



Inter-American Development Bank

DECLARATION 6th SOCIAL EQUITY FORUM September, 2004

INSTITUTIONAL CHALLENGES FOR SUSTAINABLE AND EQUITABLE SOCIAL POLICY IN LATIN AMERICA AND THE CARIBBEAN

Summary

The members of the Social Equity Forum urge governments, civil society and citizens in the region to increase their efforts to build solid institutions that guarantee sustainable and equitable social policy. This is a necessary response to the basic challenges facing the region, in particular, the urgent need to promote social equity and to increase the efficiency and distributive impact of social spending. Attaining sustainable and equitable social policy requires action in six priority areas of institutional development: handling social rights with fiscal responsibility; creating institutional spaces for coordinating comprehensive policies for reducing poverty among the various sectoral agents responsible for implementing social policy; guaranteeing institutional continuity of resources, actors and programs; fomenting access to reliable statistical information – including objective systems for evaluating and monitoring social action and its impact; encouraging leadership aimed at strengthening institutions; and promoting participation by social actors to favor the sustainability of effective social policies.

PRECEDENTS

The Social Equity Forum aims to elevate social equity concerns to the forefront of economic and social policy debates and to promote the advancement of successful equity policies through research and the sharing of experiences by a group of persons committed to fomenting equity in Latin America and the Caribbean.

Over the past five years, the Forum has brought together regional leaders with extensive experience in the analysis, formulation and implementation of policies that promote social equity. These include former presidents, economic, finance, planning and line ministers, members of congress, prominent leaders of civil society organizations, members of the academic and research world, and opinion shapers, among others.

The sixth meeting of the Forum, held in Washington, D.C., on August 2-3, 2004, focused mainly on the **Institutional Challenges for Sustainable and Equitable Social Policy** in Latin America and the Caribbean. As a result of the dialogue and experiences shared during the event, members of the forum agreed to the following **declaration**:



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AND EQUITABLE SOCIAL POLICY
IN LATIN AMERICA AND THE CARIBBEAN**

“We recognize that overcoming poverty, hunger and social inequality are the great challenges facing many countries in the hemisphere in the 21st century.”
Extraordinary Summit of the Americas, 2004, Nuevo León, México

1. CHALLENGES

EQUITY AND SOCIAL INCLUSION. The promotion of social equity in Latin America and the Caribbean has again become important after a decade of reforms that have had limited impact on the welfare of the region’s most underprivileged citizens and, particularly, on the segments of society most excluded because of their ethnicity or gender.

The countries in the region continue to be among the most inequitable in the world. In most of them, the disparities are greater than could be expected, given their per capita income. In the late nineties, the wealthiest 20 percent of the population received 60 percent of disposable income, while the poorest 20 percent received only three percent. Also, those socially excluded because of gender, age, ethnic origin, disability, HIV/AIDS or immigration status, suffer additional hardships such as prejudice and discrimination and rank lowest on scales of income and progress toward the Millennium Objectives. This disappointing failure to reduce income inequality during the past decade also weakened economic growth and its impact on the income of the poorest people. The official declaration of the heads of state who participated in the recent European Union – Latin America summit held in Guadalajara, Jalisco, Mexico, in May 2004, highlights the determination of governments in the region “to build more just societies by strengthening social cohesion, especially keeping in mind the principle of common global responsibility”.

GREATER EFFICIENCY AND DISTRIBUTIVE IMPACT OF SOCIAL SPENDING. Given the existing fiscal restrictions on increasing public spending, it is essential to increase the distributive impact of social spending. In the past decade, Latin America and the Caribbean made social spending a macroeconomic priority. This period was the “golden decade” of social development, at least in terms of spending in the sector as a proportion of GDP. However, despite the increase in social spending and a better focus on certain sectors, this additional spending was clearly not sufficiently linked to improved access to social services. Social policies and programs must go beyond simply accelerating the

average rate of access to services and must include equity and quality goals in education, health and housing.

EFFECTIVE SOCIAL POLICIES AND INSTITUTIONAL REINFORCEMENT. Achieving effective social policies requires institutions to be strengthened to guarantee the continuation of strategies and programs, to provide mechanisms for the participation of key social actors over the long term and to promote cohesive social contracts. The results of recent assessments of the impact of social programs in the region all underline that their insufficient progress –in overcoming poverty and reducing social and economic disparities– is largely explained by the institutional weakness of many of the region’s social sectors.

To successfully strengthen institutions, the following are considered essential: (i) availability of technical instruments for information, monitoring and evaluation, to make more effective use of scarce resources; (ii) adequate financing, especially in times of recession or crisis; and (iii) comprehensive management that involves multiple governmental actors, including national ministries in different sectors, technical and monitoring bodies and subnational governments. Given the multi-dimensional aspects of poverty and the fact that it tends to reproduce itself from one generation to the next in Latin America and the Caribbean, successful social policies must increasingly depend on a comprehensive approach that adjusts and coordinates the various sectoral instruments – education, health, housing, etc.— to the demands of vulnerable demographic groups and poor households, throughout their life cycle. This same approach is reflected in the declaration of the Extraordinary Summit of the Americas in Nuevo León, Mexico, which makes it clear that in the region there is a conviction “that coordinated and integrated economic and social policies are a requisite for successfully reducing the disparity of opportunities and marginalization, and that such policies are the foundations for building a more just society”.

