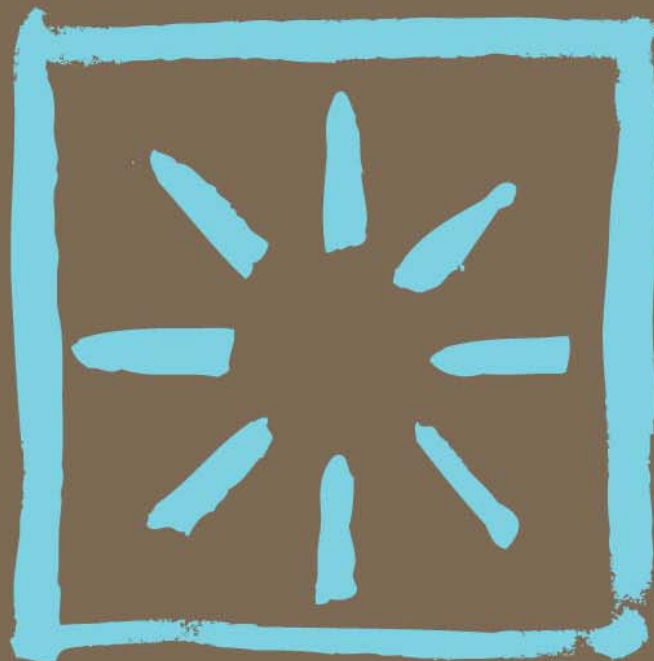


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**Alicia Bárcena**  
**Executive Secretary**

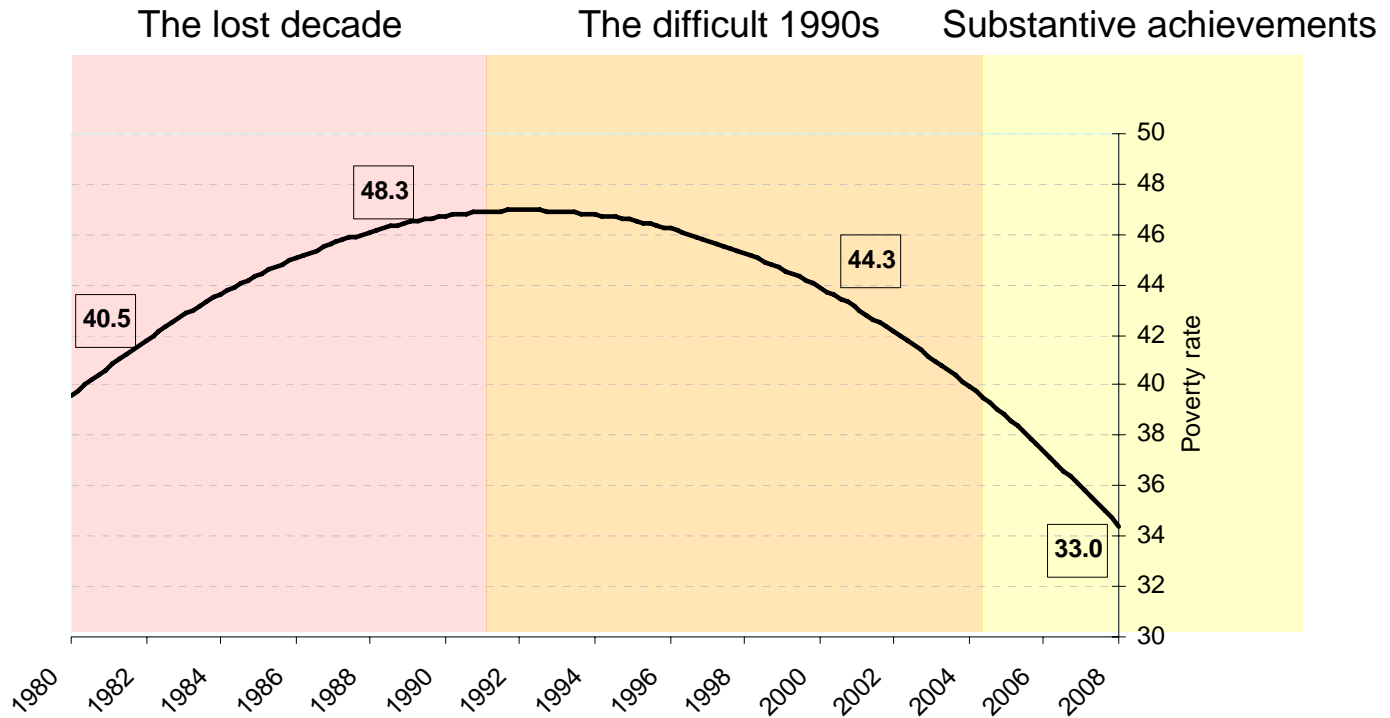


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# POVERTY AND INEQUALITY IN THE RECENT PAST

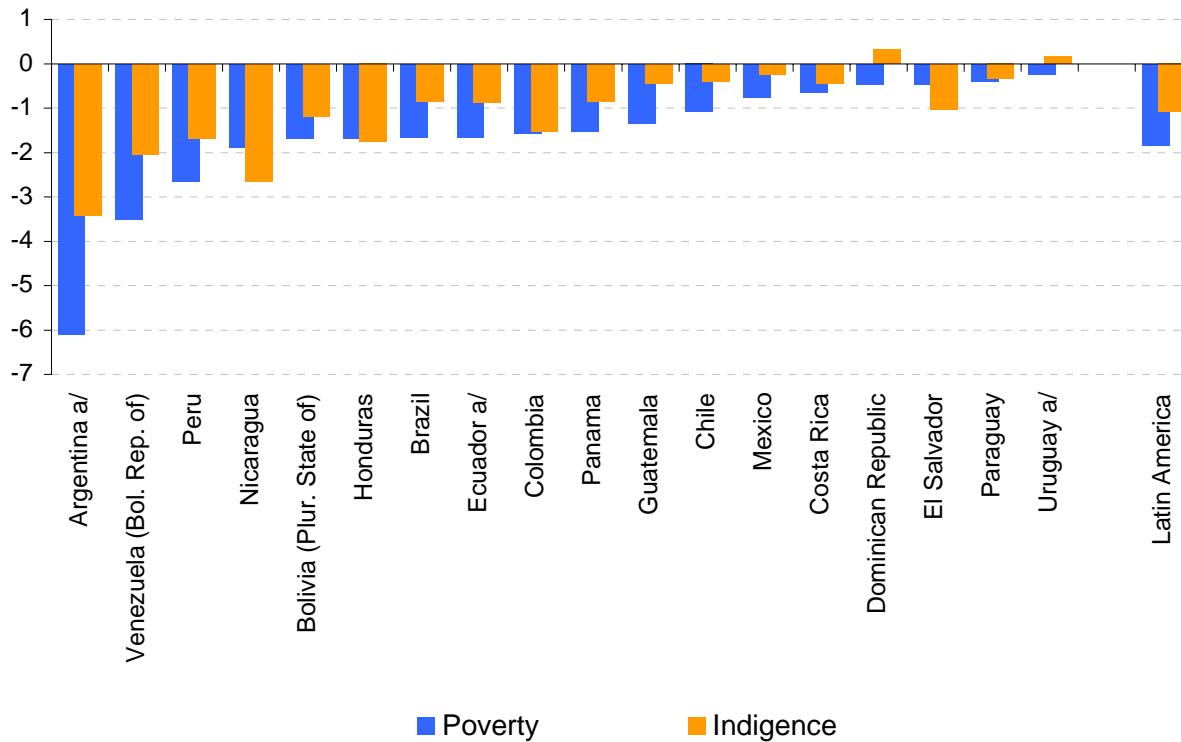
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# After the lost decade of the 1980s came the difficult 1990s and the achievements of the new century



# Poverty and indigence were reduced between 2002 and 2008 in nearly every country of the region

**LATIN AMERICA (18 COUNTRIES): ANNUAL CHANGE IN POVERTY AND INDIGENCE RATES, 2002–2008**  
(Percentage points)



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

a/ Urban areas.



# Four Allies generally aided the decline in poverty from 1990 to 2008, although with varying intensities in different periods...

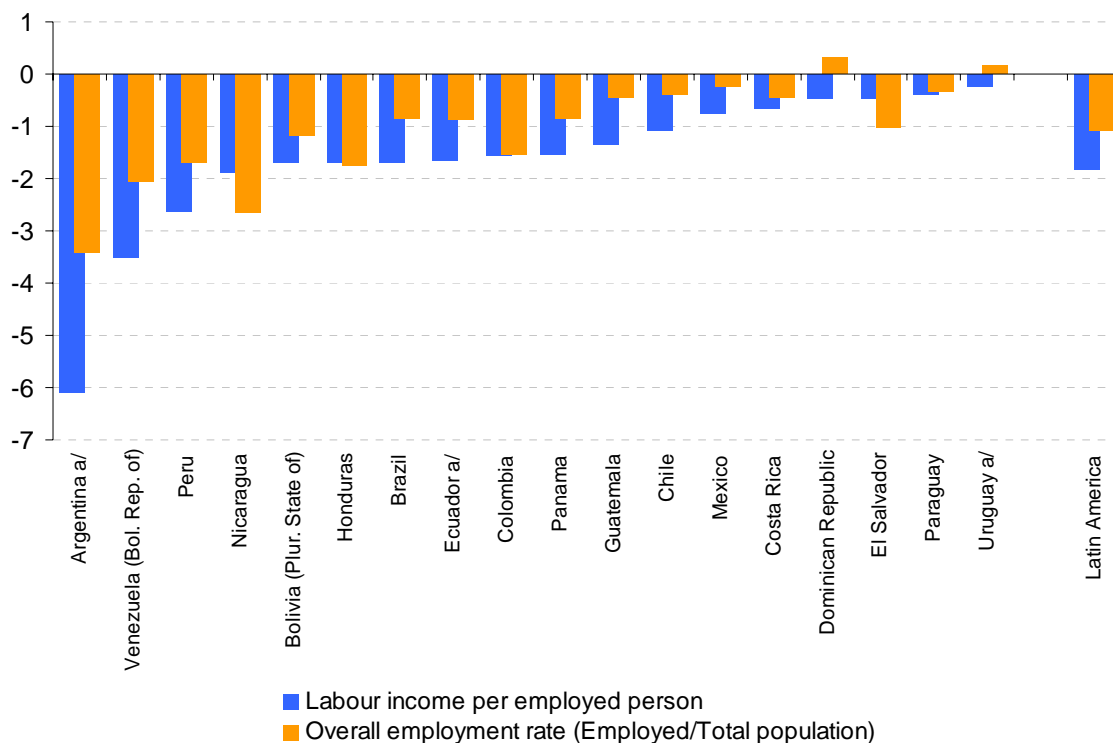
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- Economic growth (the 1990s, with higher employment rates, and starting in 2002, with both higher employment and higher income)
- Improvements in distribution (only from 2002 to 2008)
- Large increase in social spending (growth resumes in the 1990s and consolidates between 2002 and 2008)
- Demographic effect (drop in the fertility and dependency rates and in average household size—more pronounced in the first stage than in the second)



