

## Uruguay: Revising an Established Social Contract<sup>1</sup>

### *Context*

1. Uruguay is the country with both the greatest political stability and the strongest welfare tradition in the region. It has been committed to the achievement of access to specific social services, while actively pursuing goals of economic growth. It also has the smallest gap between rich and poor, a very active society, and strong middle class. In the early 1900s, Uruguay made significant progress with regard to the labor rights of women and children (children under the age of 13 were not eligible to work, and those under 19 years of age would have shorter working hours); and limited the maximum number of working hours per week. By the 1930s, Uruguay was considered a modern country, with a well-established middle class and a high level of literacy.

2. Uruguay's political institutions have also enjoyed support and legitimacy from the citizenry, with the exception of a 12-year military regime (1973 to 1985) that was ended by the financial and economic crises of the 1980s.

3. With the election of President Tabaré Vázquez in 2005, there has been a renewed emphasis on social issues, driven mainly by the critical situation in employment, the drastic fall in real wages, and the increase numbers of people living in poverty. The newly created national Ministry for Social Development is responsible for the development and implementation of programs, policies, and strategies for youth, women and families, the elderly, and people with disabilities. It is also in charge of coordinating the Executive's actions aimed at guaranteeing the full exercise of social rights to nutrition, education, health, housing, work, social security, nondiscrimination, and the enjoyment of a healthy environment. The Ministry for Social Development also chairs the newly created Social Cabinet, which comprises the Ministers of Economy and Finance, Education and Culture, Labor and Social Security, Public Health, Housing, Territorial Mapping, and Environment. The Cabinet's main function is to develop integrated social policies, define priorities, and ensure their funding. An Emergency Plan has also been put in place to address the nutrition, health, and education needs of people living in extreme poverty.

4. Social policy in Uruguay reflects a system of entitlements based on an old corporatist welfare model. Since the 1930s,<sup>2</sup> the system has evolved to respond to the needs of an industrial society with a stable family structure, in which benefits associated with the salary of formally employed heads of family reached the majority of the population. With globalization, a move

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<sup>1</sup> Taken from: World Bank. 2008. "Realizing Rights through Social Guarantees: An Analysis of New Approaches to Social Policy in Latin America and South Africa" Social Development Department, Report No. 40047 – GLB. This summary was adapted by Sophia Georgieva from the original report, *Una Mirada desde los Derechos a las Políticas Sociales en Uruguay*, by Filgueira, Gelber, Kaztman, Lijtenstein, Rafaniello and Rodriguez (2007). The original report was commissioned as part of a wider research project on Rights, Guarantees and Social Policy. Summaries of all case studies and related documents from this project are available at <http://go.worldbank.org/P2LXPQU1Z0>

<sup>2</sup> The first child welfare code in Uruguay was approved in 1934 (see Pilotti 1999).

toward more flexible labor markets, and a less stable family structure, however, new social risks have emerged, having to do with income instability, polarized fertility trends, residential segmentation, as well as an increasing segmentation of the quality of services and opportunities for accessing them. This new reality calls for reforms in social policy in order to reestablish equity among various groups.

5. Three main socio-economic strata can be distinguished in Uruguay's current fragmented society: (a) an "old state" or corporatist stratum, comprising 32.4 percent of the population, mostly elderly and retired citizens relying on benefits; (b) a private sector stratum, 27.7 percent of the population with few or no children and higher than average income; and (c) a vulnerable stratum, 39.9 percent of the population, with few two-parent families, many minors, and few opportunities for formal employment with accompanying state benefits. A marked generational discrepancy in poverty has also emerged. The likelihood of children under 5 being poor is about ten times higher than that for seniors above the age of 65.

