SOCIAL PROTECTION AND POVERTY SECTOR FRAMEWORK DOCUMENT

SOCIAL PROTECTION AND HEALTH DIVISION

October, 2017

This document was prepared by the team consisting of: Ferdinando Regalia (SCL/SPH), Division Chief; Marco Stampini (SCL/SPH); Caridad Araujo (SCL/SPH); Pablo Ibarrarán (SCL/SPH); Patricia Jara (SCL/SPH); Nadin Medellín (SCL/SPH); Clara Alemann (SCL/GDI); Luz Ángela García (KNL/KNM); Montserrat Corbella (KNL/KNM); Marcos Robles (SCL/SCL); and Sheyla Silveira (SCL/SPH) who assisted in the production of this document. Contributions to this document from the SCL/SPH team are gratefully acknowledged. Lastly, the authors are grateful for the comments received from other Bank colleagues.

Under the Acces to Information Policy, this document is subject to public disclosure.
CONTENTS

I. THE SECTOR FRAMEWORK DOCUMENT IN THE CONTEXT OF THE CURRENT REGULATIONS AND THE INSTITUTIONAL STRATEGY (2010-2020)................................. 1
   A. The Social Protection and Poverty Sector Framework Document as part of current regulations................................................................. 1
   B. The Social Protection and Poverty Sector Framework Document and the IDB’s Institutional Strategy .................................................. 1

II. INTERNATIONAL EVIDENCE ON THE EFFECTIVENESS OF SOCIAL PROTECTION POLICIES AND PROGRAMS FOR THE POOR AND VULNERABLE AND IMPLICATIONS FOR THE WORK OF THE INTER-AMERICAN DEVELOPMENT BANK .................................................. 2
   A. Background and key definitions ........................................................................... 2
   B. The institutional framework for social protection ................................................. 4
   C. Services for social inclusion .............................................................................. 5
   D. Redistributive programs ..................................................................................... 17

III. MAIN PROGRESS AND CHALLENGES FOR THE REGION...................................... 27
   A. Diagnostic assessment ....................................................................................... 27
   B. Progress and challenges in the sector’s institutional organization ..................... 30
   C. Progress and challenges in the provision of social inclusion services ............ 33
   D. Progress and challenges in redistributive programs ......................................... 39

IV. LESSONS LEARNED FROM IDB EXPERIENCE IN SOCIAL PROTECTION FOR THE POOR AND VULNERABLE ................................................................. 42
   A. Evaluations by the Office of Evaluation and Oversight ...................................... 42
   B. Results of the Development Effectiveness Matrix ............................................. 43
   C. Lessons learned from the IDB’s operational experience .................................... 43
   D. The Bank’s comparative advantages in the social protection and poverty sector ......................................................................................... 46

V. TARGETS, PRINCIPLES, DIMENSIONS OF SUCCESS, AND LINES OF ACTION THAT WILL GUIDE THE BANK’S OPERATIONAL ACTIVITIES AND RESEARCH .................................................. 48
   A. Dimension of success 1 ..................................................................................... 49
   B. Dimension of success 2 ..................................................................................... 50
   C. Dimension of success 3 ..................................................................................... 51
   D. Dimension of success 4 ..................................................................................... 52
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADLs</td>
<td>Activities of daily living</td>
</tr>
<tr>
<td>AWP</td>
<td>Annual work plan</td>
</tr>
<tr>
<td>BDH</td>
<td>Bono de Desarrollo Humano</td>
</tr>
<tr>
<td>CCT</td>
<td>Conditional cash transfer</td>
</tr>
<tr>
<td>CCTP</td>
<td>Conditional cash transfer program</td>
</tr>
<tr>
<td>DEM</td>
<td>Development Effectiveness Matrix</td>
</tr>
<tr>
<td>ECD</td>
<td>Early childhood development</td>
</tr>
<tr>
<td>ECLAC</td>
<td>Economic Commission for Latin America and the Caribbean</td>
</tr>
<tr>
<td>EITC</td>
<td>Earned Income Tax Credit</td>
</tr>
<tr>
<td>IADLs</td>
<td>Instrumental activities of daily living</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>LTC</td>
<td>Long-term care</td>
</tr>
<tr>
<td>NCP</td>
<td>Noncontributory pension</td>
</tr>
<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
</tr>
<tr>
<td>OVE</td>
<td>Office of Evaluation and Oversight</td>
</tr>
<tr>
<td>PBL</td>
<td>Policy-based loan</td>
</tr>
<tr>
<td>PBP</td>
<td>Programmatic policy-based loan</td>
</tr>
<tr>
<td>PCR</td>
<td>Project completion report</td>
</tr>
<tr>
<td>PEP</td>
<td>Project execution plan</td>
</tr>
<tr>
<td>PMR</td>
<td>Progress monitoring report</td>
</tr>
<tr>
<td>PRIDI</td>
<td>Regional Childhood Development Indicators Project</td>
</tr>
<tr>
<td>SFD</td>
<td>Sector Framework Document</td>
</tr>
<tr>
<td>SNIC</td>
<td>Servicio Nacional Integrado de Cuidados [Comprehensive national care service]</td>
</tr>
<tr>
<td>SUAS</td>
<td>Sistema Único de Asistencia Social [Single Social Assistance System]</td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
</tr>
</tbody>
</table>

A. The Social Protection and Poverty Sector Framework Document as part of current regulations

1.1 This Social Protection and Poverty Sector Framework Document (SFD) sets forth the Bank’s targets for the social protection of the poor and vulnerable, and guides its operations, dialogue, and knowledge generation activities with countries and their governments. This Sector Framework Document replaces the previous SFD (document GN-2784-3), approved by the Operations Policy Committee (OPC) on 27 October 2014, in line with the provisions of paragraphs 1.19 and 1.20 of document “Strategies, Policies, Sector Frameworks, and Guidelines at the IDB” (document GN-2870-1), which establishes that SFDs are to be updated continuously every three years.

1.2 This Social Protection and Poverty SFD is one of the twenty SFDs prepared under document GN-2670-1, which provide a comprehensive vision of the region’s development challenges. It is supplemented by the Health and Nutrition SFD (as it relates to the quality of services available for the poor and vulnerable population, including the interaction between nutrition and early childhood development); the Labor SFD (given the need for efficient labor markets in order to create formal employment, as well as job training and placement programs); the Education and Early Childhood Development SFD (on issues of preschool services for the promotion of child development); the Citizen Security and Justice SFD (as regards youth and risk prevention policies); the Agriculture and Natural Resources Management SFD (on issues of insuring risks to production in rural areas); the Urban Development and Housing SFD (on issues of access to public services, low-income housing and neighborhood improvement); and the Gender and Diversity SFD (in relation to the gender and cultural relevance dimensions of the services).

1.3 This SFD is also framed within the Bank’s five sector strategies, relating in particular to the Strategy on Social Policy for Equity and Productivity (document GN-2588-4).


1.4 This SFD is consistent with the Bank’s Update to the Institutional Strategy 2010-2020 (document AB-3008), which recognizes social exclusion and inequality, and low levels of productivity and innovation as the region’s structural and emerging development challenges the Bank needs to address. This SFD guides the Bank’s work on social inclusion of low-income population groups, whose poverty prevents them from developing their skills and talents, raising their productivity, and contributing to the sustainable growth of the economy.1

---

1 Social redistribution and inclusion policies help make the economy’s growth sustainable and pro-poor (International Labour Organization (ILO) (2011); Organization for Economic Cooperation and Development (OECD) (2009)). Additionally, the use of transfers in response to systemic or idiosyncratic shocks can resolve market failures and contribute to efficiency, especially if they foster human capital formation (Dercon, 2011). Inequality also has a negative effect on the duration and strength of sustained periods of growth (five years or more of growth at over 2%), which are essential to achieve significant and sustained poverty reduction (Ostry, Berg, and Tsangarides, 2014).
1.5 The remainder of this document is organized as follows: Section 2 presents a number of key definitions and reviews the international evidence on the effectiveness of social protection policies and programs for the poor and vulnerable, and its implications for the Bank’s work. This is organized in three subsections covering the sector’s institutional framework, social inclusion programs, and redistributive programs. Section 3 discusses the main progress and challenges in the region. It follows the same structure as Section 2, with the addition of a diagnostic assessment on trends in poverty and vulnerability in Latin America and the Caribbean. Section 4 presents the lessons learned from the Bank’s experience in the sector. Lastly, Section 5 concludes by setting out the lines of action that will guide the Bank’s operational activities and research.

II. INTERNATIONAL EVIDENCE ON THE EFFECTIVENESS OF SOCIAL PROTECTION POLICIES AND PROGRAMS FOR THE POOR AND VULNERABLE AND IMPLICATIONS FOR THE WORK OF THE INTER-AMERICAN DEVELOPMENT BANK

A. Background and key definitions

2.1 The Social Protection and Poverty SFD recognizes that poverty is a multidimensional phenomenon, characterized by the presence of unmet basic needs due to a wide range of factors. Poverty is simultaneously both the cause and consequence of social exclusion, which is understood as a situation in which people are unable to achieve a minimum level of welfare, develop their potential, and participate in social, political, and economic life on equal terms. Age, ethnicity, gender, dependence, disability, and exposure to domestic violence are among the factors associated with social exclusion. Vulnerability is defined as the risk of falling into poverty and/or social exclusion.

2.2 This SFD defines social protection as the set of policies and programs that promote social inclusion—focusing on early childhood development, capacity-building for young people, and care for dependent persons—along with redistributive policies and programs supporting minimum levels of consumption. As will be discussed below, redistributive programs and policies focus on people in extreme poverty, whereas social inclusion programs and policies target a broader population of poor and vulnerable people (see Figure 1).

2.3 Broader definitions of social protection exist that also include social insurance policies, protecting against health risks, old age, and loss of earnings, along with active labor-market policies. (European Commission, 2010; Cecchini and Martínez, 2011; International Labor Organization, 2011; World Bank, 2012). In the Bank’s view, the social insurance and active labor-market policy areas are included in the Health and Nutrition SFD (health risk) and the Labor SFD (protection against loss of employment income, active labor-market policies, and old-age pensions). This strategic decision makes it possible to separate social protection policies focusing on the poor—regardless of their status as formal or informal workers—from social insurance policies that seek universal coverage in order to manage health and old-

---

2 Social inclusion is the situation enabling people to achieve a minimum level of welfare, develop their potential, and participate in social, political, and economic life on equal terms.

3 Vulnerable people comprise the segment of the population experiencing this situation. They are differentiated from people in the middle class, who have a much smaller risk of falling into poverty.
The Bank recognizes that social protection, social insurance, and employment policies are interrelated and will work to ensure they are consistent with one another and with policies to boost productivity.

<table>
<thead>
<tr>
<th>Target population</th>
<th>Social protection programs and policies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Social Inclusion</td>
</tr>
<tr>
<td>Extreme poor</td>
<td></td>
</tr>
<tr>
<td>Poor</td>
<td></td>
</tr>
<tr>
<td>Vulnerable</td>
<td></td>
</tr>
<tr>
<td>Nonpoor</td>
<td></td>
</tr>
</tbody>
</table>

Note: the shaded cells identify the target population for each social protection program type. Shaded cells with cross hatching identify policies and programs covered by this SFD and its target population.

This SFD reflects how social protection has developed in Latin America and the Caribbean. Throughout most of the twentieth century, economic development was thought to produce opportunities for formal employment that would provide social insurance to larger segments of the population. The debt crisis in the eighties created the need to cater to people living in poverty and make social spending more efficient. This led to protection arrangements designed to address emergencies through compensatory programs, such as social investment funds. Since the second half of the nineties, social protection has developed towards strategies with a comprehensive medium-to-long-term focus. This stage was characterized by the development of conditional cash transfer programs (CCTPs) in most Latin American and Caribbean countries. Based on CCTPs, a new vision of social protection became established comprising policies that simultaneously promote investment in human capital, redistribution, and social inclusion (Cecchini and Martínez, 2011; Székely, 2015). CCTPs also enabled operating processes in the registration, targeting, monitoring, and evaluation of programs to be modernized. The most characteristic feature of the development of social protection systems in the region over the past decade was the strengthening of social inclusion programs. In particular, efforts to strengthen programs and policies for early childhood, vulnerable young people, and—more recently—care for dependents (particularly in countries where the demographic transition is further advanced) stand out.

The Social Protection and Poverty SFD does not, of itself, constitute the Bank’s strategy for combating poverty. Overcoming poverty calls for policies that foster sustained and inclusive economic growth, generating job opportunities, and increasing the returns on workers’ skills. There is a particular need for policies that

---

4 This approach is consistent with other definitions of social protection emphasizing risk management or rights. The World Bank’s risk management approach concerns policies aiming to ensure minimum levels of welfare and social inclusion that allow individuals to develop their capabilities. In a complementary way, the Economic Commission for Latin America and the Caribbean (ECLAC) and the International Labour Organization (ILO) take a rights-based approach that emphasizes that social protection is a mechanism for achieving full citizenship. For example, the social protection housing initiative led by the ILO and the World Health Organization (WHO) promotes social policies fostering basic income security and access to quality essential social services.
raise the quality of education and improve the efficiency of labor markets in order to reduce informality, which causes serious productivity losses (Levy, 2008). Efficient institutions and infrastructure, and wide-ranging reforms in areas such as innovation, fiscal policy, access to credit, rural development, regional integration and trade are also needed. All these policies are discussed in other Bank sector frameworks.

B. The institutional framework for social protection

2.6 The evolution of social protection programs and their ability to yield the expected outcomes are processes that take place in an institutional setting. This institutional setting determines how social protection programs are designed, regulated, operated, implemented and evaluated. Ultimately, it determines their effectiveness and sustainability over time. For this reason, while recognizing that there remains considerable room to improve and strengthen the institutional framework of social protection in the region, this SFD begins by discussing institutional topics.

2.7 This SFD aims to view the institutional framework of social protection from a systemic perspective. The discussion of the institutional framework of social protection starts with an understanding of social protection as a set of policies and programs to promote the social inclusion of the poor and vulnerable. Recognizing the multidimensional nature of poverty entails the need to coordinate actions across the various sectors responsible for these policies and programs around the needs of poor and vulnerable households. For countries for which data exist in the ECLAC social investment database (2016) that also include social security spending in their definition, social protection spending per capita has been observed to rise over the past decade. However, it is likely that this trend will be reversed given the region’s current fiscal context. This fact makes a systemic approach to the institutional framework of social protection particularly important because it can allow spending efficiency to be improved by leveraging synergies and avoiding duplication of efforts.

2.8 Taking a systemic view involves thinking about policies and programs as a whole. Following the model of Kagan and Cohen (1996) and Kagan et al. (2016), the system also comprises infrastructure components that enable it to operate. In particular, these include governance, financing, targeting systems, quality assurance systems, monitoring and evaluation, human resources, and linkages to other actors. As well as the set of policies and programs, the social protection system also includes the infrastructure components alluded to above. Only if all these parts are working properly can the system reduce poverty and social exclusion in an efficient and sustainable way.

2.9 Other sectors that have adopted a systemic view, such as health, start from the recognition that any system is designed to achieve the results it obtains (Berwick, 1996). For this reason, improving the results of the social protection system means looking beyond the programs and services to focus on the design of the system itself. It is impossible to achieve significant change in the achievement of these results unless all actors align their efforts to create a system. From this viewpoint, four essential elements of the cycle of change in the system are put forward: (a) defining the specific outcomes sought; (b) identifying the metrics to confirm that the desired outcomes are being achieved; (c) promoting the changes in the system to produce the outcomes pursued, and avoiding changes that do not point in this direction; and (d) employing a learning cycle for continuous improvement and innovation, following the plan-do-study-act approach (Berwick, 1996).
International experience and that of the region’s countries that have adopted a systemic view of the social protection sector has shown that managing a social protection system requires specific tools to achieve results in terms of poverty and social inclusion. Some of the main management tools are unified beneficiary registries for the various redistributive and social inclusion programs; consistent targeting systems across programs and services; nominal information systems with records of the benefits received by each individual and household; and results frameworks that are shared between sectors and are linked to the budget (Kagan et al., 2016; Berlinski and Schady, 2015).

A core aspect of social protection systems concerns the sector’s governance architecture. This, in turn, depends on the model of the State in each country and its level of centralization. It is possible to identify the most effective mechanisms of vertical coordination, allowing the system to operate effectively at the central level and at the other levels of government, according to how decentralized a country is. For its part, horizontal coordination—or coordination of actions between the various line ministries, agencies, and programs—is also closely related to the State’s administrative structure. Horizontal and vertical coordination are also crucial for the political coordination mandate associated with the social protection system to translate into actions that are coordinated effectively at the local level. Neither vertical nor horizontal coordination are possible without a high-level political mandate. Evidence from the region suggests that, in some cases, this mandate is assumed by a coordinating body that is given the leadership role in the social protection sector (Berlinski and Schady, 2015). In this regard, the political context is essential to embarking on reforms of the institutional framework of social protection.

C. Services for social inclusion

Social inclusion services seek to enable people to achieve a minimum level of welfare, develop their potential, and participate in social, political, and economic life on equal terms. These services promote skills and capacity-building; the generation, linkage, and utilization of opportunities; and care for dependents. In this SFD, inclusion services focus on two stages in the life cycle and one situation that can occur at any time: early childhood, when a first window of opportunity exists in the development of the cerebral architecture; youth, when there is a second developmental window as well as a risk of straying from a path towards success; and dependency, whether due to disability, chronic illness, and/or old age. The design of social inclusion services requires diagnostic assessments of the various dimensions of exclusion including those that quantify the gaps experienced by excluded groups and their barriers to accessing and using public services.

The social inclusion services analyzed here share similar working methods. For example, family support services are a form of highly structured counseling geared towards modifying behavior so as to have an impact on the welfare of individuals and their families. This support may extend over months or years. Its main technology is the presence of a professional or paraprofessional agent who is specially trained to provide support. The intervention is supported by a rigorous

---

5 There are other areas of social inclusion that go beyond the scope of this SFD. These are covered by other strategic frameworks of the Bank (e.g., topics such as access to housing and the justice system).
records system that allows processes to be monitored and achievements assessed (Jara and Sorio, 2013).

