

SEDESOL



SECRETARÍA DE
DESARROLLO SOCIAL

Social Development, Human Rights and Co-responsibilities

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Vivir Mejor

The big picture: Social Development much more than Cash Transfers



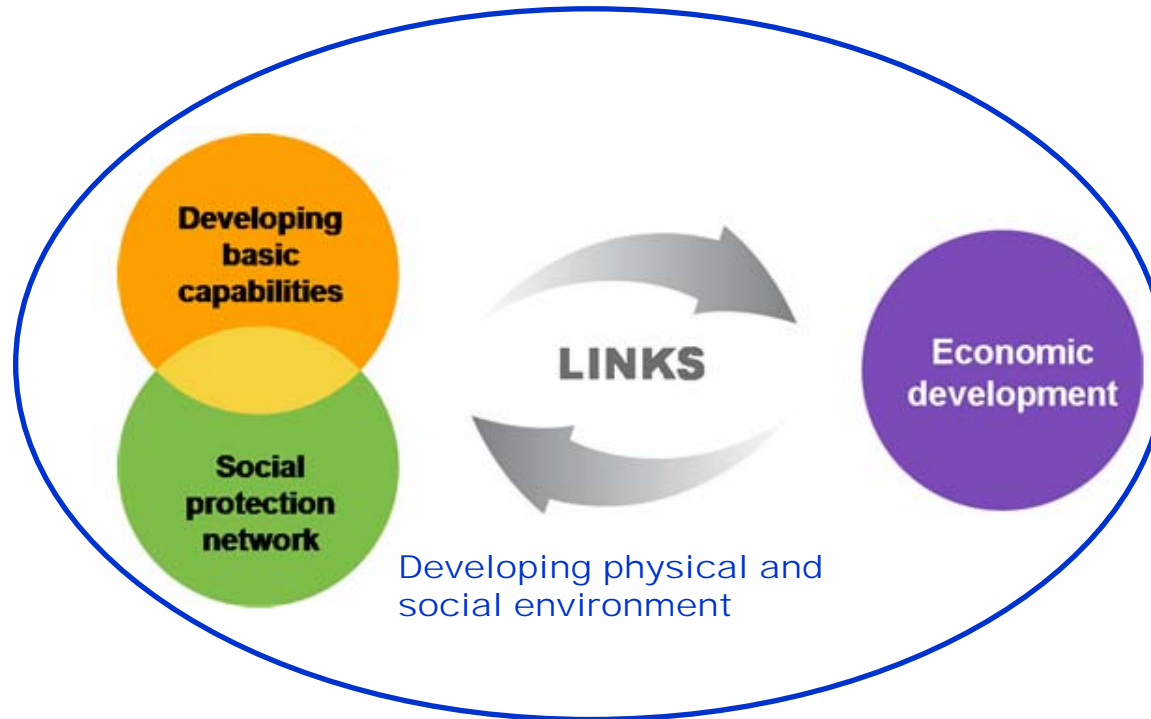
Vivir Mejor

Vivir Mejor Strategy (2008-2012): All actions by federal government must be aligned towards *Sustainable Human Development*.

Four lines of action:

Examples:

- Universal access to basic education
- *Oportunidades* (Targeted Cash Transfers focused on enabling demand for education, health, nutrition)



Examples.:

- Day care services (IMSS, ISSSTE, SEDESOL)
- Subsidies for income-generating projects

Examples:

- Three-pillar system health insurance (*IMSS*, *ISSSTE*, *Seguro Popular*), gradually approaching universality
- Temporal Employment programs
- Three-pillar Pension system, gradually approaching universality (*IMSS*, *ISSTE*, 70y+)

Examples:

- Expansion of water, sewage and electricity grids
- Housing credit programs
- Housing subsidies programs



1. Set of basic human rights (e.g. education, health...) must be guaranteed.
2. State must ensure supply of (access to) services. But, problems may still arise:
3. Problem: Demand may not be *effective* (enabled)
E.g. Underinvestment in education by poor families
 - Investment in education bears fruit in the long run
 - But, for poor families, need for income generation most pressing in the short term
 - Opportunity costs a reality → **Cash Transfers**
4. Problem: Information and agency problems
 - Eg: People underestimate returns to education
→ **Co-responsibility elements**
5. Problem: Fiscal limitations
 - If poverty not extensive → **Targeting**

Targeted Cash Transfers can help solve some problems

- But not all (especially not supply!)
- Co-responsibilities must address information & agency problems, not access
- Targeting senseless in some situations (e.g. if poverty is very widespread)