# First Ally: the higher employment rates of the 1990s were followed, between 2002 and 2008, by the increase in labour income per employed person

## LATIN AMERICA (16 COUNTRIES): ANNUAL VARIATION IN LABOUR INCOME COMPONENTS AND IN THE POVERTY RATE, 2002–2008 a/



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

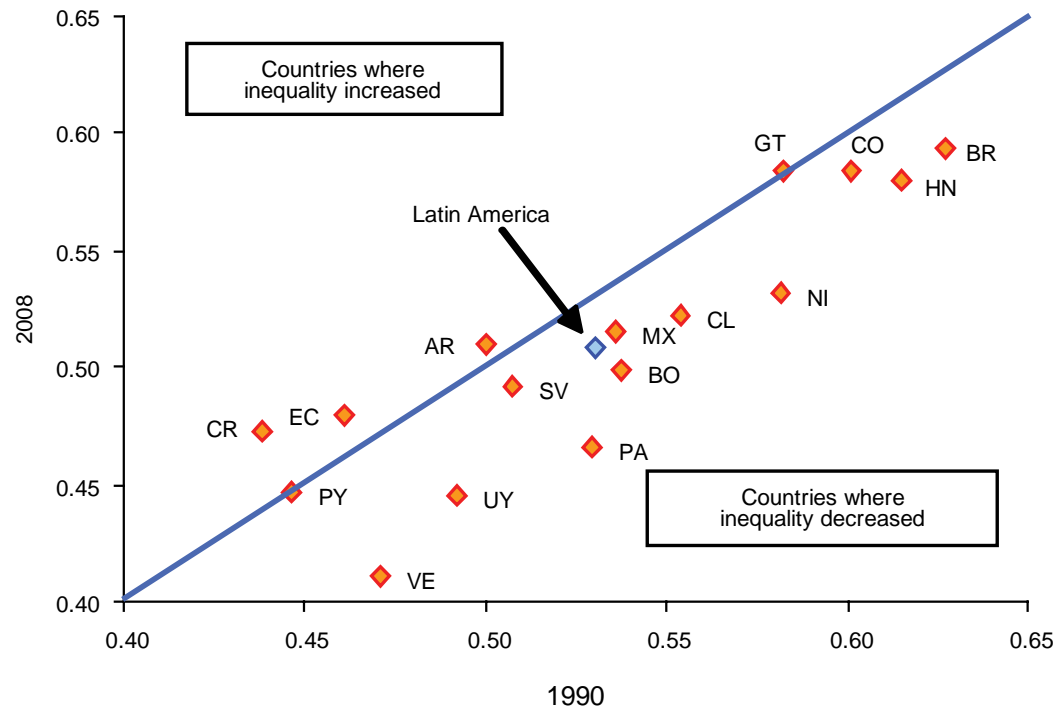
a/ Countries, in order of variation in annual poverty rate. The year 2002 corresponds to the most recent survey available between 2000 and 2002, and 2008 represents surveys available between 2004 and 2008.

b/ Metropolitan Area. c/ Urban areas.



# Unlike in the the 1990s, between 2002 and 2008, there was a Second Ally: inequality in income distribution was significantly reduced...

## LATIN AMERICA (18 COUNTRIES): GINI COEFFICIENT, AROUND 2002 AND 2008

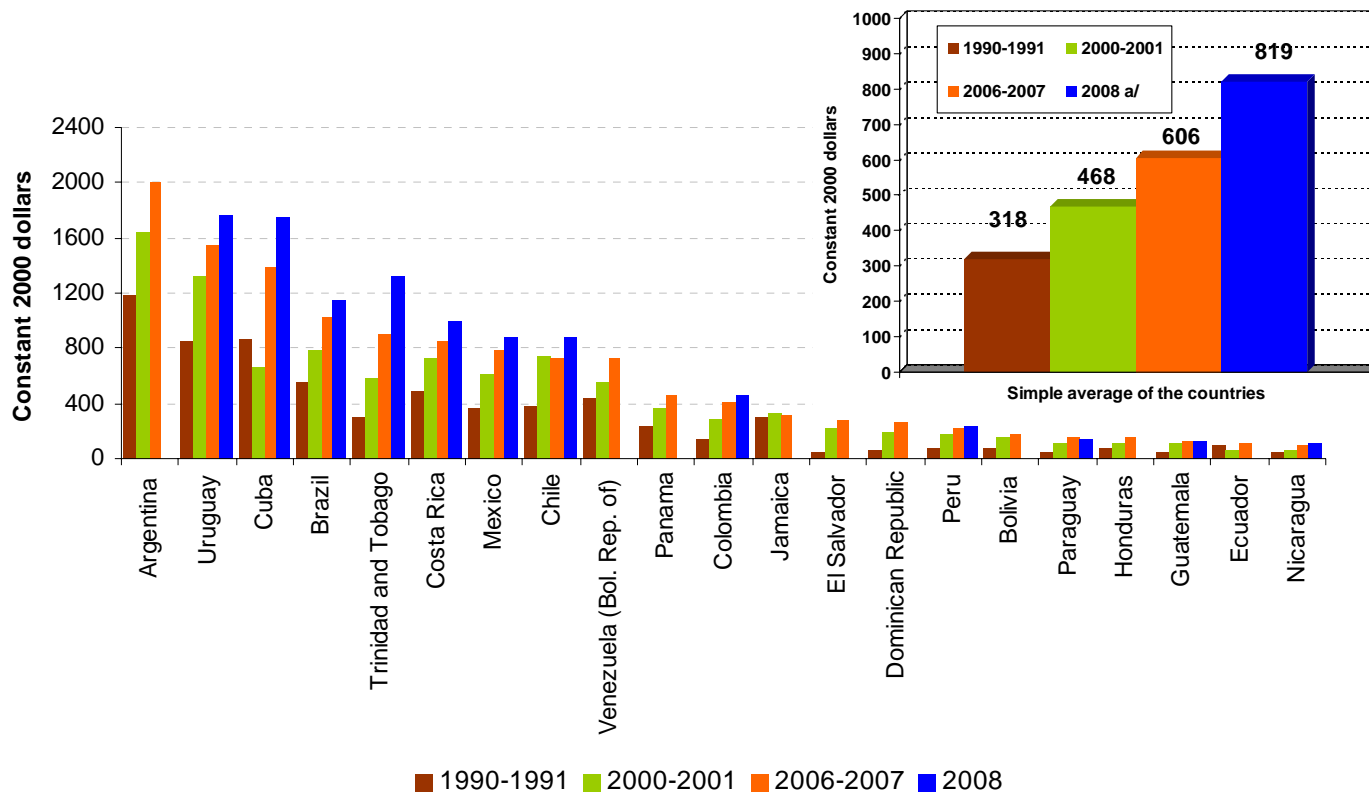


**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.  
a/ Urban areas.



# Third Ally: an absolute increase in per capita public social spending

**LATIN AMERICA AND THE CARIBBEAN (21 COUNTRIES):  
PUBLIC SOCIAL SPENDING, 1990-1991 TO 2008**  
(2000 dollars)

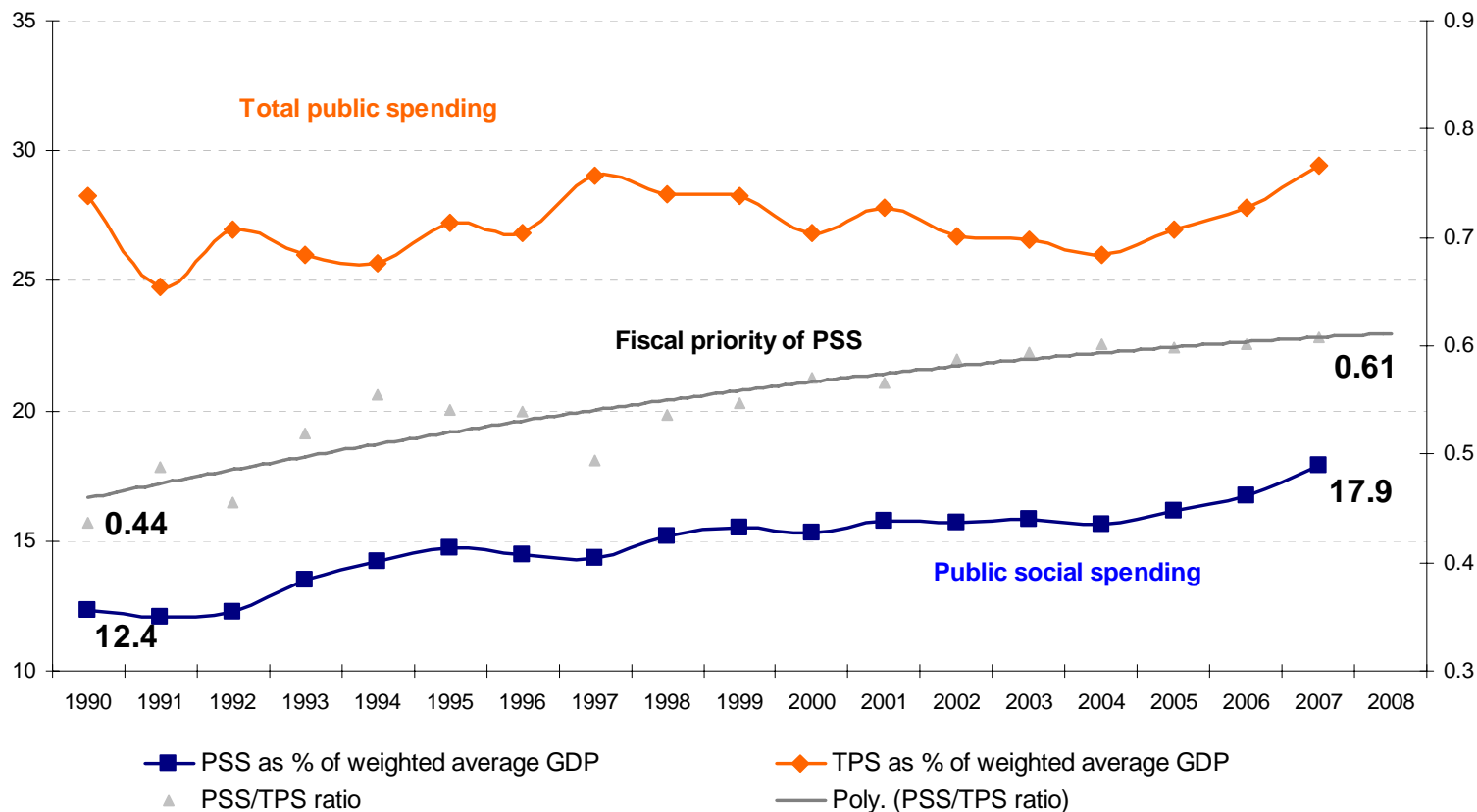


**Source:** Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of information from the Commission's social expenditure database.  
a/ Simple average for 12 countries.