2.14 Another shared modality is that of care services at centers providing care for infants and dependents. They share the need to focus on the development and application of protocols to ensure the quality of services, stressing the interaction between caregivers and the people cared for.

1. Early Childhood Development

2.15 The evidence shows that development in the first years of life is an important predictor of individuals' long-term trajectory (Almond and Currie, 2011; Shonkoff and Phillips, 2000, and in Latin America and the Caribbean, Gertler et al., 2014; Walker, Chang, et al., 2011; Maluccio et al., 2009; Berlinksi, Galiani, and Manacorda, 2008). The development of the human brain is more malleable at this stage than at any other, and its structure is highly sensitive to stimuli in the environment in which the child is growing up (Nelson and Sheridan, 2011). Children in the region growing up in poor households or whose parents have lower levels of education often experience a less warm and enriching environment in their homes, and are more likely to be exposed to inappropriate discipline practices (Berlinksi and Schady, 2015). As a result, children growing up in poor and vulnerable households, lacking a stimulating environment, have been shown to have developmental deficits from a very early age. These translate into disadvantages that are not resolved over time when they start their schooling (Schady et al., 2015; Rubio-Codina et al., 2015).

2.16 Scientific progress made in the area of early childhood development has not always met with an appropriate response from public policy, partly because this is an area of human capital on which there is still a shortage of systematically generated indicators that are comparable between countries and over time. Worldwide, four routes countries take to measure early childhood development at scale can be distinguished: (i) in countries such as Canada, Australia, and various states of the United States, all children are assessed when they start their first year of formal schooling (generally in kindergarten) to measure their school preparation; (ii) in other countries, such as the United Kingdom, the United States, and in the region, Chile, Colombia, and Uruguay, longitudinal studies have been carried out following a cohort of children and assessing various dimensions of their development from their early years over the course of their lives; (iii) countries such as the Netherlands, Argentina, and Mexico have implemented the administration of screening systems to identify developmental delays as part of the regular check-ups by the public health system; and (iv) other initiatives of varying depth, scope, and sustainability run by various organizations (for example, the Young Lives project by the University of Oxford, measurement of the quality of the household environment in MICSs (Multiple Indicator Cluster Survey) and the United Nations Children’s Fund (UNICEF), or the Regional Childhood Development Indicators Project (PRIDI) led by the Inter-American Development Bank. It is worth noting that none of the efforts described above has produced a crosscutting indicator that represents a country’s population and its subgroups, on levels of early childhood development for the whole under six age group.

2.17 Public policy needs to ensure that all children, and in particular those in poor and vulnerable households, have the opportunity to develop their potential. It has a number of tools to do so: information and behavioral changes, legislation,
regulations, transfers (in cash or in kind), and prices (Berlinski and Schady, 2015). Promoting early childhood development fosters equal opportunities from the first years of life and enhances the social inclusion of children from poor and vulnerable households. Worldwide, early childhood development has gained attention in recent years and this has been reflected for the first time in the United Nations Sustainable Development Goals for 2030, particularly in indicator 4.2, which proposes that, by 2030, all children have access to quality early childhood development, care, and preschool education so that they are ready for primary education.

2.18 Latin America and the Caribbean have achieved significant results in terms of maternal and child health and nutrition. However, significant differences in results persist between regions, socioeconomic strata, and specific groups (Berlinski and Schady, 2015). For example, the prevalence of chronic malnutrition in indigenous children under five years can be as much as 13 to 37 percentage points higher than among the general population in Chiapas (Mexico), Guatemala, and Panama, according to the IDB’s Mesoamerica Health Initiative. Malnutrition and maternal infections during pregnancy limit intrauterine growth and have been related to delays in development during childhood and adolescence. Frequent exposure to infections and chronic malnutrition are also associated with cognitive deficits, poor performance, and dropping out of school (Black et al., 2017; Walker, Wachs, et al., 2011; Walker et al., 2007).

2.19 This SFD focuses on two types of policy interventions aiming to promote the development of children from poor and vulnerable households who have not yet reached preschool level: (i) childcare services; and (ii) interventions working with families to change parental behaviors in areas related to childrearing, quality of adult-child interactions, and opportunities for learning in the home. As Richter et al. (2017) acknowledge, a core challenge, both in the region and globally, is to bring these services to scale with quality.

a. Childcare services

2.20 Childcare services are provided in the region by both the public and private sectors. There is very little information on the private offering of these services, the profile of the personnel working to provide them, the children using them, or their levels of quality. In countries where this information is available, it has been observed that mothers with higher levels of education use more public and private childcare services than mothers with lower levels of education (Berlinski and Schady, 2015). Although in most countries there is a governing body in charge of private services, in practice little has been done in the region to regulate the sector or monitor quality.

2.21 As regards the public provision of these services, there are few cases in Latin America and the Caribbean in which governments directly take on the role of providers and provision tends to occur at the subnational level. On the contrary, the provision of childcare services (either wholly or partly subsidized with public funds)

---

6 The IDB’s Mesoamerica Health Initiative is a public-private partnership aiming to narrow the equity gaps in maternal and child health in Mesoamerica, targeting its interventions on people in extreme poverty.

7 In this SFD, early childhood development is limited to the cognitive, language, socioemotional, and motor areas. The topics of maternal and child health and nutrition have been addressed in the Health and Nutrition SFD. Aspects of child development relating to preschool services have been addressed in the Education and Early Childhood Development SFD.
is increasingly subcontracted to third parties (individuals, communities, businesses, or nonprofit organizations). In recent years, subcontracting has been observed to be the mechanism allowing rapid growth of coverage by these services in the region. Of 34 programs studied in Latin America and the Caribbean, in the case of 11, provision was contracted solely with third parties (Araujo and López Bóo, 2015).

2.22 Two models of care can be distinguished within childcare services: institutional and community-based. Institutional childcare services operate through larger-scale centers built or adapted to provide these services, in which children are organized into groups by age. Staff are required to meet certain standards of education or specialist professional training, and are formally employed by the program. Institutional services often have a curriculum and are equipped with the teaching materials required to implement it. Community-based services, on the other hand, operate through smaller units at which children of different ages are grouped together and assigned the care of a woman from the community. Caregivers may or may not be paid for their services and often do not have a formal employment contract. The women entrusted with childcare in community-based services do not have any specialized training in early childhood development. Moreover they often fail to meet the minimum educational standards required by the programs, which also fail to offer them opportunities for training and professionalization (Berlinski and Schady, 2015; Araujo, López Bóo, and Puyana, 2013).

2.23 The evidence on the impact of childcare services is mixed. Emblematic experiences with high quality childcare services exist in the United States. These services were implemented at the pilot scale and targeted children from poor and vulnerable households, such as the Perry Preschool and Abecedarian Program. These services demonstrated their effectiveness at changing participants’ long-term trajectories in areas such as health, education and employment (Heckman et al., 2010; F. Campbell et al., 2002; F. Campbell et al., 2014), and they achieved high benefit-to-cost ratios. However, there is also evidence from full-scale implementation of services in countries such as the United States, Canada, and Denmark that suggests that attending childcare services had negative impacts, particularly in terms of children’s socioemotional development (Baker, Gruber, and Milligan 2008; Baker, Gruber, and Milligan, 2015; Datta, Gupta, and Simonsen, 2010; Herbst and Tekin, 2010a; Herbst and Tekin, 2010b).

2.24 There are a number of factors underlying the variability of the impacts of childcare services. The first of these has to do with the quality of the services evaluated, in particular as regards the frequency and quality of adult-child interactions in the classroom. The specialist literature highlights that these interactions are essential for adequate emotional development and for learning during the first years of life (López Bóo, Araujo, and Tomé, 2014). Directly related to this is the scale of the services evaluated, the practical reality being that it is much more feasible to produce quality services and remain true to the educational model and curriculum in a pilot program than in a full-scale deployment. The characteristics of the population to which the services are delivered is also important. Children experiencing less stimulating environments in their homes, subject to violent disciplinary practices, and enjoying lower quality interactions, have greater potential to benefit from childcare services offering them a better quality environment than they find at home. This is consistent with the evidence from countries such as Norway and the United States, which shows greater impact from attending childcare services for children from poor
homes and even negative impacts for children from nonpoor homes (Havnes and Mogstad, 2015; Gormley and Gayer, 2005; Magnuson, Ruhm, and Waldfoogel, 2007). Consequently, quality childcare services have greatest impact when they target children from poor and vulnerable households.

2.25 The evidence on the impact of childcare services in Latin America and the Caribbean is not extensive, but it is consistent with what has been found at an international level. This includes mixed evidence on the impact on early childhood development of full-scale programs and on the health and nutrition status of the children (Berlinski and Schady, 2015; Leroy, Gadsden, and Guijarro, 2012; Noboa-Hidalgo and Urzúa 2012; Paes de Barros et al., 2011; Rosero and Oosterbeek, 2011).

2.26 In Latin American and Caribbean countries where there has been systematic measurement of the quality of childcare services, levels of quality in the lowest range of the score distribution on the administered scales have been observed (Berlinski and Schady, 2015). In Peru, it was found that care by staff with more years of experience, together with more frequent and higher quality adult-child interactions in the classroom, translated into better child development outcomes. The impact of quality interactions on development is particularly marked among the most disadvantaged children in development terms, whereas more experienced staff have a bigger impact on the development of better-off children (Araujo, Dormal, and Schady, 2017). There is promising evidence from Colombia suggesting that it is possible to raise the quality of childcare services cost-effectively, for example by giving training and professional certification to staff providing community-based care (Bernal, 2015). Institutional services targeting the poor and vulnerable implemented on a broader scale with 80% public funding have also been evaluated in Colombia. These services managed to keep their emphasis on quality and showed substantial impacts on children’s development (Bernal and Nores, 2016). It has also been shown that, unless sufficient attention is paid to the quality of adult-child interactions in the classroom and the educational model, costly investment in infrastructure and equipment for care services do not translate into results in terms of children’s development (Bernal and Fernández, 2013; Bernal et al., 2015).

2.27 In addition to the impact on children’s development and welfare, childcare services can also support women’s integration into the labor market. In Latin America and the Caribbean, although workforce participation by women with small children has risen among women of all levels of education, it remains 30 to 50 percentage points lower than that of men (Berlinski and Schady, 2015). A number of studies in the region have shown that increasing the supply of childcare services translates into higher workforce participation rates for women (Mateo Diaz and Rodriguez Chamussy, 2013; Ángeles et al., 2011; Calderón, 2014; Rosero and Oosterbeek, 2011; Attanasio and Vera-Hernández, 2004; Paes de Barros et al., 2011). This brings with it other individual and social benefits, higher household incomes, greater economic autonomy, the improved social position of women, and changes in patterns of spending that lead to greater gender equity in decisions within the household.

b. Services working with families to promote early childhood development

2.28 Services working with families to promote early childhood development have gained in popularity in Latin America and the Caribbean in recent years. One of the pioneering programs in this area is the Cuban “Educa a tu Hijo” program, which has
the broadest coverage in the region, as it caters to seven out of ten children under six. This program takes action once or twice a week with home visits for children under two and group sessions for children two to six. At these sessions, program facilitators work with the family and the child on knowledge and activities to promote child development. Although the program’s methods and model have influenced other programs working with families in the region, it has not undergone an impact evaluation (Tinajero, 2010). The main evidence for the effectiveness of these programs centers on small-scale, carefully implemented and evaluated pilot programs that work with families and children via home visits (Grantham-McGregor and Walker, 2015; Grantham-McGregor et al., 1991; Grantham-McGregor et al., 1997; Walker et al., 2000; Walker et al., 2005; Attanasio et al., 2014; Gertler et al., 2014; Howard and Brooks-Gunn, 2009; Daro, 2006; Olds et al., 1997; Hamadani et al., 2006). During each visit, a facilitator trained to follow a structured curriculum models the family and invites them to explore learning activities based on play, reading, and warm, sensitive, and caring interactions. The aim is for the repeated interactions between the facilitator and the family to raise the latter’s awareness of the family’s crucial role in their children’s development, that they empower themselves in this role and achieve behavioral changes that translate into a better quality environment for their children.

2.29 The best-known evaluation of a program of this type in the region is that of the pilot program implemented on a very small scale in Jamaica in the 1980s (Grantham-McGregor and Walker, 2015; Grantham-McGregor et al., 1991; Grantham-McGregor et al., 1997; Walker et al., 2000; Walker et al., 2005; Gertler et al., 2014). The program targeted children aged 9 to 24 months suffering from chronic malnutrition. The study followed children through to adulthood and the information recorded over time showed that children who received home visits had better results in terms of learning, schooling, and income. The results were significant as they enabled children in the program to catch up with peers who were not malnourished at the time the baseline was taken. In Colombia, a program of home visits based on the Jamaican program was implemented at a slightly larger scale and evaluated. After 18 months, significant impacts were found, particularly in terms of cognitive development and language, which are the focus areas of the curriculum used (Attanasio et al., 2014).

2.30 There is recent evidence of the effectiveness of large-scale programs working with families to promote early childhood development. In 2012, the Government of Peru launched the Family Support Service as part of the national “Cuna Más” program. This was the first attempt worldwide to scale up a program of home visits inspired by the Jamaican model to the national level (Araujo, Grantham-McGregor, et al., 2017). After just three years in operation, this service had served nearly 100,000 children and families in rural areas across the country, with a high incidence of poverty and chronic malnutrition. The program’s impact assessment revealed significant impacts on development, particularly in cognitive areas and language. Changes in families’ behavior were also documented, such as a reduction in the use of physical punishment. At an annual cost of close to US$300 per child, this service had a benefit-to-cost ratio of around four. In addition to demonstrating the cost-effectiveness of these programs, Peru’s experience has also made it possible to document the difficulties of scaling up a service of this kind while keeping its implementation true to its principles. This is a key work area for consolidating the
quality of family support services to promote early childhood development (ECD) in the region.

2.31 The target population for conditional cash transfer (CCT) programs in the region should match the potential beneficiaries of this type of program promoting early childhood development by working with the family. However, CCT programs alone cannot become a platform for the delivery of early childhood development services. As in the case of education and health services, CCT programs can be coordinated with other programs providing ECD services in order to stimulate demand. As Peru’s experience has shown, family support services to promote ECD require significant operational capacity to ensure quality service delivery at scale.

2.32 Working with the family to promote early childhood development also creates an opportunity to encourage men’s participation in childcare, childrearing, and play, thus promoting greater equity in the distribution of tasks within the home. Although there is less evidence about the most effective mechanisms to achieve men’s active participation in childrearing, it has the potential not only to promote children’s development, but also better relationships within the couple, reduced domestic violence, and less physical punishment of children (Cowan et al., 2009).

2. Youth programs and services

2.33 Youth policies take on particular importance in light of neuroscience’s findings showing that this period is a second window of opportunity for development. From puberty up to age 25, major neuronal reorganization and regeneration takes place to strengthen the executive function (Casey et al., 2005). Under the right conditions of security and stimulation, young people can strengthen mechanisms of impulse control, recognize inappropriate behavior, and learn to make decisions.

2.34 Young people’s high-risk behaviors can cause significant alterations in the development conditions of teens and youths. Functional disengagement (neither studying nor working), exposure to violence in the home and the community, drug use, teenage or early pregnancy, and risks related to sexual and reproductive health can cause deviations from the productive path, leading to social exclusion, with high opportunity costs for young people, their families, and society as a whole. These deviations are more frequent, and their consequences more serious, among poor or vulnerable young people.

2.35 Developing young people’s socioemotional skills is particularly important in Latin American and Caribbean countries. Socioemotional skills refer to the skills needed to handle emotions, establish and achieve objectives, begin and maintain social relationships, and make responsible decisions. One in six of the region’s inhabitants are between 13 and 21 years old and a significant proportion live in poverty or on a precarious income. Specifically, 15% of young people in this age group live in

---

8 “Teen pregnancies” are generally defined as those occurring in girls between 10 and 19 years of age, but we call pregnancies in girls aged 10 to 14 “early pregnancies” (Loaiza and Liang, 2013; World Health Organization, 1986; World Health Organization, 2004; Williamson, 2013). Pregnancy at this age poses risks to the health of both the mother and baby (Miller et al., 2016; World Health Organization, 2004; Williamson, 2013), as well as perpetuating the vulnerability affecting the young people concerned (Plan International and UNICEF, 2014). For social, cultural, and economic reasons, many mothers who become pregnant at this age drop out of school, jeopardizing their future potential to obtain earnings of their own (Azevedo et al., 2012; Williamson, 2013). They are also exposed to situations of physical violence and verbal abuse in the home and in the community (Azevedo et al., 2012).
extreme poverty, 16% in moderate poverty and 42% on a precarious income (Inter-American Development Bank, 2017a). Middle- and low-income countries are undergoing a demographic transition, many of them with falling fertility rates and a large share of the population of working age. Therefore, raising productivity is one of the keys to development for these countries, and this is directly related to leveraging the potential of its younger population.

2.36 This SFD analyzes interventions to promote the social inclusion of poor or vulnerable young people by developing their socioemotional skills. Programs and services with three different types of emphasis can be distinguished: (i) discouraging risk behaviors; (ii) teaching other types of skills (music, sports, or job placement); and (iii) support through specialized counseling at the individual or family level. Rigorous evidence on the impacts of these interventions is still limited, particularly in the Latin American and Caribbean region. For this reason the evidence presented mainly draws on programs implemented on a small scale, often pilot programs, mainly in developed countries. It is important to interpret this evidence with caution, as its external validity in the Latin American and Caribbean region may be limited unless appropriately contextualized to account for not only the circumstances of the setting, but also the state of the labor market and supply of social services (education, health, employment, etc.).

2.37 Recent evidence examines the impact of two programs in Chicago (United States) aimed at discouraging young men from dropping out of school and becoming involved in criminal activities, which were implemented at scale and evaluated experimentally (Heller at al., 2017). These programs make use of cognitive behavioral therapy techniques. The first, “Becoming a Man,” followed a curriculum and worked with young people at secondary school level through weekly hour-long group sessions. Two program modalities were evaluated, one lasting 27 sessions and the other 45. This evaluation revealed a reduction in the total frequency of arrests of between 28% and 35% (45% and 50% in the case of arrests for violent crimes) and an improvement in secondary education completion of 12% to 19%. The second program operated in a temporary juvenile detention center where young people were taken when arrested. This program offered daily sessions and followed a defined curriculum, managing to reduce readmission rates at the detention center by 21%. An interesting feature of these evaluations concerns the mechanisms to which the authors ascribe the impacts found. In both cases, a modest proportion of the impacts achieved seem to be due to improvements in the young people’s social or emotional skills, self-control or strength of character. The evidence the authors present suggests that the effectiveness of these programs derived from their success at equipping young people with tools enabling them to think about their automatic reactions to situations in daily life and make better decisions as to how to respond to them appropriately.

