

Social Protection Floor in Argentina

20 June 2011

1. The relevance of the SPF approach at country level

In Argentina, social protection consists of a large number of policies and programmes that span both basic social protection components and other components providing a higher level of social protection, especially among mandatory contributory schemes. The development of social security programmes in Argentina began in the early 20th century. While they were fragmented, stratified and disorganized in the beginning, these programmes have been significantly consolidated and expanded. Indeed key policies regarding family allowances and unemployment and retirement benefits have effectively reached workers and families in the informal economy.

Today, Argentina has a social protection system that is well-developed and that has contributed substantially to the population's welfare. Coverage data for the social transfer programmes are encouraging: primary school enrolment is almost universal, 75 per cent of children and adolescents are covered by family allowances, 90 per cent of adults older than 65 receive retirement benefits or a pension, and at least 350,000 people of working age are covered by programmes aimed at helping the unemployed overcome problems related to labour market entry and job loss.¹

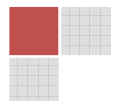
The challenge of Argentina's social protection lies in how to obtain a system that provides effective coverage to vulnerable populations, preventing losses in wellbeing and reducing the risk of falling into poverty, irrespective of workers' employment status. The current policy agenda, which comprises issues such as coverage gaps, programmes overlapping, and the ineffectiveness of essential services, suggests that further steps need to be taken towards Social Protection Floor (SPF) consolidation.

2. Initiatives already in place linked to the SPF approach

Looking at Argentina's policies and programmes in general, it is possible to discern various components that constitute the social protection floor in terms of access to essential services as well as economic security.

First, social security benefits have been extended to populations that otherwise did not have access due to their current or former employment status. Second, essential service programmes

¹ This number refers to beneficiaries of the Ministry of Labour's programmes, but there are also other initiatives in place from other Ministries as well as from the provincial and local governments.



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have been designed to reach the most disadvantaged populations. Furthermore, some of these essential services have begun to establish links with existing cash transfers programmes.

2.1 Expanding social transfers

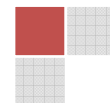
After Argentina's national economic crises of 2001 when a massive public employment programme² was implemented, cash transfers made their way into the public policy agenda. As informal-employment rates have risen and remained high, this kind of protection was extended to informal workers and their families. Over the past decade, the creation of contributory and non-contributory programmes targeting various risks and vulnerabilities became a frequent practice. New programmes were launched to address coverage gaps in existing programmes. Many of these programmes are currently still in place and functioning. Detailed information is provided in the Annex (see Table A).

One of the most recent measures was the launch of a child and adolescent program, the Universal Child Family Allowance, *Asignación Universal por Hijo (AUH)*, in November 2009. This programme combines ensuring access to essential services and providing cash transfers - the benefit is equivalent to the benefit received by children of formal workers. It provides coverage to children and adolescents of unemployed and informal workers, as well as children whose parents were in the past beneficiaries of other non contributory programmes implemented in the aftermath of the 2001 crisis.-

In addition, there are different cash transfers programmes in place that cover specific groups of unemployed working age populations: *Interzafra* for seasonal rural unemployment, *Jovenes por Más y Mejor Trabajo* for youth, and *Argentina Trabaja* for the unemployed population in general. A new non-contributory unemployment benefit, *Seguro de Capacitación y Empleo – SCyE*, was also added to the existing contributory employment insurance, *Seguro de Desempleo Contributivo*. Beneficiaries of this new program have access to numerous services, including career guidance and job search support, job placement services that link business' demands to profiles of unemployed persons, trainings and capacity building workshops. Lastly, there is also a pension for people with disabilities, *Pensiones No Contributivas por Invalidez*, and a pension for mothers of 7 children or more, *Pensiones No Contributivas de Madres de 7 o Más Hijos*, which is aimed at assisting the inactive working-age population and requires beneficiaries to be officially categorized as living in poverty.

For the elderly group, retirement pension requirements were modified in 2005 through a transitory social security inclusion scheme, *Plan de Inclusión Previsional*. The plan made requirements to qualify for a pension more flexible by providing a temporarily reduced benefit

² The "Jefas y Jefes de Hogar Desocupados"- named *Jefes* programme, reached around 2 million heads of households in its first year of implementation.



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for a certain period in the first five years, corresponding to the period during which these persons did not pay any salary contributions. Under this scheme around 2,5 million people, mostly women who performed domestic labour, gained access to contributory benefits. It reduced both gender and income gaps among the elderly. In addition, there is a non contributory pension for elderly living in poverty, *Pensiones No Contributivas Asistenciales para la vejez*.

