

# Social Panorama of Latin America and the Caribbean **2024**

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

Economic Commission for Latin America and the Caribbean (ECLAC)

12 November 2024



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# Key messages

## Overcoming development traps is essential for advancing towards inclusive social development

- **Latin America and the Caribbean is facing a development crisis** reflected in three development traps:
  - Low capacity for growth
  - High social inequality and low social mobility and cohesion
  - Weak institutional capacities and ineffective governance
- **Inclusive social development is key to breaking free from these traps.**
- **Inclusive social development:** the social and economic processes that afford all people a **life free from poverty and a level of well-being aligned with high, inclusive and sustainable economic growth**, ensuring the full exercise of their rights and addressing **social gaps and inequalities**.

- **Expanding social protection systems and the welfare State** is one of the 11 transformations that ECLAC has identified as vital to moving towards a more productive, inclusive and sustainable development model.
- Related **transformations** include:
  - Effective universal **education** and professional training
  - Progress towards **gender equality** and the care society
  - **Reducing inequality** and increasing social mobility and cohesion

## The high-inequality trap and poverty levels: challenges for social protection

- **Poverty** declined steadily between 1990 and 2014, from 51.2% to 27.7%, then more slowly until the pandemic, when it increased. In 2023, poverty fell slightly below the 2014 level, to 27.3% —the lowest level **since comparable data have been recorded**.
- After rising to 13% during the pandemic, **extreme poverty** fell to 10.6% in 2023, but it remains above the 2014 rate of 8.6%.
- **High income inequality** persists (Gini index), with 2023 levels largely unchanged relative to 2022.
- **One in three households** in the lowest-income quintile lacks **access to social protection**.
- **Gender inequality** remains high, and a continuing **crisis in care** will be exacerbated by **rapid population ageing**.
- **Social protection spending** (contributory and non-contributory) was inadequate in 2023.
- **Weaknesses in social institutional frameworks** continue to impede efforts to address development challenges and implement social policies.

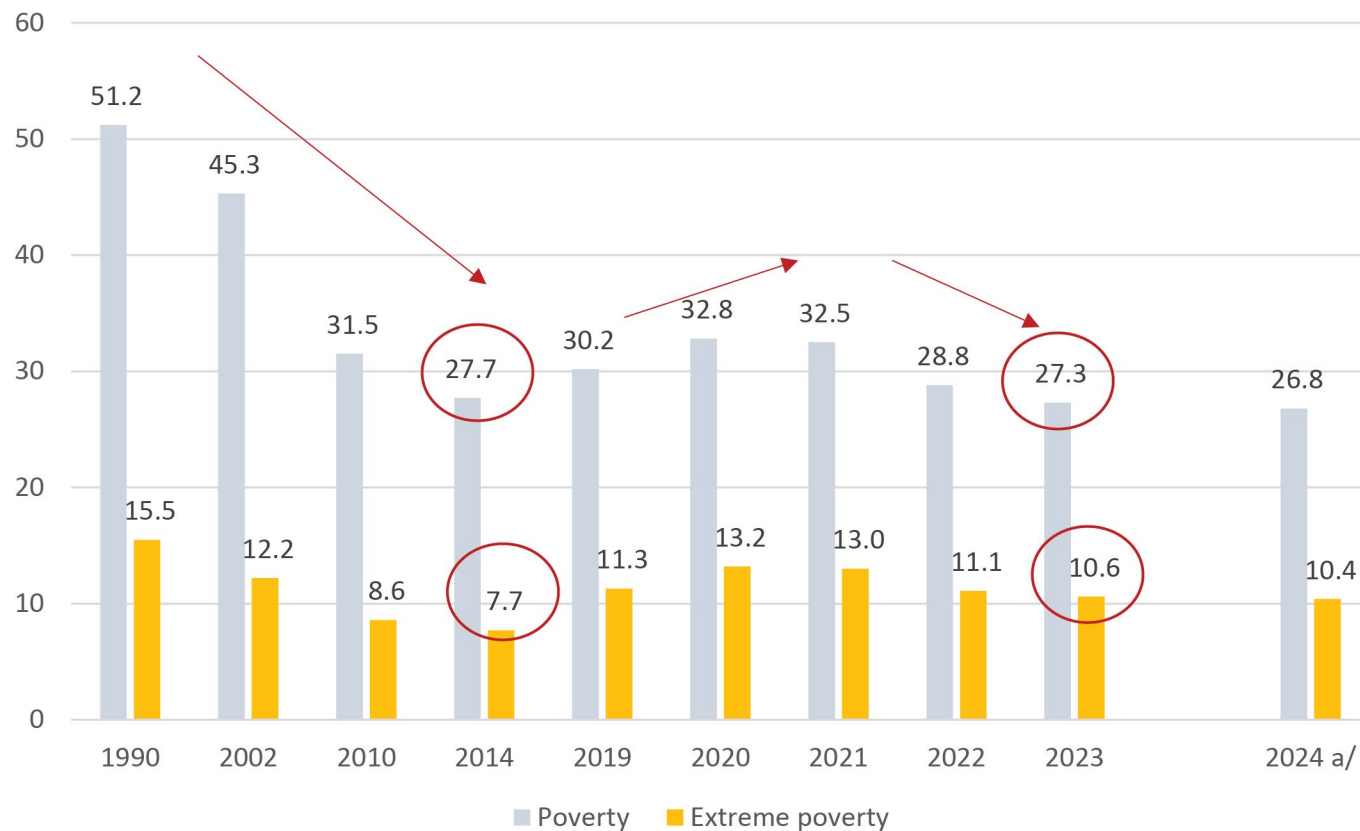
## Stronger non-contributory social protection is critical to reducing poverty and inequality

- **Comprehensive policies are needed to reduce inequality and increase social mobility.**
- A minimum **standard of investment in non-contributory social protection** is also needed.
- Ensuring social protection institutions (in particular non-contributory social protection) have adequate **technical, operational, political and prospective capabilities** is essential to **strengthen institutional frameworks for social policy.**
- **Addressing the development crisis** and inclusive social development gaps requires progress towards **universal, comprehensive, sustainable and resilient social protection systems.**
- The **Second World Summit for Social Development (2025)** is an **opportunity** to agree on strategic guidelines and policies to **expand social protection systems.**

# **1. Poverty and income inequality**

**In 2023, regional poverty fell to 27.3% —the lowest figure since comparable data have been recorded—, though the 2014 rate came close (27.7%).  
Extreme poverty (10.6%) remains above 2014 levels.**

**Latin America (18 countries): people in poverty and extreme poverty, 1990–2024**



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

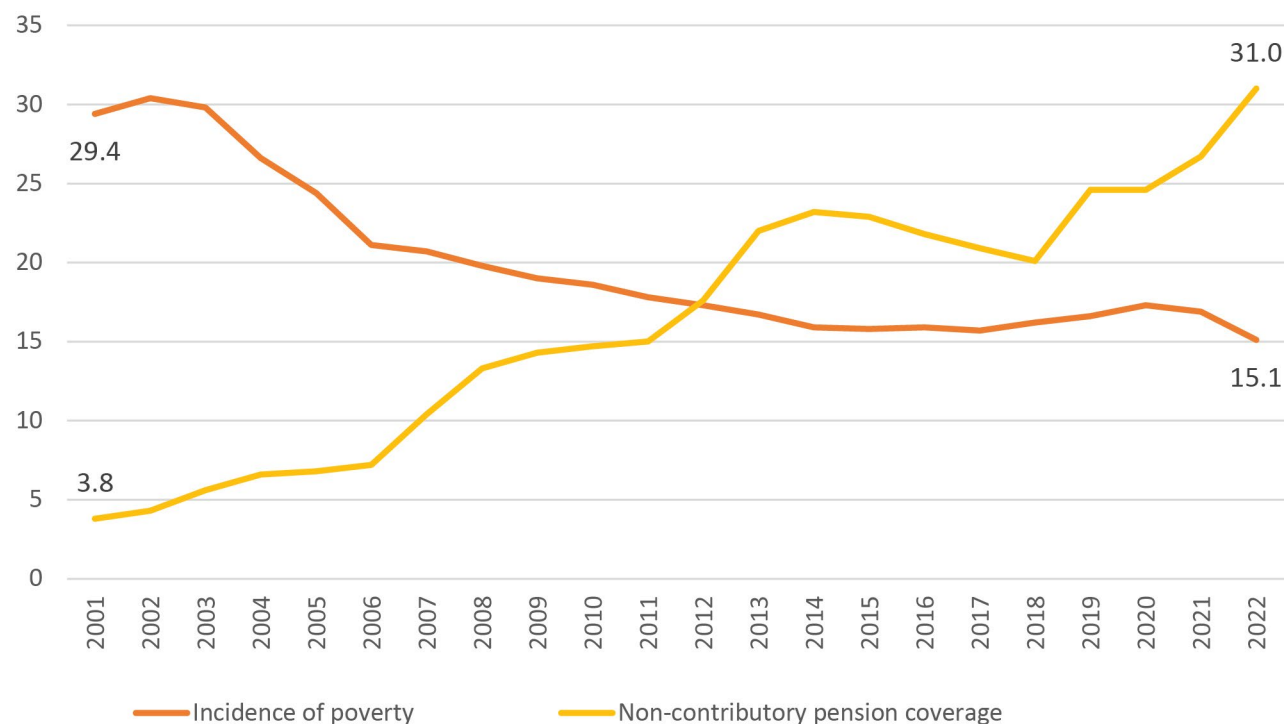
a/ Projections.

