



# Inclusive Social Protection in Latin America:

## A Comprehensive, Rights-based Approach

Simone Cecchini  
Rodrigo Martínez



UNITED NATIONS



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Federal Ministry  
for Economic Cooperation  
and Development

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## Foreword

One of the main findings to have emerged from the debate spearheaded by the Economic Commission for Latin America and the Caribbean (ECLAC) in recent years is that economic and social development are closely intertwined and should form an active part of any public policy aimed at achieving greater equality. However, social gaps and debt in the region call for efforts to be redoubled to achieve full equal opportunities and universal rights. Although, in the past five years, there have been promising results in terms of poverty reduction and economic growth, Latin America remains the world's most unequal region. This poses challenges not only in terms of monetary income but also from the gender, ethnic and territorial standpoints. In excluded and other groups, these factors tend to lead to precarious employment that does not serve as a vehicle for social mobility and welfare. Furthermore, the working conditions of large sections of the population are a far cry from the normative horizon of decent work and fail to ensure access to social protection mechanisms.

The region still has a very long way to go in achieving full realization of rights. In the absence of effective public or private protection channels, this undermines people's sense of belonging and precludes the legitimacy needed for a common project shared by all citizens.

Since the 1990s, ECLAC has been tackling these challenges extremely vigorously. The question of how to achieve a new social contract to boost the exercise of citizenship in all its dimensions, which entails defining specific social, political-institutional and fiscal mechanisms, is addressed in the report *Fiscal covenant: strengths, weaknesses, challenges*, presented at the twenty-seventh session of ECLAC in 1998. It argues that it

is inconceivable to secure a social contract without insurance mechanisms for the entire population, particularly the very poorest. Since 2006, social protection has come to play a leading role in the ECLAC research agenda, as reflected in the report *Shaping the future of social protection: access, financing and solidarity*, presented at the thirty-first session of ECLAC in 2008. It urges States to honour their commitments to the international community to respect, protect and promote social rights, and to adopt concrete measures through social protection policies.

The persistent dynamic of inequality and exclusion, which is reflected in the tools available to individuals and families for protecting themselves and securing better living conditions, have an impact not only on their levels of material well-being but also on their perception of a shared social and institutional project. Inclusion and social cohesion, viewed as key concepts of development in the new millennium, and discussed in the document *Social cohesion: inclusion and a sense of belonging in Latin America and the Caribbean* (2007), are intended precisely to address the conflict between the demands that States make on their citizens and the rights they guarantee them.

As stated in the report *Time for equality: closing gaps, opening trails*, presented at the thirty-third session of ECLAC in 2010, the primary task in the 21st century is to build inclusive, more equal societies with full respect for a framework of rights, in a globalized world with open economies. To ensure equal rights, it is necessary to establish redistributive instruments that provide specific guarantees of protection, paying attention to the distinctive characteristics and requirements of each society and to the various population groups within it.

This book examines the above issues in detail and identifies the scope and role of social protection in extremely unequal societies subject to a high incidence of persistent poverty. Social protection, seen from a rights-based perspective, is linked to the fight against inequality in a number of ways: it greatly reduces or eliminates the probability of failing to cope with a contingent risk; it curbs the vicious circle of poverty and inequality by preventing families from mortgaging future key assets for human development, such as health and education; and it facilitates the implementation of strategies for empowering the most vulnerable groups to cope with risk, particularly children, elderly people and women. The book concludes by providing a normative basis on which to build more just and caring societies that guarantee to protect, as a public good, what are considered to be essential welfare standards.

The book goes on to explore and outline a vision for developing comprehensive social protection systems in the region, with universal coverage and solidarity-based financing, establishing fundamentally

egalitarian citizens' rights. It highlights the importance of the local context in creating public institutions that are strongly committed to protection and to seeking effective and efficient solidarity mechanisms for realizing this goal. It also recognizes the wide range of actors involved in operating protection systems, in particular the State, market, families and social organizations. In essence, the entire citizenry becomes the subject of protection policies, and social policies come to be viewed as a whole that encompasses the complementary —not contradictory— principles of targeting as a means and universality as an end.

This book was produced as part of the programme “Towards sustainable and equitable globalization”, supported by ECLAC, jointly with Germany’s Ministry for Economic Cooperation and Development (BMZ) and the German Agency for International Cooperation (GTZ). It is the outcome of a systematic and productive exchange to identify viable and effective options for consolidating social policy design and implementation in the area of poverty reduction and social protection, and so help to build the required institutional and human capabilities.

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



## Summary

The purpose of this book is to encourage dialogue on social protection in Latin America. It highlights the need for innovation in designing policies and instruments, as well as in management, in order to build comprehensive systems that provide inclusive social protection.

Social protection has become one of the pillars of social development strategies. But, lacking a consistent standard for social protection in the region, the issue has been approached in different ways and from different analytical and policy dimensions. This book examines the principal ongoing discussions regarding social protection and co-responsibility transfer programmes, looks at the role assigned to them and weighs the conceptual elements, the needs and the challenges to be addressed in order to consolidate comprehensive social protection systems.

These systems should provide universal coverage. Their funding should be grounded in solidarity. And, above all, the citizens' rights that they establish should be egalitarian. The entire citizenry becomes the subject of protection policies, and social policies come to be viewed as a whole that encompasses the complementary —not contradictory— principles of targeting as an instrument and universality as a goal.



## Introduction

### A. Background to social protection analysis

Owing to continuing severe problems in Latin America, including poverty, inequality, vulnerability, unemployment and informal employment, which worsened during the crisis of late 2008 and early 2009, Latin American countries must be urged strenuously to strengthen their social protection systems and to extend them to include those that are currently excluded, as advocated by previous ECLAC documents.<sup>1</sup> Boosting social protection helps to build fairer and more inclusive societies where all citizens can enjoy their economic, social and cultural rights. To achieve this, it is necessary to influence income distribution and invest in human capability.<sup>2</sup> When countries succeed in harnessing the human capability of their citizens throughout their lifetimes, the gains in terms of productivity and social cohesion can be enormous.

Persistent poverty and inequality—which increased significantly during the ‘lost decade’ of the 1980s and have decreased slowly in periods of economic growth—is a key element in the contemporary debate on social protection in Latin America and is central to the analysis made in this book. Employment is seen as another key element in meeting

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<sup>1</sup> See ECLAC 2006, 2010a and 2010b.

<sup>2</sup> The concept of ‘human capability’ is broader than that of ‘human capital’. Human capability focuses on the expansion of human freedom, so that people will be able to lead the lives they have reason to value, while human capital only takes into account human qualities in relation to economic growth (Sen, 1997).

social protection needs because it is the main route for workers and their dependents to stable incomes and contributory social protection. However, the promise of full employment and decent work for all has not been fulfilled in the region, as labour markets have failed to become a gateway to universal social protection (United Nations, 2010).

This crisis in integration through the formal labour market poses a number of major challenges for the region, such as extending social protection mechanisms to include those who do not currently benefit and improving the quality of such mechanisms (ECLAC, 2006; Uthoff, 2006). Achieving these goals calls not only for political, institutional and policymaking systems commensurate with the current challenges, but also for non-contributory social protection instruments combined with existing contributory instruments.

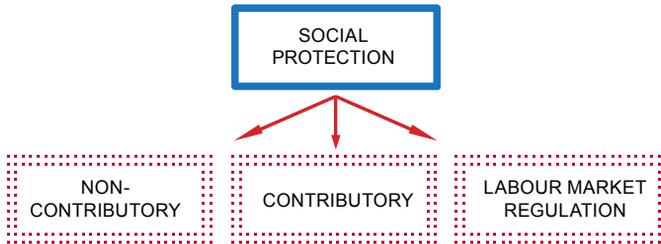
Innovative non-contributory instruments have been introduced in the region, including co-responsibility transfer programmes (CTPs), which have been so successful that they are being replicated in most countries in the region and on other continents.<sup>3</sup> This makes it important not only to acknowledge progress and achievements but also to critically assess the new social protection and poverty reduction programmes and policies currently being developed. The aim is to identify the challenges facing the region in terms of achieving the objectives of inclusion, equality and social justice.

The goals of social protection are to: ensure an income sufficient to maintain a minimum quality of life for people's development; facilitate access to social and advocacy services; and secure decent work for all. Three major components are required to achieve these goals: non-contributory social protection (traditionally known as social assistance, which can include both universal and targeted measures); contributory social protection (or social security); and labour market regulation, which consists of regulations and standards designed to promote and protect decent work (see diagram 1). The analysis in this book focuses on including the poor and vulnerable in social protection and, hence, chiefly on the non-contributory component. Furthermore, it must be stressed that the subject of labour market regulation and its role in social protection calls for a more in-depth analysis than this book allows.

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<sup>3</sup> The concept of co-responsibility encompasses not only demand-side incentives, but also social service provision and social infrastructure (see Levy and Rodríguez, 2005; and Cohen and Franco, 2006a). This book calls upon both beneficiaries and the State itself to commit to the actions required by CTPs. In the bibliography, CTPs are also referred to as conditional cash transfer (CCT) programmes. Throughout the book, the term 'conditionalities' is used to refer to the specific commitments that families must meet to be entitled to transfers.

Diagram 1  
SOCIAL PROTECTION COMPONENTS



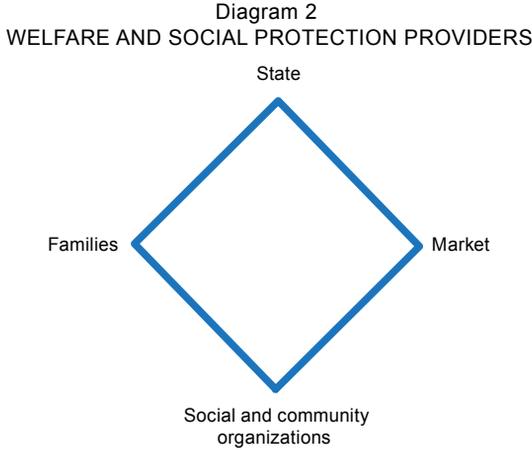
Source: Prepared by the authors.

## B. The State and social protection

The United Nations Commission for Social Development (CSocD) defines social protection as “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” (United Nations, 2000). According to the Commission, these measures address both the protection and advocacy needs of the poor and extremely poor and the insurance needs of those who are not poor but need safeguards against adverse circumstances at certain stages in their lives. This book takes an even broader and more proactive view of social protection, based explicitly on economic, social and cultural rights, which includes individuals and families in all stages of life, and one of whose functions is to promote decent work. This makes protection responsible for ensuring access not only to health and housing, but also to education and other social services.

This book focuses mainly on the State’s role in providing its citizens with social protection and promotion<sup>4</sup>, while placing special emphasis on non-contributory social protection for all, starting with the poorest and most vulnerable. At the same time, it acknowledges that a further three major stakeholders, apart from the State, also provide welfare and social protection—the market, families and social and community organizations (see diagram 2)— and that any comprehensive protection system must take into account their interactions. However, the primary responsibility for ensuring economic, social and cultural rights lies with the State.

<sup>4</sup> The concept of social promotion (*promoción social*) is widely used in Latin America to refer to policies and programmes geared to strengthening the capacities of poor and vulnerable groups to autonomously improve their living conditions and generate income (See p.126).



Source: Prepared by the authors.

If social protection were left solely to the market, the weakest would be excluded, as demonstrated by the lack of coverage of informal sector workers and the poor in private pension systems. Nonetheless, the market plays a very important role in ensuring the financial sustainability of social protection, which is highly relevant in view of Latin America’s rapidly ageing population. While the debate on mechanisms for guaranteeing the future sustainability of social protection (Carrera, Castro and Sojo, 2009; Sojo and Uthoff, 2006; Holzmann, Palmer and Uthoff, 2008) exceeds the scope of this book, in the region there is a need not only to continue to strengthen the non-contributory solidarity pillar of social protection (ECLAC, 2006), but also to establish the appropriate regulatory framework and incentives to enable families and workers with the ability to contribute to pension and retirement systems to do so. The recent reform of Chile’s pension system is a good example of this: it strengthens the solidarity pillar while maintaining incentives for formal sector workers to contribute, including on a voluntary basis (Berstein et al, 2009; Fajnzylber, 2010; Uthoff, 2009). To achieve inclusive social protection, it is essential to pool private and State efforts within a comprehensive system.

Equally, if social protection were left solely to families, women would continue to be forced to devote much of their time to the unpaid care of children and the elderly, sick and disabled, as they have done in the past, reducing their ability to participate in paid employment. As highlighted by ECLAC (2010a), there is still a rigid sexual division of labour in the region, coupled with an increasing demand for care.

Literature on social protection and promotion has failed to appreciate the true role of social and community organizations,

although some authors (Pautassi and Zibecchi, 2010) have shown them to be instrumental in making up for the shortcomings of the other three major stakeholders (State, market and families). Despite their important contribution, social and community organizations have too few resources to take full social responsibility in this area, which falls primarily to the State, as social protection is seen as a right, not a privilege.

### **C. Aims and content**

This book aims to encourage dialogue on social protection in Latin America. It highlights the need for innovation in designing policies and instruments, as well as in management, in order to build comprehensive systems that provide inclusive social protection for all citizens.

It sets out to promote ideas that are crucial to progress in this area: the relevance of a rights-based approach to social development and the importance of comprehensive, effective, efficient and equitable social protection systems. The analysis focuses on incorporating and coordinating mechanisms based on citizen guarantees, which calls for the consolidation of strategies ensuring access to non-contributory social protection policies and instruments, while strengthening contributory policies and instruments. At the same time, it is vital to implement labour-market regulation policies, as they play a major role in reducing and mitigating the risks associated with unemployment and shortage of decent work, thereby helping to overcome on a long-term basis many of the risks threatening social protection. The goal is to create strategies for bridging gaps in access to social protection and advocacy and to build more comprehensive social policies that recognize the indivisibility of citizens' rights, with the ultimate aim of creating less unequal, more cohesive societies.

Even though social protection has become one of the pillars of social development strategies, in Latin America there is no consistent standard. Instead, social protection has been approached in different ways and from different analytical and policy standpoints. This book examines the principal ongoing discussions regarding social protection and co-responsibility transfer programmes, looks at the role assigned to them, identifies current policies in this field and weighs the conceptual elements, the needs and the challenges to be addressed in order to consolidate comprehensive social protection systems. This book examines the main approaches informing their design and implementation, performance and gaps in existing protection, as well as the changes that a number of countries are making to secure effective and sustainable management in this area.

Chapter I presents a historical overview of social policy directions in the region in order to position the development of the debate and specific policies on social protection, identifying the contexts in which they are set, as well as the conceptual discussions and proposals underlying them. There are four different approaches to social protection, reflecting the cumulative policies and design choices they incorporate: (i) protection based on the formal sector, which is the oldest approach in the region and relates to traditional social security systems that have always been afforded to workers in the formal labour market; (ii) emergency protection, arising from a context of economic structural adjustment and the need for strategies to reduce the impact of the debt crisis on the very poorest; (iii) protection as assistance and access to promotion, which is linked closely with the previous approach, but combines risk mitigation and elimination policies with prevention and human-capital accumulation policies; and (iv) protection as a citizen guarantee, where protection encompasses a set of rights that the State is obliged to ensure, refining processes to reflect risks more closely by introducing changes in its operating rationale and setting incremental minimum social standards. In terms of protection as a citizen guarantee, the next chapter discusses a number of proposals and perspectives on specific policies and ways of perceiving social protection.

Chapter II summarizes the status of social protection in Latin America and pinpoints the main efforts that countries have made. It begins by discussing existing gaps in formal employment and contributory social protection coverage, as well as levels of social spending and its redistributive effects. It goes on to describe the institutions and actors involved in social protection—both in policy design and management and in intersectoral coordination—and analyses the main debate on sources and systems of financing contributory and non-contributory social protection. Given the importance of a rights-based approach in a system where social protection is a citizen guarantee, it also examines the varying intensity with which this has been incorporated into social protection policies in the region, the constitutional recognition of social rights in different countries and the definition of explicit guarantees in social protection-related areas. Chapter II concludes with a discussion of current policies in different countries in the region, pointing out that, whereas some countries are engaged in consolidating a system of non-contributory social protection and promotion for poor individuals and families—in particular via co-responsibility transfer programmes—others have incorporated broader actions, linking together non-contributory social protection policies that take an approach midway between assistance/promotion and a citizen guarantee. Yet other countries have concentrated their efforts on linking

social protection systems by consolidating incremental guarantees for all citizens. In all these cases, institutional development is key to the establishment of basic operating capabilities and policy guidelines.

The region is characterized by the large number of CTPs in national social protection policies. Chapter III presents an overview of CTPs and analyses the various forms they have taken, clarifying their role in social protection policy. CTPs can be divided into three types, based on their characteristics and the way in which transfers and conditionalities are combined. They are illustrated by three national programmes: Brazil's *Bolsa Família* conditional cash transfer programme; Chile's social protection programme for vulnerable groups and areas, Solidarity Chile; and Mexico's Education, Health and Food Programme (formerly called *Progresa* and renamed *Oportunidades*). Each of these programmes establishes different policies depending on the objectives and on the way in which it implements the mechanism for transfers and conditionalities.

Chapter IV describes the elements inherent in a comprehensive approach to social protection. It begins by clarifying the role of social protection as part of the broader social policy concept and pinpoints the differences and links between protection and promotion. It goes on to review the main functions of social protection in relation to the groups it serves and the rights pertaining to it. These functions are to: (i) ensure living conditions that sustain a minimum standard of welfare and offset declining income by means of basic standards; (ii) facilitate access to social and promotion services, including care provision; and (iii) promote better employment policies to cope with the risks of a precarious labour market. Third, this chapter proposes various methods of integrating social protection, taking into account the supply of policies and programmes and demand from families, individuals and communities. On the supply side, it proposes two axes: horizontal (or sectoral) integration and vertical integration (according to the administrative levels at which policies and programmes are implemented). On the demand side, it proposes another two axes: cross-wise (relating to different population groups) and longitudinal (relating to people's life cycle). Fourth, it analyses the link between social protection and the differing needs of the population it serves. Fifth, it describes in detail the components of social protection—non-contributory social protection, contributory social protection and labour market regulation—and identifies social protection instruments and policies. The sixth and final section discusses prerequisites for institutionalizing comprehensive social protection systems: intersectoral coordination, setting up management information systems and the definition of audit and conflict resolution instruments.

Chapter V describes the potential of CTPs to: act as a gateway to social protection based on its ability to incorporate poor population groups into public service provision; boost the availability and quality of public service provision, as well as coordinate it between sectors and between levels of government; improve links between service demand and supply; support institutional capacity-building for information, monitoring and evaluation of CTP-related actions and benefits; and define exit mechanisms linking beneficiaries with other social protection and advocacy policies.

Chapter VI draws lessons and identifies current and future challenges for social protection and CTPs in Latin America. It addresses critical issues, including: consolidating a rights-based approach within social protection policies; fiscal sustainability; the dichotomy between differentiated schemes for vulnerable groups and the idea of equal protection inherent in the principles of citizenship; institutional challenges for the comprehensive, intersectoral management of social protection; and the need for policy management to include monitoring and evaluation systems. The main challenges for consolidating CTPs as a gateway to comprehensive social protection systems are to ensure adequate social service provision and to introduce specific objectives and functions to prevent CTPs from becoming non-specific and ineffective all-encompassing structures.

A set of annexes supplement the information provided in this book. Annex 1 reviews the five main human rights instruments for social protection and their relation to social protection: the Universal Declaration of Human Rights; the International Covenant on Economic, Social and Cultural Rights; the American Convention on Human Rights and Protocol of San Salvador; and Social Security (Minimum Standards) Convention, 1952 (No. 102) of the International Labour Organization (ILO). Annex 2 summarizes the development and main characteristics of three emblematic CTPs: *Bolsa Familia*, *Oportunidades* and *Solidarity Chile*. Annex 3 includes a set of ECLAC simulations for estimating the cost of non-contributory cash transfers for income support and redistribution in Latin American countries. The statistical annex presents a set of statistical tables concerning gaps in protection in the region.

## Chapter I

# Social policy and protection

The current status of social protection in Latin America has been determined by a number of key elements in the region's social policy history. This chapter presents a brief overview of the policy lines that have inspired it over the past century, particularly with respect to social protection. It also identifies the main theoretical approaches and concepts that have guided the development of social protection in the region in recent years and discusses their history and differences.

### **A. Brief history of social protection in Latin America**

While social issues have always been part of Government functions in Latin American countries, the form that they have taken and the emphasis and priorities assigned to them have changed over time in response to the different currents of economic and social thought that have prevailed at given periods in history and to how powerful these currents were.

Although national processes in Latin America cannot strictly be described as homogeneous, according to a number of authors, social policy development can be divided into three main periods: (i) the period prior to the Great Depression of 1929; (ii) the period of greater industrialization and inward growth between the Great Depression and the 1980s; and (iii) the period of market economy and globalization, which began in the 1980s (Marchesi, 2004; Cohen and Franco, 2005; Andrenacci and Repetto, 2006). As table I.1 shows, these successive periods have been named after their prevailing development model: primary liberal; import substitution; and

fiscal discipline and austerity. Each period has distinctive characteristics in terms of the development of contributory social protection policies (social security), as well as the principal guidelines governing non-contributory social protection (social assistance) and sectoral policies in the region. In turn, these models give rise to specific conceptions about the role of the State and of social protection.<sup>1</sup>

Table I.1  
SOCIAL PROTECTION IN FOUR PERIODS OF SOCIAL POLICY

	1. Early 19th century	2. Great Depression of 1929	3. Debt crisis of the early 1980s	4. 21st century
Development model	Primary liberal	Import substitution	Fiscal discipline and austerity	Systemic competitiveness
Main characteristics of social protection and advocacy	First examples of social security in the urban formal sector	Social security in the urban formal sector	Social security with pre-funded individual accounts	Assistance: breaking the intergenerational transmission of poverty
	Assistance: viewed as charity	Assistance: consumer subsidies for food and energy	Assistance: targeting the poor, social investment funds	State as subsidizer and promoter
	Start of sectoral policies for education and health	Centralism and growth of the health and education sectors	Oriented to demand, decentralization, outsourcing of social services	<b>Protection as assistance and access to promotion</b>
	Little State regulation	Welfare State <b>Protection based on formal employment</b>	State as subsidizer and mitigator <b>Protection against emergencies</b>	Social protection systems based on incremental minimum standards State as guarantor <b>Protection as a citizen guarantee</b>

Source: Prepared by the authors.

The final column of table I.1 depicts a fourth period that is unfolding this century. The theory is that two social policy approaches currently coexist in the region: the first is linked with systemic competitiveness and features important concepts such as human capital and intergenerational transmission of poverty; the second, linked with a rights-based approach and citizen guarantees, is supported by international covenants and

<sup>1</sup> As there is no strict correlation between the evolution of development models and social policies, a given development model may be underpinned by different social policy directions. Table I.1 shows only broad trends.

treaties concluded by States (see annex 1). These approaches are not mutually exclusive, although the second has achieved greater prominence in recent years. The following chapters describe the policy elements arising from the differing concepts of development, State and social protection underpinning these approaches.

The first period, beginning in the 19th century and lasting into the first few decades of the 20th century, was marked by the primary liberal model, with outward growth. In social terms, its characteristics included, first, the formation of national societies and citizens' sense of belonging to a country and, second, charity, where attention to social problems was viewed as humanitarian aid for the needy, with broad participation from civil society organizations and the Church. It led to a non-secular, non-institutionalized social policy where political, economic and social elites were the service providers and financiers. The earliest institutions for contributory social protection began to emerge at the end of this period, such as mutual societies and insurance associations, aimed mainly at urban wage earners and subject to little State regulation, simultaneously with a phase of growing social service coverage in the areas of public health and education. The first social security systems inspired by the Bismarckian model started to appear in Southern Cone countries in the early 1920s.<sup>2</sup>

The second period began with the Great Depression and continued through the post-War and Cold War period. It was characterized by the development of a model of import substitution industrialization, with inward growth, where the emphasis was on State planning. Justice, social order and social security were the main social policy issues and pressure from organized society and trade unions had a great impact on them. Added to this was the steady growth of the education and health sectors, as well as the debate over access to land and land reforms. Although the social policy approach was based on universalism, coverage was severely limited, which led to priority being given to wage earners, the middle class and organized sectors. Duhau (1997) refers to it as "fragmented" or "stratified" universalism. Emphasis was placed on protection for salaried workers (Franco, 1996), by means of such instruments as Uruguay's unemployment insurance (1958), family allowances for private employees from the Mexican Social Security Institute (IMSS) (1943), or Argentina's enshrinement of the right to social security in law 14370 (1954).<sup>3</sup> Non-

<sup>2</sup> In Uruguay, the earliest debates on social security mechanisms took place in the first half of the 19th century (Bonino, Kwon and Peyre Dutrey, 2007). The social security systems that emerged throughout Latin America in the 20th century were basically of the corporate and contributory variety and excluded vast segments of the population that did not belong to organizations linked with the formal labour market (such as associations or trade unions) or had no means for accessing power structures (mainly political parties).

<sup>3</sup> Argentina's first instance of contributory social security was law 4349 of 1904, which established the Civil Fund (*Caja Civil*) for permanent employees of the State administration:

contributory social protection was confined mainly to food and energy subsidies, although a few feeding programmes and small transfer programmes were starting to emerge for vulnerable groups, such as disabled persons (Ferreira and Robalino, 2010).<sup>4</sup>

The social policy management model of the time was characterized by central planning, a historical trend in Latin America determined by the political context, as well as the unitary organization of most countries and 'latent centralism' of those with a federal structure (Franco, 2003). There was also a bureaucratic-type organization and a marked impetus given to government sectors and, although this was positive in terms of knowledge and the development of specialized policies, their lack of coordination made it difficult to set up comprehensive interventions. Social policy was funded mainly by the State and resources were distributed primarily through supply-side subsidies, which, in several countries led to an increased State share in service provision, with little private sector involvement. During this period, social sectors exerted intense pressure on the State to meet their demands.

Finally, this period was characterized by the protection of some prices and the provision of subsidies to facilitate access to certain goods and services, as well as by high inflation, rising external debt and corporatism. There was also a social divide between formal-sector workers (and their families) and informal, urban and rural workers, which, as discussed, had a very strong impact on the design of social protection and on the way in which these policies were organized in the region.

The debt crisis of the early 1980s marked the third period, characterized by a neoliberal approach of outward growth with fiscal discipline and austerity, where reforms introduced to reduce inflation and promote economic growth neglected the problem of unequal income distribution (Cornia, Stewart and Jolly, 1987). The assumption was that the benefits of growth would be distributed gradually among the population (trickle-down effect). The idea that the market was the best means for allocating goods and services played a key role, as did the Washington Consensus.<sup>5</sup>

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teachers and employees of the National Educational Council, employees of official banks and Argentine railways, magistrates and elected officials (Abritta and others, 2010).

<sup>4</sup> Feeding programmes included the Costa Rican Supplementary Feeding Programme of 1951, Chile's National Supplementary Feeding Programme (PNAC), which began delivering milk to children and pregnant women in 1954, and Brazil's National School Feeding Programme (PNAE) of 1955.

<sup>5</sup> The Washington Consensus consisted of 10 key policy recommendations: fiscal discipline; reordering public expenditure priorities; tax reform; liberalizing interest rates; competitive exchange rates; liberalization of international trade; liberalization of inward foreign direct investment; privatization of State-owned companies; deregulation (especially of labour markets); and property rights (Williamson, 1994).

Social policy in this period was characterized by targeting the poorest sectors to rationalize the use of scarce resources, as illustrated by the school feeding programme of Chile's National School Support and Scholarships Board (JUNAEB) and Mexico's Social Milk Supply Programme. A priority concern was management efficiency, associated with fiscal discipline requirements, which over time came to be a major additional—but not the sole—component in the objective of maximizing the impact or effectiveness of programmes. So, not only was it important to spend in order to produce goods and services, but to spend wisely to achieve the desired objectives.

All this was coupled with a market rationale for social services that included the promotion of demand-side subsidies to foster competition among service providers, whether public or private, through a system of free choice. One example was Chile's education system, where pupils received a State education grant that they could choose to spend on studying in a State or private school. Competition also featured in resource distribution, through procurement and competitive bidding to fund both public and private programmes and projects. This led to the development of safety nets, as well as the famous social investment funds, which were a prominent component of social management in the region, as they were considered a more flexible tool than line ministries for distributing public investment resources for health, primary education and water and sanitation services, even though, in many cases, social investment funds failed to make the leap from a rationale of budget implementation and production efficiency to one of social effectiveness and efficiency.<sup>6</sup>

Under this rationalization and competitiveness policy, decentralization played an important role during the period, arising from a desire to make resource and project management more independent from central government. Outsourcing of production was another important feature of this policy, boosting the participation of private and non-governmental organizations in management.

This rationalization and competitiveness policy was also reflected in social protection. There was a major transformation in retirement and pension funds and health insurance in the formal sector during the period. The problem of fiscal sustainability of pay-as-you-go social security led to the idea of individual funds, under the assumption that, with a formal labour market and job security, individuals could amass

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<sup>6</sup> The first ever social investment fund was the Plurinational State of Bolivia's Social Emergency Fund (FSE), established in 1985 and renamed Social Investment Fund (FIS) in 1990 (Aranibar, 2010). Further examples are the Honduran Social Investment Fund (FHS), Peru's Social Development Cooperation Fund (FONCODES) and the Bolivarian Republic of Venezuela's Social Investment Fund (FONVIS).

the required resources for a decent retirement and would also be able to finance their family's health insurance. This meant that the existing rationale of fragmented universalism was sidelined to some extent and private fund managers emerged (including Chile's Association of Pension Fund Managers (AFP) and Argentina's Retirement and Pension Fund Management Companies (AFJP)), and health insurance institutions (such as Chile's ISAPREs) were encouraged to participate. Social protection in this period was therefore marked by a dual approach. On the one hand, there was contributory social protection of employees based on pre-funded individual accounts and insurance, operating under the aegis of the ministries of labour and health and, on the other, non-contributory social protection aimed at meeting certain minimum welfare standards and mitigating the consequences of extreme poverty, administered by the ministries responsible for social development. Over this period, the State took an increasingly secondary monitoring and evaluation role, while its role as provider diminished, at least proportionately, as the case of Chile illustrates very clearly.

A new development approach has been taking shape since the mid-1990s, with the 'paradigm of systemic competitiveness', where integration into a global economy depends on a country's organizational and management ability to combine a variety of economic and non-economic factors and to coordinate various stakeholders (Lechner and Calderón, 1998). This is a period of consolidation of democratic institutions, in which 'second-generation' State reforms are being introduced (Marchesi, 2004) and the political leadership seeks to embody in a number of concrete actions the idea of a more present State, with greater capacity to intervene in economic and social development (Repetto, 2010a). Around 2000, concepts such as guaranteed human, economic, social and cultural rights, full citizenship and social cohesion started to gain a strong foothold among the approaches guiding social policy (ECLAC, 2007). They reflect an explicit concern to distribute the benefits of economic development more evenly and to reduce the existing high levels of inequality. This means that individuals are no longer considered as consumers and beneficiaries but as citizens with rights.

Although it is difficult to make a definitive analysis because social policy is only one stage in the development process, a number of elements can be said to characterize it. First, the clash between universalism and targeting has returned to the agenda, but with the idea of targeting resources in order to achieve universal social rights or minimum social standards (ECLAC, 2000; Ocampo, 2001): no longer the same product for everyone (or only a few) but universal policies with differentiated services for a heterogeneous population, to meet diverse needs and close gaps. Differences of ethnicity, culture, gender, age and place of residence, not just socio-economic differences, have come to be considered as key

variables in substantive and administrative aspects of policy. Second, there is an increased concern for objective and subjective service quality and the principles of effectiveness and efficiency, as well as for creating synergies among care and protection networks.

In terms of stakeholders, not only have public-private linkages been maintained, they are being boosted, with public and private organizations participating alongside non-governmental and other civil society organizations. However, the State is strengthening its regulatory role, gradually becoming a guarantor and, while it is not necessarily a provider, neither does it play a secondary role.

This has opened up new opportunities for debate on social protection, such as linking pre-funded individual account models with solidarity (ECLAC, 2006; Uthoff, 2006), flexicurity and the right to a minimum income, at least to lift people out of extreme poverty, with approaches focusing on short- and long-term action. The following section identifies the contexts and debates that have inspired the emergence of different social protection approaches and proposals.

## **B. Social protection, an evolving concept**

Changes in social policies, particularly social protection policies, have not been divorced from the conceptual debate among academics, cooperation agencies and international financial institutions. In fact there is evidence of constant feedback and, even though implementation does not always mirror analytical proposals precisely, it is easy to see that concepts and lines of intervention are evolving and to identify the extent to which those proposals are present in different countries.

In recent decades, in response to widespread agreement on the lack of effective mechanisms to protect against poverty and vulnerability, there has been prolific debate on these issues, their multidimensional causes and consequences, how to measure them, the role and challenges for different actors and the effectiveness of policies and approaches that need to be adopted in order to achieve positive outcomes. The debate on social protection has therefore resulted in a large body of literature, where the analysis ranges from historical (Draibe and Riesco, 2007; Filgueira and Filgueira, 2002) to conceptual (Barrientos and Hinojosa-Valencia, 2009; Barrientos and Hulme, 2008; Cook and Kabeer, 2009; Norton, Conway and Foster, 2002) to normative (ECLAC, 2006; United Nations, 2009a), together with concrete proposals for their implementation and expansion.<sup>7</sup>

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<sup>7</sup> See, for example: World Bank, 2005; ECLAC, 2006; Deveraux, 2002a and 2002b; Holzmann and Jorgensen, 1999; OECD, 2009; ILO, 2008a and 2008b.

A number of actors have contributed to the conceptual development of social protection. In the years following the United Nations' definition of social protection in 2000 (see section B of the introduction), this has been extended to incorporate an explicit rights-based approach. Whereas the International Labour Organization (ILO, 2008a) has defined it in terms of rights to benefits and allowances that citizens can use to protect themselves against a sudden drop in their living standards and has developed the 'social protection floor' initiative (see box I.1), ECLAC (2006) has defined it with a view to devising social assistance, promotion and development responses to risks in the environment, taking a rights-based approach.

Box I.1  
SOCIAL PROTECTION FLOOR

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The International Labour Organization (ILO), along with other United Nations agencies, is promoting a global initiative aimed at ensuring a basic level of social protection for everyone (the Social Protection Floor Initiative). It was motivated by the finding that 80% of the world's population lacks access to any kind of social security (ILO, 2008a), and is underpinned by a rights-based approach, structured according to areas of basic needs that are crucial to realizing those rights.

The initiative consists of developing social protection systems for people who are not covered by existing systems, by establishing a social protection floor. This floor can be achieved by means of transfers in cash or kind and provides for a minimum package of benefits, regardless of whether recipients are registered to pay social security.

The basic package meets a set of standards concerning size of income, medical care and pensions for everyone. It does not attempt to define the content of benefits but defines a guarantee of access to them (ILO, 2008a), leaving countries free to implement this floor by means of targeted transfers, either universal or subject to conditionalities.

According to ILO calculations, less than 2% of global gross domestic product (GDP) would be necessary to provide this social protection floor to the world's poorest (ILO, 2008a). Six percent of global GDP would be required to provide a social protection floor to everyone that currently has no access to social protection systems.

Based on studies in seven African countries (Burkina Faso, Cameroon, Ethiopia, Guinea, Kenya, Senegal and the United Republic of Tanzania) and five Asian countries (Bangladesh, India, Nepal, Pakistan and Viet Nam), ILO has estimated the cost of a basic social protection package for low-income countries (see the table below). These estimates have not been adapted to reflect the real situation in Latin America, where most countries are already implementing co-responsibility transfer programmes or non-contributory pensions, which ought to be included in the calculations to determine the approximate cost of such a package as a percentage of GDP.

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(continued)

## Box I.1 (concluded)

COST ESTIMATIONS OF A BASIC SOCIAL PROTECTION PACKAGE FOR AFRICAN AND ASIAN COUNTRIES		
Benefits	Indicators	Cost <sup>a</sup>
Income security by means of basic old-age and disability pensions.	A universal pension was calculated worth 30% of GDP per capita of the countries included in the study, provided to all individuals aged 65 years of age or over and to persons with disabilities (estimated at 1% of the working-age population). <sup>b</sup>	Between 0.6% and 1.5% of GDP.
Income security for children, aimed at facilitating access to nutrition, education and care.	15% of GDP per capita provided to two children in the age bracket 0–14 per woman. <sup>c</sup>	Less than 3.5% of GDP.
Access to basic/essential health care.	300 medical staff to 100,000 population. Medical staff wages indexed in line with GDP per capita growth. <sup>d</sup> Overhead costs of 67% of medical staff costs.	Between 1.5% and 5.5% of GDP.
Some income support is provided to the poor and the unemployed (including by means of employment guarantee schemes).	Income support at 30% of GDP per capita <sup>b</sup> . The benefit is provided to 10% of the working-age population for 100 days per year. Available to households not benefiting from any other form of cash transfer.	Between 0.5% and 0.9% of GDP.
<b>Total</b>		<b>Between 3.7% and 10.6% of GDP.</b>

<sup>a</sup> Estimates for 2010. ILO estimates (2008b) include projections up to 2034.

<sup>b</sup> Capped at US\$ 1 (purchasing power parity (PPP) a day, indexed in line with inflation; exchange rates were calculated by the International Monetary Fund (IMF) (2008b).

<sup>c</sup> Capped at US\$ 0.50 (PPP) per day, indexed in line with inflation; exchange rates were calculated by IMF (2008b).

<sup>d</sup> Medical staff wages were assumed at a minimum of three times GDP per capita.

Source: International Labour Organization (ILO), "Setting social security standards in a global society. An analysis of present state and practice and of future options for global social security standard setting in the International Labour Organization", Geneva, 2008; "Can low- income countries afford basic social security?", Geneva, 2008.

The World Bank has developed a protection concept based on people's ex ante and ex post ability to cope with various risk scenarios (Holzmann and Jorgensen, 1999) (see box I.2). In recent years, the World Bank has supplemented this concept by incorporating the new social contract needed to provide effective social protection for all citizens. This new proposal emphasizes two major challenges that need to be addressed:

informal employment, which acts as a barrier to entry to social protection, and fragmented access by both formal- and informal-sector workers to the benefits of social protection policies. It also stresses the need to find ways to extend contributory social protection to all citizens, irrespective of their employment status, while ensuring the sustainable enhancement of their human capital and employability (Ferreira and Robalino 2010; Ribe, Robalino and Walker, 2010).

Box I.2  
SOCIAL RISK MANAGEMENT

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In the late 1990s, the World Bank developed an analytical framework for understanding and developing social protection policies: social risk management. It defines a set of strategies for pinpointing the various sources and types of risk at an early stage, with the aim of risk prevention, mitigation and coping (Holzmann and Jorgensen, 1999, Serrano and Raczynski, 2003). Basically, social risk management is designed to ascertain the impact of market imperfections on the risk faced by families (Munro, 2008) and the need to develop public social protection measures to reduce vulnerability, stimulate consumption and promote equity in managing the risk of individuals, households and communities, especially lower-income households (poor and vulnerable). Such mechanisms must be implemented where markets are either deficient or non-existent, and are seen as short-term interventions to aid economic development. Social risk management entails three strategies: informal, market and public. It also identifies public and individual responsibilities for social protection. Public responsibilities involve policymaking and regulation of market mechanisms, while individual responsibilities can be either formal (systematic savings, private insurance, employment in the formal sector of the economy and investing in children's education) or informal (social and community networks).

However, social risk management has been criticized for its limited scope to change economic and redistributive structures (Cook and Kabeer, 2009; Lo Vuolo, 2009; Sojo, 2003). Gradually, a rights-based approach has begun to be included in the agenda as a necessary complement to the more technical analysis of the specific risks faced by various population groups and means for overcoming them.

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Source: S. Cook and N. Kabeer, "Socio-economic security over the life course: A global review of social protection", Sussex, Ford Foundation, Institute for Development Studies, 2009; R. Holzmann and S. Jorgensen, "Social protection as social risk management: conceptual underpinnings for the social protection sector strategy paper", *Journal of International Development*, vol. 11, No. 17, 1999; R. Lo Vuolo, "Social exclusion policies and labour markets in Latin America", *Financing Social Policy. Mobilizing Resources for Social Development*, K. Hujo and S. McClanahan (eds.), New York, United Nations Research Institute for Social Development (UNRISD), Palgrave Macmillan, 2009; L. Munro, "Risks, needs and rights: compatible or contradictory bases for social protection", *Social Protection for the Poor and Poorest. Concepts, Policies and Politics*, A. Barrientos and D. Hulme (eds.), Basingstoke, Palgrave Macmillan, 2008; C. Serrano and D. Raczynski, "Derechos sociales básicos, superación de la pobreza y protección social ante la vulnerabilidad", Santiago, Chile, Asesorías para el Desarrollo [online] [http://www.asesoriasparaeldesarrollo.cl/secciones/areas\\_de\\_trabajo/politicas\\_sociales.html](http://www.asesoriasparaeldesarrollo.cl/secciones/areas_de_trabajo/politicas_sociales.html), 2003; Ana Sojo, "Social vulnerability, insurance and risk diversification in Latin America and the Caribbean", *CEPAL Review*, No. 80 (LC/G.2204-P/E), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC) 2003.

In this context, authors have adopted a variety of standpoints both to analyse the concept of social protection and to define social protection policy objectives and alternatives (Barrientos and Hulme, 2008; Cook and Kabeer, 2009; Norton, Conway and Foster, 2002). Some authors have taken an employment economics standpoint, usually confined to the protection of formal-sector workers. Others have focused on the poor, the economically inactive and informal workers, while yet others have combined the two standpoints into a broader one that includes labour market regulation.<sup>8</sup> For some authors, the scope of social protection includes only the first two components: social security and assistance (Ferreira and Robalino, 2010; Norton Conway and Foster, 2002). Others view all three components as inseparable in designing social protection systems (World Bank, 2001b; Barrientos and Hulme, 2008; Holzmann and Jorgensen, 1999).

The latest debates in Latin America have been inextricably linked with debates on poverty and the lack of mechanisms to protect the poor from risks (Barrientos and Hulme, 2008; Cook and Kabeer, 2009). This book takes a broad view of social protection as a citizen guarantee, and hence, universal in scope, even though it acknowledges the need to incorporate differentiated and targeted instruments to consolidate protection, giving precedence to the very poorest and most vulnerable. Social protection includes both contributory and non-contributory protection instruments owing to the limited capacity of formal employment to integrate workers to contributory social protection structures.

This view is not, and has never been, predominant. On the contrary, a number of different approaches can be identified, four of which have marked the debate: (i) protection based on formal employment; (ii) emergency protection; (iii) protection as assistance and access to promotion; and (iv) protection as a citizen guarantee.

## **1. Protection based on formal employment**

For much of the 20th century, the social protection debate was linked to contributory social protection and a 'labour-based society' (ECLAC 2006). It was an approach of 'protection based on formal employment', which, as mentioned earlier, was a first attempt to devise mechanisms for protecting workers from unforeseen circumstances (unemployment,

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<sup>8</sup> A distinction needs to be made between authors who focus on the role of labour market regulation (Barrientos and Hulme, 2008) and strengthening labour institutions (Weller, 2008) for social protection (see chapter IV.E.3) and those who emphasize the role of labour policies and improving worker employability (Ribe, Robalino and Walker, 2010). According to the social protection approach presented in this book, the latter would be better described as social promotion policies (see chapter IV.A), which, while they have much in common with social protection policies, are implemented by different means.

illness or occupational accidents), as well as at certain stages in their lives (mainly by means of retirement and other pensions and survivors' insurance for workers' relatives).

This approach led to instruments and mechanisms such as social insurance and mutual funds, as well as labour legislation developed by States to meet demands for better working conditions for formal-sector workers organized into unions and associations.<sup>9</sup> In practice, these instruments were stratified in terms of coverage, as they were available only to people linked with the world of formal employment (Filgueira and Filgueira, 2002). Major social sectors were left out, particularly rural workers and the self-employed urban poor, a situation exacerbated by recent labour market trends. In such a context, ECLAC (2006) has referred to the unfulfilled promise of full employment, as it has failed to consolidate the rights pertaining to social citizenship in Latin America (Marshall, 1950). While this social protection approach has been maintained over the years, the region's governments, as well as a number of international institutions, have been focusing more attention on creating mechanisms to provide a basic level of protection for those who, for various reasons, remain outside the formal labour market.

## **2. Emergency protection**

These considerations, as well as the changes taking place in social policy paradigms, have led to calls for more comprehensive and coordinated approaches for overcoming poverty. Interest intensified following the diagnosis of the impact of the recurrent economic crises that have struck the region. Price volatility, job insecurity and numerous restrictions on access to public and private insurance mechanisms are hitting the poor and vulnerable hardest, reducing the means available to them to smooth consumption and protect their basic welfare in the wake of critical events, leaving them more likely to suffer present and future losses in accumulated capital (Cook and Kabeer, 2009). It was then that the talk turned to 'safety nets'<sup>10</sup>. Safety nets are part of a broader set of poverty-reduction policies and programmes that had existed hitherto (including cash or in-kind transfers, cash subsidies for food and energy, workfare and social investment funds), coupled with fee waivers for more traditional social services (health, education, transport and, in some cases, housing) (Grosh and others, 2008). Safety nets are compensatory interventions that increase income and other assets by means of targeted transfers, designed specifically to sustain

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<sup>9</sup> Such as Uruguay's pioneering labour reforms in the 1920s or Mexico's 1943 social insurance act.

<sup>10</sup> The authors of this document opt for the term "safety nets", as opposed to social protection systems, which could be used to refer to coverage that is more comprehensive at a conceptual or operational level.

or enhance the welfare of poor or vulnerable groups during periods of economic transition or crisis (Graham, 1994, in Cohen and Franco, 2006a), which is why it has been called the ‘emergency protection’ approach.<sup>11</sup>

Safety nets are non-contributory policies targeted at the poor and extremely poor and do not include contributory social protection policies (Grosh and others, 2008). The measures provided by safety nets are implemented for as long as people are seeking new economic opportunities, which, in theory, will enable them to improve their situation rapidly (Barrientos and Hulme, 2008). They are novel in that they coordinate public provision by offering safeguards to mitigate the impact of critical events. The idea is to incorporate into this temporary safety net people who are outside the reach of social policies and do not have the ability to cope with risks on their own. Even though they are residual interventions designed to offset sudden drops in income affecting the poorest households by means of mitigating and compensatory short-term measures (Deveraux, 2002a; Conway and Norton, 2002), safety nets are a direct predecessor of the latest debates on social protection.

### **3. Protection as assistance and access to promotion**

Between the late 20th century and the early part of this century, a clear need has arisen to develop strategies that transcend critical events and their immediate effects of recurrently undermining the living standards of individuals and families. The aim is to address the longer-term effects of intergenerational transmission of poverty and aggregate losses in the welfare of families and their members, as a result of adopting risk strategies that jeopardize essential assets.<sup>12</sup> Thus, poverty is starting to be seen as a dynamic process, with multiple entries and exits over time, requiring more complex and lasting interventions to overcome it. Social protection should therefore assume both short- and long-term roles in reducing poverty (World Bank, 2001b) and address the most urgent needs arising from risks and crises. It should also support asset preservation and accumulation—including, for example, non-contributory pensions—by means of prevention policies, as well as helping to change the socio-economic conditions at the root of poverty (Acosta and Ramírez, 2004; Barrientos and Hulme, 2005).<sup>13</sup> This broader version of social protection has been called ‘protection as assistance and access to promotion’.

<sup>11</sup> This approach was present, implicitly or explicitly, in the very first social investment funds (for example, those of the Plurinational State of Bolivia) and safety nets, from the late 1980s to the 1990s.

<sup>12</sup> Wood (2003) describes the situation facing those in poverty as “staying secure, staying poor” (see Barrientos and Hulme 2005).

<sup>13</sup> Acosta and Ramírez (2004) point to the need to combine comprehensive social protection systems with mechanisms for mitigating the risks associated with economic crises and counter-cyclical measures, in times of greater stability. The hope is that these mechanisms will maintain the funding and operational “functioning” of social protection.

This new approach is reflected in the title of the World Bank's first sector strategy paper (*Social protection sector strategy: from safety net to springboard*), which shows how the notion of social protection has changed from one of 'safety net' to 'springboard' (World Bank, 2001b; Cook and Kabeer, 2009), going beyond responses focused solely on 'emergencies'.<sup>14</sup> Gradually, other measures that had been set aside during the structural adjustment period, are being incorporated. They include labour market regulation, non-contributory transfers to older people not covered by contributory social protection mechanisms and the incorporation of unemployment insurance benefits (Cook and Kabeer, 2009; Acosta and Ramírez, 2004).

Even though, in practice, the two approaches —emergency protection and protection as assistance and access to promotion— are closely linked and both focus on poverty as their main line of action, they differ not only in terms of their time span but, more importantly, in terms of their policies. Emergency protection entails ad hoc responses to a crisis scenario, while protection as assistance and access to promotion is consolidating a longer term view, with more coordinated interventions intended to meet the protection needs of families and households throughout life. Policies designed as part of a social emergency protection approach were not always able to reach those living in extreme poverty, as in the case of social investment funds (Britto, 2004; Deveraux, 2002a), whereas the approach of protection as assistance and access to promotion is designed to be more attentive to the needs of the poor, extremely poor and vulnerable.

The approach of protection as assistance and access to promotion is also making an increasing distinction between promotion and protection actions: whereas protection actions are associated with the concepts of risk and vulnerability (see box I.3), promotion actions are linked more closely with strategies to build human capital and improve the coverage and quality of related services.<sup>15</sup> In particular, social promotion policies consist of a set of specific efforts to enhance the assets available to families. Promotion policies include sectoral policies of health and education (and others such as housing), together with programmes to increase family

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<sup>14</sup> A recent World Bank report (Ferreira and Robalino, 2010) proposes the term 'opportunity ropes' (as opposed to 'safety nets') to emphasize the concept of sustainable self-reliance.

<sup>15</sup> Between 1999 and 2001, the World Bank published a series of conceptual documents acknowledging the limitations of economic growth and macroeconomic policies alone for eliminating poverty (World Bank, 2001a and 2001b; Holzmann and Jorgensen, 1999). The *World Development Report 2000/2001: Attacking Poverty* addresses this concern and proposes a new strategy for attacking poverty in three ways: opportunity creation; empowerment of poor people; and social protection (World Bank, 2001a). At the same time, many studies have demonstrated the decisive role that education plays in poverty measured by income (Fiszbein and Psacharopoulos, 1995 and ECLAC, 2002 in Britto, 2004).

incomes (such as microcredit) and to improve the employability of poor and vulnerable families and individuals (training programmes) (Deveraux, 2002a; Dreze and Sen, 1989).

Owing to their potential to enhance the assets available to households, protect them from risks and help them to overcome poverty, human capital formation policies are linked closely with social protection policies. The latter safeguard the conditions that ensure individuals and families gain access to and remain in human capital formation systems, preventing child labour, for instance, from being used as a means for coping with certain critical events. In addition, human capital is an asset and building it can provide significant long-term protection against certain risks. As discussed below, this complementarity between protection and promotion underpins co-responsibility transfer programmes, which require greater coordination between the income-transfer component of programmes and sectoral public provision in the areas of human capital formation (health and education).

### Box 1.3

#### RISK AND VULNERABILITY AS KEY SOCIAL PROTECTION CONCEPTS

At the heart of the latest definitions of social protection are the ideas of risk and vulnerability. Events or conditions in the environment that pose a 'risk' are those that could undermine well-being and whose occurrence is uncertain (Sojo, 2007). While risk and critical events affect everyone in society, they hit particularly hard people living in poverty and extreme poverty and those who, while not actually poor, are vulnerable to poverty. In this context, 'vulnerability' means the probability of being poor in the future or of being harmed by a specific risk or threat (Barrientos and Hulme, 2008).

The World Food Programme (WFP) defines vulnerability to food insecurity as "the probability of an acute decline in 'food access' or 'consumption'" in relation to a minimum critical level of human well-being (WFP, 2002 in Martínez and Fernández, 2006). This definition can be expressed as:

$$\text{Vulnerability} = \text{exposure to risk} - \text{ability to cope}$$

The definition appears to apply not only to food security and malnutrition, but also to low incomes and poverty, as well as to other areas of social protection. In fact, according to this definition, a key aspect for identifying vulnerable individuals or groups is the ability of individuals and families to cope with various types of risk. It follows that the most vulnerable will be those with the least ability to cope.

The ability to cope can be based on the assets available to households, families and individuals, together with the social and institutional capacity to cope with risk situations and the existing opportunity structure within society.

(continued)

## Box 1.3 (concluded)

Assets are a set of resources that a household can mobilize at a given time to seek improvements in its welfare or to prevent its welfare from declining (Kaztman et al, 1999, p. 9). These assets include: human capital (health, education and knowledge); social capital (support networks, contacts and access to information); physical or financial capital (food, land and other items); income and work (Kaztman et al, 1999; Moser, 1996 in Escobar and González de la Rocha, 2002). In each type of asset there are individual or family attributes that can be controlled and mobilized for asset accumulation, consumption or productive investment (Kaztman et al, 1999).

Social capital enables mechanisms outside the home to be activated to provide protection in situations of social, economic or environmental risk that cause a sudden drop in income or loss of assets. The informal expression of social capital mechanisms is provided independently by the community itself, typical examples of which are consumer associations, barter markets, work paid in kind (*minga*) and community soup kitchens. The more formal expression is that provided by State institutions through their non-contributory social protection instruments, the distribution of resources, goods and services, or workfare.

The opportunity structure comprises both market and State mechanisms and refers to a set of asset renewal and accumulation sources enabling households to use their own resources or providing them with others that they can use to become integrated into society (Kaztman and Filgueira, F. 2006). Opportunity structures can provide new assets or regenerate depleted assets (for example, through health services and free education). They can also facilitate more efficient use of a household's resources (for example, by opening a crèche to release human resources that can then be invested in producing income) (Kaztman and Filgueira, F. 2006). Opportunity structures therefore incorporate both social advocacy and protection policies and strategies.

Source: A. Escobar and M. González de la Rocha, "Evaluación cualitativa del programa de desarrollo humano Oportunidades. Seguimiento de impacto 2001-2002, comunidades de 2.500 a 50.000 habitantes", evaluación de resultados de impacto del programa de desarrollo humano Oportunidades, Mexico City, Centre for Research and Higher Learning in Social Anthropology (CIESAS), 2002; R. Kaztman and others, "Vulnerabilidad, activos y exclusión social en Argentina y Uruguay", *Documento de trabajo*, No. 107, Santiago, Chile, International Labour Organization (ILO), 1999; R. Kaztman and F. Filgueira, "Las normas como bien público y como bien privado: reflexiones en las fronteras del enfoque AVEO", *Colección aportes conceptuales*, No. 4, Montevideo, Catholic University of Uruguay, 2006; R. Martínez and A. Fernández, "Modelo de análisis del impacto social y económico de la desnutrición infantil en América Latina", *Manuales series*, No. 52 (LC/L.2650-P), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2006. United Nations publication, Sales No. S.06.11.G.175.

#### 4. Protection as a citizen guarantee

The need to instil a more inclusive and sustainable vision of social protection has led to a fourth approach to social protection, which goes beyond people living in poverty by seeking to guarantee minimum levels of protection for all citizens: 'protection as a citizen guarantee', which

provides basic guidelines for achieving comprehensive and inclusive social protection. While this vision is based on the 1948 Universal Declaration of Human Rights, the 1966 International Covenant on Economic, Social and Cultural Rights and other international human rights instruments (see annex 1), it is only in the past decade that its message has begun to resound more clearly and to gain a larger following in Latin America, among both analysts and staff responsible for designing and implementing social protection.

Social protection as a citizen guarantee focuses primarily on the realization of economic, social and cultural rights and on the four principles that should be incorporated into social protection systems at the conceptual and operational level: (i) equality and non-discrimination; (ii) participation and empowerment; (iii) accountability; and (iv) transparency. These principles create for States mandatory, universal and progressive obligations towards their citizens that cannot be waived (Abramovich, 2006). States have an obligation to respect, protect, fulfil and promote rights, which are complementary and indivisible (Abramovich, 2006). Thus, rights become a citizen guarantee and the basis of citizenship (ECLAC, 2006).

According to Abramovich and Pautassi, applying these rights to development strategies leads to the establishment of guidelines and criteria for designing and implementing sustainable development strategies and inclusive social policies. These guidelines culminate in legal standards (such as the obligation to guarantee the minimum content of rights; the obligation for States to apply progressive, not regressive, policies; and the obligation to guarantee citizen participation). They also culminate in principles (equality and non-discrimination; universality; access to justice; and access to public information). In turn, these standards and principles can be used to develop a matrix enabling States, social partners and development cooperation agencies to define intervention policies and strategies, as well as to devise means for monitoring and evaluating public policies (Abramovich and Pautassi, 2009).