Lastly, although the government established various in-kind transfer programmes, these have reached a lower implementation scale than cash transfers. In kind transfers include some small-scale programmes oriented at community development – such as programmes providing inputs for home production and other programmes connected to health and education service provision, which are mentioned in the following subsection.

2.2 Reinforcing access to essential services

Health services and nutrition

Access to public health care services is a universal right in Argentina. The system that ensures public health care services is almost completely decentralized to subnational governments – most hospitals are provincial and municipal with only a few national hospitals. Additionally, a private insurance system is in place, along with a public insurance scheme exclusively for pensioners. However, fragmentation among these subsystems does cause coverage gaps and discrepancies to health service access – according to a survey about 63% of the population has some type of health care insurance coverage.

This has led to the creation of national programmes aimed at ensuring access to essential services, as well as improving the quality of these services and their results. The *Programa Médico Obligatorio* (mandatory medical programme), has become an important tool to guarantee basic health care in both public provision and private insurance systems. It establishes a minimum package of services that should be provided to the population, detailing primary and secondary health practices, including diagnosis and prevention. To decrease maternal and infant mortality among vulnerable groups, a childbirth plan was created, *Plan Nacer*. At present, this programme covers 1,5 million children under 6 years of age and pregnant mothers as a form of insurance for services related to maternity and early childhood care. There is also the *Programa Federal de Salud* (federal health programme), which is a health insurance for beneficiaries of non contributory pensions. Other programmes aimed to assist vulnerable populations are *REMEDIAR*, which ensures the supply of medicine, and *Plan Nacional de Seguridad Alimentaria*, the national plan for food security executed by provinces which provides aid to populations at risk through a school nutrition programme.



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Education

Since the country's founding, Argentina has counted on national legislation that guarantees access to education. Primary and secondary education is mandatory, children graduate at the age of 18 years old.³ A large and extensive network of provincial and municipal public schools complements the supply of private schools. While access to primary education is almost universal, enrolment in secondary education is still around 80 per cent at the national level. Furthermore, these figures hide other critical issues in education trajectories. For instance, at the primary education level, high repetition and coverage rates represent important barriers to successful primary school completion and ongoing human capital accumulation. At the secondary education level, dropout rates add another obstacle. Moreover, these statistics show significant disparities at the regional level.

To mitigate these shortfalls, two specific and important programmes have been designed – *Inclusión Educativa* and *Igualdad Educativa*. Both programmes promote school retention at primary and secondary levels through scholarships. Since a school attendance certificate is necessary to have access to the full benefits, the *AUH* is also involved in the school retention scheme. In addition, the *Plan de Finalización de Estudios Primarios y Secundarios (FINES)* is also focused on young adults aged 19 or older who have dropped out of school before completing the mandatory levels and aims to assist this group to go back to school and complete the compulsory levels.

Employment services

Most current unemployment programmes have created linkages with the network of employment agencies, *Oficinas Municipales de Empleo*, and beneficiaries of unemployment benefits have to be registered with one of these agencies. Over the last six years, Argentina has consolidated this network throughout the country with the aim of providing profile assessments, orientation, and mediation services for the unemployed. There were 282 agencies providing these services in 2009.

Beneficiaries of unemployment benefits have to be registered in one of these agencies, where they receive professional orientation and counselling. The beneficiaries of the *Jóvenes con Más y Mejor Trabajo* also receive work counselling and educational assistance when needed. Moreover, some employment programmes seek to improve the productivity of small family businesses. This is the case for rural development programmes, such as the *Programa de Desarrollo Rural de la Patagonia*, which provides technical and financial support to its beneficiaries regarding product diversification, inputs supply, and income stability. Rural

³In 2006, the Law on Education Financing was sanctioned and new spending commitments are now established based on terms of GDP.



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programmes target specific regions, where the most vulnerable populations cannot be reached by public employment programmes.

Housing, water and sanitation

Services linked to housing are provided by the *Fondo Nacional de Vivienda*, *Techo Digno* and *Mejor Vivir*, which promote access to housing for low-income families. Additionally, the *Programa de Mejoramiento de Barrios* develops infrastructure projects, as well as social integration networks, in poor neighbourhoods. These programmes are financed by the national government but executed by the provinces.