- Between 1990 and 2014, poverty declined significantly, from 51.2% to 27.7% (23.5 percentage points).
- After a pandemic-era increase, **poverty fell in 7 of 12 countries** between 2022 and 2023.
- Brazil accounts for more than 80% of that 2023 decline, **with non-contributory transfers playing a major role.**
- **In 2024**, the downward trend is expected to continue.



# Income transfers, especially non-contributory pensions, are key to reducing poverty among older persons

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



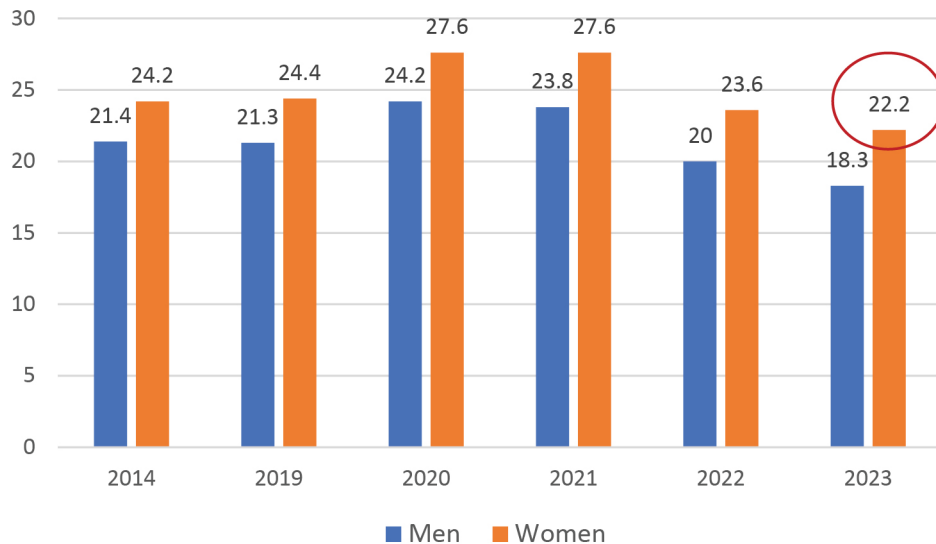
- In the past 20 years, **non-contributory pension system coverage** among persons aged 65 and over **increased by more than 27 percentage points**.
- In the same period, **poverty in this age group fell by 14.3 percentage points**.

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

# Gender and age gaps in poverty levels remained high between 2014 and 2023

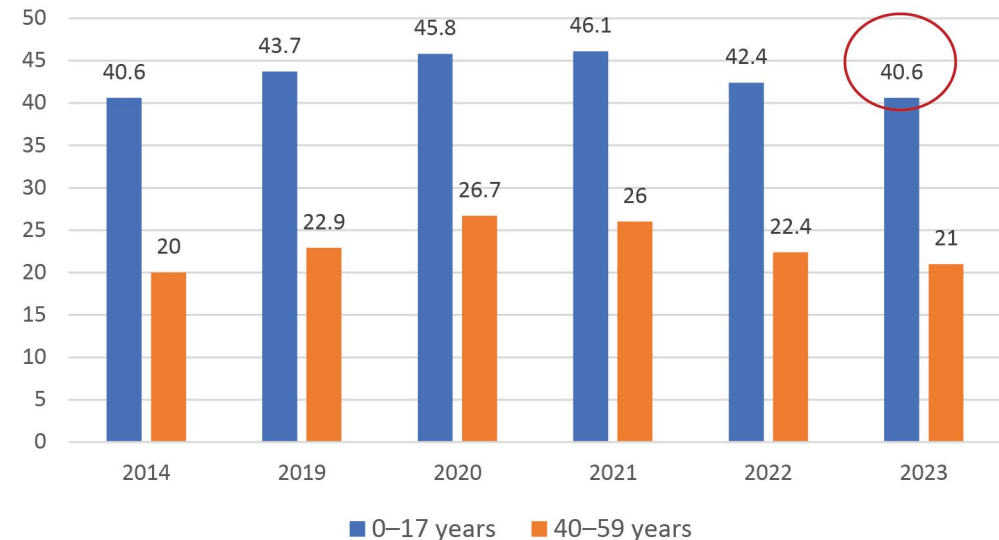
- Poverty continues to affect working-age women more than men in the same age group.

Latin America (17 countries): people in poverty, by sex, ages 20–59, 2014–2023  
(Percentages)



- The poverty rate among children and adolescents is considerably higher than among other age groups.

Latin America (17 countries): people in poverty, by age, 2014–2023  
(Percentages)

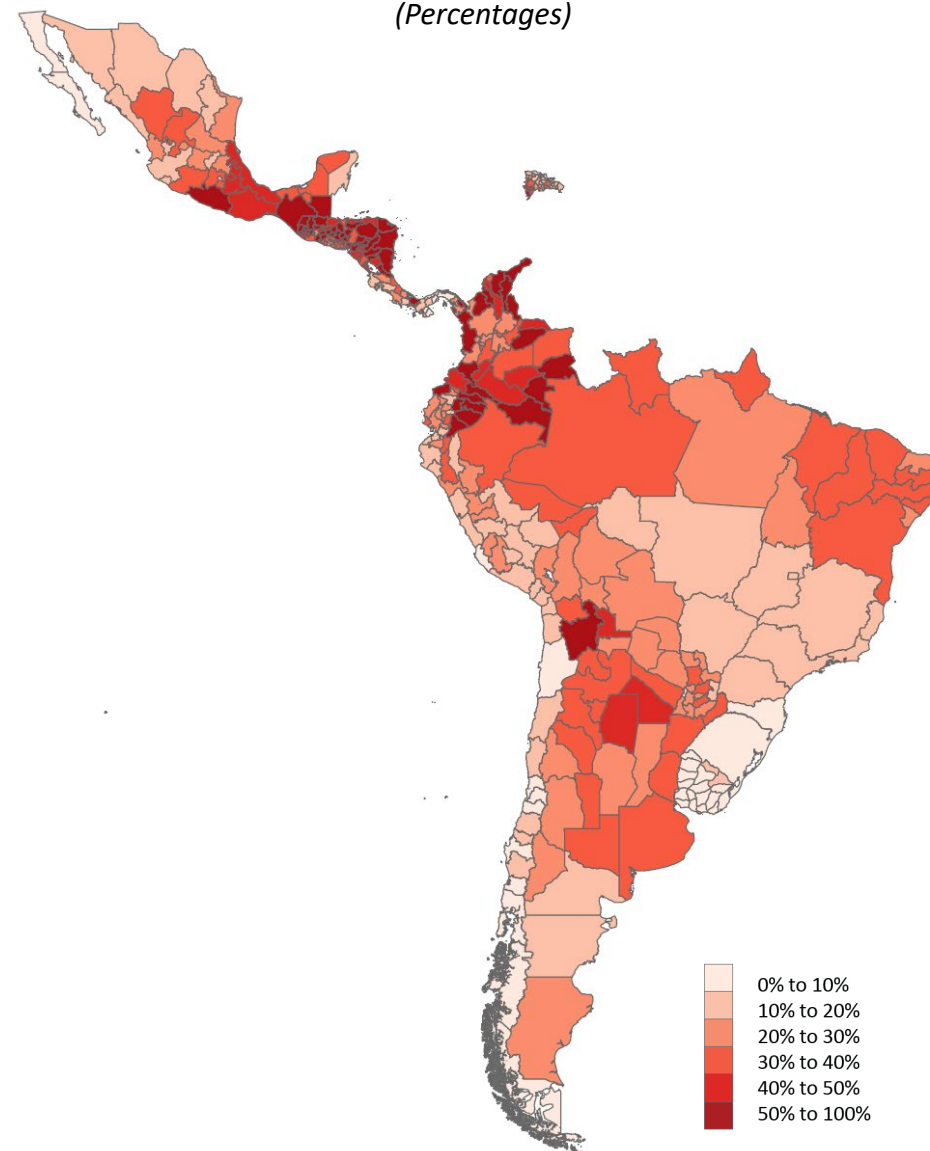


Source: ECLAC, on the basis of the Household Survey Data Bank (BADEHOG).