In complying with their obligations under the mandates enshrined in constitutional charters and international covenants and treaties, States develop positive public policy measures, which facilitate the implementation of mechanisms to monitor these public policies (Abramovich and Pautassi, 2009). It is increasingly common in the region to find social programmes, sectoral policies and reforms that have been designed using a rights-based approach. Examples are Chile's System of Universal Access with Explicit Guarantees (the AUGÉ Plan, see box II.5) and its social protection system and Colombia's health system reform. Some co-responsibility transfer programmes, such as Mexico's *Oportunidades* or

Brazil's *Bolsa Família*, make direct reference to rights standards, although not all their interventions result from this matrix and neither are they always effective.

Placing the concept of social protection in a normative framework of rights entails setting and implementing specific and egalitarian standards for all citizens. The guarantees therefore cover a set of standards that transpose economic, social and cultural rights in specific policy areas—such as access, quality, financial protection, revision and participation and redress—that are subject to legislation requiring the State to implement and monitor them (Gacitúa-Marió and Norton, 2009). According to the rights-based approach, the aims of social protection should therefore be: (i) the definition and widespread communication of rights, entitlements and standards that citizens can demand; (ii) a commitment to the equitable delivery of the specified rights, entitlements and standards; and (iii) the availability of mechanisms of redress that citizens may use if they are unable to enjoy specified entitlements (Norton, Gacitúa-Marió and Georgieva, 2009).

The approach of protection as a citizen guarantee has emerged from a series of discussions, analyses and concrete proposals on rights-based social protection by various academic circles in the region and by international organizations, rather than from a single source (cf. ECLAC, 2006; Filgueira and others, 2006; Gacitúa-Marió, Norton and Georgieva, 2009; Molina, 2006; ILO, 2008a and 2008b; United Nations, 2009a and 2000). Despite their diversity, these proposals converge to some extent as they all seek to extend protection mechanisms to those not yet covered and to achieve social citizenship. Most share the following aspirations:

- (i) Social protection based on the concept of social citizenship and economic, social and cultural rights, where the State plays a key role as guarantor of standards defining minimum social protection levels and establishing a common basis for quality and access (coverage) to the services and benefits arising from social protection policies, irrespective of whether they are provided by the State, the private sector or a combination of the two.
- (ii) Universal social protection as the ultimate goal, while maintaining targeting as a means of reducing inequalities and optimizing resource distribution and revealing the existence of contrasting positions concerning the introduction of conditionality criteria.
- (iii) A set of standards for content, access and quality, understood as 'minimum social standards', which have been incorporated into various mechanisms and proposals for translating universal social protection into specific policies.

- (iv) Instruments designed to identify more clearly the risks facing families and different groups, to enhance their asset accumulation and to contribute to realizing their rights, which requires social protection measures that are comprehensive, intersectoral and adaptable and managed as part of social protection and promotion policy systems, rather than through isolated programmes and interventions.

The approach of social protection as a citizen guarantee is distinctive because it adopts a synergistic view of social protection that includes, yet transcends, the spheres of contributory protection (security) and non-contributory protection (assistance). Its scope goes beyond defining a priori social protection policies to identify intervention needs and gaps, making it more complex to design and manage.



## Chapter II

# Social protection in Latin America in the new millennium

The differing conceptual frameworks and analytical trends concerning social protection and the policies implemented by countries in the region determine the context for analysing current policies, the resources involved and institutional arrangements for their implementation. Below are some of the key elements, achievements and limitations of social protection policies.

### **A. The present situation: shortcomings and achievements**

In 2009, a total of 183 million Latin Americans were living in poverty (one third of the region's inhabitants), 74 million of whom were extremely poor (ECLAC, 2010c). This means that between 2008 and 2009, a further 3 million people slipped into extreme poverty as a result of the global economic crisis, rising unemployment and informal employment rates and inadequate social protection mechanisms. Many other citizens continue to live in a vulnerable situation, which poses enormous problems for dealing with economic or other types of crisis.<sup>1</sup>

Despite the early introduction of the "protection based on formal employment" approach (see chapter I.C), supported mainly by contributory social protection policies (Draibe and Riesco, 2007; Mesa-Lago, 2004a), two

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<sup>1</sup> According to ECLAC data (2010a), between 37% (Uruguay) and 86% (Honduras) of Latin America's population is extremely poor, poor or vulnerable to poverty (their per capita income does not exceed 1.8 times their country's poverty line).

very different realities coexist for Latin American citizens (Bertranou, 2008; ECLAC, 2006 and 2008a; Filgueira, 2007; Regalia, 2006). First, less than half the working population is integrated into the formal labour market and has some kind of contributory social protection, meaning they have access to mechanisms to hedge against contingencies and structural risks. Second, much of the population remains excluded from the formal labour market and consequently has no access to such mechanisms. The origin of this duality is to be found in the basic premise of embedding social protection in a formal labour market that was expected to expand steadily (Lo Vuolo, 2009), a promise that has been largely unfulfilled in the region (ECLAC, 2006).

Available statistics indicate that insecurity in the region's labour market is associated with informal employment and employment in low-productivity sectors of the market. In 2008, around half of all Latin American workers were in low-productivity, low-income sectors with limited social security coverage (see figure II.1).<sup>2</sup> That year, only 19.1% of informal-sector workers had social security coverage, compared with 51.5% of all workers aged 15 and over. Among rural workers, coverage was 27%. The large proportion of women employed in low-productivity sectors (55.5%) compared with men (45.9%) is a cause of particular concern (United Nations, 2010) (see table 3 of the statistical annex).

In 2006, around 41% of workers in 12 Latin American countries had no formal employment contract (ECLAC, 2009a), a figure that includes middle-income workers with no form of contractual employment relationship, making them more vulnerable. In the same year, only 26.2% of employees in the low-productivity sector contributed to social security, in stark contrast with the 76.7% of employees in the medium- and high-productivity sectors.

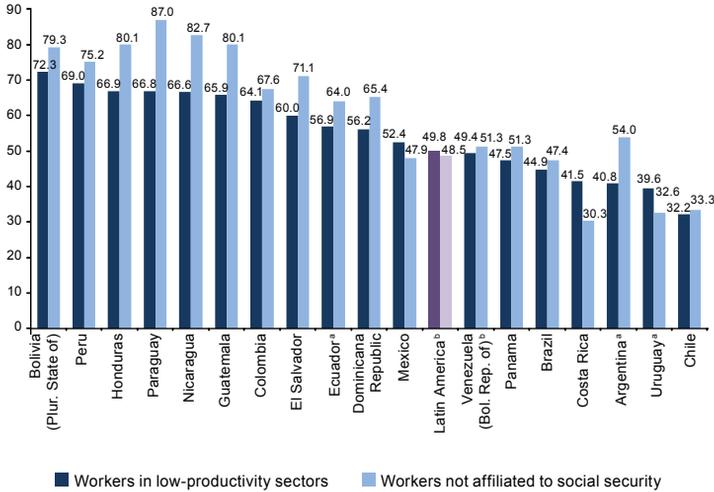
Even in periods of growth (as between 2003 and 2008), structural employment problems remained unresolved and there are still high levels of "vulnerability to impoverishment" (ECLAC, 2010a). Clearly, the region's poor and vulnerable families do not enjoy permanent employment and income, even though employment is the main resource available to the great majority of households to guarantee their livelihoods (Cecchini and Uthoff, 2008; ECLAC, 2009a).<sup>3</sup>

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<sup>2</sup> According to ECLAC, informal-sector workers are those employed in the low-productivity sector, that is to say, either employers or employees (professional and technical or otherwise) working in firms of up to five employees (microenterprises) or in domestic work, or else unskilled non-wage workers (self-employed workers or unpaid family workers with no professional or technical qualifications).

<sup>3</sup> According to ECLAC data, earnings from work represent an average 79% of household income in the region. Wages represent around two thirds of that percentage, equivalent to 52% of total income (ECLAC, 2009a).

Figure II.1  
 LATIN AMERICA (18 COUNTRIES): WORKERS IN LOW-PRODUCTIVITY SECTORS OF THE LABOUR MARKET (INFORMAL SECTOR) AND WORKERS NOT AFFILIATED TO SOCIAL SECURITY, AROUND 2008  
 (Percentages)



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

- <sup>a</sup> Urban areas.
- <sup>b</sup> Weighted average.

There is a further group of people—including older adults, children and disabled people—who remain outside the labour market. Although some are covered by contributory social protection through their spouse’s or relative’s insurance and pensions, in many cases they lack such coverage and need non-contributory social protection mechanisms.

Social protection has therefore been called upon to address a variety of situations by creating insurance mechanisms—either linked with or separate from the labour market—and to provide coverage against a sudden drop in income by means of non-contributory social protection. Clearly, State non-contributory cash transfers, including co-responsibility transfer programmes (CTPs) and social pensions, have helped to improve the living standards of the poorest households (ECLAC, 2010a). This contrasts with contributory social protection instruments, such as private insurance and workers’ and health compensation, which are concentrated in higher-income sectors and among workers in the formal labour market (ECLAC, 2010a; Mesa-Lago, 2009), have a negative or zero redistributive impact and are highly segmenting.

## B. Welfare regimes and social investment

Latin America is characterized by great diversity, not only in terms of social protection systems and levels of public social investment (traditionally referred to as public social “spending”), but also in terms of their redistributive impact.<sup>4</sup> Many countries have made progress in protecting their citizens by extending coverage to groups that, until a few years ago, had been excluded.<sup>5</sup> This came about partly through increased social investment, which rose an average of 5 percentage points between 1990-1991 and 2007-2008, to 18% of gross domestic product (GDP) (ECLAC, 2010c).<sup>6</sup> While significant, progress is still insufficient, given that the region remains 7 percentage points below the member countries of the Organisation for Economic Co-operation and Development (OECD), whose social investment represents 25% of GDP (ECLAC, 2010a). In Latin America, social investment per capita also varies widely from one country to another (from a minimum of US\$ 107 in Nicaragua to a maximum of US\$ 2,276 in Argentina) and, in some cases, they are not consistent with the country’s level of development (see figure II.2 and table 1 and table 2 in the statistical annex).

An analysis of the redistributive impact of public and private cash transfers (see figure II.3 and table 2 of the annex) shows that they help to reduce the concentration of primary income, especially in countries with more established, wider-coverage social protection systems, such as Argentina, Brazil, Chile, Costa Rica and Uruguay. However, even when transfers reduce the concentration of primary income, they are not always progressive in absolute terms, as in some countries they are concentrated in households with higher primary income, owing to the relative importance of retirement benefits and the smaller proportion of households reliant solely on them. Even though transfers represent only 9% of total income, they make up one third of recipients’ incomes, especially in households consisting solely of older adults (ECLAC, 2010a).

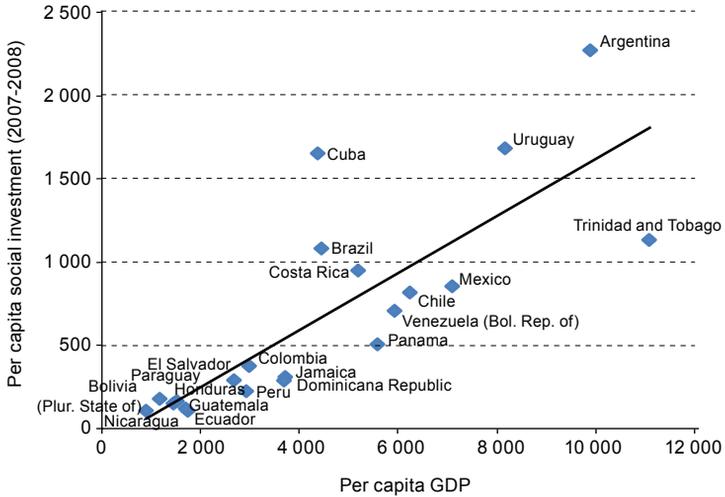
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<sup>4</sup> Government finance statistics and national accounts typically refer to social “spending” to denote funding resources for social policies, programmes and projects. However, this book prefers the term social “investment”, in view of its returns in terms of human development in society (Martínez and Collinao, 2010).

<sup>5</sup> With the exception of Haiti, which, prior to the January 2010 earthquake, was just beginning to consolidate its network of basic social services, virtually all Latin American countries have mechanisms for access to sectoral policies in health and education, even though some are weak in terms of coverage and social investment. Nearly all countries in the region have also implemented transfer programmes with or without co-responsibility, either as the main instrument or to supplement other non-contributory social protection measures.

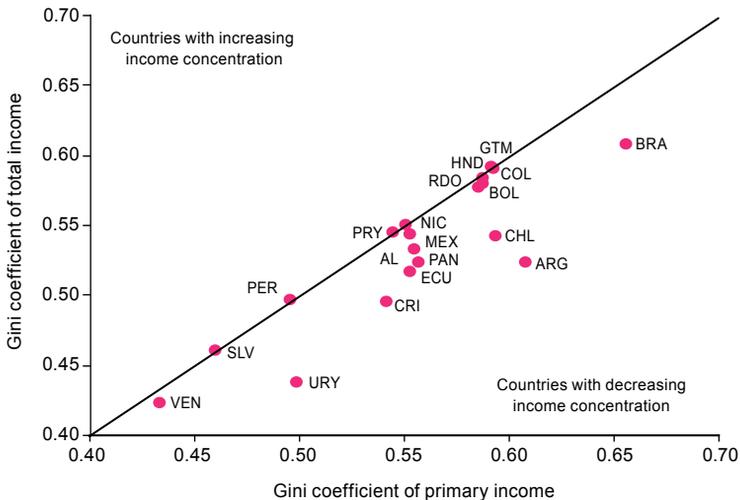
<sup>6</sup> This figure is the weighted average for 21 Latin American and Caribbean countries.

Figure II.2  
 LATIN AMERICA AND THE CARIBBEAN (21 COUNTRIES): PUBLIC SOCIAL INVESTMENT AND PER CAPITA GDP, 2007-2008  
 (Dollars at constant 2000 prices)



Source: Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2010*, Briefing paper, Santiago, 2010.

Figure II.3  
 LATIN AMERICA (18 COUNTRIES): GINI COEFFICIENT OF HOUSEHOLD PER CAPITA INCOME BEFORE AND AFTER TRANSFERS, AROUND 2008<sup>a</sup>



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

<sup>a</sup> Refers to primary income, after tax and social security contributions.

One way of assessing social protection performance in the region is to analyse budgets and achievements. ECLAC (2010a, 2010b) has divided countries into three groups according to their social investment levels, which has an impact on social protection outcomes and the coverage of health and education services (see table II.1). As the table shows, there are still gaps in welfare provision in Latin America: on average, less than half the countries' working population has social security coverage, whereas in countries with lower social investment, this proportion comes to just over one fifth. Even in the group with the highest social investment, social security coverage is not universal, making it urgent to find alternatives for improving State responses in this area. In addition, there are wide gaps in health insurance and access to education.

Table II.1  
LATIN AMERICA: SOCIAL INVESTMENT INDICATORS AND SOCIAL PROTECTION,  
HEALTH AND EDUCATION COVERAGE, AROUND 2008  
(Simple averages for each group of countries)

Indicator	Group I	Group II	Group III	Latin America
	Argentina, Brazil, Chile, Costa Rica, Panama, Uruguay	Colombia, Mexico, Venezuela (Bolivarian Republic of)	Bolivia (Plurinational State of), Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Peru	
<b>Social investment</b>				
Public per capita social investment ( <i>dollars at constant 2000 prices</i> )	1 220	646	181	666 <sup>a</sup>
Public social investment as a percentage of GDP	18.5	12.7	10.0	14.2 <sup>a</sup>
Public investment in social security and assistance as a percentage of GDP	8.1	5.0	2.6	5.0 <sup>b</sup>
Public investment in health as a percentage of GDP	4.1	2.2	2.3	2.9 <sup>b</sup>
Public investment in education as a percentage of GDP	4.7	4.2	4.1	4.3 <sup>b</sup>
<b>Social protection, health and education coverage</b>				
Workers affiliated to social security ( <i>percentages</i> )	58.5	49.9	23.9	41.4 <sup>c</sup>
Pension and retirement coverage in urban areas ( <i>percentages</i> ) <sup>d</sup>	64.4	26.6	14.1	32.8 <sup>c</sup>

(continued)

Table II.1 (concluded)

	Group I	Group II	Group III	Latin America
Indicator	Argentina, Brazil, Chile, Costa Rica, Panama, Uruguay	Colombia, Mexico, Venezuela (Bolivarian Republic of)	Bolivia (Plurinational State of), Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Peru	
Health insurance coverage ( <i>percentages</i> ) <sup>d</sup>	69.7	45.6	17.2	39.4 <sup>c</sup>
Net secondary school enrolment rate <sup>e</sup>	76.1	71.0	57.9	66.1 <sup>f</sup>

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the relevant countries; C. Mesa-Lago, "Social insurance (pensions and health), labour markets and coverage in Latin America", *Financing Social Policy. Mobilizing Resources for Social Development*, K. Hujo and S. McClanahan (eds.), New York, United Nations Research Institute for Social Development (UNRISD)/Palgrave Macmillan, 2009 and UNESCO Institute for Statistics (UIS) [online] [http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=143&IF\\_Language=eng](http://stats.uis.unesco.org/unesco/TableViewer/document.aspx?ReportId=143&IF_Language=eng).

<sup>a</sup> Simple average for 21 countries.

<sup>b</sup> Simple average for 17 countries.

<sup>c</sup> Simple average for 18 countries.

<sup>d</sup> Excludes Brazil. Data relate to 2004, 2005 and 2006.

<sup>e</sup> Excludes Costa Rica and Honduras.

<sup>f</sup> Simple average for 16 countries.

The current situation reflects the different historical processes that Latin American countries underwent during the course of the twentieth century. While some, like Argentina, Chile, Cuba, Uruguay and later Costa Rica, "pioneered" the development of contributory and non-contributory social protection programmes in the 1920s and 1930s, Colombia and Mexico introduced them in the 1940s and 1950s and yet others, including El Salvador, Peru and the Plurinational State of Bolivia, did not follow suit until the 1960s and still have no social pensions (Mesa-Lago 2004a). These historical processes have resulted in a number of distinct Welfare State models: "stratified universalism" in Argentina, Chile and Uruguay, where the highest levels of protection are enjoyed by members of groups embedded in the formal employment market; a "dual regime" in Brazil and Mexico, countries that are extremely heterogeneous in terms of territorial distribution, resource distribution and protection levels between geographical regions; and an "exclusive regime" in countries like the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua and the Plurinational State of Bolivia, where, until recently, elites have benefitted greatly from State resources with virtually no public resource redistribution at all (Filgueira and Filgueira, 2002).

The widely diverse situations in the region reflect differing views about the role of the State in ensuring access to social protection compared with other players, such as the market, the family and community and

social organizations, which have become increasingly important in some countries owing to the lack of related policies. In countries where the State plays a lesser role in the provision of social protection and access to social services outside the market is more difficult, the family and its home-care systems based on the sexual division of labour play a crucial role (J. Martínez 2008a). This is the case with the “informal-family” regime (J. Martínez 2008a) typified by the Bolivarian Republic of Venezuela, Colombia, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Peru and the Plurinational State of Bolivia. In countries where the State plays a bigger role in welfare regimes, J. Martínez (2008a) establishes two categories: the “State-productionist” regime (Argentina and Chile) and the “State-protectionist” regime (Brazil, Costa Rica, Mexico, Panama and Uruguay). Under the State-productionist regime, the market incorporates workers more actively into formal employment and is also a major player in welfare provision. In addition, State resources focus heavily on human capital formation, as demonstrated by the high levels of investment in health and education. Under the State-protectionist regime, there are higher levels of informal employment and the State takes a more active role in labour market regulation and setting up non-contributory schemes.

As discussed below, this diversity of arrangements and capabilities should be taken into account when considering the requirements and challenges of a comprehensive social protection system.

## **C. Social protection institutions**

This section presents some of the main elements in the current institutional framework of countries in the region to examine their level of development and potential for furthering social protection policies.

### **1. Social protection agencies and bodies**

The involvement of institutional stakeholders, both public and private, in implementing and operating social protection policies varies greatly among countries in the region. This diversity stems from the very nature of social protection, which incorporates different dimensions and components —contributory, non-contributory and labour market regulation (see chapter IV.E)— and requires multiple synergies to function as a comprehensive system.

The first point to note is that central governments and their ministerial bodies and departments play a key role in social protection design, implementation, evaluation and monitoring. Social development,

health, education, labour and social welfare (or security) portfolios are often involved in both the contributory side of social protection (security) and the non-contributory side (assistance), as well as in defining labour market policies and regulations. These institutions may participate in policymaking as well as in policy coordination or in implementing some policy aspects.

Second, in line with the earlier finding that there is no single model of social protection in Latin America, it is possible to distinguish different types of institutional arrangement, which combine instruments of a contributory and non-contributory, universal and targeted, public and private or mixed nature (ILO, 2001 in Bertranou, Solorio and van Ginneken, 2002).

### **(a) Contributory social protection**

Historically, a number of different actors have driven contributory social protection and continue to be involved today. Early pension instruments were created in the region, which were administered directly by trade unions or associations in each branch through social security funds. One such was Uruguay's industry and commerce pension scheme, which was established in 1919 as a pension fund for employees in industry and commerce. In other cases, these instruments were State-run, such as social security services or institutes<sup>7</sup> (Draibe and Riesco, 2007). While private social security institutions rose to prominence following the reforms of the 1980s and 1990s, public institutions have continued to play an important role in defining and monitoring policies and guaranteed levels of insurance, as well as in managing such policies. Within the private sector there are private insurers, pension

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<sup>7</sup> There are many examples of social security institutes in the region, including the: Guatemalan Social Security Institute (IGSS); Honduran Social Security Institute (IHSS); Mexican Social Security Institute (IMSS); Nicaraguan Social Security Institute (INSS); and Salvadoran Social Security Institute (ISSS). Most are autonomous public institutions with their own legal status. In Honduras, a further five institutes, apart from the IHSS, provide pensions to specific groups: (i) the National Teachers' Social Security Institute (INPREMA) (for public- and private-sector teachers); (ii) the Public Employee Retirement and Pension Institute (INJUPEMP); (iii) the Military Social Security Institute (IPM); and (iv) the National Autonomous University Social Security Institute (INPREUNAH) (Badillo and others, 2009). In Mexico, there are another two public institutions apart from the IMSS, which are linked directly with workers' social security: the Social Security and Social Services Institute for State Workers (ISSSTE) and the Ministry of Health. In other cases, a public service has been set up —such as Chile's Social Security Institute (IPS), which is subject to Ministry of Labour and Social Security provisions for managing solidarity pensions (partially or fully non-contributory) and pension schemes formerly handled by the Institute of Social Security Standardization (INP).

fund managers<sup>8</sup> and mutual health insurance companies (*mutuales de seguridad*),<sup>9</sup> which cover mainly formal-sector workers because entry is subject to contributions.

### **(b) Health sector**

In the health area of social protection, particularly, the above-mentioned institutions are joined by other institutions providing insurance or services. For example, alongside public and private health insurers covering sick leave, occupational diseases, disability or maternity, there are health ministries or departments and, in some countries, private health service providers too. A point of note, however, is that the status of the region's health sector in terms of social protection is not clearly enough defined. The role of contributory social protection in this area should be defined more precisely, as should the spheres of protection—guaranteed coverage and access—and of promotion, as well as provision of the services themselves. As discussed below, protection-related health aspects should include only insurance and not service provision.

Most countries in the region have three systems: public; social security for sickness and maternity; and private (Mesa-Lago, 2009). While public systems protect the uninsured by other means, many coverage and quality problems are apparent in the services actually provided. Brazil and Cuba have no social insurance system but a nationwide public system, whereas Chile has a combined public and social security system (Mesa-Lago, 2009). Although most countries' constitutions and legislation establish the right to some form of health coverage, maternity protection and access to universal and free systems for those without any form of health insurance, in practice in nearly half these countries the legislation is not complied with fully (Mesa-Lago, 2008).

### **(c) Non-contributory social protection**

As regards non-contributory benefits, responsibility for managing the region's transfer programmes, with and without co-responsibility, lies mainly with the line ministries and departments in charge of the areas covered by these programmes.

#### **(i) Co-responsibility transfer programmes**

CTPs tend to be established in ministerial bodies linked specifically with social development and poverty reduction issues, including

<sup>8</sup> Such as Uruguay's retirement savings fund management companies (AFAP) or Chile's pension fund managers (AFP). Private fund managers do not exist in all the countries of the region and this varies in line with the parameters of the reforms undertaken by the different countries, where the State and market have varying degrees of involvement.

<sup>9</sup> Private, non-profit organizations responsible for providing health coverage guarantees against occupational risks to workers affiliated to these schemes.

ministries of social development and planning. While this is consistent with including CTPs in overall social policy as part of a long-term vision, in some cases the ministries are new or overly technical and lack political clout. CTPs should be embedded in an institutional structure that encourages intersectoral programme management, even when this means paying less detailed attention to the elements relating to each particular sector, although this could be problematic when programme objectives contain a strong human capital component.<sup>10</sup> A second set of CTPs are envisaged from a sectoral standpoint, which is to say they are incorporated into the structure of health and education ministries and departments or, in the case of Argentina, the Ministry of Labour, Employment and Social Security.<sup>11</sup> While this has come about because some programmes have specific sectoral guidelines, it reduces their ability to establish links with other sectors and could lead to duplication of functions and actions. Another point of note is that CTPs have enabled links to be forged with other institutions conducting social development programmes such as in the areas of microentrepreneurship and access to credit, where they are embedded in social ministries, as well as in the ministries of rural development or economy or employability, which comes under the responsibility of employment or training programmes (see chapter V).

Two of the elements that come into play in deciding the type of institutions in which CTPs should be embedded are competence in handling a specific target population, which might be individuals in the case of line ministries (for example, students) or families in the case of ministries of social development, and more extensive experience of targeted programmes and poor families by ministries of social development, which in turn report more cases of welfarism and patronage practices. Brazil, which has merged its sectoral programmes *Bolsa Escola* (education) and *Bolsa Alimentação/Cartão Alimentação* (health) into the intersectoral *Bolsa Família* conditional cash transfer programme is a good example of the trade-offs that occur between effectiveness in achieving human capital objectives and the rationalization of social policy and

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<sup>10</sup> Reimers, DeShano da Silva and Trevino (2006) examine problems arising in the education sector when programmes are not managed by the line ministries, including lack of a specifically education-based approach to problems, scant consideration of experience gained in the area and limited involvement of officials from the sector. For more information on the case of Brazil, see Draibe (2006).

<sup>11</sup> In Argentina, non-contributory social assistance transfers are managed by both the Ministry of Labour, Employment and Social Security and the Ministry of Social Development. For example, institutional responsibility for Argentina's Plan for Older Persons is shared between the Ministry of Labour, Employment and Social Security, the Ministry of Social Development and the National Council for Coordination of Social Policies (CNCPS), while the Head of Households Programme was managed by the Ministry of Labour, Employment and Social Security. See <http://www.trabajo.gov.ar/index.asp>.

its structures (Draibe, 2006).<sup>12</sup> A third group of CTPs is embedded in structures that are highly subject to political fluctuations, such as agencies that come under the Office of the President of the Republic or the Office of the First Lady (Bastagli, 2009; Cecchini and Madariaga, 2010). In such cases, there is a serious risk of poor policy sustainability.

**(ii) Other non-contributory benefits**

Responsibility for managing other types of transfers and benefits related with non-contributory social protection lies with entities administered by ministries of labour, welfare and social security. This applies to subsidies for hiring poor and vulnerable workers and targeted consumer subsidies, which are established by ministries in charge of economic policy and finance. Responsibility for implementing non-contributory and solidarity pensions falls mainly to the public social security institutions described earlier, or other institutions set up for this purpose. For example, in 2006 Mexico established the Public Social Security System to cater for self-employed workers, non-wage workers and fee contractors not incorporated into existing social security systems and identified through the *Oportunidades* programme. By contrast, Argentina's non-contributory pension system is managed by the Ministry of Social Development and the National Social Security Administration (ANSES), under the jurisdiction of the Ministry of Labour, Employment and Social Security.

Other public institutions apart from ministerial departments and divisions are actively involved in social protection policymaking. In the case of Costa Rica, the institution responsible for managing various transfer and subsidy programmes (including the CTP *Avancemos*) is the Joint Institute for Social Aid (IMAS), an autonomous institution with legal status financed through a variety of sources: the Fund for Social Development and Family Allowances (FODESAF), decentralized State institutions, municipalities, international organizations, the private sector and non-governmental organizations (Román, 2010).

Increasingly, public institutions decentralized to local level have come to join centralized public institutions. Countries like Argentina, Brazil and Mexico have contributory and non-contributory instruments created specifically in certain federal states and municipalities. Mexico's federal "70 and over" programme operates at federal level and provides non-contributory pensions to older adults belonging to *Oportunidades* beneficiary families living in towns with fewer than 30,000 inhabitants. These policies coexist with the non-contributory universal pension scheme for older adults implemented by the Federal District of Mexico. The three programmes are administered by different institutions: the old-age cash

<sup>12</sup> Levy and Rodríguez (2005) review the rationalization strategies of fiscal programmes and resources associated with the implementation of Mexico's *Progresa* programme.

supplement scheme provided to households participating in *Oportunidades* is implemented through the *Oportunidades* National Coordination Agency; the “70 and over” programme is administered by the Ministry of Social Development; and the food support supplement scheme is administered by the Institute for the Care of Older Adults (IAAM) of the Federal District of Mexico (see Rubio and Garfias, 2010).

#### **(d) Supervision and regulation**

In addition to the above-mentioned institutions there are institutions responsible for ensuring proper compliance with the duties of public and private institutions, as well as with labour market regulations. They include social security regulatory bodies and labour directorates. The Chilean Pensions Supervisor was set up in 2008 as an autonomous body but is governed by the regulations of the Ministry of Labour and Social Security, which is comptroller of the solidarity pension system, private pension fund managers (AFPs) and the unemployment funds administrator (AFC). Not all comptrollers come under ministerial institutions. Costa Rica’s private pension fund regulator (SUPEN), established in 1996, comes under the Central Bank and is responsible for the regulation, control and monitoring of basic pension systems as well as the supplementary schemes run by private operators.<sup>13</sup>

## **2. Inter-agency coordination**

In addition to the range of institutions involved directly in social protection management, provision and regulation in the region, there are a number of social policy coordination bodies operating at policy, technical and operational level, which are linked, in various ways, with the coordination of social protection systems and policies.

#### **(a) Policy level**

Some of Latin America’s major policy experiences have included social cabinets and coordinating ministries for social issues, identified as alternative means for performing the functions of a social authority.<sup>14</sup> Even though they have not been totally successful to date, mainly because there are still many instances of overlapping functions and sectoral segmentation, they have created a space for communication that

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<sup>13</sup> Countries with similar institutions are Argentina, Colombia, the Dominican Republic, El Salvador, Mexico, Peru, the Plurinational State of Bolivia and Uruguay. In other cases, such as Honduras, it is the institutions responsible for the pension system themselves—the five specialized institutes—that are responsible for oversight and monitoring, under the supervision of the National Banking and Insurance Commission.

<sup>14</sup> Franco (2004, 2010) defines five functions for a social authority: to set priorities, coordinate, allocate resources, monitor and evaluate.

is conducive to furthering coordination. Examples are Uruguay's Social Cabinet, Paraguay's Social Cabinet, Colombia's National Council on Economic and Social Planning (CONPES) and Brazil's sectoral chambers drawing together groups of ministers. Since 2007, Ecuador has developed a different model, under which coordinating ministries have been founded in various spheres, including the Ministry for the Coordination of Social Development, which has specific responsibility for coordinating the social programmes implemented by various ministries and for administering the register of beneficiaries.<sup>15</sup> Although it is too early to assess the results of these models, it is evident that they require strong political support and willingness by the various ministries to cooperate in order to create the desired synergies.<sup>16</sup>

First ladies have always played a key role at this coordination level, especially with respect to social policies on children and reducing poverty and malnutrition. This is particularly true of Central American countries, such as Honduras, where, until the 2009 political crisis, the first lady was responsible for coordinating certain non-contributory social protection programmes (Repetto, 2010b). In Guatemala, too, the first lady is in charge of coordinating the Social Cohesion Council, which in turn coordinates the CTP *Mi Familia Progresá*. A major challenge, particularly in the area of social protection, is to deepen the technical component of this coordination model and to combine it, in an appropriate manner, with the policy role that these programmes have acquired.

### **(b) Technical level**

In terms of technical coordination, the region's experience with safety nets in the 1980s and social investment funds is rather illuminating. A common feature of these ventures is that they were not embedded in a specific ministry but, instead, fairly autonomous management models were adopted. According to Sojo: "When social emergency funds were set up, their operational independence of ministries and the social sectors was presented as one of their virtues and as a guarantee of their flexibility, efficacy and efficiency. [...] Rather than ensuring flexibility or efficiency, the fact that they were competing with social sectors merely increased the administrative fragmentation of universal policies, since they increased the number of cases of overlaps or duplication, or else they gave rise to discontinuities with the dynamics of the social sectors." (Sojo, 2007).

<sup>15</sup> The Ministries of Finance, Labour and Employment, Public Health, Social and Economic Inclusion, Education, Housing and Urban Development, Agriculture, Livestock, Aquaculture and Fisheries, the National Secretariat for Planning and Development (SENPLADES) and the National Secretariat for Migrants (SENAMI).

<sup>16</sup> A further example of a coordinating ministry for social issues is the Ministry of Human Development, which operated in the Plurinational State of Bolivia between 1993 and 1997 (Aranibar, 2010).

Current experiences of coordination at technical level include the Solidarity Chile system whose Executive Secretariat—which comes under the Ministry of Planning and Cooperation—is responsible for: coordinating the institutions responsible for providing welfare benefits and ensuring networking among them; generating resources targeted at needs not covered by regular provision (expanding existing social programmes and creating new ones); and overseeing information management, while maintaining an integrated support system. It operates on the basis of direct inter-agency agreements, within a legal framework that governs the operation of the entire system and regulates the system of guarantees (MIDEPLAN, 2009b). It is also characterized by the use of budget management as a means for monitoring progress and commitments by the various agencies involved in the work of the social protection system.<sup>17</sup>

The Dominican Republic's Solidarity programme is another example of coordination developed in the context of a CTP. In this case, the mismatch between demand and supply of services led to a search for ways to coordinate non-contributory social protection and sectoral policies, at both central and local level (Gámez, 2010). Since the establishment of the Intersectoral Coordination Committee (CCS), which comprises the ministries of health, education and finance, the National Health Insurance Authority (SeNaSa), the Solidarity programme and the Technical Directorate of the Social Cabinet, common objectives have been established for health, education and nutrition in order to boost sectoral plans via the CTP. The Committee's work has also led to progress in such areas as: determining coverage gaps at local level; establishing budget allocation mechanisms for securing the long-term funding required to expand provision (capped and earmarked ("locked") budgets)); redefining the roles of local officials and implementers of sectoral plans in the context of the Solidarity programme; and providing them with training and induction into the programme's operating rationale (Gámez, 2010).

### **(c) Operational level**

At operational level, too, there have been useful experiences of coordination arising from the use of service management instruments, such as the "one-stop shop" for centralizing a range of administrative

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<sup>17</sup> Even though the Executive Secretariat has no specific political or monetary resources to encourage these agencies to comply with their contribution to the operation of the overall system, the fact that it is able to retain the sectoral allocations for each ministry and service involved has become a key strategy to consolidating progress in this area. At the same time, the transformation of the Executive Secretariat into a key partner in negotiations with the Ministry of Finance to maintain and increase certain resources for the line agencies has become a powerful catalyst for collaboration and coordination (interview with Verónica Silva, Executive Secretary of the Solidarity Chile social protection system, 14 December 2009).

formalities and providing information and access to various local social services via a single public service office or desk (or for “family support”, in the case of Solidarity Chile), and systems for identifying and registering beneficiaries, which have had the positive externality of promoting sectoral coordination and the planning of new interventions (Mesquita, 2009) (see section IV.F). Beneficiary identification and registration systems established as part of pension funds and, in particular, of CTPs, include: Colombia’s System for the Identification of Potential Social Programme Beneficiaries (SISBEN); Chile’s Social Protection Record and its Integrated Social Information System (SIIS); El Salvador’s Single Register of Beneficiaries (RUB); the Target Population Identification System (SIPO) of Costa Rica’s Joint Institute for Social Aid (IMAS); Mexico’s Single Socio-Economic Data Questionnaire (CUIS) and the Integrated Government-Programme Registration System (SIIPP-G) (see box II.1); the Single System for the Identification of Beneficiaries (SIUBEN) in the Dominican Republic’s CTP Solidarity; and Brazil’s single register for social programmes, known as *CadÚnico*. Similar efforts have also been made by countries with a less developed institutional framework, such as Honduras, which has established the Beneficiaries Registration System of Honduras (SIRBHO), a register of beneficiaries for unifying information in the national Family Allowance Programme (PRAF) and PRAF III as part of the Honduran Government’s Solidarity Network social protection scheme (Cecchini and others, 2009).

Box II.1  
MEXICO’S INTEGRATED GOVERNMENT-PROGRAMME  
REGISTRATION SYSTEM

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The main objective of the Integrated Government-Programme Registration System (SIIPP-G) is to improve the quality of information and seek out overlaps in services to programme beneficiaries (Diario Oficial, 2005). SIIPP-G is part of the Public Social Security System (SISSP), which comprises the *Oportunidades* programme, the Social Insurance scheme and the Public Housing Programme.<sup>a</sup> SIIPP-G is a means for registering and identifying beneficiaries by unifying the various registers. Unification began in March 2006 (Fernández, 2006). Based on this pooled register, identity cards are issued to the families and individuals participating in any of the three programmes.

The identity cards, which have both a contact chip and a radio chip, are useful because they provide a direct interface with each beneficiary’s electronic file. The identity card includes biometric information on the beneficiary and is used in a unified manner for all formalities to be carried out in federal government agencies attached to the scheme. The code common to all programmes is the Single Population Registration Code (CURP) issued by the National Population and Personal Identification Register (RENAPO).

(continued)

## Box II.1 (concluded)

Apart from enhancing the system's transparency and operational oversight, identity cards provide beneficiaries with more flexibility, as they can be attended to by any federal entity simply by presenting their identity card. Cards also act as a facilitation tool for Mexico's federal states, district and municipalities, as well as for any entities involved in managing programmes.

SIIPP-G is administered by the federal executive branch through Mexico's Ministry of Public Administration. Despite its potential advantages in terms of transparency and inter-agency coordination, the assessment of its performance by the Supreme Federal Audit Service (ASF) in 2007 was not positive. Among other things, the audit stated that no goals, targets or progress indicators had been set against which to assess SIIPP-G implementation. The difficulty in measuring the progress of federal programmes stems from a general lack of mechanisms for evaluating other aspects, such as efficiency, effectiveness and transparency. In addition, the registers of only 45 of the Government's 117 programmes had been unified (38.5%), while half of the 133 million records lacked the CURP code for identifying beneficiaries. Some quality problems further compounded the problems in integrating the registers into the SIIPP-G, with the result that only 11 of the 45 registers could be included. Neither was a computer system available to analyse programme information (ASF, 2007). All this shows how difficult it is to implement such initiatives, something that should be taken into account when considering future applications of this nature.

Source: Supreme Federal Audit (ASF) "Auditoría 501. Sistema integral de información de padrones de programas gubernamentales (SIIPP-G). Cuenta pública 2007" [online] [http://www.asf.gob.mx/Pags/AED/PG\\_DGADDS2007/501SIIPPG.PDF](http://www.asf.gob.mx/Pags/AED/PG_DGADDS2007/501SIIPPG.PDF), 2007; *Diario oficial*, "Decreto por el que se crea el sistema integral de información de padrones de programas gubernamentales", 12 December 2005 [online] <http://www.contraloria.df.gob.mx/prontuario/vigente/1182.htm>; J.A. Fernández, "Sistema Integral de Información de Padrones de Programas Gubernamentales. Antecedentes – Prospectiva (SIIPP-G)" [online] [www.normateca.gob.mx/.../4\\_Antecedentes\\_Prospectiva\\_Comision\\_Nacional\\_de\\_Proteccion\\_Social.ppt](http://www.normateca.gob.mx/.../4_Antecedentes_Prospectiva_Comision_Nacional_de_Proteccion_Social.ppt), 2006.

<sup>a</sup> The SISSP was set up in 2006, under the presidency of Vicente Fox, in order to extend social security coverage to self-employed workers excluded from the other social security institutes: the Mexican Social Security Institute (IMSS) and the Social Security and Social Services Institute for State Workers (ISSSTE). The SISSP addresses three areas not previously considered in relation to self-employed workers: access to health, housing and a decent retirement. [online] See <http://fox.presidencia.gob.mx/actividades/?contenido=23661>.

## D. Financing social protection

Social protection systems are financed through taxes or social security contributions (from workers, employers or both), or a combination of taxes and contributions, in addition to co-payments from families towards the cost of social services—such as health services—in the form of direct payments ("out-of-pocket spending") or as insurance, in cases where the system does not meet their needs fully. The poorest countries can also count on the support of international cooperation agencies and financial institutions.

Funding sources for social protection have been the subject of prolonged debate in the region, particularly for the retirement and pensions component, health systems and their potential expansion. Health systems are funded by both tax and social security contributions. Countries that finance health out of general government revenues include: the Bolivarian Republic of Venezuela, Brazil, Cuba and most English-speaking Caribbean countries. In some countries, such as Chile, Costa Rica or Colombia, contributions are used to supplement general revenues. In others, such as Argentina, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, the Plurinational State of Bolivia and Uruguay, health is not financed out of general revenues (Cetrángolo and Goldschmit, 2009).

## 1. Contributory social protection

In Latin America, there are three main contributory pension models or systems: pay-as-you-go (PAYG) (defined benefit); partially funded collective; and individually funded (defined contribution) (Mesa-Lago, 2004b). However, ECLAC (2006) pointed out that, as the region's labour markets have not succeeded in becoming a universal or dynamic gateway to social protection, there is an urgent need to develop social protection systems that are not necessarily employment-based, by promoting non-contributory social protection mechanisms. Major examples of this are CTPs and pensions for older adults funded by the Treasury in countries like Brazil, Chile, Mexico and the Plurinational State of Bolivia.

Until the 1970s, countries had collective financing and public administration systems based on an intergenerational contract for savings and protection and would set up a fund to cover the risks of disability and death, as well as reserves against unexpected demographic changes (Uthoff 2006).<sup>18</sup> In the early 1980s, to address the possibility that the system would be unable to afford to pay out future retirement benefits,<sup>19</sup>

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<sup>18</sup> Some of these systems were administered through a large (public or independent) national fund, such as Brazil's Social Welfare Fund or the Costa Rican Social Security Fund, while others operated as targeted funds for specific occupational groups, such as Chile's Private Employees' Fund (EMPART) or Argentina's national social security funds (industry, commerce and civic activities; State and public services and self-employed) (ANSES, 2009).

<sup>19</sup> Uthoff (2006) also points to the following factors as drivers of reform: the difference between administering savings funds for guaranteed outcomes (such as old age) and administering insurance funds for possible outcomes (such as disease, disability or premature death); the extreme vulnerability of the PAYG fund to the "political use" of its resources to finance other public policy initiatives while disregarding the balance between risk and return required to guarantee the reserve funds; and the persistence of cross-subsidies owing to the nature of contributions to the system.

Chile developed an individually funded system of individual savings accounts, with their corresponding private pension fund managers (AFPs), which later spread in various forms to Argentina, Colombia, Costa Rica, the Dominican Republic, El Salvador, Mexico, the Plurinational State of Bolivia, Peru and Uruguay. As a result of these reforms, coverage shrank and pension amounts did not increase significantly.

The universe of both the original PAYG schemes and the fully funded schemes includes only formal sector employees and the schemes are funded primarily by mandatory contributions from workers (defined by law), supplemented in some cases by employers. The difference is that, inherent in the PAYG model is a system of internal solidarity among contributors, which is not present in the individually funded model.

Both financing systems have come under criticism. It is argued that, owing to the impact of demographic transition (lower birth rates and mortality, coupled with higher life expectancy), the PAYG system would generate a long-term deficit, as the number of beneficiaries of retirement or other pensions, with predefined entitlements drawn for a longer average time, is growing steadily, unlike the actuarial income stream. This calls for a progressive increase in contributions from employed workers or a significant increase in social investment, or both, a situation that has already been observed in a number of countries, with major fiscal repercussions.<sup>20</sup> Two of the criticisms levelled at the individually funded system are that transferral from one system to the other has produced considerable deficits in existing pension funds, owing to the break in the revenue stream, and that the widely varying contributions made by employees during the working phase of their lives means that they end up with insufficient retirement benefits that need to be topped up with State pensions.<sup>21</sup> To rectify this situation, State-guaranteed minimum pension programmes or, less commonly, State contribution subsidies have been introduced. As both solutions are conditional upon payments into contributory systems, they exclude informal-sector workers. In contrast, non-contributory pensions have extended citizen solidarity to the least protected sectors (ECLAC, 2006).

In order to engender new political and social agreements on the pension issue, Uthoff (2006) points to the need to incorporate the following four “pillars”: (i) a macroeconomic and institutional pillar based on countercyclical policies following the structural surplus rule (as in the

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<sup>20</sup> See, for example, the case of Uruguay and the fiscal dilemmas facing this model in Filgueira, Georgieva and Lijtenstein (2009).

<sup>21</sup> Individually funded systems have also been criticized from a gender equity perspective, as the precarious employment of women prevents them from becoming members and compounds their vulnerability (Marco, 2004).

case of Chile) or stabilization funds;<sup>22</sup> (ii) the adaptation of pension models to local demographic and financial realities; (iii) a strategy for increasing contributions, acknowledging the importance of improving affiliates' productive capacity, for which human capital formation, productive development and employment policies become crucial; and (iv) the solidarity pillar, which completes the cycle of initiatives to ensure the use of financially sustainable arrangements to narrow gaps in protection coverage. This consists of incorporating solidarity criteria into the savings required to finance benefits, while seeking to reward effort by means of defined-contribution systems (thus avoiding disincentives), and establishing guarantee funds, on an actuarial basis, to provide minimum benefits. The core idea is to reconcile the principles of equity and solidarity, while ensuring that benefits do not exceed capitalized contributions (Uthoff 2006).

However, the solidarity pillar poses the dilemma of limited scope for increasing contributions in Latin America, owing to persistent high levels of informal employment and low social security contributions. In its 2007 pension reform, Chile opted to supplement contributions with benefits financed from general tax revenues, with the result that the final pension is the sum total of the self-financed pension and the solidarity pillar top-up within a "graduated minimum pension" rationale (Uthoff, 2008). This solution required consensus and political will and, as this is something that cannot be taken for granted in the region, there needs to be further debate on alternatives. For example, recently the World Bank (Ribe, Robalino and Walker, 2010) called for workers' social security contributions to be increased, including contributions from workers outside the formal labour market, by means of incremental and voluntary contributions. This would unify traditionally fragmented contributory social protection systems and eliminate the factors that discourage hiring and more formal employment arrangements (taxation and regulations) (Ferreira and Robalino, 2010). This also calls for better alignment of incentives and rewards and greater transparency regarding subsidies, which should be financed from general revenues.

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<sup>22</sup> Acosta and Ramírez (2004) point to the adoption of Brazil's Fiscal Responsibility Law, which imposed spending limits to safeguard macroeconomic stability, and the creation of targeted funds, such as the Fund for Primary Education Development and for Enhancing the Value of the Teaching Profession (FUNDEF) and the Poverty Alleviation Fund, with contributions from various levels of government and under budget-sharing arrangements. At the same time, the authors highlight the contribution that savings funds could make to social protection in other countries in the region for protecting their resources, especially those of the poorest sectors, in times of crisis and fiscal austerity (Acosta and Ramírez, 2004). The example of Chile's countercyclical policies is cited frequently in this respect. Colombia has also implemented a Social Protection and Equilibrium Fund (FEPS) (2002), where funding is amassed on a countercyclical basis, by saving additional tax receipts in years when the country's GDP grows by more than 4% (Acosta and Ramírez, 2004).

These proposals have elicited concern from a number of authors regarding the room for complementarity that would exist between non-contributory and contributory pensions (Lo Vuolo, 2009; Ramírez and Peñaloza, 2007; Ribe, Robalino and Walker, 2010). This debate is based on the recognition that social protection systems are fragmented, dividing the beneficiary population on the basis of contributory and non-contributory mechanisms, and do not always give access to benefits of equal quality and timeliness. Proposals to address these issues have included: universalizing non-contributory instruments to tackle the deficits of citizenship arising from this fragmentation (Huber, 2006; Lo Vuolo, 2009); promoting growth in contributions (Ribe, Robalino and Walker, 2010); or improving institutional coordination of the two types of policy (contributory and non-contributory) (Acosta and Ramírez, 2004). Undoubtedly this is an area that warrants further analysis and debate.

Income protection against job loss is another instance where funding comes from several sources. Compensation is usually provided by employers, while, in the case of unemployment insurance, there are some combinations in which employees also participate, sometimes with a public contribution. For example, Chile's unemployment insurance scheme, launched in 2002, is funded through both individual unemployment accounts and a Solidarity Severance Fund, to which both employers and the State contribute (AFC, 2010; Fajnzylber, 2010).

## **2. Non-contributory social protection**

Funding for the non-contributory social protection component comes from three sources: a direct government allocation from the national budget; loans from international financial institutions; and grants from both private sources and international cooperation agencies, with different budget shares.

One example of funding from the national budget is Brazil, where the Continuous Benefit Programme (BPC), a non-contributory pension scheme for individuals with disabilities and older adults with an income below one-quarter of the minimum wage, is paid by the National Social Security Institute (INSS) (which is also in charge of contributory pension schemes) and financed entirely by transfers from the Federal Treasury via the National Social Assistance Fund (FNAS). The main source of funding to support this benefit is the Contribution to the Financing of the Social Security System (COFINS), a tax enshrined in the 1988 Constitution to finance the social security budget. The Federal Government is therefore responsible for bearing all costs and for administration (Schwarzer

and Querino 2002).<sup>23</sup> In Mexico, the Federal District's non-contributory universal pension scheme for older adults is solidarity-based and funded entirely by the taxpayers of the Federal District of Mexico.<sup>24</sup>

In other countries, non-contributory social protection programmes are financed by receipts from the exploitation of natural resources, as in the Plurinational State of Bolivia, where the Dignity Income is funded by proceeds from the sale of hydrocarbons. Chile's Pension Reserve Fund (FRP) bears the cost of progressive expansion in the coverage of the Basic Solidarity Pension for old age and disability (PBS) and the solidarity top-up (old-age and disability) benefit (APS), as well as the system of State-guaranteed minimum old age, disability and survivors' pensions.<sup>25</sup> The FRP follows a structural balance rationale as Chile's chosen fiscal methodology, which seeks to isolate the effects of economic variability in public finance, in accordance with economic activity, tax revenues and the price of copper and molybdenum. Every year the FRP is credited with the fiscal surplus accrued the previous year (no less than 0.2% and no more than 0.5% of GDP) and, in extraordinary periods, it may receive contributions from the Economic and Social Stabilization Fund (FEES), which accumulates structural surplus flows during positive cycles and serves as a source of financing during periods of fiscal deficit (Rodríguez and Flores, 2010).

In the case of loans and grants, external financing presents both opportunities and drawbacks when it comes to implementing non-contributory social protection policies because it brings with it conditionalities and an erratic flow of funding. Especially in the case of CTPs, a clear contrast can be seen between pilot programmes in the poorest countries, which have been conducted using external funds, and CTPs in countries with better human development indicators that have

<sup>23</sup> In Brazil there is also a "semi-contributory" rural pension system subject to a minimum period of work (12 years) in the agriculture sector and partly financed out of taxes on the sale of agricultural products, which has helped to reduce poverty significantly in areas such as the north-east of the country (ECLAC, 2006).

<sup>24</sup> Annual budget ordinance approved by the Legislative Assembly of the Federal District of Mexico, as defined by the law establishing the right to a pension for older adults for people aged 68 and over living in the Federal District of Mexico, published in the Federal District official gazette on 18 November 2003. See [online] <http://www.adultomayor.df.gob.mx/iaam/LPension.pdf>.

<sup>25</sup> The PBS is granted to all men and women belonging to the 60% of the population in the lower socio-economic sector, who have been resident in Chile for 20 years and are aged 65 or over (old-age PBS), or aged between 18 and 65 and suffering from a mental or physical disability (disability PBS). The APS consists of a cash transfer to pension system affiliates receiving only a small contributory pension (Huepe and Larrañaga, 2010). The objective of the State Guarantee is to build a revenue base for people who, despite having paid contributions for a considerable part of their lives, are unable to muster enough resources to match the minimum pension and have no other source of income (SP, 2010). It is estimated that the coverage of Chile's solidarity pension system will have increased from a little over 612,000 beneficiaries (at the time of its launch in December 2008) to 1,215,000 by December 2012.

been financed internally. It is common for the terms of reference of loans to be at variance with programme objectives (Moore, 2009b), as illustrated by Nicaragua and Honduras<sup>26</sup> (see box II.2).

Box II.2  
CO-RESPONSIBILITY TRANSFER PROGRAMMES:  
RISKS OF EXTERNAL FINANCING

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Loans from international organizations not only contribute financial resources and inputs from the teams of technical experts that help to implement the programmes and promote their efficiency and effectiveness, they also impose conditions on the utilization of such resources and major constraints on the timing and deadlines for providing resources.

This is not unique to smaller countries with less of a social policy tradition. In the case of Colombia, the Quality Committee of the Families in Action programme, which is responsible for proposing adjustments and changes to the programme's operating rules, must request the approval of the multilateral bank that funds the programme before it can make the proposed adjustments or changes (Acción Social, 2010).

According to Moore (2009b), in CTPs these factors tend to produce an environment that encourages the pursuit of short-term objectives, as opposed to the objectives of human capital accumulation, for example, let alone a strategy of comprehensive social protection. As Levy and Rodríguez (2005) point out with respect to Mexico's *Progresas* programme, one of the reasons for the decision to finance phase one of the programme from own resources was to shield it from such conditions and risks. Indeed, institutions like the World Bank and the Inter-American Development Bank (IDB) only began to play an important financing role when the programme was already established and had started to expand into urban areas under the new name of *Oportunidades* (Levy and Rodríguez, 2005). Also, while the Solidarity Chile system and Chile's *Puente* programme initially received a loan from the World Bank to finance programme start-up (expenditure on studies, information and institutional and personal capacity-building), now it is funded almost entirely by the Government of Chile. In countries where financing for non-contributory social protection policies is mixed, the problems in actually implementing any of these programmes are compounded by another set of problems posed by the conflicting expectations and positions of government representatives and financial institutions.

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Source: Social Action (Presidential Agency for Social Action and International Cooperation) [online] <http://www.accionsocial.gov.co/contenido/contenido.aspx?catID=204&conID=157>, 2010; S. Levy and E. Rodríguez, *Sin herencia de pobreza. El programa Progresas-Oportunidades de México*, Washington, D.C., Inter-American Development Bank (IDB), 2005; and C. Moore, "El impacto no es suficiente: imagen y sostenibilidad de las TMC en Nicaragua", *One Pager*, No. 79, Brasilia, International Policy Centre for Inclusive Growth (IPC-IG), 2009.

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<sup>26</sup> In the case of Honduras, 60% of funding for the Family Allowance Programme (PRAF) in 2010 consisted of internal resources, 21% came from loans from the Inter-American Development Bank (IDB) and the Central American Bank for Economic Integration (CABEI) and the remaining 19% comprised grants from IDB and the Government of Taiwan Province of China, coupled with debt relief from the United States and Germany (Republic of Honduras, 2010).

### 3. Gender equity

In the context of expanding social protection coverage, discussions on the issue of equity in financing social protection have intensified in recent years, not only between generations or within same-generation groups but also between the sexes. Traditionally it is women who, from childhood, have served as caregivers to the region's dependent population. Consideration must therefore be given to a set of prevention measures and demands. Among other measures for promoting greater gender equality, ECLAC (2010a) and ILO/UNDP (2009) have pledged to promote universal access to social services and to social protection, prioritizing investment in care services.

With regard to pensions, Bertranou (2006) discusses how to reverse the detrimental effects of structural reforms in terms of gender inequality. While he highlights the opportunities afforded by fully funded systems to recoup the pension contributions of people who contributed to the system for only a short period, as is often the case with women, it is essential to achieve a better gender balance in the current context. Marco (2004) proposes specific measures to eliminate discrimination against women in pension systems, which include: establishing common life tables for both sexes in calculating benefits; progressively equalizing the retirement age for women and men; and adopting positive action measures, such as reducing the years of mandatory contribution for women in return for time spent on domestic work, caregiving and raising children.

