

Conferencia Interamericana de Seguridad Social



**Centro Interamericano de
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The Americas Social Security Report 2011

Children and Social Security



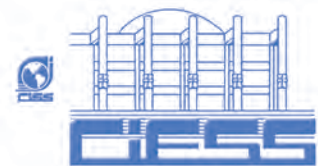
Inter-American Conference on Social Security

The Americas Social Security Report 2011

Children and Social Security



Conferencia Interamericana
de Seguridad Social



Centro Interamericano de
Estudios de Seguridad Social

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ISBN: 978-607-8088-01-0

First Printing: August 2010

Design and Composition: Lucero Duran

Printed in Mexico by

Profesionales Gráficos de México (PROGRAMA) S.A. de C.V.

Av. Unión (Bodega) No.25 Col. Tlatilco Deleg. Azcapozalco C.P. 02860.

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The CISS has as its main objective the development of social security in the Americas. In order to attain this goal it fosters the diffusion of achievements in social security, cooperation and exchange of experiences among social security institutions.

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THE REPORT TEAM AND ACKNOWLEDGMENTS

The Americas Social Security Report 2011 is made possible thanks to the collaboration of researchers from the Inter-American Conference on Social Security. The Report is a joint effort of the Secretariat General and its Center for Social Security Studies (CIESS). The 2011 Report was directed by Gabriel Martinez (Secretary-General), Nelly Aguilera (Research Coordinator), Martha Miranda (Publications Coordinator), and Silke Fontanot (Researcher). Chapter II was drafted by Nelly Aguilera with the support of María Quintana and Paulina Rábago; Chapter III by Nelly Aguilera; Chapter IV by Nelly Aguilera, María Quintana and Paulina Rábago; and Chapter V by Gabriel Martínez, Silke Fontanot, Adriana Valle, Uriel Torres, Alejandra Feregrino, and Oscar Pérez. For the text contents the opinions and reviews of Miguel Angel Fernandez Pastor, CIESS Director, were greatly appreciated. We also want to thank Simone Tosta for translating the Report into Portuguese. Darlene Oakley performed an excellent service of the style correction in English. Also, we acknowledge Demographic and Health Surveys: Measure DHS for providing us with part of the data used in our analysis. Anneli Alba, from the Seniors and Pensions Policy Secretariat, Human Resources and Skills Development Canada, provided us with information and data from Canada. Finally, Silke Fontanot has done exceptional editorial work on this Report.

FOREWORD

The Inter-American Conference on Social Security (CISS) prepares the yearly *Americas Social Security Report*. The goal of this publication is to be a tool to improve the understanding of the status of social security programs in the Americas, through the evaluation of topics that the General Assembly selects every year. It is addressed to the social security community, including governments, agencies, social groups, employers, users, and anyone interested in the improvement of social protection in the contemporary society.

The main objective of social security is to stabilize the well-being of individuals throughout their lifetime and to function as an institution of solidarity. During the last decades, the aging of society has been discussed widely, but much less is known about the conditions of the children in the Americas and the way social security supports them. Yet, they are always the most vulnerable individuals in any society.

The Americas Social Security Report 2011 does not need more of a justifier. It evaluates the way in which social security is supporting children and their families, with the aim of closing the gap in the knowledge of programs for children by identifying positive results and best administrative and policy practices, and researching new options to improve programs and administration. New knowledge and program evaluation can give policy makers guidelines or at least hints for reforming the existing programs or creating new ones. This Report also analyzes the issue of children and their transition to adulthood: many children entering the labor market are at a disadvantage because they are too young, they are not receiving an adequate offer from the educational system, and, more often than not, lack social security protection because they are neither studying nor working.

The main objective of this Report is to answer the following questions: Under what conditions are small children living, in terms of poverty, health, and social security coverage? What has been the answer of social security to protect children? What can be done to protect children in families facing special risks (for example, those with a disabled parent, or single mothers)? What public policies are needed to secure that children are raised in an environment that fosters their cognitive and non-cognitive development? What is the condition of teenagers and youths with respect to social insurance? What is being done to facilitate the transition from childhood to adulthood, from school to work?

Gabriel Martinez
Secretary-General

CHAPTER I INTRODUCTION

CHAPTER I INTRODUCTION

The nations of the Americas have faced demographic transitions since the mid-20th century, and today they are facing the challenges associated with aging societies. The research and policy agendas have been rich in analyzing old age pensions, health care systems, long-term care, and other topics related to aging. Nonetheless, much in labor markets and other social outcomes are vastly determined during early childhood. Nevertheless, the problems of poverty and lack of social protection is too high among children and youths.

This Report focuses on the issues and challenges that social security systems face in relation to serving this population. These systems aim to provide comprehensive support for families, and it is imperative to deepen our understanding of how children are receiving benefits, how effective existing schemes are, and what can be done to support the endeavor of allowing children to integrate seamlessly into a productive adult life.

Social security programs often have children as beneficiaries, sometimes even as main beneficiaries of a policy, independently of the status of their parents. For example, some health insurance schemes have special provisions to cover children who would be otherwise uninsured. These programs are often an answer to concerns about lack of coverage, but, more often than not, the definition of the extent of insurance towards children is subject to debate.

A question that is not always as easy to answer as it might seem in casual conversation is the definition of what is a child. Should an age criteria even be set in the first place? Should there be some flexibility depending on whether the person has moved into the labor market, into marriage, into other "adult" endeavors? To provide a more substantive argument, our society holds that it is a communal responsibility to care for the welfare of children, including the provision of opportunities to develop their spiritual and physical potential. Social security has to do with solidarity, but the core pension programs rarely if ever state that the collective society is responsible of providing the same pension to each person. Yet, when referring to children, our societies do believe that absolute equality in educational opportunity, in access to healthcare, and in other variables is a collective responsibility. On this basis, this report takes the view that children are the young people for whom society holds itself responsible of guaranteeing rights. The border of childhood and later stages in life is not set in stone and actually has several dimensions: society may find absolute agreement in precluding permanent damage to a child due to lack of health insurance, but may only agree in providing insurance to adolescents in the transition from school to work if they agree to participate in a training program and search for a job. Consequently, this report includes entries related to very small and even

unborn children, and to young individuals entering the labor market.

The report is organized as follows. Chapter II presents data on the demographics of children. This includes measurements of the number of children, orphans, disabled and migrant children. It also includes data on child well-being: consumption, housing and environment, educational achievement, health and safety, risky behaviors, and child labor. Chapter III discusses the recent theory on human capacities formation and contrasts it with the design of social security programs to identify areas of opportunity. Chapter IV describes how social security programs for children across the region work: maternity leave benefits, family allowances, survivors' pensions, childcare, and healthcare benefits. Finally, Chapter V describes basic elements of the state of young people in the Americas, and the way youth programs and social security interact. Key variables such as fertility, poverty, pregnancy, schooling outcomes, employment, and social protection are analyzed. In all chapters our intention was to include the latest information for all countries of the continent, but this was impossible in some cases due to unavailable reliable data. We believe, though, that the main messages of the report do not change.

It is useful to summarize the main factual findings of this Report as follows:

1. With few exceptions, most countries of the continent are young, meaning that an important percentage of population is children or youth. It is expected that this percentage will be maintained and will decrease slightly in the future, but a child disappearing process, like is happening in some European countries, will not be observed in the region, with few exceptions in the Southern Cone. Special risks for children are orphanage, disability and migration. In some countries, the general low standard of living still produces a large number of orphans; in general, disability in children is not appropriately identified;

and migration is likely to remain at high levels for all sorts of countries.

2. There are still some countries where children well-being is far from satisfactory. Notable is the case of Haiti, but other poor countries of the continent are also way behind in guaranteeing coverage of basic rights. Even in not-so-poor and rich countries that have had significant improvements in child health, primary education and the environment where children live, measured by infrastructure in the community, there are still important challenges: care for little children, eradicating child labor, and improving labor opportunities and aspirations of older children and adolescents, just to mention some examples.

3. In most countries in the Americas, labor markets and educational systems are unable to provide satisfactory opportunities to large shares of the young. On the other hand, once past the more risky years of infancy, healthy adolescent females face reproductive health risks soon enough. Teenage pregnancy, high rates of marital separation, and low levels of family integration all lead to a high share of households where a woman is the main bread-winner. Moreover, women still arrive "late" to university, which certainly affects the quality of the education received and the commitment to improve their human capital. Given their low level of human capital, young women in middle to low-income countries work predominantly as self-employed in the informal economy.

4. Government-driven public interventions, such as immunization campaigns, or improved water supplies, are reaching limits, and policies that influence the decisions of parents and children themselves, through information and incentives, are needed. For example, the issues of addictions, early pregnancy and obesity will hardly be brought down if the decisions people take are not influenced. Child labor remains as a major challenge for the region.

5. The recent research on human capital formation by providing an explanation of how nature,

environment and investments influence the developing of good health, cognitive and non-cognitive abilities in children and their importance for short- and long-term outcomes may be taken as a useful support to shape and improve social security programs.

6. There is an important variation of requirements and benefits of social security programs between countries of the continent. The reason may have been due to the lack of a framework to understand how human capital of children is formed and the lack of sufficient and reliable evaluations of social security programs. Yet, existing programs are not flexible enough to support special cases, sensitive and critical periods in child development, as well as the special characteristics of families.

7. There is a growing demand for child care services to support both working women and child development. Experiences in the English Caribbean can be very useful to all countries.

8. Youth employment systems lack a strong connection between education and work. That is, facing a reality in which large fractions of the population begin work before the age of 18, young people from 14 to 17 find it difficult to enter the labor market as apprentices or under other realistic options to meet their need for more education, on-the-job training and monetary income.

Although more research is needed in some areas (for example to better understand how very little children learn), and some problems have proven to be quite complex (such as youth unemployment), social issues do not wait in the wings for a solution, and the best available knowledge must be incorporated into the programs. Social security agencies have a window of opportunity to adapt their programs to make them more effective in improving the welfare of children. According to this view, the redesign of the programs should follow the next general and main recommendations:

a. States should guarantee universal coverage in healthcare and financial protection for small children, especially those who live in disadvantaged environments, to isolate them from adverse conditions.

b. In general, States and in particular social security agencies, should be more involved in verifying children's environments, and implement preventive and corrective programs, while always respecting the right of families to make decisions within the privacy of their own household, to ensure that benefits reach the children and their efficiency.

c. The portfolio of programs should be revisited to assess whether they are the most effective tools to contribute to child well-being.

d. Benefits should be flexible so they can be adapted to respond when they are needed the most, especially in sensitive and critical periods.

e. Programs should incorporate gender issues, recognizing the different social risks faced by males and females. Rates of teenage pregnancy are still too high in several countries of the region and associated with poverty of mothers and children.

f. A main effort by affected countries and the international community must be directed to eliminate the incidence of low education levels, and continue to significantly increase the incidence of medium education levels. For higher grades, countries must reform education and labor regulations to facilitate on-the-job training and mixed school-work programs.

g. National governments should support young persons to increase upper-school graduation and rates of admittance to higher education.

h. Social security rules regarding affiliation, contribution and benefits can be adjusted to facilitate the use of schoolwork and on-the-job

training for teenagers. The goal is to create a channel of entry to facilitate long-term permanence in the system. Wage subsidies and other fiscal incentives shall support hiring young workers in a general way. Programs must recognize that those most in need often work in small firms and in the informal economy.

i. A more dynamic labor market can be achieved through the removal of impediments to labor force participation and job searches, eliminating labor and product market obstacles to labor demand, and facilitating the development of labor force skills and competencies, particularly job counseling and training.

j. A balanced portfolio of policies and institutions will support the young best by recognizing the variety of needs of individuals, the possibilities of the educational sector, and of combining with employers and communities. Among the types of programs that have shown success under adequate conditions are second-chance programs, vocational programs, youth training programs, young entrepreneurs and self-employment programs, youth service programs, public sector internships, and apprenticeship programs. None is a silver bullet to solve all problems, but all can provide a solution to part of the young population.

As evidenced by this list, there is a long way to go and many things to do to improve child well-being. Moreover, while some actions lie directly in the social

protection field, other policies shall be implemented by other public bodies, such as labor and education ministries, and even family courts. In any case, the objective of each country should be to implement a comprehensive and integrated approach to improve child well-being. Social security agencies are called to play a key role.

CHAPTER II
CHILD WELL-BEING
ACROSS THE AMERICAS

CHAPTER II

CHILD WELL-BEING ACROSS THE AMERICAS

II.1 Introduction

The objective of this chapter is to provide an overview of the state of demographics and well-being of children around the continent. In some cases, an indicator for all countries comes from the same information source, which facilitates comparison between countries, while in other cases the indicator for each country comes from country-specific surveys, which makes the comparison more difficult. In all cases though, possible caveats that should be taken into account before arriving to conclusions are mentioned. We tried to include all possible indicators that have been analyzed in other studies (see, for example, OECD 2009), but data availability makes this impossible. However, the conclusions presented at the end of the Chapter would not change if more standardized information were available.

Information indicates that there have been significant improvements in the majority of countries in terms of infant health and primary education, but that many aspects remain to be improved, such as early childhood development, attainment of higher educational levels, promotion of healthy behavior in adolescents and eradication of child labor. In recent years, limits are being reached in changes driven mainly by public interventions, such as immunization

campaigns or the provision of clean water supplies. On the other hand, the improvement in some of the more "private behavior" indicators, such as not leaving the school or avoiding youth pregnancy depend more on the decisions by families and children themselves, and seem to be more difficult to move by external interventions.

Social security institutions should take this into account. They are meant now not only to function as agencies that collect money, administer risk, and deliver benefits. Indeed, they are in a position that can be very close to families and children, capable of influencing personal decisions with adequately trained personnel. Of course, social security institutions should be seen as part of national strategies focused on children. They have to coordinate their efforts with other governmental agencies, such as the educational sector and the family courts.

II.2 Child Demographics

II.2.1 Child Population

Knowing the current and projecting the future number of children is a basic piece of information, since it affects demand and investments for schools, health care, and other services (America's Children: Key National Indicators of Well-Being 2009). Currently, children are an important share of total population in

most of the countries of the continent, but for the next forty years there is a marked tendency towards a decline.

During 2010, the figure for children between 0 and 19 years old ranges from 22 to 27% of the country's total population in Canada, Cuba, some countries in the English Speaking Caribbean, and in the United States, to between 48 and 50% in Belize, Honduras, Haiti, and Guatemala.

According to population projections, it is expected that by 2050, children will comprise from 15 to 19% in countries like St. Lucia, Cuba, and Trinidad and Tobago, to around 29 to 31% in countries such as Dominican Republic, Guatemala, Belize, and Haiti. The country that is expected to have the smallest decline in forty years is the United States, with a total

decrease of approximately 5%. St. Lucia, by contrast, will probably experience a decrease in its child population in 50% (Figure II.1).

If we focus our attention on the subgroup of children aged 0 to 4, we observe no marked tendency towards either decrease or growth as a share of the child population. In 2010, the percentage of children between 0 and 4 years old represents around 22 to 26% of the overall child population. This percentage is expected to remain stable between 23 and 25% through 2050. There are 19 countries in the Americas that are expected to experience a decrease in its proportion of children aged 0 and 4, 16 countries that will likely see an increase in their proportion, and 5 with no perceptible change (Figure II.2).

Figure II.1
Child Population as a Percentage of Total Population (2010, 2030, and 2050)

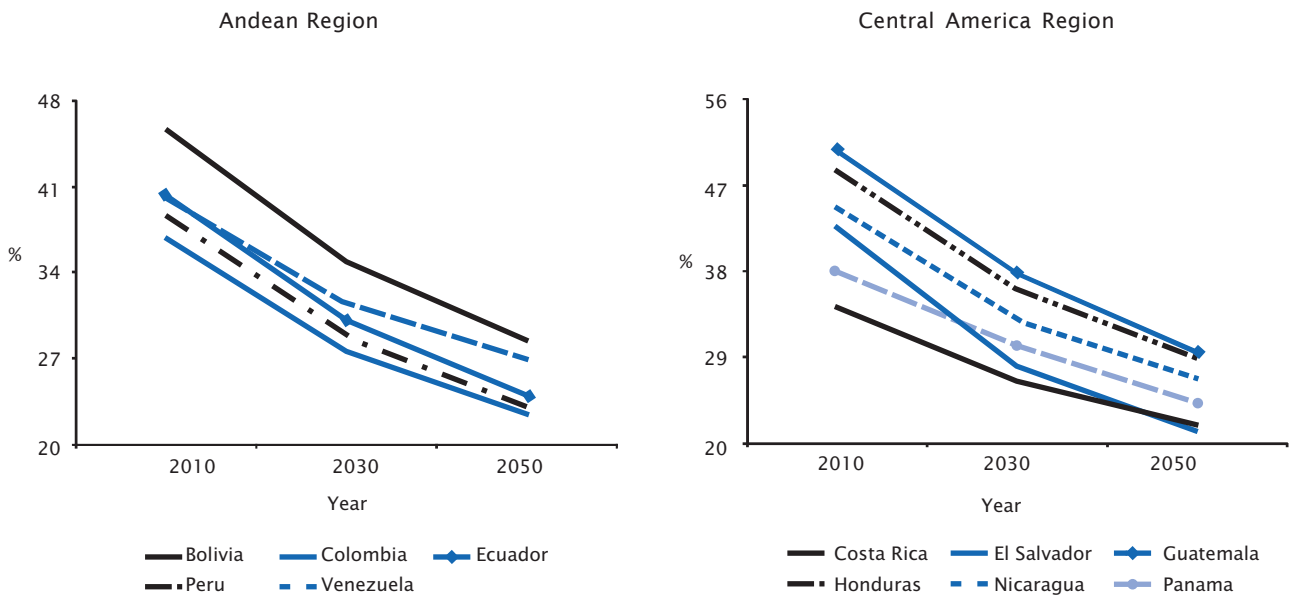
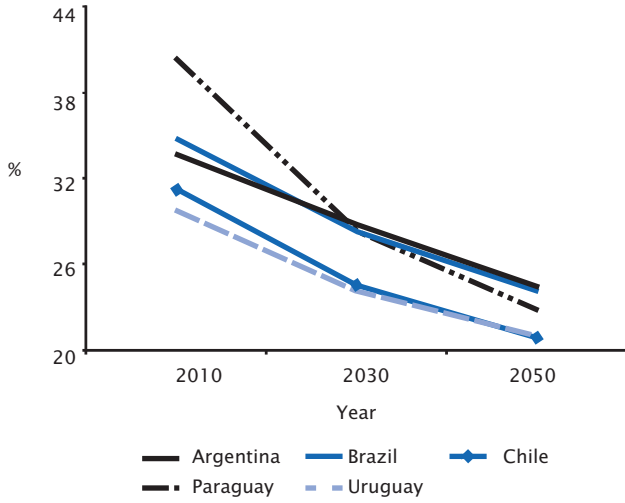
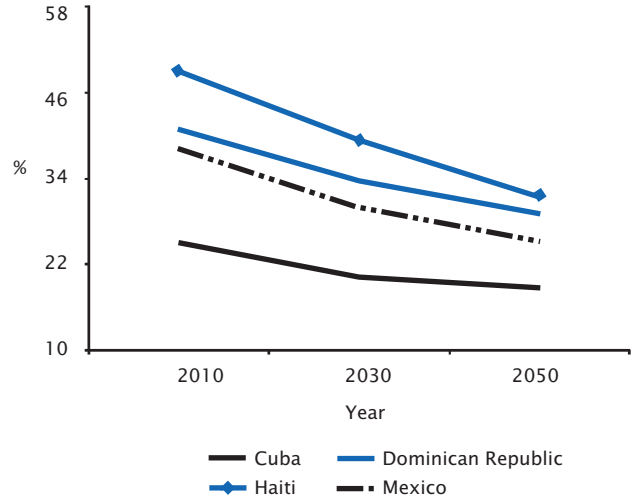


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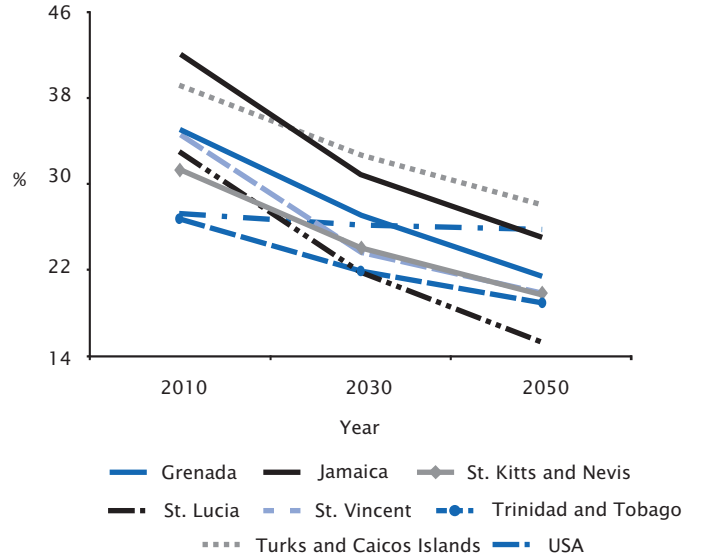
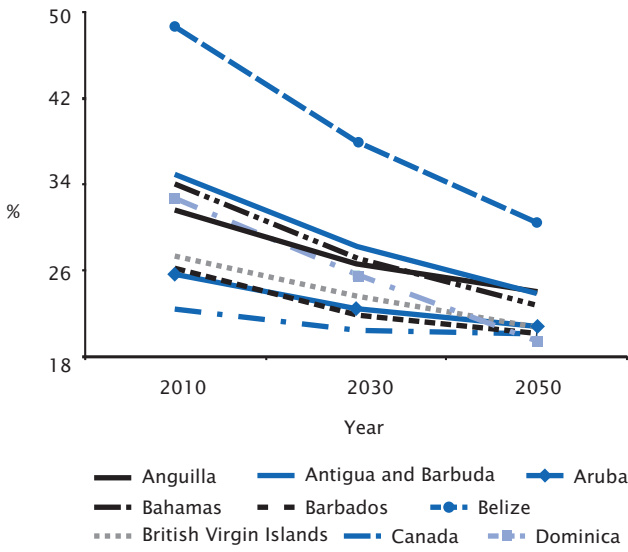
Southern Cone Region



Mexico and the Latin Caribbean Region



North America and the English Speaking Caribbean Region



Source: U.S. Census Bureau (2010).

Figure II.2
Child Population (0-4 Years Old) as a Percentage of Total Child Population (2010, 2030, and 2050)

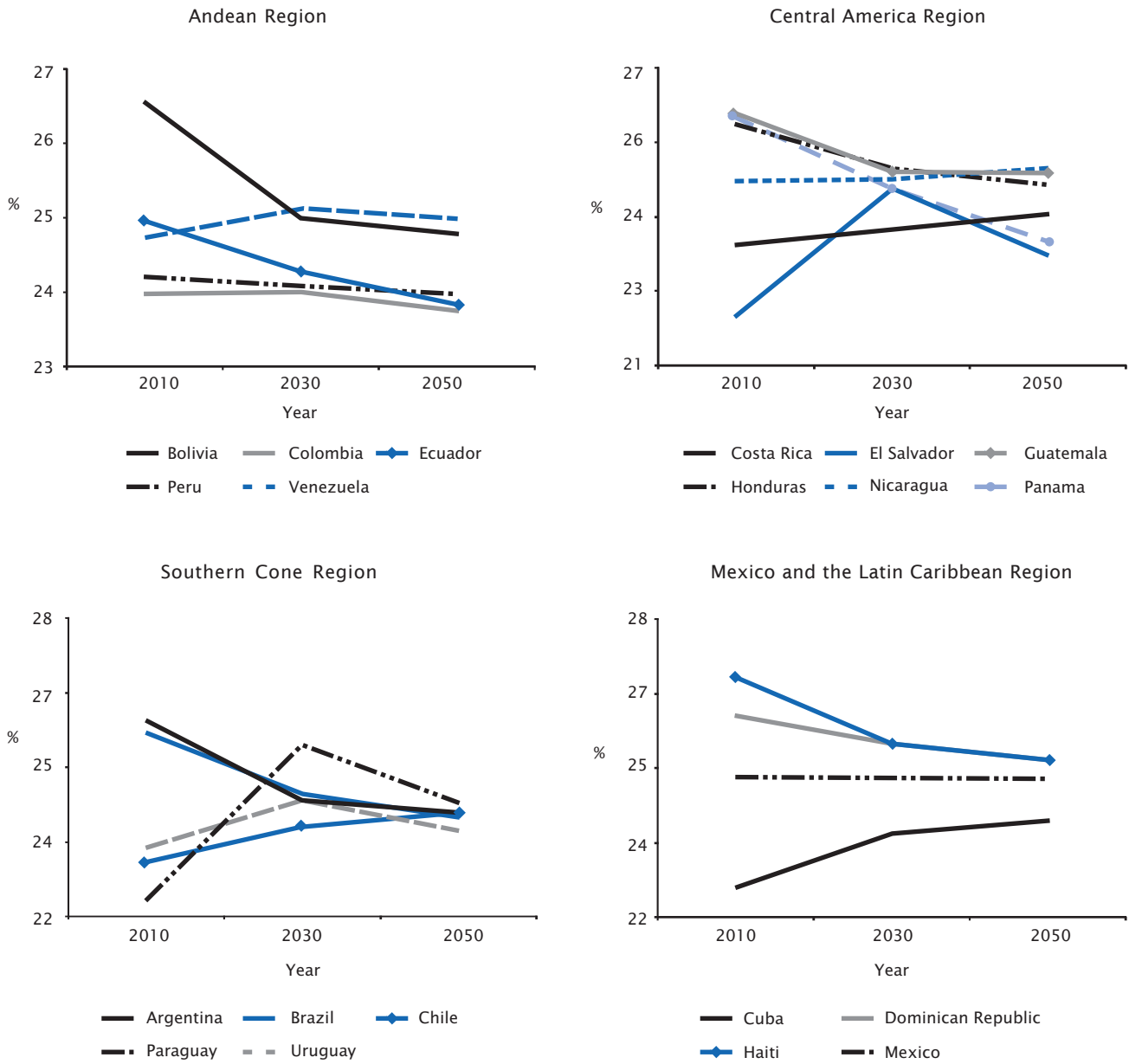
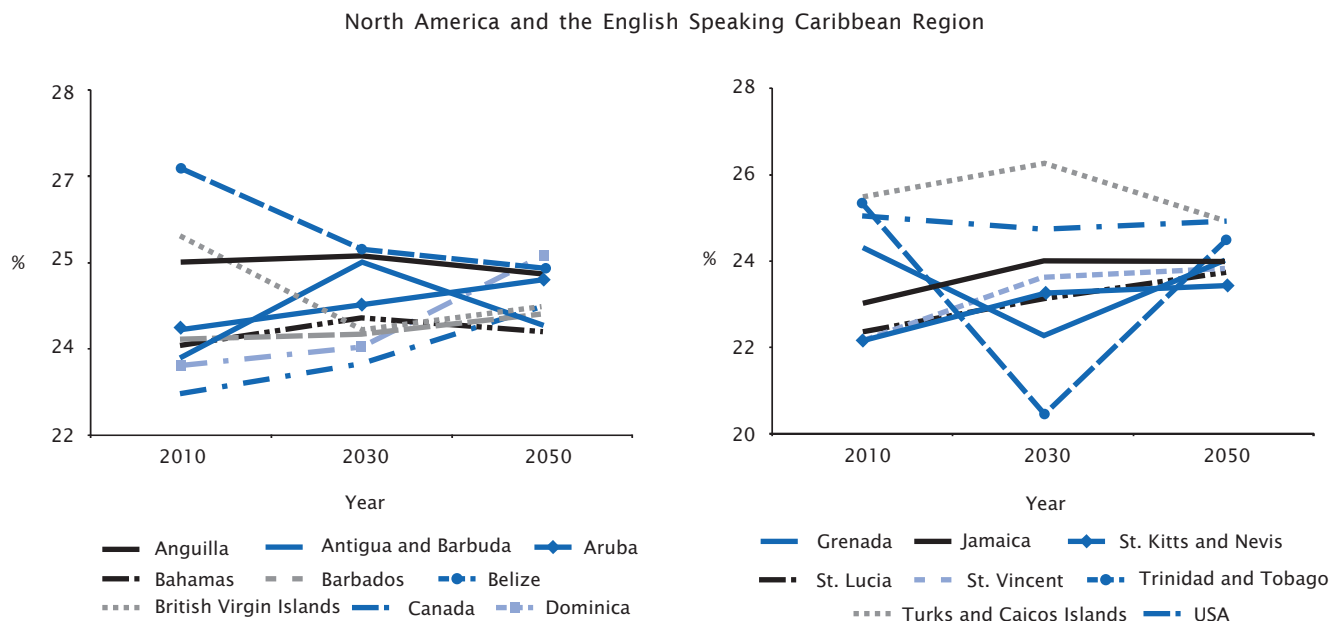


Figure II.2 (continued)



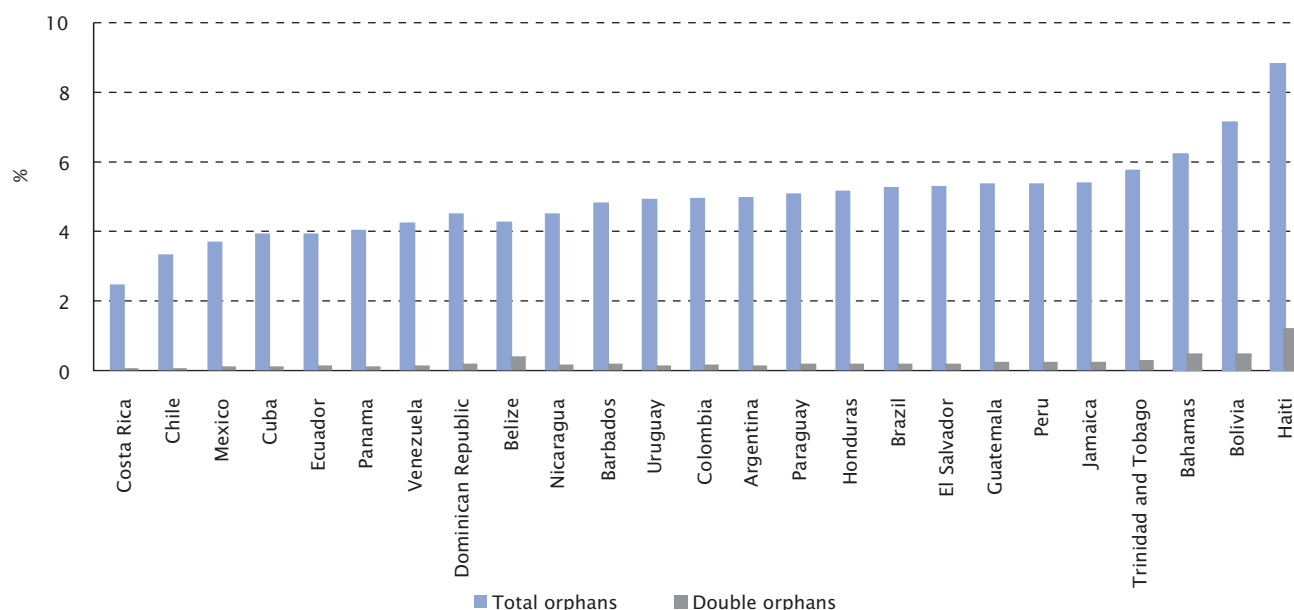
Source: U.S. Census Bureau (2010).

II.2.2 Orphans

In explaining the difference in outcomes between orphans and non-orphans three hypotheses arise. First, orphans can be poorer than non-orphans, investment in orphans by caregivers is lower than investment in non-orphans even within the household, and orphans have lower return of investments because of the emotional stress suffered and the time wasted in non-productive activities while their parents were sick. Being an orphan puts a child at risk, even when poverty control measures are in place, indicating that specific public policies should be enacted to further protect this vulnerable segment of the population. Studies of orphans in Africa have suggested that orphans have lower schooling attainments and, interestingly, that the effect is not attributable to poverty (Case, Paxson, and Ableidinger 2004).

Data counting the number of orphans is very scarce, since most surveys are household based. Recently, UNICEF (2009) provided estimates about children who have lost one or both parents. As illustrated in Figure II.3, the percentage of orphans varies from 2% in Costa Rica to almost 10% in Haiti. We also can see from this figure that poverty is associated with the number of orphans. This can be explained in part by maternal mortality, which is highly correlated with socioeconomic conditions.

Figure II.3
Total Orphans^{1/} and Complete Orphans,^{2/} 0-17 Years Old, 2007



Notes: 1/ Includes orphans under age 18 whose mothers and perhaps fathers, have died (includes complete orphans) plus orphans under age 18 whose fathers, and perhaps mothers, have died (includes complete orphans) minus complete orphans. 2/children who have lost both parents.
Source: Own calculations using UNICEF (2009) and U.S Census Bureau (2010).

One of the main programs of social security is the survivors' pension. As we will see in Chapter IV, children of active workers or pensioners affiliated to social security usually receive a pension in the event that a working mother or father dies. Of course, since this only covers the formal population, the protection of orphans with this benefit is partial in many countries. Using data of beneficiaries from social security agencies and the orphan population, we calculate that in Costa Rica for example 40% of orphan children receive a social security pension, but this percentage can be as low as 5 or 7% in the cases of Nicaragua and El Salvador.

What happens to orphan children without pensions? In most cases they are adopted by relatives; in some cases, the state provides public housing or has programs to support them, like foster care in the United States. Nevertheless, in some cases, the children end up living on the streets. The study of orphans and the impact of public interventions in their

well-being is probably one of the most abandoned areas of research in social issues in countries of LAC, so there is a lack of even basic information to shape public policies.

But what happens to those orphan children with pensions? As we will see in Chapter IV, the current design of social security programs limits the agencies' ability to deliver the cash benefit, without having a more active role in looking out for the well-being of the child(ren). Little is known about the quality of care orphan children are receiving. For practical purposes, both orphan children with and without pensions resort to the same state tools for their protection.

II.2.3 Disabled Children

Usually disability definitions do not provide a clear and definitive description of this condition (individuals included within one definition may not be incorporated

into another). Nowadays, the term "disability" is considered to be not only a medical condition, but a combination of personal, environmental, and social factors that can affect the person's ability to perform daily activities.

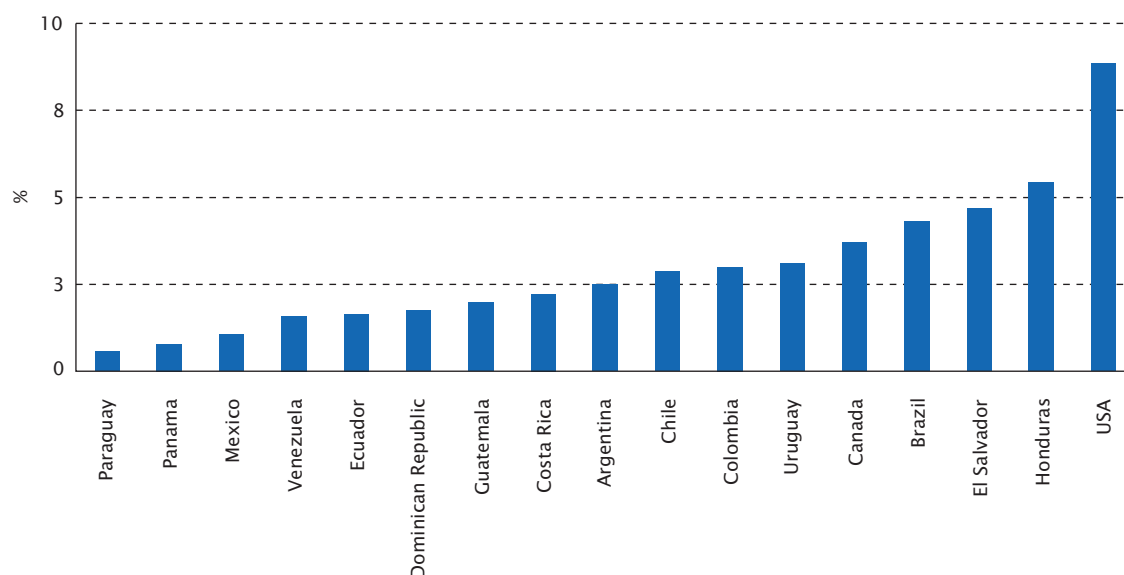
The measurement of disability faces various problems because there is no consensus on the precise definition. There are two types of measurements regularly used: i) the new World Health Organization (WHO) definition, which allows a greater reliability and comparability between countries, by considering the impact of the physical and social environments on each person's performance; and, ii) the Index of Daily Life Activities used in the United States, which is based on self-reported data on the ability to perform certain activities, rather than relying on the symptoms of the disease (CISS 2006).

In analyzing the information about disabled children presented in Figure II.4, we should take into account that countries use different definitions. Some

of the questions asked in the disability surveys by countries in LAC are related to visual, hearing, speaking, and mobility limitations, as well as to psychiatric diseases. Countries such as El Salvador and Paraguay ask more specific questions related to the incapacity to bathe (in the first case) and to the presence of Down's syndrome, Parkinson's disease or autism (in the second case). As we can see, the percentage of disabled children varies from 1 to 9%. We observe that the United States shows the highest percentage of disabled children. This is not necessarily bad, as it may reflect greater awareness and wider protection programs.