## Poverty gaps between urban and rural areas are substantial

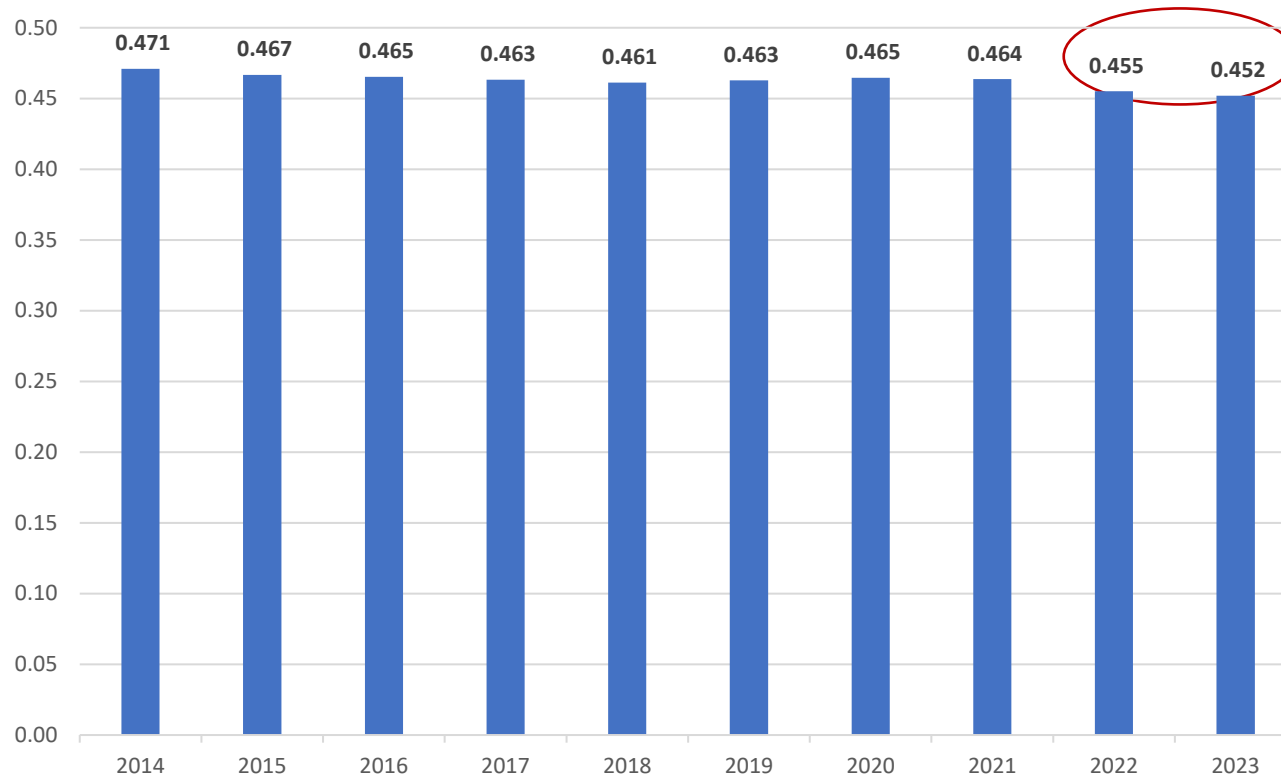
- **Poverty is higher in rural areas (39.1%)** than in urban areas (24.6%).
- Even in countries with low poverty rates, certain geographical areas present territorial gaps similar to those seen in less developed economies.
- Public policies **must take into account the territorial dimension of poverty** to ensure that the development process leaves no area behind.

Latin America (17 countries): people in poverty,  
by major administrative division, 2022  
(Percentages)



## Income inequality in the region remains high

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

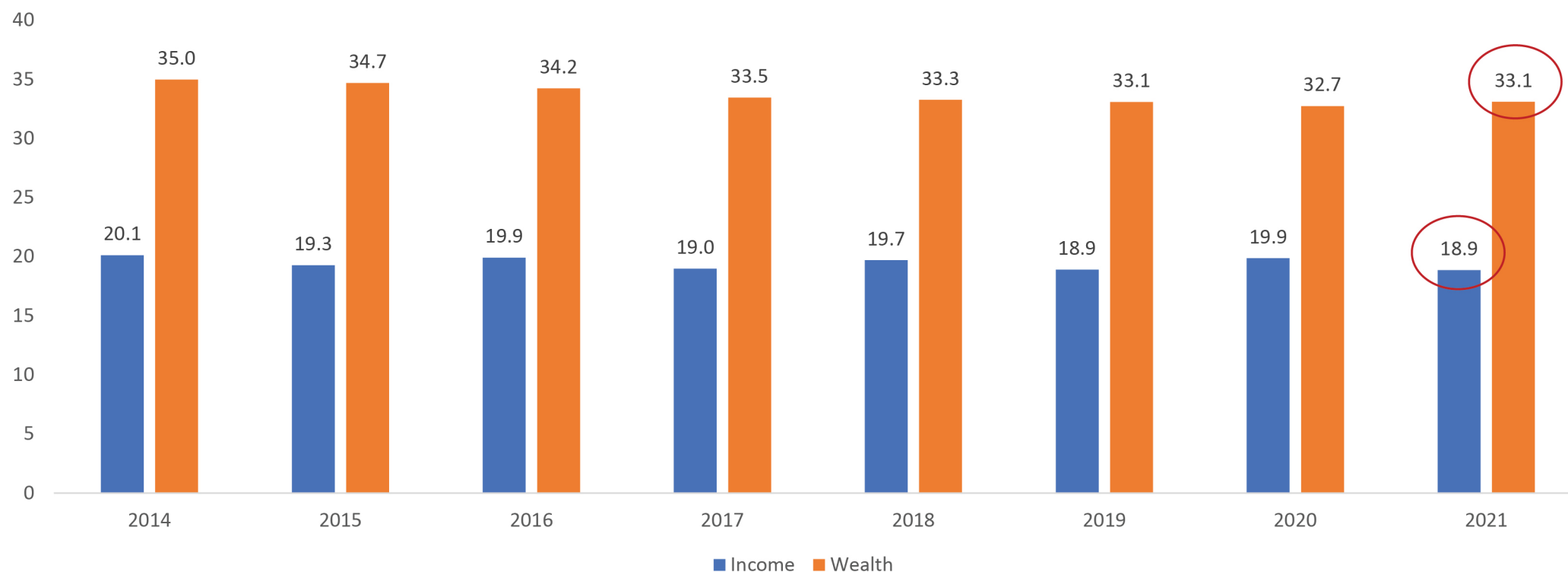


- Stubbornly high income inequality was largely unchanged in 2023 relative to 2022.
- Between 2014 and 2023, the Gini index fell by a moderate 4%, from 0.471 to 0.452.

Source: ECLAC, on the basis of the Household Survey Data Bank (BADEHOG).

## Wealth distribution is far more unequal than income distribution: the richest 1% account for 33% of wealth and 19% of income in Latin America

Latin America (16 countries): total income and wealth shares of the top 1% of the distribution, 2014–2021



**Source:** ECLAC, on the basis of World Inequality Lab (WIL), World Inequality Database, (WID.world) [online] <https://wid.world/data/>.

## **2. Non-contributory social protection in Latin America and the Caribbean: challenges and opportunities**

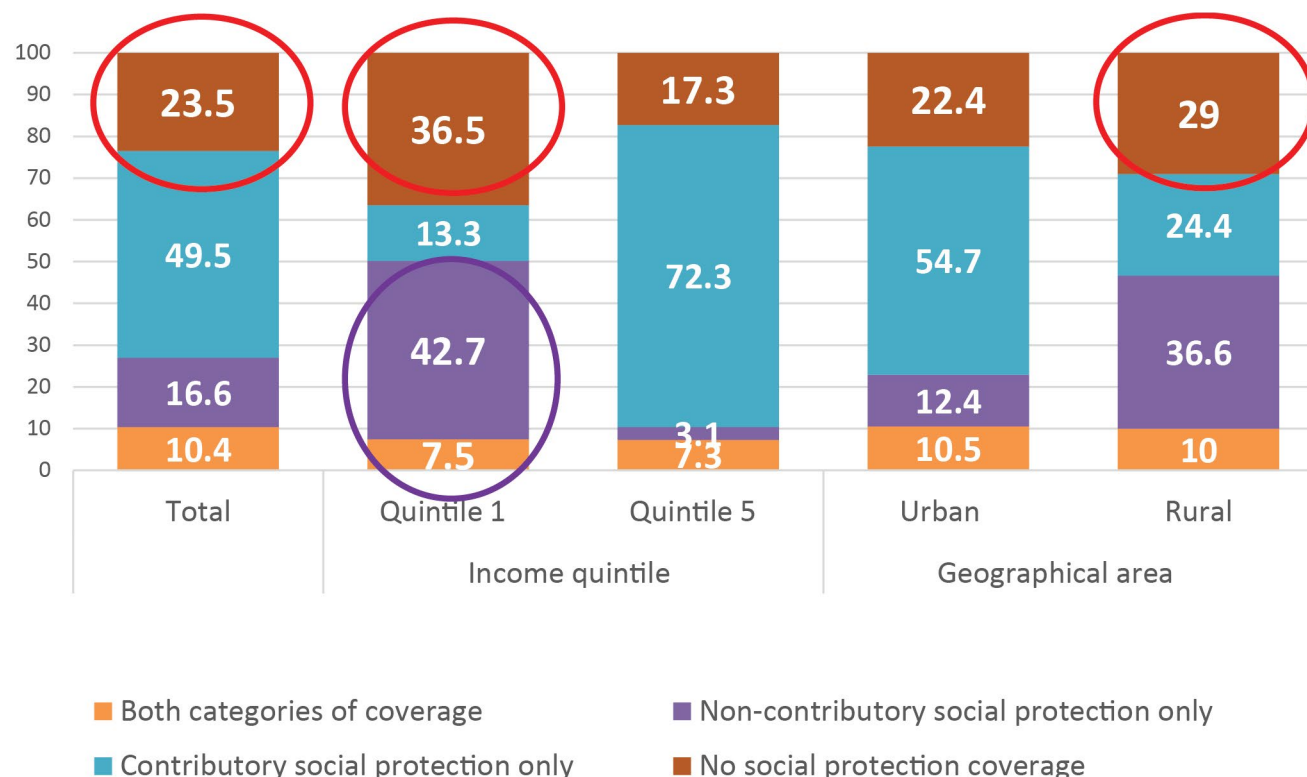
# Essential characteristics of social protection systems: universal, comprehensive, sustainable and resilient



**Source:** A. Arenas de Mesa, ““Universal, comprehensive, sustainable and resilient social protection to eradicate poverty, reduce inequality and move towards inclusive social development”, *CEPAL Review*, No. 141 (LC/PUB.2023/29-P), Santiago, ECLAC, 2023.