2. PRIORITY AREAS FOR INSTITUTIONAL DEVELOPMENT

These challenges call on governments in the region, on civil society and on citizens in general to increase their efforts to increase the equity, sustainability and efficiency of social policy by strengthening institutions. The 6th Forum on Social Equity recommends action in six priority areas: encouraging leadership aimed at strengthening institutions; handling social rights and commitments with fiscal responsibility; creating institutional spaces for coordinating comprehensive poverty reduction strategies; guaranteeing the institutional continuity of resources, actors and programs; fomenting access to reliable statistical information; and promoting participation by social actors.

LEADERSHIP TO STENGTHEN INSTITUTIONS

To achieve effective social policies many factors are involved, including the technical know-how to design an adequate poverty reduction strategy. However, very often the most crucial factor is for there to be sufficient leadership to drive these policies according to the political and institutional realities of each country. In countries suffering from instability and institutional weakness, competent and committed political leadership may be the key ingredient for social progress. The members of the Forum call on politicians in

the region to commit themselves to the agenda for strengthening institutions in the social sectors, in order to increase the efficiency and equity of social policies.

ATTENTION TO RIGHTS AND SOCIAL COMMITMENTS WITH FISCAL RESPONSIBILITY

Social policies must be put in a framework of effective legislation that considers rights without weakening the fiscal stability of the economy, while reflecting cohesive social contracts. It is necessary to promote legislation that goes beyond a simple welfare framework and speeds up the inclusion of a growing number of beneficiaries from vulnerable sectors that are traditionally excluded for reasons of ethnicity or gender. This type of institutional arrangements requires action on two fronts: first, encouraging a legal framework for social policies based on an approach to rights that takes into account the fiscal restrictions of the economy; and second, designing a long-term social strategy that includes policy design and the allocation of social budget resources aimed at directly tackling the essential causes of poverty – that is, the impediments to the economic and social independence of the poorest homes.

INSTITUTIONAL SPACES FOR COORDINATING A COMPREHENSIVE POVERTY REDUCTION STRATEGY

Given the multi-dimensional nature of poverty, effective social policy must be comprehensive. Spaces must exist for coordination among the different governmental actors in charge of implementing social policy, including actors from different levels of government – national, provincial and municipal – and different sectoral agencies and ministries. These spaces for coordination will make it possible to exchange information, assign responsibilities and jurisdictions, coordinate efforts and efficiently allocate resources. Examples of these include the social and technical departments of the office of the president of the republic.

To coordinate the work of agencies in a comprehensive poverty reduction strategy, governments in the region would do well to design and establish National Poverty Reduction Strategies based on a clear diagnosis of the causes of poverty and inequality. Such strategies must determine the initial state of the potential beneficiaries of social programs, and the potential impact and cost of the different programs. This will make it possible to establish priorities in sectoral programs and policies, to bias public spending in favor of poverty reduction and social protection programs, and to use transparent and equitable sources of financing and resource allocation criteria to make efficient use of limited resources.

INSTITUTIONAL CONTINUITY: RESOURCES, ACTORS AND PROGRAMS

The sustainability and efficiency of the efforts to improve equity also require mechanisms that guarantee the institutional continuity of the coordinators of social projects, so that neither they nor the programs change or are interrupted with each change of government or minister. Likewise, continuity and efficiency depends on continuously developing the technical capacity of the agencies responsible for the different stages of social policy. Developing technical capacity necessarily involves reforming and training the civil service in order to have professionals capable of carrying out the different functions

required by comprehensive, effective social policies. To guarantee the continuity and technical capacity of these actors, the countries in the region must promote transparent procedures for selecting program coordinators, with renewal cycles that are independent of political cycles.

ACCESS TO RELIABLE STATISTICAL INFORMATION

Efficient policies also require mechanisms that facilitate the gathering and analysis of, and access to, reliable information that provides an appropriate basis for evaluating the progress made with strategies and policies and for improving program design. Any social strategy must take care to efficiently use limited resources to deal with the most important social problems. In addition to its role in the efficient use of public resources, reliable statistical information is an essential instrument for the transparency of public policy and the development of democracy. The statistical information generated with public resources, as well as information on government programs, must be considered public and therefore accessible to civil society in general.

The mechanisms for strengthening the generation and use of information in the countries must include ways to increase the independence of the directors of the national statistics institutes: transparent and objective processes for appointing and removing directors, increasing the stability of the post, avoiding frequent and arbitrary changes, and guaranteeing the technical capacity of the director. It is also important to encourage the creation of a National Statistics System to coordinate the generation and diffusion of information from the various public agencies. Such systems must also include an operative, viable and competent administrative council with a mandate that is credible to government and society and with a say in the allocation of resources for their activities and in the appointment of the directors of the institutes.

Information gathering must necessarily feed objective systems for evaluating and monitoring social action and its impact. As was established at the recent Marrakech Conference (2004) on Managing for Development Results, to obtain better results in the promotion of development, statistical information must be a basic element for planning, implementing and evaluating government action. Mechanisms must be established to monitor progress with the implementation of national action and strategies for poverty reduction, through indicators and systems for monitoring and evaluating policies, programs and development goals. In particular, the mass media can be good instruments both for spreading information that feeds the design, monitoring and evaluation of social policies and programs.

PARTICIPATION BY SOCIAL ACTORS

Achieving effective social policies also involves encouraging participation by social actors who can guarantee the consolidation of successful programs. Because they have longer planning horizons than governments, many social actors – some NGOs, professional entities, etc. – can strengthen successful social programs to allow them to survive political changes, while raising the quality of programs by making demands and

offering collaboration. An effective way of including this kind of actors is by creating Tables for Social Dialogue and Coordination in which they can participate.

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6th SOCIAL EQUITY FORUM

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Inter-American Development Bank – IDB

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