



# The Chilean Path to a Social Protection System

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## Presentation Index

- Diagnosis and Stages of Social Policies
- Results in Poverty
- Components of the Social Protection System
  - Labour
  - Chile Solidario
  - Chile Crece Contigo
- Challenges in constructing the Social Protection System

The social policy of the Concertación Coalition: from the democratic reconstruction at the beginning of the nineties, to the construction of a social protection system founded on rights

## Diagnosis in 1990\*

- Social cost of macro adjustments and structural reforms expressed in:
  - Massive unemployment
  - Reduction of social spending
- Deterioration of key indicators
  - Income distribution
  - Poverty
  - Stagnation or deterioration of key indicators in the 80'
- Questioning the legitimacy of social reforms of the dictatorship:
  - Municipalization and *vouchers* in education
  - Privatization of health protection
  - Pension Reform

\* Drawn from Mario Marcel in a Seminar on *Income Inequalities*, Universidad de Chile, 2006

# Initial Options for Social Policy

- The urgency to pay off the social debt
  - Re-establishing operative capacity of basic social services in education and health
  - Avoiding structural reforms with high transition costs
  - Impulse for the “Growing with Equality” strategy from the subtract of the Concertación coalition governments
    - A set of public policies that lead to the increase and to the improvement of national income in a redistributive manner.
- Combination of:
- Economic performance
  - Consolidation of public social actions
  - Reorientation towards a social investment policy, both universal and focalized



# Stages of Social Policies 1990-2006

## **1990-96: restoration and experimentation**

Recuperation of social subsidies value (Family Benefits, Unique Family Subsidy, Pensions)

- Recuperation of key players' remunerations (teachers, doctors, public officials)
- Recuperation of operational capacity in hospitals, medical assistance centers, schools
- Creation of MIDEPLAN, FOSIS
- Recognition of vulnerable groups
- Competition-based funding (no to generalized increases, yes to project financing)

# Stages of Social Policies 1990-2006

- 1996-2000: search for major efficiency
  - Policies centered on poverty reduction – focusing
  - Incorporation of social subject matters, creation of programs in multiple institutions, diversification of vulnerable group identification
  - Search for supra-institutional coordination mechanisms
  - Consolidation of incentives in social services provision: performance-based remunerations in public administration

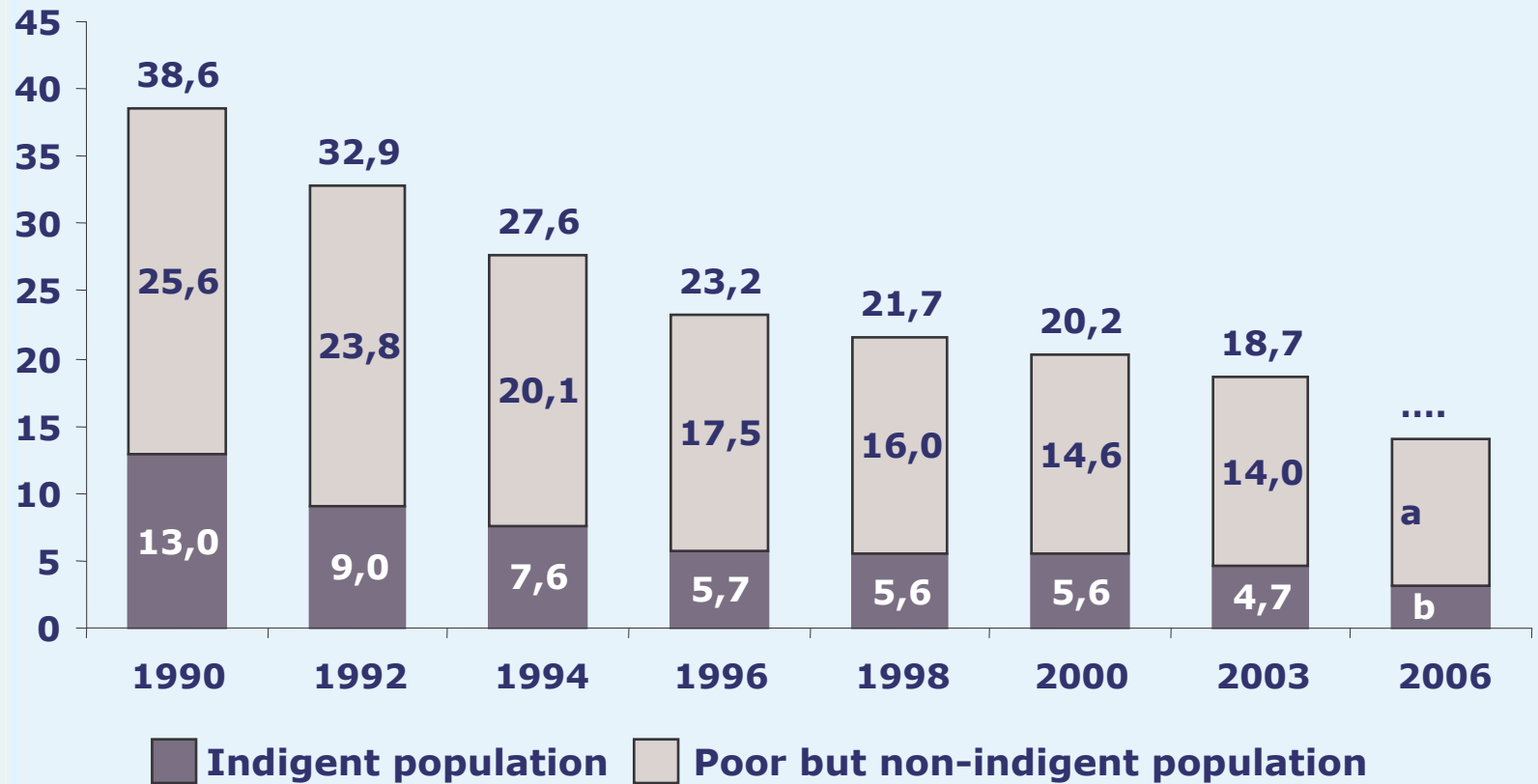
# Stages of Social Policies 1990-2006

- 2000 -2006 : social protection
  - Social reforms to consolidate / create rights :
    - Penal Process Reform
    - Health System Reform: AUGE Plan
    - Full-time school schedule and 12 years of obligatory school attendance
    - Chile Solidario
    - Infancy policies
    - Pension Reform
  - Extension of the focus towards middle income sectors
  - Search for social policies standards / benchmarks



# Poverty Assessment 1990-2006

(Population percentage \*)