2.38 In Jamaica, evaluation of a program by the Young Men’s Christian Association (YMCA) showed significant reductions in aggressive behavior by at-risk, low-income young men ages 14 to 17 who were not attending school, when, as well as enrolling them on an intensive school catch-up program, it offered them psychological guidance and support on developing social skills (Guerra et al., 2011). These findings are consistent with those of the Sobre Canyes i Petes program run by the Barcelona public health agency. They provided information about the composition of alcoholic beverages, the main cannabis derivatives, and the effects they have on
the human body. Students who attended the specific social skills training sessions showed a reduction in consumption relative to the control group.

2.39 There is a widespread consensus that comprehensive interventions\(^9\) that involve multiple sectors have a greater likelihood of success at reducing teenage pregnancies (Azevedo et al., 2012; Vivo, López-Peña, and Saric, 2012; Alemann, 2015) and preventing other adverse effects on sexual and reproductive health (sexually transmitted diseases, unsafe abortions). A review of programs providing comprehensive education on sexuality found that those including content on gender and power in relationships were five times more likely to reduce the prevalence of teenage pregnancies or sexually transmitted diseases (Haberland, 2015).

2.40 An example of a comprehensive intervention is the UK Teenage Pregnancy Prevention Strategy, which is a public program aimed at teenagers under 18 and implemented nationally for ten years (2000-2010) by approximately 150 local governments in England. The program had three strategic components: (i) multisector coordination with all levels of program administration (national, regional, and community), led by an interministerial working group; (ii) prevention efforts that included high quality education on sexual and reproductive health in schools, access to effective and appropriate contraceptive methods, targeting the highest risk groups and young men, and communication campaigns with differentiated messages for young people and parents; and (iii) support and care for pregnant mothers and teen parents (housing, support to complete their studies, etc.) (Hadley, Chandra-Mouli, and Ingham, 2016). Wellings et al. (2016) estimated that each £100 per capita invested in the program yielded a reduction of between 11.4 and 8.2 conceptions (when the data are adjusted for socioeconomic variables and the region) for each 1,000 women between 15 and 17 years of age.

2.41 Another example of comprehensive interventions to prevent teenage pregnancies is the “Children Aid Society/Carrera Program,” an extracurricular program targeting African-American and Latina girls between 13 and 18 in community centers in seven low-income localities in New York city. This intensive program (3-4 hours/day at least 4 days/week, 10-11 months/year) gave the girls support from highly qualified personnel in the following areas: (i) vocational or work-related exploration to improve technical skills (work clubs); (ii) academic tutorials; (iii) education on sexual and reproductive health; and (iv) other extracurricular activities (art workshops, sporting activities, etc.). Participants in this program reported a lower probability of pregnancy after three years’ exposure to the program (Vivo, López-Peña, and Saric 2012).

2.42 The University of Minnesota “Prime Time” program aims to reduce risky sexual behaviors. This program has been shown to have positive impacts when it combines providing information with the development of socioemotional skills. Sieving et al. (2011) found that 12 months after the intervention, young people taking part in the program were significantly more likely to report consistent use of contraceptives.

---

\(^9\) In the absence of a comprehensive intervention, positive impacts on sexual and reproductive health can be achieved through youth development programs (which aim to improve reproductive health outcomes, school performance, or pro-social skills), programs seeking to improve relationships between parents and children (with particular focus on communication on healthy interpersonal relations and sexual behavior), and programs focusing on comprehensive education on sexuality (offering a combination of group and individual sessions with counseling and clinical services) (Manlove, Fish, and Moore, 2015).
In the case of skills-development programs, a recent impact assessment has shown that participation in Venezuela’s national system of youth and children’s orchestras and choirs (known as “El Sistema”) improves self-control and reduces behavioral difficulties. The effects were concentrated in the subgroups of vulnerable children, for whom a significant reduction in aggressive behavior was also found (Alemán et al., 2016). The literature associates this type of impact with greater success in adult life. For example, there is evidence that low levels of self-control in childhood predicts future episodes of unemployment (Daly et al., 2015). In Colombia, Attanasio, Kugler, and Meghir (2011) showed positive effects of the “Jóvenes en Acción” program on employment and income when a strategy was deployed combining classroom learning, on-the-job training, and a program of socioemotional skills development.

There is also promising evidence regarding interventions emphasizing support through specialized counseling. One factor with a high impact on achieving final outcomes during youth is the establishment of supportive links based on positive adult role models. The evidence shows that support and mentoring services, with stable regular meetings with qualified mentors and adequate supervision, have high potential to modify the behavior of at-risk youths. For example, the Mentor-Implemented Violence Prevention Intervention for Assault-injured Youth Program and the Buddy System Program, implemented in the United States, managed to reduce levels of violence and crime rates, as well as produce better relationships with peers and family, and raise self-esteem (Karcher, 2008). The Big Brothers Big Sisters volunteer mentoring program managed to reduce drug use (Tierney and Baldwin Grossman, 2000; Waller, 2014). Black et al. (2006) showed that a mentoring program based on home visits reduced the risk of a second pregnancy among poor teen mothers in the United States. Forming positive references also applies to the family setting: for example Terzian, Hamilton, and Ling (2011) found that life skills programs aimed solely at young people did not prevent or reduce aggressive behavior. By contrast, programs combining these elements with family therapy and parenting skills to improve communication, exercise discipline, set limits, and supervise their children have been found to have significant impacts (Spoth, Redmond, and Shin, 2000).

3. Care services for dependent persons

Dependency is understood to be the situation in which a person needs help in order to carry out basic activities of daily living (basic ADLs), such as getting up, lying down, getting dressed, eating, personal hygiene, and instrumental activities of daily living (IADLs), which include domestic chores, mobility and ability to travel, shopping, preparing food, managing expenses, and communication. Dependency may be the result of a number of factors, such as physical disability, old age, mental health issues, and/or chronic illness, etc. Although dependency affects people of all ages, the risk in children, young people, and working age individuals is low. Frailty and multi-morbidity increase with aging, leading to situations of dependency and demand for ongoing medical and social services. Dependent persons, the majority of whom are women, given that their life expectancy exceeds that of men, are a group that is particularly susceptible to social exclusion. This situation is even more serious when coupled with low income.
There are four key actors in meeting demand for care (Raizavi, 2007): families (the vast majority of caregivers are women: mothers, wives, daughters, and daughters-in-law), the community (for example, religious care institutions affiliated for situations of homelessness), private providers (formal or informal), and the State (whether as part of the health system, through specific interventions, or through a care system).

In Latin America and the Caribbean, as was the case in higher income countries some decades ago, supply and demand factors are arising that are making care for dependent persons a priority on the social protection agenda. On the demand side, the increase in dependency is mainly due to population aging, as the dependency ratio is closely linked to the population’s age profile (Chernew et al., 2016; Colombo et al., 2011). The health sector also generates additional demand, due to the fact that it has been shown that better health outcomes are achieved when there is coordination with the care sector and, in general, with social services (Bradley et al., 2016; Bradley and Taylor, 2013). On the supply side, the growing incorporation of women in the labor market and the reduction in family size limits the supply of caregivers within the family, which has traditionally been the mainstay of care provision.

The changes described result in the need for care systems in which a combination of other actors, in particular the State and private suppliers, take on a more important role. The aim is not to replace the family as the main provider, but to support it in its caregiving role (Colombo et al., 2011), because, as happens in the more advanced countries, it is likely that the majority of care will continue to be provided by the family.

By their nature, care services involve: (i) medical or nursing care; (ii) personal care to respond to limitations in basic ADLs; (iii) personal care services to help with IADLs; and (iv) other social services relating to leisure time and participation in the community. In terms of the setting, the following distinctions are made: (i) residential or institutional services, where the dependent person lives permanently; (ii) domestic or home-care services delivered in the home of the dependent person; and (iii) daily services, where the dependent person receives care at an establishment but does not live there. Lastly, another important distinction is between whether the support is given to the dependent person or their family. This may be direct, where the care system guarantees a service to the dependent person, or through economic benefits (in cash or in the form of coupons or vouchers) that the dependent person or their family can use to cover the cost of care.

The discussion of how care services have evolved in the developed countries (and in many cases the debate is still ongoing) is of value to Latin America and the Caribbean because it is facing the same issues several years later. This discussion focuses on funding, coverage, and eligibility criteria to receive support, the

---

10 The classification presented here is based on the criteria most often used in the literature. See, for example: Colombo et al. (2011) and Organization for Economic Cooperation and Development and European Commission (2013). Other services exist, such as accommodation and maintenance, that are normally part of social care, but are not catalogued as care services by the World Health Organization.

11 Online support services, permitting remote contact and monitoring of dependent persons at home, have recently also been considered and have been deemed supplementary to the services described above.
effectiveness of the various types of services, and the integration of social and health services.

2.51 A care services system requires substantial financial resources. In countries with developed systems, these services represent between 1% and 3% of gross domestic product (GDP). The practical evidence, with solid backing from economic theory, is that a private insurance model is not able to develop an adequate care system, as insurance markets do not function when there is uncertainty about parameters such as the percentage of the population requiring care services, for how long, how intensively, and at what cost (Barr, 2010). Insurance markets work when there is a known and measurable risk, and the costs, should the risk materialize, are also known. In countries with a consolidated care system, funding combines contributions, general taxation, and copayments by users.

2.52 The Organization for Economic Cooperation and Development (OECD) characterizes various different coverage, access, and funding structures for long-term care (LTC) services (Colombo et al., 2011). First, it identifies countries with universal coverage from a single program, funded: (i) by general taxation (such as in the Scandinavian countries, with expenditure of between 2% and 3.6% of GDP); (ii) by insurance independent of the health system, which is obligatory for the entire population (such as in Germany, the Republic of Korea, and Japan, with an average expenditure of 1.5% of GDP); or (iii) by integrating LTC in the health system (as in Belgium). In a second model, there is more than one LTC program. In this case, universal programs may coexist, with separate personal care and nursing, which are normally part of the health system (as in Scotland and the Czech Republic). Another modality comprises universal programs with economic benefits, but means tested support, as in France and Australia, where the system does not aim to cover all LTC expenses, and support depends on the dependent person’s income. This group also includes countries with universal programs running in parallel to programs targeted by income level (such as Spain and New Zealand). Lastly, the third model comprises countries with systems that are highly targeted by income level, with benefits only for people who have exhausted their resources, such as the United States (Reaves and Masumeci, 2015).

2.53 Although the largest share of funding is devoted to residential services for individuals with severe dependence, most people receive care in their own homes. This is for reasons of both cost and the dependent persons’ preferences. In the OECD, the share of all individuals receiving care who do so in their homes rose from 61.5% to 64.5% between 1999 and 2009, and the trend is expected to continue (KPMG International, 2014). This creates significant job opportunities; for example, based on data from United States Department of Labor Statistics, the fastest growing occupation between 2014 and 2024 will be that of home care services provider (Paraprofessional Healthcare Institute, 2016).

2.54 Some care strategies support family caregivers: (i) allowing them to leave the labor market temporarily or partially; (ii) using benefits to pay for care provided by family members; and (iii) incorporating family caregivers into the social security system. Other systems promote workforce participation by family members of the person requiring care, for example, prioritizing care service provision to free up time for family caregivers.
The importance of training human resources paid to provide care has been highlighted, and in this area the definition and supervision of care protocols and supervision systems take on particular importance. It is also important to develop mechanisms enabling care to become a valued profession with development possibilities for its practitioners (National Academies of Sciences Engineering and Medicine, 2017; KPMG International, 2014; Commission on Long-Term Care, 2013). Lastly, other important aspects are training in caregiving for informal caregivers, and providing family break and caregiver support services, i.e. planned services by qualified personnel to allow the main caregivers to rest (KPMG International, 2014; Tamsma, 2004).

A recent trend in more advanced countries is the integration of social and health services in the care area. In particular, when dealing with patients with a combination of diseases, chronic illnesses, and in the case of long-term care for the elderly, there is evidence that integration or coordination of social and health services may reduce the pressure on the health service (Dorling et al., 2015; Grant, 2010; Nolte and Pitchforth, 2014). In the United States there is evidence that informal care reduces the length of hospital stay following a hip fracture or heart attack (Picone, Mark Wilson, and Chou, 2003). Similarly, in France it has been shown that in the case of Alzheimer’s patients, beneficiaries of subsidies for LTC expenses make less use of hospital emergency services (Rapp, Chauvin, and Sirven, 2015). In Japan, one motivation for setting up the LTC system was the high rate of hospital bed occupancy for long periods by the elderly (Campbell, Ikegami, and Gibson, 2010). In Spain, the United Kingdom, and the Netherlands, integration of social and health services is being consolidated to provide less costly and better quality long-term care to chronic patients, the elderly, and vulnerable population groups (O’Toole et al., 2016; Toro Polanco et al., 2014). In particular, recent evidence for Spain shows that expanding the long-term care and support system between 2007 and 2011 reduced the number and length of hospital stays, particularly in regions with better coordination between the social and health systems (Costa-Font, Jimenez-Martin, and Vilaplana, 2017). It is estimated that the savings came to almost 10% of total hospital expenses, and it is estimated that the reduction in LTC benefits due to the fiscal adjustment since 2012 led to a rise in hospital admissions.

D. Redistributive programs

Redistributive programs alleviate current poverty by supporting minimum levels of consumption. At the same time, given the links between poverty and social exclusion, they are an integral component of social inclusion strategies. Various redistributive programs have evolved by incorporating conditions relating to human capital development. The most commonly used redistributive instruments are generalized subsidies, tax exemptions, and transfers (universal or targeted, in cash or in kind). Universal basic income, minimum guaranteed income, and tax credit mechanisms have been used recently, particularly in high-income countries. This section reviews the international evidence on this type of program. Temporary employment programs are discussed in the Labor SFD, as they are an active employment policy as well as a redistributive instrument.

Generalized subsidies and tax expenditure. Generalized subsidies (whether explicit or implicit) and tax expenditure are in widespread use in developing countries as a means of supporting poor people’s consumption. This is largely because they
are simple to implement. The most common generalized subsidies are on energy and foods.

2.59 In Latin America and the Caribbean, energy subsidies came to 0.85% of GDP in 2013, reaching a maximum of 3.29% in Bolivia (Cavallo and Serebrisky, 2016, p. 220). Their scale as a share of GDP is, on average, six times greater in the developed countries (International Monetary Fund, 2014). Similarly, tax expenditure due to value-added tax exemptions came to 2.3% of GDP in 2013 in the region, and was as high as 4.5% in Nicaragua and 4.9% in Colombia. That same year, tax expenditure for value-added tax exemptions on food, medicines, and housing came to 1% of GDP in the region, reaching 2% in Costa Rica, 2.2% in the Dominican Republic, and 2.3% in Nicaragua (Cavallo and Serebrisky 2016, p. 224).

2.60 The literature shows generalized subsidies and tax expenditure to be inefficient, as most resources do not reach the poorest people (Regalia and Robles, 2005; Scott Andretta, 2011; International Monetary Fund, 2014). In 2013, on average, in Latin America and the Caribbean, 78% of generalized subsidies on energy and 77% of tax expenditure on value added tax on food, medicines, and housing, benefited the nonpoor population (Cavallo and Serebrisky, 2016). The leakage of generalized subsidies on energy towards the nonpoor population represented 2.68% of GDP in Bolivia, 1.94% in Argentina, and 1.25% in Honduras (Cavallo and Serebrisky, 2016, p. 220). Tax expenditure for value-added tax exemptions on food, medicines, and housing that benefited nonpoor people represented 1.5% of GDP in the Dominican Republic and 1.8% of GDP in Costa Rica and Nicaragua (Cavallo and Serebrisky, 2016, p. 224).

2.61 In addition to being inefficient from the redistributive point of view, energy subsidies contribute to increasing greenhouse gas emissions. For this reason, the United Nations Commission on Sustainable Development recommended eliminating subsidies that are harmful to the environment. Industrialized countries have also committed to progressively eliminate subsidies on fossil fuels and to compensate the poor and vulnerable population by means of targeted interventions. While recognizing that the responsibility of most of the region’s countries for the greenhouse effect is minimal, the environmental benefit is in addition to the redistributive benefits of a reform replacing generalized energy subsidies with targeted transfers. Sdralevich et al. (2014) analyze various generalized subsidy reform experiences and conclude that the likelihood of success of these reforms increases when compensation in the form of monetary transfers is included. This is associated with the political economy of eliminating subsidies, which can be quite complicated to implement.

2.62 Universal basic income and minimum guaranteed income. Universal basic income represents unconditional income given to all individuals. It is administratively simple relative to executing programs that require the application of some form of targeting criteria. One example is the annual dividend from oil earnings received by all residents of Alaska, which has helped make the state one of the most egalitarian

---

12 A study on the redistributive impact of fiscal policy (social spending and subsidies) on reducing inequality in 13 countries in the region confirmed that this varies considerably between countries (Lustig, 2016).

in the United States (Widerquist and Howard, 2012). A similar system distributing dividends from income from natural resources is also being considered in poorer countries, such as Mongolia. In high-income countries, such as Switzerland, Finland, and New Zealand, the discourse focuses more on the idea of ensuring income for all citizens in the face of the automated production (Deverajan, 2017). Some universal pensions, such as Bolivia’s, can be regarded as a form of basic income for the elderly. The challenge for Latin America and the Caribbean is that, in countries with high levels of poverty and low tax revenues, there are insufficient resources to set up universal basic income on a sufficient scale to improve the level of welfare of those most in need of redistributive policies. For example, the cost of a universal basic income equivalent to the extreme poverty line in Mexico in 2013 would represent nearly 10% of GDP. Targeting appears to be necessary to ensure the fiscal sustainability of the redistributive policies.