# Third Ally: this occurred because GDP increased but also because social expenditures became a higher priority within public spending

**LATIN AMERICA (21 COUNTRIES): CHANGES IN PUBLIC SOCIAL SPENDING AND TOTAL PUBLIC SPENDING AS A PERCENTAGE OF GDP**  
(Percentages)



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC) on the basis of information from the Commission's social expenditure database.



# Fourth Ally: from 1990 to 2010, the dependency ratio was still falling sharply

*Number of persons of non-working age per 100 persons of working age*

$$(0-14) + (60+) / (15-59)$$

Steep decline:

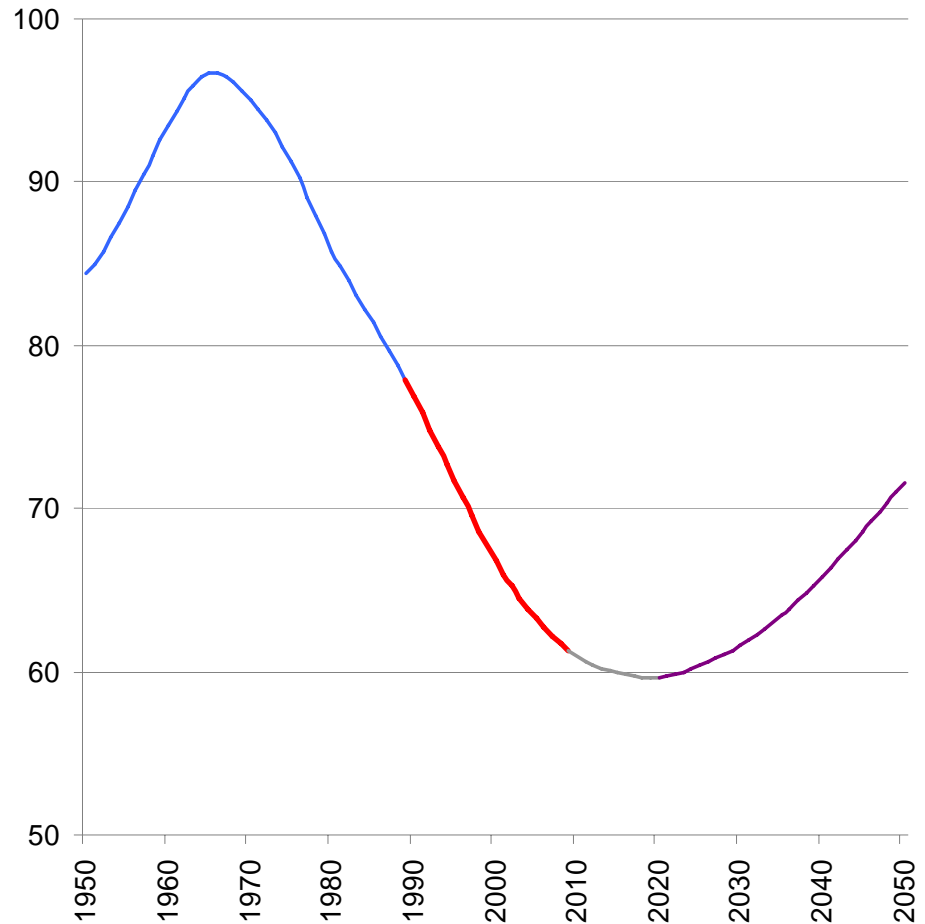
Easy gains from the dividend  
(1990-2010/2015)

Stabilization at low levels:

The dividend remains but its effect depends on other factors  
(2010/2015-2021)

Beginning of the end of the demographic dividend:

The dependency rate begins to rise  
(2021-onward)





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# THE IMPACT OF THE CRISIS ON POVERTY AND VULNERABILITY

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# Social Panorama 2009

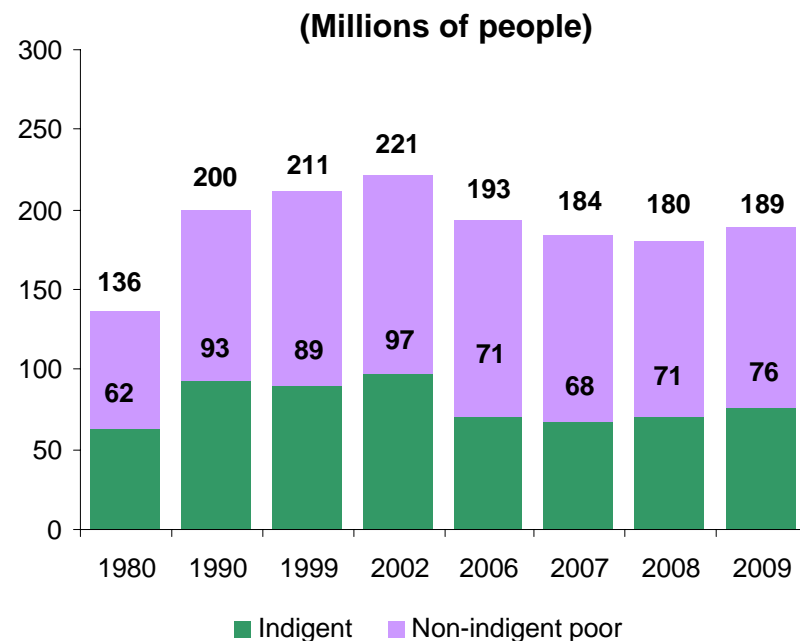
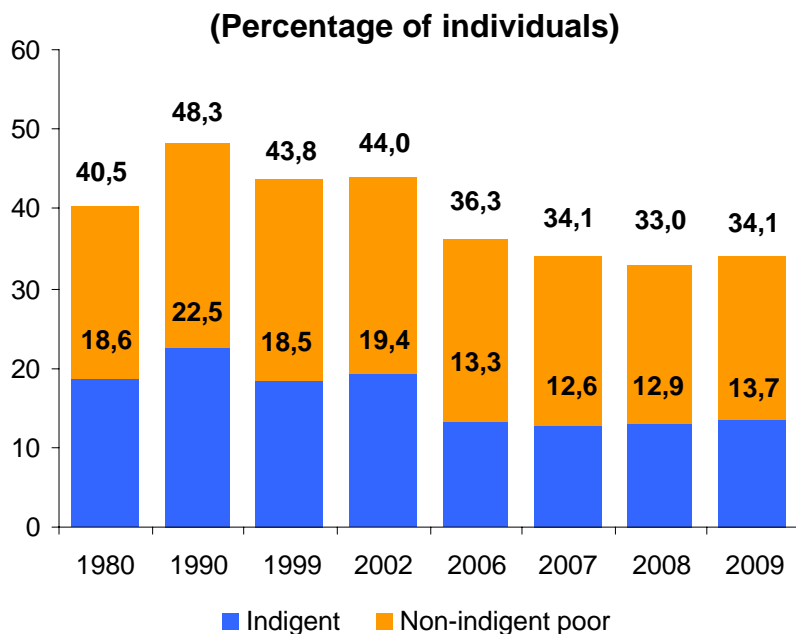
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- The global financial crisis will cause regional GDP to fall by 1.5%-1.8% in 2009
- For the first time in six years, poverty levels will stop falling and start to rise. The downward trend in extreme poverty has already been reversed by the spike in food prices in 2008.
- ECLAC projects that between 2008 and 2009 the proportion of poor people in the region will increase from 33% to 34.1% (by 1.1 percentage points). The indigent population is projected to increase from 12.9% to 13.7% (by 0.8 percentage points).
- There will be 9 million more people living in poverty and 5 million more living in extreme poverty in 2009.



# In terms of regional averages, the downturn in 2009 will not erase all the gains made in the previous six years, but it will halt and reverse the positive trends

## LATIN AMERICA: POVERTY AND INDIGENCE, 1980–2009<sup>a</sup>



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

<sup>a</sup> Estimate for 18 countries of the region, plus Haiti. The figures shown above the bars are the percentage and total number of poor persons (indigent plus non-indigent poor).



