Regional Human Development Report for Latin America and the Caribbean **2010**

Acting on the future: breaking the intergenerational transmission of inequality

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Regional Human Development Report for Latin America and the Caribbean 2010

Acting on the future: breaking the intergenerational transmission of inequality

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Foreword

Inequality is one of the main traits that define the history of Latin America and the Caribbean. A significant and persistent inequality, accompanied by low social mobility, has led the region to fall into an "inequality trap"; a vicious circle that is difficult to break. How can we put an end to this situation? What public policies can be designed to prevent inequality being transmitted from one generation to the next? Why have the political system and the redistribution mechanisms not been effective in reversing this pattern? This first Regional Human Development Report for Latin America and the Caribbean offers answers to these and other questions. The central message is that ***yes, it is possible to reduce inequality in Latin America and the Caribbean.***

It is a fact that up until the global economic crisis, a large number of countries had achieved reductions in inequality by expanding coverage of basic social services and ensuring a more progressive impact of social spending. This occurred thanks to a consensus that was forged regarding the need to be more efficient in fighting poverty. This report reaffirms the central importance of the fight against poverty, but it suggests that there is a need to go further. Inequality *per se* is an obstacle on the road to human development and the reduction of inequality should form an explicit part of the public agenda.

For the UNDP, equality matters in the area of effective freedoms; that is, in terms of broadening the options that are truly available to everyone, and among which people are free to choose. Opportunities and access to goods and services are important, but so is the process that enables individuals to play an active role in their own development, and in this way improve their own lives as well as their immediate environment. In this context, the new, specific and comprehensive policy proposed for reducing

inequality in the region must have an impact on households' objective conditions, on the constraints they face, on subjective aspects that determine individuals' aspirations for greater autonomy and mobility, and finally, on the quality and the effectiveness of political representation and the state's redistributive capacity.

Other important messages are:

1. The inequality observed in income, education, life expectacy and other indicators persists from one generation to the next and, moreover, it is also associated with a context of low social mobility;
2. Gaining a clearer understanding of these mechanisms for transmitting households' achievements will facilitate the design of more effective policies for breaking the vicious circles through with poverty and inequality are transmitted from one generation to the next;
3. There are subjective factors that are determined by binding constraints, and these are fundamental for explaining the differences in socio-economic achievement;
4. The causes underpinning the persistence of inequality are not confined soley to within the household.. The political process also responds differently to the needs of different groups. A sustained reduction in inequality means impacting the poor quality of political representation, the frailty of public institutions, unequal access to influence specific policies, and institutional shortcomings that lead to corruption and the state ending up in the hands of minority groups.
5. The Report proposes a fully comprehensive approach for public policy. Redistribution strategies must reach those groups for whom they were designed. These policies should appreciate that households face multiple constraints, and that these often thrive off one another. Moreover, the beneficiaries of these policies must, adopt the objectives of public policy as their own, and become active agents in their own development.

Based on a human development approach and following the UNDP vision since 1990, this Report seeks to promote a deeper understanding of inequality, find answers to key questions, and propose specific measures that can be adapted to the environment and conditions of each country. Following the traditional practice of Human Development Reports, UNDP in Latin America and the Caribbean will foster debates throughout the region to discuss the Report's implications and how best to adapt the approach to specific realities, and in doing so, will generate a programmatic agenda for equality. The Report that we are launching today is intended to become an instrument that will enrich national and regional debates on the need for a more comprehensive public policy approach, including actions aimed at strengthening states' redistributive and regulatory instruments. It is a call for specific and effective measures capable of breaking the vicious circle of pronounced inequality. In short, it is a call to action, to take action on the future, today.

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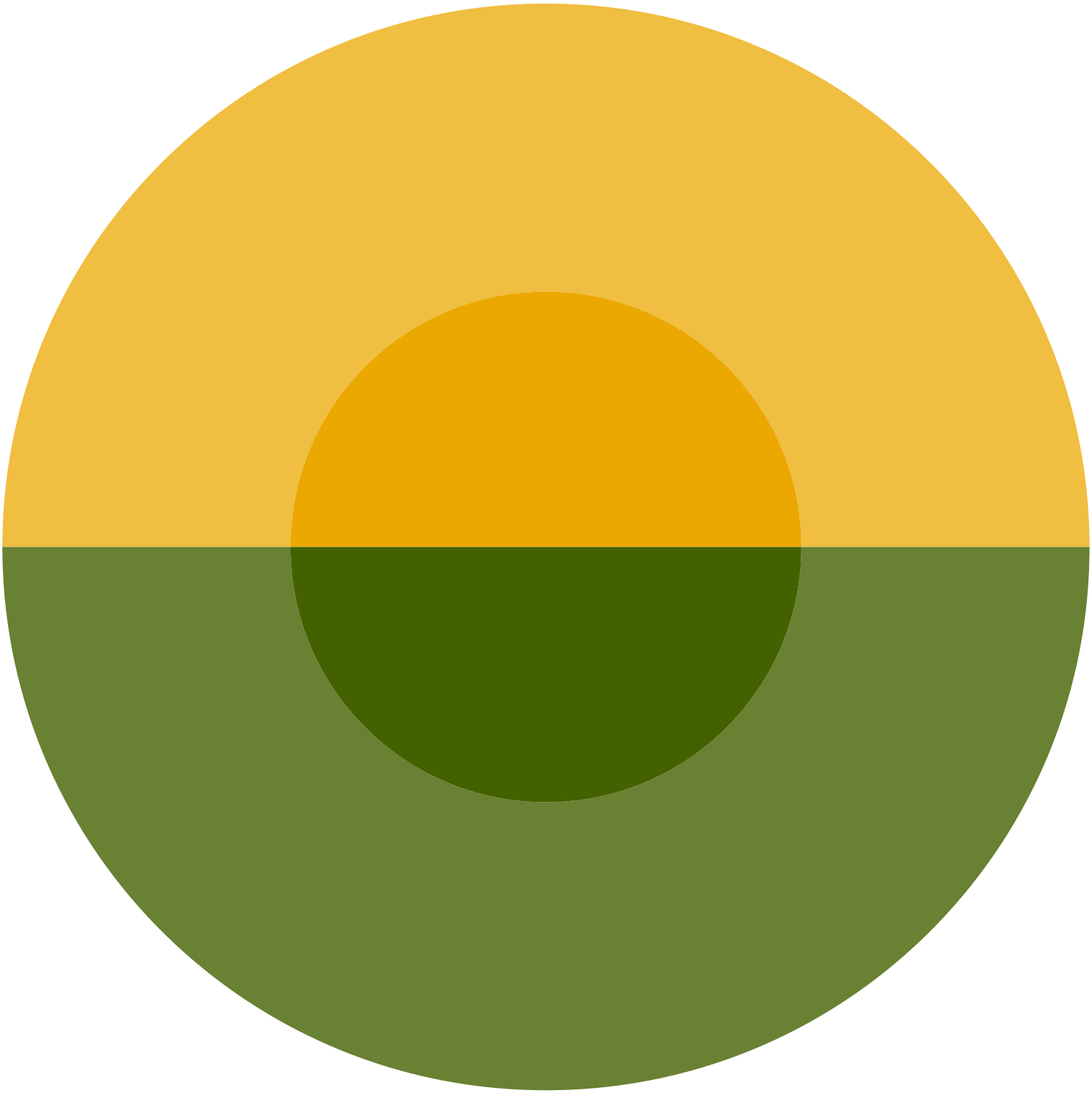


The conceptual framework of the Report

1

EQUALITY OF WHAT?

Ali and Zahra are the main characters of the profound and moving Iranian film entitled *Children of Heaven*, released in 1997 and directed by Majid Majidi. In the story, Ali takes his sister Zahra's shoes to be repaired, but ends up losing them. As both know full well that there is no money at home to buy new shoes, they decide to hide the loss from their parents. The film brings us into the world of Ali and Zahra from that moment on. In order for them both to use the only remaining pair of shoes, the children decide to go to school in alternating shifts. Zahra wears the shoes to school in the morning, and Ali attends in the afternoons. Both have an awful time hiding the plan from their teachers, since they don't want them to find out that they are sharing one pair of shoes, and from their parents, who would surely punish them for having lost the shoes. Having to share the same pair of shoes significantly limits Ali and Zahra's options in life; so much so that their lives are effectively governed by this huge constraint. At one point, Zahra notices that a classmate is wearing her lost shoes. Naturally surprised, Zahra decides to follow the classmate home, whereupon she realises that the other girl's father is blind and unable to work to provide his daughter with shoes. Without those shoes, the girl's options in life would be severely limited. Zahra decides not to mention the shoes to her classmate, and in fact the young girls end up becoming good friends.

The film reaches its climax when Ali decides to take part in a race, in which the runner who finishes third will receive a pair of new shoes as a prize. Due to an unexpected turn of events, instead of finishing third, Ali ends up winning the event. Everyone is surprised at how upset the winner is, for although Ali receives the best prize of the competition, he does not win the pair of shoes, which would have allowed him and his sister to resume their normal life. This memorable film ends with a shot of Ali's blistered feet soaking in a water fountain.

Ali and Zahra's story was very well received by critics, who underscored the film's beauty, the depth of its story, and its immense artistic quality. *Children of Heaven* was favourably compared with the 1948 classic *Bicycle Thieves*, directed by Italian filmmaker Vittorio de Sica. In *Bicycle Thieves*, the main character, Antonio Ricci, is a poor man who desperately scours the streets of Rome to recover his stolen bicycle, which he needs for work.[1]

Stories such as these illustrate, quite directly, the focus on inequality which forms the basis of this Report. Ali and Zahra's shoes, as well as Antonio Ricci's bicycle, reflect the hugely important relationship that exists for individuals between resources, opportunities and life options. These narratives allow one to more clearly understand the conceptual framework which is employed in this Report to measure inequality and evaluate different levels of well-being. In other words, the stories illustrate the concept of real freedom, defined as all options open to individuals in terms of their possibilities of "being" or "doing". This is the dimension of inequality considered relevant in this approach. In the fields of development, economics and political philosophy it is defined as the *capability* approach (Sen, 1985).[2]

1 This film is ranked among the British Film Institute's top ten "Films you should see by the age of 14."

2 The use of italics indicates that, the word is intended as a theoretical term.

OPPORTUNITIES, *CAPABILITIES* AND INEQUALITY

Latin America ranks first in the world in terms of inequality. Widespread normative and practical reasons make high levels of inequality obstacles to social progress. Inequality and its visible manifestations are an undeniable reality affecting all citizens. The notion that inequality is unacceptable from a normative and instrumental standpoint has been debated for many years by social scientists and political philosophers alike. Nevertheless, there are still several different theories about what kind of inequality is relevant and should be prevented through public action. Underlying this discussion are various "ideas of justice"[3], which reflect a number of divergent views of inequality and its relationship with public policy.

One of the main topics of this debate has been how inequality should be measured. Many different dimensions of inequality have been defined, including inequality of opportunities, inequality in terms of an individual's ability of access to possible "beings" and "doings" (referred to as *functionings* within the context of this Report), inequality of income, education or other indicators of social achievement, as well as inequality in terms of political involvement and influence, among others. In all cases, inequality is the product of a combination of factors and cannot be explained by one cause alone.

Of the many factors that help to explain heterogeneous economic and social achievement, the initial conditions of every household (the socioeconomic characteristics of the domestic unit into which an individual is born) play a central role, as do the efforts made by the individual, social and institutional contexts, historical factors and public action. That said, a number of other equally important elements have a role to play, including so-called random aspects, meaning those events that are beyond people´s control (natural disasters or unexpected positive events).[4]

With this in mind, and in order to analyse inequality properly, it is important to draw a crucial distinction between *ex ante* and *ex post* approaches. An *ex ante* approach places greater importance on the initial conditions and underscores the need to "ensure a level playing field for everyone", without taking other factors into account. In the well-known metaphor, *ex ante* equality states that the runners in a race must start from the same point every time, instead of starting from the positions reached in the previous race.

In contrast, an *ex post* approach places priority on the result, meaning that which happens as an effect of the interaction between individual and contextual aspects.[5] The classic "utilitarian" approach, the view that the objective function of society is to attain the "greatest good for the greatest number of people", is essentially an *ex post* approach.[6] The same can be said for the vision of subjective well-being or of studies on "happiness".[7]

The notion of "equality of opportunities", as conceptualised by Roemer (1998) and recently operationalised by the World Bank (Paes de Barros et al., 2009), adopts an *ex ante* approach, i.e., one focusing on the initial conditions. This vision dictates that the distribution of any achievement attained by an individual, perhaps in terms of income or schooling, must not be conditional to his or her specific circumstances, but rather these achievements of well-being, or "advantages", as they are called in existing literature on equality of opportunities, should only reflect random aspects and those determined by individual effort, irrespective of the initial conditions.

For this reason, the task of implementing this concept empirically primarily involves measuring inequality between children (or adolescents) and attempting to pinpoint precisely those aspects that pertain to the initial conditions, while eliminating those aspects related to individual effort. As it will explain below, a vision of human development based on the notion of *capabilities* (Sen, 1985) requires equality of opportunities to be a necessary condition, but in fact goes far beyond this.

To provide an example, it is helpful to once again refer to Vittorio de Sica's classic film *Bicycle Thieves*, which has been cited extensively in existing literature on *capabilities*. The bicycle is simply a specific resource with specific characteristics, the possession of which, however, does not transmit well-being because of the bike itself or its monetary value, as a utilitarian vision may well suggest. Possession of the bicycle, or rather access to the resource, combines with those characteristics of the bicycle that entail specific possibilities of "being" and "doing" (*functionings*, as mentioned above).

Thus, the bicycle allows for transportation and exercise, while also having a possible bearing on access to education, good health, play and socialisation, and the job market. Put this way, access to a resource can open up a wide range of options within the set of possibilities that an individual may encounter

3 For a discussion on of "the idea of justice" and its implications and importance within the various "theories of justice", see the work of Sen (2009).

4 Philosophers draw a distinction between the concepts of brute luck and option luck. Although a person cannot shape events that occur during their lifetime that are not dependent on their own decisions, in certain cases he or she may affect the likelihood of such events occurring through conscious decisions, which, in turn, may be delimited by the individual's context (see, for example, Dworkin, 2000).

5 Interestingly enough, an ex ante approach involves the idea of "equity", whereas the concept of "equality" is associated with an ex post approach. In this Report, the notion of equality in the sense of capabilities will be used an approach based on ex ante thinking, but which also requires a fair process.

6 In economic terms, this objective social function entails equality not in terms of total utility, but rather marginal utilities, the aim being to maximise the total utility of individuals within society. The implications of this rule have been debated extensively in the works of economic academics. For a classic approach, see the arguments expounded by Sen (1980).

7 In fact, for Jeremy Bentham, the creator of the theory of utilitarianism, "utility" is practically synonymous with "happiness".

in life. In other words, it may widen his or her real freedoms, his or her *capabilities*.

That said, guaranteeing access to a certain resource is not enough for an individual's options to effectively increase, for other conditions must also be met. It is essential that the individual actually be able to transform his or her access to a specific resource into functionings that will increase his or her effective freedom to be and to do.

A physical disability, for example, would reduce the number of possibilities associated with the possession of the bicycle. In order for a positive transformation to take place, it is necessary to meet a number of individual conditions (physical, psychological and human capital, among others) and/or social and institutional conditions (perhaps use of the bicycle by certain people is prohibited or frowned upon, or its use is deemed unsafe; maybe a license is required to ride the bicycle or there are topographic conditions hindering its use, to name but a few examples of a whole host of possible limiting situations).

Thus, mere access to a range of goods and services, or the mere possibility that everyone can access them, does not guarantee equality in areas of real choice or freedom, because the available *functionings* – the options that become real and effective from such access – can still be very different. Within this context, public action within certain spheres may be able to ensure equality of *capabilities*: in many cases, public action can guarantee that individuals have access to an equitable set of options in life, regardless of individual or contextual limitations.

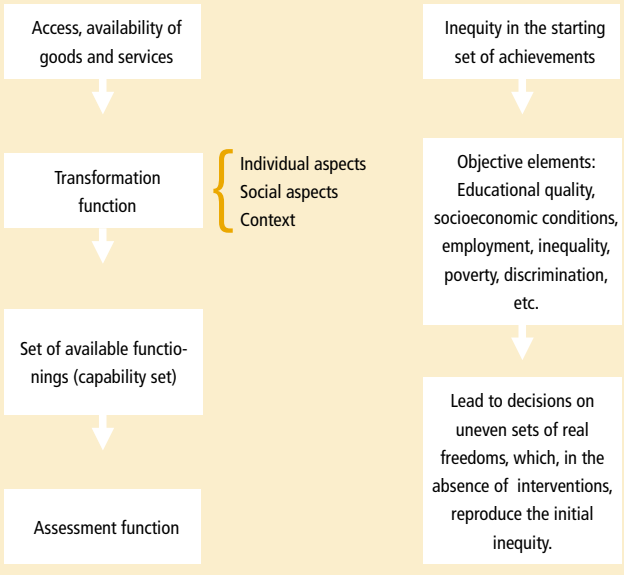
Elements that make up the concept of *capabilities*

Development can be viewed as an increase in the real alternatives in life among which people are free to choose. Following this line of thought, development is conceived as an expansion of freedom (Sen, 1999) and the various combinations of functionings (beings and doings) that a person can achieve is a yardstick of his or her effective freedom. Within this conceptual framework, *capabilities* refer precisely to the set of possibilities among which people are free to choose. *Functionings*, on the other hand, are the specific elements contained within the set of options that make the *capabilities* available by transforming an individual's access to goods and services into actual "beings" or "doings" over the various stages of his or her life.[8] Among the various development theories, this approach is known as the *capability approach* and constitutes one of the key conceptual underpinnings of the notion of human development.

Functionings not only encompass basic issues, such as the possibility of living a long and healthy life or of attaining individually and socially valuable knowledge, but also other more complex options, such as an individual achieving self-respect, social integration and participation in political processes.[9] It should be noted that originally, the notion of *capabilities* arose from a discussion about the dimension through which equality should be measured (Sen, 1980). In this Report, the approach is to measure equality in terms of *capabilities*, i.e., people's effective freedom to choose between options they consider valuable and have reason to value.

According to this approach, various components play a part in the process of generating and evaluating well-being, and these components include both individual aspects and those concerning the contexts in which people are immersed (see Chart 1.1): i) access to goods and services (commodities); ii) the characteristics of these goods and services, meaning the list of attributes pertaining to each of them; iii) a transformation function for transforming the commodities into "beings and doings", also called *functionings* (this function is shaped by individual

Figure 1.1. Generation of well-being and reproduction of inequality



Source: HDR Team.

8 It is important to understand that the concept of capabilities refers to a set of available options which, in order to exist as such, requires certain conditions of access to goods and services, as well as possibilities to transform or convert such access. Capabilities are not specific abilities or functionings. For this reason, and as explained below, the task of exploring these notions from an empirical standpoint poses a number of significant challenges.

9 Some of these aspects also feature in the notion of primary goods developed by Rawls (1972) in his work A Theory of Justice.

characteristics, social aspects and contextual or "environmental" aspects); iv) the set of *functionings* effectively available to individuals (*capabilities*), and; v) an assessment function for evaluating such states, comparable with the neoclassic notion of "utility", which is also open to other interpretations.

Applying the *capability* approach empirically is a complex task and the various constituent processes will necessarily address only some aspects of the elements mentioned above. In this regard, at least two key problems should be addressed.

The first lies in the fact that *capabilities* are essentially "sets of *functionings*". This not only means that their measurement must be multidimensional, but also that the task of valuing *capabilities* will require all those options that were available to be considered, and not only the one eventually chosen by the person in question. As a general rule, data only displays the selected options. If an individual states that he or she has undergone secondary education, it can be assumed that he or she had the option not to study, but it is probably unknown whether or not he or she had the real option to continue on to higher education.

The second problem in applying this approach is that *functionings* are states of "being" or "doing" (i.e., that which a person effectively manages to be or do at a certain point in life).

Box 1.1. Rights and inequalities

An alternative approach to analysing inequality is the Human Rights-Based Approach to Development Cooperation, commonly referred to as the human rights-based approach. This essentially dictates that development policies and processes should be based on a system of rights and responsibilities prescribed by International Law. The human rights-based approach, as materialised through the 2003 UN Statement of Common Understanding on Human Rights-Based Approach, establishes a set of basic guidelines that agencies must apply in the design of their development cooperation programmes. Policies must be primarily intended to further the realisation of human rights and contribute to the development of the capacities of duty-bearers to meet their obligations and the capacities of right-holders to claim their rights. Similarly, the standards of rights included in international human rights instruments must guide all development cooperation and policies in all phases of the programming process.

The human rights-based approach encompasses, but is not limited to, a host of objectives to be promoted by development programming, and these principles place particular emphasis on the problem of reducing inequality in all its different guises. These principles are as follows: equality, non-discrimination and attention to more vulnerable groups (particularly those people or groups that suffer discrimination); accountability, identifying gaps in the capacities of duty-bearers to comply with their obligations, and also gaps in the capacities of rights-holders to seek redress, especially for more disadvantaged or discriminated groups; participation, which is intended as an end to development in itself and a means of ensuring accountability; and empowerment, in the sense that people are considered the key actors in their own development rather than passive recipients of the interventions of states or cooperation agencies.

This approach helps to promote development sustainability and to augment the population's effective capacity to act, thereby helping to bring about a reduction in inequality: Its purpose is to "analyse inequalities which lie at the heart of development problems and redress discriminatory practices and unjust distributions of power that impede development progress." (OHCHR, 2006).

An important aspect of a human rights-based approach is that people must be able to exercise an established set of guarantees. Every person is entitled to demand his or her rights but must also fulfil the responsibilities associated with those rights. The question is: Should the realisation of certain rights be given priority when resources are limited? Yasukawa, Ortuño and Brockmann (2009) propose to start by laying down certain non-negotiable minimums: "The Millennium Development Goals, adopted in 2000, are an attempt by countries from around the world to define these minimum goals: everyone must have access to the services that ensure a healthy life; all children must finish a full course of high quality primary education; men and women must be afforded equal conditions and opportunities; all families should enjoy a decent flow of income, and the hard work required to meet these goals must be carried out in harmony with the environment. Yet there still remain huge gaps that must be bridged". Yasukawa et al. (2009) also point out – based largely on information pertaining to Bolivia but which can be verified for the region as a whole –that considerable inequalities remain in terms of the enforcement of rights among men and women and between different social groups and regions. In this regard, the authors would suggest that the main challenges in applying this approach are as follows: attaining social agreement on the need to guarantee minimum conditions for a dignified life for everyone; promoting agreements on how to attain these minimum standards; ensuring sufficient articulation and cross-over between social policy and economic policy; generating a solid system of money transfers to households while simultaneously improving the coverage and quality of basic social services; and guaranteeing that all the institutional reforms are geared towards safeguarding certain minimum standards of access to social rights for everyone.[1]

Sources: HDR Team with reference to the OHCHR (2006) and Yasukawa, Ortuño and Brockmann (2009).

1 For a discussion on the human rights-based approach and its relationship with the capability approach, see Sen (2005).

Examples include to be healthy, to be educated, to take part in community life and to be accepted socially. Generally, empirical studies of these *functionings* seek to find approximate values by using variables that reflect access to goods or services (health, education, participation in community organisations, non-discrimination). It is crucial to remember that the value of such elements is not intrinsic, but instead, access to certain goods and services is related to or makes specific *functionings* possible. For example, access to healthcare services is not a *functioning*, while being healthy is.

Following the approach described above, equality of opportunities is a necessary but not sufficient condition for equality of *capabilities*.[10] Roemer (1998) contends that the inequality observed in achievements attained in the different dimensions (coined "advantages"), such as a person's level of schooling, state of health and capacity to generate income, is due both to factors beyond an individual's control (his or her circumstances), as well as to individual effort and random conditions. In other words, Roemer draws no distinction between *functionings* as the realisation of a process and *capabilities* as the total choices to be made between available options.

Returning again to the example of the bicycle, the relationship between equality of opportunities and equality of *capabilities* will depend on what Roemer (1998) refers to as "advantages". Thus, the most important consideration is the set of options (*functionings*) that become available, which crucially involves the transformation function and all of the elements that define it. An important feature of this Report's approach is that equality of *capabilities* does not imply, except in specific cases, equality of outcomes.

Notwithstanding the empirical limitations imposed by this approach, the Report will nevertheless employ it to examine inequality in human development, the links that make such inequality persist from one generation to the next, and the conditions necessary for ensuring that public policies break the cycle of inequality.

IT IS POSSIBLE TO REDUCE INEQUALITY IN LATIN AMERICA AND THE CARIBBEAN

Inequality in Latin America and the Caribbean (LAC) has three defining characteristics: it is high, it is persistent, and it reproduces itself within a context of low socio-economic mobility. Although it is true that a reduction in income inequality was reported at the start of the twenty-first century in 12 of the 17 countries analysed in recent studies, the three defining features mentioned above have been historically present over various periods of growth and recession, and have survived very different political systems and public policy interventions (López-Calva and Lustig, 2010). Available information would indicate that, save for a few exceptions, the high levels of inequality have by and large been relatively immune to the development strategies applied in the region since the nineteen fifties, including of course the market reforms experienced in the eighties and nineties (Klasen and Nowak-Lehmann, 2009).

The uneven distribution of income throughout LAC has attracted a huge amount of interest over the years. Multilateral organizations, such as the Economic Commission for Latin America and the Caribbean (ECLAC), the World Bank (WB), the Inter-American Development Bank (IDB) and the United Nations Development Programme (UNDP), have added their combined weight to the extensive academic work on the issue and have adopted an approach geared towards designing public policies that help to reduce inequality. This Report aims to extend the outlook of human development inequality analysis in LAC countries in order to pinpoint the underlying factors that allow inequality to pass from one generation to the next.

Set forth below are the general lines that this Report will follow and some of the subjects tackled in greater depth in the chapters to come. The Report's central message is based on the following premises:

1) The traditional human development index (HDI), as used in global and national reports over the last twenty years, fails to address inequality, in that it measures, in each country, the average achievements for the population in the dimensions of health, education and income (or the average achievements of sub-groups existing within the population). This Report applies a simple and intuitive approach to introduce society´s inequality considerations when considering the traditional dimensions of the HDI. The findings of this analytical approach are presented in Chapter 2.
2) Inequality in terms of income, education, health and other indicators persists from one generation to the next within a context of low socioeconomic mobility.
3) This implies that there are mechanisms for reproducing levels of achievement from one generation to the next. Gaining a clearer understanding of the workings of such mechanisms for transmitting households' achievements will facilitate the design of more effective policies for breaking the vicious circles through which poverty and inequality are propagated. A review of the principal objective mechanisms for transmitting levels of achievement between generations is presented in Chapter 3.

10 For an interpretation of the relationship between equality of opportunities and equality of capabilities, see Vallentyne (2005).

4) As with poverty, inequality is a phenomenon caused by constraints. In addition to the traditional objective factors in play, subjective elements – which in turn are related to socioeconomic factors – also influence the decisions households make. More specifically, it has been observed that the aspirations and perceptions that members of a given household have about their chances of achieving the goals they have set for themselves are tied up with and highly influenced by the constraints associated with the social and environmental contexts in which they live. This tends to lead to situations whereby individuals in different social groups continue to report different levels of achievement. Chapter 4 describes the role of these subjective factors and their most important effects.
5) Nevertheless, the causes underpinning the persistence of inequality are not confined solely to within the household. There are other obstacles preventing public policies from bridging the gaps and combating uneven levels of achievement in terms of well-being. This can be put down to the fact that the political process also responds differently to different needs, depending on the group in question. Among the many factors that affect the reproduction of inequality, the following should be highlighted: the poor quality of political representation, the weakness of public institutions, unequal access to influence specific policies, the classic problems associated with collective action, and institutional shortcomings that lead to state corruption and capture. These *systemic* factors mean that the political dynamic is actually exacerbating, instead of compensating, the reproduction of inequality. This aspect is discussed in more detail in Chapter 5.
6) The most widespread public policies deployed in the region have tackled, often successfully, specific aspects of the fight against poverty, but fail, however, to consider the comprehensive nature of deprivation and its *systemic* relationship with inequality. The approach advocated by this Report, which analyses inequality in terms of *capabilities* and the equitable expansion of households' effective freedom to choose between different options in life, necessarily requires a fully comprehensive strategy that specifically tackles the most pressing objective and subjective constraints that have a more direct bearing on the most vulnerable groups of LAC countries.

The main contributions that the human development-based approach has made to the debate about development economics and public policy design stem from its indispensable multi-dimensional perspective when analysing well-being, and also from the relevance it places on the role of "process freedom" in accomplishing individual and collective objectives.[11] In particular, the "process" component involves strengthening *agency*, which can be defined as an individual's capacity to influence his or her own plans in life.[12]

These aspects are analysed at greater length below. For now it is important to point out that the multi-dimensional perspective of the approach has become a firmly established topic in the public debate, due mainly to the development of the Human Development Index and its political impact during the last twenty years. In contrast, the notions of "opportunity freedom" and "process freedom" have been slow to spark interest beyond the academic realm. This may be due in part to the difficulty in measuring such freedoms, although this fact does not diminish their relevance as key factors of the human development approach.

The analysis shown in this Report accepts that there are multiple causes underlying the reproduction of human development inequality. Some causes are economic in nature and are illustrated by the high correlation between one generation's assets, income and schooling and those of the next generation. That said, there are also political and social causes. Associated more with historical and *systemic* factors, such as the inequality of opportunities and of access to power relations, these political and social causes generate situations of exclusion, oppression and domination. These inequalities are structural and reveal the endogenous nature of inequality.

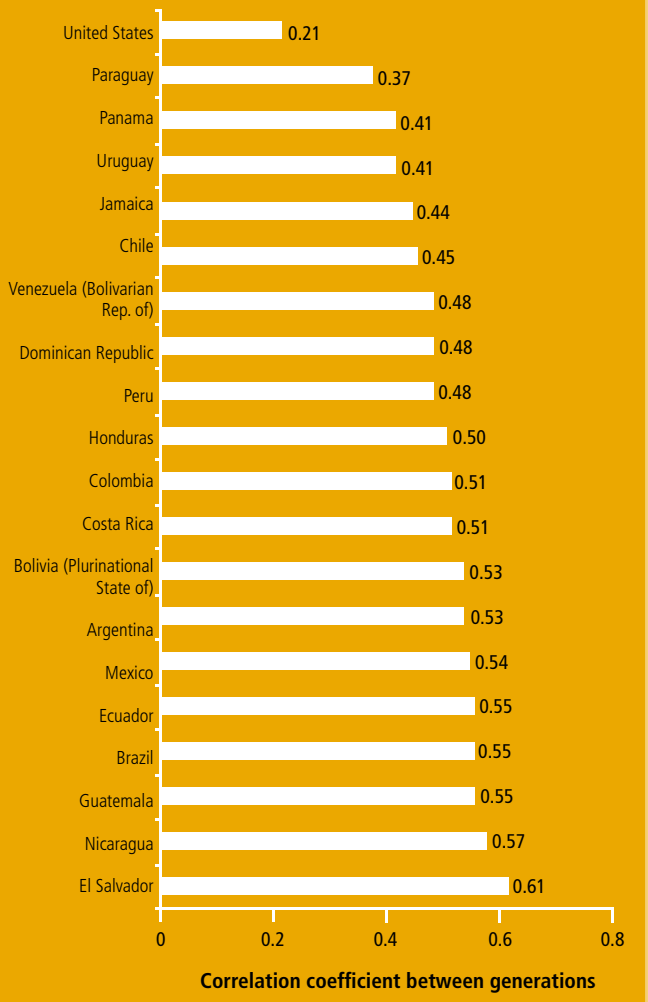
Inequality spawns further inequality. Economic reasons, together with causes associated with the political economy, explain the reproduction of inequality by generating unequal access to institutional representation and unequal opportunities for citizens to have their voices heard (Sabates-Wheeler, 2008).

As mentioned above, apart from its high levels of inequality, another defining feature of the region is the low mobility of socioeconomic indicators between generations. Past studies have illustrated, for example, the extent to which the levels of schooling or income of one generation are influenced by those of the preceding generation. The conclusion is that the greater the intergenerational correlation between these variables, the greater the influence that factors arising from the household (the domestic unit into which an individual is born) will have on reproducing inequality. The results show that the LAC region has relatively poor mobility in terms of schooling and income in comparison with other regions of the world. For example, in LAC, the impact of one generation's level of schooling on the immediately following generation is more than twice as high as

11 See, for example, Sen's concepts of opportunity freedom and process freedom (Sen, 2002).

12 This concept is discussed in detail in Chapter 4. In principle, it can be illustrated intuitively through the Roman Law concept of sui juris, which refers to one ruled "by one's own laws", as opposed to the concept of alieni juris, which refers to someone "ruled by the laws of others".

Chart 1.1 United States and Latin America and the Caribbean (19 countries). Educational mobility. Correlation coefficient between generations. End of the nineties.



Source: Behrman, Gaviria and Székely (2001).

that reported in the United States. The correlation of educational attainment between two successive generations stands at 0.21 in the United States, whereas this same value in LAC ranges from 0.37 in Paraguay to 0.61 in El Salvador (see Chart 1.1).[13] Studies conducted in countries with high income levels indicate that educational mobility (the change in levels of education from one generation to the next) and access to higher education have been the most important factors in determining socioeconomic mobility between generations. For example, the decline in inequality reported in Chile between 1990 and 2006 can be largely explained by the major expansion in higher education over the same period (Eberhard and Engel, 2008).

A more accurate analysis of intergenerational linkages can be obtained by centering attention on one specific group, namely young people.. As an example of low relative mobility, studies have shown that the current level of schooling among young people from the region is closely pegged (particularly from secondary education onward) to the schooling attainment of the preceding generation (Chart 1.2).[14] In terms of income, intergenerational mobility calculated for a more reduced sample of countries also reveals relatively low mobility levels, i.e. high correlations between the levels of economic performance between two successive generations (Chart 1.3).[15]

As mentioned above, in addition to constraints on access to public goods and services, there are other factors that cause one generation's achievements to influence those of the next. This Report proposes a method of analysing inequality based on these additional elements, which are called *binding constraints* (see Chapter 3). Of the many constraining factors that influence households' decisions to invest in the human development of their members, there are subjective elements related to the formation of individuals' aspirations and goals, which in turn affect the levels of achievement they effectively reach (see Chapter 4). With regards to mobility and educational attainment, Arias-Ortiz (2010) has shown that people's perceptions of existing mobility are a key factor in their decisions to invest in their children's education.. According to their findings, households that perceive more mobility (in other words, that believe that mobility is possible and is therefore worth the effort required to obtain it) tend to invest more in schooling. The difference in comparison to households that do not view mobility as possible amounts to at least one year of studies.[16]

These two key characteristics of inequality in LAC, namely its intensity and persistence, within a context of low social and economic mobility, make it necessary for policymakers to gain a better understanding of the mechanisms that affect the transmission of such heterogeneous levels of achievement betwen households belonging to different socioeconomic groups. It is vital to identify and analyse the multiple constraints facing households within their own specific contexts, as well as the political processes that help reproduce these conditions, if public policies are to be developed that are truly capable of breaking the circles that perpetuate unequal human development in LAC.

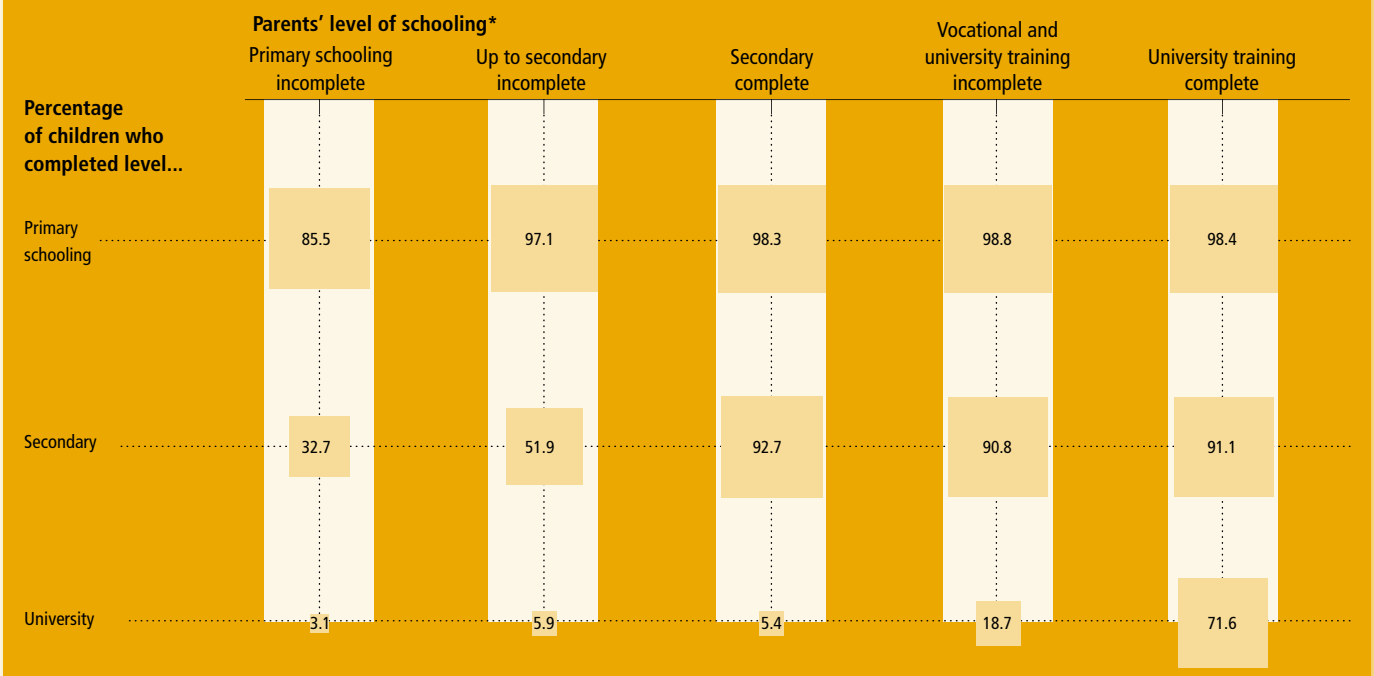
13 The task of calculating these correlations is carried out in two stages. The first involves constructing an educational attainment index, which reveals whether a given young person is above or below the average level of schooling for people of his or her age. The correlation of this index for young people who live in the same household is then calculated. The greater the correlation, the greater the importance of household conditions in determining the educational attainment of young people who live in the same household and, therefore, the lower the rate of intergenerational mobility (Behrman, Gaviria and Székely, 2001).

14 The situation resulting from the intergenerational transmission of poor schooling achievement worsens if the quality of the education received by those groups of society with lower levels of income is also considered (ECLAC, 2007).

15 This topic is revisited in Chapter 2.

16 The author relied on the data of the Latinobarómetro public opinion survey for the purpose of her study, in which she conducts an in-depth analysis of the problems of double causality associated with analysing social mobility and schooling attainment, and proposes robustness tests for the results by employing different estimation procedures.

Chart 1.2 Latin America and the Caribbean (18 countries). Intergenerational schooling progress. *Circa* 2005 (%)



Note: The image includes data for 18 Latin American and the Caribbean countries and depicts the following percentages: young people aged 15 to 19 who completed primary education; young people aged 20 to 24 who completed secondary education; and young people aged 25 to 29 who completed university studies, with reference to the level of schooling in the household.

* Average years of study of the head of the household and his/her spouse to gauge the education of the parents.

Source: HDR Team based on ECLAC data (2007).

Instrumental value of reducing inequality: an example

As stated at the beginning of this chapter, there are both normative and practical reasons that make inequality a cause for concern. The connections between inequality, poverty and economic growth highlight the instrumental importance of reducing inequality. The fight against poverty is pegged to the growth of average income and to changes in the way it is distributed (Bourguignon, 2004). This relationship makes it possible, for example, to associate levels of inequality with the feasibility of achieving the Millennium Development Goals (MDGs).[17] Thus it is possible to calculate the growth rate needed in each country to meet the MDG aimed at reducing poverty, given different change scenarios regarding the distribution of income.[18]

According to the estimates of the joint UNDP-ECLAC and IPEA (2003) project, halving the incidence of extreme poverty by 2015 in relation to the level reported in 1990, would require considerably higher growth rates in those countries that by 1990 presented very high levels of inequality, particularly among the poorest (based on the assumption that inequality does not change or does so only marginally). The required growth rates would be substantially lower for these same countries if they were able to generate lower prevailing inequality. Applying the same approach, Machinea and Hopenhayn (2005) proved that if a hypothetical assumption of a 10% reduction in the Gini income coefficient were made, the required growth rates would drop from 9.4% to 7% per annum in Bolivia; from 4.9% to 3.1% in Guatemala; from 8.1% to 6% in Honduras; from 6.1% to 4.2% in Nicaragua, and from 8.8% to 6.8% in Paraguay.[19]

17 The Millennium Development Goals (MDGs) were formulated at the United Nations Millennium Summit held in New York City in 2000., Representatives from 189 states attended the Summit, and agreed to a series of commitments to eradicate poverty, attain universal primary education, promote gender equality, reduce child mortality rates, improve maternal health, combat HIV/AIDS and other illnesses, ensure environmental sustainability and develop a global partnership for development.

18 "Iso-poverty" curves are constructed, which are essentially combinations of GDP growth rates and changes in inequality that would enable society to reach the poverty levels required by the MDGs for 2015.

19 The Gini coefficient is an indicator employed traditionally to measure income inequality for a group of people.. It ranges from zero (reflecting perfect equality in which everyone has the same income) and one (a value that describes the extreme hypothetical case in which just one person possesses all the income). In other words, the higher the Gini value, the greater the prevailing income inequality. For a more detailed discussion of this topic, see Foster and Sen (1997). The Gini index is the same Gini coefficient but expressed as a percentage.

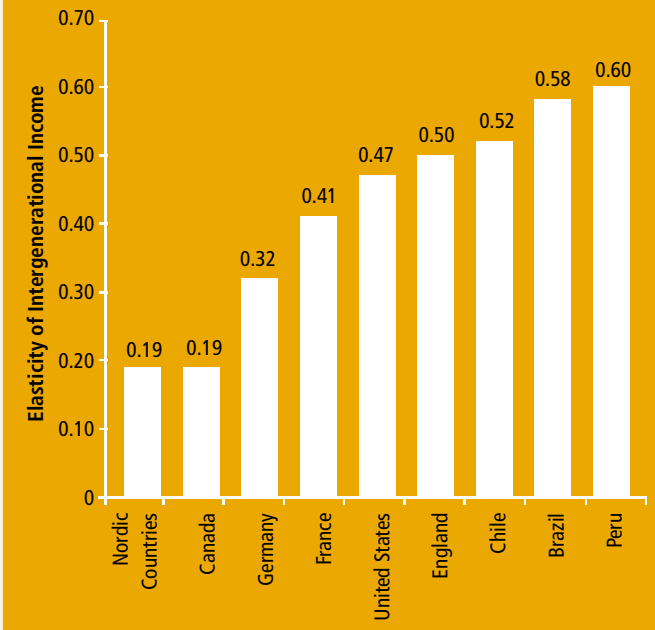
Inequality restricts the development opportunities of broad swathes of the population, hinders human capital formation, and limits prospects of investment in productive activities, which in turn undermines economic growth capacity. Furthermore, by preserving institutions that uphold the interests of the dominant sectors, inequality exacerbates the relative concentration of wealth in the richer echelons of society (Bourguignon, Ferreira and Walton, 2007). Similarly, and as discussed in Chapter 5, high inequality weakens the regulatory capacity of the state and increases the likelihood of the state being captured by the most powerful economic groups (Guerrero, López-Calva and Walton, 2009). Inequality also tends to stir up social tensions, which may heighten political and institutional instability, thus affecting not only the country's governance, but also the incentives for domestic and international investment, among other factors (Machinea and Hopenhayn, 2005).

TOWARDS A PUBLIC POLICY APPROACH BASED ON THE FINDINGS OF THIS REPORT

This Report proposes a conceptual framework for pinpointing the causes that perpetuate intergenerational inequality. It presents an analytical approach that may be applied to households to identify the multiple constraints they face, along with the mechanisms that help reproduce inequality. The results can serve as the basis for developing public policies capable of breaking through the intergenerational cycles of poor performance in terms of human development. The focus of the *binding constraints* approach proposed in Chapter 3 is accompanied by an analysis of the factors that transcend purely objective aspects relating to access to goods and services. Chapter 4 presents the *capabilities* approach to human development theory in greater detail, explores the social and contextual factors that shape inequality, and examines how these constraints influence the formation of people's aspirations, as well as their ability to pursue and realize goals they value and have reason to value. The application of a broad and comprehensive approach that addresses the relevance of, and interaction between, the numerous factors that reproduce and perpetuate poverty and inequality, is crucial for the formulation of effective long-term public policies.

There is already extensive knowledge and awareness of the strengths, weaknesses and relative importance of the public initiatives designed to combat poverty and inequality. A question that begs asking is why many of these policy initiatives are never proposed or, if proposed and implemented, fail to succeed. The closing argument of this Report contends that in order to break this cycle of inequality, not only factors related to households must be taken into account, but also those associated with the quality of political representation and the very functioning of the system for participating in decisions of public interest, as well as those

Chart 1.3 Developed countries (6 countries) and Latin America and the Caribbean (3 countries). Intergenerational mobility. Intergenerational income elasticity



Source: Azevedo and Bouillon (2009).

factors that affect the strength of the state and the effectiveness of the instruments available to it. These factors encompass aspects relating not only to redistribution, but also to the regulatory capacity of the state and its ability to guarantee environments of real and effective competition that benefit consumers. These elements are discussed at greater length in Chapter 5.

Inequality tends to breed inequality as a result of political systems that offer different groups different access to influencing public decisions, and because the system responds differently to groups with fewer resources and less lobbying capacity. Democratising the spheres of power is an absolute prerequisite for human development. Achieving equality in human development requires a redistribution of the powers of influence and improvements in the quality of political representation.

With this in mind, the key objective of this Report is to provide guidelines for formulating specific policies that foster situations of equality in human development, such that real and effective freedoms are extended to groups with much fewer options and decisions open to them.

Inequality in Latin America and the Caribbean

2

HUMAN DEVELOPMENT WITH PERSISTING INEQUALITY

Latin America and the Caribbean (LAC) is the world's most unequal region. Inequality is not only high, but also very persistent (see Charts 2.1 and 2.2.), despite the fact that recently there have been significant advances in social achievements, which are reflected in the trend in the human development index (HDI).[1] This chapter discusses the recent evolution of human development in LAC and the inequality that characterises the region. It also proposes an alternative method for calculating the HDI to reflect existing inequality in each of the countries of the region. Last of all, it describes how this inequality is transmitted from one generation to another, as a result of the fact that its intensity and persistence is combined with low social mobility.

Over the period spanning 1990-2007, LAC countries reported gains in terms of human development, although the average annual growth rate for this particular indicator has fallen slightly over recent years, moving from 0.8% in the nineties to 0.6% for 2000-2007 (see Table 2.1). In comparative terms, the performance of countries varied greatly, although those with lower relative levels of human development according to this index showed notably higher growth rates than countries with the highest HDI levels.[2] Meanwhile, countries from other regions of the world that in 2000 had reported HDI values similar to those of LAC countries, by 2007 had achieved considerably more progress (see Table 2.2).

Meanwhile, poverty decreased in the years prior to the 2008-2009 crisis, and inequality also declined slightly in a significant number of countries. This decrease was mainly due to economic growth and an improvement in the impact of social spending as a result of the implementation of specific programmes. Nonetheless, as is suggested by Box 2.1, it is unclear whether the decreasing trend in inequality will be sustainable over time.

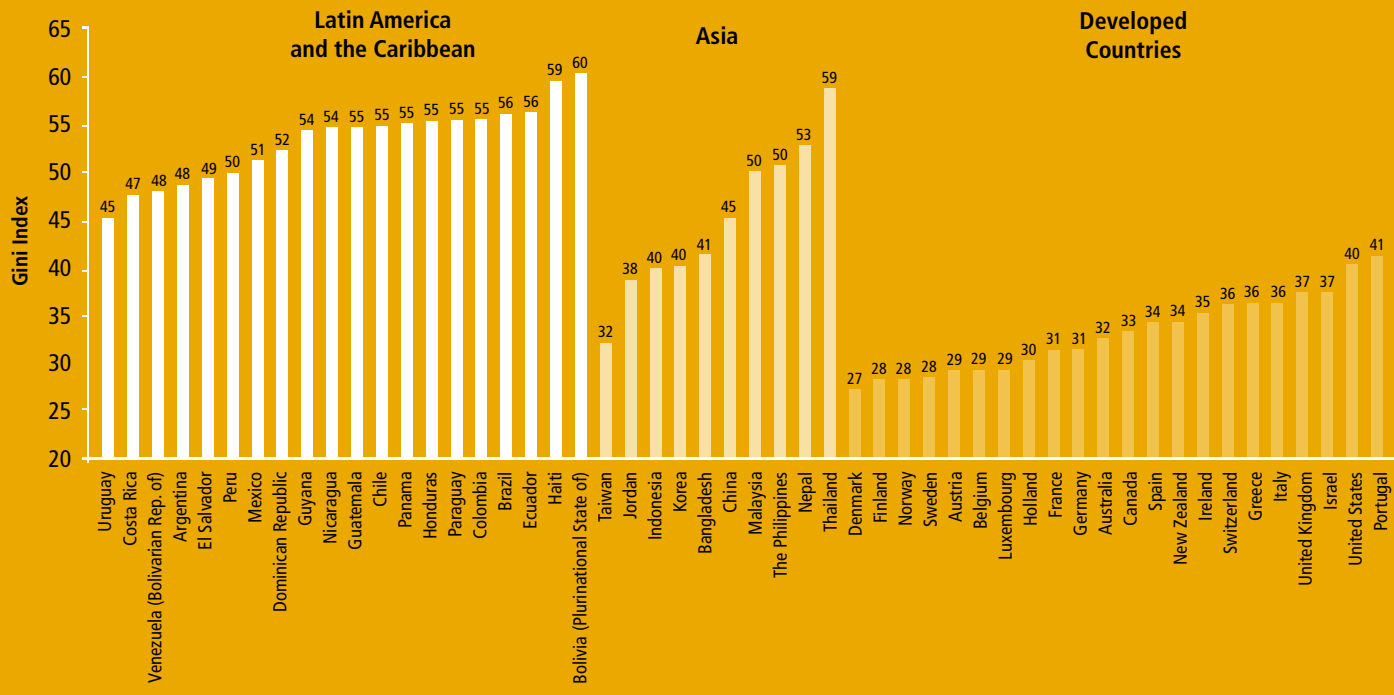
THE TYRANNY OF AVERAGES

While advances in human development and the decrease in poverty are evident in various countries in the region, aggregate figures hide significant inequalities, including geographic inequality, inequality between groups and between the different dimensions of human development. Thus, two countries with the same HDI can have very different social configurations: while one might be moving toward the full realisation of the potential achievements of all its citizens, in the other, achievements may be very unevenly distributed, a situation which may entail considerable limitations for attaining full human development for the entire society.

1 Since 1990, the United National Development Programme (UNDP) has used the HDI as the primary tool for measuring human development. This index was designed to record progress in three fundamental dimensions: living a long and healthy life (measured by life expectancy at birth), the acquisition of valuable knowledge for the individual and society (measured by literacy rates and school enrolment) and the availability of income needed to maintain a decent standard of living (measured by per capita gross domestic product –GDP– adjusted for purchasing power parity). An index is calculated for each of the three dimensions, and the simple average of the three indices results in the overall value of the HDI. For detailed information about how the HDI and other human development indicators used in this Report were developed, see the technical notes section in the appendices at the end.

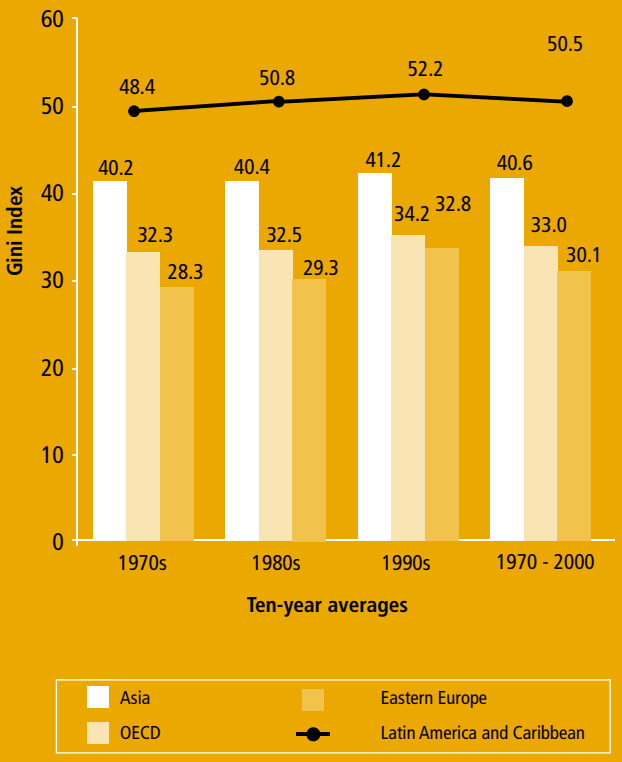
2 This would show a converging trend in the HDI among the countries in the region, a trend that was more pronounced in the 1990-2000 period.

Chart 2.1. Regions of the world. Gini index of per capita household income.



Note: the Gini index considered in each case corresponds to the last year for which data is available over the period spanning 1995-2005
Source: Gasparini et al. (2009), based on SEDLAC (CEDLAS and World Bank, 2010)

Chart 2.2. Regions of the world. Gini index reflecting income distribution. Ten-year averages for 1970, 1980 and 1990 and average for the period 1970-2000.



Source: HDR Team calculations based on De Ferranti et al. (2003)

Table 2.1. Latin America and the Caribbean. Performance of the human development index (HDI). 1990, 2000, 2007 and growth (%) over the periods 1990-2000 and 2000-2007

Worldwide position 2007 HDI	Country	HDI 1990	HDI 2000	HDI 2007	Growth 1990-2000 (%)	Growth 2000-2007 (%)
37	Barbados	..	..	0.903	n.a.	n.a.
44	Chile	0.795	0.849	0.878	6.8	3.4
47	Antigua & Barbuda	..	..	0.868	n.a.	n.a.
49	Argentina	0.804	..	0.866	n.a.	n.a.
50	Uruguay	0.802	0.837	0.865	4.4	3.3
51	Cuba	..	..	0.863	n.a.	n.a.
52	Bahamas	..	..	0.856	n.a.	n.a.
53	Mexico	0.782	0.825	0.854	5.5	3.5
54	Costa Rica	0.791	0.825	0.854	4.3	3.5
58	Venezuela (Bolivarian Rep.of)	0.790	0.802	0.844	1.5	5.2
60	Panama	0.765	0.811	0.840	6.0	3.6
62	Saint Kitts and Nevis	..	..	0.838	n.a.	n.a.
64	Trinidad and Tobago	0.796	0.806	0.837	1.3	3.8
69	Santa Lucia	..	..	0.821	n.a.	n.a.
73	Dominica	..	..	0.814	n.a.	n.a.
74	Granada	..	..	0.813	n.a.	n.a.
75	Brasil	0.710	0.790	0.813	11.3	2.9
77	Colombia	0.715	0.772	0.807	8.0	4.5

Source: HDR Team calculations based on UNDP (2009a)

Geographic inequality

In addition to the visible differences in human development among countries (see Table 2.1), inequality is also evident within them. Disaggregated estimates reveal the disadvantages facing certain groups of the population whose levels of income and of access to health and education differ markedly from one geographic area to another within the same country (see Figure 2.3).[3]

Inequality between groups: gender, ethnic and race differences

Inequalities between groups, such as between people of different sex, or of different racial or ethnic origin, also directly impact human development in the region. In the first case, according to the gender-related development index (GDI), which like the HDI index considers the dimensions of life expectancy, education and income, in 2007, Cuba, Venezuela and Nicaragua experienced a decline of nearly 2% in human development attributable to gender inequality.[4] Meanwhile, in Honduras, Guatemala and Guyana, this decrease was close to 1%. Lastly, while the rest of the countries in the region had declines of less than 1%, Bolivia and Colombia stood out with decreases of nearly zero (see Table 2.3).[5]

Gender inequalities become more apparent when considering other dimensions of human development. According to the gender empowerment measure (GEM), which measures the degree of participation of women in political decisions, women's access to professional opportunities, their participation in economic decisions, and the decision-making power they have over economic resources, inequality is even greater.[6] With the exception of Trinidad and Tobago, which in 2007 had a GEM of 0.801, the other countries of the region had levels below 0.700.

Worldwide position 2007 HDI	Country	HDI 1990	HDI 2000	HDI 2007	Growth 1990-2000 (%)	Growth 2000-2007 (%)
78	Peru	0.708	0.771	0.806	8.9	4.5
80	Ecuador	0.744	..	0.806	n.a.	n.a.
90	Dominican Republic	0.667	0.748	0.777	12.1	3.9
91	San Vicente and las Granadinas	..	..	0.772	n.a.	n.a.
93	Belize	0.705	0.735	0.772	4.3	5.0
97	Suriname	..	..	0.769	n.a.	n.a.
100	Jamaica	..	0.750	0.766	n.a.	2.1
101	Paraguay	0.711	0.737	0.761	3.7	3.3
106	El Salvador	0.660	0.704	0.747	6.7	6.1
112	Honduras	0.608	0.690	0.732	13.5	6.1
113	Bolivia (Plurinational State)	0.629	0.699	0.729	11.1	4.3
114	Guyana	..	..	0.729	n.a.	n.a.
122	Guatemala	0.555	0.664	0.704	19.6	6.0
124	Nicaragua	0.573	0.667	0.699	16.4	4.8
149	Haití	0.462	..	0.532	n.a.	n.a.
	Average country growth rate				8.1	4.3
	Average annual country growth rate				0.8	0.6

3 Chapter 4 of ECLAC (2010) analyses regional disparities and convergences in the region.

4 These figures are obtained by calculating the proportion that the GDI represents with respect to the HDI. The GDI is another one of the primary indicators used by the UNDP, and it includes the same dimensions as the HDI, adjusted for differences in access by both sexes to basic functionings. Based on this adjustment, if the level of human development of women and men is equal, the GDI and the HDI are also equal. Likewise, the larger the distance is between one indicator and the other, the greater the inequality attributable to gender. To learn about methodological aspects for developing this indicator and the discussion regarding its scope, see the technical notes section in the appendices at the end of this Report and the Human Development Report 1995 (UNDP, 1995).

5 On a global level, the country with the greatest decline in human development attributable to inequality between men and women is Afghanistan, with a 13.5% decrease in its HDI.

6 The components used in calculating this indicator are: the percentage of women working in the legislature; the share of women who are employed, either as professionals, in technical positions, as public employees or as managers; and the income women earn from their work. The index equals one when there is equal participation between men and women in all aspects considered by the GDI, and its value moves closer to zero as the level of inequality increases. To learn about methodological aspects for developing this indicator and the discussion regarding its scope, see the technical notes section in the appendices at the endo of this Report and the Human Development Report 1995 (UNDP, 1995).

Box 2.1. The decline in inequality: causes and challenges

Inequality within a historical perspective: Argentina, Brazil, Mexico and Peru

The so-called lost decade of the nineteen eighties witnessed a rise in inequality throughout Latin American and the Caribbean (LAC) countries. Available information indicates that the debt crisis had a knock-on effect on inequality, largely because the poor were afforded less opportunities to cushion themselves from the effects of inflation. Similarly, the safety nets intended to aid the population were either non-existent or presented design flaws.

Over the course of the nineties, a decade characterized by structural reforms, inequality rose, partly as a product of the increased relative returns to education. As a result, the relative slump in demand for unskilled labour and the increase in the number of qualified workers gave rise to a salary increase for the latter group (particularly university graduates).

The rise in inequality came to a halt in most LAC countries towards the second half of the nineties or towards the start of the twenty-first century, depending on the country in question. Inequality, as measured by the Gini coefficient, fell by 5.9% in Mexico, 5.4% in the urban areas of Argentina, 5.0% in Peru and 4.8% in Brazil. This drop in inequality stemmed from lower inequality in terms of income, both labour and non-labour (returns on physical and financial capital, transfers of private and public income, etc.).

Table 2.2. Latin America and the Caribbean (19 countries) in a worldwide context (26 countries). Human development index (HDI) 2000-2007 and growth (%) during 2000-2007.

Global position HDI 2000	Country	HDI		Growth 2000-2007 (%)
		2000	2007	
32	Poland	0.853	0.880	3.2
33	Chile	0.849	0.878	3.4
34	United Arab Emirates	0.848	0.903	6.6
37	Slovakia	0.840	0.880	4.7
38	Uruguay	0.837	0.865	3.3
39	Croacia	0.837	0.871	4.1
40	Estonia	0.835	0.883	5.8
41	Lithuania	0.830	0.870	4.9
42	Costa Rica	0.825	0.854	3.5
43	Mexico	0.825	0.854	3.6
44	Libyan Arab Jamahiriya	0.821	0.847	3.1
45	Montenegro	0.815	0.834	2.4
46	Panama	0.811	0.840	3.6
47	Latvia	0.810	0.866	7.0
48	Trinidad and Tobago	0.806	0.837	3.8
49	Bulgaria	0.803	0.840	4.6
50	Venezuela (Bolivarian Rep. of)	0.802	0.844	5.3
51	Macedonia (former Yugoslav Republic of)	0.800	0.817	2.1
53	Serbia	0.797	0.826	3.7
54	Brazil	0.790	0.813	2.9
55	Romania	0.788	0.837	6.3
57	Albania	0.784	0.818	4.4
58	Colombia	0.772	0.807	4.5
59	Peru	0.771	0.806	4.5
60	Mauritius	0.770	0.804	4.5
64	Thailand	0.753	0.783	4.0
65	Jamaica	0.750	0.766	2.1
66	Dominican Republic	0.748	0.777	3.8
67	Kazakhstan	0.747	0.804	7.6
71	Iran (Islamic Republic of)	0.738	0.782	6.0
72	Paraguay	0.737	0.761	3.2
73	Gabon	0.735	0.755	2.7
74	Belize	0.735	0.772	5.0
75	Maldives	0.730	0.771	5.6
80	Algeria	0.713	0.754	5.7
81	El Salvador	0.704	0.747	6.1
82	Bolivia (Plurinational State of)	0.699	0.729	4.4
83	Jordan	0.691	0.770	11.5
84	Honduras	0.690	0.732	6.0
85	Vietnam	0.690	0.725	5.1
93	Indonesia	0.673	0.734	9.1
94	Nicaragua	0.667	0.699	4.8
95	Egypt	0.665	0.703	5.8
96	Guatemala	0.664	0.704	6.1
97	Vanuatu	0.663	0.693	4.5

Source: HDR Team calculations based on UNDP (2009a)

The decline in inequality

Among the main reasons behind the drop in wage-income inequality within the region, the more equitable distribution of educational attainment stands out: the Gini coefficient for educational attainment fell by 5% in Brazil, 7% in Mexico and 4% in Peru, while Argentina experienced only a marginal reduction. Thus, the quantity effect of education had an equalizing result. That said, an improved distribution of educational attainment fails to explain in itself the decline in inequality of wage-income, given that the improvement in educational attainment had already been apparent for some time. In fact, previous studies conducted in Argentina and Mexico revealed that inequality in such countries had actually increased despite the improvements in the distribution of educational attainment. This can be put down to the fact that returns on higher education were greater than those reported for primary education; in other words, the returns obtained for an additional year of primary education were less than those obtained for an additional year of higher education. Nonetheless, returns on education in recent years have more or less levelled off. Figures suggest that although demand for skills outstripped supply over the nineteen nineties, which led to an increase in returns on education, growth in supply over the last ten years has actually outstripped demand, thereby mitigating the advantage of having completed university studies.