6. This "juvenilization of poverty" in Uruguay can be attributed in part to the obsolete system of social protection that, on the one hand, allows for organized participation and contains strict guarantees for pensioners; and the other, has a weaker structure and allows almost no participation in decision-making for vulnerable families with children. Civil agency and the capacity to organize and claim rights are generally high in Uruguay, but only for certain segments of the population. Middle class groups, mainly formal employees and the retired, are traditionally the most mobilized, and exert the most pressure on social policy decisions. Given the new social challenges in the country, however, it is necessary to redesign social policy guarantees and social programs to consider the interests of the more vulnerable and less organized groups.

7. Some elements of a rights-based reform in social policy can be addressed through technical means, e.g., by establishing legal and administrative guarantees with regard to access, quality, civic participation, etc. For the reforms to be successful, however, a new fiscal pact will have to be reached among all major political, social, and economic actors. There is no universal answer for how a fiscal pact should be redrawn – in Uruguay it could occur as a result of economic growth, increased tax revenue, and/or a redistribution of public spending allocations (as already proposed in a health sector reform pending Congressional approval). Increasing social spending is another option; yet Uruguay already has the highest social spending in Latin America, with the exception of Cuba. Uruguay's social spending could also achieve a greater impact through reformulated entitlement structures and resource distribution. While a fiscal pact is generally seen as a pre-requisite for rights-based policies, a focus on rights can, in itself, serve as an instrument to achieve a fiscal pact by (a) encouraging civil participation and a wider public discourse on prioritizing equity and universal needs through social policy; and by (b) creating channels through which all citizens can claim the fulfillment of entitlements.

8. Table 5 summarizes some elements of Uruguay's existing pre-guarantees in education, health, and social security programs. The analysis that follows highlights some discrepancies in pre-guarantee levels within each sector, and suggests directions in which social guarantees can be developed further in order to strengthen the accountability of social programs and their positive impact on social equity.

**Table 5. Accessing Social Guarantees in Education, Health and Social Security in Uruguay**

	<b>Education</b>	<b>Health</b>	<b>Social Security (Pension System and Family Allowances)</b>
	<b>Access</b>		
<i>Are the beneficiaries and services clearly defined?</i>	Children between 4 and 17 years old.	All citizens but the type of benefits covered depends on income, type of employment (formal or informal) and, for individual subscribers to health insurance — on age and medical condition.  A basic set of immunizations, pre and post-natal care for mothers and infants, and chronic disease treatment are universally guaranteed.	Pension – yes, through formal labor history. There are also need-based pensions that are given without contributions or pensions based on semi-contribution.  Family allowances – families with children, and families below a certain income.
<i>Are there institutional procedures for monitoring access?</i>	Yes, through enrollment statistics in primary and secondary grades (by <i>Gerencia de Indicación y Evaluación</i> ) – the results are compared to household surveys to determine how many children in a given age group have not enrolled. This system, however, only monitors enrollment not actual attendance.  Social security allowances for families with children are received of the condition that the child attends school (school verification is required)	Yes, pre-natal check-ups and health care for mothers with infants is monitored through pediatric cards.  The Ministry of Social Development performs close-up, house-by-house, monitoring for populations at risk (determined by territorial indicators.)  Teenage pregnancies are especially monitored (receive care via the INFAMILIA program of the Ministry of Social Development); a system against omission exists, including a recent judicial case in which a teenage pregnant woman, not receiving service by INFAMILIA, was identified and enrolled in the program.	Labor history for the pension system.  Strict monitoring system for family allowances has been introduced through the National Program for Social Emergency, PANES. The government has reached out to households (house-by-house monitoring), and many families eligible to receive allowances have been identified. PANES was designed, however, as a temporary, two-year, program.