2.63 For its part, the minimum guaranteed income is targeted by income level. This instrument is used in Europe. For example, in France it is the main social assistance program (Revenu minimum d’insertion), and according to Peña-Casas and Ghailani (2013), 26 of the 28 countries of the European Union have some system of this kind. Since, in the case of universal basic income, the cost of this type of program is high, middle- and low-income countries have resorted to transfers of smaller sums, placing the emphasis on targeting

2.64 **Tax credits.** Tax credits are redistributive instruments that aim to create incentives for participation in the formal labor market by making the benefit contingent upon a statement of income. The best-known example is the Earned Income Tax Credit (EITC), which constitutes the main redistributive mechanism in the United States in terms of coverage and budget (Bitler, Hoynes, and Kuka, 2013). The EITC is a benefit received by households that obtain and declare employment earnings under a specific amount, depending on the size of the household and whether or not it includes children. The EITC reduces the tax liability to the point that it becomes a cash transfer paid to households. Up to a certain level, receiving higher income raises the value of the support, giving households an incentive to participate in the labor market. Tax credits have also been used in Latin America and the Caribbean. For example, Mexico has adopted the “Subsidio al Empleo” (employment subsidy). Unfortunately, in contexts of high levels of informal employment among the poor and vulnerable, tax credits are highly regressive, making them inefficient as redistributive instruments.

2.65 **Unconditional transfers.** Some countries use unconditional cash or in-kind transfers as redistributive policies. Cash transfers are usually targeted and are common in developing countries in Africa and Asia (McKinley and Handayani, 2013; Bastagli et al., 2016). These differ from basic and minimum income programs as

---

14 The extreme poverty line was 1,085 pesos per month (Robles, Rubio, and Stampini, 2015), and monthly per capita GDP was 10,961 pesos, according to the World Development Indicators.

15 A similar tax credit mechanism exists in the United Kingdom (Brewer, Browne, and Jin, 2012). The EITC’s design is countercyclical, and its administrative costs are low (Internal Revenue Service, 2014) However, there are concerns over the EITC’s ability to reach the poorest. For example, people need to be trained on filling out tax returns, or affordable tax return preparation services need to be provided (Holt, 2011). Moreover, given that income needs to be declared in order to obtain a tax credit, households that depend on a single source of income are left unprotected if that job is lost (Bitler, Hoynes, and Kuka, 2013).
they do not seek to guarantee a minimum level of income for beneficiaries. International evidence shows that these transfers boost spending by poor and vulnerable households, reducing the intensity of poverty and inequality. Transfers in kind have similar redistributive potential. However, they are relatively inefficient as they limit power of decision (Cunha, 2014), devote a significant percentage of their budget to the supply and distribution of goods, and can cause distortions in the markets for the goods they distribute. School breakfast and lunch programs, which are widespread in Latin America and the Caribbean (for example, the “Vaso de Leche” program in Peru) belong to this category.

2.66 One type of unconditional transfer in widespread use worldwide, including in Latin America and the Caribbean, is the noncontributory pension. In 2013 noncontributory pensions (NCPs) reached 17 million individual beneficiaries in Latin America and the Caribbean (Robles, Rubio, and Stampini, 2015). Spending on this type of program came to 1% of GDP in many countries of the region and is expected to rise due to population aging. Bando, Galiani, and Gertler (2016) find that the program in Peru increased household consumption considerably and reduced participants' geriatric depression indicator and workforce participation. Galiani, Gertler, and Bando (2016) find similar impacts for the program run in rural areas of Mexico. Given its links to the social security system for workers in formal employment, the topic of noncontributory pensions is discussed in the Labor SFD.

2.67 Conditional cash transfer programs (CCTPs). In the 1990s, cash transfer programs were created in Latin America and the Caribbean and were complemented with coresponsibility mechanisms aiming to foster the accumulation of human capital among beneficiary households. The dual objective of CCTPs is to alleviate current poverty by supporting consumption and encouraging the accumulation of human capital among children and young people. The design of CCTPs generally chooses women to be the recipients of the transfers. As well as receiving the cash they are responsible for meeting the conditions relating to the children’s health, education, and nutrition.

CCTPs spread rapidly throughout the region and beyond. In 2013, they reached 136 million people in 17 countries of the region, equivalent to 25.1% of the population (Inter-American Development Bank, 2017b). In 2012, transfers accounted for an average of 20% to 25% of beneficiary households’ income (Stampini and Tornarolli, 2012). In most cases, mature programs invested

---

16 Hidrobo et al. (2012) compare the delivery of cash, in kind, and coupon transfers, and find that all three forms significantly increase the quantity and quality of food consumed, but that transfers in kind increase calorie consumption more, whereas coupons broaden the variety of foods consumed. For their part, Grosh et al. (2008) report that beneficiaries appreciate cash transfers more, a finding which is consistent with the fact that this type of program reduces the beneficiaries visibility and consequently their stigmatization.

17 CCTPs began at the local level in Brazil (“Bolsa Escola” and “Programa de Garantia de Renda Mínima”) and in Mexico (Pilot Program in Campeche) in 1995. The first program on a country-wide scale was “Programa de Educación, Salud y Alimentación” [Education, health, and nutrition program] (PROGRESA) in Mexico, launched in 1997 and later renamed “Oportunidades” and then “Prospera.”

18 In the literature on CCTPs, the second objective of accumulating human capital is normally associated with putting an end to the intergenerational transmission of poverty. However, operational experience shows that achieving this end is fundamentally dependent on the quality of the supply of health and education services and the performance of the labor markets, both of which exceed the scope of the CCTPs. Evidence on these points is discussed below.
of GDP (Paes-Sousa, Regalia, and Stampini, 2013). Some of the larger programs outside the region include those in Pakistan, the Philippines, Indonesia, and Turkey.

2.69 CCTPs have reached the very poorest, achieving levels of targeting that exceed those of previous redistributive programs (Levy, 2006; Grosh et al., 2008; Lindert, Skoufias, and Shapiro, 2006; Stampini and Merino-Juárez, 2012). A number of impact evaluations have unambiguously shown that CCTPs have achieved their primary short-term objective of increasing spending and reducing current poverty (Fiszbein and Schady, 2009; Bastagli et al., 2016). Decomposition exercises, such as those of Stampini and Tornarolli (2012) and Levy and Schady (2013) also suggest that CCTPs have been effective at reducing the incidence, and particularly the intensity, of poverty and inequality. These programs have also improved the composition of consumption by beneficiary households. For example, in Mexico, Ruiz-Arranz et al. (2006) found an increase in the quality and variety of foods consumed.

2.70 The rigor with which the conditions have been verified has been very mixed. However, in general, CCTPs have achieved the expected changes in behavior, reducing child labor (Galiani and McEwan, 2013; Edmonds and Schady, 2012; Levy, 2006) and increasing demand for health and education services.

2.71 In the health area, evaluations of CCTPs have shown consistently positive impacts on the use of preventive services, and some positive impacts on variables that depend on the use and quality of these services. The use of health services increased by between 6.3 percentage points (pp) in Nicaragua and 33 pp in Colombia (Fiszbein and Schady, 2009). Some evaluations have found improvements in children’s anthropometric development (Barber and Gertler, 2008). Other studies show a reduction in morbidity for certain age groups (Gaarder, Glassman, and Todd, 2010). Similarly, Rasella et al. (2013) report reductions in infant mortality, particularly due to poverty-related causes, such as malnutrition and diarrhea. There is also evidence in some countries that CCTPs have a positive effect on reducing teenage pregnancies (Juntos in Peru: López-Calva and Perova, 2012; Subsidio Educativo in Colombia: Cortés, Gallego, and Maldonado, 2011; Bolsa Familia in Brazil: Azevedo and Favara, 2012).19

2.72 Rigorous impact evaluations show CCTPs to have a positive impact on child development indicators over the short term. Fernald, Gertler, and Neufeld (2008) show that transfers by “Prospera” in Mexico were associated with increased height for age, lower prevalence of chronic malnutrition, a lower body mass index, and lower incidence of overweight, as well as improvements in motor development, cognitive development, and receptive language scales. Fernald and Hidrobo (2011) show that children randomly selected to receive the “Bono de Desarrollo Humano” (BDH) in Ecuador obtained higher scores in a test measuring the number of words children were able to say. Paxson and Schady (2010) found positive results from the same program among older children belonging to the poorest quintile for wealth distribution. Using the same data, Araujo, Bosch, and Schady (2017) found that:

---

19 Although more evidence is needed in order to determine the mechanisms by which this happens, studies suggest that the decline in teen pregnancy may be partly due to the change in preferences, the higher opportunity cost of having children associated with school attendance, as well as households’ improved access to health services, raising awareness of contraception and making it more readily available.
(i) the short-term impacts on child development do not translate into better school results ten years later; (ii) BDH increases the graduation rate from secondary education by 1 to 2 percentage points against a counterfactual of 75%, with effects concentrated on women; and (iii) it does not increase the rate of enrollment in higher education. Macours et al. (2012) showed that the “Atención a Crisis” program in Nicaragua achieved impacts on cognitive and behavioral outcomes.

2.73 Increases in school enrollment and attendance vary between 0.5 pp in Jamaica and 12.8 pp in Nicaragua (Fiszbein and Schady, 2009). This increase is one of the key outcomes in terms of the behavioral changes explicitly pursued by the theory of CCTPs. At the same time, the programs have helped encourage school progression. In Mexico, schooling increased by between six months and one year after three to five years of exposure.

2.74 The evidence for impacts on learning is somewhat weaker (Fiszbein and Schady, 2009; Saavedra and García, 2012; García, 2012), possibly as a result of the poor quality of educational offerings. In Mexico’s case, Behrman, Parker, and Todd (2009; 2011) did not find an impact on tests of learning, despite reporting increased schooling, but did find impacts on the probability of women having a job, and on the transition to nonagricultural employment. Filmer and Schady (2014) found that a program of scholarships in Cambodia achieved impacts in terms of years of schooling, but not on standardized test results, employment, or income. Nor did Benhassine et al. (2015) find impacts on learning in Morocco. Additionally, in Malawi, Baird, McIntosh, and Özler (2011) reported significant impacts in math, reading comprehension, and cognitive skills. Stampini, Martínez-Cordova et al. (2016) found that male beneficiaries of Jamaica’s “Programme of Advancement through Health and Education” (PATH) who lived in urban areas obtained better results in the sixth grade exam, and were placed at better secondary schools as a result.

2.75 Evidence analyzing whether the short-term impacts of CCTPs are sustainable over the long term is less developed for a number of mainly technical and methodological reasons. Molina-Millan et al. (2016) present a critical review of the literature and conclude that the experimental literature provides consistent evidence on the positive long-term effects on schooling (in Colombia, Mexico, and Nicaragua), and some positive effects on cognitive development and learning (in Nicaragua), socioemotional skills (in Mexico) and employment, and nonagricultural income generation (in Nicaragua). For example, Barham, Macours, and Maluccio (2013) found positive impacts on school progression and learning in mathematics and language among young men in Nicaragua, ten years after having left the “Programa Red de Protección Social” [Social safety net program] from which they benefited for three years. The impact on learning was equivalent to an extra half year of instruction. However, the long-term effects of CCTPs on certain other dimensions are not significant. It is often not possible to distinguish whether this is due to the program’s not having an impact or to major methodological challenges (such as the short difference in time of exposure to the program between control and treatment

---

20 It is worth noting that BDH was a program with soft conditionality at the start. That is to say, it stressed the importance of compliance, but did not adopt sanctions for noncompliance. Over time, this emphasis has decreased. Given that no conditionality monitoring system was ever put in place, the program has become largely unconditional.
groups). The measurement of long-term impacts is an area that requires more analytical work to fill knowledge gaps and improve program design.

2.76 It should be noted that the task assigned to CCTPs has always been that of ensuring that beneficiaries make use of health centers and attend school. Ensuring that this attendance yields an increase in human capital through improvements in beneficiaries’ health and learning is the task of other institutions. To achieve this second objective, services must be of good quality, which remains an outstanding challenge in many countries, and should be given priority before expanding CCTPs or adding to their objectives.

2.77 CCTPs have gender implications: first, by delivering transfers to women and making them responsible for the program with the conditions; second, because they usually include medical checkups for pregnant and nursing women, and in a few cases they include health checkups for teenagers (Mexico); third, because in some cases they aim to strengthen women’s ability to make decisions through group sessions giving information and education on rights, resource management, parental responsibilities, reproductive and child health, and violence prevention (Paes-Sousa, Regalia, and Stampini, 2013); and fourth, because several programs have adopted a structure of transfers for young people of school age differentiated by gender, to close enrollment and attendance gaps for women (Mexico) and men (Jamaica until 2013).

2.78 CCTPs help reduce gender disparities, enhancing women’s autonomy in the management of household resources, and their power to negotiate decisions about their lives and those of their children (Alemann et al., 2016), reducing the likelihood of their suffering physical violence from their partner (although there can be an increase in emotional violence and controlling behaviors), delaying early marriage, reducing beneficiaries’ fertility, and increasing the use of contraceptives (Bastagli et al., 2016). Although infrequent, some experiences with group education in CCTPs in Brazil, El Salvador, and Honduras have managed to change gender-role attitudes and practices, the distribution of responsibilities for care, domestic violence, and the use of contraceptives, in particular when they also achieved the participation of beneficiary women’s male partners (de Brauw et al., 2014; Hill et al., 2014; International Food Policy Research Institute and Fundación Salvadoreña para el Desarrollo Económico y Social, 2010).

2.79 Like unconditional transfers, CCTPs offer a social safety net against adverse events. These include extreme weather events and natural disasters, which are becoming more frequent and intense as a consequence of climate change. For example, it

---

21 See Bobonis, González-Brenes, and Castro (2013) and Green et al. (2015). Hidrobo and Fernald (2013) found that in the case of BDH in Ecuador the effect of the transfer on violence depended on women’s level of education. Emotional violence and controlling behaviors increase in women with six or fewer years of education, and who have at least the same level of education as their partners, but not in those with more than six years of education. By contrast, Diaz and Saldarriaga (2017) found the Juntos program in Peru to reduce both physical and emotional violence.

22 These impacts are promising, because there is evidence of the association between women’s autonomy regarding decision-making on the use of resources and their reproductive health, and increased use of social services and improved reproductive health (see review of evidence in Grépin and Klugman, 2013; Barber and Gertler, 2009; Jones et al., 2011; Adato, Roopnaraine, and Becker, 2011).

23 Case studies cited in Hallegatte et al. (2015) suggest that a large percentage of families falling into poverty cite accidents that may be related to climate change among the causes.
has been shown that beneficiaries of the “Prospera” CCTP in Mexico were less likely to take their children out of school when affected by adverse events (Janvry et al., 2006). When an event of this kind occurs, programs can expand their coverage or simply temporarily increase the amount of the transfers to beneficiaries. For example, the “Pantawid Pamilyang Pilipino Program” CCTP in the Philippines disbursed additional funds as emergency funding in response to typhoon Yolanda in 2013 (Hallegatte et al., 2015). Similarly, in 2009, “Bolsa Familia” in Brazil increased the amount of its transfers to beneficiary households living in districts affected by flooding for an eleven-month period (Paes-Sousa, Regalia, and Stampini, 2013). In these cases it is important to have contingency plans based on registries of CCTP beneficiary and other vulnerable families, and to clearly define the duration of the support, to avoid this entailing a permanent expansion of the program.

2.80 One concern about CCTPs is the possibility that they produce negative incentives, particularly in terms of the willingness of adults in beneficiary households to work. None of the rigorous evaluations of the impact of CCTPs analyzing this topic found negative impacts over the short-term (Alzúa, Cruces, and Ripani, 2010; Fiszbein and Schady, 2009). Barrientos and Villa (2013) found positive long-term effects on labor indicators in urban areas of Colombia, including an increase in formal employment of women beneficiaries of “Familias en Acción.” However, some studies find instances of disincentives to formal employment. Amarante et al. (2011) found that Uruguay’s “Plan de Asistencia Nacional a la Emergencia Social” (PANES) reduced formal employment. In Ecuador, Araujo, Bosch, and Schady (2017) found that the program did not create disincentives to work for beneficiary women. However, it was associated with a reduction in formal waged employment and in self-employment.24 No other undesirable effects have been found in areas other than employment, such as increased fertility (Glassman, Duran, and Koblinsky, 2013) or reduced private transfers (Nielsen and Olinto, 2007).

2.81 One positive consequence of CCTPs that has not been sufficiently discussed is their impact on the generation of social capital and strengthening of cooperation within communities. Evidence from Mexico suggests that bonds in social and family networks have been strengthened, allowing the benefits of CCTPs to be shared even with nonparticipants in the program (Angelucci, Giorgi, and Rasul, 2012; Angelucci et al., 2009). There is also evidence that families taking part in Colombia’s CCTP in Cartagena developed higher levels of confidence and social capital than similar families in neighborhoods not covered by the program (Attanasio, Pelerano, and Reyes, 2009). In Nicaragua the importance of social interactions in the framework of CCTPs has been shown to raise aspirations and improve beneficiaries’ investment decisions (Macours and Vakis, 2014). In this regard, beneficiary families have assimilated the idea that their commitment to fulfilling the co-responsibilities goes hand in hand with their right to receive to quality services. Strengthening social capital in the community is a potential input for the development of community transfer programs based on the results of programs with positive impacts on consumption and health in Indonesia (Olken, Onishi, and Wong, 2011; Voss, 2012).

24 The evidence on the impact of “Bolsa Familia” on work is contradictory. Two studies use data from the same crosscutting survey in 2006 (Barbosa and Corseuil, 2014; Firpo et al., 2014). The first found that the program did not have an impact on the decision to work or on the sector of employment of adults in beneficiary households. The second found a reduction in the supply of labor, particularly among women.
It has also been reported that CCTPs can facilitate beneficiary families’ investments in productive assets (Gertler, Martínez, and Rubio-Codina, 2012; Trivelli and Clausen, 2013).

