A second group that allocated between 25% and 30% of central government

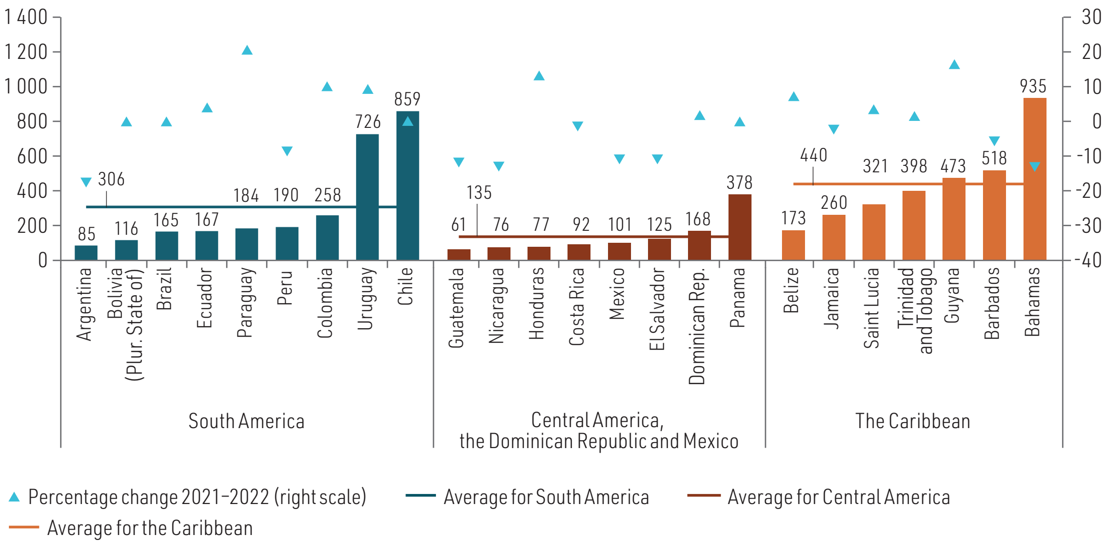
18 See Goal 4 of the Sustainable Health Agenda for the Americas 2018-2030 (PAHO, 2017).

social spending to this function includes Chile, Colombia, Guyana, Panama, Paraguay and Saint Lucia. Lastly, Argentina, Costa Rica and Mexico assigned less than 10% of central government social spending to this item.

As noted above, in most of the countries, health expenditures have declined year-on-year, with the most pronounced reductions occurring in Argentina (16.8%), the Bahamas (12.7%) and Nicaragua (12.6%). In contrast, significant increases in spending relative to 2022 were recorded in Guyana (16.5%), Honduras (13.2%) and Paraguay (20.6%).

In per capita terms, the countries that spent the most in 2023, measured in dollars at constant 2018 prices, were the Bahamas (US$ 935), Chile (US$ 859) and Uruguay (US$ 726), followed by Barbados, Guyana and Trinidad and Tobago, which spent between US$ 398 and US$ 518 per person (see figure IV.22).

Figure IV.22
Latin America and the Caribbean (24 countries): per capita central government expenditure on health function, by country and subregion, 2023
(Constant dollars at 2018 prices and year-on-year percentage variation)



Source: Economic Commission for Latin American and the Caribbean (ECLAC), on the basis of official information from the countries.
Note: The bars represent spending measured in dollars at constant 2018 prices. Positive changes are indicated by upward-pointing triangles and negative changes by downward-pointing ones. Coverage refers to general government in Peru and to central administration in the Plurinational State of Bolivia. Data for Uruguay do not include the Social Security Bank (BPS).

These estimates could vary under broader institutional coverage, including, for example, social security funds and institutes and social security banks, which in some countries play a major role in the health expenditure of the contributory system. For example, in addition to the figures quoted for Argentina and Costa Rica, per capita health spending by the central government in Brazil amounted to US$ 165 in 2022, while at the general government level it was US$ 445 in that year.[19]

(d) Housing and community services

Public expenditure on housing and community services includes government funding for urban development (including both the administration of urban development issues and slum clearance, related to housing construction and redevelopment, as well as the acquisition of land needed for such construction), community development, water supply and sanitation, and street lighting.

[19] In the case of Brazil, the latest year for which information is available at the general government level is 2022.

The countries in the region that allocated the highest level of central government social spending to this function in 2023 were Guyana (2.5% of GDP) and Nicaragua (1.8%), followed by Trinidad and Tobago and Barbados (1.55% and 1.46%, respectively).

In terms of the share of total central government social spending allocated to this function, the leading countries are Guyana (27.5%), Guatemala (18.5%) and Nicaragua (16.6%). Fifteen of the 24 countries analysed continue to allocate less than 5% of central government social spending to this function (ECLAC, 2022a).

In dollars per capita at constant 2018 prices, three Caribbean countries reported the highest level of spending: Barbados, Guyana, and Trinidad and Tobago (between US$ 207 and US$ 493). In contrast, per capita spending on this function in Ecuador, El Salvador, Honduras and Paraguay was not more than US$ 5.

(e) Recreational activities, culture and religion

Spending on this function includes resources to finance recreational, sports, cultural, radio and television, and religious activities. At the tenth meeting of the Ibero-American Conference on Culture, held in Valparaíso, Chile, in July 2007, the ministers and high authorities in this area proposed "to progressively allocate at least 1% of the general budget of each State to the promotion of culture" (ECLAC/OEI, 2014, p. 311).

In 2023, the country with the highest level of spending on this function was Barbados (0.62% of GDP), followed by Saint Lucia (0.43%), the Bahamas (0.34%), Nicaragua (0.33%) and El Salvador (0.32%). Barbados and Nicaragua spent the most public resources on this function relative to total central government expenditure, with shares of 2.3% and 1.7%, respectively, thus surpassing the aforementioned target. The Bahamas, Chile, Cuba, El Salvador, Guatemala, Guyana, Peru, Saint Lucia and Trinidad and Tobago also allocated more than 1% of total central government expenditure, thus meeting the target.[20]

As in previous years, Argentina and the Plurinational State of Bolivia did not report central government expenditure on this function.