The second key factor that helped to bring about a reduction in inequality within the region was the decline in inequality relating to non-labour income. Indeed, over the first ten years of the twenty-first century, a significant increase in the equalizing importance of public transfers (and, in general, of the state's social expenditure) has been observed within the four countries in question. In recent years, improvements have been made to the design of conditional cash transfers programs, while both the amount and coverage of the transmissions also increased and focalization methods were made more efficient. Moreover, the regions continued to step up their spending in healthcare, education, nutrition and basic infrastructures (electricity, water, sewage systems, etc.).

Other factors that have helped to combat inequality in LAC countries include the growth in employment, the changes in relative prices and the adjustments resulting from macroeconomic shocks. Furthermore, various countries rolled out free market reforms to increase trade and encourage privatization. Certain academics, including Sánchez-Páramo and Schady (2003), Behrman, Birdsall and Székely (2003), Goldberg and Pavnick (2007), and Gasparini and Cruces (2008), have suggested that these reforms generated a more pronounced income inequality. However, to evaluate the effects of these changes, particular attention must be paid to the institutional context of each individual country, as well as the processes lying behind each change and the consequences thereof.

Challenges in store

The coming years may witness two hurdles to reducing inequality. Firstly, and although the quantity of education has certainly increased, those who earn more are still in a better position to access quality higher education, whereas those with fewer resources will find it much harder to enrol in university courses. Secondly, and despite the fact that there has been a widespread increase in social spending, a significant part of government outlay can still be considered neutral or even regressive. Additionally, attention must be paid to the long-term impact of the global crisis that broke onto the scene in 2008 and which has already exacerbated poverty and inequality in certain countries.

Source: HDR Team research based on López-Calva and Lustig (2010).

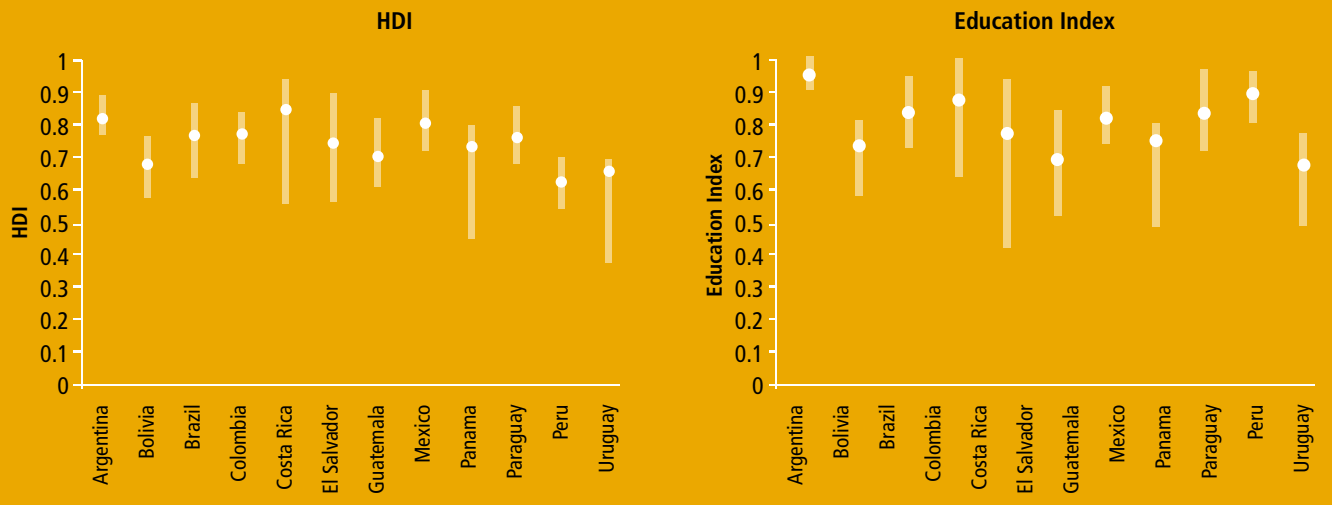
Table 2.3. Latin America and the Caribbean (22 countries). Decrease in human development attributable to inequalities between men and women, the gender-related development index (GDI) and the human development index (HDI) 2007

Country	GDI 2007	HDI 2007	Human development loss attributable to inequalities between men and women (%)
Cuba	0.844	0.863	2.3
Venezuela (Bolivarian Rep. of)	0.827	0.844	2.1
Nicaragua	0.686	0.699	1.9
Honduras	0.721	0.732	1.5
Guatemala	0.696	0.704	1.1
Guyana	0.721	0.729	1.1
El Salvador	0.740	0.747	0.9
Mexico	0.847	0.854	0.8
Chile	0.871	0.878	0.8
Costa Rica	0.848	0.854	0.7
Jamaica	0.762	0.766	0.5
Trinidad and Tobago	0.833	0.837	0.5
Argentina	0.862	0.866	0.5
Brazil	0.810	0.813	0.4
Uruguay	0.862	0.865	0.3
Barbados	0.900	0.903	0.3
Paraguay	0.759	0.761	0.3
Dominican Republic	0.775	0.777	0.3
Peru	0.804	0.806	0.2
Panama	0.838	0.840	0.2
Bolivia (Plurinational State of)	0.728	0.729	0.1
Colombia	0.806	0.807	0.1

Note: The table only includes those countries that have available GDI data for the year in question. The human development loss attributable to inequalities betwen women and men was calculated in relation to the HDI.

Source: HDR Team calculations based on UNDP (2009a).

Chart 2.3. Latin America and the Caribbean (12 countries). Maximum, average and minimum values of the human development index (HDI), of its components and of the gender-related development index (GDI) by geographic units in each country. *Circa* 2006

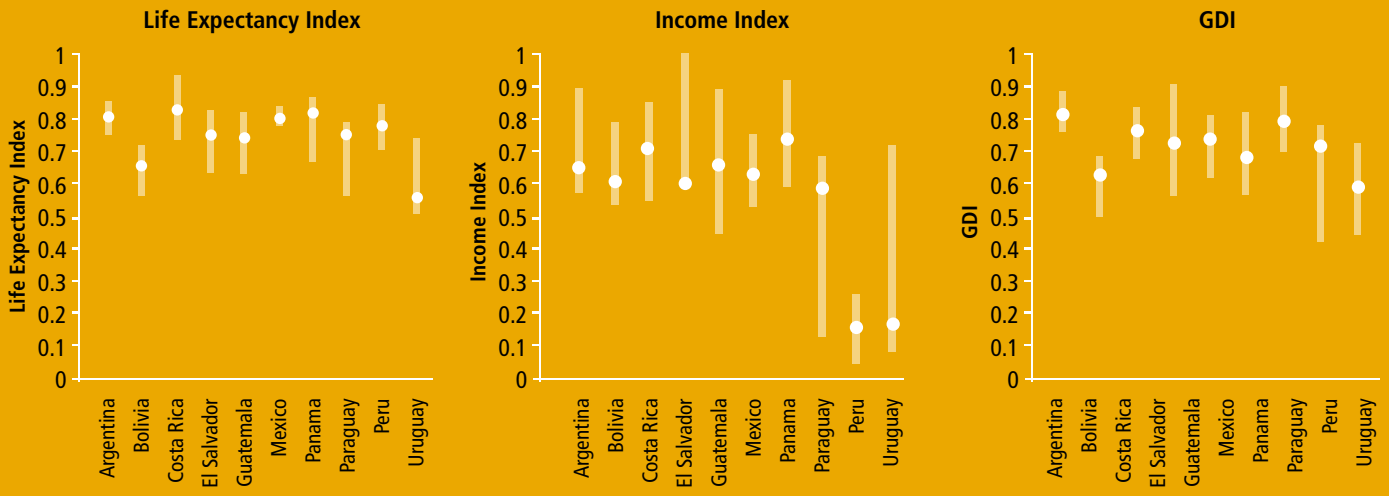


Box 2.2. Approach to inequality in the national human development reports for Latin America and the Caribbean.[1]

There are numerous causes explaining the gaping holes in terms of human development in Latin American and Caribbean (LAC) countries, including geographic localization and the race or ethnic group in question. The first national human development report conducted in Mexico (HDR Mexico, 2002) illustrates the importance of geographic factors in explaining the inequality ravaging LAC societies. This document reveals that although the country's human development index (HDI) for 2000 stood at 0.801, there was a sharp contrast between the HDI for the Federal District (0.891) and, for example, that for the state of Chiapas (0.703). In its attempts to analyse inequality, the Mexican HDR was not content with simply comparing aggregates between states and regions, but also recalculated the HDIs, using the general means method, which is also employed in this Report (see Section 2.3), to take into account the existing inequalities between people.. This approach enabled the researchers to conclude that inequalities among the Mexican populace can actually lead to losses of up to 26% in the HDI (HDR-Mexico, 2002). In turn, the HDR for Paraguay (2002) concentrated on the inequalities resulting from sex, schooling, geographic location and ethnicity. This particular national HDR documented an increase in both the number of people living in poverty and the levels of inequality, despite a backdrop of growth in gross domestic product (GDP) over previous years. The HDR for Paraguay (2008) also focused its analysis on inequalities as a hurdle to human development and the need to spur quality economic growth that fosters well-being. This national report stressed the need to apply specific public policies to combat existing inequalities, given that the power relations between those who wield economic and political power and other groups of society do not reflect principles of democracy or otherwise encourage conditions that ensure the well-being of the entire population. The national HDR for the Dominican Republic also centred its analysis on inequality as the main obstacle to full human development within the country. This report contends that, as a general rule, the State does not guarantee fair access to education, healthcare and quality employment or to other *functionings* key to human development, based on equal human rights. Access to these *functionings* actually depends more on people's levels of income or wealth, sex, the area in which they live or the ethnic group to which they belong (HDR Dominican Republic, 2008). In turn, the HDR Brazil 2005 reports an increase in inequality within the country and analyses the relative disadvantages facing the black population (HDR Brazil, 2005).

The most recent HDR for Guatemala (2008), aimed at analysing how the economy can promote human development, documents the extreme prevailing inequality in the country: whereas the wealthiest 4% of the population reported an HDI of 0.899, the poorest 15% revealed an HDI of 0.523. The HDR for Guatemala also explored various elements that play a role in the intergenerational transmission

1 In order to illustrate the excellent and prolific work carried out in Latin America and the Caribbean (LAC), which has been documented in the form of national human development reports (HDR), aspects featured in the reports for certain LAC countries has been included (HDR Chile, 2006; HDR Guatemala, 2005 and 2008; HDR Honduras, 2006; HDR Mexico, 2002; HDR Panama, 2002; HDR Brazil, 2005; HDR Paraguay, 2002 and 2008, and HDR Dominican Republic, 2008). Certain reports from other regions has been also referred (HDR China, 2005; HDR Cambodia, 2007; HDR Arunachal Pradesh, 2005). Appendix 3 contains an exhaustive list of the HDRs that have been published for the region since 1995.



Note: The charts depict how the levels of each index are distributed for the geographic units that make up each country (for example, states, provinces or departments). The lines represent the classification of all these levels, from highest to lowest, while the points indicate the average value of the indexi in each case. A longer line points to greater heterogeneity in the distribution of attainment between the geographic units of a given country, whereas a shorter line reveals a more homogenous distribution of attainment among such units. Given the heterogeneity in the definitions of the geographic units, which depend on the context of each country, the information does not allow for comparisons between them and only illustrates the internal dispersion of the values considered in each of the countries.

Source: Estimates from different agencies of the United Nations Development Programme (UNDP) in each country, whether operating on a state, provincial or departmental level. The methodology applied in certain cases differs from that established by the UNDP (1990).

of poverty and inequality in human development. For example, it reveals that average educational attainment for the group of the population aged between 15 and 24 is only six years of studies, a figure that sits uncomfortably with the nine-plus years of schooling that this segment of the population should have. Similarly, the same HDR reports that half the under-five population suffers from chronic malnutrition. Both these factors, transmitted largely by the previous generation's living conditions, characterized by multiple deprivations and very low levels of human development, hinder the future development of the country's human capital (HDR Guatemala, 2008). The previous national HDR for Guatemala, published in 2005, had already documented the inter-ethnic disparities in terms of education, life expectancy and income generation and analysed the impact of these differences on the development of the capabilities of the country's indigenous population (HDR Guatemala, 2005). The HDR Panama also reached similar conclusions: the indigenous population presented higher levels of poverty and worse human development indicators than the non-indigenous population (HDR Panama, 2002).

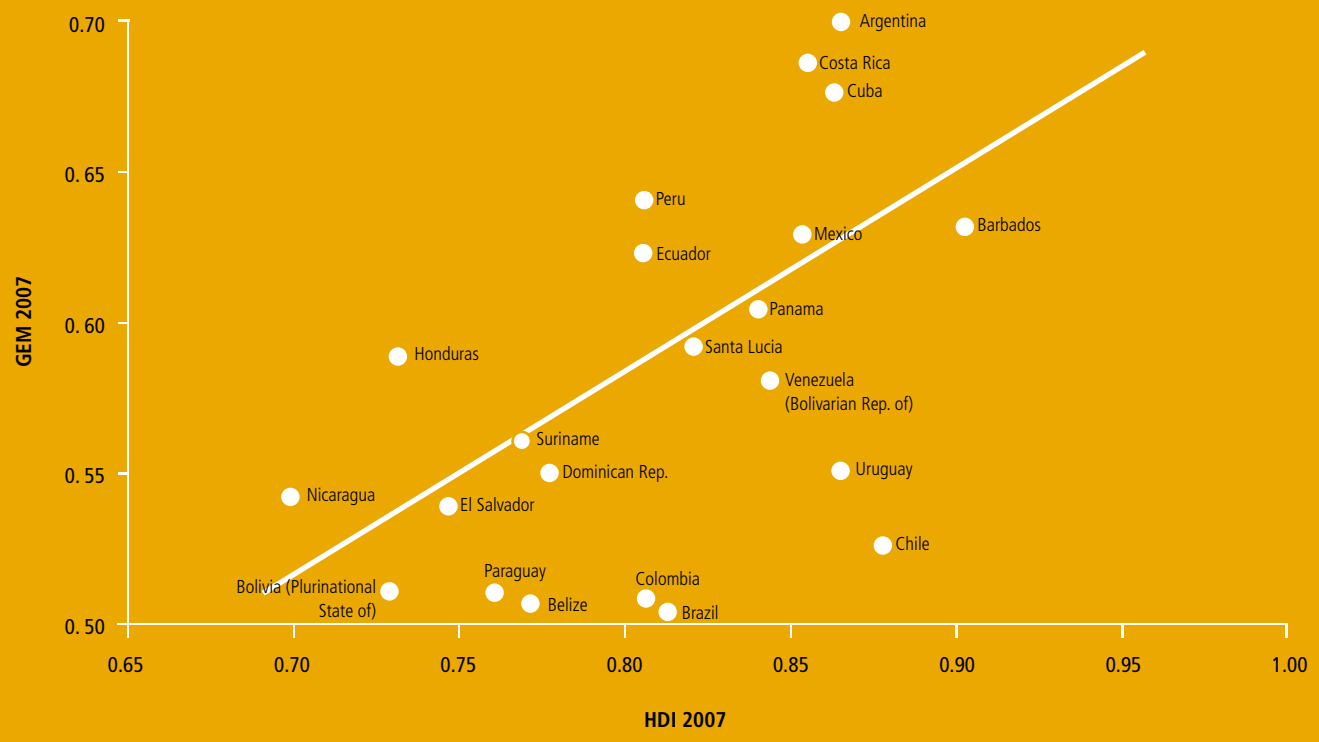
The HDR for Honduras (2006) emphasized the importance of social inclusion as a requirement for enhancing citizenship. It also depicted various aspects of the prevailing inequality in terms of income and education and contended that the combination of extreme poverty with high levels of inequality in accessing services and sources of income restricts the capacity of the Honduran populace to improve its human development, which undermines democracy (HDR Honduras, 2006). The HDR for Chile (2006) focused primarily on analysing the technological revolution and claimed that although new technologies open up new horizons for people (including the poor) who have access to them and the capability to adapt to new demands, it will also exacerbate the marginalization of those who find themselves excluded from technological advances.

On a final note, many national HDRs conducted in other regions worldwide also focus their analysis on inequality. For example, the HDR for China (2005) underscores the importance of ensuring greater social equality so as to accomplish the aims of the Millennium Development Goals (MDGs). This particular national report explores both economic inequality and inequality in terms of human rights and politics, including freedom of expression, of belief, and to participate in political activities (HDR China, 2005). In turn, the HDR for Cambodia (2007) contains an exhaustive analysis of key issues to attaining egalitarian and sustained rural development (HDR Cambodia, 2007). Lastly, the HDR 2005 for the state of Arunachal Pradesh (India) illustrated an increase in both the unequal distribution of land ownership and of other resources, and also in inequality in terms of income and consumption (HDR Arunachal Pradesh, India, 2005).

Both the high relative levels of inequality in human development and its persistence in numerous LAC countries have been confirmed in national human development reports, which also analyse the normative and practical ramifications of this phenomenon.

Source: HDR Team based on the following national human development reports: Chile, 2006; Guatemala, 2005 and 2008; Honduras, 2006; Mexico, 2002; Panama, 2002; Brazil, 2005; Paraguay, 2002 and 2008; Dominican Republic, 2008, China, 2005; Cambodia, 2007; and Arunachal-Pradesh, 2005.

Chart 2.4. Latin America and the Caribbean (22 countries). Relationship between the human development index (HDI) and the gender empowerment measure (GEM). 2007



Source: HDR Team calculations based on UNDP (2009a)

Chart 2.4 shows that countries with a higher HDI also have a higher GEM, which suggests that gender equality in various areas is linked to greater achievements in human development overall.

Inequality between men and women is also evident as regards existing opportunities for generating income and accessing social security. For example, women continue to work in jobs with wages that are relatively lower than those received by men, even when both sexes have similar levels of training.Likewise, prevailing labour market rigidities make it even more likely that women will be working in the informal economy and in sectors of low productivity, chiefly services (Márquez and Prada, 2007).

In all countries for which there is comparable information (CEPALSTAT, 2010), there is a greater proportion of women involved in the informal sector than men (see Table 2.4), implying that many women are missing out on the social security benefits that employees in the formal sector receive and are facing greater vulnerability. This is particularly worrying in the case of women in situations of poverty.

Inequalities associated with race and ethnicity also pose major challenges. Throughout LAC, there are slightly more than 50 million indigenous people and 120 million of African descent, representing roughly 33% of the total population for the region. A comparison of the progress made towards the Millennium Development Goals (MDGs) by the population of European descent (PED), as opposed to that of indigenous peoples and Afro-descendants (IPAD), shows that there are still gaps between both groups (Busso, Cicowiez and Gasparini, 2005).[7] For example, poverty levels of IPAD are manifestly higher than those for PED, with the exception of Costa Rica and Haiti (see Chart 2.5). This difference can be put down to a range of different factors, one of which relates to the benefits that each group obtains from formal education. On average, the PED has a higher return on education than the IPAD, which gives them greater incentive to continue studying. This situation is reflected in the decrease in enrolment levels of the IPAD as youth from this group move from one level of education to the next. Factors such as per capita income, the parents' levels of educational attainment, the size of the household and place of residence would

7 The differentiation between PED and IPAD as comparable groups of the population is intended purely for analytical purposes. In reality, it simplifies the huge diversity present in each group and ignores the quantitatively lower presence of other groups of people within the region. For a more detailed discussion of this subject and an exhaustive justification of this analytical distinction, see Busso, Cicowiez and Gasparini (2005).

Table 2.4. Latin America and the Caribbean (15 countries). Population working in the informal economy in urban areas by gender. 1999 and 2008 (%)

	1999			2008		
Country	Total	Men	Women	Total	Men	Women
Argentina	42.4	39.5	42.6	..	..	..
Bolivia (Plurinational State of)	64.2	55.5	75.3	62.5*	57.7*	71.6*
Brazil	47.4	43.8	52.6	42.0	37.8	47.4
Chile	31.8**	27.2**	39.2**	..	..	..
Costa Rica	41.6	39.5	45.0	37.1	33.9	41.4
Ecuador	58.9	55.0	65.2	57.4	53.0	63.6
El Salvador	52.3	45.7	59.7	..	..	..
Honduras	55.2	52.4	58.5	43.9*	45.4*	41.9*
Mexico	..	..	..	43.7	40.0	49.1
Panama	34.2	32.3	37.0	35.9	33.5	39.3
Paraguay	59.2	51.9	69.2	56.5	50.1	65.4
Peru	64.1	58.7	71.1	59.3	52.9	67.1
Dominican Republic	..	..	..	50.1	51.9	47.1
Uruguay	41.5	38.6	45.4	42.8	38.2	48.5
Venezuela (Bolivarian Republic of)	53.8	54.6	52.2	49.8***	51.8***	46.7***

Note: The table reflects the population occupied in the informal economy as a percentage of the total population occupied in urban areas.
* Figures available for 2007
** Figures available for 2000
*** Figures refer to the national total
Source: CEPALSTAT (2010)

seem to give rise to higher levels of education among the PED in comparison to IPAD.[8]

Different returns from education and from work experience are factors that influence poverty among IPAD. Table 2.5 illustrates the change in the poverty levels of IPAD that would occur in different countries if this group of the population had the same return on education and work experience as PED. For example, significant changes would be seen in Bolivia, Ecuador and Mexico, where poverty would decrease by 18.4, 43.6 and 21.4 percentage points, respectively. With the exception of Chile, Costa Rica, Panama and Paraguay, returns on education in other LAC

8 See the *Human Development Report Brazil 2005. Racism, poverty and violence,* which contains an in-depth analysis of racial inequalities in indicators such as income, education, life expectancy, employment, housing and violence, all disaggregated by municipality, and concludes that the population of African descent is at a relative disadvantage, according to all of the indicators analysed. In order to complement the universally-applicable policies, the same report suggests implementing affirmative action policies, which are thought to provide a massive boost to mitigating the inequalities facing people of African descent (UNDP, 2005).

Box 2.3. Use of time: the double burden for women

Gender equality and the empowerment of women, one of the eight objectives of the Millennium Development Goals (MDGs) as enshrined in the United Nations Millennium Declaration, which was ratified in New York in 2000, are important in themselves and are key to accomplishing the remaining MDGs (United Nations, 2000; PAHO, 2005; Gómez Gómez, 2008).

According to the findings of the Task Force on Education, Gender Equality and the Empowerment of Women, which forms part of the UN Millennium Development Project, gender equality and women's empowerment is an objective that includes three core dimensions: i) human abilities, such as education and life expectancy; ii) opportunities to use or apply these abilities by accessing economic and political resources; and iii) security, which refers to the necessary step of making women less vulnerable to violence. Nevertheless, and as postulated by Gómez Gómez (2008), although these three dimensions are interrelated, changes in one dimension will not guarantee changes in the other two. For this reason, the task of bringing about gender equality requires coordinated action on all three fronts, and the empowerment or self-determination of women can only be achieved by making changes in all three dimensions. In order to ensure their empowerment, women need to reach equality not only in terms of skills and opportunities, but also in terms of their agency capacity to harness such skills and exercise their rights.

Recent studies point out that "the key issue for gender inequality […] is the division of work according to gender, in that men have traditionally been assigned to carry out paid work, and women unpaid work" (Gómez Gómez, 2008).[1] Thus, the chances of women performing paid work is hampered by the fact that it is traditionally women who take care of unpaid housework. For this reason, analysing gender inequalities in terms of the use of time is a crucial tool for framing public policies that affect family life by helping to reconcile paid and unpaid work in which both men and women participate.

Even though most households in Latin America and the Caribbean (LAC) follow the traditional model whereby the man is the "bread winner", while the woman acts as "housewife", figures reveal the increasing role women are playing in work outside the home. In Chile, for example, roughly 45% of women aged 15 or over and living in urban areas are active in the job market, whereas in Peru 62% of women from the same group are involved in paid work or are seeking paid work (see Chart 1).

That said, and since the growing involvement of women in paid work has not been accompanied by an equivalent upswing in the participation of men in unpaid domestic tasks, the workload of women has been effectively multiplied (Arriagada, 2004). As a result, if the total workload for both men and women is analysed, i.e., if the time spent on both domestic tasks and on paid work is added up, it becomes apparent that women are at

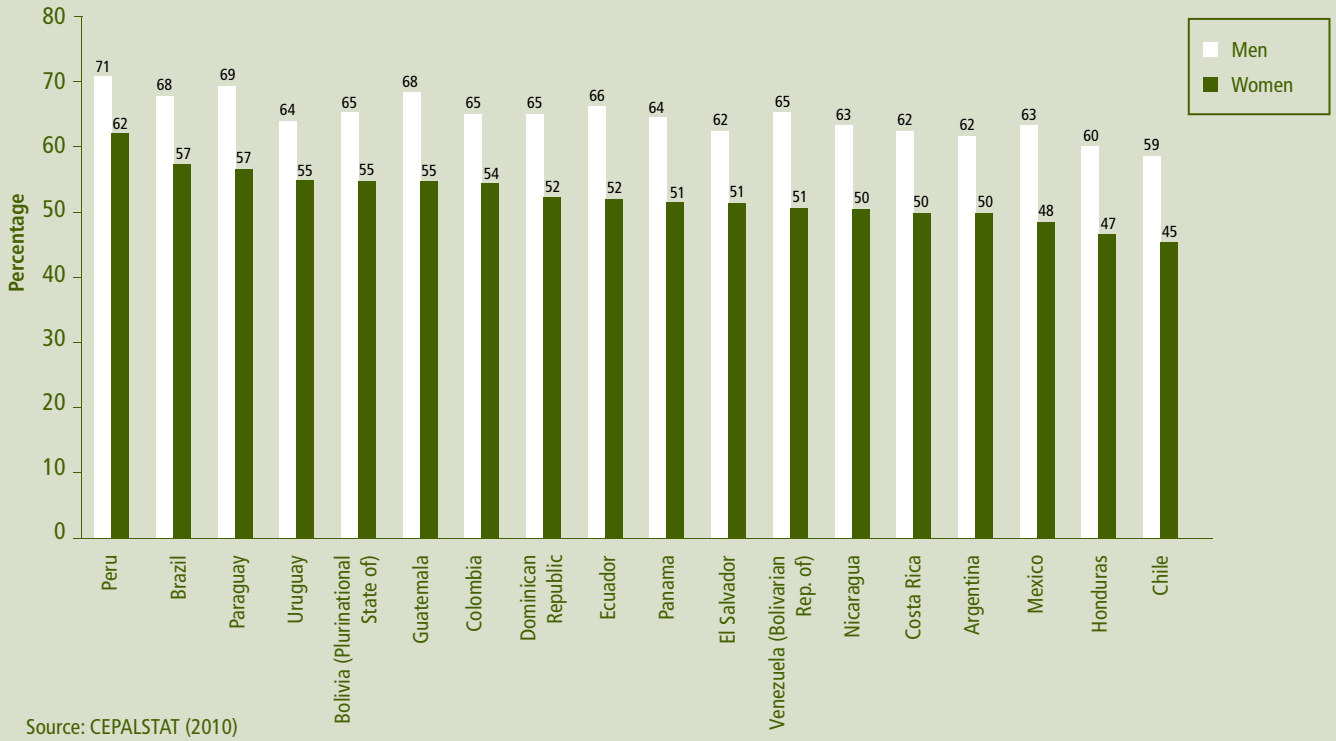
1 For further reading on this subject, see the aforementioned study by Gómez Gómez (2008), as well as Pedrero (2005), Aguirre, García and Carrasco (2005), Arriagada (2004) and, in particular, ILO-UNDP (2009).

countries are lower among IPAD, which means that, except in these four countries, poverty levels throughout the region woul decline if IPAD were to receive the same return on education as PED. Likewise, in 9 out of the 12 countries analysed, the level of poverty would drop if the IPAD were to obtain the same returns on work experience as PED.

The significant differences in human development among these groups of the population are due to a huge variety of factors. A large proportion of the indigenous population, for example, lives in rural areas that have limited access to basic infrastructure, education and healthcare services. Market segregation, intrinsically related to this phenomenon, tends to push the indigenous population to sectors of low productivity, which, as a general rule, do not offer even basic social security benefits. In a significant sample of LAC countries, more than one third of the occupied indigenous population works in the primary sector. In Honduras and Paraguay, for example, this proportion stands at roughly 75% (see Table 2.6).

Box 2.3 (continued)

Chart 1. Latin America and the Caribbean (18 countries). Economically active population as a percentage of the urban population aged over 15, by gender. *Circa* **2008 (%)**

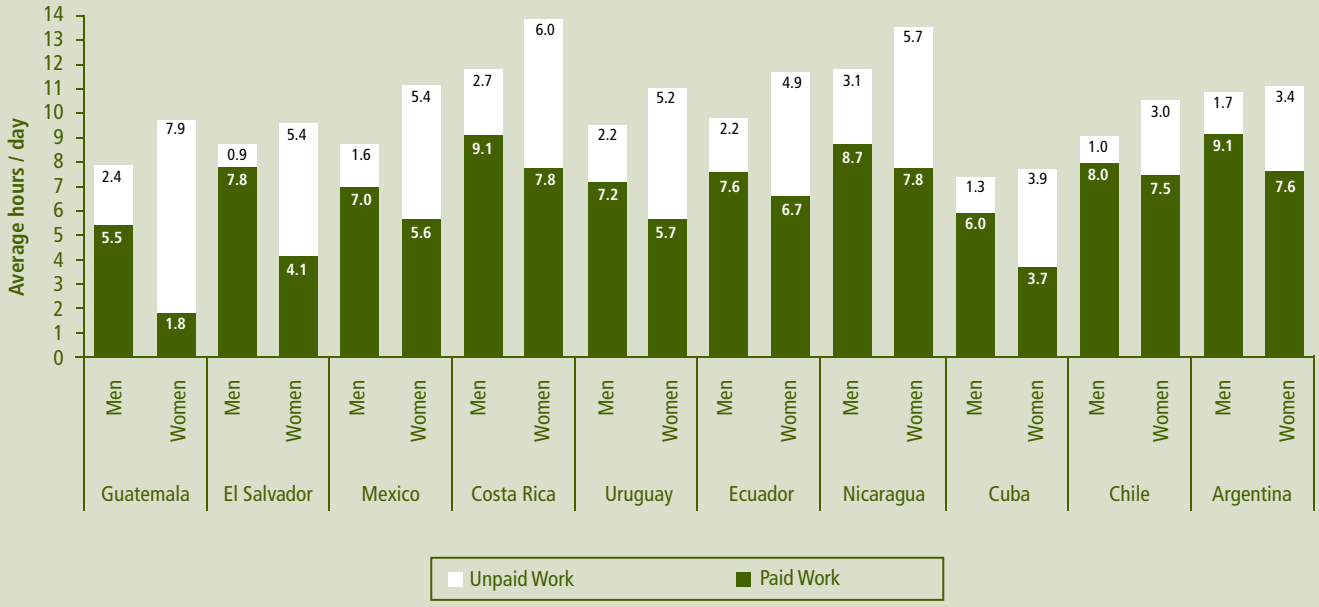


Source: CEPALSTAT (2010)

a distinct disadvantage. As can be seen in Chart 2, the total hours worked by women is invariably greater than the total hours worked by men. Moreover, the fact that no monetary value is attached to unpaid domestic work makes it difficult to calculate the economic contribution of those (mostly women) who carry out this kind of work. Thus, women's contribution to the economy has yet to be effectively recognized.

These asymmetries in the distribution and in the valuation of each kind of work have adverse effects on gender equality and the empowerment of women, and at the same time reduce the visibility and perceived importance of their interests in the development of public policies (Gómez Gómez, 2008). It will be very difficult to bring about any real improvement in social equality until a more profound cultural transformation at the family level has been achieved.

Chart 2. Latin America and the Caribbean (10 countries). Use of time: total workload by gender. Various years.

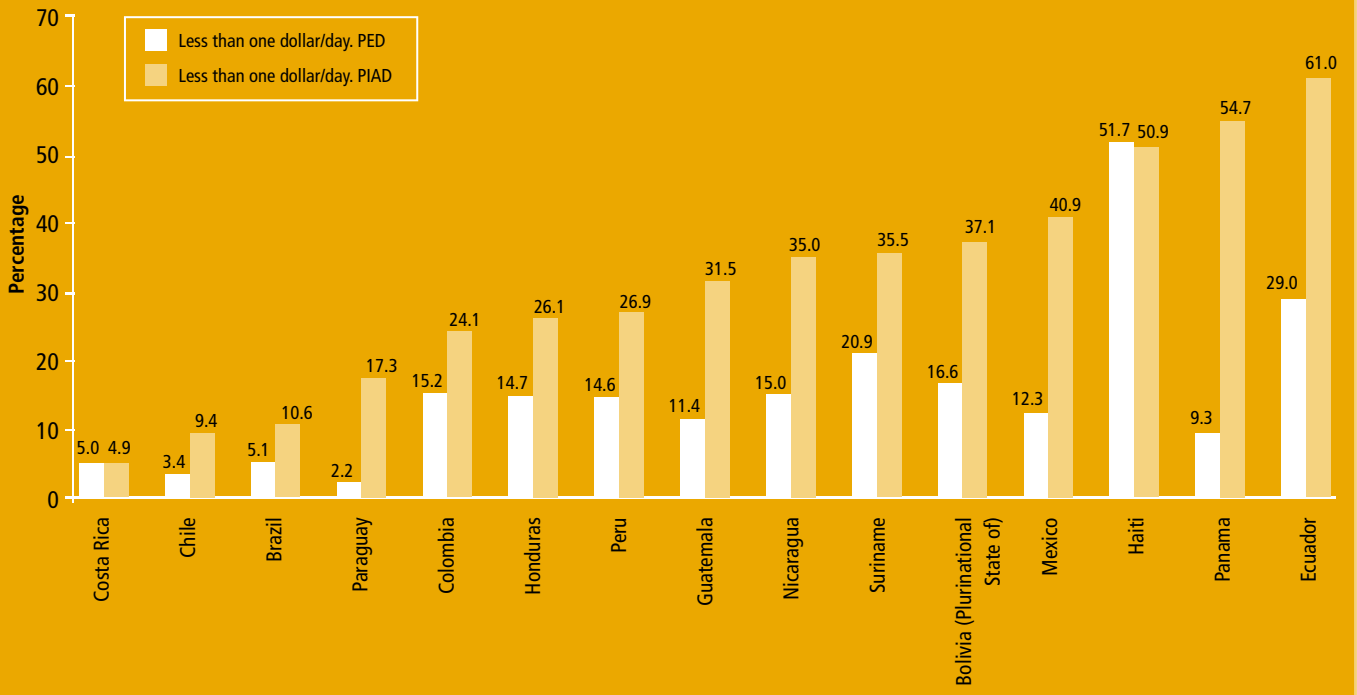


Note: The indicator refers to the average time (hours per day) dedicated to paid and unpaid work. Chile (2008): The information refers to those persons aged over 15 from the region of Gran Santiago who carry out both kinds of work. Ecuador (2005): The information refers to those persons aged over 12 from the region of Quito who carry out both kinds of work. Costa Rica (2004): The information refers to those persons aged over 12 who carry out both kinds of work within the national total. Cuba (2001): The information refers to those persons aged over 15 from the region of Habana Vieja, regardless of whether they carry out both kinds of work. Uruguay (2007): The information refers to those persons aged over 14 from the national total, regardless of whether they carry out both kinds of work. Mexico (2002): The information refers to those persons aged over 12 from the national average who carry out both kinds of work. Argentina (2005): Unpaid work does not encompass community work. The information refers to those persons aged between 15 and 74 from the city of Buenos Aires, regardless of whether they carry out both kinds of work. Nicaragua (1999): Unpaid work does not encompass community work. The information refers to heads of household within the national total, regardless of whether they carry out both kinds of work. El Salvador (2005): The information refers to those persons aged over 12 within the national total, regardless of whether they carry out both kinds of work. Guatemala (2000): Unpaid work does not encompass community work. The information refers to those persons aged over 12 within the national average, regardless of whether they carry out both kinds of work."

Source: HDR Team research based on Aguilar and Espinoza (2004), CONAMU (2006), General Department for Statistics and Census of the Government of Buenos Aires (2005), Gammage (2009), INE Chile (2008), INEC Costa Rica (2008), ONE Cuba (2001), Pedrero (2005), UNDP (2008a) and UDELAR and INE Uruguay (2008).

Source: HDR Team research based on Aguilar and Espinoza (2004), CONAMU (2006), General Department for Statistics and Census of the Government of Buenos Aires (2005), Gammage (2009), INE Chile (2008), INEC Costa Rica (2008), ONE Cuba (2001), Pedrero (2005), UNDP (2008a) and UDELAR and INE Uruguay (2008).

Chart 2.5 Latin America and the Caribbean (15 countries). Poverty (less than one dollar/day) among the population of European descent (PED) and indigenous peoples and Afro-descendants (IPAD). *Circa* 2000 (%)



Source: Busso, Cicowiez y Gasparini (2005).

Table 2.5 Latin America and the Caribbean (12 countries). Break-down of the difference in the incidence of poverty among ethnic groups. Various years

Country	Year	Incidence of poverty on the PED population	Incidence of poverty on the IPAD population	Poverty level of IPAD if IPAD schooling performance were equal to that of PED	Change in poverty levels if the IPAD schooling performance were equal to that of PED	Poverty level of IPAD if returns to experience of IPAD were equal to that of PED	Poverty level of IPAD if returns to experience of IPAD were equal to that of PED
		(a)	(b)	(c)	(d) = (c) - (b)	(e)	(f) = (e) - (b)
Bolivia (Plurinational State of)	2002	34.0	57.9	39.4	-18.4	59.6	1.7
Brazil	2002	11.2	25.6	24.8	-0.8	22.1	-3.5
Chile	2000	7.5	20.3	24.5	4.2	17.9	-2.4
Colombia	1999	22.7	34.7	32.7	-2.0	32.4	-2.4
Costa Rica	2001	11.6	12.8	14.3	1.5	11.6	-1.2
Ecuador	1998	55.7	82.1	38.6	-43.6	73.1	-9.1
Guatemala	2002	20.7	50.3	47.1	-3.2	50.7	0.4
Honduras	2003	34.2	60.4	60.3	-0.2	72.7	12.3
Mexico	2002	24.4	72.0	50.6	-21.4	70.7	-1.2
Panama	2002	23.6	80.8	87.5	6.6	57.3	-23.5
Paraguay	2001	8.8	36.7	39.1	2.4	30.7	-6.0
Peru	2001	31.1	46.6	43.4	-3.2	46.0	-0.5

Note: Household per capita income. Poverty threshold: two dollars/day adjusted at purchasing power parity (PPP). The figures included in columns (c) and (e) have been obtained from simulations that entail assigning the IPAD certain characteristics of PED. The difference between columns (c) and (e) and column (b) can therefore be interpreted as the impact that a change in labor experience and schooling performance would have on IPAD poverty.
Source: HDR Team calculations based on Busso, Cicowiez and Gasparini (2005)

Table 2.6. Latin America and the Caribbean (11 countries). Working population by sector (%)

Country	Primary sector		Secondary sector		Tertiary sector	
	Indigenous	Non-indigenous	Indigenous	Non-indigenous	Indigenous	Non-indigenous
Bolivia (Plurinational State of)	37.6	19.1	19.8	20.9	42.6	60.1
Brazil	33.4	18.0	18.0	21.7	48.6	60.3
Chile	20.3	10.3	22.6	22.0	57.1	67.7
Costa Rica	58.8	18.6	12.5	24.9	28.7	56.5
Ecuador	62.3	26.8	14.3	19.2	23.5	54.1
Guatemala	56.0	31.2	18.5	23.0	25.6	45.8
Honduras	74.0	39.4	9.2	22.0	16.8	38.6
Mexico	50.4	13.5	20.9	29.4	28.7	57.1
Panama	68.9	16.0	7.4	19.1	23.7	64.9
Paraguay	77.9	27.0	13.7	18.9	8.5	54.1
Venezuela (Bolivarian Republic of)	32.8	10.0	19.9	19.9	47.3	70.2

Note: Refers to the population aged 15 or over.
Source: CELADE (2010).

Inequality in other dimensions of human development

Regional inequality is also reflected in other development indicators, such as per capita income, access to infrastructure and basic services, and other dimensions included in the HDI.[9]

LAC countries are among the most unequal in the world in terms of per capita household income: 10 of the world's 15 most inequality-rife countries belong to this region (UNU/WIDER, 2007; Gasparini et al., 2009a). For example, income inequality in the LAC region, as measured by the Gini coefficient, is 65% higher than in high-income countries, 36% higher than the income inequality observed in East Asian countries, and 18% higher than the level reported for sub-Saharan Africa (López-Calva and Lustig, 2010).

Whereas inequality in Central America has followed a constant downward path since the start of the nineties, inequality in the Southern Cone and the Andean region of South America increased over the nineties, and it was not until roughly 2005 that it began to drop off significantly (Gasparini et al., 2009a; López-Calva and Lustig, 2010)(See Chart 2.6). Yet, despite this more recent improvement, prevailing inequality in LAC nations remains very high: for example, the Gini index for Bolivia, Haiti and Brazil stands at over 55 (see Chart 2.7).[10]

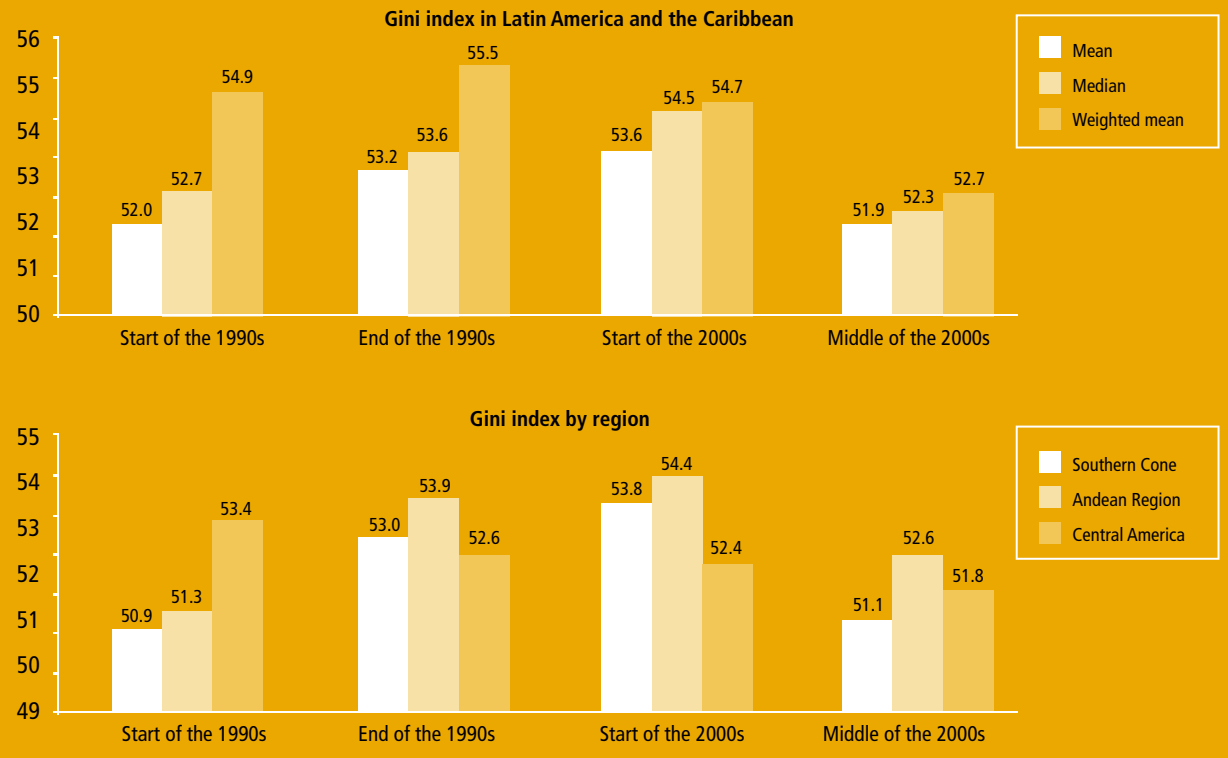
To evaluate inequality in terms of different groups' access to basic infrastructure services, a number of different indicators are used, such as the availability of drinking water and electricity, the degree of housing overcrowding and the quality of materials used in housing. In this regard, for some countries of the region such as Chile and Costa Rica, the difference between the 20% of the population with the highest income and the 20% with the lowest income is relatively low, while countries such as Peru, Bolivia and Guatemala, offer poor coverage of such services, coupled with gaping breaches between the two aforementioned groups (see Chart 2.8). As regards to access to adequate housing and basic services over the period spanning 1995 to 2005, the difference in the use of quality housing materials between the 20% of the population with the greatest income and the 20% with the lowest dropped in a number of cases, with the obvious exceptions of Bolivia and, less so, Argentina, Nicaragua and Peru. As for change in access to drinking water over the period in question, Ecuador, Nicaragua and Venezuela reported increased inequality between the highest and lowest income groups, while in Guatemala, Honduras and Bolivia a similar trend was observed regarding access to electricity (see Chart 2.9).

What happens with the differences that occur between the dimensions of the HDI? Despite the fact that the components of this index have the same weight in the final result (see Technical Note 1), each one's contribution to the HDI as a whole may be different. Within a context of balanced development, each component would represent a third of the total value of the index. Thus, one might think that a share of less than a third for one of these components would indicate a relative lag in this dimension of the index, while shares of over a third would indicate the opposite. Hence, there are countries with similar HDI levels whose

9 The first part of this section is based primarily on Gasparini et al. (2009a).

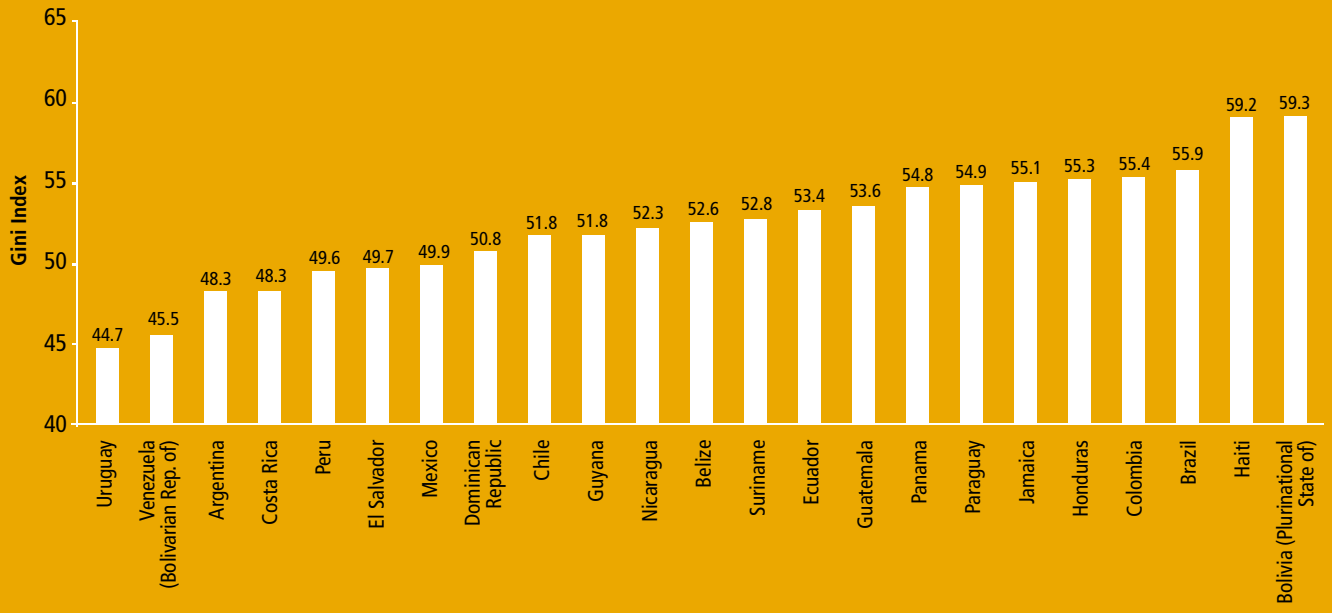
10 In the field of employment, which is vital for generating income and other satisfactors, hourly-wage inequality is as high as income distribution inequality:It is estimated that the hourly wage in the region reflects a Gini index of 50.1% (see the statistical appendix at the end of this report).

Chart 2.6 Latin America and the Caribbean (17 countries). Evolution of income inequality. Start of the 1990s to mid 2000s (*circa* 2006)



Source: Gasparini et al. (2009), based on SEDLAC (CEDLAS and World Bank, 2010).

Chart 2.7 Latin America and the Caribbean (23 countries). Gini index. *Circa* 2006



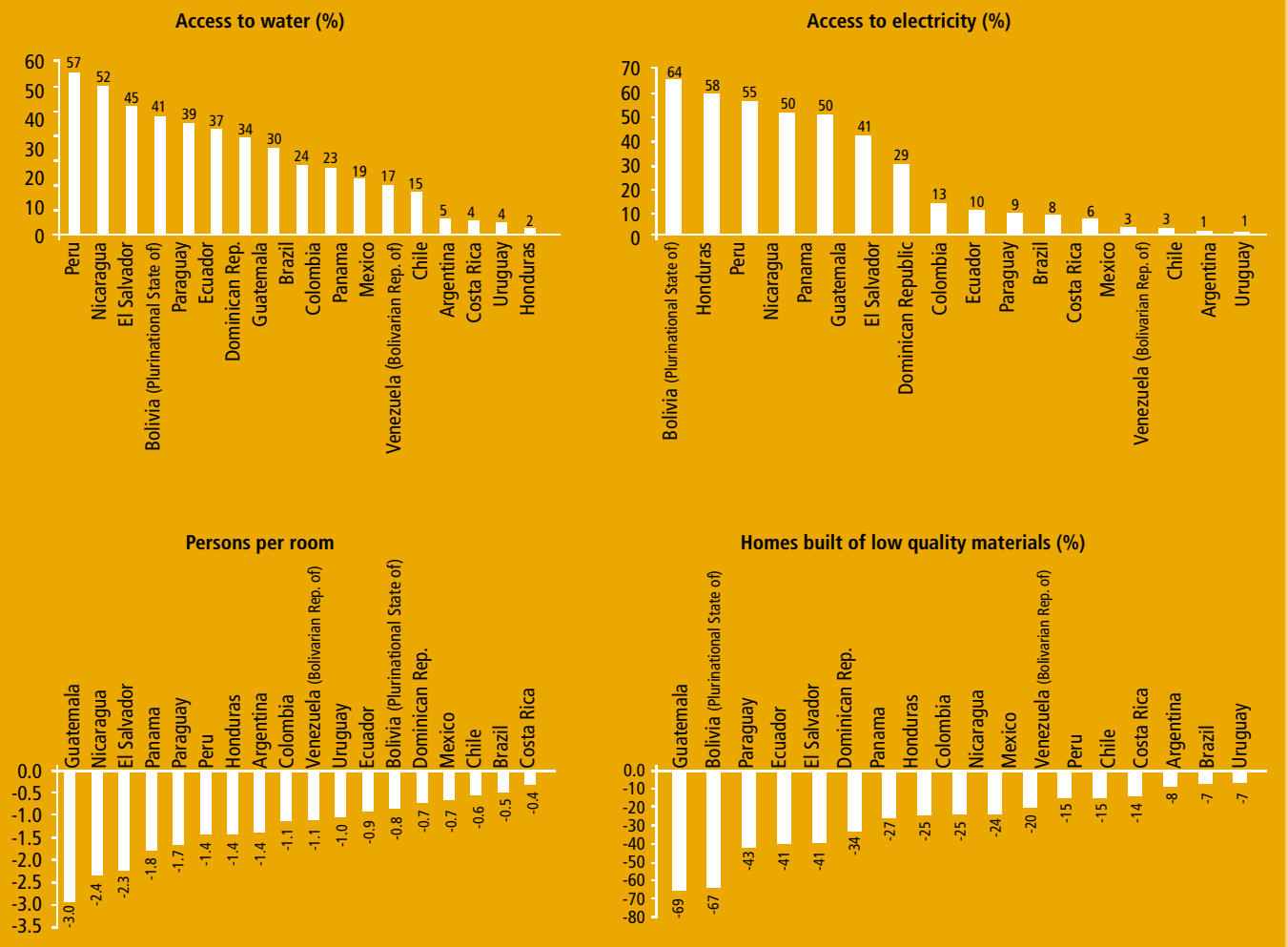
Note: The Gini indices that appear in this chart differ from those presented in Chart 2.1, due mainly to the fact that they refer to different years or are based on information from a different source. For example, in Chart 2.1, the Gini indices for Costa Rica and Venezuela are for the year 2000, while in Chart 2.7 they are for 2006. Other examples are: El Salvador (indices for 2004 vs.. 2005), Mexico (indices for 2001 vs. 2004), Nicaragua (indices for 2001 vs. 2005), Guatemala (indices for 2002 vs. 2004), Chile (indices for 2003 vs.. 2006), Ecuador (indices for 2000 vs. 2006), Bolivia (indices for 2002 vs. 2005), Dominican Republic (indices for 2000 vs. 2005), and Guyana (differences in both the years featured and the source of the data: UNU-WIDER-1993 vs.. calculations carried out by Gasparini et al, (2009), based on data for 1999). To find the most recent Gini coefficients for LAC countries, see Table A19 in the Statistical Appendix of this Report.

Source: Gasparini et al. (2009), based on SEDLAC (CEDLAS and World Bank, 2010).

components, nonetheless, have completely different levels. For example, a country with high development in health and low income may have the same HDI as a country with high income and low health. As a result, the HDI would reflect a comparable level of human development in both countries, whereas the opportunities and capabilities available in both societies would be different, as would public policy priorities.

From this perspective, for most of the LAC countries (except for the Bahamas, Costa Rica, Dominican Republic, Guatemala, Belize, Haiti, Nicaragua and Trinidad and Tobago), education "contributes" most to their HDI level. This is due to the fact that in recent decades, there has been an expansion in access to education in the region, which resulted in a notable drop in illiteracy and an increase in school attendance rates (Gasparini et al., 2009a). With respect to health, its share of the HDI value ranges between 29% in Trinidad and Tobago and 38% in Nicaragua (see Chart 2.10). Income, however, contributes the least to the HDI, with extreme cases such as Guyana, Haiti and Nicaragua, where income accounts for only 25% of their HDI. In principle, this information indicates that the income dimension is one of the biggest challenges facing the countries in the region, since, in addition to its low relative level, it is also characterised, as seen above, by greater inequality. Chart 2.11 illustrates the regional trend by showing the maximum, average and minimum HDI values and its components in LAC for 1990, 2000 and 2006. It is clear that, on average, during this period, the income dimension showed lower levels and smaller increases than the health and education dimensions.

Chart 2.8 Latin America and the Caribbean (18 countries). Indicators of housing quality and access to basic services. Difference between the highest and lowest income quintiles. *Circa* 2006



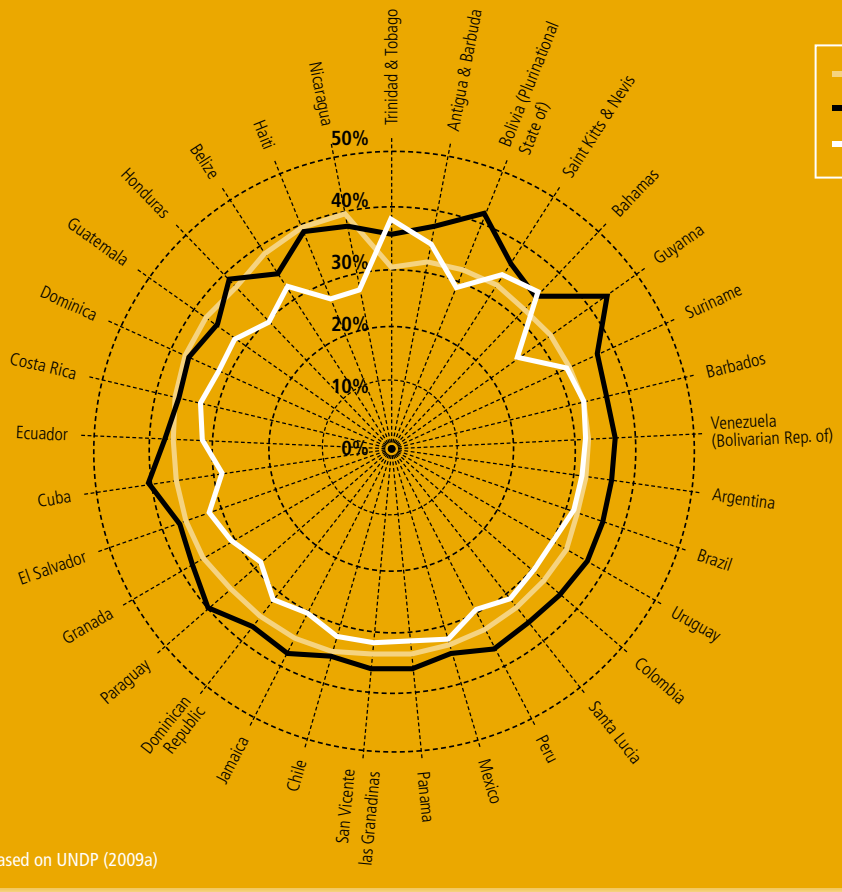
Note: The chart showcases the differences in access to basic services and housing quality as reported between the 20% of the population with the highest income and the 20% with the lowest income. The differences are expressed as percentages, except for the chart referring to the number of persons per room.
Source: Gasparini et al. (2009), based on SEDLAC (CEDLAS and World Bank, 2010).

Chart 2.9. Latin America and the Caribbean (13 to 16 countries). Housing quality and access to basic services indicators. Changes in the difference between the highest and lowest income quintiles, early or mid 1990s to mid 2000s (%)

Note: The chart shows the change (as a percent) in the differences in access to basic services as reported between the 20% of the population with the greatest income and the 20% with the lowest income

Source: Gasparini et al. (2009), based on SEDLAC (CEDLAS and World Bank, 2010)

Chart 2.10 Latin America and the Caribbean. Contribution to the human development index (HDI) by component. 2007 (%)



Source: HDR Team calculations based on UNDP (2009a)

Box 2.4. Poverty: a multidimensional phenomenon

Just as the human development index (HDI) reflects the level of well-being of a country's population in three key dimensions (income, health and education), the multidimensional poverty indices seek to synthesize information on the deprivations facing the population.[1]

A study conducted by Battiston et al. (2009) explores the evolution and characteristics of poverty in Latin America and the Caribbean (LAC) by utilizing a raft of multidimensional measures. The work is based on information on Brazil, Chile, El Salvador and Mexico for the period spanning 1992-2006. The dimensions considered are: income, school attendance, educational level of the head of household, access to sewage and sanitation, access to water and to housing that meets minimum standards of quality. Two findingsof this study are particularly interesting.

Firstly, the research found a clear improvement in multidimensional poverty in LAC countries, irrespective of the method employed (Figure 1).[2]

This improvement is not only due to a reduction in the percentage of poor people experiencing two or more of the dimensions in question, but also because of a lower average number of the deprivations facing the poor population.

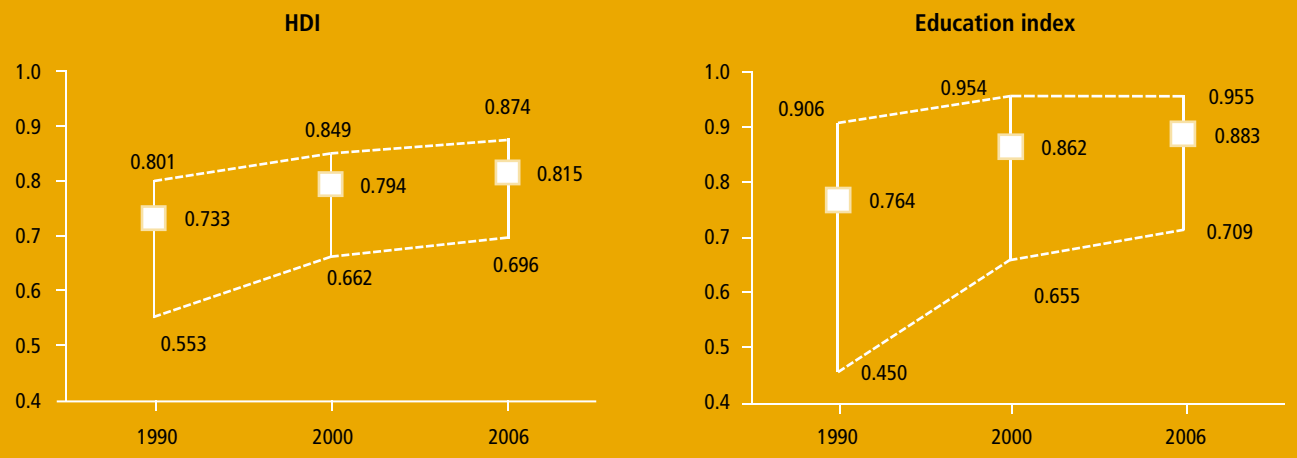
Nevertheless, despite the progress made over the last 10 years, rural areas still report high rates of multidimensional poverty. Thus, the second finding of Battiston et al. (2009) is that people who live outside the cities are not only more prone to poverty, but are also more likely to suffer various deprivations at the same time.

This means that people who experience deprivations within one of the dimensions of well-being have a high likelihood of not reaching the minimum levels of well-being in at least one of the other dimensions under consideration. Figure 2 depicts, for each country and region, the percentage of people who suffer deprivations in

1 Latin America boasts a long tradition of studies based on multidimensional approaches. The focus on unsatisfied basic needs (UBN), as promoted by the Economic Commission for Latin America and the Caribbean (ECLAC) and employed extensively in the region since the start of the 1980's, classifies geographic areas in accordance with the percentage of the population that fails to meet minimum levels under various indicators relating to the characteristics of the household and the education of its members. Since then, other methodologies for measuring multidimensional poverty have been formulated and put into practice. These attempt to overcome some of the criticisms commonly levelled at UBN approaches. Of this new wave, the method proposed by Alkire and Foster (2007) in the Oxford Poverty & Human Development Initiative (OPHI) is of particular interest, as well as the approach developed by Bourguignon and Chakravarty (2003), both of which are used in the cited article by Battiston et al. (2009).

2 The Battiston et al. (2009) study also uses information on Argentina and Uruguay, although only data for the urban areas was available for those countries. According to this study, Uruguay witnessed a slight drop in multidimensional poverty in urban areas, whereas Argentina did not report any significant changes during the period in question. In comparison with the other countries under consideration, Argentina and Uruguay, along with Chile, are the nations that boast the lowest levels of urban poverty.