2.82 Although economic theory predicts that all monetary transfers should increase school attendance and the use of health services as a result of the income effect, the evidence shows that the conditionality explains a significant portion of the impacts on these dimensions (Akresh, Walque, and Kazianga, 2012; Baird, McIntosh, and Özler, 2011; Benedetti, Ibarra-rán, and McEwan, 2016; Schady and Araujo, 2008). A review of 75 studies on 35 programs (Baird et al., 2014) shows it to be important for conditions to be explicit, effectively monitored, and for there to be penalties for noncompliance. This significantly increases the impact of transfers on school enrollment when compared to unconditional programs. Additionally, verifying compliance with coresponsibilities has contributed to more effective—albeit still insufficient—coordination of the planning and execution of activities to strengthen the coverage of health and education services for the poorest. It has also resulted in substantial progress on information systems and the use of data to inform public policy decisions.

2.83 The increasing use of financial instruments (bank accounts and digital payments) to pay transfers has led countries to explore the possibility of promoting financial inclusion as an additional social inclusion mechanism (Trivelli, 2013). Financial inclusion promotes savings, access to credit and insurance, and has been recognized as a means of reducing poverty and achieving inclusive economic growth (Bruhn and Love, 2013; Burgess and Pande, 2005). However, although transfer programs have increased access to bank accounts, the challenge remains of increasing subsequent use (de Olloqui, Andrade, and Herrera, 2015). This may be associated with a lack of confidence in financial institutions or unfamiliarity with program rules (Cavallo and Serebrisky, 2016). Good practices in financial inclusion in recent years have been based on the design of better products, focusing on an analysis of customers’ needs (as in the case of Daviplata in Colombia). Large-scale financial education campaigns have also been undertaken, based on unconventional methods, such as the use of electronic tablets. The evidence suggests that these approaches reduce costs and are an effective way of increasing beneficiaries’ financial literacy and use of financial services (Pantelic, 2016).

2.84 Evidence exists that the use of formal savings mechanisms increases productive investments (Brune et al., 2011; Dupas and Robinson, 2013a), education spending (Dupas and Robinson, 2013b), and the ability to cover expenses caused by health emergencies (Dupas and Robinson, 2013b), while reducing dependence on remittances (Dupas, Keats, and Robinson, 2015). Similarly, there is evidence that microsaving programs can reduce fluctuations in consumption patterns (Consultative Group to Assist the Poor, 2014). The effect of empowering women’s access to informal savings groups and accounts has also been studied (Karlan et al., 2017; Ashraf, Karlan, and Yin, 2006, 2010). The effect of access to formal

25 Peru and Colombia have explicit financial inclusion policies for vulnerable populations, including CCTP beneficiaries. In Peru’s strategy, financial inclusion is understood as a situation in which people have sufficient tools to be familiar with and understand financial services, are able to decide what services they need, and once they have decided, have access to them and are able to use them (Ministry of Development and Social Inclusion, 2012).
savings mechanisms on individuals' welfare, however, does not seem to be based solely on opening an account, but depends on complementary factors such as behavioral change mechanisms or reducing transaction costs, such as the distance to the bank (Dupas et al., 2016).

2.85 The evidence on the poverty-reducing impact of microlending, on the other hand, is less promising. There is evidence that microlending can have an impact in terms of increasing investments in assets enabling individuals to set up or grow a business, open up a broader range of opportunities, or empower women. However, these same studies find that these interventions, when they target the poor, increase households' options, but do not improve their capacity to generate independent income from business in a way that enables them to escape poverty (Banerjee, 2013; Banerjee, Karlan, and Zinman, 2015; Angelucci, Karlan, and Zinman, 2013). The money is generally used to cover emergency expenses or to smooth out consumption rather than to invest in productive businesses. The evidence currently points to saving rather than credit as being the more promising tool in terms of positive impacts (Rosenberg, 2010; Medellín and Tejerina, 2017).

2.86 The literature shows that payments using digital transfers promote savings, regardless of whether the cards are linked to a bank account or not (Bachas et al., 2016). A study in Colombia showed an increase in formal saving as a result of the financial inclusion of beneficiaries of “Más Familias en Acción” (Núñez Méndez, 2012). There is also evidence that financial inclusion of women enhances their power of decision over household assets (Ashraf, Karlan, and Yin, 2010).

2.87 There is a concern that remaining on redistributive programs for extended periods can lead to dependency among some beneficiaries. In high-income countries, where the benefits are generous, this debate centers on the transition to the job market. In the United States, the 1996 reform known as Welfare to Work made it obligatory to take part in systems based on training programs and job placement mechanisms. The reform achieved a significant increase in the workforce participation rate with smaller impacts on poverty. It is worth noting that Welfare to Work systems were developed in the context of higher levels of human capital, of a correlation between unemployment and poverty, and a high rate of creation of formal jobs, limiting its applicability to Latin America and the Caribbean. In a context of limited creation of formal jobs, several countries have promoted self-employment programs to boost household incomes. The combination of CCTPs and self-employment initiatives (including those based on microlending) is not desirable, as these initiatives do not contribute to the accumulation of human capital, which is the fundamental goal of CCTPs. Indeed, on the contrary, they absorb resources that could be devoted to raising the quality of health and education services for transfer beneficiaries. Moreover, the literature shows that the impacts of these initiatives are limited (Almeida and Galasso, 2010; Cho and Honorati, 2013; Premand et al., 2012).

---

26 The evaluations of Welfare to Work show that, in the short term, job placement interventions achieve greater impacts than those based on skills training, managing to find work for up to 50% of participants (Nightingale, Pindus, and Trutko, 2002; Greenberg, Deitch, and Hamilton, 2009; Walter, 2012). However, the limited number of evaluations focusing on poverty show that up to half of those who find work remain poor (Blank, 2002; Fraker et al., 2004) and that the beneficiaries exiting poverty are matched by an equal percentage of beneficiaries falling into poverty (Cappellari and Jenkins, 2008).
III. MAIN PROGRESS AND CHALLENGES FOR THE REGION

3.1 The set of social protection programs and policies for the poor and vulnerable, the evidence for which was described in the previous section, pursues important objectives for the improvement of people’s consumption, welfare, and human capital. Nevertheless, these programs alone cannot be understood as the region’s antipoverty strategy. Overcoming poverty requires economies that grow and that consolidate the formal sector so as to allow people with higher levels of education to obtain better jobs and higher incomes.

A. Diagnostic assessment

3.2 This diagnostic assessment section mainly focuses on the evolution and scale of poverty and income vulnerability. It also estimates the size of the target population of the following social inclusion and redistributive programs: early childhood development programs, youth programs, dependent care programs, and CCTPs.

3.3 Poverty and vulnerability. Personal incomes in Latin America and the Caribbean improved considerably between 2000 and 2015. The percentage of people living in extreme poverty fell from 28.1% to 12.8% and that of people living in moderate poverty decreased from 17.3% to 13.1% (see Figure 1). As a result, the total percentage of people living in poverty dropped from 45.5% to 25.9% (IDB, 2017a). Despite the economic slowdown the region has undergone since 2012, the positive growth trend in income was sustained, although at a slower pace and with a slight drop in 2015.

27 Poverty is defined as a lack of income and/or the presence of unmet basic needs. Vulnerability is defined as the risk of falling into monetary poverty or a situation of social exclusion. Given the lack of consensus as to which unmet basic needs entail a condition of poverty, and given the limitations of the data used to measure social exclusion, we analyze the monetary dimension of poverty and vulnerability.

28 Based on the poverty lines used by Duryea and Robles (2016). A situation of poverty is defined based on the daily per capita income in dollars, adjusted for purchasing power parity (PPP) in 2011. A person is living in poverty if they have an income of less than US$5. Within this group, those living on income of less than US$3.1 are considered to be in extreme poverty and those with an income of over US$3.1 are in a situation of moderate poverty. Additionally, a person is at risk of falling into poverty if their income exceeds US$5 but is less than US$12.4. This latter category is based on the approach proposed by López-Calva and Ortiz-Juárez (2011).
3.4 The drop in poverty has coincided with an increase in income vulnerability. This includes people whose incomes are above the poverty line but are on a level with a high likelihood of falling into poverty. Between 2000 and 2015 this group grew from 33.2% to 38.4% of the population (IDB, 2017a). In 2015 there were 78 million people living in extreme poverty in Latin America and the Caribbean, 79 million in moderate poverty, and 233 million a state of vulnerability.\footnote{This result was obtained by multiplying the proportion of people living in poverty and vulnerability obtained from the analysis of 18 countries, representing 97% of the population, by the total population of the Bank’s 26 borrowing member countries.}

3.5 Poverty needs to be analyzed as a dynamic phenomenon. In the case of Latin America and the Caribbean, this analysis denotes the prevalence of the risk of falling into poverty among nonpoor people and the chronicity of poverty among the poor. In 2003, around 65% of people whose incomes were vulnerable and 14% of the middle class suffered at least one episode of poverty between 2004 and 2013. Also, 91% of the extremely poor and 50% of the moderately poor in 2003, were poor for at least five years between 2004 and 2013 (Stampini, Robles, et al., 2016).

3.6 The percentage of people living in poverty in rural areas is considerably higher than in urban areas, particularly in the case of people living in extreme poverty. However, given that 80% of the population of Latin America and the Caribbean lives in urban areas (United Nations, 2014), they account for around half of all people living in poverty (Duryea and Robles, 2016). Poverty in rural areas tends to be a permanent situation (i.e. chronic poverty). By contrast, poverty in urban areas tends to be more transitional (Stampini, Robles, et al., 2016).

3.7 The gaps widen in populations experiencing a number of factors associated with social exclusion. For example, according to data available for Bolivia, Brazil, Chile, Ecuador, Guatemala, Panama, Peru, and Uruguay, the poverty rate is higher in the population of indigenous origin and among Afro-descendants. For example, in 2015,
poverty in Ecuador was 28%, but rose to 36% among Afro-descendants and 59% among the indigenous population. Even in Peru, where the poverty rate fell by more than half between 2000 and 2015 (from 53% to 23%), this only decreased by 41% among the indigenous population and 21% among the Afro-Peruvian population (IDB, 2017a).

3.8 **Target population of early childhood development programs.** Based on 2013 data, it is estimated that around 27.5 million children under four years of age in 18 countries of the region belong to a household considered poor or vulnerable on account of its income (Ibarrarán et al., 2016). In fact, the incidence of poverty among children under four years of age is 46% higher than among the general population, and the incidence of extreme poverty is 55% higher.30

3.9 **Target population of youth programs.** In Latin America and the Caribbean, around 71.2 million young people between 13 and 21 belong to households classified as poor or vulnerable, based on their income. The fertility rate among teenagers in the region is high compared to other regions of the world. In 2014, a rate of 65 births per thousand teenagers between 15 and 19 years31 was registered, behind only Sub-Saharan Africa, with a rate of 103 (Duryea and Robles 2016). It is estimated that around 1.2 million teenagers whose income makes them poor or vulnerable are pregnant (Ibarrarán et al., 2016). According to Cunningham et al. (2008), between 25% and 35% of young people in the region suffer the consequences of at least one risk behavior (dropping out of school, having children early, unemployment, suffering from an addiction, or having been arrested). Consequently, the target population for social inclusion programs for young people is in the range of 18 to 25 million.

3.10 **Target population for dependent care services.** In 2010, it is estimated that the prevalence of disability in Latin America and the Caribbean ranged from 2.9% in The Bahamas to 23.9% in Brazil. According to figures from various statistical sources in the region, which are not always comparable, it is estimated that nearly 12% of the region’s population was living with at least one disability, representing approximately 66 million individuals.32

3.11 The region’s population continues to age. Countries such as Uruguay, Barbados, Chile, and Argentina are in the later stages of the demographic transition and have population structures in which adults over 65 make up over 10% of the population, and there are more than 15 elderly people for every hundred between 15 and 64 years of age (United Nations Population Division, 2015). The region lacks systematic statistics on the population of dependent persons. However, some countries estimate the level of dependency based on the ability to carry out basic activities of daily living (ADL) and investigating how many hours of care are provided and by whom. For example, in Chile, in 2009, 24% of adults aged over 60 had some degree of limitation on carrying out at least one basic ADL (Servicio Nacional del

30 Authors’ calculations based on data from IDB 2017a.
31 There is no single and universally accepted definition of youth. The United Nations produces statistics on teenage pregnancy with reference to the 15-19-year-old age group. In the rest of the diagnostic assessment we refer to the 13-21 age group because the likelihood of dropping out of school increases at 13, and 21 is the age of workforce integration at the end of secondary schooling.
32 Source: https://www.cepal.org/notas/74/Titulares2.html.
Adulto Mayor [National Elder Service] (SENAMA, 2009). In Costa Rica, in 2006, 64% of adults aged over 65 had at least one functional limitation on carrying out ADLs, and 23% had limitations on IADLs (Consejo Nacional de la Persona Adulta Mayor [National Council for the Elderly], 2008).

3.12 Traditionally, the family has been in charge of caring for small children and dependent adults, performing the role of an informal social safety net. However, families in the region have experienced changes that have reduced their ability to provide care. Women have historically played the caregiving role and as families have shrunk in size, women’s participation in the workforce has increased. Between 1996 and 2015 the size of families in the region declined from 4.1 to 3.3 individuals, and between 1999 and 2014 the participation rate for women aged 25 to 64 in the labor market rose from 58% to 65% (Duryea and Robles, 2016). This has implications for poverty reduction as well as for the economics of childcare and caring for dependent adults (Gasparini and Marchionni, 2015).

3.13 Target population of CCTPs. Nearly 80 million people belong to households living in extreme poverty and with children and teens aged 18 or younger. This is a conservative estimate of the target population for CCTPs, and the real figure may be higher as some programs include older young people, women of childbearing age, or extend to households living in moderate poverty or suffering from income vulnerability.

B. Progress and challenges in the sector’s institutional organization

3.14 Unlike most developed countries, which, have had some form of welfare state for decades providing social insurance and income protection, and promoting social inclusion, in Latin American and Caribbean countries, the institutional basis of these programs and policies is more recent. The pivotal theme of social protection in the region has been household poverty. This contrasts with the approach in other, more developed countries, where protection systems are coordinated around the dimension of vulnerabilities over the course of the life cycle (Marx and Olivera, 2014; Ravallion, 2013).

3.15 Comparative studies at the regional level concur that progress on social protection systems in Latin America and the Caribbean has been mixed (Ocampo and Gómez-Arteaga, 2016; Székely, 2015). Progress has been made in areas such as system coverage, the benefits they provide, and their progressiveness. In terms of the institutional framework, these studies evaluate progress through the existence of a ministry with management capacity and resources whose main mandate is serving to the poor and vulnerable population; the existence of a system of monitoring and evaluation indicators for the sector objectives; a legal framework for establishing coordination mechanisms and responsibilities, rules of operation; and the development of a registry of beneficiaries.

3.16 Various Latin American and Caribbean countries have taken different routes to consolidate an institutional framework fostering vertical and horizontal coordination, whether in the social protection sector in general (as in Chile and Brazil) or in its

---

33 Longer life expectancy is having an impact on demand for care as there is a strong increase in dependency with age (for example, in 2012, serious dependence affected 7.6% of the population aged 65 to 69 years in Chile, whereas in the group aged 80 to 84 the rate was 31.0%, and for over 85 it was 43.0%).
subsectors (such as, for example, early childhood development in Colombia and Chile). A common feature of these experiences has been the need to change the approach used to operate in sectors that have traditionally focused on providing the services they are responsible for. Coordinated management means setting aside sectoral perspectives and thinking of the family and its needs as the hub around which coordinated and timely actions by the different sectors are organized.

3.17 There is no single recipe for the institutional coordination of social protection systems. Each specific context has its own ideal structure. Nevertheless, the need for better coordination and streamlining of the system of social protection programs and policies as a whole remains a pending challenge in the region, and all the more so in the current context of increased limits on fiscal expenditure. One essential aspect to bear in mind in the design of institutional coordination is the level of decentralization of the State and the functions of each sector in the various levels of government. Some of the region’s countries have designed interesting models of coordination between national and subnational governments. For example, most of the implementation of “Bolsa Familia” is the hands of the 5,700 Brazilian municípios, based on contracts signed with the federal government. Similarly, in Colombia the national government and local governments sign formal coreponsibility agreements defining each parties’ obligations. In both cases, the national authority remains responsible for setting policies, planning design and evaluation, establishing the rules of operation, and the budget (Paes-Sousa, Regalia, and Stampini, 2013).

3.18 A solid institutional framework for social protection requires a strong political mandate that promotes changes in the dynamics with which institutions and sectors have traditionally operated, and which ensures financial and human resources for managing coordination. The political economy of these reforms is often complex. It means giving up an approach focused on redistributive and social inclusion programs and adopting a systemic approach that envisages the following elements: (i) an institutional architecture with the mandate to coordinate and facilitate horizontal and vertical coordination, that has a presence at the central and subnational levels; (ii) common results frameworks linked to the budget; (iii) targeting and nominal information systems or beneficiary registries linked across sectors; (iv) quality assurance systems including the definition of rules of operation and standards, and their monitoring and continuous improvement; (v) systematic evaluation systems enabling management results to be improved; and (vi) coordination with other relevant stakeholders in the provision of services for the poor and vulnerable (such as nongovernmental organizations and the private sector) and the definition of social policy (such as academia).

3.19 As regards tools for the management of social protection systems, the region has made progress in terms of building targeting systems, in particular those used by CCTPs. In some countries, these system have been coordinated to target other social inclusion services. For example, in the case of Colombia, the early childhood development services of the Colombian Institute of Family Welfare (ICBF) are targeted using the System for the Identification of Potential Beneficiaries of Social Programs (known as SISBEN). Given the high level of informality in the economies of the region, in most cases (with the notable exception of the case of Brazil), targeting is carried out using information on the ownership of assets, characteristics of homes, and other sociodemographic variables that allow proxies of the level of structural poverty to be constructed using statistical techniques. Gathering the
information used to construct these wealth proxies periodically for the entire registry (at least in areas with a high incidence of poverty) requires a considerable operational effort. Given that one characteristic of exclusion is precisely the lack of access to social services, it is necessary to undertake an active search to bolster targeting strategies to prevent them from resulting in major exclusion errors.