## Despite the importance of and progress in social protection in last two decades, coverage remains very low and access segmented

**Latin America (14 countries): access to social protection for households, by income quintile, geographical area and composition, around 2022**  
(Percentages)

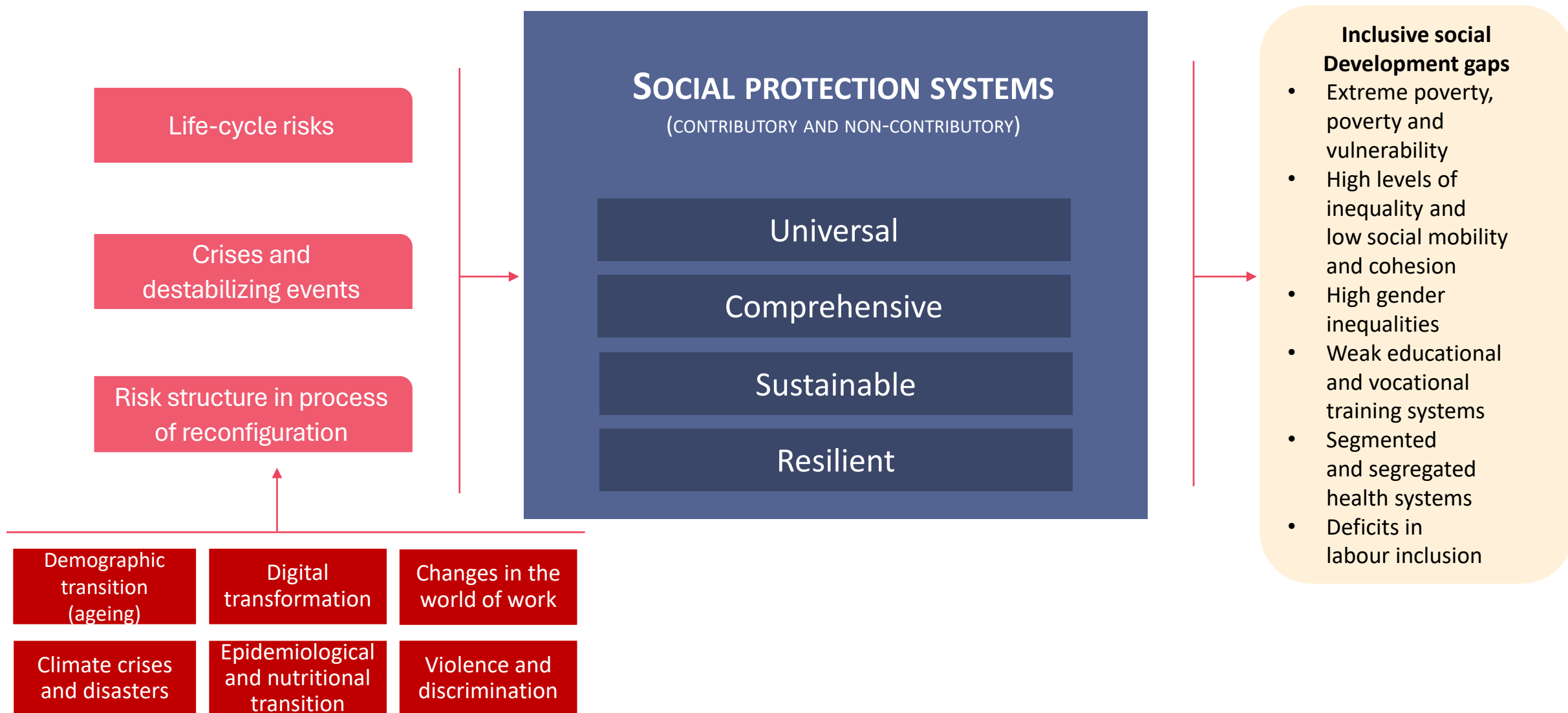


- En 2022, **1 in 4 households (23.5%)** had no access to social protection (contributory and non-contributory).
- Proportion rose to **1 in 3 households (36.5%)** in the lowest income quintile and in rural areas (29%).
- Non-contributory social protection is essential for households in the lowest income quintile: **1 in 2 such households access social protection via this channel.**

Source: ECLAC, on the basis of the Household Survey Data Bank (BADEHOG).



# Strengthening non-contributory social protection is essential amid multiple crises and reconfiguration of the risk structure

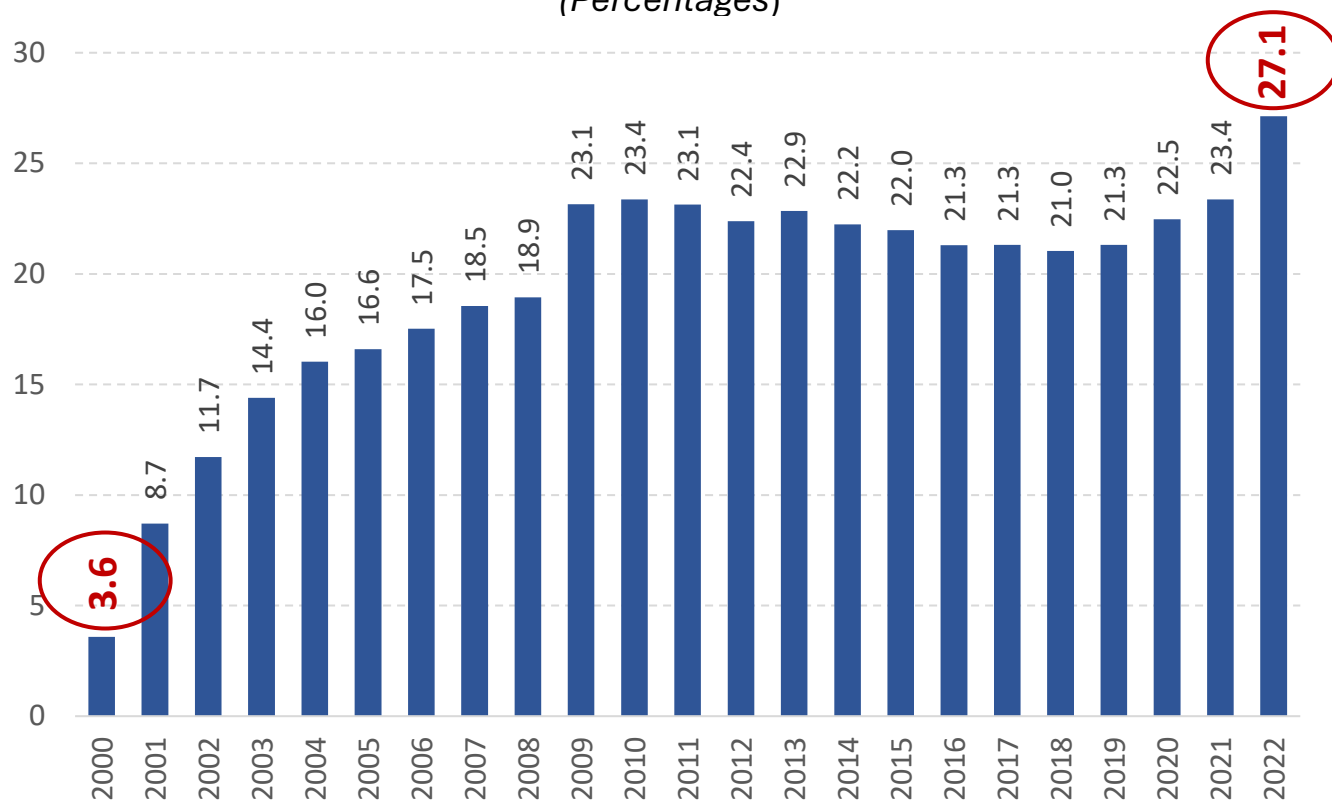


# Non-contributory social protection a linchpin for progress in eradicating poverty and closing gaps in inclusive social development

- **Non-contributory policies** are essential for achieving the objectives and functions of social protection systems: **income protection, access to social services and labour market inclusion**.
- For example, policies on **cash or in-kind transfers** (such as school feeding programmes) or **labour inclusion** are key to be able to **connect people with vital social services**.
- **Strengthening non-contributory policies** through increased coverage, sufficiency of entitlements and financial sustainability is essential for progress in poverty eradication.
- Through these policies, the transformations required for countries' **economic and productive development** can be sustained.