<i>Are there legal or institutional mechanisms that ensure non-discrimination in the access to services?</i>	It is a Constitutional norm.  Special norms for children with behavioral problems exist, so that they are not excluded from the system.	Yes, for formal workers.  Non-formal workers acceding to the mutual health funds can be refused coverage based on age or results of medical examinations.	Not relevant – generally there are no opportunities for discrimination.
<i>Are services guaranteed for the amount of time needed?</i>	There are no barriers to pass from one grade to another, and students above the age of 15 who are continually repeating primary grades are automatically transferred to secondary school. However, related costs such as books, lunches, and uniforms are only guaranteed in primary school.	Yes, treatment is provided as long as needed, including lifelong treatment of chronic diseases. Anti-retroviral drugs are provided for free for HIV patients (constitutional norm).  However, it is conditional on citizens' affiliation with either the public or one of the private health care networks.	Yes, for the pension system.  Family allowances, including through PANES, are provided as long as the family continues to meet eligibility criteria (have children under 18 enrolled in school, and income below a specified threshold).  PANES is a two-year program scheduled to end in 2007 – continuous provision is contingent on its renewal.
<i>Is there a maximum waiting period for receiving the service?</i>	No.	Immediate attention for emergency services is explicitly guaranteed. For all other services, there is no specified waiting period and no integrated system to guarantee alternatives. Standards for HIV patients are being developed.	Social security is automatic.
<i>If service is unavailable within this waiting period, what is a guaranteed alternative (in the same time period)?</i>	N/A	N/A	N/A

#### **Financial Protection**

<i>Do beneficiaries need to contribute to the cost of service?</i>	No, although for secondary education there are implicit costs (books, uniforms, food).	Yes, through contributions to the Social Insurance Bank ( <i>Blanco de Prevision Social</i> ) or through the public health system free of charge (a system with different stages of co-pay depending on income is being developed).	Through regular pension contributions.  No, for family allowances.
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<i>Are services accessible to beneficiaries who cannot contribute to the cost?</i>	Yes, for primary schools. No or not always for secondary schools.	Yes, through the no co-pay public system – only accessible to individuals below certain income.	Yes, for all programs, although benefits without contribution are not of adequate quality (e.g., minimum pension only covers the cost of the basic food basket).
<i>Is this information effectively communicated to the public?</i>	Yes.	Yes.	Yes.

### Quality

<i>Are there clear quality standards?</i>	The teacher/student ratio is defined. Primary school teachers need special certification, whereas this is not the case with secondary school teachers. Use of standardized tests to measure learning.	The Ministry of Public Health defines the criteria. Laws and decrees and <i>Cartilla de Derechos</i> (Book of Rights) also define quality standards.	Pensions are adjusted according to the Line of Indigence ( <i>Linea de Indigencia</i> ) that takes into consideration the basic food basket.  In the 1970s, family allowances involved the estimated cost of children to the family. Now, it is 16 percent of the minimum wage/month, regardless of the number of children (1360 Uruguayan pesos; around US\$ 60/month). The amount of allowances can also be adjusted 20 percent below or above this percentage (i.e., it is very dependent on political choices). A new index for calculating allowances is currently being developed.
<i>Are programs being evaluated on a regular basis?</i>	National Standardized Measurement of Learning (MECAEP); Program for International Student Assessment (PISA).	No. Only some programs (HIV, maternal health, vaccinations) are evaluated, but not on a regular basis.	Basic indicators exist in all programs but they are not evaluated on a regular basis. PANES has been evaluated, but it is only a two-year program (2005-2007).
<i>Are the standards and evaluation results effectively communicated to the public?</i>	No.	No.	No.

### Mechanisms for Redress and Enforcement

<i>Are there mechanisms allowing citizens to claim adequate provision of the services guaranteed?</i>	Yes, claimable administratively and judicially.	Users can claim for the quality, but claiming procedures are costly. Free lawyers are assigned only for defendants.	Yes, legally and administratively. The problem is that floors for benefits are neither set adequately nor with a focus on equity (for both pensions and family allowances, especially the latter). As a result, claiming the guaranteed entitlements does not solve the problem of insufficient
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social security.

