

# en breve



WORLD BANK

A regular series of notes highlighting recent lessons emerging from the operational and analytical program of the World Bank's Latin America and Caribbean Region.

## Building on Experience: Improving Social Protection in Uruguay and the Plan for Social Equity

William Reuben<sup>a</sup>, Marisa Miodosky<sup>b</sup> and Eri Watanabe<sup>c</sup>

Uruguay's National Plan to Address the Social Emergency (Plan de Atención Nacional a la Emergencia Social [PANES]) came to a close at the end of 2007. Building on PANES, the Government of Uruguay has developed a Plan for Social Equity (Plan de Equidad [PE]), which introduces a number of reforms in the structures and instruments of social protection and improves the delivery and monitoring of social services. The new plan also includes medium- and long-term measures in areas such as tax reforms, health, educational, and employment policy, as well as short-term measures aimed at forming an assistance and social promotion network for the population that lives below the poverty line. Based on the findings of the poverty and social impact evaluation and on lessons learned from PANES, the World Bank assisted MIDES (Uruguay's Ministry of Social Development) by providing recommendations to better implement the PE.

tably Rutas de Salida and Trabajo por Uruguay (TxU), a socioeconomic profile of PANES beneficiaries, and a quantitative analysis of income-transfer programs in Uruguay. The note was the result of a collective effort by the Bank and MIDES' National Office for Monitoring and Evaluation (Dirección Nacional de Evaluación y Monitoreo [DINEM]).

The note was focused on providing analytical elements for the implementation of the PE. This new plan is composed of a series of projects aimed at protecting Uruguayans from different risks throughout their life cycle. One of its main components is designed to operate as a reformed family allowance scheme. As suggested by the PANES evaluation, the transfer amount will be higher and it will increase with children's educational level. The transfer will be even higher for those families with children attending secondary school.

### Technical Note: from PANES to Plan for Social Equity

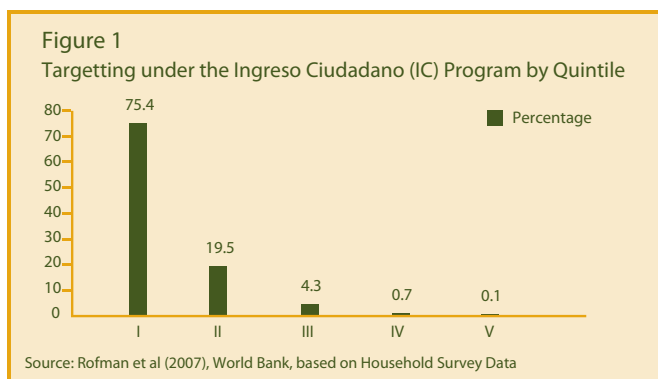
On May 19, 2008 a technical note<sup>1</sup> based on the findings of several PANES qualitative and quantitative evaluations was officially presented to key MIDES authorities. The evaluations used in the note included an analysis of the first and second round of PANES surveys, a qualitative assessment of other programs, no-



1 Del PANES al Plan de Equidad, Nota Técnica, May 2008. Available from <http://www.bancomundial.org/uy>, in the section "Publicaciones e informes"

that provided supplementary income to extremely poor households. If the program had not been implemented, the extreme poverty rate would likely have increased by 50% in 2006, from 2.87% to 4.27%. In addition, the poverty rate would have been slightly higher: 27.8% compared to the actual 27.4% in 2006. Inequality would also have increased, while the annual transfer costs would have decreased by 0.31% of GDP.

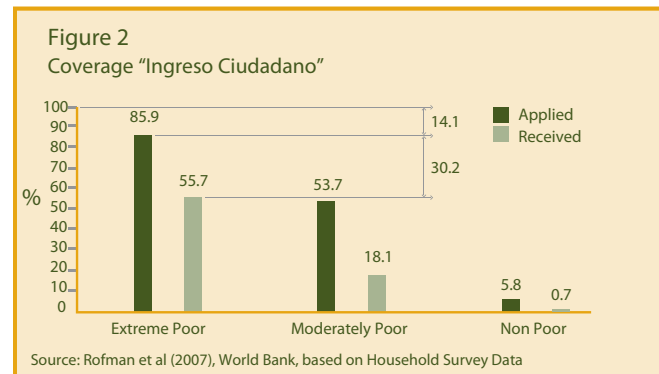
A study carried out by the World Bank (Roffman 2007)<sup>2</sup> concludes that IC has been one of the most successful income transfer programs in terms of targeting effectiveness, if compared with the experience in other countries. More than 75% of IC beneficiary households belong to the poorest quintile of the population (see Figure 1). The IC was also more efficient than other income transfer programs in UY.