## Since 2000, coverage of conditional cash transfers has increased significantly, albeit with challenges in relation to sufficiency

Latin America and the Caribbean (20 countries): population in recipient households of conditional cash transfer programmes and other continuous transfers, 2000–2022  
(Percentages)

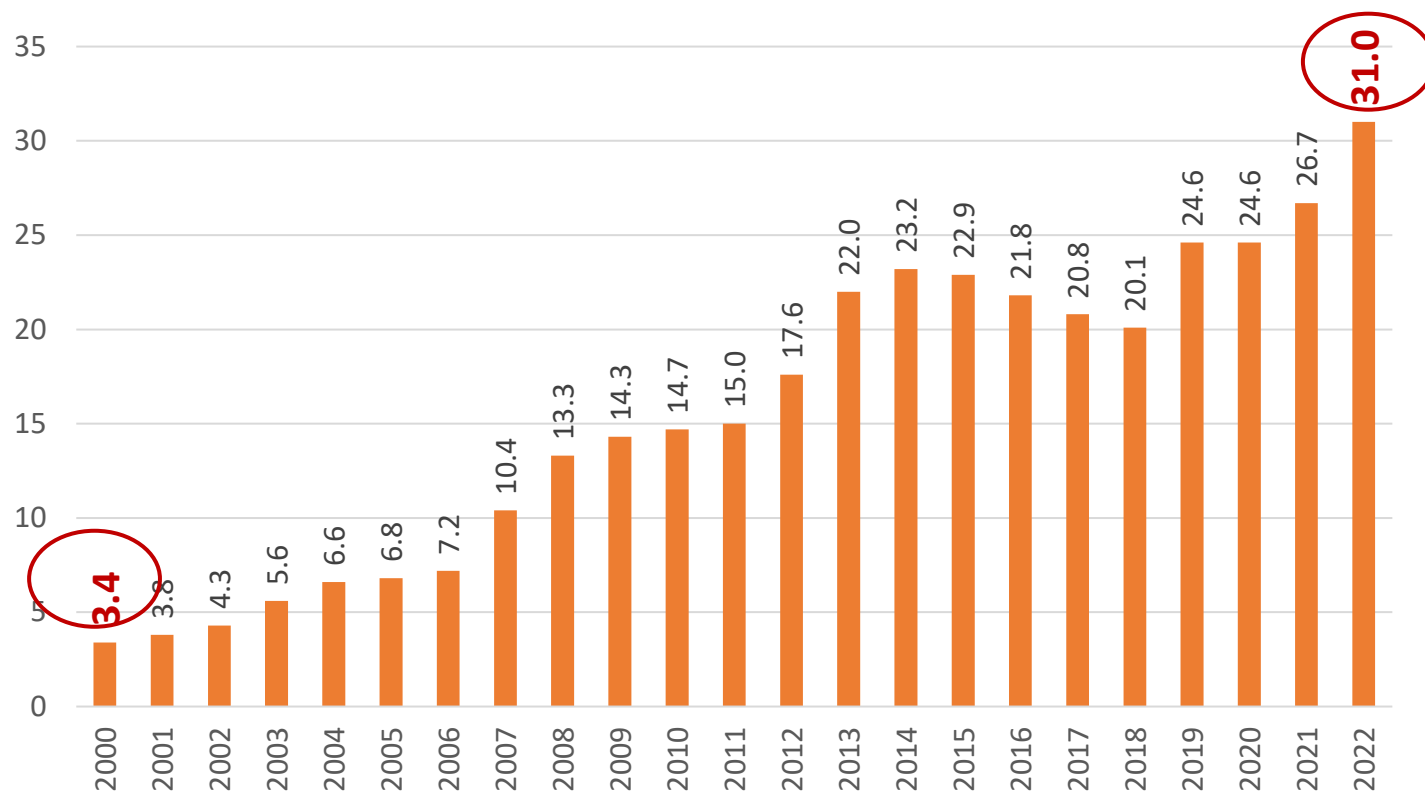


Source: N. Figueroa and J. Vila, "Programas de protección social no contributiva en América Latina y el Caribe: revisión metodológica de la estimación de tendencias de cobertura e inversión", *Project Documents*, Santiago, ECLAC, 2024, forthcoming.

- In 2022, **27.1%** of the region's population **resided in households receiving conditional cash transfer programmes**.
- Despite their positive effects, in 14 of the 20 countries, disbursements were insufficient to close **the gap in per capita household income and the poverty line**.

# Expansion of non-contributory pension systems: a major milestone in the development of social protection systems in the twenty-first century

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



- Coverage up from **3.4% to 31%** of persons aged 65 and over between 2000 and 2022.
- Growth owed to expansion of these systems in Mexico, the Plurinational State of Bolivia, Chile, Guyana and Paraguay.
- The factors behind this expansion include: **deficits in contributory pension systems, high levels of informality, rapid ageing and financial viability.**
- Non-contributory pension systems play a key role in **eradicating poverty in old age** and reducing **gender inequalities.**

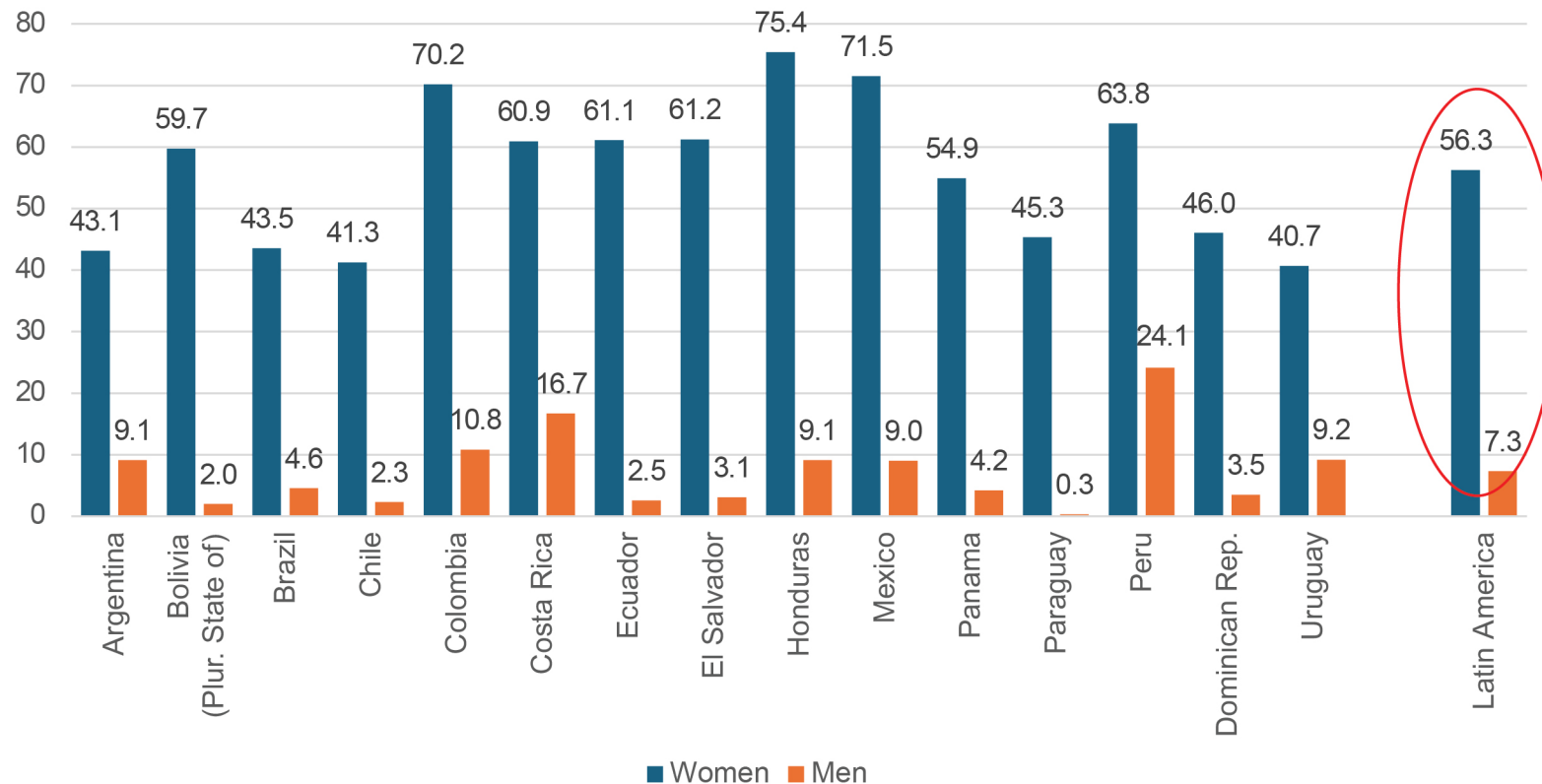
Source: A. Arenas de Mesa and C. Robles (eds.), *Non-contributory pension systems in Latin America and the Caribbean: towards solidarity with sustainability*, ECLAC Books, No. 164 (LC/PUB.2024/6-P /-\*), Santiago, ECLAC, 2024.

### **3. Social protection, the care crisis and ageing**

# Current social organization of care limits women's autonomy and their access to social protection

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

(Percentages)

