Inclusive social development
The next generation of policies for overcoming poverty and reducing inequality in Latin America and the Caribbean

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Reducing inequality is an essential condition for eradicating poverty

- ECLAC defines equality as the ultimate aim of development, structural change are the path towards achieving it, and policymaking as the instrument to that end.
- Equality is about much more than income distribution; it means entitlement to civil, political, economic, social and cultural rights.
- Equality also implies access to employment, social protection, opportunities, capacities, autonomy, reciprocal recognition and dignity.
- Poverty is the denial of these opportunities.
PROGRESS IN SOCIAL DEVELOPMENT IN THE REGION
Determining factors in recent progress in reducing poverty and inequality

• Political context that afforded high priority on the public agenda to the aims of eradicating poverty and reducing inequality.

• A context of economic tailwinds that facilitated formal job creation and wage gains.

• A demographic transition with an ageing population and a demographic dividend in most of the countries (falling dependency rates).

• More women entering the labour market.

• Active social and labour market policies.
Poverty and indigence have fallen significantly in the past decade, but this trend flattened in 2012.


\(^a\) Estimate for 19 Latin American countries. Includes Haiti.

\(^b\) Projection.
Income inequality (measured by the Gini index) has fallen since 2002-2003, but functional inequality (distribution between capital and labour) has not.

Latin America (13 countries): variation in the Gini index and share of wages in GDP, 2002 and 2009

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<tr>
<th>Countries in which inequality decreased</th>
<th>Countries in which wages rose relative to GDP</th>
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<tbody>
<tr>
<td>Costa Rica</td>
<td>Bolivia (Plur. State of)</td>
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<td>Chile</td>
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<td>Panama</td>
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Source: ECLAC, on the basis of CEPALSTAT, National Institute of Statistics and Censuses (INDEC) of Argentina, and the central banks of Costa Rica, Guatemala and Uruguay.
Vulnerability has come down considerably, but still applies to half the population

Latin America (weighted average for 18 countries and for 8 countries): profile of income vulnerability, around 1990, 2002, 2008 and 2013, and by race or ethnic group, around 2011 (Percentages)


THE SOCIAL INEQUALITY MATRIX
Dimensions of the social inequality matrix

• Gender, race and ethnic group
  – 826 indigenous people representing over 46 million people
  – Over 120 million Afro-descendants
  – Together, they make up 25% of the region’s population
  – Gender, ethnic and racial inequalities intersect and heighten each other: indigenous and Afro-descendent women are the most disadvantaged

• Life cycle (children, youth and older persons)

• Territorial inequalities: rural/urban
Large gender gaps remain

Latin America (17 countries): women aged 15 and over not in education and with no income of their own, around 2002 and 2011
(Percentages)


* Persons aged 15 years and over who are neither studying or receiving an income of their own.
Large income gaps, stratified by sex, race and ethnic group, that defeat even educational attainments

Latin America (8 countries): employed population with labour income below the indigence line, by ethnic group and sex, around 2011

Latin America (8 countries): average monthly labour income of the indigenous population, Afro-descendants and non-indigenous, non-Afro-descendants, by years of schooling and sex, around 2011

(Percentages)

Source: ECLAC, on the basis of special tabulations of data from household surveys conducted in the countries.
PROGRESS AND CHALLENGES IN HEALTH
Major progress in health, but persistent inequalities between countries

Latin America and the Caribbean (33 countries): reduction in child mortality rates, 1990-2013 (Percentages)

…with uneven progress between different social groups and segments

Latin America (9 countries): child mortality rate by ethnic group, around 2000 and 2010
(Deaths per 1,000 live births)

PROGRESS AND CHALLENGES IN EDUCATION
Strides in education access and coverage: a key route for reducing poverty and inequality

Latin America (18 countries): young people aged 15-29 years having completed primary, secondary and tertiary education, by ethnic group, 1990-2013 (Percentages)

Source: ECLAC, on the basis of special tabulations of data from household surveys conducted in the countries, and Social Panorama of Latin America, 2014 (LC/G.2635-P), Santiago, 2014.
Crucial completion of secondary schooling is still highly unequal

Latin America (18 countries): population aged 20-24 years having completed upper secondary education, by extreme income quintile, around 2013

(Percentages)

Source: ECLAC, on the basis of special tabulations of data from household surveys conducted in the countries.

* Countries ordered by average percentage of conclusion. The figure for Latin America is a simple average for 18 countries. The figure for Argentina refers to urban areas.
INEQUALITIES AFFECTING YOUTH
Despite advances in education, unemployment rates are higher among young people in Latin America and the Caribbean (26 countries): unemployment rate by age group (Percentages)

Many young people in the 15-29 age group are not in education or paid employment

Latin America (18 countries): activity status of young people aged 15-29 years, around 2012 (Percentages)

- Working and studying: 22.0%
- Studying only: 10.5%
- Working only: 40.9%
- Neither working nor studying: 26.5%

Source: ECLAC, Social Panorama of Latin America, 2012 (LC/G.2557-P), Santiago.