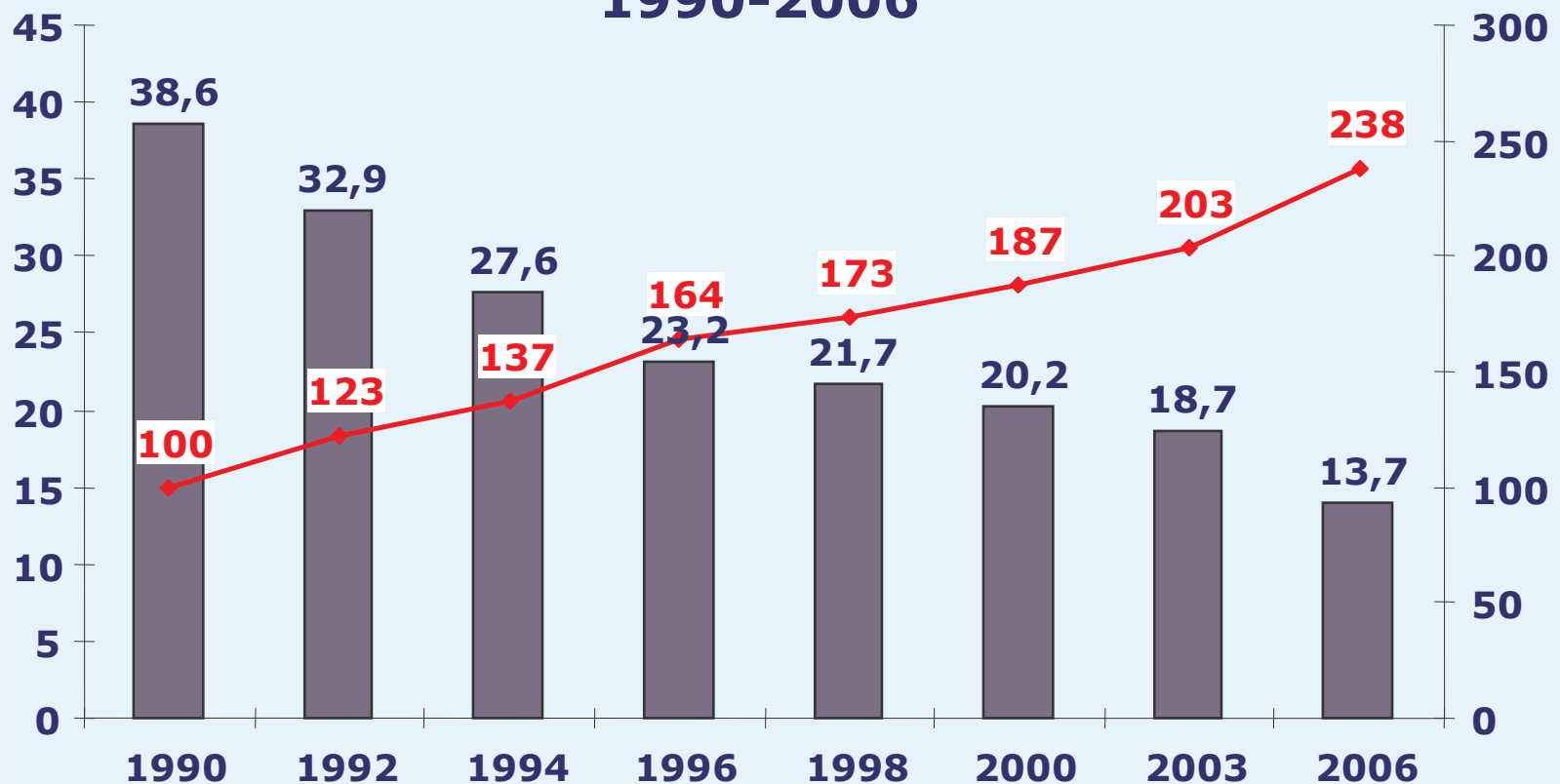


\* Excluding live-in domestic service and their family nucleus.

Source: MIDEPLAN, CASEN Poll, respective years.



## Poverty and GDP Development 1990-2006



■ Poverty incidence \*

◆ Quarterly GDP, October - December quarterly base 1990=100

\* Excluding live-in domestic service and their family nucleus.

Source: MIDEPLAN, CASEN Poll, respective years



**Distributive Impact of Social Spending**  
**Total Income as a Percentage of Autonomous Income**  
**1990-2003**

Per capita quota of households						
	<b>I</b>	<b>II</b>	<b>III</b>	<b>IV</b>	<b>V</b>	<b>Total</b>
<b>1990</b>	1,46	1,18	1,08	1,03	1,00	1,05
<b>1992</b>	1,53	1,21	1,11	1,05	1,01	1,07
<b>1994</b>	1,61	1,22	1,11	1,05	1,01	1,07
<b>1996</b>	1,68	1,23	1,12	1,04	1,00	1,07
<b>1998</b>	1,84	1,25	1,11	1,04	1,00	1,07
<b>2000</b>	1,85	1,28	1,12	1,04	1,00	1,08
<b>2003</b>	1,89	1,28	1,12	1,05	1,00	1,08
<b>2006</b>						?

Source: MIDEPLAN

The total income is defined as a sum of autonomous income of household plus monetary subsidies plus monetary contribution from benefits in health and education that households receive from the State.

## Indicators of household income distribution \*

1990-2003

	20/20 Indicator						
	1990	1992	1994	1996	1998	2000	2003
<b>Autonomous income</b>	14,0	13,2	14,3	14,6	15,5	15,3	14,3
<b>Monetary income</b>	12,9	12,2	13,2	13,8	13,9	13,2	12,3
<b>Autonomous income + health</b>	12,5	11,0	11,5	12,1	12,1	12,2	11,7
<b>Autonomous income + education</b>	10,9	10,3	10,6	11,1	11,2	10,7	9,6
<b>Total income</b>	8,9	8,2	8,6	8,8	8,5	8,3	7,6

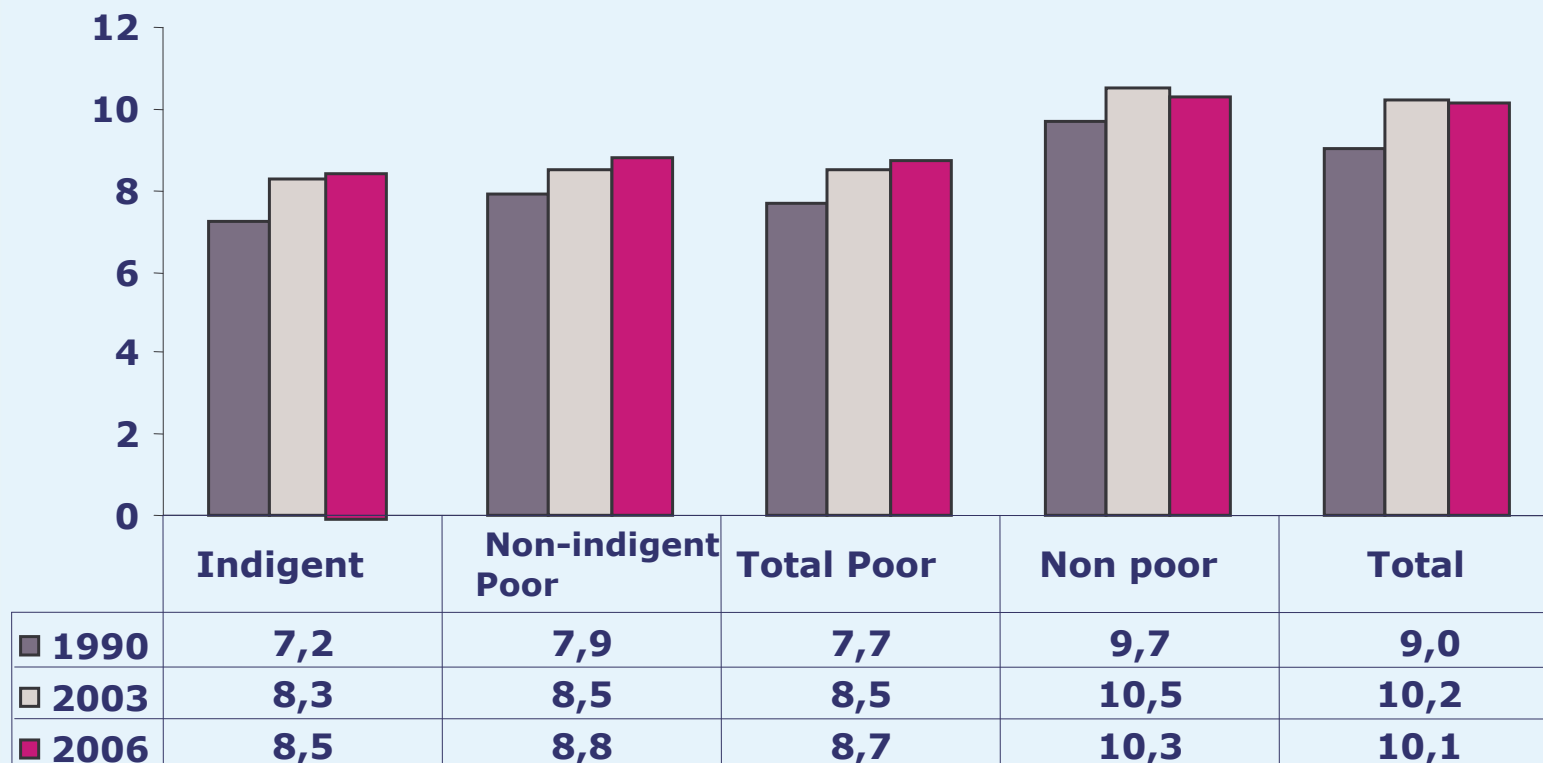
\*Excluding live-in domestic service and their family nucleus.