Chart 2.11. Latin America and the Caribbean (16 countries). Trends in the maximum, average and minimum values of the human development index (HDI) and its components. 1990, 2000 and 2006



Note: The averages are weighted by population.
Source: HDR Team calculations based on UNDP (2008c).

Box 2.4 (continued)

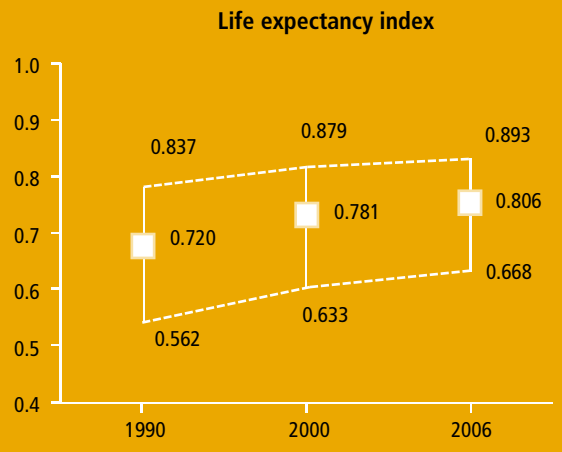
one or more dimension (k = 1), in two or more dimensions (k = 2), etc. The chart reveals that the percentage of people who face deprivations in two or more dimensions is substantially higher in rural areas than in urban settings. Whereas in the urban areas of El Salvador 44% of the population suffers deprivations in two or more dimensions, this proportion climbs to 93% in rural areas. In Mexico, these deprivations affect 28% of the inhabitants of urban areas and 72% in rural environments.

In Brazil, the same values stand at 18% and 74%, respectively, while in Chile they come in at 4% for urban areas and 36% for rural areas.

The percentage of people who face deprivations in four or more dimensions is also high in El Salvador, Brazil and Mexico.

Figure 1. Alkire-Foster M0 method for people facing deprivations in two or more dimensions (k = 2)

Note: All analysed dimensions carry the same relative weighting. a Figures for El Salvador correspond to 1991; b Figures for Chile and Mexico correspond to 1996; c Figures for Brazil correspond to 2001; d Figures for Mexico correspond to 2004; c Figures for Chile and El Salvador correspond to 2005.
Source: Santos et al. (2010), based on SEDLAC (CEDLAS and World Bank)



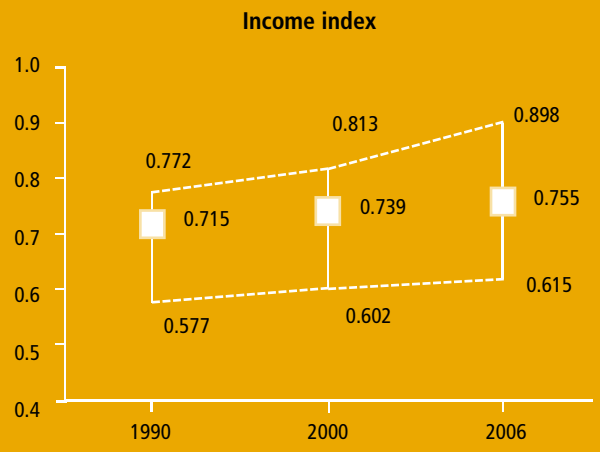
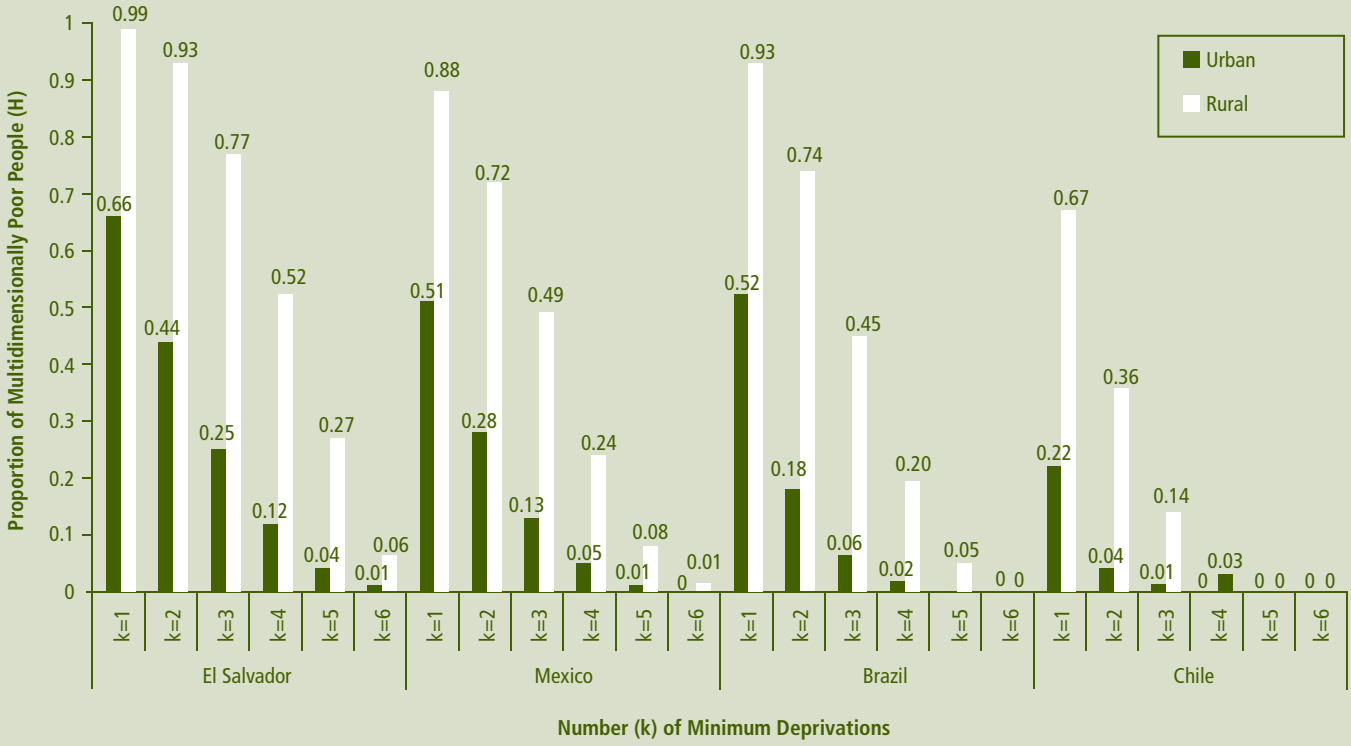


Figure 2. Latin America and the Caribbean (4 countries). Incidence of multidimensional poverty based on the number (k) of minimum deprivations. Urban and rural areas. 2006 (as % of multidimensionally poor people)



Note: All analysed dimensions carry the same relative weighting.
Source: Santos et al. (2010), based on SEDLAC (CEDLAS and World Bank)

Source: HDR Team based on Battiston et al. (2009).

Not all inequalities are the same: the *middle classes* in LAC

Inequality has many faces and expressions, and in some cases, specific aspects of the inequalities observed within each dimension of development are worthy of more detailed analysis. Along these lines, as part of the analysis of income differences among individuals it is very useful to identify and examine the characteristics of the *middle classes* of the different countries in the region. The concept of middle class originates from studies on social stratification and is important for LAC precisely because of the high level of income inequality characterising the region.

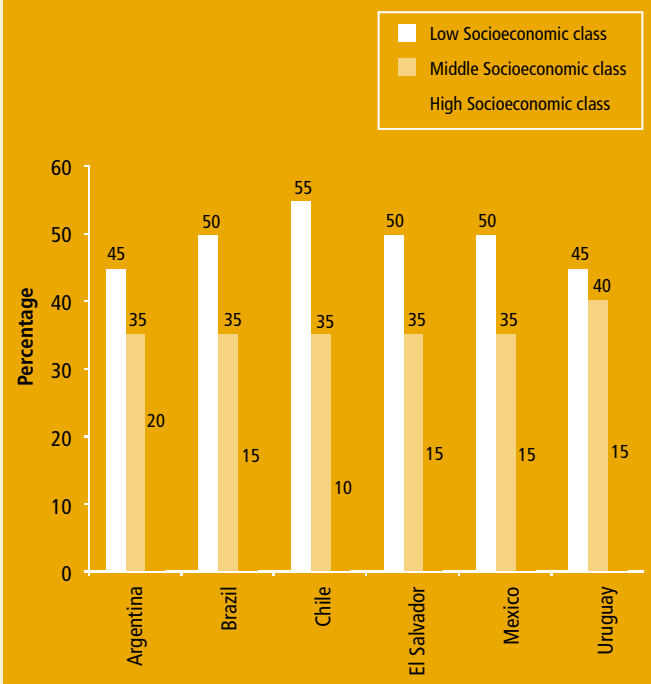
Recent studies point out that the size of the *middle class* is important because of the role this segment plays as an engine for economic growth. A relatively large *middle class* not only strengthens a country's domestic market, but has also been associated with greater social cohesion and less conflict (Birdsall, Graham and Pettinato, 2000; Easterly, 2002).[11]

In accordance with this approach, the existence of a strong middle class is significant because it helps create "*connected societies*" where people perceive that other options in life are possible and attainable (Genicot and Ray, 2009). This, in turn, fosters greater levels of effort and social mobility than is the case in *polarised societies* (see Box 2.5).

The concept of *middle class* has several definitions, one of which makes it possible by using polarisation measurements, to quantify in any specific society the percentage of people who belong to the *middle class*.[12] Social polarisation studies seek to measure the gap between two groups with similar internal compositions but which are different from one another. According to this perspective, society can be seen as a mixture of groups in which certain individuals are similar and others are different in relation to certain observable characteristics. Based on this logic, Cruces, López-Calva and Battiston (2010) identify three income-related classes or population groups (low, middle and high) in Argentina, Brazil, Chile, El Salvador, Mexico and Uruguay for the period spanning from 1993 to 2006.

Available information would indicate that, first of all, in 2006, the *middle classes* in most of the countries analysed comprised barely more than a third of the total population, with the notable exception of Uruguay, where 40% of the population formed part of the *middle class*. Chile, on the other hand, had the largest share of low-income inhabitants (55% of the population), while Uruguay had the lowest percentage in this category (45%). As for the high-income group, Chile also stood out with barely over 10% of its population in this category, while at the opposite end stood Argentina, with 20% (see Chart 2.12).

Chart 2.12. Latin America and the Caribbean (6 countries). Socioeconomic classes. 2006 (%)



Note: The chart depicts the percentage of households comprising each of the *socioeconomic classes*.

Source: HDR Team calculations based on Cruces, López-Calva and Battiston (2010) and SEDLAC (CEDLAS and World Bank, 2010)

According to the analysis, the size of the three identified income groups remained relatively stable between 1992 and 2006. Changes of just over 1% were seen in a few cases. The polarisation measure carried out by Cruces et al. (2010) also found that in each country, the largest share of households belonged to the low-income group, followed by the *middle class*, and finally by the high income group, comprised of the smallest share of the population.

The *middle class's* share in total income in the region remained stable at around 30%, although Brazil, Mexico and Uruguay experienced a small decline over the period in question. Only Argentina and Chile showed modest increases, of around 5% and 3%, respectively.

Recent approaches highlight the importance of financial security when classifying groups in a society and propose that the definition

11 The concept of polarisation is mainly related to the bimodality of the distribution of income, or of some other characteristic (as opposed to the notion of unimodal distribution). Different methods have been developed to express this concept. These include those developed by Esteban and Ray (1994), Zhang and Kanbur (2001) and Foster and Wolfson (2010). The concept of polarisation is different from that of inequality and, in fact, the two can develop in opposite directions.

12 Despite the importance of the concept of middle class, there is no consensus about how to define it in empirical terms, and there are various approaches that propose different indicators to delimit the population that makes up the middle class. The main indicators, in addition to that which uses social polarisation measures as a criterion, include definitions based on quantiles or on measures of the mode, such as the mean or median, and definitions based on measures of poverty and other thresholds. For a discussion on the topic, see Cruces, López-Calva and Battiston (2010).

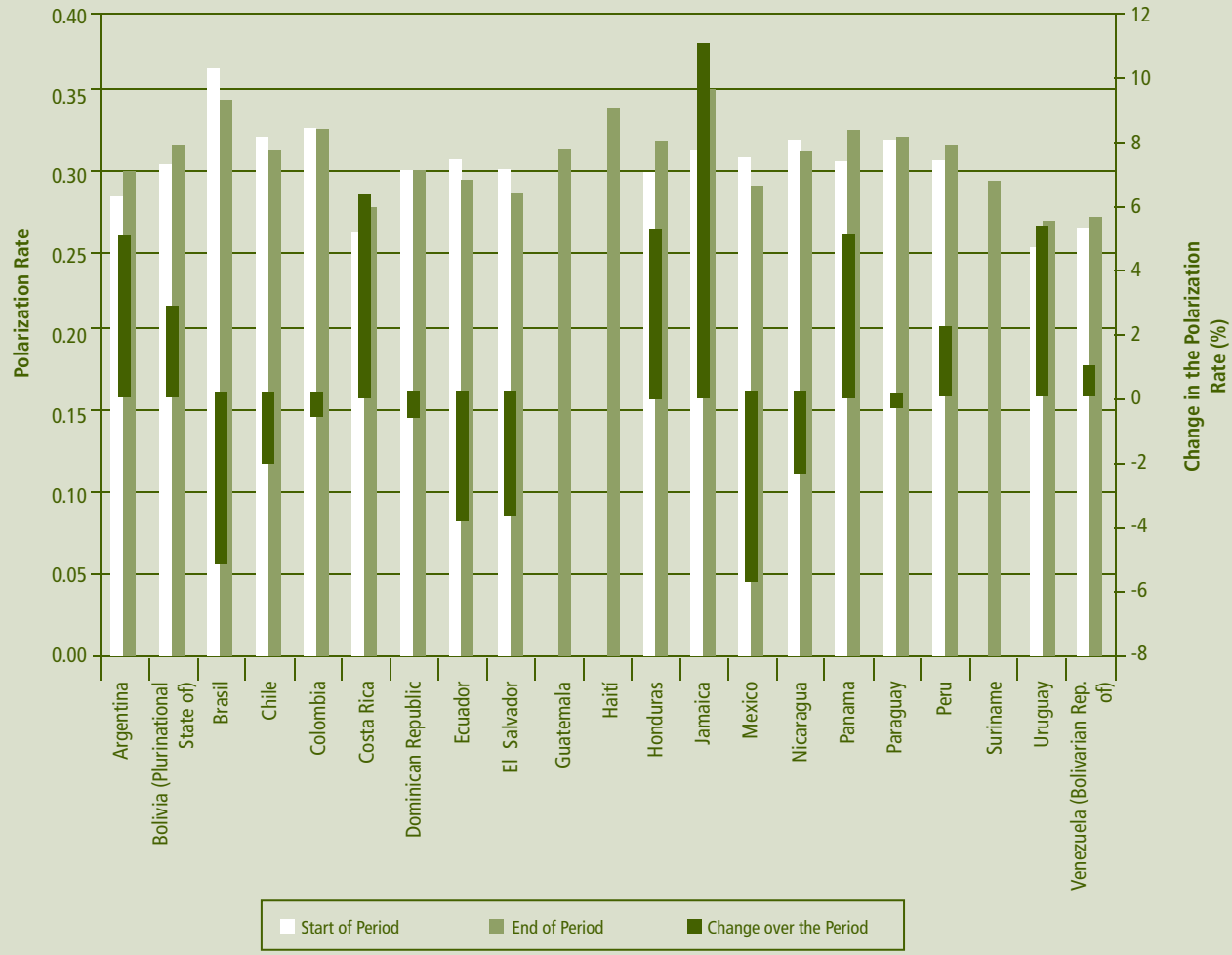
Box 2.5. The polarisation of income in Latin America and the Caribbean

The study conducted by Gasparini et al. (2009b) provides estimated income-based polarisation indices. The calculations are based on the definition of polarisation suggested by Esteban and Ray (1994) for the purpose of studying various Latin American and Caribbean (LAC) countries over the period spanning 1989-2004. The results indicate that the average polarisation index for the region comes in at 44% above the European average and 40% above the average for countries from the Organisation for Economic Co-operation and Development (OECD). The authors of the study conclude that:

- Polarisation in LAC countries evolved differently over the period in question. On average, 9 of the 18 economies analized reported an increase in polarisation, albeit on a limited scale as a general rule (see Figure 1).
- In certain countries, the increase in polarisation was particularly relevant over the 1990's, a period that witnessed major structural changes and considerable economic growth. This behavioural pattern of polarisation during the period in question reflects the situation in Argentina, Bolivia, Colombia, Paraguay, Peru, Uruguay and Venezuela.

Source: HDR Team based on Gasparini et al. (2009), in turn based on SEDLAC (CEDLAS and World Bank, 2010).

Chart 1. Latin America and the Caribbean (21 countries). Polarisation rate. 1989, 2004 and percentage change over the period spanning 1989-2004



Note: The left axis reveals the polarization indices reported at the start and end of the period under analysis, while the right axis measures the percentage variation between both levels.

Source: Gasparini et al. (2009b), based on SEDLAC (CEDLAS and World Bank, 2010)

of *middle class* be based on the vulnerability implied by the risk of falling into poverty (Goldthorpe and McKnight, 2004; Torche and López-Calva, 2010). This proposal stems from the finding that, based on the statistical definition, highly-vulnerable groups have been included in the *middle class*.[13] This approach has significant implications in terms of public policies, as it reinforces the idea that a policy of poverty reduction is not enough to stimulate the generation of *middle classes*. Several countries in the region face the important challenge of strengthening their *middle class*, which in turn will help create more connected societies and enhance the possibility of overcoming the inequalities that are still transmitted from one generation to the next.

THE HDI AND INEQUALITY

Identifying the different types of inequality, including inequality associated with geographic location, gender inequality, inequality among different ethnic or racial groups, and inequality within other dimensions that affect human development, makes it possible to better understand the severity and complexity of this phenomenon in the region. However, a single indicator has yet to be created that is capable of pulling all the diverse measurements of inequality together to reflect, as accurately as possible, the power and scope of the human development approach. One of the most important limitations of the HDI is that, despite considering three fundamental dimensions of human development (health, education and income), it is based on taking a simple average of these three components, thus making it impossible to observe how achievements in the three dimensions are distributed among the population. By using simple averages the HDI considers equal those situations in which average achievements obtained in each case are equal. This limitation, which affects other indicators such as per capita GDP, is typical of any indicator that expresses the achievement of heterogeneous populations using an average of individual achievements. This section presents a means for overcoming these limitations. The first step is to assume as inferior any level of human development resulting from situations in which achievements are distributed unequally among the population. This methodology for calculating the inequality-adjusted human development index (IAHDI) evaluates each individual's achievement (in health, education and income) in relation to those of other members of society, and it attaches greater weight to indicators lagging further behind. In this way, the value of the HDI will not be affected for countries in which all people have equal levels of achievements, but its value will be reduced in cases where inequality exists. The size of this reduction will

13 See the analyses of the middle class and transitions to poverty in Mexico and Chile in Torche and López-Calva (2010) and in Hertova, López-Calva and Ortiz-Juárez (2010).

Box 2.6. How the inequality-adjusted human development index (IAHDI) works

A simple way of showing the effects that inequality adjustments have on the calculation of the human development index (HDI) – the estimation of the adjusted index – would be to imagine a society in which only two people, Juan and Pedro, exist. In this case, and as an illustration, rather than exploring HDI levels , a simple evaluation of the level of attainment of this hypothetical society in terms of the educational dimension (years of schooling) is presented. Nonetheless, the principle presented here can be validly used to calculate the levels of achievement in the other dimensions (life expectancy and income) and also for aggregating such data.

If the average level of schooling in this hypothetical society stands at nine years, there could be various possible situations: Juan and Pedro each have nine years of schooling; Juan has eight years of schooling and Pedro ten, etc. Table 1 presents the range of possible pairings.

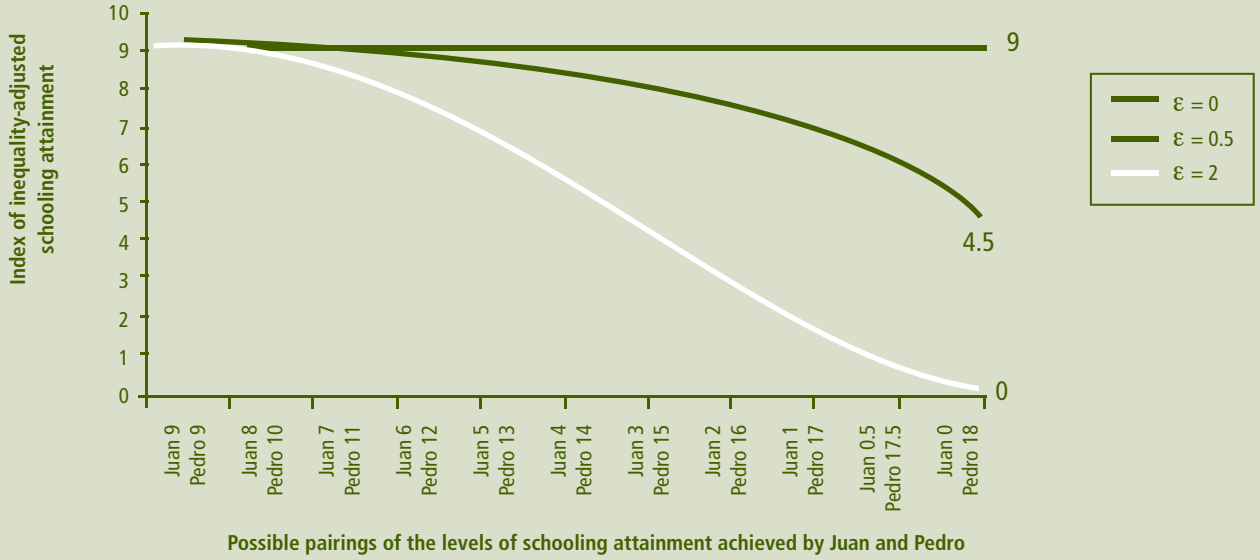
If inequality is deemed irrelevant when gauging the level of educational attainment of this society, then in all the situations depicted in Table 1, the only thing that matters would be the average. Put differently, the level of educational attainment would be equivalent to nine years of schooling in all cases.

Table 1. Individual and mean attainments. Years of schooling

	Schooling attained by each inhabitant		Average schooling
	Juan	Pedro	
Juan has less schooling than Pedro	0	18	9
	1	17	9
	2	16	9
	3	15	9
	4	14	9
	5	13	9
	6	12	9
	7	11	9
	8	10	9
Juan and Pedro have the same level of schooling	9	9	9
Juan has more schooling than Pedro	10	8	9
	11	7	9
	12	6	9
	13	5	9
	14	4	9
	15	3	9
	16	2	9
	17	1	9
	18	0	9

Source: HDR Team calculations

Chart 1. Index of inequality-adjusted schooling attainment



Source: HDR Team

In contrast, the idea behind calculating the inequality-adjusted human development index (IAHDI) is to consider that the degree of human development (in this example, the level of educational attainment) reached by a society varies depending on the distribution of development between people. Thus, the task of calculating IAHDI employs the general means approach (see Technical Note 1), which attaches greater weight to the attainments achieved by individuals who are relatively more underprivileged within society. In the example at hand, if both Juan and Pedro have nine years of schooling, the weighting of the level of attainment in the schooling dimension would be same for both, but if Juan has only eight years of schooling and Pedro ten, then the weighting attached to the schooling of the person who has less (in this case, Juan) would be greater, meaning the average level for society as a whole would drop accordingly. In such a case, the average would be less than nine. It is possible to consider other examples from the first panel of the chart in which Juan would have successively 7, 6, 5, 4, 3, 2, 1 and 0 years of schooling and Pedro, therefore, would have 11, 12, 13, 14, 15, 16, 17 and 18 years of schooling, respectively, such that the average would always be nine. In these cases, the greater the gap in the level of attainment between Juan and Pedro, the greater the weight attached to Juan's poorer attainment (and the lower the weighting afforded to Pedro's better educational attainment). At one end of the spectrum, only Juan's attainment would matter, whereas, correlatively, Pedro's would mean nothing. This effectively means that for the purpose of measuring schooling attainment, and when there is inequality, increases in the attainment of the more underprivileged among the population (in this case, Juan) matters much more than increases in the schooling of the person who has the highest level of relative attainment (Pedro, in this example). The relative weighting that will be attached to the attainment of the more underprivileged in comparison to that of the more advanced will depend on the aversion to inequality as displayed by each society.

The principle explained in this example is applied in order to calculate the inequality-adjusted HDI. When measuring the IAHDI, the aversion to inequality is known as the inequity aversion parameter designated with the Greek letter epsilon (ε). The greater the value of ε, the greater the aversion to inequality and the more sensitive the attainment gap index will be. A high ε value reveals that the society is largely concerned about the human development of those individuals who display the lowest relative levels of achievement. In contrast, ε equals zero (ε=0) in the extreme case where society places no importance whatsoever on inequality. In the example on the level of educational attainment discussed above, Chart 1 illustrates the different possible scenarios for Juan and Pedro with different distributions of schooling, although maintaining in all cases the average level of educational attainment at nine years. The chart demonstrates how society's level of average achievement changes to reflect three different values of the inequity aversion parameter, meaning three situations in which society attaches different levels of importance to inequality (ε=0, ε=0.5 y ε=2). It can clearly be seen how the index captures the importance of the different gaps between the attainments of Juan and those of Pedro. In the extreme case in which Pedro is the only child with schooling, the aggregate index for ε=0 continues to display average attainment of nine years, whereas when ε=0.5 the indicator cuts this average attainment in half (4.5). If inequality matters much more (where ε=2), the situation would be so utterly unacceptable for this society that the level of the aggregate index would stand at zero.

Source: HDR Team.

Table 2.7. Latin America and the Caribbean (18 countries). Inequality-adjusted human development index (IAHDI). Absolute and percentage reductions. *Circa* 2006

Country	HDI						
	ε=0	ε=1	ε=1	ε=1	ε=2	ε=2	ε=2
	HDI	New level	Absolute decline	Percentage decline	New level	Absolute decline	Percentage decline
Argentina	0.895	0.882	-0.01	-1.5	0.842	-0.05	-5.9
Bolivia (Plurinational State of)	0.711	0.654	-0.06	-8.0	0.413	-0.30	-41.9
Brazil	0.777	0.732	-0.05	-5.8	0.629	-0.15	-19.0
Chile	0.857	0.838	-0.02	-2.2	0.801	-0.06	-6.5
Colombia	0.702	0.640	-0.06	-8.8	0.513	-0.19	-26.9
Costa Rica	0.838	0.804	-0.03	-4.1	0.709	-0.13	-15.4
Ecuador	0.791	0.755	-0.04	-4.6	0.677	-0.11	-14.4
El Salvador	0.643	0.579	-0.06	-10.0	0.477	-0.17	-25.8
Guatemala	0.615	0.560	-0.05	-8.9	0.486	-0.13	-21.0
Honduras	0.620	0.543	-0.08	-12.4	0.382	-0.24	-38.4
Mexico	0.794	0.759	-0.04	-4.4	0.686	-0.11	-13.6
Nicaragua	0.547	0.451	-0.10	-17.6	0.288	-0.26	-47.3
Panama	0.797	0.761	-0.04	-4.5	0.686	-0.11	-13.9
Paraguay	0.721	0.683	-0.04	-5.3	0.584	-0.14	-19.0
Peru	0.723	0.671	-0.05	-7.2	0.584	-0.14	-19.2
Dominican Republic	0.733	0.686	-0.05	-6.4	0.598	-0.14	-18.4
Uruguay	0.868	0.856	-0.01	-1.4	0.834	-0.03	-3.9
Venezuela (Bolivarian Republic of)	0.831	0.795	-0.04	-4.3	0.701	-0.13	-15.6
Average for Latin America and the Caribbean	0.748	0.703	-0.05	-6.0	0.605	-0.14	-19.1

Source: HDR Team calculations based on CEDLAS estimations and SEDLAC (CEDLAS and World Bank, 2010) data

depend on the importance that a society places on inequality, *expressed in terms of an inequality aversion parameter* (ε) (Foster, López-Calva and Székely, 2005). In the empirical application of this methodology, *the value of the inequality aversion parameter* ε may vary from zero to any positive value. The case ε=0 reflects a situation in which the society is not concerned by inequality, in which case the calculation for IAHDI will be the same as the calculation for the traditional HDI. The higher the concern for inequality in society, the higher the value that is assigned to ε when evaluating the level of human development attained and, accordingly, the greater the "penalty" –and subsequent decrease– applied to the original value of the HDI. In an extreme case, very high ε values indicate that, when measuring the human development of a particular society, it is only important to consider the situation of individuals with the lowest levels of achievement (see Box 2.6).

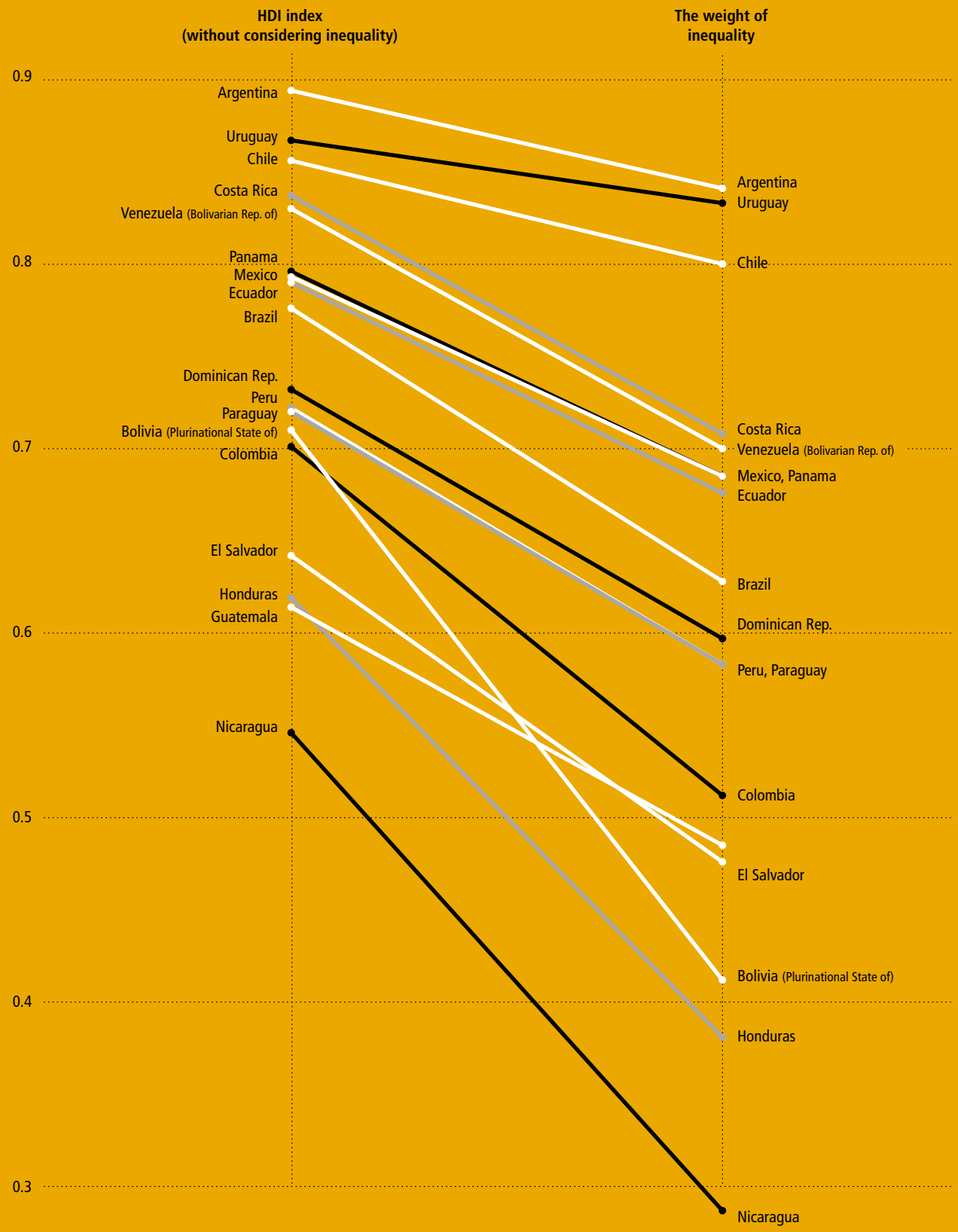
As shown below, the proposed analysis is also used to add together the three components of the HDI. Thus, the average value of the HDI is reduced if there are differences in the levels of its components, i.e., if the progress in the different dimensions of development (health, education and income) occurs in an unequal manner, a situation known as "unbalanced development".

What would the outlook for human development throughout the region be if inequality were included in the task of calculating the human development index?[14] The analysis of 18 countries in the region for which there is information for recent years shows that, when adjusted for inequality, the HDI decreases considerably.[15]

14 The following results stem from estimates reached as part of a study conducted by the Centro de Estudios Distributivos Laborales (Center for Distributive, Labor and Social Studies) from Universidad Nacional de la Plata (CEDLAS, 2010), in which a group of inequality-sensitive indices for 18 LAC countries was measured on the basis of a methodology developed by Foster et al. (2005). This methodolody had already been applied to measure inequality throughout Mexican states and municipalities, and significant changes were observed in the HDI by introducing inequality into the equation (see UNDP, 2003). More recently, this same practice was conducted in the provinces of Argentina (see UNDP, 2009b).

15 The calculations presented in this Report are not comparable with those published each year by the UNDP. The introduction of inequality into the HDI, as proposed herein, will require the use of household indicators taken from standardised national surveys. It should be noted that some of the indicators differ from those used when calculating the traditional HDI, due to the fact that information is not always available at all levels of disaggregation. For example, there is no information on the life expectancy indicator for households, thus requiring the use of variables that roughly reflect attainment in the life expectancy dimension.. Alternative approaches to estimating each of the dimensions can be found in the work of Vigorito and Arim (2009).

Chart 2.13 Latin America and the Caribbean (18 countries). The burden of inequality on the Human development index (HDI). HDI losses attributable to inequality by country. *Circa* 2006 (ε=2)



Source: HDR Team calculations based on CEDLAS (2010) and SEDLAC (CEDLAS and World Bank, 2010) data.

One way to observe the decline in development attributable to inequality is by considering the absolute decline in the IAHDI and the percentage decrease with respect to the original HDI. As can be seen in Table 2.7, as the inequality aversion parameter (ε) increases, the greater the decrease in the IAHDI compared to the traditional HDI. With a value of ε=2, the greatest losses in human development are seen in Bolivia, Nicaragua and Honduras, where the HDI drops over 20 percentage points when inequalities existing in these countries are included in the calculation. Chile, Argentina and Uruguay are on the opposite end of the spectrum, where the decrease in the HDI after adjusting for inequality ranges between three and six percentage points.

In the rest of the countries considered, losses range from 10.8 percentage points in Mexico to 18.9 percentage points in Colombia. Chart 2.13, based on data from Table 2.7, makes it possible to make a quick comparison between the effects the inequality adjustment has on the HDI when ε=2. The figures shows that in most countries considered, the correction for inequality entails a reduction of more than 15% in the level of the original HDI, and that inequality "costs" some countries between a fifth (Guatemala) and nearly half (Nicaragua) of the value of their original welfare indexes (see Chart 2.13).

In addition, the methodology discussed above makes it possible to pinpoint the exact HDI dimension most affected by inequality. As a result, it is possible to observe specific characteristics of inequality in the region. Among the countries with the greatest losses in the HDI, it can be seen that, for ε=2, in Nicaragua the most important type of inequality can be found in the health component, whereas in Bolivia income is the most affected, and in Guatemala the key dimension is education (see Chart 2.14).

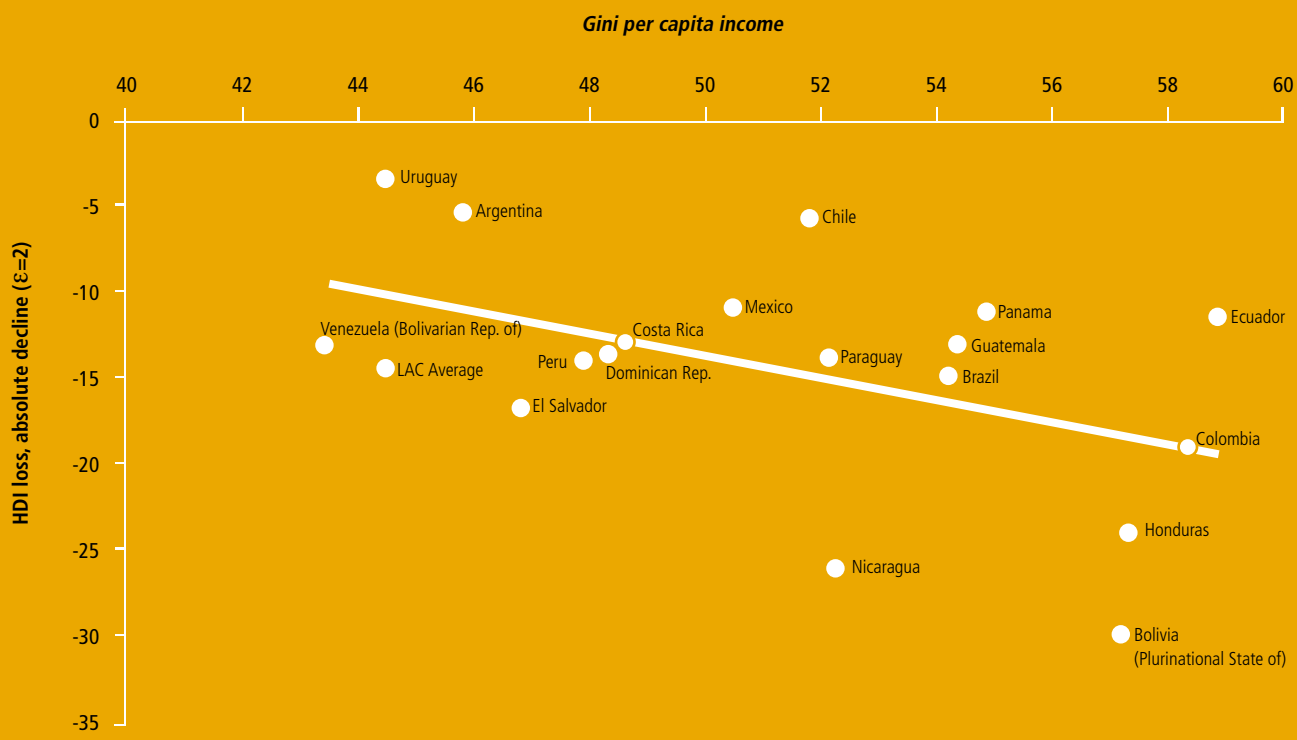
The information obtained by comparing the IAHDI levels for countries of the region is different from that obtained by simply comparing their traditional HDI levels, or each country's Gini coefficients for per capita income. This underlines the usefulness of the new approach for measuring human development, as it makes it possible to estimate more thoroughly the levels of well-being in society, and to identify the areas with the greatest setbacks. Chart 2.15 compares the losses in the HDI resulting from inequality and the Gini coefficients for income per capita in each country.

These findings show a clearer picture of the impact of inequality on the human development of certain LAC countries. In more general terms, reflecting inequality in well-being indicators requires significant improvements to the way in which people's living conditions are measured, monitored and assessed. As measurements become more accurate, policy makers will have more complete information to help ensure that public policies have a greater chance of succeeding in reducing inequality.

Chart 2.14. Latin America and the Caribbean (18 countries). Impact of inequality on each component of the human development index (HDI) by country, and average impact for Latin America and the Caribbean. *Circa* **2006 (ε=2) (as %)**

Source: HDR Team calculations based on CEDLAS (2010) and SEDLAC (CEDLAS and World Bank, 2010) data

Chart 2.15. Latin America and the Caribbean (18 countries). Relationship between the loss in the human development index (HDI) attributable to inequality and the Gini index. *Circa* 2006 (ε=2) (% variation)



Source: HDR Team calculations based on CEDLAS (2010) and SEDLAC (CEDLAS and World Bank, 2010) data

UNEQUAL TODAY, UNEQUAL TOMORROW. WHY DOES INEQUALITY PERSIST?

In societies with low levels of socioeconomic mobility, inequality observed in income, education, life expectancy and other indicators persists from one generation to the next. This implies that there are mechanisms for reproducing levels of achievement between generations. In societies with high mobility, on the other hand, an individual's relative position is not determined by that of the household in which he or she grew up. In such cases, high levels of inequality can exist even without its intergenerational transmission. However, LAC is characterised by low socioeconomic mobility and the intergenerational transmission of inequality. Hence, this makes it urgent for policymakers to gain a clearer understanding of the mechanisms that reproduce inequality from one generation to the next in order to ensure the design of more effective public policies that help to reduce inequality.[16]

Households, constraints and the transmission of achievements: inequality and intergenerational mobility.

While it may be argued that inequality and intergenerational mobility are linked, it is important to clearly define each of these concepts.[17] Inequality is a measure that describes the distribution of a particular asset (education or income, for example) at a fixed moment in time. Intergenerational mobility, on the other hand, describes a process over time that associates an individual's economic or educational position at one moment in time with the level of achievement in that dimension that is obtained by his/her children in adulthood. This type of mobility should not be confused with intragenerational mobility, which refers to an individual's possibility of accessing productive sectors and jobs during the course of his/her life that allow him/her to achieve a higher level of income or social status.

16 As shown in Chapter 5, in addition to these mechanisms, it is also necessary to consider the role of political organisation and different groups' ability to influence the formulation of public policies that make situations of inequality persist.

17 This section is mainly based on the work carried out by Torche (2009).

Intergenerational mobility is important, because it provides information about the level of equality of opportunities that exists in a society. It is not desirable that parents' resources and economic status to have a strong influence on the level of well-being that can be achieved by their children, since this severely limits the opportunities that those born into the most disadvantaged households have for achieving a satisfactory quality of life. In other words, in situations of low intergenerational mobility, individuals who are born into disadvantaged households have limited access to a basic set of resources and functionings (Jencks and Tach, 2006; Sen, 1992).

A number of studies suggest that in certain households, the greater the level of economic inequality, the more the parents' situation influences their children's achievements, and the lower the level of socioeconomic mobility. In this way, increased socioeconomic inequality tends to go hand in hand with an increase in the inequalities that children experience for dimensions such as access to education, health, nutrition and basic infrastructure services, and this, in turn, greatly reduces children's life options in adulthood.

In a context where the returns on investment in human capital are high, during their adulthood, children who have little schooling due to their parents' socioeconomic status are likely to have fewer opportunities for generating income (Solon, 2004: 43). Likewise, a high degree of inequality may strengthen the political influence maintained by higher-income sectors, so that it becomes much more difficult to implement redistributive policies to promote mobility (Burtless and Jencks, 2003). Inequality may also affect mobility by decreasing the probability of interaction and cooperation among people of different social statuses, as it favours, for example, segregation by place of residence (Durlauf, 1996).

Intergenerational mobility in LAC

In LAC, higher levels of human capital promote greater social mobility, mainly because schooling is a major determinant of earnings, and in poor households, income from work is the main source of resources. There is empirical evidence suggesting that there is a high correlation between parents' low education levels and the low education levels of their children, and that this situation, in turn, determines that the children's earnings in adulthood will be relatively low (CAF, 2007).

Although there are significant variations between countries in the region, for LAC countries in general, the impact of one generation's level of schooling on the immediately following generation is more than twice as high as that reported in the

Box 2.7. Indicators of intergenerational mobility

Whereas, in general, inequality indicators reveal how a given indicator of well-being is distributed throughout the population (income level, schooling and assets) at a given time, (for example, the 2010 Gini income coefficient for Argentina), indicators such as intergenerational mobility are used to describe the association between the economic standing of the parents and that of their children when the latter reach adulthood. This degree of correlation between the economic positions of two generations is treated as an indicator of equal opportunities, or lack thereof, within a society: a weak association indicates that opportunities for socioeconomic development are relatively open to everyone (regardless of their socioeconomic background), while a strong correlation reveals that the available resources in the household have an important bearing on the individual attainment of the younger generation.

To be able to measure the degree of association between the economic position of two generations, it is wise to discard the effects that short-term fluctuations can have on them, such as those generated by the economic cycles. Different lines of applied research relating to both sociology and economics have been applied in this regard, and the findings of the empirical studies on mobility largely depend on the specific method employed to measure the long-term socioeconomic positions of the two generations and the relationship between both positions. Specialized studies have come up with the following principal indicators: social class, socioeconomic status, wage-income and total income, each of which are explained at greater length below (see Table 1).

Social class

This concept has been used to understand not only inequalities in people's economic well-being, but also to analyse a wide range of phenomena, such as differences in life styles, political involvement, social conflict and historical change (Wright, 2005). In particular, and when used to analyse mobility, social class is an approximate indicator of the different opportunities available to people to share the economic and cultural assets on offer in a society (Giddens, 1973). With this in mind, social classes are defined as groups of people categorized on the basis of both the type of labour relations they have and also the economic resources they control. Labour relations are defined in terms of the position of the person in his job (employer, self-employed, or employee) and the economic sector to which he or she belongs (agriculture, industry or services), while economic resources reflect the person's ownership of physical assets and his or her specific skills, particularly the amount and type of human capital, the kind of authority he or she wields at work, and the industrial sector to which he or she belongs (agriculture, industry or services).

Given the relative ease of obtaining reliable information on the work-related characteristics of two generations through surveys, empirical application tends to rely on definitions of social class based solely on certain work-related characteristics of the person being interviewed (and those pertaining to the parent of the interviewee when he or she was 14 years old): whether the person is an employer, self-employed, or employee, whether he or she

Table 1. Differences between the concepts of class, socioeconomic status, wage-income and total income.

Concept	Source of inequality	Unit of analysis/ Level of aggregation	Dimensionality of inequality
Class	Labour market	Aggregated groups of occupations	Multidimensional (Types of market assets)
Status	Labour market	Single occupation	One dimensional (combination of occupation, education and income)
Labour income	Insertion in labour market	Individual	One dimensional
Income	All sources of monetary income	Family	One dimensional

Fuente: Torche (2009a).

supervises other people, and whether he or she works in agriculture, industry or the services sector. The degree of mobility is therefore measured with regard to the current position of the interviewee and that of his or her parent.

In studies which define the upper socioeconomic class as the professionals,[1] it was found that although many children of professionals were professionals themselves, a high percentage of this professional group came from a different social class. A different situation arises in the case of agricultural workers, where it has been observed that although a great many are children of peasants, they exhibit a low hereditary link, seeing as though many such children have migrated to other classes.

It is worth noting that when classifying society in social classes, taking only into account the characteristics of people's jobs poses a number of limitations for the analysis of mobility, in that it fails to consider the high levels of aggregation and heterogeneity that exist within the groups, while also excluding those who are not involved in the paid work market. This is the case with women, whose participation rate in paid employment is less than that of men, particularly in Latin America and the Caribbean (LAC). Furthermore, there are other sources of economic well-being in addition to work-related income, such as income transfers and financial assets. The task of measuring inequality based on the concept of social class also presents a number of downsides as an indicator of people's well-being at the extreme ends of the income distribution chain: the poorest tend to be excluded or only partially included in the job market, whereas the wealthiest strata depend much more on the returns from their financial assets than on their participation in the job market (Grusky and Weeden, 2008).

Socioeconomic status

This indicator establishes a job structure on the basis of the average income and education level associated with each of the jobs. The original scale, prepared by Duncan (1961), has undergone various changes over time. Ganzeboom, Graaf and Treiman (1992) drew up an international index on socioeconomic status that can be used to perform comparisons between countries. This particular indicator appears less volatile and less prone to error than the income indicators, reflecting a more complete picture of the long-term economic well-being of each social group (Zimmerman, 1992; Goldberger, 1989; Hauser and Warren, 1997; Ermisch, Francesconi and Siedler, 2006; Conley and Glauber, 2007).

An alternative indicator of socioeconomic status is the wealth index, which measures the availability of a set of durable goods and financial assets while also taking the characteristics of the household into account (Filmer and Pritchett, 1999; McKenzie, 2005). This index offers various advantages, since it constitutes a one-dimensional measure of economic well-being and is less sensitive to the short-term fluctuations that could result from changes in people´s different sources of income.

Wage-income and total income

Blanden (2008) developed an indicator based on the estimation of an econometric model in which a child's income is related to that of his or her father. The indicator uses values ranging from zero to one, with zero representing a situation of perfect mobility, while one expresses a situation of total immobility. This measure is highly sensitive to the lifecycle in which the income of the father and the child is measured, due to the fact that work-related income becomes increasingly dispersed as a person gets older (Grawe, 2006; Mazumder, 2005).

Another recent contribution to the discussion on mobility proposes calculating the mobility of total-household income. This indicator draws in other sources of income, in addition to work-related earnings, such as monetary transfers and the financial assets of all members of the household. The intergenerational association of the total revenue of the household is greater than that observed for work-related income alone (Mazumder, 2005). One of the limitations of this indicator is that it requires highly accurate data on the household's various sources of income and, on many occasions, the questions on income included in the surveys present a high degree of non-responses, validity problems and under-reporting issues.

Source: HDR Team based on Torche (2009a).

1 The term professionals as used here mirrors the category into which Erikson and Goldthorpe (1992) grouped professionals and managers (and an elite group of large-scale owners). This is because in practice this category refers chiefly to professionals throughout LAC countries, and the Spanish title of director (in English, manager) is seldom used to report on occupation.

United States (see Chart 1.1).[18] Recent statistics show a decline in mobility among the population with the highest education levels, probably due to the limitations which a fall in income imposed on many individuals in terms of supporting the education of their children, particularly among those who lived through the crisis of the eighties. This deterioration is apparent in Brazil and Mexico, less so in Chile and negligible in Colombia (Torche, 2009). The use of different methodologies for measuring mobility in some of these cases provides additional information about the complexity of this phenomenon in the region.

In Brazil, for example, a significant structural variation component has been identified in terms of class mobility, which is a less accurate but relatively simple method for measuring this indicator (see Box 2.7). The transformation of the productive sectors of the Brazilian economy since 1950 has resulted in increased employment opportunities in manufacturing, services and trade, and has attracted many workers from the agricultural sector (Pastore, 1981, Scalon, 1999; Pastore and Silva, 2000; Ribeiro, 2007). A drop in the returns on education and the reduced influence that households seem to have on individuals' occupational status also resulted in greater class mobility (Torche and Costa Ribeiro, 2009). However, in Brazil, at least one fourth of inequality in earnings is associated with the household situation, such as the parents' levels of educational attainment, race or ethnicity, and place of birth (Bourguignon, Ferreira and Menendez, 2007).

A study by Torche (2005) in Chile found mobility levels among the population with the highest socioeconomic status, classified as upper class and mainly composed of professionals,[19] to be limited both within this segment and outward, while there was greater fluidity among those referred to in the study as lower classes (consisting of rural workers and people who perform manual labour requiring little training) and the middle class (which included the rest of the working population except for professionals). Similar results were obtained when considering the asset index as a mobility indicator: the population born in the quintile of households with the lowest income has a 34% chance of remaining in this situation in adulthood, whereas for the 20% of the population with the highest income, the probability of maintaining its relative economic position is 46% (Torche, 2008). The intergenerational transmission of income levels in Chile also shows a high degree of persistence at both ends of the distribution classification, and this trend is even more pronounced among those earning higher incomes (Núñez and Miranda, 2007). Thus, research about intergenerational mobility in Chile is consistent, regardless of which mobility index (i.e., either income or education level), is used: individuals born into households with better socioeconomic conditions show lower degrees of mobility. These data indicate intergenerational persistence of social stratification.

In Mexico, upward mobility has increased over the last four decades mainly due to the change in the structure of occupations. In addition, there is evidence that during the same period, there was inter- and intragenerational educational mobility, primarily among the generations born between 1942 and 1981, which have higher levels of education than those of their parents. This educational mobility translates into income mobility, and it is greater among children whose parents have lower education levels (De Hoyos, Martínez and Székely, 2009).

However, the influence that people's living conditions has on the achievements of their children in adulthood has not decreased significantly, and this is even more evident among younger groups (Cortés and Escobar, 2003; Solís, 2005; Zenteno and Solís, 2006). As in Chile, in Mexico there is less mobility in the highest levels of income distribution in comparison with the lowest levels. In this country, the likelihood of forming part of the 20% of the population with the lowest income is 48% for individuals whose parents belong to this group. Meanwhile, individuals coming from a family in the 20% of the population with the highest income have a 59% chance of remaining in this group (Torche, 2008).

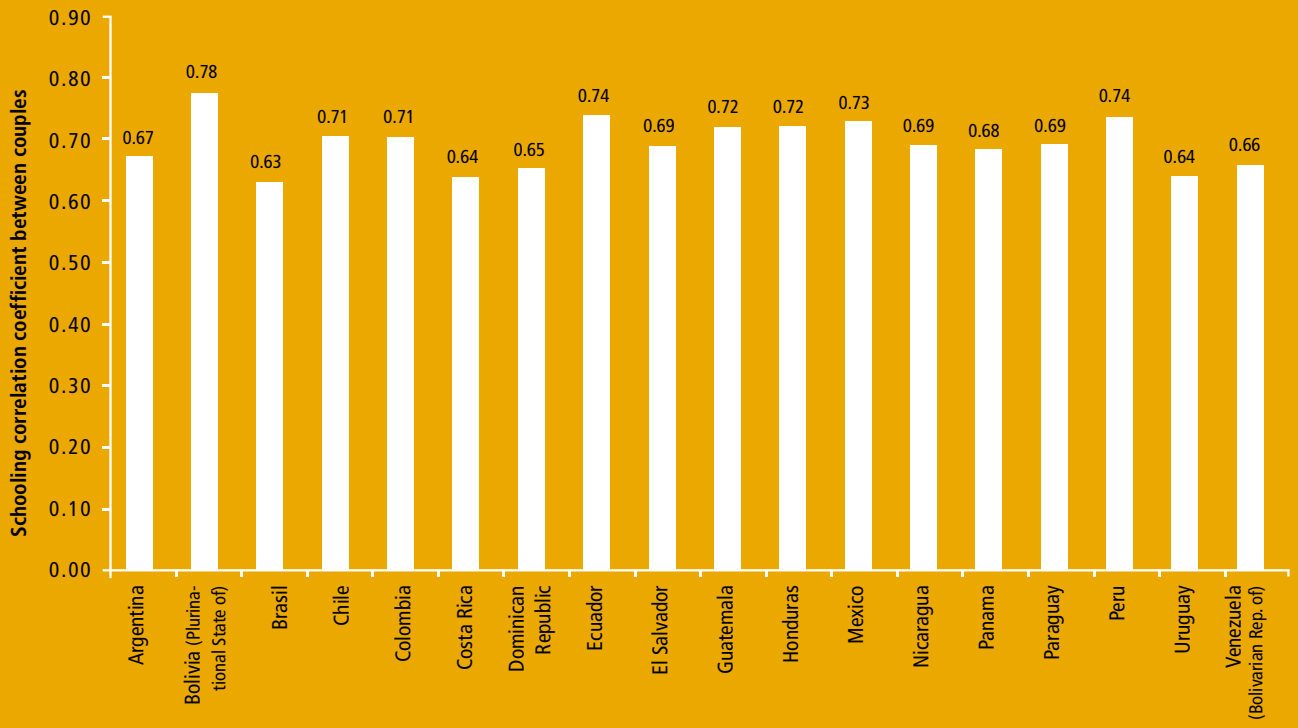
Lastly, there is also evidence that social mobility may increase or be hindered by the assortative mating phenomenon. This aspect shows the need to perform more in-depth research on the dynamics of individual development. Recent studies have analysed the degree of association existing between education levels of people who are married or are partners. These studies are based on the existence of a high association between schooling levels and income generation capacities, and they argue that the tendency to form a couple with people of a similar education level is another mechanism that contributes to persistence of inequality in the region (Mare and Schwartz, 2006).

This seems to be the case of LAC, where there is a high tendency for people to choose partners among individuals with education levels similar to their own (Dahan y Gaviria, 1999;

18 As noted in Chapter 1, educational mobility reflects the degree of association between the levels of schooling among young people of the same household. A high degree of correlation between education levels indicates a high degree of influence of the household's socioeconomic conditions on the children's educational attainment, and, therefore, low social mobility. In technical terms, as shown in Chart 1.1 in the previous chapter, intergenerational correlation of schooling in the region is 0.50, while in the United States it is 0.21. The levels of correlation in Paraguay and El Salvador are 0.37 and 0.61, respectively. To conduct comparative studies on intergenerational mobility in different countries, it is necessary to use a comparable definition of mobility. Because of the limitations on comparing occupational mobility or mobility of income from work, several researchers have chosen a measure that reflects the effect of the parent's status on the achievements of their children in adulthood, and this measure allows comparisons to be made between countries. Educational attainment is the most commonly used variable in the literature, since it is one of the main determinants of income and maintains a very close relationship with the type of work that an individual can hope to achieve upon entering the labour market.

19 While Erikson and Goldthorpe (1992) distinguish between professionals and managers (and a very small group of large scale owners), and sometimes also between "high-level" (class I) and "low-level" (class II) professionals and managers, in practical terms, in LAC this category mainly refers to professionals, because the title of manager is not often used by the people of this region when reporting their occupation.

Chart 2.16. Latin America and the Caribbean (18 countries). Schooling correlation coefficient between couples. *Circa* 2006

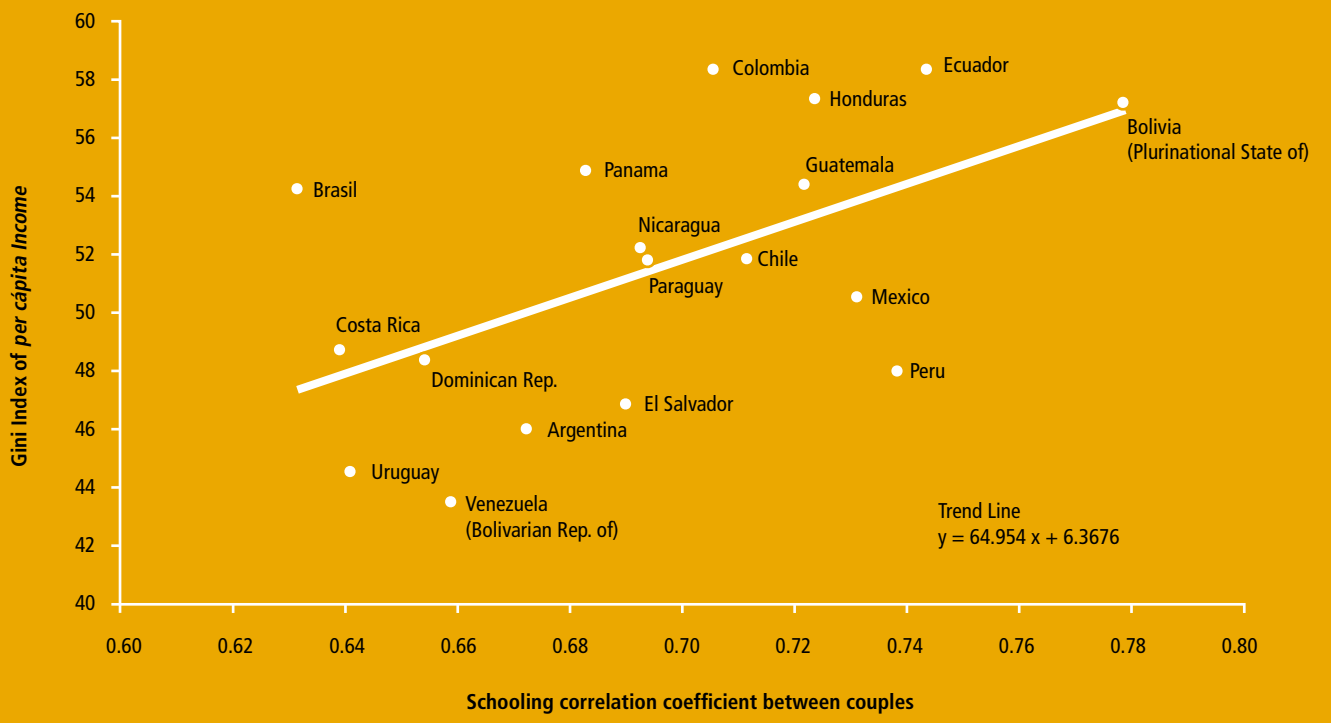


Source: HDR Team calculations based on SEDLAC (CEDLAS and World Bank. 2010)

Torche, 2008). These studies maintain that this trend is related to inequality. Chart 2.16 shows the close correlation between education levels of the members of a couple, while Chart 2.17 illustrates how the high degree of association between couples' levels of schooling is related to the levels of inequality in each country, measured using the Gini coefficient.

Research on some countries in the region shows that the formation of couples between people with similar levels of schooling is primarily related to the implications that education level has on income generation. Thus, the correlation between the schooling of couples is higher the greater the difference between earnings for different education levels (Torche, 2008b).

Chart 2.17. Latin America and the Caribbean (18 countries). Relationship between the correlation of couples' levels of schooling and inequality. *Circa* 2006



Source: HDR Team calculations based on SEDLAC (CEDLAS and World Bank. 2010)

BREAKING THE INERTIA OF INEQUALITY

Despite recent advances in human development, LAC is still characterised by high and persistent inequality in various dimensions of development. While the region showed progress in its HDI over the period 1999-2006, incorporating the measure of inequality in the calculation of the HDI shows that these increases were actually smaller. These findings illustrate that aggregate welfare indicators often hide serious inequities and that taking inequality into account is essential for more adequately and accurately measuring the actual achievements in expanding individuals' capabilities.

The intensity and persistence of inequality in LAC also goes hand in hand with a scenario of low social mobility, and these conditions imply in reality a transmission of inequality from one generation to another in given households. Evidence shows that poverty in households whose head has a low level of schooling is correlated with lower levels of schooling attained by the children. Therefore, the earnings of the children in adulthood will also be low, and inequality will thus find a mechanism to be transmitted from one generation to another. In LAC, education and income generation have a high influence on the living conditions that may be reached by the next generation.

This Report argues that inequality can be reduced if public policy has a bearing on the mechanisms that determine the transmission of inequality from one generation to another. These mechanisms are manifested primarily in two ways. First of all, the level of achievement that a person can reach is transmitted to the household, so that the achievements made by parents in the various dimensions of well-being greatly affect the level of achievement that their children can obtain in adulthood. In addition, policies aimed at reducing inequalities of well-being between regions, groups and dimensions of development are not effective, because there are political factors that interfere with how they operate. Chapters 3 and 4 of this Report discuss the very mechanisms of transmission of achievements acting at the household level, while Chapter 5 examines how the different political balances can favour or thwart attempts at redistribution.

The transmission of achievements at the household level: *binding constraints*

3

HOUSEHOLDS AND CONTEXT

The aim of this chapter is to examine in greater detail some of the specific channels through which levels of achievement are passed on from one generation to the next. In particular, an analysis will be made of the relative importance that is played in this transmission process by household factors (i.e., the conditions of the household in which a person grows up, such as family income and levels of educational achievement), and by the determinants stemming from the context in which the household is located (for example, access to public services). It is essential to properly identify these determinants in order to design and implement public actions that are better suited for tackling poverty and inequality.