Chile's pension reform seeks to increase gender equity in pensions, as it includes measures to increase women's pension savings through a bonus for each live-born child<sup>27</sup> and implementing gender-specific premiums for disability and survivorship insurance, which favours women owing to their lower claim rate. In addition, in the case of divorce, a division of the accumulated balance of the spouse's individual account will be authorized in order to pay the partner economic compensation. This generally favours women because they are much more likely to make unpaid contributions to the household economy (ILO, 2008c).

## E. Social protection as a right

Several Latin American countries have made significant progress with the legal and constitutional recognition of social rights. However, this recognition should not be construed as paving the way for the implementation of rights-based policies, nor as a guarantee of their

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<sup>27</sup> Equivalent to 10% of 18 months' contributions based on the minimum wage for workers between 18 and 65 years of age, applicable in the month of the child's birth.

immediate incorporation. For example, Brazil's 1988 Constitution enshrined a normative vision of social protection and its components (Sposati, 2009), which defined growing State responsibility for financing the system and postulated universal access and coverage of social services (Guimarães de Castro 2006). However, according to a number of analysts, this constitutional recognition was severely constrained when it came to transposing it into concrete policies in the 1990s (Sposati, 2009; de Castro and Ribeiro, 2003). Even though Colombia's 1991 Constitution safeguards rights to social security and assistance, analysis has revealed significant gaps among the different groups of beneficiaries (Mesa-Lago, 2009).<sup>28</sup>

Second, the integration of a rights-based approach to social protection policies in the region has not necessarily resulted in the formal expression of social guarantees for the various components (see table II.2). While there are exemplary cases, such as Chile, with its universal access to health care with explicit guarantees (AUGE Plan, see box II.5), the incorporation of such proposals into a rights-based approach to social policy and its extension to social protection for all citizens is still a slow process.

Table II.2  
RIGHTS-BASED APPROACH AND SOCIAL GUARANTEES IN LATIN AMERICA<sup>a</sup>

Country	Constitutional recognition of social rights	Rights-based approach to social protection	Explicit guarantees	Additional comments
Argentina	Yes	Yes	No	The Constitution obliges the State to provide social security benefits and ensure the right to work, family protection and health.
Bolivia (Plurinational State of)	Yes	Yes	Yes	The health system establishes guarantees of maternal and child care.
Brazil	Yes	Yes	No	The Constitution recognizes the right to health and to a universal basic income.
Chile	No	Yes	Yes	As part of the reform of the health system, explicit healthcare guarantees (the AUGE Plan), with their own regulations, have been defined.

(continued)

<sup>28</sup> In 2008, only 32.4% of workers employed in Colombia were covered by social security (see table 4 of the annex).

Table II.2 (continued)

Country	Constitutional recognition of social rights	Rights-based approach to social protection	Explicit guarantees	Additional comments
Colombia	Yes	Yes	Yes	The health reform establishes free access to health services (participation of all citizens in the General Health and Social Security System (SGSSS)). The Constitution explicitly recognizes economic, social and cultural rights.
Costa Rica	Yes	Yes	No	The Constitution defines a set of social guarantees in areas relating directly to economic, social and cultural rights.
Cuba	Yes	Yes	No information available	The Constitution enshrines the right to education, health, protection and work safety.
Ecuador	Yes	No	No	The Constitution enshrines the right to health, education, work (including care work) and social security. It defines the rights of priority individuals and groups for health care (including children, young people, older adults and disabled people).
El Salvador	Yes	Yes	No	The Government has begun to implement its guided Universal Social Protection System (SPSU) the definition of which cites the rights-based approach.
Guatemala	No	Yes	Yes	The health system includes a basic package of care at primary health care level.
Mexico	Yes	Yes	No	The <i>Vivir Mejor</i> strategy is structured around an explicit rights-based approach.
Panama	No	No	No	The text relating to the Opportunities Network does not explicitly define adherence to the rights-based approach.
Paraguay	No	No information available	No information available	The <i>Tekoporã</i> programme does not explicitly define adherence to the rights-based approach.
Peru	No	No	No	The <i>Juntos</i> programme does not explicitly define adherence to the rights-based approach.

(continued)

Table II.2 (concluded)

Country	Constitutional recognition of social rights	Rights-based approach to social protection	Explicit guarantees	Additional comments
Uruguay	Yes	Yes	No	While it does not define a system of explicit guarantees, in practice the system operates on the basis of the rights guaranteed in the Constitution and in its system of social policies.
Venezuela (Bolivarian Republic of)	Yes	Yes	No information available	The Constitution defines the right to social security. Articles 22 and 23 on the powers of the Ministry of People's Power for Communities and Social Protection gear policies and programmes to realizing the rights of children and adolescents.

Source: Prepared by the author on the basis of revision of official plans on social protection; F. Carbonari and J. Vargas, "A bridge to peace through citizenship building: guaranteeing health and education rights", Building Equality and Opportunity through Social Guarantees, E. Gacitúa-Marió, A. Norton and S. Georgieva (eds.), Washington, D.C., World Bank, 2009; M. Drago, "La reforma al sistema de salud chileno desde la perspectiva de los derechos humanos", *Políticas sociales series*, No. 121 (LC/L.2539-P/E), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2006. United Nations publication, Sales No. S.06.II.G.66; F. Filgueira, S. Georgieva and S. Lijtenstein, "Moving toward comprehensive social policy: the case of Uruguay", Building Equality and Opportunity through Social Guarantees, E. Gacitúa-Marió, A. Norton and S. Georgieva (eds.), Washington, D.C., World Bank, 2009; A. Sojo, "La garantía de prestaciones en salud en América Latina. Equidad y reorganización de los cuasimercados a inicios del milenio", Estudios y perspectivas series, No. 44 (LC/MEX/L.708), Mexico City, Commission for Latin America and the Caribbean (ECLAC), 2006. United Nations publication, Sales No. S.06.II.G.9.

<sup>a</sup> This table excludes Latin American countries that have not introduced such policies or for which no recent information has been found (Haiti and Honduras).

There has been much debate regarding the applicability and development of mechanisms for prosecuting States for failure to comply with economic, social and cultural rights (Abramovich and Pautassi, 2009; De Roux and Ramírez, 2004). Although it is to be expected that countries will implement economic, social and cultural rights gradually, the committee set up to ensure implementation of the International Covenant on Economic, Social and Cultural Rights (United Nations, 1966) has urged States explicitly to limit this timescale. States that have ratified the Covenant are obliged to provide minimum essential levels of each of the rights recognized (De Roux and Ramírez, 2004). With regard to the judicial recognition of economic, social and cultural rights, De Roux and Ramírez (2004) put forward the principle of urgency: prosecution to prevent harm.

This has already been put into practice in Colombia, where article 93 of the Constitution and case law recognize that international treaties are central to its constitutionality (De Roux and Ramírez, 2004). Factors critical

to the prosecution of rights violations in Colombia are the relative ease of access to constitutional justice and the safeguards established by the 1991 Constitution, including the *tutela* action, by means of which anyone can apply to a judge to protect their rights (De Roux and Ramírez, 2004). A ground-breaking case is Judgment T-025/04 of Colombia's Constitutional Court, which after granting a series of individual protections, declared that the precariousness of existing social policy for displaced people was an "unconstitutional state of affairs". With this ruling, the Court compelled the national authorities to rethink their policies for displaced people to ensure that their basic needs are met. In this case, the ruling entailed increasing resources for policies on displaced persons and reorienting strategic social policy priorities. The Court has also ruled in cases involving the economic rights of individuals and groups, for example by annulling laws to increase value added tax on staple goods (Judgment C-776/03) or extending pension benefits to previously excluded groups (Judgment C-409/94) (Uprimny, 2007).

However, not all countries in the region share the same characteristics as Colombia, given the widely varying track record of their judicial mechanisms in the realization of economic, social and cultural rights. In the case of Argentina, for instance, filing a lawsuit in court for infringement of social rights (see box II.3) has not always been successfully resolved in the short term.

As table II.2 shows, in 9 of the 10 reference countries where the Constitution recognizes social rights, an explicit rights-based approach has been incorporated into social protection policies, whereas in a further three countries, the approach is not enshrined in the Constitution. Only four of the countries surveyed have policies with explicit guarantees.

So, despite the progress achieved in introducing prosecution mechanisms, it is still a challenge for the region to incorporate a rights-based approach and economic, social and cultural rights into its social protection systems. This is because of continuing major shortcomings in terms of State commitment and the implementation of concrete actions, which gives an idea of the gaps that remain to be bridged. In some cases, the establishment of guarantees in one area has not necessarily led to their extension to other areas where they are also required. For instance, while Guatemala focused health reform on the inclusion of guaranteed benefits in a primary health care package, this was not accompanied by an increase in insurance levels and the realization of social protection rights (Sojo, 2006). In Mexico, the impetus given to the Social Insurance voluntary health insurance scheme (SPS), and the creation of the System for Social Protection in Health (SPSS) in 2004 were an explicit response to the goal of universalizing services and strengthening the leadership role of the

Ministry of Health.<sup>29</sup> However, not only has the funding model failed to remedy segmentation in coverage and benefits between population groups with greater or lesser resources, the explicit guarantees of access have not been implemented either (Sojo, 2006).

Box II.3

INFRINGEMENT OF RIGHTS AND PROSECUTION FOR THE PROVISION DEFICIT  
IN THE BUENOS AIRES PORTEÑA CITIZENSHIP PROGRAMME

Buenos Aires city's Porteña Citizenship Programme is an example of how large a deficit in social service provision can actually become. It also illustrates the need to assess the status of provision prior to implementing a co-responsibility transfer programme (CTP) and to explain the procedures for remedying the deficit prior to implementation.

The programme was launched in 2005 with the aim of reducing inequalities in the city of Buenos Aires. As is typical of a CTP designed to supplement a certain level of consumption, this programme imposes education conditions for preschool children (aged between 3 and 4) to attend nursery school. Breach of the conditions incurs penalties ranging from a reduction in the monthly benefit to suspension of transfers or even loss of beneficiary status.

In late 2006, a crisis was precipitated by the collapse of State-run nursery schools and longer waiting lists for vacancies, which, according to official figures, amounted to a shortfall of more than 6,000 places in preschool and crèches for 2- to 4-year-olds. A number of civil society organizations spearheaded an appeal for protection against the government of Buenos Aires city to protect the rights of the excluded children. According to the plaintiffs, the lack of vacancies was compounded by severe underutilization of the budget for school infrastructure, which they saw as a sign that the problem did not stem from insufficient funding.

In 2009, the dispute reached the city's highest court: the Supreme Court of Justice of Buenos Aires. Three years after the first lawsuit had been filed, followed by a further two lawsuits on the same matter, eliciting a fine by the court on Buenos Aires city's social development and education authorities, an estimated 4,500 children still had no access to the services required to meet the programme's entitlement conditions.

Source: Website of the programme and *Página 12*, 16 September 2009 [online] <http://www.pagina12.com.ar/diario/sociedad/3-131848-2009-09-16.html>.

In the case of CTPs, as with other similar programmes, political visibility considerations can interfere with the timeframes, rationale and design of programmes seeking to defend and guarantee rights. Such

<sup>29</sup> Mexico's System for Social Protection in Health (SPSS) includes: a Catalogue of Essential Health Services (CASES) based on epidemiological criteria; a Programme to Expand Coverage (PAC); an extension of the Health Quality, Equity and Development Programme (PROCEDES) in rural and urban areas; and the interventions included in federal programmes.

difficulties can undermine their effectiveness and the achievement of their objectives, particularly in countries with weak institutions, limited experience of social policy matters and political systems that favour a personality-based culture and autocratic leaders. In such contexts, public policy tends to be viewed as a government initiative rather than as a State policy, with the result that political support for certain programmes can lead to their being identified with the people or sectors promoting them. This poses a serious challenge to their sustainability beyond electoral horizons (Britto, 2006; Cecchini and others, 2009).

However, according to an analysis by Román (2010) of changes in core programme areas and priorities that Costa Rica's Joint Institute for Social Aid (IMAS) underwent when it was attached to the Office of the President of the Republic in the 1990s, this can happen even in more established institutions. This was the case with Mexico's *Oportunidades*, one of the region's largest and longest-standing programmes, whose exit mechanisms were modified as a result of changes in Government. Banegas (2008) blames the introduction of the Differentiated Support Scheme (EDA) (see box V.4), which he believes undermined the achievement of the programme's human capital goals.

According to the United Nations (2009a), the absence of clear accountability mechanisms that establish the responsibilities and roles of both public and private stakeholders prevents CTPs from being viewed in terms of ownership and rights and facilitates their interpretation as instruments of patronage that can be manipulated by various political stakeholders and sectors that have historically enjoyed great bargaining power and autonomy.<sup>30</sup>

## **F. Current policies in the light of conceptual approaches**

An analysis of the main policy guidelines governing social protection in the region today reveals both an interaction and a distance between their theoretical or academic development and the practical problems

<sup>30</sup> When Gruenberg and Pereyra (2009) analysed patronage in the management of Argentina's poverty reduction programmes, they found that: nearly 80% of the complaints relating to the Unemployed Heads of Household programme and the Community Employment Programme (PEC) were concentrated in the compliance monitoring phase; almost half the complaints involved a combination of two or more offences; and the commonest offences were charging money and compelling participation in political activities. They also show that measures designed to increase the transparency of the process, including the introduction of a magnetic stripe card for paying benefits, have had limited effectiveness because they have had no impact on the other phases: selection of beneficiaries and, in particular, control and monitoring. The authors argue that timely and effective access to information is crucial in combating malpractice.

encountered when promoting the development of comprehensive social protection systems. Although a number of countries are endeavouring to establish systemic schemes that integrate provision, in practice difficulties arise with implementation and legislative processes, where the outcomes diverge from those originally intended, leading to separate schemes and programmes instead of networks of integrated policies in line with a “systems” concept (Bertranou, 2008).

Moreover, current social protection policies and programmes are based on differing definitions and concepts of both their components and the groups served. While for most countries it is appropriate to speak of social protection proper, others, like the Bolivarian Republic of Venezuela, Costa Rica and Cuba, apply more traditional social security concepts. In other cases, the term “social protection” is considered synonymous with social assistance for the poor and vulnerable, separate from social security (Levy, 2009).<sup>31</sup> The system concept is also interpreted differently from one country to another. Colombia’s Social Protection System (SPS) aims to create strategies to enable the most vulnerable families to cope with a crisis without jeopardizing their accumulated physical, human and financial assets (Rentería, 2009). Countries like Chile and Uruguay have adopted a comprehensive definition of social protection hinging on the “systems” approach to social protection for all citizens, through differentiated and universal instruments.

Based on the information currently available<sup>32</sup> and on the review in chapter I of the four social protection approaches, countries can be divided into three groups on the basis of their social protection policies: those that are closer to either the approach of “protection as assistance and access to promotion” or that of “social protection as a citizen guarantee”, or else countries that take an intermediate position between the two (see table II.3). No country has adopted an approach focused strictly on “protection based on formal employment”, nor do any countries implement a pure safety-net approach to mitigate and offset risks (emergency protection) with no associated actions. The above groups may not match the typologies based on indicators of social investment and social protection coverage, health and education (see table II.1).

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<sup>31</sup> This is the case with Brazil. See Ananias (2009).

<sup>32</sup> This analysis is based on official documents and government websites presenting social protection policies and describing government guidelines for their design or implementation. In many cases, there is no detailed information on implementation deadlines, associated funding or consideration of the percentage increase in social investment in the proposed schemes. However, they do testify to a political will to implement certain social protection schemes, identifying areas that need to be strengthened owing to low social investment levels and institutional capacity.

Table II.3  
LATIN AMERICA AND THE CARIBBEAN: SOCIAL PROTECTION  
APPROACHES, AROUND 2009

Approach	Main characteristics	Country <sup>a</sup>
1. Social protection as assistance and access to promotion.	Non-contributory social protection targeting the poor (CTP).	Dominican Republic, Ecuador, Guatemala, Honduras, Jamaica, Paraguay, Peru and Trinidad and Tobago.
2. Intermediate position between social protection as assistance/access to promotion and social protection as a citizen guarantee.	Non-contributory social protection targeting the poor (CTP). Other non-contributory social protection policies (targeted or universal, in the area of pensions and health) are incorporated alongside CTPs, with the aim of linking the various components gradually.	Bolivia (Plurinational State of), Colombia, El Salvador, Mexico and Panama.
3. Social protection as a citizen guarantee.	Transfers and benefits as part of non-contributory social protection. Increasing linkages between contributory and non-contributory social protection policies. The aim is to build comprehensive and coordinated social protection systems.	Argentina, Brazil, Chile, Costa Rica and Uruguay.

Source: Prepared by the authors on the basis of official documents and websites of the governments on social protection policies at the design stage and in the process of implementation.

<sup>a</sup> This table does not include the following countries as no up-to-date information was available: Bolivarian Republic of Venezuela, Cuba, Haiti, and Nicaragua.

First, some countries focus on the poor and vulnerable, prioritizing the development of policies and programmes of assistance and access to social promotion. These are countries with low levels of contributory social protection coverage and social investment, weak public institutions and a history of excluding huge swathes of the population from non-contributory social protection policies. CTPs play a key role in this context and receive strong support from international cooperation agencies.<sup>33</sup>

In countries in this first group, such as Guatemala and Honduras, contributory social protection policies (pensions and health) were established belatedly as, throughout the twentieth century, there was no collective and institutionalized management of risk, with the family being

<sup>33</sup> Cooperation may come from international agencies, such as the Inter-American Development Bank, in the case of the *Mi Familia Progres*a programme in Guatemala (Cecchini and others, 2009). Alternatively, it may take the form of horizontal (South-South) cooperation, such as that between Chile and Trinidad and Tobago for implementing the Social Transformation and Empowerment Programme: Uplifting People (STEP-UP), one element of the Targeted Conditional Cash Transfer Programme (TCCTP) in Trinidad and Tobago (OEA, 2009).

relied upon as the primary agent of welfare (Martínez, 2008b; Mesa-Lago, 2004a). Both are countries where the pension and health systems were not reformed to extend social protection coverage to the bulk of the population (Sojo, 2009). In both countries, CTPs have played a major role in extending non-contributory social protection to the extremely poor sector of the population. In Ecuador, the Human Development Grant has become the country's main social programme (World Bank, 2009).<sup>34</sup> Similarly, Peru's *Juntos* programme is at the heart of efforts to provide direct support to the poorest sectors via conditional cash transfers. In 2010, Honduras set up the *Bono 10 000* conditional transfer programme for education, health and nutrition, the predecessor to which was the Family Allowance Programme (PRAF), established in 1990 as a transitional programme to mitigate the impact of structural adjustment policies through unconditional transfers to poor and extremely poor households.

Countries in the second group adopt an intermediate position between social protection as "assistance and access to promotion" and as a "citizen guarantee", where they continue to focus their greatest efforts on extremely poor people but have also incorporated broader non-contributory arrangements. They take a citizen approach based on universal social protection policies, the coverage of which has been extended to traditionally excluded segments.

This group includes Mexico, where non-contributory social protection has been strengthened over the course of nearly two decades, in particular through Mexico's education, health and nutrition programme (formerly called *Progresa* and now renamed *Oportunidades*), which is the cornerstone of many social assistance and promotion initiatives. A set of instruments has been added to this programme with the aim of extending social protection to traditionally excluded groups. This has enabled *Oportunidades* to incorporate a group of people who were not hitherto included in any health or pension scheme.<sup>35</sup>

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<sup>34</sup> Running alongside the Human Development Grant, the Emergency Social Protection Programme consists of a cash transfer without co-responsibility to families living in an area where a state of emergency has been declared, and the Solidarity Productive Credit programme aims at integrating extremely poor people into sustainable microentrepreneurial production processes. In practice, Ecuador's weak non-contributory social protection system and lack of other social pensions mean that the Human Development Grant acts both as an incentive to children's participation in human capital formation systems and as a welfare pension for poor older adults and disabled people.

<sup>35</sup> See Rubio and Garfias (2010) for an analysis of the *Oportunidades* old-age cash supplement scheme. The Mexican Social Security Institute (IMSS)-*Oportunidades* and the *Oportunidades* Retirement Savings Mechanism (MAROP) have also included previously excluded people. While the IMSS scheme grants access to the public health system for all *Oportunidades* beneficiaries, MAROP provides access to an individual savings account for salaried and self-employed workers in the informal sector, which, in the case of *Oportunidades* beneficiaries, entails a government grant (Regalia, 2006).

In 2008, Mexico also started to implement its *Vivir Mejor* strategy, which is targeted at coordinating social protection and promotion for poor and vulnerable people (see box II.4).

Box II.4  
MEXICO'S *VIVIR MEJOR* STRATEGY

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In a bid to gradually extend social protection policies and the related institutional linkages, the Government of Mexico launched the *Vivir Mejor* strategy, which seeks to promote sustainable human development, fostering equal opportunities and guaranteeing social rights.

The strategy coordinates the actions of four ministries: Social Development; Public Education; Health; and Environment and Natural Resources. It takes a multidimensional view of development and a capabilities approach, while focusing on the need to coordinate social protection and promotion. The strategy includes four main areas of intervention: (i) developing basic capabilities; (ii) establishing a social safety net; (iii) linking economic development to social welfare; and (iv) improving the physical and social environment.

The first of the four areas of intervention — developing basic capabilities — seeks to build the human capital of people living in poverty to facilitate their full participation in society, in particular via *Oportunidades*. The aim is to build human capital by means of: education (through scholarships and grants for the purchase of school uniforms and supplies); health (preventive medicine, reproductive health and the prevention and control of chronic diseases); and food (by providing nutritional supplements, cash transfers, monitoring child nutrition and growth and promoting nutritional education).

The strategy's second component has involved parallel efforts to strengthen the social safety net, in order to promote appropriate responses, particularly at times of economic crisis and in individual and family contingencies. These efforts have included: developing specific strategies to mitigate the impact of the recent economic crisis (the *Vivir Mejor* additional cash transfer for beneficiary families of *Oportunidades*, and the *Vivir Mejor* food support component); expanding the coverage of non-contributory social protection programmes; implementing measures to safeguard access to essential staple goods by freezing corn and milk prices in certain shops; and increasing the budget of the Temporary Employment Programme. This component also includes a set of initiatives to extend social protection to traditionally excluded groups by means of the Social Insurance health insurance scheme (SPS), the "70 and over" programme for the over-70s and disaster relief.

The third component seeks to establish targeted programmes to increase the access of poor and vulnerable people to the labour market, for example through the Childcare for Working Mothers Programme, support for productive projects and training.

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(continued)

## Box II.4 (concluded)

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The fourth component centres on improving the physical and social environment as the cornerstone of human development. In this connection, programmes have been developed for urban development (Habitat Programme), recovery of public spaces and development of priority rural areas.

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Source: G. Merino, "Luchando contra la pobreza y la desigualdad: experiencias de México", paper presented at the second conference of Rio de Janeiro on human development: "De los derechos a la realidad: logrando un sistema de protección social efectivo para todos en América Latina y el Caribe", Rio de Janeiro, Brazil, 7-9 June 2010.

The Plurinational State of Bolivia has implemented three non-contributory social protection instruments: two CTPs with education and health conditionalities (the Juancito Pinto Grant and the Juana Azurduy de Padilla Mother-and-Child Grant), managed by the Ministries of Education and Health respectively, and, since 2007, a universal pension for everyone over the age of 60, called Dignity Income.<sup>36</sup>

Although Panama launched a set of initiatives to extend the social safety net gradually, the process has been in transition since the Government changed in 2009. The CTP Opportunities Network has emerged as the country's main protection programme and has entailed coordinating the work of several institutions to provide lifelong social protection to people in the poorest and most vulnerable groups (Arim and others, 2009; Rodríguez, 2010).<sup>37</sup> With this CTP, which was initially consolidated into indigenous regions characterized by high levels of exclusion and poverty and poor health and education infrastructure, the Government initiated a number of activities to extend social protection coverage, especially in the field of health, to all those not covered by the Social Security Fund (CSS) (Robles, 2009; Waters, 2009).<sup>38</sup> The intention is for the Opportunities Network to become the linchpin of a new social protection system aimed at protecting the most vulnerable people

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<sup>36</sup> The amount of the Dignity Income varies according to whether older adults receive a retirement pension (150 bolivianos if they do and 200 bolivianos if they do not). In 2008, the Dignity Income replaced the Solidarity Grant (BONOSOL), which provided a smaller pension to people over the age of 65.

<sup>37</sup> In addition to the cash transfer, initially this programme was coordinated with a grant scheme for families to buy food, run by the National Secretariat for the Food and Nutritional Security Plan (SENAPAN), as well as with existing programmes for maternity benefits, health care, unemployment insurance and pensions for formal-sector workers.

<sup>38</sup> An institution that covers workers affiliated to the social security system against the risks of sickness, ageing and disability. Since 2003 it has run a programme of comprehensive health care packages (PAISS) to improve health care services in rural areas, with Inter-American Development Bank funding. The goal is to improve the coverage and quality of maternal and child health services to prevent malnutrition in indigenous communities (Arim and others, 2009).

(Rodríguez, 2010). The new Government has also introduced a non-contributory monthly pension of 100 balboas, known as “100 at 70” to anyone over the age of 70 with no retirement or other pension.

While Colombia’s Social Protection System prioritizes poor and vulnerable people, it is based on a concept that is being oriented increasingly towards ensuring coverage for the entire population. The system is founded on five pillars, each of which uses specific targeting processes to prioritize interventions. These pillars are:

- (i) Comprehensive social security: universal, providing insurance for the population through private mechanisms or subsidies (Rentería, 2009). This system provides protection against unemployment, occupational hazards and health problems (DNP, 2007) and is coordinated by the Ministry of Finance and Public Credit and the Ministry of Social Protection. It encompasses a variety of measures, including progressive universal social security membership for the population in (DNP, 2007).
- (ii) System of social promotion: targeted at the poorest and most vulnerable sectors of the population in order to expand their opportunities. The *Juntos* Network for overcoming extreme poverty plays a pivotal role in this component and includes actions for training and vocational skills acquisition and proactive guidance (DNP, 2007), through the Government Employment Department, together with investment in infrastructure and employment.
- (iii) System of lifelong human capital formation.
- (iv) Social risk management.
- (v) Access to assets based on support strategies to help families generate income and acquire physical assets.

One of the risks of these initiatives lies in perpetuating the duality of social protection, by keeping schemes for poor and vulnerable people with no access to the formal labour market alongside schemes for formal-sector workers with varying abilities to pay. Mexico is typical in terms of its social policy fragmentation despite its wide-ranging provision. An Inter-American Development Bank (IDB) report (Regalia, 2006) states that, while *Oportunidades* is often perceived as one of the best social protection practices in the world, it forms part of a historically fragmented and dualist social protection and security system. Whereas the *Oportunidades* Retirement Savings Mechanism (MAROP) has been established as a protection instrument to enhance the welfare of those living in extreme

poverty, social security reform has been pushed into the background (Regalia, 2006). This is a wake-up call to ensure that the expansion of contributory systems is promoted through a range of incentives and by building the population's access capacity.

In the third group, there are countries aiming explicitly to build coordinated social protection "systems" based on the approach of social protection as a citizen guarantee, where targeting is seen as a means for ensuring universal access to social protection. In such cases, increasingly the contributory social protection component is being linked with the non-contributory social protection component by a variety of intra-and inter-institutional means. These are countries with an uneven track record which, subsequent to the structural economic reforms in the 1980s and 1990s, began a rapid process of social sector reorganization.

On the one hand, Brazil and Chile are making efforts to expand and improve provision of the social services and benefits comprising the safety net and to enhance intersectoral coordination for carrying out such interventions. On the other hand, Argentina, Costa Rica and Uruguay, which were among the first to consolidate social protection systems covering the vast majority of the population, now have to cope with gaps in coverage, in terms of either income and access to contributory social protection (as in Argentina and Uruguay), or access to education services (as in Costa Rica). Non-contributory social protection is therefore seen as a means for remedying critical situations affecting the universality of social rights.

Brazil is a case of the gradual implementation of a diverse and coordinated set of social protection policies, which focuses on decentralization and openness to social oversight mechanisms (Hevia, 2010). One of the main achievements of this policy has been to enshrine the right of rural workers to social protection, by matching their social security benefits to those of urban workers.

As regards policies implemented, the enactment of Brazil's Organization Act on Social Assistance in 1993 marked the start of a bid to decentralize implementation of the National Social Assistance Policy. It introduced the Continuous Benefit Programme, which consists of a minimum wage for older adults and disabled people living in poverty (Hevia, 2010). In 1995, it also started to implement a set of transfer programmes designed at municipal, state and federal levels (see annex 2) (Hevia, 2010; Draibe, 2006; Godoy, 2004).

All social protection policies for poor and vulnerable families are currently coordinated via the Unified Social Assistance System (SUAS) and include a number of benefits administered by the Ministry of Social

Development and the Fight against Hunger.<sup>39</sup> These benefits include basic and specialized social protection services and are linked with the provision of existing social programmes in the various territories (Afonso, 2009). In 2007, the *CadÚnico* single register for social programmes was introduced, which identifies all families enrolled in any of the cash transfer programmes. As in the case of *Bolsa Família*, these programmes simultaneously promote the principles of contributory social protection, productive inclusion, food and nutritional security and cash transfers (Mesquita, 2009).

In Chile, the concept of social guarantees has been adopted in various social protection areas, in particular explicit health guarantees (the AUGE Plan) (see box II.5). During the period 2006-2009, a set of additional coordination initiatives and measures was launched under the Solidarity Chile system and the *Puente* programme, designed to meet the requirements of extremely poor people (see annex 2). Protection has now been expanded to target all citizens, with a view to the full realization of individual rights and to ensuring basic welfare conditions for the entire population (Chile Solidario, 2009). All these interventions make up what is called the PROTEGE social safety net, which seeks to provide security and opportunities to all citizens throughout their lifetimes. The safety net includes a set of programmes and benefits: the Solidarity Chile programme; the *Chile Crece Contigo* comprehensive early childhood social protection programme; school and higher education scholarships; a subsidy for hiring young workers; the AUGE Plan; housing subsidies; unemployment insurance; the Basic Solidarity Pension; and a bonus for each live-born or adopted child (PROTEGE, 2008). This social protection approach involves harmonizing the contributory and non-contributory components to form an extensive social protection system, in addition to which a set of labour market regulation policies is currently being developed (Ministry of Labour and Social Security, 2009). Recently it was announced that a new “ethical” family cash transfer would be added to the existing battery of programmes.<sup>40</sup>

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<sup>39</sup> In addition to the BPC, there are the Social Assistance Referral Centres (CRAS), which offer social assistance programmes and services to families and individuals at risk; the Comprehensive Family Support Programme (PAIF); Social Assistance Specialized Referral Centres (CREAS); the Child Labour Eradication Programme (PETI); and the National Youth Inclusion Programme (*Projovem Adolescente*) (see MDS, 2010).

<sup>40</sup> The ethical family conditional cash transfer, announced in May 2010, benefits the poorest 20% of the population and entails a minimum income floor of 250,000 Chilean pesos for a family of five, equivalent to approximately US\$ 500. The estimated cost to the Treasury is between US\$ 1.9 billion and US\$ 2 billion. See [online] <http://www.prensapresidencia.cl/discurso.aspx?codigo=6177> and [http://www.senado.cl/prontus\\_galeria\\_noticias/site/artic/20100510/pags/20100510130236.html](http://www.senado.cl/prontus_galeria_noticias/site/artic/20100510/pags/20100510130236.html).

Box II.5  
REFORM OF CHILE'S HEALTH SYSTEM

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The main objective of Chile's System of Universal Access with Explicit Guarantees (the AUGE Plan) is to guarantee the right of all citizens to the highest possible level of physical and mental health. This has entailed the introduction of explicit mechanisms for ensuring access to health services for the entire population and establishes a set of administrative instruments to report breaches of the guarantees.

The AUGE Plan involved a major overhaul of Chile's health system to redress the effects of reforms implemented in the 1980s as part of the country's structural adjustment programmes. This consisted of privatizing much of the health sector by creating private health insurance institutions (ISAPREs) and setting up a National Health Fund (FONASA) with contributions from all those treated under the public health system. By law, every salaried worker had to contribute 7% of their taxable income to health. Whereas unemployed or low-income workers could be treated only in the public health-care system, those with higher incomes who could afford an ISAPRE plan could be treated by private health-care providers of their own choosing. Even though Chile had made significant progress throughout the twentieth century in improving such health indicators as maternal and infant mortality, the reformed system reproduced the conditions of inequality and exclusion in health service access and quality (Dannreuther and Gideon, 2008; Sojo, 2007).

This is precisely the situation that the AUGE Plan set out to improve, by defining a universal level of coverage of comprehensive services, irrespective of the contributor's income level or contribution amount. Discussion of the plan in Congress enabled all the sectors involved to explain their points of view. As a result, Act No. 19966 of 2004 established the Regime of Explicit Health Guarantees, while Supreme Decree No. 228 of 2005 defined a list of 40 diseases and health conditions for which appropriate services are guaranteed. The list has been supplemented steadily and, in late 2009, covered a total of 56 high-cost diseases (diagnosis, treatment and rehabilitation). The AUGE Plan selected the most important health problems in terms of epidemiological burden or public perception and offers four sub-guarantees: timeliness (maximum waiting periods); access (obligation of FONASA and the ISAPREs to guarantee health services); financial protection (maximum annual payment per family); and quality (accreditation of health-care facilities and certification of physicians). The diseases were selected on the basis of their frequency, seriousness (number of years of healthy life lost and existence of socio-economic inequalities) and the existence of cost-effective treatments (Infante and Paraje, 2010).

The new system integrates both the private and public sectors into the system of health guarantees, limiting adverse selection practices by ISAPREs. For those treated in the private sector, the maximum co-payment level is 20% of the total cost and must not exceed the equivalent of one month of the household's average annual income. At the same time, the system defines care and treatment protocols, maximum waiting periods

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(continued)

## Box II.5 (concluded)

and complaint mechanisms. A major innovation was the creation of a health regulator to coordinate and oversee compliance by public and private health institutions with the guarantees. Another important aspect was the Plan's gradual implementation (over a period of three years), which enabled health-care networks to develop the necessary procedures to ensure the smooth operation of the AUGE Plan, and allowed existing supply constraints to be determined and the necessary investments in equipment and human resources to be made in order to address these constraints properly (Infante and Paraje, 2010).

Preliminary results of the reform indicate significant increases in coverage of the guaranteed health conditions and in access to complex diagnostic and therapeutic procedures. Although the impact of the AUGE financial guarantee has evidently been positive, it has not been significant for low-income families. Some perception surveys reveal that the public no longer fears dying from lack of medical care or becoming impoverished from exorbitant costs (Infante and Paraje, 2010).

The system's weaknesses include, first and foremost, the long wait that many AUGE beneficiaries must face to secure the benefits to which they are entitled. Another weakness is the lack of political consensus on a social contract that would enable broader, higher-impact reforms to be introduced that would increase coverage of the diseases included in the plan (including a solidarity fund to force ISAPREs to contribute to financing the AUGE Plan). The only measure approved by Congress to finance the reform was an increase of 1 percentage point in value added tax (VAT) to 19%.

There are also problems regarding the way in which the minima are defined and doubts concerning the possible impact of this programme in terms of gender inequalities in access to health. In addition, there are constraints on undertaking treatments other than those stipulated in the protocols and fears that ISAPREs will reduce certain benefits in their plans in order to offset the compulsory coverage costs imposed by the AUGE Plan. Finally, inequalities between users of the public and private system have persisted with respect to diseases not covered by the plan.

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Source: C. Dannreuther and J. Gideon, "Entitled to health? Social protection in Chile's Plan Auge", *Development and Change*, vol. 39, No. 5, 2008; A. Infante and G. Paraje, "Reforma de salud: garantías exigibles como derecho ciudadano", *Las nuevas políticas de protección social en Chile*, O. Larrañaga and D. Contreras (eds.), United Nations Development Programme (PNUD), 2010; L. Moreno and M. Rosenblüth, "Implementing social guarantees: the regime of explicit guarantees in health in Chile", *Building Equality and Opportunity Through Social Guarantees*, E. Gacitúa-Marió, A. Norton and S. Georgieva (eds.), Washington, D.C., World Bank, 2009 and A. Sojo "Evolution of the link between selective anti-poverty policies and social sectors policies", *CEPAL Review*, No. 91 (LC/G.2333-P/E), Santiago, Economic Commission for Latin America and the Caribbean (ECLAC), 2007.

Argentina is also paving the way towards consolidated access to human capital formation and social protection systems. Since the economic crisis in the early 2000s, a set of co-responsibility transfer and

employability promotion programmes has been created, which have succeeded in broadening access to non-contributory social protection mechanisms in situations of crisis and severely eroded living conditions.<sup>41</sup>

Even though Argentina has created instruments to guarantee the enjoyment of rights, there is a risk of programme duplication owing to poor coordination between the Ministry of Social Development and the Ministry of Labour, Employment and Social Security. For this reason, it is not possible to speak of a coordinated system of social protection. Several cash transfer programmes coexist in the country, both contributory —administered at federal and provincial level<sup>42</sup>— and non-contributory. For the latter, there is a non-contributory pension system (administered by the Ministry of Social Development and the National Social Security Administration, ANSES),<sup>43</sup> provincial cash transfer schemes (including food distribution and workfare policies), the Training and Employment Insurance Programme (SCyE) and the conditional transfer for job training and job search (administered by the Ministry of Labour, Employment and Social Security) (Ringold and Rofman, 2008). In addition, challenges remain to building a comprehensive and equitable system that meets the needs of workers in both the formal and informal sectors (Ringold and Rofman, 2008) and that provides adequate coverage to all those enrolled in a programme.

To remedy this need, Argentina's Universal Child Allowance for Social Protection (AUH) was created in October 2009. It is a non-contributory benefit for all children and adolescents from households whose adult members are unemployed or working in the informal labour market (and therefore receive no such contributory child allowance). The AUH is financed by the ANSES Sustainability Guarantee Fund (FDS) and imposes a set of education and health conditions on beneficiary families (Agis, Cañete and Panigo, 2010). The fact that this allowance is solidarity based (it is a non-contributory benefit financed from social security contributions) and universal (equivalent for all the minors who receive it, via both the contributory and non-contributory route) reflects a progressive approach to providing social guarantees to all those without access to

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<sup>41</sup> They are the Unemployed Heads of Household programme (2001) and the Families for Social Inclusion programme (2005), the successors of the Programme for Vulnerable Groups (PAGV) (1996) and the Human Development Income Programme (IDH) (2002) (Arcidiácono, Fairstein and Kletzel, 2009; Campos, Faur and Pautassi, 2007; Cruces and others, 2008; Cruces, Epele and Guardia, 2008).

<sup>42</sup> A comprehensive system of retirement and other pensions (federal), provincial pension systems, family allowances (maternity, adoption, children, disabled children, schooling and marriage) and unemployment insurance (4 to 12 months) (Ringold and Rofman, 2008).

<sup>43</sup> ANSES was established in 1992 under the jurisdiction of the Ministry of Labour, Employment and Social Security to administer the funds of national retirement or pension schemes, family allowances and benefits and the National Employment Fund (ANSES, 2009).

social protection. At the same time, the AUH is a concrete initiative to improve the coordination of non-contributory social protection policies, as it is incompatible with other social schemes and seeks to eliminate duplication between them (Agis, Cañete and Panigo, 2010).

The main historical feature of Costa Rica's social policy has been the implementation of a universal approach with the aim of guaranteeing a basic set of social rights and outcomes for all citizens, in order to promote upward social mobility and equal opportunities. So, rather than being just a core component of the social protection system, the CTP *Avancemos* is an ad hoc mechanism for resolving the specific problem of secondary school absenteeism (Román, 2010).

In connection with its universal social policies, Uruguay has also undertaken a variety of initiatives to cater for poor and vulnerable families (Bonino, Kwon and Peyre Dutrey, 2007; Filgueira, Georgieva and Lijtenstein, 2009). In response to the acute economic crisis and high unemployment rates between 1999 and 2004, entitlement to family allowances from the Social Security Institute was extended to include all poor families with children under the age of 18 (Filgueira, Georgieva and Lijtenstein, 2009). Subsequently, the allowances were redefined and incorporated into the National Social Emergency Response Plan (PANES) and Equity Plan.

PANES was a fixed-term scheme (from 2005 to 2007) that incorporated a range of benefits and transfers for the most excluded sectors of the population, including a universal welfare benefit. PANES also incorporated a set of interlinked components, including poverty exit mechanisms and social promotion for its beneficiaries: a workfare programme and a poverty exit programme called "Building Exit Routes". They are complemented by assistance programmes in the areas of education, health and nutrition.

The Equity Plan, which has been in operation since 2008, is one more step towards universal access to social protection benefits in Uruguay and improves benefit coverage for low-income sectors of the population. Other innovations include a cash transfer to households with children, resulting from reorganizing the system of family allowances and consolidating them as an official component of the social protection system. Despite maintaining a rationale of conditionalities and targeting, these allowances are distinguished from CTP transfers in the region by their degree of institutionalization and guidance (Filgueira, Georgieva and Lijtenstein, 2009).<sup>44</sup>

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<sup>44</sup> In addition, the Equity Plan introduces an old-age subsidy with cash transfers for extremely poor people between the ages of 65 and 70, a food transfer and a range of employment actions and education interventions, by extending Comprehensive Infant and Family Care Centres for children from 0 to 3 years of age (entitled the CAIF Plan).

The information discussed in this chapter reflects social protection dynamics and variability in the region in both the contributory and non-contributory components. The proposals and innovations regarding the non-contributory component in Latin America have had a knock-on effect outside the region, with the result that CTPs can now be found on every continent. In view of the importance that CTPs have acquired, the following chapter discusses the most characteristic approaches.



### Chapter III

## **Co-responsibility transfer programmes and social protection**

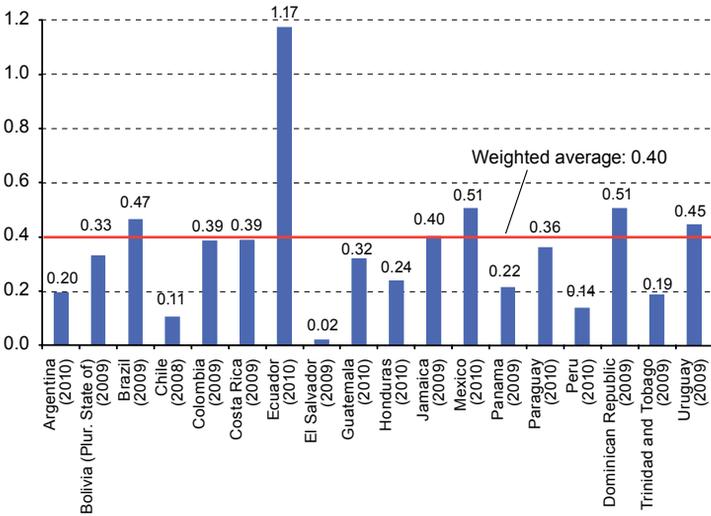
Co-responsibility transfer programmes (CTPs) seek to reduce poverty by combining a short-term objective (to increase the resources available for consumption to meet the basic needs of beneficiary families) with a long-term objective (to build human capital to prevent the intergenerational transmission of poverty) (Britto, 2006; Cecchini and Madariaga, 2010; Cohen and Franco, 2006a; León, 2008). Typically, CTPs achieve these objectives by three means: (i) cash transfers, to increase incomes; (ii) making transfers conditional upon the use of certain social services, to promote human capital accumulation; and (iii) focusing on poor and extremely poor households. They are intended to address the material and cognitive aspects associated with situations of poverty in holistic manner, recognizing the importance of combining non-contributory social protection with social promotion efforts (Levy and Rodríguez, 2005), in addition to implementing cross-sector interventions (Cohen, Franco and Villatoro, 2006).

In view of the effort that CTPs have made to incorporate large segments of the most disadvantaged population into social policy, coupled with the scale and importance they have acquired in several countries in the region and their cross-sector approach, this chapter analyses the contribution that CTPs can make to building comprehensive social protection systems.

### A. Role of co-responsibility transfer programmes in Latin American social policy

Whether it is a result of experience-sharing among countries, or the similarity of the national solutions applied to similar social problems, or else dissemination by multilateral and development cooperation agencies, since the 1990s more than 35 CTPs have been implemented in 19 countries in the region (see table A.5 of the statistical annex). Twenty-three of these CTPs are currently operational in 18 countries and, in 2009, they provided protection to 25 million families in Latin America and the Caribbean, representing a total of 113 million people. This equates to around 19% of the region’s population, and funding for CTPs accounts for 0.4% of the region’s gross domestic product (GDP) (see figures III.1 and III.2).

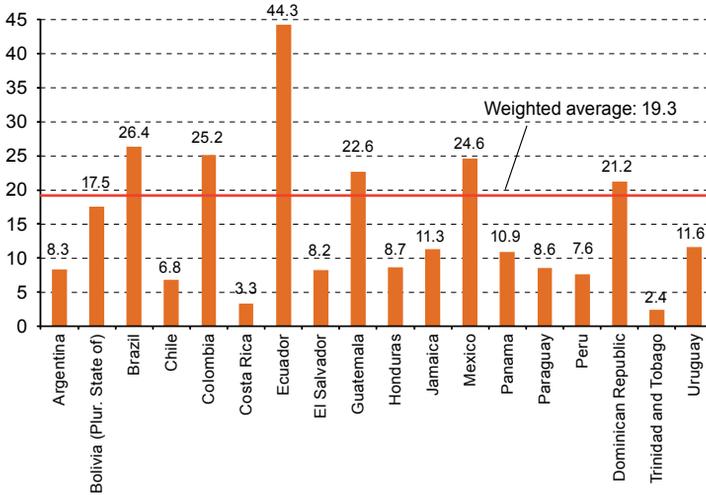
Figure III.1  
LATIN AMERICA AND THE CARIBBEAN (18 COUNTRIES): INVESTMENT IN CO-RESPONSIBILITY TRANSFER PROGRAMMES, AROUND 2009<sup>a</sup>  
(Percentages of GDP)



Source: Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Database of non-contributory social protection programmes in Latin America and the Caribbean [online] <http://dds.cepal.org/bdptc/>.

<sup>a</sup> Includes the following programmes: Universal Child Allowance for Social Protection (AUH) (Argentina), *Bolsa Familia* conditional cash transfer programme (Brazil), Solidarity Chile programme (Chile), Families in Action programme (Colombia), *Avancemos* programme (Costa Rica), Solidarity programme (Dominican Republic), Human Development Grant (Ecuador), Solidarity in Communities programme (El Salvador), *Mi Familia Progresá* programme (Guatemala), Family Allowance Programme (PRAF) (Honduras), Programme of Advancement through Health and Education (PATH) (Jamaica), Oportunidades programme (Mexico), Opportunities Network (Panama), *Tekoporá* programme (Paraguay), Juntos (Peru), Juancito Pinto grant programme (Plurinational State of Bolivia), Targeted Conditional Cash Transfer Programme (TCCTP) (Trinidad and Tobago) and Family Allowances programme (Uruguay).

Figure III.2  
 LATIN AMERICA AND THE CARIBBEAN (18 COUNTRIES): CO-RESPONSIBILITY TRANSFER PROGRAMMES, AROUND 2009<sup>a</sup>  
 (Percentages of the total population)



Source: Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Database of non-contributory social protection programmes in Latin America and the Caribbean [online] <http://dds.cepal.org/bdptc/>.

<sup>a</sup> Includes the following programmes: Universal Child Allowance for Social Protection (AUH) (Argentina), *Bolsa Família* conditional cash transfer programme (Brazil), Solidarity Chile programme (Chile), Families in Action programme (Colombia), *Avancemos* programme (Costa Rica), Solidarity programme (Dominican Republic), Human Development Grant (Ecuador), Solidarity in Communities programme (El Salvador), *Mi Familia Progres*a programme (Guatemala), Family Allowance Programme (PRAF) (Honduras), Programme of Advancement through Health and Education (PATH) (Jamaica), *Oportunidades* programme (Mexico), Opportunities Network (Panama), Tekoporã programme (Paraguay), Juntos (Peru), Juancito Pinto grant programme (Plurinational State of Bolivia), Targeted Conditional Cash Transfer Programme (TCCTP) (Trinidad and Tobago) and Family Allowances programme (Uruguay).

Although there have been programmes in the region for several decades involving compliance with certain conditions in exchange for State-supplied goods and services and demand subsidies, CTPs in their current form did not emerge until around the second half of the 1990s.<sup>1</sup> Brazil's education-linked *Bolsa Escola* school grant income-transfer programme and Mexico's education, health and nutrition programme (formerly called *Progres*a and now renamed *Oportunidades*) explicitly combined the above-mentioned elements (see annex II).

<sup>1</sup> Programmes requiring a specific condition include: nutritional programmes, such as Chile's National Supplementary Food Programme (PNAC, launched in 1954); temporary employment programmes, such as Peru's Programme of Temporary Income Support (PAIT, which ran from 1985 to 1987); and school meal grant programmes, such as Brazil's National School Feeding Programme (PNAE, launched in 1955).

In the decade or more since the *Progres*a and *Bolsa Escola* programmes came into operation, a series of arguments have emerged both in favour of and against such programmes. One of the most important contributions that CTPs are said to have made is providing non-contributory cash transfers to families living in poverty or extreme poverty, especially those with school-age children (ECLAC, 2010a; Veras Soares, 2009a). Even though they do not always present it as a specific objective, some CTPs have also succeeded in boosting social policy institutionalisation in terms of management, applying a cross-sector approach and capacity-building, as well as unifying procedures and eligibility rules (Fiszbein and Schady, 2009; Bastagli, 2009). CTPs therefore act indirectly to improve conditions for the development of other plans and policies and, in some cases, to establish platforms for a cross-sector approach to social problems.

However, efforts to promote coordination and a cross-sector approach have not always had the most desirable outcomes and, in many cases, programmes have become independent of the sectors involved in the intervention, and have created heavily patronage-based parallel structure that is highly vulnerable to political cycles (Moore, 2009a). This has raised a concern to ensure that increased demand for CTP-promoted social services is matched by an adequate supply of services (Cohen and Franco, 2006a; ECLAC, 2006; Fiszbein and Schady, 2009; Cecchini and others, 2009).

From a rights perspective, one of the main debates surrounding CTPs has centred on the way in which they tackle poverty reduction (Künnemann and Leonhard, 2008; United Nations, 2009a; Standing, 2007; Freeland, 2009). There have been warnings that setting overly strict conditionalities could generate an improper distinction between the “deserving” and the “undeserving” poor as regards entitlement to assistance, which would countermand the principle of universality of social policy and infringe basic human rights in relation to securing a minimum standard of living (United Nations, 2009a). This is compounded by the fact that there is no clear and unequivocal evidence for the effectiveness or efficiency of imposing conditions on entitlement to social benefits (Draibe and Riesco, 2009; Veras Soares, Ribas and Osorio, 2007; Veras Soares, Ribas and Hirata, 2008).

A number of criticisms have also been levelled at the excessive importance that CTPs attribute to targeting. First, it is argued that, even though they have laid the foundations for selecting beneficiaries based on technical criteria rather than on patronage, this could be achieved equally well using universal benefits, which not only reduce opportunities for corruption but also help to remove the stigma associated with social assistance (Mkandawire, 2005; United Nations, 2009a). A second argument is that, in many cases, targeting procedures are so sophisticated as to be opaque (Mkandawire, 2005), making beneficiaries unable to understand

how the programme functions.<sup>2</sup> A further argument is that, in situations of widespread poverty, the administrative costs and above-mentioned problems could outweigh the benefits usually attributed to targeting (United Nations, 2009a; Cecchini, 2009).

Finally, from a gender perspective, despite initial positive assessments of CTPs because of their ability to increase women's empowerment by targeting transfers at them, the issue has become increasingly complex (Adato and others, 2000). Given that women's participation in programmes is based on their historic role in the sexual division of labour, where they are concerned more with meeting the household's needs than their own individual needs, it has been argued that any empowerment that women would gain would be weak (Molyneux, 2009). Furthermore, assessments fail to consider key dimensions of empowerment such as capacity-building, autonomy, equality, voice and greater decision-making opportunities (Molyneux, 2009). On the contrary, strong concern has been expressed about the potential of conditionalities to reinforce the sexual division of labour and increase the burden of unpaid work for women, with a range of adverse effects (Molyneux, 2009; González de la Rocha, 2008; ECLAC, 2006).

## **B. Diversity in co-responsibility transfer programmes**

Many co-responsibility transfer programmes have become showpieces of poverty-reduction policy and have been disseminated as a model to be applied by other countries, even outside the region (Handa and Davis, 2006; Son, 2006; Aguiar and Araujo, 2002; Morais de Sa e Silva in Hailu and Veras Soares, 2008). There has been a strong demonstration effect from observing the successes and failures of CTPs currently in operation in neighbouring countries, coupled with the influence of multilateral agencies on financial, technical and dissemination aspects.<sup>3</sup> Nevertheless, they have been reappropriated and transposed to suit each country's particular needs and political and institutional landscape. This has made CTPs much more responsive than might be assumed to countries' individual institutional trajectories in terms of public policy and the economics of social sector reforms.

Despite the basic structure common to all CTPs, in practice their parameters differ significantly in terms of: the benefits they provide and the way in which they deliver them; the geographic levels where they

<sup>2</sup> In the case of *Progresá*, this was found to cause potential problems ranging from decreased commitment to the programme to conflicts between beneficiaries and non-beneficiaries and the erosion of local community social capital (Adato, 2000).

<sup>3</sup> Some co-responsibility transfer programmes have come to an end because financial resources were insufficient, the loans used to set the programmes in motion have been expended or political support was lacking (Cecchini and others, 2009; Moore, 2008).

operate; the proportion of the population they serve; their interinstitutional linkages; and the amount of committed investment (Cecchini and Madariaga, 2010; Bastagli, 2009). In fact, more and more CTPs are providing benefits other than mere cash transfers, such as transfers in kind, psychosocial support and follow-up for families, training programmes and microcredit. In addition, CTPs transfer money by a variety of means other than payment in cash, such as debit cards or vouchers.

In several CTPs, monitoring compliance with conditionalities tends to be more a formality than a reality. Some CTPs do not verify conditionalities at all, while others experience serious operational problems in implementing such verification. For some CTPs, this stems from the massive effort required to implement control mechanisms, whereas for others the problem is a lack of supply, making it impossible to comply with the condition. There are even CTPs where strict verification of conditionalities is simply not a central mechanism of the programme.

Based on widely diverse experience, it is possible to consider new ways to analyse CTPs and so understand their potential role in different social protection contexts. If they are seen as policy instruments rather than strictly defined models, CTPs can prove to be versatile tools that accommodate a range of ideological standpoints, allowing the instrument and its benefits to be appropriated in different ways.

An analysis of how CTPs operate reveals a number of differences, suggesting that they assume characteristic structures based on certain differentiating criteria. First, CTPs differ in general orientation depending on whether the emphasis is on a short-term objective (to provide income to meet minimum consumption levels) or a long-term objective (to create and accumulate human capital). In line with these general orientations, programmes adopt different forms for managing their various components, with elements such as beneficiary selection/targeting and exit mechanisms defined to reflect these orientations (Handa and Davis, 2006).

A second distinction is the role played by cash transfers in the programme's operating rationale. De Janvry and Sadoulet (2006a) suggest two reasons or justifications for cash transfers: to increase the current income of beneficiaries or to act as an incentive. Cohen and Franco (2006a) propose differentiating between programmes taking an incentive approach (where the cash transfer acts as a stimulus to the adoption of behaviour conducive to investment in human capital) and programmes with a psychosocial approach (where the cash transfer plays a more secondary role, intended to change attitudes by working directly with family dynamics). Based on the above, programmes are seen to differ in areas such as the type of transfer and the calculation of cash transfer amounts and ceilings, which relates closely to the first distinction. For

example, if the emphasis is placed on the short-term objective of reducing poverty, the transfer is designed to increase the current income of beneficiaries, whereas if it is placed on the long-term objective, the transfer is seen primarily as an incentive to use social services.

The third distinction is the different types or forms of conditionalities. The rationale for implementing the conditionalities, the means used to implement them (including compliance monitoring and penalty systems) and the party bearing the greatest responsibility (beneficiaries themselves, the State or service providers) are other features distinguishing CTPs (De Janvry and Sadoulet, 2006a; Bastagli, 2008, 2009).

Based on these distinctions, CTPs can be divided into three types, making it possible to define their status in the region.<sup>4</sup> They are discussed below in terms of their definition of the problems they seek to address, with their corresponding objectives and beneficiaries, and their operating rationale, which, in the case of CTPs, relates to the role played by cash transfers and the form and expected outcomes of the conditions, giving examples of design alternatives in CTPs currently in operation.