Disabled children from parents entitled to survivors' pensions are covered with cash pensions and health insurance, in some cases for life (see Chapter IV). An additional challenge is how to protect disabled children, especially disabled orphans, whose parents worked in the informal sector. Only a few countries offer non-contributive pensions to disabled children.

Figure II.4
Disabled Children, 0-14 Years Old, 2000-2008



Notes: Data is for various years between 2000 and 2008. In Guatemala and Colombia the age range is from 0 to 17 years old.

Source: Own calculations using DGEEC (2002), Statistics Canada (2006), U.S Census Bureau (2010), U.S Census Bureau (2005), Contraloría (2000), INEGI (2000), INEC (2001), ONE (2002), U.S Census Bureau (2005), INE (2005), INEC (2000), INDEC (2003), INE (2004), IBGE (2000), DIGESTYC (2007), INE (2001), and UNICEF (2009).

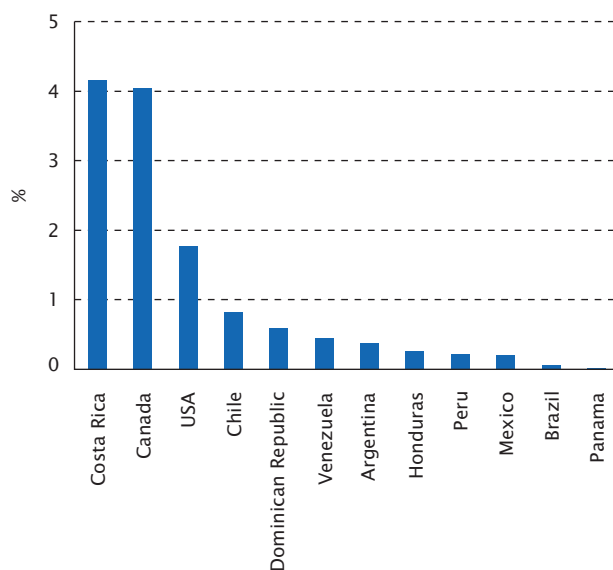
II.2.4 Migrant Children

Migration is a condition that can affect child well-being. One scenario is that migrant children must adjust to the process of moving from one country to another, in some cases without full documentation, and have to adapt to a different society. Another scenario is that children left in the home country by migrant parents are in an adverse situation because they are cared by relatives or other community members, even where they may benefit from remittances that allow them to have higher consumption and education (see for example Arias et al, 2010).

Unfortunately, data on child migration and children left behind by migrant parents is very scarce. Figure II.5 shows an estimate of immigrant children for selected countries. As we can see, immigrant children in Costa Rica and Canada account for 4% of all children in those countries, while in United States (the next highest) this number reaches almost 2%.

Migration within the same country is not free of risks. Inter-country migration can usually be associated with job availability. In some cases, such as agriculture, children follow their parents, and even help them with their job. But, what is best for the children? They may stay with their parents and share in the work load, or they can stay with relatives and attend school. While child labor in migrant families is widely condemned, in practice it has been very difficult to eradicate it because the answer to the posed question is ambiguous for low-income families. In this situation governments are responsible for offering flexible schemes to children to support them in any situation. Health insurance programs, family allocation funds and other institutions of social security can play a basic role in supporting families and the educational system in solving this problem.

Figure II.5
Immigrant Children, 0-14 Years Old, 2000-2009



Notes: Data is for various years between 2000 and 2009. In the United States, the age range is from 0 to 18 years of age, although another indicator for 2000 says that 3.8% of children aged 0-14 years are foreign. In Mexico, the age range is from 5 to 14 years old.

Source: Own calculations using INEC (2000), Statistics Canada (2009), DHS (2009), U.S Census Bureau (2000), La Nación (2006), INE (2001), INDEC (2001), INE (2006), INEGI (2005), OIM (2007), ONE (2002), IBGE (2000) and Contraloría (2002).

II.3 Child Well-Being

There is no unique, universally accepted way of measuring child well-being. There are at least two approaches to do it. Under the first approach, dimensions that may influence a child's quality of life are defined and indicators within each dimension are identified and measured. Under the second approach, children are directly asked about their subjective assessment of their well-being. Each approach has advantages and disadvantages. While the multidimensional approach uses objective data, the lack of a clear definition regarding which indicators to include and how to aggregate them can lead to results that can be very controversial, especially if cross-country or cross-population group comparisons between countries are made. The self-assessment option avoids this problem, however, it cannot be performed by small children, and results do not have a clear link to policy measures. In some cases, self-assessment has been included as a dimension in the multidimensional approach (OECD 2009).

Within the multidimensional definition there are two other issues. The first is a controversy regarding whether indicators should focus on current well-being, or on future well-being. Current well-being indicators place more weight on here-and-now activities, like sparse time with friends, while the second set of indicators focuses on the conditions that determine future quality of life, such as education. The second issue refers to whether indicators should reflect positive or negative conditions.

In this report we use the "multidimensional definition" with a strong emphasis on the variables that determine the future well-being, including positive and negative indicators. There were several reasons for this decision. First, more data is available on objective indicators than for subjective assessments. Second, we wanted to highlight some specific aspects related to social protection programs. Third, we want to provide information that could be compared to

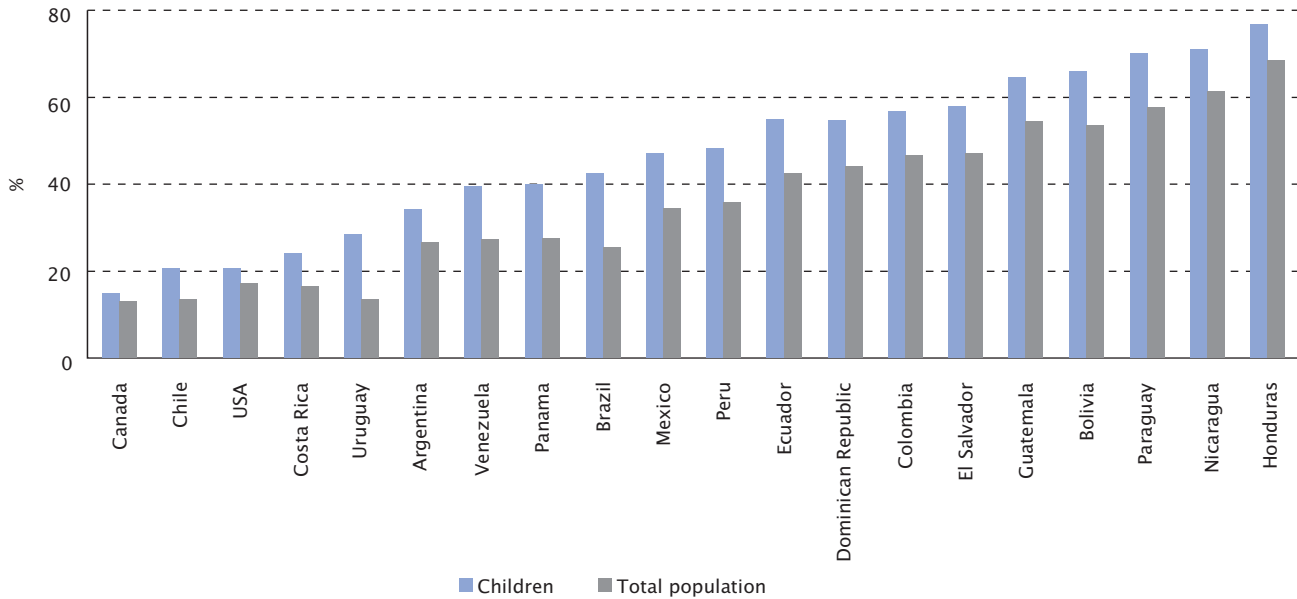
other studies that have tackled the topic, specifically to the OECD (2009) study that have done the same analysis for industrialized countries. The indicators included in this study are justified by the child research literature, and by the United Nations Convention on the Rights of Children.

II.3.1 Material Well-Being

Child poverty is the most important indicator of material well-being because poverty affects several aspects of human life, such as education and health. Figure II.6 shows the percentage of children living in poverty across the Americas. There is a great difference between countries: in Guatemala, Bolivia, Paraguay, Nicaragua, and Honduras more than 60% of children live in poverty; in Canada on the other extreme the percentage of children living in poverty is 20%. In all countries, the percentage of children living in poverty is higher than the percentage of the whole population living in poverty.

To fight poverty, especially intergenerational poverty, many countries around the world have implemented conditional cash transfer (CCT) programs. The estimated percentage of persons receiving CCT in the countries of the continent is presented in Figure II.7.

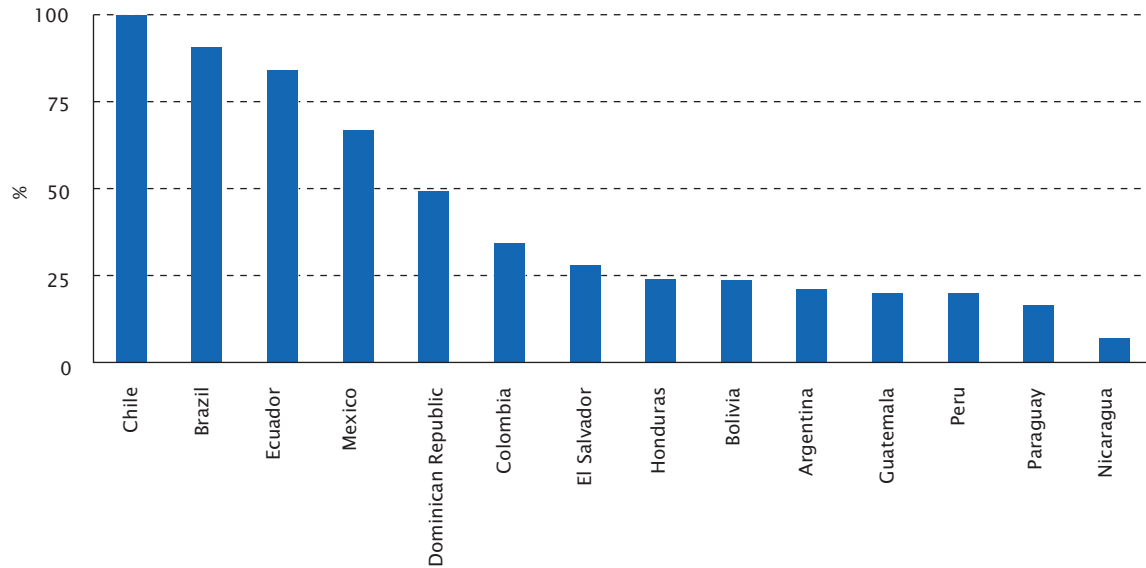
Figure II.6
Children Living in Poverty, 2004-2008



Note: In Canada and United States, the age covered is from 0 to 18 years. Argentina data are from urban areas only, but another indicator shows that 54% of children and adolescents aged 0-17 years in 2001 live under the poverty line.

Source: CEPAL (2010). Argentina data was taken from INDEC (2009), and Canada and United States data were taken from OECD (2009).

Figure II.7
Poor Population Receiving Conditional Cash Transfers, 2005-2009



Source: Own calculations using WB (2009), CEPAL (2010) and US Census Bureau (2010) data.

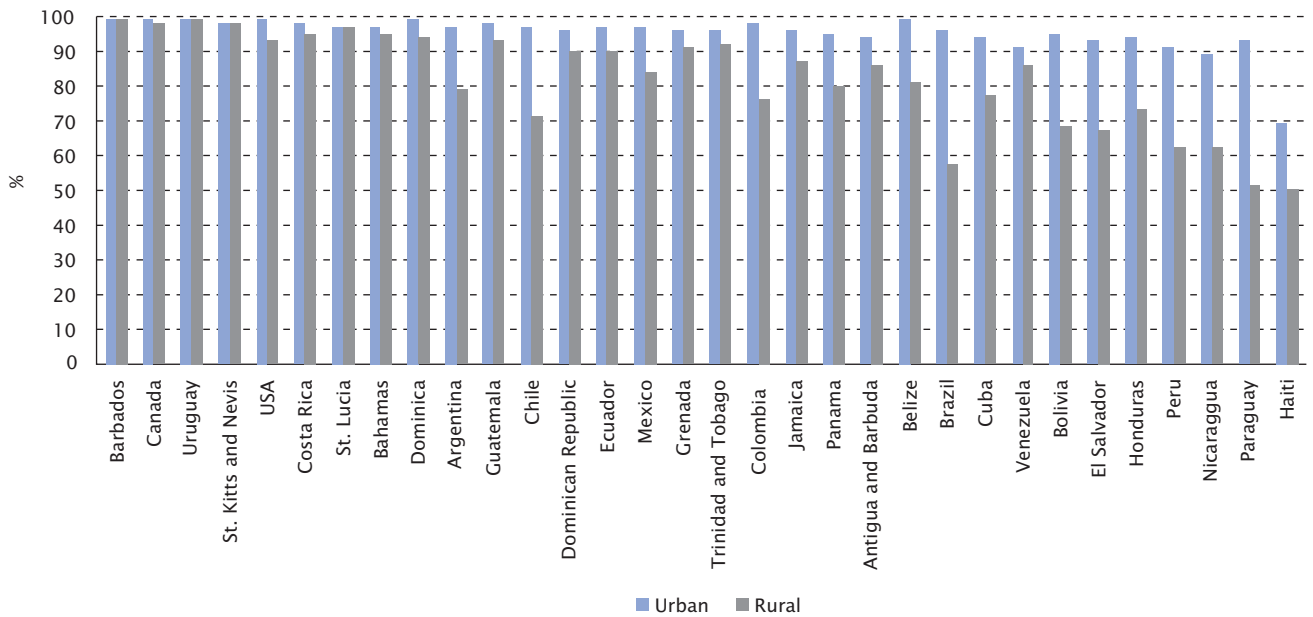
II.3.2 Housing and Environment

Access to a healthy living and to an environment conducive to learning has proven to be an important factor determining health of the population. Sanitation systems and improved drinking water are two key aspects in a good environment and two features mentioned in the Millennium Development Goals.

Access to improved drinking water sources has become a high priority in almost every country in the

region. A few exceptions are the poorest countries, like Haiti, Paraguay, and Peru, the rural areas in those same countries, and in other not-so-poor countries (Figure II.8). The use of improved sanitation facilities shows a lower penetration. Nonetheless, in some countries, such as Bahamas, Barbados, Canada, and the United States, virtually the whole population has access to improved sanitation facilities. As expected, the poorest countries of the continent and rural areas have lower coverage (Figure II.9).

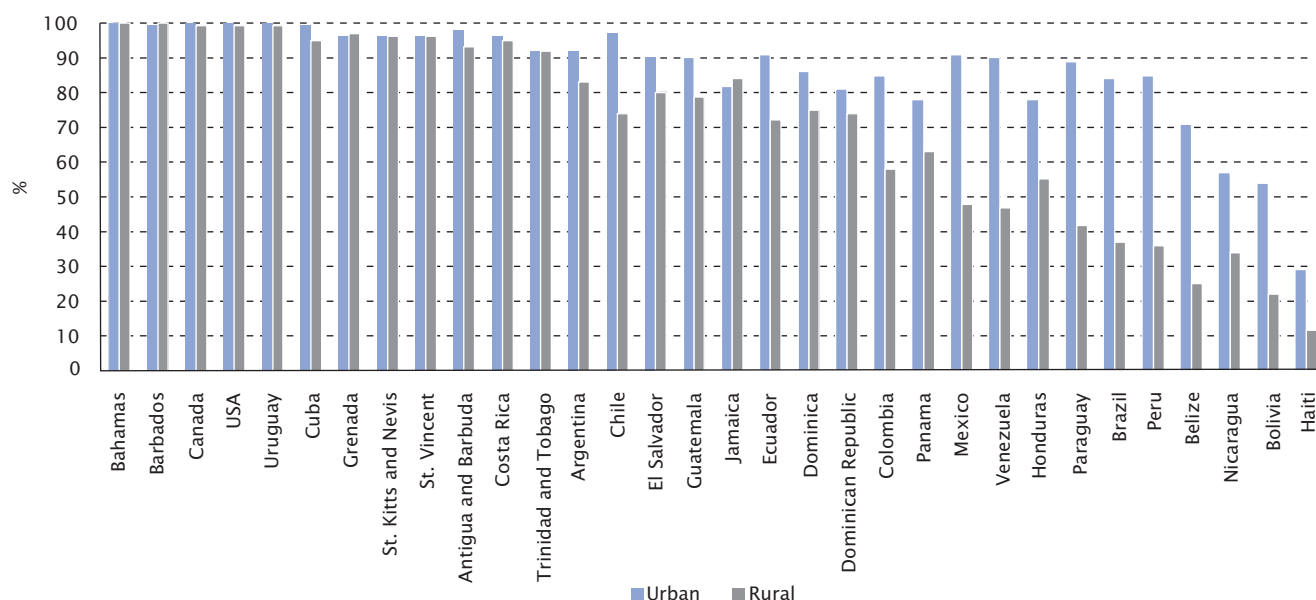
Figure II.8
Population with Sustainable Access to Improved Drinking Water Sources, 2006



Note: Venezuela data is for 1990.

Source: UNICEF (2009) and WHO (2009).

Figure II.9
Population Using Improved Sanitation Facilities, 2006



Note: Dominica and Belize data is for 2000 and Venezuela data is for 1990.
Source: UNICEF (2009) and WHO (2009).

II.3.3 Educational Achievement

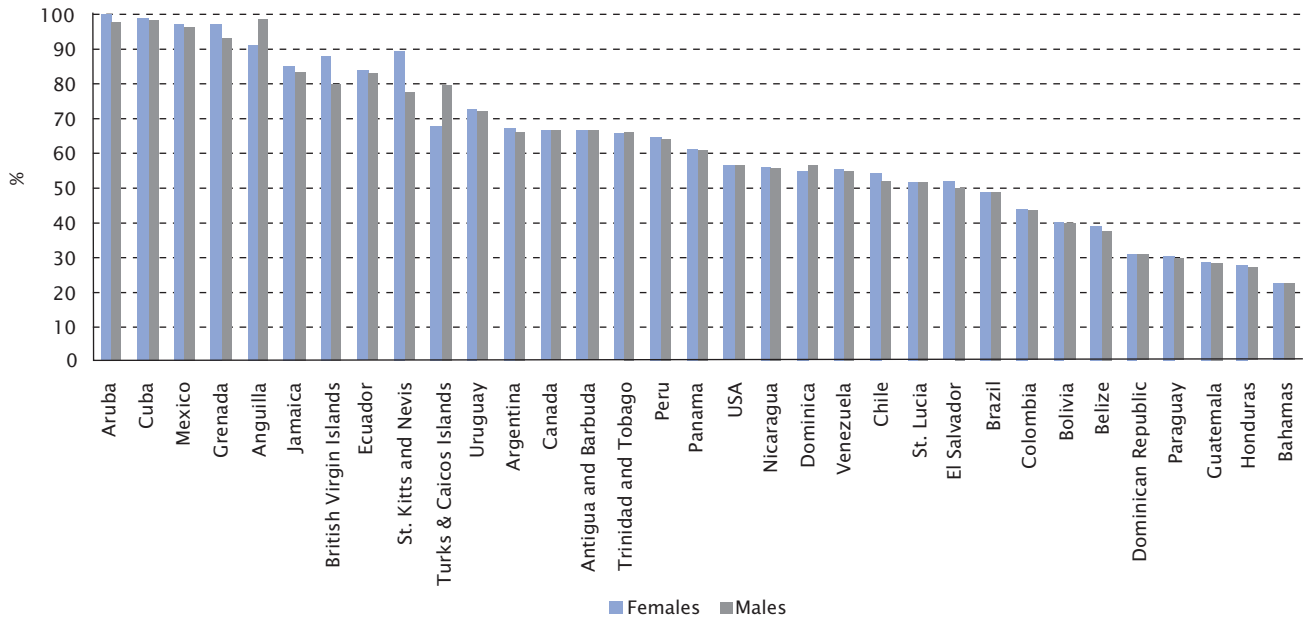
Education is an important variable of future well-being of children, since it is highly correlated to earnings, good health, and other variables. In this subsection, we offer six indicators: children in preschool education, youth literacy rate, primary school enrolment ratio, survival rate to last primary grade, rate of primary school age children out of school, and secondary school enrolment ratio.

As we will see in the next chapter, early childhood development has proven to be a crucial factor for many aspects of short and long term well being. Having pre-school education is an important aspect in the development of children. Figure II.10 shows the net enrolment rate in pre-primary. As we can see, while enrolment is almost universal in a few countries, coverage does not reach half of the population in most of them. In Chapter IV we discuss some initiatives to help families with early childhood education that do not require children to be enrolled in an institution, and that have proven to be a successful option for low-income families.

As we can see in Figures II.11 and II.12, literacy rates and primary school enrolment are very high in most countries and the variation between countries is low. The higher performing countries are Canada, Cuba, and Uruguay, showing basically a 100% literacy rate. The lower performing countries are Haiti and some countries in Central America and the Caribbean. By gender, we observe that in the higher performing countries there is not an important difference between boys and girls, while in the lower performing countries there are differences by gender: in some cases girls are more educated, while in other countries the opposite holds.

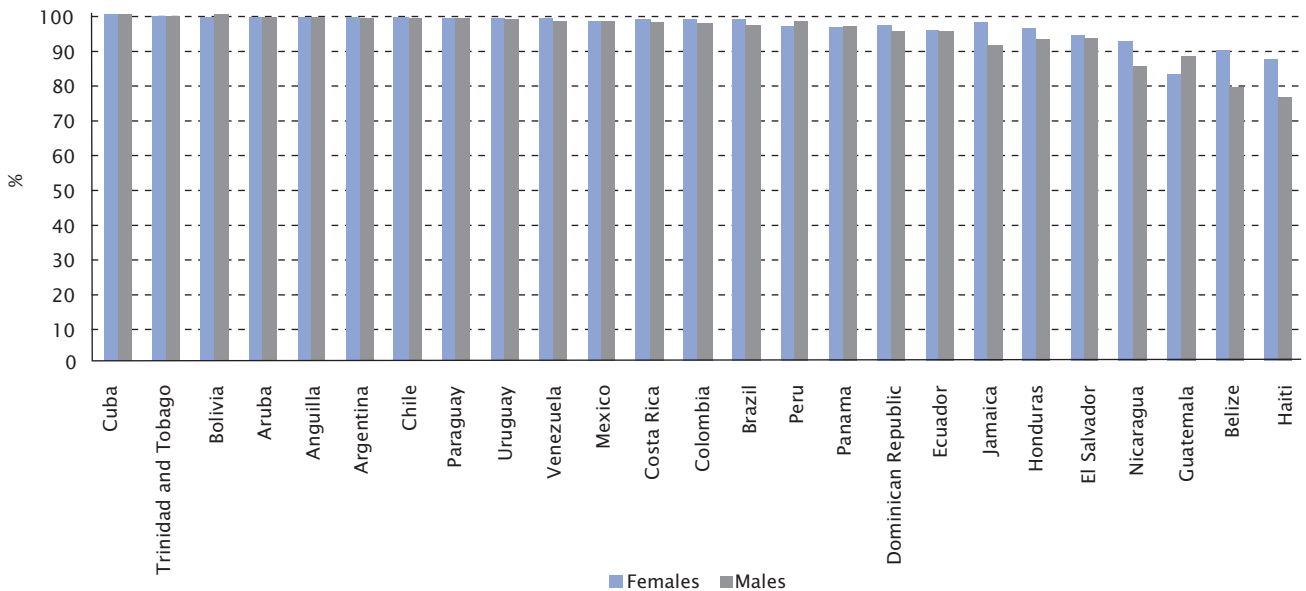
In Figures II.13 to II.15, we analyze indicators that measure achievements of older children, and now we observe greater differences between countries. For example, the survival rate to last primary grade ranges from 95% in Chile to 50% in Nicaragua (Figure II.13), the number of children in primary age out of school reaches 70% in Haiti (Figure II.14), while the ratio of secondary school enrolment ranges from 85% in Barbados to 40% in Guatemala (Figure II.15).

Figure II.10
Net Pre-Primary School Enrolment Rate, 2000-2008



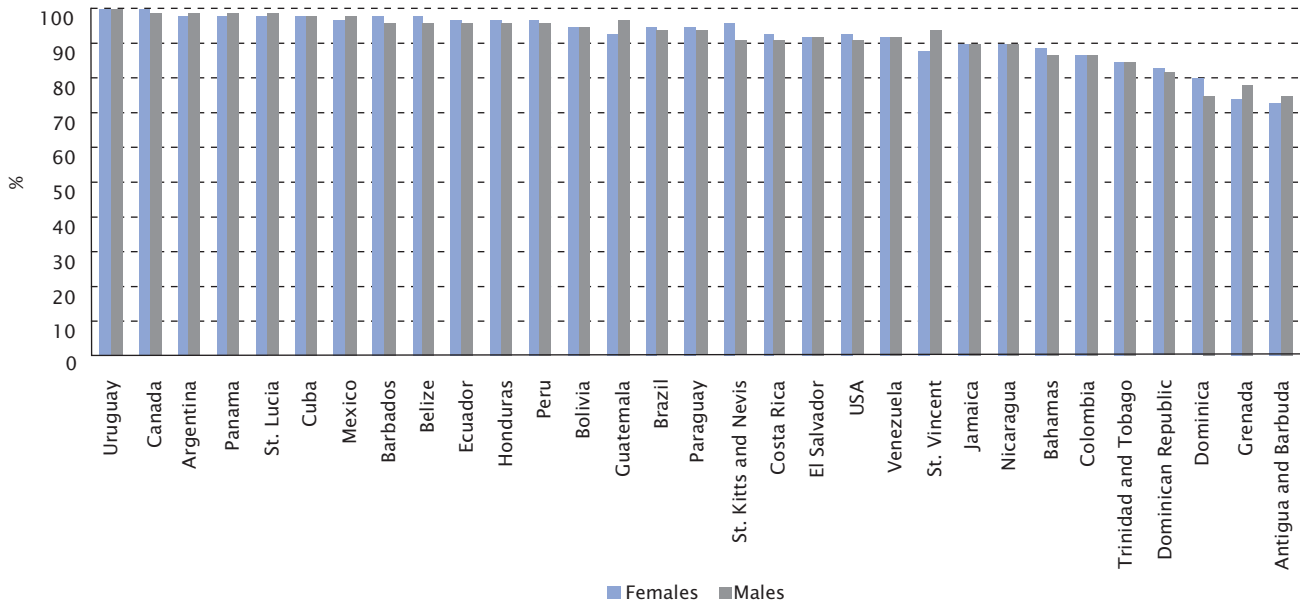
Source: UNESCO (2009).

Figure II.11
Youth (15-24 Years) Literacy Rate, 2003-2008



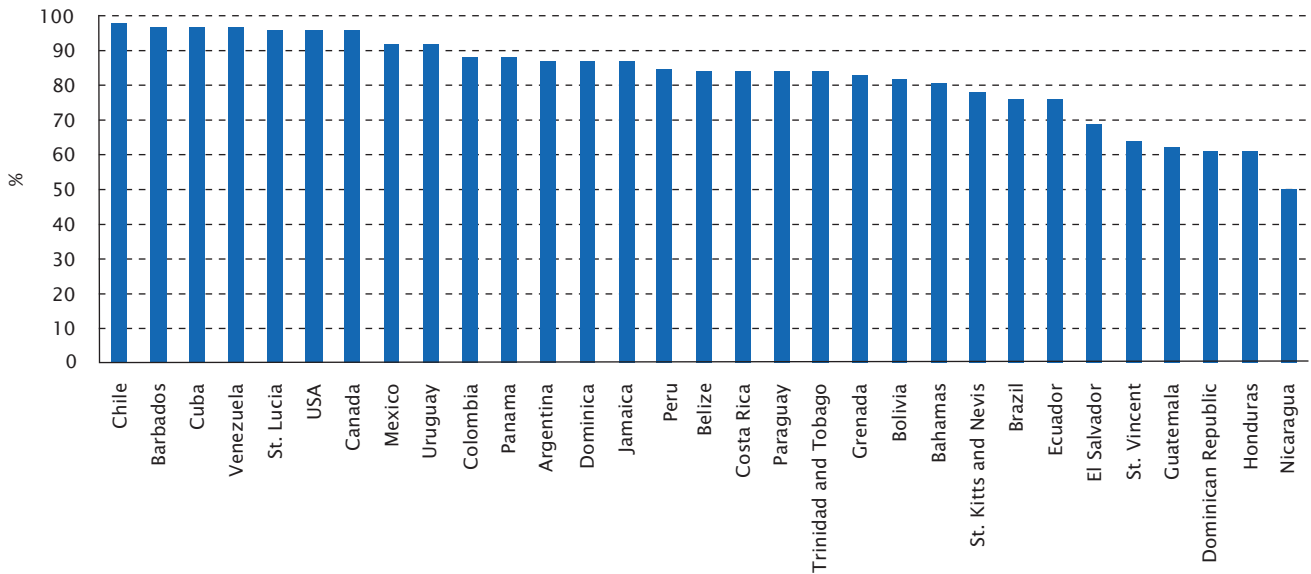
Note: Data is for various years between 2003 and 2008. Anguilla data is for 1984. There was no data for Canada and the United States.
Source: UNICEF (2009) and UNESCO (2009).

Figure II.12
Net Primary School Enrolment Ratio, 2003-2008



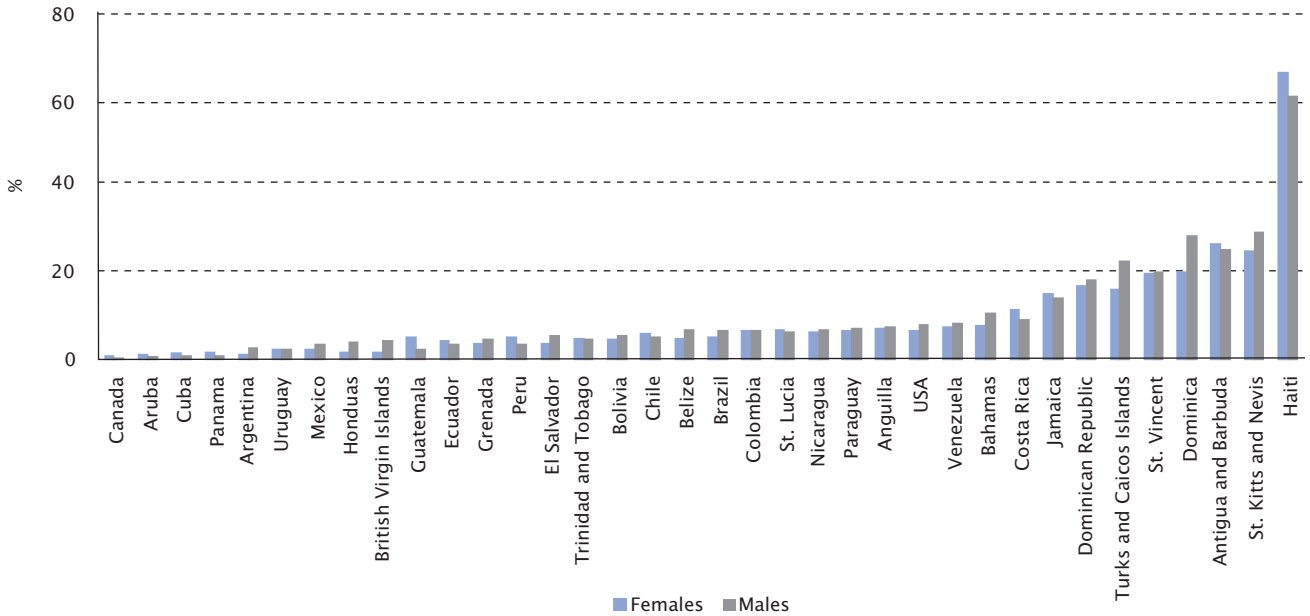
Note: Data is for various years between 2003 and 2008.
Source: UNICEF (2009).

Figure II.13
Survival Rate to Last Primary Grade, 2003-2008



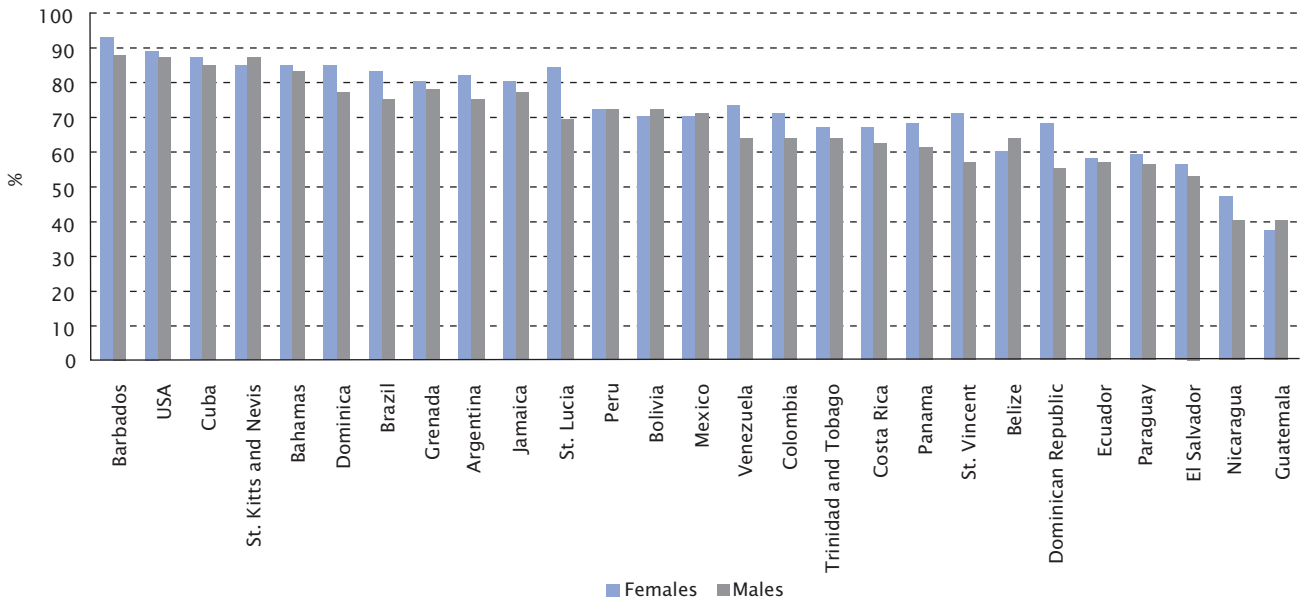
Note: Data is for various years between 2003 and 2008.
Source: UNICEF (2009). Canada data was taken from UNSTATS (2009).

Figure II.14
Rate of Primary School Age Children Out of School, 2003-2008



Note: Data is for various years between 2003 and 2008. Official primary age varies between countries, but usually ranges from 6 to 11 years old.
Source: UNICEF (2009).

Figure II.15
Net Secondary School Enrolment Ratio, 2003-2008



Note: Data is for various years between 2003 and 2008.
Source: UNICEF (2009).

II.3.4 Health

To measure health in infants, several indicators are reported annually by international organizations. To organize the discussion, we can group variables into: i) mortality rates, including, infant mortality and under-five mortality; ii) low birth weight; iii) nutritional indicators, such as stunting for age, malnutrition, overweight, and indicators of breastfeeding; and, iv) immunization rates.

Mortality Rates. Figure II.16 shows the infant mortality rate and the under-five mortality rate of countries grouped by the sub-regions of the Americas. There is a high variability across regions and countries. With some exceptions, North America and the English Speaking Caribbean countries show very low mortality rates, which is also the case of Chile and Cuba. Mexico and countries of the southern cone (with the exception of Paraguay and the Andean region) show higher mortality rates, while the poorest countries of the continent (Haiti and Bolivia) show the highest mortality rates. The relationship between income per capita and infant mortality rate has been analyzed extensively. Indeed, the Preston Curve (Preston 1975) is highly popular to show that infant mortality is higher in poorer countries and lower in richer countries, following a non-linear relationship: at higher levels of income per capita infant mortality rates decline at decreasing rates.

Low Birth Weight. Low birth weight is a condition that may affect in the short and long-term the health of persons and has been associated to other variables such as educational achievement. Low birth weight rates vary significantly between countries of the region (Figure II.17). Many countries have a low percentage of children with low birth weight such as Antigua and Barbuda, Cuba, Canada, and Chile. However, as expected, the rate reported by Haiti is very high where 25% of children are born with low birth weight.

Nutritional Indicators. In the literature, two commonly used indicators to measure under-nutrition are low weight in relation to age and children under five years stunted for age. Stunting (low height for

age) may reflect long-term malnutrition. Malnutrition is related to under-five mortality rates and is a very important risk factor. There has been great progress in reducing the level of malnutrition in the world in the last decades. Still, as we can see in Figure II.18, children malnutrition rates are very high in many countries, most of them poor. Malnutrition is associated with poverty between countries and within countries (Wagstaff and Watanabe 1999).