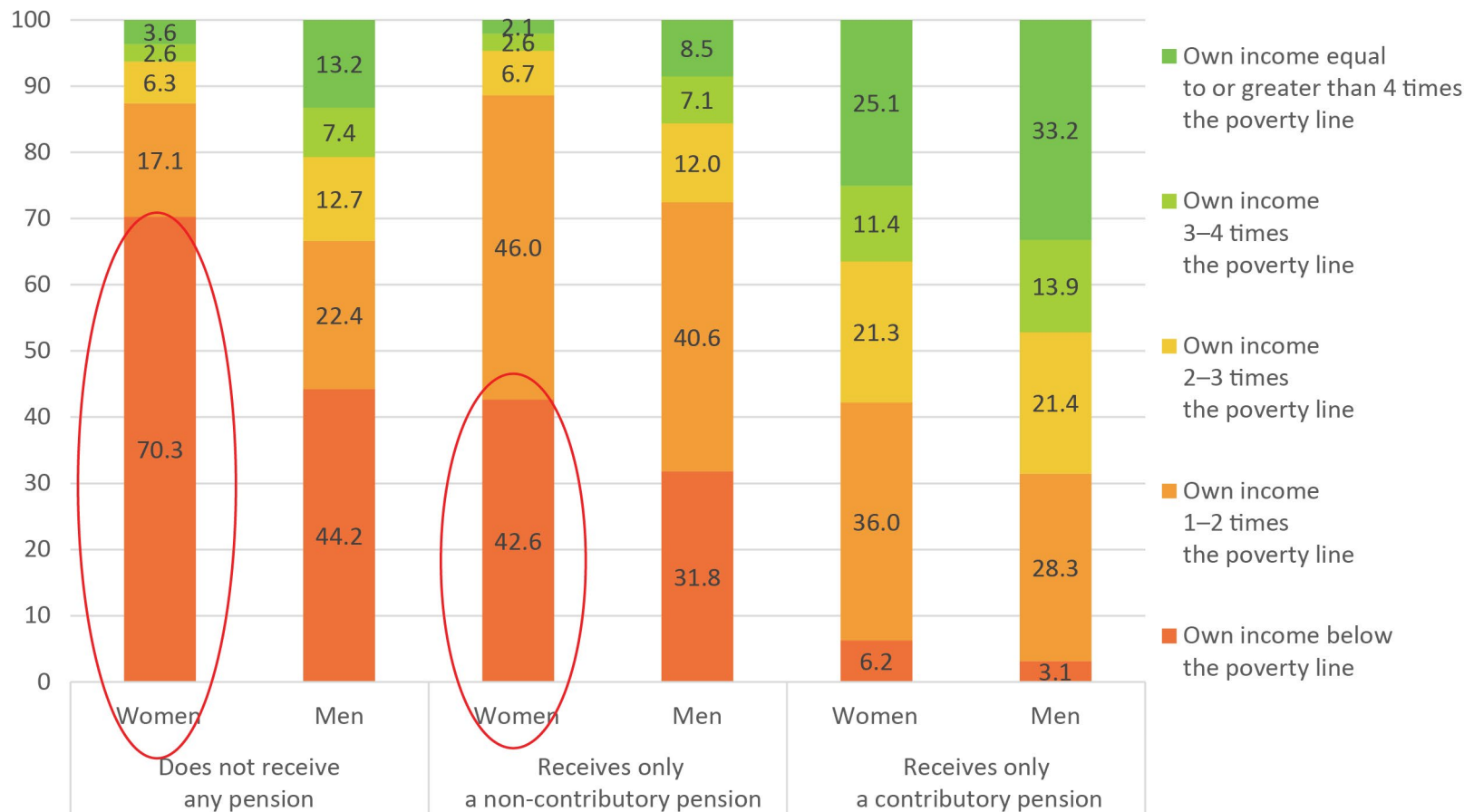


- **More than half of women (56.3%)** who are outside the labor market are devoted **exclusively** to **unpaid care work**.
- The **social organization of care** and the lack of policies and comprehensive care systems are a barrier to women's labour market inclusion.

Source: ECLAC, on the basis of the Household Survey Data Bank (BADEHOG).

# Women's reduced access to social protection means less access to their own income and higher levels of poverty

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

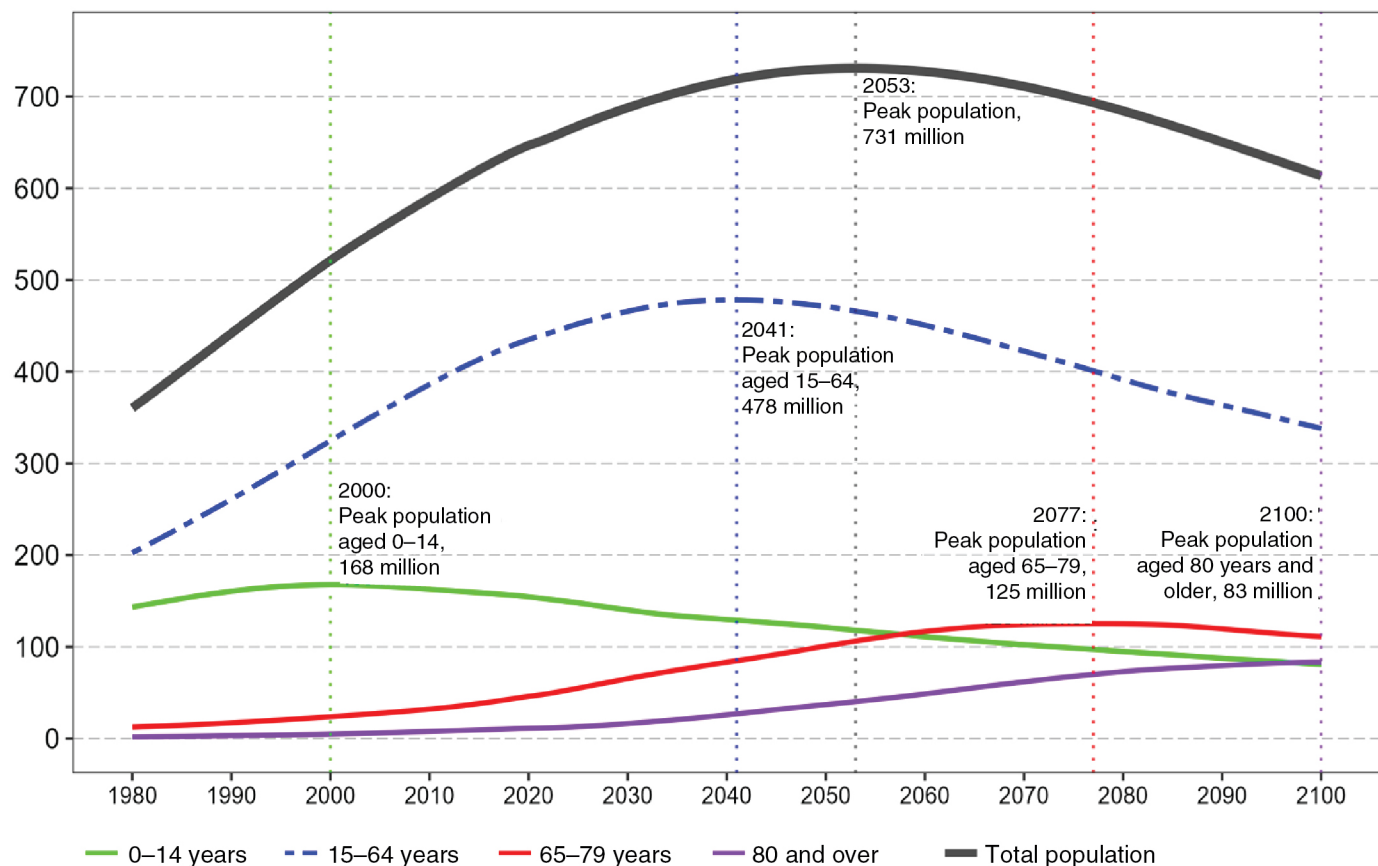


Source: ECLAC, on the basis of the Household Survey Data Bank (BADEHOG).

- **Poverty levels among women aged 65 and over are higher** than among men, regardless of whether they receive a contributory or non-contributory pension.
- Among women **who do not receive pensions, 70.3%** have an income of their own below the poverty line; among those who **receive a non-contributory pension, the figure is 42.6%.**
- **Gender inequality in labour market inclusion** and women's lower access to social protection are reflected in insufficient income.

# Ageing spurs growing demand for social protection and care for older persons in addition to that for children and adolescents

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



Source: ECLAC, on the basis of United Nations, *World Population Prospects 2024*, New York, 2024.

- In the next 25 years, the **population aged 65 years and over will double** (from 9.9% to 18.9%), to 138 million people in 2050.
- **Women** account for the larger share of this group (56% in 2024 and 55.5% in 2050); many are obliged to continue providing care owing to the **unfair sexual division of labour**.
- The number and proportion of children and adolescents is declining, but not their priority role given their **higher rates of poverty and deficits in social protection and care**.



# Rise in chronic diseases will increase risk of disability and demand for long-term care, especially among persons aged 80 and over

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



- The **gap between life expectancy and healthy life expectancy at age 60** represents an increased risk of disability among persons aged 80 years and over.
- It indicates the requirement of **long-term care services**.
- Investment in universal health systems and strengthening of **comprehensive and intersectoral health policies for promotion and prevention** will be needed to increase healthy life expectancy.

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

## Comprehensive care policies must be implemented to address rapid ageing in region

- Design and implement **care policies** for a new social organization of care that ensures the right to care with social and gender co-responsibility.
- Provide various entitlements, e.g. **transfers, social services, regulations on working hours and leave**, that ensure the rights of those who receive and provide care.
- Implement **long-term care policies** adapted to the requirements of population ageing and of older persons.
- **Eliminate the casualization** of the care sector: strengthen training and certification of skills in line with the demands of demographic transformations and epidemiological changes.