(f) Environmental protection

Among the social functions, spending on environmental protection includes disbursements made for waste and wastewater management, pollution abatement, biodiversity and landscape protection, and research related to environmental protection.

In 2023, the country reporting the highest level of spending on this function was the Bahamas (1.09% of GDP), followed by Barbados (0.66%) and Peru (0.45%). Spending in this domain by the other countries did not exceed 0.3% of GDP.

The Bahamas was the only country in which this function accounted for more than 10% of total central government expenditure in 2023. In the other countries analysed, the amount did not exceed 5%; and, in 15 of them, it was less than 2%.

In dollars per capita at constant 2018 prices, the Bahamas and Barbados are the countries that spent the most (US$ 323 and US$ 128, respectively), whereas per capita spending in the other countries was less than US$ 50.

These data change significantly under broader institutional coverage, including subnational levels of government (given their role in waste management) and public enterprises engaged in wastewater treatment. Further information on this topic can be found in the data consolidation

[20] The countries indicated meet the target in terms of total public expenditure by central government. This does not exclude other countries that may meet the target when considering the distribution of total expenditure at the general government level.

exercises contained in the satellite accounts. In addition to providing a more complete view of the resources allocated, these accounts record the actions of different actors within the framework of environmental protection policies in the countries concerned.[21]

4. Public social spending at institutional coverage broader than central government: selected countries

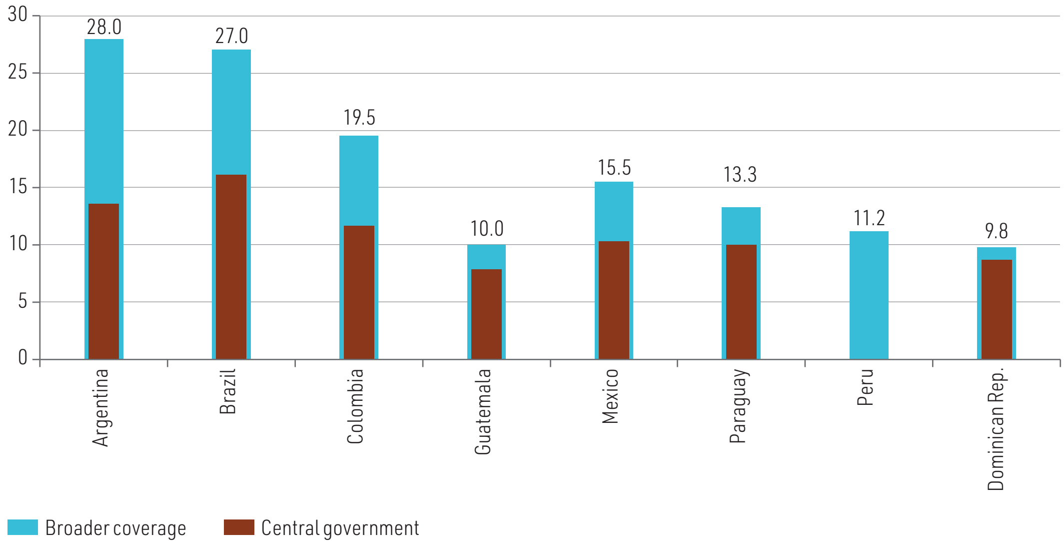
As noted above, the data analysed thus far relate to central government, which is the only level of coverage at which all countries of the region can be compared. however, as shown in box IV.2, some Latin American countries publish aggregate reports on public social spending with broader institutional coverage (general government, non-financial public sector, or public sector). This section complements the foregoing analysis with information from five countries that have data up to 2023 (the Dominican Republic, Guatemala, Mexico, Paraguay and Peru) and another three (Argentina, Brazil, and Colombia) that have data up to 2022 (see table IV.A3.1 in annex IV.A3).[22]

As shown in figure IV.23, public social spending increases considerably when analysed with an institutional coverage that is broader than central government.[23] Among the seven countries that provided data on both levels of coverage in the last two years, the difference averages 6.4 percentage points of GDP, or between 12% and 106% of the amount spent by central government.

Figure IV.23

Latin America (8 countries): public social spending by institutional coverage, 2023[a]

(Percentages of GDP)



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

Note: In the case of central government, coverage for the Plurinational State of Bolivia refers to central administration and that of Peru to general government. The broadest coverages refer to general government in Brazil, Colombia, the Dominican Republic, Guatemala, Paraguay and Peru, to the public sector in Argentina and El Salvador, and to the non-financial public sector in Mexico.

[a] The data for the Dominican Republic, Guatemala, Mexico, Paraguay and Peru refer to 2023. For the rest of the countries, the most recent year with available information is analysed.

[21] For further details on this topic, see Economic Commission for Latin America and the Caribbean (ECLAC), "Regional Network of Environment and Climate Change Statistics" [online] https://comunidades.cepal.org/estadisticas-ambientales/en.

[22] Obtaining data series of broader coverage than central government will require a major effort to consolidate public finances among the different levels of government. For this reason, information is not available for all countries, and the year of analysis differs in some cases. In addition to the aforementioned countries, the Plurinational State of Bolivia and Cuba have data up to 2020. In the case of Peru, the series is the same as the one mentioned above, since data are only available for general government coverage.

[23] The figures for central government may include transfers to subnational entities which the latter then execute in public policies. Accordingly, when consolidating total spending under broader coverage, such items do not imply higher levels of spending. Therefore, the differences in amounts between the two levels of coverage do not necessarily reflect all spending executed by subnational governments, public enterprises or other entities, but only indicate the aggregate amount.

The distribution of public social spending functions also changes significantly in some countries when considering institutional coverage that is broader than central government. Data for the four countries that provide such information for 2023 are presented below.