Childhood obesity is a relatively recent phenomenon and is growing rapidly around the world, challenging both dietary habits and lifestyle in many countries. Overweight children are not only at risk for health issues, but their weight may have adverse effects on school and labor markets (Cawley 2004; Cawley, Markus and Lillard 2005; Burkhauser and Cawley 2008; Cawley and Spiess 2008). Moreover, the issue requires a large amount of public resources to be diverted to address obesity-related health problems. Figure II.19 shows the percentage of overweight children in each country. In countries such as Haiti and Bolivia about 4% of children are overweight, while in countries like Peru and Argentina, the problem is more serious since approximately 10% of children suffer from this condition. Box II.1 shows the changes in the prevalence of malnutrition and overweight at the time.

Recent research has recognized that children's nutritional status may be influenced by breastfeeding habits, beyond the positive benefits of breastfeeding on overall child health and immunity to illness and disease. Figure II.20 shows the percentage of children under 6 months of age who were exclusively breastfed. In countries like Venezuela, Dominican Republic, and Belize, that value is only 10%. On the contrary, in Peru, Bolivia, and Uruguay, that number is above 50%.

The social security maternity subsidy and leave benefit, as will be explained in Chapter IV, is meant to allow mothers to stay with their newborns. The leave period, however in most cases is well below six months; noticeably, this situation indicates that

social security and employers must establish improved protocols to support mothers while raising small children.

Immunization Rates. In terms of immunization, we studied six different vaccines (Figure II.21). Most

countries have coverage above 80% for all cases, with the same countries almost always appearing at the top: Antigua and Barbuda, Cuba, and Brazil. The same goes for those with lower rates in almost all vaccines; Haiti and Paraguay have coverage below 80%.

Figure II.16
Infant Mortality Rate and Under 5 Mortality Rate (per 1,000 Live Births), 2008

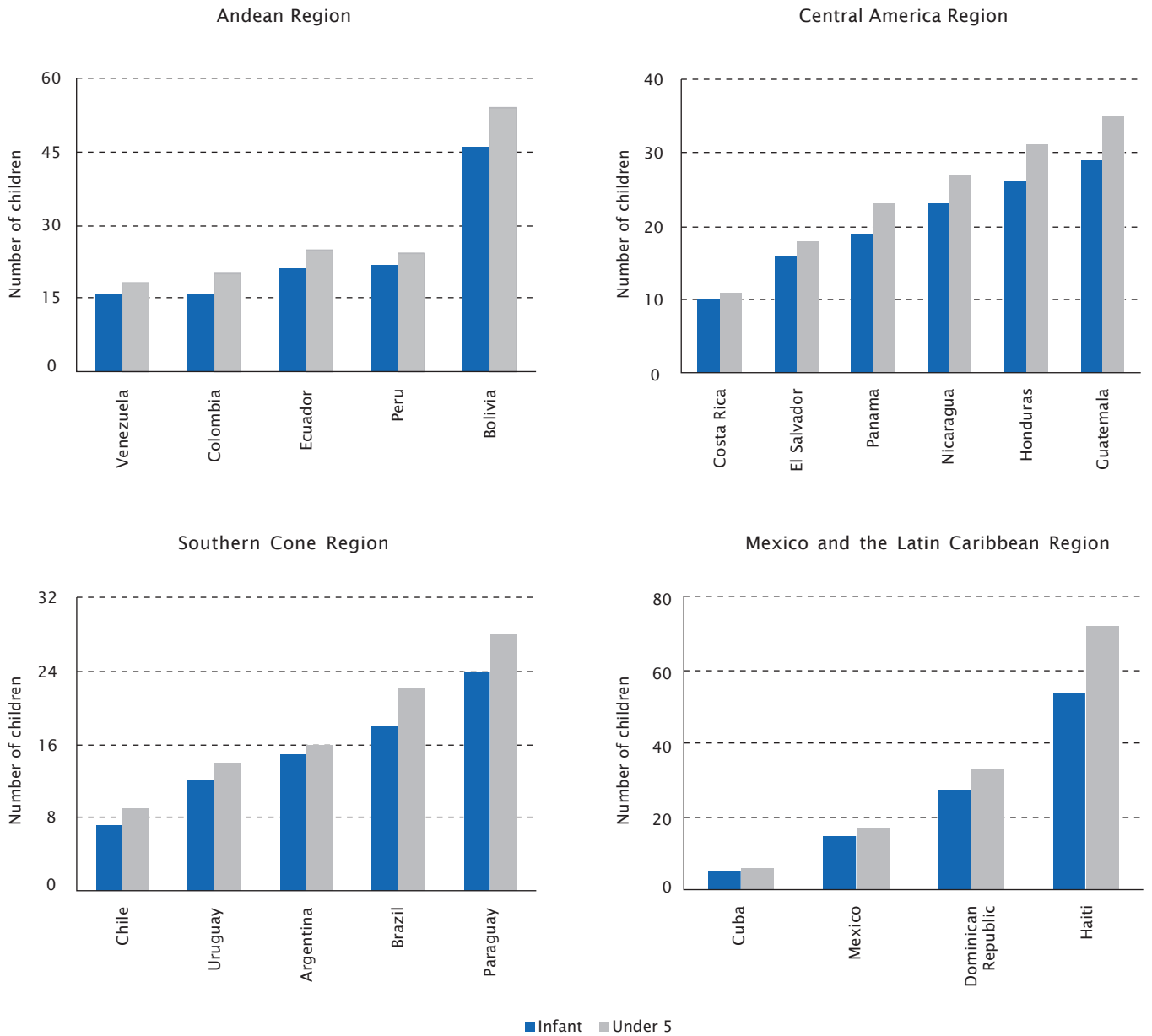
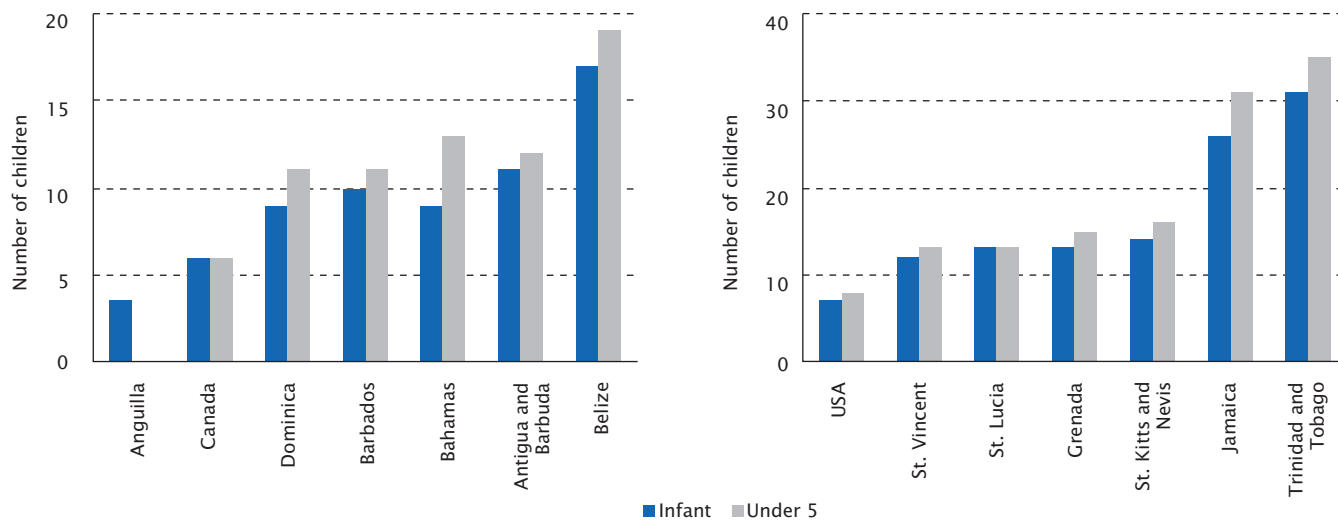


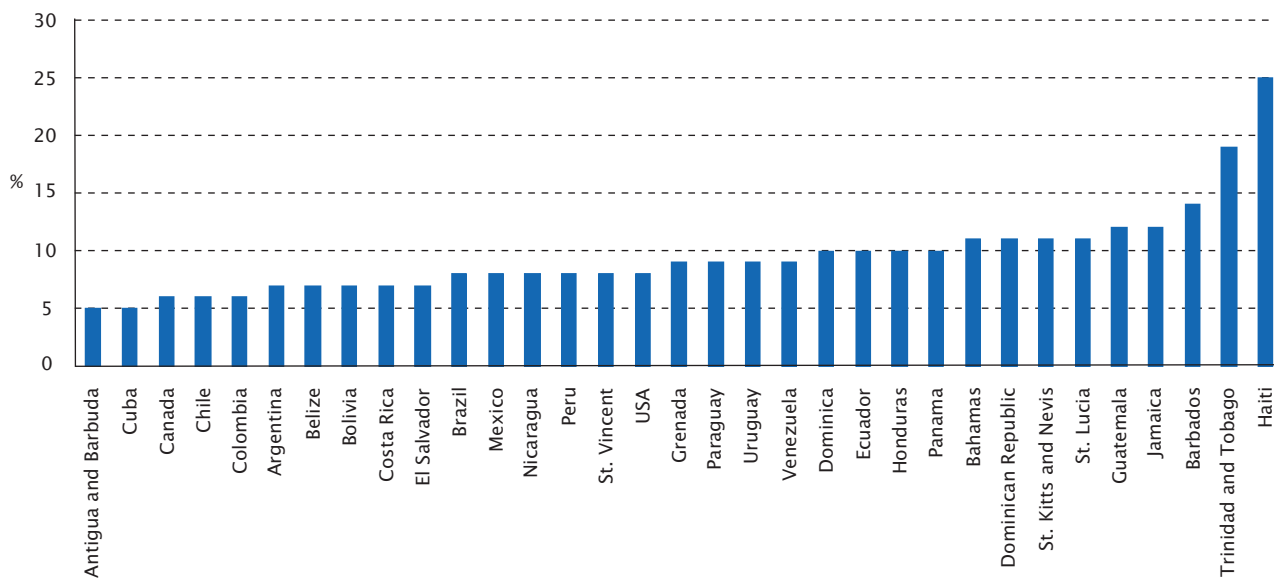
Figure II.16 (continued)

North America and the English Speaking Caribbean Region



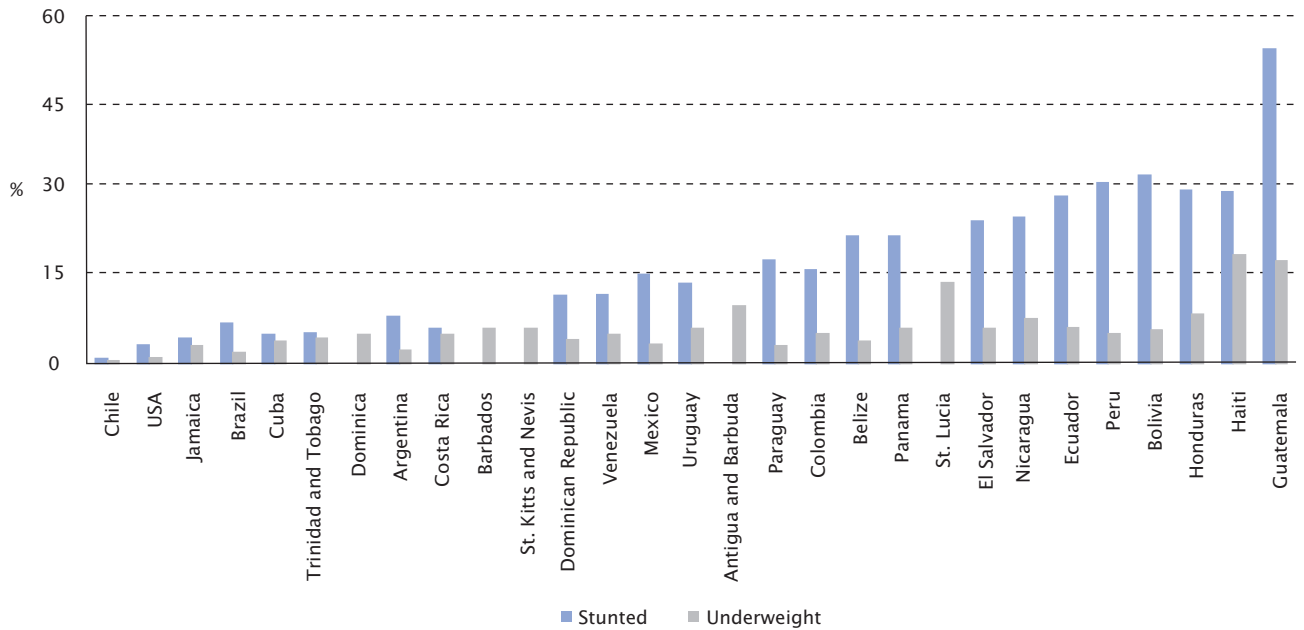
Note: Anguilla data is for 2009. Infant refers to children less than one year.
 Source: UNICEF (2009) and for Anguilla the CIA (2009).

Figure II.17
 Infants with Low Birth Weight, 2003-2008



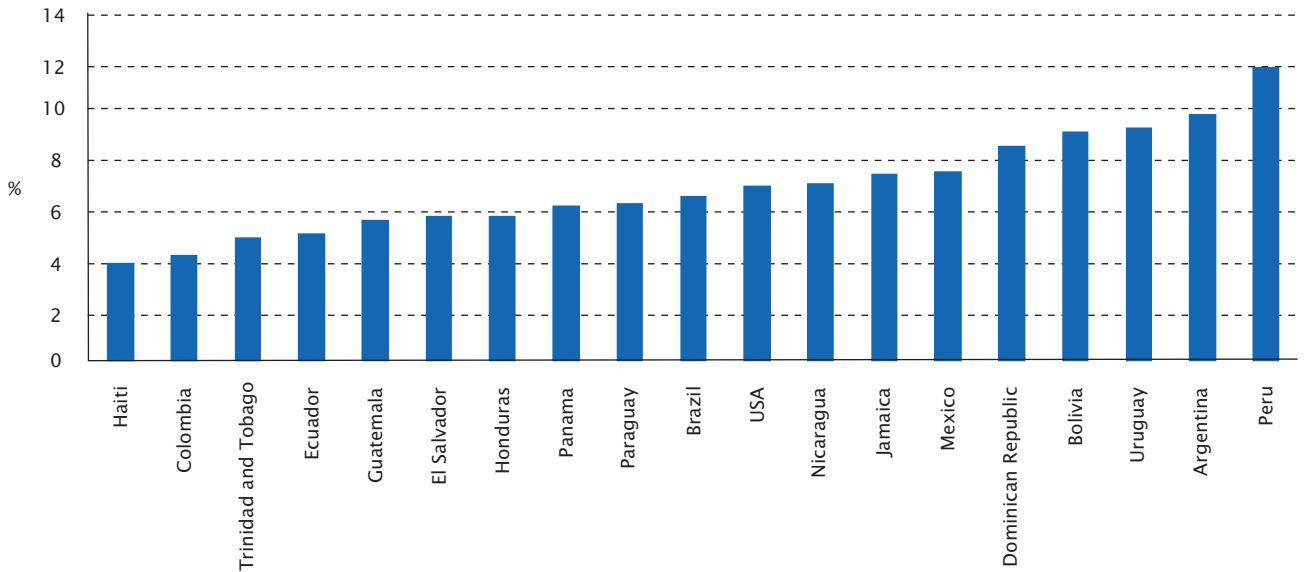
Note: Data is for various years between 2003 and 2008. An infant is considered to have low birth weight if it weighs less than 2.5 kg at birth.
 Source: UNICEF (2009).

Figure II.18
Children under Five Years of Age Stunted and Underweight for Age, 2000-2007



Note: Data is for various years between 2000 and 2007. Barbados, Dominica, and Saint Lucia underweight data refer to an earlier year outside the range of years specified. For Dominica, Barbados, St. Kitts and Nevis, Antigua, Barbuda, and St. Lucia there were no data on stunted for age. *Source:* WHO (2009), UNICEF (2009) and UNDP (2009). Belize and Chile stunted data were taken from the GHF (2009). St. Kitts and Nevis underweight data was taken from PRB (2007).

Figure II.19
Children under Five Years of Age Overweight for Age, 2000-2007



Note: Data is for various years between 2000 and 2007. Brazil data is for 1996 and Paraguay data is for 1990. *Source:* WHO (2009).

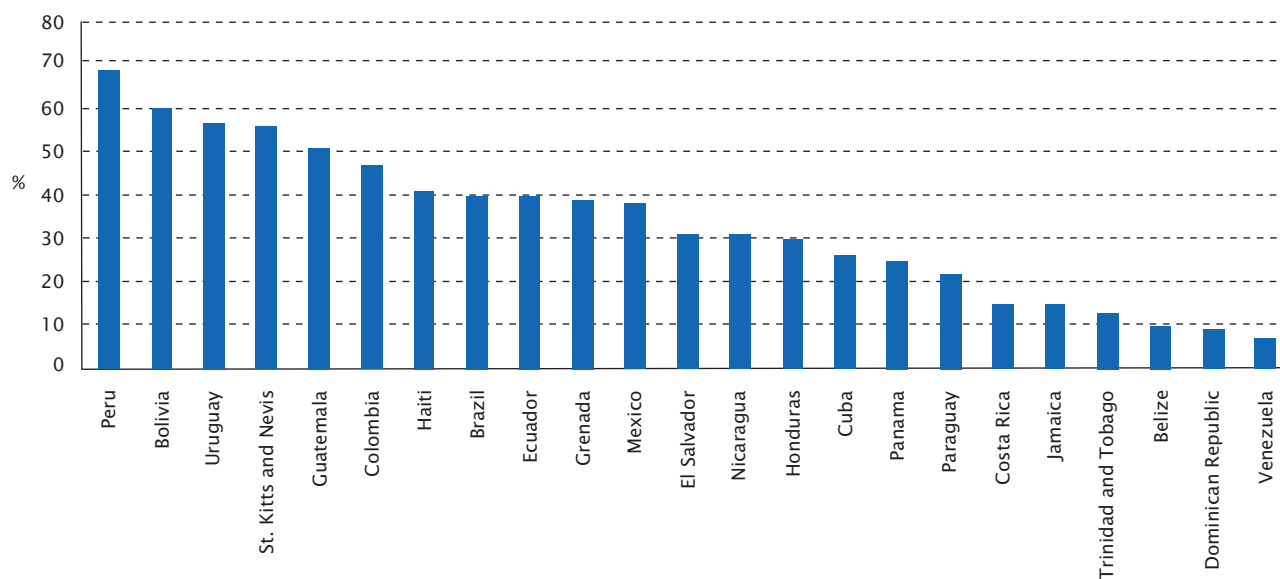
Box II.1
Underweight and Overweight Children

Countries around the globe have moved from a concern over under-nutrition to one over obesity in children. Wang, Monteiro and Popkin (2002) have gathered comparable information on the body mass of children in the 70s and 90s for Brazil, China, Russia, and the United States. The following table shows the prevalence of underweight and overweight in Brazil and the United States. In both cases we see a major increase in overweight; in Brazil, underweight has not been nearly eliminated. Overweight and obesity are major examples of a result of individual behavior, and where the concept of public health intervention is not likely to be successful in solving the problem, posing a challenge to health and social insurance policy.

	Brazil		United States	
	1974	1997	1971 -1974	1988 -1994
Overweight				
All	4.1	13.9	15.4	25.6
Children (6 -9)	4.9	17.4	11.8	22.0
Adolescents (10-18)	3.7	12.6	16.8	27.3
Males	2.9	13.1	14.5	25.0
Females	5.3	14.8	16.3	26.3
Underweight				
All	14.8	8.6	5.1	3.3
Children (6 -9)	12.3	6.1	4.1	3.4
Adolescents (10-8)	16.1	9.6	5.5	3.3
Males	18.3	10.6	5.2	3.6
Females	11.4	6.5	5.0	3.0

Source: Wang, Monteiro and Popkin (2002).

Figure II.20
Children who are Exclusively Breastfed (<6 Months), 2003-2008



Note: Data is for various years between 2003 and 2008.
Source: UNICEF (2009).

Figure II.21
One-Year-Old Children Immunized, 2008

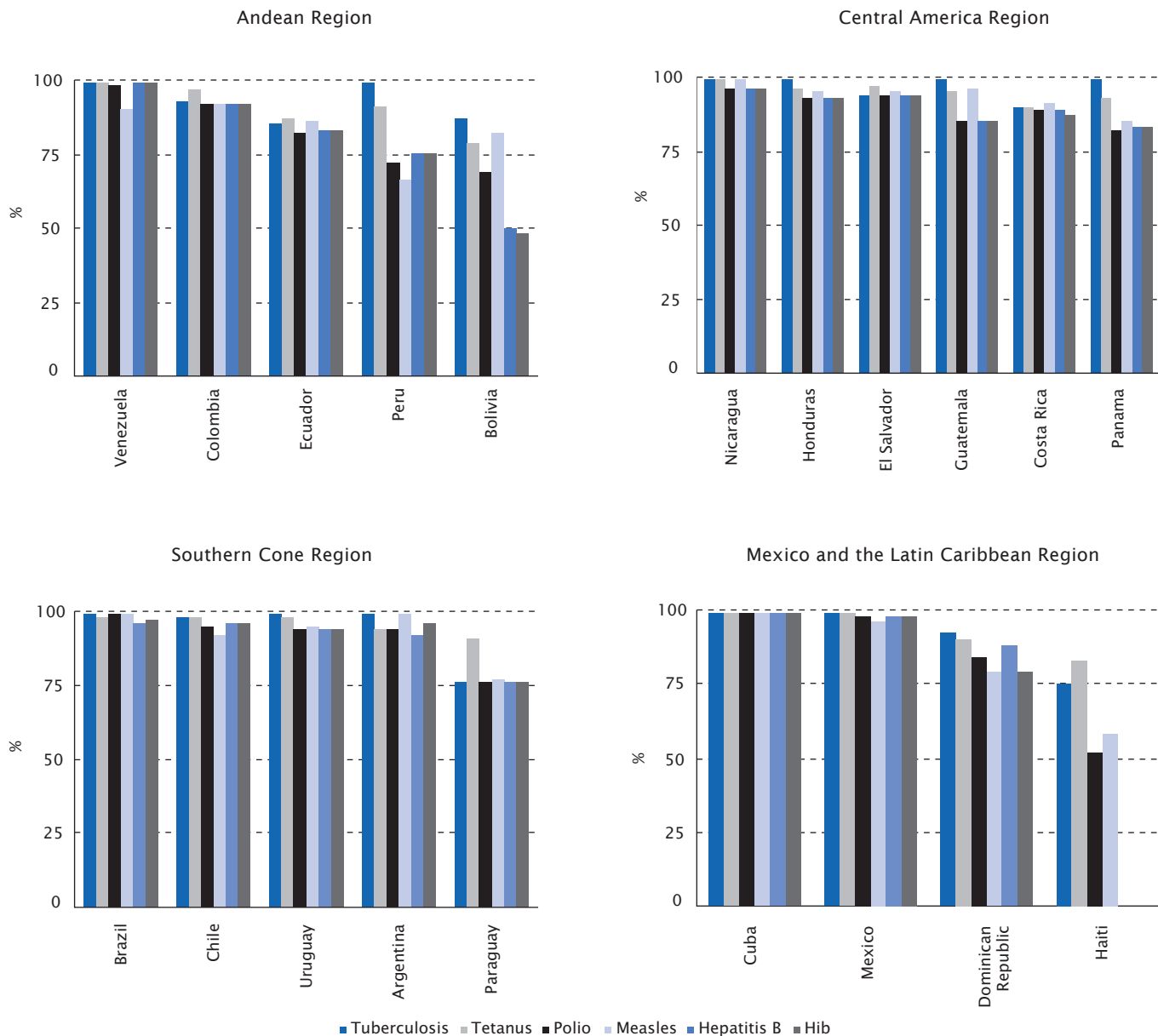
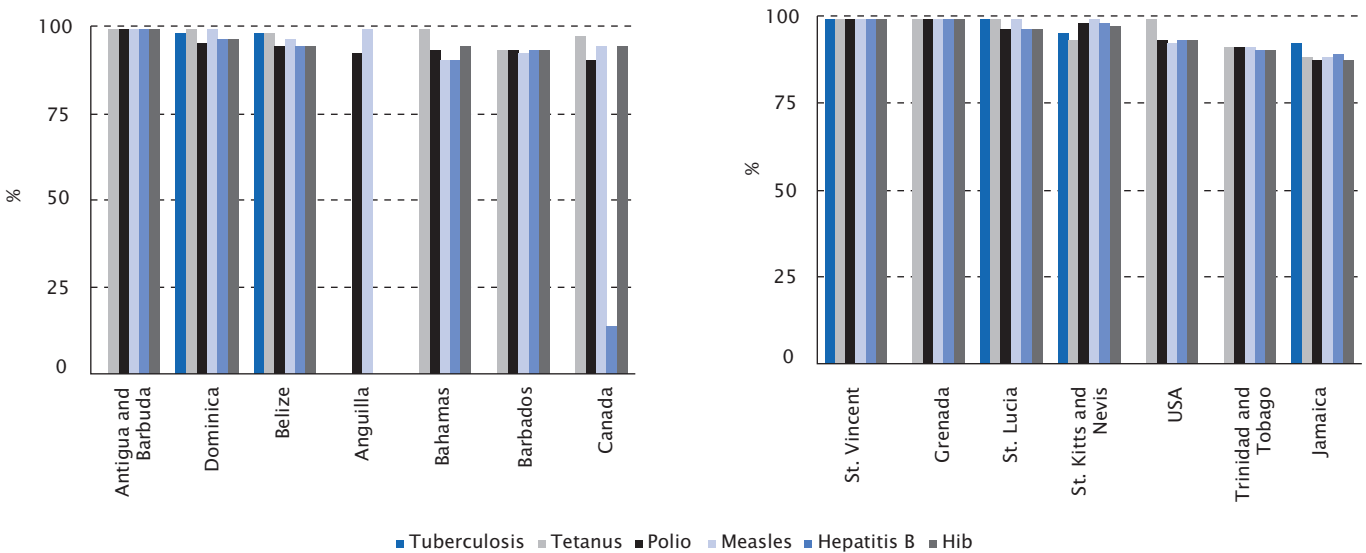


Figure II.21 (continued)

North America and the English Speaking Caribbean Region



Note: Hib disease is caused by a bacterium, *Haemophilus influenzae*. Anguilla data is for 2001.
 Source: UNICEF (2009). Anguilla data was taken from the WHO (2009).

II.3.5 Risk Behaviors

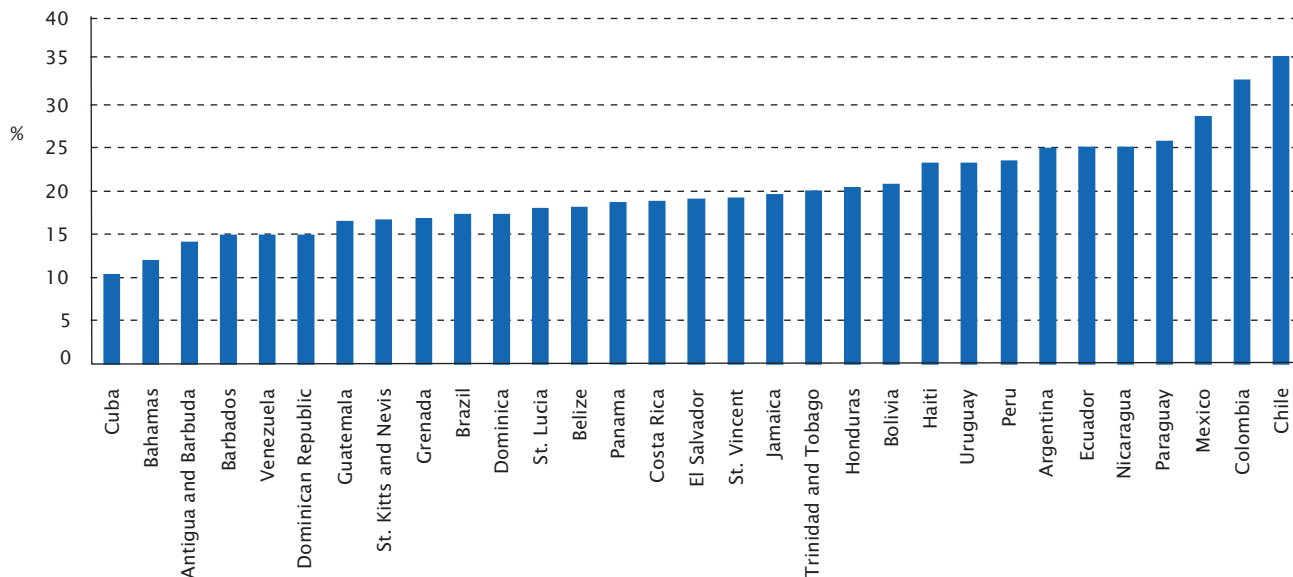
Risk behaviors refer to those actions explained by individual decisions that put adolescents at risk, since their health and general well-being can be adversely affected.

Smoking. One of the risk factors among young people is the prevalence of tobacco use. Figure II.22 shows the percentage of smokers in each country. Usually, the Caribbean countries (Cuba, Bahamas, Antigua and Barbuda, and Barbados), have a lower percentage of smokers with less than 15% of young people, while in Chile more than 35% of young people smoke regularly.

Drunkenness. Figure II.23 shows the prevalence of alcohol consumption among adolescents. As we can see, the rate varies significantly between countries. In St. Lucia the prevalence is higher than 60%, while in Honduras it is only 13%.

Prevalence of Condom Use. Condom use in Latin American countries is very low so young people are exposed to sexually transmitted diseases and unwanted pregnancies. Although our sample is small, we see condom use is less common in poorer countries and higher in richer countries (Figure 11.24).

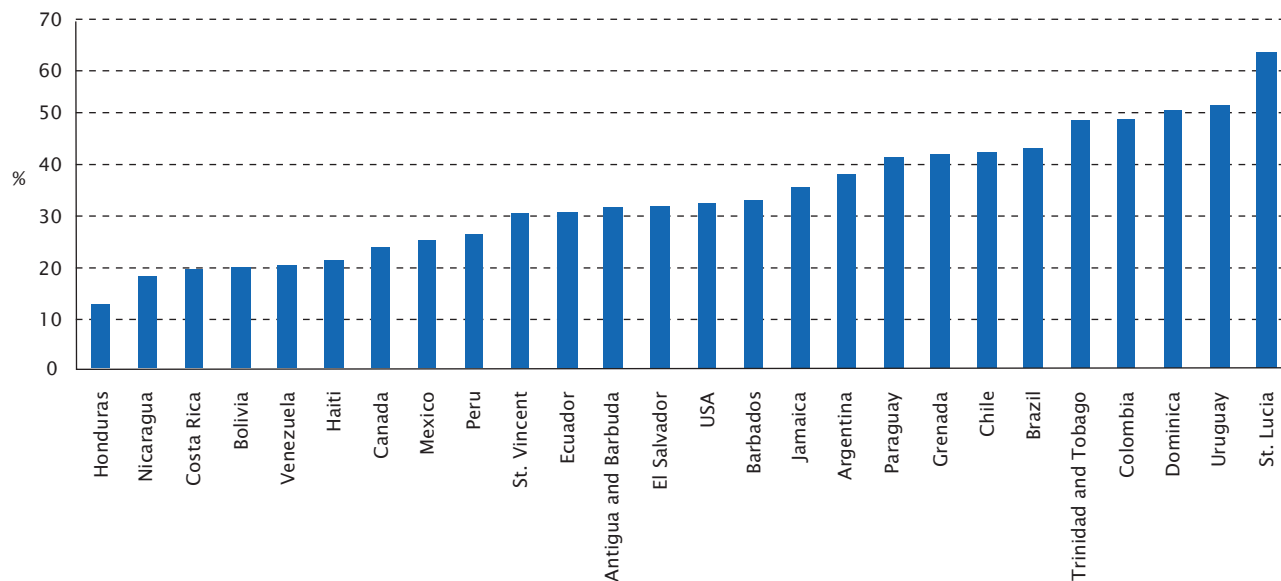
Figure II.22
Prevalence of Current Tobacco Use Among Adolescents (13-15 Years), 2001-2007



Note: Data is for various years between 2001 and 2007. Venezuela data is for 1999.

Source: WHO (2009).

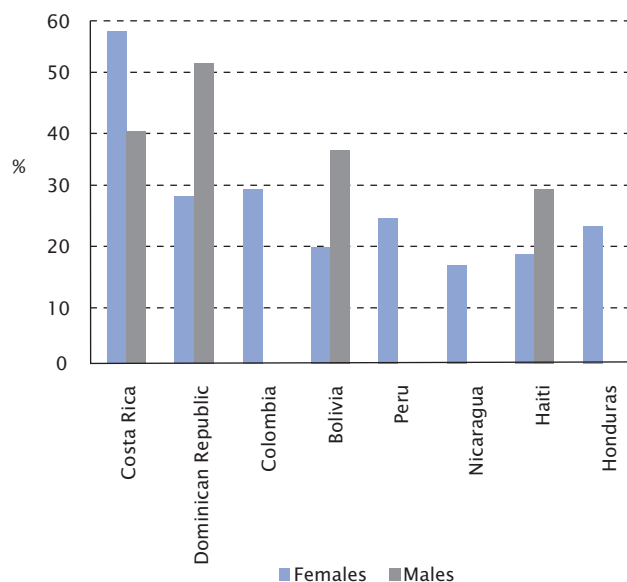
Figure II.23
Prevalence of Alcohol Consumption Among Adolescents^{1/} (13-17 Years), 2002-2007



Note: 1/ Refers to whether teenagers consumed alcohol in the last 30 days, with the exception of the United States, which is the percentage of children who have been drunk at least twice. In Nicaragua, the age range is from 15 to 30 years old; in Canada from 13 to 15; in Mexico from 12-17; and in EL Salvador from 15 to 24.

Source: CICAD (2009), INEC and MINSa (2002), OECD (2009), INEGI (2002), IUDOP/UCA (2007).

Figure II.24
Prevalence of Condom Use by Young People (15-24 Years) at Higher Risk Sex, 2000-2006



Note: Data is for various years between 2000 and 2008.

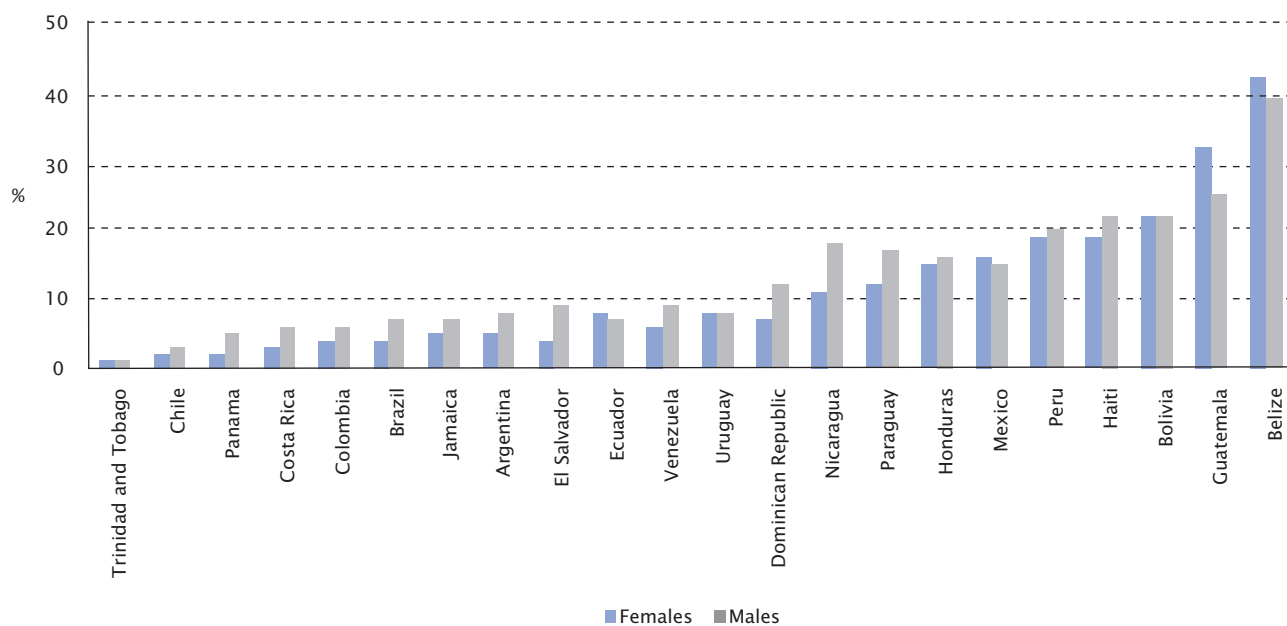
Source: WHO (2009). Costa Rica data was taken from Consejo Nacional de Política Pública de la Persona Joven (2008) and Honduras data was taken from SS, INE, and Macro International Inc. (2006).

II.3.6 Child Labor

Our research has revealed that many children in the continent leave school at an early age. While some of them go on to work, others do not take a productive role in society. In Chapter V, we will analyze in detail the youth labor market participation. In this subsection we would like to focus our discussion on child labor.