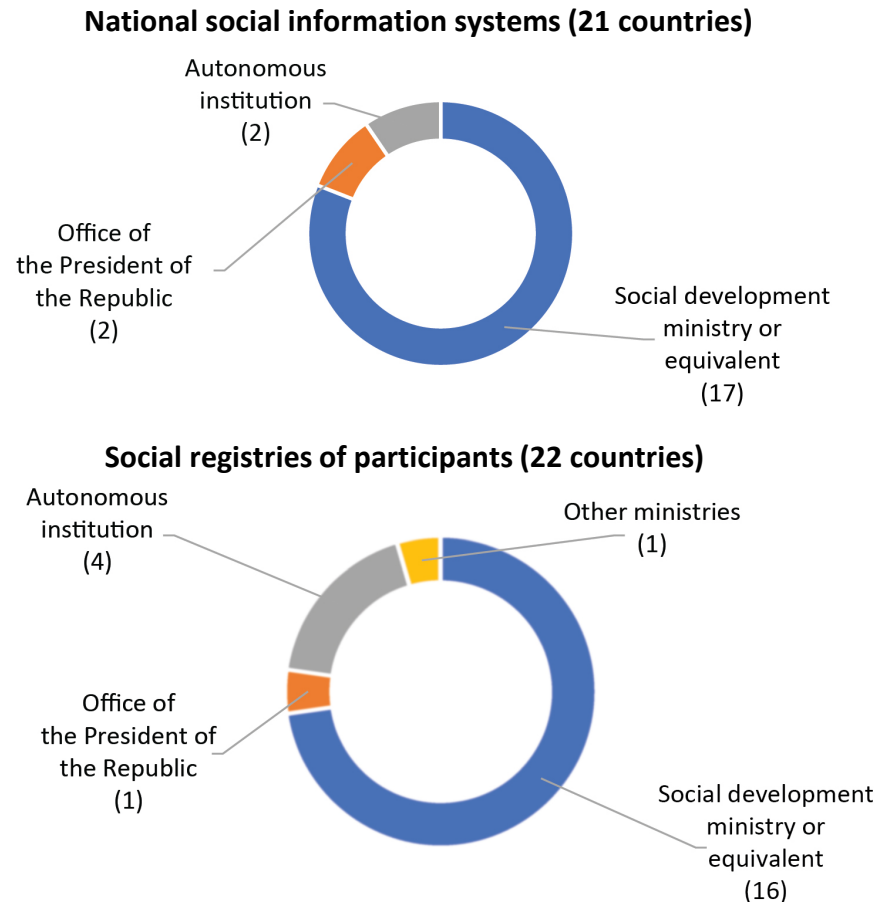
## **4. Institutional frameworks and social spending: challenges for non-contributory social protection**

## Strengthened social institutions require technical, operational, political and prospective (TOPP) capabilities for non-contributory social protection institutions

Type of capability	Characteristic to be strengthened
<b>Technical</b>	<b>Create and manage comprehensive information systems and social registries</b> of potential recipients for the management and implementation of non-contributory social protection policies.
<b>Operational</b>	<b>Develop a human resource policy</b> that considers the components of planning, development and training, including digital capacities, along with performance evaluation and talent and change management.
<b>Political</b>	<b>Define and establish modalities and mechanisms for social dialogue</b> to produce broad agreements on non-contributory social protection policies.
<b>Prospective</b>	<b>Anticipate</b> reconfiguration of the structure of social risks, considering the <b>coverage and sufficiency of entitlements and financial sustainability</b> .

# Ministries of social development play central role in strengthening technical capabilities to ensure robust information systems and social registries

Latin America and the Caribbean: authority in charge of national social information systems and social registries of participants, 2024 or latest year available  
(Number of countries)



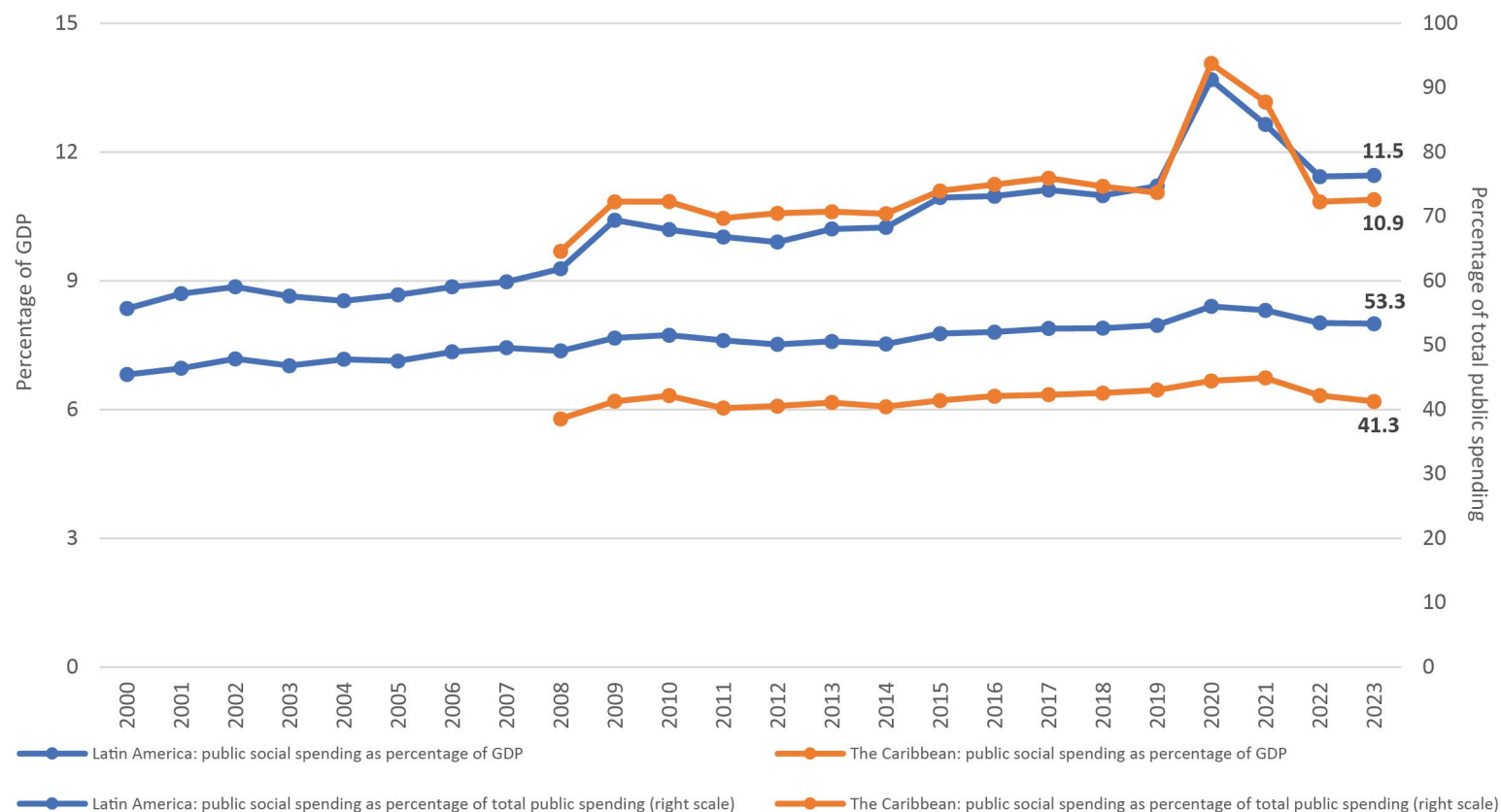
- High prevalence of ministries of social development as authorities responsible for social information systems.
  - In charge of **national social information systems** in **17 out of 21 countries in the region**.
  - Also manage participant registries in **16 out of 22 countries**.
- **Population coverage of social registries is mixed.** In some countries it is universal, while in others it is focused exclusively on people living in extreme poverty.

Source: ECLAC, on the basis of ECLAC, *Institutional Frameworks for Social Policy in Latin America and the Caribbean: a Central Element in Advancing towards Inclusive Social Development* (LC/CDS.5/3), Santiago, 2023 (updated data).

# Central government public social spending similar to pre-pandemic years

## Latin America and the Caribbean (24 countries): central government social spending, 2000–2023

(Percentages of GDP and of total public spending)



- In 2023, social spending amounted to 11.5% of GDP in Latin America, similar to the 11.4% recorded in 2022.
- In Latin America, public social spending came to 53.3%, representing the main component of total public spending.
- In the Caribbean, the share of social spending in total spending declined to 41.3% in 2023, further widening the gap with Latin American countries.

Source: ECLAC, on the basis of official information from the countries.

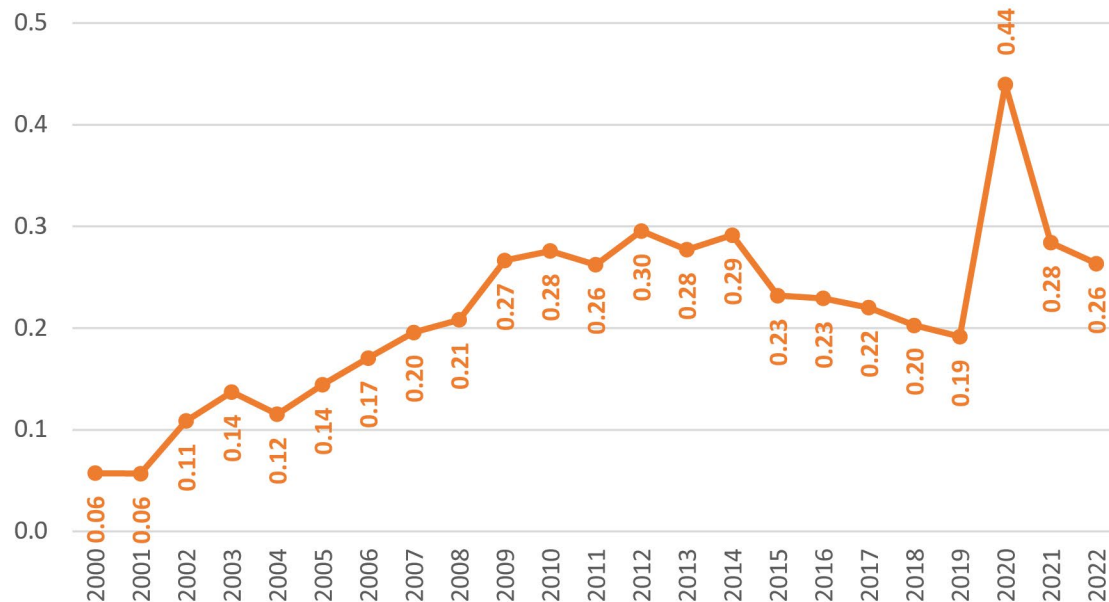
# Income transfer programmes and non-contributory pension systems increasingly important as non-contributory social protection instruments

- On average, **spending on income transfers returned to 2014 levels**, following a sharp increase owing to the COVID-19 pandemic, when it accounted for 0.44% of GDP in 2020.

