

Universal Social Protection

Universal social
protection for children
and adolescents in

Argentina



In 2009, the Universal Child Allowance (UCA) was introduced in response to the effects of the global crisis, and with the aim of consolidating several non-contributory transfer programmes for families with children. This non-contributory cash transfer programme expanded coverage to children under age 18 (and disabled children without any age limit), as well as to unemployed workers, informal workers, domestic workers and *monotributistas* (*Monotributistas* are mainly low-income, self-employed workers participating in the Simplified Regime for Small-scale Contributors, known as the *Monotributo*. This is a simplified, integrated tax system that rolls income, value-added and social security taxes into a single monthly payment).

The provision of income insurance for families with children and adolescents is made up of three components: contributory family allowances (CFA), non-contributory family allowances and tax deductions from income (tax on earnings) for higher-income workers with children.

Lessons learned

- The integration of the contributory and non-contributory components is a strategy to guarantee the consolidation of “comprehensive social security systems” and to ensure the universal protection of children and adolescents, in accordance with the provisions of ILO Social Protection Floors Recommendation, 2012 (No. 202) and the Convention on the Rights of the Child.
- The introduction of the UCA has enabled the development of a system to support the income of families with children, according to the employment status of the adults responsible for the children and adolescents and the income earned. The system has three components: contributory component, non-contributory component and tax deductions for higher-income workers.
- Studies have shown that the policy to extend social protection through the UCA has had a major impact on reducing extreme poverty and inequality and on increasing school attendance of adolescents aged 16 and 17.

Coverage data

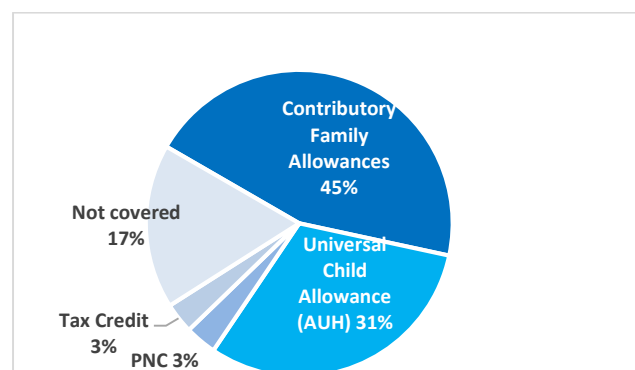
Together, these three components reach approximately 83 per cent of children and adolescents in Argentina. In absolute terms, some 10.3 million children and adolescents are covered by an income transfer mechanism.

1. Background

Since the late 1990s, several initiatives have been introduced to provide income security for households with children. During the 2000s, social assistance programmes used the presence of children in the household as a reference, and programmes for the social protection of children were even implemented at the sub-national level. The UCA was introduced in Argentina as a result of years of intense discussion on proposals designed to universalize protection of children and adolescents. One of the most noteworthy proposals was the extension of family allowances.

The almost universal coverage achieved is due to several factors, most notably the implementation of the UCA, the increase in formal employment that expanded contributory coverage levels and the incorporation of *monotributistas* in the CFA component (April 2016).

Also of note is the extension of non-contributory pensions to mothers of seven or more children, which provides income security to large families (between 2003 and 2014, the number of main beneficiaries increased by 471 per cent).



In legal terms, the UCA was created through a Decree of the National Executive Branch (1.602/09), which modified the Law of Family Allowances (N° 24.714).

This decree established the incorporation of a non-contributory sub-system within the General Family Allowance Regime. In other words, both types of benefits are now regulated by this Law.

2. Structure and main characteristics of protection of children and adolescents

As mentioned, the provision of income security for children and adolescents in Argentina has three components:

- **Contributory family allowances (CFA)**, composed of the “Family Child Allowance,” which covers the dependents of formal middle- and low-income employees, beneficiaries of certain social security guarantees (unemployment and work injury) and, since April 2016, dependents of workers of the *Monotributo* regime.
- **Non-contributory family allowances**, composed of the Universal Child Allowance (UCA), which is a semi-conditional cash transfer for each child and disabled child of unemployed workers, those of the informal economy, social *monotributistas* and domestic workers.