Prohibiting child labor has been one of the main areas of social protection and human rights in the world since the beginning of the last century. Yet, as we can see in Figure II.25, child labor is still a current phenomenon in many countries of our region.

Figure II.25
Child Labor (5-14 Years), 1999-2008



Note: Data is for various years between 1999 and 2008.
 Source: UNICEF (2009).

II.4 Synthesis and Final Thoughts

Aggregation of indicators is always a problem because weights of variables have to be decided. Nevertheless, aggregation of data is useful to assess overall performance of a country and highlight urgent actions. The exercise of classification and aggregation was performed for each of the categories analyzed in the third section. First, we ranked all countries according to the value of each indicator. Second, we averaged the indicators within categories. Finally, we ranked all countries within the categories' averages. This

methodology is similar to the one used by OECD (2009). Results are presented in Table II.1. When we aggregate all indicators at country level and do the same for the progress shown in the Millennium Development Goals (MDG Monitor 2008), we calculate that our indicator has a correlation coefficient to the MDG equal to 0.6,¹ which makes us feel confident of our aggregation.

¹ To compare our data against the MDG, we calculate the correlation between the two rankings of countries. We took an average with the data in Table II.1, and thus have the ranking of countries according to our data. Then we did the same for the MDG. Using information from the MDG Monitor (2008) which classifies each goal depending on progress, we gave four points if it had been achieved, 3 points if it was very likely to be achieved, 2 points if it was possible to achieve with some changes, and one point if it was off track; then, we averaged all points by country and arrived at the mentioned ranking.

Table II.1
Classification of All Indicators

Country	Material well-being	Housing and environment	Educational achievement	Health	Risk behaviors	Child labor
Anguilla	n.a	n.a	9	4	n.a	n.a
Antigua and Barbuda	n.a	17	36	3	8	n.a
Argentina	6	10	6	11	30	6
Aruba	n.a	n.a	1	n.a	n.a	n.a
Bahamas	n.a	4	32	23	2	n.a
Barbados	n.a	1	3	22	10	n.a
Belize	n.a	27	25	20	16	24
Bolivia	17	29	16	25	12	3
Brazil	9	26	21	5	22	14
British Virgin Islands	n.a	n.a	7	n.a	n.a	n.a
Canada	1	2	4	13	6	n.a
Chile	3	12	10	2	33	7
Colombia	14	22	23	10	27	13
Costa Rica	4	8	24	16	5	12
Cuba	n.a	16	2	1	1	n.a
Dominica	n.a	14	27	8	24	n.a
Dominican Republic	12	19	35	33	3	17
Ecuador	13	18	17	24	25	18
El Salvador	15	23	30	17	21	21
Grenada	n.a	11	15	9	18	n.a
Guatemala	16	13	31	31	7	23
Haiti	n.a	33	37	34	13	25
Honduras	20	28	28	26	11	20
Jamaica	n.a	20	20	30	23	19
Mexico	10	21	8	12	26	11
Nicaragua	19	32	33	19	14	22
Panama	8	24	11	28	19	16
Paraguay	18	30	26	29	31	8
Peru	11	31	13	18	15	15

Table II.1 (continued)

Country	Material well-being	Housing and environment	Educational achievement	Health	Risk behaviors	Child labor
St. Kitts and Nevis	n.a	6	22	14	9	n.a
St. Lucia	n.a	7	12	21	28	n.a
St. Vincent and the Grenadines	n.a	9	34	6	17	n.a
Trinidad and Tobago	n.a	15	18	27	29	2
Turks & Caicos Islands	n.a	n.a	29	n.a	n.a	n.a
United States	2	5	14	7	20	n.a
Uruguay	5	3	5	15	32	9
Venezuela	7	25	19	32	4	10

Notes: n.a.: not available. 1 ranks the best performing country. Blue means higher than the average, white means similar to average and grey lower than the average.
Source: Own elaboration based on this chapter.

Beyond the high heterogeneity presented among countries of the continent, which is not surprising, it is undisputable that there have been important improvements in some indicators of child health and education, with some exceptions (mainly Haiti but also other poor countries of the continent). The high coverage of improved water supplies, sanitation services, immunization, and primary education has helped reduce infant mortality and illiteracy rates. Nonetheless, much still needs to be done especially in early childhood and adolescence, even in not-so-poor countries. The challenge is huge since in many cases the behavior of both, children and parents needs to be modeled so they can make better decisions, such as not drinking, staying in school, using contraceptives to avoid unwanted pregnancies, maintaining a healthy diet during pregnancy, and breastfeeding their babies.

Fortunately, recent literature on human capital formation sheds light on the intervening factors in promoting human capital acquisition and their role on decisions taken by families. These findings will be very instrumental in shaping successful public interventions, including social security programs. We discuss this issue in more detail in the next chapter.

CHAPTER III
HUMAN CAPACITIES FORMATION
AND SOCIAL SECURITY PROGRAMS

CHAPTER III

HUMAN CAPACITIES FORMATION AND SOCIAL SECURITY PROGRAMS

III.1 Introduction

In this chapter we present recent developments in the theory of human capacity formation and contrast those findings with how social security programs work in relation to children. In doing so, we identify areas of opportunity to enhance the well-being of children by implementing public policies on at State level in general, and social security agencies in particular.

Not only do children have rights, but States and communities face the imperative of becoming proactive to guarantee that such rights are respected. Still, it is just recently that theoretical and empirical literature in the social and natural sciences (economics, genetics, health, and neurosciences are the most active ones) started providing evidence on the formation of child capacities that determine and affect many aspects of social and economic life. This new information will have a significant impact on how governments design public programs if a higher level of well-being is to be achieved. Social security institutions can not ignore this movement if they want to remain leaders in serving society through better programs and agencies redesigned according to current trends. Yes, they still will protect children against the "traditional" risks of disability or death of their parents, and poverty, but as new evidence shows,

child capacities have critical and sensitive periods and require genetic, parental and environmental inputs adequate to foster formation; programs must evolve accordingly. This goes beyond traditional social insurance design and benefits, and requires a new approach. Social security will remain as the preeminent institution in channeling funding from national sources to the social needs of families, and has a duty to incorporate this new information.

III.2 On the New Ideas Regarding Human Development

In this section we summarize the new literature and we will highlight, when applicable, the role of social security institutions and how their programs and management can be adapted to the new realities.

The general idea of this approach is that genetics, environment, and investment interact in such a way that influences the formation of capacities—cognitive abilities, non-cognitive abilities, and health—of children, and that in turn all types of capacities determine significant economic and social outcomes. This new approach rejects an old debate on competition between inheritance and investment in skills. According to that paradigm, sometimes referred to as "nature vs. nurture", individuals are born

with a natural skill—intelligence—which is measurable via IQ tests, and then receive skills through their family, school, and other environments, and that mix determines their capacity to earn income, engage in advanced studies, and, in general, interact favorably with society. A main reference supporting that approach is the book by Herrnstein and Murray (1994), *The Bell Curve*, which was debated intensively during the nineties.

Throughout the debate, scientists from several fields chipped in with the best of the available research, and produced new evidence on the topic. The book edited by Devlin, Fienberg, Resnick, and Roeder (1997) contained many of these arguments against the "nature vs. nurture" debate, and some important conclusions began to emerge. Among the more important is that there is not one single variable that defines the probability of living a socially productive life, and that no one single element determined by birth explains social results and interaction. On one hand, all elements, genetics, environments, and investments, are important and complement each other to determine capacities. On the other hand, success in life is defined socially, and skills are multi-dimensional. The same person can be considered handicapped in one environment, while in the other his or her skills can be highly productive. Even IQ is subject to significant social impacts.

A more detailed model of how skills are acquired has also been emerging, and that is where we begin to see the potential role of social insurance. During an individual's life cycle, capacities produced during one year influence future learning: there is a higher base to acquire skills in the future (an effect termed "self-productivity"); and also, capacities produced in one year raise the productivity of investment in subsequent years (an effect termed "dynamic complementarity"). Thus, self-productivity and dynamic complementarity result in a multiplier effect.

Moreover, the production of capacities may depend on the stage at which investments are made. Stages during which it is more effective to produce certain capacities are called "sensitive periods" (for example it has been proven that it is easier for a child under 10 to learn a foreign language or mathematics than for an older child), and if only one stage is effective in producing a capacity it is called a "critical period" (such as mother behavior during pregnancy for birth-weight). Finally, in this approach, investment decisions are made by the parents (or guardians) and children themselves, and decisions also depend on the capacities of parents and children; i.e., persons with higher cognitive and non-cognitive skills make better decisions that influence future capacities of children.

The importance of these findings is that programs to finance critical skills at an early age can be very successful at closing the gaps inherited due to genetics and parental socioeconomic conditions. Nevertheless, program efficiency can vary depending on the age of children and the previous environments in which they have lived. In some cases, the time window is very short, while in others it can span several years. Moreover, when parents cannot take or make the best investment decisions for their children, State agencies can influence decisions, respecting family laws and children's rights. For example, it has been proven that those with greater self-control and conscientiousness follow medical instructions; social security agencies cannot simply assume that all families will follow medical prescriptions and monitor sick children in the required ways, they must include in their programs circuit-breakers, preventive measures, and whatever is necessary to guarantee that a benefit is reaching the children. More generally, families should not be cash-constrained to develop critical investments.

The way social security organizes its programs is indelibly linked to the issue of guaranteeing children's rights. At a given point in time, a national society may agree that children must receive some form of health insurance. However, practical debates easily move to whether a family income test should be set to limit financing by social security agencies, to whether doctors and hospitals should receive lower payments when attending children compared to the care given other persons, and to many other practical considerations that sometimes set aside the original goal.

Heckman (2006) summarizes this new approach in nine aspects that should be considered when talking about human development:

1. *Ability matters.* Several studies have documented how ability is important in determining wages, school participation, and other economic and social outcomes.
2. *Abilities are multiple.* Cognitive abilities and non-cognitive abilities such as perseverance, motivation, time preference, risk aversion, self-esteem, self-control, preference for leisure, and resilience have proven to affect wages, schooling, teenage pregnancy, smoking, crime, and many other aspects of social and economic life, including health choices. Some non-cognitive abilities are known as emotional intelligence.
3. *The "nature vs. nurture" distinction is obsolete.* While behavior is ruled by environment, abilities are formed. Measured abilities have genetic components, but they are also the result of the effect of the environment.
4. *Ability gaps between individuals and across socioeconomic groups open up at early ages, for both cognitive and non-cognitive skills. So do gaps in health status.* There are gaps across levels of child cognitive and non-cognitive abilities depending on parental socioeconomic status.

5. *There is compelling evidence of the existence of critical and sensitive periods in development.* Some abilities are better attained at certain ages of childhood, which is why early remediation for adverse conditions is so important.

6. *Despite low returns to interventions targeted toward disadvantaged adolescents, the empirical literature shows high economic returns for remedial investments in young disadvantaged children.* Interventions during prenatal and early childhood stages can have long-term effects on cognitive and socio-emotional skills and health, resulting in high economic returns.

7. *If early investment in disadvantaged children is not followed up by later investment, the effect at later ages is lessened.* To be effective, investments must be made throughout all stages of life.

8. *The effects of credit constraints on a child's outcome as an adult depend on the age at which they bind the child's family.* Recent research demonstrates low family income during the child's early years has lasting, long-term effects on development of adult skills. An increase in family income when a child reaches college age does not compensate for low levels of investment during the child's first years of life.

9. *Socio-emotional (non-cognitive) skills foster cognitive skills and are an important product of successful families and successful interventions in disadvantaged families. They also promote healthy behaviors.* As an example, a person's temper, way of behaving, and his or her social environment explain, in part, their capacity to overcome various diseases.

III.3 Evidence for LAC

Although conclusions have been based on research performed for the United States and other developed countries, the findings are important for Latin America and the Caribbean (LAC) countries, especially because it is in these countries where more families live under poverty and face migration stress, and, in general, there is an increase in the number of single-parent families. The incipient literature for LAC suggests that early childhood is under stress, especially in poor families, and public interventions have not focused on supporting those periods of development when support is needed the most. In the following paragraphs we briefly revise some of the studies for LAC.

In LAC, there is a strong association between socioeconomic status and education of the parents and early childhood skills. Studies for Ecuador (Paxson and Schady 2005), Brazil (Halpern et al. 1996) and Mexico (Fernand et al. 2005, Gertler and Fernald 2004, and Arias et al. 2010), also reveal that this relationship is higher for older children, suggesting a cumulative effect on cognitive ability. Socioeconomic status encompasses many variables, and understanding which of them are most effective in influencing cognitive abilities is very relevant to focus public policies. Poverty in childhood leads to low educational outcomes that in turn result in poverty in adulthood and in the next generation (i.e. the intergenerational transmission of poverty is a vicious cycle). Nevertheless, research in developing countries has placed more emphasis on studying the association between child health and cognitive development (Paxson and Schady 2005), and less regarding the effect of other socioeconomic gradients on child skills. Among the few existing studies, Paxson and Schady (2005) find that parental quality—measured by parental responsiveness and punitiveness (yelling or hitting a child), time spent reading to the child, and the number of other children in the household—and hemoglobin levels are strongly associated with cognitive development in children aged 36 to 71 months.

Arias et al (2010) argue that for the case of Mexico, families are under stress due to poverty, increasing number of children living in single parent families, and more children in households with a partner absent due to migration. These conditions lead to less monetary resources spent on children and reduce the quality of parenting. Just to mention some examples, the studies of Parker and Gómez de León (2000) and Cortés and Rubalcava (1995) find that single parent families are mostly headed by older women, who have a higher rate of participation in the labor markets than women in male-headed households, work in more precarious employment situations, and work more hours and earn less money, than for example a male who heads a household, and consequently, children are also more likely to work. The effect of a single-parent household can be accentuated by teenage pregnancy, which is an important phenomenon in LAC as we will see in Chapter V. Arias et al (2010) also mention that migration is changing the composition of households and the resources available to children. Migrants leave behind children living in a single parent household or with other members of the family, like grandparents and aunts. While migration can increase the resources available to children to favor positive outcomes, the parenting time is reduced with net effects not fully established.

Arias et al (2010) stress the idea that current social spending is not well targeted, since it is focused on older children and not on younger children. Public expenditure on education per student in pre-primary levels is lower than primary, secondary, and tertiary, and the conditional cash transfer programs to poor families, that have grown in the region, focus on school-aged children. This may be one of the important factors that explains why Mexican children perform very low in international tests aimed at measuring cognitive abilities (PISA test for example) and why the *Oportunidades* program has provided weak results in improving cognitive development (see studies cited by the authors).

Labor legislation and social security have a long tradition in supporting children. Nevertheless, after the recent findings on children capacity formation, many questions arise. Three of the most important ones are: what is the role of social security programs in supporting young children? Are programs designed to promote their best capacities formation and thus well-being? How should programs be adjusted to attain this objective?

Social security is by design an excellent program for providing liquidity and other benefits to families in times of extreme stress. Pensions to orphans support children when one parent dies. Family allowances provide cash and other in-kind services to support families facing increasing spending needs due to the birth of children. Childcare subsidies help families deal with their dual responsibility as workers and parents. Maternity and healthcare benefits are designed to assure good, healthy pregnancies, safe deliveries, and healthy newborns. Moreover, labor legislation supports mothers through maternity leave periods to foster mothers' (and in some developed countries also fathers') care of newborns.

From this perspective, social security programs should be seen as a relevant vehicle to foster capacities in small children and thus their future well-being. Two issues though should be analyzed carefully. The first has to do with coverage, the second with the design of the programs.

As we know, social security coverage in several countries of the Americas is very low. There is a positive correlation between the per capita income of the country and the social security coverage, and a positive correlation between family earnings and the probability of being in the formal sector, which implies that the poorest families do not have social security (ECLAC 2006). Moreover, an important amount of evidence documents the high rotation of workers between the formal and the informal sector

in LAC countries (for examples of Argentina see Canavire and Lima 2007, and for Mexico see Calderon-Madrid 2008), which leads to a discontinuous delivery of social security benefits to children. Just to mention an extreme example, imagine a 6-month-old baby who attends one of the childcare centers of the Mexican Institute of Social Security (IMSS), but that at some point in time, the mother leaves her formal job and joins the informal sector. Suddenly her baby will have to leave their childcare center where he/she has developed an attachment to his/her caregiver. Although most of the babies have to pass through such an experience, we do not know yet what the effect of such an episode will have on the baby's capacities formation.

Many countries of the continent have recently implemented social programs for the uncovered population. Healthcare insurance is the most important one, but there are others. For example, in Mexico, the federal government implemented a program of childcare centers for the informal sector. Although these programs may help small children and their parents, they do not fix the situation presented in the previous paragraphs. Extension of coverage, by social security, or by welfare type programs is needed, but also social security and social protection for small children specifically. Moreover, programs should be articulated so benefits are not interrupted when parents change jobs.

The design of social security programs for children can be improved following the lines suggested by the literature of child capacities formation. It is a good thing that social security programs deliver benefits once children are born, but they can also be designed to provide differentiated benefits depending first, on the life-cycle stages of development, considering they have sensitive and critical periods, and second, each child's individual background.

An example illustrates these two areas of opportunity for social security programs. Survivors' benefits are granted to orphans of an insured worker who dies. If we ignore the discussion that benefits are low or high, the point is that under current design, programs provide a constant benefit throughout the time it is granted. The benefit is extended only if the beneficiary is a student or is disabled. A constant benefit ignores that preschool children may need more care, that stressful periods at an early age may compromise his performance in adolescence or adulthood, and that investments at early ages are more effective than investments at later ages. On the other hand, when a request for an orphan pension is received, social security agencies focus on verifying the qualifying conditions, and deliver the benefit. They do not go beyond to see the family environment in which children live, and do not question if the benefit reaches children or not. In most of the cases, the family will use the money to invest in children, but we cannot rule out that bad decisions are made for some children, who, as experience shows, usually belong to more disadvantaged families. The same example can be constructed for family allowances benefits, while the need to have a more active policy to support children in disadvantaged households applies in the case of healthcare and daycare benefits to children.

III.4 Conclusions

Social security benefits were implemented long before the recent literature of human capacity was developed, and to attain objectives mostly related to labor participation of beneficiaries. Nevertheless, the theory of human capital formation highlights the importance of the interplay of nature, environment, and investments in the development of good health, cognitive and non-cognitive abilities in children, and their importance for short and long-term outcomes. Social security institutions have a window of

opportunity in which to adapt their programs to make them more effective in promoting child well-being. According to this view, the redesign of social programs can follow the next recommendations:

1. *States should guarantee universal coverage in healthcare and financial protection for small children, especially those who live in disadvantaged environments, to isolate them from adverse conditions.*
2. *In general, States and, in particular, social security agencies, should be more involved in verifying children's environments, and implement preventive and corrective programs, while always respecting the right of families to make decisions within the privacy of their own household, to ensure that benefits reach children and their efficiency.*
3. *The portfolio of programs should be revisited to assess whether they are the most effective tools to contribute to child well-being.*
4. *Benefits should be flexible so that they can be adapted to respond when they are needed the most, especially in sensitive and critical periods.*

The recommendations implicitly call for an integrated approach, where all public agencies of different governmental levels work cooperatively to put children at the center of the policies. We urge governments to make a transition from a system of heterogeneous, disconnected, and low-efficiency programs to a system where each program is a piece of a coherent and comprehensive system of support to children, especially the disadvantaged ones. This is consistent with the way we suggest the administration of social security programs should work (CISS 2007). A unified database that longitudinally records children and household characteristics, benefits delivered, and children's performance should be the base of any decision.

A first step is to assess the programs provided in the countries, taking the literature of children capacities formation as the guide. With this assessment, programs can be adjusted step-by-step. Parents, families, communities, and public and international agencies should accompany children as they transition out of disadvantaged environments into a healthy adulthood. Social security institutions are in ideal positions to lead this change.

CHAPTER IV
SOCIAL PROTECTION PROGRAMS
FOR CHILDREN IN THE AMERICAS

CHAPTER IV

SOCIAL PROTECTION PROGRAMS FOR CHILDREN IN THE AMERICAS

IV. 1 Introduction

Labor legislation, social protection laws, international conventions (see Box IV.1) and, in particular, social security, have a long tradition in supporting children. In this chapter, we present the main features of the social security programs that benefit children directly, namely: maternity leave benefits, family allowances, survivors' pensions, childcare, and healthcare benefits. The description is based on the requirements for eligibility and the benefits granted. The analysis of the financing mechanism is not within the scope of this Report.

Social security benefits for children were implemented long before the recent literature on

human capacity formation was developed (see Chapter III), and programs were designed as part of the basic risk traditionally insured. In this context, there is a window of opportunity to enhance their design and functionality to achieve a higher level of child well-being. Society has changed, and more is known about the positive interventions that can support children, so it is fair to ask what social security can do to improve its insurance programs. One main issue is that when programs are designed to merely cover children of workers, not only many are left out, but fracturing may occur in the labor market and in the markets for provision of services for children.

Box IV.1

Convention 156 of the International Labor Organization (ILO)

The "Convention on Equal Opportunities and Treatment between Working Men and Women: Workers with Family Responsibilities" was adopted in 1981. It applies to workers with responsibilities towards children and other members of their direct family, when such responsibilities limit their possibilities to engage in the economic activity. One of the main goals is to preclude discrimination and conflict due to family and professional responsibilities. Members of the ILO that ratified the convention have to take the necessary measures to enable workers with family responsibilities to join and stay in the workforce and reintegrate after a family-related leave. Furthermore, family responsibilities cannot be a cause for dismissal from work. The countries in the Americas that have signed the Convention are Argentina, Belize, Bolivia, Chile, El Salvador, Guatemala, Paraguay, Peru, Uruguay, and Venezuela.

Source: <http://www.ilo.org/ilolex/spanish/convdsp1.htm>.

IV.2 Social Protection Programs for Children

There are five general tools used by social security to channel support toward children: maternity leave and wage subsidy, family allowances, survivors' pensions, child care, and health insurance.

- Maternity leave and the wage subsidy usually originate in an obligation by employers to a labor code, which is transferred then to a social security plan. This can be managed as a family allowance, as part of health insurance, or even as a benefit of work risks insurance.
- Family allowances (FA) are tools that depend significantly on national institutions and policies. FA are a main program of social security, but in some cases they are managed as part of anti-poverty programs. FA are also defined as in-kind benefits, which makes it difficult to compare them internationally.
- Survivors' pensions are a basic mechanism in death, old age, and disability pension systems, and their structure is very similar in most countries.
- Childcare is sometimes a special program of social security, occasionally it is provided on the basis of other public program (not usually an anti-poverty scheme); it can also be a program of financial support, or include significant in-kind elements.
- Health insurance for children is also a social security program in most countries, although recently it has been provided to the uncovered population.

IV.2.1 Maternity Leave and Subsidy Programs

Social insurance programs for maternity include a wage-subsidy (so the employer will not have to pay the wage for some time), and maternity leave (so the mother of a newborn, and sometimes the father, can enjoy a period of time away from work without penalization). Most countries of the world entitle

women to maternity leave periods. The original argument in favor of these benefits is that all employers must share the burden of paying the wages of a woman while she has a baby, and the woman shall not be discriminated against in the labor market because of her pregnancy.

More recently, many countries and sub-national territories have implemented reforms that extend the leave period or create new programs, such as Canada, California, and Germany (Statistics Canada 2010, Espinola-Arredondo and Mondal 2008, and European Industrial Relations Observatory On-line 2000). The argument supporting these reforms stresses the idea that the first months of the child's life are crucial for the overall health, cognitive and emotional development, and that the interaction of the mother and father with the child is fundamental to that development. Breastfeeding can be prolonged, good care and other investment decisions can be improved, and the contact between the child and the parents can lead to healthy emotional development (Center on the Developing Child 2009).

Maternity leave programs across the Americas vary significantly in terms of weeks of absence, monetary benefits, requirements, and special conditions. This lack of standardization reflects the scarcity of studies justifying the programs, labor market characteristics of each country and their national approach concerning the Welfare State.

There is not a simple standard of qualifying conditions. Some countries and programs do not require a minimum contribution period and others cover insured women or even the wives of insured men. Among the countries that establish qualifying conditions, broadly speaking, there are three different inclusive criteria. The first one relates to the number of weeks of contributions required, ranging from 10 to 54 weeks. The second one refers to the waiting period: benefits can be paid right after joining the system or after a waiting period that can last from

12 to 64 weeks. And, finally, the third condition establishes the end date for the qualifying period calculation: before the benefit is due, before the expected date of childbirth, or before a specified date of pregnancy progress. Examples of the variety of requirements are the following. In Brazil there is not a minimum contribution period required to qualify for maternity benefits in the case of salaried, domestic, and occasional workers, but it is required for self-employed and rural workers to have at least forty weeks of contributions. Trinidad and Tobago takes into account whether the mother is receiving sickness or employment injury benefits to establish the qualifying conditions. Uruguay only requires a medical prognosis of delivery and birth certificate, while in Venezuela and Chile the worker just has to be insured. Table IV.1 shows the conditions required to qualify for maternity benefits in each country.

Weeks of paid absence also vary between countries, from 9 to 18 weeks. The United States does not have a national program, but cash benefits are provided at the state level. The first state to introduce a paid maternity leave through Temporary Disability Insurance (TDI) was Rhode Island in 1942; today TDI is offered to all workers by state mandate. These programs provide temporary income to workers with non-work related, short-term disabilities, including pregnancy and childbirth (Espinola-Arredondo and Mondal 2008).

Figure IV.1 shows the different leave periods granted by each country. A few countries consider special conditions regarding the period granted (Figure IV.2) namely: Argentina, Brazil, Chile, Colombia, Costa Rica, Cuba, and Peru. Some of the conditions taken into account are if the baby is born with Down's syndrome, if there has been a miscarriage, if parents are adopting, or if there have been multiple births.

In relation to monetary benefits, social security in every country pays cash benefits to pregnant women. Although several countries pay different amounts of cash maternity benefits, Argentina, Barbados, Brazil, Chile, Colombia, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Jamaica, Mexico, Panama, Peru, Trinidad and Tobago, Uruguay, and Venezuela pay the total amount of the average insured earnings. In other countries, the cash maternity benefits range from 50 to 80% of the average salary, as is shown in Figure IV.3. When the social security system considers a salary cap for making contributions, this cap applies also for the calculation of maternity benefits. In the United States, there is a bill proposal being discussed in Congress that would entitle women to paid maternity leave periods at the federal level (Govtrack.us: a civic project to track Congress 2010).

There are several countries in the Americas that grant a paid paternity leave, in addition to the maternity leave (Figure IV.4). The days of paid leave conceded to fathers range from 2 to 21, but in Canada the grant is for a total of 35 weeks of parental leave, which can be split between the mother and the father. In Uruguay the benefit is granted only to fathers employed in the public sector. Furthermore, Ecuador and Venezuela differentiate the amount of days paid depending on simple or multiple births. Additionally, several countries concede a maternity grant, in the form of lump-sum payments made for the birth of a child; Figure IV.5 shows the amounts paid by different countries (this grant can be thought of as a FA too).

Table IV.1
Qualifying Conditions for Maternity Benefits

Country	Type of worker	Weeks of contributions required since joining the system	Weeks of contributions required in the last --- weeks	Final date for period calculation		
				Before benefit is due	Before expected date of childbirth	Before date of pregnancy
Anguilla ^{1/}	All workers	25	20 / 39	✓	n.a.	n.a.
Antigua and Barbuda	All workers	n.a.	26 / 52	✓	n.a.	n.a.
Argentina	All workers	n.a.	12 / 12	✓	n.a.	n.a.
Bahamas	All workers	48	n.a.	✓	n.a.	n.a.
Barbados	Employed	26	16 / 24	✓	n.a.	n.a.
	Self-employed	n.a.	39 / 52	✓	n.a.	n.a.
Belize	All workers	50	20 / 39	✓	n.a.	n.a.
Bolivia	All workers	n.a.	24 / 52	n.a.	✓	n.a.
Brazil	Salaried, domestic, and occasional workers	n.a.	n.a.	n.a.	n.a.	n.a.
	Self-employed and rural workers	40	n.a.	n.a.	✓	n.a.
British Virgin Islands	All workers	26	20 / 39	n.a.	✓	n.a.
Canada ^{2/}	All workers	24	n.a.	n.a.	n.a.	n.a.
Chile	Worker with indefinite contract	24	12 / 24	✓	n.a.	n.a.
	Worker with temporary contract	24	4 / 24	✓	n.a.	n.a.
	Independent worker ^{3/}	48	24 / 48	✓	n.a.	n.a.
Colombia ^{4/}	All workers	n.a.	36 / 36	n.a.	✓	n.a.

Table IV.1 (continued)

Country	Type of worker	Weeks of contributions required since joining the system	Weeks of contributions required in the last ___ weeks	Final date for period calculation		
				Before benefit is due	Before expected date of childbirth	Before date of pregnancy
Costa Rica option A	All workers	n.a.	12 / 12	✓	✓	n.a.
Costa Rica option B	All workers	n.a.	24 / 52	✓	✓	n.a.
Cuba	All workers	n.a.	11 / 52	✓	n.a.	n.a.
Dominica	All workers	30	20 / 30	✓	n.a.	n.a.
Dominican Republic	All workers	n.a.	32 / 52	n.a.	✓	n.a.
Ecuador option A	All workers	n.a.	52 / 52	n.a.	✓	n.a.
Ecuador option B	All workers	n.a.	54 / 64	n.a.	✓	n.a.
El Salvador	All workers	n.a.	12 / 52	n.a.	✓	n.a.
Grenada ^{5/}	All workers	30	20/30	✓	n.a.	n.a.
Guatemala	All workers	n.a.	12 / 24	✓	n.a.	n.a.
Honduras	All workers	40	n.a.	✓	n.a.	n.a.
Mexico	All workers	n.a.	30 / 52	✓	n.a.	n.a.
Nicaragua	All workers	n.a.	16 / 39	n.a.	✓	n.a.
Panama	All workers	n.a.	36 / 52	n.a.	n.a.	7th month of pregnancy
Paraguay	All workers	16	6 / 16	Not defined		
Peru option A ^{6/}	All workers	n.a.	12 / 12	✓	n.a.	n.a.
Peru option B ^{6/}	All workers	n.a.	16 / 24	✓	n.a.	n.a.

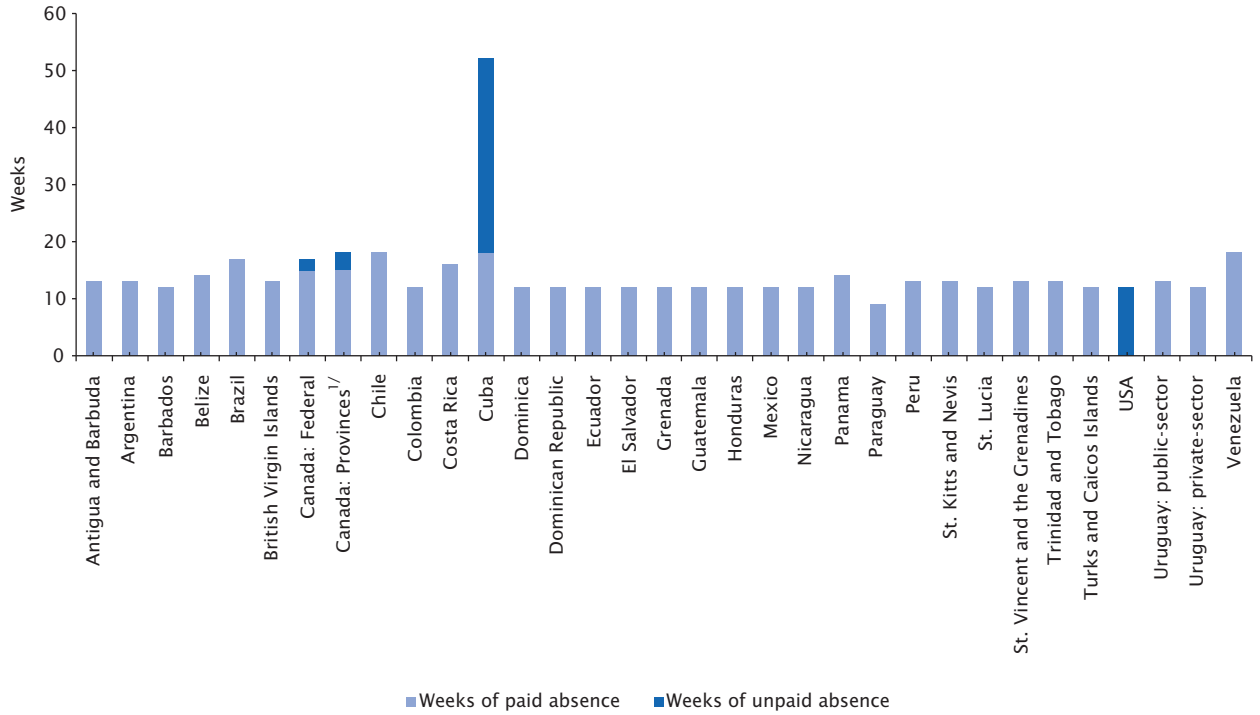
Table IV.1 (continued)

Country	Type of worker	Weeks of contributions required since joining the system	Weeks of contributions required in the last --- weeks	Final date for period calculation		
				Before benefit is due	Before expected date of childbirth	Before date of pregnancy
St. Kitts and Nevis ^{7/}	All workers	39	20 / 39	√	n.a.	n.a.
St. Lucia	All workers	n.a.	28 / 40	n.a.	√	n.a.
St. Vincent and the Grenadines ^{8/}	All workers	30	20 / 30	√	n.a.	n.a.
Trinidad and Tobago ^{9/}	Employed Receiving sickness or work risk benefit	n.a.	10 / 13	√	n.a.	n.a.
United States of America	There is no national program, cash benefits may be provided at the state level.					
Uruguay	All workers	Medical prognosis of birth and birth certificate				
Venezuela	All workers	Currently insured				

Notes: n.a. - not applicable. √ - applicable condition. 1/ Give birth to a living child. 2/ Continuous employment with an employer. 3/ Have paid last month's contribution. 4/ Four months of contributions, out of the last six prior to the date in which the worker gets pregnant, must have been paid promptly. 5/ Aged 16 to 59 and employed on the day before incapacity began. 6/ Formal employment in the month of conception. 7/ Aged 16 to 62. 8/ Aged 16 to 60. 9/ Aged 16 to 65

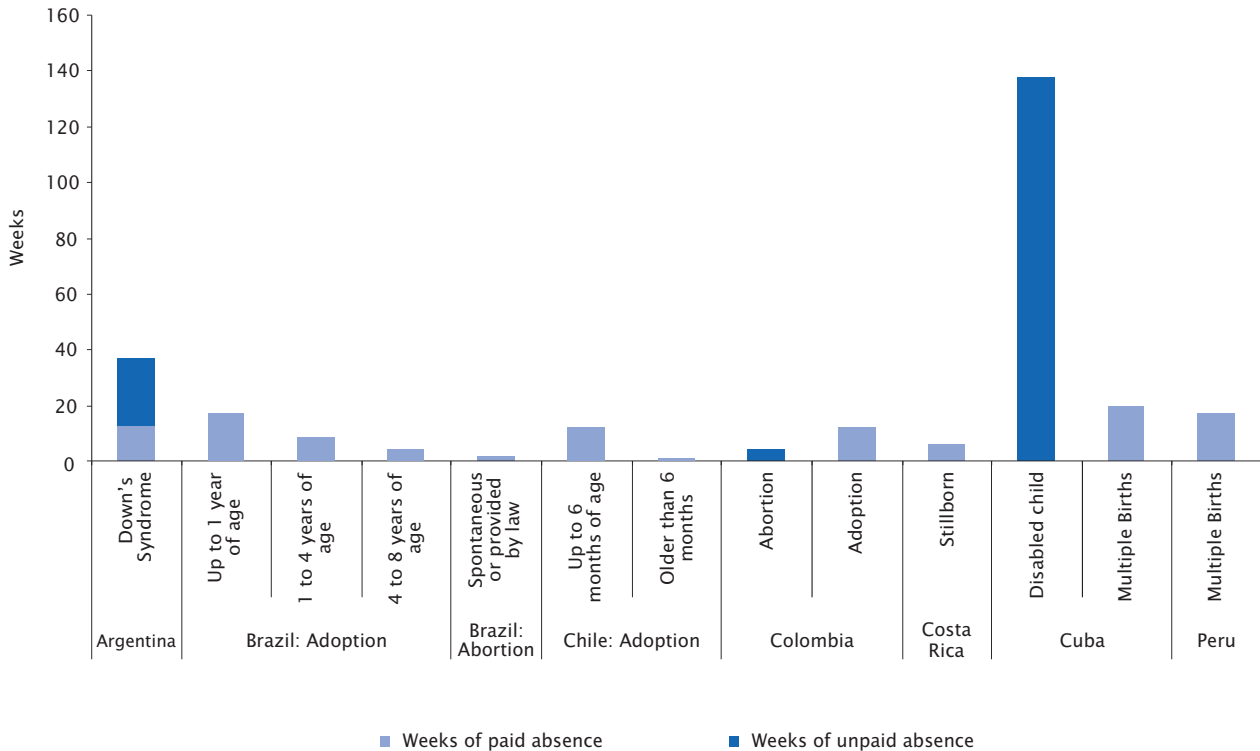
Source: Own elaboration using Labor Codes and social security laws of countries.

