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Progress in Consolidating Social Protection in Argentina

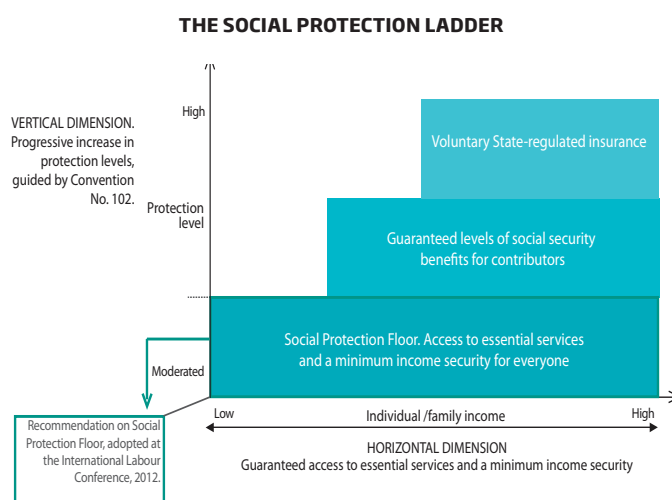
I. Social Protection for Inclusion and Development

Social protection includes both social security, in the form of security, in the form of transfers in cash and in kind, and access to a basic coverage provided for in the social protection floor. This concept has been recently developed by the United Nations as a way of facing the need for setting universal guarantees ensuring access to a basic economic security and to essential social services, such as health-care, education and employment services (ILO, 2010a).

Social security, as a part of social protection, is not only a right established by the Universal Declaration of Human Rights, but also a social and economic need. It allows preventing and reducing poverty and inequality, promoting social inclusion and dignity and, if adequately designed, it fosters productivity and employability, thereby supporting economic development. Besides, in times of crisis, it operates as an automatic stabilizer.

Since 2001, approximately, global reforms and changes to social protection to have prioritized the need to expand its coverage. Thus, the new consensus on coverage expansion policies has focused on a bi-dimensional strategy (ILO, 2002). On the one hand, the horizontal dimension prioritizes the expansion of social protection aiming at more people having access to, at least, one basic coverage. On the other hand, the vertical dimension records the level of benefits and generosity of coverage in relation to the type of social risks covered.¹ The synthesis of these two dimensions gives rise to what has been called the social protection ladder (see graph), according to which, regardless of the development degree of a country, the social protection system must combine basic guarantees of essential social services and income security, with higher protection levels for groups with a higher contributive capacity.

This note outlines the structure of social protection in Argentina and describes the main transformations and changes it has undergone in the last decade, which allowed to substantially expand its coverage. Moreover, it puts forward some of the key elements that are needed to achieve a more effective social protection, through a more systemic and less fragmented organization.



II. Social Protection in Argentina

Argentina's history on social protection is long. Originally, social security schemes were organized as per the social security insurance contributive model, financed by salary contributions. Since its inception, social security was fragmented, as it provided coverage to different groups of workers through specific schemes or sub-systems. Besides, its evolution was faced with

¹ This last dimension has been traditionally guided by the Social Security (minimum standards) Convention (No. 102) and by international standards that provide for higher levels of coverage. Convention No. 102 was adopted in Argentina through Law No. 26,678 in May, 2011. In 2012, the International Labour Conference adopted the Recommendation on Social Protection Floor (No. 202), which promotes the extension of basic health-care services and a minimum income security for all the population.

the restrictions imposed by a segmented labour market in which informality has always been present, although at different degrees. After several decades, schemes were gradually merged and other non-contributory funding sources were added, such as the general tax resources.