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**Participation and Continual Revision**

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<i>Do civil, parent, or community organizations have a concrete role in the design, implementation, and monitoring of the program?</i>	<p>Pre-school: Marginal participation from parents. They are invited to participate in workshops/meetings before the beginning of the school year.</p> <p>Primary: Program for strengthening school-family-community links – no major impact. Parents are involved in discussions about primary education theoretically, but not in practice. There is no institutional procedure that regulates their involvement. Some NGOs are involved in enhancing the quality of learning (<i>Convenio con Fundación Logros, Convenios con Clubes de Niños</i>).</p> <p>Secondary: Marginal to zero parents' participation (through parents' commissions); some NGO involvement (e.g., Youth House aimed at reducing drop-out rate).</p>	<p>None</p> <p>None</p>	<p>None for the general state program on family allowances.</p> <p>For PANES: a number of civil society organizations participate in local Social Councils. They were created as part of the mission of the Ministry of Social Development, Office for Citizen Development. Civil society was not involved in the design of PANES, but is involved in its implementation.</p> <p>Organized participation for pensioners, including guaranteed representation in decisionmaking bodies regarding the pension system.</p>
<i>Which law or institution guarantees citizens' involvement?</i>	<p>Every education center is responsible for facilitating community participation.</p>	<p>None.</p>	<p>Office of Citizen Development, Ministry of Social Development.</p>
<i>Are there mechanisms that allow for continual improvement of services?</i>	<p>Board of Central Directors (CODICEN) is responsible for the revision. For secondary education, the Board of Secondary Education (CES) also works for the revision.</p>	<p>No explicit guarantee to employ the latest (best) treatment. The Ministry of Public Health is responsible for the continual revision of standards and services.</p>	<p>Not specified for the pension system.</p> <p>Transfers through PANES are adjusted every four months according to the Consumer Price Index.</p>

*Education*

9. The Uruguayan state guarantees free and secular pre-school, primary, and secondary education. The mechanisms that ensure the fulfillment of this guarantee have been most

effectively developed for primary education; while the norms and policies guiding the provision of secondary education have not evolved sufficiently to encourage universal coverage, despite the education reforms of 1995-2000. The difference in the level of this pre-guarantee is reflected in enrollment and completion rates. Primary school enrollment and completion in Uruguay is close to 100 percent, while secondary school enrollment is close to 75 percent, with a 30 percent drop-out rate (2004), due in large part to the lack of certain normative and institutional guarantees regarding access, financial protection, quality, and evaluation. This section examines only the public education system in Uruguay, which covers about 90 percent of students, with the remaining 10 percent being served by a private system. Our focus is on primary and secondary education (6 years each), even though some guarantees for free tertiary education, and free and obligatory pre-school education (with 90 percent enrollment of 5-year olds), are also in place. The National Administration for Public Education (ANEP) is the institution in charge of all major educational decisions, and has primary responsibility for public education spending.

10. The reforms of 1995-2000, while they did not explicitly adopt a rights-based approach, focused on increasing equity – especially in pre-school and secondary school, where the largest inequalities existed – by targeting access and quality. However, the reforms did not address community/parent participation, continual revision, and some aspects of financial protection for secondary schools, thus leaving important gaps in opportunity for universal completion of secondary education.

11. In terms of **access**, free full-curriculum schools were established in selected deprived zones; they provide food and bilingual education, where necessary, and prioritize the primary grades. The program “Every Child Can Learn” was introduced to facilitate access and decrease drop-out in regions with high rates of primary grade repetition. The government also invested in school buses for primary and the first three years of secondary school, which yielded highly positive results in rural and poor zones. Special needs schools are also available.<sup>3</sup> The contribution of the latter to increasing equal opportunity and access is yet to be evaluated.

12. The opportunity to receive service in the time needed is guaranteed for all students, as there are no barriers for passing grades other than unsatisfactory test results; students aged 15 who are still repeating primary grades are automatically allowed enrollment in secondary school. Continuation of education during primary and secondary grades is also ensured through incentives in the social security system – families with children under 18 receive allowances conditional on proof that their children are attending school.