Source: MIDEPLAN, CASEN Poll, respective years

Income And subsidies	Part of household autonomous per capita income 2003										
	I	II	III	IV	V	VI	VII	VIII	IX	X	Total
<b>Autonomous income**</b>	63.866	144.442	191.812	250.284	291.995	348.773	437.417	568.279	810.931	2.177.245	528.507
<b>Monetary subsidy</b>	21.590	13.137	10.492	8.379	6.443	4.843	3.749	2.432	1.274	472	7.281
<b>Monetary income</b>	85.456	157.579	202.304	258.663	298.438	353.616	441.166	570.711	812.205	2.177.717	535.788
<b>Subsidy in education</b>	54.190	50.194	41.829	38.453	30.550	24.305	21.480	16.947	12.349	4.869	29.516
<b>Subsidy in health</b>	24.949	21.848	14.074	9.928	8.244	5.363	5.217	-2.097	-4.027	-7.910	7.559
<b>Total Income</b>	164.595	229.621	258.207	307.045	337.232	383.285	467.863	585.561	820.527	2.174.676	572.863
<b>Total income/ autonomous income</b>	<b>2,58</b>	<b>1,59</b>	<b>1,35</b>	<b>1,23</b>	<b>1,15</b>	<b>1,10</b>	<b>1,07</b>	<b>1,03</b>	<b>1,01</b>	<b>1,00</b>	<b>1,08</b>

# Average School Attendance by Poverty Status 1990-2003-2006

(Years of school study)



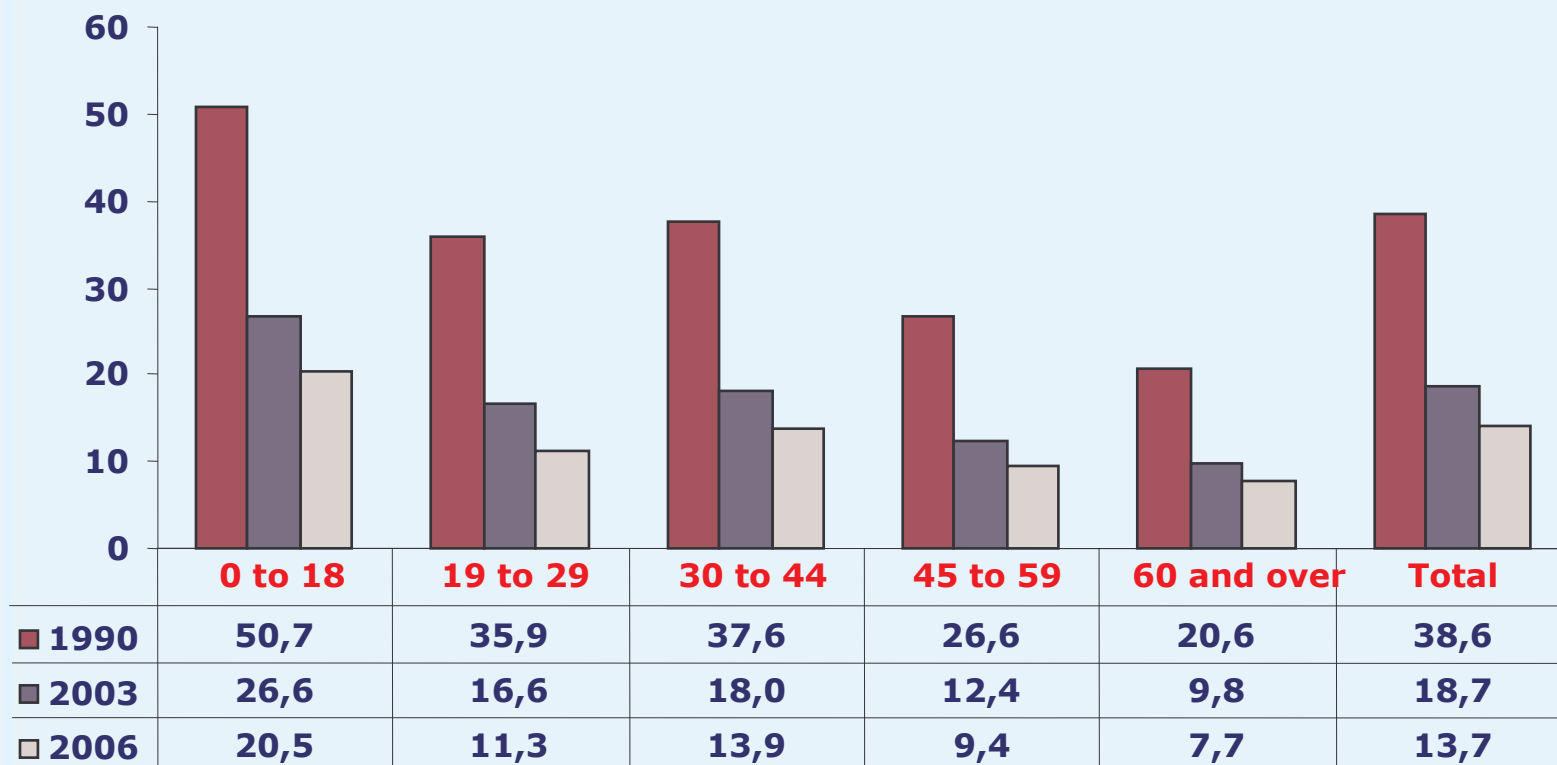
\*Excluding live-in domestic service and their family nucleus.

Source: MIDEPLAN, CASEN Poll, respective years

# POVERTY DEVELOPMENT BY AGE GROUP

## 1990-2003-2006

(PERCENTAGE OF RESPECTIVE POPULATION \*)



