



June, 2010

social protection floor initiative

SPF Country Brief: Argentina¹

lead agencies

ILO
WHO

cooperating agencies

FAO, IMF, OHCHR,
UN Regional Commissions,
UNAIDS, UNDP, UNDESA,
UNESCO, UNFPA, UNICEF,
UNHABITAT, UNHCR,
UNODC, UNRWA, WFP, World Bank

The global economic and financial crisis has made evident the coverage limitations of several social protection systems. For this reason, initiatives such as the Global Jobs Pact place issues linked to employment and access to social protection at the heart of crisis-response measures.² As a G20 country, Argentina has lent its support to the recommendations made by labour ministers to heads of states on the need for a social protection floor (or basic social protection) for all vulnerable populations.³

The UN Secretary-General has also called for urgent attention to the social impact of the current crisis. On April 5, 2009, the High-Level Committee on Programmes of the United Nations System Chief Executives Board for Coordination pledged decisive and urgent multilateral action to deal with the global crisis through the deployment of UN resources and of its capacity for rapid and efficient response. An inter-agency agreement was reached on nine joint initiatives.⁴ The sixth initiative is the Social Protection Floor Initiative (SPFI), the aim of which is to ensure access to basic services and social transfers for all persons in need of protection thus preventing that they fall into extreme poverty.

The increased focus on social protection that this programme will entail will help improve strategies aimed at breaking the poverty cycle which prevents people from taking advantage of economic opportunities or investing adequately in tools that boost productivity. This poverty cycle arises because basic needs are not being met. The SPFI may also prove to be an efficient alternative for reaching informal-economy workers and their families, who do not have guaranteed access to contributory social security.

The SPFI does not seek to directly respond to the numerous challenges posed by social protection in Argentina. Rather, it seeks to provide a conceptual framework for debate on the best alternatives so that policy makers and social actors can set priorities and make programmes more efficient. Another aim is to provide the United Nations System with a point of reference for the coordination of measures carried out by the various agencies in collaboration with their counterparts. Coordination of policy and programmes is surely a key factor in ensuring effective social protection. By providing room for reflection and cooperation, the SPFI could help to achieve this.

1 By Fabio Bertranou (ILO Argentina) and Evelyn Vezza (ILO consultant).

2 Adopted by ILO member states at the 2009 International Labour Conference. <http://www.ilo.org/jobspact/lang-en/index.htm>

3 G20 Labor and Employment Ministers' Recommendations to G20 leaders (April 21, 2010). http://www.dol.gov/ilab/media/events/G20_ministersmeeting/results.htm

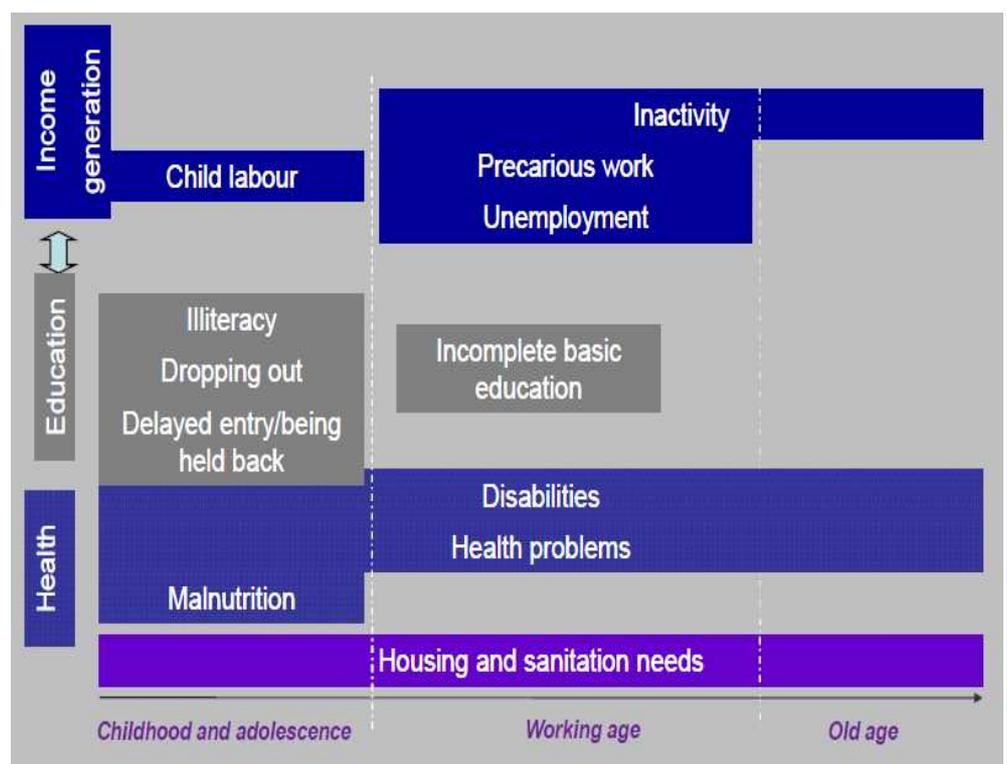
4 http://www.un.org/ga/econcrisissummit/docs/CEB_Paper_final_web.pdf