At present, social protection has a complex matrix of schemes and programmes which cover the various social risks of a large portion of the population, although not universally: old age, disability, death and access to health-care services, unemployment, maternity, labour risks and professional diseases. These types of coverage for people at different stages of life are sustained by different funding sources, both contributory and non-contributory. Old age, disability, and death are covered through pension plan programmes, whose main schemes are the Argentine Integrated Pension System (SIPA, for its Spanish acronym), and the health-care coverage, through the social security and provincial public systems. Both pension and health-care coverages make up the most significant portion of social protection as to number of persons covered and amount of resources allocated, and in 2009 they represented a consolidated public expenditure amounting to a 15.7% of the GDP. Other programmes have a less significant share in the GDP; however, their importance lies on their positive effects on social investment and their social and economic impact. For example, family allowances are crucial for economic security of families with children and adolescents, and for facilitating access to essential services, such as education and health-care. On the other hand, programmes of economic security for the unemployed and informal workers have played a highly relevant role to alleviate the consequences of the crisis and to make transition to labour formality easier.

III. Main Changes since 2002-2003 and Recent Reformulations

The economic crisis of 2001-2002 marked a turning point for social protection in Argentina. The exhaustion of the macroeconomic model which prevailed in the nineties and which brought about a long stagnation period towards the end of the decade, in combination with a strong deterioration of the labour market, underscored the need for giving a fast answer to address the aftermath of the crisis and, at the same time, for generating a scheme which would change the interaction among labour, income, and social protection.

In this way, in 2002, an important non-contributive programme was launched, aimed at ensuring a certain income security to men and women who were then unemployed or who were working within the informal economy. With 2 million beneficiaries

in May 2003, the Programme for Unemployed Household Heads (Programa Jefes y Jefas de Hogar) represented a significant change: on one hand, because it was promptly implemented as a transfer programme with a wide scope and extensive social impacts, and, on the other hand, because it generated a transformation in the rationale that had prevailed during the previous decades, which had been dominated by contributive transfer programmes and targeted employment plans.

The change in the economic model which started in 2003 has brought about a strong economic recovery, with a substantial increase in the formal employment. Both the economic context and the labour policies allowed a sustained growth of registered employment and, therefore, of the contributive social security coverage.

The larger fiscal space allowed in 2005 and in 2009, the implementation of policies aimed at increasing coverage of old age benefits, through the Pension Inclusion Plan (PIP, per its Spanish acronym),² and of transfers for children and adolescents, through the Universal Child Allowance (AUH, as per its Spanish acronym). In addition, other programmes strengthened coverage by substantially increasing the number of beneficiaries. Such is the case with non-contributory allowances for disability and for mothers of seven or more children, as well as the Pregnancy Allowance.³

As a result, the 2000 decade witnessed a substantial enlargement of coverage in three stages of the life cycle of persons: a) in children and adolescents, through the AUH; b) in working-age people, through formal employment, with its consequent impact on the family group as to health-care coverage, family allowances and social security; and c) in elderly persons, through the PIP. These three achievements may be summarized as follows:

a) Increased coverage through family allowances

A large-scale reform was the AUH implemented since November 2009, which allowed the family allowances coverage to include children and adolescents. By means of this non-contributive pillar, the benefit per child under 18 (and disabled child) is expanded to include workers in the informal economy, "monotributistas sociales" taxpayers included in the Social Simplified Tax Scheme, and domestic workers. With the creation of the AUH, the coverage of children and adolescents receiving income transfers from the social protection system grew from a 37% in the early 2000s to an 86% in 2009 (MTEySS –Ministry of Labour, Employment and Social Security–, 2010). Consequently, while contributive allowances would have reduced poverty among children and adolescents by one third, the AUH would have doubled this reduction. Towards 2011, approximately 3.6 million boys, girls and adolescents were covered by this programme (ILO, 2010b).

2. Also referred to as pension fund moratorium, according to which, persons that have reached legal retirement age but have not completed 30 years' contributions may access a pension benefit, from which unpaid contributions are discounted as per a payment plan.