The aim of identifying these three types of programme is to improve the design of CTPs and help to ascertain the specific requirements of each type of programme and the way in which they can be incorporated into wider social policy. Similarly, this differentiation enables CTPs to be appropriated under different policy guidelines and to acquire a position and importance appropriate to each country's social protection architecture, insofar as they are assigned a functionally coherent position in such structures.

## **1. Income-transfer programmes with soft conditionality**

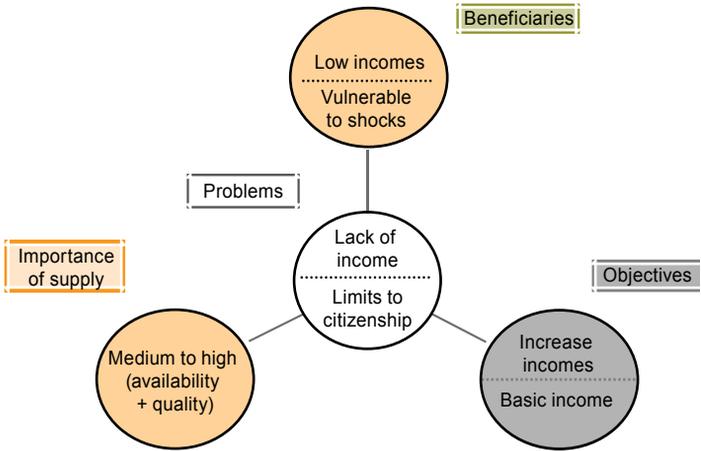
The first type of CTP comprises programmes whose main objective is to ensure a basic level of consumption for poor families. This public policy response is based on the assumption that the main problem facing poor families is lack of income and the inability to enter income-generating pathways, especially formal employment (see diagram III.1).

The programme closest to this definition is Brazil's *Bolsa Família* grant programme, whose paramount objective is to provide a wage supplement to the poorest families (Britto, 2008). In this programme, the

<sup>4</sup> As the typology of this chapter is analytical and not empirical, there may be programmes that elude the chosen categories or categories that tend to overlap in certain situations. In neither case does this undermine the analytical strength of the typology, as it provides an insight into how co-responsibility transfer programmes operate in relation to their objectives and the instruments used. It also provides a framework for analysing the wide range of programmes that have emerged over time and for considering how these programmes can be integrated into the social protection architecture.

notion of co-responsibility extends to the role of the State, where the cash benefit is considered as a right of citizenship and the attached health and education conditions, as part of a bid to improve access to those rights.

Diagram III.1  
TYPE-1 CO-RESPONSIBILITY TRANSFER PROGRAMMES: INCOME-TRANSFER PROGRAMMES WITH SOFT CONDITIONALITY



Source: Prepared by the authors.

Programmes placing greater emphasis on income transfers might be assumed to pay little heed to service provision. This is not the case because, inasmuch as the provision of benefits and beneficiaries’ continuance in the programme hinge upon compliance with the respective conditionalities, there is an obligation to at least ensure that services are available. In addition, where a CTP is oriented towards the exercise of people’s rights and citizenship, the quality of the services provided becomes crucially important, as poor quality services lead to infringement of such principles.

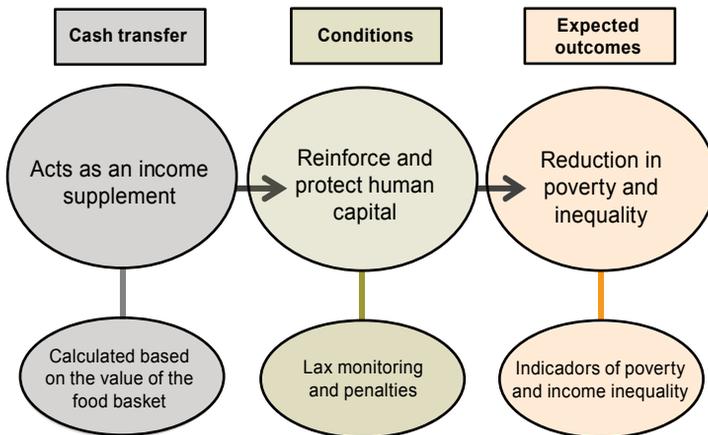
**(a) Operating rationale**

Given that type-1 CTPs identify the problem as lack of income, the chosen means for achieving the programme’s objectives is a cash transfer (see diagram III.2).

As the transfer amount is usually intended to cover the lack of a minimum income, it is calculated in line with the cost of a basic food basket (extreme poverty line). There are two types of transfer: a flat-rate transfer and a differentiated transfer that varies according to family composition. For example, *Bolsa Família* provides a basic benefit to

families in extreme poverty, regardless of the number of family members, calculated on the basis of the value of the extreme poverty line. In addition to this basic benefit, families may obtain a top-up transfer, called “variable benefit”, depending on family composition, up to a maximum number of beneficiaries. Transfers calculated on the basis of family composition provide larger benefits to households with a higher number of eligible members (children up to a certain age, pregnant or nursing mothers and older adults), taking into account families’ consumption needs according to their structure and their members’ stage of life.

Diagram III.2  
TYPE-1 CO-RESPONSIBILITY TRANSFER PROGRAMMES:  
OPERATING RATIONALE



Source: Prepared by the authors.

There are arguments to justify both types of transfer. Although prioritizing the composition of the family group makes it possible to address the specific vulnerabilities faced by different types of household, Stecklow and others (2006) point out that a flat-rate transfer would avoid “perverse incentives” that might encourage large families to keep having children. Accordingly, transfers differentiated by family composition tend to impose a maximum number of beneficiaries or a maximum amount per family. In some cases, this capping is combined with a sliding scale of diminishing benefits for reasons of economies of scale in consumption. In Argentina’s Families for Social Inclusion programme, for example, the transfer amount began with US\$53 per month for families with two children under the age of 19 but, as from the third child it increased by only around US\$12 per child up to a maximum of six children, with a ceiling of US\$101 per family.

As conditionalities do not play a key role in the operation of type-1 CTPs, verification tends to be weak, or else penalties for non-compliance are moderate. For example, whereas in *Oportunidades*, non-compliance with conditionalities results in immediate cessation of the cash benefit, in *Bolsa Família*, payments are suspended for the month in question but the amounts continue to accumulate and are refunded once the family certifies resumed compliance with conditionalities. In addition, *Bolsa Família* attaches great importance to supporting families that fail to meet their commitments through its teams of municipal social assistance workers, who ascertain and try to resolve any issues affecting non-compliance (Bastagli, 2009; Mesquita, 2009).<sup>5</sup> Where such a scheme of conditionalities is supplemented by flat-rate transfers, or where transfers make no distinction between education or nutrition and health outcomes, the design of the “single transfer-single condition” dyad becomes more complex, further compounding control problems.

As some programmes have been extended and institutionalized without imposing conditionalities or defining exit mechanisms, they tend to resemble other non-contributory social protection programmes. A good example is Ecuador’s Human Development Grant, whose main objective is to ensure a certain consumption level for the poorest families, and which pays an unconditional transfer of US\$35 to older adults and people with disabilities. Households with children under the age of 18 years that satisfy certain education and health conditionalities receive the same amount. However, given its control weaknesses, both variants of the programme operate in a similar fashion. So, even though the Human Development Grant defines itself as a CTP, the fact that it fails to verify beneficiary compliance with conditionalities makes it a purely income-transfer programme.

In other cases, type-1 CTPs have tended to become assimilated with the concept of a universal minimum income targeted at the very poorest. A case in point is Brazil (see annex II.2), whose basic income law establishes the right to a benefit covering basic food, health and education costs for all Brazilians. The law has been used as a basis for instilling the idea of a universal minimum income revolving around benefits from *Bolsa Família* (Medeiros, Britto and Veras Soares, 2008).<sup>6</sup> This also explains why *Bolsa Família* focuses more on minimizing exclusion errors

<sup>5</sup> Social Assistance Referral Centres (CRAS) or Social Assistance Specialized Referral Centres (CREAS), via the Comprehensive Family Support Programme (PAIF).

<sup>6</sup> Law 10835 of 2004 establishes this right for all Brazilians and for foreigners who have been resident in Brazil for more than five consecutive years, irrespective of income. However, given the country’s budgetary constraints, the law stipulates that delivery of the benefit is subject to sufficient funding being available and proposes a staged expansion of benefit coverage, giving priority to the neediest sector of the population (Medeiros, Britto and Vera Soares, 2008).

than on adjusting mechanisms to exclude people who do not fall into the beneficiary category, as with the *Oportunidades* programme (Veras Soares, Ribas and Osorio, 2007).

This goes to show that there must be clear objectives for introducing conditionalities. The rationale for conditionalities is central to understanding the decision to include them rather than to maintain non-contributory benefits without conditionalities. Experience of CTPs in the region has shown that conditionalities can be established for political reasons (to make it easier to obtain financing or to comply with donor requirements, persuading those in the middle- and upper-income bracket of the programme's desirability), for ethical and moral reasons (helping only the deserving), or for instrumental reasons (to take the opportunity to improve basic social indicators).<sup>7</sup>

In this and the other two types of CTP it is important to inform beneficiaries promptly of the meaning and role of programme conditionalities. Schady and Araujo (2006) have demonstrated the importance of communication campaigns and of informing beneficiaries. In Ecuador, it was discovered that some families had not realized that the benefits of the Human Development Grant were subject to conditionalities, whereas other families had, which led to different responses with different outcomes. Families who knew that the transfers imposed conditionalities sent their sons and daughters to school, increasing their school enrolment rates, which was not the case with families that believed no commitments were required in order to receive benefits.

This could support the introduction of conditionalities even where verification is weak. Some assessments have shown positive externalities associated with the mere existence of a programme in the community, with the result that even non-beneficiaries (those not receiving transfers and not subject to the conditions) increase the use of social services (Veras Soares, Ribas and Hirata, 2008; Lehmann, 2009). This means that beneficiaries' perceptions regarding compliance with conditionalities can often be powerful enough to obviate the need for strict systems of control and penalties for non-compliance in order to produce an effect on behaviour, although it is crucial for the supply of related social services to be large enough to cover the increased demand created by the programmes.

Another role that transfer programmes with weak conditionalities could play is to insure against emergencies and disasters, whether they

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<sup>7</sup> In 2007, when a representative sample of Argentina's population was asked the question "Do you think that people receiving [benefits from] plans should do something in return?" for the Survey of Perceptions of Social Policy (EPPS), 93% of respondents answered in the affirmative (Cruces and Rovner, 2008).

be economic crises, or natural or other disasters (Veras Soares, 2009a).<sup>8</sup> Such events typically produce sudden losses of income to which poor households tend to respond with strategies jeopardizing the human development of their members, especially minors. In the context of the recent food price crisis, Lustig (2008) highlights the importance of social protection networks to contain the consumption level of households facing this kind of shock, in addition to safeguarding them against loss of assets. After studying this relationship in relation to the crisis in Nicaragua's coffee sector, which went on to cause an acute economic crisis, Maluccio (2005) shows the positive outcomes of the co-responsibility transfer programme Social Protection Network (RPS) on household strategies for weathering the crisis. The programme was said to have enabled beneficiary households to: mitigate the decline in consumer spending (and even to increase it in some cases); keep its members working the same number of hours as before the crisis (unlike non-beneficiary households, whose members were forced to work significantly longer hours); increase school enrolment rates; and reduce child labour.

Type-1 CTPs can operate in two modes: one continuous, where families in situations of poverty and income vulnerability receive constant access to benefits; and the other temporary, provided only as relief in emergencies arising from natural disasters, economic crises or other events affecting their economic vulnerability. An example of the second mode is Ecuador's "Emergency Grant" cash transfer, which is triggered whenever a state of emergency is declared somewhere in the country. Even though the transfer does not include conditionalities, it is part of Ecuador's Social Protection Programme (PPS), which also includes the Human Development Grant. Other emblematic cases of emergency relief programmes are Nicaragua's Crisis Response System (SAC) (for natural disasters) and Uruguay's National Social Emergency Response Plan (PANES) (for economic crises). In these CTPs, the underlying idea is that a scheme of conditionalities can help to prevent the loss of human capital through family strategies of curbing consumption.

Veras Soares (2009a; 2009b) emphasizes that, where they already exist as part of public policy, CTPs can be turned into crisis insurance mechanisms but that it is unwise to implement them while a crisis is under way because of their heavy requirements in terms of installed capacity and financial resource commitment. For CTPs to be useful instruments in

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<sup>8</sup> Some co-responsibility transfer programmes, such as Nicaragua's Crisis Response System (SAC) or Ecuador's *Bono de Emergencia* emergency cash transfer, were designed specifically to address emergencies. Others, such as the Honduran Family Allowance Programme (PRAF), Colombia's Families in Action programme and the Dominican Republic's Solidarity programme, emerged out of economic crisis, but have tended to spread and become institutionalized with the long-term aim of attacking poverty.

such circumstances, their information, beneficiary selection and benefit payment structures need to be specially adapted and properly coordinated to enable them to operate flexibly enough in an emergency. However, this is not the case with many of the region's existing programmes.<sup>9</sup>

### **(b) Expected outcomes**

The effectiveness of CTP cash transfers in terms of reducing poverty and income inequality differs according to whether the impact is measured on national indicators or on programme beneficiaries (ECLAC, 2010a; Cecchini and Madariaga, 2010). In the case of *Bolsa Família*, transfers have been found to reduce the poverty gap, extreme poverty and the Gini coefficient (Veras Soares and others, 2006; Veras Soares, Ribas and Osorio, 2007). However, their impact on nationwide poverty levels is often moderate and can even worsen poverty where other dynamics exist.<sup>10</sup>

In view of the above, and in line with other studies (Maluccio, 2005; Fiszbein and Schady, 2009), ECLAC (2010a) shows that, while the impact of conditional cash transfers and other non-contributory public transfers may be insignificant across households as a whole, for the households actually receiving them, the impact is great. In rural areas, per capita transfers account for an average 37% of the value of the extreme poverty line and 21% of the poverty line. In urban areas, transfers average 31% of the extreme poverty line and 15% of the poverty line.<sup>11</sup> In the case of Brazil (de Oliveira and others, 2007) *Bolsa Família* beneficiaries have been found to have significantly higher total household expenditures than those receiving no benefit of any kind, especially on clothing and children's education. However, no significant changes in food consumption are apparent, with the widest disparities among low-income beneficiaries, which would seem to be true of a number of other CTPs (Fiszbein and Schady, 2009).

Nonetheless, consideration should be given to the sustainability of cash transfers over time (Bastagli, 2009). Achieving the goal of poverty reduction poses a real challenge for any social policy seeking long-

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<sup>9</sup> Veras Soares (2009b) gives the example of beneficiary selection by proxy means tests, which are not sensitive to short-term variations in people's income and would therefore not provide the required flexibility to incorporate new beneficiaries in crisis situations. Based on the above, the author shows that, as many co-responsibility transfer programmes have been designed for other purposes, their instruments do not necessarily conform to the requirements of crisis events.

<sup>10</sup> In the case of Mexico, even though evaluations of the *Oportunidades* programme have found positive effects on poverty gap and severity indices (Fiszbein and Schady, 2009), its contribution to the incidence of overall poverty or inequality has not been established clearly. Even though the programme was fully operational between 2006 and 2008, food poverty increased by 5.4% nationwide (Rangel, 2009) while Mexico's per capita income increased by around 7% (ECLAC, 2010a).

<sup>11</sup> Based on the maximum amount of transfers.

term outcomes rather than mitigating poverty at a given point in time. A number of authors (Maluccio, 2005; Fiszbein and Schady, 2009; Moore, 2009b) cite Nicaragua's Social Protection Network as an example of positive outcomes on poverty and inequality indicators, owing to the transfer amounts and effective targeting. In addition, this programme was reported to have improved consumption by beneficiary households in both quantitative and qualitative terms (increased intake of foods with a higher nutritional content). However, this lasted only for as long as the loan was forthcoming from the Inter-American Development Bank (IDB) funding the programme (between 2000 and 2006), after which the programme was discontinued, along with its benefits and, as expected, the effects turned out to be merely temporary. So, unless CTPs are designed as long-term programmes from the outset, the impact on incomes is unlikely to last after programmes have ceased.

These considerations about the sustainability of results are relevant to the debate on permanent versus temporary support and the design of effective exit strategies, where exit is an option (Medeiros, Britto and Veras Soares, 2008). To assess the impact of type-1 CTPs, it is not enough to measure the impact of transfers on total family income and to analyse the extent to which they enable families to rise above extreme poverty or poverty lines, or the extent to which transfers help to sustain income levels in times of crisis. It is also necessary to assess the effectiveness of exit strategies in building the capacity of households and enabling them to become autonomous.

Another important factor is the cost-effectiveness of interventions. A number of authors suggest that, if income transfer is the sole objective, the best option is an unconditional transfer, given the costs associated with control measures and other institutional infrastructure elements required for a CTP (de Janvry and Sadoulet, 2006a; Samson, 2006; Freeland, 2009). Evidence shows that there is no clarity regarding the costs of such procedures, especially in the stage of verifying conditionalities. A study of Honduras, Mexico and Nicaragua (Caldés, Coady and Maluccio, 2006) shows that the combined targeting and control costs can total as much as 60% of the annual budget of a programme like *Progresa*. However, Fiszbein and Schady (2009) warn that these costs depend on the programme implementation stage, citing the study by Grosh and others (2008), which states that, for 10 countries, the costs of payment implementation and verification of conditionalities, plus additional support services, average less than 12% of the budget.<sup>12</sup>

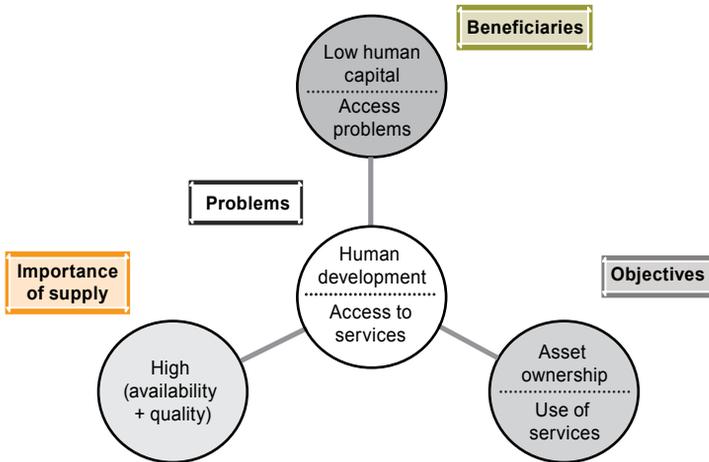
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<sup>12</sup> These analyses are beset by major methodological problems for making intercountry comparisons, stemming from the non-comparability of administrative costs by function. Countries' institutional arrangements and systems for recording administrative

## 2. Demand incentive programmes with strong conditionality

A second type of CTP is designed primarily to promote the human development of the poorest sectors of the population, which in practice means increasing their use of social services by removing barriers to entry (see diagram III.3). CTPs of this type are Mexico’s *Oportunidades* programme and Costa Rica’s *Avancemos* programme.

Diagram III.3  
TYPE-2 CO-RESPONSIBILITY TRANSFER PROGRAMMES: DEMAND INCENTIVE PROGRAMMES WITH STRONG CONDITIONALITY



Source: Prepared by the authors.

Type-2 CTPs interpret the problems facing poor families as centring on their lack of human capital assets, exacerbated by lack of access to basic services stemming from either demand problems (households lack vision concerning returns on investment in human capital) or supply problems (lack of access to social services). While, in practice, there has been a tendency to focus on demand-side problems, that is to say, to encourage the use of education and health services by the beneficiary population (Villatoro, 2008; Parra Córrea and Perez Ribas, 2008), there is a crucial need to increase service provision and quality as a whole, as the greatest barriers to entry faced by poor families are deemed to include their attitudes or behaviour towards social programmes and services as a result

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costs vary widely, complicating cross-programme comparisons of disaggregated administrative costs (Lindert, Skoufias and Shapiro, 2006).

of persistently inadequate provision. In fact, in the case of *Oportunidades*, the quality of the services available to beneficiaries has been repeatedly called into question and is currently one of the main concerns of the programme's administrators.<sup>13</sup>

### (a) Operating rationale

The chosen solution for type-2 CTPs is to use cash transfers as a tool for breaking down barriers to entry and encouraging the use of education and health services, with the aim of improving individual and collective health and human development by accumulating and enhancing poor people's human capital assets. As the main objective is not to increase people's income levels but to enhance their human development, the cash transfer is just one input to financing the cost of access by the poor to education or health services. Making the transfer conditional would therefore encourage a change in behaviour by beneficiaries and possibly make households more willing to invest in human capital. The importance of changing behaviour also explains why, in programmes like *Oportunidades*, the information and guidance provided to the various family members during health and sanitation talks is considered so important that they have been made part of the conditionalities imposed upon beneficiaries (see diagram III.4).<sup>14</sup>

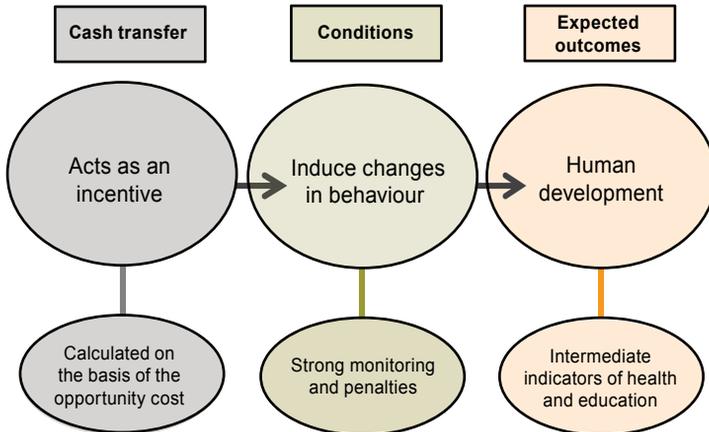
Transfer amounts are therefore calculated on the basis of the opportunity costs incurred by families in using the services being encouraged. In the case of the second Honduran Family Allowance Programme (PRAF II), the transfer for the health component was based on the average wage earned by a woman for an annual 12 days of employment in the most common agricultural activities (IDB, 2000), to compensate mothers for time spent on complying with health conditionalities (attending check-ups for children and pregnant women). In other cases, transfer amounts are calculated on a differential basis for the different population groups and services. In Colombia's Families in Action programme, four groups of different-sized cities were defined and, for the education grant, a sliding-scale scheme was established in line

<sup>13</sup> Rangel (2009) points out that, under this programme, in 12.3% of rural clinics the structure is of low quality, in 35.5% it is low to average and in only around 7% can it be considered high-quality. The same applies to the quality of care by health personnel for antenatal, metabolic syndrome and child patients. On the issue of educational services, the author states that both national assessments (Enlace) and international assessments (Programme for International Student Assessment (PISA)) of State education point to a low-quality educational process and poor school performance in rural, indigenous and distance-education secondary schools, which is where most *Oportunidades* beneficiaries are enrolled (see also Bertozzi and others, 2008).

<sup>14</sup> While other co-responsibility transfer programmes, such as Panama's Opportunities Network, promote attendance of educational talks, this is not a requirement for receiving monetary support (Rodríguez, 2010).

with successive education levels (the largest transfer at the highest level). Mexico’s *Oportunidades* programme and Costa Rica’s *Avancemos* adopted this scheme at an early stage and Jamaica’s Programme of Advancement through Health and Education (PATH) adopted it more recently.<sup>15</sup>

Diagram III.4  
TYPE-2 CO-RESPONSIBILITY TRANSFER PROGRAMMES:  
OPERATING RATIONALE



Source: Prepared by the authors.

Both the *Oportunidades* and PATH programmes incorporate an additional differentiation in transfer amounts based on children’s gender, taking the opposite approach: whereas *Oportunidades* grants higher transfers to women, PATH grants higher transfers to men. In both cases, the aim is to tackle the gender inequality problem facing men and women, from an early age, in terms of opportunities to attend school and continue into higher education.

However, there appears to be no conclusive evidence regarding which gender should be prioritized, as there are some criteria that could be used to justify higher transfers for men and others for women (Villatoro, 2007). In the case of men, a higher amount may be justified by the need to cover the greater opportunity cost they face in complying with conditionalities, as they receive greater returns on alternative activities. Higher transfers for women may be justified by the fact that they have higher school dropout rates and their expected returns on additional years

<sup>15</sup> Jamaica’s PATH programme is an interesting case because it began with a flat-rate transfer, which was granted to each eligible member but, in 2008, it switched to a sliding-scale scheme much like that of the *Oportunidades* programme.

of education are greater, in addition to the proven fact that, all things being equal, parents tend to favour the education of sons. As the opinions of beneficiaries themselves are divided on the issue of who should receive greater support (Villatoro, 2007), it is even more difficult to judge the effectiveness of incentives.

A practical means for calculating cash transfer amounts in line with the human development objectives of type-2 CTPs might be to establish differentiated amounts according to men and women's coverage gaps and education levels prior to the intervention, which would require a preliminary assessment of these indicators both nationally and locally. This has been termed "calibration" of conditionalities (De Brauw and Hoddinott, 2008; De Janvry and Sadoulet, 2006b).

The study by De Janvry and Sadoulet (2006b) suggests ways of increasing the efficiency of conditionalities, targeting them solely at the population segment with the lowest levels of the indicator that is to be increased. For the education sector, the study proposes defining where and on whom to focus conditionalities based on a combination of indicators showing who has the lowest initial probability of school enrolment without the conditional cash transfer and who has the highest enrolment response to a transfer. In the case of *Progresa*, these elements are determined by such variables as age, ethnicity and whether or not there is a school in the village (De Janvry and Sadoulet, 2006b).

In line with the approach where the transfer is seen as an incentive, amounts are often limited intentionally so as not to deter families' own efforts to secure income from other sources (Levy and Rodríguez, 2005). While much of the literature concurs with this idea, some studies show that there may be stronger symbolic reasons why families may wish to relinquish their status as beneficiaries of poverty reduction programmes as soon as possible, such as the associated stigma (Mattos and Ponczek, 2009).<sup>16</sup>

Moreover, in type-2 CTPs, there is a close link between transfers and conditionalities, in that they require commitments from their beneficiaries, termed "strong" conditionalities (Fiszbein and Schady, 2009). The aim is to emphasize the central role of conditionalities in these CTPs' bid to change beneficiaries' behaviour to increase their willingness to invest in human development. As they are so important, type-2 CTPs contain a set of mechanisms designed specifically to conduct the process of monitoring conditionalities and linking them with payment and penalty procedures, with the prevailing trend being the "single transfer-single condition" model. The most emblematic cases are the *Oportunidades* and Families in Action programmes, which have complex mechanisms

<sup>16</sup> See the influential article by Becker (1965, pp. 493-517) for an economic theory on the allocation of time.

for verifying conditionalities that, in turn, call for systems allowing compliance information to be updated quickly for the purposes of payments and penalties. Other programmes with strong control and heavy penalties include Jamaica's PATH, Colombia's Conditional Subsidies for School Attendance (in Bogota) and Nicaragua's two discontinued co-responsibility transfer programmes (Social Protection Network and Crisis Response System) (Fiszbein and Schady, 2009).

Even though other programmes have no control mechanisms, they place the same importance on conditionalities and are currently in the process of implementing such mechanisms. One example is the Honduran *Bono 10 000* programme for education, health and nutrition, which focuses on human capital and is designed more in line with a demand-incentive CTP. However, until recently (prior to the launch of its third IDB-funded Family Allowance Programme (PRAF III) in 2007), Honduras did not verify conditionalities owing to logistical problems and lack of infrastructure (Cecchini and others, 2009). Finally, in other programmes, such as Costa Rica's *Avancemos*, institutional coordination problems pose serious challenges to the verification of conditionalities (Román, 2010).

### **(b) Expected outcomes**

The impact of a demand incentive-oriented CTP should be analysed in terms of the variation in indicators of use of the services being encouraged.<sup>17</sup>

In general, co-responsibility transfer programmes are successful in promoting wider access to education and health services, as well as in improving indirect indicators such as school enrolment and attendance (Schady, 2006; de Brauw and Hoddinott, 2008) and coverage of child growth monitoring and preventive health checkups.<sup>18</sup> However, there is no conclusive data on their impact on such aspects as learning (Reimers, DeShano da Silva and Trevino, 2006) or child nutritional status (Castiñeira, Nunes and Rungo, 2009). Although some programmes with nutrition-based benefits, such as *Oportunidades* and the Social Protection Network, seem to show improved nutrition indicators (Basset, 2008), these results should be viewed with some caution as to their validity and the possibility of extrapolating them to other contexts.<sup>19</sup>

<sup>17</sup> Bastagli (2008) calls them "intermediate human capital outcomes".

<sup>18</sup> Improvements in enrolment tend to be more marked in countries with lower enrolment levels, in the transitional school grades with higher dropout rates (such as the step from primary to secondary school) and in the poorest households.

<sup>19</sup> In such cases, it is plausible to assume that the outcomes are the result of specific benefits that influence the nutritional component, such as food supplements. Another important consideration is the effect of other programmes with a direct impact on human capital outcomes (such as nutritional plans), which are difficult to verify in the usual experimental and quasi-experimental studies.

Assessments of the *Progresa* and *Oportunidades* programmes have shown significant progress in education indicators, including lower school dropout rates, increased school enrolment and improved grades (SEDESOL, 2008). In the area of health, they have been found to increase preventive consultations, reduce maternal and child mortality, improve nutrition indicators, such as height and anaemia prevalence, and reduce sick days.<sup>20</sup>

### 3. Programme coordination systems or networks with conditionalities

While the third type of CTP could be considered an extension of the previous two—a kind of “third-generation” CTP—it takes a qualitatively different approach to the needs of poor and vulnerable sectors of the population and the benefits required to support them, in addition to serving as a means for uniting and channelling a set of existing benefits and entitlements. Rather than a CTP *per se*, it is more a coordination structure designed to ensure or guarantee access to the benefits offered by various specific programmes and so create a minimum level of social inclusion. This classification is modelled on the Solidarity Chile programme, although Colombia’s *Juntos* network for overcoming extreme poverty (*Juntos* Network) is similar.

The rationale behind such systems is that social vulnerabilities stem not only from lack of income or access to specific social services, but also from a host of psychosocial, cultural, economic, geographical and other factors.<sup>21</sup> A combination and accumulation of such factors results in situations of social exclusion and rights violations that are hard to administer for a public policy accustomed to operating on a “waiting list” basis, where families with the most information about public benefits and entitlements end up being first in line to receive them. The rationale behind type-3 CTPs is that public provision should approach families and not vice versa, as part of a coordinated and proactive system. This also provides a means for resolving programme and institutional fragmentation and laying the foundations for cross-sector intervention via a single entry point to all social programmes and services. This is done by implementing a “one-stop shop” for

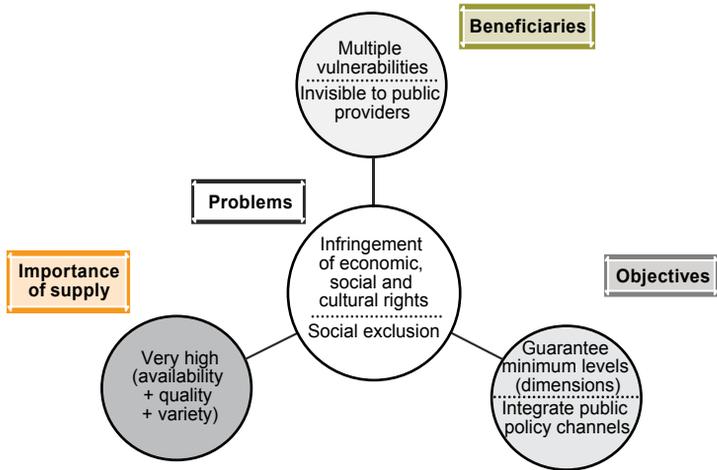
<sup>20</sup> Younger, Ponce and Hidalgo (2008) compared the different assessments of *Progresa* and *Oportunidades* in terms of nutritional outcomes and found that changing information sources and the year in which measurements were made, as well as the methods and techniques used, could alter the results radically. Veras Soares, Perez Ribas and Issamu Hirata (2008) also address the conflicting aspects of impact assessments, stating that, given the diversity of results and methods used, it is not possible to make conclusive assertions.

<sup>21</sup> For example, a combination of such factors as living in a slum or rural area and suffering from malnutrition, poor health and education, problems in securing formal employment, low income and poor self-esteem leads to situations of exclusion, with a high likelihood of remaining in extreme poverty.

care, which, in the case of Solidarity Chile, is embodied by its family support counsellors (*apoyos familiares*) (Raczynsky, 2008), that is to say, professionals who work on psychosocial aspects aimed at promoting and facilitating a match between supply and demand for social services and enhancing family dynamics. Through its strategy of caring for families and boosting their access to a range of social benefits, Solidarity Chile aims to promote improvements in areas considered crucial to enabling people to escape from marginalization and to establish a minimum level of social inclusion (see annex II.3).

Type-3 CTPs rely on the existence of a fairly extended network of social programmes and services, which must be of proven quality and effectiveness and constantly evaluated to meet the proposed objectives. That is why the requirements in terms of service provision are perhaps the strictest of all three types of CTP, with not only high-quality services available but also a widely varied programme offering (see diagram III.5).

Diagram III.5  
 TYPE-3 CO-RESPONSIBILITY TRANSFER PROGRAMMES: PROGRAMME COORDINATION SYSTEMS OR NETWORKS WITH CONDITIONALITIES



Source: Prepared by the authors.

Experience with Solidarity Chile has shown that local service networks are not always able to meet the user expectations raised by family support counsellors or the system's quality standards (MIDEPLAN, 2009a; 2009b). The problems of matching supply to users' specific requirements and the expectations raised in them during the support period can lead to frustration and regression in the psychosocial work

achieved by family support counsellors (Nun and Trucco, 2008). For example, job requirements for the positions offered through Municipal “Labour-market intermediation” Offices (OMIL) were observed to be far in excess of the experience and educational level of members of *Puente* programme beneficiary families (Rangel, 2005). Failure to meet beneficiaries’ expectations and their resulting disappointment can compound emotional problems and prompt programme participants to abandon work (MIDEPLAN, 2009b).

### (a) Operating rationale

While, at first sight, such plans might not resemble co-responsibility transfer programmes, in a number of ways they share the basic structure common to all CTPs. First, they incorporate cash transfers, even though the amounts may be low, not to say, insignificant, intended only to reduce the transaction costs of entering the other social programmes to which the system provides access. This applies to the Solidarity Chile programme’s “protection bonus” and “exit bonus” transfers. A second aim of type-3 CTPs is to link beneficiaries with other non-contributory social protection programmes fulfilling a specific income transfer function, such as social grants or pensions. For example, Colombia’s Families in Action programme represents the income transfer component of a wider system of interventions: the *Juntos* network. In Solidarity Chile, the Single Family Subsidy (SUF) plays a similar income-transfer role. Both incorporate conditionalities for the use of education and health services.

Thus, type-3 CTPs include the conditionality concept, albeit to a limited extent, in that families must meet certain basic minimum social standards. In such cases, the conditions to be met by each family are variable and fairly flexible and are established in line with the specific work that families carry out in conjunction with support counsellors.<sup>22</sup> In Solidarity Chile, for example, the “protection bonus” provided during the support period requires the family to have worked, during the current month, on at least one of the seven dimensions considered important for improving their living conditions. However, given the programme characteristics and intervention dynamics, it seems reasonable, in practice, for delivery of the protection bonus not to be linked directly to compliance or non-compliance with minimum standards, but rather to the effort made by each family to comply with them, as perceived by their family support counsellor. By contrast, the “exit bonus” is granted to all families who

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<sup>22</sup> The flexibility comes not from the definition of dimensions on which to work but rather from allowing families to rank their own order of needs and from their contracts for compliance with minimum standards. Another element of flexibility is the possibility of gearing the supply of services and programmes to the specific realities of these families (see Nun and Trucco (2008) for the case of Chile).

succeed in meeting the minimum standards established upon completion of the support process. This cash benefit and the other grants to which beneficiary families are entitled continue to be paid on a monthly basis for three years following completion of the psychosocial counselling period, with no other conditionalities.

In type-3 CTPs, cash transfers and conditionalities therefore play a secondary role, with primary importance accorded to providing families with psychosocial guidance and support (see diagram III.6). In Solidarity Chile's *Puente* Programme the basic objective of family support counsellors is to carry out psychosocial work with beneficiary households and support them over a 24-month period. During this time, families are asked to commit to improving certain aspects of their quality of life considered to be minimum social standards in terms of rights of citizenship.<sup>23</sup> This requires the family support counsellor to facilitate the linkage of households with public sector networks of social programmes and services and to ensure that they have access to the various benefits on offer. The ultimate aim of the support activities is to prepare for the family's gradual exit from the programme. As the family meets the successive objectives of the various dimensions, visits from the family support counsellor gradually diminish in frequency, while the transfer amount (protection bonus) shrinks. As a coordinating unit, the Solidarity Chile system is responsible for ensuring that supply meets incremental demand, managing inter-agency agreements and administering the transfer of funds.

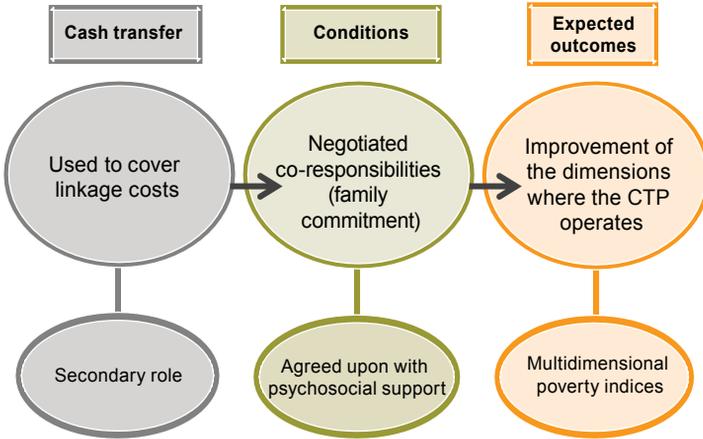
The "social administrators" in Colombia's *Juntos* Network play a similar role in focusing public provision of social programmes and services around families and work in order to attain certain basic goals.<sup>24</sup> In its coordinating role, the *Juntos* Network does two things. First, it sets a baseline for identifying family demand for services and programmes in order to meet minimum social standards. Second, it administers the necessary supply and coordinates the different sectors in order to ensure that beneficiaries have access to the various services and programmes, while increasing municipal institutional capacity and supply.

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<sup>23</sup> These are 53 aspects grouped into 7 dimensions forming the basis of the programme's poverty reduction goal. These aspects are addressed jointly by the family support counsellor and individual households in line with each household's priorities, capabilities and needs (see annex III.3).

<sup>24</sup> The dimensions tend to coincide with those of Solidarity Chile, except for the addition of "insurance and banking" and "legal support". Even though these two are not among the dimensions required to meet the minimum standards of the *Puente* programme, Solidarity Chile allows linkages with public programmes that do address these considerations, such as access to the Support for Entrepreneurship programmes of the Solidarity and Social Investment Fund (FOSIS) and the legal aid corporations of the Ministry of Justice.

Diagram III.6  
TYPE-3 CO-RESPONSIBILITY TRANSFER PROGRAMMES:  
OPERATING RATIONALE



Source: Prepared by the authors.

Several CTPs in the region have incorporated the family guidance and support component for a variety of reasons. In Panama’s Opportunities Network it is used to inform beneficiaries about programme characteristics and the transfers and services to which they are entitled, as well as to facilitate compliance with conditionalities. In practice, its family liaison officers (*enlaces familiares*) have been used as a social auditing instrument, as well as to provide feedback to the programme on the beneficiaries’ conditions and unmet needs (MIDES, 2008; Rodríguez, 2010).

In Paraguay’s *Tekoporâ* programme, family support counsellors are required to achieve a range of objectives, from informing and training families in various human capital areas (including education, nutrition and sanitation) and in family dynamics (domestic violence and alcoholism) to evaluating compliance with health and education conditionalities. They must also devote much of their time to discussing with families strategies for boosting both household and community productive capital (Veras Soares and Britto, 2008). Assessments suggest that, even though the family support component is considered a key element in the programme’s operation, lack of infrastructure and resources are obstacles that constrain its response capacity (Veras Soares and Britto, 2008). However, it is acknowledged that incorporating and coordinating social protection, social promotion and economic inclusion activities into a single programme is no easy matter (Veras Soares and Britto, 2008). Another Paraguayan programme, *Abrazo*, is a special form of CTP that includes the family support component. *Abrazo* focuses its intervention on reducing

child labour by targeting family dynamics, in particular by encouraging the restoration of family ties and ensuring that fathers and mothers take more responsibility in their respective roles and participate in the process set in motion when a child returns to education. This intervention entails regular family visits, case tracking and training workshops (SAS/ILO, 2007a). Finally, El Salvador's Solidarity in Communities programme includes non-governmental organizations (NGOs) for family support and follow-up, which are responsible for verifying the conditionalities of beneficiary families and, in so doing, act as the link between families and service provision. NGOs work with families to identify the causes of non-compliance. They are also active in promoting community participation and organization by means of training seminars.

### **(b) Expected outcomes**

The impact of type-3 CTPs should be analysed on the basis of variations in the specific indicators of each dimension, addressed via the concept of "minimum social standards" (including identification, nutrition, health, education and housing), as well as via indices that integrate different aspects of poverty.

The outcomes to be expected from type-3 CTPs are evident from the experience of Solidarity Chile. An assessment of the first cohorts to enter the programme in the period 2002-2005 reveals that, by the time they exited, half the families had met all the minimum conditions, while 85% had managed to comply with at least 50 of the 53 conditions (Larrañaga and Contreras, 2010). Other quantitative assessments of the programme indicate that it took some years before improvements were observed in the various areas—especially employment, incomes and poverty—which is consistent with the programme's long-term approach (Galasso, Carneiro and Ginja, 2007). However, there was a tendency for these improvements to diminish or disappear altogether when compared with a control group (Larrañaga, Contreras and Ruiz-Tagle, 2009), raising doubts about the programme's effectiveness. Two of the possible explanations put forward are that Chile's general context of economic growth during the programme start-up period enabled non-participant families to achieve similar improvements in their living standards (Galasso, Carneiro and Ginja, 2007), or that the improved overall provision of public services as a result of introducing the programme had a positive spillover effect onto non-beneficiary families (Larrañaga, Contreras and Ruiz Tagle, 2009; Lehmann, 2009).

From another standpoint, the qualitative assessments have provided important insights into the development of the Solidarity Chile intervention process. Assessments reveal that *Puente* programme family support is considered to be the most successful component of Solidarity Chile, especially in improving beneficiaries' quality of life by

meeting minimum social standards (Nun and Trucco, 2008; MIDEPLAN, 2009b). In addition, benefits from the psychosocial work emerge in the space of reflection opened up in families and act as a catalyst for their own self-development initiatives (Nun and Trucco, 2008; MIDEPLAN, 2009b). However, there are still some problems with the Solidarity Chile intervention model, such as the need for minimum social standards to be considered from a perspective that takes explicit account of the interdependence of achievements in the various dimensions and the flexibility and adaptability of the minimum conditions. Even though multidimensionality is a pillar of the Solidarity Chile intervention, the method used by support counsellors to address compliance with minimum social standards has tended to focus on individual dimensions, to the detriment of improving them across the board (Nun and Trucco, 2008). As the everyday reality of families is sometimes far removed from the rigid minimum social standards that they must meet, the standards should be made more flexible.

It is also important to highlight the family support counsellor's role in sustaining improvements in households' quality of life, as well as in conveying the programme's social promotion objectives correctly, to prevent families from interpreting them as welfarist or paternalistic (MIDEPLAN, 2009a). Improvements in dimensions such as employment and housing have been found to be concentrated in the family-support period and to decline in subsequent years (Larrañaga, Contreras and Ruiz-Tagle, 2009; MIDEPLAN, 2009b). Problems have also emerged with the sustainability of the link between beneficiaries and the provision of public programmes and services once the family support counsellor's intervention is complete (MIDEPLAN, 2009a). The way in which family support counsellors appropriate the programme's guiding principles is therefore crucial in ensuring sustainable outcomes (MIDEPLAN, 2009a; 2009b; Nun and Trucco, 2008) —a concern that extends to the other actors involved in providing services to programme beneficiary families (Arriagada and Mathivet, 2007; MIDEPLAN, 2009a; 2009b).

Follow-up of families that have exited the *Puente* programme shows those that were in a better situation at the start of the intervention, in terms of both socio-economic vulnerability and family dynamics, experience the most positive outcomes in terms of successful completion of the support period (MIDEPLAN, 2009b). By contrast, families that were in a worse situation at the outset tend to have difficulties in meeting the minimum standards or simply abandon the programme before the end of the support period (Nun and Trucco, 2008). A large proportion of the latter consist of single-parent households headed by women or poorly educated young people (MIDEPLAN, 2009b) or families with domestic violence, alcoholism or substance abuse issues (MIDEPLAN, 2009b).

Finally, adverse effects on social capital have been reported, owing to lack of community-level interventions (Nun and Trucco, 2008). To overcome this and help to foster collaboration and collective decision-making, Colombia's *Juntos* Network has incorporated a "community support" phase into its psychosocial support component, consisting of organizing meetings between beneficiary families to enable them to share experiences and learning relating to their family work plans.



## Chapter IV

# **Towards a comprehensive social protection system**

Previous chapters have discussed a number of issues relating to the development of social protection in Latin America, including the various conceptual approaches and frameworks that have shaped it in recent decades, existing proposals for consolidating broader access to social protection instruments and some of the main initiatives and policies that countries have designed and implemented in the area of social protection. This chapter explores the components, scope and prospects for building comprehensive social protection schemes in the region, identifying their role within the wider set of social policies. After presenting the social protection components guided by this approach, this chapter goes on to review some of the central tenets underpinning social protection management and implementation, bringing to light a number of challenges and unresolved issues.

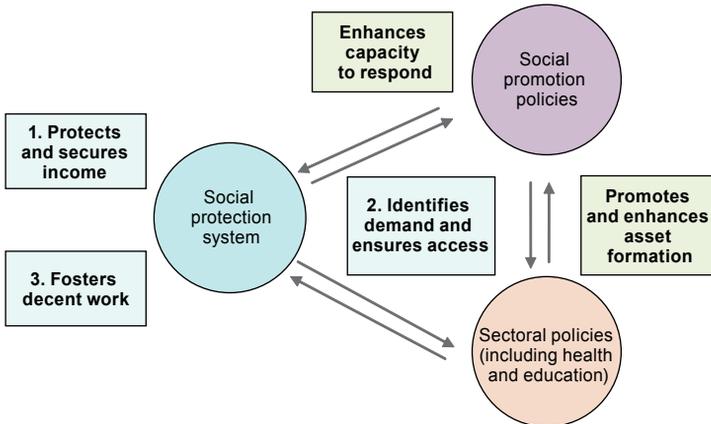
### **A. Social policy: protection, promotion and sectoral policies**

Social policy includes the design, financing, implementation, monitoring and evaluation of strategies and activities for improving the quality of life of residents of a country, region or area. It therefore encompasses all interventions —primarily by the State but also by other actors such as civic and community organizations or the market— that have a direct impact on people's welfare, institutions and their relations: health and

education services; subsidies and cash or in-kind benefits; social security and pensions; labour market measures; progressive tax collection; and redistributive policies (Franco, 2010; Mkandawire, 2006).

The components of social policy are social protection, social promotion and sectoral policies, such as education and health. Social protection, whose primary objective is to provide a minimum level of social and economic welfare to all members of society, is central to social policy but is distinctive in terms of the social problems it addresses. Social promotion encompasses all policies relating to capacity-building, by building human capital (education and training) or improving conditions in the environment where human capital is required to operate (labour intermediation, promotion of production, financing and technical assistance to micro- and small enterprises and the identification and promotion of business start-ups). In short, social promotion includes all policies and programmes intended to improve people’s quality of life through increased productivity and independently generated incomes. The third component —sectoral policies in such areas as education, health and housing— contributes directly to enhancing human development and building human capital, as well as, indirectly, to fostering social cohesion. Clearly, in such a framework, each component must be coordinated with the others in order to achieve social policy objectives (see diagram IV.1).

Diagram IV.1  
SOCIAL PROTECTION WITHIN BROADER SOCIAL POLICY



Source: Prepared by the authors.

Social protection systems, in particular, make it possible to link social protection and promotion policies, assigning them —and sectoral policies— with the role of managing and delivering services. Social

protection is therefore responsible for protecting and securing income and fostering decent work, as well as for identifying unmet demand (and critical points in existing public provision). It is also responsible for ensuring that the entire population has access to social services and making sure that the services are adequate in terms of coverage and quality. However, social protection is not responsible for service delivery, which requires specialist management.

Social protection systems should not be viewed merely in terms of the recipients in the population segment which is vulnerable to the social deficits of economic development, crises and/or market failures, but as proactive agents for providing people with access to better economic and social conditions. Social protection systems therefore play a key role in identifying new needs and assessing the scale and characteristics of demand, becoming facilitators of the quality management of other policies.

For the smooth operation of social policy and, hence, social protection policy, it is also crucial to consider its relationship with economic policies (micro and macro) and its impact on the promotion of productive, rural and infrastructure development, as well as on improving the quantity and quality of employment. All these elements impact heavily on existing capabilities for lifting people out of their critical condition of poverty and responding to the risks facing families.

## **B. Functions of a comprehensive social protection system**

The roles that social protection is called upon to play in broader social policy, in terms of protecting and securing income, ensuring access to promotion policies and other social services and fostering decent work, find their substantive basis in economic, social and cultural rights (see annex I). Below is a list of social protection functions and the specific rights they seek to ensure.

- (i) To guarantee an income that makes it possible to sustain the basic quality of life deemed essential for personal development. This function includes two components:
  - Facilitating the minimum socio-economic conditions that ensure the basic rights of individuals in such matters as income, food, health, education, housing and essential social services. This means safeguarding certain minimum social standards and basic needs, in line with articles 22, 25 and 26 of the Universal Declaration of Human Rights (United Nations, 1948) and articles 10 and 11 of the International

Covenant on Economic, Social and Cultural Rights (ICESCR) (United Nations, 1966), to make it possible to eradicate critical conditions of extreme poverty and to provide protection and care to economically inactive people.

- Offsetting a fall in incomes below the agreed essential standards. This entails ensuring access to mechanisms of continuous insurance against varying types of critical events in order to curb sudden drops in income that threaten people’s ability to meet the costs of a minimum level of welfare. Such events include loss of independent income and labour constraints imposed by health problems (either of employees themselves or their dependents), pregnancy and childbirth, natural disasters, armed conflict and other factors. That is to say, this function is intended to ensure a minimum income level by a variety of means, as indicated in articles 22 and 25 of the Universal Declaration of Human Rights (United Nations, 1948) and articles 9 and 10 of the ICESCR (United Nations, 1966).
- (ii) To identify unmet demand and ensure access to social services (including health, education and housing), as well as to promotion services to build people’s human capital and self-reliance. The aim of promoting access to basic social services that improve quality of life and the ability to accumulate assets is consistent with article 25 of the Universal Declaration of Human Rights and articles 11, 12, 13 and 14 of the ICESCR. This includes providing care to children, older adults and sick and disabled people.<sup>1</sup>
- (iii) To foster decent work by promoting better labour policies to help overcome labour market risks, ensuring the realization of workers’ rights and progressively integrating into the formal labour market the bulk of a country’s economically active population.<sup>2</sup> This function includes issues related to: (a) the formalization of employment by means of clear and informed contracts with just and favourable conditions (pay

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<sup>1</sup> Care provision is not the sole province of social protection. Sectoral policies, such as education, also make a significant contribution to care. For example, the full school day not only benefits pupils’ learning, it also relieves the burden of parental care, making it easier for parents to participate in the labour market.

<sup>2</sup> The “decent work” concept, introduced in 1999 by the International Labour Organization (ILO), reflects the broad goal of providing women and men with opportunities to obtain productive work in conditions of freedom, social justice, security and human dignity. It therefore includes the need to protect workers’ health, as well as to provide workers with adequate pensions (ECLAC, 2009a).

commensurate with work performed; equal conditions for men and women; occupational health and safety regulations; access to opportunities for career advancement; working hours and rest periods); (b) access to vocational guidance, technical training and training programmes for the promotion of economic, social and cultural development and productive employment; (c) the right to form and join a trade union, to strike, to form trade union confederations and to join international trade union organizations; and (d) the eradication of child labour and labour exploitation. All these aims figure in articles 23 and 24 of the Universal Declaration of Human Rights and in articles 6, 7, 8, 9 and 10 of the ICESCR.

Social protection should be universal in scope, meaning that it includes people working in the formal labour market as well as those outside it. This does not preclude the implementation of targeting mechanisms to allow social protection to address the resource shortage and prioritize those in situations of greatest poverty and vulnerability.

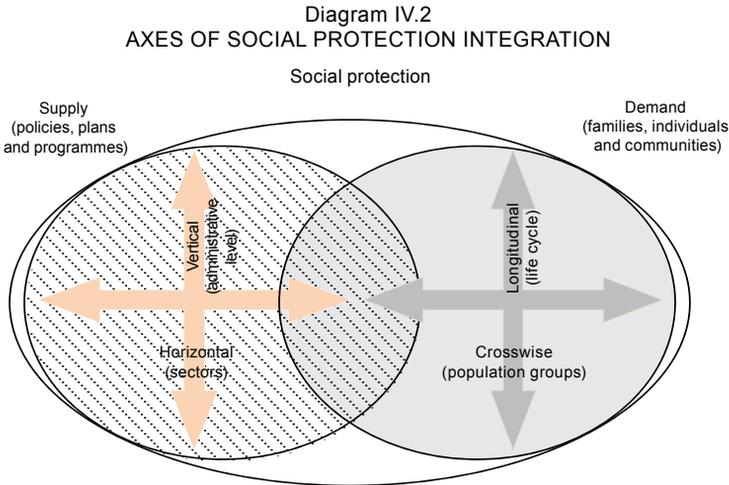
Social protection can therefore contribute significantly to alleviating the most urgent symptoms of poverty by building permanent pathways for overcoming it (although this is not enough on its own to eliminate poverty altogether) and to enhance the coping capacity to the risks of a sudden drop in income, favouring the development of a more inclusive society that promotes equal access to opportunities.

A key consideration that needs to be borne in mind when implementing comprehensive social protection systems is to ensure that they are sustainable financially and over time. One of the biggest criticisms levelled at the concept of protection as a citizen guarantee is that it could jeopardize the fiscal ability to defray its cost. Each country must therefore define the quantity and quality of the social protection components that it considers important to guarantee, in keeping with its own financial capacity. This leads to the establishment of a system of incremental guarantees, access to which must continue to be universal. In compliance with the ICESCR, preference is given to ensuring a minimum level for all (accessed through the State and/or the market), rather than high levels for just a handful of people with no protection for the rest.

The functions described above, which are rights-based, can be used to define standards and explicit guarantees of security in each area that can be translated into concrete instruments. While these instruments can be geared to meeting the specific needs of certain population groups, including people living in poverty or extreme poverty and highly vulnerable groups such as indigenous peoples, in principle they are available to all citizens.

### C. Axes of social protection integration

Conceptually, the comprehensiveness of social protection systems can be considered from two standpoints: that of policies, plans and programmes (supply) and that of individuals, families and communities (demand). As regards the supply of policies and programmes, there are two axes of integration that should be given special consideration during the design, implementation and operation of social protection systems: horizontal (or sectoral) integration and vertical integration (according to the administrative levels at which policies and programmes are implemented) (see diagram IV.2).



Source: Prepared by the authors.

The horizontal axis represents coordination between the different sectors of social policy action (such as social development, work, health and education), which has become necessary as a result of the role played by social protection policies in forging links with sectoral and social promotion policies (such as education and health or labour-intermediation services and active labour market policies). The vertical axis represents coordination between the different administrative levels (from central level down to States, provinces or departments (depending on the country) and, lastly, municipalities) and may or may not incorporate components of coordination with other stakeholders (private sector and civil society). With regard to the vertical axis, there has been a significant increase in the participation of different jurisdictions in the region’s policy formulation and implementation as a result of institutional reforms leading to greater decentralization

and regionalization (Franco, 2010; Martínez Nogueira, 2010; Ramírez and Peñaloza, 2007) (see the case of Colombia in box IV.1). However, the importance of the different levels of jurisdiction varies greatly depending on country size and the actual degree of decentralization achieved.