The analysis proposed in this report shows the potential of prioritising public actions geared toward improving achievements in human development while realistically assuming the limits of governments that must address many needs and have limited resources. In basic terms, the goal is to determine as accurately as possible which areas of action should be prioritised, thus providing relevant information for designing effective actions.[1]

As indicated in Chapter 2, Latin America and the Caribbean (LAC) is characterised by high levels of inequality in human development and in other indicators of well-being. This is reflected in the gaps in access to *functionings*, which respond to inequality existing among different geographic regions and population groups. This situation has persisted throughout the decades, despite the progress experienced in the region in the reduction of poverty up until 2007. Analyses show that the persistence of inequality in the region is the result of the intergenerational transmission of *relative* household achievement levels. This is observed in the intergenerational transmission of relative levels of income and schooling –even within a context in which absolute levels increase– which suggests the existence of what could be called "inequality traps" (Bourguignon, Ferreira and Walton, 2007). In fact, the transmission of these relative achievements from one generation to another does not only affect levels of income and education, it also encompasses the lack of access to quality public services and the impossibility of individuals and groups to exercise a full spectrum of basic rights. These constraints translate into obstacles that hinder the expansion of peoples' capabilities from one generation to the next, thus limiting progress in human development.

Hence, although it is evident that by eliminating constraints it is possible to expand people's capabilities, it is also important to take into account the findings of recent studies, and determine to what extent, or through which channels this expansion of *capabilities* can also improve the well-being of future generations. It has been observed, for instance, that children whose parents have experienced nutritional improvements also show positive effects on their own weight and growth, as well as better nutrition and a decreased incidence of disease (Behrman et al., 2009; Behrman and Rosenzweig, 2004). These findings are significant because they demonstrate that eliminating constraints to progress in human development benefits both those

1 This approach was used by Hausmann, Rodrik and Velasco (2005) to develop diagnostics of economic growth.

Box 3.1. The transmission of assets

The transmission of inequality from one generation to the next depends both on the accumulation of human capital, particularly during the periods of childhood and adolescence, and on the available physical assets that enable households to generate possibilities of well-being.

Human capital and physical capital

According to Quisumbing (2007), by applying the following instruments, public policies can encourage a process whereby capital (encompassing both human capital and physical capital) is accumulated within the household and passed on to the next generation:

- Strengthening and ensuring the transparency of property rights and the laws that govern inheritance and common property;
- Reducing the initial cost of acquiring capital;
- Promoting micro-savings schemes;
- Creating safety nets that allow people to overcome deprivations and keep hold of their assets when faced with severe economic crises or catastrophic climatological events;
- Implementing grant programs, conditional cash transfers and food schemes that help enhance attendance at clinics and schools and improve the population's nutritional conditions.

Income and wealth

Recent studies have underscored the crucial correlation that exists between parents' income and that of their children (Aughinbaugh, 2000; Corcoran et al., 1992; Mulligan, 1997; Solon, 1992; Zimmerman, 1992). With regards to wealth, Gale and Scholz (1994) have observed that family transfers and bequests in the United States account for 51% of wealth, whereas a further 12% arises from payment of university expenses by parents. As a result, approximately two thirds of the net wealth of all individuals in North America stem from family transfers.

Education

Another mechanism enabling the wealthier households to transfer their assets to the next generation is education. Households that generate more income are able to access higher quality primary and secondary education for their children. Hochschild and Scovronick (2003) contend that inequality in household wealth lies at the heart of educational inequality and that inequality in the children's schooling, in turn, exacerbates the inequality of wealth for the next generation. People living on low income have fewer opportunities to maximize the educational possibilities of their children, a finding that also constrains their children's possibilities to accumulate assets over their adult lives.

who are directly affected and society as a whole. These findings also suggest lines of public policy action.[2]

The mechanisms of intergenerational transmission of achievements that promote the persistence of inequality in human development

An analysis of the mechanisms of intergenerational transmission of achievements should stem from the acknowledgement that there is no single factor that determines inequality in levels of human development. The causes for these inequalities may be demographic, economic, individual or collective. Nonetheless, the study of the distribution of income is a good starting point for exploring these inequalities and the mechanisms through which they are transmitted from one generation to the next. Several efforts to examine the causes of income inequality have concluded that it is in large part due to inequality in wage income, which is why most studies have concentrated on analysing the determinants of that variable.

Some of the causes of inequality are associated with mechanisms existing in the relationship between parents and their children. As shown in Chapter 1, these mechanisms are significantly determined by the constraints people face in access to goods and services and by the social context in which they live. Considering these limitations, these mechanisms largely explain the different levels of intergenerational mobility in earnings of different groups of the population. Through these mechanisms, parents can pass on to their children human capital (health and education), as well as certain preferences, ambitions and aspirations in terms of well-being.[3] In this context, this chapter seeks

2 It should be noted that, due to a lack of data, an analysis of the interactions occurring within households between household members is a task that still lies ahead. This makes it impossible to directly ascertain –despite the enormous importance of this type of data– the specific constraints faced by men and women individually and as members of a household. The lack of data, in turn, makes it difficult to identify the constraints which parents face when making decisions that determine levels of investment in the human capital of their children. Something similar happens with specific population groups, such as indigenous populations or different age groups. So as not to repeat this type of omission, and as an integral part of the empirical study presented in Chapter 4 of this report, an analysis is made of a number of variables that present new information about the agency and aspirations of individuals, including gender considerations, which seek to partially fill the information gap that exists in this area and contribute to a better understanding of the role that women and men play at the household level in terms of the intergenerational transmission of inequality.

3 With regard to preferences, it was found that parents can pass on to their children a greater inclination in favour of present consumption, a trend that affects young people's decisions about consumption and investment (Mayshar and Benninga, 1996; Chakraborty and Das, 2005). As for ambitions and aspirations, a sociological analysis based on the reference group technique shows that while family characteristics influence people's ambitions and aspirations, society can play an even more important role than the family in terms of influencing the next generation's living conditions (Merton, 1953; Boudon, 1974). There is very little empirical evidence in this particular field of study. Chapter

Accumulation of assets

The central idea behind wealth accumulation is that savings, investment and bequests of assets all provide the necessary means of escaping a situation of poverty and inequality. A report drawn up by Rank (2008) examines available empirical studies on the accumulation of assets during the lifecycle and analyses five relevant factors that can lead to a lack of assets within the low-income households of future generations.

1. *The intergenerational transmission of assets.* An analysis of economic intergenerational mobility reveals that a household's socioeconomic status tends to perpetuate itself. Individuals whose parents have low income are more inclined to have similar levels of income, whereas children born into high-income households are much more likely to become high income earners as adults. This intergenerational inertia in the transmission of income also leads to an intergenerational inertia in the transmission of the levels of wealth reported by successive generations.

2. *Race and ethnicity.* Empirical studies indicate that race and ethnicity play a decisive role in determining individuals' limitations in terms of accumulating wealth over their lives. This situation can partly be put down to the initial conditions, which are generally less favourable for certain racial or ethnic groups, and partly because of the discrimination and segregation to which these groups are exposed in many different societies.

3. *Income.* Various studies have contended that the accumulation of wealth depends on both the availability of surplus income and the relative stability of such surplus income over time.

4. *Stages of life and personal events.* There are stages in our lifecycle that reflect periods of scarcity or of prosperity. Furthermore, certain events, such as unemployment or divorce, which occur at specific junctures of our lives, may have serious effects on subsequent wealth accumulation patterns.

5. *Family structure.* Family structure and the changes this structure undergoes over our lives also have a bearing on wealth accumulation. In particular, it has been observed that single-mother households are at a distinct disadvantage in comparison to two-parent households.

Source: HDR Team based on Ortiz-Juárez (2009).

to analyse the mechanisms of intergenerational transmission of achievements in human capital and to examine, in particular, the effect that the set of options that is available to parents (their *capabilities*) has on the *capabilities* and functionings of the next generation.

The analysis assumes that the possibility for children to be in good health or to have a satisfactory education in their first years of life (*functionings* that will subsequently allow them to expand their *capabilities*) depends on the opportunity structure and on the agency of the adults in the household who have the responsibility for making decisions about their children's development.[4] Thus, the opportunity structure in force represents the formal and informal institutional, social and political circumstances and norms that determine the scope in which individuals make decisions regarding their children's well-being, and *agency* reflects the ability to make these decisions (Narayan 2005; Samman and Santos, 2009).[5]

Within this framework, the constraints on their capabilities that people in disadvantaged groups of the population experience limit their ability to achieve better levels of well-being for their children, and contribute to the intergenerational transmission of low levels of achievement in human development. It is essential to highlight that this Report is far from any perspective that might suggest taking this finding as the basis for carrying out what could be called "double victimisation" of poverty and inequality. This double victimisation negatively labels people in situations of poverty for two reasons: first, for the situation of relative deprivation they face; and second, for the decisions they make concerning the education and health of their children.[6]

4 discusses in depth some of the factors that influence the aspirations of the younger generation based on recent data available for three geographic areas in LAC.

4 This assertion is based on the fact that decisions regarding investment in their children's human capital are taken by fathers, mothers or other persons in charge of the children's well-being (guardians or extended family, for example).

5 It should be noted that the expression agency used here can have very different meanings in other contexts. In very simple terms, in this report it refers to the capability that people have to take action in pursuit of those goals that they value and have reason to value.

6 The short-sighted idea that some people living in poverty would be in that situation by choice and that these people are unwilling or incapable to provide adequate conditions of well-being for their children implies a double victimisation of poverty and inequality. In this regard, it is essential to recognise that the decisions that parents take at the household level concerning the development of their children's human capital can take place in a context characterised by severe constraints that greatly limit the options actually available.

EARLY CHILDHOOD INVESTMENT IN HUMAN CAPITAL

In terms of well-being and human development, the first years of an individual's life are crucial. The proper early childhood development of girls and boys, understood as the combination of healthy physical, mental and social development in their first years of life – which is achieved, inter alia, through good care provided by parents, good nutrition and access to medical services and healthy living conditions – serves as the foundation for an expansion in other dimensions of well-being.

Thus, increased investment in human capital during an individual's childhood determines a greater ability for him or her to transform access to goods and services into that which they value and manage to "be" or "do" in subsequent stages of their lives (in Sen's terms, it is about the ability to transform goods and services into a space of *capabilities*). In particular, early development has a marked effect on the formation of human capital, as it influences individuals' future educational achievement and their ability to generate income in adulthood. In this regard, it should once again be noted that a feature of early investment in human capital, both in health and in education, is that it primarily depends on decisions made by adults comprising the family unit, and it in no way (or in almost no way) depends on the new generation: people are born and develop in environments and conditions over which they have no control.

In terms of schooling and income, available data show that differences in birth weight partially explain educational and wage-based inequality in adulthood (Behrman and Rosenzweig, 2004). Similarly, children's health determines the way in which health and income will be related in their adult life (Case, Fertig and Paxson, 2003; Case, Lubotsky and Paxson, 2002). Accordingly, early childhood development is a crucial stage of human capital investment which has high returns (Heckman and Carneiro, 2003; Cunha and Heckman, 2009), while stunted growth and malnutrition are associated with lower human capital in adulthood, including variables such as the next generation's schooling and economic productivity. These long-term implications of early childhood development investments are very important if it is considered, for example, that the height-for-age ratio at 2 years of age is related to the level of human capital that a person will achieve in adulthood and that malnutrition is associated with lower future levels of human capital (Victora et al., 2008).

These findings are extremely important for explaining how inequality is reproduced in countries where there is a considerable gap between different segments of the population. If one considers, for instance, the child malnutrition indicator for a sample of countries in the region for which recent data are available, the prevalence of this condition is 5 to 10 times higher among children that belong to the 20% of the population with the lowest income than among those who are part of the 20% of the population with the highest income (see Table 3.1).

The section presented below describes some of the mechanisms that limit or hinder the accumulation of human capital required to achieve basic human development in nutrition, health and education at an early age in different countries in the region. The analysis presented is based on the conceptual framework proposed by Kanbur (2008), which identifies, within the constraints faced by families, those that most directly and effectively limit the space of their *capabilities* to make decisions that affect their children's human capital. These constraints, known as *binding constraints* in this analysis, can correspond to both the decision space deployed at a household level and the elements unique to the context (in particular, the available supply of public services and the household's degree of access to these services).

Table 3.1. Latin America and the Caribbean (5 countries). Chronic malnutrition. Boys and girls presenting deficient height for their age (%)

	Year	20% with lower incomes (A)	20% with higher incomes (B)	Relation A/B
Bolivia (PlurinationalStateof)	2003	41 .7	5 .6	7 .4
Colombia	2005	19 .8	2 .8	7 .1
Nicaragua	2001	35 .2	4 .5	7 .8
Peru	2000	47 .0	4 .5	10 .4
Dominican Republic	2001	15 .5	3 .0	5 .2

Source: HDR Team research based on Davidson et al. (2007).

THE EFFECT OF INEQUALITY ON INVESTMENT IN HUMAN DEVELOPMENT

The *binding constraints* perspective makes it possible to analyse the different factors that affect the relationship between parents' *functionings* and those of their children. It is a method that identifies, within a potentially broad set of constraints, those which most acutely limit households' *capabilities* to decide on matters that affect their children's human capital. This approach makes it possible to identify the factors that most directly affect the intergenerational transmission of low levels (absolute and/or relative) of achievement in well-being. This perspective points out the central role played by households' decisions, especially within the context of the investment in the human capital of the younger generations.

Box 3.2. Beyond human capital: access to credit and poverty traps

Low economic growth and high levels of poverty are interrelated, given that as a general rule, families with low levels of income have no access to high-quality infrastructure, education and social security, or for that matter to the credit markets. This hampers the possibilities of such households to gain access to profitable activities that would enable them to augment their income in the long-term, a situation that in turn has a negative knock-on effect on investment and a country's economic growth. This creates a vicious circle whereby low economic growth leads to lower income for poorer families, who are therefore unable to access the goods and services required to increase their human capital. In this regard, the initial distribution of asset ownership (both human and physical), coupled with access to basic resources and services, and suitable infrastructure and market opportunities, together with the public policies in place to redistribute wealth, all play a crucial role.

With this in mind, property rights can be a decisive factor in helping to curb poverty. As regards access to credit, a clear definition of property rights generally helps to reduce moral hazard (which arises when the applicant uses the loan for other purposes, or does not do enough to ensure that the project is a success) and adverse selection risk (according to which access to loans is only feasible for those individuals who present the most risky projects).

Similarly, the lack of ownership of land, properties or small companies, typical among the poorer strata of society, significantly reduces people's incentive to invest in maintaining and improving such assets. This irregular situation can also have a negative bearing on land productivity, the capacity of families to overcome crises and property values.

Peru's Urban Land Tenure Regularization Program (Programa para la Formalización de la Propiedad Urbana), which is helping to remedy the situation of informal urban settlements while granting property rights to people who live and work in these settlements, has revealed that official recognition of land tenure rights led to a 17% increase in the number of monthly hours of work carried out by the family, a 47% reduction in the likelihood of work being carried out at home, and a 28% drop in the probability that the children will be required to work (Saavedra and Arias, 2007).

That said, it is worth noting that the relationship between the regularization of property rights and the corresponding increase in well-being indicators is not always as direct, since the effects also depend on the backdrop against which the regularization process is applied (Payne, Durand-Lasserve and Rakod, 2009).

Source: Saavedra and Arias (2007) and Payne, Durand-Lasserve and Rakod (2009).

As indicated in Chapter 2, available data clearly show the inequality that exists in LAC in terms of access to goods and services essential for human development. This has an impact not only on the effective freedoms of parents, but also on their decisions relating to investment in the human capital of their children. As an example, it is necessary to analyse the difference in costs for accessing education for two hypothetical households, one of which lives much farther from the school than the other. For the household that is the farthest from the school, the longer distance and, consequently, the increased travel time increase the direct costs involved in sending their children to school and, in turn, decrease the time that the son or daughter can devote to collaborating on household chores or even, in the most critical cases, to working outside the home.[7]

Thus, gaps in health and education are caused, among other factors, by differences in the *capabilities* of different households, and by the costs for each household of accessing these services. Within this context, even when the benefits of achieving a healthy standard of living and an optimal educational level are the same for everyone, the net benefit of the required investment varies among different groups due to an inequality in costs. Therefore, it is essential to understand the causes behind the main constraints that, by affecting the net return on investment in human capital, generate inequalities in investment.[8]

Analysing the limitations to human development from the perspective of *binding constraints* means understanding the interaction between available services that are within reach of households and the capability of households to use these services for the human development of their members. In this regard, it is necessary to separately analyse the causes that depend on contextual factors (such as availability and accessibility of services) and those that are determined by conditions pertaining to the household itself. An example of this type of analysis for education is shown in Box 3.4.

7 In economic terms, this is called opportunity cost and refers to the best alternative value of any resource. In this particular case, the resource considered is young people's time. For example, the opportunity cost of studying is the income that a person could receive if, instead of studying, he or she performed any paid work. In this sense, the greater the number of economic constraints faced by a household, the higher the opportunity cost, in relation to family income, assumed by the household in order to send their children to school.

8 With regard to the expected returns on education, the labour market has a dampening effect on the extent to which it rewards relatively high levels of schooling, while offering similar salaries for medium and low levels of educational attainment (see Box 3.4).

Box 3.3. Investment in human capital and the low human development trap

Human development and economic activity share a relationship of interdependence. On the one hand, human capital is the main input for production and technological change, while on the other, human development depends largely on available income and technology. Both human development and economic activity interact with geographic characteristics, such as distance in relation to the markets and the productive traits of a given region, and affect the process of shaping local policies and assigning public resources. The combination of these factors (human development, economic activity, geographic characteristics, and public policies) is largely responsible for moulding the characteristics of economic regions.

Moreover, it has been observed that early childhood development (ECD) is a must for furthering the development of people's capabilities over their adult life, enabling them to reach respectable levels of well-being in terms of life expectancy, education and income. For this reason, the ECD levels of a given locality are commonly used as indicators of the local population's level of human development.

Based on the foregoing, Mayer-Foulkes (2009a) explored the nature of the relationship that exists between the ECD levels of a locality and certain economic characteristics of the region. Concentrating on available information for different regions of Brazil, Peru, Bolivia and Guatemala, the author estimated regional levels of ECD (based on the percentage of vaccines given to children, their state of health and the height reported at a specific age), and analysed the region's characteristics in terms of its ability to provide public and private resources, levels of employment and household quality of life.

The analysis revealed that geographic inequalities in terms of ECD largely reflect the inequalities present on three different dimensions: i) inequalities in the level of macro-economic well-being reported among the regions (shaped by levels of employment, education and migration); ii) inequalities in the supply of basic services among the regions (electricity, drinking water and sanitation); and iii) inequalities among households (quality of housing construction, and the type and quantity of available assets in the household). The findings lend support to the notion that there is indeed a relationship between human development and the characteristics of the region. This observation, coupled with the obvious differences in economic growth among the regions analysed, would suggest that geographic inequalities in terms of ECD will deepen unless policies to offset these gaps are rolled out.

Source: HDR Team research on Mayer-Foulkes (2009a).

The following section provides a more in-depth description of some factors underlying the decisions and possibilities of families in terms of investment in human development in countries of LAC. Based on recent information, the section aims to identify which constraints generate low levels of achievement in health and nutrition, on the one hand, and in schooling and educational achievement, on the other. Moreover, it mentions some public policy strategies geared toward promoting the achievement of higher levels of development in these dimensions.

Health and nutrition

This section examines data on health and nutrition for the case of countries that have very different levels of achievement in these dimensions, such as Brazil, Peru, Chile and Guatemala. Chart 3.1 schematically shows that the level of health achieved by children depends on their individual characteristics (age, birth weight, etc.) and on the inputs provided by the household in which they live. The inputs of the household are determined by the availability of and access to public services and by the individual characteristics of the household, including income level and parents' age and educational level (Chart 3.1).[9] The data presented below illustrate the usefulness of this approach for analysing the relative importance of factors that affect the health of the young generation, either directly (input provided by the household and individual characteristics of children) or indirectly (characteristics of the household and the context). A core aspect of this analysis is to observe that the impact that certain public policies have on the health of children in general is *mediated* by the effect of these policies on inputs provided by the household. For example, the positive impact on child health resulting from increased availability of medical services could be mitigated by a simultaneous decline in prenatal care of the mother, caused precisely by the fact that a greater availability of medical services provides greater security at the time of childbirth and during the postpartum period.

There is a relationship between the characteristics and *functionings* of parents, on the one hand, and local and regional services at their disposal, on the other. In Bolivia, Brazil, Guatemala and Peru, for instance, in addition to the variables of households, there are other local and regional factors, like migration and employment levels, that are associated with early childhood

9 These elements distinguish the approach proposed in this Report from traditional approaches concerning issues of malnutrition and health, which generally aim to provide food and health assistance by implementing targeted programmes, ignoring the importance of the social determinants affecting the reproduction of deprivation that affects households. The main causes that affect development in food and health include the food security of families, the physical and social environment, education, access to appropriate information, the health of the mother, family planning, access to healthcare services, household income, and working conditions, among others (Pan American Development Alliance for Nutrition and 2009).

Box 3.4. The *binding constraints* approach

The binding constraints approach is essentially an analytical method for pinpointing the most important and immediate determining factors facing individuals when attempting to access education, healthcare and the labour markets. These determinants may take the form of factors specific to the household (socioeconomic level, levels of schooling, etc.), or factors pertaining to the context within which the household exists (availability and accessibility of public services, rural or urban environment, etc).[1]

As way of example, assume a country that features, from an analysis of available census data, low levels of schooling among certain segments of the population. In such a case, what kind of public policy would be best suited to resolving this social situation? One recommendation could be to construct more schools or increase the number of teachers, yet it is worth asking whether this recommendation would be appropriate in all cases.

The concept of binding constraints tells that the response must invariably take account of the specific characteristics of each case. Many of the studies conducted in this field have revealed that in certain contexts households that suffer major deprivations are forced to push their youngest members into work, as without this they would be unable to reach the minimum level of consumption required. In such cases, the constraints on the capabilities of the household are so suffocating that its members have no other option and the younger members are compelled to help ensure the household's basic sustenance instead of spending their time at school. In economic terms, this is a situation in which the opportunity cost of children's time (in other words, the income resulting from the children spending their time on another alternative activity, in this case, work) is too high for the household to send them to school and do without the income they are able to generate for the household.

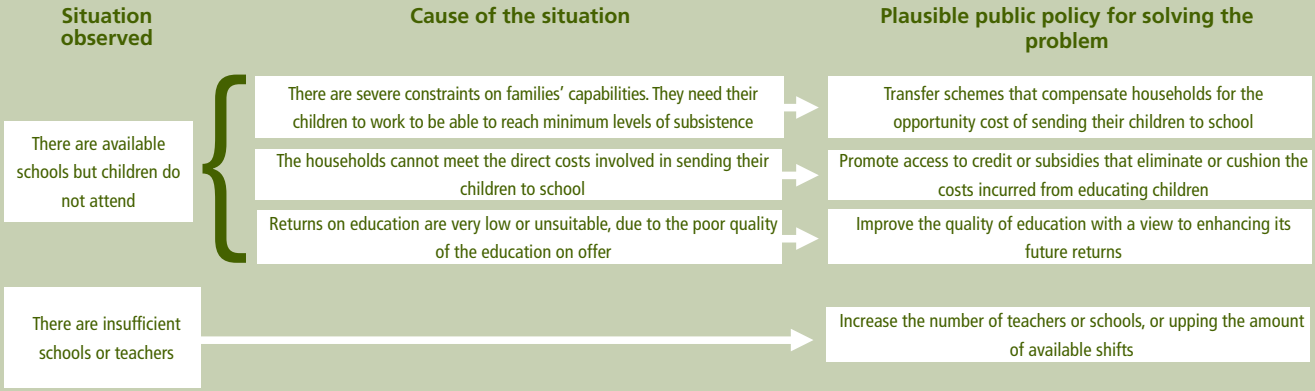
In this type of situation it becomes apparent that a policy geared towards increasing young peoples' levels of schooling by increasing the number of available schools would not have any positive effect. In contrast, policies that attempt to expand these households' capabilities could be effective. For example, the authorities could roll out programs to help compensate families for the lower income they would bring in if they sent their children to school (This is the fundamental principle underpinning the conditional cash transfer schemes in place in certain LAC countries). Other policies could be implemented to promote access to credits, or transfer assets directly to households to enable them to exceed the threshold below which inequality is transmitted from one generation to the next. The initiatives proposed here are clearly very different to policies merely intended to increase the number of available schools. Thus, the binding constraints approach highlights the importance of having a conceptual framework which, by following a sequential process, helps pinpoint the effective causes of the problems observed. These findings can then serve as the basis for recommendations of suitable and effective public policies. There are a number of recent studies that support this idea. For example, the principal binding constraint preventing many countries from attaining the education-related Millennium Development Goal (MDG) is that many individuals are unable to send their children to school, despite the fact that there are available educational institutions (Glewwe and Zhao, 2005). To cite an example, it is worth highlighting the situation facing poor teenagers in Chile, for whom the educational attainment of their parents (an indicator that reflects and is associated with other shortcomings of the household) is more relevant in influencing their decisions to drop out of school than is the availability of schools. Given this situation, it becomes apparent that increasing the number of schools would not necessarily lead to an increase in young peoples' levels of schooling (Sapelli and Torche, 2004).

Figure 1 below illustrates the analysis proposed by the binding constraints approach.

Source: HDR Team based on Kanbur (2008).

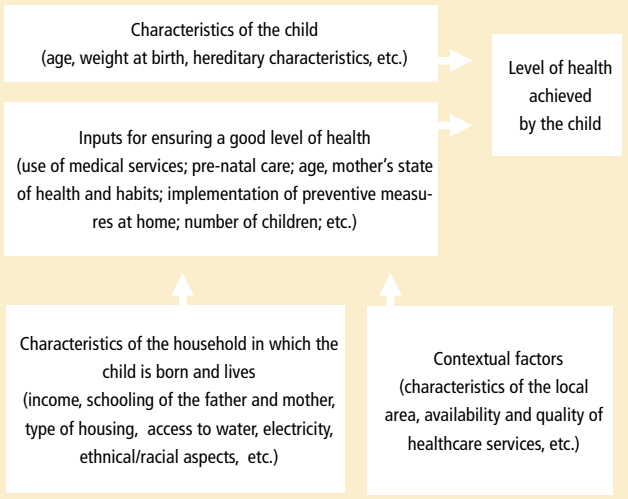
1 The approach described above centers on identifying the most immediate factors determining access to education, healthcare and the labor markets. Mediating determining factors, such as those associated with the political context and people's participation in public policy decision-making processes are addressed separately in Chapter 5 of the Report.

Figure 1. Diagnostic of the underlying causes for low levels of schooling



Source: HDR Team based on Kanbur (2008).

Figure 3.1. Determining factors of child health



Source: HDR Team based on Rosensweig - Schultz (1989) and Schultz (2004).

development indicators (see Figure 3.1).[10] Using the concentration index as an indicator of inequality, the data analyzed show that early childhood development at a local level is positively associated, in order of importance, with an area's access to public services, its ability to attract migratory flows, its level of wealth and its employment level.[11] With regard to household-specific factors, early childhood development is positively related, in order of importance, to the employment status of the head of household, to access to basic services (water, electricity, sewage, etc.), to the household's level of wealth and to the parents' education. The analysis also demonstrated that in these countries there is a positive relationship between early childhood development and maternal employment, both at local and household levels (Mayer, 2009a).

As mentioned earlier, this approach makes it possible to analyse the various factors that influence the association between parents' *functionings* and those of their children, which can also be seen by empirically analysing cognitive abilities. These abilities are a good indicator of early development, as they demonstrate the health of children and their potential to receive education. In this respect, for the case of Mexico, a high positive association was observed between the cognitive ability of fathers and mothers and that of their children (see Figure 3.2; Mayer 2009b).[12]

There is also a relationship between the income and schooling of parents, on the one hand, and the health of their children, on the other (see Figure 3.1). First of all, higher income levels allow for increased and better access to inputs that directly affect the individuals' health, such as better nutrition and improved housing and sanitation. Second of all, income facilitates access to better medical care. In this respect, it is important to note that access to medical care, for example, does not depend solely on the availability of medical services. If health depended only on ensuring the provision of adequate services, providing universal health care would eliminate health gaps between people with different income levels. Instead, it appears that there are other factors that affect access to health which have to do with constraints at the household level. Therefore, these determinants of household inputs must be taken into account when designing policies geared at promoting equal access to public services.

In this regard, Crespo and Reis (2009) observed that in Brazil, the provision of universal healthcare services reduces the gap in health among the most disadvantaged sectors and the most advantaged population, but it does not eliminate them. This suggests that income has an effect on health that goes beyond ensuring access to medical services, since income also influences factors like better nutrition and better living conditions. In the case of Peru, Seinfeld and Beltran (2009) analysed a government programme for providing food rations, and they showed how the impact of income on the reduction of malnutrition operates crucially as it allows greater access to food, while the provision of inputs such as healthcare services does not have the same degree of influence.

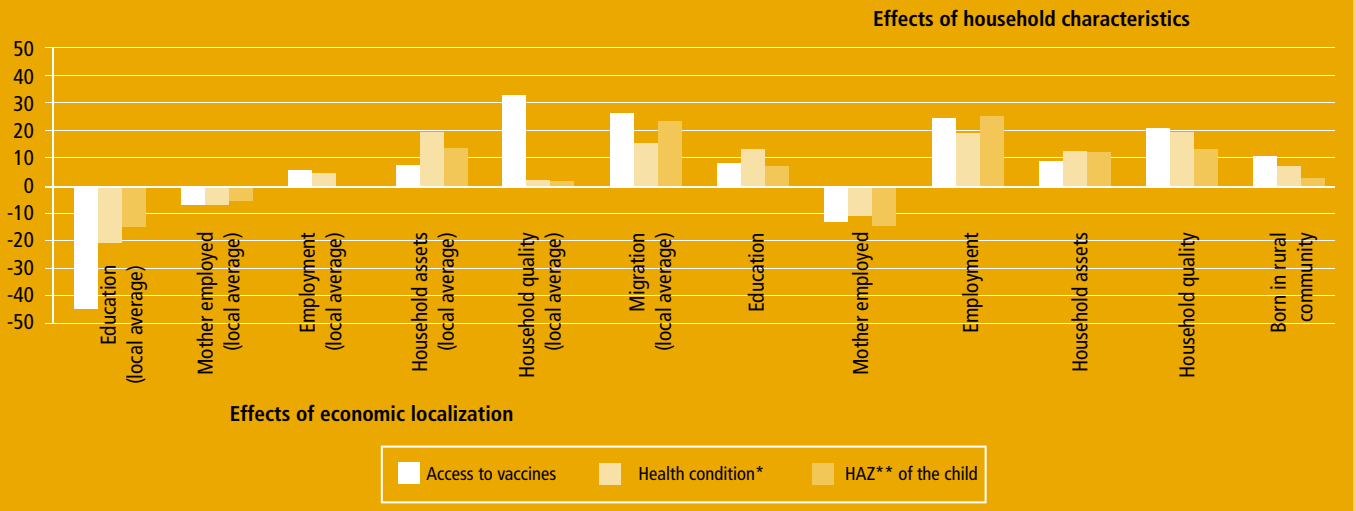
With respect to birth weight, available data suggest that the association between mothers' *capabilities* (i.e., the set of effective options to choose from) and the development of children is mediated by very specific aspects of the mothers' behaviour. In Bolivia, for example, the most important element is the waiting time between pregnancies, which is generally higher among women who have a higher level of education and income. In this sense, public policies like educational campaigns could have an impact by improving children's birth weight (Delajara, 2009a). In Nicaragua and Peru, receiving timely medical care during pregnancy has a significant and positive impact. Family income underlies this behaviour, which is why women with fewer resources delay their first visit by quite a while. In Peru, the delay of the first visit is also related to the unemployment rate: at higher levels of unemployment, the greater the delay observed in the

10 Early development of children is measured by three variables: access to vaccines, health (estimated, in turn, based on birth weight, the prevalence and severity of diarrhoea and morbidity) and expected height-for-age in children under 5 years old.

11 The concentration index is a measure of inequality that is recorded in the distribution of an indicator among the population (e.g., access to vaccines.) The procedure for calculating it is similar to that used for calculating the Gini index: It classifies the population by income level and measures how the percentage of households that have access to vaccines, in the case of this example, is distributed. The index shows the extent to which the percentage of households with access to vaccines is concentrated in higher-income households.

12 In Mayer's analysis, cognitive ability was measured based on the results of Raven matrices tests applied to household members over 5 years old. Chapter 4 of this report presents another application of the intergenerational influence of cognitive abilities in the case of Mexico.

Chart 3.1. Latin America and the Caribbean (4 countries). Break-down of the concentration index of household variables and contextual variables (%)



* Health condition is determined by the following characteristics: indicators of chronic malnutrition, weight of the last child to be born, prevalence and intensity of diarrhea, and sickness rate over the most recent two weeks.

** HAZ refers to the height corresponding to the age of the child. This is standardised and compared with the expected levels for each age group and gender.

Source: HDR Team based on Mayer (2009a).

first visit. These data suggest that universal access to prenatal care could be highly beneficial (Delajara, 2009b).

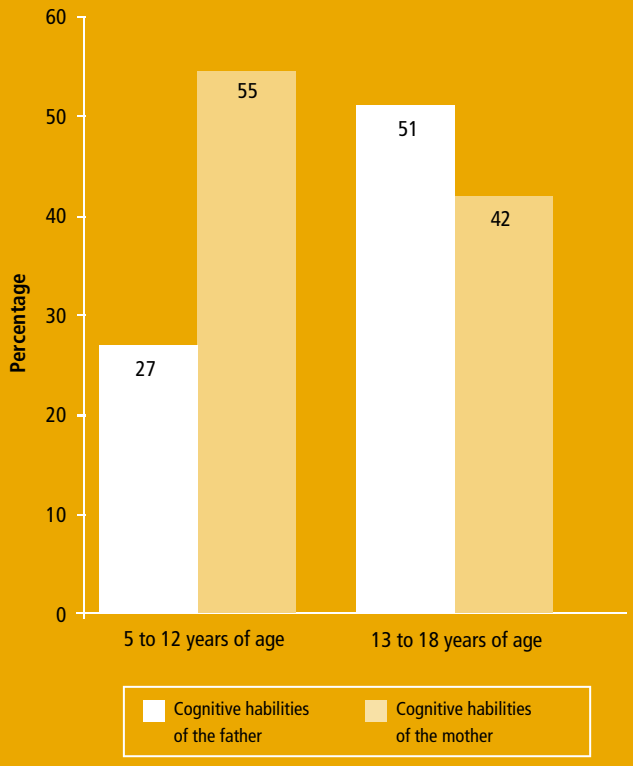
Schooling

As shown in Chapter 2, the average level of schooling in the region is unequal, despite the growth undergone in the educational dimension in recent decades. Therefore, as in the case of health and nutrition, it is essential to identify the relative importance of the context of constraints faced by the household, firstly, and of the supply and accessibility of education services, secondly, in order to aid in the design of public policies aimed at improving achievements in this fundamental dimension of human development.

One of the most commonly-used indicators to assess the state of education is the indicator that shows the percentage of the population of a certain age that attends any schooling level. While in LAC nearly 96% of children between 6 and 12 years old are enrolled in an educational institution, this percentage drops to 82% for the age group between 13 to 17 years old and decreases to 36% for the 18- to 23-year-old segment.[13]

If schooling varies negatively as a result of the costs involved and responds positively because of the benefits that education represents for families, it is necessary to examine what costs and

Chart 3.2. Mexico. Effect of the cognitive skills of father and mother on the cognitive skills of their offspring by age group. 2002 (%)



Source: HDR Team based on Mayer-Foulkes (2009b).

13 These percentages are much higher in more developed countries.

Box 3.5 Adolescent pregnancy and inequality in Latin America and the Caribbean

Adolescent pregnancy is the product of numerous factors, which vary among different cultures and human groups (Coll, 2001; Stern, 1997). As a worldwide average, 55 births per year are reported in adolescent women for every one thousand women in the 15-19 age group, whereas in Latin America and the Caribbean (LAC), this indicator jumps to 80 births, with LAC ranking second worldwide, behind only Africa, in terms of its rate of adolescent pregnancy.[1] That said, this indicator fluctutates considerably throughout the region. Available data reveals, for example, that Nicaragua reports roughly 108 births per year for every thousand adolescent women, while at the other end of the scale, the rate for Trinidad and Tobago is far lower, standing at just 32 per thousand (see Chart 1).

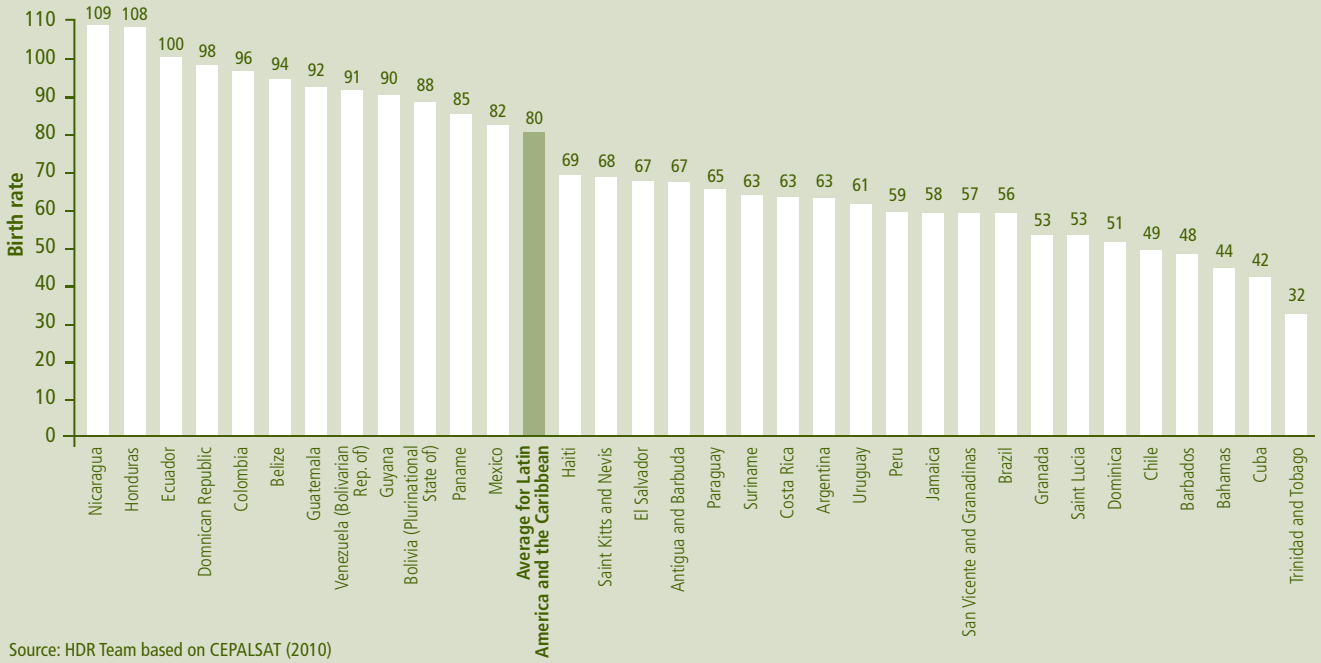
Among adolescents, women aged 19 report the highest prevalence of pregnacies (see Figure 2). Similarly, there is a tight relationship between educational level and adolescent maternity (see Figure 3). For example, available data indicates that roughly 68% of uneducated adolescent women from Bolivia have had a child, whether live birth or still born, and/or are pregnant, whereas this figure plummets to just 5% among women who have completed higher education. In Peru, however, the greatest incidence of adolescent pregnancies occurs among young women who have completed primary education (34.7%).

Adolescent pregnancy is also linked to the marked socioeconomic stratification that dominates the region. Historically speaking, adolescent fertility has typically gone hand in hand with poverty, and is treated as one of the component elements of the "intergenerational cycle of poverty" (Rodríguez and Hopenhayn, 2007). In this regard, Peru once again provides a prime example: In Peru the percentage of low-income adolescent women who fall pregnant is seven times higher than the percentage of higher-income women. Major differences can also be observed between different countries, as illustrated by Nicaragua. Although this country reports the highest adolescent pregancy rate in the region, there is very little difference between the rate reported for the poorer strata of the population and that for the wealthier classes, with the adolescent pregnancy rate for Nicaragua being only 2.5 times greater for women from the more underprivileged sectors (see Figure 3).

With regards to place of residence, adolescents from rural areas report more pregnancies than young women from urban settings (see Figure 4). The possible reasons for this trend could include the fact that most adolescents living in urban environments aim for education or employment, which are incompatible with pregnancy at this stage of life. For adolescents from urban settings, juvenile pregnancy typically stems from a lack of information, failure of contraceptive methods or difficult access to such methods (Atkin and Alatorre-Rico, 1991).

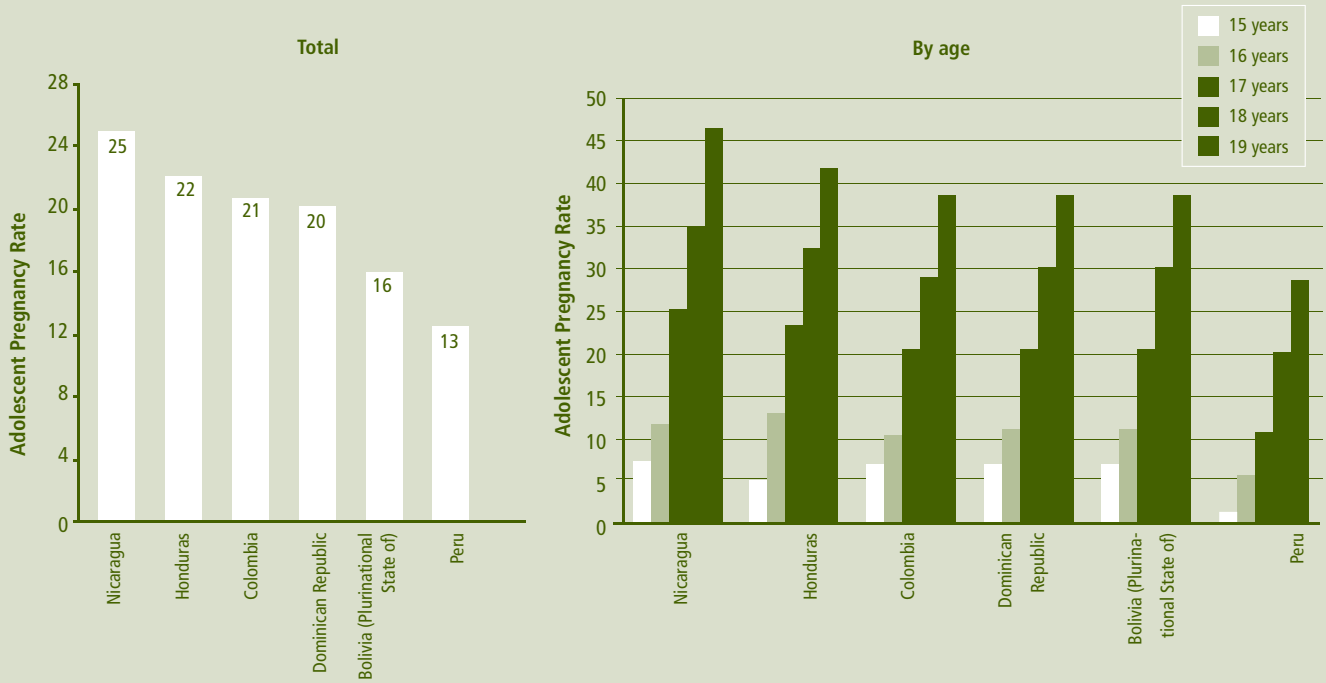
1 In other regions worldwide, the birth rate (for every thousand adolescent women) is as follows: 116 in Africa, 41 in Asia (which has the same rate as for North America), 33 in Oceania and 20 in Europe.

Chart 1. Latin America and the Caribbean (33 countries). Birth rates among adolescent women aged 15 to 19 by country and average for the region. *Circa* 2006 (number of births for every thousand women)



Source: HDR Team based on CEPALSAT (2010)

Chart 2. Latin America and the Caribbean (6 countries). Adolescent pregnancy rate by age group. Circa 2005 (%)

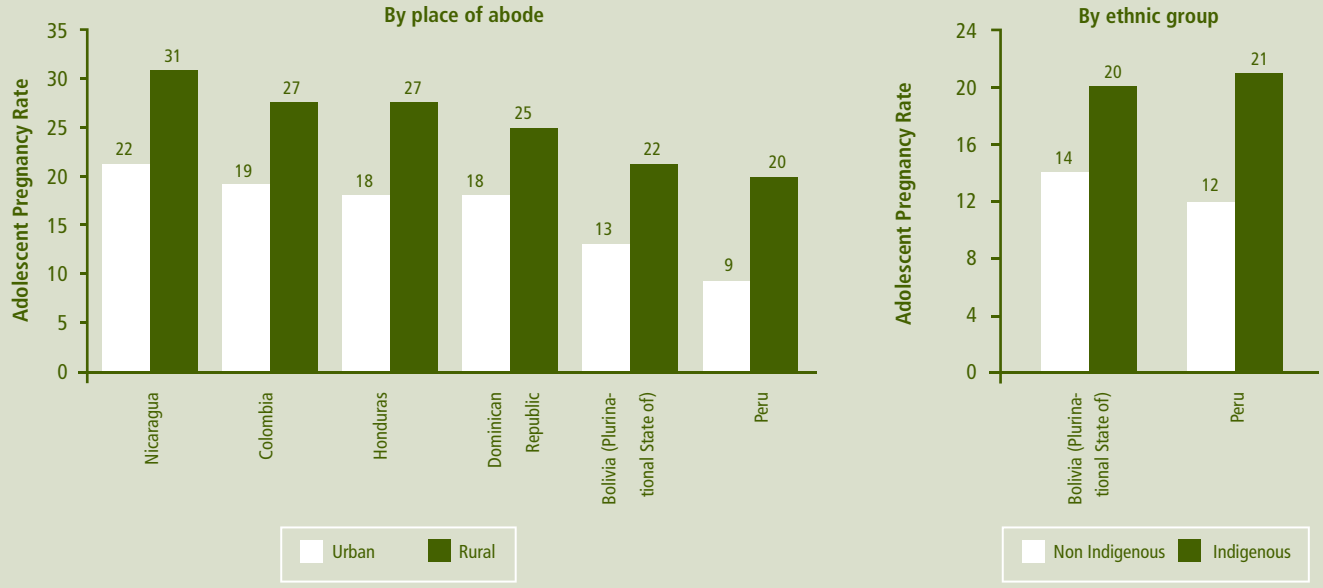


Note:The adolescent pregnancy rate reflects the percentage of women aged 15 to 19 who claim to have had a child, whether live birth or still born, and/or are pregnant.
Source: HDR Team based on data obtained from processing the demographic and health surveys of Measure DHS, Demographic and Health Surveys.
Available at: <www.measuredhs.com>

Chart 3. Latin America and the Caribbean (6 countries). Adolescent pregnancy rates by level of schooling and socioeconomic level. *Circa* 2005 (%)

Note: The adolescent pregnancy rate reflects the percentage of women aged between 15 and 19 who claim to have had a child, whether live birth or still born, and/or are pregnant.
Source: HDR Team based on data obtained from processing the demographic and health surveys of Measure DHS, Demographic and Health Surveys.
Available at: <www.measuredhs.com>

Chart 4. Latin America and the Caribbean (6 countries). Adolescent pregnancy rates by place of residence and ethnic group. *Circa* 2005 (%)



Note: The adolescent pregnancy rate reflects the percentage of women aged 15 to 19 who claim to have had a child, whether live birth or still born, and/or are pregnant.
Source: HDR Team based on data obtained from processing the demographic and health surveys of Measure DHS, Demographic and Health Surveys. Available at: <www.measuredhs.com>

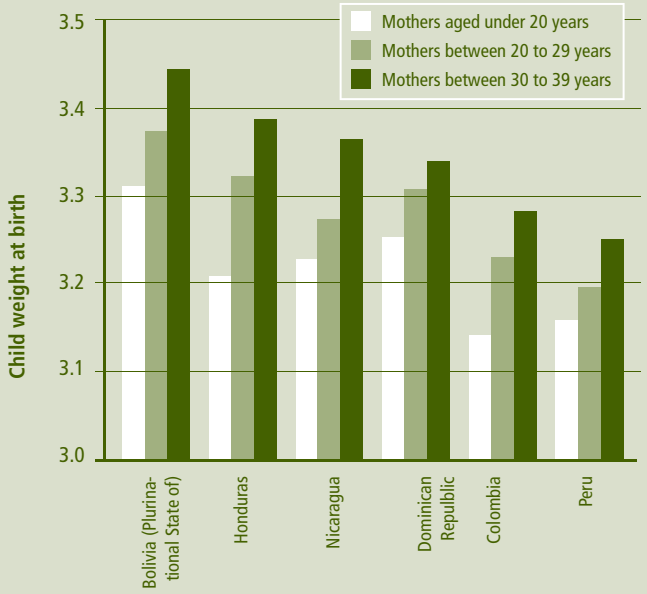
To what extent do adolescents' characteristics have a bearing on pregnancy rates? Bearing in mind at the outset that the studies conducted to date cannot necessarily be applied across-the-board, it has been shown that adolescents in Bolivia who live in poor households are more than twice as likely to fall pregnant or be mothers during this stage of their life than adolescents from high-income households. In a similar fashion, while each additional year of age in the 15-19 age bracket increases the probability of pregnancy by 9%, each year of schooling that is added reduces this probability by 4%. In turn, the use of contraceptives slashes the likelihood of adolescent women becoming mothers or falling pregnant by 20% (Alfonso, 2008).

The issue of adolescent pregnancy is an important one, as it may exacerbate poverty and social exclusion (Pantelides, 2004; Guzmán et al., 2001). It has been observed that in many cases adolescent mothers have less schooling, less income and are more dependent on welfare provided by social programmes than women who put off becoming a mother (Ashcraft and Lang, 2006; Barrera and Higuera, 2004; Cardoso and Verner, 2006). Maternity at young ages also has a negative bearing on the children, who tend to experience poorer levels of health and education (Buvinic et al., 1992; Haveman, Wolfe and Peterson, 1995). Chart 5 depicts how, on average, children of adolescent mothers weigh less at birth than children whose mothers were between 30 and 39 years of age at the time of birth (weight reductions fluctuate between 2.6% in the Dominican Republic to 5% in Honduras). Thus, adolescent pregnancy helps to perpetuate the vicious circle of poverty and inequality in that it restricts the development of both mothers and children alike.

Existing analyses in the field of adolescent pregnancy suggest that there is a wide range of target areas open to public policy-makers. Such pregnancies could be reduced significantly by implementing policies that champion education (including sex education), health (provision of sexual and reproductive health services) and opportunities for adolescents to become involved in activities that reflect their age and interests (Rodríguez, 2008; PRB, 2000). Similarly, and as proposed by the Programme of Action of the International Conference on Population and Development (ICPD-Cairo, 1994), in order to enhance both the efficiency and effectiveness of public programmes, the task of designing programmes geared towards adolescents should involve their full participation so as to better gauge their precise needs in terms of sexual and reproductive health.

Source: HDR Team based on Alfonso (2008), Ashcraft and Lang (2006), Atkin and Alatorre-Rico (1991), Barrera and Higuera (2004), Buvinic et al. (1992), ICPD-Cairo (1994) Cardoso and Verner (2006), Coll (2001), Guzmán et al. (2001), Haveman, Wolfe and Peterson (1995), Pantelides (2004), Rodríguez (2008), PRB (2000) Rodríguez and Hopenhayn (2007) and Stern (1997).

Chart 5. Latin America and the Caribbean (6 countries). Children's birth weight by age group of the mother. Circa 2005 (Kg.)



Source: HDR Team research based on data obtained from processing the demographic and health surveys of Measure DHS, Demographic and Health Surveys. Available at: <www.measuredhs.com>

benefits people consider when one makes a decision to send their children to school. The benefits are represented, among other factors, by the returns on education according to educational quality. In other words, schooling affects the level of income that children can achieve in their adult life and also affects their levels of health and their quality of life.[14] Thus, returns on education to increase as the quality of education that is accessible increases. Furthermore, the costs of schooling include both the direct costs of education (the cost of school supplies and uniforms, for example) and those derived from the negative impact on income that the decision to send their children to school represents in many households. Indeed, the conflict between work and schooling arises, because to send children to school means losing income or services that may be obtained from child labour, whether inside or outside the home, and such income or services may be essential for families facing significant shortages.[15] In this sense, the available studies show mixed results.

In the case of Chile, for example, it has been observed that income lost because of the conflict between school and work does not have a significant impact on schooling in general, while the quality of primary education does significantly affect parents' decisions regarding their children's school attendance, as a result of the positive impact that education quality has on the returns expected from education (Guzmán and Urzúa, 2009). Clearly, in cases such as Chile, implementing policies that favour the supply of quality education in schools could help increase enrolment rates.

As for the association between households' *binding constraints*, on the one hand, and educational achievements and school performance of children, on the other, data available for Chile, Paraguay, Peru and Argentina shows diverse results.

In some countries, the provision of educational services would not be part of the factors determining low education levels. In these cases, low education levels may be the result of difficulties faced by households in sending their children to school or of the conditions in which education is provided, which include the quality of texts and materials used in classrooms and the teachers' skills and knowledge. This appears to be the case for Paraguay; in this country, problems have not been found in the supply of educational services (i.e., insufficient places in schools have not been observed), but there are results that could be improved in terms of the quality of education (Otter, Villalobos and González, 2009). The situation is similar in Chile: among a series of factors considered, the number of secondary and preparatory schools available in municipalities does not seem to significantly affect parents' decisions about their children's schooling (Guzmán and Urzúa, 2009).

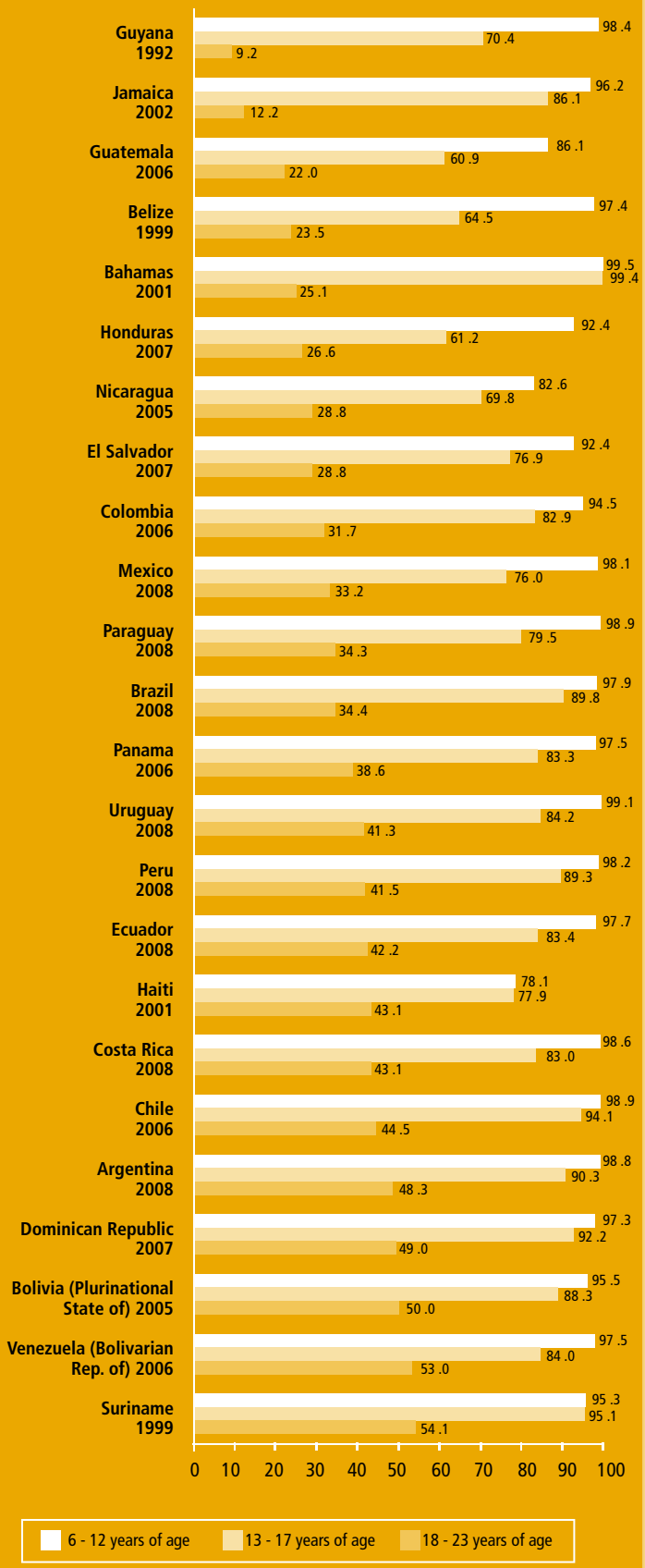
It is possible that in some countries, low levels of education are related to households' constraints in terms of income and access to credit, which can limit the parents' ability to enrol their children in school. In these cases, various measures could help to increase education levels, such as promoting greater opportunities to generate income, facilitating access to credits for education, reducing direct costs (of enrolment fees and uniforms, for example) and decreasing the opportunity cost of using young people's time by implementing conditional cash transfer programmes for households.

Chile is a representative case of the importance of the constraints associated with parents' income. Available data for this country show that in 2006, children who had lived in extreme or moderate poverty in 1996 had 0.72 and 0.55 years less schooling, respectively, than children who were not poor. Moreover, children in the poorest quintile were four times more likely to not be studying in 2006 in comparison to children in the richest quintile, a fact that reveals the existence of a significant temporary association between family income and the future *functionings* of

14 This is a complex relationship, since it also involves subjective factors like the altruism of parents with respect to the new generation. In turn, there are other factors besides those already mentioned, such as the fact that the decisions of parents can be influenced by the conflict that normally arises between the number of children they want to have and the quality of life (in terms of human capital) that they can give each of them (Becker and Thomes, 1976).

15 As discussed below, offsetting these two types of costs (direct costs and those that economists call the opportunity cost of child labour) is the basis for conditional cash transfer programmes aimed at health and education.

Chart 3.3. Latin America and the Caribbean (24 countries). Gross enrollment ratio. Most recent available data (%)



Note: The gross enrollment ratio reflects the number of students of an age group enrolled at any educational level as a percentage of the total population of the same age group.
Source: HDR Team based on SEDLAC (CEDLAS and World Bank), 2010

household mwembers. These findings are quite significant if it is considered that, while the prevalence of poverty in Chile has decreased considerably in recent years, by 2006, 21% of Chilean children still lived in poverty (Zubizarreta, 2009).

Guzmán and Urzúa (2009) also observed that, indeed, the presence of determinants in the home, which are measured based on parents' educational levels and income, influences the educational level of children and, above all, the quality of education. This is reflected in the correlation existing between access to higher levels of education and the socio-economic characteristics of the family unit. It is important to note that the work of Guzmán and Urzúa (2009) shows that this relationship can still be seen in those cases where young people have been shown to have good cognitive abilities. Thus, the study identifies cases in which ot cam be clearly seen that the interruption of schooling is due to parents' socio-economic constraints and not to matters related to the young peoples' abilities. Along these lines, the analysis illustrates that a young person who has good cognitive abilities but comes from a household living in poverty has only a 1% chance of finishing university, while this probability climbs to 65% for a young person with similar cognitive abilities who comes from a high-income household.

Educational achievement

Important elements that directly influence the educational achievement of children include contextual factors (for instance, the number and quality of schools), the household's constraints (such as parents' schooling and income levels), the children's cognitive abilities, and children's health. These factors, coupled with the costs of school services, affect the decisions that parents make concerning the number of years of schooling they aspire to for their children and influence the level of support for homework provided in the home (see Chart 3.2). This conceptual map makes it possible to observe, inter alia, that some decisions made in households offset certain shortcomings in contextual factors and thus make it difficult to have accurate knowledge about the direct impact of some public policy measures. Hence, for example, an increase in the quality of education may lead to a decrease in the time spent at home supporting children's homework, and vice versa, so in none of the cases improvement in the educational achievement of children is observed (Glewwe and Kremer, 2005).

In addition, a positive relationship can also be seen between parents' income and education and children's academic achievement. Along these lines, available data show that in LAC, there is a positive association between households' income levels and children's reading skills (Mcdonald et al., 2009). In the specific case of Paraguay, for example, a positive association was observed between income level and academic achievement (Otter et al.,

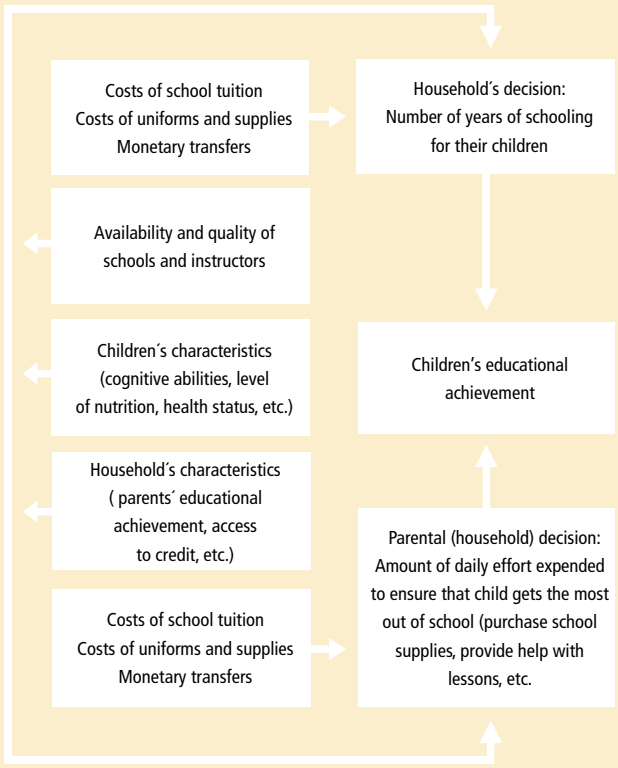
2009). There was a similar situation in Peru: 44% of primary school students in urban areas achieved an adequate level of reading skills, while in rural areas, which are predominantly poor, only 14% of students with the same education had the same skills (Metzler and Wößmann, 2009). With respect to the above, it is important to note that low educational achievement levels increase the likelihood of children to repeat a school year and, eventually, also increase the chance of their dropping out of school. In Paraguay, for instance, the probability that children will drop out of school ranges between 4% and 5% in urban areas, while in semi-urban and rural areas, this percentage climbs to between 30% and 50% (Otter et al., 2009).

Income level directly affects school achievement by facilitating access to resources required to continue the educational process and by providing greater information about available alternatives and opportunities. It also has an indirect impact, since there is generally an association between income level, on the one hand, and levels of schooling and health in adults, on the other, which is reflected in the quality of support that young people receive at home (Zubizarreta, 2009).