The need for social protection

At every stage of the life cycle, people face a range of risks occurring in a number of combinations and having various levels of intensity. When the tools for facing or protecting oneself against these risks are lacking or limited, individuals and their families are exposed to both current and future adverse consequences. These may range from a temporary fall in income to the loss of physical or human capital. Figure 1 summarizes the chief risks and vulnerabilities that people face during the three life stages: *childhood and adolescence*, *working age* and *old age*.

Some of these risks are present across all life stages. This is the case with illness, disability, housing need and access to basic services such as sanitation. Other risks are specific to certain life stages. For instance, during *childhood and adolescence*, the greatest risks in terms of frequency and consequences are: malnutrition; lack of access to education (leading to illiteracy) or poor educational performance (dropping out, delayed school entry or being held back); and premature entry into the labour market, as evidenced by child and adolescent labour. During *working age*, work-related risks become more important. Among these are work characterized by low productivity, stability and benefits (precarious work); difficulties finding work (unemployment); and restrictions that keep people out of the labour market (non-voluntary inactivity). Furthermore, consequences of previously encountered risks, such as lack of education or deteriorating health owing to hazardous work environments, also arise during this life stage. Finally, in *old age* the inability to earn an income due to inactivity is the foremost specific risk, along with chronic illness.

Figure 1: Risks and vulnerabilities across the life span



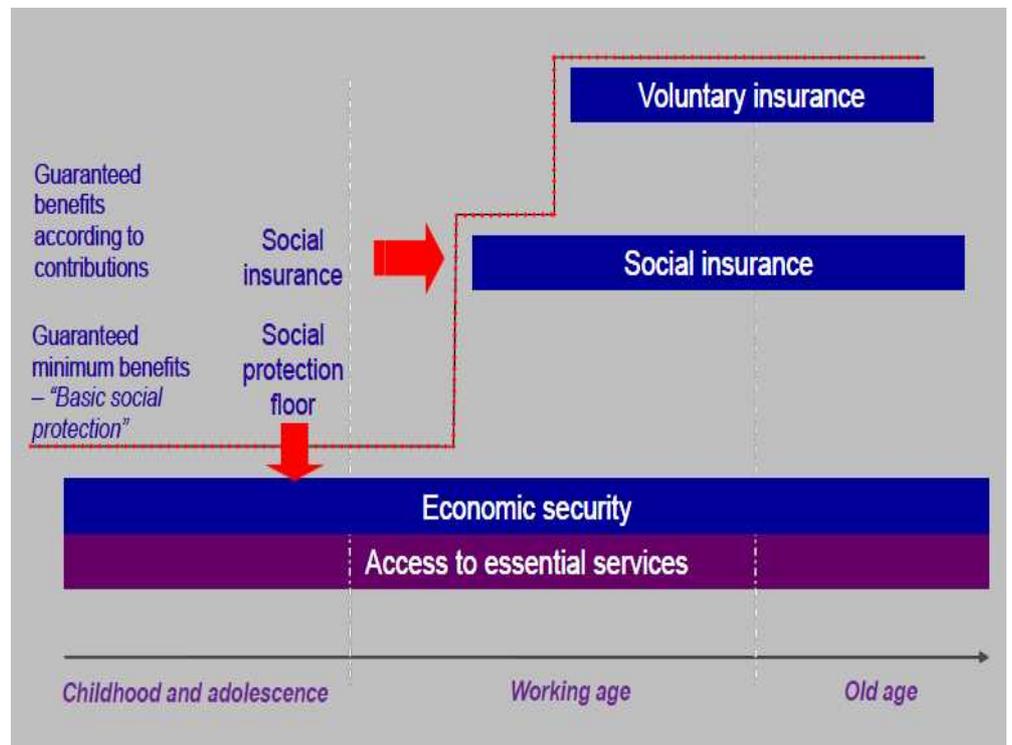
In times of economic crisis, these risks pose an even greater threat than usual in terms of the larger population affected as well as its profile. In countries where social protection is built on social security systems linked to workers' employment status, people may lose not only their job and income during a crisis, but also be left particularly vulnerable because they lose coverage and social benefits linked to their work. In this way, lack of decent work may lead to increased future vulnerability insofar as access to social protection in old age depends on formal-work history.