3. This programme is an extension of the AUH benefits for pregnant women as from the third month of gestation.

b) Increased coverage through employment

Coverage of workers between 18 and 65 grew from 27.9% to 38.9% between 2003 and 2011. Moreover, if we consider only salaried workers, coverage of contributors to social security grew from a 52.1% to a 66.7% in the same period. Finally, another indicator that speaks for itself includes the administrative data of social security, which reports that the number of registered jobs showed an 82.5% increase, thereby reaching 8.8 million people as of March 2011. The main driver of this increase was salaried employment, accounting for a 73.9%, while independent employment, mainly taxpayers included in the “monotributo” or General Simplified Tax Scheme, accounted for a 20.1% and domestic workers employment, for the remaining portion.

c) Increased coverage through retirements and pensions, by means of semi-contributive and non-contributive programmes

At a first stage, and in order to overcome the effects of the 2002 crisis, income security programmes coverage was extended to highly vulnerable elderly persons. Later, from 2005 onwards and thanks to the PIP, a moratorium scheme was implemented, which allowed the number of SIPA pension beneficiaries to grow from 2.9 million in 2005, to 4.6 million, by early 2001. Specifically, the PIP allowed raising the pension coverage for elderly people from a 67.7% in the second quarter of 2005, to a 90.8% in the fourth quarter of 2011. The greatest increase in coverage was recorded among women and among the most vulnerable groups, particularly, in the less developed areas in the country. It should be highlighted that, during this period, the private pension fund scheme was re-nationalized by late 2008 and unified with the existing public pension funds scheme. In that same year, the law on pension mobility was enacted, which allowed an automatic adjustment of benefits aimed at preserving their purchasing power (Bertranou et al., 2011).

**MAIN COVERAGE INDICATORS
OF SOCIAL PROTECTION IN ARGENTINA (2010-2011)**

Coverage of transfers for children and adolescents under 18 years old.*	86,0%
Coverage of social security in salaried employment for adults between 18 and 65 years old. **	66,7%
Coverage of retirements and pensions for elderly adults over 65 years old.	90,8%
Coverage of health-care insurance (social insurance and private insurance).***	63,9%

* Contributive and non-contributive family allowances, and child income tax reduction.

** Salaried employment represents 76% of total employment.

*** Besides, provincial public health systems offer universal coverage guarantees.

As regards health-care services, the increased registered employment and the increased coverage of the pension system have allowed the expansion of the social security scope, after the reduction recorded between the late 1990s and the early 2000s. According to the data produced by the 2010 National Census, the population with health-care coverage (public or private health

insurance) amounts to a 63.9% of the total population. This last record of coverage is above the data of 2001 (51.9%) and slightly above that of 1991 (63.1%).

Although the health-care system is based on the public provision of services to which all inhabitants of the country are entitled, regardless of whether they have social security coverage or a private insurance, the “Childbirth Plan” (Plan Nacer) was created, aiming at promoting the creation of provincial mother-infant health-care insurance schemes for persons without any coverage. Initially, this plan aims at strengthening the access to essential health-care services of the most vulnerable sectors of the population.

Since it was implemented, it has granted coverage to over 3 million beneficiaries, including pregnant and puerperal women, and children, who are now covered by an explicit health-care scheme for the first time ever. In recent years, progress has been made in designing a strategy for gradually including new population groups and new health-care priority benefits.

Other relevant dimensions of social protection are the transfer programmes granting economic security to the working age population and to those trying to improve their employability (see Box). These programmes are being implemented by the Ministry of Labour, Employment and Social Security, and by other national and provincial governmental bodies.

IV. Agenda for a More Systemic and Effective Social Protection

In Argentina, investment in social protection is high and it has risen even more during the last decade, since it is a priority within public policy agenda. This growth was possible thanks to the increased resources of the State. The availability of a broader fiscal space which allowed the expansions of social protection has arisen both from a higher general tax collection and from the recovery of the contributory funding. In terms of GDP, tax collection (or tax pressure) recorded a sustained increase between 2000 and 2011, of almost 13 p.p., and reaching 34.6% of the GDP in 2011. Additionally, collection of social security resources also rose considerably, from 3.4% of the GDP to 7.4% of the GDP, between 2000 and 2011.