Figure IV.1
Weeks of Absence under Normal Conditions



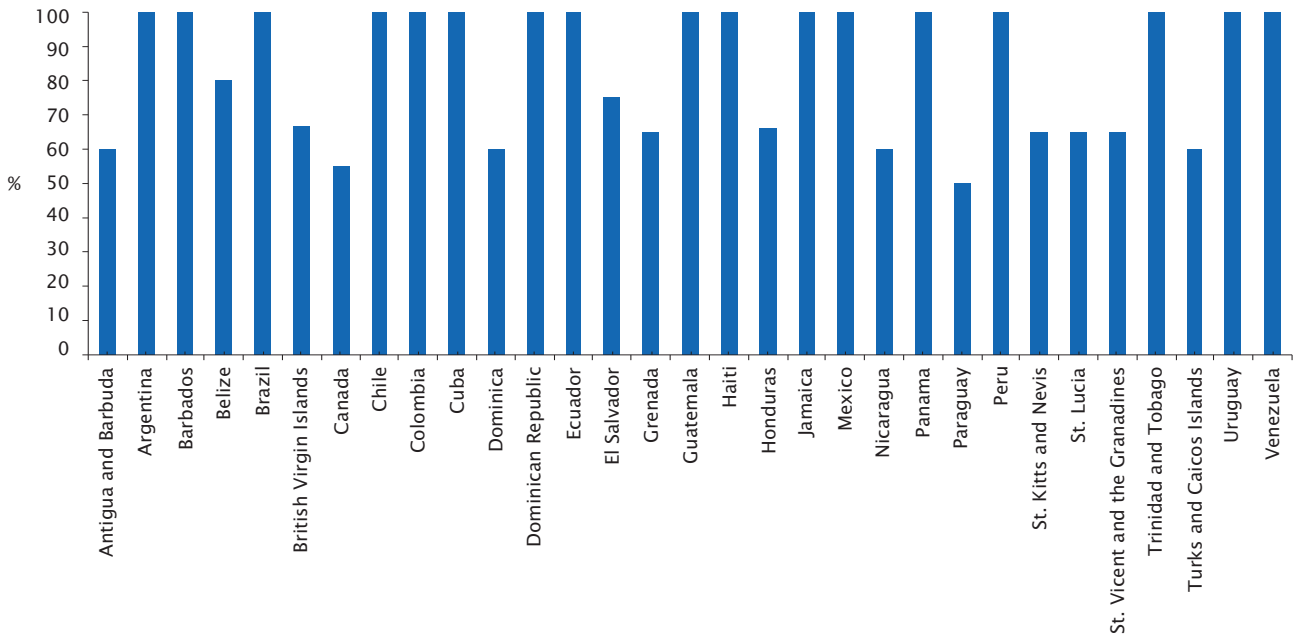
Note: 1 / Alberta, British Columbia, Quebec, and Saskatchewan.
Source: Own elaboration using labor and social security laws of countries.

Figure IV.2
Weeks of Absence under Special Conditions



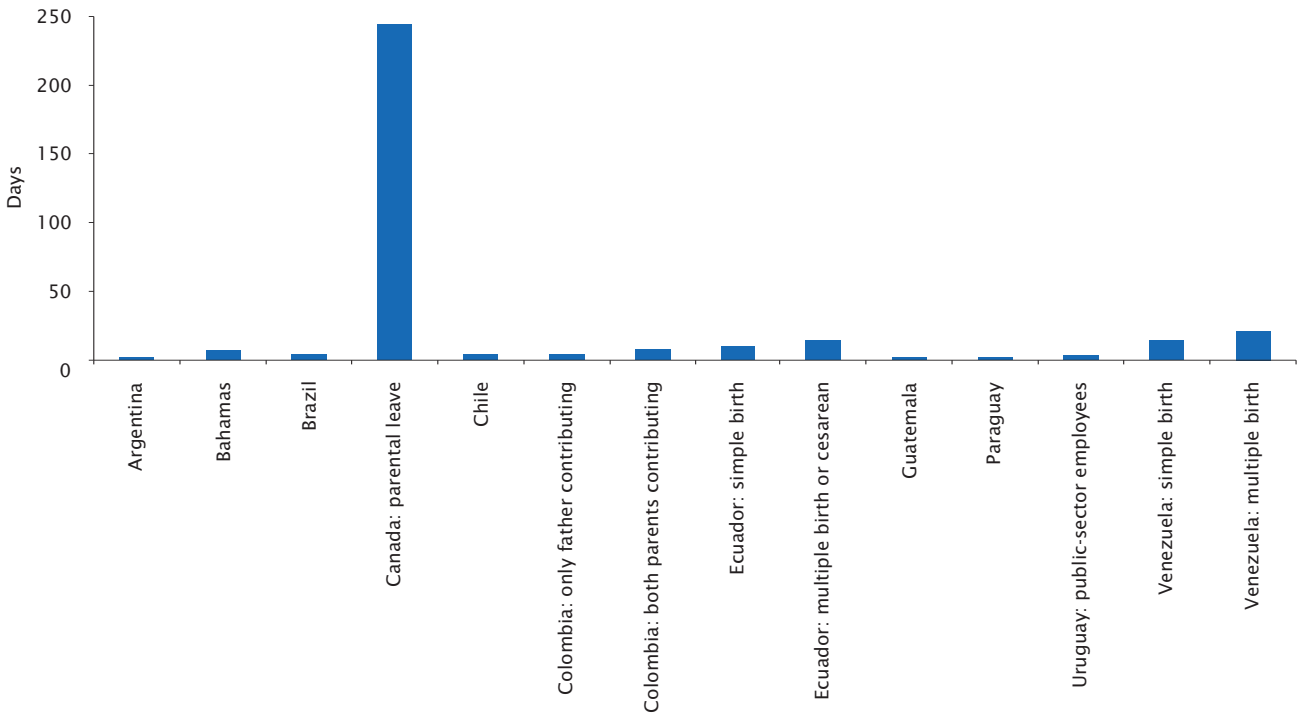
Source: Own elaboration using labor and social security laws of countries.

Figure IV.3
Paid Maternity Leave
(percentage of insured's average salary)



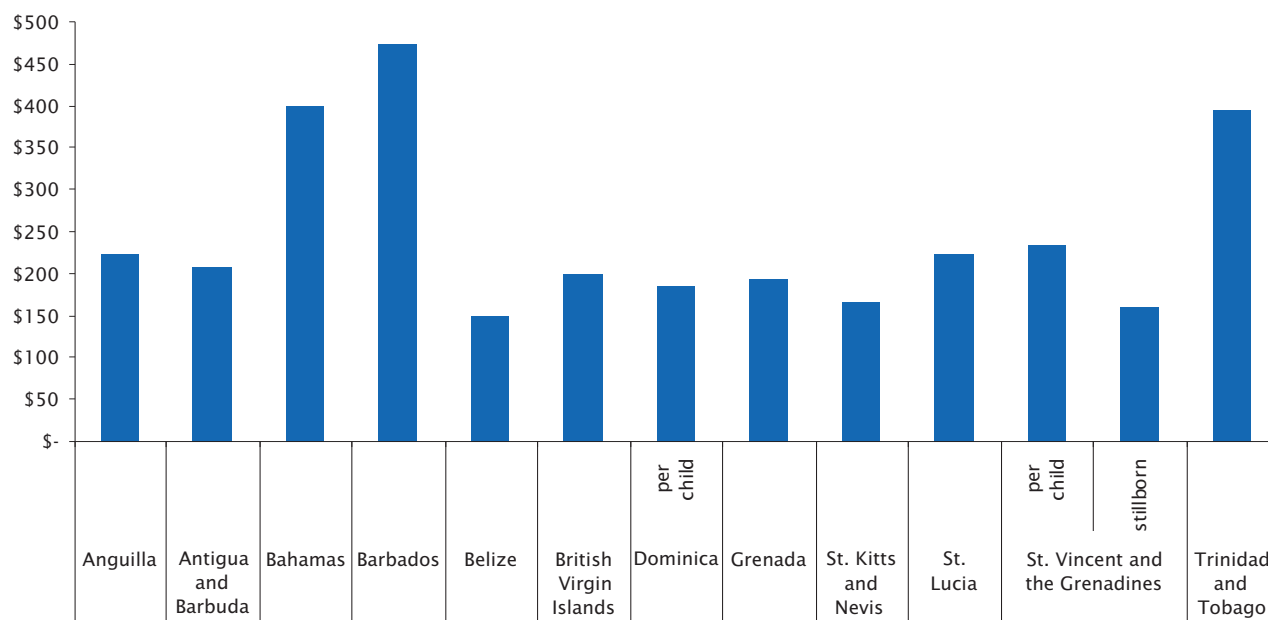
Source: Own elaboration using labor and social security laws of countries.

Figure IV.4
Paid Paternity Leave
(days granted)



Source: Own elaboration using labor and social security laws of countries.

Figure IV.5
Maternity Grant
 (USD)



Note: Amounts were converted at the exchange rate published by each country's central bank in February 2010.

Source: Own elaboration using labor and social security laws of countries.

IV.2.2 Family Allowances

FA are cash or in-kind benefits designed to facilitate the constitution and development of families. FA may have objectives beyond providing liquidity to families, such as promoting higher birth rates or supporting school attendance (Murro et al. 2007). The concept of FA includes a wide range of benefits, that broadly speaking can be divided in two: those that depend on the presence of children and those directed to other members of the families. We will focus our attention to the former. Within this category, a "pure social security" FA system exists in relatively few countries: Chile and Colombia, in Latin America and the Caribbean (LAC), Belgium, France, Germany, and a few others. More often, FA are mixed with pension or health insurance, as well as with special government

programs to provide cash and in-kind benefits, including tax-allowances, i.e. are an additional element of these benefits. This makes it difficult to compare benefits between countries.

Trinidad and Tobago and Chile were the first countries in the Americas to incorporate FA programs in 1933 and 1937, respectively. Subsequently, from 1941 to 1957 Brazil, Uruguay, Canada, Bolivia, Nicaragua, Argentina, and Colombia followed the trend (SSA 2007). In recent years, many governments have adopted the concept of the conditioned cash-transfer, which is a mix of traditional FA (e.g. an amount per child) with a behavioral requirement that has to be performed by the family, such as receiving inoculations or attending school.

The more common forms of FA are the following: i) cash allowance per child, often adjusted by the age and number of qualifying children; ii) other benefits in cash or in kind; and iii) tax credits or subsidies. Table IV.2 shows the general FA benefits provided. The column titled "Children Dependent Cash Allowances (CDCA)" refers to the traditional social security mechanisms for children, and the focus of the analysis that follows (see also Box IV.2).

Qualifying conditions for these social security mechanisms detailed on Table IV.3, vary greatly from country to country. Some countries set an income ceiling (or other "means test"), others require that children be of a certain age, while still other countries require that the parent be employed or insured, be receiving a pension, and reach a minimum contribution

period. The calculation of benefits is complicated because there are many intervening variables. Figures IV.6 and IV.7 show the exercise of calculation following the local legislations for healthy and disabled children, respectively.

Two instruments that have become well-established in countries where the income tax is a relevant policy tool are earned income tax credits or wage subsidies. These are very important for low income or middle class families and provide effective support without undue exorbitant administration costs. Increasingly, governments include these benefits as part of "fiscal expenses", namely, benefits that do not generate cash flow toward a national treasury, but are managed by firms and workers as part of their income tax returns.

Box IV.2

Family Compensation Funds: Chile and Colombia

In Colombia, Family Compensation Funds (FCF) are private entities that redistribute employers' contributions between low- and medium-income families (ASOCAJAS 2010). The FCF benefits are integrated by in-kind subsidies, health, education, housing, recreation, training, and child care services, as well as unemployment benefits, and credits, among others. Chile's FCF are also private social security corporations that administer benefits such as family allowances, unemployment, sickness and maternity leave benefits, among others, (Asociación Gremial de Cajas de Compensación Familiar 2010) on behalf of the state. Furthermore, they offer tourism, recreation, health and education services.

The family subsidy in Colombia is a benefit in cash or in-kind provided to workers, in relation to the number of dependent family members. One of the priorities is the housing allowance. Through this subsidy, needy families receive cash or in-kind contributions to complement their savings, credits, and other income or social security payments, enabling them to construct a new house or to make repairs. In 2009, 77% of the housing allowances were granted to families with income of less than two minimum wages; in 2001, only 60% of housing allowances were granted.

By contrast, FCF in Chile offer mortgage loans destined to finance or re-finance new or used dwellings. They can also be used to finance education at preschool, primary, secondary, technical, and university levels through their own centers or under agreements with third parties. These funds also provide school vouchers, scholarships for academic excellence, and workshops for families.

Colombian FCF have built a network of childcare facilities to serve children with high risk factors, at emotional, social, and economic levels. Nowadays, more than 50,000 children, between one and six years of age, are being taken care of on a monthly basis. Through this program, an improvement in children's nutritional, health, and cognitive status has been achieved. The civil registration of children has also increased. Additionally, there are several programs aimed to vulnerable populations that focus on the development, nutrition, health, and education of children, as well as on the pregnant mother's nutrition.

An important amount of the surplus generated by Chilean FCF is destined to grant free or non-returnable benefits for members. These include birth grants for each registered child, marriage and anniversary grants, survivors' allowances, and scholarships.

Table IV.2
Social Security Family Allowances Programs across the Americas

Country	Benefits depending on the presence of children		
	CDCA for healthy and disabled children	Other benefits in cash or in-kind (not a comprehensive list)	Tax credits
Argentina	✓	Prenatal grant, school allowances, birth grant, adoption grant	X
Bolivia	X	Prenatal grant, nursing allowance (milk supply), birth grant, burial allowance	X
Brazil	✓	X	X
Canada	✓	Subsidies for child care	✓
Chile	✓	✓ ^{1/}	X
Colombia	✓	✓ ^{1/}	X
Dominican Republic	✓	X	X
Ecuador	✓	X	X
Mexico	✓	X	X
Nicaragua	✓	X	X
Paraguay	✓	X	X
Trinidad and Tobago	X	Various	X
United States of America	X	X	Federal tax credits
Uruguay	✓	Various	X
Venezuela	X	X	X

Note: 1/See Box IV.2.

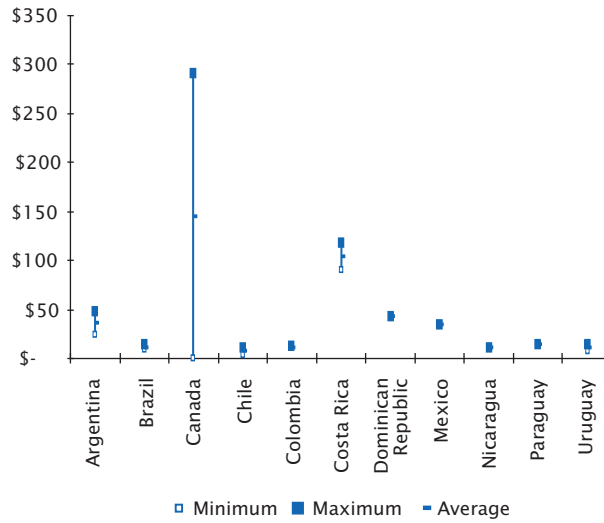
Source: Own elaboration using labor and social security laws of countries.

Table IV.3
Qualifying Conditions for Social Security Children Dependent Cash Allowances

Country	Beneficiaries	Age limit of child (years)			Other characteristics of children	Other characteristics of beneficiary	Monthly income ceiling (USD)
		Healthy child	Disabled child	Student			
Argentina	Employees and beneficiaries of the work injury, unemployment, social insurance or social assistance programs	18	No limit	18	Unmarried	X	\$911.93
Brazil	Low-income insured employees with one or more children or receiving a sickness benefit	14	No limit	14	Proof of vaccinations and school attendance	X	\$373.38
Canada	Universal	18	18	18	X	Resident of Canada for tax purposes	X
Chile	Employees, pensioners, beneficiaries of work injury, temporary disability, or unemployment, and persons cared for in state institutions	18	No limit	24	X	X	X
Colombia	Employees	18	No limit	23	X	Sixty days of continuous employment with same employer	Four times minimum wage
Dominican Republic	Indigent, unemployed, or self-employed persons	18	No limit	21	X	X	Below the minimum wage
Mexico	Pensioner for disability	16	No limit	25	X	X	X
Nicaragua	Pensioners of disability or old age benefits	15	15	21	Not working	X	X
Paraguay	Employees	17	No limit	17	X	X	Two times minimum wage
Uruguay	Employees, beneficiaries of unemployment benefits, and pensioners	14	No limit	18	X	X	\$824.60

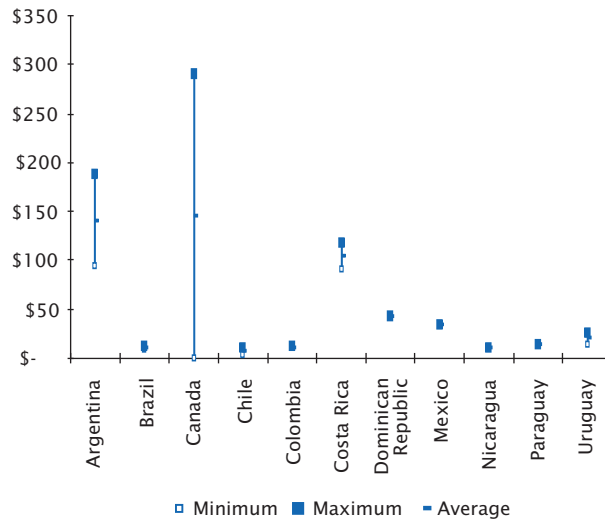
Source: Own elaboration using labor and social security laws of countries.

Figure IV.6
Children Dependent Cash Allowances for Healthy Children
 (USD)



Source: Own elaboration using labor and social security laws of countries.

Figure IV.7
Children Dependent Cash Allowances for Disabled Children
 (USD)



Source: Own elaboration using labor and social security laws of countries.

IV.2.3 Survivors' Pensions

Survivors' pensions are monthly cash transfers given to widows, orphans, and other dependents of social security workers or pensioners who have died. The main objective is to protect the widow and the orphans against excessive drops in consumption after the household head dies. Children are entitled to this benefit usually up to a certain age, and sometimes there are special provisions intended to protect children until they finish their studies.

The conditions to qualify for a survivor's pension cover both the deceased and the orphan. Usually, a minimum number of weeks of contributions before death are required, in most cases defined in similar ways as the weeks of contributions needed to be entitled to an old age or disability pension. Orphans of old age or disability pensioners receive the survivor pension automatically. Most countries make distinctions regarding the age when kids stop receiving the pension between healthy children, scholars, and disabled. Honduras, Panama, and Venezuela grant the orphan's pension until healthy children are 14 years old, while Brazil and Uruguay establish age 21 as the limit. The age limit for children attending school ranges from 15 to 25 years of age, which is the case of Barbados, Bolivia, Canada (Canada Pension Plan), Colombia, Costa Rica, and Mexico. Canada (Quebec Pension Plan), Dominica, and Trinidad and Tobago establish the same age limit regardless of the different characteristics of children. The majority of the countries, except for Antigua and Barbuda, British Virgin Islands, Canada (Canada Pension Plan), El Salvador, Mexico, and Turks and Caicos Islands, do not set an age limit for disabled children; this means children can receive the benefits for as long as the disability continues. Table IV.4 summarizes the qualifying conditions for an orphan's pension.

Since this benefit is granted according to the deceased's circumstances (active, disabled pensioner, old-age pensioner, and even work related risk pensioner), analysis can become somewhat long. Figures IV.8 through IV.10 show the benefits related to old-age pensions, but conclusions from the comparison between countries from old-age pensions apply to the other insurance types.

The base used for the calculation of benefits varies between countries. The amount may depend on the number of survivors and upon whether the children are healthy, disabled, or complete orphans. Every country has a common tendency towards limiting the total survivor pension (including the widow) granted to the deceased's family. This pension cannot exceed either the average income of the dead worker or the value of the pension received at the moment of death. Two countries establish a fixed amount paid to every orphan, without making allowances for each child's characteristics. Orphans in the Bahamas receive \$125 Bahamian dollars monthly (approximately \$125 US dollars). In Canada, the amount varies if the deceased was insured under the Canada Pension Plan in which case each orphan receives \$193 Canadian dollars monthly (approximately \$185 US dollars), or under the Quebec Pension Plan, receiving \$68 Canadian dollars monthly (approximately \$65 US dollars).

Figures IV.8-IV.10 present the different amounts paid to orphans as a percentage of the deceased's old-age pension in the case of one, two and three dependent children. When only one orphan is dependent (Figure IV.8), the minimum amount given to that child is 14%. The maximum amount differs according to the characteristics of the dependent child; if the child is healthy, Belize gives him or her 56% of the deceased's old-age pension, but 89% of the old-age pension when there is only one disabled dependent child. Furthermore, when the dependent child is a complete orphan, the maximum amount granted is 100% of the pension in Anguilla, Argentina, Barbados, Brazil, Dominica, St. Kitts and Nevis, and Uruguay.

As we can see in Figure IV.9, the lowest amount given when two healthy or disabled children qualify is 10% to each one (Mexico and Peru's National Pension System). In the same way as before, the maximum amount differs. When there are two healthy children present, Belize grants 38% per child. Similarly, if two disabled children qualify for an orphan's pension, each child receives 44% in Belize. Furthermore, Anguilla, Argentina, Barbados, Brazil, Dominica, Guatemala, St. Kitts and Nevis, and Uruguay grant to each complete orphan 50% of the deceased's old age pension. Finally, Figure IV.10 shows the amounts paid per child when three children qualify for the pension; following financial and actuarial criteria, programs break-up pension values per child even more, so large families losing the breadwinner end up receiving very low values per beneficiary.

We can see that no arrangements have been developed for the sensitive and critical periods as identified by the literature of human capital formation related in Chapter III. One exception is that in most countries the pension is increased when the orphan is under extreme stressful circumstances such as when both parents die. We also observe that the maximum age when the orphan stops receiving the benefit is, in some cases, below the normal age when a student usually finishes college or even upper school, backing down the support in periods when the student can invest in education with high payoff rates.

Table IV.4
Qualifying Conditions for Orphan Pensions of Active Workers

Country	Deceased Person				Other	Maximum Age of Deceased's Children			
	Weeks of Contributions	Healthy	In School	Disabled		Other	Healthy	In School	Disabled
Anguilla	150	16	18	No limit	Unmarried	16	18	No limit	Unmarried
Antigua and Barbuda	Weeks that entitle worker to disability or old age benefit	16	18	Not defined	Unmarried	16	18	Not defined	Unmarried
Argentina	120 in the 3 years before, or 48 in 60 months	18	18	No limit	Unmarried son and widowed daughter not receiving a benefit	18	18	No limit	Unmarried son and widowed daughter not receiving a benefit
Bahamas	150	16	21	No limit	Unmarried	16	21	No limit	Unmarried
Barbados	Weeks that entitle worker to disability or old age benefit	16	25	No limit	Unmarried	16	25	No limit	Unmarried
Belize	Weeks that entitle worker to disability or old age benefit	16	21	No limit		16	21	No limit	
Bolivia	240	18	25	No limit		18	25	No limit	
Brazil	0	21	21	No limit		21	21	No limit	
British Virgin Islands	250	15	21	Not defined		15	21	Not defined	
Canada: Canada Pension Plan	156	18	25	Not defined	1/3 of the years in the person's contributory period or 3 years	18	25	Not defined	
Canada: Quebec Pension Plan	520	18	18	18	1/3 of the years in the person's contributory period plus 10 years	18	18	18	
Chile	0	18	24	No limit	Not defined	18	24	No limit	Unmarried
Colombia	50 weeks in the last 3 years	18	25	No limit	Have contributed 20% of the time between 20th birthday and death	18	25	No limit	

Table IV.4 (continued)

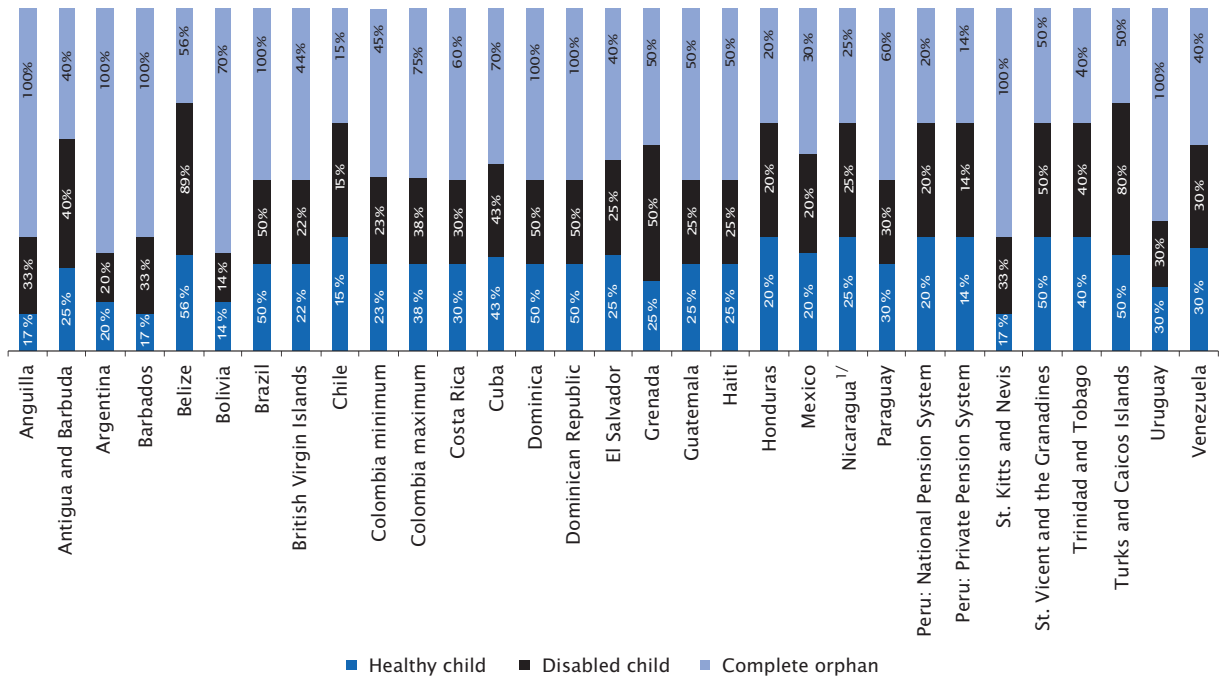
Country	Deceased Person			Maximum Age of Deceased's Children			
	Weeks of Contributions	Other		Healthy	In School	Disabled	Other
Costa Rica	180 or 48 in the last 24 months	Not defined		18	25	No limit	
Cuba	Weeks that entitle worker to old age benefit	Worker		17	17	No limit	
Dominica	150 or 500 including 150 paid contributions	Pensioner		18	21	No limit	Unemployed and unmarried
Dominican Republic	360	Not defined		18	21	No limit	Unmarried
Ecuador	60	Not defined		18	18	No limit if unmarried, widowed, or divorced	Unmarried and not receiving a pension
El Salvador	260	Not defined		18	24	Not defined	
Grenada	Eligible for old age or disability benefit			16	18	Not defined	
Guatemala	144 in the last 6 years	Not defined		18	18	No limit if unmarried and not receiving a pension	Unmarried and not receiving a pension
Haiti	Weeks that entitle worker to disability or old age benefit	Not defined		18	No limit	No limit	
Honduras	Weeks that entitle worker to disability or old age benefit	Not defined		14	18	No limit	
Mexico	150	Not defined		16	25	Not defined	
Nicaragua	Weeks that entitle worker to disability benefit	Not defined		15	15	No limit	
Panama	144 including 72 in the last 3 years	Not defined		14	18	No limit	
Paraguay	750	Not defined		18	18	No limit	

Table IV.4 (continued)

Country	Deceased Person			Maximum Age of Deceased's Children			
	Weeks of Contributions	Other	Healthy	In School	Disabled	Other	
Peru: National Pension System	Weeks that entitle worker to disability or old age benefit	Not defined	18	21	No limit		
Peru: Private Pension System	Not defined	Not defined	18	18	No limit		
St. Kitts and Nevis	150	Not defined	16	18	No limit	Unmarried	
St. Vincent and the Grenadines	Weeks that entitle worker to disability or old age benefit	Not defined	16	18	No limit	Death of both parents	
Trinidad and Tobago	50	Not defined	19	19	19	Unmarried	
Turks and Caicos Islands	Weeks that entitle worker to disability or old age benefit	Not defined	16	21	No limit if unmarried		
United States of America	Varies depending on the age, earnings, and retirement date	Not defined	18	19	No limit if disabled before 22	Unmarried	
Uruguay	520	Receiving unemployment benefits	21 or 18 if working		No limit	Unmarried	
Venezuela	750	Not defined	14	18	No limit	Unmarried	

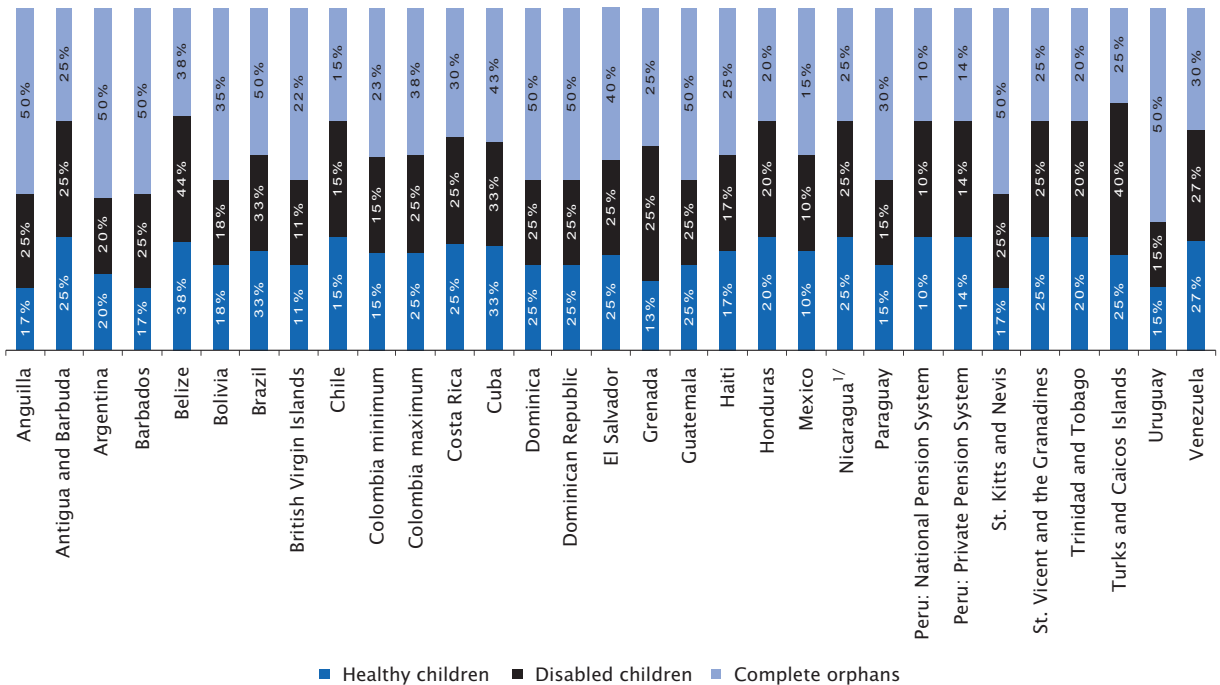
Source: Own elaboration using labor and social security laws of countries.

Figure IV.8
Orphan Pension to One Dependent Child
(as percentage of old age pension)



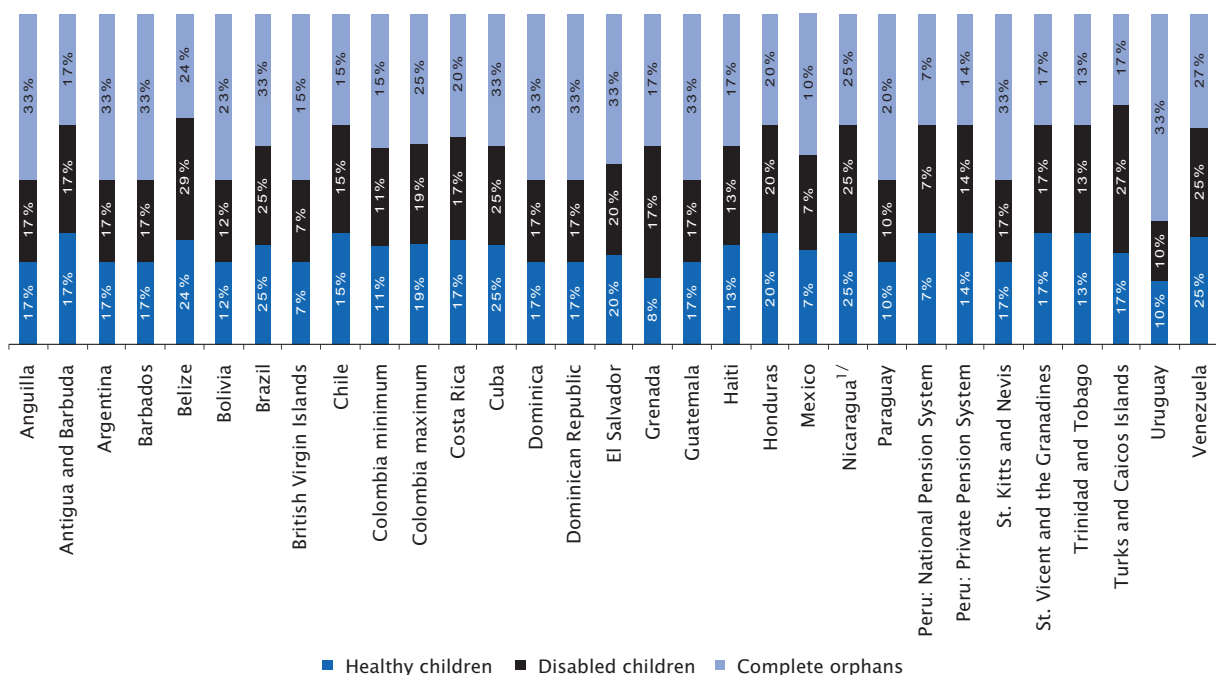
Note: 1/Nicaragua's survivors' pension is granted as a percentage of the complete disability pension.
Source: Own elaboration using labor and social security laws of countries.

Figure IV.9
Orphan Pension per Child when Two Dependent Children are Present
(as percentage of old age pension)



Note: 1/Nicaragua's survivors' pension is granted as a percentage of the complete disability pension.
Source: Own elaboration using labor and social security laws of countries.

Figure IV.10
Orphan Pension per Child when Three Dependent Children are Present
 (as percentage of old age pension)



Note: 1/Nicaragua's survivors' pension is granted as a percentage of the complete disability pension.
 Source: Own elaboration using labor and social security laws of countries.

IV.2.4 Childcare

Childcare programs focus particularly on children of working mothers below school age. Within formal childcare programs, many arrangements can be found. Some are more inclined towards providing financing to families, while others include substantial provision and regulation. It seems that a successful program is defined basically by its ability to relate every family's needs with a heterogeneous supply of childcare services (CCS), facilitating this match with the financial flows available for the social security program (CISS 2007 and Encina and Martínez 2009).

The growing demand on CCS is mainly derived from the increasing participation of women in the labor market, smaller families, increasingly separated families, and changes in household composition; as

well as the increased awareness about the importance of early socialization and educational services of good quality in the development of infants. Also, CCS may be offered as governments try to facilitate women's participation in the labor market, increase fertility rates, and address the social exclusion problem of kids in disadvantaged families. There is also a growing demand for CCS for children with special needs, due to physical, mental or sensitive disabilities, as well as for children with additional learning needs because of dysfunctional families, socio-economic disadvantages, or ethnic, cultural or language factors for whom early education and rehabilitation are essential, and informal care is often not an option (CISS 2007).

According to the Center on the Developing Child (2009), children learn how to share, interact, take into account the needs of others, and deal with their impulses from each other. Children, then, develop secure relationships and benefit from the stimulating activities and support provided by their caregivers. Empirical evidence of whether this is true is unfortunately scarce and indicates mixed results regarding the attainment of cognitive abilities (Bernal and Keane 2009).

However, research also points out to the risk that out-of-home care during infancy may be associated with greater disobedience and aggression by the time children enter school. Poor quality of care provided in some childcare arrangements—high caregiver turnover, poorly designed programs, or inadequate preparation of staff—are blamed for these outcomes (Center on the Developing Child 2009). Several studies mentioned in the publication "From Early Child Development to Human Development" (World Bank 2002) have shown the negative results that a low-quality childcare center can generate. Such children tend toward solitary play and aimless wandering, low participation in classroom activities, and less verbal interaction. By contrast, children in higher-quality childcare centers are not distracted as easily, are more task-oriented, have less behavioral problems, and are more talkative and less shy. For these reasons, the study suggests that each childcare program should include two main concepts: basic structure and dynamics (Love, Schochet, and Meckstroth 2002). Basic structure refers to a suitable and efficient group size, child-staff ratios that allow staff to interact suitably with children, safe facilities, and ease of access by parents. Dynamics refers to teachers' behavior: they must be attentive, encouraging, sensitive to children's needs, and responsive. It is also important for the children to have stability, continuity, and consistency of the caregivers.