It is important to note that as far as the quality and quantity of schools and the quality of teachers remains associated with household income levels, it will be difficult to accurately establish the degree of influence that education quality and household characteristics have on school enrolment and on educational achievement. Macdonald et al. (2009), for instance, observed that the association between wealth and human development in children is mediated by the quality of schools. Therefore, one way to combat inequality in school achievement in countries like Argentina, Brazil, Chile, Colombia, Mexico and Uruguay could be to provide resources so that the quality of education becomes the same in different schools. Homogenising educational quality provided in schools would make it possible to disrupt the relationship observed between households with higher income levels and better quality of education accessed by children and, consequently, increased educational achievement by these young people. Indeed, the issue of quality school services is one of the primary challenges for conditional cash transfer programmes.

Lastly, it is necessary to consider the results obtained from analyses of production functions that, instead of analysing underlying factors of supply and demand, investigate the direct determinants of school learning. In this sense, data suggest that both household and inputs behaviour as well as, available at school are all related to results achieved by young people on standardised tests. The analysis by Otter et al. (2009) for the case of Paraguay shows that parents' education and the time they spend with their children positively impact the educational achievement of children. Likewise, better quality of schools is also positively correlated with better school achievement.

Figure 3.2 Determinants of educational attainment



Source: HDR Team based on Rosensweig and Schultz (1989) and Schultz (2004).

Moreover, the analysis of Alzúa (2009) for the case of Argentina demonstrates that both household inputs (represented by the number of books) and school inputs (represented by the infrastructure and ongoing training of teachers) are associated with student achievement, a result similar to that reported by Deutsch and Silber (2009) when examining factors affecting educational achievement in Colombia. In addition, as indicated above, Metzler and Wößmann (2009) report that in Peru, the knowledge of teachers on the subjects they teach affects the academic achievement of students in sixth grade and that this occurrence is relatively higher in disadvantaged areas.

The results of several research papers have been reviewed that indicate that inequality in levels of achievement in health and education may be due, beyond the existing range of services, to other constraints operating at the household level, including the limitation represented by income inequality or by the different scenarios that define the tasks of women in the home (if they work or not and whether or not they are able to plan their motherhood, for example). Similarly, as regards supply, results show that it is essential to address the problems of unequal

quality in services, emphasising the need to train teachers and to match the quality of services offered in different geographical areas within each country. Thus, the planning of policies aimed at reducing inequality should begin by diagnosing which of the dimensions (supply or demand) most influences the gaps in each case in order to implement more effective measures.

Box 3.6. The Millennium Development Goals and *binding constraints:* the case of universal primary education

Against the backdrop of the 2000 Millennium Summit held in New York, delegates from 189 states approved a set of eight millennium development goals (MDGs) to be met by 2015. The second MDG is to achieve universal primary education and encompasses at least two questions: What actions can be implemented to help attain this objective, particularly in developing countries, and how much will it cost to implement such measures?

Various studies to have tackled the second question have come up with a mixed bag of results, depending on the scenarios envisaged in each case. The most comprehensive calculations estimate that the global cost of accomplishing the education-related MDG may well amount to between 208 billion and 244 billion US dollars,to be paid out between 2000 and 2015. For Latin America and the Caribbean (LAC), these estimated costs stand at roughly 2.6 billion US dollars over the same period (Bruns, Mingat and Rakotomalala, 2003).

Table 1. Total estimated cost of achieving universal primary education (in millions of US dollars)

	Base scenario	Scenario with improvements to educational quality and efficiency
Sub-Saharan Africa	84,650	88,132
South Asia	113,439	145,677
Asia-Pacific	874	2,050
Latin America and Caribbean	1,957	2,623
Middle East and North Africa	7,084	5,620
Total	208,004	244,102

Source: HDR Team based on Glewwe and Zhao (2006)

As a general rule, these studies are based on the premise that the main explanation for why school-aged children do not attend primary school is a shortage of schools close to their homes, or because there is no space for new pupils to enrol at available schools. However, there is no evidence to suggest that these reasons apply in all cases.

In Honduras, for example, a country in which barely 50% of children complete primary education, a questionnaire was conducted in 5,768 households. The researchers observed that half of these households are located just 10 minutes away on foot from the nearest school, while 90% are less than 30 minutes on foot from the closest educational centre, clearly demonstrating that access to schooling is not a problem. Focusing on the reasons given by parents to explain the non-attendance of their children, 36% stated that their child was not interested in school, 19% cited economic problems, while 9% argued that they needed their child to work in order to help keep the household afloat.

The case of Honduras suggests that the costs of achieving the primary education MDG could fluctuate a great deal, depending on the type of binding constraints that are shown to exist in each case. In Nicaragua, for example, and based on the underlying notion that "if we build more schools, pupils will attend", the estimated cost of accomplishing universal primary education would amount to approximately 5 million US dollars per year. That said, a more exhaustive analysis paints quite a different picture: in 2000, the primary-school-aged population in Nicaragua stood at 600,000 children, half of whom were living in rural communities. If it is assumed that half of the children from such rural areas need some kind of support (i.e. roughly 150,000 children), and by relying on prior experiences confirming that an annual subsidy of 112 US dollars per pupil is enough to push up the percentage of children that complete the last year of primary education from 55% to 80%, this would require roughly 16.8 million additional US dollars per year. Put differently, in this particular case, a more thorough analysis of the constraints facing households and affecting low school attendance rates could end up tripling the initial cost, which was estimated based on the simplistic notion that poor school attendance rates could be solved by constructing more schools.

These examples illustrate the importance of pinpointing the specific circumstances that restrict progress in terms of schooling, and similarly of determining whether such constraints relate to the households themselves (which are always subject to constraints, sometimes extreme), or to contextual factors, such as a sufficient supply of educational services. Only by conducting this kind of analysis, which adequately identifies the precise binding constraints dragging back levels of educational attainment, the cost involved in effectively achieving the goal of universal primary education can be accurately calculated. The binding constraints approach, as promulgated in this report, can also be applied for the purpose of analyzing the costs required to enhance attainment in other dimensions of social well-being.

Source:HDR Team based on Glewwe and Zhao (2006).

Box 3.7. Conditional cash transfers and the intergenerational transmission of inequality

Conditional cash transfers (CCTs) currently represent an important mechanism of social policy in several countries of Latin America and the Caribbean (LAC), and also in many developing countries from other regions of the world. Although CCT schemes vary in terms of their design, scope and the context within which they are implemented, they essentially involve periodic monetary transfers to poor households, provided that the latter meet certain pre-established conditions requiring them to invest in the human capital of their children.

The actions required of the heads of households by these kinds of programmes tend to focus on health and nutrition (periodic medical check-ups, growth monitoring and child vaccinations, perinatal care and attendance by mothers at informational meetings), and also education (school enrolment and attendance, and sometimes performance-related requirements). Most CCT schemes transfer the money to the mother of the child or, in certain cases, to the pupil him- or herself. In countries in which CCT programmes have been implemented, they have proven to be effective at reducing poverty in the short-term. In locations where household investment is considered insufficient, these programmes have helped encourage investment in key aspects of child development.. Follow-up studies have also shown that CCTs help augment the human capital of the next generation and that they therefore constitute a valuable tool for reducing the intergenerational transmission of inequality.

As a general rule, CCTs have led to a significant increase in the use of educational and health services: they have pushed up enrolment rates in countries such as Honduras, Mexico and Nicaragua, and have also had a positive impact on the use of preventive medical services. In similar fashion, CCTs have allowed beneficiary households to increase their spending and improve their nutritional health by helping them acquire more and better food supplies. Moreover, available data for countries such as Ecuador and Mexico suggest that CCTs do not necessarily have a negative impact on adults' labour market participation, and in these two countries, together with Brazil and Nicaragua, the programmes have actually helped to combat child labour.

Conditional cash transfer programmes in the region, however, also face significant challenges. Despite the fact that CCTs have led to a surge in the use of educational and health services, they have not always been as successful in terms of improving the actual levels of schooling and the health attained by their beneficiaries. Although improvements have been noted in certain cases, for example in the expected height-for-age and in children's health, these improvements are not widespread. In terms of education, although the cognitive skills of children at early ages were shown to have improved in certain cases as a result of CCTs, the improved schooling of the beneficiaries of these kinds of transfers did not necessarily result in significant increases in the salaries attained over their adult life. In a similar vein, the improved school enrolment rates did not necessarily lead to significant improvements in school performance.

Of the various possible causes for the limited success of CCTs in achieving mid- and long-term educational and health-related objectives, it is important to note certain constraints that shape households' decisions and which current CCT programmes, do not take into account. For example, these contraints include the possibility that parents may well act in a manner that proves incompatible with the human capital development of their children, perhaps due to a lack of information, but also, without a doubt, due to a lack of access to complementary inputs. Identifying the constraints that limit parents' decisions regarding investment in the human capital of their children is crucial to design and implement effective CCT programmes. Furthermore, the quality of available educational and healthcare services may be poor, particularly as regards the services to which the poorer population has access. This means that accessibility does not necessarily produce the benefits one would expect from better quality services. In this regard, the *binding constraints* approach presented in this chapter can help to pinpoint the main steps required to make CCT programmes better suited to reducing poverty.

Source: HDR Team research based on Fiszbein and Schady (2009)

CRISIS, VULNERABILITY AND PROTECTING ACHIEVEMENTS IN HUMAN DEVELOPMENT

It is essential to identify constraints that limit achievements in human development from one generation to the next, just as it is crucial to protect the achievements that have been made. In a context of scarce resources, which requires major efforts to put an end to the intergenerational reproduction of inequality, it is fundamental to prevent regressions in health, education and income generation. Two of the most important factors that may influence the decline in achievements made in human development by various countries in LAC are economic crises and extreme weather-related events. Both phenomena tend to adversely affect overall economic activity and can cause severe crises in the formation of human capital as well as accentuate levels of poverty and inequality in affected countries.

For example, it is important to note the case of the debt crisis of the 1980s, which affected equal opportunity in education in LAC. In Brazil, Colombia and Mexico, the crisis had a negative impact on the opportunities for young people to complete secondary education and enrol in higher education. To some extent, these effects also respond to the decline in the demand for education by the population with the lowest income and not only to the limited supply of secondary and university education. In an environment characterised by reduced household income, a weak social security network and constraints in access to credit, many families in poverty were forced to take their children out of school as a strategy to combat the economic situation (Torche, 2009).

Meanwhile, Chile behaved in a different manner. Immersed towards the end of the 1970s in a context marked by extremely low wages and growing unemployment rates, Chile did not experience the same negative effects in secondary and higher education. One possible cause for this difference could be the existence of a higher relative efficiency when allocating school spending and/or an increase in returns on higher education during the same period. It is likely that these factors generated sufficient incentives so that even low-income families sought to increase the educational achievement of their children, despite economic difficulties (Torche, 2009).

In addition, available data concerning the negative impact of extreme weather-related events on levels of human development are overwhelming. Due to its geographical location, various countries in LAC are exposed to these kinds of events, although it is important to note that the high economic and human costs caused by such phenomena are generally associated with conditions of extreme vulnerability. In countries like Bolivia, Colombia, Ecuador, Mexico, Peru and El Salvador, achievements in human development and reductions in poverty and inequality have been negatively affected by phenomena such as droughts, flooding, intense rains, landslides and earthquakes. These phenomena generate substantial economic losses by destroying a number of intangible assets that are key to long-term achievements in human development, such as children's school attendance and employment opportunities (López-Calva and Ortiz-Juárez, 2009).

In this regard, it is essential for public policies to go beyond a vision focused solely on recovering physical infrastructure and on designing actions to be implemented after an extreme event has occurred. Instead, it is necessary to promote the development of a more complete perspective for handling such problems, a perspective which puts equal emphasis on repairing damage, protecting human development achieved and implementing preventive measures. For example, designing public policy schemes both to prevent and in response to extreme weather-related events that make it possible to avoid school dropouts by children exposed to, or affected by, events of this type may help mitigate the long-term impact such phenomena have on levels of well-being. Conditional cash transfer programmes and other specific measures can also have positive effects by helping to encourage preventive behaviour for managing risk (e.g., the diversification of income sources) and by minimising adverse behaviour, such as the sale of physical assets, the reduction in household consumption, and child labour.

In general, within a context characterised by the possibility of suffering extreme economic or weather-related events, it is essential to implement preventive actions that minimise impacts caused by events of this type and that do not force the most vulnerable population to reduce their investment in human capital. Along these lines, it is crucial to apply measures to ensure that achievements in human development are protected and that inequality of well-being is reduced. Measures such as better allocating spending on education and health, strategically using cash transfer programmes (conditional and otherwise) and improving social protection systems are important elements for designing an effective strategy which aims to minimise extreme vulnerability and protect achievements in well-being.

THREE POSSIBLE LEVELS FOR FOCUSING PUBLIC POLICY: HOUSEHOLDS, THE PROVISION OF SERVICES OR BOTH

Although there are various mechanisms by which individuals' actions affect the *functionings* of their children, this chapter seeks to identify those mechanisms related to the decisions that parents make for their children, within contexts characterised by constraints that can be extreme in many households.

Based on the concept of *capabilities* used in this Report (i.e., the set of effective options that are available to people), this section primarily seeks to examine how the *capabilities* of one generation determine the human capital of the next. Identifying *binding constraints* illustrates the need to distinguish between factors pertaining to households and those that are specific to the context within which the household develops. The combination of both types of factors is what ultimately determines the chances that individuals have to decide what investments to make to improve their children's *capabilities*. In this regard, there is well-founded evidence that shows that parents' *capabilities* significantly influence the human capital of their children and the levels of development that their children can achieve in adulthood.

As for the health and nutrition of the next generation, the capabilities to invest in human capital are not only limited by factors specific to households, but also by the availability and accessibility of public services. The relative importance of these two factors varies in different regions. In some areas, the determining factor is shaped by effective access to healthcare services, which is mediated by the household's income level. In other areas, despite the fact that services are available, limitations seen in the *functionings* of households prevent use of such services.

In terms of schooling, some studies suggest that the most pressing constraints to achieving adequate levels of schooling for young people can be found at the household level; these constraints include the high opportunity costs of household members' time, the lack of access to credit and the lack of opportunities to generate income. These constraints could be eased by providing offsetting incentives such as cash transfers. As for children's educational achievement, the latest data indicate that there is a positive relationship between educational achievement and parental income, determined primarily by access to higher-quality schools. Moreover, other results show that there is also a positive relationship between household inputs (the time parents spend with their children, for example) and educational achievement levels.

Therefore, by identifying some of the factors that determine inequality in human capital investment, it is possible to distinguish between the primary levels on which policy should act in order to reduce inequality and thus enable better chances for success: i) at the household level; ii) at the provision of services level; or iii) at both levels. However, policy recommendations must take into account the circumstances of each country and place and, consequently, require a detailed analysis of the various indicators in each case in order to determine what factors cause the differences in human capital levels in children.

Data considered in this chapter allows for the benefits of some public policy proposals to be assessed, but not their costs. As a result, any public policy recommendation must be based on a previous analysis that contemplates both the benefits and costs of suggested actions, thus helping to improve governments' efficiency when using available resources to achieve priority goals. Much of the contribution that this chapter seeks to provide is to highlight the necessity and usefulness of identifying the most immediate and severe constraints that affect investment in human capital in an attempt to help design effective public policies, which are crucial given the limitations on monetary and human resources facing governments in the region.

Finally, it should also be noted that it is necessary to protect achievements in human development from the effects of phenomena such as economic crises or extreme weather-related events which are beyond the public policy control and to which several countries in LAC have been exposed to. In this sense, it is urgent to develop appropriate schemes for preventing and mitigating the impact that these phenomena have on human capital formation, thereby avoiding decreases in the region's achievements in human development

Chapter 2 shows that LAC has high and persistent levels of inequality in human development in health, education and, in particular, in income. In turn, it is suggested that inequality is largely caused by mechanisms of intergenerational transmission of levels of achievement. Based on the *binding constraints* approach, this chapter shows *what is visible*, i.e., the most immediate determinants of parents' *capabilities* to invest in the human capital of their children within the context of the range of services available. The next chapter (Chapter 4) seeks to examine the importance of certain factors that cannot be observed directly and, therefore, are more difficult to detect; however, these factors are just as important in determining the decisions that parents make concerning their investment in the human development of their children. The proposal is based on the analysis of individuals' *agency* and aspirations –intrinsically valuable elements for human development– which in turn affect other *functionings* and whose effects on well-being and inequality are also transmitted between generations.

Process matters: the role of aspirations and autonomy in transmitting inequality

4

WHAT CANNOT BE SEEN ALSO MATTERS

As already discussed in Chapter 3, households that make up the most vulnerable sector of society are faced with numerous constraints limiting their *capabilities*, a state of affairs that leads to low relative levels of achievement in terms of well-being. These constraints, which are generally transmitted from one generation to the next, can be caused by: i) limited or no access to public goods and services (such as quality schools and hospitals); ii) constraints on the *functionings* of households, which are relatively easy to observe and measure (for example, through indicators that measure poverty conditions, adults' low levels of schooling, precarious working conditions) or, in many cases; iii) a combination of the two aforementioned types of constraint. These conditions, which are explored in Chapter 3, are essentially *what can be seen*.

Nonetheless, in order to study human development and the mechanisms underpinning the intergenerational transmission of inequality, i.e., the basis of this Report, it is also important to address the importance of the processes that affect the *functionings* of the younger generations, in other words, that which young people effectively manage to "be" or "do" with available resources. These processes encompass both the capacity of people to attain goals that matter to them, and their ability to act in order to make this a reality. In this chapter, a number of contextual factors that affect the formation of goals are explored, and likewise study the levels of autonomy that people have in order to reach their objectives. These factors include subjective manifestations and can therefore be tricky to observe and measure. With this in mind, the Report´s proposed analytical approach is to underscore the importance not only of the *opportunity freedoms* but also the *process freedoms* required for people to attain the levels of well-being that matter to them.

Many of the constraints hampering the *capabilities* of people who belong to the most underprivileged sectors of society arise from interactions with other individuals from the same sector, as well as with people from other sectors of society. This means that not only whether a person belongs to a certain group needs to be explored, but also analyse how the members of this group interact among themselves, and identify how exactly the identities of the various social groups are defined.[1] The contexts and the frames of reference in which households exist influence not only people's aspirations to attain different *functionings*, but also their perceptions of their possibility of reaching the goals they have set for themselves. Against this backdrop, there are subjective elements that shape the decisions made within households, and also the aspirations of its members regarding their expected levels of achievement in terms of development. In certain cases, these subjective elements exacerbate the dynamics through which inequality is reproduced. The purpose of this chapter is therefore to help identify and analyse these key factors.

1 Appadurai (2004) employs the expression "terms of recognition" to describe the stereotypes that society at large constructs and attaches to people who live in poverty, which include the following: These people are living in poverty because they themselves asked for it or brought it upon themselves through a lack of initiative; they don't work because they don't want to; the well-being of their children doesn't matter to them, etc. These stereotypes, which are beyond the control of the poor, affect them and tend to determine how they interact with other members of society, thereby serving to perpetuate exclusion, poverty and inequality. A similar approach can be seen in studies about what is known as "stereotype threat". These works contend that by emphasizing the idea that a given person belongs to a group that is socially stereotyped as being less able to carry out a given task, this will undermine the person's performance of the task in question. The cases under analysis reveal that people of African descent performed worse on IQ tests (Steele and Aronson, 1995), and women obtained relatively poor scores in mathematics in comparison to men (Spencer, Steele and Quinn, 1999) when, just moments before starting the tests, their race or gender, respectively, were emphasized.

If the stubborn persistence of inequality over time were only due to constraints such as those analysed in Chapter 3 of this Report, then combating inequality would simply be a question of rolling out public policies to "level the playing field," by providing equal access to the human and physical capital available to all of society. In this manner, all people, in their capacity as autonomous actors, could aspire to attain different levels of *functionings*, and attainment of their aspirations would depend solely on whether the individuals exerted enough effort to reach the goals they set themselves. However, this situation simply does not exist in the real world, since inequality not only affects access to goods and services, but also limits people's ability to generate goals along with their *agency capability* to attain them. From this standpoint, and as stated in Chapter 1, the *equal opportunities* approach is a particular case of the capabilities approach, which provides the basis for this Report.[2]

The empirical analysis set forth in this chapter is based on two closely related concepts, which represent key components of the *capabilities* approach: people's aspirations and *agency*. Aspirations drive people to make decisions that enable them to migrate from a given situation to another they wish for themselves and their children. In this regard, it could be said that aspirations are the part of culture that face out towards the future, in contrast, for example, to customs and rituals. In turn, *agency* refers to people's effective capability to impact reality with a view to reaching those goals and values that matter to them (Rao and Walton, 2004). Following the conceptual framework of this Report, as presented in Chapter 1, aspirations and *agency* are crucial elements in the transformation process that enables an individual to convert access to goods and services into "states of being and doing". Although aspirations and *agency capability* manifest themselves on a subjective scale, they are heavily influenced by social context, which is the realm within which public policies can be applied to expand the whole range of people's *capabilities*.

Set forth below is a synthetic analysis of the importance that aspirations and *agency* pose for human development in Latin America and the Caribbean (LAC), based on an examination of a host of available *functionings* indicators of roughly 4,000 households from the principal urban areas of three LAC countries, namely Buenos Aires (Argentina), Managua (Nicaragua) and Mexico City (Mexico). The information was obtained by means

2 The equal opportunities approach is used empirically to assess inequalities in terms of access to resources and services that affect the functionings of young people. The analysis is based on variables beyond the control of young people, such as the schooling and employment of both their parents, ethnic group, gender and the geographic location in which they live (World Bank, 2009). Although this approach acknowledges the existence of collective attributes linked to the characteristics of the groups to which people belong (ethnic group, for example), in practice it implicitly assumes that the individual is an autonomous actor, capable of attaining any goal that may be set, thus supporting the idea that levelling off the playing field is enough to ensure equality between people. See Chapter 1 of this Report for a more in-depth discussion on this topic.

Box 4.1 The relationship between the cognitive skills of two successive generations

The economic determinants of households affect the educational performance of children and, later on, influence the conditions in which children will enter the labour market in their adult life. The influence of the cognitive abilities of one generation on the cognitive abilities of the next generation is a relatively recent topic of study, especially in Latin America and the Caribbean (LAC).

Based on the cognitive abilities indicator measured using the Raven t test, available data for Mexico show that, even when taking into account other household determinants like income level, the parents' levels of education and the place of residence, the influence of parents' cognitive abilities is the primary factor determining the cognitive abilities of children.[1] In fact, in Mexico it was observed that if the mother obtains results equal to or higher than the average achieved by adults on the Raven test, there is a 20% increase in the likelihood that her child will obtain results equal to or higher than the average obtained by young people of the same age and gender.

The cognitive abilities of the father appear to have a similar influence as those of the mother. Thus, taking into account other important factors, studies show that the children of parents with above-average cognitive abilities are 40% more likely to achieve these same results. Similarly, the analysis highlights that, while the father's cognitive abilities are closely associated with his attainments in other dimensions of human development, such as income and education level, the cognitive abilities of the mother were found to have a significant intergenerational influence that is independent of her level of achievement in other dimensions.

As a result, the factors that increase the chance that children will achieve above-average results on the Raven test include the fact that the parents have high scores in this evaluation. In addition, the fact that the mother completed secondary education (nine years of schooling in Mexico), increases by 11% the likelihood that children will obtain high results on the test compared to young people whose mother has only completed primary education, and, if the mother has 12 years of schooling, this probability increases by 16%. By contrast, the father's level of education does not seem to have an additional impact on the results that children obtain on the Raven test.

Lastly, the results obtained show that in the cases where all other factors remained constant, the fact of living in a rural area decreased young people's chance of obtaining above-average results on the Raven test by 6%.

Source: HDR Team based on Altamirano, López-Calva and Soloaga (2009b).

1 In the Raven test, subjects are asked to identify the missing item that completes a pattern. To figure out which item is missing in each case, it is necessary to use perceptual skills, observation skills and analogical reasoning skills, but it is not necessary to be literate.

of three mutually comparable surveys, all specifically designed for the purpose of drawing up this Report.[3] The research made it possible to evaluate the extent to which parents' aspirations and *agency* influence factors such as their children's level of schooling, or these children's access to certain services. The analysis also enabled the discovery of the main determining factors behind the formation of parents' aspirations in relation to the level of education they want for their children, while also allowing an analysis of the process whereby aspirations are transmitted between generations.

Although the findings point to logically foreseeable relationships (for example, that parents' low relative aspirations and autonomy are pegged to their children's low relative *functionings*), for the first time the information gleaned, to empirically verify the existence of such effects (which are expressed in addition to the influence of other socioeconomic factors) and gauge their relative importance.

ASPIRATIONS: GAPS, INDIVIDUAL EFFORT, CONNECTED SOCIETIES AND STRATIFIED SOCIETIES

The concept of aspirations is used to refer both to the *functionings* that people wish to attain, and also to those they want for their children or for society as a whole. Aspirations are future-oriented and therefore represent an important driver of change for societies and individuals alike, in that they help to construct a map enabling people to travel from their current situation to wherever their aspirations may lead them. This map makes it possible to identify and develop the steps required to ensure the well-being that people wish for themselves and their children. The attainment of aspirations implies a degree of awareness of the available opportunities, and also of existing relations between different sets of opportunities. Since this awareness is distributed unequally among the different social groups or strata that make up society, based on the same causes that determine the poverty and inequality observed in different dimensions, it is possible to contend that the capacity to generate aspirations is determined by society and is a part of the set of people's capacities (Appadurai, 2004).

For a large part of the population, poverty and inequality imply fewer possibilities to change the conditions in which their lives unfold or to influence the conditions in which the lives of their children will unfold. This situation helps create a vicious circle that perpetuates poverty and inequality. As stated earlier, this is reflected in easily observable indicators, such as the quality of life, or poor educational attainment, transmitted from one generation to the next, or in indicators that are more difficult to observe and which reflect people's possibilities to set goals and take the necessary steps to achieve them.[4]

Various relevant questions arise from this analysis. In particular, it is important to examine the manner in which people form their aspirations, and to explore whether these affect the key decisions that influence the levels of well-being reached by individuals and households alike (for example, decisions that determine how much to save, or how much time and effort to pour into different activities, including the task of raising and educating children). This Chapter also analyses the extent to which a lower degree of social stratification or greater social mobility affects the process of generating aspirations, and examine whether changes in people's aspirations can bring about changes in the type of society.

The different levels of achievement that people wish to reach in different dimensions of their lives are shaped by social context, meaning that they are highly influenced by experience, the social rules in place, socioeconomic conditions and their observations of other people and their ways of life. People are more heavily influenced by those who most resemble them, or those who have experiences that individuals deem relevant to their own lives. It is only natural to believe, for example, that during the process of creating aspirations concerning the schooling of their children, parents will primarily take into account the things they observe around them as part of their circle of neighbours, friends, relatives and work colleagues.

Thus, both the level of schooling reached by the children of people with whom a given individual interacts and those people's aspirations regarding the educational levels they wish for their children constitute a significant source of information that affects and shapes the aspirations that the individual in question sets for the schooling levels for his or her own children. The information stemming from interactions with people who make up the social network of belonging, coupled with information from other sources (such as the media), opens up a huge spectrum of possibilities for forming individual's own aspirations, which has been coined the *aspirations window* (Ray 2006;Genicot and Ray, 2009).[5]

3 The questionnaires applied in the three metropolitan areas are available at the Report´s web page: www.idhalc-actuarsobreelfuturo.org .

4 This analysis shies away from the "culture of poverty" concept, which contends that poor people are responsible for their living conditions (Lewis, 1961; Valentine, 1969). Agency and aspirations play a specific role in households, and help determine their set of capabilities, in that they form part of the transformation function (see Figure 1.1 in Chapter 1 of this Report). The fact that both agency and aspirations are socially determined implies that public policies geared towards promoting the capabilities of people facing underprivileged situations should target all households. Available data for polarised or stratified LAC societies suggest that the region has a huge task ahead in this regard.

5 There is an abundance of sociological studies on the role that aspirations play in obtaining different levels of achievement in terms of well-being (see, for example, Sewell and Shah, 1968; Vaisey, 2009, and the bibliography cited by these authors). The economic approach has been studied by Ray 2006, which has inspired more recent publications (Genicot and Ray, 2008; Jaoul-Grammare, 2007; Atanassio and Kaufman, 2009).

The example of the schooling that parents want for their children shows also that the educational *aspirations window* may be comprised of several levels, ranging from successful conclusion of secondary education (as observed, for example, among neighbours or friends), to achievement of a postgraduate qualification (as observed, for example, among family members or colleagues). Based on the parents' educational level and the personal and economic effort they must channel into enhancing their children's access to different levels of education, the parents formulate aspirations regarding the level of schooling they want for their children.

This approach throws an additional element into the analytical tool box, namely the *aspirations gap,* meaning the difference between the current situation (for example, a child that has completed primary education) and the target situation (perhaps for the child to attain a postgraduate qualification). As aspirations help to pave the way from one situation to the other, the closing the *breach* could entail at least three different scenarios.

Firstly, if the distance between the current situation and the desired situation can be travelled with a reasonable effort, people will have incentives to attempt it and thereby close the gap. In contrast, if the distance is considerable and people are unable to perform the effort required to bridge the gap, it will obviously remain open. Lastly, it is possible that people's efforts may be inhibited by an absence of alternatives in their surroundings. Following the approach advocated herein, according to which development is understood as expanding the capabilities that people have to choose between alternative ways of life that they value, the latter two scenarios, that is, the gap that is impossible to close and the non-existence of alternatives, reflect lower levels of well-being since they are indicative of a decline in people's *capabilities.*

The fact that there may be a great distances between the current situation, the possible situation and the desired situation brings the analysis back to the notion of connected societies discussed in Chapter 2, which tackles the concept of polarisation, and it is helpful to understand the key role that aspirations play in propagating inequality within LAC. A society where income distribution is *connected* everywhere, so that the income level of each individual or household is always accompanied by other, relatively close levels of income, will generate broader *aspirations windows,* with at least one upward path accessible for each level of effort. Put differently, people living in *connected societies* observe a continuous flow of possibilities around them to which they may aspire and which do not entail prohibitively large steps to reach. From a *capabilities standpoint,* the existence of a more panoramic aspirations window entails a broader set of possible *functionings.*

Figure 4.1 depicts the differences between the *aspirations gap* of a *connected society* and that of a highly stratified society. Within the latter, there are huge relative rifts between the different levels of achievement. The upper panel demonstrates that individuals, even when they start with different absolute levels of well-being, have a continuous range of possible efforts to access greater levels of *functionings,* whereas the lower panel reveals a plateau of aspirations among individuals who share similar levels of achievement, as well as the existence of insurmountable *gaps* to attaining greater levels of well-being. It is worth asking within which of the situations analysed do LAC cities fall, and whether these cases are closer to the scenario depicted in the upper panel or the lower panel of Figure 4.1.

As with the indicators developed in Chapters 2 and 3 of this Report, the empirical results displayed below point to a high degree of inequality in the availability of schooling alternatives open to young people, which in turn is reflected in the stratification of the aspirations mentioned by the two interviewed generations (children and parents).

It is possible that *connected societies,* in which individuals perceive that other ways of life are attainable, promote more effort and greater social mobility than *polarised societies,* in which groups are shaped, for example, by the perceptions of those with similar levels of income.[6] That said, it is worth asking whether this situation is actually verifiable in practice and whether there is space for the introduction of public policies.

The findings of recent studies conducted against the backdrop of various social programmes would suggest that learning based on observation of the positive experiences of other relatively close or intimate individuals can lead to changes in aspirations and encourage positive future outlooks, while promoting investment in education and more profitable activities in terms of income generation. This has been observed, for example, in Nicaragua, where the successful activities of a group of women (beneficiaries of a social welfare programme that supports the women's economic activities) served to widen the aspirations window of other people who did not have access to such aid (Macours and Vakis, 2009). Similar results were reported in Mexico, where, within the context of the Progresa-Oportunidades programme, the frequent talks between programme beneficiaries and doctors and nurses had a positive effect on people's educational aspirations for their own children (Chiapa, Garrido and Prina, 2010).[7]

These examples illustrate that people can react positively when the set of available *capabilities* expands. In the examples mentioned above, the expansion was brought about by the

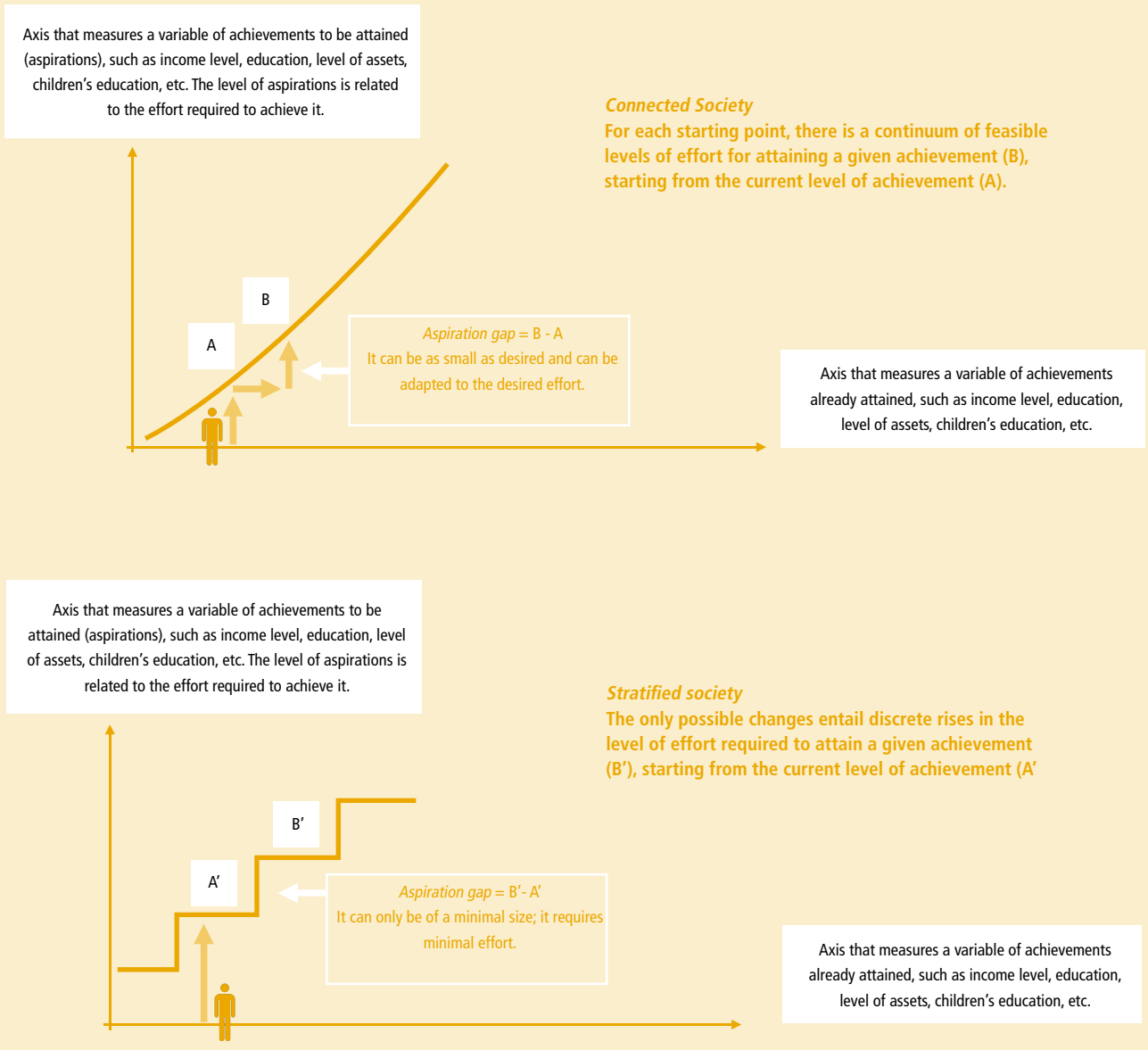
6 As discussed in Chapter 2 of this Report, the concept of polarised societies refers to cases in which there are two or more groups with certain clearly delimited characteristics that define them while also marking them apart from the other groups. Thus, the people that make up each group possess a strong sense of self-ascription, as well as a sense of distance or alienation in relation to the other groups within the society.

7 Other studies conducted in the United States, England and Australia reveal that there is a high correlation between people's educational aspirations and the levels of well-being achieved over the course of their adult life (Khoo and Ainley, 2005).

introduction of local-level public programmes that opened up new horizons to promote improved levels of well-being within households (In accordance with the possible scenarios set forth in Figure 4.1, this situation would be equivalent to a reduction in the distance between level B' and level A'). Nevertheless, and although these advances are important per se, their scope may be limited in comparison to the major challenges involved in attaining *connected societies* in LAC.

On a final note, it is worth noting that both aspirations and agency are elements that arise primarily from the interaction between people. As a result, only a fully-comprehensive public policy that helps bridge the gap between successive levels of achievement by making these different paths in life both visible and attainable for society at large, will be able to effectively expand people's *capabilities*.

Figure 4.1 ***The aspiration gap in connected societies and in stratified societies***



Source: HDR Team, based on Genicot and Ray (2008).

Box 4.2 Conditional cash transfers and their impact on the empowerment and aspirations of women: the case of the Progresa-Oportunidades programme in Mexico

One of the main strengths of conditional cash transfer (CCT) programmes designed to strengthen human capital is that they facilitate the achievement of additional goals, such as promoting the empowerment of women, supporting associations among communities or beneficiary groups to achieve a particular objective, or elevating people's aspirations concerning living conditions or the level of educational achievement they want to reach.

A very good example of fostering the empowerment of women is the Oportunidades programme (originally called Progresa), which has been implemented in Mexico since 1998. This programme provides conditional monetary support to increase children's regular attendance at school and healthcare centres, thus helping in improve the literacy and nutritional status of children in poverty. In addition, it promotes the empowerment of women by requiring that the transfer be given to the female heads of households.[1] This enables women benefitting from the programme to increase their control over household resources and to strengthen their negotiating power at home.[2] Available data in this area show that the Progresa-Oportunidades programme had a a positive impact on factors that have a bearing on women's negotiating power and influence at home. The actions that helped increase women's level of empowerment include:

- An increase in the amount of available resources in the hands of women;
- The promotion of women's knowledge about health and hygiene issues as a result of taking part in group discussions;
- The creation of a network of co-beneficiaries organised to provide regular assistance to women benefitting from the programme;
- The organization of regular meetings to foster the participation and community-centred organisation of women;
- The provision of additional resources to women that are controlled by them in order to increase their confidence and self-esteem;
- The promotion of education for girls.

In particular, when assessing the impacts of the Progresa-Oportunidades programme on living conditions in households in poverty, De la Brière and Quisumbing (2000) found that women who had higher levels of education and more work experience prior to marriage were more likely to make certain household decisions themselves rather than in conjunction with men. This is the case with decisions relating to issues like children's health and education (i.e., decisions concerning school attendance or when to have a doctor's appointment), children's clothing expenses, and household's food and durable goods expenses.

Thus, the analysis revealed that in areas where the Progresa-Oportunidades programme operated, the likelihood that this kind of decision would be unilaterally made by men decreased, and it showed that cash transfers have a positive marginal effect on the possibility of women making decisions by themselves.

Another important aspect of CCT programmes is that they help to promote people's aspirations in education, health and income. The Progresa-Oportunidades programme, for example, includes an educational component based on subsidies that are designed to ensure that children and young people enrol in school and attend regularly, and it encourages parents to recognise the advantages that education has for their children (De la Brière and Quisumbing, 2000). The Progresa-Oportunidades also promotes gender equality by giving larger scholarships to girls and young females, an action that is based on findings that show that in households in poverty, women are more likely than men to drop out of school and do so at an earlier age (Adato and Mindek, 1999).

Women benefitting from the programme who participated in focus groups stated that they valued the education of boys and girls equally, although in many cases men did not think that it was important for daughters to continue attending school, since it was likely that they would marry very young. Mothers also stated that they saw education as a tool that makes it possible for women to earn a higher income. As for professional aspirations, mothers said that they hoped their daughters would work as secretaries, nurses or employees in a shop, pharmacy or factory, which would make it necessary for their daughters to complete secondary education (nine years in Mexico). Results also showed that women saw education as a prerequisite for better jobs or to migrate from their villages to cities, considered necessary to achieve a better standard of living.

Source: HDR Team based on Adato and Mindek (2000) and De la Brière and Quisumbing (2000).

1 Adato et al. (1999) argue that the decision to give transfers directly to mothers was based on findings from studies which indicate that if women administer the resources, there is a greater likelihood that these resources will translate into considerable improvements in children's health and nutrition than when men manage the resources. For a review of specialised literature, see Thomas (1990).

2 However, some have argued that, although the programme has empowered women, the Progresa-Oportunidades programme has reaffirmed the hegemonic gender standards which attribute to women activities such as those of caregiver, preventer and provider of health and education within the household (Meza Ojeda, et al., 2002).

AGENCY AND AUTONOMY

Agency, defined as "what a person is free to do and achieve in pursuit of whatever goals and values he or she regards as important" (Sen, 1985), is a key concept in any analysis of poverty and inequality. The relatively low levels of *agency,* as typically observed among people who live in poverty, exacerbate these people's limited set of *capabilities* with a further element that inhibits their aptitude to participate, negotiate, have a political voice and demand the accountability of the institutions that affect their lives (Narayan, 2002). In Sen's analysis, *agency* is understood as *process freedom,* and its expansion, jointly with people´s *capabilities* (*opportunity freedom*), is the overriding goal of development.

Agency is a complex phenomenon: it is multidimensional, intrinsically relational (dependent on interaction with other people) and its scope, including the manner in which this is exercised, is associated with cultural guidelines (Samman and Santos, 2009). Sex, socioeconomic level, religion and ethnicity are just some of the factors that can affect relative levels of *agency.* This Report, which focuses on analyzing the intergenerational transmission of inequality, attaches particular importance to studies that analyse the relative position of people who present lower levels of *agency.* In this regard, research into the role of *agency* within Latin America is practically non-existent. This Report therefore aims to make a valuable contribution based on the information obtained from surveys conducted in the three LAC cities listed above. The purpose of this investigation was to pinpoint the various aspects of *agency* that are related to the role played by people in decision-making processes within the household and to their possibilities to bring about changes within the local environment.[8]

As covered at length in the appendices to this Report, the study into *agency* envisaged four global indicators: i) whether the person considers that he or she has control over day-to-day decisions (*global decision-making power*); ii) the position of the interviewee on a scale of one to ten, reflecting his or her freedom to choose and decide (*decision-making freedom scale*); iii) how easy or difficult it would be, in the eyes of the person, for him or her to make changes that affects situations in the apartment building or to the city block in which he or she lives (*possibility to effect change – block or building*); and iv) how easy or difficult it would be, in the eyes of the person, for him or her to make changes in the neighbourhood or locality in which he or she lives (*possibility to effect change – neighbourhood or locality*).

The analysis also paid heed to three specific indicators that relate to decision-making in specific contexts: i) minor household purchases; ii) the main activity that the interviewee performs; and iii) the education of their children. It should be noted that the questions asked in each of the contexts were prepared so that the resulting data could be compared. Thus, the first question asked in each case was to find out who tended to make decisions in this particular context.[9] In those cases where the interviewee replied that he or she was not involved in the decisions relating to the specific context in question, the interviewee was asked whether he or she was able to participate should he or she so wish. Following an affirmative response, this person was deemed to participate in the decision-making process, given that non-participation was interpreted as a voluntary waiver of his or her power in favour of other people. These questions make it possible to identify "decision-making power in relation to household purchasing", the "role within the household" and the "decision-making power regarding the education of the children". The findings of the analysis conducted in accordance with this approach are presented later in this chapter.

STRATIFICATION THROUGHOUT LAC

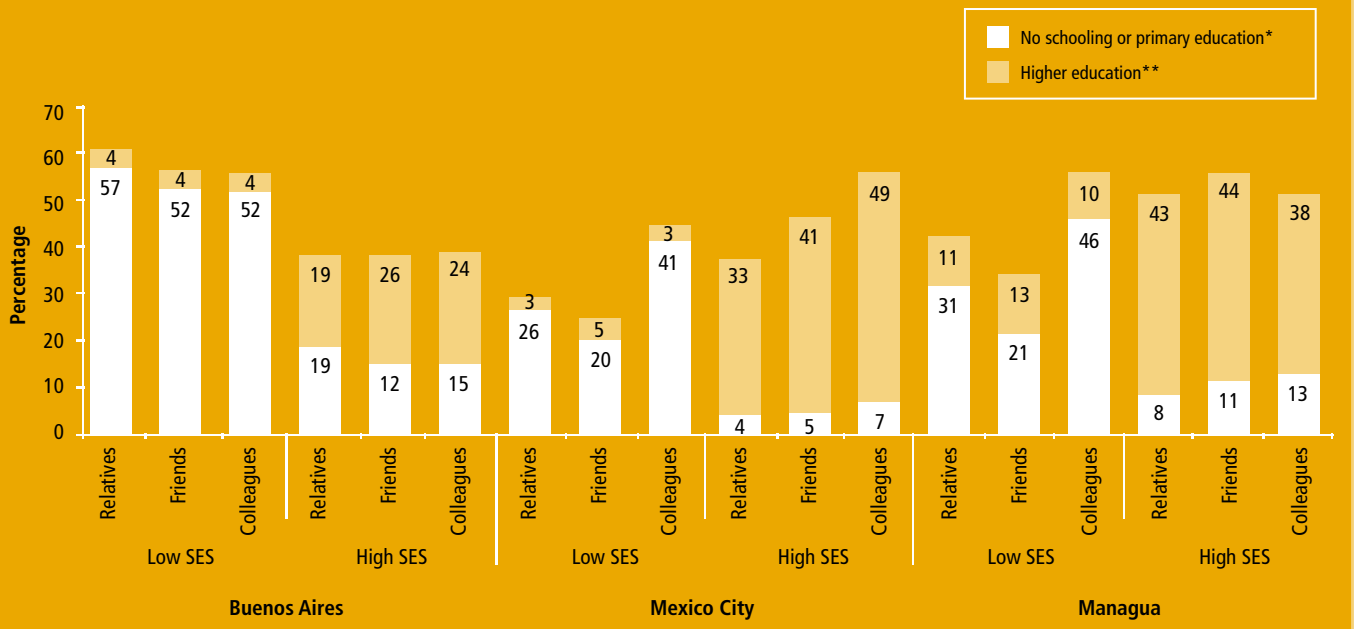
Both an analysis of aspirations and a study into *agency* take on particular importance in *disconnected societies,* since the starting points in this type of society can be very different, depending on people's relative standing on the social scale. It must therefore be asked what the situation of LAC countries is as regards the extent of the social stratification.

The findings of the surveys conducted in the three Latin American metropolitan areas under analysis (Buenos Aires, Mexico City and Managua) point to high levels of stratification. In particular, it is evident that a low socioeconomic status (low SES) for households is associated with social networks also characterized by low levels of schooling and income, which have been observed among the family members, friends and work colleagues of the interviewees (see Chart 4.1). Thus, it would be fair to contend that the three cities under analysis constitute *disconnected societies,* in ac-

8 The question module implemented to measure the role of agency was that proposed by the Oxford Poverty and Human Development Initiative (OPHI) research centre, based on the work of Ibrahim and Alkire (2007). This module forms part of a series of questionnaires that the OPHI wishes to add to the traditional household surveys with a view to analysing five dimensions that have been tagged as "missing" in existing poverty survey instruments (Oxford Development Studies, 2007; OPHI, 2008). See Appendix 1 for further details on the task of measuring agency in accordance with the approach proposed by this Report.

9 The question regarding the role that the interviewee plays in the decision-making process within the household is one of the most common in empirical studies intended to measure the level of empowerment of a population (see, for example, the demographic and health surveys conducted in various LAC countries). Possible responses to the question of who makes the decisions within the household include the following: solely the interviewee; the interviewee and his/her partner; the interviewee and another member of the household; the interviewee and another person unrelated to the household; or solely the partner of the interviewee or another person from the household. The responses make it possible to distinguish two groups of people: one group comprising those involved in the decision-making process within the household (regardless of whether they decide themselves or make joint decisions with another person), and another group made up of those individuals who play no role in the decision-making process.

Chart 4.1. Buenos Aires, Mexico City and Managua. Schooling of parents´ family networks, friends and colleagues, by socioeconomic status (SES). 2009 (%)



* This category includes adults with no schooling or with only primary school. For the case of Buenos Aires, the survey considered that respondents had completed primary school if they had completed between fifth and seventh grade; for Managua, complete primary education is up to fifth grade or five years of education; and for Mexico City, primary education is up to sixth grade or six years of education.

** This category includes professionals and/or others who have completed postgraduate studies. "

Source: HDR Team calculations based on Genicot and Ray 2008.

cordance with the indicators describing the characteristics of the social networks, a situation that can be added to the polarised income levels discussed in Chapter 2.[10] In relation to *agency* indicators, and as it can be seen from Chart 4.2, the information reveals that stratification also affects this dimension in the three geographic locations under analysis, particularly when comparing the lowest and the highest SES *agency* indicators.

STRATIFICATION OF EDUCATIONAL ASPIRATIONS

An initial analysis of the data on aspirations suggests that the stratification of the educational aspirations of parents in relation to their children would appear to be less rigid than their socioeconomic stratification: in the three metropolitan areas under analysis, at least six of every ten parents stated that, regardless of their SES, they aspired, for their children to attain university-level qualifications (see Chart 4.3). This fact illustrates a certain educational mobility, which would be related to the educational expansion confirmed in the region over recent decades, as reflected in the increase in the population´s years of schooling.[11] That said, and in the case of low SES, aspirations were shown to concentrate on an educational level lower than university-grade, while people with a high SES aimed for post-graduate education (see Chart 4.4). This finding points to a high level of stratification.

With regards to the question about who exactly shapes the formation of educational aspirations, the results reveal that there are two primary influences: the person´s own experience and the experience of family members. In this regard, own experience can be defined as a variable that reflects an individual's "reading" of the information provided by his or her environment (according to the conceptual framework proposed by this Report and presented in Chapter 1, this would essentially be the *transformation function*),

10 Studies conducted in various regions reveal that LAC levels of polarisation are among the highest to be found worldwide (Shubhasree and Decornez, 2003; Gasparini et al., 2008). More specifically, Gasparini et al. (2008) have shown that the average polarisation rate for LAC is more than 40% higher than the average for developed countries. It is interesting to note that Russia, Europe's most polarised country, has a similar level of polarisation to Uruguay, which is actually the LAC country with the lowest polarisation rate. The statistical annex to this Report includes a series of polarisation measures for several LAC countries.

11 As a general rule, these results coincide with the data presented by other investigations carried out in countries such as the United States, United Kingdom and Australia. For further reading on this topic, see Vaisey (2009) and Strand and Winston (2008), as well as the studies cited by these authors.

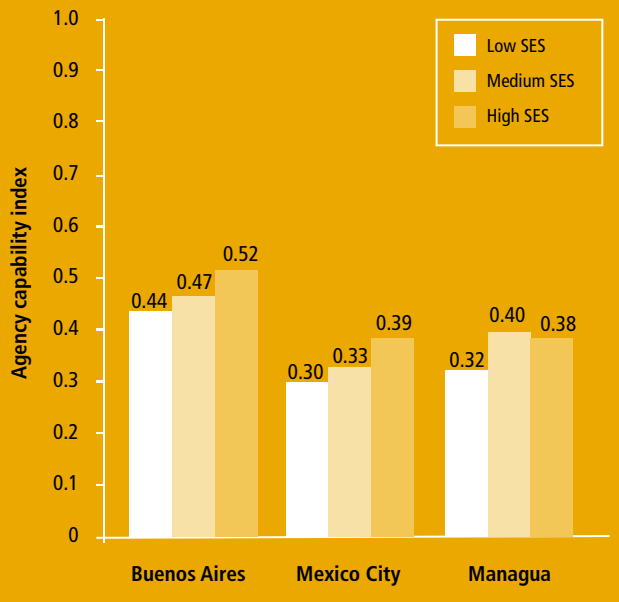
which is heavily stratified in relation to schooling, income and the characteristics of social networks. The findings also indicate that teachers and tutors have a low direct influence on shaping the educational aspirations that parents have for their children, with Mexico City being the only case in which such actors had any kind of bearing in this regard (see Chart 4.5).

The use of econometric tools in the analysis makes it possible to determine the influence that a given factor exerts on a given variable, while taking into account the simultaneous effect of other factors. This provides crucial information on educational aspirations. Firstly, there is an important relationship between the educational aspirations that the parents have for their children and the parent's own level of schooling. It was also apparent that social interaction with people who possess high levels of schooling (specifically, family members, friends and work colleagues) has a positive influence in that it fosters the development of educational aspirations, in other words, the attainment of higher levels of schooling (see Charts 4.6, 4.7 and 4.8).

For the case of Buenos Aires, the fact that the parent completed primary or lower level schooling led to a 29% increase in the likelihood that he or she would aspire to a relatively low level of schooling for his or her children (lower than university-level). In contrast, if the parents had friends or work colleagues with university or postgraduate training, this increased the likelihood, by 11% and 12% respectively, that the parent would aspire for their children to attain university-level schooling.

Furthermore, the analysis revealed that the aspirations of young people are closely related to those of their parents. Bearing in mind the influence of other factors pertaining to the household, such as the parents' levels of schooling, household´s characteristics, or the structure of social networks, it was apparent that when parents aspire to certain levels of schooling for their children, this significantly increases the likelihood that the young people will also want to reach that educational

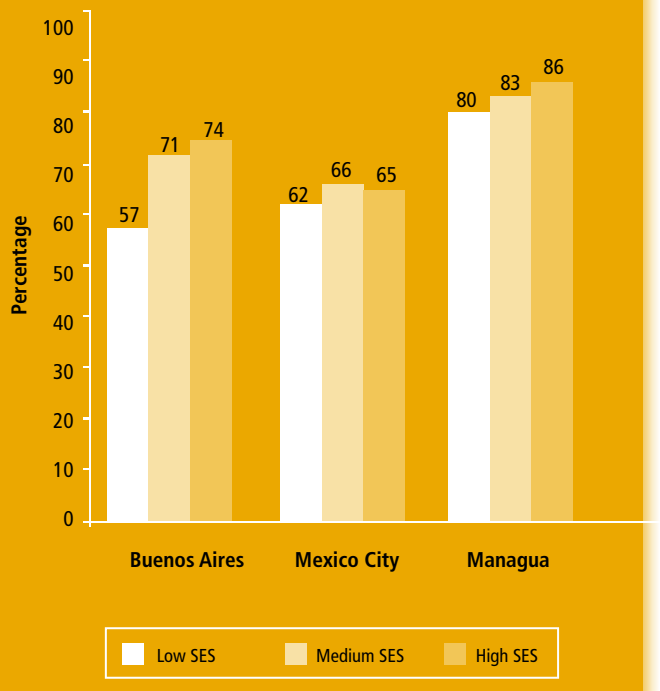
Chart 4.2. Buenos Aires, Mexico City and Managua. Agency capacity index, by socioeconomic status (SES). 2009



Note: The agency capacity index takes on values between zero and one, such that the higher the index, the greater is the agency capacity of interviewed parents. The first step in calculating this index is to apply the principal components method, which synthesises and combines information contained in the seven agency variables considered: the freedom of choice scale, overall decision-making power, the ability to promote changes in the block and/or town, decisions about household purchases, decisions concerning children's education and the role performed at home. Subsequently, the method for calculating the human development index (HDI) is applied to the indicator derived from the principal components, thus resulting in the agency capacity index (see Annex 1).

Source: HDR Team based on household surveys conducted for this Report in Buenos Aires, Mexico City and Managua.

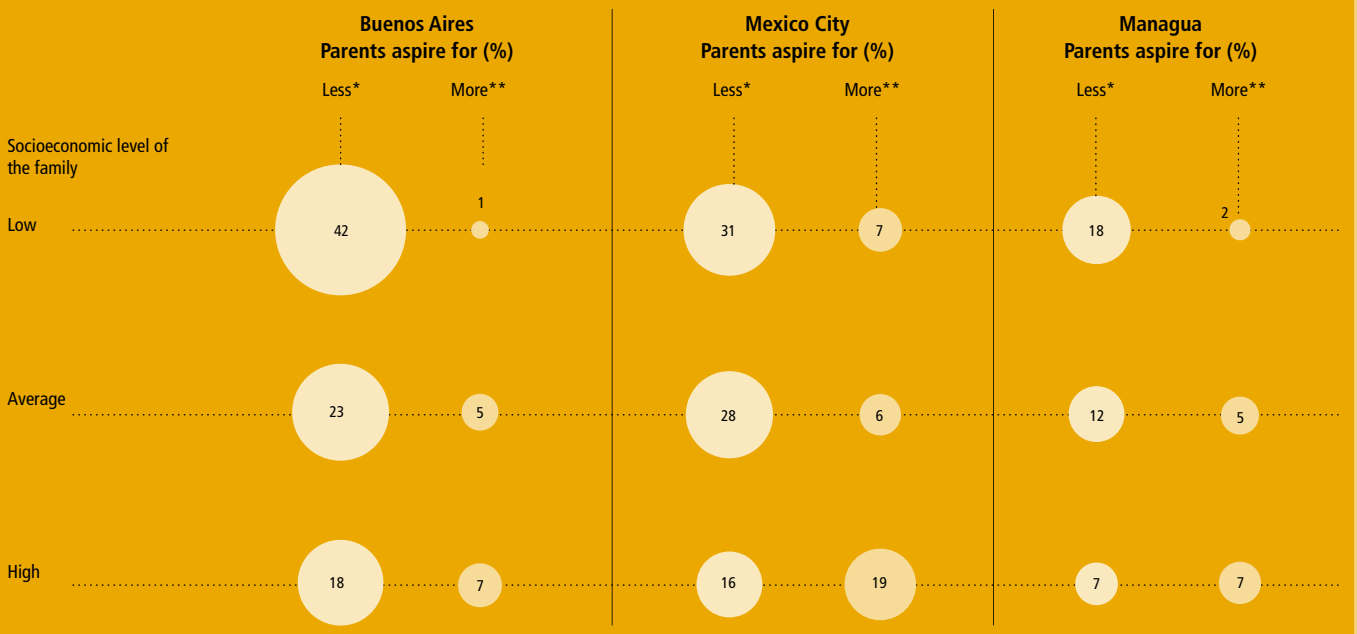
Chart 4.3. Buenos Aires, Mexico City and Managua. Parents who aspire to university education for their children, by socioeconomic status (SES). 2009 (%)



Note: The figure shows the percentage of parents who aspire for their children to obtain a university degree.

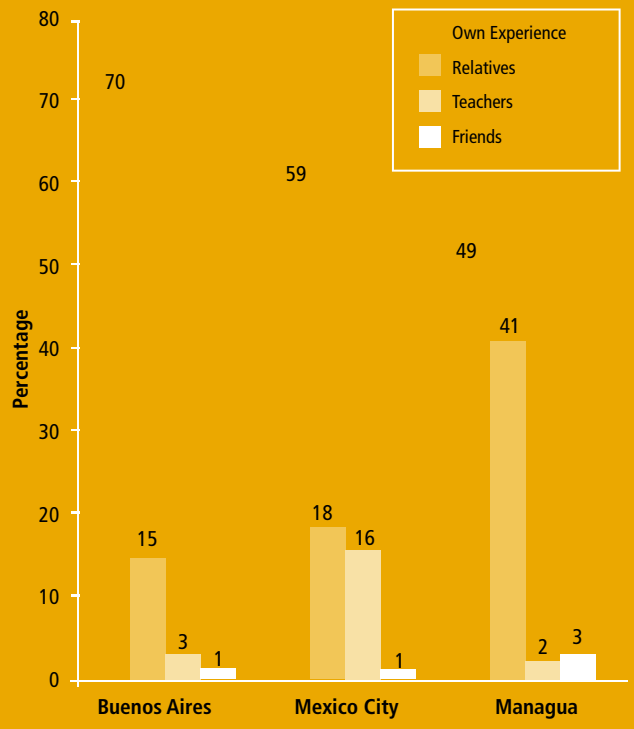
Source: HDR Team based on household surveys conducted for this Report in Buenos Aires, Mexico City and Managua.

Chart 4.4. Buenos Aires, Mexico City and Managua. How far do parents want their children to study? Do parents aspire for their children to progress beyond or fall short of university training?



*This category includes the following levels of education: no schooling, primary education, secondary education (for the case of Buenos Aires and Managua) and high school education (for the case of Mexico City).
Source: HDR Team calculationson household surveys conducted for this Report in Buenos Aires, Mexico City and Managua.

Chart 4.5. Buenos Aires, Mexico City and Managua. Main influences on the formation of educational aspirations. 2009 (%)



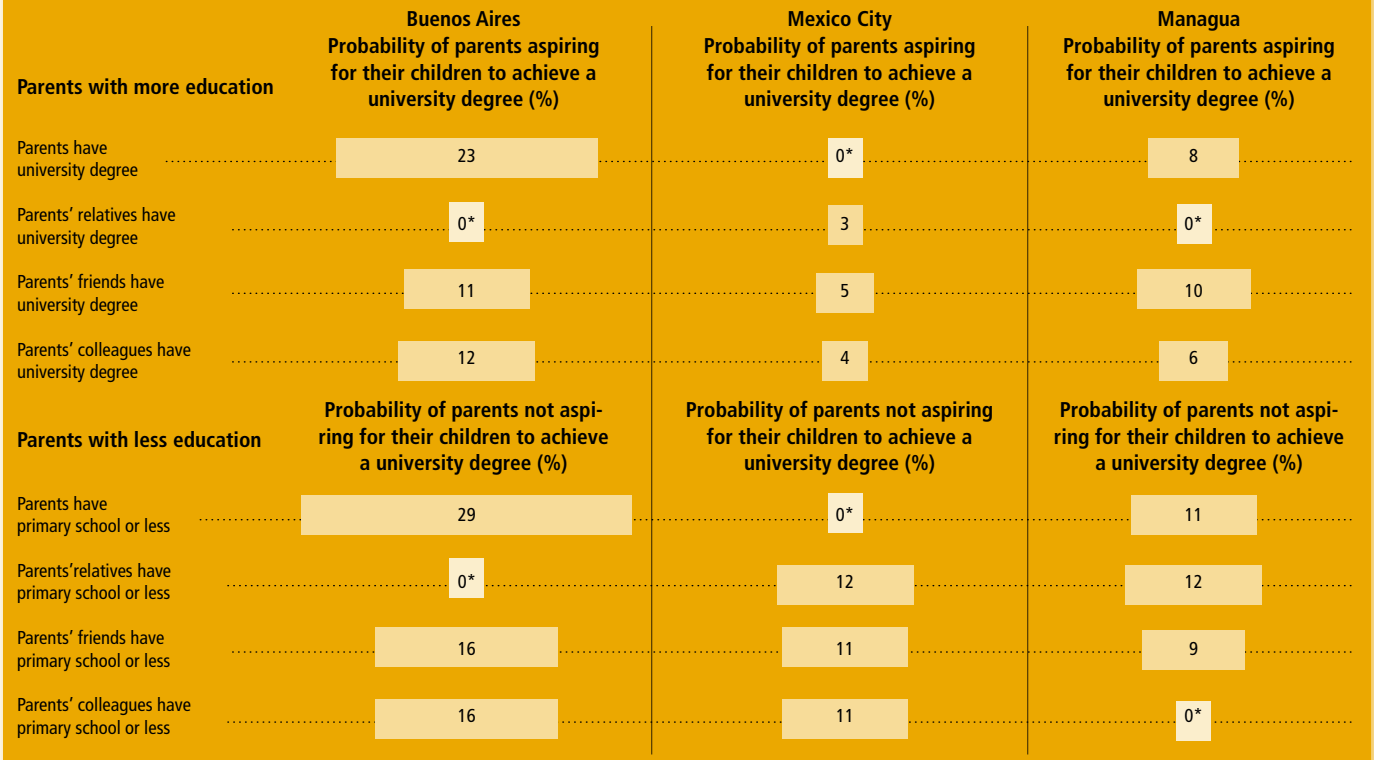
Source: HDR Team calculations on household surveys conducted for this report in Buenos Aires, Mexico City and Managua.

level. This finding is a prime example of the intergenerational transmission of aspirations, which, being socially stratified- as reflected by the gaps between the aspirations of low and high SESs- serve to exacerbate the intergenerational reproduction of inequality (see Chart 4.7). A similar trend was observed with regards to the relationship between parents' levels of freedom and autonomy and the degree of children's satisfaction with their own lives: the greater parents' freedom and autonomy (which, in turn, is associated with socioeconomic conditions), the greater the degree of children's satisfaction with their own lives (see Chart 4.8).