- In Guatemala, social spending at the general government level in 2023 was equivalent to 10% of GDP, 2.1 percentage points more than that of central government. This represents an increase of 0.4 percentage points of GDP over the previous year. In terms of dollars per capita at constant 2018 prices, social spending totalled US$ 472 in 2023, representing a 26.9% increase over the US$ 372 recorded at the central government level.
- By function, social protection accounted for 28% of total general government social spending in 2023, compared to 18.2% at the central government level. Meanwhile, the health function accounted for 24% of general government expenditure, 7.6 percentage points more than the amount spent by central government.
- In Mexico, non-financial (federal) public sector social spending in 2023 was equivalent to 15.5% of GDP, 5.2 percentage points more than social spending by central government.[24] In terms of dollars per capita at constant 2018 prices, this meant expenditure of US$ 1,573 per person, which is just over 50% more than the US$ 1,040 reported at the central government level.
- Resources are distributed similarly between both institutional coverage levels. The health and social protection functions obtain more resources under the broader coverage, than from central government. The health function accounts for 14% at the general government level, compared to 9.7% of social spending by central government; and the social protection function absorbs 56% at the general government level, 8.5 percentage points more than its share of central government social spending.
- Paraguay, meanwhile, recorded social spending by consolidated general government equivalent to 13.3% of GDP in 2023, 3.3 percentage points higher than its share at the central government level. In dollars per capita at constant 2018 prices, general government social spending was recorded at US$ 859 per person in 2023, which is 32.4% more than the US$ 649 spent at the central government level.
- As in Mexico, the distribution of the different functions is similar at both levels of coverage. The social protection and health functions absorb a larger share of available spending at the broader coverage: 40.0% and 33.0%, respectively, compared to 31.0% and 28.3% of central government social spending in 2023.
- The Dominican Republic recorded consolidated general government social spending of 9.8% of GDP. This is 1.1 percentage points more than central government expenditure and represents a year-on-year increase of 0.5 percentage points of GDP. In dollars at constant 2018 prices, per capita social spending amounted to US$ 859.
- This country also displays a functional distribution similar to that of central government. However, in terms of shares of social spending on health, the general government accounted for 14%, in contrast to the 19% recorded at the central government level.

As the data presented in this chapter show, if more countries were to provide disaggregated information on social spending with general government coverage, the quality of the analysis of social investment would be greatly improved. This would enhance comparability between countries; and, more importantly, it would allow for a more comprehensive reflection of available resources and facilitate decision-making on financial needs. It would also provide greater clarity on the origin and use of resources at different levels of government.

[24] Mexico's institutional coverage includes central government, social security institutions and State enterprises. It does not include incremental expenditures incurred by subnational governments.

C. Concluding remarks

The elements analysed in this chapter reveal the important contribution made by the expansion of cash transfer programmes and non-contributory pension systems to the development of the different dimensions of the social institutional frameworks in the countries of the region in recent decades. The following aspects are particularly important in this regard: (i) progress in the regulatory frameworks at the legislative level, which can make State policies more sustainable; (ii) the increasingly important role played by social development ministries and equivalent entities, as authorities and key participants in implementing these programmes, as well as in developing beneficiary information systems and monitoring and evaluating social management; and (iii) the increase in the resources allocated to finance the programmes. Significant progress has also been made in combating poverty and inequality, although it is insufficient and remains a central challenge that requires priority attention.

The estimations presented also reveal that, although the institutional challenges are significant, the capacity exists to meet them. It is possible to make progress in strengthening institutional frameworks for social policy. The shortcomings in each dimension are known, as are the alternatives for remedying them; but political will is needed to work decisively to achieve Goal 1 of the 2030 Agenda for Sustainable Development. A political decision is needed that results in appropriate prioritization, with coordinated strategic orientations and sustainable financing, and that puts the rights-based approach first, in order to build universal, comprehensive, sustainable and resilient social protection systems that make inclusive social development viable. A regional proposal was prepared within the framework of the sixth meeting of the Presiding Officers of the Regional Conference on Social Development in Latin America and the Caribbean, for the Second World Summit for Social Development in 2025. It includes the target of achieving a minimum standard of investment in non-contributory social protection in order to advance towards eradicating poverty and achieving Goal 1 of the 2030 Agenda for Sustainable Development (ECLAC, 2024a). In this context, it was proposed to define a viable and sustainable investment standard for the region, allowing social development ministries or equivalent institutions to manage resources representing between 1.5% and 2.5% of GDP or between 5% and 10% of total public expenditure, and thus provide viable and sustainable funding for non-contributory social protection programmes, with the aim of moving towards the eradication of poverty and extreme poverty.

Another key issue in this chapter is the stabilization in 2023 of social spending by central governments in the region relative to the previous year. This represented a halt to the declining trend of recent years, following abandonment of the measures implemented to mitigate the effects of the COVID-19 pandemic. The priority of public social spending among the different functions of government varies only slightly from year to year, and the same is true for the distribution of social functions among the different subregions. Nonetheless, major challenges remain in meeting the targets agreed-upon for both education and health.

Lastly, social spending in the region displays two key features. The first is that the countries that face the greatest difficulties in achieving the social goals of the 2030 Agenda for Sustainable Development are generally those that spend the least in this area. The second is that the region still lags far behind the most developed countries in terms of social spending, which reaffirms the need to reach agreements to strengthen social institutional frameworks and guarantee the sufficiency and sustainability of social policies.

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Annex IV.A1

Estimates of administrative spending on social programmes[25]

A programme's administrative costs refer to the expenses that are not directly linked to production of the goods or services it offers, but are instead related to the general management and operation of the programme, such as managerial and administrative staff, legal counsel, audits, evaluations, internal training, office and equipment, or access to remote areas. These costs fluctuate depending on the type of programme, its coverage, the amount and nature of transfers and execution times, as well as the country in which the programme is implemented (owing to the structure and level of institutional development, specific geographical conditions or existing infrastructure, among other factors) (Tromben Rojas, Cecchini and Gilbert, 2022).

Administrative costs are not always included in programme budgets. They are often classified as overhead expenses, which affect the entire unit or institution (Arenas Caruti, 2021). Another factor is the complexity of the programmes involving decentralized government entities that are responsible for implementing the programmes, such as regional governments, municipalities or even private entities.