The behaviour of the social security resources (explained by the creation of registered employment, the creation of the SIPA and, to a lesser degree, the pension fund moratorium and other regulatory changes) allowed an expanded expenditure and an increased weight of the contributive share on the social security funding. The weight of contributions in the financing of retirement and pension expenditure grew from a 34% in 2000 to an 80% in 2010. Today, the social protection system has developed and has reached a certain maturity, and is now faced with the challenges of consolidating the processes in progress and ensuring their sustainability.

Progressive integration of economic security with essential services

Although the explicit association between monetary benefits and access to essential services is characteristic of the social protection system in force, it was not until recent years that this association started to consolidate. For example, employment schemes have acquired a strong interconnection among their economic security components and access to public services regarding employment, labour intermediation, basic education, and vocational training. These requirements are fulfilled by the More and Better Jobs for Youth Programme (Jóvenes con Más y Mejor Trabajo), targeting unemployed young people who have not completed mandatory education, and by the Training and Employment Insurance (Seguro de Capacitación y Empleo), targeting unemployed persons with no access to contributive unemployment insurance. Regarding such contributive unemployment insurance, there is also a mandatory association with public employment services. Economic security programmes designed for children and adolescents and pregnant women stipulated conditionalities, depending on each case, as regards education and health-care. Consequently, the AUH conditions a 20% of the monthly monetary transfer to the effective observance of school attendance and health-care controls stipulated for children under 6 years old. Additionally, the Childbirth Plan (Plan Nacer), designed for children under 6 years old and pregnant women with no health-care coverage, although it does not include any economic security component for its beneficiaries, has also promoted the access to the economic security granted by the AUH.

One of the main challenges is the removal of barriers to the horizontal extension of social protection, in order to achieve their full universalization. In the case of the AUH, there are still some groups excluded, for example, a portion of the indigenous population. Besides, other gaps to be solved in the family allowance system include the case of “monotributistas” workers included in the Simplified Tax Scheme. As to contributive family allowances, it is necessary to prevent the coverage of middle-income workers from collapsing. Finally it would be desirable to design a unified system combining the three subsystems: non-contributive, contributive, and income tax child deduction.

Another challenge for social protection is the development and institutionalization of a child and elderly care system, as an answer to demographic changes, but also to facilitate the access of women to the labour market. This would allow a better conciliation of family responsibilities with work.

As regards retirement and pension coverage for elderly persons, there only remains to institutionalize the scheme which will allow closing any protection gaps that may arise in the future, as a consequence of the high levels of informality that still prevail in the labour market.

Meanwhile, the purpose of reaching an effective, equitable, and high-quality universal coverage of health-care services is faced with certain challenges arising from the system fragmentation and lack of articulation among its different subsectors (and towards the inside of each of them). These items demand a series of institutional reforms, such as the strengthening of the State presence in this sector and the redefinition of aspects that contribute to achieving equity and the financing of social security (UNDP, 2011).

Finally, the life-cycle approach of the social protection system demands a coordination and integration efforts, since some policies and age-group programmes overlap. For example, in the case of young people, the AUH and the More and Better Jobs for Youth Programme (Jóvenes con Más y Mejor Trabajo), the Training and Employment Insurance (Seguro de Capacitación y Empleo) and

other schemes of the Ministry of Social Development (Argentina Works (Argentina Trabaja, etc.) give rise to beneficiaries shifting among programmes. As a consequence, many beneficiaries cannot access to actions for improving their employability or they must resign their monetary benefit to be able to do so. On the other hand, the interaction between monetary benefits and access to essential services is faced with numerous challenges related to intersectorial and interjurisdictional coordination, due to the multiplicity of institutions that compose the social protection network at all national, provincial and municipal levels. In this scenario, a better systemic coordination and articulation would boost the effectiveness of the actions.

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