With the objective of improving sanitation, the *Programa de Provisión de Agua Potable, Ayuda Social y Saneamiento Básico* aims to extend drinking water and sewage systems into areas characterized by precarious living conditions and sanitation risks. This is one of the sectors where the guarantees that needs to be strengthened and thoroughly implemented.

3. The development process

3.1 The political decision making dimension

After the deep crisis at the beginning of the millennium, the important economic growth since 2003 has created a historical opportunity to expand the horizontal coverage of social protection. Persistent informality rates and relatively high poverty levels for certain vulnerable population groups, have captured the attention of stakeholders and encouraged them to insert the issue of social protection coverage gaps into the political agenda. In fact, many proposals to expand social security were made by different political and social actors, and motivated lively public discussions and debates. It can be said that a sort of informal ‘social consensus’ has been reached, regarding the need of protecting disadvantaged populations. As a result, many social protection initiatives have taken place providing the basis for future developments.

3.2 The technical process of policy coordination

Policy coordination mechanisms in Argentina range from comprehensive formal state structures to *ad-hoc* inter-governmental arrangements. For decades, different structures emerged to deal with social protection policies, coordination and integration. Furthermore, these arrangements facilitated information sharing of statistics, cooperation and advocacy on social protection issues. In addition to the existing institutional structures, some *ad hoc* inter-governmental arrangements emerged when programmes were launched without the necessary time for planning because of the crisis – for instance, *Jefes* in 2002, and *AUH* in 2009.

The first institutional initiatives on inter-governmental social protection policy coordination began decades ago with the creation of the federal councils. In the seventies, both the



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education and health councils, *Consejo Federal de Salud* and *Consejo Federal de Educacion*, were launched; followed by the labour and social development councils, *Consejo Federal del Trabajo* and *Consejo Federal de Desarrollo Social* in the nineties. These councils bring together sectorial, national and provincial ministers to analyze and coordinate policies mainly through advocacy and participants' agreements and commitments.

The last institutional arrangement that was created, along these principles, was the National Council for Social Policy Coordination, *Consejo Nacional de Coordinacion de Politicas Sociales*, in 2002. This council was created during the country's economic emergency and has supported important programmes like *Remediar*, *Plan Nacional de Seguridad Alimentaria*, and *Jefes* and increased the resources for the fight against poverty. The Minister of Social Development leads this council in which the national ministers of education, health, labour, public investment and federal planning, justice, and public finance participate. The council promotes social programmes, coordinated at different governmental levels, and establishes social priorities among social policy makers. It creates work teams for specific issues such as disabilities, the Millennium Development Goals accomplishments, and gender disadvantages, among others.

Another kind of governmental coordination is the one that aligns members of the national, federal and municipal governments for the execution of programmes like *Jefes* and *AUH*. These massive programmes have improved capacities at the local level, which have been reinforced recently by the expansion of employment agencies and cash transfer programmes.

3.3 The financial space enhancement

Tax collection in terms of GDP has significantly increased during the last decade. While tax collection was around 20 percent of GDP in 2002, it has reached 31.4 percent of GDP in 2009 (Figure 1). The substantial increase in public resources has allowed the expansion of public social expenditures, particularly to increase horizontal social protection coverage.

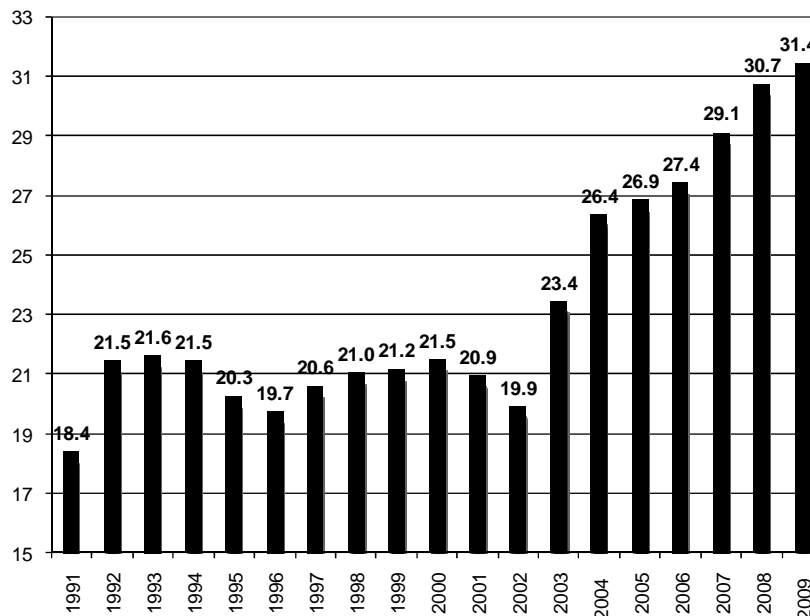
Besides the rise in traditional taxes on income and consumption, this positive trend can also be explained by the substantial increase in salary contributions, due to the important expansion of formal employment, and the performance of taxes on export commodities. Additional resources have also become available due to the renationalization of the pension system. The unification of the pension system into a publicly managed defined-benefit scheme has allowed the flow of salary contributions (about 1.5 per cent of GDP annually) to be counted as new public revenues.