# Why the social impact is smaller than in previous crises

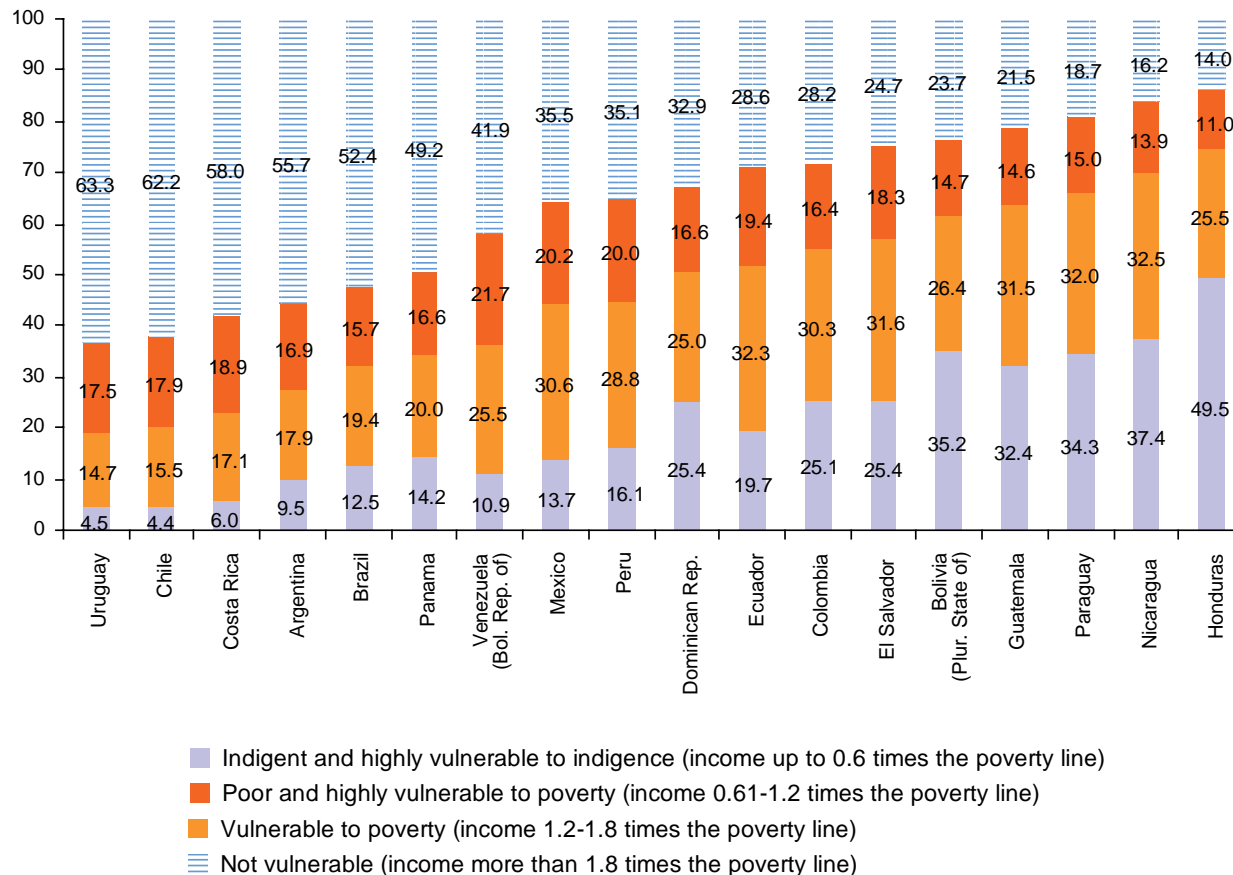
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- The crisis originated outside the region. Three pieces of good news:
  - No fiscal collapse of States
  - No inflation or hyperinflation
  - No collapse of financial systems
- Governments and multilateral agencies are able and willing to support countercyclical monetary and fiscal measures. This contrasts sharply with the situation in the 1980s.
- The sustained increase in social spending and social protection instruments has managed to mitigate the social effects of the crisis.
- The linkages between the economy, the market and prices have worked better than in previous crises.



# The shifting boundaries of well-being: a large proportion of the population is at risk

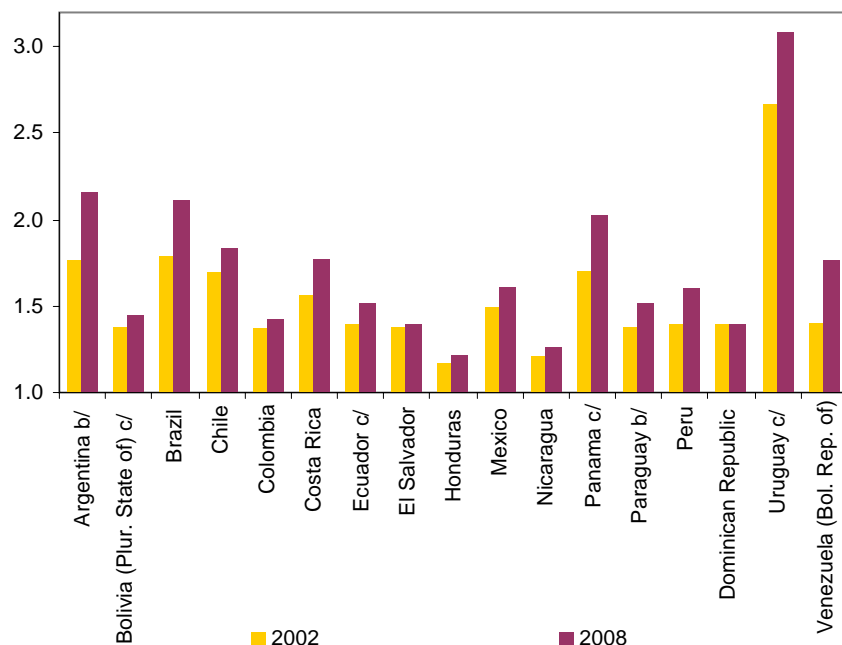
**LATIN AMERICA (18 COUNTRIES): INCOME VULNERABILITY PROFILE, BY COUNTRY, 2008**  
(Percentages)



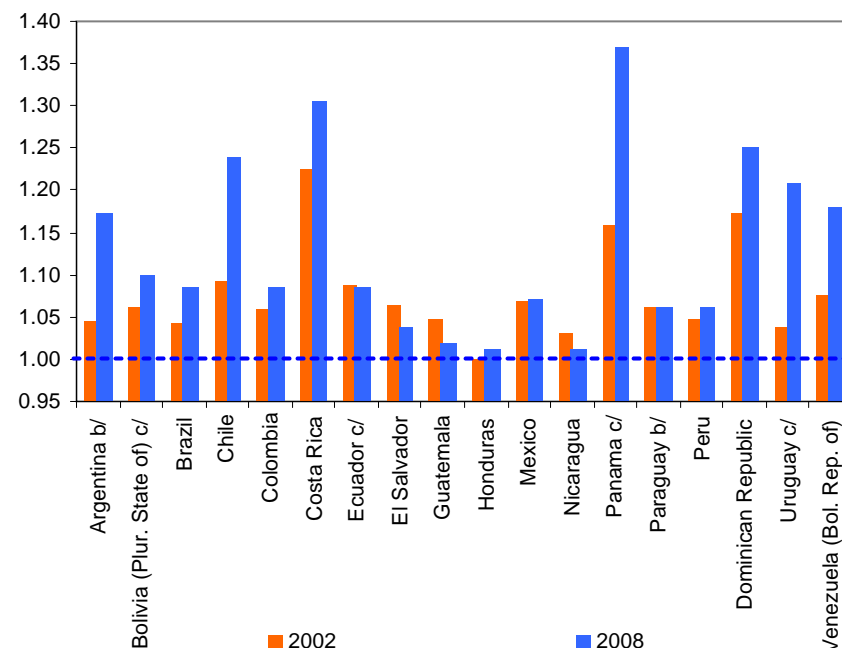
# Women and children are still the most vulnerable to poverty. They increased as a proportion of the poor population from 2002 to 2008

## LATIN AMERICA (18 COUNTRIES): RATIO BETWEEN THE POVERTY RATE OF WOMEN AND CHILDREN AND THAT OF THE REST OF THE POPULATION, AROUND 2002 AND 2008<sup>a</sup>

Children between 0 and 14 years of age /  
Persons aged 14 and older



Women/Men (aged 20 to 59)



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

a Countries, in order of variation in annual poverty rate. The year 2002 corresponds to the most recent survey available between 2000 and 2002, and 2008 represents surveys available between 2004 and 2008.

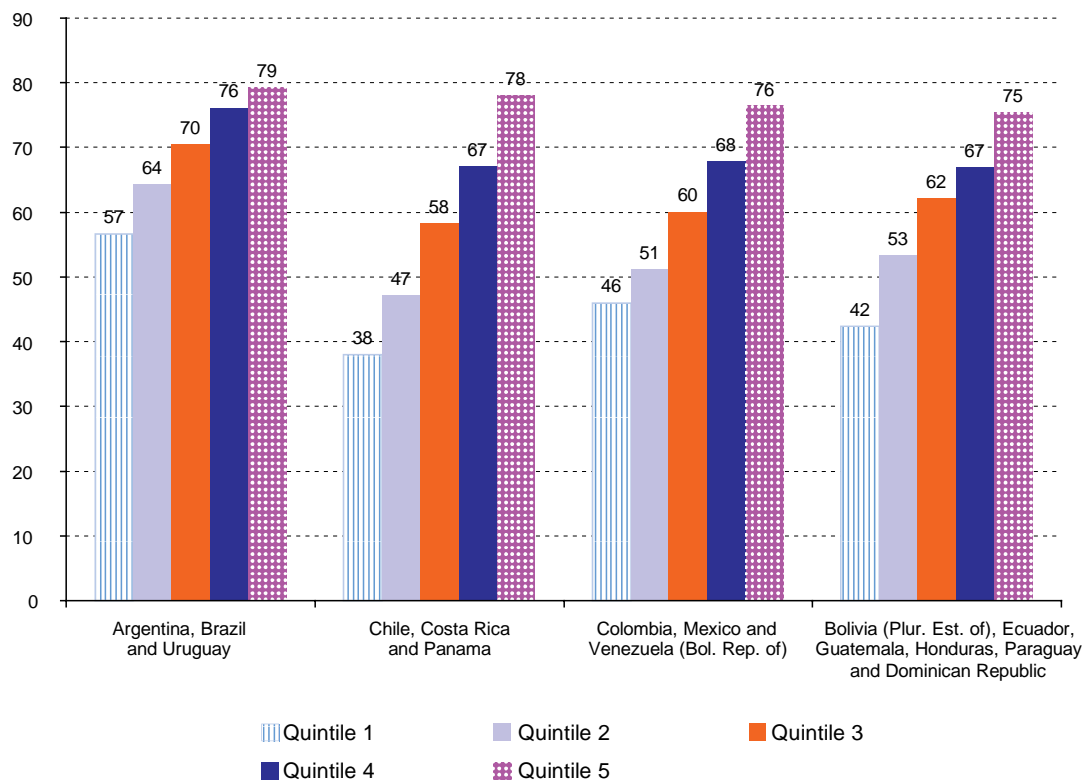
b Metropolitan Area.

c Urban area.