13. In terms of **quality**, the reforms diminished the gap between public and private education. A new paradigm, focusing on “learning how to learn,” was introduced in the secondary school curriculum and reflected in teacher training.<sup>4</sup> Still, some of the main quality evaluation programs, such as MEMFOD (Secondary School and Teacher Training Modernization Program) and MECAEP (Project for Improving the Quality of Primary Education), which were funded by and are still financially dependent on external assistance from the Inter-American Development Bank, have never been fully incorporated into the state institutional apparatus.

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<sup>3</sup> There was also a “rural expanded school” scheme, but it has been terminated.

<sup>4</sup> Teacher requirements are generally stricter for primary than for secondary school in Uruguay.

14. While support for equitable access and quality advanced reasonably well under the reforms, the state has lagged in the development of participation and **financial protection** guarantees. Financial protection, including all implicit costs – for books, uniforms, transport, and lunches — is in place only for primary education, while secondary school students/parents are responsible for covering these costs, which for some can be prohibitive. The latter may account for the fact that only 5 of every 10 students who enroll in secondary education are able to complete it.<sup>5</sup>

15. **Redress and enforcement** mechanisms, both judicial and administrative, exist for education, but are rarely used, given the relatively high enrollment rate. In principle, issues regarding the right to education in Uruguay are claimable judicially, as this right is protected by the Constitution. For example, a recent court case was decided in favor of a student who had not been allowed to enroll for refusing a required vaccination. Claiming specific benefits, however, such as receipt of textbooks or transportation, are only associated with more concrete norms and guarantees outside of the Constitution. The absence of such norms makes services non-redressable even if they ultimately lead to a violation of the right to education.

16. The **continual improvement** of education services is ensured by the Board of Central Directors (CODICEN) and the Board of Secondary Education (CES). As mentioned above, some of the best practices in evaluation and teacher capacity-building are provided by donor-funded programs that are not a permanent part of the state's education policy. The guarantees of continual revision and quality evaluation can be strengthened by institutionalizing regular procedures for the monitoring of learning results and teacher performance; for teacher capacity-building; and for making the results of monitoring available for public debate.

17. Guarantees for **citizen participation** in the education sector are almost non-existent. As in Peru, a number of parents' organizations and donor-funded NGOs (e.g., *Convenio con Fundación Logros*, *Convenios con Clubes de Niños*) exist to strengthen school-community links and prevent discrimination, exclusion, and declines in quality. However, there are no explicit norms requiring participation, and no administrative mechanisms to facilitate it, so the efforts of these groups have only a marginal impact on education, except in a few cases where a school administration makes an explicit effort to work with such groups, whose importance has yet to be widely recognized. Some elements of student voice have been incorporated through the "Student Spaces" (*Espacios Adolescentes*) program, through which students can discuss their interests, but there is no information about how this program may have influenced curriculum decisions or other aspects of education.

18. The reforms have not had farther-reaching results in part because they did not come about as a result of social participation and social pressure (unlike pension reforms, for instance), and so did not achieve the status of permanent normative guarantees and were not reflected in national legislation. This lack of a normative basis threatens the sustainability of all programs and the success of future reforms as well.

## *Health*

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<sup>5</sup> Other factors may be the inability to access an education center, inefficiency of institutions for redress, or other causes.

19. Strong universal mechanisms for health care have been developed in three areas in Uruguay: two concerning prevention - (i) immunizations for all and other preventive services, such as dental and vision check-ups for children under 18, and (ii) pre- and post-natal care for mothers and infants - and one related to the (iii) treatment of chronic diseases, including free antiretroviral drugs and other specialized medications, and hospital treatment for a list of medical conditions. Apart from these three areas, the pre-guarantees on health services, especially with regard to quality, financial protection, redress and enforcement, and participation, have not advanced substantially, which accounts for various breaches of health entitlements in the country, namely non-affordability of services, long waiting lists, and non-redressability of quality and access problems.