Some of these services are partially or fully paid by the government or social security agencies and, in some cases, by employers directly (who establish these services to counteract some of the negative effects of having inadequate or insufficient CCS, such as increased absenteeism, higher rates of staff turnover, and stress). Some others are regulated but not subsidized, and many others are completely out of control.

Some countries include disabled children as a special group to which CCS should be directed (Canada and the United States have some of the largest programs that assist this segment of the population). The *Instituto Mexicano del Seguro Social* (IMSS) in Mexico pays higher fees when providers offer CCS for disabled children. Government intervention, provision, and qualifying conditions to have access to these services also vary between countries (see CISS 2007 and CISS 2008 for a detailed analysis of regulations and organization practices worldwide). If we focus our attention on services provided, financed, or sanctioned by the government, especially social security, we find three interesting cases in the continent: the United States, Mexico, and the English Speaking Caribbean. We would have liked to include all existing programs from every country, but limited space directs us to these relevant cases.

United States: Head Start

Since its beginning in 1965, Head Start has been the premier early childhood education program to enhance children's school readiness, providing support to more than 900,000 children (Head Start Data 2008). The program's main objective is to promote the social competence (meaning a child's efficiency at dealing with his or her surroundings and responsibilities in school and their lives in general) and the connection between the provision of quality services and

improvements in child development. The Head Start Program seeks to improve children's healthy growth and development, reinforce families as the main caregivers of their children, provide educational, health and nutritional services, connect children and families to needed community services, and guarantee parents' involvement in the decision-making process (Tarullo 2002).

Head Start focuses on poor children aged three to five, although within Head Start there are other programs for other groups such as Early Head Start. Eligibility for Head Start services is largely income-based, though each locally-operated program includes other eligibility criteria. Children with disabilities are also served by the program.

A national randomized impact evaluation of the program was performed over a four-year period from 2002-2006, and analyzed four outcomes: cognitive development, social-emotional development, health status and services, and parenting practices. It concluded that: i) for the whole group of children studied, access to Head Start resulted in positive preschool experiences, as well as positive impacts on several aspects of children's school readiness, although few benefits gained lasted until the end of 1st grade; and, ii) for some subgroups there were positive and lasting effects (at least until the 1st grade) in the cognitive, social-emotional, or health domains, and for some subgroups effects were negative (U.S. Department of Health and Human Services 2010).

Mexico: Childcare Services

For more than thirty years, the IMSS has provided day-care services to insured working mothers and widowed or divorced fathers who keep legal custody of their children. All employers pay 1% of payroll tax to finance the benefits, regardless of whether they have workers that qualify or not. The Social Services

and Security for State Workers Institute (ISSSTE) also provides CCS. The IMSS program serves children until age 4, while the ISSSTE program extends care to age 6.

Some ISSSTE regulations focus solely on children with disabilities including congenital diseases that endanger the child's integrity, gastric reflux, blindness, controlled epilepsy, nephropathies that require dialysis, hemophilia, deafness, mental retardation, autism, psychiatric disorders, some genetic syndromes, neurological problems, and other diseases or treatments that endanger the child's and his or her classmates integrity, incapacitate the child's integration to the center, or compromise the child's immune system.

The number of children attending childcare centers in Mexico is relatively low. Reasons for this low coverage are low social security coverage, which in Mexico is a little over 35 percent of the economic active population (IMSS 2006), and a misalignment between supply and demand (Martinez 2006). However, around the mid-nineties the program moved from a model of provision by IMSS to a more decentralized model with private providers, which allowed an increase in the number of children served. IMSS' CCS have served an average of 175,000 children in recent years (although registration can be around 220,000).

Recently the Federal government implemented the program of day-care centers for children whose parents are not affiliated to any social security institution. This program provides subsidies for the care of healthy children over one and less than four years of age, and up to six years old in the case of disabled children living in families earning less than six minimum wages. As of September 2009, less than 250,000 children were participating in the program (Mexico: Ministry of Social Development 2010).

English Speaking Caribbean: Caribbean Child Support Initiative

The Caribbean Child Support Initiative (CCSI) is an early childhood development and family support program aimed at strengthening the care environment for young children. The CCSI aims to persuade parents to adopt a more interactive style of care which leads to improved cognitive and social development among young children growing up in disadvantaged situations (CCSI 2010). The CCSI has several initiatives, but the core one is the Roving Caregivers Program (RCP), which was implemented initially in Jamaica and has shown good results in rigorous evaluations.

The RCP's main goal is to guarantee the expansion of low-cost early childhood services to meet the needs of children from birth until age three. The RCP is a home visiting model offering basic components related to psychosocial motivation, counseling, education, skills training, and parental support.

Besides Jamaica, the RCP is being implemented in five countries in the English Speaking Caribbean: Dominica, St. Lucia, St. Vincent and the Grenadines, Grenada, and Belize. The program implemented in the aforementioned countries has various common elements (related to poverty and environment characteristics). The RCP may have several components depending on the country. For example in Jamaica it includes the Teenage Mothers Project, the Male Adolescent Program, the Uplifting Adolescents Program, and the Home-Based Nursery Program. The RCP teaches parents to offer emotional, educational, and physical stimulation to their children to improve their health and nutrition; it also develops young caregivers from within the communities (known as Rovers). Training is a basic principle of the RCP, since children, parents, and Rovers receive training. Rovers pay weekly visits to families for up to an hour each

visit to perform stimulation activities with both parents and children. One of the most important aspects of the RCP is that families do not have to spend money on transportation to get to a daycare center.

The home-visiting concept has been rigorously evaluated in its country of origin (Jamaica) and through the Longitudinal Impact Study being conducted in St. Lucia. The findings of these studies reveal changes in parental knowledge, parent/child interaction, and developmental outcomes for children. In Jamaica, for example, according to a publication of United Nations International Children's Emergency Fund (UNICEF 2004), child beneficiaries of the RCP have experienced improved development. It is also important to notice that the program has had a major impact on mothers' knowledge. Furthermore, a cost benefit analysis established that the RCP is a good investment and that it is worth to replicate it on a larger scale. The RCP faces the challenge, though, of lowering caregiver turnover and identifying possible funding sources for the program (UNICEF 2004).

In addition to the RCP in Jamaica, there are other home visitation programs, the Community-Based Rehabilitation Program dedicated to the rehabilitation and integration of disabled persons, and the Malnourished Children's Program with the objective to detect potentially harming factors, monitor children's nutritional status, and provide psychosocial stimulation to children younger than age three. The CCSI is also implementing other initiatives besides the RCP, such as the Regional Family Learning Programme and the Early Childhood Health Outreach Program (CCSI 2010).

IV.2.5 Social Health Insurance for Children

In recent times, states around the world and especially in the American continent have made deliberate efforts to assure that every pregnant woman and every child has social health insurance. Social security has provided health insurance for affiliates and their children in many countries since it was established. The focus of the latest reforms is to provide health insurance to persons not already covered by social security. The reform in the United States is the most recent experience, but across the continent, many countries are implementing health insurance programs catering to persons not covered by social security.

As we can see in Table IV.5, Antigua and Barbuda, Bolivia, Chile, Colombia, Costa Rica, Dominican Republic, Mexico, Peru, United States and Uruguay, all have implemented health insurance programs, associated to programs with well defined entitlements, publicly financed by the states, while in Ecuador and El Salvador, plans to implement them are currently in place. Some of these countries have also developed a specific insurance program focused on children. The Bolivian Universal Maternal-Infant Insurance (*Seguro Universal Materno Infantil, SUMI*), and the Mexican New Generation Health Insurance (*Seguro Médico para una Nueva Generación*) are two examples.

What does the implementation of health insurance programs for children mean? It is true that in all countries health interventions in children are one of the top priorities. Immunization campaigns is probably the prime example. The difference lies in that, under health insurance programs, an entitlement concept is introduced, and it includes interventions not limited to the public health field.

Social security schemes that provide health care benefits to affiliated workers typically include worker's children as beneficiaries. Moreover, it is also usual that all care is covered and there is not a defined package of interventions guaranteed. Figure IV.11 shows the limit age at which workers' children lose their entitlements to social security based healthcare benefits. As we can see, countries limit the age around 16 in general, the age limit is extended if children are students, and can be extended indefinitely if children are disabled.

Has the change in the approach to provide health services for children resulted in a change in their health? This is an empirical question that has spurred an important number of studies. Yet, there is not a consensus on the impact of health insurance programs on children's health, although the most recent studies have found no effects or very small and statistically insignificant ones (see for example Dhaval, Decker, Kaestner, and Kosali 2008 and Barros 2009). Why is it then that countries are expanding health insurance programs? One policy argument is that given that these programs guarantee a certain number of interventions, the budget to finance them should be also guaranteed, which implies less uncertainty and some times more resources to health. More generally, health status is a main component of human capital, and improvements result in social benefits over the long-run, and most gains are not health related: improved work abilities, improved mental skills and improved family environment. A main economic argument is that families that are unable to leave bequests are families that are cash-constrained to finance human capital. Thus, public interventions that reduce the restrictions on families to invest in human capital have a very high social return.

Table IV.5
Description of Health Systems

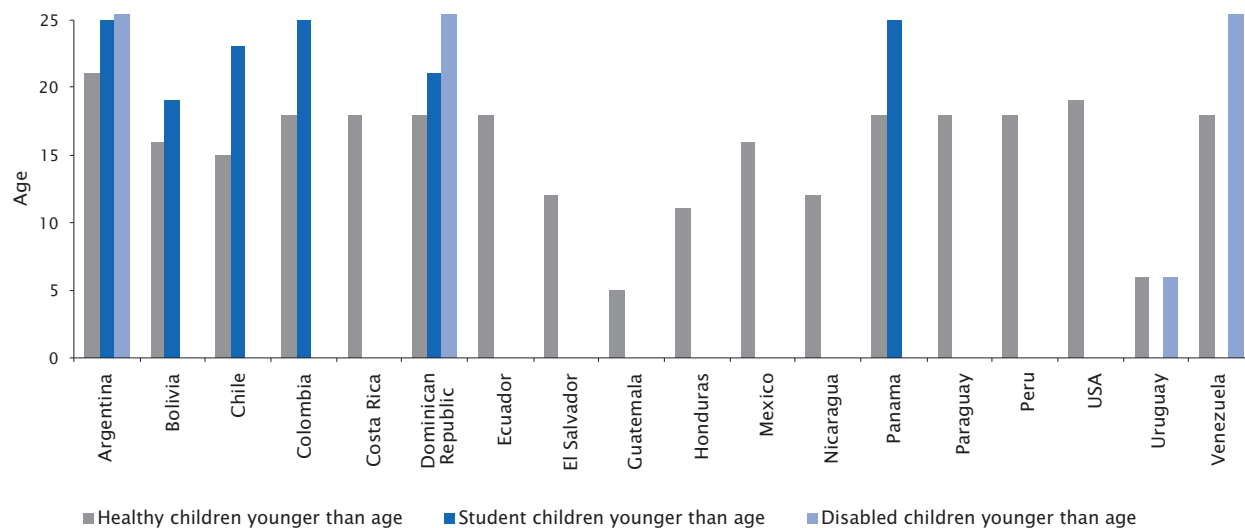
Country	System without entitlements	System with entitlements		Name of insurance program for uncovered children
		Social security	Publicly financed insurance programs	
Anguilla	Yes			n.a.
Antigua and Barbuda	Yes	Yes	Yes	n.a.
Argentina	Yes	Yes		<i>Plan Nacer</i>
Bahamas	Yes			n.a.
Barbados	Yes			n.a.
Belize	Yes			n.a.
Bolivia	Yes	Yes		<i>Seguro Universal Materno Infantil (SUMI)</i>
Brazil	Yes			n.a.
British Virgin Islands	Yes			n.a.
Canada	Yes			n.a.
Chile	Yes	Yes	Yes	n.a.
Colombia	Yes	Yes	Yes	n.a.
Costa Rica		Yes	Yes	n.a.
Cuba	Yes			n.a.
Dominica	Yes			n.a.
Dominican Republic	Yes	Yes	Yes	n.a.
Ecuador	Yes	Yes		n.a.
El Salvador	Yes	Yes		n.a.
Grenada	Yes			
Guatemala	Yes	Yes		n.a.
Haiti	Yes	Yes		n.a.
Honduras	Yes	Yes		n.a.
Jamaica	Yes			

Table IV.5 (continued)

Country	System without entitlements	System with entitlements		Name of insurance program for uncovered children
		Social security	Publicly financed insurance programs	
Mexico	Yes	Yes	Yes	<i>Seguro Médico para una Nueva Generación</i>
Nicaragua	Yes	Yes		n.a.
Panama	Yes	Yes		n.a.
Paraguay	Yes	Yes		n.a.
Peru	Yes	Yes	Yes	n.a.
St. Kitts and Nevis	Yes			n.a.
St. Lucia	Yes			n.a.
St. Vincent and the Grenadines	Yes			n.a.
Trinidad and Tobago	Yes			n.a.
Turks and Caicos Islands	Yes			
United States of America	Yes	Yes	Yes	Medicaid
Uruguay	Yes	Yes	Yes	n.a.
Venezuela	Yes	Yes		n.a.

Notes: In Anguilla, Bahamas, Belize, Dominica, Jamaica and Turks and Caicos a National Health Insurance is being implemented with different degrees of progress.
Source: Own elaboration using ECLAC (2006) and information from the Ministries of Health or Social Insurance Agencies of countries.

Figure IV.11
Eligibility Age for Children of Workers with Social Security



Source: Own elaboration using ECLAC (2006) and information from the social security agencies.

IV.3 Conclusions

Programs to support children have existed for a long time. Nevertheless, when analyzing the provision of programs across the continent we observe that: i) programs vary significantly between countries; ii) only recently, programs especially focused on fostering early childhood development are being implemented, and only in a minority of countries; iii) most of the programs are not flexible enough to adapt to the different conditions of different groups of the population or to different stages of a child's life cycle; and, iv) not enough consideration is given to going beyond the delivery of benefits, such as the support to disadvantaged families.

What can explain these phenomena? First of all, historically social security has looked at children as dependents, and benefits for them have been contingent upon an accident. The exception is the FA programs, which are not operated in many countries. Second, it was not until recently that literature on early

childhood development provided solid evidence of the importance of early childcare in the well-being of persons. Third, there are still open questions regarding the impact of the design of these programs on the well-being of children. For example, what is the effect of longer maternity leave periods on children's capacities formation? In the absence of consistent evidence, the design of programs follows more the intuition of policy makers and is the response to different pressure groups rather than the answer to reliable, fact-based recommendations.

CHAPTER V
SOCIAL SECURITY FOR YOUTHS

CHAPTER V

SOCIAL SECURITY FOR YOUTHS

V.1 Introduction

Throughout history, few individuals have passed through adolescence without engaging in a productive activity and finding themselves subject to the behavioral expectations of an adult. With the increase in longevity and the extension of education to all social groups, today it is unacceptable that children younger than 14 work at all or that those younger than 18 work full-time after quitting school—although many do in low income societies—and it is not viewed as a favorable situation that teenagers marry—although many do even in the wealthiest countries. Even if they can usually vote by age 18, youths are subject to social controls until later ages, and societal traditions now include an expectation of study until later in life and the belief in supporting young individuals to help them integrate into the complex labor market waiting for them. This chapter describes basic elements of the state of young people in the region, and the way youth programs and social security interact. Social security has played a vital role in financing children and adolescents in families where the breadwinner is disabled or has died, and has a growing role in programs that benefit all youths in achieving a successfully transitioning toward and into adulthood.

The age at which adolescence begins cannot be pinned down easily. It is well known that the physical and psychological characteristics associated with adolescence vary significantly between individuals. The

passage from adolescence to adulthood is marred by deeper issues, because it is less linked to purely biological factors, and has more to do with society at large. Yet, social insurance has a special role to play as long as the commonwealth assumes the responsibility of protecting children from being subject to risks that for adults are within the realm of individual responsibility.

V.2 The State of Youth in the Americas

Young people in the Americas live in a world that has changed a lot and quickly; one full of promise and challenge. A brief comparison tells us about the extent of the change. Compared with only two or three previous generations, we see that children in the Americas live in smaller nuclear families and extended families, as well as in non-traditional families that often have the mother as single or main breadwinner; they live in cities whereas until the seventies the share of rural population was still relatively high; they are much more educated although there is a perception that the quality of education they receive may not always be as high as desired; they do not expect to marry as children, many will marry at the "old" late-twenties, and a fair share will never form a family with children (although they will have significant long-term personal relationships); few expect a labor career free of the hassle of job changes, and they are expected to experience a life learning new abilities continuously, if they are to survive as successful workers.

The Americas are a young region. Even the countries with more advanced aging processes have kept fertility and immigration rates at high enough levels to sustain long-term growth in the labor force, and year after year the entry of youths to the labor market is important. In Figure V.1, we see that for most countries, young people are still a large part of the labor force. The countries that have had fertility rates around replacement levels have values around 20% in this figure (this is the case for Canada and the United States). Countries like Paraguay, which have kept fertility rates over three children until recently, have more than 30% of the labor force in young age groups.

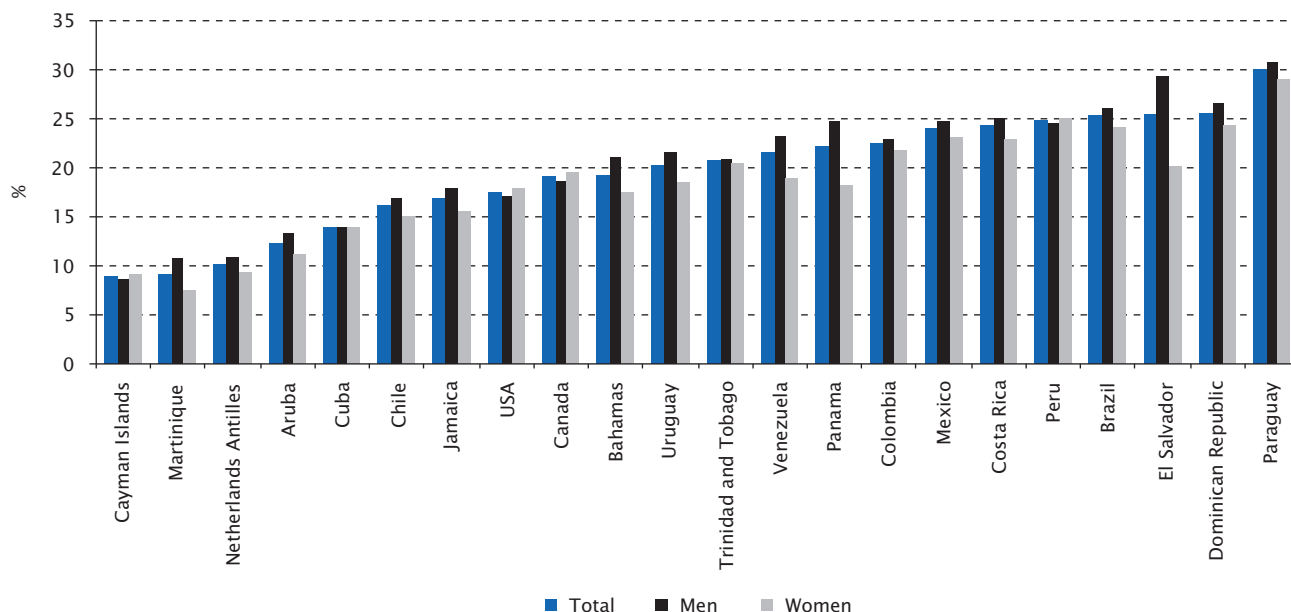
V.2.1 Family

The social environment can begin to be described by using information on marriage and fertility, as well as on the relations of the adolescent to his or her family and school. Adolescents tend to be healthier, having passed the more risky years of infancy, but females

begin to face reproductive health risks soon enough. Adolescents of both genders can begin making decisions on marital union and fertility, although in practice this turns out to be a more critical issue for females. Also during these years some may decide to abandon their households, or conversely, their families may decide to dedicate lower resources to them and even to abandon them completely in a social and economic sense.

Growth in the total numbers of young people is going to continue for at least several decades. In Figure V.2, we see that most countries have fertility rates at or above replacement, and in Paraguay, Honduras, Bolivia, Haiti, and Guatemala rates are actually still in ranges associated with very fast population growth. In Figure V.3, we see the share of youths in the population of most countries in the continent. There are vast differences within the region. While youths (15-19 years) represent more than 11% in Paraguay, Nicaragua, Honduras, and Grenada, for the United States and Canada the figure is around 7%.

Figure V.1
EAP Aged 15-24^{1/} as a Proportion of EAP Aged 15-54^{2/}: Selected Countries, 2008



Notes: EAP: economically active population. 1/Colombia, 12-24; USA, 16-24. 2/Colombia, 12-55; USA, 16-54.
Source: ILO LABORSTA (consulted on April 7, 2010).

In Chapter II of this report, we saw that poverty among children has become a major challenge for the region, and our findings show that the problem extends through the teenage years. In Figure V.4, we see that the share of poor among young men and women in the American countries is generally higher than among OECD countries. The problem is more acute for females.²

Teenage marriage and pregnancy have fallen substantially since the seventies, and age at first marriage has increased. By 2008 the average for females lies between 20 and 25 years and two countries exceed the 30-year barrier (Figure V.5). Yet, in some countries such as Honduras, teenage marriage is still near 20%. Certainly, teenage marriage is associated with poverty because less educated women are more often in that situation, making it very difficult for them to follow the constructive development of skills related in Chapter III of this report. In Figure V.6, we see that for several countries, one in ten women has been a mother or is pregnant by age 16 (Nicaragua, Honduras, Dominican Republic, Colombia), and in several the share is over one-third by age 19 with Nicaragua being the highest at 45%.³ When we review the data by level of education, we see that women with elementary school (1st to 6th grade) or less education are predominantly the ones facing this condition (Figure V.7).

In contemporary societies, when a young woman heads the household, the family can be well-off because the mother is actually very productive in the market, or the household is actually composed by a single

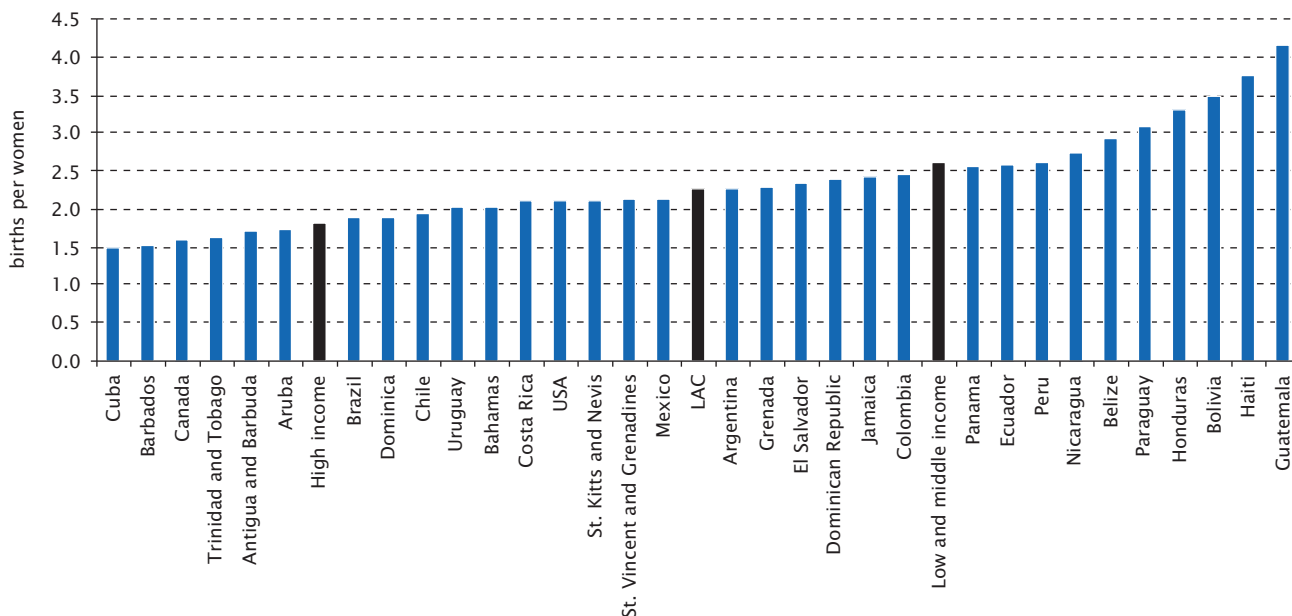
woman working or studying. However, it is more often the case that the male has left the home or that the woman has had children without having formed a family before. In the group of middle- to low-income countries in Figure V.8, we see that more than one-third of the households are headed by women in the countries of Island Hispaniola, and in the shown cases the rate is above one-fifth. In this figure, Haiti and the United States, the poorest and the wealthiest nations in the region have the largest shares of households headed by women. However, as will be seen, there is a difference among these two countries.

In Figure V.9, we see that the share of households headed by young women ranges between 1 and 16%; in several wealthy OECD countries, youths aged 16 to 19 are household heads in a proportion of more than 10%. However, Figure V.10 shows that in rich countries, most of these households correspond to single working women with no children, and to students, while in poor countries, these households more often have a low-educated, low-income mother in charge. In Canada, nearly 65% of the young female household heads do not have children or are not in a couple, while in Argentina the share is only 40% and in Mexico it is less than 10%. We may notice that figures on the share of young household heads declaring children and couple status may be suspect: perhaps these are women that declare having a couple at home while in fact they are single mothers (and the border between categories is not, in general, clear-cut). For men, these figures tell an altogether different story: young males who are household heads rarely have children at home.

² The reference periods in Figures V.4, V.9 to V.10, and V.14 are the following: Hungary, Sweden, 2005; Switzerland, Denmark, Finland, Poland, United Kingdom, Canada, Norway, Italy, USA, 2004; Austria, Belgium, France, Germany, Spain, 2000; Netherlands, 1999; Argentina, 2001; Uruguay, Costa Rica, Venezuela, Panama, Brazil, Peru, Ecuador, Dominican Rep., Colombia, 2008; Guatemala, Bolivia, Nicaragua, Honduras, 2007; Chile, 2006; Mexico (Figure V.4), 2008, 2004 otherwise; Paraguay, (Figure V.4), 2008, 2004 otherwise; El Salvador, (Figure V.4), 2004, 2007 otherwise. The sources are the following: OECD countries: Luxembourg Income Study (LIS) Key Figures, <http://www.lisproject.org/keyfigures.htm> (consulted on March 5, 2010); Argentina: INDEC (consulted on March 10, 2010); American countries except Canada and United States: (Figure V.4), CEPALSTAT (consulted on June 2, 2010); Paraguay: Presidencia de la República/Secretaría Técnica de Planificación (STP) and DGECC 2005; El Salvador: IUDOP/UCA 2008.

³ The reference periods in Figures V.6 to V.8, V.11, and V.15 to V.17 are the following: Bolivia, 2008; Dominican Republic, 2007; Haiti, Honduras, 2005-06; Colombia, 2005; Peru, 2004-2005; Nicaragua, 2001; El Salvador, 2007; Chile, 2006; Costa Rica, 2007; Argentina, 2001; USA, 2008; Uruguay, 2008. The sources are the following: Bolivia, MSD/PRS and INE 2009; Peru, INEI, USAID and Measure DHS+/ORC Macro 2006; Colombia, Profamilia 2005; Dominican Republic, CESDEM and Macro International Inc. 2008; Honduras, SS, INE and Macro International Inc. 2006; Nicaragua, INEC and MINSa 2002; Haiti, Cayemittes et al 2007; El Salvador, IUDOP/UCA 2007; Chile, INJUV 2007; Costa Rica, Consejo Nacional de la Política Pública de la Persona Joven 2008; Argentina, INDEC (consulted on March 10, 2010); USA, Ruggles et al 2010; Uruguay, Programa Infamilia-Mides 2009.

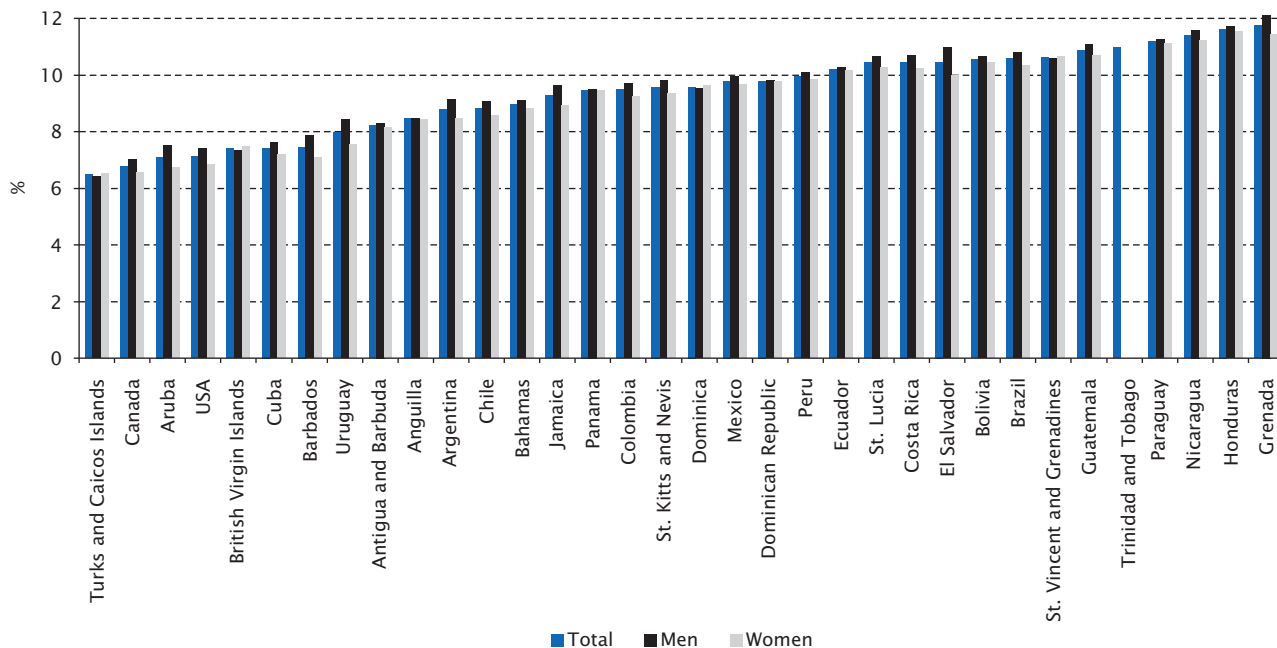
Figure V.2
Global Fertility Rate in Selected Countries, 2007^{1/}



Notes: 1/ Antigua and Barbuda, St. Kitts and Nevis, 2002; Dominica, 2003; Haiti, extrapolated data.

Source: The World Bank, World Development Indicators 2009 (consulted through UNdata at <http://data.un.org/Explorer.aspx?d=CDB> on April 19, 2010).

Figure V.3
Youths Aged 15-19 as a Proportion of Total Population: Selected Countries, 2008^{1/}



Notes: 1/ Barbados, Brazil, Grenada, Panama, St. Kitts and Nevis, 2000; Anguilla, Argentina, Bolivia, British Virgin Islands, Ecuador, Honduras, St. Vincent and the Grenadines, Turks and Caicos Islands, 2001; Dominican Republic, Paraguay, 2002; Antigua and Barbuda, Colombia, Guatemala, Mexico, Nicaragua, 2005; Dominica, 2006; Costa Rica, El Salvador, Jamaica, Peru, St. Lucia, USA, 2007.

Source: United Nations Statistics Division (UNSD a), UNSD Demographic Statistics (consulted through UNdata at <http://data.un.org/Explorer.aspx?d=CDB> on April 19, 2010).

Figure V.4
Youths (16-19) Living in Poverty: Selected Countries, 2008

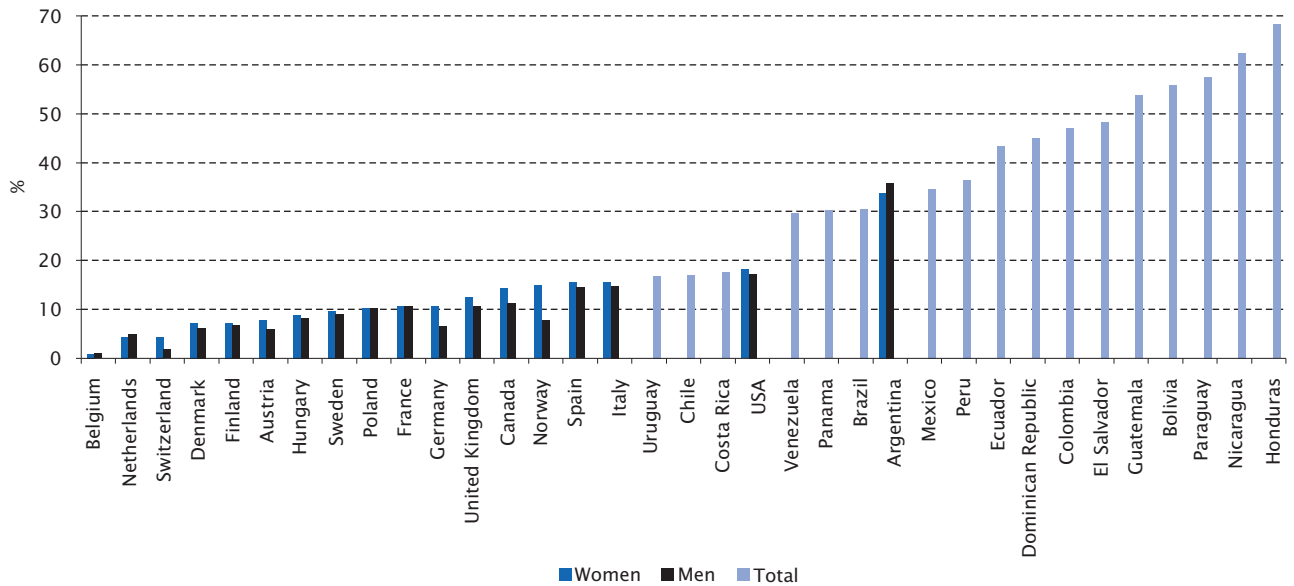
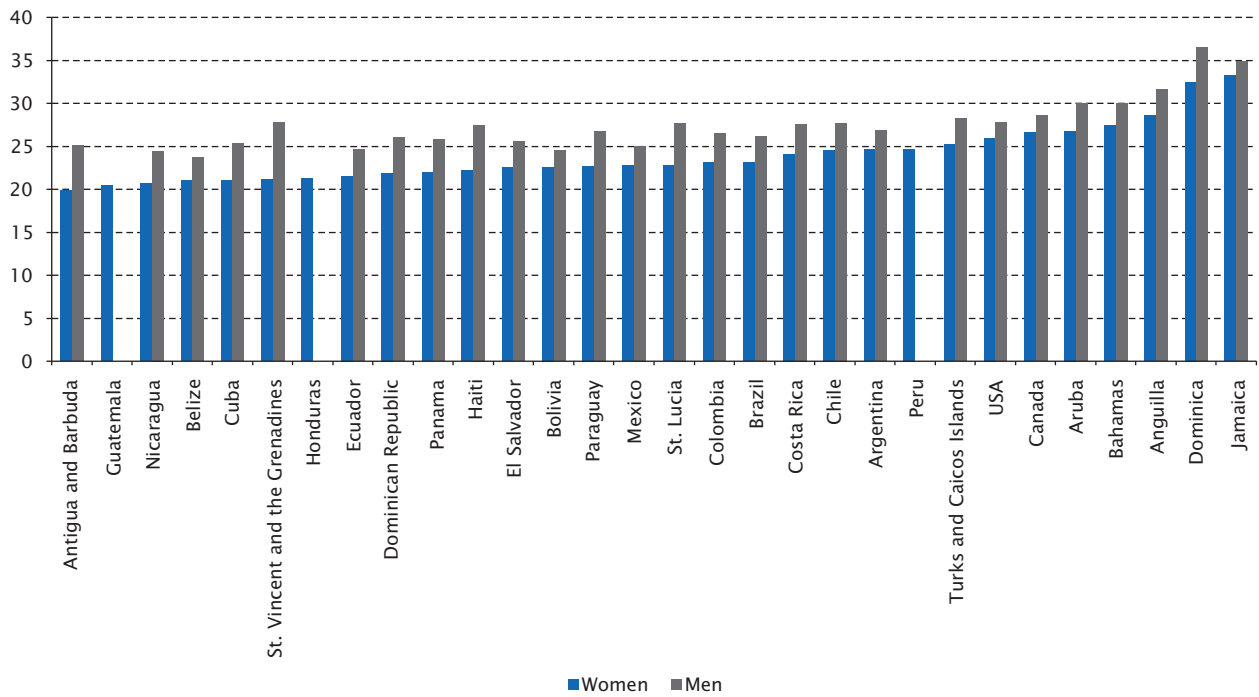


Figure V.5
Mean Age at First Marriage^{1/}



Note: 1/Costa Rica, El Salvador, 2007; Canada, Haiti, 2006; Colombia, Honduras, Nicaragua, 2005; Peru, 2004; Bolivia, 2003; Chile, Cuba, Dominican Republic, Paraguay, St. Vincent and the Grenadines, 2002; Anguilla, Antigua and Barbuda, Argentina, Dominica, Ecuador, Jamaica, St. Lucia, Turks and Caicos Islands, 2001; Aruba, Bahamas, Belize, Brazil, Mexico, Panama, USA, 2000; Guatemala, 1999.