Argument	Actual Evidence
<ul style="list-style-type: none"> • “Targeting not effective in reaching the poor” 	<ul style="list-style-type: none"> • Actual performance varies across countries. Must be done well. • Oportunidades’ targeting system highly effective: 9.2% exclusion error and 7.2% inclusion error. (Ruvalcaba, Rosa María, Evaluación de métodos alternativos para identificar a la población en condiciones de pobreza, 2004)
<ul style="list-style-type: none"> • “Targeting is administratively costlier than universal delivery” 	<ul style="list-style-type: none"> • Not necessarily: Cost dependent on delivery conditions, not on targeting system • Mexican case: <ul style="list-style-type: none"> – <i>Oportunidades</i> (targeted at both geographical and family levels, US\$3.5 billion budget): ≈ 5 % administrative+operational costs – <i>70 y Más</i> (universal, basic, non-contributory pension on localities <30,000 inhabitants, US\$1 billion budget) ≈ 7% administrative+operational costs
<ul style="list-style-type: none"> • “Targeted Programs costlier, overall, than universal delivery programs” 	<ul style="list-style-type: none"> • Total cost depends on problem to solve, poverty headcount, depth... <ul style="list-style-type: none"> – Mexican case: delivering Oportunidades’ average subsidy (US\$50 monthly) to all mexican households (24.8 million) would cost US\$14.8 billion, vs \$3.5 billion Oportunidades’ budget)



Argument	Evidence
<ul style="list-style-type: none"> • “Targeted Programs (TPs) create disincentives to work” 	<ul style="list-style-type: none"> • Disincentives created by transfers, not by targeting per se • Disincentives only materialize if transfer sufficiently high, and leisure/work substitution possible • No evidence of such disincentives in Oportunidades, even when transfers are relatively generous (Parker & Skoufias, The Impact of PROGRESA on Work, Leisure, and Allocation, 2002; Skoufias & di Maro, “Conditional Cash: Transfers, Work Incentives, and Poverty, 2006)
<ul style="list-style-type: none"> • “TPs reward dishonesty” 	<ul style="list-style-type: none"> • People have an incentive to deceive in any program with eligibility rules <ul style="list-style-type: none"> – No evidence on deception being different in TPs vs other programs • People try to deceive for <i>and against</i> their own eligibility (Martinely and Parker, Deception and Misreporting in a Social Program, 2007)
<ul style="list-style-type: none"> • “TPs damage community cohesion” 	<ul style="list-style-type: none"> • No evidence on such argument in Mexican case.



Argument	Evidence
<ul style="list-style-type: none"> • “Targeted Programs (TPs) promote corruption and clientelism” 	<ul style="list-style-type: none"> • Highly dependent on level of institutional development (transparency, accountability) • Mexican case, UNDP’s conclusions on survey conducted by them: <ul style="list-style-type: none"> – <i>“There is no evidence that federal government programs have been used systematically or in a general fashion, to coerce people’s votes”.</i> – <i>“Poverty-alleviation programs, their selection mechanisms and resource allocation processes, are clearly stated in the applicable legal regulations, which minimizes the possibility for manipulation”.</i> <p>(UNPD, Encuesta Nacional sobre la Protección de los Programas Sociales, 2006)</p>
<ul style="list-style-type: none"> • “TPs tend to promote violence against women” 	<ul style="list-style-type: none"> • Case is exactly the opposite in Oportunidades. Female beneficiaries report a lower incidence of gender-based violence (34.5%) than an external control group (40.4%). <p>(El Programa Oportunidades examinado desde el género, UNIFEM-Oportunidades-Colegio de México, 2006)</p>



Some results of external, independently-performed, rigorous evaluations:

(Reports and databases available at www.oportunidades.gob.mx → Evaluacion Externa)

Education

- 10% reduction in primary-school desertion and 24% increase in secondary-school registration
- Reduction in incidence of failing grades, for girls and boys 7 to 11 (9% and 4%, respectively)
- 42% increase in probability of registering for secondary school for boys (33% for girls)
- One year increase in expected education for youths 15-18, in rural areas

Health

- 35% increase in attendance to preventive healthcare checkups in rural areas (20% in urban zones)
- 11% reduction in maternal mortality, and 2% decrease in child mortality, for beneficiaries
- 20% reduction on incidence of sick days for beneficiaries aged 0-5, and 11% for those aged 16 to 49
- Increase in the use of contraceptives, among beneficiaries (33% used contraceptives in 1998, 70% did by 2008)
- Decrease in high risk behavior among beneficiaries (alcohol, smoking, unprotected sex)





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Nutrition

- 50% decrease in the incidence of low-size-for-age in children, over a 10 year period.
- Reduction in anemia prevalence in children, in up to 12.4 percentage points, depending of the age group.
- 22% increase in total family consumption, for rural areas (16% in urban ones)

Other topics

- Increase of 43% in the probability of participating in small entrepreneurship projects
- Decrease in incidence of family violence

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