Administrative costs also vary significantly, depending on the programme execution phase. They are usually higher in the early stages of implementation owing to the outlays related to programme start-up and staff training, as well as the resources needed to identify potential recipients. Examples include Mexico's Progresa programme, which reduced its administrative costs from 52% of total expenditure in 1997 to 6% in 2003, or Brazil's Bolsa Família programme, for which these costs declined from 14.7% to 5.3% between 2001 and 2003 (Lindert, Skoufias and Shapiro, 2006).

Administrative costs were also estimated for programmes such as Ti Manman Cheri in Haiti, where they accounted for 20% of the total cost; the Pilot Social Cash Transfer Scheme for the Kalomo district in Zambia, where they represented 15%; and the Social Protection Network in Nicaragua, where they accounted for 38.6% (Tromben Rojas, Cecchini and Gilbert, 2022). The Chilean Ministry of Social Development and Family provides such information in its Integrated Bank of Social and Non-Social Programmes, which shows that, for 122 programmes within the Ministry's purview in 2022, administrative spending averaged 10.9% of the total cost.

Regarding conditional and unconditional transfer programmes, specifically, Lindert, Skoufias and Shapiro (2006) estimate that in Argentina, Brazil, Colombia and Mexico, between 1997 and 2005, the average administrative cost was around 5.2% of the total budget, but varied considerably, from 1.6% (Argentina's Unemployed Heads of Household programme) to 10.5% (Colombia's Families in Action programme).

Lastly, Grosh and others (2008) found that in Bangladesh, Brazil, Colombia, the Dominican Republic, Ecuador, Jamaica, Mexico, Pakistan and Peru, between 2000 and 2006, the costs of implementing payments and monitoring compliance with conditionalities, along with those of additional support services, did not represent more than 13% of the budget. On average, the administrative costs of conditional transfer programmes in these countries accounted for 8.2% of the total cost.

[25] The sources of information in this annex are: D. Arenas Caruti, "Evaluación de programas públicos", *Gestión Pública series*, No. 87 (LC/TS.2021/31), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2021; M. Grosh and others, For Protection and Promotion: *The Design and Implementation of Effective Safety Nets*, Washington, D.C., World Bank, 2008; K. Lindert, E. Skoufias and J. Shapiro, *Redistributing Income to the Poor and the Rich: Public Transfers in Latin America and the Caribbean*, Washington, D.C., World Bank, 2006, and V. Tromben Rojas, S. Cecchini and R. Gilbert, "Estimates of the cost of cash transfers under the National Policy on Social Protection and Promotion (PNPPS) in Haiti", *Project Documents* (LC/TS.2020/96), Santiago, ECLAC, 2022.

Annex IV.A2

Table IV.A2.1
Non-contributory pension systems

Country	Programme	Responsible agency	Executing agency	Legal framework
Antigua and Barbuda	Old-age Assistance Programme (1993-present)	Ministry of Finance, Corporate Governance and Public Private Partnerships	Antigua and Barbuda Social Security Board	The Social Security (Amendment) Act (No. 22 of 1993)
	People's Benefits Program (2009-present)	Ministry of Health, Wellness, Social Transformation and the Environment; PDV Caribe Antigua & Barbuda Ltd.	Department of Community Development of the Ministry of Health, Wellness, Social Transformation and the Environment	Not available
Argentina	Universal Pension for Older Persons (PUAM) (2016-present)	National Social Security Administration	National Social Security Administration	Act No. 27260, title III, of 2016
	Non-contributory pension programme (1948-present)	National Social Security Administration	National Social Security Administration National Institute of Social Services for Retirees and Pensioners	Act No. 13478; Decree 432/97; Decree 582/2003; Act No. 23746; Act No. 18910; Decree No. 2360/90
Bahamas	Old Age Non-Contributory Pension (1972-present)	Ministry of Immigration and National Insurance	National Insurance Board	National Insurance Act (Act No. 21 of 1972)
	Invalidity Assistance (1972-present)	Ministry of Immigration and National Insurance	National Insurance Board	National Insurance Act (Act No. 21 of 1972)
Barbados	Non-contributory Old-age Pension (1982-present)	Ministry of Labour, Social Security and Third Sector	National Insurance and Social Security Service	Sections 21A and 50 of the National Insurance and Social Security (Amendment) Act, 1982
Belize	Non-Contributory Pension Program (2003-present)	Ministry of Finance	Social Security Board	Chapter 44 of the Social Security Act: Social Security (Non-Contributory Pension for Persons 65 Years or Over) Regulations, Section 22
Bolivia (Plurinational State of)	Monthly Transfer for People with Severe and Very Severe Disabilities (2018-present)	Ministry of Health and Sports; Ministry of Labour, Employment and Social Security	Autonomous municipal governments; Ministry of Health and Sports; Ministry of Labour, Employment and Social Security	Act No. 977 of 2017
	Renta Dignidad Universal Old-age Pension (2008-present)	Pension and Insurance Audit and Oversight Authority	Pension Fund Administrators (Managing entity)	Act No. 3791 (2007); Supreme Decree No. 29400 (2007); Supreme Decree No. 29417 (2008); Supreme Decree No. 29423 (2008); Act 378 (2013); Act No. 562 (2014); Act No. 953 (2017)
Brazil	Continuous Benefit Programme (1996-present)	Ministry of Social Development and Assistance, Family Affairs and the Fight against Hunger	National Social Security Institute	Act No. 8742 (1993); Act No. 14203 (2021)
Chile	Basic Solidarity Pension (2008-present)	Ministry of Labour and Social Security	Social Security Institute	Act No. 21190 (2019); Act No. 20255 (2008)
	Universal Guaranteed Pension (2022-present)	Ministry of Labour and Social Security	Social Security Institute	Act No. 20255; Act No. 21419 (2022); Decree No. 52 of 2022; Exempt Resolution No. 77 (2022)
Colombia	*Colombia Mayor* programme (2012-present)	Administrative Department for Social Prosperity	Administrative Department for Social Prosperity	Act No. 100 (1993); Act No. 797 (2003); Decree No. 3771 (2007); Resolution No. 2958 of 2012; Resolution No. 0234 of 2020; Decree No. 812 of 2020; Decree No. 1690 of 2020