Source: United Nations Statistics Division (UNSD), Statistics and indicators on women and men (consulted on March 24, 2010).

Figure V.6
Youths Who Are Mothers or Pregnant at Ages 15-19: Selected Countries, 2008

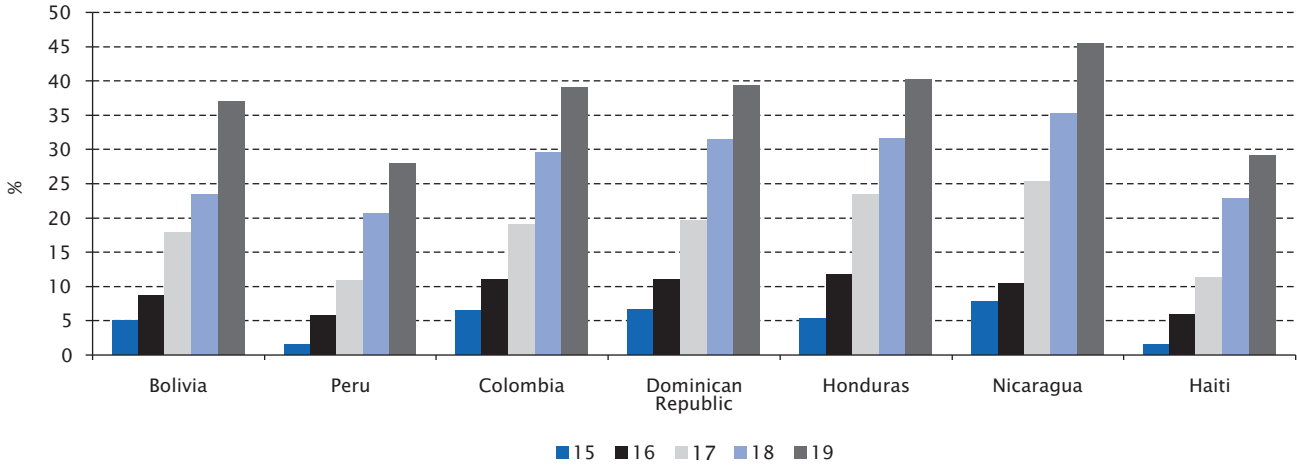
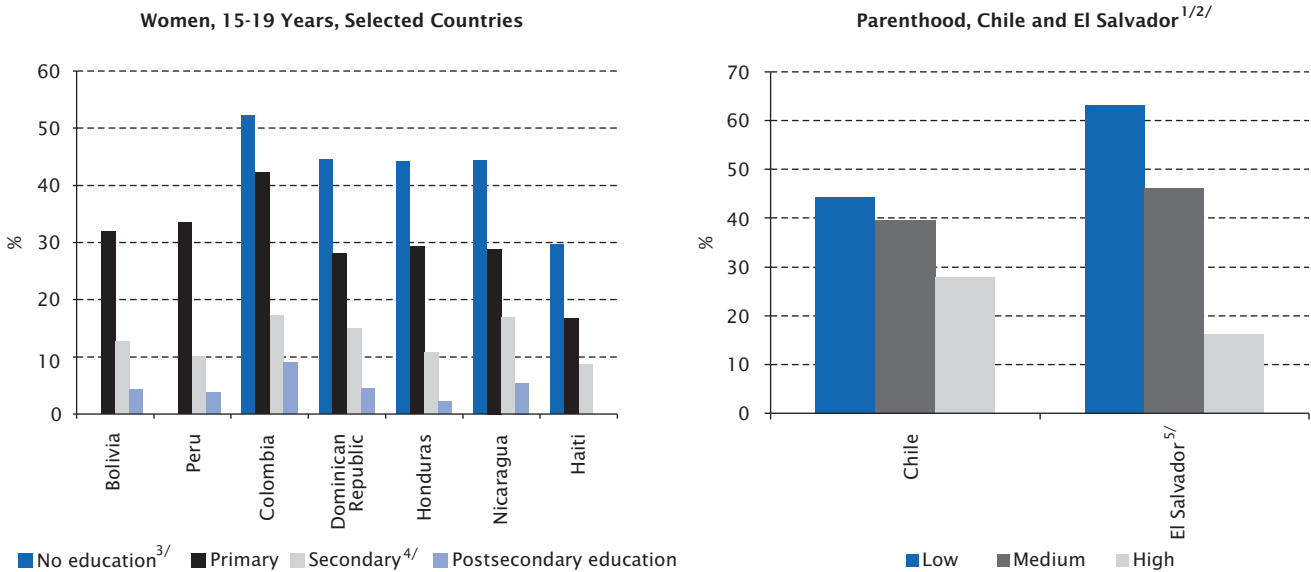


Figure V.7
Youth Pregnancy, Maternity, and Parenthood by Level of Education: Selected Countries, 2008



Notes: 1/Chile, 15-29 years; El Salvador, 15-24 years. 2/In Chile it refers to socio-economic level. 3/No education include the categories "No education" and "Incomplete elementary school (1st to 6th grade)". 4/In Haiti, the value corresponds to the average of the categories "Secondary (7th to 9th grade)" and "Postsecondary education (10th grade and over)". 5/In El Salvador, "Low education" represents those with no education and elementary school (1st to 6th grade), "Medium education" goes for secondary education (7th to 9th grade), and "High education" corresponds to persons aged 15-24 with postsecondary education (10th grade and over).

Figure V.8
Women as Household Heads in Selected Countries, 2008
 (total population)

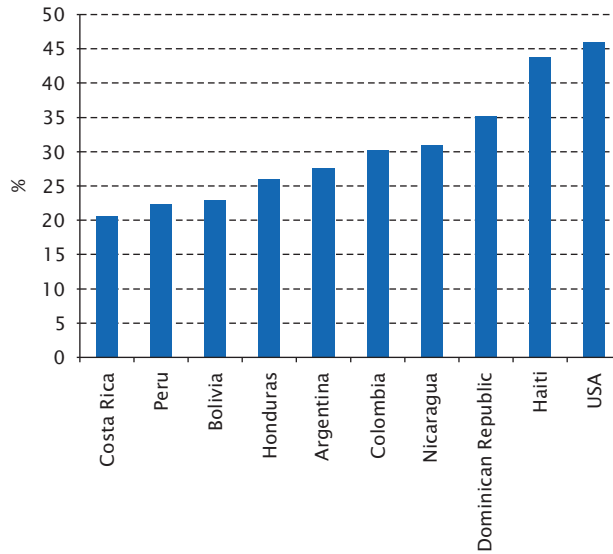
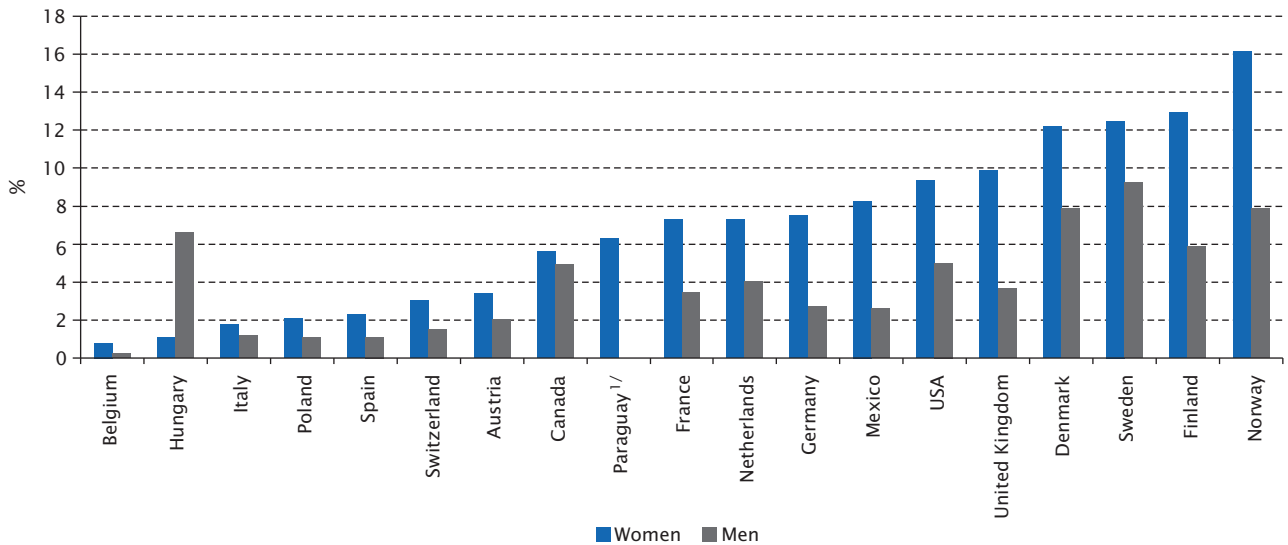
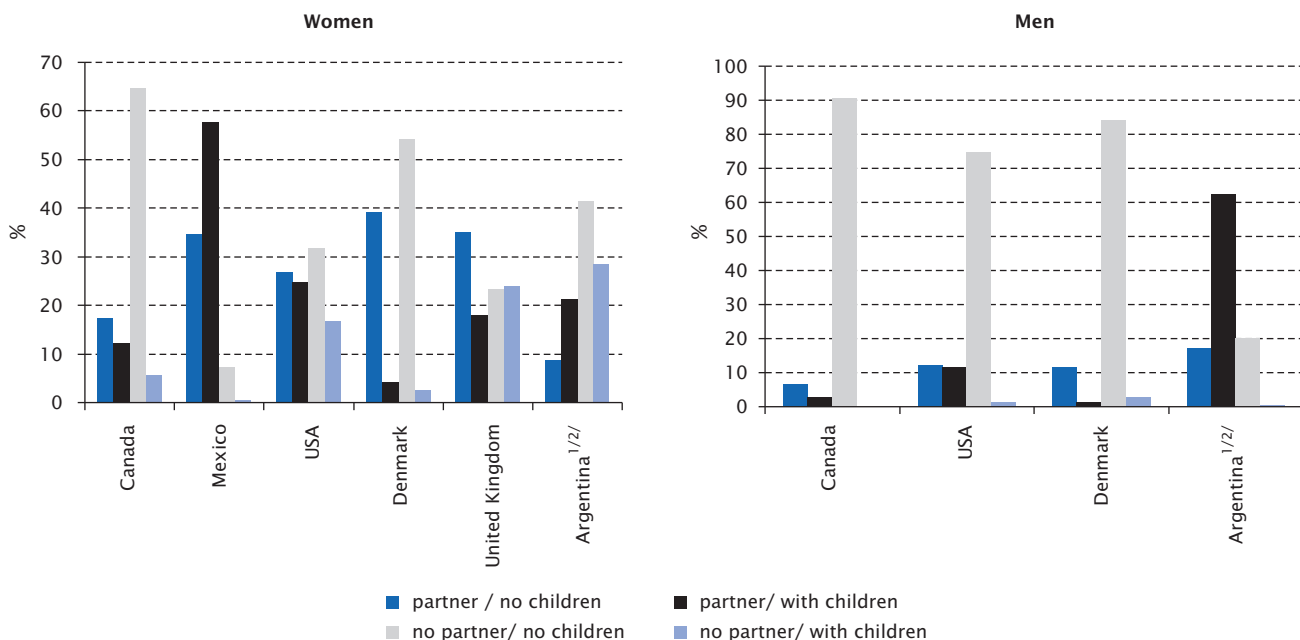


Figure V.9
Percentage of Youth (16-19 Years) Who Are Household Heads in Selected Countries, 2004



Note: 1/ 15-29 years.

Figure V.10
Family Structure of Youth Household Heads (16-19) by Sex in Selected Countries, 2004



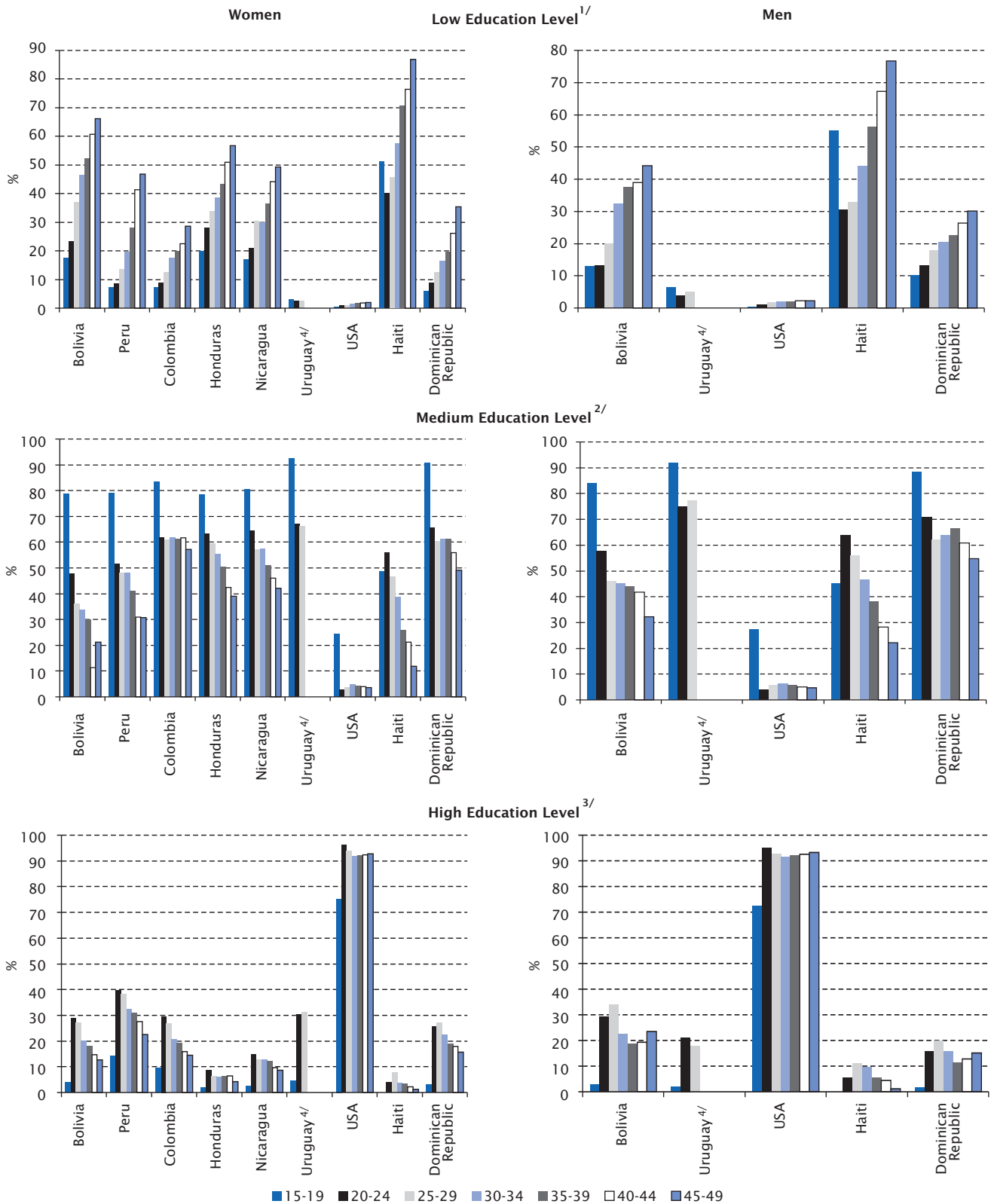
Note: 1/14-24 years. 2/2001.

V.2.2 Education

While the previous section underlined problematic situations, the horizon is far from bleak. Recent decades have brought about major improvement in the levels of human capital acquired by young persons in the Americas. In the first panel of Figure V.11, we see that for Bolivia, fully two-thirds of the women born around the early sixties had low educational levels, while for those aged 15-19 in 2008 (born in the early nineties) the figure is 18%-still high, but definitely better. While Peru, Colombia and the Dominican Republic have broken the 10% milestone for the youngest generations, Haiti is likely to remain above 40% for at least another decade. The best results are observed for Uruguay and the United States.

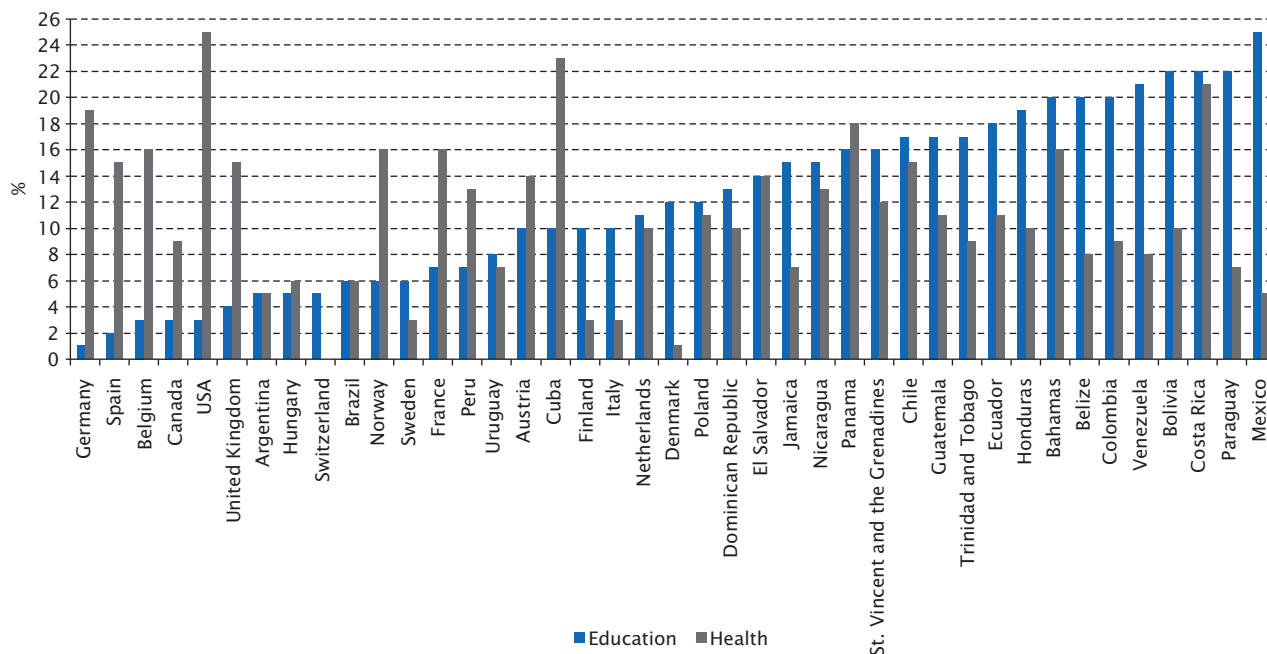
The favorable results extend to adolescents, and, in the third panel of Figure V.11, we see that of the 15-19 age group in most nations, 80% of women are reaching a middle educational level. When we reach the higher education echelon, the variation between countries becomes larger and only in Peru the 15-19 group topped the 10% mark by 2008, and the 20-24 group scratched 40%-this means that women still arrived "late" to the university, at age 20 or after, which certainly affects the quality of the education received and the commitment to improve the human capital. For men the story seems to be similar than the one described for women. Figure V.12 shows the central government expenditure allocated to education and health in selected countries. We can see that in countries with higher human capital, central governments spend more resources on health than on education-an issue that deserves further research.

Figure V.11
Level of Education of Persons Aged 15-49 Years by Age Group and Sex
in Selected Countries, 2008



Notes: 1/Low education level is the sum of the categories "No education" and "Incomplete elementary school (1st to 6th grade)". 2/Medium education level includes the categories "Complete elementary school", "incomplete middle school (7th to 9th grade)" and "Complete middle school". In Dominican Republic it refers to the categories "5th-8th grade" and "secondary education". In Nicaragua it comprises the categories "4th to 6th grade" and "secondary education". 3/High education level correspond to the category "Postsecondary or more (10th grade and over)". 4/In Uruguay the education level for the groups 30-34 or more is not available.

Figure V.12
Central Government Expenditure Allocated to Education and Health in Selected Countries, 1997-2006^{1/}
 (% of total expenditure)



Note: 1/In France, Cuba, Nicaragua, Guatemala, Ecuador, Honduras, Belize, Costa Rica and Paraguay, data refer to years or periods other than those specified in the title, differ from the standard definition or refer to only part of a country.
 Source: United Nations Children's Fund (UNICEF), The State of the World's Children (consulted through Undata at <http://data.un.org/Explorer.aspx?d=CDB> on April 19, 2010).

V.2.3 Employment and Social Protection

How do the young work? Are they receiving social protection? Figure V.13 shows the activity rate for selected countries in the Americas. We notice that the activity rate for persons aged 15-19 in the first panel strongly differs among countries: for men, from less than 10% in Martinique to more than 60% in Paraguay and some parts of Central America, while the activity rate for men aged 20-24 follows a smoother path: from around 75% to less than 90%, with some exceptions.

To understand the way in which social protection can support young people, it is useful to understand the nature of employment. In the first two panels of Figure V.14, we see that in European countries the shares of students and employed is very large, usually above 80%. For some, it is mostly students (e.g. France, Spain, Poland, Hungary, Belgium), while for others the

employment bar is high (e.g. Germany, Denmark, Netherlands). For the second group, this does not mean that teenagers have left school for work. Rather, it means that the educational system and the labor market institutions are seamlessly merged (or at least with not too many stitches), and boys and girls begin to do some market apprenticeships and work by age 16 or 17. The five American nations in this figure (El Salvador, Paraguay, Mexico, United States, and Canada) have distributions similar to Germany or Switzerland, but this statistic hides that the Americas lack that strong connection between education and work.

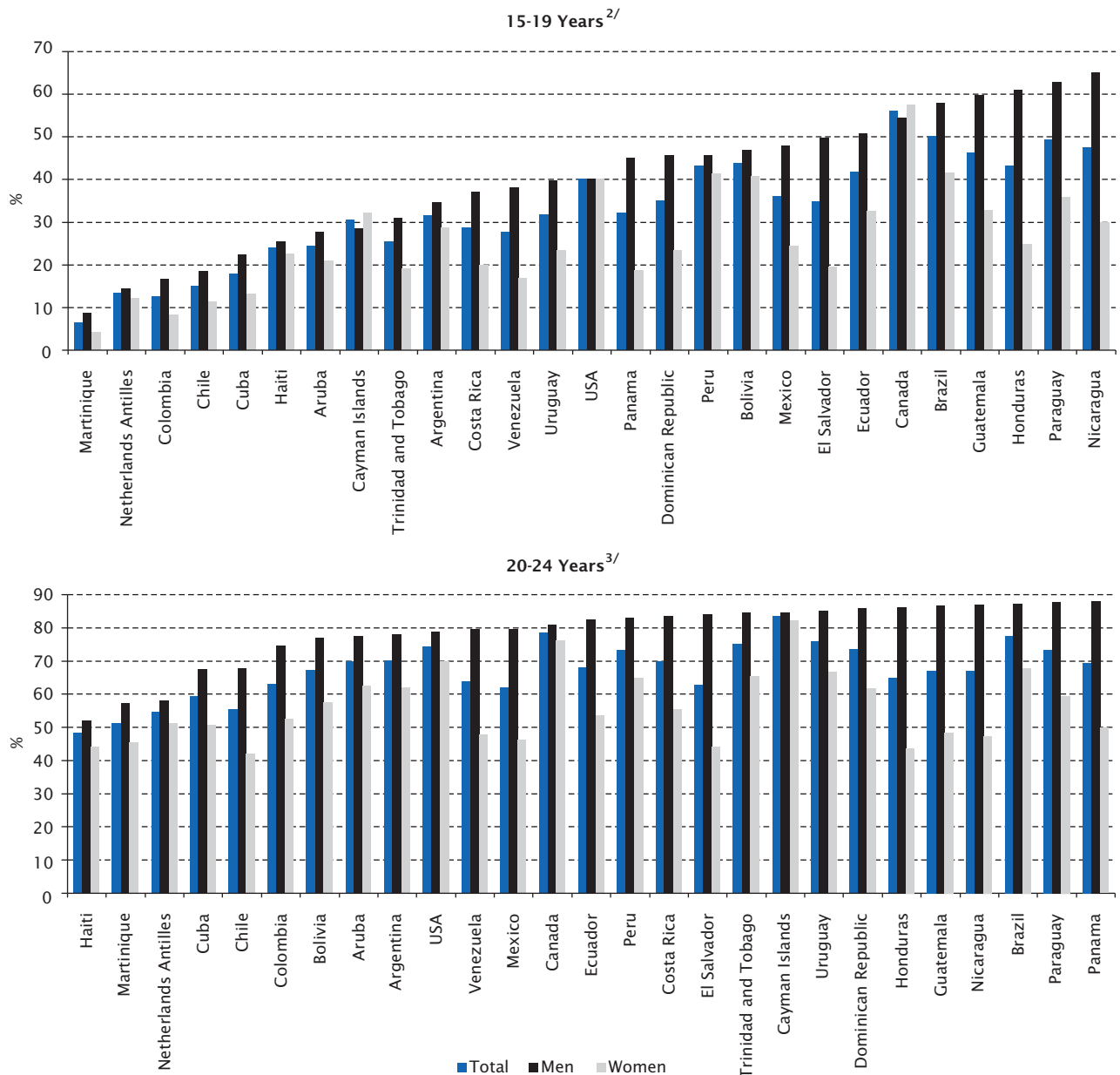
Work by female teenagers is high in the Andean countries in Figure V.15, but low in the Central American and Caribbean nations. Data in previous sections allows the affirmation that the working youth are not going back to school.

Given the low level of human capital, young women in middle- to low-income countries work predominantly as self-employed and in the informal economy. With the exception of the United States, Figure V.16 shows that "sales and services" is the largest category of employment for women. Agriculture is still important in the Andean region. For the United States, management and professional occupations are the most important categories in

every analyzed age cohort, nevertheless, sales and services follows in importance. For this country, farming represents less than 2% for both sexes in every age group.

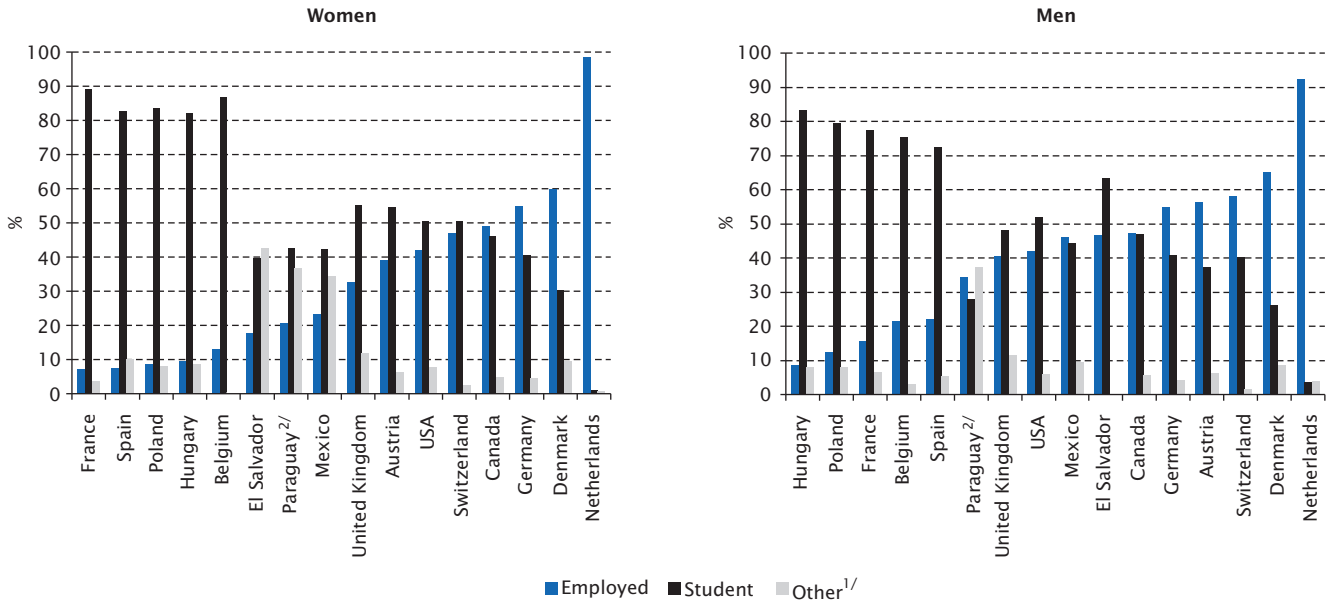
One of the motivations for this report is to deal with the gaps in coverage of children imposed by the rules of social security. We see in Figure V.17 that in fact, there is a lower rate of coverage of social insurance for children, but also for youths.

Figure V.13
Activity Rates for Youths in Selected Countries, 2008^{1/}



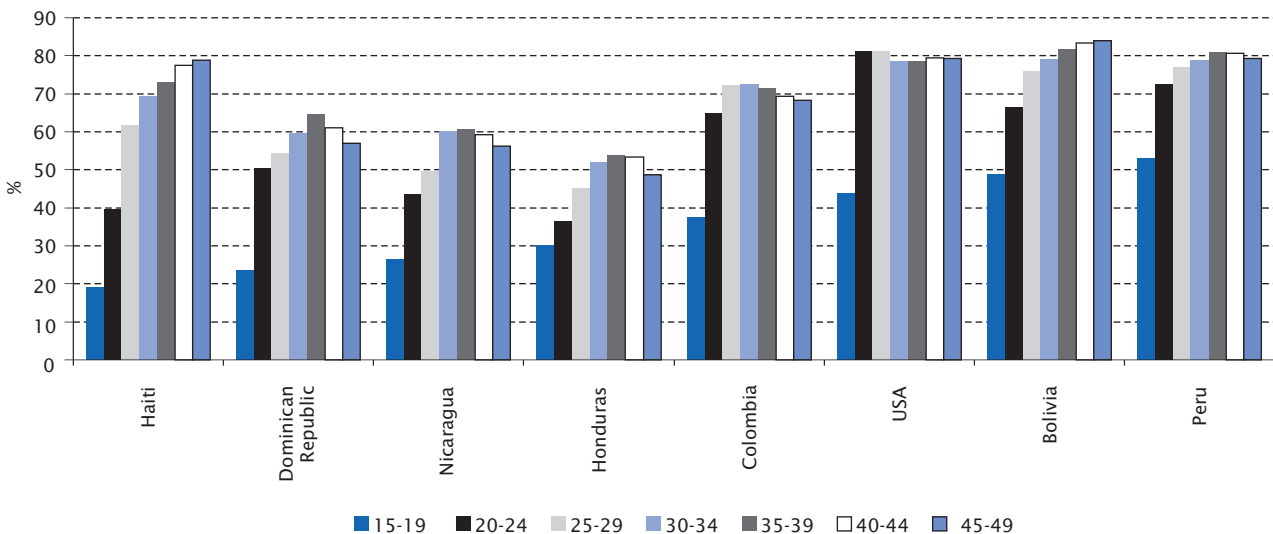
Note: 1/Aruba, Brazil, Dominican Republic, El Salvador, Uruguay, Venezuela, 2007; Haiti, Argentina, Bolivia, Ecuador, Guatemala, Honduras, Nicaragua, 2010 projections. 2/Colombia 12-17, Cuba 17-19, El Salvador 16-19, USA 16-19, Uruguay 14-19. 3/Colombia 18-24.
Source: ILO LABORSTA (consulted on April 7, 2010) and CEPAL CELADE (consulted on April 8, 2010).

Figure V.14
Youth (16-19) Employment Status in Selected Countries, 2004



Notes: 1/For women, in El Salvador the category "Housekeeping" represents more than 80% inside the category "Other". 2/In Paraguay the category "Employed" include those that are searching for a job. In that country, the category "Other" is composed by the categories "Not student nor employed" and "Student and employed", where the second represents 46% for women and 89% for men.

Figure V.15
Women of 15-49 Years Employed in the Last 12 Months^{1/}
by Age Group in Selected Countries, 2008



Notes: 1/Corresponds to the women employed at any moment during the 12 months prior the survey.

Figure V.16
Youth (15-24 Years) Occupation by Sex in Selected Countries, 2008

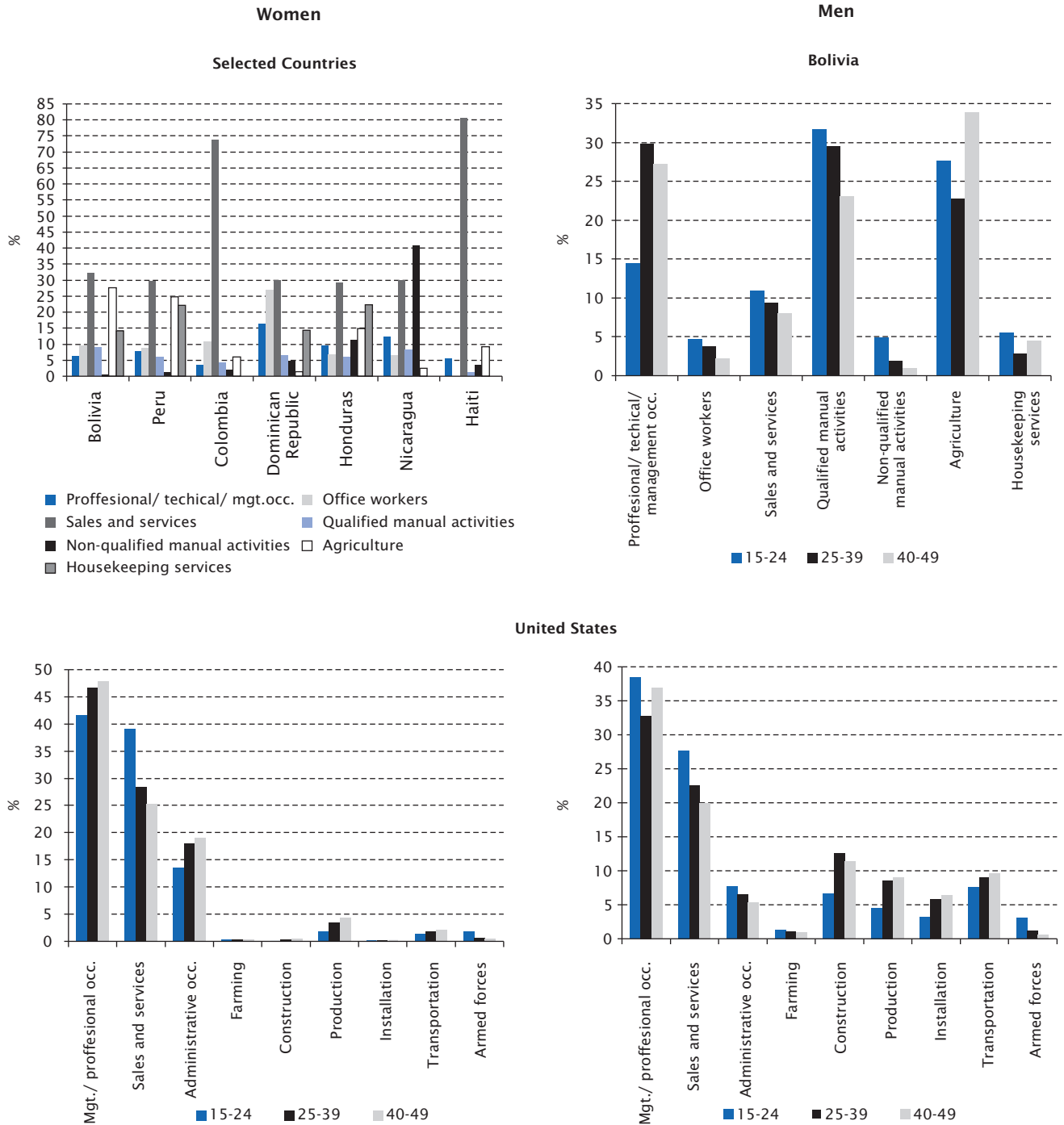
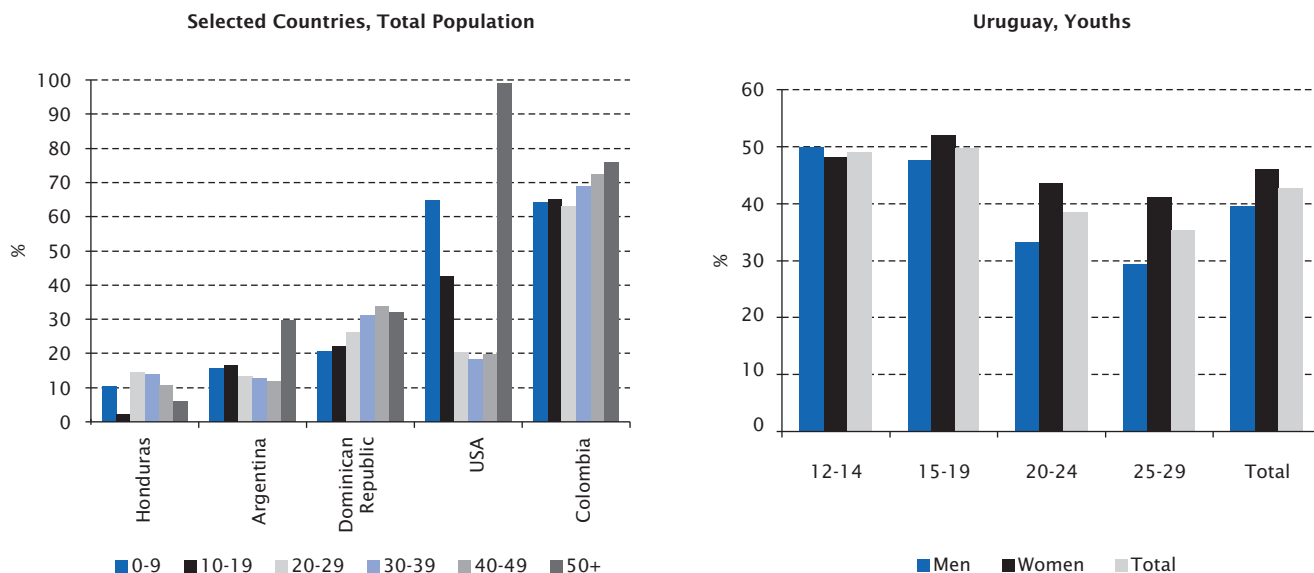


Figure V.17
Health Insurance Coverage by Age Groups in Selected Countries, 2007^{1/}



Notes: 1/In the case of Colombia, covered population corresponds to those affiliated to the National Health Social Security System (SGSSS), which include: Social Security Institute (ISS), Health Promoting Entities (EPS), Managers of the Subsidized Regime (ARS), Solidarity enterprise, Military forces/National Police, Ecopetrol, Ministry and Foncol-puertos. In the case of Dominican Republic it corresponds to the population covered by Managers of Health Risk (ARS). Coverage in the case of Honduras comprises persons covered by the National Social Security Institute (IHSS) or the military insurance. In Argentina it corresponds to the persons covered by obra social and/or private or mutual health plans. In the USA it corresponds to the sum of persons that have public health coverage, Medicare and Medicaid.