Nevertheless, IC coverage has been limited, only covering slightly more than 50% of the extreme poor (see Figure 2). In addition, because 14% of the extreme poor population did not apply to the program, there may have been outreach limitations. Finally, about 30% of the extreme poor who did apply were not accepted. DINEM evaluations conclude that a large share of those who did not receive PANES benefits were not aware of the program's existence. Because the PE is expected to progressively scale up its coverage, the technical note suggests thinking of an opportune dissemination scheme through community radio and other local media so that the information can reach the extreme poor population not covered by PANES.

Poor households receiving IC were also recipients of other contributory and non-contributory transfers. The PE will eliminate IC because the family allowance system will be enlarged. In this way, the overlapping

problem and the high administrative costs of IC will be avoided. The note draws attention to keeping and improving the linkage between the family allowance transfer and other social programs and services, which was done well by IC and other PANES programs.



## 2. Improving reintegration into the labor market and self esteem

The second part of the note focuses on the qualitative impact evaluation of the Trabajo por Uruguay Program (TxU). TxU was one of the most visible components of PANES. It provided remuneration (twice the IC allowance) for a limited period of time to participants who agreed to work in social/community activities and to acquire new skills to assist in their reintegration into the labor market. TxU was administered by NGOs.

The evaluation of TxU faced a series of limitations. First, the program had a series of objectives that were difficult to evaluate. Second, training modules lacked clear operational objectives. Third, the objectives of TxU did not differentiate between the temporarily poor (e.g., those linked to an economic downturn or crisis) and the structurally poor.

Nevertheless, the evaluation showed an important design limitation whose use was biased toward women. As mentioned above, TxU required beneficiaries to participate in a series of workshops and to work in community tasks. These activities implied a significant amount of time that could not be allocated to occasional work or "changas". This opportunity cost was typically too high for men, who preferred to opt out of the program. About 72% of the participants were women.

TxU challenged common stereotypes regarding male-oriented jobs. Many labor tasks that were supposed to be conducted by men (i.e., infrastructure related activities) were undertaken by women. These women not

<sup>2</sup> Rofman et al., 2007 Income Transfer Policies in Uruguay: Closing the Gaps to Increase Welfare, World Bank

only performed very well in the assigned activities, but also enjoyed the tasks. This suggests the importance of considering the participants' profile, occupational segregation by gender, and the self-selection criteria used in the design of new labor-oriented projects.

TxU had an impact on the average income of its beneficiaries. About 77% of households increased their income, but this increase was lower than the amount transferred. The additional amount was used primarily for current expenditures, as well as for investments (repair of household items and cancellation of debts).

The program had less success in increasing labor-related capacities or specific skills. According to the participants interviewed, the activities they carried out did not represent a knowledge gain but routinely consisted of tasks that were not socially valued. Nevertheless, the program was successful in developing some important behavioral skills, notably team work.

The technical note provides some clues to discuss how the PE could overcome the difficulties associated with these results. One important issue deals with the characteristics of the NGOs providing the training. The technical note makes three key suggestions to improve the program's results: i) select NGOs by their training skills and employment promotion experience; ii) give the participants the possibility of choosing the providers in order to ensure quality services and alignment between training needs and delivery; and iii) make available quality control mechanisms; for example, allowing participants to evaluate supplies through score cards.

Based on the evaluation results, the *Plan de Equidad* addresses the development of participants' capacities and job skills under the framework of the design of specific labor-related programs: the Uruguay Works Program (Programa Uruguay Trabaja), a public employment program with a training component, and the Private Sector Hiring Incentives Program (Programa Incentivo a la Contratación en el sector Privado). The note further suggests: (i) designing specific training programs targeted to the extreme poor; and (ii) developing detailed mechanisms to link these programs and those implemented by other agencies within the Ministry of Labor (DINAE and JUNAE).

Another issue discussed in the note refers to the type of skills/training that should be promoted. The majority of TxU participants were trained in non-transferable skills, while transferable skills such as languages may hold

higher potential for future returns. The note suggests that the PE should include training programs in both transferable and non-transferable skills.

Undoubtedly the most important challenge for a labor training program is its linkage with the private sector and labor demand. To address this challenge (which affects programs all over the world), the note provides examples from Mexico (Programa CIMO). Part of this experience has been incorporated in the PE design. A subsidy (60% of men's salaries and 80% of women's salaries with a limit of one and a half minimum salaries) will be given to specific private firms to hire employees. The note highlights the potential negative incentive to replace workers and suggests the need to empirically assess the appropriate level of this subsidy.

The qualitative evaluation of TxU concludes that the program has had a positive impact on the protagonists'/beneficiaries' horizontal social capital. The protagonists had more medical check-ups and gained increased knowledge of their rights, particularly those related to domestic violence. The knowledge and empowerment to engage with other institutions or organizations (vertical social capital) were minimal, and these remain a challenge for the PE.