20. Health care is provided through three major insurance plans: the State Health Service Administration (ASSE); the Institutions for Collective Medical Attention (IAMC), contributions and funding for which are administered by the Uruguayan Social Insurance Bank (BPS); and the Institutions for Private Medical Attention (IAMPP). The first two, which cover about 90 percent of the population, will be the focus of this analysis. The public health system, ASSE, does not require contributions over time and generally serves the poorest segments of the population – non-formal workers, and dependents of formal employees whose parents/guardians are not financing their health care through IAMC. ASSE beneficiaries are provided with Assistance Cards (*Carné de Asistencia*) associated with different levels of co-pay, based on need. Formal workers and pensioners subscribe and pay contributions to the private IAMC health network, where co-payments are required along with a monthly contribution. Citizens can also subscribe to the IAMC individually.

21. **Access** to health care in this system is ensured universally for the three specified areas, yet different forms of inequity and discrimination occur in the rest of health services. The public health system, ASSE, relies on an old and inadequate infrastructure, and its users may not always receive service in a timely manner. Once assigned to the public health care system, one cannot use the private network services on an ad hoc basis. Discrimination in the private health sector, on the other hand, can occur for financial reasons (described below; and also against individual subscribers (non-formal workers and non-pensioners), who can be denied a subscription based on age or medical condition.

22. For ASSE beneficiaries, **financial protection** is structured around different levels of co-pay, based on income. The poorest beneficiaries, holders of *Carné Gratuito*, are not required to contribute a co-payment for any services or medications. Higher-income subscribers hold a *Carné Bonificado* and are required to contribute a minimum co-payment. In this sense, the system ensures against discrimination for financial reasons for part of the poorest population. However, formal workers registered in the IAMC-BPS system, and individual subscribers to that system, are obliged to pay a co-payment related to the type of service required. If they are unable to pay, they are not allowed to use the free public health centers, as they are already subscribers to the private system. This lack of flexibility of the health administration violates the norms of financial protection.

23. The guarantee of a maximum waiting period for receiving services with stipulated alternatives is not in place or is only normatively defined. Immediate assistance is required in cases of emergency, as per Article 32 of the Penal Code; however, there are no procedures stipulating an alternative (e.g., redirection to another health center) if the normative guarantee is not met. Procedures on assigning alternative providers can be developed in emergency care as well as other areas in health.

24. **Quality** is one of the weakest aspects of the health sector in terms of the development of institutional mechanisms for regular monitoring and control. Formally, the Book of Rights and Obligations of the Beneficiaries of Health Services (*Cartilla de Derechos*)<sup>6</sup> sets the quality standards to be followed. Yet, with the exception of maternal care and immunization programs, no wide-scale monitoring has been performed (evaluations of HIV treatment are pending the approval of HIV health care standards). Even those health programs that have been evaluated do not use regular monitoring mechanisms. Limited resources are commonly cited as the reason for the lack of stricter quality control. Yet, even if resources became available, they would need to be accompanied by a set of instruments and procedures for regular quality control. Norms on the **continual revision** of services – a factor that affects quality – have been developed only for the immunization program and the Uruguayan National Resource Fund – a non-governmental public body that provides financial coverage for highly specialized medical procedures for the entire population, without discrimination. In all the other health services, there are no explicit mechanisms for quality update; the Ministry of Health is under no explicit obligation to make such revisions, and they are undertaken only on an irregular basis.

25. **Redress mechanisms** are present but costly, and therefore unlikely to help poorer people. In most cases, the use of courts is required, but lawyers are assigned by the state only to defendants, not to people making claims. Since 2002, citizens have been entitled to make claims regarding the quality and timing of medical services, as provided for in the Book of Rights. Nevertheless, the generic and declarative character of this document has not made it an effective tool for redress. A new set of articles was added to the Book of Rights in January 2006 that specifies redress and enforcement procedures in more detail (Decree 15/006); an evaluation of the effectiveness of this decree and methods of increasing public information about it, will give some important insights into further developing the guarantee on redress.