#### Box IV.1

##### CHALLENGES OF INTEGRATING COLOMBIA'S SOCIAL POLICY

The Colombian experience provides a good example of the challenges in integrating social policy across different administrative levels (Zapata, 2009). In Colombia, every department and each municipality within it has the autonomy to define its own social programmes alongside national policies, allocating own funds and prioritizing social investment in line with its own specific needs and interests. Wide capacity disparities between the various departments and municipalities, coupled with differing visions by authorities at the two levels, can lead to completely different situations from one area to another. For instance, the department of Antioquia has successfully pursued its own social plans and programmes focusing on housing and food security, by deploying a policy strategy based on the principle of universality and on the development of a social policy institutional framework that has even transcended changes in national government (Zapata, 2009). Departments in a totally opposite situation include Santander and Cundinamarca, which are both more dependent on national funding and where there are marked disparities between the municipalities within them, forcing these departments to target investment and prioritize the poorest areas.

Although the flexibility with which these Colombian departments operate is auspicious in terms of tailoring social policy to the requirements of citizens of a local area, there are obvious challenges in terms of vertical and horizontal coordination. According to Zapata (2009), there are few linkages between peer institutions (municipalities). In addition, policies defined at central level (sectoral policies) and those defined at local level are not coordinated seamlessly. Cunill (2008) also points to a deficit in the linkage between social programmes and services. Even though programmes such as co-responsibility transfer programmes are gradually incorporating a rights-based approach providing guaranteed access to social services, they are not always available in practice because local social services have little or no funding.

Source: N. Cunill, "Contraloría y derechos sociales: el desafío de la igualdad", *Gestión y política pública*, vol. XVIII, No. 1, 2008; J. Zapata, "Coordinación y gestión territorial de la política social en Colombia", *Políticas sociales series*, No. 148 (LC/L.3101-P), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), 2009. United Nations publication, Sales No. S.09.II.G.83.

Social protection systems must also ensure that social policies and programmes —coordinated with one another in the two dimensions described— meet in full the requirements identified after analysing demand from individuals, families and communities. To do this, they must take into account the needs of both "crosswise" integration and "longitudinal" integration (see diagram IV.2). Crosswise integration relates to the requirement to provide and coordinate differentiated benefits to

meet the differing social protection and promotion needs of extremely heterogeneous population groups. These groups may be defined in different ways, depending on such factors as area of residence, income, activity, type of employment or ethnicity. Crosswise integration therefore refers to the incorporation of families into social protection system through participation in various specific programmes, as well as to the management aspects associated with building the institutional capability to coordinate such interventions across sectors. In the case of poor families, this type of integration has been promoted fairly successfully through a number of co-responsibility transfer programmes (CTPs).

Longitudinal integration takes into account the requirements that arise throughout the life cycle of individuals and families—from early childhood to old age—and draws attention to the need to follow social protection interventions through the various programmes. This gives prominence to the pathways by which families and individuals reinforce their rights and their ability to access areas of contributory social protection or, where this is not possible, non-contributory social protection mechanisms to cover these needs with differentiated actions tailored to their profile.

So, for a protection system to be truly comprehensive there must be a sustainable linkage over time between demand and supply, as well as between the axes in which demand and supply are integrated.

#### **D. Social protection: universal rights tailored to people's differing needs**

The conclusion to be drawn from the above points is that there needs to be an inclusive social protection policy catering simultaneously to: people in a situation of poverty who require guaranteed income and access to promotion mechanisms; people who, while not poor, are vulnerable and require policies of continuous insurance; and people who are more self-reliant but who believe that a guaranteed minimum level of protection—in conjunction with public and private insurance mechanisms—provides a common basis for social citizenship. By being guaranteed for all citizens, these minimum levels are universal and establish a framework in which citizens not only demand and consume services, they are also holders and subjects of rights, with the capacity to demand that these rights be realized.

From a rights-based perspective, inclusive social protection therefore relies on an appropriate combination of universal social policy, which includes the provision of compensatory protection, and an economic policy that addresses social objectives explicitly (ECLAC, 2008a, p. 35; Mesa-Lago, 2000; Barrientos and Santibáñez, 2009), in addition to interventions that incorporate different population groups and build capacity to overcome the risk situations to which they are vulnerable (Serrano, 2005). This type of social protection does not set ceilings for protection or insurance but,

rather, incremental minimum levels that can be extended in accordance with the social and fiscal covenants established by each society.

From the perspective of crosswise integration (see diagram IV.2), the fact that the social protection requirements of the various population groups differ both qualitatively and quantitatively means that protection must be tailored to this diversity in order to realize their economic, social and cultural rights.<sup>3</sup> A key challenge is therefore to meet each group's specific requirements to reduce their vulnerability, particularly where they have little self-reliance, while at the same time protecting the system's financial sustainability in line with each country's budgetary constraints (see VI.B).

Box IV.2 describes an interesting case for analysis (which has also been the subject of harsh criticism) because of its implications for differentiated responses to the social protection needs of different poor and vulnerable population groups: the reform of Argentina's Unemployed Heads of Household programme, following recovery from the crisis that had prompted its implementation (Pautassi and Zibecchi, 2010).

#### Box IV.2

##### ARGENTINA'S UNEMPLOYED HEADS OF HOUSEHOLD PROGRAMME: DIFFERENTIATION OF POPULATION GROUPS BY EMPLOYABILITY

The Unemployed Heads of Household programme was implemented by merging a number of workfare programmes to address the economic, political and social crisis that struck Argentina in late 2001. Signs of recovery in around 2004 made it necessary to seek differentiated social policy solutions for the heterogeneous population group that was receiving benefits under the programme (Golbert, 2004).

Based on the profile of programme beneficiaries, it was found that they could be ordered into four groups according to their likelihood of finding a job (depending on their employment history, current status in terms of educational capital and age group, and other factors), for which three sets of differentiated policy solutions were established. Training and Employment Insurance was introduced for those best placed to find employment (young people with a medium to high level of education and some job skills) and was modelled on traditional temporary unemployment insurance (Golbert, 2004). This was supplemented by formal re-employment measures through employment agencies and sectoral agreements.

(continued)

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<sup>3</sup> For example, the protection requirements of a street child will differ from those of an adult covered by formal insurance mechanisms who suffers an industrial accident. While the street child requires increased access to human capital formation systems, along with care and income guarantees to help raise his or her living standards to an agreed minimum and enable the child to accumulate long-term assets, in the case of the adult, the State will assume the role of regulating the operation of the pledged social insurance instruments, where necessary supplementing income and other assets to guarantee minimum social protection levels.

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 Box IV.2 (concluded)
 

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Those who were deemed to have major problems but some chance of returning to the labour market (young adults and older adults with low educational capital and no skills) were considered for entitlement to Training and Employment Insurance but with an emphasis on re-employment measures, especially job training. The Families for Social Inclusion programme was set up for the third group of people, classed as “unemployable” and “socially vulnerable” (comprising mainly women with care duties in the home). The measures for the first two groups remained under the Ministry of Labour, Employment and Social Security (MTEySS), while those for the third group were transferred to the Ministry of Social Development (MDS).

Although this experience was confined to a specific period in time, it reflects the intention to design differentiated strategies geared to the specific needs of different groups. However, doubts were raised about the appropriateness of the specific solutions offered and the opportunities open to each group. First, there was criticism of the designation used by the Ministry of Labour, Employment and Social Security to classify programme beneficiaries as “employable” or “unemployable” because it might serve to entrench a set of socio-economic differences historically produced and reproduced by inequitable and non-inclusive social structures (Campos, Faur and Pautassi, 2007). Second, there were misgivings that the “unemployable” category comprised mainly women of childbearing age with dependent children, which tended to divide exits from the programme along gender lines. Third, the fact that the solution for the “unemployable” group entailed a requirement to meet certain conditions, unlike the solutions offered to the other two groups, was a matter of concern from a rights standpoint. Campos, Faur and Pautassi (2007) stress that this discriminates against poor women in that it fails to ensure equal opportunities for inclusion through employment and job training programmes.

Against this background, in late 2009 the Government announced that it was establishing a new co-responsibility transfer programme, the Universal Child Allowance for Social Protection (AUH), to cover vulnerable families with children under the age of 18 and no other source of social protection (especially those where the head of household is unemployed or employed in the informal sector).

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Source: L. Campos, E. Faur and L. Pautassi, *Programa familias por la inclusión social. Entre el discurso de derechos y la práctica asistencial*, Buenos Aires, Center for Legal and Social Studies (CELS), 2007; L. Golbert, “¿Derecho a la inclusión o paz social? Plan Jefas y Jefes de Hogar Desocupados”, *Políticas sociales series*, No. 84 (LC/L.2092-P/E), Economic Commission for Latin America and the Caribbean (ECLAC), 2004 United Nations publication, Sales No. S.04.II.G.30; Organization of American States (OAS)/Economic Commission for Latin America and the Caribbean (ECLAC)/International Labour Organization (ILO), *Protección social y generación de empleo: análisis de experiencias derivadas de programas de transferencias monetarias con corresponsabilidad*, LC/W.398, Santiago, Chile, May 2011; L. Pautassi and C. Zibecchi, “Límites y desafíos en la superación de la pobreza infantil en el marco de los programas de transferencias condicionadas in Argentina. Una aproximación desde los protagonistas”, *Políticas sociales series*, No. 159 (LC/L.3198-P/E), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), 2010. United Nations publication, Sales No. S.10.II.G.10.

Below is an analysis of some of the dimensions considered crucial to guiding an inclusive social protection system catering to a heterogeneous population.

## 1. Poverty and vulnerability

The diversity of social protection needs is evident from the coping capacity of different population groups, which is lower among those in poverty and higher, albeit precarious, among those who are vulnerable to poverty. It is possible to differentiate between people living in poverty or extreme poverty based on their income and consumption capacity, identifying minimum income levels for each of these cases. Moreover, there are differences between the chronic poor and the transient poor, based on the period of time during which individuals have experienced “significant capability deprivations” and where they stand in relation to the poverty line (Hulme and Shepherd, 2003, p. 405). However, a particular obstacle to estimating and identifying those in the region who are in a situation of chronic or transient poverty and, on that basis, developing strategies appropriate to each context, is the lack of panel surveys to improve understanding of the socio-economic changes experienced by families over time (see box IV.3).

In all these groups, the risk may trigger a further decline in their living standards, pushing into extreme poverty people who are already under the poverty line, or into chronic poverty those in a situation of transient poverty (see diagram IV.3).<sup>4</sup> Similarly, for households that have only recently escaped from poverty or whose income lifts them slightly above the poverty line, a critical event can be enough to tip them back below the line. Such households are referred to as vulnerable to poverty (ECLAC, 2010a). Finally, a group of less vulnerable households can be identified, either because they have more assets and/or revenue streams or because they have better access to contributory insurance schemes. They are referred to as self-reliant non-poor households.

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<sup>4</sup> Mexico has been developing a working methodology for characterizing multidimensional poverty that adopts a similar analytical framework (see Cortés, 2010). The methodology focuses on characterizing the population according to two sets of dimensions: their level of income (or welfare) and the realization of their social rights (levels of deprivation in six dimensions: education, health, social security, housing, basic services and food). Cross-referencing the two sets of dimensions allows population groups to be defined according to their degree of vulnerability: the income-vulnerable group, which is subdivided into the moderately poor and extremely poor; and the socially vulnerable group. These dimensions are applied to different population groups (according to ethnicity, age and area of residence), which are used to draw up multidimensional poverty maps.

Box IV.3  
PANEL SURVEYS IN LATIN AMERICA

Panel surveys are used to track a number of families over time, exploring the causes and consequences of their successive entries into and exits from poverty over a given period. Despite the usefulness of panel surveys, most Latin American countries are not yet using them.

When Chile began to conduct panel surveys in 2001, it identified high mobility around the poverty line in the country in two periods (1996-2001 and 2001-2006), which had not been revealed by cross-sectional data. It was found that around half of those living in poverty in 1996 had exited by 2001. In contrast, 9.7% of those who were not poor in 1996 had become poor by 2001. At the same time, 7 out of 10 people who were poor in 2001 were no longer poor by 2006. In the 2001-2006 period, 23.5% of Chile's population was living in poverty. Even though the National Socio-economic Survey (CASEN) indicated that poverty had declined by nearly 10 percentage points between 1996 and 2006, in actual fact a total of 3 out of 10 people entered transient poverty at some time during that period, pointing to high vulnerability among the population. Another qualitative finding was that most of those who were poor during all three panel waves (chronic poverty) were women and children under the age of 15 in 1996. Despite these findings, the panel has been implemented in only four regions of Chile so far.

Argentina's Permanent Household Survey (EPH) is conducted by the National Institute of Statistics and Censuses (INDEC) three times a year and covers 28 urban centres. It has a short rotating-panel design in which each household remains in the survey for four waves, totalling 18 months. In Mexico, the National Survey of Household Living Standards (ENNVIH) has implemented a panel survey since 2002.

Peru is the only country in the region to have incorporated ongoing panel surveys into its National Household Survey (ENAHO), conducted by the National Institute of Statistics and Informatics (INEI). The samples have been included in the Permanent Employment Survey of Metropolitan Lima, held since 2001. The ENAHO has included fixed panel surveys with a partial time overlap since 1996.

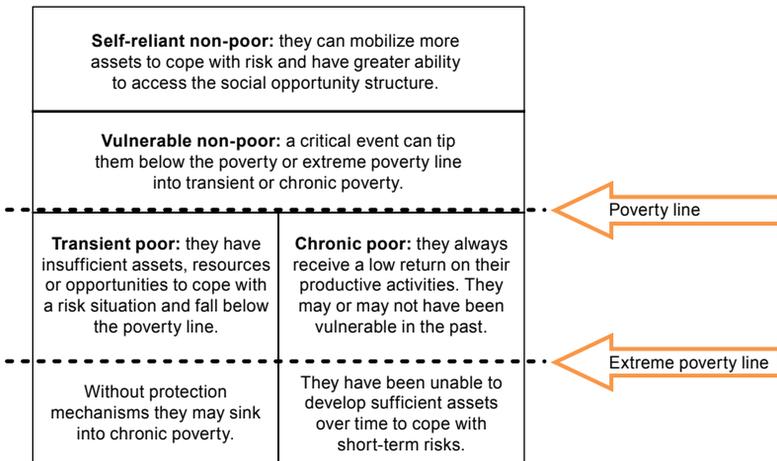
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Source: Prepared by the authors on the basis of information from the National Survey of Household Living Standards (ENNVIH), 2010; National Institute of Statistics and Informatics (INEI), 2010; Ministry of Planning of Chile (MIDEPLAN), *Gestión de calidad en las redes locales de servicios*, Santiago, Chile, Executive Secretariat of Chile's Intersectoral Social Protection System, 2009; Social Observatory of the Alberto Hurtado University (OSUAH), "Minuta. La Encuesta Panel CASEN 1996, 2001, 2006: primera fase de análisis", Fundación para la Superación de la Pobreza, Ministry of Planning of Chile [online] [http://www.mideplan.cl/index.php?option=com\\_content&view=article&id=235&Itemid=9](http://www.mideplan.cl/index.php?option=com_content&view=article&id=235&Itemid=9), 2007 and L. Gasparini, M. Marchionni and W. Sosa, "Characterization of inequality changes through microeconomic decompositions: the case of greater Buenos Aires", La Plata, Universidad Nacional de La Plata, unpublished, 2002.

Apart from the above criteria, it is also possible to identify population groups that are in a special situation of structural impairment as a result of spatial segregation dynamics, discrimination or other forms of social exclusion that can lead to lower asset availability at certain times of life or throughout a person's a lifetime (World Bank, 2005; Filgueira,

2007). Ethnicity, disability or the fact of living in a rural or deprived urban area can undermine the coping capacity of individuals and families, which necessitates the development of appropriate strategies within social protection schemes. This entails identifying the unequal risks facing different groups and analysing them based on available instruments. Other particularly vulnerable groups are migrants and people displaced by violence or armed conflicts.

Diagram IV.3  
POPULATION GROUPS AND RISK



Source: Prepared by the authors on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America 2009* (LC/G.2423-P), Santiago, Chile, 2010. United Nations publication, Sales No. E.09.II.G.135.

Providing differentiated social protection does not contravene the principle of universality of rights; on the contrary, it can enhance the exercise of rights and reduce inequality. So, targeting social protection services at those most vulnerable (or positive discrimination) may be an appropriate way to move incrementally towards the universalization of economic, social and cultural rights, as part of a process of progressive realization of rights based on individual countries' level of development and budget availability (United Nations, 2009a). Targeting is therefore seen as a means for advancing towards universal access, where it is crucial to focus on minimizing errors of exclusion (failing to provide benefits to families or individuals in the target population), rather than on errors of inclusion (granting benefits to those who are not in the target population) (United Nations, 2009a).

## 2. Formal and informal employment

A further dimension that needs to be borne in mind when analysing the diversity of people's needs and their social protection requirements is work and employment. Special consideration should be given both to the duality of a labour market that separates formal and informal sectors (see II.A) and to population dynamics and the technological and social changes that are altering it, in turn placing new demands on social protection.

It would seem necessary to broaden the old approach of protection based solely on formal employment (see I.B) to include people who are outside the formal sector temporarily or permanently, either because they work in the informal sector of the economy or in the formal sector without a contract, or because they play different roles within the structure of the care economy.<sup>5</sup> Therefore, to ensure universal access to protection, available instruments and public provision must be tailored to meeting the requirements arising from differing needs.

Although there are wide disparities between countries, half the region's employed workers are not affiliated to social security (see diagram II.1 and table 4 of the statistical annex). Similarly, in urban areas, an average of one third of the region's workers are covered for retirement or other pensions, which, when broken down by country, ranges from double that figure to half (see table II.1). This shows how much contributory social protection coverage varies, posing different challenges for different countries and economic sectors.

It should therefore be borne in mind that contributory social protection coverage is linked not only to the existence of employment contracts, but also to the type of coverage provided by such contracts. Lack of a contract is closely associated with poor-quality employment and informal work, comprising the majority of workers without social protection, and is concentrated among the poorest sector of the population, which is the customary target population for non-contributory social protection programmes. Unpaid family workers are classed as employed in the informal sector, as they work under the wing of the head of household's productive activity, with no protection at all. Addressing the situation of unpaid family workers requires support for formalizing production units combined with access to a non-contributory scheme.

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<sup>5</sup> According to the ILO (2006 and 2007b), informal activities can coexist in both low-productivity and high-productivity sectors, and the informal employment sector includes workers whose employment relationship is not subject to national labour laws, income tax, social protection or specific job-related benefits, whether they work in firms in the formal sector or the informal sector, or in households.

Contracts that do not provide social protection coverage are more likely to be filled by workers belonging to the middle class. This population sector is sufficiently self-reliant to cover its own needs in periods of economic growth but is highly vulnerable to crises and loss of employment and has no access to pension systems to ensure an adequate retirement income. So, although their protection requirements may be somewhat less urgent than those of informal workers, the fact that their only independent means of protection is voluntary individual savings means that they also require the support of protection systems to help them to mitigate the impact of crises and to fund their retirement in old age.

### **3. Families, life cycle and demographic change**

The unit of intervention for implementing social protection should be defined on the basis of the heterogeneity of the population. The most basic unit should continue to be the person, although this can be accessed either directly as an individual or as a family member. Although the latter option does not always ensure that social protection services are delivered equitably among members, it does maximize the synergies and economies of scale that exist within a family. Thus, inclusive social protection takes a family-oriented approach, as it offers an ideal space in which to build social capital (Barrientos and Santibáñez, 2009, p. 11; ECLAC, 2010a) and has the ability to break the intergenerational transmission of poverty. However, it does not preclude the use of larger spaces of intervention, such as specific human settlements (e.g. the neighbourhood), the community (indigenous or other) or other groupings that allow the distribution of goods and services. While the synergies and cohesion can be even greater in larger spaces, the risks of dispersion and poor targeting also increase.

As mentioned earlier, another important consideration when implementing the proposed comprehensive approach is that there must also be a system for delivering differentiated responses throughout the human life cycle (Barrientos and Santibáñez, 2009; Serrano, 2005), in order to meet the differing needs that arise at different stages of development of individuals and families. This axis of integration is referred to as longitudinal integration (see diagram IV.2).

To consider the specific needs of each member of a family group at his or her particular stage of life it is first necessary to recognize that such needs exist and that they differ. While children and adolescents require care and access to education and health services, adults require employment and income protection and promotion, while older adults require income protection, by means of retirement or other pensions and care and health services. So, each household and each family needs a different set of social protection services depending on its composition. Moreover, these needs are not static but change constantly, not only as

people progress through the life cycle but also as the family structure and its members' respective roles change. In this respect, the current speed of demographic change poses new challenges.

Another important consideration is that poverty is not evenly distributed among age groups. According to recent ECLAC studies (2010a, 2010b), there is a marked trend towards a higher incidence of extreme poverty, poverty and vulnerability among children and adolescents. Older adults are more likely to belong to the "self-reliant non-poor" in most countries in the region, particularly those that introduced social security systems early (Argentina, Brazil and Uruguay) and those where this age group is better covered by pension, retirement and health insurance regimes (ECLAC, 2010b).

Nevertheless, many people experience greater vulnerability when they become older adults, particularly those who have spent their working lives in the middle-income bracket and have had no access to sustainable social protection systems to provide them with an adequate retirement pension. This is compounded by changes in family structure: on the one hand there is a steady increase in the number of nuclear families that divest themselves of older adults and, on the other hand, the period of dependence when young adults live at home with their parents is growing, extending the period during which older adults have dependents even though their direct incomes and retirement or other pensions are not sufficient to even support themselves under proper economic conditions.<sup>6</sup>

Changes in family structure and the diversity of families that now make up society in countries in the region, including traditional nuclear families, extended families (comprising three or four generations), single-parent families, single-person households of economically active adults, single-person and two-person households of inactive older adults and residential care homes (Arriagada, 2007) are altering demand for social protection.<sup>7</sup> Each of these family types poses specific challenges that go far beyond the classical "breadwinner" model, where one family member is employed (usually the man) and extended social protection is provided through benefits from social insurance and pension schemes.

On the other hand, the demographic dividend, where birth rates are reducing the proportion of dependent children in the total population, represents a window of opportunity because it modifies and temporarily reduces demand for social protection. However, the process is of limited

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<sup>6</sup> The reasons for young people choosing to postpone leaving the nest can be fear of greater (real or perceived) vulnerability or a change in their need for independence.

<sup>7</sup> The nuclear family refers to the most conventional type of family structure, consisting of two parents and their offspring. Single-parent families are those where only one of the parents is present. Families with a woman head of household working outside the home are termed single-person households of economically active adults (Arriagada, 2007).

duration owing to steadily declining mortality rates, which increases life expectancy and hence the number of dependent older adults. Even though several countries in the region have progressed with social protection policies designed to meet this demand, the future scenario is complicated by the higher cost of providing older adults with social protection for an ever greater number of years as life expectancy increases and by greater diversity, particularly in the areas of health, care and recreation. It is therefore vital to take advantage of this window of opportunity opened by the demographic dividend to establish adequate protection provision in the coming decades (see box IV.4).

#### Box IV.4

##### LIFE CYCLE, DEMOGRAPHIC PATTERNS AND VULNERABILITY: CHALLENGES FOR SOCIAL PROTECTION

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The vast majority of Latin American countries are reaping the benefits of the so-called “demographic dividend”. This is a result of changes in the age structure of the region’s population, where the relative weight of the population aged between 0 and 14 years diminishes while the adult population increases at an even higher rate than the older adult population (ECLAC, 2009a, p. 143). Accordingly, the overall fertility rate fell from 5.9 children per women in the 1950-1955 period to 2.4 children per woman in the 2005-2010 period. By the 2045-2050 period, the overall fertility rate is projected to have fallen below the replacement rate, to 1.9 children per woman (ECLAC, 2009a, p. 140). At the same time, by 2045-2050 average life expectancy is projected to have risen to nearly 80 years and the child mortality rate to have fallen to 7.9 in every 1,000 births.

The demographic dividend is conducive to development and poverty reduction owing to sustained growth in the working-age (and potentially economically active) population, falling birth rates, which are pushing dependency ratios to a historic low, and rising per capita income (ECLAC 2010a, chapter 3, p. 6). Estimates indicate that, between 2001 and 2040, the dependency ratio will remain at less than two dependents for every three people of working age (ECLAC 2009a, p. 142).

The demographic dividend therefore brings opportunities which, if used wisely, would increase possibilities for savings and investment in economic growth and social development. For example, a decline in the region’s younger population (which Wolf and Gurria (2005 in ECLAC, 2009a) expect to shrink from 67.8 million in 2000 to 63.2 million in 2015) will allow for increased investment in access to primary education, a prediction that is already being borne out in the region.

However, this dividend will not last indefinitely. By 2015, the dependency rate is expected to have begun to climb gradually as a result of population ageing (ECLAC, 2010a, chapter 3, p. 136). This is compounded by poverty-related risk among children in the under-15 age group and the lack of permanent and comprehensive mechanisms for those in the over-65 age group.

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(continued)

## Box IV.4 (concluded)

According to ECLAC data (2010a, 2010b), the incidence of poverty in the 0-14 age group is far greater than in the adult population, a trend that has worsened in the past two decades. In 2008, the incidence of poverty in the 0-14 age segment in countries like Argentina, Brazil, Panama and Uruguay was twice that of adults (ECLAC, 2010b, p. 195). This creates a complex scenario in terms of intergenerational transmission of poverty and raises doubts about the covenants underpinning current State and civil-society support to families for the care, skill development and protection of children (ECLAC, 2010b).

This has led to the suggestion that, to harness the opportunities afforded by the demographic dividend, as well as to reduce future health and productivity costs arising from child poverty, malnutrition, infant mortality and illiteracy, it is crucial to implement cash transfer policies, as well as to boost investment in nutrition and education.

In addition, population ageing inevitably creates pressure on social security spending. The challenge is further complicated by the fact that people who are extremely poor or highly vulnerable to extreme poverty have very little access to retirement or other pensions (in most countries in the region, the proportion is only around 5% or less). At the same time, social security coverage (the percentage of employed workers paying contributions) is under 40% (ECLAC, 2006, p. 45). In view of this trend, ECLAC (2010b, pp. 201-202) estimated the impact that a transfer equal to the poverty-line value might have on reducing poverty among those aged 65 and over. If this transfer were to be targeted at all over-65s living in vulnerable households, it would cost between 0.3% of Brazil's gross domestic product (GDP) and 4.2% of the GDP of the Plurinational State of Bolivia. It would reduce poverty by 5 percentage points in Ecuador and Paraguay and by at least 0.6% in Brazil. If the transfer were to be targeted at everyone aged 65 and over, the measure could cost up to an additional 3% of GDP (ECLAC, 2010b, pp. 201-202).

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Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Social Panorama of Latin America, 2009* (LC/G.2423-P), Santiago, Chile. United Nations publication, Sales No. E.09.II.G.135, 2010; *Time for equality: Closing gaps, opening trails* (LC/G.2432(SES.33/3)), Santiago, Chile, May 2010; *Social Panorama of Latin America, 2008* (LC/G.2402-P), Santiago, Chile, 2009. United Nations publication, Sales No. E.08.II.G.89.

<sup>a</sup> This figure refers to the percentage of households with a member aged 65 or over receiving a retirement or other pension, by income level, in around 2007 (ECLAC, 2010b, p. 216). In 10 of the region's 18 countries, this percentage is around 5% or under in households living in a situation of extreme poverty or high vulnerability to extreme poverty.

## 4. Care provision

An issue of particular relevance to the social protection of children, older adults and sick or disabled people, who have only recently begun to receive greater attention within comprehensive social protection schemes, is the social structure of care, which shows an unequal distribution

of responsibilities within the family and cuts across all social policy dimensions and components.

ECLAC (2010a) has stressed the need to consider the effects of the “care crisis” that has emerged at a juncture when patterns of paid employment and unpaid domestic work are shifting. Whereas the sexual division of labour in the household and gender-based segmentation in the labour market remain firmly entrenched, demand for care is increasing (as a result of demographic transition in Latin America), while at the same time the proportion of people available to provide such care (up to now, mainly women) is decreasing. In the main, it is low-income women who are hardest hit by the combined impact of a heavy burden of domestic work and increased demand for care, while at the same time they are entering a labour market where jobs are unstable (ECLAC, 2010a).

These dynamics place specific demands on the region’s emergent social protection systems in terms of access to social services and care policies. For social protection, addressing the changes triggered by the care crisis entails considering the assistance needs of individuals and families in terms of care for the dependent population (children and older adults) and occasional care, by expanding public coverage and cash transfers (ECLAC, 2010a).

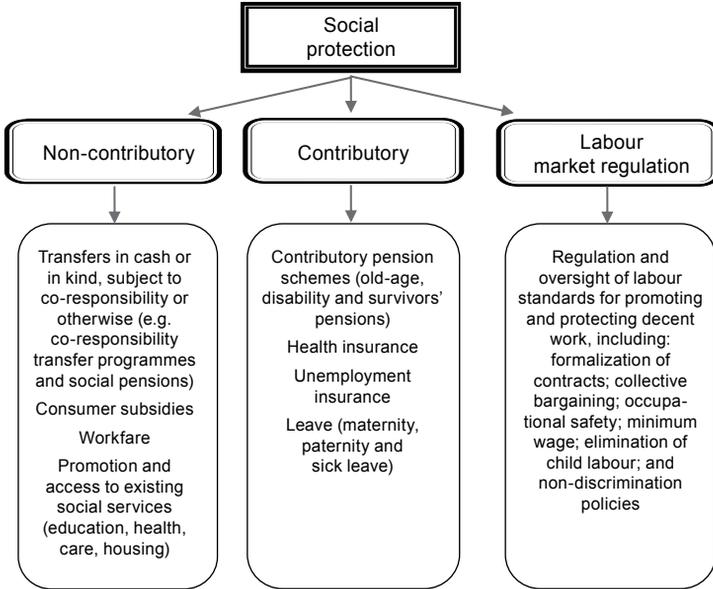
## **E. Social protection components and instruments**

After reviewing the objectives and characteristics of a rights-based social protection system, this section goes on to discuss the lines of policy and programme intervention that shape such a system. As stated earlier, the functions of social protection are to guarantee a sufficient income to sustain a decent quality of life, facilitate access to social and promotion services and foster decent work (see IV.B). It is possible to identify three key social protection components that fulfil these functions: non-contributory social protection (commonly referred to as social assistance); contributory social protection (known as social security) (ECLAC, 2006 and 2010b; Cetrángolo and Goldschmit, 2009) and labour market regulation. These components aim, to varying degrees, to cover the heterogeneous social protection requirements of the aforementioned population groups (see diagram IV.4).<sup>8</sup>

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<sup>8</sup> These three components of social protection are also identified in Barrientos and Hulme (2008) and Barrientos and Santibáñez (2009).

Diagram IV.4  
SOCIAL PROTECTION COMPONENTS AND INSTRUMENTS



Source: Prepared by the authors.

As diagram IV.4 shows, a variety of instruments can be distinguished in each social protection component, which in turn can be combined to form a range of alternatives. Indeed, it is by their interaction—rather than individually—that these instruments contribute to realizing the rights underpinning the notion of inclusive social protection.

As the notion of protection has been linked historically with social security, this is the component that has been studied the most extensively and has been included in a variety of pension schemes and health and welfare systems in Latin America (Bertranou, 2008; J. Martínez, 2008a, 2008b; Mesa-Lago, 2004a, 2008, 2009). Meanwhile, non-contributory social protection, which is associated more closely with mitigating poverty risks, has received less attention and, in recent years, has often been identified with CTPs (León, 2008; Mesa-Lago, 2009). Labour market regulation has only recently begun to be included in the social protection debate in relation to concrete lines of action for Governments (Espinoza, 2003; OECD, 2009; ILO, 2008d).

**1. Non-contributory social protection**

Non-contributory social protection can be defined as a set of transfer and public subsidy programmes, normally financed from general tax

revenue (Bertranou, Solorio and van Ginneken, 2002) under the principle of solidarity. Its benefits are unrelated to previous contributions (ECLAC, 2006; Cetrángolo and Goldschmit, 2010).

These programmes are often targeted at those living in extreme poverty, poverty and vulnerability, to meet the most basic needs of individuals and households, providing a minimum income to those living in poverty or halting the decline in the incomes and consumption capacity of those in vulnerable situations (Grosh and others, 2008). At the same time, they play a key role of liaison and facilitating access to social policies and services and to social promotion policies and services for human capital formation. Their interventions are aimed mainly at transferring resources or building assets and preventing their loss, as well as promoting resource and asset accumulation. However, non-contributory social protection may also be universal in nature, as exemplified by general food or energy subsidies and some social pensions or the proposed universal (or “citizen’s”) basic income, for instance (see box IV.5).

Box IV.5  
A UNIVERSAL (OR “CITIZEN’S”) BASIC INCOME

In Latin America, the debate on the possibility of introducing the concept of income transfers as a universal right to a basic income, with citizenship as the only eligibility criterion, began in Brazil in the 1970s. It gained further prominence in the 1990s, when proponents stressed its potential to further the realization of social rights and remedy the inefficiency of some social programmes (Godoy, 2004). Senator Suplicy’s 1991 draft Minimum Income Warranty Programme (PGRM) proposed to provide an income to anyone with an income below a certain threshold (45,000 Brazilian cruzeiros). Since then, proposals for a universal (or “citizen’s”) basic income (Isuani, 2006) have continued and gained momentum over time, spreading to other countries in the region.

A number of authors (Standing, 2007; Suplicy, 2009; Suplicy, no date) confirm the feasibility of a non-conditional universal cash transfer such as the basic income and its potential for enhancing people’s citizenship, dignity and freedom. Not only would a basic income do away with the paternalistic approach where aid is conditional upon certain consumption patterns, it would also remedy the segmentation and stigmatization associated with mechanisms designed specifically for the extremely poor, while removing the costs and bureaucratic problems of targeting and verifying compliance with conditionalities. In addition, a permanent income such as this would allow people to start up a productive enterprise without fear of forfeiting the benefit as their earnings increase. This basic income therefore “makes work worth the effort” (Suplicy, 2009, p. 30) and could act as a stimulus to the economy that would do much to expand the opportunity structure.

(continued)

## Box IV.4 (concluded)

According to this proposal, the amount of the basic income should be estimated on the basis of a set of basic needs that a person must meet in order to live decently (Isuani, 2006). This is a major problem in itself, as the precise method of defining this set of needs is in dispute. However, assuming that society agreed on this point, the next step would be to determine how to finance a regular benefit of this sort. One of the funding sources proposed by Suplicy (2009) in the case of Brazil is a tax on natural resource extraction, much like that of Alaska, where, since 1982, all Alaskan inhabitants have received an equal dividend financed 50% from oil royalties.

The main objections to the basic income proposal are its cost, the difficulty in achieving the necessary political consensus and the possibility of it creating dependency among beneficiaries (Bertranou, Solorio and van Ginneken, 2002). Another aspect little explored in literature is the potential of such an across-the-board injection of resources to cause inflationary economic cycles, which could reduce or even neutralize the positive impact of this resource injection, particularly in rural sectors or small urban areas with limited capacity for growth and competitiveness in the supply of goods and services.

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Source: F. Bertranou, C. Solorio and W. van Ginneken (eds.), *Pensiones no contributivas y asistencias. Argentina, Brasil, Chile, Costa Rica y Uruguay*, Santiago, Chile, International Labour Organization (ILO), 2002; L. Godoy, "Programas de renta mínima vinculada a la educación: las becas escolares en Brasil", *Políticas sociales series*, No. 99 (LC/L.2217-P), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), 2004. United Nations publication, Sales No. S.04.II.G.137. E. Isuani, "Importancia y posibilidades de un ingreso ciudadano", *Universalismo básico. Una nueva política social para América Latina*, C. Molina (ed.), Washington, D.C., Inter-American Development Bank (IDB), 2006; G. Standing, "Conditional cash transfers: why targeting and conditionalities could fail", *One Pager*, No. 47, Brasilia, International Policy Centre for Inclusive Growth (IPC-IG), December, 2007; E. Suplicy, *Renta básica de ciudadanía: la respuesta dada por el viento*, Brasilia, Senado Federal, 2009; "De la renta mínima a la renta básica en Brasil: la reciente evolución de un instrumento de combate a la pobreza y a la desigualdad" [online] <http://www.ingresociudadano.org/Publicaciones/RB.Brasil.pdf>.

The main instruments of non-contributory social protection include: (i) cash transfers, as in CTPs and social pensions; (ii) transfers in kind; (iii) consumer subsidies (e.g. for energy or water), which are frequently introduced to cope with emergencies stemming from high inflation rates or high prices on specific goods; (iv) workfare programmes, which, while they can also be seen as an active labour market policy, play a primary role in protecting income in times of high unemployment; and (v) promotion mechanisms via existing social services, including a range of educational scholarships and specialized bonuses designed to protect the poorest and most vulnerable sectors and ensure their access to human capital formation systems (see table IV.1).

Table IV.1  
NON-CONTRIBUTORY SOCIAL PROTECTION INSTRUMENTS

Instruments	Criteria	Areas covered	Examples
Cash transfers	Targeted in line with means/income level or universal benefit	Incomes  Access to the full range of social services, benefits and sectoral policies; human capital formation	Co-responsibility transfer programmes: Universal Child Allowance for Social Protection (AUH) established in Argentina in October 2009, which delivers a non-contributory benefit to families with children whose members are unemployed or working in the informal economy  Social pensions: Mexico's "70 and over" pension programme implemented by the Federal Government since 2007, which provides economic and social promotion support to older adults living in towns of fewer than 30,000 inhabitants
Transfers in kind	Targeted in line with income level or category: territorial unit, stage of life cycle (children, older adults, etc.), specific causes of vulnerability (e.g. women, indigenous peoples)	Food	Emergency food aid programmes (Nicaragua): daily delivery of food for six months to those affected by Hurricane Mitch
Consumer subsidies	Granted mainly to poor and vulnerable households, although in some cases they are universal	Food Electricity Fuel Transport	Subsidy on electricity and fuel gas for lower-income users of services distributed via the physical grid (Colombia), financed through the Solidarity Fund for Subsidies and Income Redistribution (FSSRI)
Workfare	Unemployed heads of household  Unskilled workers	Incomes	Employment in Action (Colombia): supplements the incomes of those in the poorest 20% of the population through temporary employment schemes for building community infrastructure
Promotion of existing social services	Targeted mainly at poor households, although in some cases it is extended to include middle-income households	Education Health Housing Care	Educational scholarships, homebuyer grants, etc.

Source: Prepared by the authors.

As a result of limited access to contributory social protection through the formal labour market, one instrument of non-contributory social protection being incorporated increasingly into Latin American social protection schemes —apart from the CTPs mentioned earlier (see chapter III)— is the social pension.<sup>9</sup> Although pensions have traditionally been included in the wider set of social security policies, in that they are closely linked with the contributions paid during an employee's working life, it has become necessary to introduce non-contributory (or “solidarity”) pensions owing to the duality of the production and employment structure and the weakness of contributory social protection (cf. Bertranou, 2008; ECLAC, 2006, 2008a; Filgueira, 2007; Ribe, Robalino and Walker, 2010; Sojo, 2009, 2003). Social pensions are transfers (defined benefits) for old age or disability, which the State provides to those who have not worked in the formal labour market or who have paid no contributions during their working lives. They consist of a solidarity benefit paid for by society as a whole, as they are usually funded from general, consumer or income taxes (ECLAC 2010a, p. 108; Uthoff, 2006, p. 29). Furthermore, they are pay-as-you go (PAYG) pensions, that is to say, they are funded from taxes on the current generation of people.

In some countries, social pensions also cover the risk of illness and may become a vehicle for other benefits (such as family allowances) (Bertranou, 2008). Countries with social pensions include Argentina, Bolivarian Republic of Venezuela, Brazil, Chile, Colombia, Costa Rica, Cuba, Mexico, Panama, Plurinational State of Bolivia and Uruguay (Barrientos and Hinojosa-Valencia, 2009; Bertranou, Solorio and van Ginneken, 2002; ECLAC, 2010a, p. 165). Social pensions can be either universal (as with the Plurinational State of Bolivia's Dignity Income) or targeted in line with criteria such as income or specific categories (for example, pensions for war veterans or victims of human rights violations, as in Argentina and Chile).

The implementation of non-contributory pensions calls for an analysis of their complementarity with the contributory pension systems discussed in the next section. There are misgivings about their ability to operate in conjunction, in that generous non-contributory benefits could act as a disincentive to paying contributions, which in turn could affect the long-term funding of minimum pensions (Filgueira, 2007).<sup>10</sup> Another

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<sup>9</sup> According to Kidd (2008), social pensions should be considered as contributory, in the sense that all citizens have contributed to funding them to varying degrees. Kidd says that one of the main advantages of social pensions is that they induce families to invest more in child care and education, in the knowledge that the parents will have a guaranteed old-age pension.

<sup>10</sup> Uthoff (2006, p. 29) believes that the private sector should be included as a key player in the design of any pension solidarity pillar, planning a system of voluntary top-up savings for anyone seeking higher benefits than those guaranteed by the State.

concern is that non-contributory pensions may, in the long term, be used as a way to avoid discussing labour market reforms that would improve the contributory structure from the private sector (Levy, 2009). It is also possible to identify mixed (semi-contributory) models that are based on a worker's history of contributions but where a significant portion of the benefits are non-contributory (Bertranou, Solorio and van Ginneken, 2002). However, given that the region's employment structure is marked by high levels of informality and insecurity, non-contributory instruments are clearly key to reducing inequality and preventing the exclusion of vast sectors of the population.

## 2. Contributory social protection

Traditionally, contributory social protection (social security) includes all programmes designed to provide workers and their dependents with current and future insurance to enable them to maintain a minimum quality of life during their active and inactive stages of life, for example in times of unemployment, retirement, illness or disability. This component also includes health insurance, the set of maternity-related benefits and safeguards and, in some cases, other benefits, such as family allowances.<sup>11</sup> Basically they are contributory benefits, although the contribution amount may vary significantly—and may or may not be offset by non-contributory State contributions—depending on workers' socio-economic status and their length of time in the formal labour market.

This component encompasses a wide variety of instruments (including insurance, security plans and other forms of contribution), stakeholders (private, public and mixed) and areas covered (access to health systems, pension schemes and unemployment, disability and survivors' insurance). According to Mesa-Lago (2008), the two most important social security programmes—based on the number of affiliates and beneficiaries and the percentage of investment involved—are old age, disability and survivors' pensions and maternity/paternity, sickness and health care benefits.<sup>12</sup>

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<sup>11</sup> In recent years some countries have begun to provide non-contributory family allowances. One such is Uruguay, where family allowances have been incorporated into its Equity Plan (see II.F).

<sup>12</sup> There is often confusion between the concepts of pension and retirement. Retirement refers to the action of a person claiming a benefit upon ceasing their work activity. Retirement benefits can be defined as deferred payment for work performed in the past, based on a system of contributions to a social security fund managed by the State or the private sector (ECLAC, 2010a, p. 98). A pension includes a set of benefits that may or may not provide a direct return to the employee and that may be contributory or non-contributory (referred to in this book as "social pensions"). The use of both terms varies among countries in the region. Pensions may be based on contributory mechanisms (such as dependants' pensions and old-age pensions funded by the spouse's contributions)

A number of organizations and authors have pointed to the weakness of contributory social security systems in Latin America (Bertranou, 2008; ECLAC, 2006, 2008a; Filgueira, 2007; Sojo, 2009, 2003) and, to remedy this, increasing attention is being paid to various types of non-contributory social protection. The issue of expanding access to unemployment and health protection mechanisms should also be given urgent consideration, as social protection analysis has focused little on it to date.

In recent years, countries such as Argentina, the Bolivarian Republic of Venezuela, Brazil, Chile and Uruguay have implemented a series of unemployment insurance reforms aimed at supporting redundant workers in finding work, while protecting income levels in the event of dismissal. The reforms are designed to improve the efficiency and coverage of unemployment insurance and boost affiliates' access to a set of active labour market policies (including training and labour intermediation). Apart from unemployment insurance, a number of associated instruments are important in protecting workers in the event of redundancy, including severance pay (which operates as a disincentive to dismissal), individual savings accounts (allowing workers to accumulate cash resources while they are employed), notice of termination (prior notification of dismissal in order to prevent sharp falls in income) and early retirement benefits (Bertranou and Paz, 2007; Velásquez, 2010).

Thus, strategies must be developed to extend coverage in every area of social security to groups that are particularly hard to reach. Among such groups, Mesa-Lago (2009) identifies those working in the informal sector or on their own account in urban areas and, in particular, rural areas. The inequalities created by the structure of care, which affect women disproportionately, should be addressed with special urgency.<sup>13</sup> As for indigenous peoples, in a number of Latin American countries they

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or on compensation between private agents (such as alimony and child support), or else they may be solidarity- or welfare-based or both (ECLAC, 2010a). For example, Chile has created a privatized "system of old-age, disability and survivors' pensions" based on pre-funded individual accounts (article 1 of Decree Law No. 3500), which is administered by entities called "pension fund managers" (AFPs). The system defines old-age and disability pensions and survivors' pensions for the children and spouse of the person affiliated to the system. In Mexico, there is the Pension and Retirement Regime (RPJ) (Mexican Social Security Institute, 2009).

<sup>13</sup> According to Mesa-Lago (2009, p. 229), in around 2000-2003, women had lower social insurance coverage than men in 8 of 14 countries; only in Costa Rica and Uruguay did they have higher coverage. In the case of health, women are often at a disadvantage compared with men in terms of the length of time they are covered by health insurance schemes, having lost coverage during the years they spent outside the labour market to undertake care work, while health coverage as dependents of their male spouse is often indirect and, in some countries, impartial and likely to be forfeited in the event of a divorce or abandonment (Mesa-Lago, 2009). The costs of private health services are higher for women and, in the public system, women and their children have to pay higher user fees because they use the services more often.

are almost totally excluded from social security schemes (Patrinos and Skoufias, 2007; León, 2008; Mesa-Lago, 2009, pp. 238-239). The ongoing challenge is to explore ways of incorporating these groups into current social protection schemes.

### **3. Labour market regulation**

The third component of social protection is labour market regulation. This is a particularly sensitive area that has received little attention in the debate on social protection, in a region where formal sector employment is in short supply and there are many deep-seated problems in expanding it.

Labour market regulation refers to the protection of workers' individual and collective rights and plays a key role in reducing and mitigating the risks associated with unemployment and the decent work deficit (Barrientos and Hulme, 2008). This component of social protection encompasses a set of regulations and standards designed to promote and protect decent work, that is to say, work in conditions of freedom, social justice, security and human dignity (ILO, 2008d). This set of regulations includes those aimed at formalizing contractual relations, guaranteeing rights to form and join trade unions and to occupational safety, regulations and prohibitions on child and adolescent labour and regulations on employment and the minimum wage (World Bank, 2001b), as well as regulations to prevent discrimination at work, especially against women. The existence of this set of regulations is crucial to overcoming the risks that contributory and non-contributory social protection policies seek to resolve. Indeed, in a region marked by persistent structures of inequality, it is essential to focus more attention on incorporating employment discrimination measures to boost the labour force participation of women, indigenous peoples and other vulnerable groups (ECLAC, 2010a).

It is therefore critical to address the issue of informal-sector and own-account workers. As Bertranou and Saravia (2009) point out, own-account work is particularly complex to conceptualize and measure. Some argue that own-account workers are fulfilling a personal desire for entrepreneurship and believe that many own-account workers engage in informal employment of their own volition (IDB, 2004). In contrast, others hold that own-account work is mainly the result of situations of crisis or severe vulnerability to poverty and that the great majority of own-account work and self-employment is associated with inadequate working conditions and protection (ECLAC, 2009a). While benefits for own-account workers have been seen as a key element in guaranteeing rights, they are also a factor inhibiting growth of the formal employment sector by erecting major budget-related barriers that hinder the formalization of employment relationships, particularly in smaller firms.

This not only points to a need to develop appropriate strategies for protecting unemployed and informal-sector workers against risks and for guaranteeing them a minimum income, it also shows what an important role labour and labour market regulation policies play in social protection. While Ribe, Robalino and Walker (2010) call for the development of systems for labour market risk management, authors like Bertranou (2009) and Uthoff (2006) stress the importance for social protection of strengthening labour market regulation.

Bertranou and Saravia (2009) echo Tokman (2001) and Daza (2008) in acknowledging the need to distinguish between informality and illegality, arguing that illegality and non-compliance with labour regulations is just as much a feature of the formal sector as it is of the informal sector. The first step is to increase compliance with these regulations, labour law and workers' rights. This is an area where social protection systems can play a coordinating role between the entities directly in charge of labour matters (ministries of labour, welfare and social security, as the case may be) and those responsible for designing social policies, by strengthening the necessary link between the two. At the same time, it is necessary to identify the dynamics of labour market exclusion and of protection benefits associated with formal employment (Bertranou and Saravia, 2009, p. 14).

The challenge lies in determining which institutions and management processes should be used to implement this component. Weller (2008, p. 21), describes labour-market institutions as "mechanisms with differing degrees of formality that establish the rules of behaviour for participants in the labour market". The ultimate goal of labour-market institutions is to generate high-quality employment by means of labour market regulation, unemployment protection systems and active labour market policies (which are not part of social protection *per se*). To achieve this goal, institutions must meet two objectives: "they must ensure an efficiently functioning labour market, i.e. the optimal allocation of resources, and they must guarantee protection and support for the weakest players in a market characterized by structural inequalities among participants" (Weller, 2008).

All this calls for regulations on the implementation of certain standards and for monitoring compliance with labour regulations, a process that requires the extensive participation of the institutions responsible for defining social protection instruments and programmes.

## **F. Institutions and social protection**

As mentioned in the introduction, the State plays a key role in social protection provision, although this does not mean that it is the sole provider. The market, families and civic and community organizations

also provide protection and any comprehensive social protection system must take into account the interactions among these different stakeholders. At the same time, to maintain the coherence of social protection policies there needs to be coordination among the various State institutions, as well as information systems for monitoring their actions and oversight and conflict-resolution mechanisms.

## **1. Institutional coordination**

Compartmentalized thinking on social protection in the region has resulted in lead institutions belonging to separate sectors, depending on the approach or component developed and/or implemented by each institution (see II.C). For instance, non-contributory social protection programmes are often managed by public social development institutions (such as ministries of social development, social investment funds or specialized programmes). Responsibility for contributory social protection, as it relates to retirement or other pensions, tends to fall to specialized organizations (such as social security institutes, retirement and pension fund managers or insurance companies), or else ministries of health or other organizations for matters relating to the health of workers and their families (public funds, insurance companies). Responsibility for labour market regulation normally lies with ministries of labour (with more or less autonomous agencies specializing in oversight, such as regulatory authorities or prosecutor's offices) and the judiciary (labour courts). In some cases, the Treasury or ministries of finance and specialist development agencies play a role—to the extent that their guidance to the productive apparatus enhances or constrains the development of workers' rights—as well as ministries of education, housing and other matters. In all these components, there is clear involvement by public and private organizations, the importance and authority of which varies from country to country.

The participation of such an assortment of entities in social protection design and implementation also reflects the wide-ranging dimensions of the poverty and vulnerability problems that social protection seeks to address. Their individual specialism can be seen as an asset for guaranteeing quality and matching people's specific needs more closely. However, for economic, social and cultural rights be exercised to the full, it is essential to promote a management model that maximizes the efficiency and effectiveness of the various components through the synergy of a cross-sector approach. In other words, if the issue is multidimensional and the population heterogeneous, there needs to be a varied and coordinated supply of cross-sector interventions, which this book terms the axis of "horizontal integration" (see diagram IV.2).

The challenge is how to move forward from rhetoric on the importance of cross-sector coordination to actually linking actors together. There is no single solution for achieving this, although one prerequisite is to share a future vision of society and, hence, of “the priorities and chronological sequence as part of a medium- to long-term strategic action” (Acuña, 2010, p. 1). As regards improving the political conditions for progressing towards better social protection, Repetto (2010a) states that “at the very least, it requires a basic consensus on the strategic direction that a society should take in order to get to the crux of the ‘social issue’, that is to say, which social problems should be prioritized and which political and symbolic capital in the social protection system should be invested”. Repetto adds that it is at this level of the political and cultural dispute that “the real (not just discursive) substance of a comprehensiveness designed to address the multidimensionality of social problems, as well as a rights-based approach, comes into play”.

The lesson learned from the most successful cases is that not only is it important to move gradually towards expanding social protection for all citizens, it is also crucial to progressively build political and social consensus. Another lesson learned is that the introduction of universal social protection models and instruments relies on the cumulative effect of social policy experiences.

Accordingly, a number of basic elements appear to be key to the successful implementation of a cross-sector approach:

- (i) Policy coordination at the highest level.
- (ii) Participatory analysis and design of policies and their components, procedures and challenges. This must be based on a clear overview of the characteristics of the population and their current and future demands and needs, as well as of supply, areas of intervention, products, coverage, installed capacity and projections.
- (iii) Establishment of formal working bodies and responsibilities, by means of clear agreements on participation, the designation of interlocutors and specialist focal points for specific issues and the definition of each party’s functions, including objectives and roles.
- (iv) Clearly established and agreed communication channels and ways for resolving doubts and differences.
- (v) Joint evaluation and analysis bodies defined from the design stage.

The organizational structure required in each country depends on its own particular institutional framework; it is pointless to hold up a single role model, as the structure must always be tailored to the specific environmental conditions of that country. Some of the options used so far include the formation of fronts or consortia of lead ministries and institutions, the formal establishment of coordinating ministries and the creation of task forces at various administrative levels (central, regional and local).

Repetto (2010b, pp. 33, 35) identifies three different levels of policy coordination and linkages to achieve comprehensiveness: macro, meso and micro. The macro level relates to the definition of social policy and its general guidelines, which is embodied, for example, by “social cabinets”. The meso level refers to a specific field of social policy (such as education policy) or a combination of sectors guided by a common purpose, which apply to social protection systems. The micro level refers to specific programmes that require the coordination of different sectors. Repetto emphasizes how successful CTPs have been at the micro level, adding that this is this level where such interventions face the least problems, unlike the macro and meso levels.<sup>14</sup>

Similarly, this book proposes to discuss coordination according to the notions of horizontal and vertical integration (see section IV.C), based on the location of the various bodies on the technical and policy axis. Three levels can be identified, none of which can stand alone without the other two. The first is the policy level, at the pinnacle of the State organizational structure, namely the Office of the President, ministries and departments responsible for prioritizing and designing social policies, including those of social protection analysed in this book, such as the aforementioned social cabinets and the coordinating ministries. The second is the technical level, which brings together those responsible for implementing policies in the form of specific programmes and projects, usually senior managers and professionals in ministries, programme technical secretariats, subnational entities, local government associations and others. This level includes agencies in charge of CTPs and social security institutions. The third is the operational level and brings together actors responsible for implementing programmes and projects at local level, interacting directly with the target population, which are therefore

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<sup>14</sup> Repetto (2010b) explains that such interventions are less problematic because they act as an incentive to different administrative levels as, politically, they are valued greatly by the upper echelons (i.e., the Office of the President, the Treasury, or the ministry of economy or finance). Also, despite being important in terms of visibility and coverage, they do not require the involvement of the full range of interventions in each sector. A final factor in their favour is that most co-responsibility transfer programmes have their own resources and fairly well defined operating rules for promoting coordination among various bodies.

also in charge of coordinating with demand; in many cases they are joined by private organizations, non-governmental organizations (NGOs) and others, multiplying the number of actors involved. Other major players at the operational level are beneficiary selection and registration instruments and service coordination initiatives, such as the one-stop shop, which are not necessarily confined to social protection programmes but, on the contrary, may encompass a range of different social services and, in conjunction, are synergistic in terms of effectiveness and/or efficiency.

A prerequisite for the success of any comprehensive system is therefore to have coordinating bodies at every level. Technical coordination is not feasible without the support of the political authorities responsible for the sectors and institutions involved and, in many cases, securing this support requires extensive negotiations. At the same time, agreement on objectives, responsibilities, communication mechanisms and other matters is not enough if it is endorsed only at the highest political level. The greatest constraints often arise in the intermediate structures of organizations, which are the ones that really need to be coordinated and where different working rationales and cultures must be adapted in order to share information and knowledge and to work in a coordinated fashion towards common goals, without neglecting responsibilities to their own organization. The experience of social cabinets, CTPs and beneficiary information systems provides a promising basis for building inter-agency coordination in the region, although this is not without risks and will require a special effort.

Finally, as regards the implementation of a comprehensive social protection policy and its institutional challenges, it is not just the rules and explicit written procedures that are important, but also the informal rules and the practices and historical ties between stakeholders; leadership and political will also play a pivotal role (Repetto, 2010b). In this respect, perhaps one of the biggest challenges facing a comprehensive social protection policy in terms of its institutionalization is to create synergies between political support, technical capabilities and available resources. Crucial to this are proposals to develop framework agreements for social policy access, funding and solidarity by means of fiscal and social protection covenants encompassed within the concept of entitlement to rights, as suggested by ECLAC (2006, 2008a).