Country	Programme	Responsible agency	Executing agency	Legal framework
Costa Rica	Non-contributory Scheme for Basic Pensions (1974-present)	Costa Rican Social Insurance Fund	Costa Rican Social Insurance Fund	Act No. 5662 of 23 December 1974
	Poverty and Disability programme (1999-present)	National Council for Persons with Disabilities	National Council for Persons with Disabilities	Agreement No. 790 of 2018; Act No. 7972 (1999); Act No. 5662 (1974); Act No. 8783 (2009)
Cuba	Social Assistance Regime (1979-present)	Ministry of Labour and Social Security	National Social Security Institute	Social Security Act No. 105 (2008)
Dominican Republic	Solidarity Pensions of the Subsidized Regime (2019-present)	National Social Security Board	National Social Security Board	Act No. 87-01 of 2001; Decree No. 381-13 of 2013
Ecuador	Joaquín Gallegos Lara Grant (2010-present)	Ministry of Economic and Social Inclusion	Ministry of Economic and Social Inclusion	Executive Decree No. 422 (2010)
	Mis Mejores Años (My Best Years) Pension (2017-present)	Ministry of Economic and Social Inclusion	Ministry of Economic and Social Inclusion	Ministerial Agreement No. 109 (2019)
	Toda una Vida (A Whole Life) Pension (2019-present)	Ministry of Economic and Social Inclusion	Ministry of Economic and Social Inclusion	Ministerial Agreement No. 109 (2019)
El Salvador	Basic Pension for Older Adults and Persons with Disabilities and Dependency (2018-present)	Office of the President of the Republic, through the Office of the Presidential Commissioner for Operations and Cabinet Office	Ministry of Local Development	Executive Decree No. 28 of 2017
Guatemala	Older Adult Economic Contribution Programme (2005-present)	Ministry of Labour and Social Security	Directorate of the Economic Support Programme for Older Persons of the Ministry of Labour and Social Security	Decree No. 85-2005, as amended by Decree No. 39-2006 and by Decree No. 4-2022
Guyana	Old Age Pension (universal) (1994-present)	Ministry of Human Services and Social Security	Ministry of Human Services and Social Security	Old Age Pensions Act, Chapter 36:03 (1944)
Mexico	Pension for the Well-being of Older Persons (2019-present)	Secretariat of Welfare, through the Undersecretariat of Social and Human Development	Secretariat of Welfare, through the General Directorate for Assistance to Priority Groups and Development Programme Delegations	Social Development General Act
	Pension for the Well-being of Persons with Permanent Disabilities (2019-present)	Secretariat of Welfare	Secretariat of Welfare, through the Undersecretariat of Social and Human Development	Social Development General Act
Panama	*Ángel Guardián* (Guardian Angel) Programme (2013-present)	Ministry of Social Development	Ministry of Social Development, with the support of the National Secretariat for Persons with Disabilities	Act No. 39 of 14 June 2012
	120 at 65: Special Programme of Financial Assistance for Older Adults (2009-present)	Ministry of Social Development	Ministry of Social Development	Act No. 44 (2009); Act No. 86 (2010); Act No. 117 (2013); Act No. 15 (2014); Executive Decree No. 11 (of 15 February 2013); Executive Decree No. 9 of 2017

Country	Programme	Responsible agency	Executing agency	Legal framework
Paraguay	Food Pension Programme for Older Adults in a Situation of Social Vulnerability (2009–present)	Ministry of Economic Affairs, through the Directorate of Non-Contributory Pensions[a]	Ministry of Finance, through the Directorate of Non-Contributory Pensions	Act No. 3728/2009; Decree No. 4542/2010; Act No. 6381/2020; Decree No. 3816 of 13 July 2020
Peru	*Pensión 65* National Solidarity Assistance Programme (2011–present)	Ministry of Social Development and Inclusion	Ministry of Social Development and Inclusion	Supreme Decree No. 040-2014-PCM; Supreme Decree No. 081-2011-PCM; Emergency Decree No. 56-2011
	National Non-contributory Pension Programme for People with Severe Disabilities in a Situation of Poverty (CONTIGO) (2017–present)	Ministry of Social Development and Inclusion	Ministry of Social Development and Inclusion	Supreme Decree No. 004-2015-MIMP; Supreme Decree No. 007-2016-MIMP; Supreme Decree No. 008-2017-MIDIS; Supreme Decree No. 161-2017-EF
Saint Kitts and Nevis	Non-Contributory Assistance Pension (1998–present)	Ministry of Finance, National Security, Citizenship and Immigration, Health and Social Security	Social Security Board	"The Social Security (Benefits) Regulations", part IV, Social Security Act, 1978
Saint Vincent and the Grenadines	Non-contributory Assistance Age Pension (1998–present)	Ministry of Finance	National Insurance Services	Sections 28 and 53 of the National Insurance Act (Chapter 296); Statutory Rules and Orders (SRO) 13 of 1994, as amended by SRO 1 of 1998, SRO 41 of 2002, SRO 20 of 2005, SRO 12 of 2008 and SRO 61 of 2008
Trinidad and Tobago	Senior Citizens' Pension (formerly Old-age Pension) (2001–present)	Social Welfare Division of the Ministry of Social Development and Family Services	Social Welfare Division of the Ministry of Social Development and Family Services	Law on Pensions for the Elderly, updated 1 December 2016
	Disability Assistance Grant (1997–present)	Social Welfare Division of the Ministry of Social Development and Family Services	Local Public Assistance Boards	Public Assistance Act, Chapter 32:03
Uruguay	Non-contributory old age and disability pensions (1919–present)	Social Security Bank	Social Security Bank, through the Technical Directorate of Entitlements	Act No. 6874 of 1919; Act No. 14117 of 1973; Institutional Act 9 of 1979; Act No. 15841 of 1986; Act No. 16759 of 1996; Act No. 16929 of 1998; Act No. 17266 of 2000
Venezuela (Bolivarian Republic of)	*Gran Misión en Amor Mayor* (Great Mission in Elder Love) (2011–present)	Ministry of the People's Power for Older Persons and Grandparents of the Nation	High-level authority responsible for *Gran Misión en Amor Mayor*	Decree with rank, value and force of Act No. 8.694 (2011); Decree No. 4968 (2024)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Non-contributory Social Protection Programmes Database - Latin America and the Caribbean [online] https://dds.cepal.org/bpsnc/home.