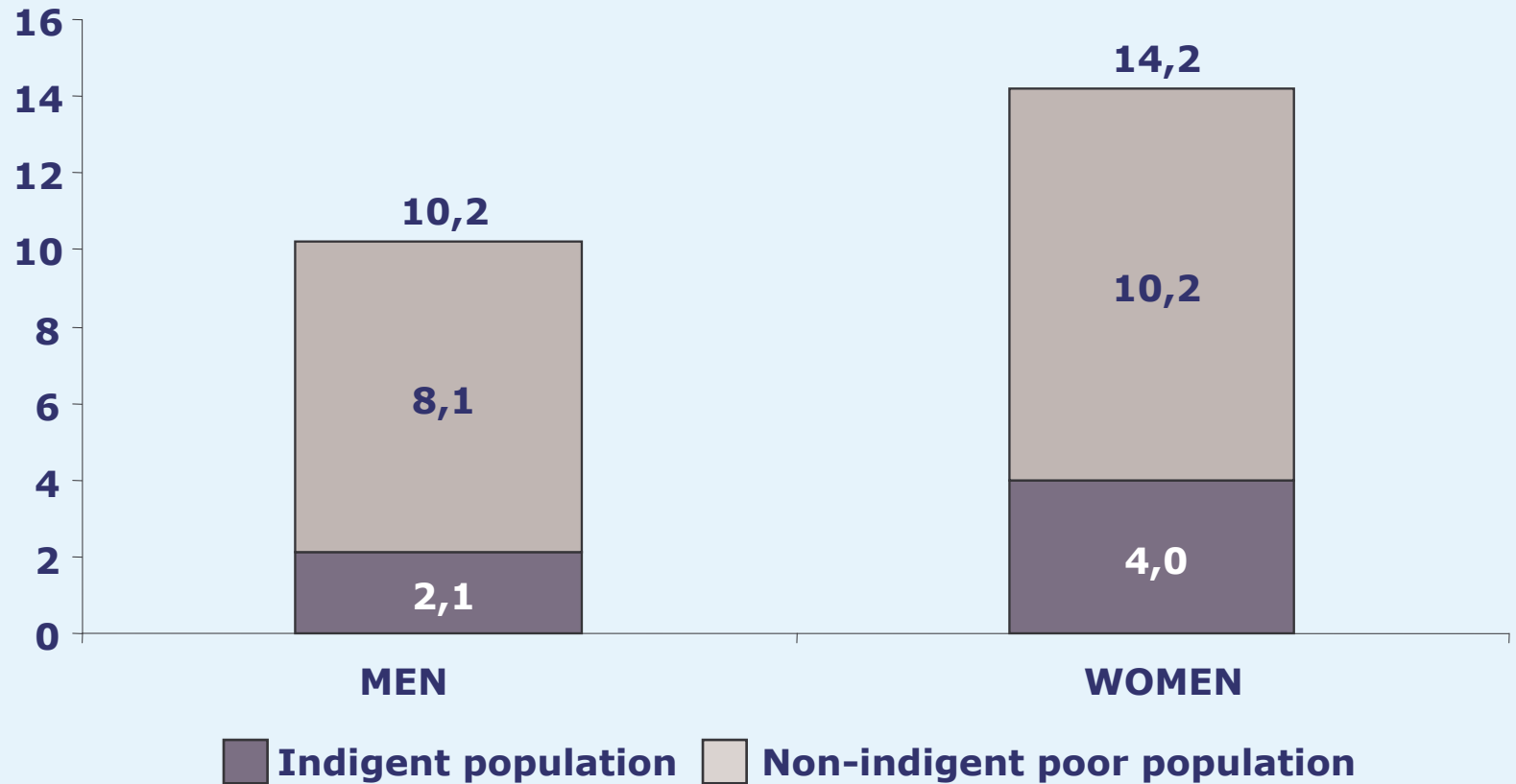
\*Excluding live-in domestic service and their family nucleus.

Source: MIDEPLAN, CASEN Poll, respective years

# POVERTY STATUS BY HEAD OF FAMILY GENDER

## 2006

(PERCENTAGE OVER THE RESPECTIVE TOTAL OF HOUSEHOLDS)



Source: MIDEPLAN, CASEN Poll 2006.



# Social Protection System

- Based on the notion that there are virtuous circles between growth and equity :
- More and better education and health => improvement of human capital, necessary for competitiveness based on innovation and technology
- Poverty is violence. Increased social protection and guarantee of rights => lower conflict levels, increased political stability leading to an environment that attracts investments.
- Better equity distribution reduces social costs such as school drop-out rate, avoidable mobility, early pregnancy, drug addiction ....
- The more equity there is the more trust levels there are among citizens and institutions => higher social capital

## Diagnosis before the design of Chilesolidario

- The social benefits were perceived to a higher degree by **poor but not indigent** families
- Reason: a design of the public offer based on a waiting model, structured on **demand**, which presumed that those who did not ask for these services and benefits did not need them.
    - => a degree of links with institutional networks
      - One of the critical exclusion factors of destitute persons was their isolation, lack of information and lack of links with these networks. This shows that those who most needed these benefits were the ones who had the least access.
      - Form of access: regional quotas, waiting lists. This did not permit re-assignment in case there was an opening in different territorial spaces
      - Institutional design: sectorial, very diverse offer that did not necessarily aimed at same, now systemic
  - Focus **on people**, and not on families leading to => dispersion of benefits
  - Conditions of delivery: none, without controls on possible changes of the original situation, lead to lack of incentives for subsequent improvement. Now subject to link, behavior, performance commitments

**From the point of view of the State, the simple sum of programs was not leading to the expected results**

- Consequently, it was necessary to determine what the most adequate strategy would be in order to achieve the effective eradication of extreme poverty.
- Therefore, the intervention had to address in a more complex way such families' needs, not only centering on the *income* variable, but also providing protection under an institutional device capable of integrating different visions.
- The first stage of the Chile Solidario system involved the creation of coordination devices that would permit to combine the functioning of services and programs concerning a common coverage, in order to comply with the intention of extending the structure of opportunities and of bringing them closer to the most vulnerable people.

Additionally, to generate the correct conditions allowing to achieve gradual and progressive decentralization

- Consolidation at territorial regional, provincial and borough levels
- Transference of resources and faculties to decentralized levels, in order to locally coordinate social protection

# So –where do we start?

**By putting in place a system of guaranteed social rights along the vital cycle of families (from conception to old age)**

- Chilesolidario System
- Childhood protection system - Chile Crece Contigo
- Labour Protection System

- **Social Protection System Chile Solidario**: aimed at extreme poverty that, within the framework of poverty eradication, this year also incorporating homeless people . As extreme poverty is diminishing, segments of non indigent poverty and vulnerable families are incorporated, such as lonely older adults and families with members with some kind of disability.
- **Integral Infancy Protection System “Chile Crece Contigo”**: aimed at guaranteeing universal rights for all children, it concentrates its efforts on working women’s children and all the children that form part of the 40 % of low income households, whether their mothers work or not (equivalent to 60 % of the total child population of the country). At the same time, the program looks after the protection of maternity, employment opportunities for women and the possibility of making work and family life compatible.
- **Labour Protection System** : aimed at guaranteeing socially protected work for women and men in their active life and a subsequent improvement in their passive life, with a reform of the pension and welfare system, strengthening the solidarity pillar and introducing changes in the contribution system, trying to achieve more inclusion and equity (especially in relation to gender issues)

## Labour PROTECTION SYSTEM (SPT) 2006 - 2010

SPT must take into consideration economic development, productivity and rights protection: the bases of “decent work”.

- SPT must not only be concerned with those citizens who can access employment and who have social security contributions: it must protect the vulnerable members of the population (unemployed people, young people, female heads of families, older adults, etc.).
- One of SPT's principal challenges is the implementation of a Pension System Reform that will incorporate independent workers and will guarantee coverage improvements by means of the implementation of a ‘solidarity component’; it will lead to the avoidance of gender differences; extension of the investment regime abroad and increase of monetary benefits for the most vulnerable sectors of population: design of a basic solidarity-based pension system.

Drawbacks of the system: low density of contributions from women and independent workers; in the future, it is believed that 50 % of affiliates will not get a pension exceeding the minimum old age pension (US\$85), and neither will people have the necessary number of months for the State guarantee (240 months).

## Principal Action Areas for SPT 2006 - 2010

1. Revision and modification of **unemployment insurance** in order to increase the number of benefits and improve access to the solidarity-based fund: currently, there are 4,284,850 affiliates of the AFC since it was put in practice three years ago (2006).
2. Implementing an integrated information and labor **intermediation system** that would facilitate rapid access to the job market for whoever needs it: modernization of the OMIL – borough level.
3. Improving the employment –oriented **training system** most of all for vulnerable sectors of society: grants for female heads of families, young people in social risk, people with disabilities, people in charge of older adults and sick people.
4. Promoting a “culture of social dialogue” among three key players: the State – Workers – Employers: less than 10% of workers collectively negotiate labor conditions and less than 14% are unionized.

Other complementary SPT actions include: readjustment of assistance pensions and the end of waiting lists; implementation of Labor Defender; the creation of special Labor Courts; eradication of child labor; extension of pro-employment programs to the poorest and most vulnerable sectors of the country (Chile Solidario) and progress in labor legislation.