The cash transfer is semi-conditional: the 80 per cent is granted through the usual system of social security payments while the remaining 20 per cent is paid once the main beneficiary confirms health checkups, immunization records and certification of completion of the school year of children and adolescents, whichever is the case.

The UCA is a component of the non-contributory pillar, together with family allowances for dependents of beneficiaries of old-age pensions and of beneficiaries of certain non-contributory pensions (disability and former soldiers in the Falklands War).

- **Deduction or tax credit for each child**, for higher-income workers who pay income tax. The tax credit is the component available to higher-income workers who pay individual income tax.

Low-income beneficiaries of the FCA and UCA beneficiaries receive the same amount (\$ 966). In

2015, the automatic mobility of benefits (twice annually) based on the pension mobility index was established by law.

The National Social Security Administration (ANSES) is responsible for managing both contributory and non-contributory family allowances. In other words, the ANSES receives applications, processes and evaluates them and pays both benefits).

The integration of the contributory and non-contributory components (CFA and UCA) pave the way for the consolidation of a “comprehensive social security system” as established in the ILO Social Protection Floors Recommendation, 2012 (No. 202).

Nearly six years after the UCA was implemented, evidence indicates that these social protection programmes of high coverage do not have a negative impact on labor market variables. This positive result is largely due to the coordination among programmes that guarantee income and to active labour market policies.

Several factors explain the fact that 17 per cent of children and adolescents are not covered under any scheme. This group mainly includes children and adolescents whose parents: i) are employees with higher earnings – or slightly lower earnings – than the established ceilings; ii) they are higher-income *monotributistas*; iii) they are independent workers; or iv) they are immigrants residing in the country for less than three years. The situation of children and adolescents not under family care should also be mentioned given that they are not included in any of the current protection components.

Moreover, there are children and adolescents who are eligible for one of the established schemes but who do not receive benefits for a variety of reasons, especially: problems associated with family relations; problems associated with their or their parents’ identification documents; and non-compliance with some requirements for access.

3. Financing

The contributory component is financed through employers’ contributions to social security while social security resources cover the cost of the UCA.

As a result of the expanded coverage, the resources allocated to cash transfers for children and adolescents have been sharply increased. In 2014, the amount allocated to the protection of this segment of the population was 1.04 per cent of GDP, where the principal components were the UCA (0.50%), the CFA (0.46%) and the family allowances for people receiving an old age pension (0.08%).

4. What is the impact of the UCA?

Policies to extend social protection, in this case the UCA, had considerable impact in terms of reducing extreme poverty and inequality. Studies (Bertranou, 2010; Maurizio and Vázquez, 2014) have shown that UCA reduced poverty rates, especially extreme poverty. There is also empirical evidence that suggests that the UCA contributes to improved income distribution, as measured both by the Gini coefficient and in terms of income gaps (Hintze and Costa, 2014 and Curcio and Beccaria, 2013).

Additionally, some studies found that the UCA had a positive impact on school attendance of adolescents aged 16 and 17 (the group with the highest dropout rates) as well as on reducing child labour (Jiménez and Jiménez, 2015). Nevertheless, given the lack of available standardized data, more evidence is needed on the impact of this programme on school attendance, particularly with respect to secondary school.

The implementation of this policy also led to a 50 per cent increase in the number of children enrolled in the SUMAR Plan – guaranteed health benefits – and a 14 per cent increase in the number of pregnant women enrolled (MSAL, 2012).

5. What are the challenges?

The main challenges for policies to guarantee income security for children and adolescents can be summarized as follows:

- Despite efforts to increase UCA coverage, the challenge remains to incorporate a large number of eligible children and adolescents who for different reasons face barriers to accessing the benefits.

- The role of established conditions needs to be redefined to emphasize the concept of the “universal right” of children and adolescents to health and education.
- The sufficiency of UCA benefits should be assessed in an effort to enable children and adolescents to get out of poverty.
- A micro-assessment of the UCA should be conducted to identify bottlenecks and propose reforms that help facilitate programme implementation and compliance with established conditions.

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