In sum, the challenge of social protection lies in how to obtain systems that provide effective coverage to vulnerable populations, preventing losses in well-being and reducing the risk of falling into poverty, irrespective of workers' employment status.

The social protection floor as part of a system

The social protection floor (SPF) needs to be part of an integrated system that may be illustrated as a social-protection “staircase.” This means that the SPF needs to be designed while taking into account the possibility that it will form the basis upon which mandatory and voluntary social security schemes are built. In this way, the role of the SPF is to guarantee access to certain essential benefits and services, while the “staircase” is completed with social insurance based mainly on contributory schemes. Figure 2 illustrates the components of the social protection staircase.

Figure 2: The social protection “Staircase”



The SPF includes a guaranteed minimum level of benefits that aims at providing vulnerable populations with economic security (through cash transfers) and access to essential services. As such, the SPF is a form of “basic social protection” that provides opportunities for inclusion and facilitates social cohesion. At the second step of the social protection staircase is social insurance, i.e. contributory social security schemes whose guarantees are linked to salary contributions during working life.

In terms of the role played by each step of the social protection staircase, the SPF could be said to alleviate and prevent poverty as well as to have certain redistributive functions. The aim of social insurance, on the other hand, is to provide insurance and smooth consumption across the life cycle. Furthermore, it may hold a redistribute function, from covered workers with higher income to those with relatively lower income.

Guarantees linked to the SPF in Argentina

In Argentina, social protection consists of a large number of policies and programmes that span both basic social protection and other components of the social protection staircase, especially 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, the programmes have been greatly expanded. Today, Argentina has, without a doubt, a social protection system that is well-developed and that has contributed substantially to the population's welfare. Coverage data for the transfer programmes are encouraging: 75% of children and adolescents are covered by family allowances; 89% of adults older than 65 receive retirement benefits or a pension; and at least 350,000 persons of working age are covered by programmes aimed at helping with unemployment, problems related to labour market entry and the risk of losing one's job. Despite these positive figures, coverage gaps and other challenges remain.⁵

Looking at the 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. The most relevant of these are listed below.

Access to essential services

There is a universal guarantee of access to essential services in terms of health care and education. The system ensuring this is almost completely decentralized to the federal level (provincial and municipal hospitals and schools), with only a few national providers (national hospitals and schools). For health care services, the population has access to a network of provincial and municipal hospitals, as well as primary-care centres.⁶ Although access to these services is considered to

5 Bertranou, F. and D. Bonari (2005). “Protección Social en Argentina: Financiamiento, Cobertura y Desempeño 1990-2003”, ILO, Buenos Aires.