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Figure 1: Tax collection in terms of GDP, National and Provincial Governments 1991-2009
In percentages



Source: based on *Dirección Nacional de Investigaciones y Análisis Fiscal, Secretaría de Hacienda, Ministerio de Economía y Finanzas Públicas*

3.4 The legal framework

Argentina has a long tradition of guaranteeing access to social protection through legal instruments. Indeed, the country has adopted social rights in its National Constitution, as well as in complementary laws. Although the legal adoption of social rights does not necessarily translate into better social protection, it may facilitate sustainability over time, governmental coordination, effectiveness, and the duration of access among other implementation issues.

Gradually, social protection initiatives have been endorsed by legal norms in the country. The process has involved contributory and non-contributory programmes. The main current challenge is to unify and avoid the actual fragmentation of the legal framework that supports the population's right to social protection.

4. Progress

4.1 Reaching desirable results

Among all the programmes quoted above, *AUH* and *Plan de Inclusión Previsional* have reached big scales in terms of beneficiaries and resources. Figure 2 shows the coverage and poverty reduction achievements of these two programmes. The graph on the right suggests that

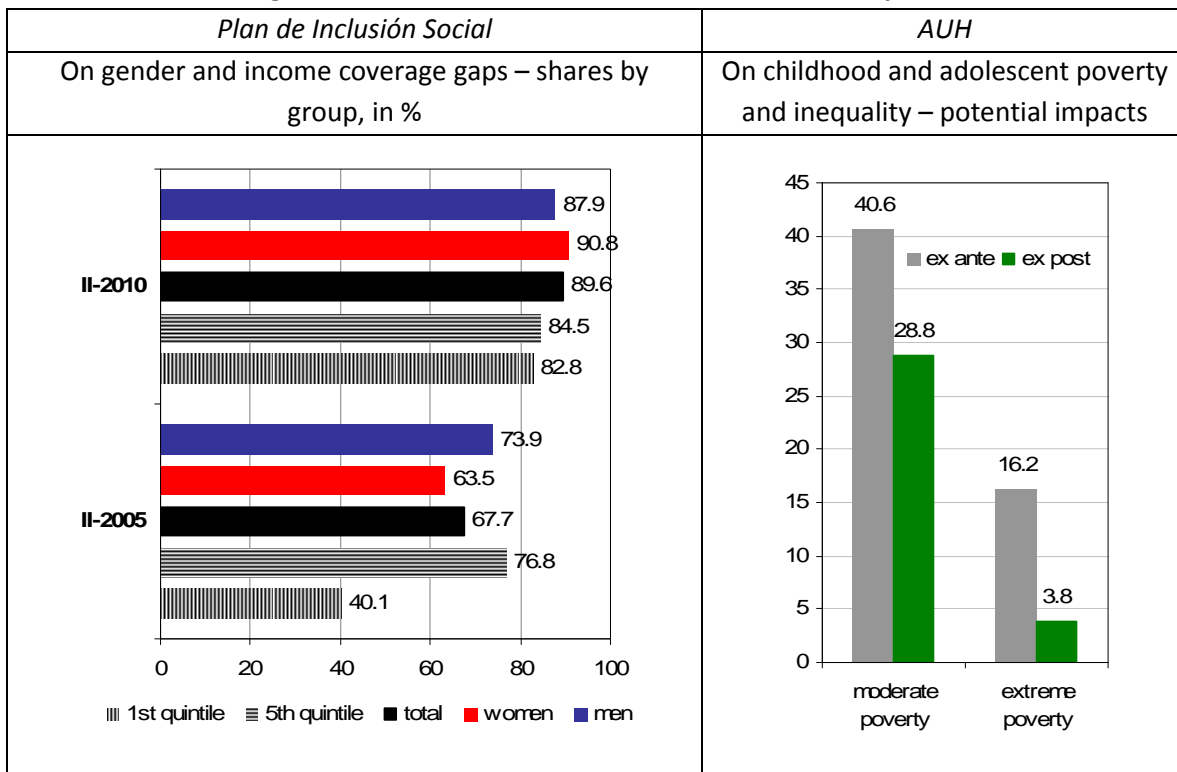


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extreme poverty among the population below 18 years old would have decreased around 77 per cent because of the *AUH*. In contrast, moderate poverty would have declined by 29 per cent. In the case of the *Plan de Inclusión Social*, the expansion of pension coverage has increased the total coverage to almost 90 per cent and it has closed the gender gap among the population aged 65 or more. In addition, pension coverage in the poorest per capita income quintile has almost reached the level of coverage in the richest one. For example, coverage in the highest quintile is only 2 per cent higher than coverage in the lowest one.

Figure 2: On the *Plan de Inclusión Social* and *AUH* impacts



Source: OIT (2011), Bertranou (2010).



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4.2 Combining economic security and access to essential services

Some of the programmes' components mentioned earlier illustrate new ways on how transfers and access to essential services can be integrated or coordinated. The degree of the necessary intersectoral coordination varies among programmes, depending upon the role and the mandate ascribed to them. It will thus depend upon the complexity of their objectives, instruments, and strategy of implementation.

In employment, the integration between cash transfers and essential services becomes a key element for successful programme graduation rates. Thus, the programme *Jóvenes con Más y Mejor Trabajo* has combined cash transfers with educational and training compliance, as well as professional orientation. The unemployment benefit programme, *SCyE*, and the unemployment insurance, *Seguro de Desempleo*, have also linked cash transfers with employment services provided by public employment offices.