26. Redress opportunities are facilitated to a much greater extent for minors. For example, the case of a pregnant teenage drug-user who was eligible for but not enrolled in a program of health check-ups, INFAMILIA, was brought to court, which obliged the physician to take action under the Uruguayan Child and Adolescent Protection Code (*Código de la Niñez y la Adolescencia*, 2004) and ensure that the patient is enrolled and receives the proper benefits.

27. Finally, the Uruguayan health system does not promote or ensure any form of **civic engagement** in the design and monitoring of health services, which in effect eliminates any direct opportunity for citizens to exercise voice in the conduct of health policy. A health reform envisioned for 2008, pending approval before Congress, would introduce more mechanisms for

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<sup>6</sup> *Cartilla de Derechos y Deberes de los usuarios de los servicios de salud, Uruguay*. Approved by Decree 297/002 (2002). See Filgueira 2007.

civil participation, more explicit quality and monitoring guarantees, and a financial redistribution of health contributions that would relieve the burden of healthcare for families with children by shifting resources away from other groups, including pensioners, who currently enjoy higher social benefits.

### *Social Security – Pension System and Family Allowances*

28. The Uruguayan social security system is one of the oldest in Latin America, and was also the most comprehensive during the 1960s. Both the pension system and the system of family allowances include implicit pre-guarantees, with the aim of reducing poverty and social inequality. However, there are important gaps between the way norms and guarantees are structured in the two programs, and a comparison of the two from the perspective of social guarantees and sub-guarantees can bring out important lessons for addressing the problem of the “juvenilization of poverty” in the country. The paragraphs below outline some major differences in the design of the two programs, and also highlight experience the National Program for Social Emergency Assistance (PANES), initially launched in 2005 for a two-year period, which has taken a progressive approach to reforming the family allowance system from a rights perspective (see para. 200).

29. The pension and family allowance programs evolved with different types of **participation mechanisms**, and this has had a marked effect on the effectiveness of each program. In particular, strong representation and political pressure by pensioners’ networks brought about important and permanent improvements in the structure of the pension system. In 1989 a campaign by the Organizations of Pensioners and Retired, ratified with 80 percent general electoral approval, realized a reform by which pensions would be calculated as a function of the Median Salary Index (*Índice Medio de Salarios*) and adjusted with every salary increase of the Central Administration employees (Law 15.900). This reform was later enshrined in the Constitution. By contrast, the amount of family allowances is adjusted based on both the national minimum wage and Consumer Price Index +/- 20 percent, which constitutes a much less strict guarantee on the adequacy of family allowances.

30. The discrepancy in participation and representation between these two social protection programs has a direct impact on their **quality**; i.e., on the impact they have on reducing poverty, as can be seen by the trend of high and growing youth poverty, as opposed to relatively lower poverty among seniors. Under the regular state family allowance program, families receive a set sum, subject to political discretion (generally between 8 percent and 16 percent of the minimum wage), which is not differentiated according to the number of children in the household. The result is assistance that does not meet even most basic needs of its beneficiaries, let alone promote social equity.<sup>7</sup> Under the pension program, on the other hand, the mechanism for calculating pensions, as described above, has evolved to ensure the adequacy of pensions.

31. The quality or the adequacy of social assistance has an impact on the effectiveness of **redress and enforcement** mechanisms i.e. pensioners entitled to certain benefits can claim those benefits more easily than poor families who have not been entitled to receiving adequate benefits

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<sup>7</sup> Prior to 1970, allowances were determined based on an estimate of the cost of children to the household.

by the state in the first place. There are both judicial and administrative channels through which citizens can claim access to the money transfers to which they are entitled; however, this does not amount to a redress of rights in the case of family allowances, since the entitlements granted by the state are not structured in an equitable manner.

32. PANES, the first program initiated by the newly created (2005) Ministry of Social Development, aims to complement and update the system on family allowances by incorporating many elements of a rights-based perspective, namely a commitment to monitoring access for all eligible families, the engagement of civil society, and a mixed basket of transfers and services to ensure more effective assistance than the traditional family allowance program.