6 Also, in some cases the public hospital network provides treatment to social security beneficiaries.

be universal, in practice it has not been. This has led to the creation of a number of national programmes aimed at ensuring access to essential services as well as at improving the quality of services and their results.

Two key programmes in the health care field are *Plan Nacer* (childbirth plan) and *Programa de Funciones Esenciales de Salud Pública* (programme for essential public health care). *Plan Nacer* is present in nine provinces and is a form of insurance for services related to maternity and early childhood with the aim of decreasing maternal and infant mortality. The programme for essential public health care pays increased attention to services linked to sexual health and responsible family planning, vaccination, and provision of indispensable inputs for health care services. Other programmes aimed at vulnerable populations are *REMEDIAR*, which ensures the supply of medicine, and *Plan Nacional de Seguridad Alimentaria* (national plan for food security), which provides aid to populations at risk through school feeding.

Two important programmes in the field of education are *Programa Nacional de Inclusión* (national programme for inclusion) and *Programa Nacional de Becas* (national scholarship programme), both of which are aimed at increasing student retention rates in primary and secondary education.

Services linked to housing are provided by the *Fondo Nacional de Vivienda* (national housing fund), which promotes access to housing for low-income families. Services destined to improve sanitation, on the other hand, are provided by programmes seeking to extend drinking-water and sewage systems in areas characterized by precarious living conditions and sanitation risks. This is one of the fields where the guarantees provided by public policy are less well-defined and not as thoroughly implemented.

Economic security

Guarantees of economic security through transfers to vulnerable persons and families depend to a certain extent on individuals' current or former employment status. Benefits for unemployment, disability or old age, among other cash transfers associated with contributory family allowances, used to be paid to workers with formal employment. As informal-employment rates have risen and remained high, this kind of protection has been extended to informal workers and their families. Argentina's national economic crisis of 2001 provided a strong impetus to the extension of social security benefits and non-contributory old-age pensions, such as transfer programmes for the unemployed. Thus, over the past decade, a combination of contributory and non-contributory programmes targeted at the various risks and vulnerabilities has become increasingly consolidated.

Table 1 shows the main programmes currently used to ensure the economic security of specific vulnerable groups.

Table 1: Main programmes ensuring economic security

Population	Programme	Benefit
Childhood and adolescence	<i>Asignación Universal por Hijo</i> (universal child allowance)	\$180 (US\$46.2) per month per school-age child who attends school and registers for health-care services
	<i>Asignaciones Familiares</i> (family allowances)	\$180 (US\$46.2) 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\$57.7) 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\$38.5 to 141.0) per month plus counseling and training services (school completion, work orientation, vocational training)
	<i>Plan de Empleo Comunitario</i> (community work plan)	\$150 (US\$38.5) per month for unemployed workers
	<i>Interzafra</i>	\$225 (US\$57.7) per month for unemployed workers in temporary positions
	<i>Seguro de Desempleo</i> (unemployment insurance)	\$357 (US\$91.5) on average per month for formal-sector unemployed workers
	<i>Recuperación Productiva, REPRO</i> , (programme for productive recovery)	\$600 (US\$153) 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\$140.5) per month for disability; \$778 (US\$199.5) per month for mothers of 7 or more children
Old age	<i>Moratoria Previsional</i> (retirement pension)	\$700 (US\$179.5) on average per month for retired persons who do not meet the contributory requirements
	Retirement pension	\$980 (US\$251.3) 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\$141.0) per month for persons in retirement age who have not paid contributions and who live in poverty

An important programme promoting the economic security of children and adolescents is *Asignación Universal por Hijo*, AUH, (universal child allowance), which was launched in November 2009. This transfer is equivalent to the benefit that children of formal workers and of unemployment-insurance beneficiaries receive. It provides coverage to school-age children of unemployed and informal workers, as well as children of beneficiaries of other programmes (such as the *Jefes y Jefas* and *Plan Familias* programmes) who were transferred to AUH.