# The participation of women in the labour market is highly stratified. Poor women have fewer opportunities than those from the higher quintiles

**LATIN AMERICA: PARTICIPATION OF WOMEN AGED 25-54 IN THE LABOUR MARKET, WEIGHTED AVERAGES BY GROUP OF COUNTRIES AND INCOME QUINTILE, AROUND 2007**  
(Percentages)

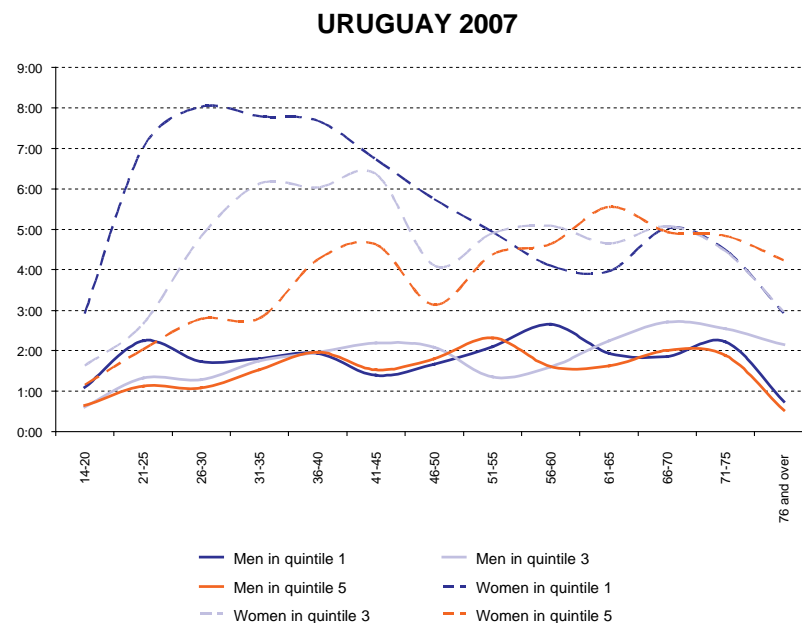
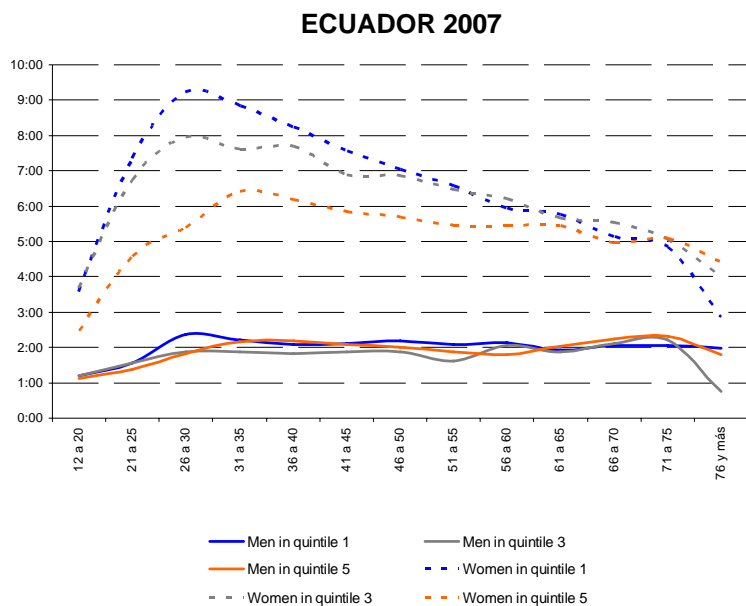


**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of time-use surveys conducted in the respective countries. The data for Colombia and Nicaragua correspond to 2005; the data for Argentina, Chile and Mexico to 2006. Data for Argentina refer to Greater Buenos Aires; for the Plurinational State of Bolivia to eight main cities plus El Alto; for Ecuador to urban areas; for Paraguay to Asuncion and the Central Department; and for Uruguay to urban areas.



# The burden of unpaid work is increasing enormously for women of child-bearing age, especially in the poorest quintiles. This impairs their integration into the labour market