- Average spending on non-contributory pension systems has trended upward since 2000**, accounting for 0.42% of GDP in 2021.

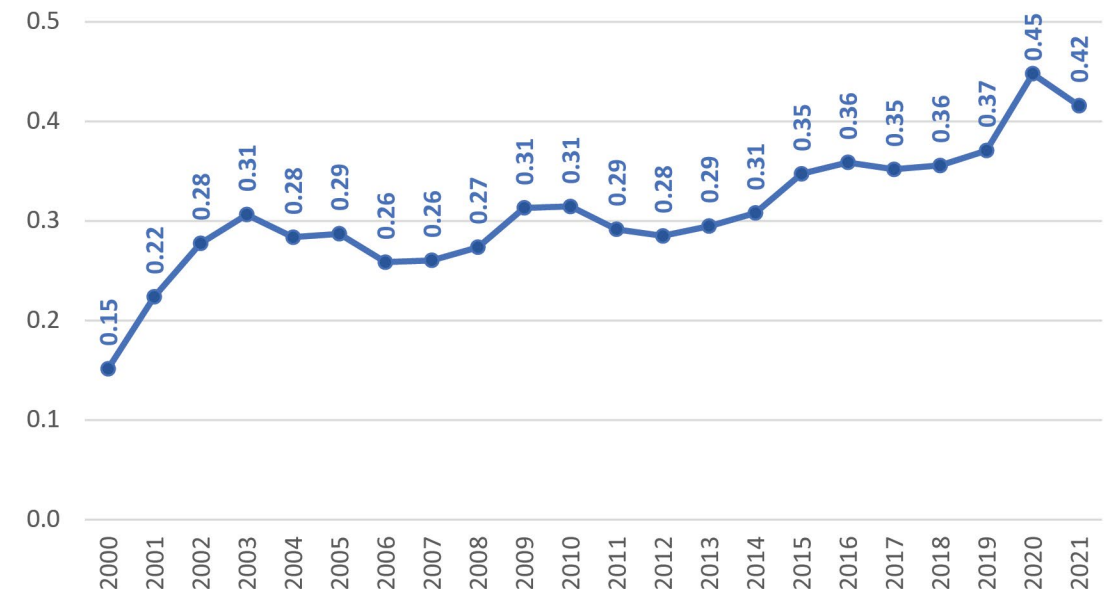
**Latin America and the Caribbean (20 countries): public spending on conditional and other continuous cash transfer programmes, 2000-2022**

(Percentages of GDP)



**Latin America and the Caribbean (24 countries): public spending on non-contributory pension systems for persons aged 65 years and older, 2000-2021**

(Percentages of GDP)



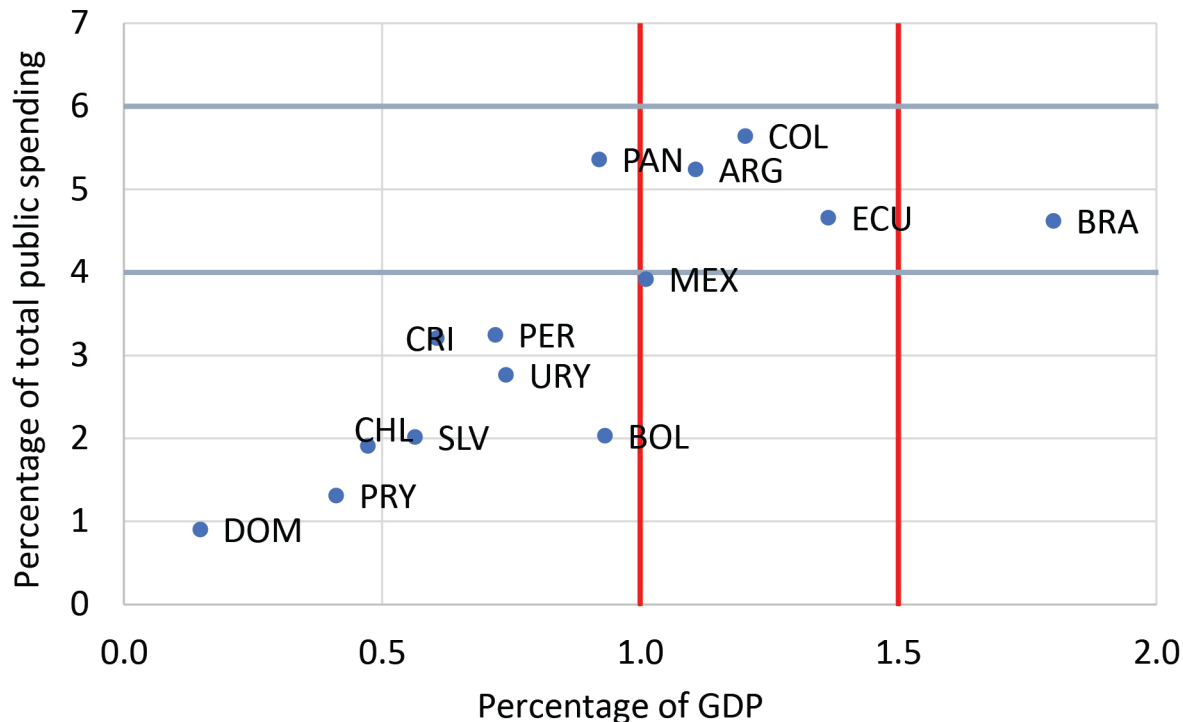
**Source:** N. Figueroa and J. Vila, "Programas de protección social no contributiva en América Latina y el Caribe: revisión metodológica de la estimación de tendencias de cobertura e inversión", *Project Documents*, Santiago, ECLAC, 2024, forthcoming.

**Source:** A. Arenas de Mesa and C. Robles (eds.), *Non-contributory pension systems in Latin America and the Caribbean: towards solidarity with sustainability*, ECLAC Books, No. 164 (LC/PUB.2024/6-P/-\*), Santiago, ECLAC, 2024.



# Standard of social investment for non-contributory social protection, of between 1.5% and 2.5% of GDP or between 5% and 10% of total public spending, needed for progress in eradicating poverty

Latin America (14 countries): estimation of financial resources needed by social development ministries and equivalent entities to make progress towards eradicating extreme poverty by 2030,<sup>a</sup> considering current spending on existing programmes in each country  
(Percentages of total public expenditure and GDP)



Source: ECLAC, on the basis of Household Survey Data Bank (BADEHOG) and official data from the countries.

<sup>a</sup> The red lines refer to the reference thresholds (as a lower and upper bound) of the spending needed to make progress towards eradicating extreme poverty or total poverty, expressed as percentages of projected GDP in 2030. The blue lines represent the thresholds expressed as percentages of total public expenditure. Thus, the vast majority of countries could achieve their target by meeting the upper threshold of one of the criteria and the lower threshold of the complementary criterion.

- **Progress in eradicating extreme poverty by 2030** requires financial resources **equivalent to 1.5% of GDP or 6% of total public spending by central governments in the region** on non-contributory social protection programmes.
- On average, spending by ministries of social development of 20 Latin American and Caribbean countries **on non-contributory social protection accounted for 0.8% of GDP or 3% of total public spending in 2022.**
- **Achieving Sustainable Development Goal 1 by 2030** requires an increase in social spending on social protection representing **0.1% of GDP per year.**



## 5. Concluding remarks

## Non-contributory social protection must be strengthened to achieve progress in eradicating poverty, reducing inequality and towards inclusive social development

- Ensure the **protection of income** by strengthening existing instruments, coordinating contributory and non-contributory entitlements, and expanding coverage and sufficiency while ensuring financial sustainability.
- Adopt a **comprehensive approach** with strong **intersectoral coordination** in its design and implementation which **ensures that the objectives of social protection are met in all its dimensions**.
- Design and implement **care policies focused on the new social organization of care** that ensures the right to care with social and gender co-responsibility.
- Consider **investment in early childhood** as highly efficient and strategic; expand **non-contributory pension systems** and ensure the rights of people who require long-term care in line with **population ageing**.

## Towards the Second World Summit for Social Development

- **The Second World Summit for Social Development**, to be held in 2025, will provide forums for reaching agreements to advance, for example, with regard to the guidelines relating to 4 of the 11 great transformations of the development model proposed by ECLAC: (i) expansion of **social protection and the welfare state**; (ii) reduction of **inequality** and increase in **social mobility and cohesion**; (iii) **effective education** for all and broad access to **vocational training**; and (iv) progress towards **gender equality and the care society**.
- Just as investment standards have been agreed for education and health, **the region must establish a standard of investment in non-contributory social protection** to ensure progress in eradicating poverty; the **recommended standard is between 1.5% and 2.5% of GDP or between 5% and 10% of total public spending**.
- **The Second World Summit for Social Development** offers an opportunity for progress on a **strategic agenda of social protection policies** and to promote an **agreement for inclusive social development**.

# Social Panorama of Latin America and the Caribbean **2024**

The challenges of non-contributory  
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towards inclusive social development

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