3.20 Given their scale, in some countries the targeting systems originally developed by CCTPs have evolved into single beneficiary targeting and registration systems for a range of social inclusion programs. These systems harmonize the process of identification of the beneficiaries of the various programs, ensuring they are consistent with one another. Targeting systems classify potential beneficiaries’ levels of poverty and pass on this information to the various programs. This is the case of SISBEN in Colombia, for example. In practice, there is a great deal of room to strengthen these information flows, particularly the information that should flow in the opposite direction, regarding households’ continued participation in the various programs. Single beneficiary registries represent a step forward in this direction as they centralize the targeting and information about program participation, allowing overlaps and synergies between programs to be analyzed.

3.21 Targeting systems still have considerable scope to reduce inclusion errors and coverage gaps. In some cases, inclusion errors have arisen due to weaknesses in the statistical selection methods or in the operating mechanisms used in phases of expanding coverage. In others, improvements in welfare conditions among beneficiary households have allowed some beneficiary households to exceed the eligibility threshold. It is therefore important to consolidate regular mechanisms for recertifying households’ socioeconomic conditions and, where necessary, strengthen statistical selection tools, and the associated operational processes, while taking care to ensure that beneficiaries do not have disincentives to improve their homes or invest in assets so as not to exceed the eligibility point. Ecuador’s case shows that carrying out the recertification process is viable. The review of the Social Register every five years and the simultaneous retargeting of the Bono de Desarrollo Humano from all poor people to the extremely poor, led to 748,000 beneficiary households exiting the program (more than half the registry) between April 2013 and April 2015. Another challenge to minimize inclusion errors is to explore mechanisms allowing benefits to depend on the household’s poverty level, so that eligibility is not categorical. This would limit potential negative incentives for households close to the eligibility threshold.

3.22 The under-coverage of the extremely poor is another fundamental challenge for targeting systems. Despite the large scale on which many of the programs operate, conditional cash transfers benefit on average just 50.6% of the region’s extremely poor (Robles, Rubio, and Stampini, 2015). Under-coverage is due to several factors. In some cases, it results from rapid urban growth without suitable operating mechanisms being in place. In other cases, it may be associated with statistical errors in the targeting processes, which may be corrected. It may also be the result

---

34 There is also recent evidence suggesting that a significant percentage of individuals living in poverty belong to nonpoor households: half of malnourished women and children do not belong to the poorest 40% of households in Sub-Saharan Africa (Brown, Ravallion, and Van De Walle, 2017). By definition, this population is not covered by CCTPs when a mechanism classifying poverty at the household level is used, as is the case in the countries of the region.
of a lack of political will to implement recertification operations that lead households that exceed the eligibility criteria to graduate from the program, making way for poor households not benefiting from it. In general, the cost in financial and human resources terms of identifying and serving the poorest households is greater. For this reason, in the absence of political will, expanding coverage to less poor population groups may be given priority. To reduce under-coverage, some programs in the region have used active search mechanisms relying on social workers to identify very poor households that are excluded from the program. Active search efforts may be guided by the preparation of poverty maps by city block, with the potential to identify households living in extreme poverty within narrowly defined geographical areas (Stampini, 2017).

3.23 The evolution of care policies in Uruguay in recent years is an illustrative example of the region’s progress and challenges on the institutional level. The Ley de Cuidados (Care Law) was passed in 2015, establishing the Servicio Nacional Integrado de Cuidados (Comprehensive National Care Service, SNIC), which is guided by principles of solidarity, universality, autonomy, and coresponsibility. In addition to persons needing care, it recognizes formal and informal caregivers as a target population for the SNIC. Having made progress on the legislation and general design, the SNIC faces significant challenges; for example, the framework for expanding service coverage is still in its infancy. One fundamental challenge is defining mechanisms for coordination between the social and health services. This coordination is currently lacking in the region. One of the lessons from developed countries is precisely the importance of such integration. The international evidence reviewed in Section 2 shows that care services can contribute to improving health services and moderating their cost, this being one of the reasons underlying the public sector’s involvement in care.

3.24 The institutional consolidation of the social protection sector is particularly important given the unfavorable fiscal outlook in many of the region’s economies, for two reasons. First, a government’s social policies and programs have a high probability of being downsized or cut when the State budget is reduced. On the other hand, government programs and policy that are institutionalized are more stable in the face of changes of government and can play an important countercyclical role in times of macroeconomic contraction, which is precisely when social vulnerability is at its highest. Second, strong institutions are more likely to be soundly targeted and deliver high-quality services, ensuring the efficient use of available resources and thereby, the fiscal sustainability of social protection policies.

C. Progress and challenges in the provision of social inclusion services

3.25 Latin American and Caribbean countries have made progress on the social inclusion agenda through interventions supporting people at different stages of the life cycle. Although significant gaps in social inclusion program coverage persist, the fundamental challenge is to guarantee quality services that contribute effectively to overcoming the barriers causing exclusion. One central feature of the quality agenda, common to all services, is the need for human resources with the skills

---

35 Coresponsibility mechanisms in the State-family-market dimension and, importantly, in the division of care-related labor between men and women.

36 The SNIC includes, and initially gives priority to, care for children under three years of age.
required to provide effective services. This requires the definition of care protocols and work on models of training, on-going skills development, and supervision.

3.26 To promote the social inclusion of the most vulnerable groups, several countries in the region, including Costa Rica, Chile, and Uruguay are implementing family support strategies. These programs perform several functions, such as supporting verification of co-responsibilities in CCTPs, coordinating various service providers based on work with families, and influencing the determinants of social exclusion, which can only be done by taking a face-to-face approach over a significant period of time (Jara Maleš et al., 2013). Nonetheless, there are serious coverage gaps and this mode of intervention faces the challenge of growing without sacrificing the quality of the relationship built with the families. While interventions with the family unit may be more cost-effective than working with individuals, particularly when seeking to link several services to the same family, robust economic and impact analysis is still needed to support this hypothesis.

3.27 Participation by the private sector (both for- and not-for-profit) as a provider of social inclusion services (paid for by families or with partial or full subsidies) can help improve coverage and quality. To achieve these results, it is essential that the State strengthen its governance role by developing care protocols, quality standards, and ensuring compliance through monitoring, continuous improvement systems, and implementing consequences (penalties or incentives). The use of contracts with third parties incorporating results-based payment systems or other instruments promoting the efficient use of resources is a promising solution.

1. Progress and challenges in early childhood development programs

3.28 Coverage gap. Coverage of childcare services has increased significantly over the past decade. Although demand for this type of service is usually for children aged two and over, an increase has been observed in coverage in all age ranges, including children under two. In countries such as Brazil, Chile, Colombia, Ecuador, and Uruguay, at least 40% of children aged three attend childcare services. Childcare services financed with public resources constitute a major provider for all socioeconomic sectors. Even the children of mothers with higher level of education attend a public service more often than a private one (Berlinski and Schady, 2015). This evidence suggests that there is probably room for better targeting of childcare services financed entirely with public funds. There is also the option of experimenting with copayment schemes in those services dealing with nonpoor families, while recognizing that defining an eligibility threshold for services with copayments without creating distortions can be difficult, given the high level of informality in the economy. No systematic data exist on coverage of interventions working with families to promote early childhood development. However, efforts are under way in countries such as Brazil and Peru to scale them up considerably.

3.29 Quality. Efforts to improve the quality of ECD programs have often focused on what the literature refers to as structural quality, i.e., the infrastructure, provision of materials and equipment, or the care ratios (number of children under each adult’s care) in the classroom. However, the specialist literature reports that it is the quality of processes and the frequency and quality of adult-child interactions that produce more and better results in early childhood development (Araujo et al., 2014; Mashburn et al., 2008). The available evidence shows that the structural quality, and in particular the quality of childcare service processes in the region, varies widely,
but is generally low (Araujo et al., 2014; Bastos and Cristia, 2012; Bernal et al., 2012; Berlinski and Schady, 2015; Araujo Dormal and Schady, 2017). What little evidence there is on the quality of family support interventions to promote early childhood development suggests that there is considerable scope for improvement (Araujo, Grantham-McGregor, et al., 2017; Leer et al., 2016). Increasing the quality of processes requires investments in training actions, support, and staff mentoring. Another common challenge in the region is the definition of quality standards. This concerns standards on three levels: standards on the quality of services offered by public and private service providers, standards on the skills of staff in charge of children, and learning standards or guidelines for the results children are expected to achieve. Together with the definition of standards, there is also an outstanding need to implement systems for ongoing monitoring and continuous quality improvement. These systems will be more effective to the extent that they can support service providers with technical assistance and funding to comply with the standards.

3.30 Human resources. Early childhood development programs face serious difficulties in terms of human resources. To make these programs scalable in the region it is necessary to work with the personnel available in the communities where they operate. Personnel working in childcare are in some cases volunteers, most often without a formal employment relationship, and when they do have a formal job, the pay is low. This all contributes to high rates of turnover. Under such conditions, little can be expected of staff training, and the returns on investments in ongoing training are low. Kagan et al. (2016), Araujo, Dormal, and Schady (2017) and Araujo et al. (2015) report that levels of schooling among workers in the region’s early childhood development programs are lower than the programs’ own requirements, and they also offer very limited opportunities for training and professional growth. Without major changes in processes for selection, training (initial and ongoing), mentoring, professional development, and compensation of early childhood development service personnel, little can be expected in terms of significant improvements in their quality.

3.31 Curriculum and teaching model. Early childhood development programs in the region still have room for improvement in the development and strengthening of their teaching models and curricula. Curricula make it possible to reach a consensus on targets and align training, monitoring, and evaluation efforts. Moreover, curricula facilitate the work of personnel in charge of childcare and families in early childhood development services, because they provide content and offer specific activities and a working methodology to follow. These play a particularly important role in contexts where staff lack professional training in the area. In this type of context, more effective teaching and curricular models offer personnel appropriate activities and resources for the age and development level of the children under their care. The evidence has shown that a properly designed and implemented curriculum can translate into development results in areas where the biggest socioeconomic gradients have been reported in children under three years of age, such as language or cognition, in the case of the curriculum originally designed, implemented, and evaluated in Jamaica (Grantham-McGregor et al., 1991) and subsequently adapted to Colombia and Peru (Attanasio et al., 2014; Araujo, Grantham-McGregor, et al., 2017). It is also possible to work on a number of crosscutting issues through the curriculum (for example, early childhood development programs offer an excellent
opportunity to promote childrearing in a way that fosters gender equality) or specific to certain contexts (for example, socioemotional skills or post-traumatic aspects in environments that have experienced violence or armed conflict).

3.32 **Measurements.** No country in the region has a periodic and institutionalized measurement effort that produces indicators on levels of child development at the population level for children under six. Initiatives of this kind exist with varying degrees of progress in countries such as Colombia, Chile, Mexico, Peru, and Uruguay. Nevertheless, common challenges persist, including: definition of a cost-effective full-scale development measure, building local capacity to measure child development and analyze this type of data, and institutionalization of this measurement in sociodemographic survey systems at the national level ensuring medium-term financing. The availability of periodic indicators allowing the progress of child development to be quantified between countries and groups within countries, would be a powerful tool in mobilizing political and budgetary support for this sector.

2. **Progress and challenges in programs and services for young people**

3.33 **Coverage gap.** This SFD identifies expanding coverage of socioemotional skills development programs for poor or vulnerable young people as a significant challenge. Only two categories of programs implemented on a large scale in certain countries of the region stand out. First, programs that are linked to training offered to young people finishing secondary education. For example, the “Projovern” program in Brazil coordinates actions by several ministries through the Single Social Assistance System (SUAS) to keep teens in the school system and offer them vocational training options. In Colombia, young people exiting the “Familias en Acción” CCTP are being encouraged to take up training through the Servicio Nacional de Aprendizaje [National Learning Service] (SENA). Second, there are programs promoting social inclusion and socioemotional skills development through musical education, with an emphasis on teamwork. The only large-scale program in this group is the “Sistema Nacional de Orquestas y Coros Juveniles e Infantiles” [National system of youth and children’s orchestras and choirs] in Venezuela, which has almost 800,000 beneficiary children and young people. Apart from these programs, there is no systematic information on the supply and coverage of services and programs for poor and vulnerable young people in the region. There is a multiplicity of small-scale programs based on sporting or artistic activities, support or mentoring, and education associated with risk behaviors. However, the supply is inadequate in relation to the size of the poor and vulnerable youth population.

3.34 **Human resources.** Programs that have demonstrated effectiveness working with at-risk youth emphasize the training of operators working directly with beneficiaries, and the implementation of working protocols that ensure the quality of the interactions between the operator and the young person. A significant challenge is the qualification and support for the work of these programs’ human resources. One step forward in this regard is the joint initiative by Brazil, Uruguay, and Paraguay to prepare a proposal for competency-based training of operators, based on the qualification of personnel working with at-risk youth.

3.35 **Developing effective models.** Little is known about the quality, effectiveness, and impact of existing services for young people in the region. For the design and implementation of social inclusion services for this population group, rigorous evidence needs to be generated on the most effective practices for preventing young
people’s risk behaviors. For example, in the case of sexual and reproductive health, the challenge is to develop and implement interventions improving knowledge, access, and consistent and effective use of methods to prevent pregnancies and sexually transmitted diseases. One key challenge in this area is the design and implementation of rigorous evaluations and progress on measurement-related issues. The interventions being promoted by the Mesoamerica Health Initiative will provide evidence on these issues. In Honduras and El Salvador, for example, innovative community strategies are being implemented to safeguard maternal and child health and to promote healthy and safe practices among young people. In Costa Rica, a care model is being tested that strengthens strategies for working with teens in the primary healthcare network by multiplying points of contact with teenagers for the early detection of risk situations, and involving educational institutions, giving contraceptive advice and guidance, and leveraging opportunities offered by peer training to train young people as advocates for sexual and reproductive health.

3. Progress and challenges for dependent care services

3.36 An accelerated demographic transition. Although overall Latin America and the Caribbean is still benefiting from the demographic dividend that is expected to end in 2020, the population will soon start to age (Cavallo and Serebrisky, 2016, Chapter 6). This will put the countries of the region in a similar situation to the more advanced OECD countries when they reformed their long-term care (LTC) systems (Matus-López and Rodríguez-Modroño, 2014). In 2012, the population aged 65 and older in the region represented 6.85% of the total, while in the OECD countries the figure was 15.49% when they reformed their care systems. Nevertheless, the demographic transition stage differs widely between Latin American and Caribbean countries. In some countries, including Belize, Bolivia, Guatemala, Haiti, and Paraguay, the demographic dividend will last two or three more decades (Cavallo and Serebrisky, 2016, Figure 6.1). But in others the population is already aging. Uruguay already has a percentage of over-65s close to that of OECD countries when they embarked on their reforms, whereas in Argentina and Chile, the proportion of adults over 65 is around 10% (Matus-López and Rodríguez-Modroño, 2014). The projections show aging in Latin America and the Caribbean to be faster than in other regions: whereas in France it took over a century for the share of the population over 65 to rise from 7% to 14% (a value reached around 1980), in England it took just over 40 years, and it is estimated that in Brazil and Colombia it will take less than 20 (World Health Organization and National Institutes of Health, 2011; Kinsella and He, 2009; Kinsella et al., 2005). Moreover, life expectancy in the region is 74.4 years, whereas in the reference countries it was 78.1. However, in countries such as Argentina, Uruguay, Ecuador, Mexico, Panama, Costa Rica, and Chile, it is already longer. The participation of women in the labor market remains below the average for the reference countries (56.1% compared to 69.9%), but in a number of countries, such as Uruguay, Peru, Brazil, and Bolivia, levels close to 70% are observed. These indicators show that families, in particular women, will be increasingly unable to meet the growing demand for care.
3.37 Rules, coverage and quality. Most countries in the region have institutions and policies for care of the elderly\textsuperscript{37} and the disabled, and some have made progress on rules and regulations including aspects relating to care for dependent persons.\textsuperscript{38} Nevertheless, the Latin American and Caribbean region still lacks significant coverage of regulated care services or direct delivery by the public sector (Gascón and Redondo, 2014). Some countries have made progress with ad hoc interventions defining quality criteria to accredit care service provider institutions, as well as supervision and evaluation mechanisms. There remains a need to make headway on approval of quality standards in anticipation of the likely expansion of care services.

3.38 Human resources. Care services are primarily supported by the work of caregivers, who are predominantly women. The challenges mainly lie in two areas. On the competencies-based training side, the challenges for personnel providing formal and informal care services for dependent persons are similar to those identified for early childhood development and working with young people. These are concentrated on the need for training, continuing education, and supervision structures. A second challenge concerns the conditions under which caregivers work. Unless caregivers are paid, it is impossible to expect them to comply with quality standards. In the home, it is necessary to devise mechanisms that allow the work of caring for dependent persons to be redistributed among women and men. It may be that, in some cases, part of this work goes beyond the family sphere to involve a care provider. It is worth noting that LTC represents an opportunity to create jobs in the care area. This creates potential for it to be planned as an opportunity for formal work and professional development for caregivers.

3.39 Operational considerations. It is necessary to develop information systems that gather statistics on demography, epidemiology, disability, and social conditions in order to produce specific projections of dependent care service supply and demand. In relation to services, it is also necessary to develop quality standards and supervision and monitoring mechanisms for them, linked to continuous improvement systems.

3.40 Knowledge. There are various knowledge gaps. First, estimates need to be made of the demand for care depending on severity, people’s ability to pay, and according to gender, which are three decisive factors in vulnerability and care needs. The cost-effectiveness of alternative for providing services depending on the place and type of service also needs to be studied, as does the qualification of the required human resources. Another area of study is that of the different coverage and funding models for LTC services. Lastly, evidence needs to be produced on the effectiveness of care policies and their impacts on the welfare of dependent persons and of caregivers, and on the generation of savings for the healthcare system.

\textsuperscript{37} For example, the Instituto Nacional de las Personas Adultas Mayores [National Institute for the Elderly] (INAPAM) in Mexico, and the Servicio Nacional del Adulto Mayor [National Service for the Elderly] (SENASA) in Chile.