# What is Chile Solidario?

It is a system of social protection aimed at people and families in situation of extreme poverty. Its aim is to promote their incorporation into the social networks and their access to better living conditions, so that they might overcome this condition.

## **Benefiting Population:**

- Families in conditions of extreme poverty.
- Adults Older than 65 years of age, living alone and in conditions of poverty.
- Homeless people.

Chilesolidario is institutionalized by means of Law N° 19,949 of 2004.



People and families in situation of extreme poverty

## Guaranteed Social Protection for 5 years

Families and people with autonomous involvement in the available social service networks who have overcome extreme poverty.



Preferential Access to social promotion programs



Participation commitment

Psychosocial support  
Protection bonus

Exit bonus

Guaranteed subsidies

SUF

PASIS

SAP

School retention



## Psychosocial support Component

**Personalized accompaniment during a specific time whose aim is to support families and persons in achieving minimum living standards, defined within the framework of 7 dimensions, varying according to the target population of the psychosocial support .**

**Dimensions to be worked on:** Identification, Health, Education, Family Dynamics, Habitability, Work and Income

Two relevant aspects:

- Direct work with the family. Through family support, Communitarian Monitor, NGOs support
- Key role of the family and co-responsibility for its personal and family process.

## **Components: Guaranteed subsidies**

Families and persons will be assigned guaranteed monetary subsidies , in relevant cases, within the period stipulated for the target population .

## **Component: Preferential Access to social promotion programs**

Families and persons, when relevant, can access, in a preferential , program offers that the State provides in all matters related to social promotion.



The system presumes a multi-dimensional character of poverty and focus on achieving **SPECIFIC RESULTS**, expressed in the achievement of minimum living standards in different areas.

Overcoming extreme poverty is reached as long as the recipients of the system achieve all the defined minimum conditions. This leads to the integrality of social intervention.

To achieve the proposed result, what is needed is a model of **INTERSECTORIAL MANAGEMENT** with the participation of different service providers and which must be synchronized in order to reach in a timely way every person or family.

From this point of view, everybody forming part of the State is co-responsible for the fulfillment of the results proposed on the subject of extreme poverty eradication.

## System Management Model

Chile Solidario is a **management model**, based on the articulation of institutional and territorial networks, which, in order to comply with the aim of social protection provision must :

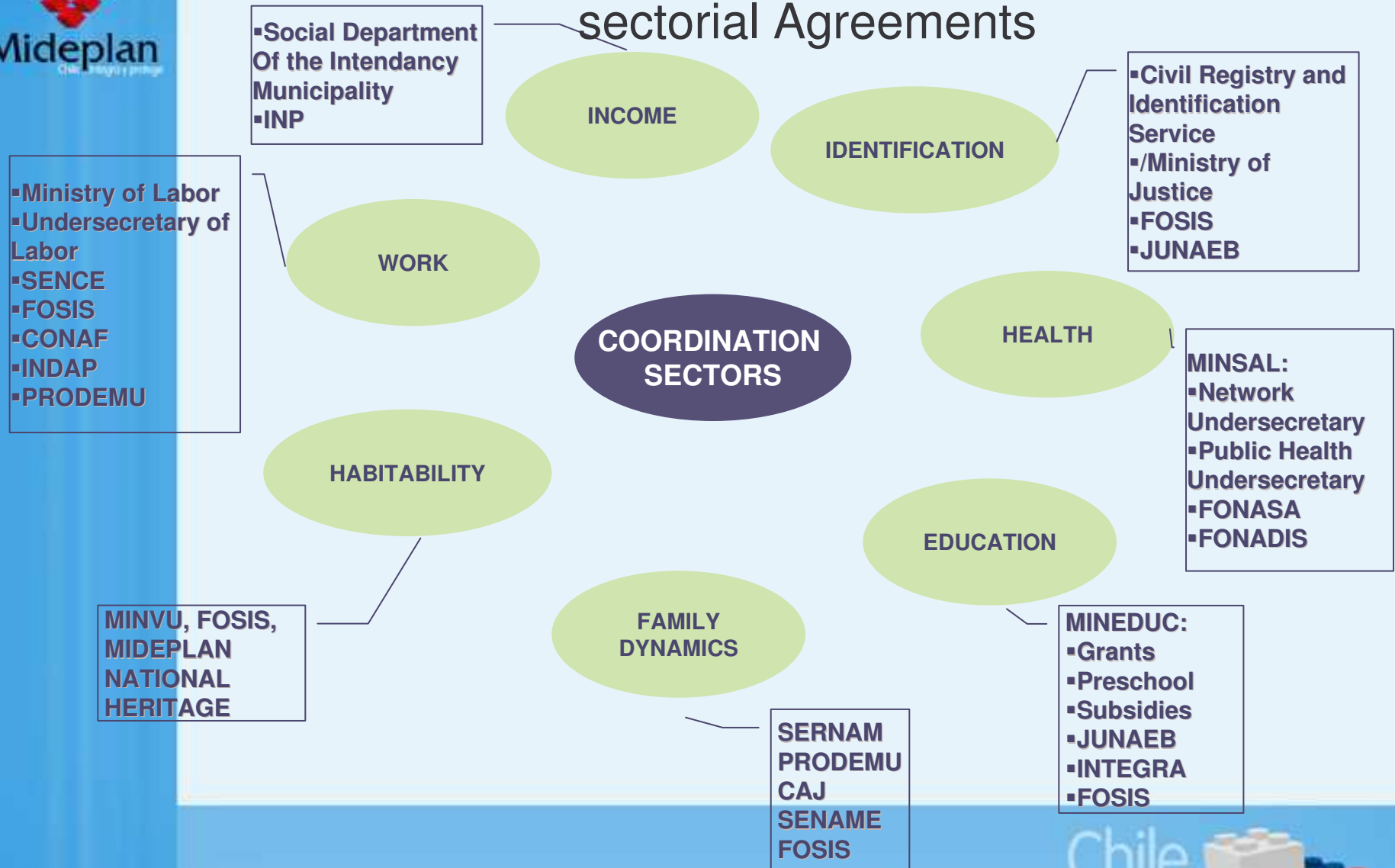
- Generate access tools so that users can get the support they need.
- Organize the available program offer in complementary areas that permit to achieve the integrality required by users.
- Promote the creation of conditions aimed at achieving service supply at the lowest possible cost for all users.

# System Management Model

1. SYSTEMIC MANAGEMENT
2. TERRITORIAL NETWORK MANAGEMENT
3. BUDGETARY MANAGEMENT
4. INFORMATION MANAGEMENT
5. KNOWLEDGE MANAGEMENT

This model is seeking to address the concept of integration of the Chile Solidario Social Protection System

# Systemic Management: Inter-sectorial Agreements




## The critical route: directions and challenges

- Chile Solidario advances along the social protection logic with a progressive coverage that incorporates new users (older adults living alone and the homeless).
- There is a consolidation of collaborative logic of intermediary network entities and specialized bodies that provide specific offers in the area of services.
- Chile Solidario is an articulation and coordination tool with a temporary character which seeks the implementation of capacities for the correct functioning of the regime of protection policies.
- Competences and institutional aptitudes of the local operators must be accredited in order to advance in the decentralization of the system and networking.



## We can infer from the above that

- The implementation and development of a social protection policy requires a gradual redesign (adaptation) of institutions.
- Chile Solidario is the **first step in the institutionalization of social protection policy**: it has a high demonstrative effect given that it implements a new work logic.
- The operation of protection policies and systems requires the development of specific management competencies that would make networking possible.



# Institutional itinerary to the consolidation of social protection policies

## ① HOW TO START

Original Institutional scenario

Set of programs and non-integrated services, without the existence of single window for users and functioning according to demand.

People exposed to risks, with limited opportunities of access to programs and services.