The program's productive component was not effective. The component provided information about how to establish and manage a micro-enterprise. However, it was limited in providing specific services or linkages to access capital or credit. The protagonists of this component did not perceive any income gain in their households.

PANES is one of the few programs in the world that has incorporated the concept of "exit strategies" ("rutas de salida") in its design. "Construyendo Rutas de Salida" was a PANES component aimed at providing personal development and citizen integration opportunities as means to overcome poverty. The qualitative evaluation points out important improvements in the self-esteem of the protagonists/beneficiaries and in their self-perception. These changes resulted in positive behaviors that broke the protagonists'/beneficiaries' status of isolation and self-exclusion, which in several cases perpetuate poverty for generations.

### ***3) Strengthening quality and results based on M&E and Citizen Participation***

Based on the successful experience of PANES, the PE has incorporated a series of participatory venues aimed at building "exit strategies" for adolescents. These venues will be managed by the Instituto Nacional de la Juventud



with the participation of local governments and Civil Society Organizations (CSO). Although increasing the focus on youth and providing opportunities to involve the young population and address their needs is a positive development, it carries the risk of dispersing and overlapping efforts and making M&E more difficult. The note suggests defining these actions as pilots, guided by clear and evaluable objectives before defining more consistent actions once the rigorous evaluation of the pilot has been carried out. This suggestion is based on the participation of youth in the participatory M&E pilot conducted by MIDES with the support of the World Bank.

Finally, the note highlights the need to establish an accurate M&E system for the PE (see Box 1) that combines monitoring and evaluation with social accountability and citizens' participation

### Box 1 - The Role of a Monitoring and Evaluation system with the participation of CIVIL society and the users

The economic effort involved in implementing the network of assistance and social promotion under the PES is significant. It is essential that this effort have a proper monitoring and evaluation (M&E) system which includes accountability mechanisms and the active participation of program recipients and other citizens. M&E for results requires defining a system of indicators that links intermediate results with expected impacts, and the generation of timely and reliable data. These data will have to flow regularly to a central monitoring system from databases maintained by different executing entities and sources of national statistical information. This commonly requires agreements between the participating entities and mechanisms or interfaces that standardized information to facilitate interchange. This is always a big challenge.

Another major challenge is how to link the monitoring system and assessment with a system of accountability that operates simultaneously in two directions: (i) flows of information that are transparent, timely, accurate and relevant to allow citizens to monitor the validity and effectiveness of social spending, and (ii) mechanisms that capture and integrate, within the monitoring system, the voice of the citizens, notably the beneficiaries of social programs. The joint effort undertaken by different entities linked with the implementation of PES to articulate existing databases is an essential step. This effort requires the strong support of government and international cooperation.

In the case of social policy, where, from the standpoint of equity, quality of service delivery is as important as its coverage, it is essential to have clear standards of quality linked to expected results. The wide dissemination of standards or basic guarantees of the quality of social programmes needs to be accompanied by structured channels to allow feedback. Information centres located in different parts of the Country can play an important role.

mechanisms. Fortunately, MIDES is firmly moving in this direction. The efforts undertaken by the numerous institutions associated with the PE to link different data sets is a key step in consolidating the M&E system. This effort should have solid governmental and international cooperation support. The World Bank helped to organize a seminar on the M&E system aimed at making available to MIDES regional best-practice experiences (Box 2). The note also encourages including and disseminating information on social services standards and quality

### Box 2 - Building on International Best Practice

A workshop was held to ensure the incorporation of international best practice in the PE. The first day of the workshop focused on monitoring systems aimed at the supervision and accountability of social policy implementation. The monitoring systems of Chile, Colombia, and Mexico were presented. A total of 50 participants, composed of technical staff from the *Dirección Nacional de Evaluación y Monitoreo (DINEM)*, the *Dirección Nacional de Políticas Sociales*, and the *Dirección Nacional Desarrollo Ciudadano*, attended the workshop. On the

second day, experiences and lessons learned from the evaluation of PANES in Uruguay were presented, followed by a discussion on international best practices (the workshop was held at the Universidad ORT, to facilitate the use of a GDLN multi-country video-conference). The main objective of the second day was to inform about MIDES' strategy with the aim of establishing an ongoing impact evaluation system for social policies. It provided the opportunity for experts from other Latin American countries, MIDES and Bank staff to learn from each other and help MIDES to refine the design of its Monitoring and Evaluation system.

assurance. This is a key step, together with the information generated from the participatory monitoring, for citizens to demand accountability in an organized and effective manner. The note encourages exploring the chances of installing Citizens Information Centers throughout the country to support these efforts, by making information about citizens rights available to the public and by channeling citizens' opinions to decision makers.

### About the Authors

a. Senior Social Scientist, Sustainable Development Department (LCSSO), Latin America and Caribbean Region, World Bank  
b+c. Consultant, Sustainable Development Department (LCSSO), Latin America and Caribbean Region, World Bank