\textsuperscript{38} At the regional level, in 2016 the General Assembly of the Organization of American States (OAS) adopted the Inter-American Convention on Protecting the Human Rights of Older Persons, which points out the “Responsibility of the State and participation of the family and the community in the active, full, and productive integration of older persons into society, and in the care of, and assistance to, the older person.” See http://www.oas.org/en/sla/dil/inter_american_treaties_A-70_human_rights_older_persons.asp.
D. Progress and challenges in redistributive programs

3.41 The first challenge for Latin America and the Caribbean is to consolidate and streamline different redistributive programs that fulfill similar functions, in order to increase the efficiency of spending and improve the consistency of public policy. The complex political economy of any reform initiative cannot be overlooked. The success of any reform requires strong political will, and a phased approach allowing the achievements obtained to be consolidated while making progress on the implementation of efficient redistributive policies. The second challenge is the consolidation of CCTP operating cycles and increasing coordination with the health and education sectors so that transfers maximize their impacts on the accumulation of human capital.

1. Generalized subsidies and tax expenditure

3.42 Improving spending efficiency. Generalized subsidies and tax expenditure are characterized by high levels of leakage to nonpoor population strata, and the region has a number of successful experiences with reforms to correct this problem. For example, the Dominican Republic eliminated the generalized gas and electricity subsidy and replaced them with the “Bono Gas Hogar” and “Bono Luz,” both targeted through the quality of life index calculated by the Master Beneficiary System. When these subsidies were created, beneficiaries of the “Progresando con Solidaridad” CCTP were automatically eligible. Eliminating the generalized gas subsidy allowed savings of 75% of the pre-reform budget. Experiences like this show that it is feasible to streamline spending on social protection by selecting better targeted and more efficient interventions. This remains a challenge in the region and is likely to take on particular importance in a context of reduced fiscal leeway.

2. Conditional cash transfer programs

3.43 Consolidation of operating processes to achieve core objectives. CCTPs face the ongoing challenge of optimizing their processes for beneficiary identification and recertification, verifying compliance with conditions, and paying transfers. This is fundamental to maximizing redistributive impacts in terms of the increased use of health and education services. Promoting new objectives—such as supporting income generation among the adult members of beneficiary households—can reduce the effort devoted to the core objectives without them being achieved.

3.44 Coordination with programs geared toward improving health and education service access and quality. There is evidence that it is cost-effective to deploy CCTP programs with interventions improving access to and the quality of the services whose demand they promote (Saavedra and García, 2012). However, CCTP beneficiaries usually have less access to services and a lower probability of participating in programs geared toward improving the quality of these services, primarily as a result of the difficulty these programs have operating in poorer localities (Mancera et al., 2010). One of the major challenges for the future of CCTPs is to better leverage their operational capacity and political visibility to promote a more effective model for coordination with interventions focused on improving the supply and quality of services. The shift from a programmatic to a systemic perspective in the institutional framework of social protection will strengthen this type of coordination. One successful example from the region is that of Argentina, where the synergy between the SUMAR program (which adopted performance-based
payment in health) and the “Asignación Universal por Hijo” (AUH) CCTP, shows the potential impact of coordination between a program strengthening supply and one promoting demand. Qualitative evaluations show that improvements in maternal and child health have been achieved that are attributable to the use of health services promoted by AUH (Programa SUMAR, 2013).

3.45 **Verification of coresponsibilities.** Verifying compliance with coresponsibilities remains an operational challenge in some countries. The cost of verification can be lowered if the sectors have nominal information in electronic format on school enrollments and attendance, and health checkups. Experience in countries that have explored this option suggests that strengthening information systems in education and health services is operationally complex and requires incentives to be put in place for the sectors to complete the information adequately. Nevertheless, when the sector takes leadership of these efforts, as in the case of electronic school enrollments in Honduras, the results are positive.

3.46 **Relevance of coresponsibilities.** Although a certain amount of inertia has been seen in the design of conditionalities, in a number of countries they have been revised to ensure they are relevant to the main challenges faced by the poor population. In those cases where all children receive basic healthcare checkups and school attendance is almost universal, trials have begun with different conditionalities that seek to encourage control over risk factors for health, school achievement, and formal employment. Some programs have included conditionalities relating to preventive health services for adults (such as screening and treatment for high blood pressure) (Ibarrarán, Stampini, and Regalia, 2017, p. 108). The challenge is to generate rigorous evidence that confirms the success of these new conditionalities, which means it is necessary to keep up the good practices observed by CCTPs of carrying out pilot projects, accompanied by rigorous impact evaluations. For example, Mexico is implementing an impact evaluation on an alternative mechanism that seeks to reduce the school drop-out rate at the highest grade levels. Under this new mechanism, the portion of the CCTP transfer corresponding to educational support is paid directly to the grant recipient in the last three years of secondary education (known as preparatory education in Mexico). The initial results of the evaluation of this mechanism are encouraging, because they show a reduction in the school drop-out rate (Araujo, Galiani, et al., 2017). Lastly, it is essential for conditionalities and the rules of CCT program operation in general to be adapted to the specific situation of indigenous peoples and Afro-descendants to ensure their cultural relevance. Several countries, such as Ecuador, Honduras, Mexico, and Peru, have made progress in this direction.

3.47 **Payment systems.** CCTPs have achieved substantial improvements in transfer payment processes, going from cash handouts to bank transfers through public and private institutions. This has substantially reduced the opportunity cost for beneficiary households and the administrative costs for the programs. For example, in Colombia the adoption of electronic payment methods reduced the waiting time by an average of four hours, compared to payments by bank draft (Maldonado and Tejerina, 2010). As well as allowing cash withdrawals, some countries have also added additional banking services to their bank cards, such as checking and savings accounts. In the Dominican Republic, for example, transfers are credited to a debit card that beneficiaries can use in a network of businesses.
A major challenge is the limited capillarity of the network of payment points in remote rural areas. This is an area where private sector participation may be promoted. A promising system of incentives was implemented in Colombia, leading to the creation of bank accounts for 2.6 million families. A call for tender was held for nonbank correspondents in municipios lacking a bank. “To offset the risk of there being insufficient customers, the government undertook to guarantee a minimum number of transactions over a limited period. The result was that, after this period, nonbank correspondents remained in most municipios, and other financial institutions even opened correspondent banks (CGAP and Marulanda Consultores, 2013)” (Medellín and Tejerina, 2017, p. 80). The process of bringing the unbanked into the formal financial system poses the challenge of developing regulatory systems for collections and fees charged by participating financial institutions (Maldonado and Tejerina, 2010). It also requires the implementation of financial education programs for the vulnerable population.

The use of cellular phones for transfer payments has been underexplored in the region, with the exception of small-scale pilot projects in Honduras and Colombia. Cell phones can be used a means of identifying households, no link to a bank account is required, and they are accepted at a large number of payment points, including business networks. The expansion of the use of this form of payment represents a challenge, and at the same time may be an opportunity for cooperation with the private sector.

**Labor incentives.** Several countries have taken preventive measures to forestall the risk of a drop in the formality rate among the eligible population. For example, labor variables have been excluded from records and from the eligibility form. In Chile, changes were introduced in the incentives mechanism to encourage formal employment. The impacts of this reform have not been evaluated.

**CCTPs in urban areas.** The implementation of CCTPs in urban areas poses additional challenges, as has been reported in evaluations, which generally show impacts to be positive, although less so than in rural areas (Angelucci and Attanasio, 2009; Behrman et al., 2012). There are several reasons for this. First, urban poverty is more volatile than rural poverty (Stampini, Robles, et al., 2016), so it requires mechanisms to allow beneficiaries to join and leave the ranks of beneficiaries more frequently. Second, urban poverty is more difficult to identify by means of an income estimate based on asset holdings (Coady and Parker, 2005; Robles, Rubio, and Stampini, 2015), and therefore requires alternative targeting instruments. Third, the opportunity cost of complying with coregions may be higher in urban areas due to the higher workforce participation rate among the women responsible for compliance, because health services are more congested, and because young people have more job opportunities. Lastly, in urban areas children may drop out of school for reasons that are complex and not explained by purely economic factors, including greater exposure to risk behaviors.

In response to these challenges, a number of countries have adapted CCTPs for urban areas. For example, as part of the urban model it started implementing in 2009, Mexico made adjustments to the program’s health and nutrition components and the model of operational care and grant structure. In the specific case of grants, in a subset of localities, grants for children in primary education were eliminated and the amounts for secondary and preparatory school were increased. The change in
amounts was done in a fiscally neutral way. The evaluation of this model shows that there is significant potential to improve graduation rates from preparatory education and reduce drop-out rates in the six grades after primary (Araujo, Martínez, et al., 2017).

3.53 Gender equality. CCTPs have been questioned for imposing responsibility for fulfillment of the co-responsibilities on mothers, increasing their workload in the household and reinforcing their traditional family role (Molyneux, 2008; Rodríguez Enríquez, 2011; Chant, 2008). However, these programs can also offer opportunities to promote more equitable relationships and women’s autonomy, for example, by generating incentives for men to become involved in caregiver roles. Integrating information technology in the operating cycle has the potential to reduce the burden on women (by lowering the opportunity cost of receiving the transfers) and to improve the verification of co-responsibilities. Another challenge is to strengthen educational interventions targeting gender topics.

IV. LESSONS LEARNED FROM IDB EXPERIENCE IN SOCIAL PROTECTION FOR THE POOR AND VULNERABLE

A. Evaluations by the Office of Evaluation and Oversight

4.1 In 2015, the Bank’s Office of Evaluation and Oversight (OVE) conducted a “Review of IDB Institutional Support to the Conditional Cash Transfer in Three Lower-Middle-Income Countries” (Azuara, Maciel, and Tetreault, 2015). The evaluation revealed the effectiveness of the IDB’s technical support in the areas of poverty measurement, design of targeting and registration systems, and external evaluations. The analysis suggested that the areas requiring additional effort included: (i) strengthening Bank support to institutional components requiring ongoing government capacity and coordination, such as monitoring and enforcement of conditions and administration of payments; and (ii) systematizing the lessons learned from previous operations, processes, and evaluations.

4.2 As part of the “Review of IDB Support to Secondary Education,” OVE also analyzed the education component of 20 CCTPs in the region (Office of Evaluation and Oversight, 2013). OVE recognized the Bank’s work in supporting the full secondary education cycle through CCTPs. To continue these efforts, the office recommended undertaking more analytical work, including the evaluation of pilot projects, to study alternatives allowing the benefits of CCTPs to be expanded to all levels of secondary education. Lastly, OVE suggested creating a system for the accumulation of institutional knowledge on CCTPs allowing the dissemination of lessons learned.

4.3 The Bank has supported changes in the structure of CCTP transfers in Honduras, Mexico, and Peru to encourage secondary school attendance, while in The Bahamas school performance was promoted with mentoring programs included as part of a system of co-responsibilities. The Bank is also supporting countries’ efforts to develop evaluations to confirm that the changes are yielding the desired results. Also in line with OVE’s recommendations, the Bank is developing knowledge products on operational challenges, long-term impacts, and programmatic options to complement CCTPs in the social protection area.
B. Results of the Development Effectiveness Matrix

4.4 The design of social protection operations maintained a high level of evaluability between 2014 and 2016. During this period, 11 of the 13 operations approved were classified as highly evaluable, and the remaining two as evaluable. A longer-term analysis indicates that each of the elements of the Development Effectiveness Matrix (DEM), and therefore evaluability in general, has improved since 2009, and that high levels have been maintained in recent years.

4.5 The use of cost/benefit analysis methodologies to undertake the economic analysis has been consolidated in recent years. As regards monitoring and evaluation, emphasis has been placed on strengthening government information systems both as a mechanism for adequate monitoring and to inform evaluations, including impact evaluations. The aim of the foregoing is to improve the quality of administrative data and reduce the cost of impact evaluations.

C. Lessons learned from the IDB’s operational experience

4.6 The Knowledge Management Division (KNL/KNM) carried out a study of 26 sovereign guaranteed operations in the social protection sector portfolio. This analysis sought to extract the main lessons emerging from operational experience on the three dimensions of this SFD: (i) the institutional framework of the sector where the majority of findings and recommendations of the sample analyzed are presented; (ii) social inclusion services, where 15 operations were reviewed; and (iii) redistributive programs, where 11 interventions were studied. It is worth noting that for this analysis the main documents relating to the selected projects\(^{39}\) were considered, and project team leaders, and in some cases, executing agencies, were interviewed. The main lessons learned from the aforementioned study are highlighted below.

4.7 The institutional structure of social protection. In the institutional area, the lessons learned are organized around five dimensions:

4.8 Institutional coordination. Horizontal and vertical coordination is crucial to the implementation of all the social inclusion services and redistributive programs covered by this SFD. Instruments such as decentralization agreements or the existence of focal points at executing units at the subnational level have made it possible to produce participatory management structures with local institutions, justifying the decision-making process and strengthening vertical coordination. Regional experience highlights the importance of having coordination mechanisms with legal, operational, and budgetary capacity to facilitate dialogue and articulate a comprehensive view of social protection. In this regard, key tools include establishing concrete targets, forming a full-time, autonomous execution team, allocating specific budgets—down to the local level—and having information systems and mechanisms enabling accountability. Key requirements are a strong mandate from the political authorities (presidency and sectoral ministries), achieving monitoring of budgetary allocation and execution for transfers, and actions to strengthen supply by finance ministries. Some Latin American and Caribbean

\(^{39}\) Loan proposals and contracts, results matrix, risk matrix, institutional capacity assessment reports, Operating Regulations, PEPs, AWPs, technical cooperation operations to support loans, PMRs, midterm and final evaluation reports, and PCRs.
countries have managed to frame these coordination efforts in integrated social
development and poverty reduction strategies that specify the scope, stakeholders,
targets, and responsibilities regarding program design, execution, and monitoring.

4.9 **The political economy of reform.** In some contexts, institutional or political
economy issues may hinder efforts to streamline social protection spending, improve
its effectiveness, facilitate access to information on the topic, and coordinate actions
across sectors and levels of government. It is recognized that the political context
may be a limiting factor hindering social protection reform, particularly when the
reforms affect specific interest groups. Even when there is strong technical capacity
for monitoring and solid evidence from evaluations is available, there may be political
considerations limiting the feasibility of introducing reforms. The Bank recognizes
that it operates in this context.

4.10 **Targeting and managing beneficiary registries.** The country context, and
program design and size need to be taken into account when selecting the targeting
mechanism. For example, geographical targeting is appropriate in areas with a high
incidence of poverty and a uniform socioeconomic structure. Moreover, it facilitates
the expansion of health and education services (corresponding to the CCTP
coresponsibilities). Proxy means tests reduce exclusion errors but are more costly
and pose certain technical challenges, such as the need for periodic review to reflect
the shifting correlation between assets and poverty. When they result in a scattering
of beneficiaries, they make managing complementary services more difficult.
Experience also suggests that it is necessary to adapt statistical models when the
program expands from rural to urban areas. It is also crucial to strengthen the
technical management capacity of beneficiary registries and design an eligibility
recertification strategy taking into account that it is a complex but essential process.
Databases on fulfillment of coresponsibilities may be used to channel families who
systematically fail to comply towards specialized social services (for example, family
support). A single registry of social protection program beneficiaries linked to
monitoring systems can be a valuable tool in managing social protection programs.

4.11 **Community participation and cultural relevance of interventions.** The strengthening of community processes by establishing beneficiary care points or
through social audits, raises the population’s awareness of the program’s objectives
and helps position it on the agenda of local-level community management bodies,
while also mitigating integrity risk. Moreover, experience in the region indicates that
in countries where cultural, social, and ethnic diversity prevail, it is necessary to
include appropriate intervention and social communication strategies, with an
intercultural perspective, to stimulate results and foster stronger ownership of
programs.

4.12 **Combination of financial instruments for social protection projects.** The Bank
has used various instruments to support the implementation of social protection
policies and programs. Programmatic instruments such as programmatic policy-
based loans (PBP) and policy-based loans (PBLs) have been effective in
supporting sector reforms and streamlining social spending (as in Guatemala,
Colombia, Panama, and Peru).

4.13 Experience has shown that the design of programmatic loans needs to take into
account the political economy of the reform when the conditionality matrix is defined.
Reforms requiring a law to be passed or several programs to be consolidated stand
out as being particularly complex. One factor that has proven important for the success of programmatic series is that they be supported by technical cooperation operations (Schijman et al., 2016) and investment loans. Around 80% of programmatic operations have been supported by at least one Bank technical cooperation operation. In the case of the Bank’s Social Protection and Health Division this proportion has been maintained, but in 67% of cases, one or more supporting technical cooperation operations were used (Schijman et al. 2016, Annex 1). Investment loans can generate significant synergies with the programmatic series when they finance investments enabling the implementation of policy reforms.

4.14 For their part, investment loans have managed to ensure close technical support by the Bank and promote design and operational innovations. They have also been the ideal instrument for strengthening the supply of services associated with social inclusion policies. The complementarity with programmatic policy-based series has enabled development and consolidation of monitoring and evaluation systems, with significant achievements, such as in CCTPs and, more recently, in the early childhood development area.

4.15 **Social inclusion services.** The main lessons emerging from operational experience in this area are:

4.16 **Early childhood development.** In recent years early childhood development programs have been implemented that coordinate actions in areas such as nutrition, maternal and child health, broader preschool coverage, services working with families, and assistance registering births in poor rural communities. However, these initiatives face interagency coordination challenges and persistent hurdles in defining minimum quality standards for service delivery and establishing effective monitoring and evaluation mechanisms. Experience in the region suggests that training and ongoing feedback to ECD service providers is needed, for both public or private sector providers.

4.17 **Youth services.** In recent years, the Bank has supported programs for young people that have emphasized skills accumulation and preventing risk behaviors. The empirical evidence remains limited, but there is growing interest in these programs from governments. It is essential that these interventions include an evaluation component making it possible to generate rigorous knowledge on their effectiveness.

4.18 **Redistributive programs. Conditional cash transfer programs.** In this area, the lessons learned are aligned along three dimensions:

4.19 **Coordination of supply and conditionalities.** Challenges persist with regard to coordination with the offering of services to ensure CCTP beneficiaries have effective access to quality sector services. In CCTPs, verification of coresponsibilities creates an opportunity to strengthen sector information systems and plan expansion of the service offering. Coresponsibility verification tools may be automated or enhanced in order to save time and reduce costs. Experience shows that improvements in strict monitoring of coresponsibilities require political support from the authorities as well as inter-party agreements. It is also timely to experiment with innovations aligning transfers with supply-side incentives, including results-
based funding mechanisms, to change service providers' behaviors and help to close gaps between supply and demand in terms of access and quality.  