Finally, though the implementation process is quite recent, *AUH* has challenged itself in this regards by establishing that 20 percent of the cash transfer is conditional on access to essential education and vaccinations. On the one hand, the beneficiaries that are up to 5 years old have to certify their enrolment in *Plan Nacer* and have their vaccines up to date. On the other hand, the beneficiaries aged 6 to 18 years old have to certify their school attendance at the end of the academic year in order to receive the remaining accumulated 20 percent of the monthly family allowance.

5. The challenges ahead

Argentina has successfully developed programmes ensuring a wide coverage of basic needs through cash transfers and essential services programmes to prevent people from falling into poverty or to help them find ways out of poverty. The heterogeneous geography, labour market and federal institutional administration pose significant challenges.

Coverage gaps and shortcomings in both the provision of and access to essential services have been substantially reduced. There are still families, however, that cannot take complete advantage of available social protection measures aimed at reducing vulnerability and poverty. Closing the gaps involves removing institutional, geographical and 'social' barriers – that were created by poverty itself. Comprehensive assessments on programmes and instruments have yet to be fully realized in order to completely optimize the current SPF component of the social protection system. Moreover, the welfare of those in disadvantaged conditions can be improved through the creation of synergies and integration mechanisms across programmes. The SPF Initiative can contribute substantially to this goal.



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The recently created family allowance programme for those in the informal economy, the *AUH*, provides a great opportunity for those in need to overcome the barriers that previously prevented them from benefitting from social protection. In fact, the indigenous population faces difficulties accessing *AUH* benefits due to geographical and administrative barriers, such as long distances and lack of identity cards.

In addition, in cases where legislation has not been properly adapted, existing programmes could be crowded out by large programmes, like the *AUH*, which can put some interventions for specific groups at risk. Overlaps among programmes may also cause administrative costs to rise due to the changes in administrative structures. For these reasons, the SPF approach can provide an effective framework to address both design and implementation issues.

Recent government documents and policy announcements have reaffirmed commitment to deepen initiatives linked to the SPF. For instance, the *AUH* will be extended to pregnant women in May 2011 and the *Plan Nacer* will cover children, adolescent and women with pre-existing cardiovascular diseases, as well as various ambulatory practices in the following years. Additionally, the SPF approach has been introduced as a policy goal that motivates progressive extension of social protection by the Ministry of Labour's flagship report on labour and employment in the Argentinean Bicentennial, "*Trabajo y Empleo en el Bicentenario: Cambio en la dinámica del empleo y la protección social para la inclusión, período 2003-2010*".



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The UN inter-agency activities to promote the SPF in Argentina

UN and multilateral agencies in Argentina regularly support the same specific public policies despite the fact that there usually isn't any 'joint' or 'coordinated' action in the field. As a result, the SPF Initiative provides a significant opportunity for joint engagement and policy endorsement at country level.