## ② WHERE WE ARE

Installation of network management model

Functioning of a social protection system for people in situation of poverty, with articulation tools to integrate the offer.


People exposed to risks have guarantees, resource opportunities and competencies to move in an independent way along the networks.

## ③ WHERE TO GO

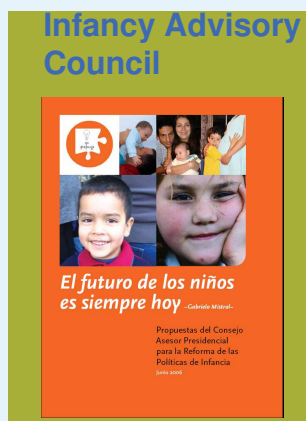
Consolidation of social protection regime

Institutionalization of the management model that makes it possible to comply with social protection objective

Effective exercise of rights , participating in the access to equal opportunities.



# Chile Crece Contigo



**Proposed measures for Protection System Implementation**

**Analysis and generation of Government actions for their implementation**

**Integral Protection System for Early Infancy**

# Equality of Opportunities

- The first 6 years of life are the most important in the formation of every person.
- Before 4 years of age the fundamental bases of an individual such as language, habits and social skills, emotional controls and cognitive capacities are structured.
- Currently in Chile, the place along the socioeconomic ladder occupied by the household where someone was born is one of the best prediction factors indicating the place that the person will occupy in his or her adult life.

# Need for a system of integral protection and not for a child development support program

- The multiple dimensions of early childhood development require simultaneous interventions in the different dimensions that influence children's development
- The interventions must take place at the right time and in the right way according to every child's specific needs
- The early detection of delays and the timely concern for risk factors (biological, psychological and/or social), allow us to make use of the windows of opportunity offered in early infancy

## The family, the community, public policies as an environment for child development

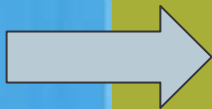
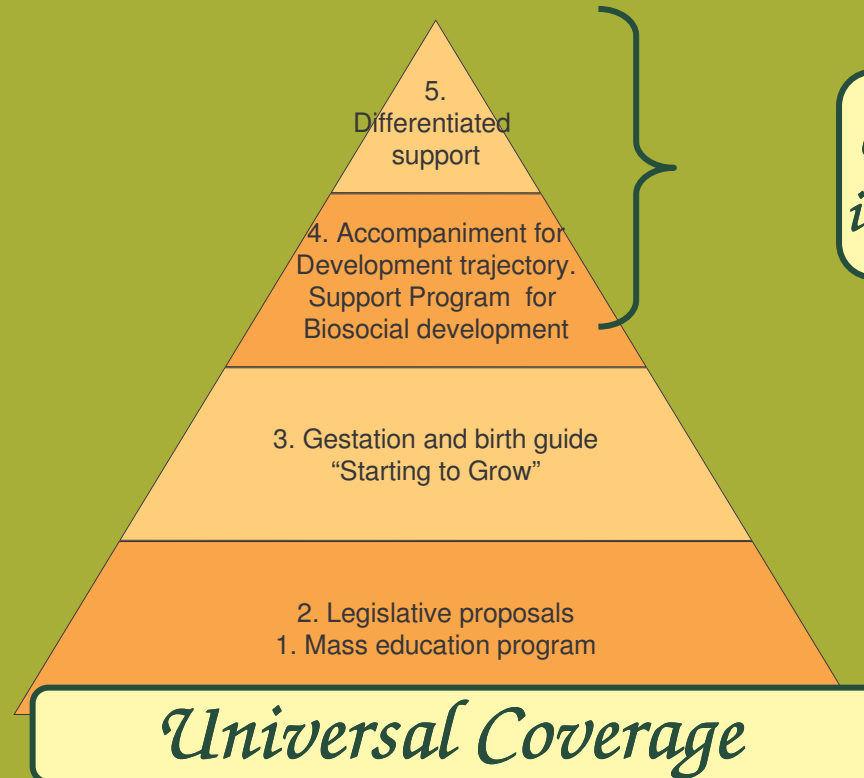
- The characteristics and dynamics of family relation and communities to which these belong, influence in a positive or negative way the opportunities that the children have and can use to take advantage of their capacities and potential.
- The public policies play an important role in the provision of the best possible opportunities for the country's families and communities.
- In this game of interrelations children grow, get to know the world, learn to trust, develop their basic competences and develop their capacities and skills.



# The Aim of Chile Crece Contigo

- The System is aimed at children from the gestation period to the age of four and its main aim is to generate and to articulate varied and diverse support mechanisms for children and their families, which altogether allow to access equal development opportunities
- The need to have a System in place which should integrate timely and relevant series of services and social services for children and their families, is based on the recognition of the multi-dimensional aspects of child development, which require multiple supports and interventions acting in a simultaneous and synchronized ways.

*Selective coverage*





For **all boys and girls**

*Emphasis:*

1. Contribute information for adults, **preferably mothers and fathers** on:
  - Good practices of nurture and stimulation of child development.
  - Development needs in each stage of the vital cycle.
2. Provide a space for education **aimed directly at children** which will offer them activities that promote their motor, cognitive and social skills, according to the necessities of their age.

## 1. Mass education Program

## For all boys and girls

### *Emphasis:*

Improving our legislation on the subject of motherhood and parenthood protection in order to promote **children's bonding** process from the moment of birth, especially with significant adult figures, especially with their mothers and fathers, in the following legal initiatives:

2. Legislative proposals
1. Mass education program

## Legal modifications to be promoted:

- Automatic transfer of days not used in the antenatal period to the postnatal period
- Women's right to decide to transfer up to the first three weeks of the antenatal rest period and subsidy to the postnatal subsidy and rest period.
- Protection for adopted sons and daughters.
- Mothers right to nurse their children.
- Right to subsidy and leave for serious illness of a son or daughter under the age of 1 year for mothers and mothers with children with some type of disability that, not being serious, might alter their normal development.

## 2. Legislative proposals

### 1. Mass education program

Prepared for all the children who **are attended in the public health system** in all the boroughs.

Useful information for the process that mothers, fathers and families start to experience during the pregnancy or the birth of a son or a daughter :

*Emphasis:*

- Biological and psychological changes that take place in mothers.
- Support necessities on part of the most immediate environment.
- Labor rights.
- Practical advice and orientation at each and every stage of pregnancy and birth of a child.

### 3. Gestation and birth guide “Starting to Grow”

2. Legislative proposals
1. Mass education program

Prepared for all the children who are  
Attended in the public health system in  
**selected boroughs** for the first installation period.

Implementing a  
**program**  
**for biosocial**  
**development support**  
In all assistance  
Centers and maternity  
Wards in the selected  
Boroughs for boys  
And girls less than  
2 years of age

*Emphasis:*

**4. Accompaniment for  
Development trajectory.**

3. Gestation and birth guide  
"Starting to Grow"

2. Legislative proposals  
1. Mass education program

- Courses or workshops preparing for birth and nurture
- Active participation of fathers
  - House calls
- Humane assistance of labour
- Educational material For the family
- Children's development guide