## ECUADOR AND URUGUAY: AVERAGE HOURS OF UNPAID WORK BY SEX, AGE GROUP AND INCOME QUINTILE, 2007 (Hours per day)

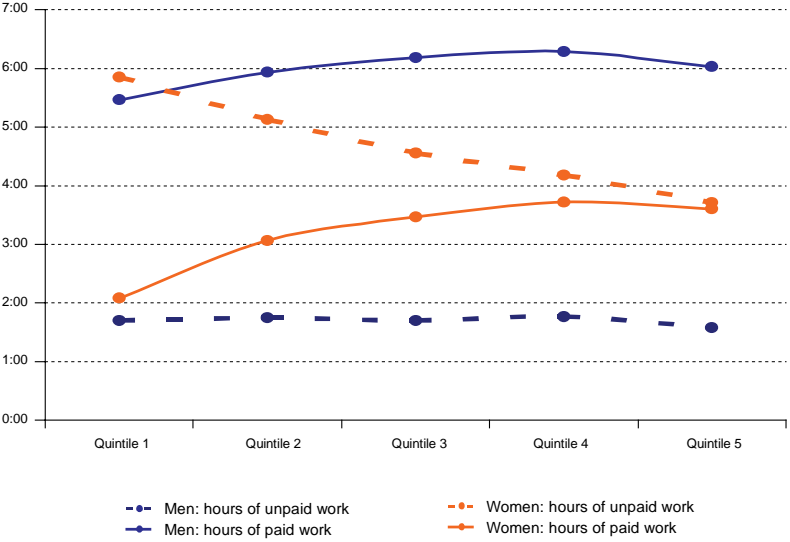


**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of time-use surveys conducted in the respective countries

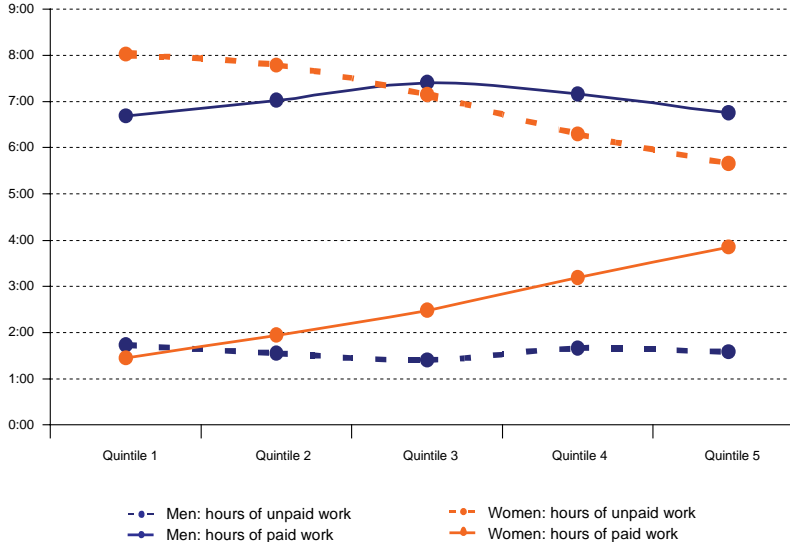


# The sexual division of paid and unpaid work reveals crossed asymmetries

**URUGUAY: TIME SPENT PERFORMING PAID AND UNPAID WORK, BY SEX AND INCOME QUINTILE, 2007**  
(Hours)



**MEXICO: TIME SPENT PERFORMING PAID AND UNPAID WORK, BY SEX AND INCOME QUINTILE, 2002**  
(Hours)

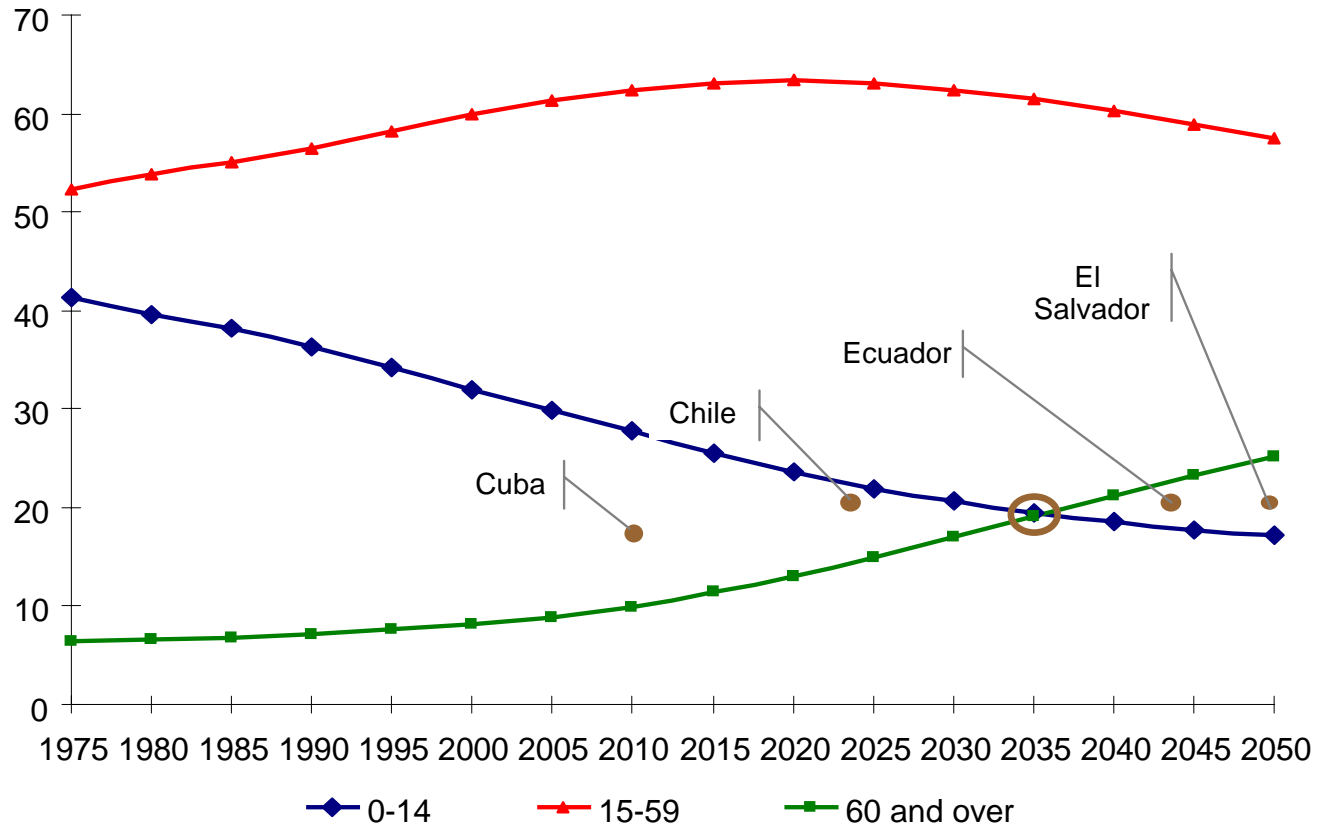


**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of time-use surveys conducted in the respective countries.



# Changes in the age structure of the population will have an impact on sectoral demand

**LATIN AMERICA: POPULATION BY MAJOR AGE GROUPS, 1975-2050**  
(Percentages)

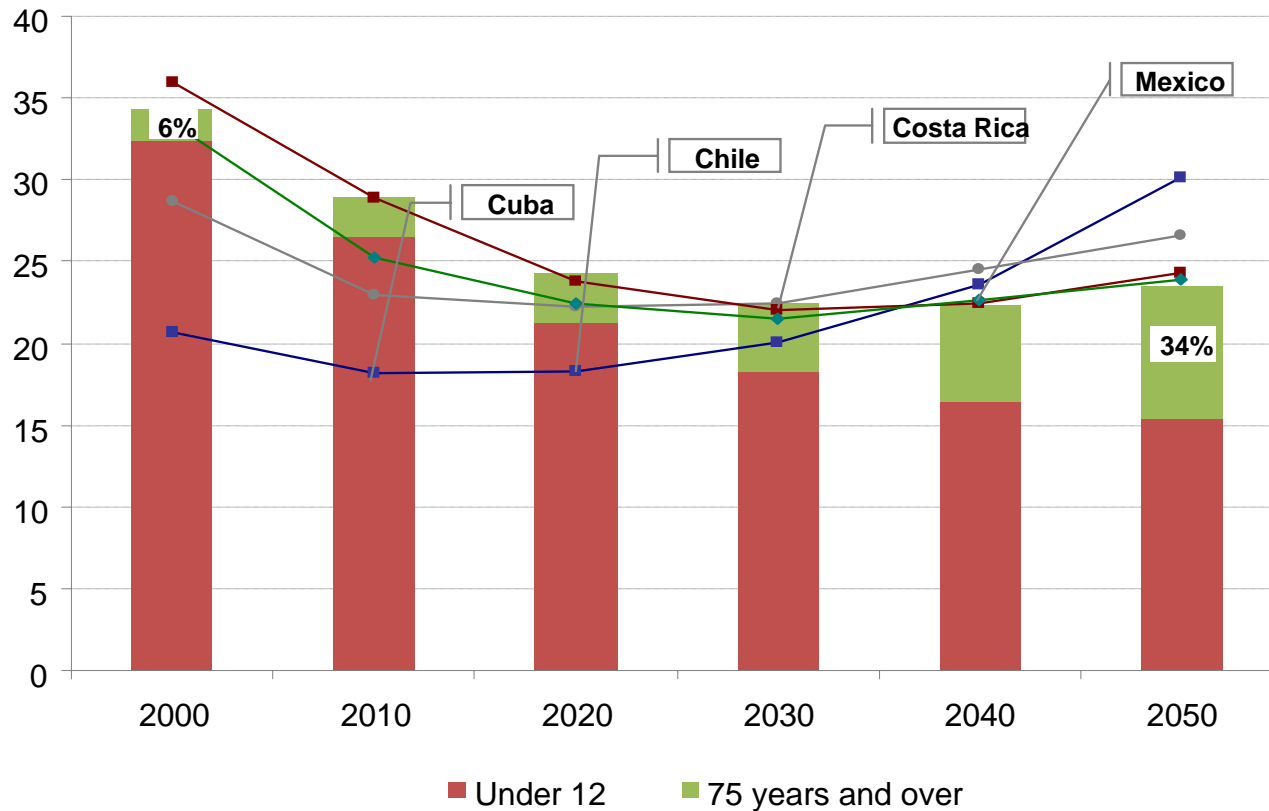


**Source:** Latin American and Caribbean Demographic Centre (CELADE) - Population Division of ECLAC, population estimates and projections 2008.



# The ageing of the population will increase demand for care

## LATIN AMERICA AND SELECTED COUNTRIES: POPULATION IN NEED OF CARE PER 100 POTENTIAL CARERS, BY AGE GROUP, 2000-2050

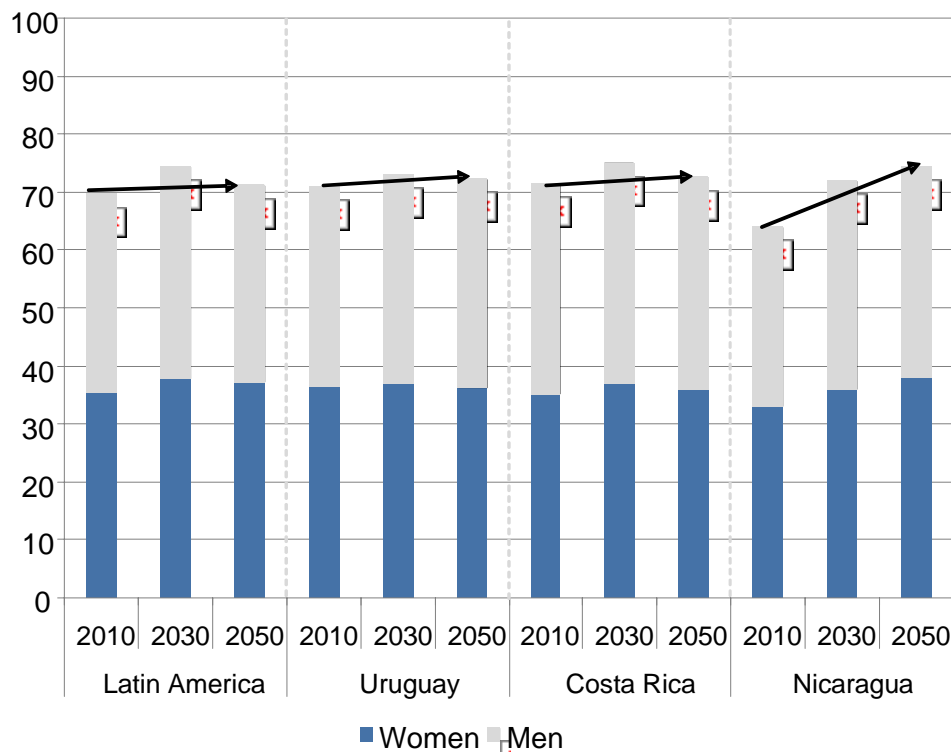


**Source:** Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, Population estimates and projections, 2008.

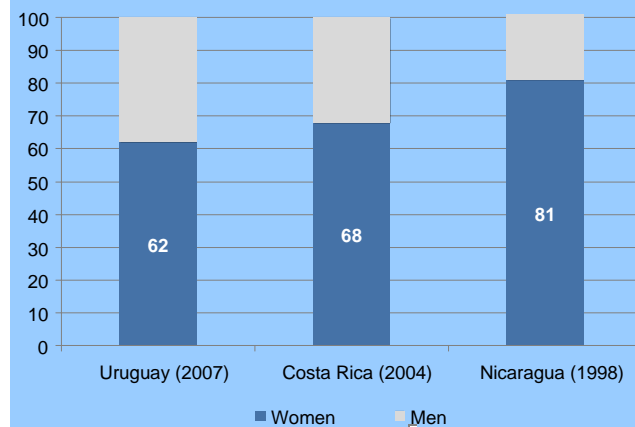


# ...at a time when the availability of caregivers will be limited due to the changing role of women and changes in family structures

**LATIN AMERICA AND SELECTED COUNTRIES: POTENTIAL CAREGIVERS IN THE WHOLE POPULATION, BY SEX, 2010, 2030 AND 2050<sup>a</sup>**  
(Percentages)



**LATIN AMERICA (3 COUNTRIES): DISTRIBUTION OF CARE WORK BY SEX**  
(Percentages)



**Source:** Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, on the basis of special processing of time-use surveys conducted in the respective countries.  
Note: In the surveys in Costa Rica, Nicaragua and Uruguay, care work refers to child care.

**Source:** Latin American and Caribbean Demographic Centre (CELADE)-Population Division of ECLAC, Population estimates and projections, 2008.

<sup>a</sup> Potential carers are people aged between 15 and 74.





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# **FUTURE SCENARIOS: THE CHALLENGE FOR SOCIAL PROTECTION SYSTEMS**

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# The new situation is not merely a bump in the road: the way ahead will be a steeper climb

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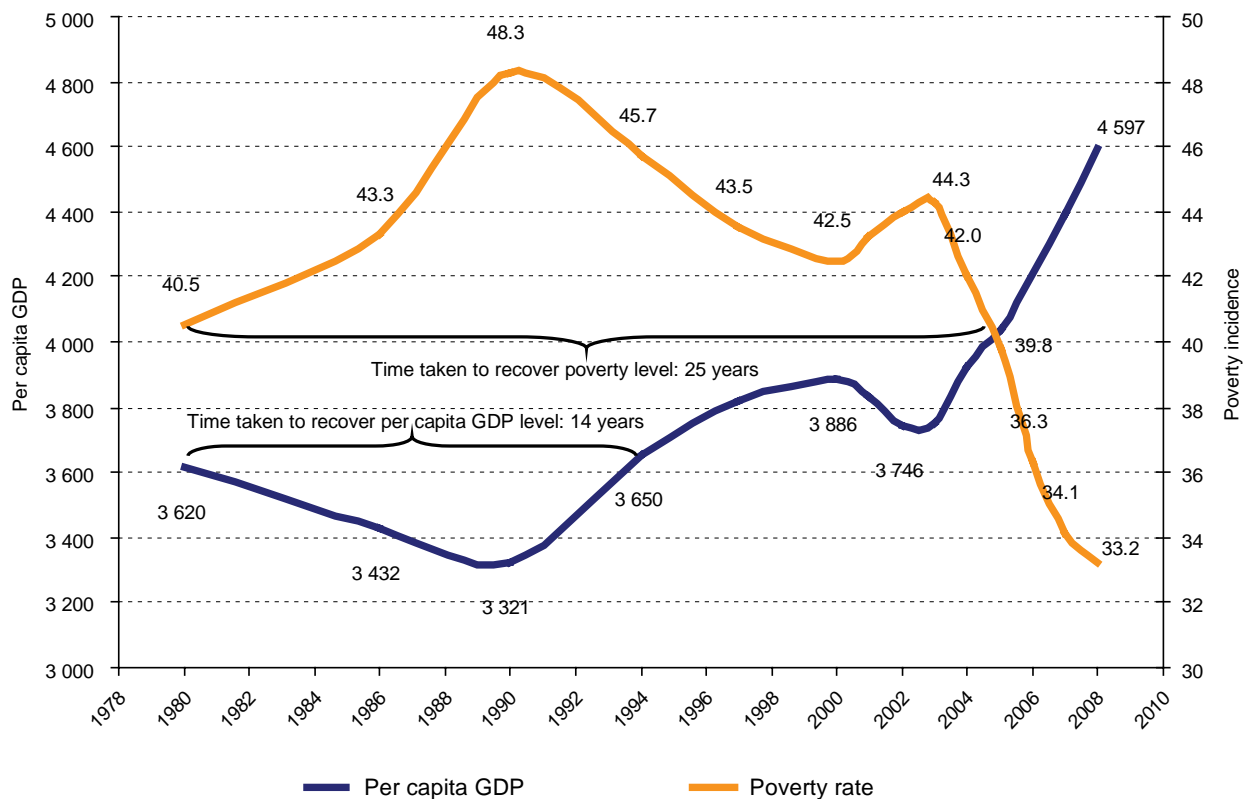
- Negative growth rates in 2009 and modest growth in 2010
- In many countries, between 2010 and 2020 the easy stage of the demographic dividend will be over
- Countries' fiscal capacity means that social spending is unlikely to grow at rates similar to those seen from 1990 to 2008
- Regressive distributive forces will gain strength as the pie grows slowly or not at all



# The past the region must avoid repeating: social recovery that lags behind economic recovery

## LATIN AMERICA AND THE CARIBBEAN (19 COUNTRIES) COMPARISON OF PER CAPITA GDP AND THE POVERTY RATE, 1980-2008

(United States dollars and percentages of the population)<sup>a</sup>



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of poverty surveys conducted in the respective countries. GDP figures provided by the Economic Development Division of ECLAC on the basis of official figures.