Based on the guidelines of the High-Level Committee on Programmes of the United Nations System Chief Executives Board for Coordination, SPF inter-agency action began in May 2010. Following a participatory process, in which United Nations resident agencies and the World Bank participated, activities carried out included, the development of conceptual notes and a proposed work agenda to be presented and discussed with high-level governmental counterparts. The main features of the SPF Initiative process in Argentina are summarized below.

First Stage: Raising awareness within the UN system

- Informal meetings with colleagues within United Nations agencies and the World Bank
- The SPF Initiative is formally presented to the heads of the United Nations resident agencies and a SPF consultative workshop is proposed.

Second Stage: Promoting Agencies engagement

- Consultations – bilateral meetings with agencies, to collect information on current projects related to SPF topics as well as to map each agency's main interest in the SPF agenda.
- Elaboration of a concept note on the SPF in Argentina outlining its framework and identifying the main existing programmes.
- Inter-Agency Workshop. Topics: the SPF framework based on guidelines, agencies' current involvement in this area, political opportunity to launch the initiative and adopt and implement new programmes, upcoming presidential elections in 2011. Results: agencies committed to participate in technical meetings and provide feedback to validate the conceptual note.
- Inter-Agency technical meeting to discuss the next steps of the SPF development process: a proposed agenda was agreed. It was presented to the heads of the United Nations agencies during their annual retreat.

Third Stage: launching the National SPF Strategy

- Elaboration of conceptual notes on the SPF's national implications for transfers and essential services in Education, Health, Infant and Adolescent Protection, Employment Services, and Policy Coordination. Each note was lead by a different agency and developed through an interactive process among participants of various agencies (continuous feedback and consultations). The purpose was to facilitate future discussions with counterparts. UNESCO coordinated the concept note on education; PAHO/WHO on health; UNICEF on infant and adolescent protection; ILO on employment services; and UNDP on policy coordination.
- A "work agenda" was agreed within the UN Country Team to be presented by the Resident Coordinator to high level counterparts - Ministry of Labour, Ministry of Social Development, Social Policy National Council. The purpose was to engage high level authorities in the SPF Initiative.

Next steps

- Deepening analysis of the SPF at the national level and expanding interactions within the UN Country Team and with government counterparts.



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Annex

Table A: Main current programmes on economic security

Population	Programme	Benefit
Childhood and adolescence	<i>Asignación Universal por Hijo</i> (universal child allowance)	\$220 (US\$55) per month per school-age child who attends school and registers for health-care services
	<i>Asignaciones Familiares</i> (family allowances)	\$180 (US\$45) on average per month per school-age child of formal salaried workers and social security old-age, invalidity or survival beneficiaries. Additional transfers for childbirth and adoption
Working age	<i>Seguro de Capacitación y Empleo</i> (training and employment insurance)	\$225 (US\$56.2) per month plus counseling and training services (school completion, work orientation, vocational training)
	<i>Programa Jóvenes Más y Mejor Trabajo</i> (programme for more and better work for young people)	From \$150 to 550 (US\$37.5 to 137.5) per month plus counseling and training services (school completion, work orientation, vocational training)
	<i>Interzafra</i> (seasonal rural unemployment)	\$225 (US\$56.2) per month for unemployed workers in temporary positions
	<i>Seguro de Desempleo</i> (unemployment insurance)	\$357 (US\$89.2) on average per month for formal-sector unemployed workers
	<i>Recuperación Productiva, REPRO,</i> (programme for productive recovery)	Up to \$600 (US\$150) per month as subsidy for nominal wages for employees of businesses hit by crisis
	<i>Pensiones No Contributivas Asistenciales</i> (non-contributory welfare benefits)	\$548 (US\$137) per month for disability; \$778 (US\$194.5) per month for mothers of 7 or more children
Old age	<i>Moratoria Previsional</i> (retirement pension)	\$700 (US\$175) on average per month for retired persons who do not meet the contributory requirements
	Retirement pension	\$980 (US\$245) per month (minimum benefit) for retired persons who have contributed for the required 30 years
	<i>Pensiones No Contributivas Asistenciales por Vejez</i> (non-contributory old-age welfare pension)	\$550 (US\$137.5) per month for persons in retirement age who have not paid contributions and who live in poverty

Note: exchange rate 4 ARS to 1 USD