Among the transfers covering risks related to loss of work for people in the informal economy, the largest ones are: *Seguro de Capacitación y Empleo* (training and employment insurance scheme), which provides vocational training and counseling through municipal employment offices; *Plan de Empleo Comunitario* (community work plan); and *Interzafra*. Aimed at promoting social and labour-market inclusion for young people, is *Programa Jóvenes Más y Mejor Trabajo* (programme for more and better work for young people). In addition to transfers, this programme includes educational support, help with putting together a professional profile and work counseling. Coverage against the risk of losing one's job is provided for formal workers through *Seguro de Desempleo* (unemployment insurance programme) as well as through *Programa de Recuperación Productiva*, *REPRO*, (programme for productive recovery). *Pensiones No Contributivas por Invalidez* (non-contributory programmes for disability pensions) and *Madres de 7 o más Hijos* (benefits for mothers of 7 or more children) are directed at inactive working-age persons and require beneficiaries to be officially categorized as living in poverty.

Finally, transfers aimed at ensuring economic security in old age have seen significantly increased coverage. Through the *moratoria previsional* scheme (also called the “social security inclusion plan” – *plan de inclusión previsional*) these persons have gained access to contributory benefits, as requirements were made more flexible through a temporary reduced benefit corresponding to the period during which these persons lack salary contributions.

Challenges to the consolidation of a social protection floor in Argentina

Based on its high level of economic and institutional development, Argentina would be in a position to consolidate a SPF including guarantees of both economic security and access to essential services. Nevertheless, coverage gaps and shortcomings in provision of and access to essential services remain. This has curbed Argentina's development potential, limiting the possibilities for deepening the reduction of vulnerability and poverty, in particular.

To a large extent, some of the problems stem from the way in which institutions and the governmental organization at the federal level have developed: i) guarantees of different kinds exist side by side (universal guarantees of health care and education coexist with fragmented guarantees according to formal or informal employment status); ii) guaranteed transfers are inadequately linked to essential services; iii) oversight and follow-up of compliance with requirements

are insufficient; iv) populations with similar profiles receive different benefits; v) the degree of access to essential services varies across regions; vi) there are gaps in coverage and in access to essential services; and vii) the contributory and non-contributory components of the programmes corresponding to specific levels of government (national, provincial and municipal) are insufficiently integrated and coordinated.

As previously mentioned, the goal of the SPFI is not to directly provide a complete solution to all these challenges. Rather, it is to provide a conceptual framework for discussion of the best alternatives so that policy makers, in collaboration with social actors, may establish priorities and improve the effectiveness of programmes. For the United Nations System, the SPFI is an opportunity to stimulate joint reflection between agencies and to make sure cooperative action is better coordinated.

Argentina's strategy with respect to the Social Protection Floor Initiative

Thanks to two recent policy measures relating to social protection coverage, the conditions for debate of the SPFI have been created in Argentina. The first measure concerns the strong expansion of old-age benefits for elderly persons. After falling between 1994 and 2005, the coverage rate rose to nearly 90% in 2009. The second measure concerns the universal child allowance programme (AUH), which will greatly contribute to definitively closing the coverage gap for children and adolescents, and which currently has 3.5 million new beneficiaries. The AUH is closely linked to essential services, particularly education and health care, and will therefore smooth the introduction of the SPF concept into social policy.

The ILO has therefore suggested to the United Nations System in Argentina the development of an inter-agency programme with the aim of consolidating the SPF concept not only as a tool for responding to the crisis, but as a strategy for inclusive development. Through this programme, it would be possible to meet the government's needs regarding the extension of social protection in an effective and coordinated way, particularly with respect to the AUH, which will require coordination between transfers and essential services.

According to this framework, a document summarizing the current situation in Argentina with respect to the Social Protection Floor Initiative and its advances and challenges will be compiled. It will include a description of current cooperation as well as a joint action strategy for the entire UN system. Prior to the drafting of this joint document, in June 2010, there will be a training programme on the SPF and an exchange of experiences with the World Bank and resident UN agencies in Argentina.

www.socialsecurityextension.org

contacts

secsoc@ilo.org
bertranou@ilo.org



social protection floor initiative