<sup>a</sup> Weighted averages.



# Different States, different degrees and types of protection

## LATIN AMERICA: SOCIAL SPENDING INDICATORS BY GROUP OF COUNTRIES, AROUND 2007

Groups of countries	Public social spending per capita (dollars) a/	Public social spending as a % of GDP a/	Coverage of pensions and retirement benefits. Urban areas (%) b/	Enrolment rates among population aged 15-17 c/
<b>Group 1:</b> ARG, BRA, CHL, CRI, PAN, URY	1102	17,7	64,4	79,0
<b>Group 2:</b> COL, MEX, VEN	638	13,0	26,6	64,5
<b>Group 3:</b> BOL, ECU, SLV, GTM, HND, NIC, PRY, PER, DOM	178	10,2	14,1	63,8

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from the Commission's social expenditure database; Carmelo Mesa-Lago, "Efectos de la crisis global sobre la seguridad social de salud y pensiones en América Latina y el Caribe y recomendaciones de política", Políticas sociales series, No.150 (LC/L.3104-P), Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC), October 2009. United Nations publication, Sales No. S.09.II.G.85; Sistema de Información de Tendencias Educativas en América Latina (SITEAL), para la tasa de escolarización de población de 15 a 17 [online] [http://www.siteal.iipe-oei.org/modulos/ResumenesEstadisticosV1/upload/resumen\\_estl\\_nacional.pdf](http://www.siteal.iipe-oei.org/modulos/ResumenesEstadisticosV1/upload/resumen_estl_nacional.pdf). [date of reference: November 2009].

a/ In constant 2000 dollars. Data from 2006-2007.

b/ Does not include Brazil. Data correspond to 2004, 2005 and 2006.

c/ Around 2006. Does not include the Bolivarian Republic of Venezuela or the Dominican Republic.



# Inadequate markets-families as the last line of defence

## LATIN AMERICA: SELECTED WELFARE INDICATORS BY GROUP OF COUNTRIES, AROUND 2006 (Simple averages)

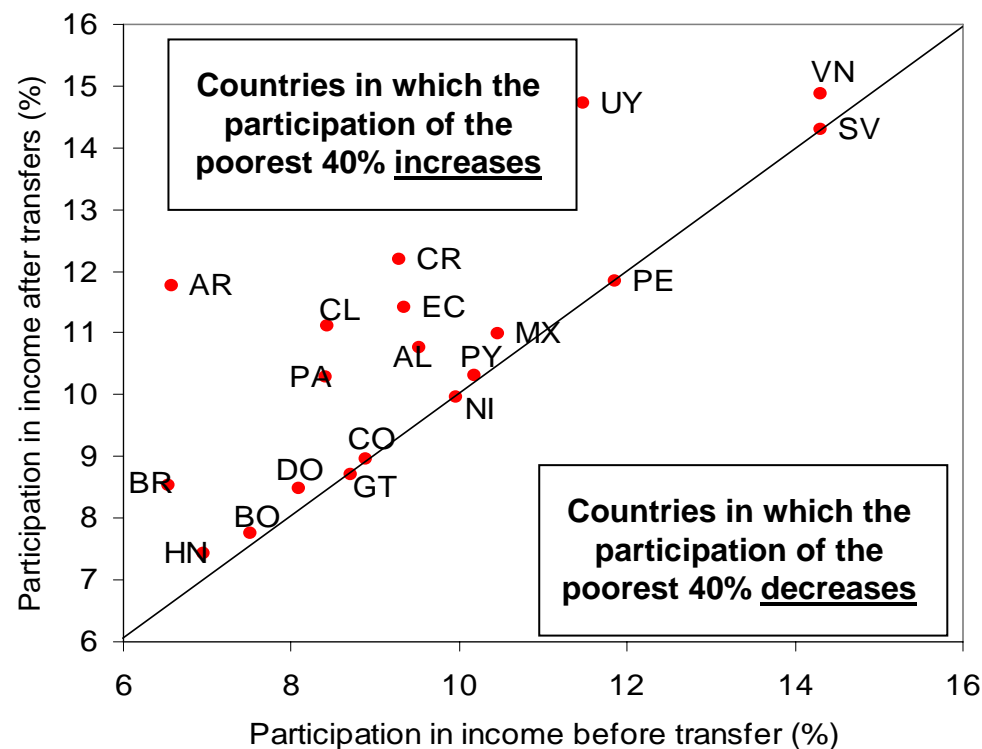
Groups of countries	Percentage of population that reports out-of-pocket health spending	Remittances from abroad (as a % of GDP)	Employed population below the poverty line (% of all employed)	Extended and composite families (as a % of total families)
<b>Group 1:</b> ARG, BRA, CHL, CRI, PAN, URY	23,3	0,9	16,7	19,0
<b>Group 2:</b> COL, MEX, VEN	35,1	2,2	28,6	23,4
<b>Group 3:</b> BOL, ECU, SLV, GTM, HND, NIC, PRY, PER, DOM	72,1	9,8	38,4	27,9

**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; World Bank, World Development Indicators [online database] for remittances and Latinobarómetro for out-of-pocket health expenses.



# Monetary transfers improve income of poorest sectors

LATIN AMERICA (18 COUNTRIES): PARTICIPATION OF THE POOREST 40% OF HOUSEHOLDS IN INCOME BEFORE AND AFTER TRANSFERS<sup>a</sup>, AROUND 2008

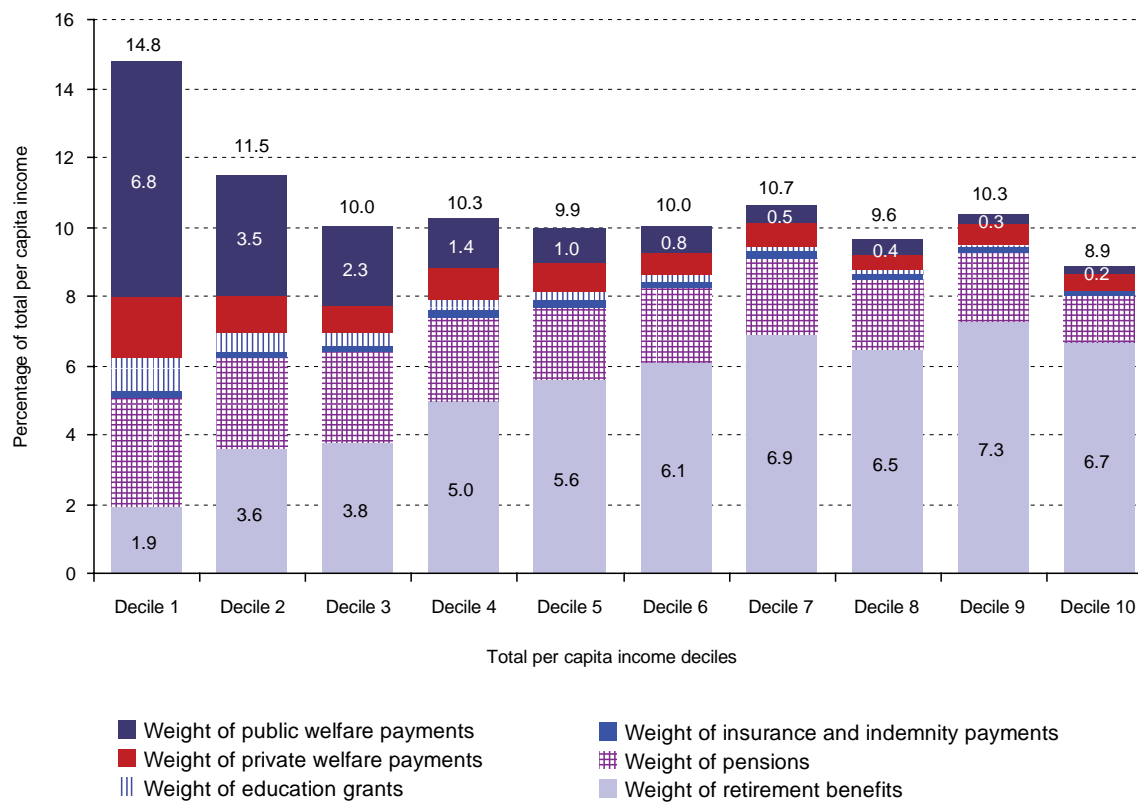


**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.

<sup>a</sup> Income before transfers refers to the per capita income obtained by households through their participation in the labour market (primary income). The households reported as low-income before transfers are not necessarily the same as those reported as low-income after transfers.