THE PATH TOWARDS *CONNECTED SOCIETIES*

This chapter has illustrated just how certain specific idiosyncratic factors, which are limited by the socioeconomic context in which the family unit exists, are key to generating the goals and also the levels of self-confidence required to reach them. Given the stratification observed in the three metropolitan areas under analysis, it could be reasonably argued that these elements play

Chart 4.6. Buenos Aires, Mexico City and Managua. Impact of parent's education and of networks on the formation of educational aspirations for their children.



Note: The percentages indicate the influence each factor has on the likelihood of aspiring to a particular level of education for a young person living in a two-parent household in the three areas included in the study (the City of Buenos Aires, certain delegations of Mexico City, and the urban area of Managua). The results are from a multinomial probit analysis (see Altamirano, López-Calva and Soloaga, 2009b). *Zero indicates that the variable has no additional impact when considered along with the rest of the variables.

Source: HDR Team based on Altamirano, López-Calva and Soloaga, 2009b

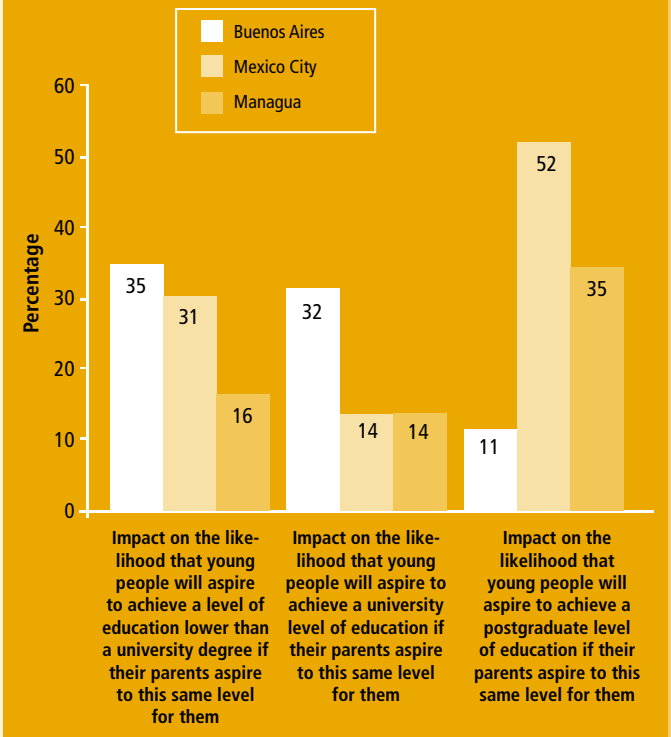
a role in propagating inequality. Similarly, there are major gaps in people's aspirations, not only due to the social context, but also to individual functionings, which are limited when people live in underprivileged socioeconomic conditions. When the distance is too great between individuals' aspirations and the resources required to reach them, the gap cannot be closed. This situation is typical of stratified societies, in which the distance between the aspirations of people from more privileged groups of society and those from more underprivileged sectors is very pronounced.

However, recent experiences showing the positive influences stemming from interactions with people who hold higher relative levels of achievement offer some clues into how public policies could be used to help close these *gaps*.[12] These cases reveal that people react positively to an expansion in the set of options from which they can effectively choose. Nonetheless, progress in this area may be limited by the enormous task that still remains to bring about a genuinely more connected society. In this regard, the implementation of specific public policies geared towards forging an "offsetting" role for schools, such as by expanding their cultural influence, could help expand the capabilities of people from more underprivileged households.

With regards to public policies, a more comprehensive perspective must be adopted that takes into account all of the effective causes of the transmission and persistence of inequality, in order to design and implement truly effective social plans and programmes. With this in mind, the aim of this chapter is to emphasise the fact that the relevant considerations to be factored into the equation do not merely include those that can be easily observed, such as achievement levels in terms of education, life expectancy and household income, but also those that influence people's aspirations and *agency capacity*, which are transmitted from one generation to the next and which exacerbate the persistence of low levels of achievement among the most underprivileged groups of society.

12 The positive influence stemming from interaction with people with higher relative levels of achievement may materialize as a result of contact between, for example, local individuals and community leaders, or as a effect of talks with professionals who are not normally present in the locality, such as doctors and nurses.

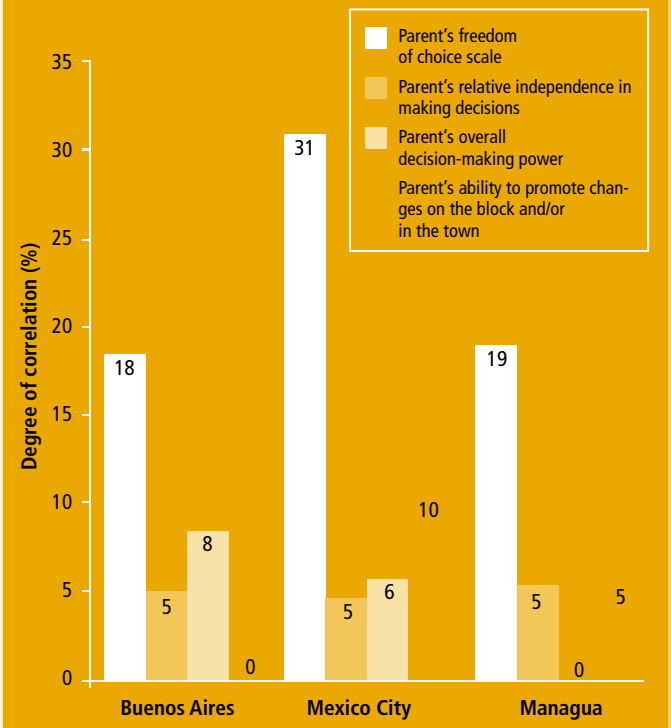
Chart 4.7. Buenos Aires, Mexico City and Managua. Intergenerational influence on aspirations. 2009. (%)



Note: The percentages shown in the figure indicate the influence that parents' aspirations have on children's aspirations to achieve a particular level of education. The results come from a multinomial probit analysis (see Altamirano, López-Calva and Soloaga, 2009b).

Source: HDR Team calculations based on Altamirano, López-Calva and Soloaga (2009b).

Chart 4.8. Buenos Aires, Mexico City and Managua. Correlations between parents' agency capacity indicators and the satisfaction with life indicator for children. 2009 (%)



Note: The percentages indicate the degree of correlation between the satisfaction with life indicator of children and each one of the four agency capacity indicators of parents.

Source: HDR Team calculations based on Altamirano, López-Calva and Soloaga (2009b).

Box 4.3 The impact of what cannot *be seen* on inequality: additional evidence

The *dissimilarity* index, which expresses the degree of inequality of opportunities existing in a society, has been used in recent analyses to measure inequality. Studies of this kind consider factors that are relatively easy to observe, such as parents' levels of education, type of occupation, place of residence and family's ethnicity.[1] Within the context of the analysis presented in this chapter, and to complement the above-mentioned factors, a study was carried out of how factors such as aspirations and *agency* (associated with *process freedom*) and social networks also affect the inequality measure.

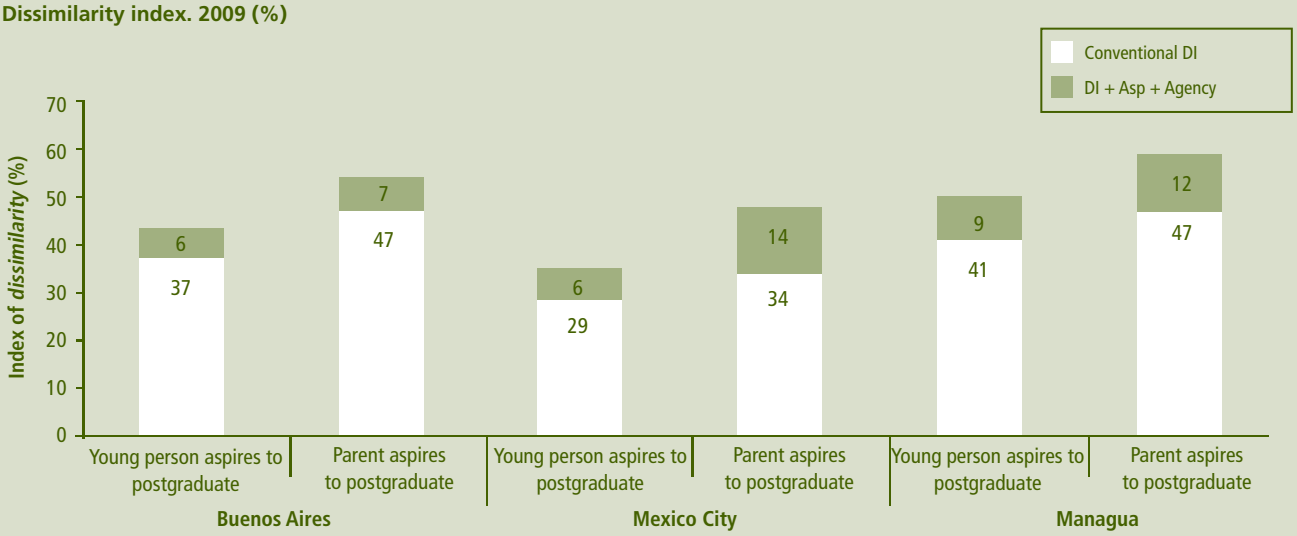
The results from this complementary analysis showed that, first of all, aspirations and agency do not appear to have significant additional influence on the measurement of inequality of opportunities calculated using indicators of *functionings* like access to public services, level of education attained at a certain age and child labour. In other words, results obtained by calculating the inequality of opportunities in a society based on commonly-used variables (educational level of parents, father's occupation, ethnicity and place of residence) do not change after including variables such as aspirations and agency in the analysis.

Nevertheless, the factors that cannot be seen proved to have significant influence when analysing inequality relating to educational aspirations. As regards aspirations to a postgraduate level of education, for instance, inequality indicators (in this case, *dissimilarity* indices) showed much higher values (generally over 30%), even in cases in which the calculation was only based on the above-mentioned commonly-used variables, without taking into account aspirations and agency. By including these two variables when calculating inequality of opportunities in educational aspirations, the inequality indicators increased by six percentage points for young people in Buenos Aires and Mexico City and by nine percentage points for young people in Managua. Likewise, the inequality of opportunities measure of parents' aspirations with respect to the level of educational achievement to be attained by their children increased by seven percentage points in Buenos Aires, 14 in Mexico City and 12 in Managua (see Figure 1). These data show that aspirations are distributed unequally in society and that this unequal distribution becomes more evident after incorporating variables such as social capital, and process variables, such as aspirations and agency, into the measurement. The results highlight how important it is for the analysis to include contextual factors that are manifested at a household level and serve to perpetuate the intergenerational transmission of inequality.

1 The dissimilarity index, used for measuring inequality, estimates the lack of equal opportunities by calculating the percentage of the analysed functioning indicator (access to school, electricity or drinking water and sanitation, for example) that should be redistributed among the population from those with the most access to those with the least or no access, so that all of society's segments manage to achieve equal opportunities. For the set of Latin America and the Caribbean (LAC) countries analysed, the dissimilarity index was 12% for the case of access to school, 27% for access to drinking water and sanitation and 8% for access to electricity (The World Bank, 2008).

Source: HDR Team calculations based on household surveys conducted for this Report in Buenos Aires, Mexico City and Managua.

Chart 1. The impact of networks, aspirations and agency in inequality of opportunities. Dissimilarity index. 2009 (%)



Note: The dissimilarity index (DI) shows by what percentage a welfare indicator (income, access to drinking water, etc.) would have to be re-distributed among society (from those who have the most to those who have the least) in order to achieve equality of opportunities. The greater the value of DI, the more inequality of opportunities there is in a particular society.

Source: HDR Team calculations based on Altamirano, López-Calva and Soloaga (2009b).

From the household to the *polis*: the political economy underpinning the persistence of inequality

5

THE SYSTEMIC INEQUALITY TRAP

Inequality breeds inequality. The low levels of household achievement revealed by human development indicators persist from one generation to the next due to a complex combination of factors. In addition, however, *systemic* factors also play a role in reproducing unequal access to opportunities and spaces of effective choice. Whereas the preceding chapters of this Report explored the intergenerational transmission of low relative levels of attainment in terms of human development among households, this chapter will analyse the role that the political system and the numerous groups capable of influencing it play in the process of perpetuating inequality.

As already discussed, the persistence of inequality in human development stems not only from factors associated with the households themselves, but also from causes tied up with the immediate social context in which people exist. In particular, Chapter 3 analyses the crucial importance of investing in human capital in the early stages of life, which depends on the inherent link that binds the individuals of two successive generations. Moreover, Chapter 3 also describes the most important constraints hindering the ability of the most underprivileged households to invest in the nutrition, health and education of their children. Chapter 4 explores the impact that people's aspirations and *agency capacity* (two elements that make up *process freedom*) have on the transmission of inequality within households, and contends that these factors should also be considered when designing public policies aimed at combating inequality.

This chapter analyses the systemic processes within the structure of the political *system* and the state, which help perpetuate inequality, especially in terms of the different forms of political representation. Existing mechanisms for decision-making and the way in which interests of the different groups are aggregated can help to perpetuate inequality, or, at the very least, hamper the task of reducing it. There are two prime examples of this situation.

The first example is the tax structure. Albeit with certain exceptions, LAC is characterized by a tax system that favours tax collection through consumer taxes (and indirect taxes in general), whereas tax revenues from direct taxes levied on income and property are relatively low (see Table 5.1).[1]

The tax reforms applied throughout the region in an attempt to alter this balance have largely proved unsuccessful. Certain academics contend that consumer taxes can be used as an effective mechanism for redistribution, in that they increase the fiscal capacity of the state, provided that public spending is progressive (Engel, Galetovic and Raddatz, 1998). This argument, however, is based on the initial assumption that there is a political balance making it unfeasible to increase taxes on income, earnings and property. Moreover, information on the taxes paid by those companies and people that top the scale in terms of earnings and income distribution is not publicly available for most LAC countries. Without violating the principle of privacy, it should be possible to find out, for instance, how much the fifty wealthiest people and the leading companies in each country pay as income tax. As it currently stands, it is simply not possible to get hold of this valuable information.

1 For a more in-depth discussion of this issue, please refer to the documents resulting from the Agenda for Democracy in Latin America and the Caribbean (Agenda para la Democracia en América Latina y el Caribe) (UNDP, 2010).

Table 5.1 International comparison of tax burden as a percentage of gross domestic product. 2005 (%)								
Region or country	Total	Income and capital gains	Property taxes	Other direct taxes	Subtotal of direct taxes	Goods and services and transport	Other taxes	Social security
Latin America and Caribbean	17.0	3.8	0.8	0.2	4.8	9.4	0.5	2.3
OECD	36.4	12.9	2.0	0.0	14.9	11.5	0.2	9.3
EU 15	40.1	13.7	2.1	0.4	16.2	12.1	0.3	11.3
United States	26.8	12.5	3.0	0.0	15.5	4.6	0.0	6.6
Japan	26.4	8.5	2.6	0.0	11.1	5.3	0.1	10.0

Source: HDR Team calculations based on Cetrángolo and Gómez-Sabaini (2007).

Although figures reveal that per capita social spending in the region has increased over the last 15 years in absolute terms and also as a proportion of both total spending and gross domestic product (GDP), the changes geared towards forging a more progressive and transparent tax collection structure have either failed or petered out over time. This is due to the fact that, through a systemic bias, the different capacities of people to influence public policies help to perpetuate structures of inequality.

The second example essentially concerns the regulatory capacity of the state. It is evident that more vulnerable groups not only have limited access to goods and services, but that they also have less chance of having their voice heard as consumers. With this in mind, guaranteeing environments of real competition, while effectively regulating markets prone to natural monopolies, are both key functions of the state. Weak institutions have a negative bearing on the state's ability to discharge these functions, and this often means that those people with less income are often excluded from certain markets, or have access to them but under very unfavourable conditions.[2] A number of recent studies have highlighted the fact that companies with market power tend to exert considerable influence on the political and legal system, thus enabling them to shield themselves from the regulatory action of the state (see, for example, Guerrero, López-Calva and Walton, 2009).

Furthermore, exercising market power is highly regressive in itself, in that it has a greater impact on the well-being of the population with lower levels of income and exacerbates inequality. These effects are not only regressive in terms of income distribution among households, but also aggravate regional inequalities (see Box 5.1). It is therefore crucial to analyse the regulatory capacity of the state and identify the actions that can be undertaken to increase its effectiveness and transparency, helping break, in this way, the cycle through which inequality is reproduced.

2 Markets featuring natural monopolies are those characterised by high fixed costs, such that the average cost decreases throughout the relevant range of product demand (and is greater than the marginal cost). Prime examples would be certain segments of the services sector with network characteristics: electricity transmission and distribution, drinking water, and telephony (particularly fixed-line markets).

Based on the notion that inequality breeds inequality, Chart 5.1 illustrates the channels through which this phenomenon affects efficiency and growth. This line of reasoning is not only based on the starting conditions (high levels of inequality and state weakness), but also on the mechanisms through which inequality is transmitted: i) differential access to influence public policies (including the problems associated with the quality of representation, poor accountability, and state capture) and; ii) inefficient markets, which are such mainly because of concentrated market structures and because certain companies wield dominant market power. The upshot of all these factors is the uneven distribution of resources and distorted public policy objectives, as well as sluggish growth. Breaking free from the cycle through which the political system reproduces inequality is a complex task.

Agency, participation and political representation

As regards the task of combating inequality, the state is able to play an active role in broadening and guaranteeing access to education and healthcare, for example, and in promoting fair access to high-quality services. Furthermore, it must ensure equal access to political participation through institutional channels. This proposal, which forms part of the analysis contained herein, is consistent with the two pillars that underpin the human development approach: *opportunity freedom and process freedom* (see Chapter 1). Equal human development therefore requires the existence of a strong and effective state.

The results of the analysis raise a number of questions: Why does public policy not counteract prevailing and persistent inequality, and why, in certain cases, does it actually exacerbate the problem? How are social inequality and political inequality related? What factors cause different levels of influence in the decision-making processes of state institutions to perpetuate or even increase social inequality? What are some of the most important failings of the political system that result in the persistence of inequality throughout the region?

In order to find the answers to these questions, the following sections of this report examine the effects of inequality on public policy processes and also present a basic classification of the main mechanisms that create distortions and encourage the uneven distribution of resources. First it is important to understand the relationship between the operation of the political system and inequality. Irrespective of the complexity of this relationship, democracy is considered essential for human development. The chapter concludes with an analysis of certain irregular and illegal practices, such as clientelism, state capture, corruption and institutional weakness, which undermine and break the chain of delegation of functions within the democratic system, affect the results of public policy and help to perpetuate and propagate inequality throughout the region.[3]

3 The aim of this chapter is not to present an exhaustive view of the challenges facing democratic institutionality in the region. The United Nations Development Programme (UNDP) in LAC has other initiatives that address this issue on a permanent basis and offer a perspective on democratic governance (UNDP, 2004, OAS-UNDP, 2009). This chapter will simply offer a few examples to help illustrate this report's systemic vision of how inequality is perpetuated, and will analyse the issue of institutionality from a human development standpoint.

Box 5.1 The regressive effect of market power on the well-being of households in Mexico

A perusal of specialised publications suggests that the exercise of market power has extremely negative effects on the living conditions of the most vulnerable groups in society. A number of research efforts, including studies conducted by Creedy and Dixon (1998; 1999) for the case of Australia, work done by Comanor and Smiley (1975) and Hausam and Sidak (2004) on the United States, and the analysis carried out by Urzúa (2008; 2009) on Mexico, unanimously conclude that the exercise of market power is regressive and has a proportionately greater negative impact on low income sectors..

In the case of Mexico, available data show that the exercise of market power on a set of consumer goods and services not only has a greater negative effect on lower income households, but this regressiveness can also be observed geographically, since as a result, poorer states, generally those in the south, experience greater relative declines in welfare than more prosperous regions. Based on data obtained from the 2006 National Household Income and Expenditure Survey (ENIGH), Urzúa (2009) measured the decline in welfare endured by households as a result of the exercise of market power on the following products: tortillas, processed meat, soft drinks, milk, chicken and eggs, beer and medicine. The results clearly show that, in both urban and rural areas, declines in welfare become more pronounced as household income decreases. In urban areas, households that make up the lowest-income decile of the population suffer relative declines in welfare that exceed by about 20% the declines observed in households in the highest-income decile of the population. Differences are even more pronounced in rural areas: rural households in the lowest-income decile of the population face declines in welfare that exceed by 26.4% the reductions observed in households comprising the ninth decile. In regional terms, southern regions, which have the highest levels of poverty, generally face greater relative declines in welfare than regions in the north. In Chiapas, for instance, the decline in social welfare observed is 31.0% greater than the decline in Baja California.

By examining the declines in welfare resulting from the exercise of market power in the services sector, it is possible to see that these declines are greater among the wealthiest strata of the population. The industries studied include transportation, private education, communications, energy, healthcare and financial services. The results show that the highest-income households are the most affected, which is not surprising if one takes into account that some of these services could be considered luxury goods (such as private education). Nevertheless, when these results are analysed in conjunction with data obtained for the case of consumer goods, it can be seen that overall declines in welfare due to the exercise of market power are significantly greater in the poorest deciles of the population.

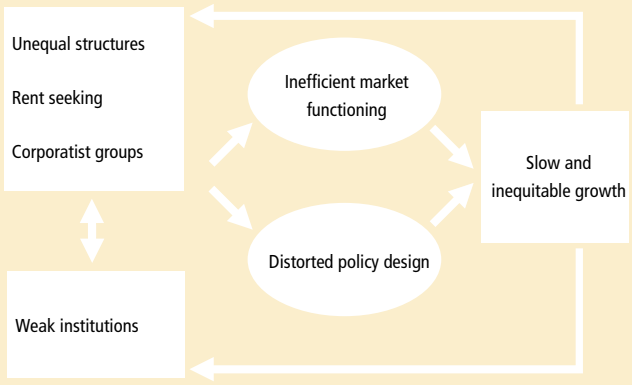
Table 1 Welfare losses as a result of the exercise of market power, by income deciles

Urban households		Rural households	
Decile	Loss as a proportion of the loss observed in the least-affected decile	Decile	Loss as a proportion of the loss observed in the least-affected decile
I	1.198	I	1.264
II	1.176	II	1.219
III	1.158	III	1.236
IV	1.134	IV	1.214
V	1.128	V	1.211
VI	1.109	VI	1.150
VII	1.073	VII	1.148
VIII	1.052	VIII	1.043
IX	1.036	IX (the least affected)	1.000
X (the least affected)	1.000	X	1.030

Note: Losses shown are in relation to estimated losses for the least-affected income decile (decile X in the case of urban households and decile IX in the case of rural households).
Source: HDR Team calculations based on Urzúa (2009b).

Source: HDR Team based on Urzúa (2009a; 2009b).

Figure 5.1 Inequality, efficiency and growth



Source: HDR Team based on Guerrero, López-Calva and Walton. (2008).

THE DEMOCRATIC POLITICAL SYSTEM AND ITS COMPLEX RELATIONSHIP WITH INEQUALITY

The task of analysing the capacity of the state to curb inequality in LAC makes it necessary to understand how the democratic system enables public policy to respond to the needs of groups whose ability to organize themselves and influence the political world differs. Equality is one of the normative foundations of the democratic republican system, which is based on the notion that all people are equally entitled to citizenship. Nevertheless, history has shown that the relationship between equality and democratic systems has been far from simple and linear, because in practice, different social groups have had uneven access to resources and power, which in turn has given rise to unequal political balances.

Agency, defined as individuals' and households' capacity to shape their own development, has a political side, as well, in terms of access to power and political participation, with "power" meaning individual's capacity to influence the process of resource allocation and to shield him or herself from arbitrary actions. In this regard, and although it is important to analyse the ways in which democracies have historically resolved the problem of unequal access to resources, it must be stressed that a political system based on democratic rule is a requirement for human development.

The value of democracy is based on its intrinsic value for human freedom, its instrumental value as a system capable of generating political incentives that encourage governmental responsibility and accountability, and its constructive value in shaping values and in championing the concepts of duties, rights and human needs among citizens (Sen, 1999). As Sen points out, these qualities of the democratic system can be treated as being independent of regional differences, thus making democracy a universal value. Democracy is therefore an inseparable part of human development. No non-democratic option would allow for the full development of human freedoms.

The effect of the political system on inequality remains a hot topic. It is important not to accept without question just *any* combination of institutional structures and rules, even when they meet the minimum requirements for democracy,[4] because not all sets of arrangements guarantee improvement in equality. In other words, it is necessary to pinpoint the specific empirical structures of the democratic system best suited for bridging the gaps between individuals and groups.[5] The discussion set forth in this chapter identifies certain elements that could help the democratic system respond to the demands of groups that are at a relative disadvantage.

Historically, the democratic system has generated a number of mechanisms of political representation, some of which are better suited to promoting accountability and the participation and empowerment of underprivileged groups. In turn, democracy's long-term effectiveness at reducing inequality would also appear to depend on the state's capacity to act, which is reflected, for example, in the amount of tax revenues collected by the government. International case studies indicate that as the process of migrating to democracy advances and as the state's capacity steadily increases, a positive effect on the distribution of income is observed (Boix, 2003).

There are two prerequisites for the redistribution of income: mechanisms to ensure accountability and effective political competition. These two elements are essential for guaranteeing the proper functioning of the democratic system, the validity of which is not based solely on the organization of periodic elections. If state capacity is not accompanied by a process of democratic consolidation involving accountability, checks and balances, and political competition, democracy will have no positive impact on reducing inequality (Lee, 2005).

As previous chapters have shown, LAC is the region with the highest levels of inequality worldwide. In turn, inequality

4 These can be defined, for example, in terms of the already classic concept of polyarchy (Dahl, 1971), according to which the state must guarantee, as a bare minimum, the freedoms of association, thought and expression, the universal right to vote and to run for public office, access under equal conditions to multiple sources of information, free and fair periodic elections conferring pre-established and widely-disclosed terms of office, and the existence of institutions that control government policies and make them dependent on the public vote and other manifestations of public preferences.

5 In 2004, the Project on the Development of Democracy in Latin America (Proyecto sobre el Desarrollo de la Democracia en América Latina, or PRODDAL), issued a report, which acknowledges the sheer scale of the challenge posed by persistent inequality in LAC despite the significant advances made over recent decades in terms of political democracy, used a metaphor to describe the modern-day reality of the region: a triangle made up of democracy, poverty and inequality. The report similarly pointed out that democracy, in all LAC countries, goes hand in hand with hugely diverging levels of poverty and situations of extreme inequality, a phenomenon that is not exclusive to LAC (UNDP, 2004: 35-36). Further reading on this subject, can be found in the documents resulting from the Agenda for Democracy in Latin America and the Caribbean Agenda para la Democracia en América Latina y el Caribe (UNDP, 2010).

is a persistent factor in the design of political institutions, the provision of public goods and services, and in the results of public policies in general.[6] Bearing in mind that democracy has a positive effect on equality and that, in most LAC countries, democracy has cemented its position as the most prevalent form of government, it is necessary to identify those factors which in democracy, within a context of high inequality, continue to prevent this positive effect from flourishing. In other words, it is important to pinpoint the weaknesses of the region's democratic systems which prevent them from effectively combating the stubborn levels of inequality that plague the region.

The following sections present examples of public policies applied in LAC that reveal the poor regulatory capacity of the state, which is associated with failures and weaknesses within the system of political representation.

WHY IS THE REGULATORY CAPACITY OF LAC STATES FAILING? THE DIFFICULTY OF REPRESENTING THE INTERESTS OF ALL

The relationship between inequality and the political system is not only apparent from the asymmetrical tax structure discussed above, but also from the poor regulatory capacity of the state, which allows for the presence of monopolies or oligopolies, murky rules of the game and a poor response to citizens' needs. The upshot of this situation is that certain groups, generally the most underprivileged, are faced with added difficulties and costs when it comes to accessing high-quality goods and services.

To explain how these mechanisms work, this section will focus on two issues. First, an explanation will be made of why unequal distribution exists in spite of citizens's preferences for more egalitarian approaches to distribution. Second, an analysis will be presented of the mechanisms which, although initially designed to ensure equal citizen representation, have become so distorted in terms of quality and functioning that they have become instruments that perpetuate the privileges afforded to the minority sectors. These distortions assume four principal forms: clientelism, state capture, corruption and institutional weakness associated with low civic engagement.

The undesired metamorphosis of citizen preferences regarding redistribution

The relationship between citizens' preferences and redistribution makes it possible to pinpoint a number of characteristics of democracy that are affected by inequality and which could eventually give rise to a raft of democratic weaknesses, which, in turn, perpetuate inequality. An important question, then, is how individual preferences in relation to redistribution are formulated and aggregated.

Can it be assumed that all individuals in a society share a common opinion about policies aimed at redistributing resources among individuals and groups? Although theoretically speaking it would seem reasonable to think that a democratic system should be based on a broad social agreement regarding the benefits of equality, in reality it is apparent that different sectors of society have contrasting opinions about just how important equality is for ensuring the well-being of the majority, and about the best ways of promoting and achieving equality.

On the one hand, certain individuals may believe that in order to obtain greater levels of equality the state should "compensate" inequalities and attempt to redistribute available resources to favour the more vulnerable sectors. Others, however, refuse to accept that the state should be involved, on the basis that the level of achievement reached by each person should be the direct result of individual effort. There are many possible stances between these two polar opinions.

It would also be possible to contend, for example, that those with fewer resources would be in favour of a policy geared towards redistribution, as they would be the first to benefit from the resulting public investment and the enhanced capacity of the state to intervene in the process. In turn, those further up the social ladder could also put forward rational arguments to justify increased state intervention, given that, in the long-term, the progressive bridging of the development gaps dividing the most privileged sectors and the more vulnerable groups could eventually lead to greater aggregate well-being. That said, numerous analyses have found that sometimes the preferences of those with higher levels of income regarding the implementation of a tax rate capable of compensating certain individuals or groups for differences in earnings depend on the individual cost that the redistribution would entail for each individual (Meltzer and Richard, 1981).

There is no clear correlation between people's interest in reducing inequality and their preferences in terms of redistribution. This apparently weak link between citizens' interests in combating inequality and their preferences regarding distribution may be explained by the so-called *expectation of high social mobility*. This is based on the notion that even the more underprivileged groups of society may prefer a low tax rate in the future, if they expect

6 The 2004 PRODDAL report on democracy in Latin America states: "In relation to clean elections, citizens are afforded a generic level of equality, normally by exercising their voting rights. In contrast, when dealing with state-level bureaucracies, citizens are frequently placed in situations of massive de facto inequality. They tend to come up against bureaucracies that act on the basis of formal and informal rules (which are neither transparent nor readily understandable) and adopt (or fail to adopt) decisions that have important consequences for citizens. Although this is a widespread problem, it is much more serious and systemic in societies plagued by poverty and inequality" (UNDP, 2004).

their income to increase in the mid- or long-term at a faster rate than that of other sectors of society, meaning that the rate could eventually affect them or their descendants. As a result, and as a natural progression of this argument, it is possible that voters may opt to favour their long-term expectations by actually backing a policy that harms their interests in the short-term. This would explain why most democracies tend to not implement highly progressive redistributive reforms (Bénabou and Ok, 2001).

Similarly, it is possible that inequality is considered fair within societies that attach a greater weight to individual *effort* than they do to *chance* (Alesina and Angelettos, 2005; Di Tella and Dubra, 2009). Another possible explanation is that individuals are not necessarily able to connect a certain public policy to the positive effects it may have on inequality. For example, an analysis of the American public's support for tax cuts suggests that people's opinions about such policies are determined by each person's perception of his or her own short-term needs and of the possible benefits of such cuts, despite the fact that the very same people supporting the cuts may well perceive that gaps in the income of the different social groups have widened and believe that this widening is a negative phenomenon (Bartels, 2005). Thus, the persistence of unequal conditions among individuals or groups can partly be explained as a result of the public's widespread unawareness of the final effects of a given public action. The persistence of inequality should not necessarily be treated, therefore, as the product of people's preferences for reduced redistribution.

In this context it is conceivable that citizens will opt for public policies that do not help to forge more egalitarian societies, even though in general terms this may well be the kind of society they prefer. This kind of situation, coupled with a host of institutional shortcomings, creates a trap in which inequality is reproduced, hindering intergenerational social mobility and the attainment of higher levels of human development.

The negative mutations of political representation

Democracy can be viewed as a contract through which the majority of citizens, by holding periodic elections, are able to define, among other key issues, the manner in which resources, freedoms and responsibilities are to be distributed among members of society. As a fundamental part of this agreement, voters evaluate the proposals put forward by the candidates competing to act as their representatives in state institutions, and decide whom to elect to power at the polling stations. This need to delegate power can be justified by the extreme complexity of the problems facing the state and by the need to ensure a certain degree of technical expertise to tackle public duties, something that most citizens are unable to handle themselves.

In an environment characterized by constraints on information, time and effort, citizens delegate to their chosen representatives (whether professional politicians or political parties) the responsibility for deliberating and making decisions that govern the workings of the state, as well as the task of formulating and implementing public policies. The democratic system entails an agreement between citizens and their representatives within the government, the legislative branch and other state institutions. This agreement is characterized by an asymmetry of information among the different parties, which tends to mean that citizens' mechanisms of control over their representatives are likely to be imperfect. This element, a characteristic of democracy, largely affects the way in which public preferences are aggregated to create specific public policies (see Box 5.2).

Box 5.2 Political representation

The issue of representation in the democratic system, which has been widely analysed by political science, has led to extensive discussions about its advantages, strengths and limitations. Historically speaking, the debate on representation has generated two theoretical views: the notion of representatives as delegates who refine and expand the will of the people, [1] and the conception associated with Burke's position arguing that representatives should legislate based on their own criteria and judgements concerning the interests of voters and not directly by acting on the will of voters (Miller and Stokes, 1963).

Pitkin (1967) established an influential classification of forms of representation consisting of four categories: symbolic, formalistic, descriptive and substantive. The principle on which Pitkin based his theory of representation is the existence of a degree of distance and asymmetry between representatives and their constituency. According to Pitkin (1967), what matters is preserving the autonomy of both in order to protect constituents' ability to demand accountability from their representatives. The key to establishing the degree of representatives' autonomy resides in citizens' objective interests, which become the measure for determining whether the limits of representation have been violated.

Important contemporary contributions to the theory of representation include the standpoints of Williams (1998), who defines representation as "mediation", and Hardin (2004), who argues that only through an empirical and historical explanation of the roles that representatives have played is it possible to establish the duties corresponding to them.

Source: HDR Team based on Hardin (2004), Miller and Stokes (1963), Pitkin (1967), Thomassen (1994) and Williams (1998).

1 For further information on the Madisonian concept of democracy, see Thomassen (1994).

Weaknesses along the chain of democratic delegation

One way of understanding this process schematically is to follow the approach used to analyse the workings of contracts that present asymmetries of information among the parties (McCubbins and Page, 1987). This approach explores the relationship between the parties, the *principal* and the *agent*, and underlines the fact that the *democratic contract* implies the existence of a chain of delegation along which citizens (the *principa*l, according to this approach) delegate to the legislators and civil servants of executive power (the *agent*) the task of formulating and implementing public policies, which, by definition, must seek to mirror the principal's preferences (see Box 5.3).

Although, strictly speaking, every citizen's vote carries the same weight, every individual has different resources to reduce information-related asymmetries, and also the costs they incur vary considerably should they lose control of their representatives. As a general rule of thumb, people or groups with less income depend more on the state for gaining access to basic public services, and for this reason their well-being is the most negatively impacted by any shortcomings in the state-offered services. On the other hand, people or groups with higher incomes tend to have more resources to ensure improved access to such services, and are likewise able to satisfy their needs via private channels if and when the public services become unavailable, are insufficient or of poor quality. Thus, the prevailing inequality that characterizes the balance of power between people or groups with different resources at their disposal and who exert differing levels of influence on public policies, can affect the democratic contract with regards to the processes of forming and incorporating citizens' preferences, while also distorting the task of designing and implementing public policies.

During the delegation process, citizens grant their representatives (legislators and government officials) the power to represent their interests. With regards to citizens' preferences, the majority may well favour a greater or lesser degree of redistribution, or perhaps wish to maintain existing levels of distribution. The task of their representatives is to become the "interpreters" of these preferences (whether they merely fulfil the delegated function, or represent an objective interest autonomously) and to promote, vote on and implement public policies that aim to achieve the kind of results that matter to citizens. In short, their work is to duly represent the interests and preferences of those who voted them in. The following sections of this report address a number of closely-related phenomena that generate significant weaknesses along the power delegation chain and which, in certain cases, distort the very basis for its existence.

Box 5.3 The *principal-agent* approach

The principal-agent approach was developed within the context of neoclassical microeconomic theory and is widely used in many economic and political analyses. According to this approach, the principal is the individual (or group of individuals) who enters into a contract for the provision of any service he cannot procure for himself due to lack of expertise, to high opportunity costs or to limitations in available resources, or simply due to practical reasons. On the other hand, the agent is responsible for providing the service. The third element in this theory is the asymmetry that exists between the parties as regards access to the information required to establish how the contract should be applied. These asymmetries of information favour the agent and give rise to what is known as adverse selection and moral hazard. The adverse selection problem takes place during the selection process of the service provider, when the principal enters into a contract with the agent without having full information about the characteristics of the latter or on the basis of distorted information. For example, an adverse selection problem occurs when a political candidate promises potential voters that he or she will fight for their interests and then, after taking office, violates his or her promise and instead favours the interests of groups that have funded his political campaign. The other problem caused by asymmetry in access to information that is relevant to entering the contract is moral hazard, which arises once the contract has been signed by the parties. In this case, once the agent has been contracted, he or she has incentives to use in his or her favour the information advantage that he or she has. This advantage occurs because the results observed by the principal do not depend solely on the actions and effort of the agent, but on other factors that are beyond the agent's control.

In political models, voters (the principal) hand over the mandate to the politicians (the agent). Adverse selection problems are observed when the politicians, who know their capabilities better than the voters, have an incentive to present them in a misleading way, causing voters to possibly choose politicians who do not properly represent their interests. Moral hazard problems occur because, given the difficulty and expense associated with monitoring the elected politicians' actions, there is an incentive for them to behave opportunistically, which does not faithfully represent voters' interests.

Source: HDR Team based on McCubbins and Page (1987).

Clientelism

Clientelism can be summarized as an asymmetric relationship between a *patron* and a *client*, in which the patron supplies the client with assets and services in exchange for political support and the *client's* vote come election time. As a result, inequality tends to encourage clientelism while this, in turn, helps to perpetuate inequality. On repeated occasions, citizens renounce their political rights and their role as *principals* in formulating public policy in exchange for assets that matter to them in the short-term and which they cannot access through institutional channels.

Clientelism is therefore an irregular practice within the system of political representation arising from the tangible benefit that both the politician or public servant and the citizen obtain by reason of their relationship. One of the defining features of this practice is the proximity that exists between the parties involved. On the one hand, *clients* (the citizens) generally create relationships of dependence with the assets or services provided by the *patron* (the politician, the public servant or the candidate for office), and their close relationship with the *patron* enables them to access such favours more frequently. In turn, the agent needs to establish a closer relationship with his or her *client*, beyond a simple exchange of favours at election time, to ensure that the latter complies with his or her undertaking to vote for the *patron* and also to prevent other candidates from winning over their *client* (Brusco, Nazareno and Stokes, 2004). Similarly, those who are elected to office engage in clientelism to improve their chances of re-election.[7] As voters include people with divergent levels of well-being, politicians interested in practicing clientelism start out by exerting their influence on those voters who, for them, represent the lowest costs. Put differently, they focus their strategy on those individuals who have the greatest needs and who, therefore, can provide the greatest returns by exchanging assets for votes (Dixit and Londregan, 1994). As a result, citizens involved in clientelism tend to be those who perceive that their interests are not fully met through established institutional channels, whereas those whose basic needs are satisfied choose to set up a more programmatic relationship of representation, in which there is no explicit waiver of their political or voting rights or any kind of clientelism.

As stated at the start of this chapter, the state's regulatory capacity is an important factor enabling it to implement policies that make a difference in how resources are distributed within the society and which, as a result, promote equality. When institutional capacity is low, the state's public assets are in danger of being taken over by political networks keen to use them for their own benefit, thereby creating inconsistency in the public's access to public assets and services (Leal and Dávila, 1990; Gutiérrez, 1998; Fox, 1994; Auyero, 2001; Levitsky, 2003; Calvo and Murillo, 2004; Magaloni, 2006). As mentioned above, clientelism is a practice that stems from inequality and, at the same time, helps to breed it.

State capture

Clientelism and state capture can be treated as two sides of the same coin. Clientelism is a practice whereby state resources are appropriated by the political elite, who use public institutions and political power to defend or promote their individual or group interests. There is the risk of state capture, on the other hand, in environments characterized by the presence of individuals and groups with a great deal of power, resources and influence, and by the existence of political representatives and civil servants who treat politics and public duty as a means of increasing their personal wealth. This phenomenon occurs when those who hold public office decide to represent directly the interests of the most powerful individuals or groups in exchange for individual political or economic gain.

Economic elites are a prime example of a social group that uses its power and resources to promote measures and public policies that benefit its interests, such as tax cuts or exemptions, operating permits or access to privileged information, among other prerogatives. In contrast to other forms of corruption, which typically involve selectively applying and distorting institutional rules and regulations originally intended to promote the interests of the majority of the population in an equal manner, state capture involves designing and implementing rules explicitly created to cater to the interests of a specific sector which will benefit from the application thereof (Hellman, Jones and Kaufmann, 2000).

State capture typically occurs against a backdrop of weak state institutions and a lack of professionalization of civil servants. Faced with these conditions, individuals or groups that have lower relative levels of well-being and who have less resources and political influence find themselves at a disadvantage in comparison to the more privileged groups when it comes to demanding that public officials defend their interests, satisfy their needs and be accountable to them. Similarly, and as inequality increases, the more privileged people and groups have more and more resources with which to undermine the regulatory capacity of the state and benefit their own interests, and less incentive to stand up for a fair political, administrative and economic system that effectively promotes social equality (You and Khagram, 2005).

The inequality that prevails in the distribution of power and resources makes increasingly unlikely the development of

7 Of course, exceptional cases of countries where re-election is limited, such as Mexico, should also be considered.. If individual re-election is not permitted, then politicians have incentives based on more long-term goals in order to promote their political career within a party.

political alternatives that are immune to the influence of the economic, political and social elite, who actually benefit from the persistence of inequality. Thus, state capture, as with clientelism, is a phenomenon that stems from existing inequality and, in turn, helps to breed it. A prime example of this kind of situation is the educational system in Mexico. As already discussed in this Report, education is one of the main tools for combating inequality and of breaking its intergenerational transmission. However, when the education provided by the state is captured by an actor who wields great economic power and considerable political influence, and when the public is unable to demand that the state render accounts of how this crucial service is provided, the upshot is low-quality public schooling and little chance that the situation will improve. This is the case with public primary education in Mexico, which is of poor quality. Moreover, the trade union that pools together most of the workers in the sector does not represent the interests of most citizens – choosing instead to cater to sector-based interests – and does not render accounts to the public (see Box 5.4).

A state in which regular and transparent elections are held, but in which public institutions and civil servants are not accountable to citizens, provides rich pickings for those interested in studying clientelism and state capture, both of which grossly distort the "contract" of political representation. The existence of citizens with little information, coupled with politicians who are unwilling to provide such information in a credible and complete manner, help to perpetuate a model that prevents democracy from being fully harnessed to reduce inequality.

Throughout most LAC countries, the migration to democratic systems brought with it more information and enhanced regulation of public duties, making total state capture more difficult (Crisp, Moreno and Shugart, 2001). Several key elements have allowed the region to make slow progress toward ensuring greater accountability on the part of elected representatives. These have included: i) the creation of independent institutions to oversee the organization of transparent elections and to ensure a more professional career path for public servants; ii) the creation of entities that provide citizens with the information they require to make decisions; and, iii) the oversight of public duties.

LAC is a region in which many different combinations of political practices can be found, depending on the country in question. In some cases, clientelism can be seen to co-exist with the development of programmatic politics. Similarly, partial state capture in key areas for human development is not necessarily a bar to institutional reinforcement.

Against this backdrop of contradictory phenomena, and in addition to clientelism and state capture, there are at least two additional factors that undermine the democratic system: the corruption of public officials, and weak citizen engagement in public action. These two elements also help perpetuate inequality and endanger the potential usefulness of public spending as a key instrument for achieving greater levels of equality in human development.

Corruption

As regards the contract of democratic representation, corruption can be said to occur when the *agent* (for example, a public servant), given his or her relative advantage over the *principal* (the public or the legislature itself, which is typically charged with controlling the government) in terms of information, fails to honour his or her delegated powers by employing public resources for his or her own gain.

A classic example of this phenomenon would be when a civil servant, in exchange for a bribe (monetary, in kind, or other), bestows undue priority to someone in order to make them the beneficiary of some kind of programme, or furnishes them with confidential information, and in this way grants certain individuals or groups access to resources and benefits unavailable to others precisely because they are lacking the required information. Although the task of designing public policy may well reflect the voters' interests, and irrespective of whether the public's mandate is honoured in general terms, the fact that this kind of irregular behaviour exists leads to an inefficient use of public resources and generates the widespread perception among the public that they need to pay more (the bribe) to access these other resources.

Widespread corruption within a political system leads to grave consequences. Such a situation can prevent the attainment of greater equality, in that corruption promotes tax evasion, blurs the focus of social programmes and discourages the more vulnerable groups from investing in resources that could help improve their underprivileged situation (Gupta, Davoodi and Alonso-Terme, 2002). At the same time, public tolerance of corruption erodes the culture of accountability and creates new opportunities for citizens, regardless of their level of income, to ignore the rules in place because they believe that there is a more effective way of accessing state resources than following the legal path. These practices create a vicious cycle of institutional weakness and an insufficient supply of public resources, which undermines economic growth and human development (Rose-Ackerman, 2001).

Corruption also arises when public resources are used for private ends in very similar conditions to those of clientelism. A prime example is Colombia's System to Identify Potential Beneficiaries of Social Programmes (Sistema de Identificación

de Potenciales Beneficiarios de Programas Sociales, or SISBEN). The purpose of this programme is to identify the individuals who are most deserving of a range of different subsidies granted by the different social welfare schemes. The information gleaned from the surveys on which this system is based and which must be updated periodically over the year, has been used on numerous occasions by local leaders to obtain votes, thus violating the system's criteria and principles (Camacho and Conover, 2007). A further anecdotal example of this problem is the testimony of a public servant from the healthcare sector, who was quoted by the press as saying: "politicians' anxiousness to control this survey lies in the fact that each family included in it and therefore granted healthcare, employment or old-age subsidies translates into five or ten votes in favour of the 'godfather' who granted them this 'miracle" (*El País*, 2009). This phenomenon was also observed in Mexico, where cash transfer schemes, such as the National Solidarity Programme (Programa Nacional de Solidaridad, or Pronasol), were administered largely with party politics and electoral concerns in mind, instead of targeting the needs of the more underprivileged population (Díaz-Cayeros, Estévez and Magaloni, 2006). A similar situation was found to exist with the conditional cash transfers in Ecuador intended to promote child education (Araujo and Schady, 2006).

Institutional weakness and civic engagement

The frequent application of arbitrary criteria in distributing public resources completely ignores the objective needs of the population, while breaching the democratic contract and often generating the idea among the public that social relations and proximity to power are crucial and much more useful factors than more formal institutional processes for accessing assets, public services and state resources (Gaviria, 2007).

The notion that formal institutional processes are detached from reality and that breaching them may not entail any short-term consequences generates perverse incentives for citizens. Within this context, some people may choose not to cooperate with certain policies that could help to bring about an improved redistribution of wealth, simply so as not to incur the cost that supporting such policies would entail for them individually.

It is common for citizens with more resources to harness this greater relative weight to access state assets and to make the most of institutional weakness for their own ends. In terms of public spending, for example, this kind of behaviour could lead to a distribution of resources that increases inequality. In fiscal terms, institutional weakness generally gives rise to low tax revenue from those taxpayers who opt not to pay taxes despite being able to do so.

There are many examples of this kind of behaviour and none relate exclusively to a specific social group. In Colombia, for example, verifying the information provided under the SISBEN programme has become somewhat of a nightmare for the central government, as various studies have suggested that many households have familiarized themselves with the method of classifying beneficiary families and, as a result, interviewees have been manipulating the information they provide to the pollsters in order to be added to the list of potential beneficiaries (DNP, 2008; *El Tiempo,* 2010).

By making sustained improvements to state institutions and their credibility, and by promoting incentives among the population with a view to increasing their commitment to the proper functioning of the social democratic contract, citizens can be helped in lending their unflinching support to public policies aimed at combating inequality, regardless of the socioeconomic stratum to which each individual belongs. Without the cooperation of the population, there will be insufficient resources and effort to break free from the vicious cycle of inequality.

Box 5.4 Education, clientelism and state capture in Mexico

Although the Mexican government has a legacy of social revolution, it has failed to successfully confront the problem of inequality, which has persisted for decades despite the fact that social spending has steadily increased in Mexico since 1990.[1] Within today's context, analysing inequality in Mexico makes it necessary to analyse the differences seen in education, because, as in other countries in the region, inequality in education influences income levels and constitutes one of the primary mechanisms behind the intergenerational transmission of inequality.

In spite of its recognised value as an instrument capable of promoting equal opportunities, in recent decades achievements in education have been insufficient. However, the problem is not the lack of resources, but rather the way in which resources are invested: In many cases, the core objective of the education system appears to be to prevent conflicts with teachers rather than to promote educational opportunities for the population. For example, Mexico still does not have an accurate census of teachers' salaries. Moreover, at a number of educational institutions, teachers are still paid in cash, a practice which encourages corruption and a lack of administrative control. Within a context such as this, increased resources would not necessarily mean improved educational quality.

There are many examples which show the ability of the National Union of Education Workers (SNTE) to obtain corporate benefits, regardless of the quality of the services provided. SNTE leaders control the structure tasked with supervising the work of its members and have an influence on the distribution of a large amount of labour benefits. Furthermore, through various mechanisms, the SNTE has managed to influence the legislative process in favour of the organisation's interests.

For its part, the rigidity of the employment relationship reduces the margin available for demanding quality in the educational services provided. In Mexico, increased spending on education helped to expand coverage, but the problem of poor quality still persists. According to findings from studies conducted by the Program for International Student Assessment (PISA) of the Organisation for Economic Co-operation and Development (OECD), Mexico has a very low level of educational performance. Data show that only three out of every 1,000 students aged 15 were able to obtain a score above the advanced level (over 625 points) on the math test, which is a very unfavourable result when compared to the performance levels observed in other nations like Korea, where 182 out of 1,000 students passed the advanced level, and Slovakia, where 94 out of 1,000 students reached that level. Even nations that are less developed than Mexico did better, as is the case of Thailand, a country in which 15 out of 1,000 students passed the advanced level. The data presented by the PISA also show that 38% of Mexican students barely reached the lowest level of performance on the tests, while 28% did not even reach that level.

The absence of a culture based on merit, coupled with the heavy influence exercised by the SNTE, makes it difficult to efficiently utilise public resources in the area of education. Moreover, the lowest-earning portion of the population has been unable to make use of its electoral weight to demand more and better education, and the middle classes have not shown sufficient interest in boosting the quality of public education, which is most likely due to the fact that they can satisfy their educational requirements in the private market.

Available data on education in Mexico reveal that the failure of programmes aimed at reducing educational inequality is due in some measure to the capturing of these programmes by bureaucracies and unions and to the fact that these groups have traditionally been used by successive governments as instruments of control in a process by which union members receive special benefits in return for political loyalty. This in turn explains why the supposed beneficiaries of educational programmes (students and their parents) have little input on decisions concerning the development of education in this country.

1 As a proportion of the gross domestic product (GDP), public social spending has gone from levels nearing 2% in 1950 to approximately 12% in 2007.

Source: HDR Team based on Elizondo (2009).

Box 5.5 The political economy of conditional cash transfers

In recent years, scholars have conducted in-depth studies on the characteristics, results and challenges of conditional cash transfers (CCT) in terms of promoting the human capital of children and, indirectly, as regards the fight against the intergenerational transmission of inequality. Nonetheless, the implementation of CCTs involves a series of wider considerations that must also be taken into account. These include the rationality characterising their application in comparison to other types of transfers (cash or in kind), their potential use for obtaining short-term political benefits, and their role within the broader context of social protection policies.

The conditioned nature of CCT programmes, can help ensure their implementation in a society where the redistribution of resources is not easily accepted by most citizens. This low degree of acceptance may be partly due to the fact that CCT programmes are implemented only among a carefully targeted population, which implies that there are far fewer beneficiaries than the number of taxpayers who help fund these policies. However, since receiving CCTs is subject to the fulfilment by beneficiary households of certain conditions, such as greater investment by parents in their children's human capital, most citizens tend to better accept these targeted transfers, particularly under adverse economic circumstances.

The use of public resources for predominantly political purposes, especially during election periods, is an issue that still concerns much of society, and which represents major challenges for the performance of public institutions. Transferring public resources to vulnerable population groups for political and partisan purposes is a long-standing practice in countries of Latin America and the Caribbean (LAC). In general, CCT plans in the region are designed to include rules and procedures that prevent their use for political purposes. However, the lack of full and timely information among the beneficiary population, in conjunction with the complex local environment in which CCTs are applied, require ongoing monitoring throughout the different phases of these programmes.

Last of all, the success of CCTs in various countries, especially in terms of increasing the use of educational and healthcare services, has placed them in a privileged position among national social policy strategies. Nevertheless, despite their enormous potential as tools for strengthening human capital in the long run, no CCT programme can replace the existence of a comprehensive social protection system. Along these lines, the primary challenges ahead for social policy include improving access to and the quality of educational and healthcare services, and promoting the levels of achievement in these areas among boys and girls in relatively disadvantaged households. It is also essential to foster consensus within each country to strengthen the actions that, from other areas of social development, complement the role of CCTs, including caring for the elderly in poverty and providing assistance to homeless children and to those who, due to their age, do not benefit from CCTs.

Source: HDR Team based on Bastagli (2009), Fiszbein and Schady (2009) and Kitschelt and Wilkinson (2007).

TOWARDS A VIRTUOUS CIRCLE: HOUSEHOLDS, POLITICAL PARTICIPATION AND THE REDUCTION OF INEQUALITY

The relationship between the political system and inequality must be analysed from a standpoint that shuns overly simplistic explanations. Available data reveals that there is no direct correlation between the democratic system and social equality. Assuming from the outset that democracy is inherently superior as a value and that it is inseparable from the human development paradigm, it is necessary to pinpoint the specific empirical structures of the democratic system that champion improved equality, because it is precisely the principle of equal rights and duties for all citizens that underpin the universality of democracy as a fair and equitable social choice. With this in mind, the importance of variables such as state capacity; the strength of public institutions; the costs of participation, negotiation and information; perceptions of the social value of equality and the relationships of representation between citizens and the political players, all serve to place this relationship within a much broader context.

Although theoretically and from a normative standpoint democracy is expected, as a bare minimum, to guarantee fair public access for citizens to the resources and mechanisms that will strengthen their *capabilities*, it is essential to factor in the difficulties and problems inherent in its functioning, in that democracy is essentially a political system based on the aggregation, interpretation and implementation of preferences. Democracy is, in essence, a political system of majority-based delegation, and as such entails the existence of multiple actors who have different, and often conflicting, information, influences and interests.

Thus, the task of reducing human development inequality among people and groups depends largely on factors such as the possibility for citizens to gain access to mechanisms for acquiring the information that will allow them to evaluate public policies in sufficient depth; the existence of a suitable institutional design that ensures that the preferences of the more underprivileged sectors are represented during collective decision-making processes; and the proper functioning of political institutions that prevent or curb state capture by minority groups.

The existence of irregular and illegal practices such as clientelism, the capture of state institutions and corruption, which undermine and break the chain of delegation and introduce agency and control problems between the representatives and their constituents (i.e., principals), can have a hugely negative impact on key aspects of human development. In each of these cases, uneven power relations and influences between different people and groups tend to hit the most vulnerable sectors hardest and prevent them from escaping this situation of relative disadvantage.

In terms of the political economy, a basic agenda aimed at combating human development inequality in LAC and preventing the intergenerational transmission of inequality could aim to reduce inequalities in terms of power and influence with a view to eradicating the aforementioned irregular practices, while strengthening key state institutions and enhancing their credibility, thereby fostering civic engagement. In a similar vein, it would be crucial to ensure that citizens become increasingly active and engaged in political participation; this, in turn, would ensure the visibility of all sectors of society and their needs, and reduce the incidence of asymmetrical power relations and influence when implementing public policies and distributing resources.[8]

8 See, for example, the arguments raised by Evans (2004), Rodrik (1999) and Sen (1999).

Acting on the future: breaking the intergenerational transmission of inequality

6

INEQUALITY, HUMAN DEVELOPMENT AND PUBLIC POLICY

The first chapter of this Report examines the relationship between access to public goods and services, available life choices as a measure of personal freedom, and inequality of *capabilities*. The stories mentioned at the beginning of this work about Ali's and Zahra's lost shoes in *Children of Heaven* and the bicycle stolen from Antonio Ricci in *Bicycle Thieves* intuitively show what constitutes the basis of the human development approach: a distinction between means and ends; specifically, between goods, services and opportunities, on the one hand, and effective freedom, on the other. Equality in access to goods and services, *ex ante,* is important because of its instrumental nature. Nonetheless, if people do not have autonomy and *agency capacity,* within a context of a real expansion of the life choices that are open to society as a whole, it is not possible to speak of human development. Thus, the usual question about whether development without equality is possible becomes meaningless, as does analysing whether it is possible for there to be development without *agency* or without the full participation of individuals in the decision-taking processes that take place within households and the community. These questions make no sense because, within the framework of this approach, equality of *capabilities* and effective freedom constitute the very definition of development.

According to the approach proposed in this Report, the persistence of inequality in Latin America and the Caribbean (LAC) and its transmission from one generation to the next are the result of two main causes: First of all, as was discussed in Chapters 3 and 4, there are mechanisms that determine the transmission of low levels of achievement in well-being at the household level. Chapter 3 proposed the *binding constraints* approach as a methodology to analyse the factors that influence the inability of households to increase the levels of social achievement of subsequent generations. These factors are a complex and overlapping combination of limitations, some of which are determined by households' initial conditions and their limited or non-existent access to quality resources, while others respond to the social environment, the characteristics of public policy, and the wider functioning of the political system. Similarly, as seen in Chapter 4, *what can not be seen* is also important. The constraints faced by households and the limitations of the contexts within which they are immersed also affect their members' subjective assessment as to what levels of achievement in terms of well-being can be attained, and influence their aspirations and their ability to independently choose the life plans they consider valuable, thus diminishing their ability to be active subjects of their own development.

Second of all, the implementation of redistribution policies is limited, due to the fact that inequality is also manifested in people's and groups' heterogeneous capacities to influence the allocation of resources and public action, as described in Chapter 5. In this respect, the state's weakness in terms of its regulatory capacity tends to have regressive social implications.

THE MESSAGE: YES, IT IS POSSIBLE TO REDUCE INEQUALITY IN LAC

The central message of this Report is that it is possible to break the vicious cycle of inequality. A first step towards achieving this goal is to establish the reduction of inequality as an explicit objective. In recent years, up to 2007, most countries in the region managed to both reduce inequality and promote economic growth, albeit aided in part by external conditions. However, the decline in inequality that occurred in those years was largely the result of successful poverty reduction policies and the development of a more focused social policy based on the implementation of specific programmes, including conditional cash transfer (CCT) programmes. At the same time, the expansion of educational coverage at the various levels of education was an additional factor that contributed to reducing inequality in LAC (López-Calva and Lustig, 2010). Nonetheless, this decrease in inequality quickly reached its limits due to a number of factors, which included:

- The lack of comprehensive social safety nets aimed at reducing vulnerability in the face of the extreme crises that sometimes arise in societies at the individual, household and systemic levels (extreme weather-related or economic events). The effects of the crisis of 2008 and 2009 show that progress in the region in terms of the reduction of poverty and inequality is reversible.

- The increase in levels of inequality due to constraints that are not taken into account by programmes aimed at expanding coverage of healthcare and education, or by those that promote the expansion of demand for these public services. These constraints include poor quality in the provision of healthcare and educational services, as well as institutional and regulatory aspects, among others, which disproportionately affect lower-income groups, including issues relating to property security, personal safety and access to justice (UNDP, 2009a).[1]

- The inequality that affects the quality of employment and the possibility of achieving successful job placement. As shown by results of recent studies, young people from across the Southern Common Market (Mercosur) perceive an inconsistency between the possibilities of increasing their levels of educational achievement and their poor expectations for job placement (UNDP, 2009b).

Thus, beyond the numerous reasons that limited inequality reduction in LAC in recent years, it must be noted as a fundamental principle that it is insufficient to decrease inequality as a by-product of successful poverty reduction policies, as has recently been the case. Reducing inequality in itself should constitute a core objective of public policy. For the normative and practical reasons discussed in this Report, inequality should be fought by means of public policy instruments that are explicitly designed to reduce inequality. This goal should be thought of as a way to complement a comprehensive policy for social protection and the provision of quality services with universal components. Such actions require a rigorous analysis of the binding constraints that affect households in poverty, as well as those households with lower levels of achievement in terms of well-being but who do not face extreme shortages.[2] Although there is a clear overlap between the causes of poverty and those that generate inequality, inequality affects a larger share of the population and poses more challenges. As will be seen later, social policy can reduce poverty indicators, but if corresponding actions are not accompanied by specific policies aimed at reducing inequality, the extent of public intervention will be insufficient to combat this serious phenomenon.