[a] In 2024, the administrative responsibility for the Food Pension Programme for Older Adults in a Situation of Social Vulnerability switched from the Directorate of Non-Contributory Pensions of the Ministry of Economy and Finance to the Ministry of Social Development in accordance with of Act No. 7232.

Annex IV.A3

Table IV.A3.1
Cash transfer programmes

Country	Programme	Responsible agency	Executing agency	Legal framework
Argentina	Universal Child Allowance for Social Protection (2009–present)	National Social Security Administration	National Social Security Administration	Decree No. 1602/2009 of October 2009 and Decree No. 504/2015 of April 2015, amending the existing Family Allowances Regime (Act No. 24714 of 1996); Decree No. 446/2011; Act No. 27160 (2015); Decree No. 492/2016; Decree No. 593/2016; Decree No. 309/2020; Decree No. 840/2020; Decree No. 475/2021; Decree No. 5/2023
Belize	Building Opportunities for Our Social Transformation (BOOST) (2011–present)	Ministry of Human Development, Families and Indigenous Peoples' Affairs	Ministry of Human Development, Families and Indigenous Peoples' Affairs	Not available
Bolivia (Plurinational State of)	Juancito Pinto Grant (2006–present)	Ministry of Education	Ministry of Education	Supreme Decrees Nos. 28899 (2006), 29321 (2007), 29652 (2008), 0309 (2009), 648 (2010), 1016 (2011), 1372 (2012), 1748 (2013), 2141 (2014), 2506 (2015), 2899 (2016), 3331 (2017) and 4050 (2019); Ministerial Resolutions Nos. 248 and 775 (2008), 695 (2012), 718 and 719 (2013), 546 (2016), 2521 (2017) and 868 (2019).
	Juana Azurduy Mother-and-Child Grant (2009–present)	Ministry of Health and Sports; Ministry for the Presidency; Ministry of Labour, Employment and Social Security;	Ministry of Health and Sports;	Supreme Decree No. 066 (2009); Supreme Decree No. 0426 (2010); Supreme Decree No. 2480 of 6 August 2015 (grant); Operating Regulations of the Juana Azurduy Grant; Operating Regulations of the Universal Prenatal Grant for Life
Brazil	Child Labour Eradication Programme (PETI) (1993–present)	Ministry of Social Development and Assistance, Family Affairs and the Fight against Hunger	Ministry of Social Development and Assistance, Family Affairs and the Fight against Hunger, through the National Social Assistance Secretariat (SNAS), the body responsible for the Single Social Assistance System (SUAS)	Act No. 8742 (1993); Act No. 12435 (2011); Decree No. 458 of October 2001; Decree No. 666 of December 2005
	Bolsa Família (2003–present)	Ministry of Social Development and Assistance, Family Affairs and the Fight against Hunger	Ministry of Social Development and Assistance, Family Affairs and the Fight against Hunger, through the National Citizen Income Secretariat (SENARC)	Act No. 10836 (2004); Decree No. 5209 (2004); Decree No. 6135 (2007); Decree No. 6157 (2007); Decree No. 6917 (2009); Decree No. 7447 (2011); Act No. 14601 (2023); Decree No. 12064 (2024); Ordinance No. 321 of 29 September 2008; Provisional Measure No. 411 (2007); Decree No. 7758 (2012); Act No. 14601 (2023); Decree No. 12064 (2024)
	Pé-de-Meia (2023–present)	Ministry of Education	Ministry of Education	Provisional Measure No. 1198 (2023); Act No. 14818 (2024); Decree No. 1190 1 (2024); Ministerial Order of Education/ Cabinet of Minister No. 83 (2024); Ministerial Order of Education/Cabinet of Minister No. 84 (2024); Ministerial Order of Education/Cabinet of Minister No. 210 (2024).
	Bolsa Verde (2011–present)	Ministry of the Environment and Climate Change	Ministry of the Environment and Climate Change	Act No. 12,512/11, 14 October 2011; Decree No. 7,572, 28 September 2011; Decree No. 11635 (2023)
Chile	Chile Securities and Opportunities (Ethical Family Income) (2012–present)	Ministry of Social Development and Family	Ministry of Social Development and Family	Act No. 20595 (2012)
	Single Family Allowance (1981–present)	Ministry of Social Development and Family (which, until 2011, was called the Ministry of Planning)	Social Security Institute	Act No. 18020 (1981); Act No. 21550 (2023)