33. In terms of **access**, PANES has been highly effective, reaching 80 to 90 percent of its target population. This success relates strongly to the mechanisms of ensuring access that the program adopted (Filgueira 2007). The formal process of collecting application forms from eligible beneficiaries was accompanied by house-to-house visits in order to verify the information, and most importantly, to increase awareness about social security options and identify eligible families who had not applied. Many eligible families that had not registered in the regular family allowance system were identified as a result of PANES.

The **quality** of PANES, meaning its adequacy in terms of reducing poverty and increasing equity, is inherent in the way in which beneficiaries and the amount of cash transfers are determined. Beneficiaries of PANES were identified as those whose income fell below the Average Value of the Basic Food Basket as of March 1<sup>st</sup>, 2005, and families below the Minimum Value of the Poverty Line. This included all families in the poorest quintile of the population, which gave PANES a means of reaching poor children and youth, households in which the head of the family is unemployed, pregnant women, seniors, and disabled citizens living in poverty. Beneficiaries receive a monthly transfer of 1,360 Uruguayan pesos (approximately US\$55) for the two years of the Program's duration, adjusted according to the Consumer Price Index every four months. Apart from a money transfer, PANES also offers:

- Food.
- Primary health care services: prevention and attention, including dental care and mental health in public hospitals in municipalities and communities, with a focus on vulnerable groups such as children and youth, pregnant women, and young mothers in a critical poverty situation.
- Temporary employment.
- Assistance to refugees in camps, coordinated with public and private organizations, especially NGOs: psychological, health, dental, and neurological assistance and citizenship promotion.
- Educational assistance in deprived areas: infrastructure, school supplies, food, cultural and sport extracurricular activities.

34. PANES has also been progressive in terms of **civil participation**. Various NGOs are assisting in its implementation, even though civil society was not involved in the initial design of the program. When the Ministry of Social Development was created, local Social Councils were also established, in recognition of the importance of local government and civil society

involvement in the functioning of the new Ministry. The objective was to ensure that social programs such as PANES incorporate more feedback from citizens, and to establish a civil mechanism for monitoring them.

35. Through PANES, the Ministry of Social Development in Uruguay has begun to assert itself as a key player in defining new and more effective approaches to reducing poverty. The next challenge for reforming social assistance in the country will be sustain PANES' achievements through a consolidated and long-term system of allowances. The program has already contributed to strengthening the family allowance system in Uruguay by identifying and including many eligible families in the social security system. Nevertheless, the elements of its overall structure, and especially those that relate to a rights-based approach, have not been incorporated into the existing family allowance program. These include mechanisms for monitoring access and for civil participation, as well as mechanisms for determining the adequacy of services to effectively address poverty reduction and enhance equity between vulnerable groups and the rest of the population. The upcoming Plan for Equity, which is being developed to replace PANES, may be one option for sustaining these mechanisms, provided that the program is successfully integrated with the traditional family allowances system.

#### *Conclusion and Lessons*

36. Overall, the social security system in Uruguay is fragmented between a solid pension system, whose beneficiaries are strongly represented in policy decisionmaking, and a system of family assistance that targets the most vulnerable groups but is not sufficient to substantially alter the impoverished circumstances in which they live. An analysis of both areas of social security, using a framework of social guarantees, points to concrete differences in the way mechanisms for civil participation, quality, and access are structured, which in turn are linked to differences in the impact of each program on maintaining equity. Even though citizens are able to claim their entitlements both judicially and administratively, the system of entitlements itself is not sufficiently pro-poor to effectively work for the rights of the poorest. This indicates that the process of continual revision of entitlements and service standards, in order to gear the allocation of resources to realizing rights on an equitable and universal basis, may periodically need to rebalance entitlements among different social groups. A theme that emerges in all sectors in Uruguay is the significance of political mobilization. This underlines the importance of operationalizing the sub-guarantee of participation at the national level, so that social groups which do not have strong representation in the formal political system can exert pressure for the more equitable allocation of public resources.