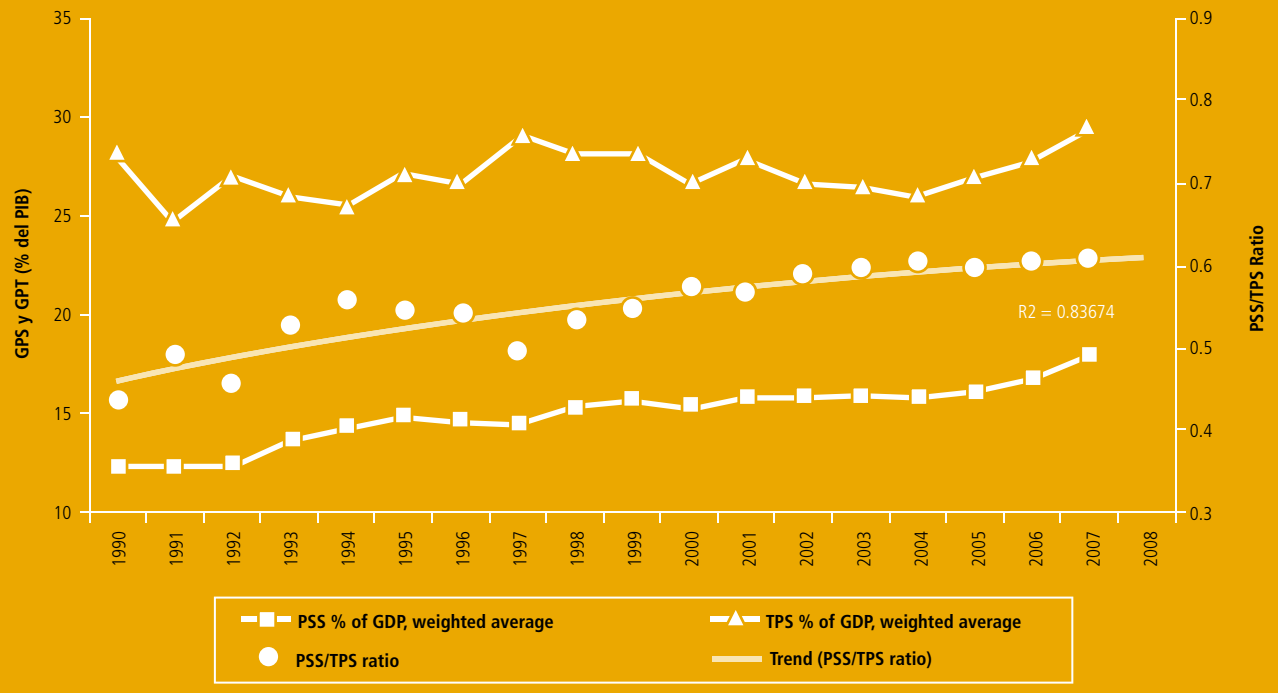
RECENT ACHIEVEMENTS: SOCIAL POLICY OF THE LAST TWO DECADES

The changes witnessed in social policy in the region during the 1990s were reflected in the size and in the distribution of spending. As for the size, Chart 6.1 shows the trend in social spending and in public spending as a whole as a percentage of gross domestic product (GDP) in 21 countries of LAC. Starting in 1990, public social spending followed an upward trend, increasing by nearly 5% of GDP, despite the fiscal constraints faced by most countries during that period. However, total public spending did not follow a clearly upward trend. Consequently, as can be seen in the chart, the share of public social spending as part of total public spending increased during this time, a generalised trend in the economies of the 21 countries in question. Moreover, in the region there was a significant increase in social spending per inhabitant, which grew on average by almost 50% between 1990-1991 and 2000-2001 and rose an additional 30% between 2000-2001 and 2006-2007 (ECLAC, 2009). Most of the increase in spending was concentrated in the areas of safety and social

1 As an example, it is necessary to highlight the temporary closure of 20 schools in San Salvador as a result of widespread insecurity. The measure, announced by local newspapers on 21 April 2010, was enacted after three teachers were murdered.

2 For an analysis of different approaches of changes in the middle classes and a definition of middle class that considers the likelihood that households have of falling into poverty, see Cruces, López-Calva and Battiston, (2010) and Ortiz-Juárez and López-Calva (2010).

Chart 6.1. Latin America and the Caribbean (21 countries). Trend in public social spending (PSS) and in total public spending (TPS) as a percentage of gross domestic product (GDP). 1990-2008



Note: The values reflected in the chart are weighted averages.
Source: Bárcena (2009), based on the ECLAC social spending database.

assistance services as a result of the increasing number of retirees and pensioners in the population and due to the implementation of new social programmes.

With respect to distribution, policies aimed at combating poverty and at protecting the most vulnerable segment of the population promoted, in practice, a more progressive impact of social spending, which, in turn, resulted in a better distribution of income. Figure 6.2 shows the effect of CCTs on the distribution of income per capita. If the transfers had had no effect whatsoever on distribution, the dots would be concentrated on the diagonal line dividing the quadrant. However, it can be seen that in general the transfers helped to decrease inequality. Nonetheless, certain more disaggregated analyses show marked diversity regarding the impacts that social spending has had on income distribution. Spending on social assistance services and on primary education, for example, clearly had progressive redistributive effects, considering that between 50% and 60% of this type of spending was concentrated on the two poorest quintiles of the population.[3]

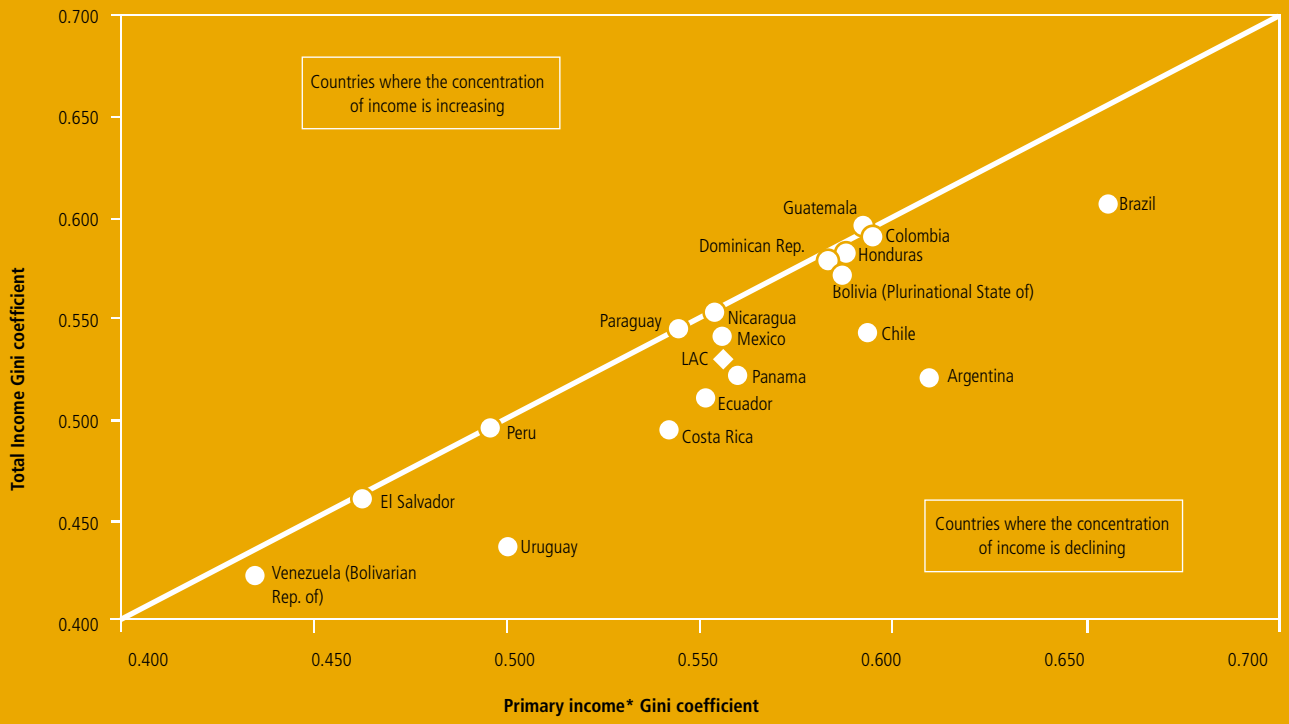
In short, it is possible to say that the countries of LAC made a major effort to improve the impact of social spending, primarily by implementing programmes focused on combating poverty and by eliminating generalised subsidies through the prices of goods and services. Moreover, these measures were developed within the context of limited leeway for fiscal policies, as is analysed in Chapter 5 of this Report.

The effects of CCTs and income protection programmes

Since conditional cash transfer programmes have been the most widely used programmes in the region over the last decade, it is important to analyse their implications within the context of the intergenerational transmission of levels of achievement in well-being. These programmes had a positive effect on income and consumption in the least favoured sectors of society, which led to

3 Analyses that study the short-term impact of social spending tend to underestimate the progressive effect of certain areas of spending that have a medium- and long-term impacts. For example, spending on tertiary education, which is generally considered regressive by incidence analyses, had a significant effect on reducing inequality in Chile in the first decade of the 21st century (Eberhard and Engel, 2009). See also the discussion in (Grynspan and López-Calva, 2010).

Chart 6.2. Latin America and the Caribbean (18 countries). Gini coefficient for household per capita income before and after receiving transfers. *Circa* 2008



* Corresponds to primary income, net of tax and social security contributions.
Source: ECLAC 2009.

a decrease in poverty levels (see Table 6.1).[4] As stated in Chapter 2, these types of programmes serve two major purposes: first, to transfer income flows to households in poverty, and, second, to promote investment by households in the human capital of the youngest generation in order to increase their capacity to generate income in the future and break the cycle of the intergenerational transmission of poverty. Thus, these programmes were explicitly designed to combat structural poverty and to reduce the most pressing resource constraints facing these households by demanding, in exchange for cash transfers, a co-responsibility commitment, i.e., a condition generally related to households' investment in the education and health of their children.

Systems for monitoring and verifying beneficiaries' compliance with programme conditions vary greatly across countries. Typically, household eligibility is based on an assessment of their poverty situation, taking into account information about the households' structural conditions and the level of assets available to them. By design, CCT programmes do not usually cover households that are in a transitory situation of poverty. These programmes are therefore not a useful tool for counteracting the negative effects of transitory crises, unless they are explicitly designed to be implemented in specific extreme situations. Many countries in LAC have adopted CCT programmes -- with variations in design and implementation -- as the basis of social policy aimed at combating poverty. Accordingly, nearly 26 million households in the region are benefitting from this type of programme, with Brazil (with over 15 million beneficiaries) and Mexico (with more than 5 million) as the countries where CCTs have achieved the greatest coverage (see Box 6.1).

While some programmes by definition are not considered part of the CCT group, they are variations on the same, in the sense that their design is based on the same foundation. This is the case of the Bono Juancito Pinto voucher programme implemented in Bolivia, which does not include specific conditions in its design, except for a general requirement for children to attend school (see Box 6.2). Moreover, in addition to CCTs, some countries have launched programmes designed to protect the incomes of people after having experienced events such as acute economic crises or extreme weather-related phenomena, which are situations that usually cause sudden jumps in the unemployment rate. These programmes include Programa Trabajar in Argentina, Plan Nacional de Empleo de Emergencia in Bolivia,

4 For details about these results, see Skoufias et al. (2006), ECLAC (2009) and Lindert et al. (2009).

Programa de Empleo Directo in Chile, Programa de Empleo Temporal in Mexico and Programa Trabajando en la Ciudad in Peru. Although no data are available to fully assess the results of these employment programmes (whereas such data does exist for CCT programmes some studies suggest that these measures have led to a stabilisation of personal income and a reduction in the unemployment rate (Reinecke, 2005).

In addition, while it is still not possible to fully evaluate the effect that CCTs have on intergenerational mobility, data available so far are heterogeneous regarding the effects of CCTs on the human capital of children. While, on the one hand, there have been modest increases achieved in levels of education and health, it has also been observed that the programmes do not manage to increase children's learning levels. These findings indicate that the levels of achievement in well-being of the new generation of beneficiaries will likely be similar to those achieved by their parents, and that these achievements will continue to be low in comparison to those seen in the most favoured sectors of society. Income assistance programmes lack a component designed to protect the school attendance of children during periods of crisis, which is why they are not in a position to counteract the serious effects of extreme economic or weather-related events on the investment in human capital of the youngest generations.[5]

5 For a review of the potential effects of crises on social indicators, see the findings of the project on crises and the Millennium Development Goals, published by the Regional Bureau for Latin America and the Caribbean (RBLAC) of the United Nations Development Programme (UNDP), and summarised in Fernández and López-Calva (2010).

Non-explicit assumptions

In order for CCT programmes to promote better job placement opportunities for future generations and thus help break the vicious cycle of poverty, at least four conditions must be met:

1. Co-responsibility, the basis of this type of programme, must be effectively fulfilled.
2. The quality of services provided in health and education, including curricular contents, must help increase beneficiaries' employment opportunities and productivity.
3. After completing the programmes, CCT beneficiaries must have effective opportunities for productive employment.
4. Selection criteria for beneficiaries must be clear and transparent, which means having solid and reliable administrative instruments and preventing manipulation of the programmes for political or partisan purposes.

Providing these conditions are met, CCT programmes are likely to have a greater impact on reducing persistent levels of poverty experienced in LAC countries. This, *per se*, however, does not make them instruments for reducing inequality, although these programmes can have positive effects in this regard. In addition, the results of some long-term evaluations show that CCT programmes have limited effects on the job placement of beneficiaries (Freije and Rodríguez-Oreggia, 2010).

Table 6.1. Latin America and the Caribbean (6 countries). Effect of conditional cash transfers on poverty and consumption.

Country	Programme	Amount of the transfer (% of consumption)	Effects found in:			
			Consumption per capita (%)	Poverty (headcount)	Poverty gap	Squared poverty gap
Brazil	Bolsa Família	8	7[i]	N/A	N/A	N/A
Colombia	Familias en Acción	13-17	10[ii]	-0.03[ii]	-0.07[ii]	-0.02[ii]
Ecuador	Bono de Desarrollo Humano	7-8	N/S	N/A	N/A	N/A
Honduras	Programa de Asignación Familiar	11-9	7[iii]	N/S[iii]	-0.02[iii]	-0.02[iii]
Mexico	Oportunidades	19-21	7.8[iii]	-0.1[iii]	-0.03[iii]	-0.03[iii]
Nicaragua	Red de Protección Social	29-31	29.3[iv]	-0.07[iv]	-0.13[iv]	-0.09[iv]

N/S: Effect not significant
N/A: Not available
i. Effect after five years of program deployment
ii. Effect after four years of program deployment
iii. Effect after two years of program deployment
iv. Effect after one year of program deployment
Source: Fiszbein and Schady (WBPRR, 2009)

Box 6.1. Conditional cash transfer programmes in several LAC countries

A number of countries in the Latin America and the Caribbean region have implemented conditional cash transfer programmes, with variations as to the conditions to be met by beneficiaries in terms of health and education. According to available data, by 2005, approximately 26 million households were benefitting from these programmes.

Table 1. Latin American and the Caribbean (19 countries) Conditional cash transfer programmes, conditions and coverage

Country	Programme	Start	Conditionalities		Beneficiaries		
			Education	Health	Households	Individuals	Persons in situation of poverty (%)
Argentina	Plan Familias	2002	Yes	Yes	504,784 (2007)	2.4 million (2007)	27
Bolivia (Plurinational State of)	Juancito Pinto (education)	2006	Yes	No	NA	1.2 million children (2007)	NA
	Bono Juana Azurduy (health)	2009	No	Yes	NA	NA	NA
Brazil	Bolsa Família	2003	Yes	Yes	11 million (2006)	52.3 million (2006)	84
	Bolsa Alimentação	1995	No	Yes	NA	1.5 million (2003)	NA
	Bolsa Escola	1995	Yes	No	4.8 million (2001)	8.2 million (2001)	NA
	Programa de Erradicação Trabalho Infantil (PETI)	1995	Yes	No	NA	3.3 million (2002)	NA
Chile	Chile Solidario	2002	Yes	Yes	290,000 (2006)	1.38 million (2006)	47
	Subsidio Unitario Familiar	1981	Yes	Yes	NA	1.5 million (2007)	NA
Colombia	Familias en Acción	2000	Yes	Yes	1.7 million (2007)	8.1 million (2007)	39
	Subsidio Condicionado a la Asistencia Escolar (SCAE)-Bogotá	2005	Yes	No	NA	10,000 (2008)	NA
Costa Rica	Avancemos	2007	NA	NA	58,000	276,080	34
Ecuador	Bono de Desarrollo Humano	1998	Yes	Yes	1.06 million (2006)	5.04 million (2006)	99
El Salvador	Red Solidaria	2005	Yes	Yes	89,000 (2008)	423,640 (2008)	12
Guatemala	Mi Familia Progresa	2008	Yes	Yes	250,000 (2009)	1.19 million (2009)	NA
Honduras	Programa de Asignación Familiar	1998	Yes	Yes	411,000 (2005)	1.96 million (2005)	NA
Jamaica	Programme of Advancement through Health and Education (PATH)	2001	Yes	Yes	NA	300,000 (2008)	NA
Mexico	Progresa/Oportunidades	1997	Yes	Yes	5 million (2007)	23.8 million (2007)	72
Nicaragua	Atención a Crisis	2005	Yes	Yes	3,000 (2005)	13,428 (2005)	NA
	Red de Protección Social	2000	Yes	Yes	21,619 (2004)	102,906 (2004)	NA
Panama	Red de Oportunidades	2006	Yes	Yes	70,000 (2009)	333,200 (2009)	27
Paraguay	Programa Tekopora	2005	Yes	Yes	14,000 (2009)	66,640 (2009)	13
Peru	Juntos	2005	Yes	Yes	336,555 (2007)	1.6 million (2007)	17
Dominican Republic	Programa Solidaridad	2006	Yes	Yes	461,446 (2008)	2.2 million (2008)	46
	Tarjeta de Asistencia Escolar	2001	No	Yes	100,000 (2003)	446,000 (2003)	NA
Trinidad and Tobago	Conditional Cash Transfer Program	2006	NA	NA	NA	NA	NA
Uruguay	Plan Equidad	2007	NA	NA	NA	NA	NA

NA: Not available
Note: When no information was available on the number of beneficiaries, this figure was calculated by multiplying the number of beneficiary householdses by 4.76.
Source: HDR Team research based on ECLAC (2008), Fiszbein and Shady (2009), Grosh et al. (2008) and Johannsen, Tejerina, and Glassman (2007).

Source: HDR Team calculations based on ECLAC (2009), Fiszbein and Shady (2009), Grosh et al. (2008) and Johannsen et al. (2007).

Box 6.2. The Bono Juancito Pinto programme in Bolivia

Objectives

- Promote the accumulation of human capital in order to break the intergenerational reproduction of poverty.
- Encourage children's public school attendance and their completion of the primary education cycle.
- Support households so that they can cover the costs of school supplies, transportation, food and other expenses related to their children's education.
- Help to achieve universal primary education, one of the Millennium Development Goals (MDGs)

Beneficiaries

- Children enrolled in the first through the eighth grade of primary education in public schools (nearly 1.8 million beginning in 2009).[1]

Eligibility criteria

- Students must be registered in the Registration Book and in the teacher's Class List in September of the school term
- Students must regularly attend classes during the school term; their attendance must be certified by the teacher, the school director and the school board.
- Type of benefit: annual voucher of 200 bolivianos (about U.S. $ 26.00).[2]

Effects achieved

- Redistributive: On average, 75% of the children receiving the voucher come from households in poverty.
- Educational: There are data suggesting that the programme leads to less lagging behind at school and an increase in the percentage of children enrolling in the first grade of primary school at six years of age.
- Use of the transfer: About 65% of the value of the voucher is spent directly on the student, while roughly 20% is used to cover direct educational expenses (school supplies and transportation).

Source: HDR Team based on Nicole Czerniexicz (2008) and UDAPE (2010).

1 When the programme began in 2006, it covered children who were enrolled in public schools from the first to the fifth grade. In 2007, coverage was extended to include children enrolled to the sixth grade of primary education, plus all students at special education schools and students in the alternative youth education system. Beginning in 2008, the programme expanded its reach to include the eighth grade of primary education.

2 The voucher can cover about 53% of family spending on education in urban areas and offset over 100% of this expense in rural areas.

FROM FIGHTING POVERTY TO REDUCING INEQUALITY: BEYOND CCT PROGRAMMES

The *binding constraints* approach presented in this Report proposes that measures should be designed to reduce the most immediate constraints faced by households, thus making it possible to interrupt the intergenerational transmission of low levels of relative achievement in dimensions such as health, education and income.

In a context similar to the one proposed in this Report, Sen (2004) has suggested the so-called Triple R analysis, i.e. the Reach, Range and Reason analysis. In simple terms, this analysis implies that, first of all, public actions should reach the people, the households and the communities for which they were designed (*Reach*). Secondly, to be effective, these measures should be comprehensive, in other words, they should address all of the identified binding constraints (*Range*). Lastly, these actions should be consistent and should affect beneficiaries' aspirations, objectives and autonomy, thus encouraging them to become active subjects and not passive recipients of development policies (*Reason*). This is the public policy approach upon which this Report is based. In this sense, it is essential to bear in mind that initial inequality must not be understood as just another piece of contextual information, but rather one of the most important factors that conditions the success of public policy. With this in mind, three key elements come into play when formulating public policies:

1. Interventions should be based on a clear definition of the political coalitions that make them viable and take into account the cost-benefit matrix of the actors involved.
2. Interventions should be comprehensive and based on a detailed analysis of the binding constraints that perpetuate low levels of relative achievement. This includes taking into account the incidence of objective, contextual and resource-related conditions and constraints, and also, subjective aspects that help shape individuals' aspirations and the goals they set for themselves in life.
3. Although there are important reforms related to the state's capacity to respond to the challenges and constraints imposed by inequality, public policies aimed at addressing this problem can incorporate elements that strengthen citizen dynamics and empowerment, such as setting basic rules governing transparency, improving the accountability of operators of public interventions, and strengthening consumer protection mechanisms in specific markets. When designing programmes, it is important to incorporate elements that help to empower and strengthen potential beneficiaries' citizenship. Examples of these

elements include ensuring transparency when selecting the intended beneficiaries, preventing political manipulation, and creating legal entities before which appeals may be lodged in the event that the rights stipulated by public policy are not provided.[6]

Although there are programmes that have already incorporated these kinds of elements, it is necessary to expand and augment this broad approach to public policy. In this regard, Chile Solidario (see Box 6.3) and Comunidades Solidarias Urbanas in El Salvador, for example, are both programmes that have the coherent design characteristics of comprehensive public policies.

THE PATH AHEAD

As confirmed by this Report, inequality is indeed a complex problem. Although inequality reduction is directly related to combating poverty, an inequality approach requires the development of a distinct perspective and the application of specific instruments that are different from those used to fight poverty. Curbing inequality requires the development of a fully-comprehensive public policy aimed at bridging the huge gaps between the different strata within LAC societies. Closing these gaps by making different paths in life both visible and attainable, while expanding peoples' freedom to choose effectively between different life options, would help develop more *connected* societies. Attention to geographic inequalities and to inequalities relating to gender and racial or ethnic origin should be a priority for public policy planning, given that the specific institutional, cultural and historical factors of each of the countries in the region raise particular challenges.

The message that this Report wishes to convey is that the intergenerational transmission of inequality can be broken. To achieve this, actions must be taken not only at the level of households and their immediate surroundings, but also at the state level and its systems of redistribution and regulation. The cycle whereby inequality is reproduced and perpetuated in LAC can be reversed through the design and implementation of comprehensive policies that tackle all the *binding constraints* that block the way to spaces of effective choice for large swathes of the population. As regards the fight against inequality within households and their immediate surroundings, this Report provides specific examples of initiatives that have been implemented in the region with promising results. On the *systemic* side, the state's tax capacity and its regulatory effectiveness both require reforms in order to modify the structure of incentives for political actors by making regressive policies more visible and costly. Thus, by implementing reforms that help the system of political representation and state action respond better to the demands and interests of groups with lower levels of relative influence, it will be possible to enhance the progressivism of public dynamics. The purpose of this Report is to help make inequality the focus of priorities in public policy and to propose specific measures that promote the reduction of inequality, thereby leading to a greater efficiency in the fight against poverty, a more inclusive economic growth, a more efficient functioning of the state, and an improved quality of the systems of political representation.

6 For further reading on the political economy of designing conditional cash transfer programmes and the effects thereof on citizenship, see Levy (2006), Camacho and Conover (2009), Estevez et al. (2010), Rodriguez-Chamussy (2010), in addition to the discussions raised in various chapters of this Report.

Box 6.3. The *Chile Solidario* Programme

The aim of the Chile Solidario programme is to help reduce poverty mainly from the standpoint of demand by providing short-term assistance (psychosocial support, direct cash transfers and social assistance programmes) and by implementing a medium-term development strategy that seeks to afford families in poverty preferential access to public services in order to raise their standard of living. This programme is also characterised by its explicit focus aimed at coordinating ongoing initiatives and maximising their benefits for households that live in extreme poverty and that, therefore, have urgent needs.

Families who benefit from this programme come from the poorest segments of the population and are chosen based on a test of socio-economic status. As part of the programme, income transfers are made to women so that they can meet their families' most pressing needs. The design of this programme, which aims to increase the welfare of households living in extreme poverty, is based on a strategy that works on both the demand for and provision of public services. Moreover, the programme limits households' participation to a maximum of five years.

A fundamental aspect of the demand component of the Chile Solidario programme is an intense period of psychosocial support that lasts for two years and is centred on contacts between the beneficiaries and programme development specialists. The interval between meetings gets longer over time. During this period, a local social worker works intensively with families on planning a strategy that will enable them to escape from extreme poverty. These social workers also provide social assistance in a number of areas (identification of family dynamics, education, health, housing, employment, income, etc.), dimensions in which households should attain minimum levels of achievement as a result of their participation in the programme. Thus, the social worker has a dual role: to help families create or restore their functions and capabilities, while at the same time helping them become "connected" to a network of social services.

As part of the assistance component of the programme, each participating family receives a monthly cash transfer, the amount of which, in itself small, decreases over time and is intended to offset the cost of participation. In addition, during the intensive initial phase and for three years thereafter, beneficiary households receive preferential access to various public subsidies and social programmes. The objective of this preferential access is to make participating households become "visible" to public service providers so that they can better meet the needs of this sector of the population. In order to bridge the gap in demand for these services, the programme helps participating households connect with public service providers (the social protection network) and to independently access the service provision network of their choice.

The social services component of the programme seeks to coordinate the actions of the various existing agencies, so that the social services provided are suited to the actual needs of the population each is designed to serve. This component, in turn, seeks to determine in which cases it is necessary to offer services at the local level. This comprehensive approach is based on data showing that isolated and sector-based programmes are not effective in addressing the multiple dimensions of development that are closely interrelated, nor do they promote the emotional well-being of people living in extreme poverty. In practice, the coordination of actions aimed at influencing the dimensions of employment, health, education, housing and children's services, among others, is carried out at the local level. This is done with specialised and highly motivated staff. In addition, regular local meetings are held between the sectors responsible for providing the different services.

The results of the assessments of the Chile Solidario programme show that it has made remarkable achievements, including: i) a significant positive effect in terms of the access by beneficiary households to public services, which is one of the programme's main objectives; ii) a significant improvement in the likelihood that children aged 4 to 5 and from 6 to 15 attend school; iii) an increased probability that beneficiaries register with the public health system, and an increased number and frequency of visits to healthcare centres for preventive care of children under 6 years of age; iv) an increase in visits to healthcare centres for preventive care for the elderly; v) significant improvements in the psychosocial well-being of the beneficiaries; and vi) in rural areas, a reduction in the incidence of poverty in 20% of participating households.

Source: HDR Team based on Galasso and Carneiro (2009).

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Technical notes

TECHNICAL NOTE 1
Methodology for estimating the inequality sensitive Human Development Index

The human development index (HDI), first published in 1990, was designed to compare different countries' achievements in three dimensions of human development, which are measured with four specific indicators:

- Economic well-being, expressed by per capita GDP in dollars adjusted for purchasing power parity (PPP).
- Education, measured by the adult literacy rate (with a 2/3 weighting) and the gross enrolment rate (with a 1/3 weighting).
- Long and healthy life, assessed by life expectancy at birth.

Aggregating the dimensions is simple. To do so the values must be standardised between 0 and 1, and none of these should have a relative weight greater than the others. Hence, the human development index is the arithmetic average of the three dimensions, as expressed by the following formula:

$$HDI = \frac{\text{income} + \text{education} + \text{health}}{3} \quad (1)$$

The simplicity of its calculation is probably the HDI's most important characteristic as it facilitates the tasks of interpretation and communication, and in this way enhances the political relevance of achievements attained in each of the component dimensions. However, this same simplicity has also made it the target of criticism, including the claim that the HDI is not sensitive to inequality in the distribution of human development among the population.

Proposals in the recent literature have attempted to correct this weakness in order to obtain a more robust human development indicator. Anand and Sen (1995) for example, developed a measure that reflects gender inequality in human development. In other words, it calculates the level of human development of men and women and then aggregates the resulting values based on generalised averages to discount inequality between the two groups. Hicks (1997) on the other hand, proposed an index that discounts the level of inequality – measured by Gini coefficient - from each dimension of human development and then obtains the value of the index as the arithmetic average of these dimensions.

The literature has also shown however, that such methodologies violate several properties of the conventional HDI.[1]

For this reason, Foster et al. (2005) propose a family of inequality sensitive indexes that encompass all the desirable qualities of the HDI. The construction of these indexes is based on generalised averages that discount the level of inequality of each dimension. The process consists, first of all, in transforming the distribution values of each dimension in accordance with the following expression:

$$dimension(X) = \left(\frac{x_1^{1-\varepsilon} + \cdots + x_n^{1-\varepsilon}}{n}\right)^{\frac{1}{1-\varepsilon}} \quad (2)$$

The dimensions are then aggregated by means of the arithmetic mean and the inverse transformation is applied to the resulting index. In this way, the inequality sensitive index (IAHDI) is a generalised average of the generalised averages of each dimension:

$$IAHDI = \left[\frac{(\text{income})^{1-\varepsilon} + (\text{education})^{1-\varepsilon} + (\text{health})^{1\varepsilon}}{3}\right]^{\frac{1}{1-\varepsilon}} \quad (3)$$

In the expressions above, $\varepsilon > 0$ is an inequality aversion parameter. If $\varepsilon = 0$, the result is the conventional HDI; if $\varepsilon = 1$, the index aggregates the distributions based on the geometric mean, and if $\varepsilon = 2$, the achievements are aggregated in accordance with the harmonic mean. In general, as the value of ε increases, the levels of inequality existing between individuals and between dimensions is punished, so the value of the IAHDI will fall consistently as long as greater inequality persists.

This methodology has been applied recently in several studies that estimate the level of human development adjusted for inequality with different levels of disaggregation. For example, the *Human Development Report Mexico 2002* estimated an inequality sensitive index using data that had been aggregated on a state-wide scale (UNDP, 2003). This "refined development index" uses generalised means based on the expressions above. *The report Aportes para el Desarrollo Humano en Argentina 2009* also presented an estimation of an individual index based on the national household survey (UNDP, 2009). Along these same lines, Alkire and Foster (2010), López-Calva and Ortiz-Juárez (2010) and Vigorito and Arim (2009) also present estimations of an inequality-sensitive index based on household data.

In this Report, the IAHDI is built on the methodology proposed by Foster et al. (2005), using household indicators from national surveys of a group of 18 Latin American countries, standardised by CEDLAS.

1 For example, Hicks' methodology does not comply with the quality of consistency in sub-groups (see discussion in Foster et al., 2005).

It is important to point out that some indicators are different from those used in the conventional HDI, due to the fact that information is not always available at all the different levels of disaggregation. For example, the life expectancy indicator is not available for each household considered, so it is necessary to look for variables that approximately reflect achievement in the health dimension.

In the exercise presented in this report, the methodology used for constructing each dimension of the IAHDI and its aggregation is based on expressions (2) and (3) above.

Income index

For each survey, the total per capita annual income of each household is obtained, which is adjusted to the national accounts and is then converted into international dollars using a correction factor in accordance with the purchasing power parity (PPP). With these reconciliations, the income index is obtained by comparing the real income of household i, on a logarithmic scale, with minimum and maximum reference values, in accordance with the following formula:

$$\text{income}_i = \frac{\log(\text{real value}_i) - \log(\text{min})}{\log(\text{max}) - \log(\text{min})} \quad (4)$$

where min and max are the traditional values of 100 and 40,000 dollars PPP, respectively, established by the UNDP. The resulting value will be between 0 and 1; but, in order not to truncate the distribution, income of over 40,000 dollars remain unaltered, so the income index can be greater than 1 in some cases. Moreover, in order not to underestimate the index and avoid the loss of observations, the incomes considered are strictly positive, so values of zero or negative values are substituted by a minimum value of 150 dollars.

Education index

The estimation of this index on a household level can generate a loss of observations in households in which there are no individuals who are of school age, as enrolment depends on the age and a presence of such subjects. To correct this problem, the education index proposed in this report keeps the literacy component, but replaces the enrolment component with one that reflects the accumulated years of schooling for individuals of seven years of age or over (the necessary age to accumulate at least one year of basic education). [2]

Concerning the schooling component, the exercise conducted by UNDP (2009) is taken as a reference. In this exercise, a standard was set for each individual in the household in which the minimum reference value is zero (no schooling) and the maximum value depends on the individual's age, based on the following logic: a seven year old individual will have a maximum of one year of schooling; an eight year old will have a maximum of two years of schooling, and so on for individuals of 22 years of age or more, who will have a maximum of 16 years of schooling, which means that they have spent at least four full years of professional studies. Based on the above, the schooling index for individual j of seven years of age or more in household i is obtained by comparing his or her accumulated schooling with the maximum and minimum reference values, pursuant to the following formula:

$$\text{schooling}_{ij} = \frac{\text{observed value}_j \geq \text{min}}{\text{max - min}} \quad (5)$$

The individual values obtained in the expression above are averaged arithmetically and the resulting value is attributed to the members of the household that have reached the necessary age for accumulating schooling (under seven years of age). The main advantage of this is the avoidance of a loss of observations that would occur by assuming that children will aspire to attaining at least the average of the other members of the household.

In general, this procedure gives a single value for household i, which is the average schooling of all its members. If a minimum reference value of 0 is set, which signifies that no member of the household has accumulated any schooling, and a maximum value of 1, where all the members of the household have attained the maximum schooling for their age, the schooling index for household i can be formally expressed as:

$$\text{schooling}_i^* = \frac{\text{schooling}_i - 0}{1 - 0} \quad (6)$$

However, in order not to under-estimate the index, and in the event that some members of the household have accumulated some learning and experience in their lives, irrespective of whether they have been to a formal education centre or not, schooling indexes of 0 are replaced by an index of 0.5.

With regard to the second component of the education index, the traditional definition has been followed, which considers as literate those individuals of 15 years of age or more who know how to read or write a message. Hence, the adult literacy rate of household i can be calculated as:

2 In Brazil, Guatemala and Nicaragua, among other countries, formal education starts one year later than in other countries, so counting the age is delayed by one year to prevent under-estimating the accumulated years of schooling in these countries.

(7) $$\text{literacy}_i = \frac{1}{n_i}\sum_{j=1}^{m} a_j$$

where n_i is the total number of adults of 15 or more years of age in household *i*, *m* is the total number of literate adults and aj is an indicator that has a value of 1 if adult *j* is literate and 0 if he or she is not. Once again, assuming maximum and minimum reference values of 0 and 1 that indicate illiteracy and full literacy respectively, the literacy index of household *i* can be formally expressed as:

(8) $$\text{literacy}_i^* = \frac{\text{literacy} - 0}{1 - 0}$$

For the reasons mentioned above, this index is assigned a minimum level of 0.5 instead of 0 in those households in which none of the adults know how to read or write.

Finally, to calculate the education index, only the literacy and schooling indexes, obtained from (7) and (8) are aggregated, using the traditional weightings established by UNDP:

(9) $$\text{education}_i = \frac{2}{3}(\text{literacy}_i^*) + \frac{1}{3}\text{schooling}_i^*$$

Health index

Due to a lack of information about life expectancy at the household level, this Report considers access to drinking water and the availability of a toilet in the household as alternative health indicators, as evidence has been found that these have a major impact on the health of the population, especially on children's health (Galiani et al., 2005).

The calculation at a household level involves using two probit type econometric models to discover the association between these indicators and several explanatory household variables, including the age of the head of the household, income, members' levels of education, geographic location, the total number of members and children and the construction materials of which the house is built. The results of these models are interpreted, on the one hand as the probability of the household to access sources of drinking water and, on the other, as the probability of having adequate sanitation.

Table NT1.1 Latin America and the Caribbean (18 countries). Components of the inequality adjusted human development index (IAHDI). Results obtained from expression (2)

Country	Year	Income			Education			Health		
		ε = 0	ε = 1	ε = 2	ε = 0	ε = 1	ε = 2	ε = 0	ε = 1	ε = 2
Argentina	2008	0.866	0.841	0.765	0.877	0.868	0.843	0.943	0.940	0.936
Bolivia (Plurinational State of)	2007	0.550	0.499	0.232	0.815	0.767	0.667	0.767	0.731	0.690
Brazil	2008	0.717	0.671	0.557	0.781	0.732	0.626	0.832	0.798	0.728
Chile	2006	0.767	0.749	0.718	0.870	0.853	0.802	0.935	0.923	0.904
Colombia	2004	0.589	0.523	0.377	0.741	0.691	0.600	0.776	0.724	0.653
Costa Rica	2008	0.743	0.704	0.595	0.798	0.761	0.659	0.973	0.971	0.968
Dominican Republic	2007	0.694	0.672	0.628	0.791	0.741	0.645	0.714	0.647	0.534
Ecuador	2008	0.658	0.624	0.550	0.811	0.769	0.670	0.905	0.898	0.890
El Salvador	2007	0.676	0.649	0.579	0.725	0.662	0.545	0.527	0.451	0.366
Guatemala	2006	0.576	0.545	0.493	0.651	0.572	0.457	0.617	0.564	0.511
Honduras	2008	0.474	0.386	0.233	0.713	0.651	0.536	0.674	0.636	0.593
Mexico	2008	0.785	0.754	0.673	0.821	0.786	0.703	0.777	0.738	0.683
Nicaragua	2005	0.481	0.450	0.398	0.694	0.625	0.509	0.465	0.327	0.168
Panama	2008	0.763	0.727	0.646	0.848	0.818	0.740	0.780	0.739	0.678
Paraguay	2007	0.564	0.532	0.426	0.795	0.762	0.675	0.805	0.787	0.767
Peru	2008	0.705	0.685	0.661	0.788	0.736	0.620	0.675	0.600	0.498
Uruguay	2008	0.814	0.802	0.787	0.850	0.837	0.802	0.940	0.934	0.925
Venezuela (Bolivarian Rep. of)	2006	0.756	0.710	0.575	0.832	0.803	0.743	0.905	0.882	0.839
Average Latin America	2007	0.677	0.640	0.550	0.789	0.746	0.658	0.778	0.738	0.685

Source: HDR Team, with base on CEDLAS, National University of Plata, with SEDLAC data (CEDLAS and World Bank).

With these results, the health index is constructed as an arithmetic average of the estimated probabilities for each indicator, because there is no specific reason why greater relative importance should be assigned to any indicator in particular. The value obtained could be interpreted as the average achievement of access to a healthy physical environment for the members of the household, which can be expressed as:

$$\text{health}_i = \frac{1}{2}(\text{pr}_{\text{water}}) + \frac{1}{2}(\text{pr}_{\text{toilet}}) \quad (10)$$

As the results of the above expressions are probabilities, the reference values that compare each household's achievement are automatically 0 and1, where the former means no achievement and the latter represents full achievement.

Table NT1.2 Latin America and the Caribbean (18 countries). Inequality adjusted human development index (IAHDI) Results obtained from expression (3)

Country	Year	Inequality adjusted human development index		
		ε = 0	ε = 1	ε = 2
Argentina	2008	0.895	0.882	0.842
Bolivia (Pluri-national State of)	2007	0.711	0.654	0.413
Brazil	2008	0.777	0.732	0.629
Chile	2006	0.857	0.838	0.801
Colombia	2004	0.702	0.640	0.513
Costa Rica	2008	0.838	0.804	0.709
Dominican Republic	2007	0.733	0.686	0.598
Ecuador	2008	0.791	0.755	0.677
El Salvador	2007	0.643	0.579	0.477
Guatemala	2006	0.615	0.560	0.486
Honduras	2008	0.620	0.543	0.382
Mexico	2008	0.794	0.759	0.686
Nicaragua	2005	0.547	0.451	0.288
Panama	2008	0.797	0.761	0.686
Paraguay	2007	0.721	0.683	0.584
Peru	2008	0.723	0.671	0.584
Uruguay	2008	0.868	0.856	0.834
Venezuela (Bolivarian Rep. of)	2006	0.831	0.795	0.701
Average Latin America	2007	0.748	0.703	0.605

Source: Drawn up for this Report by CEDLAS, National University of La Plata, with SEDLAC data (CEDLAS and World Bank).

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TECHNICAL NOTE 2
The Dissimilarity Index

Below is an explanation of the procedure followed by Paes de Barros et al. (2008) to calculate the Dissimilarity Index,(DI) which measures inequality of opportunities when the operating indicator (or advantage) to be measured is dichotomous, for instance, the availability or lack of water and sanitation services.

First, the population is divided into *K types*, where each type is a combination of the circumstances to be considered. Let I be the number of circumstance and ml the number of possibilities for each one. For example, if only two circumstances are considered such as 1) Region: rural/urban and 2) Father's schooling: 0-24 years of schooling, then the population will be divided into 2 x 25 = 50 types. In this case, $I = 2$, $m_{region} = 2$, $m_{schooling} = 25$ *and there would be* $K = \prod_l m_l = K$ *possible types, that is,* $k \in \{1,2,...,50\}$. Let d be a variable such that d = 2 if they have the advantage and d = 0 if they do not have it.The probability that the total population has a certain advantage, or the proportion of the total population that has the advantage is $\bar{p} = E(d) = p(d = 1)$. The probability of having the advantage in question determining membership of type k, or the proportion of the population of type k that has the advantage is $p(x_k) = p(d = 1|x = x_k)$. The probability of belonging to type k or the proportion of type k people in comparison with the total population is $f(x_k) = p(x = x_k)$. Then the ID is calculated as

$$ID = \frac{1}{2\bar{p}} \sum |p(x_k) - \bar{p}| \, f(x_k)$$

To find p(x k) a probit type regression is utilized in which the dependent variable is the advantage and the independent variables are the circumstances. Then it is calculated as

$$\sum_k p(x_k) f(x_k)$$

adding this to the type k, or equivalently, as

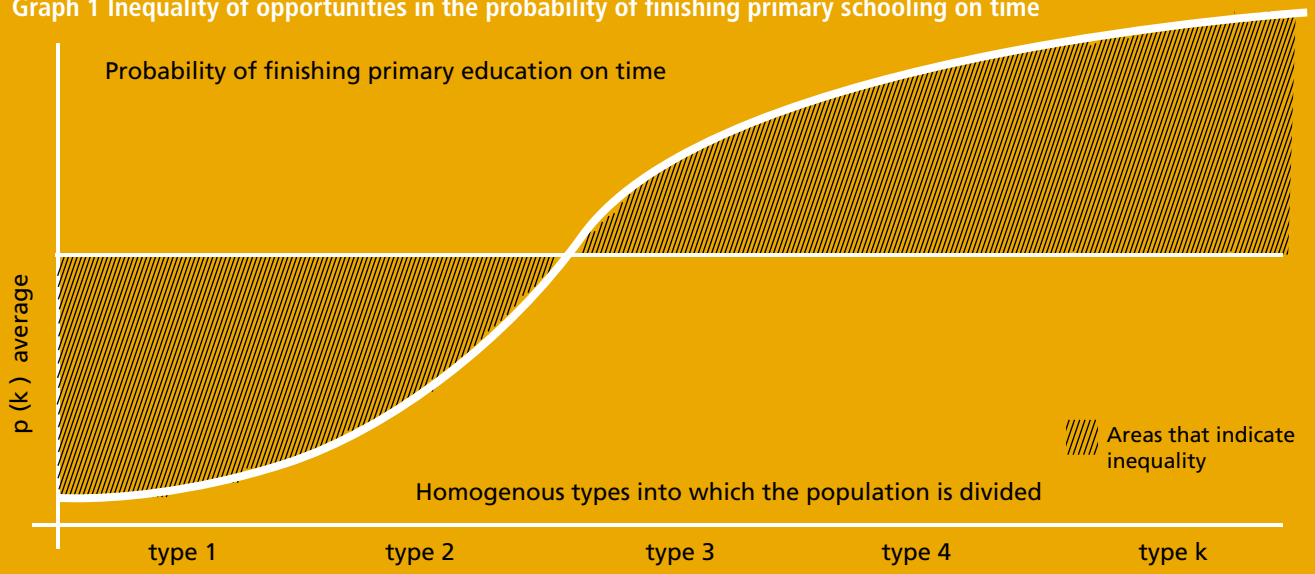
$$\frac{\sum_i p(x_{i_k})}{N}$$

Adding to the *N* individuals, *i* of the population, where i_k is the type of individual *i*.

Interpretation: the DI is the percentage of the total advantages that would have to be redistributed among the types into which the population was divided so that everybody has the same probability of possessing an advantage, irrespective of the type that the individual belongs to. For inequality of opportunities to be zero ($DI = 0$), it is necessary that $p(x_k) = \bar{p}$ *for all of k, that is, that the probability of having the advantage has to be independent of the type that the individual belongs to.*

Take note that the DI depends on three factors. The first is that the total proportion (coverage) of the population that has a certain advantage; from more to less, will be the DI. The second factor is p(x k), that is, the probability of having a certain advantage because a person belongs to type k, and finally, it depends on f(x k), that is, on the distribution of the population types. The areas that indicate inequality of opportunities are given by those that are under or over the average for the population (see Figure 1). The DI is associated with the area represented by the sum of these areas. In the case of Figure 1, to attain equality of opportunities, the advantages of the types of household 3, 4 and 5 would have to be redistributed to types of household 1 and 2.

Graph 1 Inequality of opportunities in the probability of finishing primary schooling on time



Source: HDR Team based on Paes de Barros and Mirela de Carvalho, 2008.

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Appendix

APPENDIX 1
How is agency measured?

One of the four global indicators is obtained by asking the person if he/she considers that he/she has control over all, most, some or none of the decisions that affect his/her everyday activities. This variable is called global decision-making power. For another of the global questions, the drawing of a 10-step staircase is used. The interviewee is told that the people who have no freedom to choose or decide about their own lives are on the first step, while on the top step, the tenth, are those that have full freedom to choose and decide. Then the person is asked which step he or she would put him/herself on. This variable is called the freedom of choice staircase. Finally, the interviewee is asked if he or she believes that he/she could change anything in his block/building and, in another question, if he/she could change anything in his/her neighbourhood/town. The options in these two questions are: "no", "yes, but it would be very difficult", ¨"yes, but it would be difficult", "yes, easily" and "yes, very easily". For the analysis, the second two options were grouped together in one ("Yes, but it would be difficult or very difficult") and the last two in another one ("Yes, easily or very easily"). These variables are called possibilities of change in block or building and possibilities of change in neighbourhood or town.

The specific indicators refer to three particular contexts: minor household shopping, main activity of the person (housewife/participates in the labour market and in which activity) and the education of the children. The set of questions as a whole is equivalent for the three contexts. First of all, the person is asked who usually makes the decisions in that context in particular.[1] The possibilities are: the interviewee and his/her partner jointly, the interviewee and another member of the household, the interviewee and another person, the interviewee's partner on his/her own or another person of the household on his/her own. This way, two groups of people can be identified: those that take part in household decision-making (whether they make the decisions on their own or with somebody else) and those who do not take any part. In the event that the person declares that he/she does not take any part in the decision-making in this context, the person is asked if he/she could if he/she wanted to. If the answer is yes, then the person is considered as if he/she really did take part in the decision-making, as the situation is considered as a voluntary cession of power to other parties. With these questions, variables known as household shopping decision making/role in the household/education of the children are created.

Secondly, and based on the psychological theory of self determination (Self-Determination Theory, SDT) developed by psychologists Edward L. Deci and Richard M. Ryan (Deci and Ryan, 1985; Ryan and Deci, 2000), an attempt is made to reveal the motivation behind decision-making in each context. The self-determination theory defines the concept of autonomy as the degree to which one accepts, supports and agrees with his/her own actions (Deci and Ryan, 1985, Ryan and Deci, 2000). As Alkire (2005), Ibrahim and Alkire (2007) and Alkire and Chirkov (2007) have suggested, the concept of autonomy in the self determination theory is aligned with the concept of the role of agency in accordance with Sen: to act in accordance with what one values and what one has reasons to value. To this end, it can be useful to develop measurements in this area to move forwards in measuring the role of agency.

The basic postulate of the self-determination theory sustains that autonomy is not an "all or nothing" dilemma, but a continuum that goes from a very low to a very high internalisation of people's behaviour. On the lowest level of the degree of internalisation of actions is what the authors call external regulation, which refers to the case in which a person acts to obtain a reward or to avoid a punishment; the individual carries out the action because of somebody else's insistence. At a higher level of autonomy is introjected regulation, in which a person acts to experience self-approval or the approval of another person, or to avoid blame or guilt. Finally, at the upper end of the scale is identified or integrated regulation. In this case, the person acts in accordance with his or her values and with what has meaning and is important for him or her.[2]

The authors of the self-determination theory have designed questions aimed at identifying different levels of autonomy in actions with extrinsic motivation. These questions are the base for drawing up a relative autonomy index (RAI).The concept of autonomy postulated by the authors should not be associated or confused with the concept of individualism. People can accept cultural practices and, therefore, be au-

1 This is the most common question about empowerment used in empirical studies.

2 In practise, the authors distinguish between identified and integrated regulation. The latter is for a higher level of autonomy than the former. Identified regulation takes place when the person consciously backs a given behaviour or value because it makes personal sense and is personally important. With integrated regulation, people consider that their behaviour is in harmony with their values, in synchrony with their daily life and in co-ordination with other identifications. When this question is asked, people frequently have difficulties in differentiating the two motivations; which is why, in this survey, it was summarised in a single autonomous motivation.

tonomous in their actions in a variety of both verticalist and horizontalist, individualist and collective cultural contexts. These questions have been used in empirical studies with a view to measuring the degree of autonomy and to assess its association with subjective well-being (and also for the purpose of analysing what kind of cultural practices are accepted with the greatest ease) in very different cultural contexts. To this end, Ibrahim and Alkire (2007) propose using them – with some adaptations – to measure the role of agency.[3]

The question consists of presenting the interviewee with a series of statements, which are not mutually exclusive, with which he/she must express a level of agreement: "that is not right", "it is not completely right", "it is partially right" and "it is completely right". Each of the statements seeks to capture one of the three kinds of regulation mentioned above. In the adaptation made for this survey, the question consists of five statements. The first captures a situation of lack of control over the decision in that particular context. The next two statements attempt to capture behaviour patterns based on external pressure (pressure brought by the life partner or by any other person, community or society). The fourth statement registers behaviour patterns based on introjected regulation and the last statement captures integrated and identified regulation. A set of statements is presented to those who have reported that they do not participate in decision making in that context (the set of statements refer to non-participation) and another set of equivalent statements is given to those who report that they do participate in decision making in that context.[4]

The statements made in each context have the following structure:

Table 1: Adapting the questions to the self determination theory

RAI = (-1)[external pressure response 1] + (-1)[external pressure response 2] + (-1) [introjected regulation response] + (3)[integrated and identified regulation response].[5]

For those that declare that *they do not take part* in decision making in this context:

1. That is not right 3. That is partially right	2. That is not completely right 4. Completely right
No control	The truth is that I cannot decide about [context]. I cannot make that decision.
External regulation 1	I do not make decisions about [context] because my partner does not let me.
External regulation 2	I do not make decisions about [context] because someone else, society, social organisations and/or my community do not let me.
Introjected regulation	I do not make decisions about [context] because that is what others expect of me. If I made the decisions about [context] maybe they would blame me for something and or I would feel guilty about something.
Integrated/ identified regulation	I do not make decisions about [context] because I prefer not to.

For those that declare that *they do participate* in decision making in this context:

1. That is not right 3. That is partially right	2. That is not completely right 4. Completely right
No control	The truth is that I make/take part in decisions about [context] because I have no choice. I have to.
External regulation 1	I take/take part in the decisions about [context] in accordance with how my partner forces me to.
External regulation 2	I make/take part in decisions about [context] in accordance with how somebody else, society, social organisations or my community forces me to.
Introjected regulation	I make/take part in decisions about [context] because it is what people expect of me. If I didn't, maybe they would blame me for something or I would feel guilty about something.
Integrated/ Identified regulation	I choose freely to make/take part in decisions about [context].

As the two sets of statements are mutually exclusive and because the important thing is not whether the person takes part in the decision making in the context (that has already been picked up in the previous question), but their motivation for doing so (whether they participate or not),

3 Chirkov et al. (2003) applied them in the United States, Russia, Turkey and South Korea, Chirkov, Ryan and Willness (2005) in Canada and Brazil. Chirkov et al. (2003) quote several papers that include the application of the questionnaire in other countries.

4 Take note that this is an adaptation of the authors' original proposal. In the original proposal, there is only one statement referring to external pressure (where it comes from is not considered) and two that refer to high autonomy, one for identified regulation and another for integrated regulation. On the other hand, the philosophy of the statements is different. In the authors' original version, the statements do not explicitly refer to "decision making", but to specific actions, so that the questions are applicable in both individualist and collectivist cultures. In Latin America, this change was made to facilitate an understanding of the questions, as these are profoundly individualist contexts. These adaptations are also analysed in Chapter 4.

5 In its original version, the index is calculated as RAI = (-2)[external pressure response] - [introjected regulation response] + [identified regulation response] + 2[integrated regulation response].

the answers given to each statement by those that participate and those that do not are combined in order to obtain the same variable for each kind of external regulation, one for introjected regulation and one for identified regulation, for the whole sample. These variables are then used to construct the relative autonomy indexes (RAI), another adaptation to the approach proposed by Deci and Ryan (2000). The relative autonomy indexes are constructed in the following manner: As Ibrahim and Alkire (2007) do, the first statement, which refers to a lack of control, is excluded from the calculation of the index because it only indicates that there is no possibility to choose. One can verify that the RAI varies between -9 and 9, on a scale of increasing autonomy. These questions formed the base for creating what are known as the relative autonomy/household shopping index, relative autonomy/role in the household index and the relative autonomy/children's education index.

Agency index by socio-economic level

Based on the above, an agency index is formulated, shown in Chapter 4, which summarises the information on the seven headings (four globally and three on particular contexts) addressed here as agency indicators.

The first step to generate the index is to use the main components method for categorical discreet variables (MC). In short, the aim of the MC analysis is to identify a latent factor or an underlying factor that is not always directly observable, from its different manifestations in several dimensions observed empirically. That is, establish a new set from an original set of variables, this one with fewer variables, that expresses what the original variables have in common.

In our case, the MC method is applied to the following variables: freedom of choice staircase, global decision making power, possibilities of changes in the block and/or town, and the three relative autonomy indexes (decisions about household shopping, children's education and the role in the household). Table A1.1 shows the eigenvalues of the resulting components for the three geographical areas analysed, which enables us to identify three components (or sub-indexes) for the three cities. With these components, one can explain 64% of the total variability of the seven agency indicators in the case of Buenos Aires, 69% in Mexico City and 66% in Managua.

Furthermore, Table A1.2 shows the weight of the seven variables or of the values of the variables that are categorically discreet in each of the three components.

Table A1.1 Main components of the agency index. Eigenvalues.

Component	Eigenvalues	Variance explained	Cumulative variance explained
Buenos Aires			
1	1.7995	0.2571	0.2571
2	1.5300	0.2186	0.4756
3	1.1419	0.1631	0.6388
4	0.8333	0.1190	0.7578
5	0.7795	0.1114	0.8692
6	0.7139	0.1020	0.9712
7	0.2019	0.0288	1.0000
Mexico City			
1	1.9247	0.2750	0.2750
2	1.7075	0.2439	0.5189
3	1.1846	0.1692	0.6881
4	0.8081	0.1154	0.8036
5	0.6413	0.0916	0.8952
6	0.5930	0.0847	0.9799
7	0.1408	0.0201	1.0000
Managua			
1	1.9220	0.2746	0.2746
2	1.4356	0.2051	0.4796
3	1.2800	0.1829	0.6625
4	0.9066	0.1295	0.7920
5	0.7560	0.1080	0.9000
6	0.5823	0.0832	0.9832
7	0.1175	0.0168	1.0000

Source: HDR Team based on the household surveys conducted for this report in Buenos Aires, Mexico City and Managua.

Table A1.2 Main components of the agency index. Component saturation

	Buenos Aires			Mexico City			Managua		
	Coef. 1	Coef. 2	Coef. 3	Coef. 1	Coef. 2	Coef. 3	Coef. 1	Coef. 2	Coef. 3
Global decision-making power									
1	-0.0843	-0.4106	-1.1681	-0.1320	-0.0172	-0.8486	0.1500	-0.6824	0.2033
2	-0.0362	-0.1764	-0.5018	-0.0139	-0.0018	-0.0894	0.0044	-0.0201	0.0060
3	0.0287	0.1399	0.3980	0.1106	0.0144	0.7112	-0.1432	0.6517	-0.1941
Shopping RAI	0.0316	0.5713	-0.2038	-0.2485	0.5085	-0.0985	-0.1744	0.6158	0.1735
Role in the household RAI	-0.0122	0.5314	-0.2669	-0.2406	0.5186	-0.0183	0.0116	0.0009	0.6714
Children's education RAI	-0.0045	0.5391	-0.0691	-0.3017	0.4903	-0.0158	0.0638	0.0947	0.6856
Father's freedom of choice ladder	0.1085	0.2073	0.6490	0.0678	0.2005	0.6716	0.0483	0.4568	-0.1178
Possibilities of change in block or building									
1	-0.7559	0.0468	0.0366	-0.6811	-0.3610	0.1156	-0.5599	-0.0883	0.0312
2	-0.0195	0.0012	0.0009	-0.0155	-0.0082	0.0026	0.2784	0.0439	-0.0155
3	0.7268	-0.0450	-0.0352	0.6575	0.3484	-0.1116	0.9913	0.1563	-0.0553
Possibilities of change in neighbourhood or town									
1	-0.7144	0.0182	0.1106	-0.6447	-0.2998	0.1532	-0.5692	-0.1052	0.0166
2	0.0578	-0.0015	-0.0089	0.0509	0.0237	-0.0121	0.2681	0.0495	-0.0078
3	0.8023	-0.0204	-0.1242	0.7226	0.3360	-0.1717	0.9860	0.1821	-0.0288

Source: HDR Team based on the household surveys conducted for this report in Buenos Aires, Mexico City and Managua.

Total agency index

Once we have the components, we can start to generate the total agency index, derived from the MC, by adding up the three resulting sub-indexes. Then, to obtain an indicator that can be more clearly interpreted, the following transformation is applied:

$$\text{Agency index}_i = \frac{\text{Index by CP}_i - \text{Index by CP}_{mín}}{\text{Index by CP}_{máx} - \text{Index by CP}_{mín}}$$

The expression above shows the position of each individual in comparison with the minimum agency value observed, weighted for the maximum distance between the individuals with the highest and lowest level of agency. This transformation, similar to the one for calculating the human development index, gives us an index in a range of 0 to 1.

Hence, those individuals that have an index equal to zero are on the lowest agency level. Thus, if an individual has an index of 0.5, it means that his/her agency level is halfway between the individual with the highest and the individual with the lowest agency level. Table A1.3 shows the maximum and minimum values of the index used in the last transformation of the agency index. Finally, table A1.4 presents the index values by averages of the total agency index, derived from the last transformation, for each socio-economic level of the three geographical areas analysed.

Table A1.3 Agency index by main components. Descriptive statistics.

SEL	Mean	Min.	Max.	Stan. dev.
Buenos Aires				
Low	-0.408	-7.363	3.658	1.756
Medium	-0.255	-6.173	3.658	1.746
High	0.255	-4.287	3.658	1.508
Total	-0.290	-7.363	3.658	1.741
Mexico City				
Low	-0.673	-6.687	4.023	1.908
Medium	0.158	-5.659	4.023	1.584
High	0.950	-3.820	4.023	1.704
Total	-0.175	-6.687	4.023	1.866
Managua				
Low	-0.287	-9.192	4.036	2.017
Medium	-0.056	-9.447	4.036	1.623
High	-0.012	-9.258	4.036	1.885
Total	-0.149	-9.447	4.036	1.844

Source: HDR Team based on the household surveys conducted for this report in Buenos Aires, Mexico City and Managua.

Table A1.4 Latin America and the Caribean (Buenos Aires, Mexico City and Managua). Total agency index by socio-economic level (SEL). Descriptive statistics

SEL	Mean	Min.	Max.	Stan. dev.
Buenos Aires				
Low	0.631	0.000	1.000	0.159
Medium	0.645	0.108	1.000	0.158
High	0.691	0.279	1.000	0.137
Total	0.642	0.000	1.000	0.158
Mexico City				
Low	0.562	0.000	1.000	0.178
Medium	0.639	0.096	1.000	0.148
High	0.713	0.268	1.000	0.159
Total	0.608	0.000	1.000	0.174
Managua				
Low	0.679	0.019	1.000	0.150
Medium	0.697	0.000	1.000	0.120
High	0.700	0.014	1.000	0.140
Total	0.690	0.000	1.000	0.137

Source: HDR Team based on the household surveys conducted for this report in Buenos Aires, Mexico City and Managua.

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APPENDIX 2
Surveys on aspirations and autonomy in three geographic areas of Latin America and the Caribean

Framework of analysis

Most of the available surveys on countries of Latin America and the Caribean (LAC) only allow very partial analyses of the intergenerational transmission of human development. In general, these surveys only allow an analysis of the influence of schooling and the income level (or assets) of the generation of the parents on schooling and access to services of the generation of the children, as described in Chapter 3. As described in Chapter 1, there are other factors that determine both the processes and the functionings observed in people. These factors have a major impact on an individual's agency level, aspirations and social capital. Given the lack of systematic information about these factors and their relation with functioning variables of the family group, the Regional Report team decided to design a questionnaire to include them and to conduct the survey in three geographic areas of LAC. In particular, the surveys sought to relate agency levels (autonomy) and aspirations of adults (parents) with functioning variables of the young people (autonomy, level of schooling, employment and aspirations). The survey also revealed information about adolescents' access to public services, health and education.

Target population

The target population of the survey were households with one person residing there, be it a parent or guardian, with at least one child between 12 and 18 years of age. 4.078[1] surveys were done in three geographic areas of the region: i) Metropolitan area of Buenos Aires (MABA) ; ii) Metropolitan Area of Mexico City ; and iii) Province of Managua .