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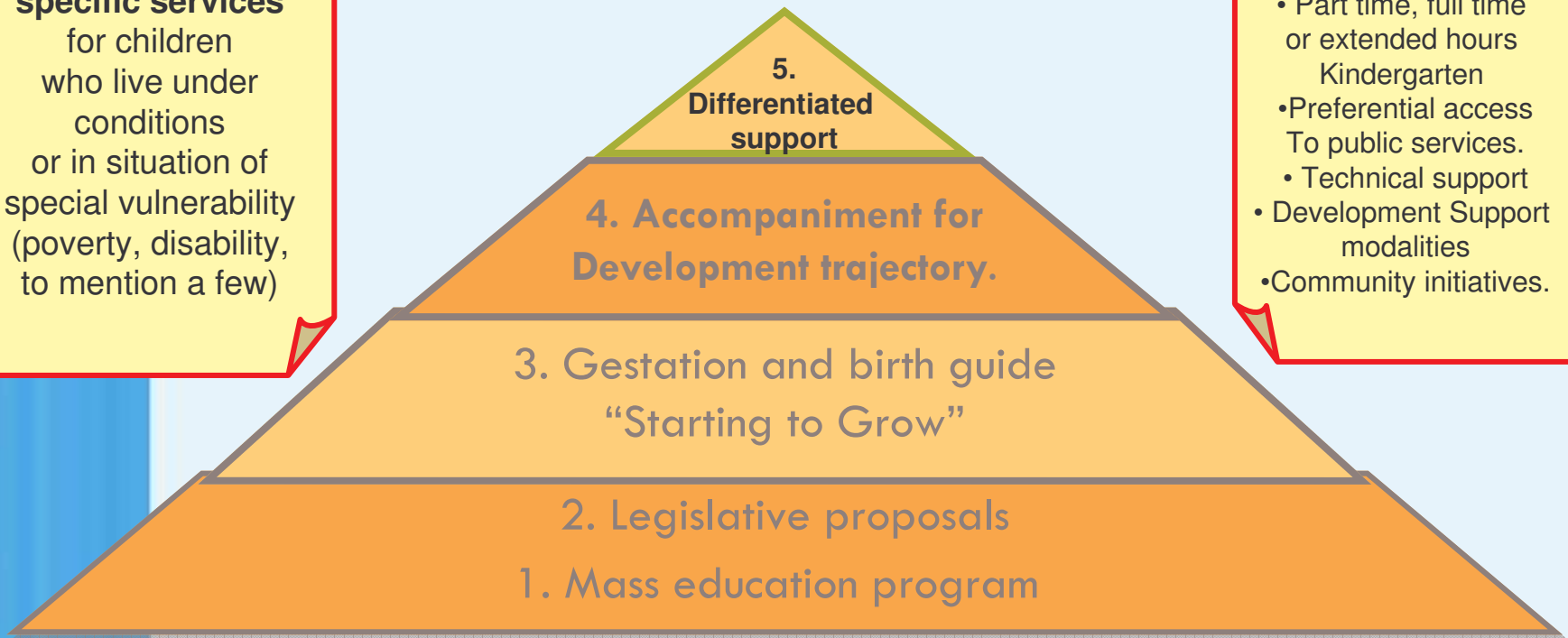


Prepared for all the children who are Attended in the public health system in selected boroughs, **with a degree of vulnerability**

*Emphasis:*

The system considers **specific services** for children who live under conditions or in situation of special vulnerability (poverty, disability, to mention a few)

- Automatic SUF
- Crèche
- Part time, full time or extended hours Kindergarten
- Preferential access To public services.
- Technical support
- Development Support modalities
- Community initiatives.





# NEW PRAGMATIC TOOLS

- Bio-psycho/social Development Support Program (MIDEPLAN – MINSAL)
- Intervention Fund for Child Development Support (MIDEPLAN – Municipalities)
- Competition-based Fund for Infancy Initiatives (MIDEPLAN – public, private and community organizers)

## Support and help tools for system management

- Support for the implementation and functioning of territorial networks for system management.
- Municipal consolidation Program.
- On-line information system (follow-up and monitoring of child development)
- Quality certification system for services.

# Challenges of SPS construction

Installing a Social Protection System is a political agreement on part of the society in order to establish the bases on which we want to construct and to regulate our coexistence: determining which rights are for everybody, how they can be guaranteed and how they are made feasible.

- Politicians: creating a consensus around social cohesion and economic and social rights for integrated citizens
- On Financing: fiscal pact, amount of social spending, spending composition, reorientation of the most important productive and social policies
- Institutional challenges: inter-sectorial coordination
- Service quality
- Relevance of the offer