Country	Programme	Responsible agency	Executing agency	Legal framework
Colombia	Citizen Income (2024-present)	Administrative Department for Social Prosperity	Administrative Department for Social Prosperity	Act No. 2294 (2023); Decree No. 1960 (2023)
	Unidos Network (formerly *Juntos* Network) (2007-present)	Administrative Department for Social Prosperity	Administrative Department for Social Prosperity	National Economic and Social Policy Council (CONPES) Document No. 102 of 2006; 2006-2010 National Development Plan (*Estado Comunitario: Desarrollo para Todos*); Act No. 1785 of 21 June 2016 whereby the network for overcoming extreme poverty (Red Unidos) is established and other provisions are enacted
Costa Rica	*Avancemos* (2006-present)	Joint Institute for Social Aid	Joint Institute for Social Aid	Act No. 9617 of 2018; Executive Decree No. 33154-MP-MIDEPLAN-MEP-MTSS-MIVAH; Executive Decree No. 33677 (2007)
Dominican Republic	*Supérate* (Improve yourself) (formerly Progressing with Solidarity) (2012-present)	Office of the President of the Republic	Social Policy Coordination Office	Decree No. 488-12; Decree No. 536-05; Decree No. 377-21
Ecuador	Human Development Grant (2003-present)	Ministry of Economic and Social Inclusion	Ministry of Economic and Social Inclusion	Executive Decree No. 347 (2003); Ministerial Agreement No. 512 (2003); Executive Decree No. 1824 (2006); Executive Decree No. 12 (2007); Executive Decree No. 1838 (2009); Ministerial Agreement No. 0037 (2009); Executive Decree No. 1395 (2013); Executive Order No. 129 (2017).
	Zero Malnutrition (2011-present)	Ministry of Public Health;	National Coordination of Nutrition of the Ministry of Public Health	Executive Decree No. 785 (2011)
El Salvador	Sustainable Families Programme (Poverty Eradication Strategy) (2017-present)	Ministry of Local Development	Ministry of the Interior and Territorial Development; Ministry of Education; Ministry of Health; Ministry of Agriculture and Livestock; National Centre for Agricultural and Forestry Technology; Ministry of Public Works and Transport; Ministry of Housing and Urban Development; National Commission on Micro-enterprises and Small Businesses; National Low-income Housing Fund; Banco de Fomento Agropecuario; other institutions, as required by the Technical and Planning Secretariat of the Office of the President for the execution of the strategy	Executive Decree No. 28 of 2017
Guatemala	*Bono Social* (Social Grant) (formerly Mi Bono Seguro) (2012-present)	Ministry of Social Development	Ministry of Social Development	Ministerial Agreement No. DS-46-2015; Ministerial Agreement No. DS-61-2017; Decree No. 50-2016
	Bolsa Social cash grant for food purchases (formerly Mi Bolsa Segura) (2012-present)	Ministry of Social Development	Ministry of Social Development	Ministerial Agreement No. 02-2012; Ministerial Agreement No. DS-24-2016; Ministerial Agreement No. DS-149-2018
	Vida (Life) Programme (2017-present)	Ministry of Social Development, Office of the Deputy Minister of Social Protection	Ministry of Social Development, through the Office of the Deputy Minister of Social Protection	Ministerial Agreement No. DS-68-2017
Honduras	Solidarity Network (2022-present)	Ministry of Social Development	Ministry of Social Development	Executive Decree No. PCM-08-2022
Jamaica	Programme of Advancement through Health and Education (PATH) (2001-present)	Ministry of Labour and Social Security	Ministry of Labour and Social Security; Ministry of Local Government and Community Development	Not available

Country	Programme	Responsible agency	Executing agency	Legal framework
Mexico	Benito Juárez Basic Education Welfare Scholarships (2019–present)	Secretariat of Public Education	Secretariat of Public Education, through the National Coordination Committee for Benito Juárez Education Grants, State Coordination Committees for Comprehensive Development Programmes, Secretariat of Public Education, State Education Services, State Education Departments or equivalent entities and the National Council for the Promotion of Education (CONAFE)	Decree establishing the National Coordination Committee for Benito Juárez Education Grants (*Diario Oficial de la Federación*, 31 May 2019); Agreement establishing the operating rules of PROSPERA Social Inclusion Programme, for fiscal year 2019
Panama	Opportunities Network (2006–present)	Ministry of Social Development	Ministry of Social Development, through the Secretariat of the Social Protection System	Executive Decree No. 222-2007 (DMySC) (9 July 2007); Resolution No. 042 (16 February 2011); Resolution No. 122 (6 May 2009); Resolution No. 071 (18 March 2009); Resolution No. 160 (8 July 2008)
	Universal Educational Social Assistance Programme (PASE-U) (2020–present)	Institute for the Training and Use of Human Resources (IFARHU)	IFARHU, Office of the Comptroller General of the Republic, Ministry of Economic Affairs and Finance	Act No. 148 (2020); IFARHU Resolution No. 015 (2020)
	Family Grants for Food Purchases (2005–present)	Office of the President of the Republic	National Secretariat for the Coordination and Follow-up of the National Food Plan	Executive Decree No. 171 of 2004
Paraguay	*Tekoporã* poverty alleviation programme (2005–present)	Ministry of Social Development (formerly Secretariat of Social Action)	Ministry of Social Development (formerly Secretariat of Social Action)	Decree No. 1928 (2009); Act No. 4087 (2011)
	Abrazo programme to counter child labour (2005–present)	Ministry for Children and Adolescents	Ministry for Children and Adolescents	Presidential Decree No. 869 (2008)
Peru	*Juntos* (National Programme of Direct Support to the Poorest) (2005–present)	Ministry of Social Development and Inclusion	Ministry of Social Development and Inclusion	Supreme Decree No. 032-2005-PCM; Supreme Decree No. 062-2005-PCM; Supreme Decree No. 012-2012-MIDIS; Supreme Decree No. 09-2012-MIDIS and Ministerial Resolution No. 277-2014-MIDIS
Trinidad and Tobago	Food Support Programme (2005–present)	Social Welfare Division of the Ministry of Social Development and Family Services	Ministry of Social Development and Family Services	Not available
Uruguay	Social Uruguay Card (formerly Food Card) (2006–present)	Ministry of Social Development	Ministry of Social Development	Act No. 18227 (2007)
	Family Allowances - Equity Plan (2008–present)	Social Security Bank	Ministry of Social Development, Social Security Bank	Act No. 18227 (2007) abrogating Acts No. 17139 (1999) and No. 17758 (2004)

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Non-contributory Social Protection Programmes Database - Latin America and the Caribbean [online] https://dds.cepal.org/bpsnc/home.

Annex IV.A4

Table IV.A4.1
Latin America and the Caribbean (25 countries): central government public social spending, by function, 2022–2023
(Percentages and constant dollars at 2018 prices)