# Public welfare transfers are particularly important for raising the living standards of the poorest segments of society; next in importance are pensions (but not retirement benefits)

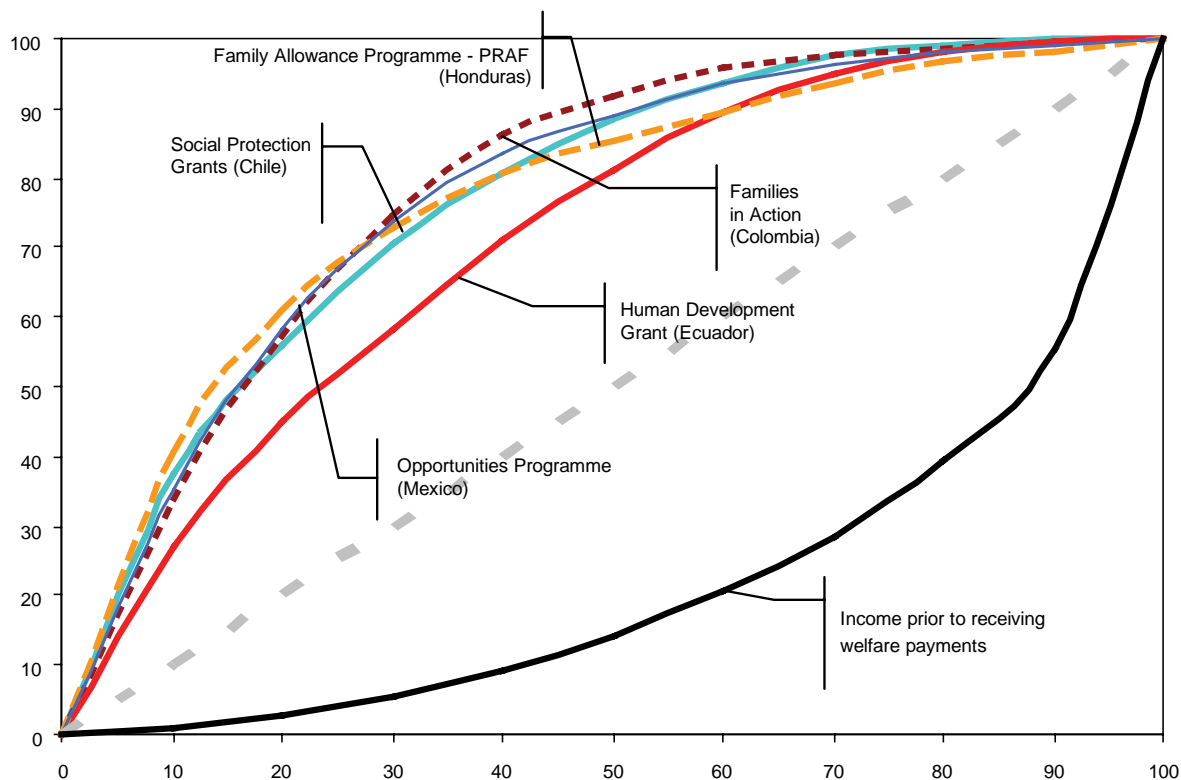
## LATIN AMERICA (18 COUNTRIES): WEIGHT OF THE DIFFERENT TRANSFERS IN THE PER CAPITA INCOME OF HOUSEHOLDS, AROUND 2008 (Percentages)



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

# Within public transfers, conditional cash transfer programmes are by their very nature highly progressive

## LATIN AMERICA (5 COUNTRIES): DISTRIBUTION OF CONDITIONAL CASH TRANSFERS VERSUS DISTRIBUTION OF PER CAPITA HOUSEHOLD INCOME BEFORE WELFARE TRANSFERS

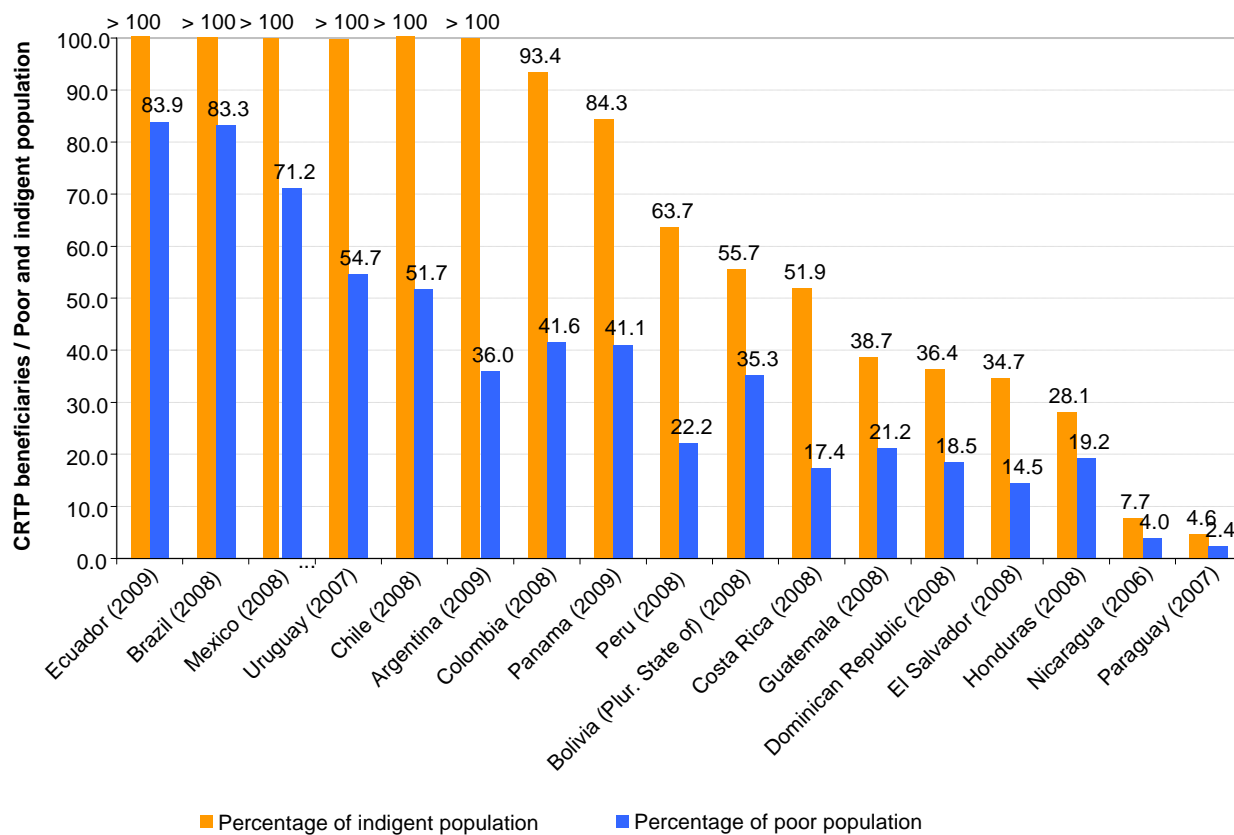


**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of special tabulations of data from household surveys conducted in the respective countries.



Some 190 million people are thought to be living in poverty in 2009, and 101 million of them are benefiting from CRTPs. There is therefore still room for extending the programmes and covering more families that are unable to meet their basic needs on their own.

**LATIN AMERICA (17 COUNTRIES): COVERAGE OF CO-RESPONSIBILITY TRANSFER PROGRAMMES (CRTPs), 2006-2009**  
*(Percentage of indigent and poor population)<sup>a</sup>*



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

**Note:** a/ The ratio of CRTPs coverage to the indigent and poor population does not take into account errors of inclusion and exclusion.



# Measures in response to the crisis

NON-CONTRIBUTORY CASH TRANSFERS	Increase of coverage and amounts. Very widely adopted (17 countries)
CHANGES TO SOCIAL SECURITY: STRENGTHENING THE PILLARS OF SOLIDARITY AND PROTECTION OF RETIREMENT BENEFITS	Partial use, almost exclusively in countries with more developed systems (5 countries)
PROTECTION OF LABOUR INCOME (MINIMUM WAGE AND WAGE REPLACEMENT)	Wide use of minimum wage and unemployment insurance where available (8 countries)
ECONOMIC STIMULUS MEASURES (CREDIT AND TAX EXEMPTIONS FOR SMEs, TRAINING).	SME measures widely used (12 countries); training to a lesser extent (5 countries)
INVESTMENT IN AND SUBSIDIES FOR HOUSING	Very widely used (12 countries)
INVESTMENT IN SOCIAL SERVICES INFRASTRUCTURE (education and health)	Very widely used (13 countries)
FOOD	Widely used (9 countries). Relatively less developed countries prioritize food security
SUBSIDIES ON BASIS NECESSITIES	Widely used (8 countries)



# Recommendations that combine urgency with a strategic approach: income protection

---

1. Improve the coverage and quality of monetary transfer systems (especially for families with children)
2. Set up and capitalize non-contributory, solidarity-based modalities within systems that insure the income of older adults (retirement and pensions)
3. Reduce the fragmentation and stratification of contributory retirement and pension systems and limit or eliminate subsidies for the schemes of privileged sectors
4. Lower replacement rate and expand coverage in unemployment-insurance systems financed through contributions and national revenues
5. Recognize and develop strategies to integrate transfers from the non-State solidarity-based sector into the social protection architecture



# Recommendations that combine urgency with a strategic approach: utilize human capital

---

1. Broaden preschool (ages 0 to 5) enrolment in education and care services and their coverage
2. Increase school hours (for children aged 6 to 14) to a full day or an extended school day
3. Develop collective care services for older persons and invest in preventive care
4. Establish State regulations and incentives to coordinate paid and unpaid work and penalize discrimination against women in the labour market
5. Have the State play an active role in redefining family, gender and intergenerational compacts, to promote the recognition of multiple types of family arrangements and a balanced distribution of care burdens between the genders and among generations



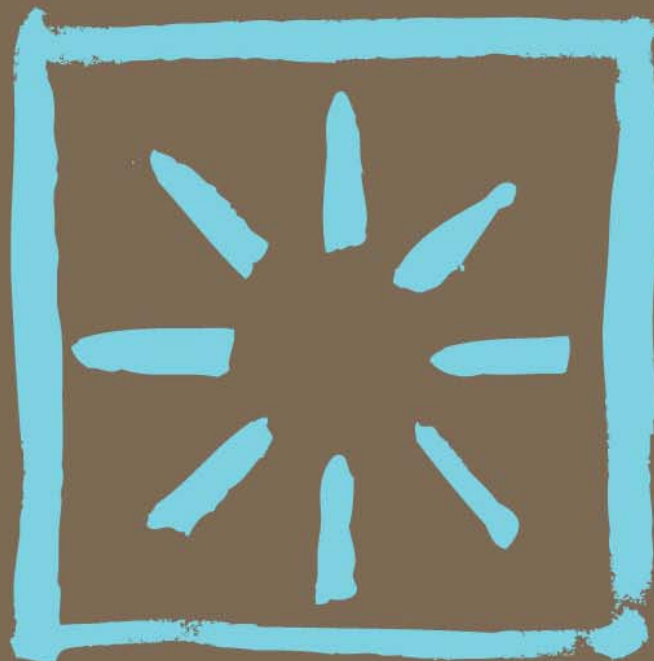
# How to move forward: urgent issues, limitations and the long-term

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1. Avoid fiscal irresponsibility. Raise the tax burden progressively, and increase tax collection cutting of limiting expenditures. Redistribute social spending
2. Avoid making the formal labour markets too rigid. Do not demand compliance with tax formalities for the benefits proposed in this presentation
3. Pursue growth from the bottom up with uniform benefits and suitably standardized quality services. Broaden coverage in a fiscally responsible manner and according to agreed medium- and long-term timetables based on scenarios in which GDP, the tax burden and the redistribution of both social and non-social public spending increase



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