Latin America (18 countries): activity status of young people aged 15-29 years not in education or paid employment, around 2012 (Percentages)

- Seeking work for the first time: 5%
- Permanently disabled for work: 5%
- Other inactive status: 15%
- Unemployed: 20%
- Unpaid domestic and care work: 55%

Women: 70%

Source: ECLAC, Social Panorama of Latin America, 2012 (LC/G.2557-P), Santiago.
INEQUALITIES AFFECTING OLDER PERSONS
Unequal access to pensions for older persons

Latin America (16 countries): persons aged 65 and over receiving contributory pensions, by sex and average monthly amount of pension, around 2011

(Percentages and dollars at constant 2005 prices)

Non-contributory pensions as a means to combat poverty among older persons

Latin America (6 countries): persons aged 65 and over receiving non-contributory pensions, by sex and average monthly amount of pension, around 2011

(Percentages and dollars at constant 2005 prices)

DECENT WORK AS THE MASTER KEY TO EQUALITY
Decent work: the master key to equality

- The labour market has historically been the link between a highly heterogeneous production structure with a large proportion of low-productivity sectors and high income inequality between households.

- But recently the labour market has been a key factor in reducing poverty and inequality:
  - Falling unemployment
  - Rise in labour income, especially minimum wages
  - Increasing labour formalization
  - Expansion of contributory social protection (health and pensions)
  - Rise in women’s labour market participation, which increases the number of earners per household and lowers the percentage of women without income of their own
Labour income is crucial for overcoming poverty and indigence

Latin America (17 countries): share of labour income in total household income by poverty status, \(^a\) around 2013

\(\text{(Percentages)}\)

Source: ECLAC, on the basis of special tabulations of data from household surveys conducted in the countries.

\(^a\) Simple average for the countries.

\(^b\) Includes indigent households.
Registration in pension and health systems has risen substantially, but gender gaps remain

Latin America (18 countries): registration in pension and health systems among wage earners aged 15 and over, by sex, around 2002 and 2013 (Percentages)

Source: ECLAC, Inclusive social development: the next generation of policies for overcoming poverty and reducing inequality in Latin America and the Caribbean, Santiago, November 2015.
TOWARDS AN INSTITUTIONAL FRAMEWORK FOR INCLUSIVE SOCIAL DEVELOPMENT IN LATIN AMERICA AND THE CARIBBEAN
The region has signed up to many economic, social and cultural rights, but more need to be ratified and enshrined in national legislation.

<table>
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<th>Convention/Protocol</th>
<th>Accession</th>
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<tr>
<td>Social Security (Minimum Standards) Convention, 1952 (No. 102)</td>
<td>10</td>
<td>12</td>
<td>14</td>
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<td>International Convention on the Elimination of All Forms of Racial Discrimination (1965)</td>
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<td>20</td>
<td>12</td>
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<td>International Covenant on Economic, Social and Cultural Rights (1966)</td>
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<td>12</td>
<td>7</td>
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<td>Convention on the Elimination of All Forms of Discrimination Against Women (1979)</td>
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<td>4</td>
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<tr>
<td>Convention on the Rights of the Child (1989)</td>
<td>33</td>
<td>9</td>
<td>2</td>
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<tr>
<td>International Convention on the Protection of All Migrant Workers and Members of Their Families (1990)</td>
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Source: ECLAC, *Inclusive social development: the next generation of policies for overcoming poverty and reducing inequality in Latin America and the Caribbean*, Santiago, November 2015
Many of the region’s countries have recently established ministries of development and social inclusion.

Source: ECLAC, _Inclusive social development: the next generation of policies for overcoming poverty and reducing inequality in Latin America and the Caribbean_, Santiago, November 2015

*a*: Countries with no information available for the year of creation of their social development ministries are not included in the figure (Antigua and Barbuda, Bahamas, Dominica and Trinidad and Tobago).
Challenges for social policy institutions

- Empowerment of bodies responsible for social development as interlocutors with other government policy areas
- Consolidating legal and normative foundations
- Improving coordination between sectors and territorial
- Enhancing management capacity (quality, effectiveness, efficiency and transparency)
- Securing sufficient, stable resources
- Establishing mechanisms for public participation and consultation
- Capacity to spearhead social, political and fiscal compacts
POVERTY ERADICATION POLICIES AND SOCIAL PROTECTION SYSTEMS: LESSONS LEARNED
States have redoubled their efforts to broaden the coverage of cash transfers to the poor

Latin America and the Caribbean (21 countries): conditional cash transfer (CCT) programmes, 2000-2013

Population living in CCT-participant households, 2000-2013
(Percentages of the total population and millions of persons)

Public investment in CCTs, 2000-2013
(Percentages of GDP and millions of dollars)

CCTs have achieved significant impacts on human capacities

- Improvements in education, health and nutrition indicators
  - Education
    - Enrolment
    - School attendance
    - Learning outcomes
  - Health
    - Child growth monitoring
    - Health check-ups
    - Vaccinations
  - Nutritional status

These effects are particularly notable among the poorest families and in countries where access barriers are highest. The impacts depend to a large extent to the quantity and quality of public services available.
The impacts of CCTs on poverty and inequality depend on the quality of targeting, the breadth of coverage, and the amount of the transfers.