Country	Social spending *(Percentages of GDP)*		Social spending *(Constant dollars at 2018 prices, per capita)*		Distribution of social spending by function, 2023 *(Percentages)*						
	2022	2023	2022	2023	Social protection	Education	Health	Housing and community services	Recreation, culture and religion	Environmental protection[a]	Total
Argentina	13.6	12.6	1 659	1 520	79.4	11.4	5.6	3.1	...	0.5	100.0
Bahamas	10.3	8.9	2 973	2 644	21.4	26.8	35.4	0.4	3.8	12.2	100.0
Barbados	15.3	13.6	2 879	2 649	26.7	33.7	19.6	10.7	4.5	4.8	100.0
Belize	9.7	10.0	634	676	20.5	43.6	25.6	6.4	1.9	2.0	100.0
Bolivia (Plurinational State of)[b]	14.5	...	478	...	29.3	43.5	24.3	2.9	...	...	100.0
Brazil	16.1	...	1 525	...	76.5	12.0	10.8	0.3	0.1	0.2	100.0
Chile	17.8	18.3	2 891	2 972	40.2	26.9	28.9	1.8	1.6	0.5	100.0
Colombia	11.6	12.2	851	992	48.3	22.2	26.0	1.7	1.1	0.6	100.0
Costa Rica	10.3	10.0	1 378	1 391	34.4	54.2	6.6	2.7	1.0	1.0	100.0
Cuba	9.2	...	753	...	70.9	17.4	5.9	1.4	4.3	...	100.0
Dominican Republic	8.6	8.7	751	766	25.3	43.7	21.9	5.8	1.8	1.5	100.0
Ecuador	10.8	11.3	686	731	41.7	33.2	22.9	0.7	0.9	0.6	100.0
El Salvador	11.0	8.4	490	384	22.4	40.2	32.5	0.7	3.8	0.4	100.0
Guatemala	7.7	7.9	363	372	18.2	41.5	16.4	18.5	2.5	2.8	100.0
Guyana	7.7	9.1	1 329	1 791	14.8	28.0	26.4	27.5	2.4	0.9	100.0
Honduras	7.8	8.7	200	228	11.4	51.5	33.6	0.6	1.3	1.6	100.0
Jamaica	11.6	11.9	675	675	6.7	46.3	38.6	4.6	1.6	2.2	100.0
Mexico	9.8	10.3	972	1 040	48.5	29.6	9.7	10.7	0.8	0.7	100.0
Nicaragua	10.6	11.1	217	228	11.7	33.8	33.2	16.6	3.0	1.6	100.0
Panama	7.5	...	1 251	...	17.1	44.8	30.2	3.8	0.1	4.0	100.0
Paraguay	9.6	10.0	589	649	36.7	31.0	28.3	2.3	0.7	1.0	100.0
Peru[c]	11.4	11.2	784	762	23.6	36.7	25.0	8.2	2.5	4.0	100.0
Saint Lucia	9.7	10.6	1 100	1 251	26.8	32.3	25.7	8.0	4.1	3.2	100.0
Trinidad and Tobago	11.6	12.2	1 620	1 628	36.7	23.6	24.5	12.7	2.5	...	100.0
Uruguay[d]	15.4	16.0	3 035	3 165	44.8	28.6	22.9	3.0	0.4	0.2	100.0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from the countries.
[a] Data on environmental protection may not coincide with estimates of environmental satellite accounts.
[b] Coverage refers to central government. Data refer to 2021.
[c] Coverage for Peru refers to general government.
[d] The data for Uruguay do not include the Social Security Bank.

Table IV.A4.2

Latin America (10 countries): public social spending of broader institutional coverage than central government, by function, 2022–2023

(Percentages and constant dollars at 2018 prices)

Country	Coverage	Public social spending		Distribution of public social spending, by function, 2023 *(Percentages)*						
		(Percentages of GDP)	*(Constant dollars at 2018 prices, per capita)*	Social protection	Education	Health	Housing and community services	Recreation, culture and religion	Environmental protection[a]	Total
Argentina[b]	Public sector	28.0	3 417	50.6	17.8	21.9	9.0	0.7	...	100.0
Brazil[b]	General government	27.0	2 554	58.1	18.0	17.4	3.7	1.0	1.8	100.0
Colombia[b]	General government	19.5	1 433	43.6	18.1	30.5	2.9	2.7	2.1	100.0
Costa Rica[c]	General government	20.0	2 558	39.8	27.1	27.3	1.9	0.8	3.1	100.0
Dominican Republic	General government	9.8	859	33.9	40.0	14.2	6.9	2.0	3.1	100.0
El Salvador[b]	Public sector	17.6	767	32.5	26.1	20.5	19.7	0.9	0.3	100.0
Guatemala	General government	10.0	472	27.9	34.1	24.1	6.3	3.9	3.7	100.0
Mexico	Non-financial public sector (federal)	15.5	1 573	56.0	19.6	16.4	7.1	0.5	0.4	100.0
Paraguay	General government	13.3	856	39.7	23.7	33.5	1.8	0.6	0.8	100.0
Peru	General government	11.2	762	23.6	36.7	25.0	8.2	2.5	4.0	100.0

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

[a] Data on environmental protection may not coincide with estimates of environmental satellite accounts.

[b] Data refer to 2022.

[c] Data refer to 2021.

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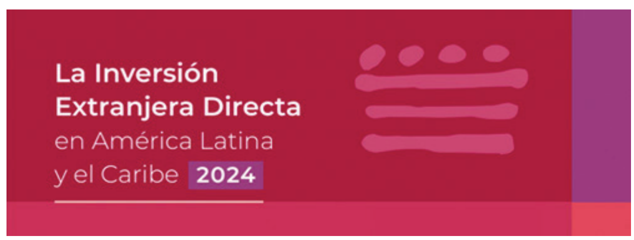

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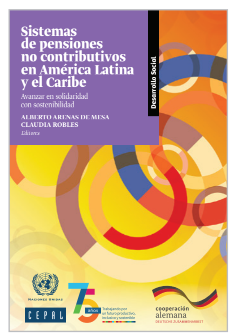

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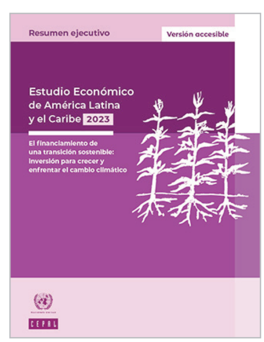

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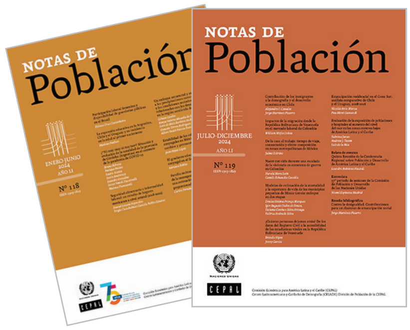

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