## **2. Management information**

None of the above social protection proposals can be implemented with a minimum of effectiveness, efficiency and transparency in the absence of proper information systems for monitoring management and impact assessments. Moreover, for any information system intended to

make a comprehensive analysis and evaluation of the management of social policy in general and social protection policies in particular, a further step is required: the information derived from monitoring programmes must be supplemented with information on the corresponding social investment, with specific indicators on people's social status, disaggregated by geographic area and administrative level, to enable the various components to be linked reliably (Martínez and Collinao, 2010).

The management performance indicators should come from beneficiary registration and monitoring systems, process assessments and impact assessments of specific programmes and projects, in all of which areas the region has made great progress but where major challenges remain. Progress with social protection is ascertained by means of data from censuses, household surveys, specialized surveys and administrative records, and this must be coordinated on the basis of each country's conceptual framework and policy components. While partial data is available in most countries, it needs to be further systematized and coordinated with management indicators.

For more than two decades there have been moves in the region to include monitoring and evaluation systems in social policy management. Chief among the various methodology-development initiatives are the cost-impact analysis developed by ECLAC for selecting the option that maximizes the impact at the lowest possible cost (Cohen and Franco, 2006b, 2005; Cohen and Martínez, 2004) and the performance-based management models tailored to social programmes promoted by the Inter-American Development Bank (IDB), World Bank and international cooperation agencies. National Governments are also evincing growing concern about the issue and have developed systems for evaluating government programmes, performance-based programming and management improvement awards.<sup>15</sup>

In the specific field of social protection programme evaluation, a milestone in the region for its wide-ranging analysis (González de la Rocha, 2010) is Mexico's experience in evaluating its education, health and nutrition programme (formerly called *Progresá* and now renamed *Oportunidades*), with assessments by the International Food Policy Research Institute (IFPRI) (Adato, 2000) and the National Council of Evaluation of Social Development Policy (CONEVAL) since its inception in 2005 (CONEVAL, 2010). This is not the only experience as, albeit

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<sup>15</sup> Examples of systems for evaluating government programmes include: the Management Evaluation and Control System of Chile's Budgetary Affairs Bureau (DIPRES); the National System for Evaluation of the Results of Public Management (SINERGIA) of Colombia's National Planning Department (DNP); and Mexico's National Council of Evaluation of Social Development Policy (CONEVAL).

differing in design, assessments have also been made of the following CTPs among others: the Social Protection Network (RPS) and Crisis Response System (SAC) in Nicaragua; the second tranche of the Family Allowance Programme (PRAF II) in Honduras; the Human Development Grant in Ecuador; the *Bolsa Família* conditional cash transfer programme, *Bolsa Escola* school grant and *Bolsa Alimentação* food grant in Brazil; Colombia's Families in Action; Solidarity Chile; and Jamaica's Programme of Advancement Through Health and Education (PATH) (Schady and Milazzo, no date; Fiszbein and Schady, 2009).

Despite the progress represented by these experiences, there are still some weaknesses to be remedied, especially with respect to the link between assessments and programme design. First, it is unclear how the results are incorporated as information for decision-making and for implementing modifications to programmes. Second, most of the reported results come from assessments of Mexican programmes, especially phase one of *Progresa* (Schady, 2006), which limits the ability to generalize the findings to other programmes.

Beneficiary selection and registration systems have been fairly well disseminated throughout the region, facilitating progress in the implementation of integrated information systems. Social investment data are compiled by countries themselves but there are wide conceptual and coverage disparities, which limits the ability to make comparisons. The challenge therefore is to implement a system where government finance statistics (GFS) and statistics from systems of national accounts (SNA) can be exploited jointly to take advantage of the functional classification approach of GFS and the greater disaggregation capacity of SNA, incorporating not only general government investment but also funds from other agents, particularly non-profit institutions and international agencies, as well as public funds that do not come from the central Government's general budget but are owned by regional or local governments (Martínez and Collinao, 2010).<sup>16</sup>

### **3. Conflict management and resolution systems**

The implementation of a rights-based social protection system requires a proper verification mechanism to ensure that such rights are actually realized and to make decision-making transparent. This

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<sup>16</sup> In addition to the regular publication of official data in *Social Panorama of Latin America*, since 2006, ECLAC, with the support of the German Agency for International Cooperation (GIZ) and the Spanish Agency for International Development Cooperation (AECID), has been engaged in a methodology and technical assistance effort to enhance the analysis and use of social investment information for policy management. For more information, see the ECLAC social spending website: [www.cepal.org/ddes](http://www.cepal.org/ddes) [Spanish only].

mechanism must be present not only in programmes themselves, but also in any outside bodies where the public may request information, file a complaint if they feel their rights have been breached or settle disputes.

In addition to making management more effective and efficient, process supervision and monitoring systems make management more transparent to the public. For the proper use of such systems, it is also necessary to make explicit the management processes and decision-making criteria used for target-population identification and beneficiary selection, as well as for service production, delivery and evaluation. Thus, the implementation of such systems and regular dissemination of management results are elements to be considered in this connection.

Placing an autonomous institution in charge of proper enforcement of service standards and quality allows disputes over breaches of established rights and standards to be resolved efficiently and effectively, guaranteeing the transparency of processes. Several countries in the region already have institutions of this nature, such as oversight offices, consumer protection services, civic watchdog organizations or regulatory authorities, making it easier to consider implementing them in social protection systems.

One example is Chile's System of Universal Access with Explicit Guarantees (AUGE Plan), which has mechanisms that help to refine the balance between State commitments to gradual progress in the area of social rights and their technical and budgetary feasibility. The AUGE Plan encompasses a set of legally valid administrative mechanisms for assessing compliance with the guarantees, with a health regulator (Office of the Superintendent of Health) responsible for settling disputes between the system's users and providers (public and private) (Red Salud, 2009). Nonetheless, complaints are filed before the judiciary when the aforementioned bodies fail to meet citizen demands. This makes it possible to move forward in resolving such claims (Drago, 2006), filtering out those which, by their very nature, require the intervention of higher judicial authorities.

It is also necessary to consider a third level in the judiciary that can settle disputes which other judicial authorities have been unable to resolve, so as to ensure compliance with rights. Abramovich (2009, p. 42) identifies the following decisive factors for such legal proceedings to produce results, although there are many more: "the constitutional interpretation of the obligations they create; the capacity of the relevant stakeholders to act in the interest of groups that are discriminated against or excluded; the physical, material and cultural accessibility of the courts; civil society's power and degree of organization and its experience and technical capacity to make use of legal instruments; the greater willingness of

courts to deal with such issues; more open or closed procedural systems and the type of remedies or orders that judges are authorized to use; judge-selection mechanisms and the independence and impartiality of the courts with respect to the political power and to certain stakeholders in these cases; the level of development of social security systems and the ability of Government, Congress and State bureaucracies to meet demands for the benefits promised in legal texts”.

Despite the potential it offers for the realization of economic, social and cultural rights, prosecution also poses a number of risks and difficulties. Uprimny (2007) states that one such risk is overloading the justice system, together with the possible political prominence that judicial bodies may gain. There also remains a question of roles and areas of competence, particularly in financing (as well as social policy design), as the responsibility for deciding where to allocate public investment lies with the executive and legislative powers and not the judiciary (Basombrío, 2009, p. 44). Added to this is the potentially high individual and social cost of prosecution based on rights-related universal benefits, which may lead to unenforceability of the regulations and/or the inability to meet the challenge in an economically sustainable manner. Furthermore, a gap in access to judicial dispute settlement may be foreseen, with the poorest and most vulnerable population sector facing the greatest constraints, both economic and cultural.

An intermediate instrument for quasi-judicial dispute resolution is the ombudsman. In Latin America, many complaints are referred to the ombudsman concerning rights linked directly to social protection citing an alleged violation of health, education or social security rights. There have also been a number of ombudsman’s reports and explicit recommendations on matters relating to social protection.<sup>17</sup>

Other bodies that play a key role in monitoring compliance with rights are non-judicial mechanisms, such as national independent and international human rights organizations, including the Human Rights Committee of the United Nations and the Inter-American Commission

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<sup>17</sup> For example, based on requests received concerning the Universal Child Allowance for Social Protection (AUH), Argentina’s National Ombudsman made a recommendation to the Cabinet Chief to extend the scope of this allowance for the benefit of children and adolescents attending private schools with low fees whose families earn below the minimum wage, ending the exclusion from AUH entitlement for beneficiaries of other programmes (Decision 36/10: <http://www.dpn.gob.ar/areas.php?id=01&ms=area5>). Also, in the case of the Office of the National Ombudsman of the Republic of Colombia, there is a specific social security and health programme to safeguard the progressive realization of these rights in Colombia. For example, in 2001, the Ombudsman handed down a decision regarding problems detected in Colombia’s social insurance (Ombudsman’s decision N° 008: <http://www.defensoria.org.co/red/anexos/pdf/02/res/defensorial/defensorial8.pdf>).

on Human Rights (IACHR) of the Organization of American States (OAS). These bodies can help to channel citizen demands to the courts (United Nations, 2009a, p. 15).

As Artigas points out (2005, p. 22), the universality of rights-based benefits is not necessarily guaranteed by the individual cases in which judicial mechanisms and court rulings intervene, but rather it requires specific social and fiscal covenants that are binding on society as a whole. Without such covenants, it would be difficult to maintain a system based on guarantees. It follows that the more transparent, effective and efficient the first two mechanisms are, the less intensive the work assigned to the judiciary will be and the cheaper, clearer, closer at hand and easier to process the demands and claims will be for the public and the State (cf. also De Roux and Ramírez, 2004).



## Chapter V

# **Co-responsibility transfer programmes as a gateway into social protection**

### **A. Introduction**

This book refers throughout to co-responsibility transfer programmes (CTPs), considered as just one of a battery of tools used in social policy. It also sets out to show that, even though inclusive social protection does not begin and end with CTPs, they can be useful and effective because they are assigned with specific functions and objectives and clearly defined tasks and responsibilities. Nevertheless, the trend towards broadening the scope of CTPs, both quantitatively (by increasing the population covered or transfer amounts) and qualitatively (by matching benefits more closely to the target population or adding new benefits) is causing growing tensions.

Clearly CTPs are not infallible instruments to which a growing number of new benefits can be added —rather they must seek the best way of achieving the required synergies for conducting simultaneous interventions in different spheres. This has led to links being forged between CTPs and the rest of the poverty-reduction policy, as well as with other sectoral policies targeting poor and vulnerable groups (Cecchini and Madariaga, 2010). While CTPs may contribute to social protection, they should be viewed not as its only instrument but as part of a wider system.

In particular, we propose to consider CTPs as a “gateway” for the poorest and most vulnerable families and individuals into comprehensive social protection systems, in the light of the three functions assigned

to CTPs (see chapter IV). The term “gateway” refers to the process for ensuring that a family’s or individual’s linkage with CTP activities enables them to access a new level of social protection.

## **1. Protecting and securing income**

CTPs seek to ensure minimum social and economic conditions by providing an income to people traditionally excluded from the region’s social policy because they are not connected with the formal labour market and contributory social protection. CTPs have been effective in providing a non-contributory cash income to families living in poverty and extreme poverty, especially those with school-age children (ECLAC, 2010a).

Transfers can have a significant short-term impact on the income of beneficiary families, although amounts vary from one programme to another. In urban areas, the minimum per capita transfer may be close to 1% of the extreme poverty-line value, while the most generous transfers can be as high as 73% of the extreme poverty line and 38% of the urban poverty line (Cecchini and Madariaga, 2010).

Supplying cash to poor families improves their productivity by endowing them with the means to improve their nutritional status and mobility. CTPs “have also placed more cash in the hands of poor communities, and this has encouraged the emergence of local markets and businesses supplying goods and services” in the poorest areas (ECLAC, 2010b, p. 182). As they are instruments guaranteeing a basic income, CTPs can be seen as a key alternative for meeting the basic needs of those with insufficient self-reliance, as their graduation procedures are linked with the attainment of self-reliance and do not make graduation subject to funding or institutional constraints.

## **2. Identifying demand and ensuring access**

CTPs are designed to improve the access of the poorest groups to social services and programmes and include the tools required to increase the supply of social services to meet rising demand, which facilitates the identification of needs and boosts local management, as the activities being promoted rely on the sectors involved working simultaneously with the relevant administrative bodies. While traditionally the aim has been to improve the access of children of beneficiary families to education services and the access of children and their mothers to health services, there is now a growing trend towards linking various kinds of service and programme to family members of different ages, ranging from counselling, educational talks and workshops on health and other matters to programmes for improving neighbourhood infrastructure

or housing (Cecchini and Madariaga, 2010). This can be observed in a variety of programmes, including type-1 CTPs (via the “complementary programmes” in the *Bolsa Família* conditional cash transfer programme, for instance), type-2 CTPs (Mexico’s *Oportunidades* programme) and type-3 CTPs (Solidarity Chile and Colombia’s *Juntos* Network).

Of particular interest are CTPs offering free access to more inclusive health service schemes, such as the Solidarity Chile and *Oportunidades* programmes, which guarantee their beneficiaries access to a set of specific and defined benefits. Solidarity Chile allows them to participate in the National Health Fund (FONASA) where they receive free treatment for 56 illnesses (System of Universal Access with Explicit Guarantees (AUGE Plan), see box II.5), with guarantees and maximum waiting times for treatment, in addition to preferential access to other public health programmes. Through *Oportunidades*, Mexico offers 13 health services targeted at different household members.<sup>1</sup>

### 3. Fostering decent work

The aim of some CTPs is to contribute actively to the promotion of decent work, fostering the sustainability of poverty reduction in both the short and medium term, which can reduce beneficiaries’ vulnerability significantly (OAS/ECLAC/ILO, 2010). To this end, CTPs incorporate a variety of employment-linked instruments and strategies, such as job training, remedial primary and secondary education, direct or indirect job creation, promotion of self-employment and microbusinesses, and employment and labour intermediation services.

Examples are Brazil’s Next Step programme (also known as PlanSeQ, a sector vocational training plan for the beneficiaries of *Bolsa Família*), the Solidarity Chile Bonus Programme for Labour Recruitment and the registration of unemployed adults in job placement agencies in Trinidad and Tobago’s Targeted Conditional Cash Transfer Programme (OAS/ECLAC/ILO, 2010).

Owing to their multidimensional nature, their linkage with different sectors and programmes and the demands this places on the coherence of social policy-driven interventions, CTPs represent a concrete mechanism for integrating both demand for social protection (cross-wise and longitudinal integration) and supply (vertical and horizontal integration).

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<sup>1</sup> The services are as follows: basic sanitation; family planning; antenatal, delivery, postnatal and newborn care; nutritional and child growth monitoring; immunization; home management of diarrhoea; parasite treatment; management of acute respiratory diseases; prevention and control of pulmonary tuberculosis; prevention and control of high blood pressure and diabetes mellitus; accident prevention; and initial management of injuries.

CTPs are therefore able to create synergies for the establishment of a minimum base from which to provide a set of interventions intended to protect individuals and families in the successive stages of the human life cycle, taking into consideration their own particular needs and ensuring the exercise of rights and social promotion. In conjunction, CTPs are able to coordinate the rest of public provision to meet the specific needs of poor families and facilitate capacity-building and self-reliance. In turn, this triggers appropriate responses from relevant public services in terms of both social protection and social promotion. Participation in CTPs and any graduation strategies implemented should also seek to forge the necessary links between beneficiaries and other social protection programmes and policies.

Below is an analysis of the important role CTPs can play in integrating non-contributory social protection programmes and policies. Some of the requirements to be met and the remaining challenges in these areas are examined, with particular regard to ensuring the overall coherence of the CTP intervention model, not only in the performance of CTP functions, but also in terms of inter-agency coordination.

## **B. Integration to address heterogeneous demand for social protection**

As already mentioned, the target population of social protection, in particular CTP beneficiary families living in poverty and extreme poverty, is far from a homogeneous and readily identifiable group and its members' needs and deprivations vary.<sup>2</sup> They stem from a vast assortment of cultural, age, spatial, economic, gender and other factors and give rise to just as disparate an array of survival and crisis-coping responses developed by these groups to address the structural constraints they face, as well as situations exacerbating these constraints as a result of various disruptions.

### **1. Cross-wise integration: meeting the needs of different population groups**

Through the cross-wise axis of integration, CTPs can provide highly diverse population groups with access to a varied supply of public services for improving and protecting welfare levels, building assets and forging links with specific activities to enable them to exercise their economic, social and cultural rights and so foster their social inclusion. The first stage in this process is to identify the needs of beneficiary families so that

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<sup>2</sup> See Kaztman's seminal study (1989) on stratification of the poor population in the Montevideo metropolitan area (Uruguay).

they may be met with benefits tailored to their specific situation. This entails promoting the development of appropriate responses by public programmes and services and organizing interventions on the basis of an intersectoral platform.

CTP instruments that contribute to achieving these aims include family support and follow-up components, which, to a greater or lesser degree, have improved feedback on the needs and aspirations of beneficiary families. Interesting examples of CTPs in this area are Solidarity Chile and Colombia's *Juntos* Network for overcoming Extreme Poverty (*Juntos* Network), which have incorporated into family support the verification of families' specific needs and the status of local supply, ensuring a proper linkage between the two (see section E).

A complementary strategy is to establish differentiation criteria (in terms of benefits or CTP rules of operation) to address the particular characteristics of population groups within the universe of beneficiaries, such as place of residence (urban or rural) or ethnicity. For instance, El Salvador's Solidarity in Rural Communities programme has an urban variant that provides not only the same benefits as in rural areas (health and education allowances), but also access to a Programme of Temporary Income Support (PATI) for improving the labour force participation of young people and female heads of household (Ávalos, 2010; FISDL, 2010). Whereas the basic utilities component of Solidarity in Rural Communities gives priority to the expansion of basic social infrastructure in rural areas, including drinking water, sanitation and electrification, the urban variant addresses problems specific to cities through programmes for violence prevention and neighbourhood improvement (integral improvement of urban informal settlements) (Ávalos, 2010; FISDL, 2010)). Mexico's *Oportunidades* introduced a similar urban variant when, in 2009, it launched a pilot programme called *Oportunidades Urbano*, which will be extended to all cities nationwide. This new scheme implements different targeting rules, increases the amount of cash support, incorporates new transfers to reward school performance, tailors all health services to urban needs and imposes new conditionalities (Programa de Desarrollo Humano Oportunidades, 2009). *Oportunidades* is considering introducing a management and care model that takes an ethnic approach, after the programme's successive impact assessments showed that the existing model has less of an impact on indigenous communities (Robles, 2009). Other examples of CTPs with an ethnic approach are Colombia's Families in Action programme (Robles, 2009) and Panama's Opportunities Network (SENAPAN, 2008).

The different types of CTP described in chapter III present specific challenges in terms of cross-wise integration. In the case of CTPs that select beneficiaries based on lack of income (type-1 CTPs), the fact that income

poverty tends to be dynamic and fluctuates widely between boom periods and economic recessions calls for the use of definitions that also incorporate the population group perceived as vulnerable to such fluctuations and not just those who are below the poverty line at a given point in time (ECLAC, 2009a, chapter III). This poses yet more challenges to beneficiary-selection mechanisms, specifically the consideration of less restrictive cut-off points and their ability to capture variations. In the case of CTPs designed to resolve situations of acute social exclusion (type-3 CTP), a special effort should be made to find and adapt a variety of targeting methods by such means as indices and approaches that incorporate a broad notion of vulnerability and make it possible to identify population groups whose needs are invisible to traditional social policy mechanisms.

## **2. Longitudinal integration: meeting the needs of different stages in the human life-cycle**

Through the longitudinal axis of integration, CTPs can also play an important role in improving access to social protection and related services, in view of their experience in developing a life-cycle approach. To ensure that social protection tailored to the CTP target population is provided, special measures must be taken for recognizing specific needs at different stages in the life cycle of individuals and families.

Even though CTPs have focused primarily on families with children, which excludes working-age adults without children,<sup>3</sup> some are taking measures to incorporate benefits extending to other age groups, particularly elders. Although such benefits can be found in Chile, the Dominican Republic, Ecuador, El Salvador, Jamaica, Mexico, Paraguay and Peru, lifelong protection ought to be extended still further, especially protection targeted at infants (Cecchini and Madariaga, 2010). Particular consideration should be given to the preschool age group in nutrition and education schemes, according high priority to long-term human development and social promotion (type-2 CTPs) in order to exploit the opportunities that exist at that stage of life (León, 2008; Villatoro, 2007) and to establish graduation criteria and strategies that consider the entire educational cycle (Villatoro, 2008). CTPs in the region that take a life-cycle approach include Chile's *PROTEGE* social safety net,<sup>4</sup> which includes health, housing, education, planning and employment services, and El Salvador's Universal Social Protection System (SPSU).

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<sup>3</sup> Jamaica's Programme of Advancement through Health and Education (PATH) is an exception in this respect, as it includes a transfer (a health benefit for unemployed poor adults aged between 18 and 64).

<sup>4</sup> As part of its social safety net, Solidarity Chile helps families in extreme poverty to access the benefits associated with each stage of life, according to their members' characteristics.

## **C. Integrating the supply of social protection policies and programmes**

Even though serious supply-side problems persist, CTPs play an important role in promoting cross-sector coordination (horizontal integration), as well as coordination activities by the different levels of government (vertical integration), helping to enhance the coherence of poverty reduction policies.

This is an essential means of improving the effectiveness and efficiency of social protection policies targeted at the poor and vulnerable sector of the population, in addition to generating positive externalities that permeate the whole of social policy. As CTPs, especially type-3 CTPs, are a gateway not only into social protection but also into wider social policy, their effectiveness in this area depends precisely on existing coordination capacity, especially at policy level. That is why a clear definition of the sphere of operation of CTPs and their interaction with other components in the social protection system and with basic social services is seen as vital.

### **1. Horizontal integration: strengthening cross-sector coordination**

On the horizontal axis of integration, the multidimensional approach to poverty taken by CTPs and coordination of income- and consumption-related interventions, as well as human capabilities, make it necessary to develop better linkages between the various social policy sectors. In particular, conditionalities requiring coordination with ministries of health and education act as an incentive for cross-sector collaboration, not only in programme-coordination systems or networks (type-3 CTPs) but also in type-1 and type-2 CTPs (see chapter III).

As mentioned earlier, there must be cross-sector collaboration at and between the different administrative levels, from central level (among ministries and departments) down to local level, as well as among the different sectors and actors operating at local level, in direct contact with beneficiaries or users. Such political coordination can be found in the work of the Executive Secretariat of the Solidarity Chile system, the Intersectoral Coordination Committee of the Dominican Republic's Solidarity programme and the Interministerial Management Council of Brazil's *Bolsa Familia* programme. Moreover, the information systems on beneficiary selection and registration, such as Brazil's single register for social programmes (*CadÚnico*), and the Dominican Republic's Single System for the Identification of Beneficiaries (SIUBEN), are examples of the significant contribution made by CTPs to cross-sector linkages at operational level.

Their work is crucial to maintaining the flow of information and resources among the different actors, as well as to speeding up payments and suspending or cancelling benefits where applicable.

Even though a key aim of many CTPs has been to coordinate public interventions targeted at poor and extremely poor families, there is still no effective coordination between CTPs, on the one hand, and sectoral structures and their intervention mechanisms, on the other. There are major problems to be addressed in this area, not only because of the complexity and duplication of structures operating in the different public administration spheres, which could be solved by rationalization and more clearly defined procedures, but also because it is difficult to implement measures that do not always lead to net gains for the sectors as they may affect the control of their budget allocations or their operational and decision-making independence. Therefore the challenge lies in ensuring that the multisectoral nature of CTPs does not reduce social protection specificity as this would run the risk of fragmenting objectives and diluting priorities, limiting their potential impact and efficiency in the process.

Moreover, the cross-sector concept itself causes nebulous situations that need to be clarified. For instance, the sectoral components of interventions need to be maintained, as it is precisely in sectors like education, health and employment where there is greatest awareness of the public provision rationale and related demand for services and where the interventions required in each area are most clearly identified. However, it is also necessary to transcend sectoral rationales, owing to the multidimensional nature of CTP interventions, and to take action in areas that are difficult to influence, such as the historical practices used by the sectors, different levels of government and local actors, whose organizational cultures are not always consistent with programme objectives.

Another key aspect of horizontal integration is found at local level. As several authors have shown (Kaztman, 2001; Rodríguez and Arriagada, 2004), historically it is at the local level where inequalities and barriers to integration have arisen and been structured, causing such phenomena as residential segregation, which makes territorial management one of the major challenges to integrating social protection (ECLAC, 2008b). This necessitates the creation of basic institutional conditions to enable CTPs to operate at local level in such areas as managing resources and an integrated supply of services.

Finally, organizational aspects specific to individual sectors and their different operating rationales pose another major challenge to horizontal integration. Not only must CTPs successfully link

beneficiaries with existing public programmes and services and ensure that they are suitable, the providers of these services must understand the CTP operating rationale, whose conceptual basis differs from that traditionally applied to non-contributory social protection programmes and public services (Cohen and Franco, 2006a; Nun and Trucco, 2008). The extent to which officials in the relevant services take ownership of a CTP's operating rationale and the way in which they do so can impact heavily on the quality of such services, as well as on meeting specific objectives (see box V.1).

Box V.1  
PROBLEMS WITH SECTORS TAKING OWNERSHIP OF  
CO-RESPONSIBILITY TRANSFER PROGRAMMES

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Roberts (2006) shows that access by beneficiaries of Jamaica's Programme of Advancement through Health and Education (PATH) to the health and education services stipulated as conditionalities has placed an extra workload on institutions, especially in relation to compliance-monitoring mechanisms. The institutions running them view them as an extra burden unrelated to their core activities, causing a problem of "ownership" of the programme and its beneficiaries. In the case of Solidarity Chile, Nun and Trucco (2008) show that the programme's intervention rationale faces problems in terms of unifying the interpretation of its guidelines and objectives among the many stakeholders (including sectors, municipalities and government agencies). This results in a poor perception of the programmes by beneficiaries, who are unable to absorb the fact that access to the services is a right and instead they see them as "handouts" or "benefits given to them by somebody (not the system)" (MIDEPLAN, 2009b). As a result, the "rights-based rationale" that is supposed to govern the programmes tends to be replaced by a welfare-type assistance or by the traditional guidelines that social policy implementers have always used, which can undermine the priority that ought to be given to "social promotion".

Difficulties with ownership of programmes can pose a huge problem when service providers' attitudes end up affecting demand for the services and compliance with the conditionalities. In the case of Solidarity Chile, for example, families graduating from the *Puente* programme have reported that service officials used "indecipherable language" that made it difficult for them to understand the information provided, that they were treated with scorn and disregard for their status as beneficiaries, and some families even pointed to explicit abuse by administrative officials (MIDEPLAN, 2009b).

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Source: Ministry of Planning of Chile (MIDEPLAN), *Trayectorias familiares al egreso del programa Puente*, Santiago, de Chile, Executive Secretariat of the Intersectoral Social Protection System, 2009; E. Nun and D. Trucco, "Informe de sistematización de evaluaciones cualitativas del Programa Puente y sistema de protección Chile Solidario", *Revista latinoamericana de desarrollo humano* [online] <http://www.revistadesarrollohumano.org/temas125.asp>, 2008; C. Roberts, "Seguimiento del desempeño: Jamaica", paper presented at the Third International Conference on Conditional Cash Transfers, Istanbul, 26-30 June, 2006.

## 2. Vertical integration: strengthening coordination between management levels

In terms of vertical integration, CTPs have established budgetary procedures and rules for resource transferral to different management levels and have defined shared responsibilities and specific functions and powers, making them a valuable asset for developing a comprehensive system such as the one proposed in this book.

A noteworthy example is *Bolsa Família* (see box V.2), owing to the importance accorded by the programme to decentralized management and the creation of voluntary “agreed decentralization” mechanisms that abide by the constitutional principle of autonomous organization of States and municipalities (Cunha, 2009). Another example worthy of note is Solidarity Chile, which has grown and developed steadily from a single nationwide, centrally implemented model of programme supply management to a social protection system that can be reproduced effectively at local level (Salinas, 2007). To do this, it had to define strict responsibilities and develop appropriate skills and competencies at the different levels to ensure that each level supports the one immediately following it (Toro, 2009).

### Box V.2

#### VERTICAL INTEGRATION IN BRAZIL'S *BOLSA FAMÍLIA* PROGRAMME

From the outset, *Bolsa Família* has operated on the basis of administrative decentralization between Brazil's central Government and municipalities (Hevia, 2009b), with a number of mechanisms being established to enhance the programme's implementation at national, federal, State and municipal levels. The programme regulations (Decree No. 5209 of 17 September 2004) stipulate that its implementation and management require the combined efforts of the various levels of government, as well as a cross-sector approach, social oversight and transparency. To this end, working agreements were signed with Brazilian municipalities without political distinction, in order to prevent bias in the allocation of benefits. As regards transparency mechanisms, it was decided to reorganize the single register for social programmes (*CadÚnico*) and hand over its administration to an independent financial institution (Hevia, 2009b).

With regard to decentralization, the municipalities are directly responsible for managing the programme and *CadÚnico* locally. Each municipal government must elect the programme manager in charge of identifying and registering beneficiary families. In turn, the municipal managers must ensure that families are provided with proper support and that they comply with the conditionalities (MDS, 2010), in addition to linking the supply of health and education services and coordinating the relevant intersectoral relationships and accompanying measures to expand the supply of social policies and programmes for beneficiary families. Managers can also manage benefits directly (freezing, unfreezing, payment and refunds) through a benefit-

(continued)

## Box V.2 (concluded)

management system, and play a key programme oversight role through the intermediary of social oversight bodies. For all these reasons, municipal managers are key players in implementing *Bolsa Família* and in vertical coordination of the supply of social protection programmes.

With regard to promoting the programme's decentralized and transparent operation, a further two areas are crucial to vertical integration of *Bolsa Família* supply: funding; and management and evaluation.

With regard to funding and the commitment to State management of *Bolsa Família*, individual agreements were signed between the central Government, States and municipal governments. The Bipartite Interagency Commission (*Comissão Intergestores Bipartite*, CIB/SC) is a representation and coordination body of States and municipalities set up specifically to conclude agreements on the Unified Social Assistance System (SUAS). The Commission promotes the conclusion of agreements on implementation and operation of the programme, the adoption of criteria for State co-financing of social assistance services developed by States and municipalities and the establishment of Social Assistance Referral Centres (CRAS).

Furthermore, in 2006 the programme began to use the Decentralized Management Index (IGD), a support mechanism for managing social programmes and assessing the quality of municipal management of *Bolsa Família* (MDS, 2010). The IGD varies between 0 and 1 and was constructed on the basis of four variables, each with a 25% weighting: (i) quality of the information contained in *CadÚnico*; (ii) periodic updating of *CadÚnico* (at least every two years); (iii) verification of compliance with education conditionalities (school attendance); and (iv) attendance of health checks. The IGD makes it possible to assess: compliance with the conditionalities at local level; support work with *Bolsa Família* beneficiary families; registration of new families (based on continuous data updating); and implementation and potential incorporation of new programmes into existing ones (Guimarães, Nogueira and Magalhães, 2008).

The IGD results are used to calculate monthly transfers to be paid by the Ministry for Social Development and Fight Against Hunger (MDS) to municipalities with a minimum compliance score of 0.4, which have been authorized for municipal management of social assistance and have signed up to *Bolsa Família* (Guimarães, Nogueira and Magalhães, 2008, p. 10). Thus the index is applied using a performance-based management approach.

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Source: F. Hevia, "Mecanismos de participación ciudadana y control social en los programas de transferencia condicionada de renta en México y Brasil, un análisis comparado", *Revista crítica de ciencias sociales y jurídicas*, vol. 2, No. 22, 2009; "Relaciones directas o mediadas? Participación ciudadana y control social en el programa *Bolsa Família*", Brasilia, International Policy Centre for Inclusive Growth [online] <http://www.ipc-undp.org/mds.do?active=3>, 2009; A. Guimarães, M. Nogueira and R. Magalhães, "A intersectorialidade no programa *Bolsa Família*: reflexões a partir de uma experiência local", National School of Public Health (ENSP)/FIOCRUZ [online] <http://www.ipc-undp.org/publications/mds/25M.pdf>, 2008; Ministry for Social Development and Fight Against Hunger (MDS) "Gestão municipal", <http://www.mds.gov.br/bolsafamilia/gestaoedescentralizada/tipos-de-gestao/gestao-municipal/gestao-municipal>, 2010; Guia para acompanhamento das condicionalidades do programa *Bolsa Família*, Brasilia, 2008 and C. Mesquita, "Programa *Bolsa Família*", paper presented at the international seminar "Sistemas de proteção social: desafios no contexto latinoamericano", Brasilia, 8-11 December [online] <http://www.mds.gov.br/sites/seminariointernacional/sites/seminariointernacional/programacao>, 2009.

## **D. Matching social service supply and quality to the requirements of co-responsibility transfer programmes**

One aspect of CTPs on which there appears to be clear agreement in the literature is the importance of improving the supply of public services (Cohen and Franco, 2006a; ECLAC, 2006; Fiszbein and Schady, 2008; Cecchini and others, 2009). While CTPs have placed special emphasis on demand for social services, the fact that transfers are subject to compliance with a condition makes it necessary to ensure an adequate supply.

CTPs supply social services and programmes, most of which have human capital objectives, that is to say they are mainly (but not exclusively) health and education services. However, to match social services to the requirements of CTPs it is not enough to simply expand coverage. The quality of services influences their public appeal, helping to either boost or diminish the programme's effectiveness. In Mexico's *Oportunidades* (González de la Rocha, 2008) and Panama's Opportunities Network (Rodríguez, 2010), for instance, one of the main factors preventing families from complying with the conditionalities imposed in certain rural areas is not lack of schools but lack of teachers or the fact that teachers give classes only a few days a week.

This makes it necessary to consolidate the operating rationale of CTPs to include verifying the minimum conditions of service availability and quality (Parra Córrea and Perez Ribas, 2008). One strategy used by some countries is to temporarily suspend programme start-ups in areas with insufficient service provision. While such a strategy may be appropriate for scaling up coverage, in cases where there are no clearly defined procedures for carrying out the process and the required financial resources have not been secured, it can become a two-edged sword that perpetuates historical inequalities between geographical areas or exclusion of the poorest and most vulnerable population sectors. That is why it is paramount to identify and implement the most appropriate mechanisms for boosting supply, establishing explicit forms of cooperation and coordination among the government agencies involved, and to consider incorporating the private sector and the "third sector" (the voluntary sector or civil society organizations).<sup>5</sup>

Support for expanding supply can take a variety of forms: public direct support consisting of the transfer of funds from each programme's budget to the sectors involved; indirect public support consisting of

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<sup>5</sup> This requires a management model that incorporates not just the resources but also the interventions of different actors with the necessary expertise to provide the required services.

tendering contracts to private entities that are required to meet certain service delivery standards; or private support proper, such as a voucher system, where beneficiaries can use these supply-stimulating transfers in any programme. One example of public direct support is Brazil's municipal and State Decentralized Management Index, which is used as a means for allocating resources to the various administrative levels (see box V.2). In Mexico, State institutions are responsible for strengthening existing infrastructure in all regions where *Oportunidades* operates and for meeting the additional demand for services arising from the programme's implementation.<sup>6</sup> Where final service providers are private entities, transfer amounts are calculating using a variety of methods that consider explicitly the increased demand produced by CTPs, for example by paying a specific sum per beneficiary served or enrolled. The most representative examples of CTPs using this method are tranche two of the Honduran Family Allowance Programme (PRAF II) and Nicaragua's Social Protection Network (RPS) and Crisis Response System (SAC) (Moore, 2008; 2009; Cecchini and others, 2009) (see box V.3). While the voucher option has the advantage of favouring beneficiaries' freedom of choice, in many cases concentration of supply at local level results in a complete lack of user freedom.

Pautassi and Zibecchi (2010) describe an interesting example of supply-deficit coverage in Buenos Aires, where a number of civic and community organizations provide preschool care under CTPs. The supply deficit (see box II.3) has led to the emergence of civic and community organizations specialized in the provision of services by community childminders and educators. While these organizations differ in their degree of institutionalization and professionalism, the authors agree not only that they are able to absorb unmet demand but also that their services are well suited to the specific needs of the children receiving assistance. However, these organizations have no official recognition, their relationship with public education provision is informal (recommendation or contact through a teacher) and they have no stable institutionalized linkage with the education sector.

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<sup>6</sup> The *Oportunidades* National Coordination Agency must notify the ministries of health and education of the targeted annual number of beneficiaries it plans to cater for. In turn, the ministries must incorporate into their annual budget the resources required to meet *Oportunidades* operating costs, as well as the estimated costs of full compliance with programme objectives and targets. As from 1998, the intervention strategy was boosted by a Social Infrastructure Contribution Fund (FAIS), which transfers resources to improve infrastructure in the most marginalized communities by building schools, clinics, rural roads and other facilities. The Federal Government transfers these funds directly to local governments, which decide how to spend them (Levy and Rodríguez, 2005).

## Box V.3

TRANSFERS FOR EXPANDING SUPPLY IN CO-RESPONSIBILITY  
TRANSFER PROGRAMMES IN HONDURAS AND NICARAGUA

To supplement the demand-linked benefits typical of CTPs, an innovative benefit was included in tranche two of the Honduran Family Allowance Programme (PRAF II), funded by the Inter-American Development Bank (IDB), and in Nicaragua's Social Protection Network (RPS) and Crisis Response System (SAC) (which ended in 2006), consisting of transfers linked to the supply of health and education services.

In the case of PRAF II, the amounts allocated to each health or educational facility were calculated on the basis of physical capacity and infrastructure requirements, on the one hand, and the number of beneficiaries, on the other. The education sector received a transfer per student enrolled, in addition to resources for parents' associations (administration and training costs), students (school supplies), classrooms (school equipment) and teachers (teaching aids, training costs and performance bonuses). Each educational institution receives an average US\$ 4,000 per year, ranging from US\$ 1,600 to US\$ 23,000. The resources allocated to the health sector are for infrastructure, equipment and supplies, as well as cash incentives for volunteers and staff in each healthcare facility. The average sum received is US\$ 6,000, ranging from US\$ 3,000 to US\$ 15,000.

Nicaragua's former Social Protection Network established a closer link between service provision and payments to providers. In the health sector, for example, payment to communities receiving demand-linked transfers was proportional to achievement of specific coverage targets, whereas in communities not receiving these benefits, providers were paid strictly per person served. Transfers to the health sector were capped at US\$ 90 per household served per year, while those to the education sector amounted to US\$ 8 per year per child enrolled. Similar provisions were adopted in Nicaragua's former Crisis Response System.

In both cases, conditionalities were imposed on such aspects as: service-provider participation in quality-improvement programmes; compliance with the standards and coverage targets set by the relevant ministries; and beneficiaries' participation in parents' associations and user committees.

These transfers were not the only means used in Honduras to match public provision to programme requirements. Some of the actions included community organization and participation, such as organizing committees of health-service users and parents' and guardians' associations (Parents' Association) to decide how transfers were to be spent and monitor their use for training community health and nutrition extension workers (Comprehensive Care Strategy for Children in the Community (AIN-C)) and setting up teachers' professional development programmes (In-service Teacher Training Programme). In addition, the non-profit private sector was involved actively in the local management of loan funds and in monitoring the actions of parents' associations and committees.

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Source: C. Moore, "Nicaragua's Red de Protección Social: an exemplary but short-lived conditional cash transfer programme", *Country Study*, No. 17, International Policy Centre for Inclusive Growth/United Nations Development Programme (UNDP), January 2009; "Assessing Honduras' CCT programme PRAF, Programa de Asignación Familiar: Expected and unexpected realities", *Country Study*, No. 15, Brasilia, International Policy Centre for Inclusive Growth/United Nations Development Programme (UNDP), April 2008; Inter-American Development Bank (IDB), "PRAF. Programa de Asignación Familiar, Fase II", technical description of the project, presentation, 2000.

This leads to a conclusion of crucial importance to the debate on the role of CTPs in social protection: it is not feasible to implement a CTP in areas where no relevant supply exists. To remedy this, it is necessary either to secure the required resources to cover the deficit (considering aspects of availability, quality and variety) or to adopt a solution that imposes no conditionalities for access to non-existent services (such as unconditional transfers) (Samson, 2006; Freeland, 2009).

Based on the above, it could be argued that, if the aim is to match supply with demand and CTPs perform their requisite role in the social protection properly, in addition to analysing the supply of social services to determine a CTP's relevance and feasibility prior to start-up, the scale of the actions and resources required to meet the future increased demand generated by the CTP will need to be quantified and a cost-impact assessment will need to be made of the most effective types of action in terms of supply or demand.

According to Parra C rrea and Perez Ribas, assessments should provide empirical evidence on access to social services and on institutional capacity for managing programmes better and covering their costs. Not only would this improve the planning and management of CTPs in terms of setting priorities and managing financial resources, it would also provide information on such matters as potential beneficiaries and their perception of current access levels (whether they are adequate or whether there are gaps in coverage), as well as the profile of the population without access to the programme and what barriers they face (Parra C rrea and Perez Ribas, 2008). *Oportunidades* and Families in Action are examples of CTPs that have included a stage in their targeting process for verifying service availability.<sup>7 8</sup>

As for the cost-impact ratio of interventions, a number of authors (Parra C rrea and Perez Ribas, 2008; Handa, 2001; Handa and Davis, 2006) suggest that, where the aim is to increase levels of human capital (for

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<sup>7</sup> In 2004, Mexico's *Oportunidades* programme was extended to include all municipalities nationwide. Prior to that, the targeting procedure included a process of validating selected communities to check whether the local health and education services had the necessary capacity to meet the future increased demand generated by the programme's incentives and co-responsibilities. Where municipalities did not have the required services or where services were saturated, programme start-up was delayed until it was confirmed that the municipality had a sufficient sectoral supply (Cohen, Franco and Villatoro, 2006).

<sup>8</sup> Colombia's Families in Action continues to exclude municipalities without the necessary infrastructure, both in terms of basic services (health and education) and in all matters relating to the payment process (availability of a bank or equivalent). Despite this, the programme currently covers 1,093 of Colombia's 1,098 municipalities, corresponding to geographic coverage of 99.5%.

example, by building a school in the community), demand-side measures (such as income transfers) might be less effective than measures for modifying supply.<sup>9</sup>

## **E. Matching demand for protection with the supply of services: family support**

As mentioned earlier, any protection system should provide for mechanisms to integrate the demand and supply of social services, which is a key to ensuring the impact of the social protection offered by CTPs. By monitoring compliance with the conditionalities and compiling information on families' living conditions and needs, the family support provided by type-3 CTPs is seen as one of the most effective means for matching public provision with poor families' demand for social protection, as these CTPs link families with the supply of programmes.

The commonest problem is not lack of services but that of supply failing to reach specific population groups for a variety of reasons. In the case of *Bolsa Familia* complementary programmes, for example, the fact that enrolment is voluntary means that only the best-informed families gain access to them. It was found that where no concrete actions are in place to link beneficiaries with benefits, programme quotas are not filled.<sup>10</sup>

This calls for measures to address the need for linkage and coordination among the different components of supply to ensure that they reach their intended beneficiaries. Two good examples are Solidarity Chile and Colombia's *Juntos* Network, where professionals specifically dedicated to the task are responsible for ensuring that beneficiary families are linked with the supply of public services and programmes (family support counsellors and social protection officials respectively).

Nevertheless, based on observations of Solidarity Chile it is clear that, while family support has achieved much, it also faces great challenges. Family support can become such a key component of the family social-inclusion process that it can have serious effects on families where the approach used by the professional in charge encourages dependency. Publications by the Ministry of Planning of Chile (MIDEPLAN) report that some of the adverse effects of dependency stem from the "mystification" of support, especially the figure and role of the

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<sup>9</sup> Handa and Davis (2006) argue that there are no studies on the region to indicate whether a transfer designed to stimulate demand is more effective in cost-impact terms than one to stimulate supply. The only study that draws such a conclusion appears to present methodological problems that may explain the results in favour of demand-side interventions (Coady and Parker, 2004, pp. 440-451).

<sup>10</sup> For a description of the *Bolsa Familia* PlanSeq programme, see OAS/ECLAC/ILO, 2010.

family support counsellor, to the point of undermining trust in the rest of social policy and institutions in general when the support period ends (MIDEPLAN, 2009a; 2009b).

## **F. Support for institutional capacity-building: the role of beneficiary selection and registration systems**

The mere fact of imposing conditionalities means that CTPs must have information systems and procedures to monitor compliance, imposing penalties where appropriate, the means for reinforcing these penalties, and so forth. This has prompted a number of authors to underline the opportunity offered by CTPs to promote institutional development via social policy, especially in low-income countries with weak institutions (Bastagli, 2009; Fiszbein and Schady, 2009). They argue that CTPs would have the positive externality of creating better conditions for the development of other programmes and policies, although in practice this has not happened in every case.<sup>11</sup>

Beneficiary selection and registration systems therefore play a key role in enabling CTPs to serve as a gateway into social protection, as well as facilitating the passage of families and individuals to other programmes. One virtue of such systems is precisely that they can be extended to all public programmes and so provide full information on the population served by social policy and programmes by integrating the databases of all the various public sectors and institutions into a single register.

However, there are downsides too, especially as regards the standardization of eligibility procedures and rules and the establishment of beneficiary registers, as some elements pose a threat of exacerbating the residual and exclusive nature of interventions. This is the case where CTPs are based on temporary structures that are poorly integrated into the bureaucratic State apparatus and at the mercy of political change (see chapter II, section D.1).

## **G. Graduation from co-responsibility transfer programmes and social protection**

For CTPs to act as a gateway into social protection, families' exit from programmes should not be seen as grounds for suspending benefits after they have complied with certain requirements or exceeded certain

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<sup>11</sup> See the differences between CTPs in two countries with similar budgetary and institutional constraints: El Salvador's former Solidarity Network (now Solidarity in Communities) and Paraguay's *Tekoporâ* programme (Veras Soares and Britto, 2008).

thresholds and, hence, as grounds for exclusion from social protection. On the contrary, CTPs should serve as a link with the other social protection and promotion measures provided for in social policy. The notion of graduation and the establishment of appropriate strategies should be seen as a passage through different stages in a continuum of interventions tailored to various basic needs and linked to risk protection and the exercise of rights. From this standpoint, graduation from CTPs should signal the end of socio-economic vulnerability and a higher level of social protection, by means of either other non-contributory instruments or contributory social protection.

## 1. Exit rules

CTPs have faced an ongoing challenge in implementing sustainable graduation strategies, in terms of social policy's ability to promote people's self-reliance and build their capacity (Veras Soares and Britto, 2008; Yaschine and Dávila, 2008). However, the region has accorded more importance to defining CTP exit rules than to graduation strategies proper, which in many cases has stemmed partly from budgetary constraints or political considerations (such as interest in reducing length of stay in the programme and increasing the gross number of programme beneficiaries) rather than from programme objectives (Villatoro, 2008).<sup>12</sup> Cases have also been observed where CTPs simply stipulate that beneficiary households should stop receiving benefits when members "lose" their eligibility. For instance, families cease to be programme beneficiaries when their children reach a certain age, leaving them in a situation of vulnerability similar to or worse than prior to the intervention (Banegas, 2008; González de la Rocha, 2008). In other cases, exit rules arbitrarily define a maximum number of years of participation in the programme.<sup>13</sup>

There are also CTPs where the objectives are explicitly taken into account in designing graduation strategies, such as Mexico's *Oportunidades* programme, where the original mechanisms needed to be systematically overhauled to bring them into line with the objectives (see box V.4). *Oportunidades*, as well as Brazil's *Bolsa Família*, Jamaica's PATH, the Dominican Republic's Solidarity and other CTPs set time limits and the possibility of recertification (Cecchini and Madariaga, 2010).<sup>14</sup>

<sup>12</sup> In Nicaragua's Social Protection Network and Crisis Response System, the maturity date of the loan used to finance programmes automatically limited length of stay in the programme, with no provision being made for transition to a new protection scheme.

<sup>13</sup> For example, in Trinidad and Tobago's Targeted Conditional Cash Transfer Programme (TCCTP) the time limit is two years, in Colombia's programme of Conditional Subsidies for School Attendance (in Bogota) it ranges from two to three years, depending on the type of subsidy, and in Brazil's Child Labour Eradication Programme, it is up to four years.

<sup>14</sup> In most cases, provided that families do not exceed certain income thresholds for graduation from the programme, they are automatically recertified as beneficiaries.

Finally, some CTPs establish more elaborate exit strategies. Such is the case of Solidarity Chile, where participation in the programme is governed by a graduation scheme in which family support and cash transfers are reduced gradually, while some benefits continue to be paid after the end of the family support period.

Box V.4

GRADUATION PROBLEMS WITH MEXICO'S *PROGRESA-OPORTUNIDADES* PROGRAMME AND DIFFERENTIATED SUPPORT SCHEME (EDA)

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In line with the programme's objective of human capital accumulation to increase families' capabilities and its desire to prevent beneficiary dependence, *Progresa* planned to continue providing support to beneficiary households for as long as they remained eligible. This was done using a procedure for verifying each household's socio-economic status every three years as from their date of admission.

When the programme was rechristened *Oportunidades* and for a variety of financial and other reasons, a graduation scheme was designed allowing families to exit from the programme definitively. In 2003, a similar family recertification procedure began to be implemented, adding an intermediary stage called Differentiated Support Scheme (EDA), which was applied to families showing what were deemed to be "sustainable" socio-economic and welfare improvements.

EDA implementation varies according to geographical location. In rural communities, it comes into force three years after recertification and, in urban areas, one year after. Families transferred to the scheme stop receiving the *Vivir Mejor* child support component for primary education and the food support component, as they are considered able to afford the costs themselves. Families continue to be EDA beneficiaries for a further three years after graduating from the programme.

The EDA was implemented because of serious misgivings about the suitability of both the chosen parameters (duration, poverty line used in the assessment) and the mechanism. Indeed, a number of assessments concluded that, after a six-year stay in the programme, only around 20% of families had managed to rise above the eligibility threshold. It was also found that some 42% of these families would fall back below the threshold in the future. Furthermore, families withdrawing from the programme showed the typical pattern of reaction or adaptation to economic crisis, meaning that they had returned to a highly vulnerable situation.

Between 2006 and 2008, further adjustments were made to the EDA. They included increasing to six the number of years required before the first assessment, removing households comprising only older adults and authorizing graduate households to request readmission to the programme subject to meeting certain conditionalities. Nonetheless, the EDA continues

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(continued)

## Box V.4 (concluded)

to be highly controversial. Basically there are two criticisms of the scheme: (i) the contradiction between EDA exit criteria based on poverty assessments and the programme's long-term human development objective; and (ii) the absence of a social safety net in Mexico to absorb graduate families effectively by providing access to more targeted social programmes.

Source: I. Yaschine and L. Dávila, "Why, when and how should beneficiaries leave a CCT programme", *Cash Transfers. Lessons from Africa and Latin America*, D. Hailu and F. Veras Soares (eds.), Poverty in Focus, No. 15, Brasilia, International Policy Centre for Inclusive Growth, August, 2008; Programa de Desarrollo Humano Oportunidades, "Prontuario institucional del Programa de Desarrollo Humano Oportunidades" [online] [http://www.opportunidades.gob.mx/Wn\\_Publicaciones/Pub\\_anter.html](http://www.opportunidades.gob.mx/Wn_Publicaciones/Pub_anter.html); M. González de la Rocha "Programas de transferencias condicionadas. Sugerencias para mejorar su operación e impacto", *Futuro de las familias y desafíos para las políticas*, I. Arriagada (ed.), Seminarios y conferencias series, No. 52 (LC/L.2888-P), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), 2008; Israel Banegas, "Trayectorias de bienestar y vulnerabilidad: Análisis de un panel de hogares incorporados al programa Oportunidades (1997-2006)", paper presented at the third Congress of the Latin American Population Association (ALAP), Cordoba, 24-26 September [online] [http://www.alapop.org/2009/images/DOCSFINAIS\\_PDF/ALAP\\_2008\\_FINAL\\_180.pdf](http://www.alapop.org/2009/images/DOCSFINAIS_PDF/ALAP_2008_FINAL_180.pdf), 2008.

## 2. Income generation and labour force participation

The promotion of decent work is key to overcoming poverty and CTPs can play an important role as a channel for linking and integrating people. Indeed, CTPs have already begun to incorporate activities for matching labour supply (technical and vocational training and remedial primary and secondary education) with labour demand (microcredit programmes, labour intermediation services and direct or indirect job creation) (OAS/ECLAC/ILO, 2010) to facilitate the sustainable graduation of beneficiary families from CTPs (Yaschine and Dávila, 2008).

While the envisaged measures are a valiant attempt to integrate the poorest and most vulnerable people into the job market, they pose a number of problems: matching the supply of jobs to the profile of beneficiaries; linkages with the job-creating private sector; monitoring those placed in jobs; limited financial and human resources; and lack of complementary policies allowing women to balance the burden of home care with participation in the programme. Available information shows that most CTP beneficiaries do not manage to gain stable employment and that women and young people face the greatest difficulties. The deficits in terms of education, the shortage of local employment opportunities, and ethnic and gender barriers all conspire against the likelihood of programmes successfully driving dynamic processes of incorporation of the poorest sectors into the labour market (OAS/ECLAC/ILO, 2010).

A number of vocational training and income generation initiatives via CTPs have shown the sheer complexity of providing appropriate responses to beneficiaries' highly diverse conditions and needs. For

instance, not all families participating in CTPs have the same ability to enter the labour market (ECLAC, 2009a), exploit the opportunities offered by microcredit and microbusiness programmes (MIDEPLAN, 2009a; 2009b) or fully internalize the psychosocial counselling they have received (Nun and Trucco, 2008).

Assessments of Solidarity Chile show that granting microcredit to very poor families may be ineffective in generating income. Some of the reasons include their lack of business experience, the limited relevance of some projects and inability to plan an investment in the midst of an economic emergency with the prospect of receiving income at some future date (MIDEPLAN, 2006). As a result, many projects end up working informally or simply fail (MIDEPLAN, 2006). There have even been instances where beneficiaries decide to sell the capital assets that they have acquired to raise immediate funds. Braga, Leandro and Lyra Júnior (2008) report that Brazil's *Bolsa Família* and *Crediamigo* (a complementary microcredit programme implemented in northern Brazil) were confined largely to shoring up existing ventures. In fact, in 82% of cases, the credit was found to have been used to expand an existing business.<sup>15</sup>

These examples illustrate the possible limitations of microbusiness-related measures as an effective income-generation strategy for poor families, as apparently they tend to reinforce previously acquired skills, rather than developing new ways of earning income. Therefore, although many of the strategies employed may be helpful in coping with emergencies and maintaining subsistence levels, they should be considered as a temporary solution providing access to quality employment (Rodríguez and Alvarado, 2008). Indeed, in the case of Solidarity Chile, the finding is that when heads of household obtain a job perceived to be well paid and in a valued working environment, they do not consider developing a microbusiness to be an attractive option (MIDEPLAN, 2009a; 2009b).

A number of authors (León, 2008; Medeiros, Britto and Veras Soares, 2008) stress the importance of measures with a direct impact on the labour market: either social protection measures proper (labour market regulation, unemployment insurance) or measures to promote and encourage labour recruitment with broad private-sector participation, as well as measures to link beneficiaries effectively with contributory social protection schemes. Indeed, experience with Solidarity Chile has shown that one aspect that has suffered the highest rate of non-compliance (83.3%) is graduation from the programme with at least one family member working regularly and earning a stable wage (MIDEPLAN, 2009a; 2009b).

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<sup>15</sup> The sample used is not representative of beneficiary families of either *Bolsa Família* or *Crediamigo*.

This confirms the importance of a comprehensive approach involving the use of procedures and regulations that link different social policy structures, are in line with each programme's objectives (in terms of guaranteeing certain levels of income or human capital accumulation, for example) and are properly coordinated with the rest of public provision. This would prevent the situation where a family graduates from the initial level represented by CTPs only to rejoin unmet demand for the same programmes, but instead would allow the family to rise steadily to ever higher levels of social protection and welfare.

## Chapter VI

# **Consolidating social protection in Latin America: main challenges**

This book has analysed different elements of the recent debate on social protection in Latin America, distinguishing conceptual, historical, normative and social policy aspects and identifying four social protection approaches that have shaped policies and programmes in the region.

As already mentioned, in terms of theory and social policy design, the idea of a more comprehensive and citizen-centric approach to social protection is gaining ground, based on complementarity between different normative and conceptual frameworks that includes human rights, basic needs and risk. There is a gradual shift away from the dual approach catering to two groups—those with a stable job in the formal sector and those living in extreme poverty—towards a more inclusive model that guarantees access to social protection for all citizens. This does not mean shelving actions and resource allocation in favour of those who most need them for reasons of equity, justice or efficiency but, instead, protection measures need to be rethought from a broader universal perspective. At the same time, public management models are being redefined in line with the redesigned policies, making inter-agency coordination one of the greatest challenges for the region.