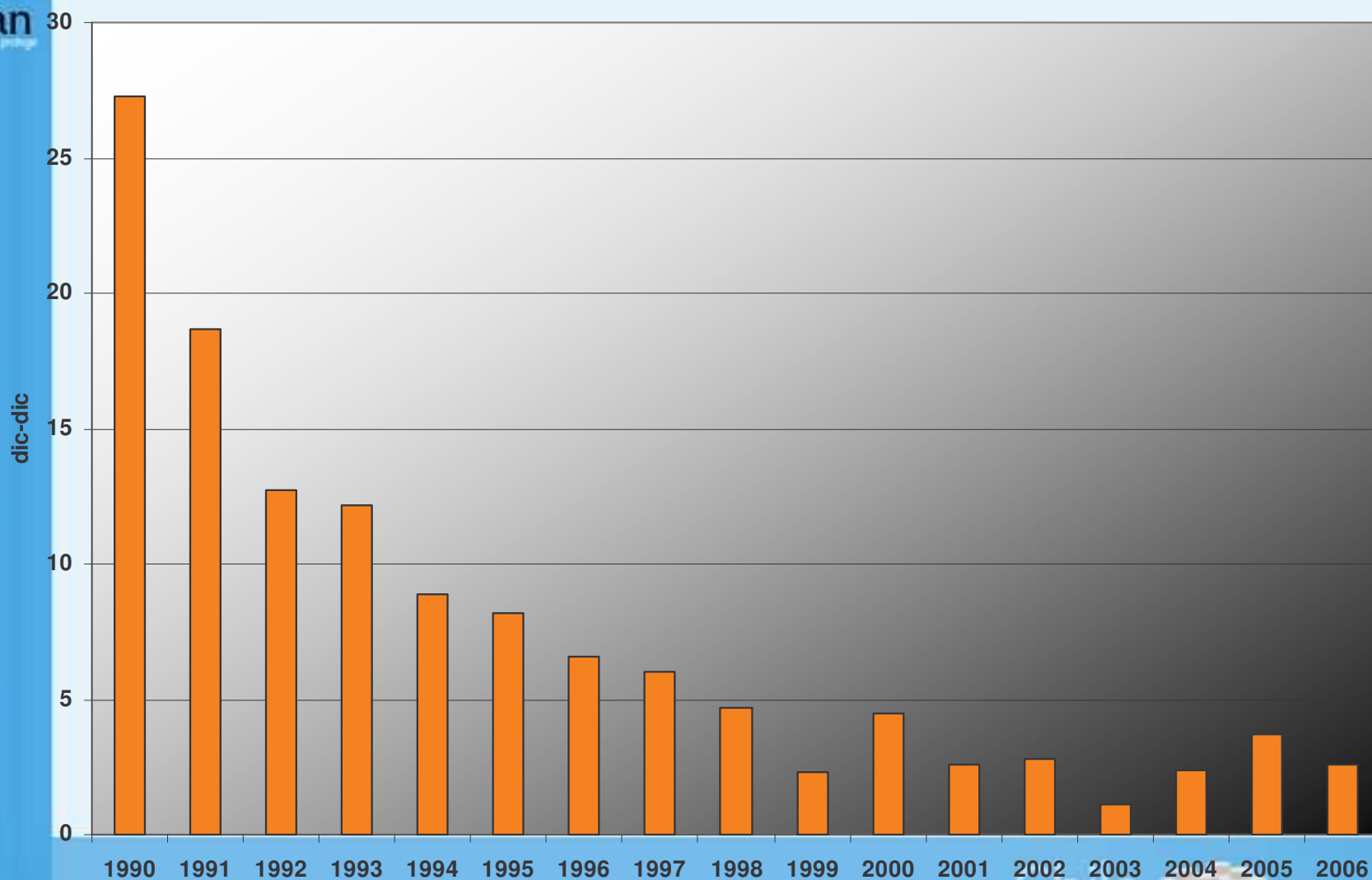
# Annexes



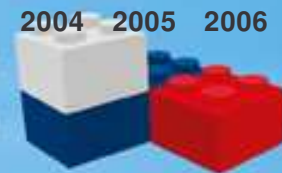


Mideplan  
Chile integra y protege

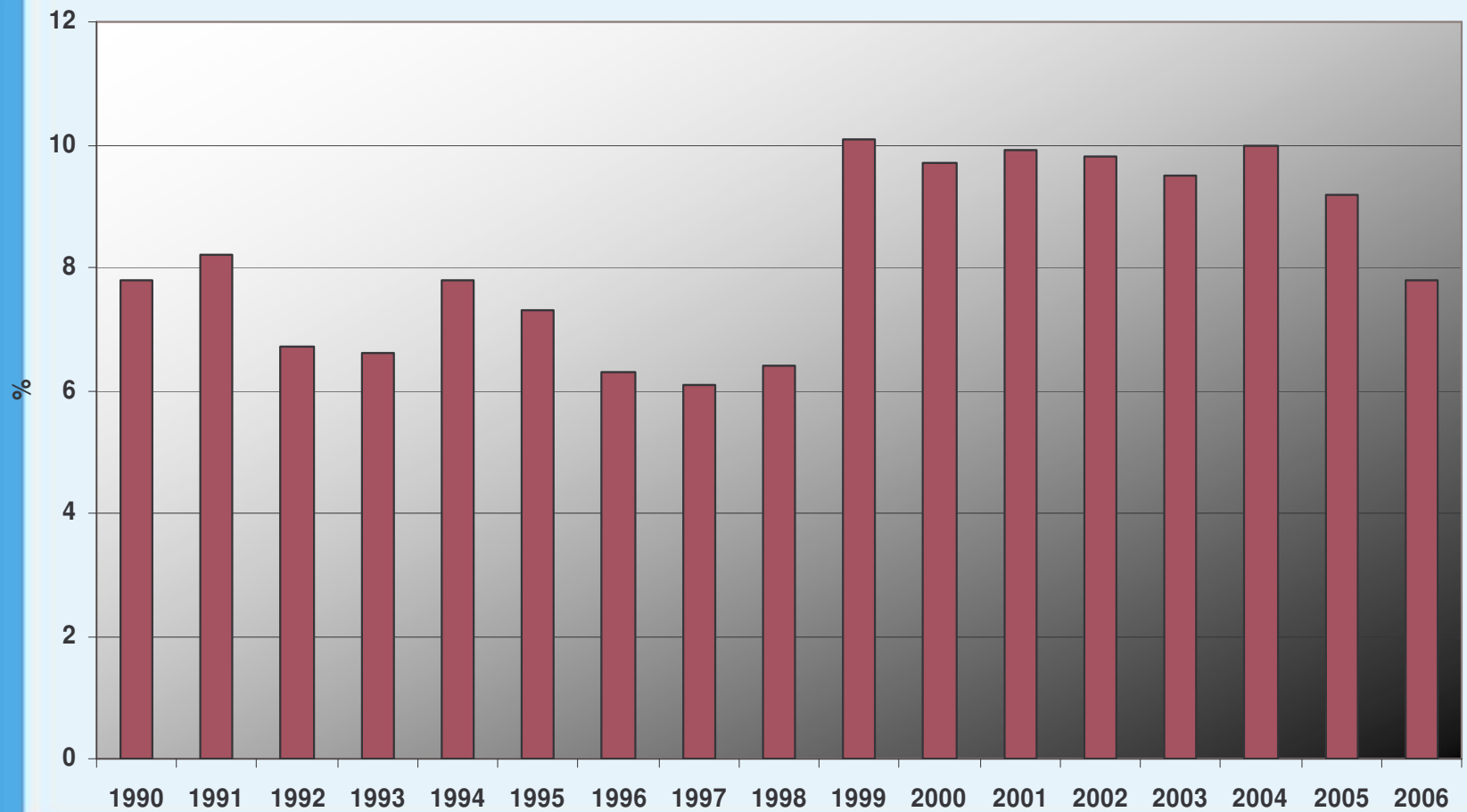
# Inflation



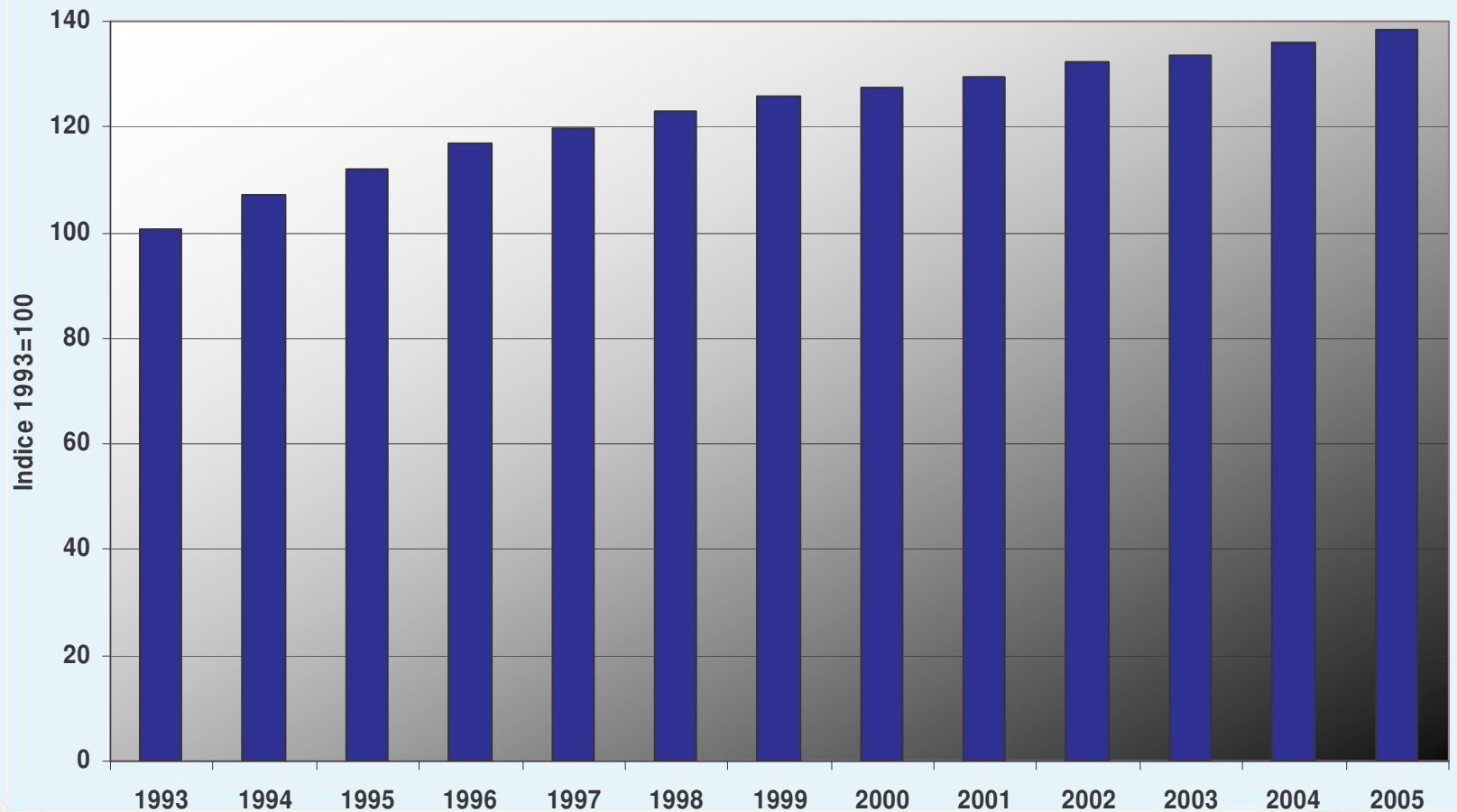
Chile  
integra y protege



# Unemployment



# Real per hour wage index



# Development of Total Spending and Social Spending