4.20 **Financial inclusion.** The experience with electronic payments in CCTPs points to the need to carry out specific actions to promote financial inclusion, for example, through financial literacy education and agreements to reduce bank charges. Beneficiaries need to be given support to facilitate the transition from cash payments to electronic payments, and negotiations need to be conducted with financial institutions so that beneficiaries can access other types of financial services.

4.21 **Evaluation.** CCTPs have contributed to the development of rigorous monitoring and evaluation agendas, enabling change theory to be validated, and feedback to be provided, with innovations, for program design and implementation. For social inclusion services—youth, dependent care, and to a lesser extent, early childhood development—there are major knowledge gaps regarding the most effective interventions. One challenge for the region is to institutionalize evaluation strategies as rigorous as those for CCTPs, combining impact evaluations with evaluations of processes, and focusing on the most recent social inclusion programs. The Bank has provided direct technical assistance to promote rigorous evaluation methodologies in the framework of its operations, regional policy dialogues, and training activities designed for its clients. It is important for the Bank to support evaluations allowing research not only into what works but also why (or why not), seeking to use administrative data and emphasizing methodological considerations to ensure the quality of measurements.

D. **The Bank’s comparative advantages in the social protection and poverty sector**

4.22 The Bank’s work over the last 15 years has shown that at the strategic level, it is necessary to have a programmatic approach with ongoing technical support allowing programs to adapt to the demographic and socioeconomic changes in the region’s countries. The Bank has supported countries in Latin America and the Caribbean in consolidating the social protection sector as the backbone of the various sectors involved in social inclusion, helping develop the human capital of households living in poverty. The Bank has also supported the development of innovations and has facilitated the exchange of experience among the region’s countries.

4.23 Between 2014 and 2016 thirteen loans were approved—eight investment loans and five loans as part of programmatic policy-based series. These operations are for a total of US$2.143 billion. Together with operations approved before 2014, these operations comprise the Bank’s active social protection portfolio, which includes 23 loans in 14 countries. The portfolio is balanced between the various social inclusion services and redistributive programs covered by this SFD: nine operations support CCTPs, seven invest in early childhood development, and four in youth topics. It also includes two emerging themes in social protection: there are two operations with components supporting social inclusion in general through the

---

40 One example is the experience supported by the Bank in Panama, where conditional cash transfers in health are aligned with incentives for community health workers and the community (with an experimental evaluation under way to measure the model’s effectiveness).

41 Projects active at end-2016 with a balance pending disbursement greater than zero were considered.
working methodology of family support and one geared more toward dependent care. In addition to, the portfolio includes 38 nonreimbursable technical cooperation operations in 15 countries.

4.24 Since the mid-1990s, the Bank has supported the design, implementation, and evaluation of the main social protection programs in the region: social investment funds, CCTPs, and more recently, social inclusion programs. For example, in the late 1990s, it was a pioneer in supporting the development of innovations such as CCTPs in small and vulnerable countries such as Honduras and Nicaragua, and in supporting the consolidation of CCTPs in a middle-income country (Mexico). Since then, the Bank has supported numerous interventions in the region; and the number of countries in which it had CCTP operations rose from seven to 18 between 2002 and 2012. The Bank has demonstrated rigorous knowledge, flexibility, and creativity in this process in helping countries adopt and tailoring programs to each country’s particular needs. Reforms have been supported to increase the efficiency of social expenditure and avoid duplication of programs, with an emphasis on targeting and results monitoring. The Bank has also facilitated intraregional cooperation to share operational experiences. In the context of South-South cooperation, the Bank contributed to knowledge sharing on CCTPs with countries in the region and beyond. This operational knowledge was recently codified in a book on CCTP operating cycles and the lessons learned from twenty years of implementation in the region.

4.25 The Bank is also recognized for its leadership in early childhood development. Over the last five years it has provided technical and financial support to Argentina, Bolivia, Brazil, Colombia, the Dominican Republic, Ecuador, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, and Uruguay in various technical assistance activities. These include documenting the existence of socioeconomic gradients in levels of child development from a very early age, evaluation of service quality, large-scale measurement of child development, and strengthening the sector’s institutional framework, and program design and strengthening. The Bank is supporting rigorous impact evaluations of cost-effective interventions operating on a large scale. The Bank supported PRIDI to promote population measurement of child development among children 2 to 5 years old. The Bank has also offered the first massive online course on effective early childhood development policies, with nearly 15,000 enrolled during its two sessions. All this positions the Bank as a benchmark in the development, implementation, and evaluation of early childhood development policies and programs in the region.

4.26 Thanks to its proximity and ongoing dialogue with the region’s countries, the Bank has contributed to the institutionalization of social protection policies for the poor and vulnerable, as well as to interagency coordination processes. For example, it helped Peru set up and consolidate its Ministry of Development and Social Inclusion, with policy-based loans and high-level technical support. It has also provided similar support to other countries, such as Ecuador, Honduras, the Dominican Republic, and Uruguay, to mention a few.

4.27 The Bank is a recognized leader in impact evaluation. CCTPs marked a paradigm shift in terms of monitoring and evaluation, and the Bank has taken part in technical discussions and promoted the use of evaluations for program improvement. The Bank recently completed the first rigorous impact evaluation of Venezuela’s Sistema Nacional de Orquestas y Coros Juveniles e Infantiles [National system of youth and
children’s orchestras and choirs]. The Bank has also worked closely with evaluation offices in the countries, which normally give priority to the evaluation of social protection programs (for example, the National Planning Department in Colombia, and the Consejo Nacional de Evaluación de la Política Social y Medición de la Pobreza [National council for evaluation of social policy and poverty measurement] in Mexico).

4.28 The Bank’s technical and dialogue capacity has enabled it to respond to countries’ needs and support work on emerging topics, such as youth and family support programs, care for the elderly, and support for people with different abilities. Through technical assistance and regional and subregional policy dialogues, the Bank is leading efforts to develop, implement, and evaluate cost-effective alternatives to meet these needs. For example, the Bank is currently financing a regional technical-cooperation operation on policies for the elderly in the Southern Cone, and previously supported Chile’s development of innovative models of care for the elderly.

4.29 The Bank’s analytical work, alongside its loan operations, technical cooperation work, and country policy dialogue, is another of its most important comparative advantages. The Bank stands out for its broad knowledge agenda. In the last three years, for example, the Bank’s Social Protection and Health Division has produced 33 publications on social protection and poverty (books, technical notes, working papers, and monographs), as well as numerous studies published via external channels. To these are added various publications by specialists in other areas of the Bank, such as the Research Department, the Social Sector, the Vice Presidency for Sectors and Knowledge, and OVE. The Bank’s blog on early childhood development has also become a benchmark in discussion of the topic in the region.

4.30 There are areas of social protection for the poor and vulnerable where the Bank, recognizing the experience and institutional capacity of other actors, is not seeking the leadership role. For example, on matters concerning institutions for children without a family, partnerships will be strengthened and joint activities promoted with institutions such as UNICEF, along with local and international nongovernmental and civil society organizations.

V. TARGETS, PRINCIPLES, DIMENSIONS OF SUCCESS, AND LINES OF ACTION THAT WILL GUIDE THE BANK’S OPERATIONAL ACTIVITIES AND RESEARCH

5.1 This SFD proposes that the fundamental targets of the Bank’s work in social protection for the poor and vulnerable should be promoting the social inclusion of poor and vulnerable people, and supporting minimum levels of consumption by the extremely poor through mechanisms favoring capacity-building.

5.2 Four dimensions of success have been defined to achieve these targets. These dimensions were defined to respond to the region’s challenges, based on international evidence and best practices, the significant progress made in the region, and lessons from the Bank’s operational and analytical work reported here. This SFD is complemented by the Bank’s programming instruments. Therefore, although the dimensions of success guide the Bank’s operational and analytical activities, support to borrowers will respond to specific country demands.
5.3 The dimension of success are summarized below, describing the corresponding priority lines of action, and identifying the operational and knowledge activities in which it is proposed that the Bank’s efforts be concentrated.

A. **Dimension of success 1.** Before starting preschool, children living in poverty and vulnerability have good quality interactions and learning opportunities in the home and/or care centers supporting their cognitive, language, socioemotional, and motor development.

5.4 This dimension aims to support countries’ efforts to strengthen childcare services and family support interventions to promote early childhood development. This has two goals: First, to ensure these services are properly targeted and effectively serve poor and vulnerable families. And second, to ensure that these services are good quality, so that they produce impacts in terms of children’s long-term development and welfare.

5.5 **Lines of action.** To achieve the objectives of this dimension of success, the following lines of action are proposed:

1. **Coverage.** Efforts will be made to expand access to childcare and family support services, and to improve their targeting, so as to ensure care for children from the poorest and most vulnerable strata. Together with the health sector, efforts will be made to strengthen the identification of developmental shortfalls and the referral systems for the specialized care thereof, in order to provide timely support with proper care interventions for disabilities—and in some cases their prevention.

2. **Quality.** Efforts will be made to ensure that childcare and family support services for the poor and vulnerable population groups are of high quality.

5.6 **Activities.** In order to implement these lines of action, the Bank’s work will concentrate on:

a. Supporting countries’ efforts to scale up modalities of care and family support service delivery that have demonstrated their effectiveness. This task envisages the proper contextualization of interventions, including the curriculum and learning materials, and diverse geographical and cultural settings. Scaling up these services requires careful diagnostic assessment and situational analysis, close technical support, and investment in essential aspects of management and implementation to ensure quality service delivery. The relationship established with the families through these two care modalities will also promote active parenting.

b. Creating and implementing quality assurance and continuous improvement systems for early childhood development services: information systems, quality measurement, definition of standards, monitoring systems, and systematic monitoring activities to improve them. The quality assurance cycle will focus on three specific areas: (i) the quality of the services providers should offer; (ii) the skills the staff caring for children should have; and (iii) the development milestones children should reach.

c. Institutionalizing and strengthening countries’ capacity to periodically measure child development across the entire population. As with all the monitoring and
evaluation activities, this entails the development of indicators broken down by boys and girls.

d. Designing and strengthening the sector’s institutional architecture, including:

(i) Mechanisms for coordination between sectors and levels of government that include the development of tools for coordination management, including: (1) nominal information systems for the individual monitoring of children and families with information on the services they receive; (2) information systems on public and private service providers, with the characteristics of their services; and (3) results frameworks shared between sectors, with results-based budgets.

(ii) Legislative reforms that ensure the sustainability of the sector’s financing, in accordance with countries’ fiscal frameworks, and identifying mechanisms that guarantee these budgetary commitments are met. Increased analytical work on the funding mechanisms and service copayment systems.

(iii) Training, mentoring, and appropriate employment conditions that attract and retain, and motivate the professional development of personnel in charge of childcare. This work is done predominantly by a female workforce. Therefore, the proposed reforms contribute to gender equity in the work.

e. Strengthening teaching models and curricula for early childhood development programs, strengthening early learning guidelines, and enhancing the role of curricula as tools for building consensus around targets, and align training, monitoring, and evaluation efforts. In the curricular area, efforts will be made to ensure quality transitions between different child-care settings (home, care center, and preschool). Work will also be done with programs so that, through their curricular content and staff training and support programs, they promote gender equality.

B. Dimension of success 2. Young people living in poverty and vulnerability have access to services addressing instrumental aspects relating to cognitive skills, including the development of the socioemotional skills needed to achieve effective social inclusion.

5.7 This dimension of success aims to guide investments focused on building the capacity to plan, implement, and evaluate social inclusion policies for young people living in poverty and vulnerability, incorporating strategies to support the development of socioemotional skills that are essential in order to follow positive trajectories of participation in the structure of opportunities.

5.8 **Lines of action:** To achieve these effects, the following lines of action are proposed:

1. **Coverage.** Efforts will be made to expand teenagers’ and young people’s access to programs seeking to help prevent or mitigate the main risks associated with youth vulnerability, and which are necessary in order to return to or continue on successful trajectories of social inclusion and which are critical for this developmental stage.
2. **Quality.** Efforts will be made to ensure that the design of social inclusion services for young people incorporates those elements that the available international evidence shows to be the factors with the greatest influence on the final outcomes, principally having qualified personnel working directly with young people, opportunities for the development of socioemotional skills, and incorporation of actions with an impact on the family and community setting.

5.9 **Actions.** In order to implement these lines of action, the Bank is expected to support the following activities:

a. Ensuring that the countries of the region have up-to-date, quality information on the prevalence of the main determinants of youth vulnerability in their jurisdictions.

b. Testing service models at a small scale, but with high potential for replication and expansion of coverage under sustainable implementation conditions allowing standards recommended by the available evidence on effectiveness to be addressed. This is particularly valid in the area of teenage pregnancy prevention, where the available evidence allows models of intervention with greater preventive power to be recommended, in terms of addressing high risk sexual behaviors, with a view to reducing the number of pregnancies reported in minors under 18, preventing subsequent pregnancies among teenage mothers, and reducing the reported number of sexually transmitted infections among teenagers and young people. These interventions should be aimed at both young men and young women, and their design needs to recognize and modify social norms that adversely impact sexual and reproductive health.

c. Building capabilities for care for teenagers and young people living in poverty or vulnerability, particularly as regards the development of direct treatment operators who play a key role in intervention strategies.

d. Testing alternative communication-related strategies to encourage behavioral changes, applied to the area of youth vulnerability and risk, particularly as regards young people living in greatest poverty or engaging in risk behaviors.

C. **Dimension of success 3. The poor and vulnerable populations in a state of dependency have access to care services promoting their autonomy and social inclusion.**

5.10 This dimension of success aims to guide investments targeted on strengthening the capacity to plan, implement, and evaluate care policies, and develop service delivery platforms.

5.11 **Lines of action.** To achieve the objective of this dimension of success, the following lines of action are proposed:

1. **Coverage.** Efforts will be made to expand access to care services for poor and vulnerable people in a state of dependency.

2. **Quality.** Efforts will be made to ensure that care services received by poor and vulnerable people in a state of dependency are high quality, and that progress is made on the definition of minimum standards for service providers, and on the skills of personnel responsible for providing care, while promoting the participation of both men and women in care delivery work.
5.12 **Activities.** In order to implement these lines of action the Bank intends to support the financing of the following activities:


b. Development of a comprehensive, gender-sensitive diagnostic assessment of population aging and preparation of policies in the framework of medium and long-term strategies to promote active aging.

c. Strengthening the institutions responsible for the design and implementation of dependent care policies.

d. Definition and implementation of quality standards in the care modalities and services provided to beneficiaries.

e. Definition of the theory of change and piloting the delivery of efficient care services that facilitate family members’ workforce participation and promote gender equality. Efforts will be made to evaluate the cost-effectiveness of different models of care and identify the most promising to be scaled up. Subsequently, initiatives will be supported to scale up the most efficient arrangements.

D. **Dimension of success 4. People in extreme poverty have access to efficient redistributive programs supporting consumption that promote development of their capabilities in a way consistent with policies to boost the economy’s productivity.**

5.13 This dimension of success highlights the importance of having efficient redistributive programs that target benefits on those who need them most. It is also necessary to strengthen the capacity-building of extremely poor households so they can access the opportunities generated by economic growth.

5.14 **Line of action.** To achieve this objective, the following line of action is proposed:

5.15 **Consolidation of CCTPs.** Investing in the development and evaluation of operational innovations in CCTPs to improve their redistributive efficiency, their synergies with sector interventions, and their impacts in terms of capacity-building.

5.16 **Activities.** In order to implement this line of action, the Bank intends to finance the following activities:

a. Promoting the strengthening of the institutions responsible for CCTP implementation and evaluation.

b. Development of innovations that improve targeting efficiency and ensure dynamic management of the registry of beneficiaries (particularly in urban areas), verification of compliance with co-responsibilities, and delivery and verification of payments. To this end, it will explore the potential of machine learning and the analysis of big data.

c. Adapting co-responsibilities so they are relevant and help reduce poverty. In education, for example, it is proposed that conditionalities be used to promote secondary education and school performance (rather than attendance). In the case of health, without neglecting the child and maternal health agenda, revisions are proposed to encourage risk screening and the use of appropriate prevention and management protocols for chronic, noncommunicable
diseases, as well as to strengthen health care and counseling services on sexual and reproductive health for teens of both sexes. To boost women’s autonomy, prevent intimate partner violence, and promote a more equitable distribution of childrearing and domestic responsibilities, and compliance with CCTP requirements, complementary education and information activities aimed at beneficiaries and their partners will be supported. The guiding principle will be to keep operations simple (so that coresponsibilities are easy to verify) and relevant in order to close gaps affecting the extremely poor’s ability to develop their skills, while also not allowing compliance difficulties to prevent the most disadvantaged from participating in the program.

d. Promoting beneficiaries’ financial inclusion. Given the increased contact with the financial sector, innovations will be supported on transfer payment mechanisms and financial education programs.

e. Exploring progressive transfer mechanisms (with values proportional to each beneficiary household’s poverty gap) and designs of coresponsibilities that encourage formal employment. In parallel, analytical work will be done to identify and study the medium- and long-term effects of CCTPs.

f. Strengthening independent monitoring mechanisms, including social auditing, and the capacity of executing agencies to perform due diligence on service provider businesses.

g. Reducing tax expenditures and the use of generalized subsidies for home services, gasoline, and food, compensating poor households with CCTPs. The design of alternatives will be supported to promote more efficient ways of targeting public resources aimed at supporting consumption.

h. Strengthening training and support mechanisms, as well as employment conditions for the community staff supporting the implementation of these programs. The quality of the service received by the direct beneficiaries depends on this primarily female staff.
REFERENCES


Attanasio, Orazio, Camila Fernández, Emla O. A. Fitzsimons, Sally Grantham-McGregor, Costas Meghir, and Marta Rubio-Codina. 2014. “Using the Infrastructure of a Conditional Cash Transfer Program to Deliver a Scalable Integrated Early Child Development Program in Colombia: Cluster Randomized Controlled Trial.” The British Medical Journal 349 (g5785). doi:https://doi.org/10.1136/bmj.g5785.