This broader approach also meets the needs of Latin American countries arising from globalization, economic crises, the unfulfilled promise of full employment, as well as population ageing. Various social protection proposals and initiatives are being developed to deepen the role of social protection in this scenario and have revealed the need for a new

consensus, with social and fiscal covenants that ensure universal access to benefits in an environment of solidarity and efficiency (ECLAC, 2006).

While much interest has been shown in a comprehensive approach that safeguards citizen guarantees, no single design has been chosen for social protection programmes, which vary widely depending on individual countries' political priorities and social investment, as well as their level of development. There are countries that have focused on non-contributory social protection initiatives, such as co-responsibility transfer programmes (CTPs), as a first big step in extending protection to those who have been historically excluded. Other countries combine policies of targeted non-contributory social protection with initiatives for universalizing certain benefits, such as old-age pensions in the Federal District of Mexico or the Dignity Income in the Plurinational State of Bolivia. A third group of countries have sought to form coordinated rights-based social protection systems in which non-contributory policies focusing primarily on people in situations of poverty and vulnerability and non-contributory policies are combined. These policies define *ad hoc* arrangements that vary according to the requirements of the different population groups.

There are many lessons to be drawn from social-protection policy experiences in the region. First, as Argentina, Brazil and Chile have shown, it is extremely important to extend social protection gradually until it reaches every citizen, consolidating stages and instruments. Second, institutional backgrounds and traditions have been found to play a major role in which the cumulative effect of different experiences in adopting universal social protection programmes and instruments is paramount, as in the case of Costa Rica and Uruguay. This does not mean leaving the rationales of the various institutions unchanged but, instead, recognizing the contribution of cultures and historical traditions when designing new social policy systems.

The goal of providing universal social protection through interlinked contributory and non-contributory systems designed from a citizen-centric and inclusive perspective is a realistic one that should be pursued. The International Labour Organization (ILO, 2009) has proposed extending the non-contributory social protection floor (see box I.1) as in a ladder, by adding a second level of compulsory contributory benefits and, finally, for those who need or want high levels of protection, a top level—voluntary private insurance. However, the path ahead is not entirely smooth and, to achieve the desired success, special actions are required based on social and fiscal contracts tailored to each country's reality, failing which the current dual system is in danger of being perpetuated.

At the same time, there are many areas where the social protection debate should be deepened, including the third component of comprehensive social protection, labour market regulation, which has been little analysed in terms of potential instruments, strategies and opportunities for consolidation in the region. The contribution of regulation should be highlighted and policies identified for strengthening it.

In addition to addressing in a more explicit manner policies for regulating the labour market itself, social protection policies are faced with the need to strengthen links with active labour market policies. This entails actions for increasing the employability and earnings of those finding it hardest to enter the labour market and for enhancing the welfare of workers and their families (Bertranou and Paz, 2007, p. 52), especially women, young people and groups that have traditionally been the furthest removed from formal employment, such as indigenous peoples and those living in poverty or extreme poverty. Some of these policies therefore seek to increase workers' assets (by means of training, for instance) and to prevent asset deterioration (by means of unemployment insurance).

The following sections discuss some of the challenges of implementing a comprehensive system of inclusive social protection.

## **A. Feasibility of implementing a rights-based approach in the region**

The most pressing challenge in establishing mechanisms to ensure sustained progress in safeguarding economic, social and cultural rights is the relationship between securing the political will to commit to concrete social policy actions and the granting of explicit guarantees endowed with a legal basis, institutional capacity and sufficient funding for the progressive realization of these rights.

Further action is therefore required to set standards and indicators that can shed more light on progress in this area. This is particularly important in a context where social rights are far from being realized and much of the population suffers continuing lack of protection in employment and poverty.

To achieve these standards, there must be a proper legal and administrative structure, as their sustainability relies on the existence of laws and regulations for ensuring compliance and clear rules stipulating which institutions are responsible for their operation, control and monitoring. Political will alone is not enough to implement this process, as it is also necessary to bear in mind the issues raised by the legal debate in each country. So, apart from technical design, provision should be made

for a communication and administration strategy to enable them to be legally formalized. As there are likely to be cases where the protection system's legal basis offers no quick or easy way of doing this, the hurdle will be to work out how to start progressive implementation, based on administrative decrees, in order to reduce the opportunity costs that delay would inflict on citizens, while creating a political space to facilitate their realization through laws that will enhance their sustainability.

At the same time, to ensure proper management that takes into account the established standards, there must be active participation mechanisms and social oversight bodies, both civic organizations (such as watchdog organizations, oversight offices, non-governmental organizations and beneficiary groups) and international agencies with a more direct commitment to overseeing progress on economic, social and cultural rights (such as the United Nations Committee on Economic, Social and Cultural Rights (CESCR)). Artigas (2005) points to the need to strengthen the Ombudsman's powers for mediating between the prosecution of cases involving infringement of these rights and the creation of institutional mechanisms.

A key requirement for a fiscally sustainable system is that rights should be defined incrementally (Artigas, 2005; United Nations, 2009b). Indeed, the main constraint in the region on "new constitutionalism" (characterized by greater incorporation of human rights into its structure) is that it requires the material conditions to ensure that these rights do not become a dead letter (Gargarella and Curtis, 2009). The challenge is to combine the two dimensions—rights and sustainability in legal, operational and economic terms—in order to define minimum levels that not only contribute significantly to achieving the objectives, but are also endowed with sufficient management capacity and do not affect macroeconomic balances. One example of this option is Chile's System of Universal Access with Explicit Guarantees (AUGE Plan), where the coverage of medical conditions with guaranteed health care has gradually been expanded as resources and the capacity to administer them have increased.

It is also necessary to take into account the capacity of countries in the region to meet the challenges of improving social institutions. Expanding the coverage and implementation of complex systems for monitoring and controlling such aspects as targeting conditionalities and mechanisms calls for the mobilization of financial and institutional resources that often incur high opportunity costs, in addition to placing a heavy additional burden of work on the sectors involved (Parra Corrêa and Perez Ribas, 2008; Villatoro, 2008). Veras Soares and Britto (2008) argue that, in low-income countries, there is a trade-off between building institutional capacity and expanding

the level and coverage of benefits (see Cecchini, 2009). So, in addition to quantifying the required actions, the challenge is how to tailor their implementation to existing financial capacity or to expand this capacity sustainably for the benefit of social policy as a whole, while making sure that they do not lead to present protection yet future vulnerability.

As ECLAC (2000, p. 30) pointed out, “the political recognition of the existence of economic, social and cultural rights does not in itself create wealth or distribute non-existent resources. The implementation of these rights must be compatible, in particular, with the level of development that has been reached” and, as described in the following section, “with the fiscal covenant that has been established in each society if we are to avoid creating unrealistic expectations or macroeconomic disequilibria that will ultimately, via other routes, hurt the very social sectors that we are trying to protect”.

It is not easy to address these issues because the question that needs to be asked is: at which point do institutional and economic constraints start to infringe rights and vice versa? This is especially relevant on a continent that still faces major growth challenges, as well as much unfinished business in terms of inequality and tight social budgets, coupled with low taxation and poor tax collection rates. A stronger push is therefore needed towards a growth model with better income distribution, which requires an acknowledgment that both these elements are part of the same process rather than sequential tasks. As in every society, growth is needed in order to generate resources for subsequent distribution and greater equity and equality are a key asset for promoting growth, increasing human and social capital, reducing investment risk and boosting domestic demand.

## **B. Financing: multiple demands and limited resources**

One of the main challenges of a comprehensive social protection system is to create the right conditions to ensure sufficient resources and stable funding sources. ECLAC (1998, 2006) has raised the need for a fiscal covenant that would serve as a political agreement between the various social sectors and would determine the structure and level of taxation and the allocation of investments. This fiscal covenant is the correlate of the social contract or, in other words, its material condition of viability. Therefore its strength or weakness is a reflection of the strength or weakness of public finance.

However, this fiscal covenant requires adjustments that are difficult in a context like the Latin American one. Some of the issues that must be addressed include: the political and institutional deficit; the erosion of fiscal citizenship; high informal employment rates; changes in tax systems from

ones based on direct taxes to ones based on indirect taxes; and the difficulty of exploiting favourable macrofiscal situations to minimize the effects of frequent economic shocks in the region (Basombrío, 2009, pp. 36-37).

As any move towards an inclusive protection model would increase demand, greater public and private efforts will be required. A point of agreement in the debate is that an overhaul of Latin America's social protection architecture in the new millennium calls for a thorough analysis of the fiscal impact of various measures and the adoption of countercyclical instruments (ECLAC, 2009b). This means increased fiscal investment, which is difficult to avoid and, in the medium and long term, will require the injection of new resources and more efficient use of available ones (ECLAC, 2010a; Lo Vuolo, 2009). However, the economic costs associated with lack of protection for the population are far from negligible, as child malnutrition studies by ECLAC and the World Food Programme (WFP) have shown (Martínez and Fernández, 2007 and 2009).<sup>1</sup>

The demographic dividend (see box IV.4) is a potential source of savings which, to be effective, calls for growth in decent work and the formalization of employment in order to build capacity to raise funds through the contributory system. Failing this, the opportunity for providing financial sustainability to meet future demand from population ageing might be missed.

Although the need for more resources is felt throughout the region, the challenges vary widely from country to country in terms of macroeconomic priorities and the volume of resources. The challenges are more acute for countries with wider well-being gaps, that is to say, ones with lower per capita gross domestic product (GDP), higher demographic dependency rates, more informal labour markets, lower social protection coverage, higher poverty levels and less social investment both per capita and as a percentage of GDP. They are the group III countries: Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Peru and the Plurinational State of Bolivia (see table II.1). These challenges diminish in countries with a narrower well-being gap—group I countries: Argentina, Brazil, Chile, Costa Rica, Panama and Uruguay—where all these parameters become less critical (ECLAC, 2010b).

According to ECLAC estimates (2010b; see annex III), the cost of a potential transfer equivalent to half a poverty line for children aged between 5 and 14 and one poverty line for children aged under 5, adults

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<sup>1</sup> The direct cost of health care and education services, together with loss of productivity (represented by the 5.4 million people who died before they could join the working-age population and the two-year schooling gap of those who have suffered child malnutrition) amounted to 6.4% of gross domestic product (GDP) in the Dominican Republic and the Central American countries in 2004 and 2.6% of GDP in Paraguay and the Andean countries in 2005. These values represent an average of 30% of the respective countries' social investment in those years (Martínez and Fernández, 2007 and 2009).

over 65 and unemployed people living in households vulnerable to poverty, with an income below 1.8 times the poverty line, would cost 2% of GDP or less in Argentina, Chile and Uruguay and between 15% and 18% of GDP in Honduras, Nicaragua and the Plurinational State of Bolivia. The cost of transfers to everyone in the above categories, not just those living in poverty-vulnerable households, would range from a minimum of 4.3% of GDP in Chile to a maximum of 19.8% of GDP in Nicaragua. The International Labour Organization (ILO) has calculated that it would cost less than 2% of global GDP to provide a social protection floor to all the world's poorest and that 6% of global GDP would be enough to provide minimum protection to all those who currently have no access to social protection (see box I.1). As a guide, table II.1 shows that, while social investment in Latin America as a whole averages 14.2% of GDP (US\$ 666 per capita), it ranges from an average of 10% of GDP (US\$ 181) in countries with the lowest levels of investment (group III) to 18.5% of GDP (US\$ 1,220 per capita) in countries with the highest levels (group I).

With respect to these non-contributory transfers, ECLAC (2010b, p. 192) has argued against the claim that the receipt of non-labour income undermines people's willingness to join the labour market. In the second place, the experience of recent years shows that the expansion of non-contributory transfers in the region has been accompanied by rising participation rates among beneficiaries. Third, in a region where the income of around a third of the population is insufficient to lift those households out of poverty, it can hardly be argued that the lack of measures to reduce vulnerability is a matter of incentives.

ECLAC (2006) has also pointed to flaws in the region's tax structures and continued regressive investment in many social sectors. High-calibre technical and political measures will undoubtedly be required to change this situation and, above all, strong social consensus capable of pushing through the necessary reforms, even though the universalization of some services or coverage increases do not necessarily require a marked increase in social investment (ECLAC, 2010b). The need to implement active fiscal policies also entails improving the quality of resource allocation and policy effectiveness (ECLAC, 2010b, p. 236).

Three key factors have been identified as determining fiscal revenue-raising capacity: the tax burden; the tax structure; and measures to combat tax evasion. In 2007-2008, the average tax burden represented 18.3% of Latin American GDP and 26.3% of Caribbean GDP, which is considered low for the region's level of relative development and the resource needs stemming from existing public policies.<sup>2</sup>

<sup>2</sup> Latin America collects half the taxes of countries of the Organisation for Economic Co-operation and Development (OECD): 36.2% of GDP (Gómez Sabaini, Jiménez and Podestá, 2010). This shows that there is great potential for increasing taxation without undermining competitiveness.

ECLAC has also pointed out that much of this revenue comes from taxes on consumption and other indirect taxes, while less than a third comes from direct taxes on income, explaining why income distribution after taxes is even more unequal than primary distribution. This is compounded by high rates of non-compliance with tax obligations, in the form of tax evasion and preferential treatment for capital income (e.g. by means of exemptions) and reinvestment of profits. All these factors confirm the need for a fiscal covenant for financing social protection policies in the region (ECLAC 2010b, pp. 247-254).

It is therefore a huge challenge to progress towards social covenants underpinned by processes of political dialogue. ECLAC (1998, 2006 and 2008b; Machinea and Cruces, 2006) has already raised the need to strengthen the social protection covenant in Latin American countries, by shielding social investment earmarked for this purpose, increasing its productivity and consolidating its role in the region's political architectures.

### **C. The heterogeneity of population and protection gaps**

As poverty and inequality stem from a variety of causes and a number of rights need to be safeguarded, in order to make social protection really inclusive it is necessary to meet multiple demands from the different age groups (longitudinal integration) and population groups (cross-wise integration) (see chapter IV).

So, if the population is heterogeneous, attention must be differential and specialized, which poses the challenge of achieving universality based on specificity in order to close gaps in the areas required by each group of people. This approach has not gone unchallenged (Lo Vuolo, 2009) because, while it helps to guide public-sector support for social protection more effectively, it also runs a risk of social fragmentation, with one structure of services for the poor and another for the non-poor. The challenge, therefore, is to provide an offering that not only is differentiated in line with needs, but also fosters equality and social cohesion rather than perpetuating gaps. In particular, there is a need for effective and solidarity-based strategies that reach not only the poor but also the non-poor but vulnerable who lack assets for coping effectively with critical events.

Establishing the concept of protection as an asset common to society as a whole rather than solely an individual asset is part of the challenge of involving all society's members on the basis of rights, irrespective of age, sex, employment status or other characteristics. Thus the challenge is how to integrate solidarity, efficiency and equity into a society that has

already moved towards individually funded pension savings accounts and personal insurance and where protection is confined to those in the formal-sector workforce and their families. Tools must be designed to achieve solidarity between generations, the sexes, geographical areas and ethnic and socio-economic groups, in order to use public funds to protect the least protected groups —the economically inactive, poor and vulnerable— based on a new social covenant that recognizes their rights and the potential economic benefit of closing gaps and securing a more cohesive society.

While some countries are paying increasing attention to the differing needs created by the care economy, in terms of the special protection needs of different population groups and the vertical and horizontal coordination required to meet diverse demands (see diagram IV.2), the need now is to further the debate on the special vulnerability of women with no independent income and women who have been allotted the role of primary caregivers, limiting their personal development and ability to participate in the labour market, with the attendant loss of potential productivity.

In addition, only three co-responsibility transfer programmes in the region have explicitly incorporated indigenous peoples —those most excluded from social security and most vulnerable to risk owing to their historical exclusion from the region's societies (León, 2008; Mesa-Lago, 2009). This indicates that a great challenge still lies ahead for universalizing their enjoyment of rights.<sup>3</sup>

Thus, the challenge is to implement dynamic mechanisms for entry and exit from each State's wide array of social policies, in order to mitigate and overcome the short-, medium- and long-term risks of the various population groups.

## **D. Cross-sector coordination: a key prerequisite**

As mentioned earlier, there is a whole host of possible instruments and proposals for developing a comprehensive social protection system. The first challenge is to implement mechanisms for coordinating policies and their operational instruments in order to respond effectively to citizens' diverse protection needs and so meet the requirements of horizontal integration (coordination across sectors) and vertical integration (coordination between levels of government) described in chapter IV.

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<sup>3</sup> Colombia and Panama have developed specific models for working with indigenous districts and families, based on an ethnic approach, while Mexico has stepped up the *Oportunidades* programme in indigenous areas (Robles, 2009; Waters, 2009).

The rationale for progressively incorporating social protection components into comprehensive systems comes up against a number of institutional constraints in coordinating and linking these components, which public management has failed to take into account in the past. Even though the cross-sector approach took root in Latin America during the last decade in connection with the debate on State reform and modernization (Cunill, 2005; Repetto, 2010b), its analysis tended to be confined to specific experiences requiring cross-sector coordination. The design of comprehensive social protection and promotion systems calls for a new rationale, which complicates the tasks and responses to which various institutions and actors already have an ongoing commitment (Acosta and Ramírez, 2004; Ramírez and Peñaloza, 2007, pp. 56-57).

The coordination required for a comprehensive social protection system can be defined in terms of a permanent body or mechanism in which the different parties and institutions feel they play a part, as active partners with rights and obligations, and where everyone benefits from the outcomes but must also bear part of the costs. When considering the components required by such a system to provide a horizontally integrated offering, the priority is to ensure the participation of departments or ministries of labour (in some cases separate from those responsible for pensions and social security, as in Brazil) and of social development, health and education, provident or social security funds, pension fund managers and others. Provision should also be made for representation, at least on an advisory basis, of workers' organizations such as trade union associations, as well as civic organizations, related non-governmental organizations and the community at large.

When management is based on coordination, there is a risk that the difficulties in implementing it and differences between its members will be used as an excuse for poor performance and failure to achieve objectives. To reduce this risk and achieve the desired success, there must be a common analytical base and basic agreements on objectives, goals and priorities, as well as on policy components, institutions and programmes.

The experiences of countries in the region indicate that the time is ripe for implementing and enhancing coordination. Nonetheless, further work is required to achieve a true culture of inter-agency coordination, as States continue to apply strong sectoral rationales. This makes it difficult, for instance, to coordinate the wide range of non-contributory pension instruments that coexist in a country, as illustrated by Brazil (Levy, 2009; Mesa-Lago, 2009). It also reveals even more starkly the lack of entities for managing or coordinating the various bodies involved in social protection systems, as illustrated by Colombia (DNP, 2008, p. 13). In addition, the cross-sector approach remains more of a goal than a reality owing either to the

plethora of instruments for the same components, such as old-age pensions in Mexico (Rubio and Garfias, 2010), or to obvious operational constraints arising from the political culture and regulatory framework, as in Chile.

As mentioned in chapter IV, coordinating social protection provision poses a challenge of both horizontal and vertical integration. The heterogeneity of existing governance structures in the region, ranging from federal to unitary countries, not only makes it impossible to define a single pathway but also compounds the problem of identifying institutional systems for formulating synergistic management processes. The more room there is for autonomy at regional and local levels, the greater the effort required to negotiate and agree on common goals and objectives.

To prevent agreements between the different sectors or levels of government from falling hostage to management situations, it is vital to institutionalize them through formal inter-agency cooperation agreements, which in turn calls for legal instruments to set up this cooperation and facilitate its implementation and control.

## **E. Information for comprehensive management: a still to achieve goal**

As mentioned earlier, despite the fact that, for more than two decades, there have been moves in the region to include systems for monitoring and evaluating social policy management, this goal has still not been achieved.

Until the early 1980s, the methodologies used were based on cost-benefit analysis, as they were developed in connection with productive and public-investment projects. In the mid-1980s, efficiency analysis began to be used because of the problem in estimating the economic benefits of social programmes, which led to the parallel design of *ex post* impact assessments and cost-impact or cost-effectiveness analysis. As from the mid-1990s, the latter model grew significantly, accompanied by stronger financial monitoring, operational monitoring and process evaluation. What has been lacking so far is a move towards developing comprehensive systems that make it possible to conduct *ex ante* estimates, monitoring, and *ex post* evaluations of the management of social programmes in general and social protection in particular.

The experiences of countries in the region have not yet enabled a true culture of evaluation, defined as a management tool, to develop. In many cases, evaluation is used solely for the purposes of administrative oversight, budget control or academic development. While such approaches are not inherently negative, clearly they are insufficient to improve effectiveness.

The challenge is to develop comprehensive information systems by combining the advantages of the different analytical approaches, so that they can help to place the focus on quality management. They must therefore contribute to the (real and perceived) attainment of social objectives, income redistribution and economic benefit, enhancing efficiency by means of process analysis.

So far, progress with evaluation has been confined to specific programmes and projects, in terms of both social policies in general and social protection in particular. While this is a positive achievement, it is not enough in itself. For information to contribute to decision-making on the comprehensive proposals described in this book, which call for the coordination of various interventions, there must be information systems with social, financial and operational indicators that are not confined to their own specific management but extend to social policy as a whole. In other words, they must be coordinated with the national system of economic and social indicators and take into account the data from programme and project monitoring and evaluation, including national economic and social statistics from household surveys, official records and public finance and national accounts statistics.

Finally, in close conjunction with the approach of studying policy effects, information systems must take into account not only the cost of trying to resolve problems but also, and more importantly, the cost of failing to do so (Martínez and Fernández, 2007). The challenge, therefore, is for decision-making on social protection to consider the social and economic consequences of lack of protection, both present and future: for instance, loss of human capital and investment opportunities arising from breaches of the agreements enshrined in the International Covenant on Economic, Social and Cultural Rights.

## **F. Co-responsibility transfer programmes: the “Christmas tree” syndrome**

Although the challenges referred to in this book for the development of comprehensive social protection systems are common to all protection instruments, in view of the importance that co-responsibility transfer programmes have acquired in protecting the region’s poor, a number of specific aspects need to be considered, as discussed below.

As mentioned in chapter V, for CTPs to be an effective social protection tool and not merely an isolated and short-lived intervention, they must become a gateway into the system and help to establish a continuum of benefits at different levels of social policy. That is to say, CTPs must inform beneficiaries explicitly, using set operational procedures, that they are entering a system that connects them with social institutions in

various fields, meaning that, even though they may graduate from certain programmes, this does not require them to waive their right to protection. This step must entail a move towards new protection alternatives, as well as improving access to basic social services. It should not be construed as a permanent state of dependency on State benefits but, on the contrary, as an embodiment of social citizenship expressed in terms of monitoring of social rights and the establishment of guarantees by the State.

The degree of institutionalization of universal policies in the State apparatus and the coverage they have achieved are a good indicator of the challenges each country faces in this area but, as many still rely on external funding from loans and grants (see table 5 of the statistical annex), their sustainability over time will remain a challenge until such time as they become a stable part of the national budget appropriation.

The effectiveness of demand-side programmes like CTPs could be said to depend chiefly on the capacity, coverage and quality of basic social services and poverty policies. This capacity stems from: the service infrastructure required to meet the human capital objectives of CTPs; the existence of other complementary programmes and services facilitating the implementation of conditionalities; a wealth of knowledge and experience of policy and programme management; and design and management elements.

For co-responsibility transfer programmes to become useful and effective social protection instruments, they must be given specific objectives and functions, with defined powers and responsibilities. Some CTPs have expanded their range of social services and benefits by implementing specific actions, ranging from health talks to technical and vocational training workshops, under the same CTP (Cecchini and Madariaga, 2010). However, this may not be the most appropriate method, as it can undermine or even contradict programme objectives and jeopardize progress already achieved. Therefore there is a danger of co-responsibility transfer programmes becoming a kind of Christmas tree on which new benefits are hung mechanically, together with more and more requirements, leading to an all-encompassing but not very specific or effective structure that tends to become independent of sectoral public policy management and of the specific policy objectives.

This book has revealed that it is no easy task to consolidate inclusive, rights-based, comprehensively managed social protection systems in Latin America. On the contrary, major political, technical, administrative, legal and financial efforts are required. Countries wishing to move clearly and decisively towards this goal will need to amass resources and manage them effectively, as well as to maintain a long-term perspective in order to tackle the many challenges and difficulties they will encounter along the way.



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## Annex 1

### **Social protection and economic, social and cultural rights**

The minimum legal protection requirements that States are obliged to meet are defined by the international system of human rights and, in particular, standards relating to economic, social and cultural rights. These rights were first enshrined in the Universal Declaration of Human Rights (United Nations, 1948), the direct predecessor of the International Covenant on Economic, Social and Cultural Rights, adopted by the United Nations in 1966. In Latin America and the Caribbean, the Inter-American Human Rights System of the Organization of American States (OAS) concluded the American Convention on Human Rights in 1969 and the Protocol of San Salvador in 1988. To date, eight countries in the region have also ratified the Social Security (Minimum Standards) Convention, 1952 (No. 102), of the International Labour Organization (ILO). These instruments underline how important it is to adopt rights as a key element in the region's social protection approach.

#### **A. Universal Declaration of Human Rights**

The Declaration provides an essential guide to the areas that the State must safeguard for everyone, including civil, political, economic, social and cultural rights. It is based on the fundamental principle of equal and non-discriminatory access to mechanisms that contribute to the realization of rights.

With respect to social protection, the Declaration reveals an early concern with the various components that would later shape policy. Article 22 establishes the right of everyone to social security and to the realization of economic, social and cultural rights.

Articles 23 and 24 deal explicitly with workers' rights. Article 23 states that everyone has the right to work, to free choice of employment, to just and favourable conditions of work, to equal pay for equal work and to just and favourable remuneration ensuring for workers and their families an existence worthy of human dignity. Article 23 also establishes the right to protection against unemployment and the right to form and join trade unions. Article 24 establishes everyone's right to rest and to basic working conditions.

Article 25, relating to non-contributory social protection, states that everyone has the right to a standard of living adequate for the health and well-being of themselves and their families, including food, clothing, housing and medical care and necessary social services. In addition, it defines the entitlement to social protection for motherhood and childhood. Article 25 also mentions social security, stating that everyone has the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond their control.

Article 26 states that everyone has the right to education, which shall be compulsory and free, at least in the elementary and fundamental stages. It states that technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.

## **B. International Covenant on Economic, Social and Cultural Rights**

The Covenant points clearly to a number of aspects and standards that should be enshrined in the social protection policies of States that have undertaken to realize these rights and have ratified the Covenant. It is therefore important to interpret the Covenant's content from a social protection perspective.

Articles 1 to 5 of the International Covenant on Economic, Social and Cultural Rights establish the principles guiding the specific rights recognized by the Universal Declaration of Human Rights, which inspire a rights-based approach. In brief, these articles state the following.

Article 1: All peoples have the right of self-determination, entitling them to freely determine their political status and freely pursue their economic, social and cultural development.

Article 2: Each State Party to the Covenant is obliged to respect, protect, promote and achieve progressively the full realization of the rights recognized in the Covenant, without discrimination, to the maximum of its available resources and respecting each State's sovereign decisions regarding the applicability of rights to non-nationals.

Article 3: Men and women have an equal right to the enjoyment of all economic, social and cultural rights.

Article 4: States may subject economic, social and cultural rights to such limitations as are determined by law only insofar as this may be compatible with the Covenant.

Article 5: No rights may be subject to arbitrary acts of any kind. These principles provide a guide to the ensuing nine articles, which define matters relating directly to social protection.

Articles 6 to 8 deal with issues pertaining to decent work and labour market regulation. The key elements of each of these articles are as follows.

Article 6: Everyone has the right to gain their living by work, which they may choose freely. For this right to be realized, States must ensure access to technical and vocational guidance and training programmes, policies and techniques to achieve steady development and full and productive employment. This right is therefore linked with access to the social services provided by social protection.

Article 7: Everyone has the right to the enjoyment of just and favourable conditions of work, ensuring sufficient remuneration to provide all workers with a decent living for themselves and their families, equal pay for equal work and equal working conditions for men and women. Article 7 also enshrines the right to safe and healthy working conditions, equal opportunity for everyone to be promoted in their employment, and paid rest periods.

Article 8: Everyone has a right to form or join trade unions and the right to strike.

The rights enshrined in articles 9 to 11 relate more directly to the State's obligations to safeguard incomes and to maintain an adequate standard of living for workers and their families. In brief, these rights are designed to ensure the following.

Article 9: Everyone has the right to social security, including social insurance.

Article 10: Protection and assistance should be afforded to family, particularly for its establishment (based on marriage between freely consenting spouses) and while the family is responsible for children's

education. Article 10 also states that special protection should be accorded to mothers before and after childbirth, which is related to labour market regulation. It also stipulates the State's obligation to provide special protection to children and young people from economic and social exploitation, punishing by law employment of children or young people in work harmful to their welfare in any way.

Article 11: Everyone has the right to an adequate standard of living for themselves and their families, including adequate food, clothing and housing, and to the continuous improvement of living conditions. This right is linked to access to social services.

Articles 12 to 14 identify the following key areas for social services that States must safeguard.

Article 12: The right of everyone to the enjoyment of the highest attainable standard of physical and mental health. The article makes States responsible for implementing measures for: the reduction of infant mortality and the healthy development of the child; the prevention, treatment and control of diseases; assuring medical care; and the improvement of all aspects of environmental and industrial hygiene.

Article 13: Everyone has the right to education. States are obliged to make primary education compulsory and available to all free of charge. Free secondary and higher education shall also be introduced progressively and made accessible to all, as well as fundamental education for those who have not received or completed the whole period of primary education.

Article 14: Countries where primary education is not free and compulsory throughout the territory must, within two years, work out and adopt a plan of action for the progressive implementation of the principle of compulsory education free of charge for all.

Article 15 recognizes the right of everyone to take part in cultural life and to enjoy the benefits of scientific progress. While this right does not relate directly to social protection, it can be seen as one of its outcomes because it pertains to the broader area of human welfare and development. It should therefore be considered as a cross-cutting issue of all its functions.

In accordance with a rights-based approach and the interrelationship defined by this approach in all recognized human rights, the rights enshrined in the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights must be linked with all those recognized by other conventions and protocols, including the Indigenous and Tribal Peoples Convention, No. 169 (ILO, 1989), the Convention on the Rights of the Child (United Nations, 1989) and the International Convention on the Elimination of All Forms of Racial Discrimination (United Nations, 1965).

## **C. American Convention on Human Rights and Protocol of San Salvador**

In Chapter III, article 26, of the Convention, OAS member States undertake to progressively achieve “the full realization of the rights implicit in the economic, social, educational, scientific and cultural standards”. It states that this undertaking must be achieved by legislation or other appropriate means. The Protocol of San Salvador, concluded in 1988, focuses specifically on economic, social and cultural rights.<sup>1</sup>

Articles 1 to 5 of the Protocol of San Salvador establish the general rules of operation for signatory States with respect to measures to be adopted in these matters. In particular, article 1 states that measures should be adopted, to the extent allowed by States’ available resources, for achieving progressively the full observance of the rights recognized in the Protocol; article 2 obliges States to adopt such legislative measures as may be necessary for making those rights a reality; and article 3 establishes that these measures must be implemented in a non-discriminatory way. Articles 4 and 5 state that restrictions on such rights may be established only by means of laws promulgated for the purpose of preserving the general welfare in a democratic society.

Articles 6 to 8 focus on the economic rights pertaining to the world of work, as follows.

Article 6: Everyone has the right to work and to secure the means for living a dignified and decent existence by performing a freely elected activity. States must adopt measures for the achievement of full employment, vocational guidance and technical and vocational training, directed in particular at people with disabilities and at women, to guarantee their right to work.

Article 7: Everyone shall enjoy the right to work under just, equitable and satisfactory conditions, in particular with respect to: remuneration; the right of all workers to follow their vocation; promotion; stability of employment; safety and hygiene at work; working hours; and rest time. In particular, it establishes measures to protect child employment, stating that in no case shall work constitute an impediment to school attendance by minors under the age of 16.

Article 8: States shall ensure the right of workers to organize and join trade unions, in keeping with the provisions of the Universal Declaration of Human Rights (United Nations, 1948) and the International Covenant on Economic, Social and Cultural Rights (United Nations, 1966).

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<sup>1</sup> The Protocol of San Salvador came into force in November 1999.

Article 9: Everyone shall have the right to social security protecting them from the consequences of old age and of disability, which prevents them from securing the means for a dignified and decent existence. Article 9 also establishes the right to survivors' insurance for workers' dependents. In the case of people who are employed, the right to social security shall cover at least medical care and an allowance or retirement benefit in the case of work accidents or occupational disease, and paid maternity leave before and after childbirth.

Articles 10, 12 and 13 deal with areas highly relevant to social services.

Article 10: Everyone shall have the right to health, understood to mean the enjoyment of the highest level of physical, mental and social well-being. The States Parties agree to recognize health as a public good and to guarantee that all individuals subject to the State's jurisdiction are provided with primary health care, universal immunization against the principal infectious diseases and public education on the prevention and treatment of health problems.

Article 12: Everyone has the right to adequate nutrition which guarantees the possibility of enjoying the highest level of physical, emotional and intellectual development. To eradicate malnutrition, States must improve methods of production, supply and distribution of food.

Article 13: Everyone has the right to education. States must make primary education compulsory and accessible to all without cost, and secondary and higher education should be made accessible to all by the progressive introduction of free education. At the same time, States must encourage basic education for those who have not received or completed the whole cycle of primary instruction, as well as implementing special education programmes for people with physical disabilities or mental deficiencies.

Articles 11 and 14 define key areas for all the economic, social and cultural rights, such as the right to a healthy environment and the right to the benefits of culture. Articles 15 to 18 provide a set of regulations concerning the special protection of the family and the most vulnerable population groups. For the areas most directly related to social protection, these regulations include the following.

Article 15: States must ensure that the material conditions of families are improved, in particular by undertaking to provide special care and assistance to mothers before and after childbirth; to guarantee adequate nutrition for children at the nursing stage and during school attendance years; and to adopt special measures for the protection of adolescents in order to ensure the full development of their capacities.

Article 16: This article reiterates the right of every child to free and compulsory education, at least in the elementary phase.

Article 17: Everyone has the right to special protection in old age and States should take progressively the necessary steps to make this right a reality. In particular, they should provide suitable facilities, as well as food and specialized medical care, for elderly people in need and should undertake work programmes specifically designed for them. States should also foster the establishment of social organizations aimed at improving the quality of life for elderly people.

Article 18: States must undertake work programmes aimed specifically at people with disabilities, as well as provide special training to their families and encourage the establishment of social groups specifically for people with disabilities.

#### **D. ILO Social Security (Minimum Standards) Convention, 1952 (No. 102)**

The Convention establishes minimum standards for social security benefits and conditions of entitlement to them, which can be determined in accordance with countries' wage levels. The Convention covers nine social security areas: (i) medical care (articles 7 to 12); (ii) sickness benefit (articles 13 to 18); (iii) unemployment benefit (articles 19 to 24); (iv) old age benefit (articles 25 to 30); (v) benefits for work accidents and occupational diseases (articles 31 to 38); (vi) family benefit (articles 39 to 45); (vii) maternity benefit (articles 46 to 52); (viii) disability benefit (articles 53 to 58); and (ix) survivors' benefit (articles 59 to 64).

In Latin America and the Caribbean, the Convention has been ratified by Barbados, the Bolivarian Republic of Venezuela, Brazil, Costa Rica, Ecuador, Mexico, Peru and the Plurinational State of Bolivia. States may ratify the Convention by accepting the standards of at least three of the nine social security areas and meet the obligations arising from the remaining areas at a later date, enabling States gradually to meet all the objectives established in the Convention. Members with an insufficiently developed economy and medical facilities may avail themselves of temporary exceptions to enable them to restrict the scope of the Convention and the coverage of benefits provided.



## Annex 2

### **Three model co-responsibility transfer programmes in the region**

#### **A. Mexico's *Oportunidades* programme**

Mexico's education, health and nutrition programme (formerly called *Progresa* and now renamed *Oportunidades*), which was established in 1997 to change the traditional policy approach to poverty reduction in Mexico, marked the growth of nationwide co-responsibility transfer programmes in the region.

*Progresa's* design owed much to the challenges and lessons of the social programmes that preceded it between the late 1980s and early 1990s. As mentioned by Levy and Rodríguez (2005), in the past Mexico's social policy was characterized by programmes that began and ended with election cycles, were isolated from other public interventions and were hostage to patronage networks and corporations. This was exacerbated by Mexico's federal structure and the influence of local warlords.

Between the mid-1980s and mid-1990s, Mexico's main non-contributory social protection programmes were food programmes, in the form of food distribution or food subsidies, some federal for the country's entire poor population and others administered by devolved sectoral public entities.

Some of the main problems with these programmes were that they were highly fragmented, independently run and poorly coordinated with other programmes, which resulted in duplication of functions, inefficiency,

variations in operating rules from one programme to another and limited capacity to cover the target population (Levy and Rodríguez, 2005). In 1996, the Federal Government was running 19 food subsidy programmes (14 targeted and 5 universal, predominantly subsidizing milk and *tortilla*<sup>1</sup>). General subsidies had a marked urban bias, with nearly three quarters of resources channelled into urban areas (especially the metropolitan area), despite the fact that around 60% of the poor were living in rural areas. In addition, coverage of rural areas was particularly low in small and in highly marginalized communities, with the result that, in 1996, around 60% of poor rural families received no subsidies from any programme. Targeted programmes were run by entities that imposed their own particular criteria for identifying poor households. Even though, in principle, their target population was the same, the methods they used were neither homogeneous nor completely objective and transparent, leading to significant errors of inclusion. For instance, in the case of the Trust Fund for Payment of the *Tortilla* Subsidy (FIDELIST), a subsidiary of the National Basic Commodity Corporation (CONASUPO), the inclusion error amounted to 20% overall, rising to 50% in the Federal District of Mexico. Similarly, the LICONSA Milk Entitlement Programme (which comes under the Ministry of Social Development (SEDESOL)) also had an estimated 50% inclusion error.

Another predecessor to *Progresa*, which ran from 1989 to 1994, was the National Solidarity Programme (PRONASOL). PRONASOL succeeded in instigating the debate on shared responsibility between the State and programme users, as well as in shifting the emphasis to decentralization and community participation (Cohen, Franco and Villatoro, 2006). At the same time, PRONASOL provided a set of benefits typical of today's co-responsibility transfer programmes, which were to go on to form the backbone of *Progresa* (Cohen, Franco and Villatoro, 2006), including: direct cash and non-cash transfers; other cash subsidies; promotion of human capital assets (education and health); and investment in infrastructure for enhancing such assets. While PRONASOL was highly successful in boosting local social capital (Levy and Rodríguez, 2005), critics pointed out that, beyond the debate, the programme tended to fall into old patronage and bureaucratic practices that favoured corporatist social policy schemes (Cohen, Franco and Villatoro, 2006).

The severe economic crisis that struck Mexico in 1994 and 1995 opened a window of opportunity for deeper reforms. On the one hand, there was a desire to avoid a sudden and disorderly expansion of existing programmes in response to the economic crisis, especially the *tortilla* and

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<sup>1</sup> *Tortilla* is a thin, unleavened flat bread made from finely ground maize that is a staple of the Mexican diet.

milk programme, which would have compounded recognized problems and had a serious financial impact (Levy and Rodríguez, 2005). On the other hand, as described by Levy and Rodríguez (2005), the lesson learned from operating these programmes in 1994 and 1995 was that substantive changes needed to be made, which would be difficult if the programmes continued to expand. There was widespread agreement, for example, on the need to: unify and ensure transparency in beneficiary selection rules to make them more objective and establish a more balanced distribution between urban and rural areas; enhance the nutritional impact of programmes, especially for pregnant and nursing women and children under the age of five; and exploit in a more systematic way the complementarities between such sectors as health and education.

In 1995, in mid-crisis, the first proposal was put forward to convert the food programmes into a programme of income transfers to the poor, conditional upon their use of health services. In 1996, a pilot programme called Basic Food Basket for Family Welfare in the State of Campeche was used to evaluate the acceptability, impact and costs of alternative mechanisms (Levy and Rodríguez, 2005).<sup>2</sup> The programme included cash transfers to mothers on condition that they attended health checks at the requisite health centre, where they were also given food supplements; this condition was later expanded to include education. The results of these experiments were key to the design of *Progresa*, particularly in taking into account: corruption and patronage problems; the importance of targeting; the need to boost the supply of basic services and to adjust coordination and operational monitoring requirements; people's preference for cash transfers; the positive impact of higher incomes on local trade; and the importance of maintaining a close link between education and health interventions (Cohen, Franco and Villatoro, 2006; Levy and Rodríguez, 2005).

In its original design, *Progresa* included a set of benefits in the areas of education, health and nutrition (transfers in cash and kind and access to a basic package of health care). These benefits were provided in exchange for action by beneficiaries in the aforementioned areas, such as children's school attendance and participation in health checks by pregnant women, mothers, infants and preschool children. *Progresa's* approach specified a move towards interventions exploiting the synergies among education, health and nutrition measures.

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<sup>2</sup> This raised a number of dilemmas: whether to provide a direct cash transfer or a subsidy; whether to target the entire poor population or only the rural poor; whether to introduce new selection criteria or use existing ones; how large the transfer amounts should be; which conditionalities should be included and how to deal with the increased workload in the respective sectors; and whether resources should be earmarked to support demand or supply (Levy and Rodríguez, 2005).

This approach included some even more innovative guidelines, such as making the family the core unit of social action and basing interventions on the family as a whole, as well giving women a central role as intermediary between the programme and the family. *Progresa* also addressed problems of targeting and basic services, prioritizing new service provision in rural communities with high levels of marginalization and extreme poverty, while at the same time ensuring a minimum supply of education and health services to comply with the conditionalities demanded of families. This was combined with a federal resource allocation to communities with an inadequate supply of services so that they could join the programme at a future date.

Significant efforts were also made to shield *Progresa* from political manipulation and corporate interests. This involved setting strict operating rules, disseminating information and the rules more widely, temporarily suspending the inclusion of new beneficiaries during election periods and contracting with independent external institutions to evaluate programme outcomes (Levy and Rodríguez, 2005). Even though the programme's name was changed to *Oportunidades* in 2001, its intervention and management model remained the same, while a number of changes were introduced to improve it (Cohen, Franco and Villatoro, 2006). They included: expanding programme coverage to include semi-urban and urban areas; improving capacity to deliver the benefits and certify the conditionalities; increasing coordination between sectors; establishing exit mechanisms for beneficiary families (Differentiated Support Scheme (EDA)); and improving means of citizen participation (community outreach committees were set up). In subsequent years, *Progresa's* cash transfers were gradually increased, with the inclusion of grants for students in intermediate and higher education and for older adults, cash incentives for young people to prevent them from dropping out at the highest levels of schooling (the Youth with Opportunities education grant) and additional transfers to cover the rising costs of fuel (Energy Subsidy) and food (the *Vivir Mejor* food support component).

Since it has been in operation, *Oportunidades* has achieved results in a range of areas, such as nutrition, health, education and income (SEDESOL, 2008). This has consolidated it both domestically and abroad and turned it into Mexico's leading poverty reduction programme, one of the largest in the region and an undisputed world standard (Cohen, Franco and Villatoro, 2006; Fiszbein and Schady, 2009). The challenges of Mexico's social policy have now led to *Oportunidades* being viewed as part of a social protection network that acts not only to create basic skills but also to protect against risks, improving the environment and providing income-generating options (Merino, 2010). At the same time, the programme continues to improve the benefits it provides and to address the specific needs of the different population groups. In practice, this has

resulted in pilot projects to test operating rules tailored to the conditions of urban areas and indigenous communities (Programa de Desarrollo Humano Oportunidades, 2009).

## **B. Brazil's *Bolsa Família* conditional cash transfer programme**

The emergence and consolidation of *Bolsa Família* in Brazil took place in two stages (Godoy, 2004): the debate in the late 1980s within the Brazilian Workers' Party on the need for a guaranteed minimum income programme and the impetus of the 1988 Constitution and its definition of social assistance from a social rights perspective. The first co-responsibility transfer programmes began to appear in the early 1990s.

As time went on, proposals for supplementing income by means of a universal minimum income were associated increasingly with resolving specific social problems, identified chiefly as low levels of schooling and high drop-out rates. As a result, the idea of an education-linked minimum income gained momentum (Godoy, 2004) and the human development and capital component started to acquire greater prominence. Conditions were imposed on the receipt of benefits (associated with school attendance and health checks), while the idea of a universal minimum income was gradually replaced by that of a more modest grant targeted at poor families with young or school-age children (Draibe, 2006).

Starting in 1995, local pilot programmes began to be implemented, first in the Federal District (Brasília) and later in the municipalities of Campinas (1995), Belo Horizonte (1997), Vitória (1997) and Recife (1997), as well as in small and medium-sized municipalities.<sup>3</sup> These programmes differed in such respects as selection criteria, amounts and methods of calculating transfers (fixed-sum transfers, progressive transfers up to a certain threshold or transfers based on the number of children).<sup>4</sup> However, all programmes shared a similar target population, namely families with school-age children (between 7 and 14 years old) and the aim of making benefits conditional upon such activities as children's school attendance and unemployed parents' participation in training courses and employment programmes (Godoy, 2004).

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<sup>3</sup> According to Godoy (2004), between the emergence of the first local minimum-income programme in the Federal District of Brasília and implementation of the nationwide programme (*Bolsa Escola*) in 2001, similar programmes were introduced in seven Brazilian states, including in 10 of the 27 capitals and more than 200 municipalities with various political affiliations.

<sup>4</sup> Other variations were the requirement for a minimum period of residence in the municipality and duration and continuance in the programme.

Following this local trend, in 1999 the Federal Government launched a similar programme called Minimum Income Guarantee Programme (PGRM) in municipalities with a per capita income of less than half that of their state. In 1996, it introduced the Programme for the Eradication of Child Labour (PETI) to provide cash transfers and socio-educational services to poor families with children involved in child labour, in exchange for the children stopping work and attending school and extra-curricular activities. In 2001, the nationwide *Bolsa Escola* school grant programme was introduced, consisting of an education-linked minimum income administered by the Ministry of Education and 100% funded by the Federal Government, which established definitively the interest in federal-level targeted conditional cash transfers. *Bolsa Escola* was implemented through the municipalities, prioritizing those with the lowest human development indices and highest levels of marginalization and providing incentives for the introduction of beneficiary-registration instruments and mechanisms for targeting the very poorest. In subsequent years, a range of similar programmes emerged in other sectors, adding to the already widespread local and federal initiatives. Examples included the Ministry of Health's *Bolsa Alimentação* food grant and the Ministry of Mines and Energy's *Cartão Alimentação* food card and *Auxílio-Gás* cooking gas subsidy.

Even though these experiences, especially *Bolsa Escola*, were extensively publicized both at home and abroad and received positive assessments (Aguiar and Araujo, 2002), the high levels of fragmentation and overlaps (Draibe, 2006) led President Luiz Inácio Lula Da Silva to roll all sectoral and local income transfer programmes into the *Bolsa Família*<sup>5</sup> programme. One reason was to simplify the bureaucracy into a single structure, pooling the efforts of the different administrative levels and emphasizing a cross-sector approach (Draibe, 2006). *Bolsa Família* was therefore placed in the hands of the Ministry for Social Development and Fight against Hunger (MDS) where it was incorporated into the multisectoral Zero Hunger programme, becoming the linchpin of the new Government's poverty reduction policy.<sup>6</sup>

<sup>5</sup> In 2003, the "carry-over programmes" (*Bolsa Escola* school grant, *Cartão Alimentação* food card, *Bolsa Alimentação* food grant and *Auxílio-Gás* cooking gas subsidy) were concluded, although the gas subsidy was temporarily re-opened in late 2008 in response to rising fuel prices. While these programmes continued to pay out benefits, they were closed to the entry of new beneficiaries, directing them instead to *Bolsa Família*. In 2005, the Programme for the Eradication of Child Labour was also merged into *Bolsa Família*. However, in this instance the aim was to harmonize benefits to allow the programme to continue operating solely for non-poor families with children involved in child labour, while *Bolsa Família* took over responsibility for the entire poor population.

<sup>6</sup> Despite its international acclaim, domestically the Zero Hunger programme did not perform as well as expected as a platform for coordinating various public interventions and programmes, with the result that *Bolsa Família* went on to become Brazil's leading social assistance programme (Draibe, 2006).

The consolidation of co-responsibility transfer programmes in Brazil and the pursuit of a cross-sector approach were aided by a political determination embodied in various institutional arrangements. In addition to the influence of the 1988 Constitution, as mentioned earlier, and the subsequent enactment in 1993 of the Framework Law on Social Assistance (LOAS), the State poverty alleviation fund (FECOP) was set up in 2001, enabling the Federal Government to finance all income transfer programmes, as well as to simplify and speed up their implementation (Draibe, 2006). The creation in 2003 of the Ministry for Social Development and Fight against Hunger was another decisive move, as its focus was to integrate policies for social assistance, income transfer and food and nutritional security. Thus *Bolsa Família* was followed in 2004 by the National Social Assistance Policy (PNAS), which gave rise to the Unified Social Assistance System (SUAS) in 2005 and the National System for Food and Nutritional Security (SISAN) in 2006. Both initiatives were designed to create a management model for coordinating non-contributory social protection policy, based on: redefining the responsibilities of the different administrative levels; improving the organization of the various actions and benefits; and introducing a new approach to the implementation of non-contributory social protection, focusing on decentralization and community participation (MDS, no date). A number of critical tools emerged in this connection, such as the nationwide single register for social programmes (*CadÚnico*), which unifies all available information on households eligible for the different social programmes and benefits, and the Family Development Index (IDF), which provides information about families' vulnerability, enabling municipalities to implement a range of supplementary social policy measures (*Bolsa Família*, 2010).

Internationally, *Bolsa Família* marked the emergence of a type of co-responsibility transfer programme associated with the establishment of a guaranteed minimum income (Godoy, 2004; Draibe, 2006; Britto, 2008). While, in practice, this had to be reconciled with resource availability, the debate on the universalization of its benefits is still ongoing (Britto, 2008; Suplicy, 2009). This has led the programme to give more importance to monitoring conditionalities and the difficulties that families face in complying with them than on penalizing non-compliance (Draibe, 2006). Families are monitored by means of local instruments of the Unified Social Assistance System, including Social Assistance Referral Centres (CRAS) and the Comprehensive Family Support Programme (PAIF).

*Bolsa Família* adds a citizenship dimension to co-responsibility transfer programmes where the ultimate aim of transferring income and enhancing human capital to fight poverty is to remedy a deficit in the realization of basic citizens' rights (Godoy, 2004). Thus, the conditionalities are seen as "strengthening rights" (Mesquita, 2009). In addition, heavy emphasis is placed on decentralized management of *Bolsa Família*

processes and the Federal Government earmarks funding to support this decentralized management. Much like *Oportunidades* and other co-responsibility transfer programmes, *Bolsa Família* prioritizes the family as its unit of intervention, gives preference to direct cash transfers over other kinds of subsidy and delivers the benefits to women.

In 2006, *Bolsa Família* began to expand its scope of intervention progressively to incorporate new benefits for its beneficiaries through “complementary programmes”. These are federal programmes implemented by the respective sectors in such areas as education and literacy, income generation and living conditions. The complementary employment programmes have gained much prominence in recent years, making it possible to plan exit routes from the programme by building the capacity and self-reliance of individuals to generate income (OAS/ECLAC/ILO, 2010). The aim of these interventions is to enhance the impact of cash transfers and prevent beneficiary dependency.

### **C. Solidarity Chile**

The Solidarity Chile system and its main component, the *Puente* programme, were set up in 2002 following the identification of a persistent hard core of extreme poverty in Chile that had not diminished during the 1990s in the way that poverty had done. The finding was that, by the end of the decade, while economic growth had reduced poverty figures and education, health and social security coverage was among the highest in the region, the decline in extreme poverty had tended to level off and remain fairly constant.

The need to address this problem prompted the Chilean Government to identify the reasons in order to implement new social policies. The conclusion was that the problem stemmed from barriers to the inclusion of extremely poor households that were isolating them severely from the country’s social, economic and cultural dynamics. This isolation was particularly evident in families’ disconnect from the extensive public supply of social services. In other words, even though the network of public services reached most poor people, it failed to reach those living in structural and chronic poverty —the very people who were most in need of the services. This calls for a specialized type of intervention to be designed for the extremely poor group that differs from that for the poor (FOSIS, 2004b).

In view of the social exclusion experienced by these families, it was decided that public provision should reach out to families rather than the reverse. This meant that it had to evolve from a scheme of “waiting for provision” (which favours the best-informed households because

this facilitates their access to public benefits and entitlements) to one of “converting potential demand into effective demand” (Cohen and Villatoro, 2006). This led to the concept of a one-stop shop, which remedied the fragmentation of social institutions and instigated a coordinated, cross-sector approach by establishing a pathway into public provision that: (i) is the same for all social programmes and services and (ii) prioritizes families experiencing the most extreme poverty and exclusion. Furthermore, this approach emphasizes the capabilities of individuals to overcome their own exclusion and the need to develop these capabilities as a strategy for overcoming poverty. The adoption of the shared-responsibility concept is designed to emphasize the role of individuals in improving their own situation and the associated social promotion efforts.

The proposed solution was therefore intended to combine non-contributory social protection with social promotion in an unusual way (FOSIS, 2004b). Strictly speaking, Solidarity Chile is not so much a programme as an institutional framework that lays down certain rules for integrating and coordinating the entire supply of public programmes around families in extreme poverty, with the *Puente* programme as its linchpin and the gateway through which a social worker provides psychosocial support tailored to the needs of each participating family (Larrañaga and Contreras, 2010).<sup>7</sup> The psychosocial support programmes are intended to: (i) make public provision available to beneficiary families and (ii) address the psychosocial issues and family dynamics that compound social exclusion (FOSIS, 2004b; 2004c).<sup>8</sup> Under this scenario, the Solidarity Chile system is responsible for setting the rules and procedures for incorporating new users into public programmes and services, while ensuring that supply meets incremental demand by organizing inter-agency agreements and fund transfers.<sup>9</sup> Moreover, the psychosocial support actions provide users with the information and basic skills they need to take advantage of the different public programmes and subsidies.

In contrast to the emphasis placed by Mexico’s *Progres-Oportunidades* on incentives and Brazil’s *Bolsa Família* on minimum incomes, Solidarity Chile adopts a psychosocial approach through *Puente*

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<sup>7</sup> Since 2004, further psychosocial monitoring and support programmes similar to the *Puente* programme have been included for people in extreme poverty with specific vulnerabilities. They are the *Vínculos* programme for older adults, *Calle* for the integration of homeless people and *Abriendo Caminos* for the children of families with members deprived of their liberty.

<sup>8</sup> They include lack of self-reliance, self-esteem, trust in institutions and basic problem-solving skills (FOSIS, 2004c).

<sup>9</sup> Inter-agency management called for major institutional changes, as well as changes in such areas as resource allocation to sectors and coordination both between different sectors and between the different administrative levels, as well as a significant degree of decentralization and capacity-building of local governments (FOSIS, 2004a).

and other associated programmes (Cohen and Franco, 2006a). The family focus of co-responsibility transfer programmes is of special significance in that it emphasizes the need to consider the family dynamics, rather than the cash transfer, as the factor determining human-capital investment decisions. In this case, the cash transfers are intended to cover the extra costs incurred by families in joining the network of public services and programmes and are not a key element of the Solidarity Chile intervention strategy.

This means that the family support counsellors (*apoyos familiares*) in the *Puente* programme take a leading role. They are responsible for working with families to create a space for dialogue and learning in order to enable them to achieve certain living standards considered as minimum social norms. Counsellors sign a contract with the family in which the family undertakes to achieve 53 basic social standards in 7 dimensions: health, education, housing, employment, income, family dynamics and identification. This undertaking is tailored to the needs and timeframes deemed relevant by each party. This “family support period” lasts 24 months, during which families progress gradually through the stages in their psychoemotional development, joining the successive institutional protection and social promotion networks. As part of this process, the programme provides a cash transfer called the “protection bonus”, which is intended not to supplement the family income but rather to cover the transaction costs associated with accessing public provision and to help with applications for the various subsidies. That is why the amount of the bonus (starting at approximately US\$ 20 per family and falling to US\$ 10 by the end of the two years) is small compared with the transfers offered by *Oportunidades* (where the child support component can be as much as US\$ 73) and *Bolsa Familia* (US\$ 40 for the basic benefit).

The activities carried out with the *Puente* family support counsellor serve, in turn, to plan a gradual exit from the Solidarity Chile system. As the family meets the successive minimum standards in each dimension, visits from the family support counsellor becomes less frequent, while the protection grant amount declines. Upon completion of the support period (graduation from the *Puente* programme), families continue to receive the transfer (exit grant) and preferential access to public provision for a further three years, after which they leave the Solidarity Chile system for good.