Latin America (10 countries): coverage and monthly amount per capita of conditional transfers, based on household surveys, around 2011 and 2013
*(Percentage of the poor population and percentage of indigence and poverty lines)*

**Source:** ECLAC, on the basis of special processing of data form household surveys in the respective countries.
POLICY PROPOSALS
Poverty eradication programmes must include coordination with the sphere of work.

Keys to advancing towards innovative programmes to poverty eradication: they must be treated as part of an integrated social protection policy

• Coordinate poverty reduction programmes with a universal supply of quality health and education services

• **Develop care policies**

• **Improve rural and urban infrastructure** (electricity, drinking water and sanitation, housing and transport)

• **Broaden coverage**, based on the principle of actively seeking out those eligible in order to reach the entire poor population

• **Increase the amounts of transfers** in order to overcome at least extreme poverty

• **Coordinate CCTs with policies on labour and productive inclusion** in order to open up access to decent work, with training and opportunities for entering the formal labour market

• **Gender mainstreaming**, particularly in the design of conditionalities and policies relevant to young people, indigenous peoples and Afro-descendants

• Forge **stronger links with the environmental and territorial dimensions** to strengthen resilience to disasters
Policies for productive employment and decent work are crucial

- Macroeconomic (fiscal spending), production and sectoral policies that foster quality job creation
- Policies geared towards formalization of workers and firms
- Policies to raise the minimum wage
- Employment protection policies (such as unemployment insurance)
- Policies to enhance women’s economic autonomy
- Policies to broaden opportunities for young people to enter quality employment with technical education and professional training
- Policies to end all forms of discrimination in employment and at work
- Policies to prevent and eradicate child labour and forced labour
- Stronger labour inspection and mechanisms to protection labour rights, collective bargaining and freedom off association, as well as forums and processes of social dialogues
The role of social development ministries in labour policy: creating social protection networks

• Prevent and eradicate forms of labour that reproduce poverty and exclusion and violate fundamental rights — such as child labour
  ✓ Through social protection networks for the most vulnerable (including conditional cash transfer programmes and labour and productive inclusion schemes)

• Create/strengthen care systems (children, older persons, persons with disabilities)

• Coordinate poverty eradication policies with economic, labour and human rights policies
Despite the constraints of the current economic conditions, there is room for financing social development

Latin America and the Caribbean (20 countries) and OECD (34 countries): structure of tax revenues (including social security), several years
(Percentages of GDP, simple averages)

Latin America and the Caribbean (21 countries) and OECD (34 countries): public social spending by sector, several years
(Percentages of GDP, simple averages)

Source: ECLAC, on the basis of CEPALSTAT, and OECD/ECLAC/CIAT/IDB 2015.
Continue to strengthen social protection systems even though slowing economic growth makes it more difficult to generate quality employment and finance social investment

- Guarantee **adequate, consistent financing** to address the needs of the vulnerable population.
- **Integrate contributory social protection** with **non-contributory instruments** in order to move towards universal social protection
- **Coordinate** the various policies and programmes, as well as the State bodies responsible for the design, financing, implementation, regulations, monitoring and evaluation of social protection policies.
INCLUSIVE SOCIAL DEVELOPMENT AND THE 2030 AGENDA
At least 11 of the 17 SDGs in the 2030 Agenda for Sustainable Development concern social development priorities

1. End **poverty** in all its forms everywhere.
2. End **hunger**, achieve food security and improve nutrition
3. Ensure **healthy lives and promote well-being for all** at all ages
4. Ensure inclusive and equitable quality **education** and promote lifelong learning opportunities for all
5. Achieve **gender equality and empower** all women and girls
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and **decent work for all**
10. Reduce **inequality** within and among countries
16. and 17. Governance: access to **justice, information** and **participation**. Institutions and financing.
The social pillar of the 2030 Agenda has broadened the global social agenda

- Poverty reduction is linked to social protection and the guarantee of the right to basic services.
- Explicit emphasis on people who are overrepresented in vulnerable situations, such as children and women.
- Inequality within and among countries emerges as a central theme for sustainable development.
- Emphasis is placed on combating discrimination in all its forms and promoting the guarantee of universal levels of well-being and greater social inclusion.
- Social protection is mainstreamed in the 2030 Agenda as necessary to achieving several targets.
- Subregional and regional forums are available to the countries for adapting the new agenda to the region's needs and challenges.
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