

Social Protection Systems in Latin America and the Caribbean: **El Salvador**

by Juliana Martínez Franzoni, Associate Professor at the University of Costa Rica and Diego Sánchez-Ancochea, Associate Professor at the University of Oxford

Since the end of a civil war in 1992, El Salvador has embarked on important policy transformations. Despite volatile economic growth—6 per cent annually over the first half of the 1990s and 3 per cent since then—social policy has grown in prominence. Public social spending grew from 8 per cent of Gross Domestic Product (GDP) in 1998 to 13 per cent in 2009 and from USD191 per capita to USD382 per capita over the same period. Having grown 3.2 percentage points, more than any other sector, social security today represents the largest sector for social spending, followed by health and education.

During the 1990s, progress was made in areas such as primary education, the control of infectious diseases and the eradication of polio, measles and malaria. In the mid-2000s the first conditional cash transfer programme was launched. Since 2009 social policy has been framed as a matter of a universal right for all.

Old-age pensions have low and unequal coverage: 19 per cent of the working population, but only 7 per cent among the poorest quintile, compared to 48 per cent among the wealthiest. Pension regimes include the now closed Public System of Pensions (*Sistema público de pensiones*—SPS), which gave way to the Individual Capitalisation System (*Sistema de Afiliación Privada*—SAP); the Teachers' Welfare (*Bienestar Magisterial*); and the Institute of Social Security for the Armed Forces (*Instituto de Previsión Social de la Fuerza Armada*—IPSFA).

In 2008 only 14.5 per cent of the population aged 65 years or more was granted a pension. Six out of every ten workers work informally, and formality among workers is volatile over time, therefore posing severe constraints on the expansion of contributory pensions. In 2009 the Universal Basic Pension (*Pensión básica universal*) covered extremely poor people aged 70 years or more. However, since it offers very limited benefits, elderly people rely mostly on family networks.

Health care provision is delivered through three different programmes but still insufficient. Social insurance reaches formal workers and their dependents. Women have greater access than men, largely because they can access health care as dependent family members. Coverage for spouses, partners and children involves, however, a limited set of benefits—mainly maternal care and the primary care of children under 12 years of age. The Ministry of Health (*Ministerio de Salud*—MINSAL) provides formally all services to only half the population lacking medical insurance due to the shortage of human and medical resources. The third sub-system is over-the-counter, private spending, as private insurance is negligible. The State is responsible for half of all health care spending. MINSAL devotes most resources to primary care, while social insurance primarily covers curative and hospital services. Since 2009 a national reform expanded primary care and equipped and funded outpatient clinics and hospitals.

Social assistance has been one of the priorities of recent governments, with the creation of the Solidarity Network (*Red Solidaria*) in 2005. This conditional cash transfer programme focused on supporting children and pregnant women in extremely poor rural areas. In 2009 the programme turned into Solidarity in Communities (*Comunidades Solidarias*), which extended measures among rural communities and also began to tackle urban poverty. Transfers equate to 15–18 per cent of the minimum rural wage, but the programme also improved basic health care, nutrition and education services as well as water, electricity and roads. In 2009 the government moved from single programmes to the life cycle as the unit of policy planning with the creation of the National System of Universal Social Protection (*Sistema de Protección Social Universal*—SPSU). Although in practice targeting poor households, the system sought to combine targeted measures and others aimed at the middle class, particularly concerning education and social insurance.

Most students attend public schools overseen by the Ministry of Education (*Ministerio de Educación*—MINED). Public spending on education in 2009 represented almost a third of total public spending and 3.9 per cent of GDP. Also in the late 2000s the rate of school enrolment was 92 per cent in primary and 45 per cent in secondary education. Pre-school education for children aged 5 and 6 increased from 28 per cent in 1998 to 43 per cent in 2005. By the late 2000s private enrolment was only 18 per cent in primary and 11 per cent in secondary education. During the 1990s, under the Programme of Education with the Participation of the Community (*Programa de Educación con Participación de la Comunidad*—EDUCO), the administration of public schools was handed over to Communal Associations for Education (*Asociaciones Comunales para la Educación*—ACE). Since 2010, as part of the Universal System of Social Protection, the government has been providing school uniforms and supplies to first to third graders in public schools.

Rising public spending possibly had an impact on poverty and extreme poverty, which showed a modest decline in the country. Between 1995 and 2010 poverty decreased from 54 per cent to 47 per cent of the population, while extreme poverty declined from 22 per cent to 17 per cent. Emigration also played a major role, both in demographic terms—the current population of El Salvador is at least 1 million less than projections had expected by 2007—and in economic terms, due to the key role of remittances in fuelling private consumption.

Reference:

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