V.3 Regulation and Training Programs for Young Workers

V.3.1 Regulation on Youth Work and Employment Programs

To achieve a high labor utilization rate, a country must be able to avoid high unemployment of youths, increase its female labor participation rates, and avoid excessive early retirement. For the topic of this report, the main issue is that many youths who are not in school do not find a job promptly. The narrative defining the structure of the labor and educational systems says that an overwhelming majority of youths will reach at least pre-college education (i.e. upper school), many will go on to college and the rest will begin working full-time after reaching the legal adult age. National achievement is defined through

increasing rates of upper-school graduation and rates of admittance to higher education. Yet, reality is producing very large contingents of young persons who are not studying or working, with extremely low expectations of returning to the formal educational system.

Some reforms to labor and social insurance regulations have recognized that for young individuals the gains from keeping them in a healthy track of learning supersedes the goal of linking the labor contract to the full array of social protection rules adopted for adult workers. For example, perhaps generating entitlement for a pension is not important for a worker at age 17, and a rule mandating severance payments in case of separation from employment may become an obstacle for firms willing to offer training

to youths. On the other hand, there is no room for debate around the prevalence of some fundamental labor and social security regulations in any event. Such are the cases of health and safety rules and protection through health insurance.

How to combine the needs of youth? These are being immersed in a learning environment while also allowing youths to be able to draw means of sustenance when the family is no longer able or willing to do so. Several analysts have pointed to the main strategies for the creation of a more dynamic labor market, and the next are elements of coincidence: remove impediments to labor force participation as well as to job search, eliminate labor and product market obstacles to labor demand, and facilitate the development of labor force skills and competencies (OECD jobs strategy; see OECD 2006). Similarly, the main problems identified to achieve this goal are: taxes, social security contributions and wage regulations (such as excessively high minimum wages) that make it difficult to create jobs for low-skilled workers, in particular if they are young; and barriers to labor participation and access to formal sector jobs that affect more women, youth, and low-skilled workers.

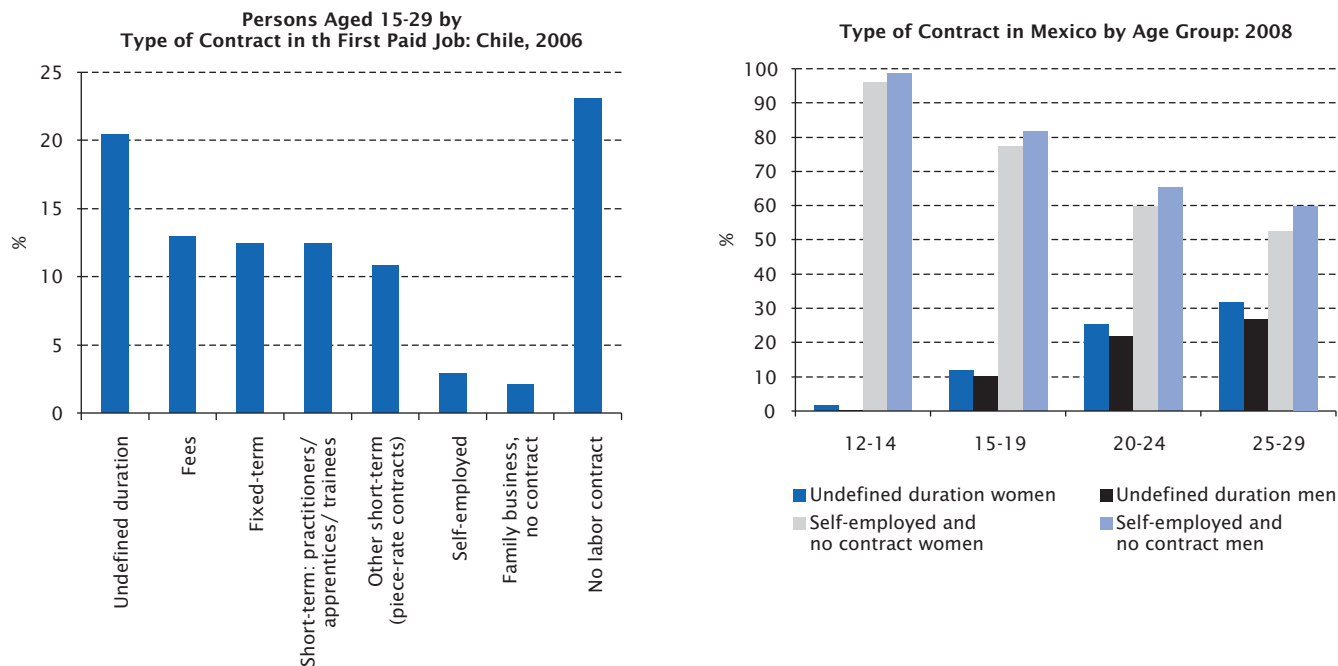
Programs for youth are affected by the generally low administrative capacity of national governments to manage employment and training services. Similarly, the weak enforcement of labor laws, coupled with a stringent regulatory environment to labor contracts affects the hiring of young workers in a higher proportion due to their high expected turnover.

Much of the growth in labor demand for young workers is taking the form of subcontracting. While this should not affect the efficiency of the labor relation, it is sometimes accompanied by evasion of social security contributions. Some countries have adopted regulations to preclude subcontracting of jobs that are "part of the own productive process".

While the adoption of these type of regulations might be harmless at a first glance, in practice it has led to significant levels of litigation given the inherent difficulty to strictly define the frontiers of a company.

The LA region—but not the English speaking Caribbean or North America—operates a system of high severance payments. The application of this regulation is plagued by compliance problems: employers often do not pay severance or negotiate payment with dismissed workers, and the effectiveness of courts in dealing with complaints is very limited. An idea that has floated for more than ten years now is that these countries can phase-out the severance payment rules to increase the role of unemployment insurance benefits. Austria has done this since 2003. Certainly, this is supported by the development of individual accounts systems for retirement, but also requires the addition of a meaningful and operative unemployment insurance program. A consequence of labor regulations is that most young workers do not have contracts. The first panel of Figure V.18 shows that only 20% of youths aged 15-29 in Chile have undefined duration contracts. On the other hand, the second panel shows that before reaching 20 years, young Mexicans work with a labor contract only by exception, and even for the 25 to 29 group, more than half do not have a labor contract.

Figure V.18
Population by Type of Labor Contract in Selected Countries



Source: INJUV 2007 and INEGI 2009.

There is evidence of a negative impact of high minimum wages on employment. Some countries have increased minimum wages in important amounts during the last decade, but many others have kept low minimum wage policies. The support to low income workers takes two forms: wage subsidies and earned income credits. For example the program *Jóvenes Chile Solidario* reimburses half of the minimum wage to employers in contracts with apprentices and other participants who are younger than 25. Also, the minimum wage is lower for those younger than 18, older than 65 or domestic workers. It is not clear that these subsidies have supported a significant increase in labor utilization rates of youths.

It is also believed that LAC countries should adopt some elements of the activation strategies used in OECD countries, in particular, job counseling and referral to training. These services can be easily outsourced to private providers, a practice that has already been used in the region. Relatedly, institutions for lifelong learning should be adopted. Historically, the efforts have been centered on employees of enterprises. This requires the coordination of the labor, economy and education authorities to cover general as well as vocational training. Yet, the effort to create a national system of skill certification is incomplete, and the largest question is how to improve the quality of education for youths, including improved links between technical and vocational education and employers.

V.3.2 Programs for Youth

Nearly every country in the Americas has worked to address the youth employment challenge. Many of these efforts have been translated in programs for promoting youth employment, but many of them have been limited in time or reach. Most of these initiatives aim to ensure that youths leave the educational system with the skills required in the labor market, combining measures ranging from education and training, to support for gaining experience and entrepreneurship development. Yet, the sheer size of the problem and the complex situation of many youths make it hard to find a "best practice" to be generalized internationally. However, there are useful partial experiences.

Most government interventions for promoting employment for young people in the region have been targeting youth who have become disconnected from the educational system, and are not working or planning to return to training: the "disconnected youth" or "at-risk youth". According to Cunningham et al (2008), youth-at-risk constitute more than half of the total population aged 12-24 in LAC, a condition confirmed by the previous analysis in this chapter.

With respect to programs to support young workers, Olga Susana Puerto (2007) reports on the World Bank Youth Employment Inventory (YEI), which aims to measure the coverage of interventions, the quality of the interventions, as well as the quality of the evaluations of the programs. The YEI documented 68 interventions in 18 countries in LAC, plus 122 interventions in OECD countries. Worldwide, 289 interventions are identified. The main conclusions are that training programs have positive effects on placement and quality of employment, and that there are positive net effects from comprehensive programs in employment and earnings.

The YEI focuses on the issue of the transition from school to work, and stresses the problem of the disadvantaged youth. This effort is limited to post-formal-schooling interventions. The goals of these programs can be summarized as increasing the demand for labor and the ability of young people to integrate. In turn, intervention is defined in terms of resolving market access problems (to credit, training, jobs), improving regulations and skills of disadvantaged youth. The two categories that concentrate the effort are "skills training for young people" and "comprehensive approach". Programs usually favor low-income-disadvantaged youths, and they are concentrated in urban areas, however, these programs do not have a general inclination to deal with gender issues. The YEI includes programs in Argentina, Belize, Chile, Mexico, Panama, Uruguay, Venezuela, Bolivia, Brazil, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Paraguay, Peru, and Nicaragua.

Table V.1
Categories Used to Classify Programs in the YEI

1. Making the labor market work better for young people: improve information and increase demand
1a. counseling, job search skills
1b. wage subsidies
1c. public works programs
1d. anti-discrimination legislation
1e. other
2. Improving chances for young entrepreneurs: provide assistance to start a business
3. Skills training for young people
3a. vocational training including apprenticeship systems
3b. literacy & numeracy – young adult literacy programs
3c. 2nd chance & equivalency programs
3d. other
4. Making training systems work better for young people
4a. information
4b. credit (to individuals or enterprises)
4c. financial incentives (subsidies, vouchers)
4d. other
5. Programs to counteract residential segregation of disadvantaged young people
5a. transportation
5b. others
6. Improving labor market regulations to the benefit of young people
7. Programs for overseas employment of young people
8. Comprehensive approach
9. Other (e.g. voluntary national service programs)

Source: Puerto 2007.

According to the YEI, the LAC region does not have significant programs in the categories of wage subsidies, public works programs, anti-discrimination legislation, young adult literacy programs, making training systems work better for young people, counteraction of isolation of young people, improving labor market regulations to the benefit of young people, and programs to promote overseas employment of young people.

In the following subsections we explain the main types of programs that have been applied in support of youth employment, continuing education, training and social protection.

Second Chance Programs

Second Chance Programs aim to help those who have dropped out return and complete formal primary and secondary education. Some of the countries that have this type of program include Brazil, Dominican Republic, Guatemala, Honduras, and the United States. These programs are flexible and involve lower cost teaching methods.

In Brazil, the National Youth Inclusion Program (*ProJovem*) focuses on young people between the ages of 18 and 24 years who have completed fourth grade but did not complete primary education, and who have no job with a formal training contract. The Dominican Republic has two flexible second chance education programs offered in the evenings and on weekends: the Basic Education for Youth and Adults (*Educación Básica de Jóvenes y Adultos*) that allows youth and adults (ages 15 and above) to complete their basic education (8th grade equivalent); and *PREPARA*, which enables youth and adults (ages 19 and above) to complete their basic or middle education, either in four years or in an accelerated 2-year program for qualified entrants. The United States provides, through the Youth Opportunity Grants, a high concentration of employment and education-oriented services for youth in high-poverty areas. Guatemala recently launched the Solidarity Scholarships program (*Becas Solidarias*) targeting young Guatemalans from 18 to 30 years of age. The purpose of this program is to provide youth with financial support and opportunities to access education, training and job placement. The government of Honduras along with the United States Agency for International Development (USAID) has implemented a program called Education-For-All (*EDUCATODOS*), a basic education program for children and adults not reached by the formal education system. The program allows out-of-school youth and adults to access alternative forums for primary education (1st through 9th grades).

Job Training Programs

The transition from education to work is problematic for many young people. Failure to find a job is often linked to a mismatch between educational outcomes and labor market requirements. Combining education, training, and work has proven to be an effective approach to help youth to enter in the labor market.

Most of the interventions found in the Americas that deal with this transition have focused on skills training and comprehensive programs. Starting in 1991, many American countries have implemented a policy commonly referred to as "Youth Programs" (*Programas Joven*). The model was applied in Chile, Argentina, Bolivia, Brazil, Canada, Colombia, Peru, Dominican Republic, and Uruguay. The United States implemented similar programs in 1964 called "Job Corps". These models have been seen as demand-side programs that mainly provides vocational training coupled with support services. "Demand-side" means that subsidies tend to be directed toward individuals and not providers of educational services.

Table V.2 shows the main characteristics found in youth training programs in the Americas. All provide in-classroom training and on-the-job training. Training courses provide vocational skills in a diverse number of occupations. On-the-job training is provided by legally registered (formal sector) companies, providing unpaid internships to the participants. Some programs additionally provide life skills, job search assistance, counseling, and daily stipends. The programs are generally targeted to young people between the ages of 18 and 25 (in some countries the maximum age is 30) who are in lower socio-economic strata of the population.

Yet, according to Puerto (2007), these programs have become smaller or even closed over time. Evaluations of youth programs are in general favorable in terms of improving earnings or employability: for women, Argentina and Chile report improvements of 10 to 21% in the probability of employment; with regard to earnings, there are report of improvements that range between 10 and 26% for both genders in Argentina, Dominican Republic, and Chile.

Youth programs fall into the category of "skill training for young people". Moving to the category of "comprehensive programs for youth", these can be seen as including skill training classes, plus policies to provide extended services such as social insurance, special support to young mothers, and in-kind support such as books, clothing and transportation. Evaluations of these Youth Training Programs have found evidence that participants have a greater chance of finding employment and higher earnings than those in control groups. Elias, Victor et al (2004) show evidence of this in Argentina, and Attanasio et al (2008) in Colombia.

As to the main question of why the youth program approach has not grown, the answer may be cost. Estimates of cost per participant range usually in the high hundreds of dollars or even above a thousand. The youth programs avoid the problems of bureaucracies and undue investments-in-bricks, however, the cost per user is not small, and programs have been more successful when kept at a smaller size, but have not been able to expand to the size required to provide for the large masses of young persons in need of education and jobs. Nevertheless, the favorable experiences have to be weighed: perhaps the cost is high in comparison to the initial expectations of governments, but still the benefit-cost ratio can be favorable; and the issue of the size of the program can be used as an advantage if administration is decentralized to avoid costly bureaucracies.

Table V.2
Youth Training Programs in the Americas

Country/ name and duration of the program	Goal	Eligibility requirements	Benefits
<p>Argentina</p> <p>Program: Youth Program for More and Better Work (<i>Jóvenes por Más y Mejor Trabajo</i>)</p> <p>Duration: From 2008 to date</p>	<p>To generate opportunities for employment and social inclusion for young people through a range of integrated activities.</p>	<p>Applicant must be between the ages of 18 and 24, have permanent residency in the country, have not completed the primary or secondary level, be unemployed and in a socially at-risk condition.</p>	<p>Compulsory orientation and induction into the labor market; training for primary and secondary school completion; vocational training; occupational skills certification; support to young entrepreneurs; mentoring; labor intermediation services; life-skills training; and paid internships in enterprises.</p>
<p>Brazil</p> <p>Program: First Employment (<i>Primeiro Emprego</i>)</p> <p>Duration: From 2003 to date</p>	<p>To provide a first job to young people. It aims to combat poverty and social exclusion, and to combine employment and income policies with a public and private investment policy.</p>	<p>Youth must be between the ages of 16 and 24 years; have family monthly per capita income of less than half the minimum wage, and be pursuing an education (studying or has completed at least the second degree).</p>	<p>Financial subsidies to companies for each new job they create. The company receives a financial incentive equivalent to at least state minimum wage and a maximum of two minimum wages for six months. This varies in the case of temporary employment.</p>
<p>Bolivia</p> <p>Program: My First Worthy Employment (<i>Mi Primer Empleo Digno</i>)</p> <p>Duration: From 2008 to date</p>	<p>To increase the development of skills of young people in urban and semi-urban low income areas to enable them to find and maintain a formal job through training and internship programs.</p>	<p>The program is targeted to young people between 18 and 24 years of age who have completed second grade in secondary education, who are unemployed, have no work experience, and consumption of water and electricity are low.</p>	<p>Insurance coverage for accidents for the life of the project (training and internship), daily financial support during the training stage for transportation and lunch, and an economic support on the internship stage.</p>
<p>Canada</p> <p>Program: <i>Skills Link</i></p> <p>Duration: From 1997 to date</p>	<p>To help youth facing barriers to employment develop the broad range of skills, knowledge and work experience they need to participate in the job market.</p>	<p>Youth must be between 15 and 30 years of age; out of school; a Canadian citizen, permanent resident, or person on whom refugee status has been conferred; legally entitled to work; not in receipt of Employment Insurance (EI) benefits, and in need of assistance to overcome employment barriers.</p>	<p>Income support to individuals (allowances or wages) based on the minimum wage rate; additional support for individuals to participate (dependent care, travel or transportation); additional support for persons with disabilities; completion bonuses; costs associated with the Workers' Compensation actual costs or assessment paid directly to the provincial/territorial Workers' Compensation.</p>

Table V.2 (continued)

Country/ name and duration of the program	Goal	Eligibility requirements	Benefits
<p>Colombia</p> <p>Program: Youth in Action (<i>Jóvenes en Acción</i>)</p> <p>Duration: From 2002 to date</p>	To enhance employment opportunities, labor insertion, and social integration of unemployed youth through training for semi-skilled workers.	Young people between the ages of 18 and 30 in the two lowest socio-economic strata of the population (<i>SISBEN 1</i> and <i>2</i>).	It provides 3 months of in-classroom training and 3 months of on-the-job training. The program was implemented in seven metropolitan areas: Bogota, Medellín, Cali, Barranquilla, Bucaramanga, Manizales and Cartagena.
<p>Chile</p> <p>Program: Young Chile (<i>Chile Joven</i>)</p> <p>Duration: From 1991 to 2008</p>	Program aimed at youth without jobs.	Low income youth between 16 and 24 years of age, who have little or no work experience, who are unemployed, underemployed, or inactive.	Short courses (an average of 6 months) comprised of training classes and placements in firms and enterprises. Cost-free training, scholarship for transportation and other minor expenses that individuals face when attending. Women encouraged to participate by an extra financial amount for child care.
<p>Dominican Republic</p> <p>Program: Youth and Employment (<i>Juventud y Empleo</i>)</p> <p>Duration: From 2001 to date</p>	To provide disadvantaged youth with training and internships as an avenue toward gaining a first work experience.	Young people aged 16-29 from poor families that otherwise have very limited access to training programs and work opportunities. Youth must be out of school and jobless, having never completed secondary school.	During the first phase of the program, participants receive between 8 and 12 weeks of technical training, offered by independent training institutes (called <i>ICAPs</i>). They subsequently become interns (and in some cases vacancies). Participants also receive a daily stipend to help cover the costs of food and transportation.
<p>Jamaica</p> <p>Program: <i>Youth Development</i></p> <p>Duration: In development</p>	To promote the integration of those outside the education system and labor market.		Training, on-the-job experience, information dissemination, and labor intermediation services.

Table V.2 (continued)

Country/ name and duration of the program	Goal	Eligibility requirements	Benefits
<p>Peru Program: Pro-Youth (<i>Projoven</i>) Duration: From 1997 to date</p>	<p>To increase youth labor rate participation, improve the quality of jobs, and increase the labor income levels of young beneficiaries.</p>	<p>Youth between 16 and 24 years of age in ten major cities.</p>	<p>Technical training and work experience articulated with services, empowerment and employment agency, which meet the requirements of business and labor market. After three months of training, beneficiaries who passed competency tests graduated to a three-month internship with a local firm.</p>
<p>Trinidad and Tobago Program: <i>Youth Training and Employment Partnership Program</i> Duration: From 1988 to date</p>	<p>To transform young persons into marketable employees and entrepreneurs.</p>	<p>Citizens and non-nationals young persons between the ages of 15 and 25.</p>	<p>80 vocational courses in 12 occupational areas. Training is conducted in 6-month cycles. Open program to eligible persons who are interested in entrepreneurship or technical vocational training. Income support to individuals.</p>
<p>United States Program: <i>Job Corps</i> Duration: From 1964 to date</p>	<p>Job Corps is a free education and training program that helps young people learn a career, earn a high school diploma or GED, and find and keep a good job.</p>	<p>At-risk young women and men, ages 16 to 24.</p>	<p>Provides teaching of academic, vocational, employability skills, and social competencies through a combination of classroom and practical learning experiences to prepare youth for stable, long-term, high-paying jobs. The Job Corps design is based on the principles of quality services and individualized instruction to meet the needs of each student.</p>
<p>Uruguay Program: Pro-Youth (<i>Projoven</i>) Duration: From 1994 to date</p>	<p>To support young people from lower income sectors to improve their educational and job placement opportunities through job training processes effectively articulated to the demand of human resources identified in the labor market.</p>	<p>Between 17 and 24 years. Must not have completed the second cycle of secondary education, have no formal employment, or an unemployment insurance beneficiary, and come from a low-income household.</p>	<p>Provides technical training, upgrading of basic skills (reading and writing), personal relationship skills, and internships. Private training institutions provide the training classes and supervised the placements in the second stage. The program also provides with travel expenses for transportation and insurance of occupational accidents.</p>

Source: Own elaboration using information of the respective countries' documents and web pages.

Vocational Education and Training Programs

Before the wave of "youth-type" programs described in the previous section, the dominant model was based on state-managed training program. It was supply-driven, based on school construction, and provision by public educational institutions. Most countries in the Americas have Vocational Education and Training (VET) systems as a part of their strategy for promoting youth employment. VET includes education and training programs designed for, and typically leading to, a particular job or type of job. Most of the vocational training institutions in the region target young people between 14 and 18 years of age who have finished primary or secondary education, and are not incorporated in the general

educational system. Table V.3 shows examples of the vocational training offered in LAC countries according to the classification of the ILO (2002).

The supply-driven-seventies model sometimes created costly bureaucracies, focused too much on building physical structures, and not enough on the needs of people, and was not always capable of creating a constructive and rich link with the productive system. On the other hand, over time much of this supply has merged or at least improved its coordination with the general educational system. While it does not provide a general solution to the youth employment and training problem, it is a valuable addition to the supply of educational services.

Table V.3
Vocational Training Arrangements in LAC Countries

Arrangement	Country/Agency
A single agency, usually national and sectoral, assumes the responsibility both for defining policies and strategies and implementing direct training actions.	Bolivia- <i>INFOCAL</i> , Ecuador- <i>SECAP</i> , El Salvador- <i>INSAFORP</i> , Guatemala- <i>INTECAP</i> , Honduras- <i>NFOP</i> , Nicaragua- <i>INATEC</i> , Panama- <i>INAFORP</i> , Paraguay- <i>SNPP</i> , Peru- <i>SENATI</i> and <i>SENCICO</i> , Venezuela- <i>INCE</i> .
Definition of strategies and policies concentrated in a single agency, also playing a predominant role in execution of training actions, complemented by shared management and collaborating centers.	Jamaica- <i>HEART</i> , Dominican Republic- <i>INFOTEP</i> , Colombia- <i>SENA</i> , Costa Rica- <i>INA</i> .
Coexistence and interrelation of two predominant arrangements with different rationale: one associated with Labor Ministries (specialized bodies define policies and strategies without ever implementing training actions), and training is carried out by a multiplicity of agents; the other one, associated with national or sectoral training agencies that may fall into the arrangements described in the first two lines of this table.	Brazil- <i>SEFOR</i> (designs policies and strategies without implementing any actions that are carried out by private agents, non-governmental organizations, trade unions: <i>SENAI</i> , <i>SENAC</i> , <i>SENAR</i> , <i>SENAT</i>); Mexico-Ministries of Labor and Education on one hand and <i>CONALEP</i> , <i>CECATI</i> , <i>CETI</i> , <i>CBTI</i> on the other; Uruguay- <i>DINAE</i> on the one hand, and <i>CETP-UTU</i> , <i>COCAP</i> and <i>CECAP</i> , on the other.
Definition of training policies and strategies is wholly in the hands of Labor Ministries through specialized bodies, which do not carry out any training action. Implementation is assumed by a large number of agencies and players.	Argentina-Ministry of Labor and Social Security, through the Secretariat for Employment and Occupational Training, and the National Office of Employment Policies; Chile-Ministry of Labor and Social Security, through <i>SENCE</i> .

Source: Own elaboration with information from ILO 2002.

Support Programs to Young Entrepreneurs and Self-Employment

Government programs for the promotion of youth entrepreneurship are relatively small and not abundant. Sometimes, youth can access general entrepreneurship programs (e.g. *Fondo de Capital Semilla in Chile*), but there are cases of specialized programs.

In 2005, Brazil launched the Young Entrepreneur Programs part of the National Program to Incentive the First Employment (*PNPE*) run by the Ministry of Labor. When selected, the recipient goes through a training course in entrepreneurship for developing a business plan. After this first stage, the participant develops a business plan and proposes the project to the Credit Committee, which analyzes the feasibility and finances the project.

In Peru, the Entrepreneur Grant (*Bono Emprendedor*) promotes entrepreneurship among people between 18 and 30 years of age who have at least finished secondary school. Young people compete for resources and training for developing a business plan through a business proposal. The winning proposals receive grants for the implementation and consolidation. The five best-rated plans in each region covered by the program receive a contribution in the form of seed capital for starting a business.

Fiscal Incentives

The role of government interventions in the region has also included wage subsidies or other incentives (e.g. tax exemptions or reductions in social insurance contributions for a limited period) for firms that hire young people.

In Chile, the Wage Subsidy to Youth Employment program (*Subsidio Empleo Joven*) benefits those aged 18 to 29 from the *Chile Solidario* Program. The program reimburses half of the minimum wage to employers for a period of one to four months, renewable for an additional four months. It also funds optional job

training and, additionally, youth employees receive vouchers for food and transportation for the days actually worked.

In Colombia, Act 789 of the Labor Reform Act of 2002 established tax exemptions from contributions to the family subsidy scheme, to the National Training Service (*SENA*), and to the *Instituto Colombiano de Bienestar Familiar (ICBF)* for firms recruiting youth aged 16 to 25 years and earning up to three minimum wages. Also, the Act established tax exemptions from contributions to the *ICBF*, *SENA* and Family Compensation Funds for young students aged 16 to 25 who study no less than 4 hours and work 4 hours a day, or have a flexible work schedule of up to 24 hours per week without exceeding the 6-hour workday. In the same way, the Youth in Action Program in Colombia provides the employers participating in the program benefits in the form of: tax exemption for 6 months and an economic subsidy to any companies increasing their staff for up to 6 months through the Direct Support Program for Employment (*PADE*).

Canada established the Apprenticeship Job Creation Tax Credit in 2006, which is a non-refundable tax credit equal to 10% of the eligible salaries and wages payable to eligible apprentices. The Summer Work Experience program provides wage subsidies to employers to create summer employment for secondary and post-secondary students, and supports the operation of summer employment offices.

In Mexico, the First Employment (*Primer Empleo*) program subsidizes 12 months of social security contributions when recruiting a new employee who never has been employed regardless of the employee's age. The program began in 2007, but is being phased out.

Youth Service Programs and Public Sector Internships

Canada, Jamaica, and the United States have implemented Youth Service Programs as a policy to increase youth employability. The Youth Service Programs provide youth an active role in community and national development while learning practical and marketable skills and knowledge, which makes them more employable and facilitates their transition into the labor market, further training, or higher education.

Canada introduced the Youth Employment Strategy in 1997 to help young Canadians (aged 15 to 30) find those first jobs that enable them to get the experience they need. This national strategy helps them obtain career information, develop skills, find good jobs, and stay employed. In some cases, the Government of Canada funds employers and community organizations to hire youth and help them gain practical work experience and develop employment skills. In other cases, federal departments and agencies offer internships that give youth work experience in specialized fields, such as international development or science and technology.

Jamaica's National Youth Service Program (NYS) begins with one month of residence-based training in job and life skills for unemployed secondary school graduates. This is followed by a 6-month internship in the areas of early childhood education, administration, customer service, or micro entrepreneurship. Participants receive a stipend to cover their transportation costs and food. More than 1,400 young people participate each year, with 60% transitioning to either permanent employment or continuing their studies, compared with 34% of similar young people in a control group.

The AmeriCorps program in the United States provides a year of full-time service (1,700 hours per year) in areas such as education, public safety, human resources, and the environment in exchange for an AmeriCorp Education Award of up to US\$4,700 dollars that can be used for either higher education, vocational training, or to repay student loans. Jastrzab

et al (2007) developed a 15-year longitudinal study of the program and found that at-risk participants were less likely to have been arrested, had acquired more basic work skills, were more involved in civic life, more connected to their communities, and more likely to choose a career in public service than their peers in a control group.

Apprenticeships

Apprenticeship is considered another effective way to prepare young people for work. Chile, Canada, Colombia, and Trinidad and Tobago each have programs that promote apprenticeship.

In Colombia, Decree 933 of 2003 established the apprenticeship contract as a special form of relationship for the labor market. The apprenticeship contract exempts the employer from some features of the general labor relation, and its term should not exceed two years. Under this contract, an individual older than 14 years of age who has completed primary school receives theoretical training in a training institution approved under the auspices of a sponsoring company that provides the means to acquire methodical and comprehensive training required for the job. With regards to the affiliation of students and apprentices, the payment of contributions is fully met by the sponsor. Decree 2585 mandates that private employers engaged in any economic activity other than construction, and employing 15 workers or more, must accept apprentices.

Canada encourages young Canadians to enter the trades through Apprenticeship Incentive Grants and Apprenticeship Job Creation Tax Credits.

Chile's Apprentice Program aims to promote the recruitment and training of youth under 25 years of age with a competency-based approach. The program reimburses half the minimum wage to employers for a period of 12 months. It also funds job training so employers must appoint a lead teacher to support the development of labor skills of the apprentice within the company.

In Trinidad and Tobago, the National Apprenticeship Program (NAP) provides persons between the ages of 16 and 30 structured apprenticeships in the private and public sectors. As apprentices, youths receive a combination of on-the-job training and related classroom instruction to help learn the practical and theoretical aspects of a skilled occupation.

The United States' programs focus on specific sectors to further employment for young people. "YouthBuild" is an academic and vocational training program focusing on the construction sector. All students are poor and many have had experiences with foster care, juvenile justice, welfare, and homelessness. Participants spend 6 to 24 months in the full-time program, dividing their time between the construction site and the YouthBuild alternative school. Community- and faith-based nonprofit organizations sponsor most programs, although some are sponsored by public agencies. Each YouthBuild program raises private and public funds to support itself. Primary support comes from the U.S. Department of Labor through a dedicated federal line item.

Box V.1 refers to the German apprenticeship system, which is often listed as a successful approach to integrate education, training and work.

Box V.1

Why is Germany a Low-Youth Unemployment Country?

There is little debate that youth unemployment has been high since the eighties in many countries, and has been specially affected by the recession that has afflicted the world since 2007. This issue has been documented by the ILO (2008) report on youth employment and Bell and Blanchflower (2010). Within this global stress, Germany has arisen as a relatively low-youth unemployment country and the "dual apprenticeship training" (GAT) system is often credited as an asset that defines that positive result.

The "dual" term means that for nearly 350 trades, students have to finish an apprenticeship while also attending a school. The extent of these programs is not small, and more than half of young Germans have participated in this program in recent years. Small companies usually do not participate, but virtually all medium and large firms offer jobs for apprentices. The system as it exists today is regulated by a 1969 law. Key elements include the participation of business associations, which certify employers, and the educational system, that provides programs that complement the training offered by firms. Thus, a significant institutional effort is required to make this work.

At the bottom, the GAT is driven by economic incentives: employers like to have young people around because they provide an unmatched opportunity to learn the abilities and potential of individuals, reducing cost of recruitment and training after permanent hiring. This leads to the main question on the transferability of the GAT: perhaps firms have incentives to provide firm-specific training, but not general training. On the other hand, young participants are willing to work at a low cost for the employer because even if not all the training they receive is transferable to other jobs, they receive a very important skill: the ability to keep learning. This debate points toward the importance of the public sector and business communities in developing an institutional infrastructure that reduces the cost of transaction to employers and young workers, and facilitates coordination with the educational system.

"Apprenticeship" is an old tradition in any country; it is just a natural way to incorporate young people into productive activities. However, in today's economy, to gain full advantage of the concept, the educational, fiscal, and labor regulations have to be coordinated to reach the full potential.

V.4 Conclusions

Key variables such as fertility, poverty, pregnancy, schooling outcomes, employment, and social security protection influence the situation in which young persons are living. One of the main problems faced by most countries in the Americas is that systems lack strong connection between education and work. A significant share of boys and girls begin to abandon formal schooling by ages 14-17, and do not have jobs to provide adequate learning opportunities and on-the-job training. In this context, social security agencies have a window of opportunity to reform the existing programs for young people or create new ones to make them more effective. Some recommendations are the following:

- a. *Programs should incorporate gender issues, recognizing the different social risks faced by males and females. Teenage pregnancy is still too high in several countries of the region and is associated with poverty of mothers and children.*
- b. *A main effort by affected countries and the international community must be directed to almost eliminate the incidence of low education levels, and continue affecting a significant increase in the incidence of medium education levels. For higher grades, countries must reform education and labor regulations to facilitate on-the-job training and mixed school-work programs.*
- c. *National governments should support young persons to increase upper-school graduation and rates of admittance to higher education.*
- d. *Social security rules regarding affiliation, contribution and benefits can be adjusted to facilitate the use of school-work and on-the-job training for teenagers. One goal needs to be to create a channel of entry to facilitate long-term permanence in the system. Wage subsidies and other fiscal incentives support hiring young workers in a general way. Programs must recognize that those most in need often work in small firms and in the informal economy.*

e. *A more dynamic labor market can be achieved through the removal of impediments to labor force participation as well as to job searching, eliminating labor and product market obstacles to labor demand, and facilitating the development of labor force skills and competencies, particularly job counseling and training.*

f. *A balanced portfolio of policies and institutions will support the young best by recognizing the variety of needs of individuals, the possibilities of the educational sector and of combining with employers and communities. Among the types of programs that have shown success under adequate conditions are second-chance programs, vocational programs, youth programs for training, young entrepreneurs and self-employment programs, youth service programs, public sector internships, and apprenticeship programs. None is a silver bullet to solve all problems, but all can be used as part of the solution for that segment of the population that requires help.*

There is a window of opportunity and many things can be done to improve youth well-being. Moreover, while some actions lie directly within the social protection field, other policies may be implemented by other government bodies, such as labor and education ministries. In any case, each country's objective should be to implement a comprehensive and integrated approach to improve youth well-being.

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