The aim of achieving certain minimum social standards and the effort to incorporate beneficiaries into the public service network have broadened the concern for poverty alleviation to include a rights approach, where minimum social standards are intended to reflect a basic level of citizenship achieved using the dimensions in the *Puente* programme and other Solidarity Chile interventions. To this end, a few institutional

changes have been introduced, such as replacing the beneficiary selection record based on proxy means-testing (called the Social Action Committee (CAS) record) with the Social Protection Record, which defines beneficiary families more on the basis of vulnerability and structural poverty than of transient poverty and income fluctuation. The Integrated Social Information System (SIIS) was set up as an information and management platform and, more recently, the *Protege* Network (2009), which aims to extend the full range of social policy to the rest of the poor and non-poor population using a life-cycle approach. This makes Solidarity Chile the first link in a chain of interventions tailored to people's lives and socio-economic characteristics.

To support the idea of differences in emphasis between co-responsibility transfer programmes, in Chile, despite the existence of the National Supplementary Food Programme (PNAC) for providing food and food supplements to pregnant women and children with nutritional problems in exchange for compliance with health and education conditions (Vergara, 1990), the format used for co-responsibility transfer programmes differed substantially from that of Mexico's *Oportunidades* programme. Solidarity Chile also diverges significantly from Brazil's *Bolsa Família* programme, in that it attributes little importance to the income component, as reflected in the small sums it disburses. However, Solidarity Chile is similar to the other models in choosing the family as its intervention unit and attributing a leading role to women as the link between the programme and households, as well as in its emphasis on targeting.



### Annex 3

## **Estimated cost of non-contributory cash transfers<sup>1</sup>**

ECLAC (2010a, 2010b) has conducted simulation exercises of the cost to the State of fulfilling its social protection function, which includes non-contributory cash transfers for guaranteeing and redistributing income. The simulation exercises were conducted on the basis of microdata from household surveys and were parameterized using national accounts data in order to estimate costs in gross domestic product (GDP) terms. The model allocates an amount equivalent to one poverty (or extreme poverty) line to each person eligible under the selected criteria and computes the new household income. On this basis, indicators of poverty and inequality are re-estimated and the scope of household coverage for each measure is determined.

The estimates in ECLAC (2010b) are based on four types of transfer:

- Allocation of one poverty line for children aged under 5.
- Allocation of half a poverty line for children aged between 5 and 14.
- Allocation of one poverty line for persons aged over 64.
- Allocation of one poverty line for the unemployed (people unemployed for the first time in the formal and informal sectors).

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<sup>1</sup> This section is based on ECLAC (2010b, pp. 192-202).

The poverty line is the monetary value of a basic basket of goods and services that includes food, housing, transportation, clothing, communications and a few other items required to meet basic needs. One half of the poverty line is equivalent to the cost of covering nutritional needs only (equivalent to about 2,000 kilocalories per person per day). In Latin America, the poverty line currently varies between US\$ 60 and US\$ 250, depending on the cost of the basic basket and the purchasing power of the dollar in each country.

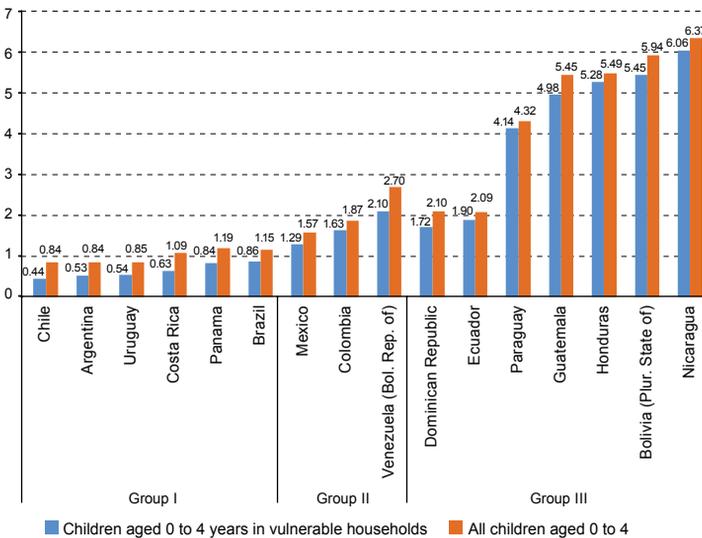
ECLAC (2010b) simulated these benefits for two universes: on the one hand, persons in the categories described and, on the other hand, persons in these categories who also belong to households with an income below 1.8 times the poverty line (or those deemed vulnerable to poverty).

This exercise was used to estimate the costs of the above-mentioned alternatives in GDP terms, as well as their impact on each country's poverty and inequality rates. These estimates give an idea of the fiscal effort required for these transfers; naturally, that effort will vary in accordance with the severity of the well-being gap in each country. As the following figures show (with the exception of the transfer to the unemployed), it increases progressively from countries with a smaller well-being gap (group I in table II.1) to those with a wider well-being gap (group III). Those impacts can also be estimated in relation to each benefit and to all benefits combined.

**Transfers to children.** Despite variations from one country to another, the incidence of child poverty is much higher than that of adult poverty. A fundamental consideration of any intergenerational social covenant is therefore the amount of money that each society is prepared to pay to support the family's role in the care, development and protection of children. The ECLAC simulation exercises (2010b) show the cost of generating an additional cash transfer for children aged 0 to 4 years (figure A.1) and children aged 5 to 14 years (figure A.2), in a universal format and then in one targeted at vulnerable sectors. These estimates are calculated without eliminating transfers already received by these families and, consequently, the values estimated here are additional to existing efforts. In the case of countries with small well-being gaps (group I), the cost of supplementing existing benefits with an additional transfer of one poverty line for each child aged under 5 and half a poverty line for

each child aged between 5 and 14 is affordable in both the targeted and universal versions within a relatively short timeframe. Given the sharp juvenilization of poverty in these societies and their low fertility rates, this is a highly recommendable measure, since it means investing in more productive future generations and more egalitarian societies.

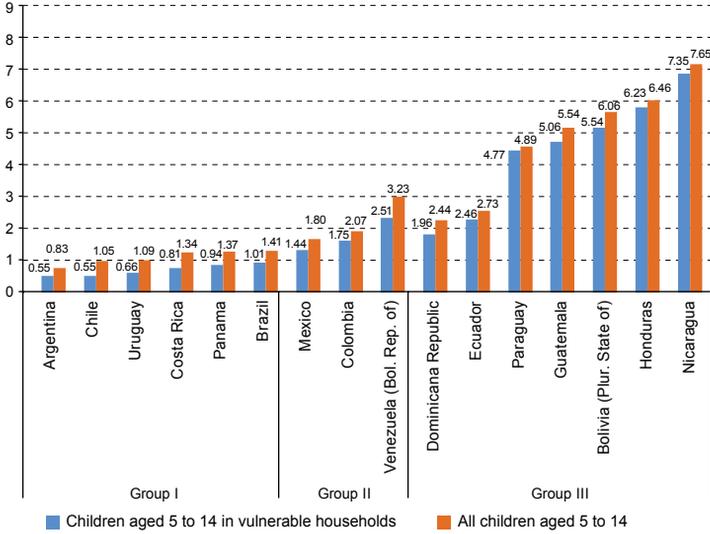
Figure A.1  
 LATIN AMERICA (16 COUNTRIES): COST OF TRANSFERRING ONE  
 POVERTY LINE TO CHILDREN AGED UNDER 5, AROUND 2008<sup>a</sup>  
 (Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC). *Time for equality: closing gaps, opening trails* (LC/G.2432(SE3.33/3)), Santiago, Chile, 2010, on the basis of special tabulations of data from household surveys conducted in the respective countries.

<sup>a</sup> For single parent households, the transfer amounts to 1.5 poverty lines per child. The data for Nicaragua relate to 2005, those for Argentina, Chile and Guatemala, to 2006, and those for Honduras and the Plurinational State of Bolivia, to 2007. Group I = countries with small well-being gaps; Group II = countries with moderate well-being gaps; Group III = countries with severe well-being gaps.

Figure A.2  
 LATIN AMERICA (16 COUNTRIES): COST OF TRANSFERRING HALF THE  
 POVERTY LINE TO CHILDREN AGED 5 TO 14, AROUND 2008<sup>a</sup>  
 (Percentages of GDP)

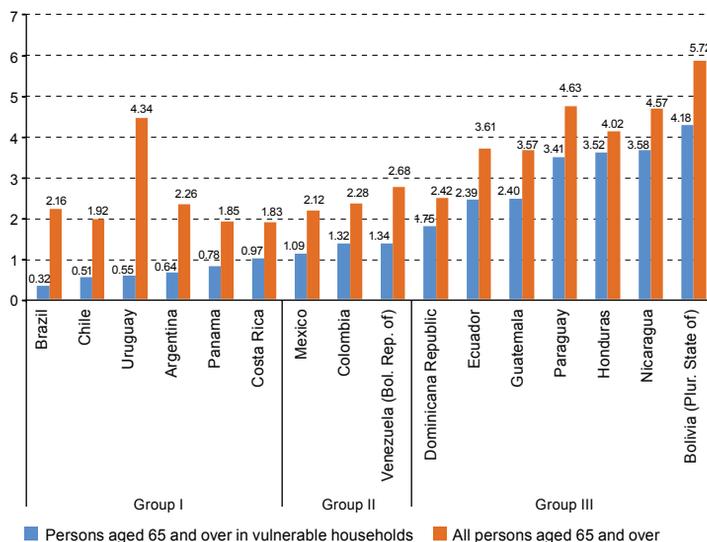


Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Time for equality: closing gaps, opening trails* (LC/G.2432(SE3.33/3)), Santiago, Chile, 2010, on the basis of special tabulations of data from household surveys conducted in the respective countries.

<sup>a</sup> For single parent households, the transfer amounts to 0.75 poverty lines per child. The data for Nicaragua relate to 2005, those for Argentina, Chile and Guatemala, to 2006, and those for Honduras and the Plurinational State of Bolivia, to 2007. Group I = countries with small well-being gaps; Group II = countries with moderate well-being gaps; Group III = countries with severe well-being gaps.

**Transfers to older persons.** Countries of the region are facing a critical problem: how to provide basic cash transfers to older persons who can no longer work or find employment, while continuing to invest in human capital for future generations. ECLAC (2010b) estimates the cost to the region’s economies of providing older persons with a universal and a targeted cash benefit (giving it to all persons over 64 years living in households with per capita incomes below 1.8 poverty lines). As figure A.3 shows, for many countries these costs are not exorbitant but merely require a reallocation of available funds. In group I countries, such as Argentina, Brazil, Chile, Costa Rica and Uruguay, the outlay required represents 1% of GDP or less. In countries (such as those in group III) where this effort would represent too high a burden on budgets, more targeted or less generous benefits can gradually pave the way for meeting the objective at lower fiscal cost.

Figure A.3  
 LATIN AMERICA (16 COUNTRIES): COST OF TRANSFERRING ONE  
 POVERTY LINE TO PERSONS AGED 65 AND OVER, AROUND 2008<sup>a</sup>  
 (Percentages of GDP)



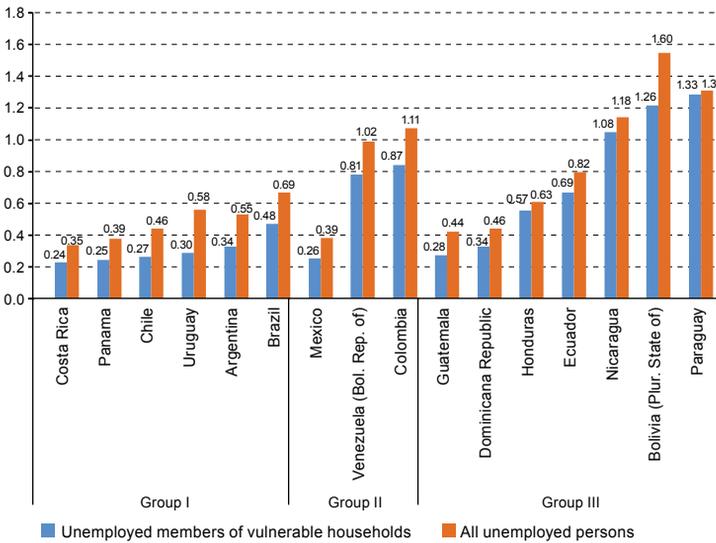
Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Time for equality: closing gaps, opening trails* (LC/G.2432(SES.33/3)), Santiago, Chile, 2010, on the basis of special tabulations of data from household surveys conducted in the respective countries.

<sup>a</sup> The data for Nicaragua relate to 2005, those for Argentina, Chile and Guatemala, to 2006, and those for Honduras and the Plurinational State of Bolivia, to 2007, Group I = countries with small well-being gaps; Group II = countries with moderate well-being gaps; Group III = countries with severe well-being gaps.

**Transfers to the unemployed.** Unemployment is a scourge not only because of its effect on household incomes but also because of its impact on people’s position in society. Government strategies must therefore pay close attention to combating unemployment, especially at times of crisis or when labour markets are sluggish. Yet it is clear that if unemployment insurance is restricted to people who held formal jobs and had sufficient seniority to be eligible, coverage will be insufficient and will not reach the neediest population groups. If programmes are to help the vulnerable and unemployed poor they must be designed to identify and include workers who have no social security. The macroeconomic cost of a transfer equivalent to one monthly poverty line, as proposed by ECLAC (2010b), which could be accompanied by part-time employment in Government-administered works and services and by training, would be moderate under several scenarios (see figure A.4) if it included a selection system to capture those effectively unemployed. Given the complexities in identifying unemployed informal workers, the system could be applied

only in a typically countercyclical mode, when open unemployment exceeds a predefined threshold or when GDP stalls or contracts. In those cases such mechanisms could be activated to the benefit of all workers who declare themselves unemployed.

Figure A.4  
LATIN AMERICA (16 COUNTRIES): COST OF TRANSFERRING ONE  
POVERTY LINE TO THE UNEMPLOYED, AROUND 2008<sup>a</sup>  
(Percentages of GDP)



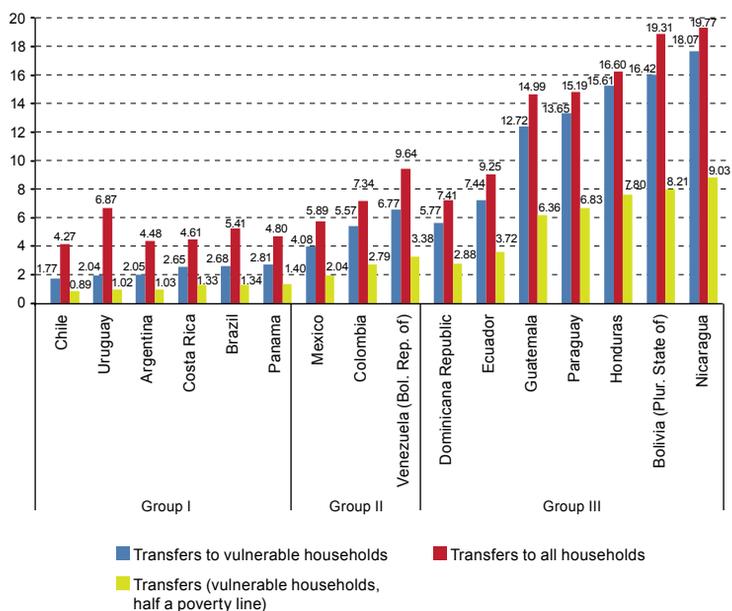
Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Time for equality: closing gaps, opening trails* (LC/G.2432(SE3.33/3)), Santiago, Chile, 2010, on the basis of special tabulations of data from household surveys conducted in the respective countries.

<sup>a</sup> The data for Nicaragua relate to 2005, those for Argentina, Chile and Guatemala, to 2006, and those for Honduras and the Plurinational State of Bolivia, to 2007. Group I = countries with small well-being gaps; Group II = countries with moderate well-being gaps; Group III = countries with severe well-being gaps.

**All transfers combined.** In computing the total cost to countries of transfers to children, older adults and the unemployed, there are some relevant data to be considered. As figure A.5 shows, even if the transfer is targeted solely at vulnerable households (with incomes below 1.8 poverty lines) countries with smaller well-being gaps would need to commit between 1.8 and 2.8 percentage points of GDP in order to transfer income equivalent to a basket of food and non-food goods to those aged under 15 and over 64 and to the unemployed. While this represents a significant effort, it is not unreasonable if those targets are projected over time. By way

of illustration, if coverage were restricted or benefits reduced (for example by half), the effort would in no case tie up more than 1.4% of GDP. In many of these countries the measures proposed here already exist, but not with the simplicity and the scope with which they were simulated in the exercise. This suggests that a relatively simple design of a basic guaranteed income supplement is fiscally feasible. As we move towards countries with moderate well-being gaps (group II) or severe gaps (group III), the challenges become more complex. Lastly, as table A.1 shows, the impact on poverty reduction and income distribution from this set of transfers is very significant, particularly in group III countries with relatively lower levels of development, more poverty, weaker social protection systems and more precarious labour markets.

Figure A.5  
 LATIN AMERICA (16 COUNTRIES): COST OF ALL INCOME TRANSFERS TO VULNERABLE HOUSEHOLDS AND ALL HOUSEHOLDS, AROUND 2008<sup>a</sup>  
 (Percentages of GDP)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Time for equality: closing gaps, opening trails* (LC/G.2432(SES.33/3)), Santiago, Chile, 2010, on the basis of special tabulations of data from household surveys conducted in the respective countries.

<sup>a</sup> The data for Nicaragua relate to 2005, those for Argentina, Chile and Guatemala, to 2006, and those for Honduras and the Plurinational State of Bolivia, to 2007. Group I = countries with small well-being gaps; Group II = countries with moderate well-being gaps; Group III = countries with severe well-being gaps.

Table A.1  
LATIN AMERICA (14 COUNTRIES): IMPACT ON POVERTY AND EQUITY OF ALL  
INCOME TRANSFERS TO VULNERABLE HOUSEHOLDS, AROUND 2008<sup>a</sup>

Group / Country	Coverage (percentage of total households)	Average monthly transfer per capita to households with beneficiaries (dollars at constant 2000 prices)	Poverty before transfer of one poverty line (percentage of total households)	Poverty after transfer of one poverty line (percentage of total households)	Poverty reduction (percentage points)	Gini without transfers	Gini after transfers
<b>Group I</b>							
Argentina	30.2	71.8	14.7	6.7	-8.0	0.52	0.48
Brazil	32.4	26.9	19.9	11.2	-8.7	0.61	0.58
Chile	28.7	28.8	11.3	4.5	-6.8	0.54	0.51
Costa Rica	33.5	30.4	14.8	5.9	-9.0	0.49	0.45
Panama	37.4	31.8	21.5	9.9	-11.6	0.52	0.48
Uruguay	23.0	52.7	8.5	2.6	-5.9	0.44	0.41
<b>Group II</b>							
Colombia	51.8	25.2	35.4	18.0	-17.4	0.59	0.52
Mexico	49.1	47.3	27.9	13.0	-14.9	0.54	0.49
Venezuela (Bolivarian Republic of)	45.9	64.3	23.6	10.0	-13.6	0.42	0.36
<b>Group III</b>							
Bolivia (Plurinational State of)	59.3	20.9	47.2	29.2	-18.0	0.58	0.48
Ecuador	56.9	15.8	36.5	18.1	-18.5	0.52	0.44
Guatemala	65.6	26.7	46.7	26.7	-20.0	0.59	0.50
Honduras	72.9	23.9	63.1	44.1	-19.0	0.58	0.46
Nicaragua	70.3	17.5	54.4	34.6	-19.8	0.55	0.45
Paraguay	64.6	24.7	50.2	29.2	-21.0	0.54	0.45
Dominicana Republic	50.1	33.2	40.1	23.6	-16.5	0.58	0.50

Source: Economic Commission for Latin America and the Caribbean (ECLAC), *Time for equality: closing gaps, opening trails* (LC/G.2432(SES.33/3)), Santiago, Chile, 2010, on the basis of special tabulations of data from household surveys conducted in the respective countries.

<sup>a</sup> The data for Nicaragua relate to 2005, those for Argentina, Chile and Guatemala, to 2006, and those for Honduras and the Plurinational State of Bolivia, to 2007. Group I = countries with small well-being gaps; Group II = countries with moderate well-being gaps; Group III = countries with severe well-being gaps.

Annex 4

**Statistical annex**



Table A.1  
PUBLIC SOCIAL INVESTMENT AND PER CAPITA GROSS DOMESTIC PRODUCT (GDP), 1990-1991 TO 2007-2008

Country	Coverage <sup>b</sup>	Public social investment <sup>a</sup>										Per capita GDP (dollars at 2000 prices)			
		Per capita (dollars at 2000 prices)					Percentage of GDP					1991	1997	2001	2008
		1990-1991	1996-1997	2000-2001	2007-2008	1990-1991	1996-1997	2000-2001	2007-2008	1991	1997	2001	2008		
Argentina <sup>c</sup>	NFPS	1 179	1 547	1 635	2 276	19.3	20.0	21.8	23.6	6 361	8 005	7 292	9 885		
Bolivia (Plurinational State of) <sup>d</sup>	NFPS	...	143	165	178	...	14.6	16.3	16.2	895	994	1 006	1 173		
Brazil <sup>e</sup>	Consolidated	554	712	785	1 083	16.6	19.4	21.2	24.7	3 334	3 697	3 697	4 446		
Chile	CG	381	595	745	818	12.0	12.8	15.0	13.2	3 268	4 758	5 004	6 235		
Colombia <sup>f</sup>	CG	129	338	264	376	5.9	13.6	11.1	12.6	2 177	2 512	2 377	2 883		
Costa Rica	SP	486	606	727	951	15.6	16.8	18.0	18.4	3 115	3 653	4 016	5 189		
Cuba	CG	864	563	661	1 656	27.6	23.1	23.7	37.4	2 962	2 473	2 840	4 371		
Ecuador <sup>g</sup>	CG	98	76	65	106	7.4	5.6	4.9	6.4	1 334	1 375	1 346	1 745		
El Salvador <sup>h</sup>	GG	...	128	222	290	...	6.3	10.0	11.1	1 605	2 055	2 237	2 677		
Guatemala	CG	49	70	105	120	3.8	4.8	6.8	7.1	1 306	1 454	1 529	1 699		
Honduras	CG	80	75	116	150	7.6	6.6	10.0	10.4	1 066	1 151	1 160	1 452		
Jamaica <sup>i</sup>	CG	294	324	331	309	8.4	9.0	9.5	8.6	3 513	3 544	3 484	3 713		
Mexico	BCG	358	482	621	856	6.5	8.5	9.7	12.1	5 522	5 792	6 349	7 092		
Nicaragua	BCG	45	45	63	107	6.6	6.5	8.2	12.0	665	703	783	897		
Panama	CG	229	315	371	506	7.5	8.8	9.5	9.3	3 153	3 647	3 888	5 580		
Paraguay	BCG	45	128	107	165	3.2	8.7	8.0	11.1	1 399	1 476	1 326	1 521		
Peru	GG	...	...	179	224	...	...	8.8	8.0	1 662	2 086	2 026	2 926		
Dominican Republic	CG	69	127	188	288	3.8	5.4	6.8	8.1	1 810	2 403	2 770	3 688		
Trinidad and Tobago <sup>j</sup>	CG	303	304	588	1 135	6.9	6.4	9.1	10.5	4 438	5 127	6 566	11 077		
Uruguay <sup>k</sup>	CG-	850	1 332	1 328	1 686	16.8	21.3	21.6	21.8	5 121	6 376	6 053	8 161		
Consolidated															

(continued)

Table A.1 (concluded)

Country	Coverage <sup>b</sup>	Public social investment <sup>a</sup>						Per capita GDP (dollars at 2000 prices)					
		Per capita (dollars at 2000 prices)		Percentage of GDP		Per capita GDP (dollars at 2000 prices)							
		1990-1991	1996-1997	2000-2001	2007-2008	1990-1991	1996-1997	2000-2001	2007-2008	1991	1997	2001	2008
Venezuela (Bolivarian Republic of) <sup>j</sup> Latin America and the Caribbean <sup>m</sup> Latin America and the Caribbean <sup>n</sup>	BCG- Approved	441	438	560	708	8.8	8.6	11.6	13.4	5 174	5 207	4 871	5 925
		317	405	468	666	9.6	11.2	12.5	14.2	2 851	3 261	3 363	4 402
		442	573	642	885	12.2	14.3	15.5	18.0	3 658	4 074	4 122	4 921

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the Commission's social expenditure database.

<sup>a</sup> Includes public spending on education, health and nutrition, social security, employment and social welfare, housing, water and sewerage systems. The figures are simple averages for the relevant bienniums or the year for which information is available.

<sup>b</sup> NFPS: non-financial public sector; GG: general government; CG: central government; BCG: budgetary central government.

<sup>c</sup> Includes the spending of the national government, provincial governments and the central government of Buenos Aires, as well as municipal governments.

<sup>d</sup> In the Plurinational State of Bolivia, in the case of the NFPS, the figure listed for 2007-2008 is the 2006 figure from the new 2002-2006 series published by the country. As such, it is not comparable to those of previous years.

<sup>e</sup> Until 1999, this is an estimate of consolidated social spending, which includes federal, State and municipal spending.

<sup>f</sup> The figures for the 2007-2008 biennium correspond to the new series published since 2002 and are not comparable to those of previous years..

<sup>g</sup> The figures of the series are retained. Social security spending is under review. The figure listed for 2007-2008 is the 2006 figure.

<sup>h</sup> The figures for the 2007-2008 biennium correspond to the new series published since 2002 and are not comparable to those of previous years.

<sup>i</sup> The figure listed for 1996-1997 is the 1996 figure and the 2007-2008 figure corresponds to 2004.

<sup>j</sup> In Trinidad and Tobago, the Classification of the Functions of Government (COFOG) series begins in 2000 and is not comparable with earlier series; the 2007-2008 figures are preliminary.

<sup>k</sup> In Uruguay, the figures from 2000-2001 correspond to the series published by the Ministry of Social Development (MIDES) and are not comparable with those of previous years.

<sup>l</sup> Relates to the budgetary law. In the case of the Bolivarian Republic of Venezuela, it includes the amendments introduced yearly on 31 December. The figure for 2007-2008 of the approved central government budget corresponds to 2006.

<sup>m</sup> Simple average of the countries. Includes estimates for years in which information is missing on certain countries.

<sup>n</sup> Weighted average of the countries. Includes estimates for years in which information is missing on certain countries.

Table A.2  
GINI COEFFICIENT OF CONCENTRATION OF PRIMARY INCOME AND OF THE VARIOUS TYPES  
OF TRANSFERS AT THE HOUSEHOLD LEVEL, AROUND 2008<sup>a</sup>

	Primary income	Retirement benefits	Pensions	Insurance and compensation	Educational scholarships	Welfare transfers		Total transfers	Total income ordered by <sup>b</sup>	
						private	public		primary income	final income
Argentina 2006	0.609	-0.349	-0.435	-0.148	0.078	...	-0.421	-0.357	0.473	0.523
Bolivia (Plurinational State of) 2007	0.586	0.046	-0.091	...	...	...	0.057	0.029	0.555	0.577
Brazil 2008	0.656	0.092	0.081	0.712	...	-0.109	...	0.083	0.523	0.608
Chile 2006	0.594	-0.067	-0.168	-0.068	...	0.112	-0.444	-0.132	0.512	0.543
Colombia 2008	0.592	0.249	0.187	0.473	...	-0.324	0.066	0.258	0.557	0.591
Costa Rica 2008	0.542	-0.312	-0.366	...	-0.317	-0.129	-0.619	-0.301	0.437	0.495
Ecuador 2008	0.553	-0.207	...	...	...	-0.436	-0.393	-0.304	0.457	0.516
El Salvador 2007	0.460	0.085	-0.076	0.436	...	...	-0.460	0.088	0.446	0.461
Guatemala 2006	0.592	0.615	0.147	0.570	0.386	-0.080	-0.236	0.466	0.588	0.591
Honduras 2007	0.588	0.277	0.172	...	0.293	...	0.074	0.193	0.573	0.584
Mexico 2008	0.553	0.221	...	0.410	0.199	0.414	-0.293	0.151	0.527	0.543
Nicaragua 2005	0.551	0.436	0.293	0.101	0.261	-0.803	...	0.339	0.545	0.551
Panama 2008	0.557	-0.217	-0.321	...	-0.079	...	-0.430	-0.245	0.441	0.523
Paraguay 2008	0.545	-0.001	-0.219	...	...	...	...	-0.033	0.505	0.544
Peru 2008	0.496	0.625	0.460	0.141	...	0.848	-0.073	0.477	0.496	0.496
Dominican Republic 2008	0.588	-0.038	...	...	...	...	-0.275	-0.061	0.563	0.580
Uruguay 2008	0.499	-0.130	-0.042	-0.097	...	-0.026	-0.218	-0.107	0.361	0.437
Venezuela (Bolivarian Republic of) 2008	0.433	-0.093	-0.259	...	-0.257	...	-0.409	-0.119	0.415	0.423
Simple average	0.555	0.068	-0.042	0.253	0.071	-0.053	-0.272	0.024	0.498	0.532

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the relevant countries. All the income flows analysed are per capita. When calculating the concentration coefficient for transfers, the distribution of households — from low to high — by per capita primary income was preserved.

The additive decomposition of the concentration effect and volume of the transfers in respect of per capita income can be seen from the difference between the Gini coefficients of final and primary income, when the initial distribution (penultimate and first columns) is preserved. Nonetheless, transfers bring about a reordering of households according to their final income. This produces a concentration index which differs from the one that is calculated according to the classification of primary income, a value shown in the last column.

Table A.3  
 PERSONS EMPLOYED IN LOW-PRODUCTIVITY SECTORS, NATIONAL TOTAL AND URBAN AREAS,  
 BOTH SEXES, WOMEN AND MEN, 1989-2008  
 (Percentages)

Country	Year	National total			Urban areas		
		Both sexes	Men	Women	Both sexes	Men	Women
Argentina (Greater Buenos Aires)	1990	...	...	...	44.2	42.1	47.8
	2002	...	...	...	42.1	43.7	39.9
	2006	...	...	...	39.7	37.5	42.8
Argentina	2002	...	...	...	42.3	44.3	39.5
	2006	...	...	...	40.8	39.1	43.3
	1989	...	...	...	61.0	52.2	73.0
Bolivia (Plurinational State of) (eight major cities plus El Alto)	2002	...	...	...	64.1	54.5	75.5
	2004	...	...	...	68.5	61.5	76.9
	2007	...	...	...	59.0	52.2	68.0
Bolivia (Plurinational State of)	2002	76.5	71.2	83.4	65.2	56.9	75.5
	2004	77.4	71.4	84.6	69.9	63.4	77.9
	2007	72.3	66.1	79.9	61.4	55.2	69.5
Brazil	1990	59.9	58.1	63.1	53.4	50.4	58.3
	2001	50.0	45.6	56.3	45.6	41.6	51.1
	2006	46.8	42.0	53.3	41.9	37.2	47.9
Chile	2008	44.9	40.3	51.1	40.2	35.7	46.2
	1990	42.2	39.2	48.5	38.9	34.1	47.6
	2000	33.8	30.4	39.8	31.8	27.1	39.1
Colombia	2006	32.2	28.2	38.6	30.6	25.6	38.2
	2008	64.1	64.2	64.0	58.6	57.2	60.5
	1990	45.8	46.2	44.7	36.6	34.9	39.8
Costa Rica	2002	46.8	45.3	49.6	40.2	37.0	45.1
	2006	44.4	42.3	48.2	39.5	36.6	43.9
	2008	41.5	39.4	44.9	36.9	33.8	41.3

(continued)

Table A.3 (continued)

Country	Year	National total			Urban areas		
		Both sexes	Men	Women	Both sexes	Men	Women
Ecuador	1990	...	...	...	53.7	50.0	60.4
	2002	...	...	...	55.8	51.3	62.9
	2006	...	...	...	57.0	53.1	62.7
	2008	...	...	...	56.9	52.5	63.2
El Salvador	1995	56.8	52.6	63.4	50.6	42.5	60.4
	2001	61.5	58.0	66.5	53.5	46.5	61.4
	2004	60.0	55.7	66.0	54.3	47.3	62.2
	1989	67.2	66.0	70.7	58.9	53.9	67.1
Guatemala	2002	68.3	63.9	75.8	55.2	48.6	64.0
	2004	68.4	65.6	73.7	58.6	52.8	66.7
	2006	65.9	61.5	72.8	56.2	50.2	63.8
	1990	70.8	70.2	72.2	56.8	50.4	66.3
Honduras	2002	73.7	75.8	69.4	62.0	61.2	63.0
	2006	67.7	69.3	64.8	52.7	50.9	55.0
	2007	66.9	68.3	64.3	52.2	51.0	53.9
	1989	39.9	37.3	46.3	33.2	30.6	38.4
Mexico	2002	56.5	54.4	60.1	47.0	44.5	50.9
	2006	55.1	51.4	60.4	45.4	41.6	50.6
	2008	52.4	49.1	57.7	44.4	40.5	50.1
	1993	58.5	59.6	56.4	48.9	45.0	54.0
Nicaragua	2001	65.7	64.3	68.2	58.0	53.5	64.1
	2005	66.6	65.6	68.4	57.4	52.8	63.3
	1991	53.2	57.3	44.2	40.6	41.2	39.8
	2002	51.4	53.5	47.2	38.2	37.6	39.0
Panama	2006	51.8	51.9	51.6	39.9	37.9	42.8
	2008	47.5	47.2	47.9	35.6	33.1	39.0
	1990	...	...	...	59.2	51.6	70.2
	2000	...	...	...	52.4	44.4	61.7
Paraguay (Asunción and Central Department)	1990	...	...	...	...	...	...
	2000	...	...	...	...	...	...

(continued)

Table A.3 (concluded)

Country	Year	National total			Urban areas		
		Both sexes	Men	Women	Both sexes	Men	Women
Paraguay (Asunción and Central Department)	2005	...	...	...	54.8	48.8	61.9
	2008	...	...	...	48.8	41.6	58.7
	2000	72.3	70.0	76.1	59.5	53.8	66.7
	2005	71.7	70.3	73.9	60.1	55.5	65.8
Peru	2008	66.8	63.3	72.4	54.7	48.5	63.4
	1997	69.8	64.2	77.1	60.3	53.5	69.0
	2001	72.0	66.4	79.4	63.0	56.3	71.6
Dominican Republic	2003	73.1	67.5	80.1	63.6	57.4	71.4
	2008	69.0	62.9	76.4	59.5	52.7	67.7
	1997	55.7	57.8	50.9	49.6	50.4	48.2
	2002	54.7	57.8	48.5	46.2	47.8	43.6
Uruguay	2006	55.8	58.4	51.1	49.5	51.2	46.8
	2008	56.2	59.0	50.8	49.9	51.7	47.0
	1990	...	...	...	39.3	34.7	45.9
	2002	...	...	...	42.1	39.5	45.6
Venezuela (Bolivarian Republic of)	2005	...	...	...	41.5	38.3	45.4
	2008	...	...	...	39.6	35.6	44.6
	1990	47.9	48.3	47.0	44.7	44.4	45.4
	2002	55.9	55.8	56.0	...	...	...
Latin America <sup>a</sup>	2006	51.0	52.2	49.0	...	...	...
	2008	49.4	51.4	46.3	...	...	...
	1990	54.6	51.9	60.2	48.1	44.6	54.0
	2002	53.9	50.6	57.7	47.9	44.5	52.6
2006	51.8	48.6	57.5	44.9	40.6	50.7	
	2008	49.8	45.9	55.5	43.5	39.1	49.3

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

<sup>a</sup> Weighted average of the countries which have information for the periods considered.

Table A.4  
 EMPLOYED PERSONS WHO CONTRIBUTE TO SOCIAL SECURITY SCHEMES, NATIONAL TOTAL,  
 BOTH SEXES, WOMEN AND MEN, 1989-2008<sup>a</sup>  
 (Percentages)

Country	Year	Total employed persons				Sector of activity of employed persons							
		Both sexes		Sex		Medium and high productivity				Low productivity			
		Both sexes	Men	Women	Sex	Both sexes	Men	Women	Sex	Both sexes	Men	Women	
Argentina (Greater Buenos Aires)	1990	65.5	65.8	65.1	89.8	88.9	87.2	89.8	89.8	35.9	32.6	41.1	
	2002	56.9	58.9	54.4	69.2	69.2	68.0	70.1	68.0	25.1	28.3	21.5	
	2006	46.0	47.6	43.8	68.0	68.0	67.1	68.6	67.1	12.7	12.7	12.8	
	1989	28.5	27.6	27.6	56.0	56.0	64.5	52.6	64.5	10.9	7.8	14.0	
Bolivia (Plurinational State of) (eight major cities plus El Alto)	2002	22.4	22.2	22.6	43.3	43.3	50.2	40.1	50.2	10.7	7.2	13.6	
	2004	20.0	18.7	21.7	44.8	44.8	39.5	39.5	55.3	8.7	5.6	11.6	
	2007	29.7	30.4	28.9	56.6	56.6	62.8	53.4	62.8	11.1	9.3	13.0	
	2002	15.1	14.7	15.7	40.6	40.6	50.5	36.1	50.5	7.3	6.0	8.8	
Bolivia (Plurinational State of)	2004	15.6	14.8	16.6	42.0	42.0	54.9	36.3	54.9	7.9	6.1	9.6	
	2007	20.7	21.1	20.3	51.4	51.4	60.2	47.0	60.2	9.0	7.7	10.3	
	1990	53.3	54.5	51.0	96.3	96.3	96.7	96.1	96.7	24.4	24.5	24.3	
	2001	46.7	47.2	45.9	74.2	74.2	79.7	71.2	79.7	19.1	18.6	19.7	
Brazil	2006	49.5	50.4	48.3	75.6	75.6	79.8	73.1	79.8	20.9	19.2	20.8	
	2008	52.6	51.3	53.6	78.4	78.4	84.3	76.3	84.3	20.9	20.0	22.0	
	1990	65.9	66.6	64.5	84.1	84.1	84.0	84.0	84.3	40.8	39.5	43.1	
	2000	63.5	64.5	61.8	78.7	78.7	77.9	79.1	77.9	33.8	31.1	37.5	
Colombia	2006	66.7	69.0	62.9	82.0	82.0	80.3	82.9	80.3	34.0	33.2	34.8	
	2008	32.4	31.4	34.1	73.5	73.5	77.9	70.6	77.9	9.5	9.5	9.5	
	1990	69.3	71.2	64.4	86.9	86.9	87.7	86.6	87.7	48.4	53.2	35.8	
	2002	64.4	67.3	59.0	85.9	85.9	88.0	84.9	88.0	40.0	46.1	29.5	
Costa Rica	2006	65.2	68.8	58.8	85.5	85.5	85.8	85.4	85.8	39.8	46.2	29.7	
	2008	69.7	73.3	63.5	86.9	86.9	88.0	86.3	88.0	45.4	53.4	33.5	
	1990	37.5	38.4	35.8	67.8	67.8	72.8	65.6	72.8	11.3	11.2	11.6	
	2002	32.1	31.4	32.6	57.5	57.5	65.0	54.0	65.0	12.3	12.3	11.5	
Ecuador (urban)	2006	33.1	31.5	35.5	59.6	59.6	67.8	55.2	67.8	13.0	10.5	16.3	
	2008	36.0	35.0	37.5	62.5	62.5	68.2	59.3	68.2	16.0	13.0	19.6	
	1995	25.3	25.4	25.2	56.1	56.1	65.8	51.4	65.8	2.0	2.1	1.8	
	2001	29.3	28.9	30.0	70.3	70.3	82.5	63.5	82.5	3.7	3.9	3.5	
2004	28.9	29.2	28.4	67.3	67.3	78.4	61.4	78.4	3.2	3.6	2.7		

(continued)

Table A.4 (concluded)

Country	Year	Total employed persons				Sector of activity of employed persons			
		Both sexes		Sex		Medium and high productivity		Low productivity	
		Men	Women	Men	Women	Men	Women	Men	Women
Guatemala	2002	17.1	17.8	15.9	60.8	51.0	47.1	1.4	1.3
	2004	17.7	18.4	16.3	59.5	52.5	49.7	1.6	2.0
	2006	19.9	18.3	18.3	64.5	55.7	51.8	1.3	1.5
	2006	19.8	16.6	25.8	69.6	57.8	50.6	1.7	1.5
	2007	19.9	17.0	25.3	67.9	57.3	50.7	1.4	1.3
Mexico	1989	50.4	47.0	58.9	67.8	57.6	54.1	39.5	35.0
	2002	54.8	52.5	59.2	82.0	76.1	73.0	18.1	17.0
	2006	52.1	50.6	54.6	77.7	73.6	71.3	17.1	16.2
	1993	25.3	22.8	30.0	55.3	50.1	47.2	7.7	6.3
Nicaragua	2001	17.6	15.6	21.1	60.8	46.8	39.9	2.3	2.1
	2005	17.4	14.8	22.0	67.6	50.4	41.6	0.8	0.8
	2002	53.4	48.3	63.4	91.8	86.1	82.8	22.4	18.2
	2006	45.9	44.4	48.7	88.9	83.8	81.0	10.7	10.5
Paraguay	2008	48.7	48.0	49.9	86.1	83.3	81.6	10.5	10.6
	2000	24.6	27.1	21.8	54.7	49.0	45.6	2.5	3.9
	2005	22.6	23.8	21.3	52.1	46.6	43.1	2.9	3.5
	2008	13.0	12.7	13.6	53.9	43.9	38.9	1.2	1.5
Peru	2001	12.9	15.0	10.1	43.3	39.4	37.6	2.6	3.6
	2003	13.7	16.8	9.8	41.7	41.9	41.7	3.3	4.9
	2008	24.8	30.9	17.4	54.4	56.3	57.2	10.6	15.4
	2006	31.3	27.7	38.0	74.8	68.6	64.8	1.7	1.3
Dominican Republic	2007	34.7	31.4	40.7	81.1	77.2	74.6	1.4	1.4
	2002	63.0	63.0	63.1	86.3	84.9	84.0	33.0	30.8
	2005	61.1	61.5	60.7	84.3	82.7	81.6	30.7	29.2
	2008	67.4	66.5	66.5	87.5	86.8	86.4	40.4	39.0
Venezuela (Bolivarian Republic of)	2002	61.5	58.0	67.1	80.4	75.6	72.5	19.8	15.5
	2006	35.7	33.4	39.3	72.2	68.6	66.2	4.1	5.2
	2008	65.2	62.6	69.0	79.7	77.4	75.7	15.6	13.1
	1990	52.4	52.2	52.7	85.6	80.3	78.0	27.5	26.7
Latin America <sup>b</sup>	2002	49.0	48.8	49.5	79.0	73.9	71.2	18.6	18.1
	2006	49.5	49.8	49.3	78.2	74.3	72.1	18.4	17.6
	2008	51.5	51.8	51.8	79.7	76.2	74.2	19.1	18.2

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

<sup>a</sup> Employed workers aged 15 and over who reported labour income (does not include unpaid workers).

<sup>b</sup> Weighted average of the countries which have information for the periods considered.

Table A.5  
LATIN AMERICA AND THE CARIBBEAN: CO-RESPONSIBILITY TRANSFER PROGRAMMES, POPULATION COVERED, BUDGET,  
FINANCING SOURCES AND GEOGRAPHICAL AREAS OF INTERVENTION

Country	Programmes		Population covered			Budget		Financing sources	Geographical area of intervention
	(starting year)	(percentages of total population)	(percentages of extremely poor population) <sup>a,b</sup>	(percentages of poor population) <sup>a,b</sup>	(percentages of GDP)	(percentages of social investment) <sup>c</sup>			
Programmes in operation									
Argentina	Universal Child Allowance for Social Protection (2009)	8.3 (2009)	>100 (2009)	46.4 (2009)	0.20 (2009)	0.88 (2009)	Sustainability Guarantee Fund of the Argentine Integrated Social Security System; Integrated Pension and Retirement System	Nationwide	
	Porteña Citizenship Programme (2005) <sup>d</sup>	9.6 (2009)*	>100 (2009)*	>100 (2009) <sup>e</sup>	0.14 (2009) <sup>f</sup>	3.38 (2009) <sup>g</sup>	Government of the Autonomous City of Buenos Aires	Local (Autonomous City of Buenos Aires)	
Bolivia (Plurinational State of)	Juancito Pinto (2006)	17.5 (2009)	50.7 (2009)	32.4 (2009)	0.33 (2009)	2.05 (2009)	Government of the Plurinational State of Bolivia	National	
	Juana Azurduy de Padilla Mother-and-Child Grant (2009)	3.5 (2009)	10.0 (2009)	6.4 (2009)	0.22 (2009)	1.41 (2009)	Government of the Plurinational State of Bolivia	National	
							World Bank Inter-American Development Bank (IDB)		
Brazil	<i>Bolsa Família</i> (2003)	26.4 (2009)*	> 100 (2009)	84.6 (2009)	0.47 (2009)*	1.91 (2009)	Federal Government	National	
	<i>Programa da Erradicação do Trabalho Infantil</i> (PETI) (1996)	0.5 (2008)	5.2 (2008)	1.6 (2008)	0.01 (2008)*	0.04 (2008)	World Bank ...	National	
Chile	Solidarity Chile (2002)	6.8 (2008) <sup>h</sup>	> 100 (2008)	51.7 (2008)	0.11 (2009)	0.87 (2009)	Government of Chile	National	

(continued)

Table A.5 (continued)

Country	Programmes (starting year)	Population covered			Budget		Financing sources	Geographical area of intervention
		(percentages of total population)	(percentages of extremely poor population) <sup>a,b</sup>	(percentages of poor population) <sup>a,b</sup>	(percentages of GDP)	(percentages of social investment) <sup>c</sup>		
Colombia	Families in Action (2001)	25.2 (2009)*	>100 (2009)	56.5 (2009)	0.39 (2009)	3.14 (2009)	Government of Colombia World Bank Inter-American Development Bank	National
	Conditional Subsidies for School Attendance (2005) <sup>y</sup>	0.6 (2006)	3.2 (2006)	1.4 (2006)	0.02 (2007) <sup>i</sup>	...	...	Local (Mayorality of Bogota)
Costa Rica	<i>Avanceemos</i> (2006)	3.3 (2009)	52.2 (2009)	17.4 (2009)	0.39 (2009)	2.27 (2009)	Government of Costa Rica World Bank	National
Ecuador	Human Development Grant (2003)	44.3 (2009)**	> 100 (2009)	> 100 (2009)	1.17 (2009)	18.37 (2009)	Government of Ecuador	National
El Salvador	Solidarity in Rural Communities (formerly the Solidarity Network) (2005)	8.2 (2009)*	38.7 (2009)	17.1 (2009)	0.02 (2009)*	0.20 (2009)	World Bank Inter-American Development Bank Other bilateral and multilateral sources	Rural
Guatemala	<i>Mi Familia Progresa</i> (2008)	22.6 (2009)*	70.5 (2009)	39.7 (2009)	0.32 (2009)	4.29 (2009)	Government of Guatemala Inter-American Development Bank	National
Honduras	Family Allowance Programme (PRAF) (1990)	8.7 (2009) <sup>i</sup>	17.2 (2009)	12.3 (2009)	0.24 (2009)	2.12 (2009)	Government of Honduras Inter-American Development Bank	National

(continued)

Table A.5 (continued)

Country	Programmes (starting year)	Population covered			Budget		Financing sources	Geographical area of intervention
		(percentages of total population)	(percentages of extremely poor population) <sup>a,b</sup>	(percentages of poor population) <sup>a,b</sup>	(percentages of GDP)	(percentages of social investment) <sup>c</sup>		
Jamaica	Programme of Advancement through Health and Nutrition (PATH) (2002)	11.3 (2009) †*	> 100 <sup>m</sup> (2007)	> 100 <sup>m</sup>	0.40 (2009)	4.69 (2009)	Government of Jamaica World Bank	National
Mexico	<i>Oportunidades</i> (formerly <i>Progres</i> ) (1997)	24.6 (2009)*	> 100 (2009)	62.8 (2009)	0.51 (2009)	4.52 (2009)	Government of Mexico World Bank Inter-American Development Bank	National
Panama	Opportunities Network (2006)	10.9 (2009) <sup>n</sup>	81.0 (2009)	39.5 (2009)	0.22 (2008)	2.33 (2008)	Government of Panama	National
Paraguay	<i>Tekoporá</i> (2005)	8.6 (2009)*	25.2 (2009)	13.9 (2009)	0.36 (2009)	3.21 (2009)	Inter-American Development Bank World Bank Other bilateral and multilateral sources	National
	<i>Abrazo</i> (2005)	0.03 (2009)	0.09 (2009)	0.05 (2009)	0.02 (2009)	0.17 (2009)	United Nations Children's Fund (UNICEF)	National
Peru	<i>Juntos</i> (2005)	7.6 (2009)*	60.6 (2009)	21.2 (2009)	0.14 (2009)	1.68 (2009)	Republic of Peru	National
Dominican Republic	Solidarity (2005)	21.2 (2009)*	89.0 (2009)	46.3 (2009)	0.51 (2009)*	6.3 (2009)	Government of the Dominican Republic	National
Trinidad and Tobago	Targeted Conditional Cash Transfer Programme (TCCTP) (2006)	2.4 (2009)	> 100 <sup>o</sup> (2009)	14.6 <sup>o</sup> (2009)	0.19 (2009)	2.15 (2009)	Government of Trinidad and Tobago	National
Uruguay	Family Allowances (2008)	11.6 (2009)	> 100 (2009)	84.6 (2009)	0.45 (2009)	2.11 (2009)	Government of Uruguay	National

(continued)

Table A.5 (continued)

Country	Programmes		Population covered			Budget		Financing sources	Geographical area of intervention
	(starting year)	(percentages of total population)	(percentages of extremely poor population) <sup>a,b</sup>	(percentages of poor population) <sup>a,b</sup>	(percentages of GDP)	(percentages of social investment) <sup>c</sup>			
Argentina	Families for Social Inclusion (2005) <sup>y</sup>	7.8 (2009)*	>100 (2009)	43.1 (2009)	0.20 (2009)	0.91 (2009)	Government of Argentina Inter-American Development Bank	National	
	Unemployed Heads of Household (2002-2005)	5.7 (2008)	98.5 (2008)	33.2 (2008)	0.16 (2008)	0.71 (2008)	Government of Argentina Inter-American Development Bank	National	
Brazil	Bolsa Escola school grant (2001-2003) <sup>z</sup>	7.3 (2004)*	60.2 (2004)	19.3 (2004)	0.04 (2004) <sup>r</sup>	0.20 (2004) <sup>s</sup>	Federal Government	National	
	Bolsa Alimentação food grant (2001-2003) <sup>z,t</sup>	0.4 (2004)*	3.2 (2004)	1.0 (2004)	0.01 (2004) <sup>r</sup>	0.05 (2004)	Federal Government	National	
Costa Rica	Superérimonos (2000-2006)	0.3 (2003)	3.5 (2003)	1.4 (2003)	0.02 (2002)	0.11 (2002) <sup>u</sup>	Government of Costa Rica Inter-American Development Bank	...	
Ecuador	Solidarity Grant (1998-2002)	32.7 (2000)*	>100 (2000)	51.6 (2000)	0.58 (2002)	10.46 (2002) <sup>u</sup>	Government of Ecuador	National	
	PRAF/IDB III (2007-2009)	1.5 (2009)*	2.9 (2009)	2.1 (2009)	0.07 (2009)	0.64 (2009)	Inter-American Development Bank	Rural	
Honduras	PRAF/IDB II (1998-2005) <sup>y</sup>	1.9 (2005)*	3.8 (2005)	2.6 (2005)	0.08 (2005)	0.66 (2005) <sup>w</sup>	Government of Honduras Inter-American Development Bank	Rural	
	Progresá (1997-2000)	12.5 (2000)*	82.3 (2000)	30.4 (2000)	0.18 (2000)	1.58 (2000) <sup>x</sup>	Government of Mexico	Rural	
Nicaragua	Social Protection Network (RPS) (2000-2006) <sup>r</sup>	2.5 (2006)*	7.7 (2006)	4.0 (2006)	0.14 (2006)	1.22 (2006) <sup>s</sup>	Government of Nicaragua Inter-American Development Bank	Rural	
	Crisis Response System (SAC) (2005-2006)	0.3 (2006)*	1.0 (2006)	0.5 (2006)	...	...	Government of Nicaragua Inter-American Development Bank	Regional	

(continued)

Table A.5 (concluded)

Country	Programmes (starting year)	Population covered		Budget		Financing sources	Geographical area of intervention	
		(percentages of total population)	(percentages of extremely poor population) <sup>a,b</sup>	(percentages of GDP)	(percentages of social investment) <sup>c</sup>			
Uruguay	National Social Emergency Response Plan (PANES) (2005-2007)	9.6 (2007)	> 100 (2007)	54.2 (2007)	0.43 (2007)*	2.04 (2007)	Government of Uruguay	National

Source: Prepared by the authors, on the basis of Economic Commission for Latin America and the Caribbean (ECLAC), Database of non-contributory social protection programmes in Latin America and the Caribbean <http://dds.cepal.org/bdptc/>.

Note: \* Coverage estimated on the basis of the number of beneficiary families and the average urban household size in the poorest income quintile, for the closest year (CEPALSTAT-BADEINSO). † Programmed coverage. ‡ Figure corresponds to executed budget.

<sup>a</sup> Does not include errors of inclusion and exclusion in the programmes.

<sup>b</sup> Poverty and indigence figures obtained from ECLAC projections on the basis of special tabulations of household surveys conducted in the respective countries. Simple average for the biennium 2006-2007 was used for social investment (or "social spending").

<sup>c</sup> Calculated as a function of the population of the Autonomous City of Buenos Aires, according to the 2001 census.

<sup>d</sup> Data used are official figures from the National Institute of Statistics and Censuses (INDEC) on poverty and indigence for the city of Buenos Aires for 2009.

<sup>e</sup> Calculated as a function of the geographical gross product of the Autonomous City of Buenos Aires for 2009, according to the treasury of the City Government, Economic and Financial Affairs of the federal government.

<sup>f</sup> Data for public social investment as a percentage of GDP from 2008 (latest year available) for the Autonomous City of Buenos Aires, according to the Ministry of Beneficiaries of the Puente programme up to November.

<sup>g</sup> Calculated as a function of the population of the city of Bogota (2006). National level data for poverty and indigence were used for the same year.

<sup>h</sup> Projection of GDP for the department of Bogota published by the National Administrative Department of Statistics (DANE) for 2007.

<sup>i</sup> Number of households estimated on the basis of the number of women beneficiaries.

<sup>j</sup> Includes PRAF/IDB III.

<sup>k</sup> Calculated on the basis of data that are not comparable with the ECLAC estimates for poverty and indigence for the countries of Latin America.

<sup>l</sup> Includes the programme of grants for families to buy food, which operates in indigenous districts.

<sup>m</sup> Calculated on the basis of poverty and indigence data up to 2005, which are not comparable with ECLAC poverty and indigence estimates for the Latin American countries.

<sup>n</sup> Period of reference: September.

<sup>o</sup> Although the programme officially ended in 2003, it continued to pay benefits in the following years and was gradually wound down as the number of Bolsa Familia beneficiaries increased.

<sup>p</sup> Total investment in phase II of the programme (US\$ 27.2 million) divided by the number of years for which the programme operated (2003-2006).

<sup>q</sup> Includes the Cartão Alimentação food card programme which operated during the same years.

<sup>r</sup> Biennium 2004-2005.

<sup>s</sup> Biennium 2002-2003.

<sup>t</sup> Total investment (US\$ 50.3 million) divided by the number of years for which the programme operated.

<sup>u</sup> Biennium 2005-2006.

<sup>v</sup> Biennium 2000-2001.

<sup>w</sup> Biennium 2000-2001.

<sup>x</sup> Biennium 2000-2001.





# Inclusive Social Protection in Latin America:

## A Comprehensive, Rights-based Approach

Simone Cecchini  
Rodrigo Martínez

Although it has emerged as one of the pillars of social development strategies, social protection is not tackled in the same way across the region. On the contrary, it is an area that has been approached from different angles and based on different analytical and political dimensions.

This publication examines the main debates under way on social protection and co-responsibility transfer programmes. It identifies the role played by these programmes and considers the conceptual elements, needs and the challenges that will have to be overcome to consolidate comprehensive social protection systems in Latin America. The authors argue that these should be solidarity-based systems that provide universal coverage and are essentially egalitarian in the guarantees established as citizens' rights. Citizenship as a whole is thus becoming part of protection policies as the region moves towards all-encompassing social policies that combine the complementary principles of targeting as the instrument and universality as the end.



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