Thematic cover

The indicators included in the surveys are classified under three main thematic headings: i) Socio-demographic and economic indicators (for example, the number of members of a household and information about the dwelling), ii) about the parent or guardian interviewed (for example, information on schooling and the occupation of the parents, transmission of assets, empowerment, use of time, social networks and aspirations) and iii) about the adolescent interviewed (for example, school attendance, reasons for absence, aspirations or expectations for life, empowerment and use of time). For questions of space, the section below presents descriptive statistics only for some variables.

Socio-demographic and economic results.

The samples of households from the three metropolitan areas of LAC present similar characteristics (see Table A2.1). For example, 61% of the adults interviewed in MABA and Mexico City are women, while 53% are women in Managua. Most of the adults are between 30 and 49 years old. As for the young people interviewed, women represent 46% in Buenos Aires, 47% in Mexico City and 48% in Managua. The mean age of the three areas is 15.

Aspirations

One of the most important issues addressed by the surveys is aspirations. Each of the parents interviewed was asked: "What level of education would you like (name of the selected adolescent) to reach?" As can be seen in the graphs A2.1 to A2.4, the level of schooling that parents most want for their children is university level. But, it was found that there is a strong stratification of aspirations depending on socio-economic level (in the city of Buenos Aires and in Mexico City) and on rural or urban area (in Managua).

Table A2.1 Latin America and Caribean (Buenos Aires City, Mexico City and Managua). Basic socio-demographic and economic characteristics of the parents and teenagers interviewed, 2009 (%)

Characteristics of the adults interviewed	Buenos Aires	Mexico City	Managua
of the adults interviewed			
Woman	61	61	53
Between 19 and 29	3	2	4
Between 30 and 44	52	70	53
Between 45 and 59	43	25	36
60 or older	2	2	7
Married or with a partner	72	85	84
Separated or divorced	19	9	10
Widowers	5	2	2
Single	4	3	5
Public sector employee	12	21	17
Housewife	25	36	32
Boss or employer	5	5	2
Self employed	23	22	29
Employee in the private sector	29	15	16
Domestic help	6	1	3
de los jóvenes			
Women	46	47	48
Age (average)	14.8	14.9	15.0
Makes three meals a day	86	85	89
Under-weight	1	1	4
Over-weight	33	44	36
Goes to school	93	90	89
Goes to private school	34	15	35
Works	32	20	22
de los hogares			
High socio-economic level[1]	8	13	15
Medium socio-economic level	42	34	42
Low socio-economic level	50	53	43
Federal Capital / Federal District / Urban area[2]	22	55	43

1 In the case of Mexico City, the different strata were constructed using a mechanism known as 10 x 6 (ten questions to generate six categories of socio-economic level, which were later grouped into three). In each of the ten questions, a score is assigned to each answer, so that the sum of the ten questions generates a total that allows us to situate a household in one of the six strata. This mechanism is used by survey agencies in Mexico. The ten questions include the schooling of the person that earns most of the household income.
In the case of the City of Buenos Aires and Managua, a logical route procedure was followed to classify households: questions were asked about the schooling and job of the person who provides most of the household income.

2 The distinction of the geographic location in the case of the City of Buenos Aires is the Federal Capital vs. Areas of the Buenos Aires suburbs (belonging to the Province of Buenos Aires); in Mexico City, this refers to the Federal District (vs. municipalities belonging to one of the states bordering on DF). In Managua, on the other hand, the distinction is in terms of urban area vs. rural area.

Although most low stratum parents aspire to a university education for their children (62% in Mexico City and 57.2% in Buenos Aires), there is still a large proportion of this stratum (31% in Mexico City and 41.7% in Buenos Aires) that only aspire to a complete secondary education for their children (equivalent to high school graduate in Mexico City and the final years of the secondary cycle in Buenos Aires). In the rural areas of Managua, 25.7% of parents aspire to their children completing high school (equivalent to 11 years of schooling) and 72.1% hope they go to university. The proportions in the urban area of Managua are 11.7% and 83.1% respectively. As for aspiring to higher levels of education, it was found that a greater percentage of parents in Mexico City, mainly from high stratum households, hope that their children will do post-graduate studies (18.8%).

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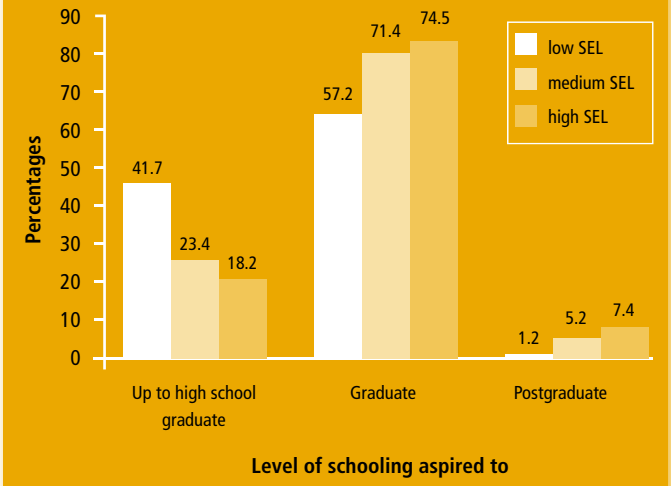
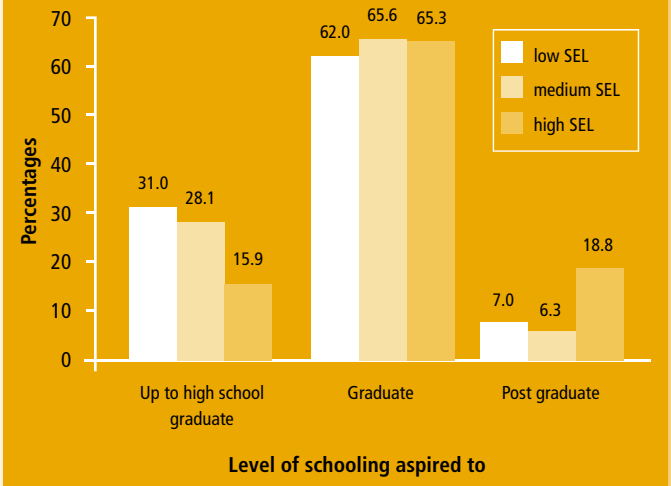
Graph A2.1 Buenos Aires. Parents' aspirations for the schooling of their children by socio-economic level (SEL), 2009 (%)



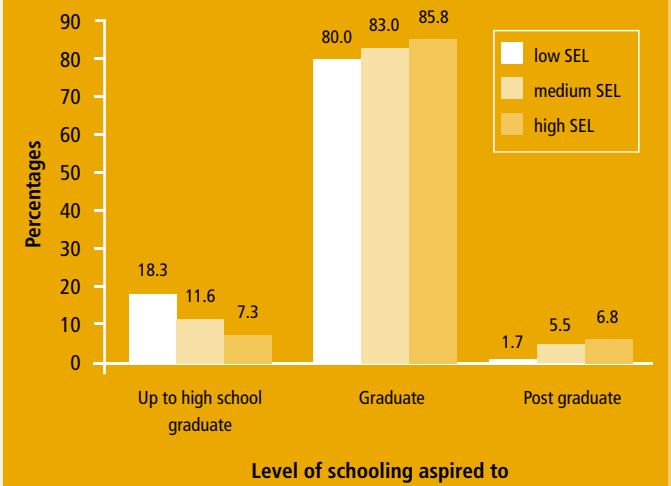
Source: HDR Team based on the surveys of households conducted for this Report in Buenos Aires, Mexico City and Managua.

Graph A2.2 Mexico City. Parents' schooling aspirations for their children by socio-economic level (SEL), 2009 (%)



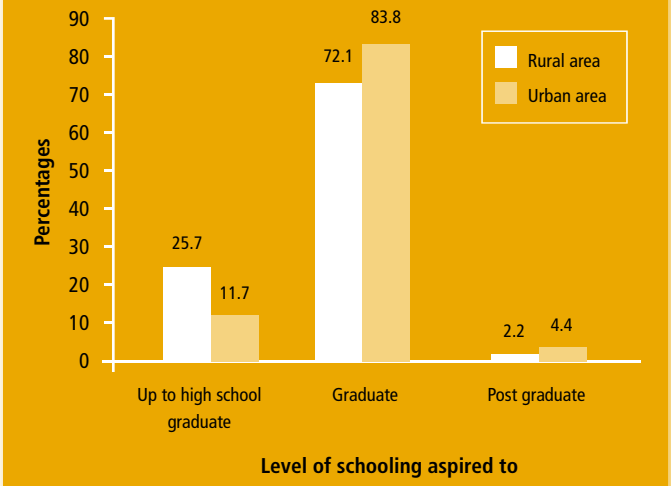
Source: HDR Team based on the surveys of households conducted for this Report in Buenos Aires, Mexico City and Managua.

Graph A2.3 Managua. Parents' schooling aspirations for their children by socio-economic level (SEL), 2009 (%)



Source: HDR Team based on the surveys of households conducted for this Report in Buenos Aires, Mexico City and Managua.

Graph A2.4 Managua. Parents' schooling aspirations for their children by area, 2009 (%)



Source: HDR Team based on the surveys of households conducted for this Report in Buenos Aires, Mexico City and Managua.

APPENDIX 3

1. National Reports on Human Development in Latin America (up to June 2010)

Country	Title	Focus of the Report
Argentina	Human Development Report Argentina 1995	Defines important thematic areas for Argentina: the degree of freedom, justice, communications, education, health, nutrition, employment, demographics, income and market access. Presents a study of the different dimensions of social life in order to visualise the theoretical framework of human development and compare it with our social reality, measured by the available statistics.
Argentina	Human Development Report Argentina 1996	This report analyses relationship between human development and economic growth and the role of the State in three key aspects: employment, childhood and regional balances. Human development is also considered from the regional perspective of Mercosur and the impact of migratory currents. The index is also calculated for the provinces of Buenos Aires, Mendoza, Neuquén, Catamarca and Entre Ríos. There is also an appendix with information about youth employment in the country and in each of the provinces of Argentina.
Argentina	Human Development Report Argentina 1997	The main issue is local government. It puts forward a proposal on local management from the point of view of human development. To that end, an analysis is conducted of the Argentine municipalities, their history and their political organisation. Moreover, the report highlights successful experiences of growth in human development on a municipal level and includes province-wide statistical information.
Argentina	Human Development Report Argentina 1998	This report explores the values needed to construct a national identity. It was drawn up as a nationwide report and also for the provinces of Chaco, Chubut, Entre Ríos, Mendoza, Salta, San Luis, Santa Cruz, Tierra del Fuego and the City of Buenos Aires and includes a gender disparity index. A survey was conducted for the report on the identity of the Argentines, society's assessment of the family, neighbours, the community and the factors of power (such as the church, the media, etc.).
Argentina	Human Development Report Argentina 1999	This Report presents a proposal to improve human development and estimates the costs. The report focuses on the state of health and education and these dimensions' impact on human development. It includes nationwide information and also reports on the following provinces: City of Buenos Aires, Chaco, Chubut, Entre Ríos, Formosa, Jujuy, La Pampa, Mendoza, Salta, San Luis, Santa Cruz and Tierra del Fuego.
Argentina	Contributions to Human Development in Argentina, 2002	The document is organised into three lines: i) the territorial pattern of human development in Argentina, ii) the competitive capacities of the provinces and iii) visions of democracy in an extreme crisis situation. The central theory that underpins the report is the need to design a federal territorial strategy of human development and fiscal and social policies that turn the aspiration of a federal country into reality. This is the only way, it argues, that the relations between the nation and the provinces can be conceived in terms of co-operation and not as a bid for political power.
Argentina	Human Development Report 2005. Argentina after the crisis: a time of opportunities	This report picks up on the territorial focus adopted in the Human Development Report Argentina 2002 to explore in greater depth the analysis of the north of Argentina, the most backward region, without neglecting a review of the changes that have occurred in the main social and economic indicators of the country. This report also moves forward in the field of beliefs and aspirations in the new post-crisis setting. How do Argentines see themselves? How do they see others? What impression do they have of public institutions? What is their experience of politics? How committed are they to the law? What are their expectations with regard to their personal future and the future of the country? Questions such as these determine collective moods in a society that has left a crisis behind it that shook its economic, social, political and cultural foundations.
Argentina	Contributions to Human Development in Argentina, 2009. Volume 1	This document publishes two lines of research that make a contribution to the debate on human development in Argentina with regard to the bicentennial anniversary of Argentina's independence. The first of these shows the state of human development in the country. The second offers analyses, diagnoses and proposals for policies to deal with the problems of productive innovation.
Argentina	Contributions to Human Development in Argentina, 2009. Volume 2	This piece of research addresses residential segregation, giving priority to its size and, above all, an analysis of its effects on the population. The objective is to provide food for thought to the discussion on public policies that lead to equity in the country, for which, it opens the debate on differentiated strategies for facing increasingly unequal situations.
Bolivia	Human Development in Bolivia 1998	This document analyses the state of Human Development in Argentina from different angles. One of these angles is the municipalisation of the territory. It also presents a balance of environmental management, social fabric and economic development.

Country	Title	Focus of the Report
Bolivia	Human Development Report Bolivia 2000	This Report analyses Bolivia through its people, discovering their aspirations and the values that motivate and direct their actions. Its main conclusion is that people's and communities' aspirations are more likely to come true when agreements are reached and strategic alliances forged through deliberation and mutual respect.
Bolivia	Human Development Report Bolivia 2002. Political capabilities for development.	The aim of this report is to characterise and understand the changes arising in Bolivia over the last 20 years, and to detect the trends that are emerging, thus contributing to the debate on the country's development options.
Bolivia	Human Development Report Bolivia 2004. Interculturalism and Globalization. Bolivia's Potential	The report explores the possibility of promoting human development in Bolivia in the frameworks of the new technological-information paradigm. This involves answering the question of whether a poor and backward country like Bolivia will be capable of actively becoming part of the information society. In this framework, the 2004 Report dares to suggest a "Bolivian way" towards information technology with human development, that is, a society whose wealth creation is increasingly based on the capacity to produce, process and disseminate knowledge and, above all, on the fact that said wealth be widely distributed among the members of a community, capable of operating freely under the new international rules.
Bolivia	Human Development Report Bolivia 2007. The state of the State	This report investigated the state of the Bolivian State in two phases. The first phase asks how did we get here? And answers from a historical, ethnographical, sociological and political-administrative point of view about the construction of the Bolivian State and the "unresolved tensions" that underlie the process of national/state construction.
Brazil	Human Development Report Brazil 1996	This Report reviews the human development situation and its multiple dimensions, and it focuses on the regions and the states of the country. This report assesses Brazil's challenges in social policies and their results in terms of sustainable human development, presenting the human development index (HDI) and other indicators for three levels of analysis: states, regions and nation.
Brazil	Human Development Report Brazil 1998	Published together with the Atlas on human development in Brazil, this report presented: i. The concept of sustainable human development and the human development index; ii. An analysis of the human development index trends in Brazil from 1970 to 1996; and iii. The concept, methodology and an analysis of the living conditions index (LCI) and the human development index by municipalities in Brazil from 1970 to 1996.
Brazil	Human Development Report Brazil 2001	Along with presenting the human development index by city (over 150 neighbourhoods), the report presents an in-depth analysis of the ten priority areas of human development in the city of Rio de Janeiro: Living conditions, population, health, environment, violence, human settlement, transportation, education, income and social perception.
Brazil	Human Development Report Brazil 2005. Racism, Poverty and Violence.	This Report analyses racial inequalities in areas like income, education, health, employment, housing and violence, and concludes that the Afro-Brazilian population is in a worse situation in all the indexes. The study addresses the racial myths that have arisen in the course of Brazilian history – such as scientific racism and racial democracy - history and the challenges of the Afro-Brazilian movement in the country and the political poverty to which this population is subjected.
Chile	Human Development in Chile 1996	The main theme of the report is the devolution process in Chile and its implications for the spatial equity of human development. The document highlights a strong geographic inequality between the Chilean regions and municipalities. For this reason, it indicates the need to consolidate and strengthen the devolution process. The human development index is calculated for each of the country's 13 regions and for the municipalities. Moreover, a special competitiveness index is calculated for the regions.
Chile	Human Development in Chile 1998. Paradoxes of Modernity: Human Security	The main focus of this report is human security. Fields such as work, social security systems, social confidence, inter-personal and social relations are studied, among others. The report identifies a significant divide between people's everyday security needs and the priorities of economic development. It highlights the importance of subjectivity in evaluating the modernisation process. For this reason, for the first time, qualitative research methods (focus groups) are used. It presents an objective and subjective human security index. For the research into perceptions and opinions of the people, it uses a national survey.
Chile	Human Development in Chile 2000: Towards a stronger society to govern the future	This report focuses on the relations that exist between people's aspirations, social capital and citizenship. The main objective is to make proposals about how to construct a stronger society to govern changes. The objective of this is to identify individual and social aspirations. Governing the future is a social, rather than an individual task. There is a need to broaden the concept of human development from "individual capabilities" towards "social capabilities".

Country	Title	Focus of the Report
Chile	Human Development in Chile 2002: We, the Chileans: A cultural challenge	About to celebrate 200 years of independence, the Chileans find themselves in a situation of confrontation amongst themselves. "Who are we Chileans?" and "What kind of country do we want?" The Human Development Report Chile 2002 calls for a popular debate about these questions, in the perspective of a human development that seeks to make people the subject and effective beneficiary of Chile's development. At this time, the country faced a cultural challenge, as what needed discussing were the practical forms of living together and the collective imagery about living together harmoniously. The report presents the results of several empirical studies, including a map of cultural activities in Chile. The research suggests that "Chilean" has become a fragmented concept. This has to do with the difficulty that Chileans would have to experience life as a collective player, capable of moulding his/her future. Articulating the different experiences and representations of national harmony is a cultural challenge that must be addressed in order to lay the foundations of a national project.
Chile	Human Development in Chile 2004: Power What for and for whom?	Chile is experiencing a time of opportunities. There is a will to act to be more and better, but the objective opportunities and the subjective desire do not spontaneously or automatically translate into realising these opportunities. Capacities are required for this. Even though many lie in personal abilities and resources, all capacities come, directly or indirectly, from how power is organised and distributed in society. This report is a call for a debate about power. From the point of view of this report, power is not a struggle that does not get anywhere, and that is why the question is put as to how to construct it and grow it for everybody. Power can be discussed not as an expression of a conspiratorial act, but by accentuating its dimension as a space of possibilities for human development.
Chile	Human Development in Chile 2006: "Technologies: A leap into the future?"	The central objective of this report is to observe the impact of technology on the everyday lives of the Chilean people. It seeks to move towards understanding three fundamental issues: First: What are the main challenges of the general spread of new technologies? Second: To what extent is their use being effectively harnessed to expand individual and collective capacities? And third: What social capacities are required to make the most of their potential? Can technologies be the instrument for a qualitative leap in development? Together with the new opportunities, there are tasks that remain to be done, such as tackling inequality, reinforcing civil society and the bridging the distance between the people and the State. To what extent do these traits of Chilean society represent an obstacle, not only to mass access to technology, but also to achieving its full potential? Or on the contrary, can these technologies be the instruments that will finally enable us to successfully overcome these scourges of development?
Chile	Human Development in the Chilean rural world 2008. Six million on new paths.	The objective of this report is to explore the transformation of the rural world over the last 50 years and identify how the people of the countryside live and how they are perceived. The report uses the concept of rural in a broader sense. The object of reference are the territories where the preponderant economic activity is fishing, farming and livestock, whether this is in its immediate condition of activity in the natural space or in its other forms, which are just as associated with the links of the new chains of production.
Chile	Human Development in Chile 2009. The way of doing things.	This report sustains that a major obstacle to development in Chile is the way in which things are done, that is, the specific and every day practises. This arises from a diagnosis of the current situation of the country. In its institutional aspect, its economy, in its culture, Chilean society is very different today compared with twenty five years ago. The increased complexity and economic uncertainty, greater social diversity and personal autonomy, make it more and more important how people relate to one another, how they make decisions and co-operate to carry out specific actions. This report shows that the challenge of increasing the country's opportunities and of translating these opportunities into results for people is related increasingly with the importance of phenomena that occur in everyday practices, or whose consequences must be appreciated in them.
Colombia	Human Development Report Colombia 1998	This report presents and analyses the set of human development indicators proposed by UNDP: the human development index (HDI), the gender related development index (GDI) and the human poverty index (HPI). Apart from calculating these indexes for the departments of the country, the report introduces the living conditions index (LCI).
Colombia	Human Development Report Colombia 1999	Apart from up-dating the previous indicators and describing the performance of the education and health indicators, this report analyses the issues of violence, employment, inter-generational transmission of human capital, environment and political atmosphere, with emphasis on the impact of the economic slow-down on vulnerable groups.
Colombia	Human Development Report Colombia 2000	The report deals with human development and human rights, offering a panoramic view of the achievements and the difficulties faced in satisfying the rights to education, work, health, and social integration of traditionally excluded groups and citizen participation.

Country	Title	Focus of the Report
Colombia	Human Development Report Colombia 2003. Understand in Order to Transform the Local Roots of Conflict	This report reveals how the armed conflict, with all its complexity, has been a hammer blow to achieving greater levels of well-being for the people, it has meant turning society's gaze and finding methodological instruments for an analysis of a specific national reality, in the light of human development. The main finding of the NHDR 2003 is the virtuous circle that is generated between human development as a political, economic and social theory, and the alternatives for mitigating the effects of the armed conflict in Colombia. The report acknowledges that the conflict has, in its origins, expansion and degradation, been an eminently countryside phenomenon; in second place, that regional diversity affects the dynamics of the conflict: and thirdly, that the armed conflict and its actors are multi-dimensional and multi-faceted. It proposes a complex and integral view of the conflict and viable and realistic alternatives.
Costa Rica (*)	Human Development Report 2005. Overcoming Fear: Citizen (In)security	The problems of law and order (or lack thereof) in Costa Rica are perceived by the population as determining factors in the deterioration of their quality of life. This entails highly serious consequences for development: it harms the exercise of essential rights of all freedoms and causes changes in people's behaviour in order that they may feel safer. The origin of the widespread feeling of insecurity has two sides: the first is the result of perception (the interaction between the media news, the image of the streets and public spaces, the stories told by relatives and friends and, in general, based on all kinds of information that can affect people's moods). The second lies in the deeds that really are crimes and which reveal, on many occasions, the insufficiency of the mechanisms of the State to guarantee the population's fundamental rights.
Cuba	Research on Human Development in Cuba 1996	This is a summary of the work conducted by Cuban authors about the contents of the different editions of the Global Report and also includes some ideas about how Cuba was treated in these reports. It highlights the basic aspects of the Cuban strategy for human development and offers a statistical exercise that makes it possible to compare the fourteen provinces of Cuba with regard to the degree of human development attained.
Cuba	Research on Human Development in Cuba 1999	This report focuses on the issue of equity. It devotes special attention to the challenges that must be faced by strategies aimed at achieving human development and equity in the current context of globalisation, and offers an over-view of the points of view of different international agencies on these issues. Furthermore, it studies the basic areas of human development and equity in Cuba, with special reference to the role of the State and social participation, issues concerning employment, income and social security; education, culture and gender; and health, housing and environment.
Cuba	Research on science, technology and human development in Cuba 2003	The central theme is the role of science and technology, underscoring their contribution to meeting the Millennium Development Goals. The report presents systematic information about the different expressions and achievements of scientific and technical development and their contribution to the economic, social and environmental dimensions.
Ecuador	Human Development Report Ecuador 1999	This report introduces the central elements of the paradigm of human development and goes over the issues that guide the main actions of UNDP in the world and in Ecuador, including the fight against poverty, democratic governance, gender policies and sustainable human development. The second part of the report is devoted to the core issue: devolution and human development. The report sought to make a technical and objective contribution to a subject that occupied a predominant place on the national public agenda in 1998 and 1999 and on which the positions of the most representative actors in society tended to be radical (autonomies vs. devolution).
Ecuador	Information and Communication Technologies and their Effect on Human Development. Human Development Report 2001.	The main contribution of the NHDR 2001 was to put the issue of information and communication technologies (ICT) on the public agenda for discussion. This discussion had already started, especially concerning the possible advantages for commercial activity (electronic commerce), but the debate had not been addressed from a social perspective, and even less so from the point of view of human development. As a finding, many projects and initiatives were found that were being carried out in Ecuador, but anonymously and without any form of coordination. Thanks to the report, these were discovered and contacts were made between the different projects. The human development indicators (HDI, IDG, IPG, HPI) were presented.
Dominican Republic	Human Development in the Dominican Republic 2000	One of the great challenges facing the Dominican Republic is the conciliation of the processes of reform and high economic growth with the extension of essential human capacities, in order to increase access to the opportunities by each and every one of its inhabitants. Although there has been much improvement in recent years, there are still gaps in terms of education and health. This situation highlights the need for the government to allot more resources to providing social services, in particular, basic social services. The evidence presented in the report highlights the need to continue reinforcing the rule of law, through institutional modernisation and an increase in people's participation in public decision making. Giving greater depth to the process of reform of the judicial system would translate into a fairer society with a greater capacity to respect people's rights.

Country	Title	Focus of the Report
Dominican Republic	National Human Development Report, 2005	Towards an inclusive and renovated world inclusion. For over 50 years, the Dominican Republic was the fastest growing country in the whole Latin American and Caribean region, at an average annual rate of 5.4%. However, this economic growth was not reflected to the same extent in the well-being indicators of the population. The report concludes that the cause of poverty and low relative levels of human development was not the lack of financing and economic resources, but the national political and business leaders' low level of commitment to collective progress., together with a lack of a social empowerment pact among the majority sectors of Dominican society. The consequence of this lack of commitment is that inequalities have become more acute despite the availability of resources, and the country is now in a social, economic and institutional dynamic that reinforces exclusion. This situation has been driven by a search for economic returns and political dividends, both in the short term, thus compromising the future.
Dominican Republic	Human Development Report Dominican Republic 2008.	The Dominican economy and society are caught up in an exclusionary dynamic -- which is rapidly exhausting itself. – based on an institutional-political model that reproduces these inequalities. Rather than resorting to external pressures or agents that bring "order" to the country, such as NAFTA or the IMF, an alternative should be sought that arises from within Dominican society, to make it legitimate and sustainable. This alternative could lie in local empowerment and development, so that there is a counter-weight to the action of the political and economic elites, and can transform the country though a process of more inclusive, participative development that respects the rule of law. This report will study the prior, concomitant and corrective conditions that must prevail for the empowerment of local agents to be positive and so that they will transform society into a fairer one, which enables the country to join the world economy efficiently, with equity and participation for all.
El Salvador	Human Development Report El Salvador 1997	This report was the first study of human development indexes in El Salvador applying the methodology developed in world reports. It focuses on developing a calculation methodology and the provides results at national, urban-rural, departmental level and by sexes, while making an in-depth analysis of the results. For the first time, the estimation of the indexes made it possible to appreciate the major territorial differences in the country, in terms of human development.
El Salvador	Human Development Report El Salvador 1999. The State of the Nation	This report represents a first complete analysis of the human development situation in El Salvador. It encompasses economic, social, environmental and political aspects, placing special emphasis on two aspects: the participation of the people and human security. Some of its main findings are: a) that the country has managed to attain greater order in the macro-economic field, b) that agriculture, where poverty is concentrated, is receding in relation to other sectors of the economy; c) that the deficits in human development, expressed in diseases, ignorance, unemployment, natural risks and violence, lack of representation in the political system and attention to the essential demands of the people, dominate the panorama; d) that the divide between the urban poor and the rural poor tends to increase and e) that the excluded sectors tend to increase, with an increase in children in the streets in street gangs.
El Salvador	Human Development Report El Salvador 2001	Apart from evaluating the impact of earthquakes, this report contains an evaluation in which the main advances and challenges for human development in El Salvador are highlighted a decade after major changes. The report confirms that legal-political, economic and social changes embarked upon in the nineties have produced satisfactory results with regard to established objectives, consisting of initiating a process of democratic transition, strengthening macro-economic stability, reactivating economic growth and reducing poverty. The main divides and challenges identified include: the growing political polarisation, consolidation of democracy, sustained growth, equity in the distribution of income, the fight against poverty, control of crime, universal access to basic social services, environmental sustainability and legal security.
El Salvador	Human Development Report on globalization within a Gender Perspective, 2003	The main findings were divided into three sections: the transformations, challenges and options that the country had prior to embarking on opening up the country to trade and joining the globalised world by signing the Free Trade Agreement (FTA) with the United States. According to the report, El Salvador had undergone three main transformations: a change in the growth pattern (the country ceased being predominantly agricultural; substitution of the tandem agricultural exports ISI – by remittances, cross-border exports, non-traditional exports); changes in job creation reflect the economic change; the phenomenon of migration and population changes.

Country	Title	Focus of the Report
El Salvador	Human Development Report El Salvador 2005. A look at the new us: the impact of migration	The report deals with the diverse dynamics that are being generated in Salvadoran society as a result of the international migration phenomenon. The main findings were: 1. Migration has become a way for El Salvador to participate in globalisation; 2. Migrations have helped to create an even more unknown El Salvador: in the mean time, the diagnosis and planning of a country that no longer exists has continued; 3. The ties with the migrant population offer El Salvador a historic opportunity to become a nation of high human development; 4. The country's decision for the future: that anybody who stays should enjoy the options and opportunities presented by high human development, and whoever emigrates should enjoy their full rights; 5. Culture is called upon to play a key role in the integration of the Salvadoran identity wherever this may be found. Migrations reduce poverty and inequality (thanks to remittances), but they do not eliminate its structural causes.
El Salvador	Human Development Report El Salvador 2007-2008: Employment among one of the hardest working people of the world	This report discusses the importance of work and employment as a means for people to improve their living conditions in terms of human security and human development. In the area of economics, the report analyses the structure and the factors that determine the supply and demand of work and their interaction in the labour market, and the relations between how the economy behaves and job creation on a nationwide scale. It also analyses institutionality, the coverage and operation of the social security networks in the country and the challenges that these face to attain universal coverage. The final part of the report provides some elements for constructing a national employment and social cohesion pact, with the fundamental objective of strengthening human development, democracy and peace in El Salvador.
Guatemala	The contracts of human development, 1998	For the first time, this report presents a measure of human development (and its components: income, education and health) by departments and regions of the country. This is a major effort to make a statistical presentation of the profound differences that run through Guatemalan society. At the same level of disaggregation, it presents the social development exclusion index and the women's development index. It also includes some of the basic issues of development, such as education, health, employment and fiscal policy. And finally, it analyses other aspects such as subjects of debate, which include the abuse of natural resources, violence and insecurity, political democracy and multi-culturallity.
Guatemala	The rural human face of human development, 1999	The first part picks up on the issues analysed in the previous report; including the issue of employment and macro-economic conditions, and the degree of preparedness for globalisation. The second part examines rural development. The findings on political and socio-cultural changes that have occurred in recent years are important, as are the structural transformations, where the transformation of small growers and small coffee producers is highlighted. For the first time, financial services and the land market in rural areas are analysed, and an assessment is made of the effects of Hurricane Mitch on the rural development of the country.
Guatemala	The integrating power of human development. Human Development Report 2000	This report contains an analysis of the different economic, political and social manifestations of exclusion, taking into account the divides between rural and urban areas, men and women, and indigenous and non indigenous peoples. The exclusions suffered by specific groups such as the disabled, elderly adults, homosexuals, people affected by AIDS, are analysed. The report starts with a reference to the historic legacy of exclusion and ends with an optimistic view of a Guatemala with less exclusion in 2020. It contains three novel issues in Guatemala: measuring poverty, the Social Dimension of Exclusion at the end of the 20th century and the Social Reponses to Exclusion.
Guatemala	Financing Human Development. Human Development Report 2001	This is an analysis of the nature of the Guatemalan State, from the point of view of tax and fiscal policy. In particular, it deals with the fiscal pact, transparency and the reform of the State. Attention is paid to public spending and, for the first time, an analysis is conducted of household spending on different dimensions (education, health, housing and water and sanitation) of human development. An assessment is made of poverty and an analysis is conducted about the concentration of income. Historic references to tax rates and the behaviour of military spending and spending on education and health are important.
Guatemala	Human Development, Women and Health. Human Development Report2002	There are two main threads running through the report: the concept of human development as the foundation for assessing the steps forward and backwards made by Guatemala and the consideration of the situation of women, bearing in mind its multiple dimensions. The report is divided into three parts: the first, with a general perspective of human development in Guatemala, with the emphasis on what happened in the 1990s; the second focuses on the situation of women, bearing in mind their life cycle, that is, evaluating the condition of girls and adolescents, adult women and elderly women; and the third section deals with the health situation, bearing in mind its historic, social and economic dimensions.

Country	Title	Focus of the Report
Guatemala	Towards a National Agreement on Human Development. Human Development Report 2003	Major progress has been made in Guatemala over the last 15 years in the economic, political and social arenas. This report identifies these challenges and proposes solutions that could be driven by a new government from 2004. More specifically, and bearing in mind that the main problems are to be found in: i. Security and human rights; ii. Economic growth and iii. Social development. There has to be a drive for society to propose policies and actions as a whole in these three areas.
Guatemala	Ethnic and Cultural Diversity: Citizenship in a plural state. Human Development Report 2005	The report offers a set of proposals for a change of policies that the State and society could apply in facing the major problems of Guatemala. It is a text that provides support for governmental action and public policies. The NHDR 2005 addresses one of the structural issues behind the slow advance in human development in Guatemala: the profound inequality that is systematically and historically associated with the ethnic-cultural diversity that characterises the country. It also documents the trends and changes that have occurred in the period 1994-2004 in different areas of human development for the different linguistic communities that exist in the country, and it proposes key issues, like breaking away from the association between diversity and inequality to move forwards towards a new form of organising the State and the relations of power between ethnically and culturally different groups.
Guatemala	Economy at the service of human development. Human Development Report 2007-2008	The purpose of this report is to help provide an answer to the following questions: Why does the Guatemalan economy not grow at a faster and more sustained rate? Why does it redistribute so little? Why does it not generate virtuous circles of human development in other spheres? What changes need to be made in policies, institutions and actors to place the economy at the service of human development and to reduce the extreme inequalities that the country suffers in matters of human development? The document raises questions as to whether the different economic policies that have been implemented in the course of Guatemalan history have served human development. It addresses structural aspects such as the role of the State in facilitating economic development without promoting human development. It examines the roles of the different actors that have always protected interests that do not always trigger capacities, which limit some freedoms and waste opportunities for human development.
Honduras	Human Development Report Honduras 1998.	The main threads of this report are equity and social integrity. The report points out that it was in the rural area and among women where inequalities have been produced and consolidated and these have prevented a progressive and horizontal integration of Honduran society.
Honduras	Human Development Report Honduras 1999. Report on the pillars of human security and participation	The pillars of human security and participation are studied. It shows the vulnerability of Honduran society as a consequence of historic social, political, economic and ecological debts, and that these make the institutions and their human capital more fragile.
Honduras	Human Development Report Honduras 2000.	For growth with equity The strands under analysis are the pillars of growth and sustainability, so this report analyses the possibilities and the limitations of Honduran society to make its economy grow and that this means the deployment of opportunities and well-being for all with growth that does not sacrifice the environmental dimension. To this end, a review is conducted of the reserve of natural resources that the country has, together with the human capital (education) and the social capital (institutions and confidence).
Honduras	Human Development Report Honduras 2002. For an inclusive democracy	The NHDR 2002 was devoted to the analysis of the process of political democratisation in Honduras over the last 20 years. Its main findings were: Honduras has reached an average level of human development. But it includes a warning that there is a tendency towards stagnation; political democracy in Honduras is tending to take hold. The reforms should be given continuity to fend off the dangers of a regression. The deficit of democratic legitimacy in the country is not due to the feeble achievements of economic reforms, but to favouritism and sectarianism that rules among the main actors in the political system, the political parties. Although many of the conditions that generate corruption and impunity persist, some of the foundations have been laid for a trustworthy judicial system. A basic institutionality has been created for the protection of human rights, but a citizenship culture has not been consolidated. The major challenge for its sustainability consists in strengthening the socioeconomic, institutional and cultural foundations.
Honduras	Human Development Report Honduras 2003. Culture & Human development.	The report warns of a slow-down in human development. New and greater interventions are required to prevent slipping back. There are pronounced divides in the level of development between departments, municipalities and genders. Income remains the main factor of inequality between men and women. Although more resources have been devoted to social spending, this is still too low in comparison with Latin America and the Caribean . The sustainability of spending is at risk if economic effort and income levels do not improve. There are symptoms that show that tax revenues have given little consideration to the principle of equity. The rural-urban transition is incomplete and shows signs of great fragility. Social challenges such as HIV/AIDS, street gangs and corruption are on the rise and this is damaging the social fabric.

Country	Title	Focus of the Report
Honduras	Human Development Report Honduras 2006. Towards an expansion of citizenship	Towards an expansion of citizenship. The main findings of this report are: 1. The persistent stagnation of human development; 2. Economic reforms, although they have achieved some macro-economic goals, have not promoted an extension of citizenship, as they have not helped to significantly reduce the problems of poverty, inequality and social exclusion; 3. The reforms of the State require greater celerity and effectiveness to revert institutional fragility and lack of credibility in the eyes of the people; 4. Honduran citizenship is increasingly restricted to private life and it is losing the capacity for collective action on society and development, but it does have social ties that have major potential for reversing this tendency and for promoting human development; 5. Citizenship is threatened by social violence and lack of law and order in the streets; 6. For Hondurans, emigrating abroad is an option for off-setting the limited framework of existing options and opportunities in the country. In contrast, important reasons not to migrate prevail, which represent a valuable asset for the expansion of citizenship, such as the conviction that remaining in the country helps to "make the country work".
Honduras	Human Development Report Honduras 2008-2009.	The report analyses and reflects on the varied forms of social exclusion faced by young Hondurans, and suggests political measures, programmes and projects for social inclusion, the construction of young citizenship and human development. The report advocates fighting the main forms of social exclusion that limit the real potential of young people, and fostering their participation in designing, executing and monitoring programmes and projects aimed at making them strategic players in development.
Mexico	Human Development Report Mexico 2002	The first national report explains the meaning of the concept of human development, it proposes a measurement for it – by federal entity, with an internationally comparable methodology – and describes the state and the evolution of inequality in development through its different dimensions during the second half of the 20th century. The central result indicates that regional inequalities persist in Mexico. On the other hand, contrasts between regions of the country are observed. The central challenge consists of eliminating regional inequalities by promoting growth, so that the regions of the south-southeast can exploit their human development potential. This suggests better focused policies for education and health and investment in infrastructure to foster a connection with world markets and greater investment.
Mexico	Human Development Report Mexico 2004	The second national report starts with an analysis of the regional inequalities shown in the 2002 report, based on the municipal human development index, to propose a local view of human development. The central theory states that a large part of inequality between individuals and between regions in the country is due to the local dynamic in economic, social and institutional terms. It also proposes that it is possible to have an impact on this with specific public policies at municipal and state levels.
Mexico	Human Development Report Mexico 2006-2007: Migration and human development	It explores the relations between human development and migration in different dimensions: Migration and HDI; Internal migration and local conditions; Effects of migration on health and education; International migration and remittances; and Migratory policy. It is considered important to study the effect that migration has on human development, due to the fact that there are precedents that suggest a stringent analysis should be conducted in this matter, such as for example: In Mexico, more than 3.5 million people changed their place of residence between 1995 and 2000, approximately 3.6% of the censored population in 2000. Practically one in a hundred Mexicans crosses the borders of his/her state to change residence each year. 10% of all Mexican natives reside in the United States, one seventh of the work force born in Mexico works in the United States and the international remittances sent are the equivalent of 3.5% of the GDP in 2005.
Nicaragua	Human Development in Nicaragua 2000. Equity to overcome vulnerability	This shows the situation of the country in matters of opportunities and divides that exist for capacity building and for enjoying greater levels of well-being for the Nicaraguan people. The population and its state of health, education, employment and income were analysed for the vital dimensions for capacity building. This evaluation included the human development index, which showed how much the country has advanced and what still remains to be done to attain greater levels of human development. Globalisation, the family, environment and the political context were considered as the most important issues as elements of the surroundings that facilitate or hinder the promotion of human development.
Nicaragua	Human Development Report Nicaragua 2002.	This report focuses its analysis on what Nicaraguans miss and their goals, and the spaces that they identify for making the dreams and projects come true: the family, school, work, the community and the country. It highlights the contrast between the aspirations and the opportunities to be found in these spaces. It attempts to explore the main socio-cultural factors that facilitate or hinder the realisation of these aspirations. It tries to identify the main elements that hinder or facilitate Nicaragua's take off towards a society with higher levels of human development.

Country	Title	Focus of the Report
Nicaragua	Human Development Report Nicaragua 2005: The autonomous regions of the Caribean Coast. Does Nicaragua accept its diversity?	IThis report offers elements and points of view that are a call to Nicaraguan society to clear away the "historic differences" and to build a multi-cultural state that recognises its wealth of diversity without fear. Coastal autonomy is a valuable conquest, a pending opportunity and a possible challenge. Within this context, the report shows that the inhabitants of the Caribean Coastal autonomous communities (Indigenous, Afro-Nicaraguan and ethnic communities) want to make their economic, cultural, administrative and political autonomy a central element for attaining sustainable human development and for the sustainable human development of the whole of Nicaragua. To achieve this, the divides in human development have to be overcome, and there has to be support for the personal and collective capacities of people, especially the capacities of those groups that have been historically excluded.
Panama	National Human Development Report Panama 2002. Commitment to Human Development: A National Challenge	This report places its emphasis on three sub-themes: education and poverty, social spending and investment and the human groups in a state of vulnerability. This snapshot reveals that even if Panama has mid-to-high levels of human development, there are districts that lag far behind and are left out of development. Of all these, the top priority groups are the indigenous peoples, whose poverty is not only profound, but also complex, because there are communities with multiple deficits, which are clearly revealed in the very voices of the indigenous groups. The unequal distribution of schooling compromises job opportunities. To address these profound inequalities and poverty, the report proposes major challenges, to whit:: institutional reforms, public policies focused on vulnerable groups, dynamic and sustained economic growth, reduction of inequalities in service quality with regard to multi-culturality, citizen participation and fostering a new ethical culture of national solidarity.
Panama	National Human Development Report 2004. From invisibility to a leading role: the voice of the young people	This NHDR deals with the issue of young people in Panama,. It studies what it is "to be young" in a globalised, diverse world, with a crisis in traditional values and immersed in a society whose democracy is plagued by inequality and poverty. Furthermore, the report seeks to understand the potential of this heterogeneous group and what role they can play as leaders of social change. The report suggests that it is urgent to establish the conditions and to build channels of communication so that young people can make the journey from invisibility to playing a lead role.
Panama	National Human Development Report Panama 2007. Institutions and Human Development	This report's central hypothesis is that the process of reform of the Panamanian State will remain incomplete until the legally constituted laws become processes of change at the level of the people's everyday lives. To this end, the report uses the image of an iceberg to illustrate that beneath the visible horizon, i.e., the formal laws, there is another reality that cannot be seen, but it is experienced and is important to understand. These are the informal or unwritten laws. Obviously, challenging the hypothesis involves, in principle, recognising the kind of State that exists and the kind of State that is desirable for human development. Institutionality is decisive for reversing poverty and the lack of opportunities that curb the country's human development. The report confirms that the people are quite clear about what the main challenges or problems of the country are. It also detected their frustration in the face of the persistent delay in constructing lasting solutions.
Paraguay	Human Development Report Paraguay 1995	This report presents an analysis of the national situation from a gender perspective. Its topics are especially related to the main issues of the Beijing Summit.
Paraguay	National Human Development Report Paraguay 2003. Development of people, by people and for the people	The theme of the report is a general analysis of development in Paraguay, based on a human development focus. The social, economic and political indicators have tended to improve in recent decades. However, a lack of economic growth since the second half of the 90s and the problems of under-employment and unemployment have helped to aggravate poverty and inequalities.
Paraguay	National Human Development Report Paraguay 2008. Equity for development.	This report refers to inequalities as an obstacle to human development in Paraguay. This is the central theme, and it is addressed from three perspectives: An analysis concerning how the State works as a generator and a reducer of inequalities. To this end, an analysis is conducted of the State from the point of view of New Statehood (PRODDAL).It analyses the exercise of citizenship by the Paraguayan people from the point of view of full citizenship (PRODDAL) and how this exercise has an impact on the kind and levels of inequality. Finally, it addresses the quality of economic growth and its relations with inequalities. For this purpose, it takes on board the idea of the HDR 1996 on economic growth with quality. Furthermore, an analysis is conducted of the complexity and the dynamism of inequalities and their historic background in Paraguay. It also presents the different indexes of human development, disaggregated by departments and municipalities.

Country	Title	Focus of the Report
Peru	Human Development Report Peru 1997	This report presents a description of the UNDP human development approach, and a discussion of the advances that have been made since the nineties in the field of economic performance, employment and its associated variables, education, health and the environment, and personal and social security. Furthermore, the report presents four cases of striking progress and the lessons learned from them. The report is rounded off with a calculation of the departmental HDI for 1991, 1993 and 1995, of gender and poverty indexes, and a departmental security index for the 24 departments of the country, as well as sector-wide statistics of human development.
Peru	Human Development Report 2002	For the first time in Peru, the HDI is presented on a provincial level (194). It describes the style of development that has led to a high level of capital centralism and coastal advance, at the expense of the rest of the country. The report verifies that development only spreads on the condition that the mechanisms of the State and of the market are articulated. Structural differences and disparities mean that the country requires public policies that reflect the real situation of each region. The second strand of the paper is to identify Potentials. These are understood as the optimum use of unexploited resources or capital. The quantitative approach makes it possible to address another form of "reading" reality, a more pro-active way, with the involvement of all social actors. The NHDR offers elements for dealing with the main structural problems that drive the country's human development. It considers the contradiction between poverty and potentials and the measures – in the economic and social sphere – that should be taken into consideration in order to harness the potentials that generate human development.
Peru	Human Development Report Peru 2005. Let's make competitiveness an opportunity for everybody.	This report pinpoints the key elements of UNDP's approach that have clear implications for defining policies. The first aspect, which is summarised in the diagram of "chain competitiveness" in Chapter 1, indicates that external, global demand causes successive demands on a smaller scale, insofar as the exportable supply is oriented so as to ensure efficient internal articulation; competitiveness can and should really be a chain of demands and of returns for the entire national population. Chapter 5 presents an empirical effort that demonstrates a causal order, a sequence of development at the local level (in a sample of 181 districts of the country). This empirical model, starts with social variables as the basis, includes variables of competitiveness as intermediaries, and ends with the final effect on local development, to then start again on the virtuous circle of development. The report also presents a new indicator; "the algorithm of human development" HDA, which evaluates in percentages advances in the satisfaction of the basic needs for human development: health, food, housing, education, employment and retirement.
Peru	Human Development Report Peru 2006. Towards decentralisation of citizenship.	The central purpose of this report is to analyse the process of reinstalling democracy within the framework of the current efforts to devolve the system of government and achieve regional integration. The report was divided into two volumes:. In the second half of 2005, a broad examination was conducted of Peruvian democracy – which included two important essays and the largest survey of politics that has been carried out in the country – which was published in 2006 (before the presidential elections).
Peru	Human Development Report Peru 2009. For the transcendence of the State at the service of the people	The report consists of two volumes that explore a vision of the State from two angles: The first volume analyses the conception of the State as a provider of basic services throughout Peru and the second volume explores the conception of the State under a geographic criterion.
Uruguay	Human Development in Uruguay 1999	The report recognises that Uruguayan society has managed to adapt to greater changes in its age structure than almost any other country of the region and that the magnitude of the change required in the near future will be smaller than will be necessary for the other countries of the region. The report identifies the country's main challenge within the labour market as the need to reach a basic stability in certain sources of well-being within a context of flexible labour markets. This means re-conceptualising the debate. On the one hand, it is necessary to dissociate flexibility from precariousness. Although this is not a simple task, this dissociation is a vital challenge. The report also identifies the risk of social fragmentation. To fight exclusion, poverty and the potential fracture of mid sectors and the self-exile of the upper classes, it is essential to urgently consider the policies of regional planning and reinforce public spaces as necessary components of social policies that have achieved so much for Uruguayans in areas like education, health, housing and social security.

Country	Title	Focus of the Report
Uruguay	Human Development Report Uruguay 2002	Human Development Report --Uruguay 2001. International insertion, employment and human development The report contextualises events in the labour market with the effects of major changes in recent decaedes in Uruguay's kind of international insertion. These changes have had an impact on the social situation, which, in turn -- in the mid- and long terms, will have an impact on the social dynamic, fed by economic performance. In the nineties, economic growth was positive: per capita income increased at an annual rate of 3%, within a context of growing exposure of national production to international competition. One of the necessary questions is whether this growth translates into an improvement in social indicators. Analysing and interpreting these ties in the particular case of Uruguay is the purpose of the 2001 edition of the National Human Development Report. The challenge considered is, then, to design active policies aimed at the labour market that will mitigate the negative effects of the new scheme of incentives that arises from the process of international insertion and the opening of the economy, without contradicting it, in a part of the labour market that includes most of the population.
Uruguay	Human Development in Uruguay 2005. Uruguay: towards a knowledge based development strategy	The objective of the report is to analyse the real situation of Uruguay in the face of the current asymmetric dissemination of the process of technological innovation. Chapter I details the conceptual toolbox necessary for understanding the elements involved in a process of technological innovation within a knowledge-intensive economy. Chapter II examines the advantages and disadvantages accumulated by Uruguay to date in the process of technological innovation. Based on the analysis, a set of companies and research and development agencies with innovative dynamism were identified, which were the subjects of the survey. The results are analysed in Chapter III. The objective is to evaluate the future possibilities for overcoming the difficulties verified in the innovation process in Uruguay. Chapter IV presents the conclusions and makes some recommendation for innovation and learning policies arising from the empirical work. The chapter culminates with a reflection concerning the ties between technical change and human development.
Uruguay	Human Development Report Uruguay 2008. Politics, policies and human development	This report examines the foundations on which human development is based in Uruguay with emphasis on the political dimension. To this end, it works with official information produced in Uruguay and information from two surveys designed for this report: a survey of the business, political and social elites of Uruguay, and a public opinion survey. The result is an in-depth analysis of the political institutions, the quality of democracy and the political culture of Uruguayan citizens.
Venezuela	Human Development Report Venezuela 1995.	This report examines the foundations on which human development is based in Uruguay with emphasis on the political dimension. To this end, it works with official information produced in Uruguay and information from two surveys designed for this report: a survey of the business, political and social elites of Uruguay, and a public opinion survey. The result is an in-depth analysis of the political institutions, the quality of democracy and the political culture of Uruguayan citizens.
Venezuela	Human Development Report Venezuela 1996	The report presents an analysis of the human development situation of Venezuela, starting with its placement within the international and Latin American contexts. The General Census of the Population and Housing 1991 made it possible to calculate the basic indicators disaggregated by sex and, from this data, a comparative analysis was done showing the divide between men and women. The report also presents a set of human development indicators for Venezuela, which provide a broad view of the social, demographic and economic situation of the country. By using the Main Components method, the components of the HDI are correlated, with a set of indicators that measure basic needs with regard to income, housing, health services, education and others. The analysis led to a different and alternative classification from the internationally proposed one of high, medium and low HD, as the federal entities were grouped in four categories.
Venezuela	Human Development Report Venezuela 1997	A set of strategies and actions are discussed for achieving HD objectives. This report contains one novelty. Following UNDP recommendations about designing the human development index for different social groups, this report calculates the HDI for populations grouped according to the methodology of Basic Needs, i.e., for the Not poor or persons with Basic Needs Met, for people in a situation of poverty or people with an Unsatisfied Basic Need; and finally, for people with more than two Unsatisfied Basic Needs. A methodological note was added explaining the followed in building the index. This note explains how each of the components was calculated, indicating the sources of information used. It also describes how the index for grouped populations was constructed according to the Basic Needs methodology, and an analysis of the results obtained.

Country	Title	Focus of the Report
Venezuela	Human Development Report Venezuela 1998	The central theme is human development and devolution: The first part presents the concept of human development and the evolution of the Human Development Index, disaggregated by federal entity. The report goes on to summarize of the evolution of administrative policy in Venezuela (from a centralised to a devolved system), followed by a reflection about the devolution process initiated in Venezuela in 1989 and the legal framework that supports it.. The education and health situation is highlighted and an analysis is made of the possibilities for municipalities to achieve HD within the framework of devolution, followed by proposals of topics for further discussion. Finally, the report includes a methodological note that explains the steps and inputs necessary for constructing the HDI and a sample calculation is presented.
Venezuela	Human Development Report Venezuela 1999	This report deals with the relations between public spending, devolution and human development. There is an analysis of the provision of public resources assigned to the social sectors in the federal entities of the country and their relation with the progress and deficits of these entities. In the first part, the report contains a synthesis of conceptual aspects of Human Development (HD), an analysis of the performance of the HDI in Venezuela from 1991 to 1996 and a general view of the relations between HD and social spending. In addition, important factors of the level and distribution of social spending are identified, such as economic growth, sources of financing and the harnessing of resources. The second part explains the financing of devolution and its relations with HD, highlighting aspects of the Organic Devolution, Delimitation and Transfer of Competence of Public Power Act, aspects directly linked to the HD of the regions.
Venezuela	Human Development Report Venezuela 2000. Ways of overcoming poverty	The conceptual framework referring to the analysis of poverty from the perspective of human development, is in Chapter I, titled "Human development and poverty". Chapter II, "Focus of the Social Survey 1998. Analysis of poverty and human development", reviews the alignments of the survey and its links with the human development focus. The report's objectives, scope and limitations are explained, together with its conceptual, methodological focus and the analysis strategies that were employed. Chapter III, "Characterisation of living conditions and poverty", presents the main results of the analysis of the living conditions of the Venezuelan population.

(*) It does not include the Costa Rica State of the Nation Reports Source: HDR Team based on the Latin American Journal of Human Development, http://www.revistadesarrollohumano.org/

2. Other reports

Country	Title	Focus of the Report
Argentina	Human Development in the 21st century Argentina.	This report introduces the basic concepts of human development and describes and analyses the strong inter- and intra-regional disparities of late 20th century Argentina. The objective of this publication is to reach large sectors of society – in particular, the education sector – and facilitate the ownership of fundamental concepts of human development by secondary education level educators and, through them, to pass them on to the students. The report was written in collaboration with IIPE/UNESCO and presents an innovative format by introducing a range of different educational elements.
Bolivia	Human Development Report on Gender Bolivia 2003	This thematic report deals with Gender and human development and how a human development focus can help to promote processes of advancement of women and advances in the achievement of gender equity by conceiving women not only as beneficiaries of reforms, but basically as active agents in the processes of transforming their lives. This approach to the problem involves the development of public gender policies aimed mainly at constructing and developing in women the capacity to aspire, the capacity to exercise their rights to pursue their own freedom, and the capacity to play an active part in collective processes of change.
Bolivia	The Altiplano Marítimo Region and macro-regional integration, 2003	This report evaluates first of all, the competitiveness conditions of these two departments, their economic restructuring guidelines and their effects on human development. The report also analyses the relations between the Bolivian Altiplano, the South of Peru and the North of Chile. The articulation of this Macro-region, which has been called the *Altiplano Marítimo*, would be a factor that would increase the human development of these three regions. The underlying idea is that the opportunities for the poorest citizens of the macro-region increase as new economic and social complementarities are generated and if the processes of development are thought out in a logical, common way to the mutual benefit of all concerned.

Country	Title	Focus of the Report
Bolivia	Human Development Report in the Bolivian North Amazon Region, 2003	The aim of this study is to investigate the situation of the "north Amazon" in historic, economic, political and social terms. The region, which used to be considered peripheral and isolated, is now considering becoming a central component of globalisation and it has new potential for the development of the country, it is changing at an increasing speed, which brings new challenges. This paper seeks to explore its capacities to take on the new challenges posed by these transformations, by identifying tensions, limits and potential. The objective of this report is to present the process of change and evolution of the "north Amazon" and the trends that emerge from there to contribute to sustainable human development.
Bolivia	The Altiplano Marítimo Region and macro-regional integration, 2003	This report evaluates first of all, the competitiveness conditions of these two departments, their economic restructuring guidelines and their effects on human development. The report also analyses the relations between the Bolivian Altiplano, the South of Peru and the North of Chile. The articulation of this Macro-region, which has been called the Altiplano Marítimo, would be a factor that would increase the human development of these three regions. The underlying idea is that the opportunities for the poorest citizens of the macro-region increase as new economic and social complementarities are generated and if the processes of development are thought out in a logical, common way to the mutual benefit of all concerned.
Bolivia	Human Development Report in the Bolivian North Amazon Region, 2003	The aim of this study is to investigate the situation of the "north Amazon" in historic, economic, political and social terms. The region, which used to be considered peripheral and isolated, is now considering becoming a central component of globalisation and it has new potential for the development of the country, it is changing at an increasing speed, which brings new challenges. This paper seeks to explore its capacities to take on the new challenges posed by these transformations, by identifying tensions, limits and potential. The objective of this report is to present the process of change and evolution of the "north Amazon" and the trends that emerge from there to contribute to sustainable human development.
Bolivia	Human Development Report Tarija 2003	The aim of the Human Development Report on Tarija, Bolivia is to understand the change that the region is undergoing and the emerging options from the perspective of human development, and thus contribute to the production of social accords that reinforce the human development of Tarija and of Bolivia. The starting point was a balance of Tarija's human development and the main trends in the structural changes that have taken place in the region over the last decade. Secondly, an analysis was conducted of the subjective trends concerning these transformations, that is, how the people and society are experiencing this process. Third, an analysis was carried out of the political and institutional capacities to be found in Tarija, as these are the foundation for managing these changes. Fourth, the new pattern of macro-regional integration between the south of Bolivia, the north of Argentina and the north of Paraguay was explored, as this is a factor that is affected by the accelerated change occurring in Tarija. The Report closes with a balance of the opportunities, risks and challenges involved in the new possibilities that hydrocarbon resources may bring for the development of Tarija and Bolivia. Finally, some prospective scenarios for Tarija are considered.
Bolivia	Human Development Index in the Municipalities of Bolivia, 2004	In this publication, readers can find the human development indexes and other pertinent social indicators for Bolivia's 314 municipalities.
Bolivia	Human Development Report Santa Cruz and the eastern Macro-Region, 2004	This report explores trends in the process of development in Bolivia's Santa Cruz region, which is the country's most dynamic region, but also one of the most affected by the current crisis.. The starting point of the Report is an overview of the development process in Santa Cruz over the last fifty years (chapters 1, 2 and 3) before embarking on an in-depth analysis of the structural trends that are presently contributing to its exhaustion and which makes the idea of continuity without any form of change unsustainable (chapter 4). Finally, the report argues that the eastern Macro-Region, defined as a new region, which merges Santa Cruz and La Chiquitania with the neighbouring states of Matto Grosso and Matto Grosso do Sul, has sufficient potential for renewed regional development inspite of the crisis and could become the territory that extends the Santa Cruz model beyond the dynamism of the integrated region (chapters 5 and 6).

Country	Title	Focus of the Report
Bolivia	Human Development Report The Bolivian Andean Region 2004	This publication considers sustainable Human Development in the city of La Paz over time, starting with social, economic and environmental aspects. The analysis is presented in four parts: the first is a description of the national context, the second deals with the urban context, placing particular emphasis on local history, culture, organisations and institutions, social amenities and environmental problems. The third part presents an analysis of the Human Development situation in the city of La Paz with regard to demographic trends, employment problems, housing and health services, education, citizenship participation, and the specific problems faced by women and minors. The fourth part presents estimates of income distribution, poverty maps, the HDI is calculated for the city of La Paz and this is compared with other countries of the world. The last part is devoted to an analysis of potential and recommendations for human development policies for the city of La Paz.
Bolivia	Regional transformations in Bolivia in a moment of crisis and change, 2004	The UNDP has published four Human Development reports focusing on the principal regions of Bolivia, which share geographic, cultural, political and economic affinities. These reports present a set of regional indicators for the Altiplano Maritimo, the Southern Axis, the North Amazon and the Santa Cruz South West regions. These areas were chosen because of their dynamic interconnections with broader spaces that go beyond the borders of Bolivia. In this publication, we have a complete summary of all the research efforts and proposals made. This publication includes, within a single volume, all of the different views presented in the four regional studies.
Bolivia	Quality of life in Cochabamba. Regional Human Development Report 2004	Based on qualitative and quantitative data, this report applies the concept of human development from the perspective that no quality of life is effective unless it is socially and environmentally sustainable. The first part of the report defines the scenario and its people; the second and third parts re-evaluate the concepts and the measurements of sustainable nationwide human development and analyses the economic determining factors of development, its industrial, agricultural, services, commerce and transportation structure. The report then turns to the examination of the cultural determining factors, and finally, the problems of human security, of which those concerning water are of particular importance, because of the role these factors play in accentuating inequalities and weakening the productive structure. Another factor that is mentioned is coca production, because of the political and economic vulnerability that surrounds it as it is the centre of international conflicts and relations. The final chapter synthesises the conclusions and makes recommendations and proposals that aspire to helping to form a political agenda for regional development.
Bolivia	Boys, girls and adolescents in Bolivia: Four million development players, 2006	This thematic report, produced in collaboration with UNICEF and Plan Internacional, considers an alternative reading of human development in Bolivia from the perspective of capabilities, rights, opportunities and aspirations of millions of boys, girls and adolescents. 225 thousand boys and girls are born every year in Bolivia, but barely four out of every 10 survive the "obstacle course" of the first 17 years of life: Surviving the first year of life, going through childhood without suffering chronic nutritional problems, finishing primary and secondary education and not having to go out to work before they are 14 years old. The "obstacle course" faced by boys, girls and adolescents is marked by the social, cultural and regional heterogeneity that is characteristic of the country. There are several, rather than just one way of "being a child" in Bolivia, and neither is there a single way of imagining their human development. The challenge of the future is to move from words to actions with integral and devolved public policies that reflect the diversity of society.
Bolivia	The economy beyond gas, 2006	This Thematic Human Development Report is bold enough to consider an economy "beyond gas", an economy that generates employment and income for 3.9 of the 4 million members of the country's working population. We believe that the central challenge of our time in history is to move from a "narrow based" economy, anchored in memories of tin and the promise of gas, to a "broad based" economy, which diversifies sectors and multiplies competitive and productive players. With such a change of perspective one can glimpse the enormous potential impact on distribution and growth in favour of workers, who form the base of the productive pyramid.
Bolivia	National Police and Public Safety, 2006	This Human Development report is built entirely on the results of two surveys carried out within the framework of the "Modernisation with your Participation" Project, commissioned in early 2005 by the then "National Commission for Reforming the National Police" and driven decisively by the National Police and the Ministry of the Interior. The project included the application of a nationwide domestic survey of 2,750 members of the National Police and a survey of 3,200 citizens in urban areas of the country. After a phase of exploration, research and design, and an intensive awareness raising campaign and consultations with members of the police force, the field work for both surveys was done in October 2005 with the support of a team of professionals from the National Police and implementation by the consulting firm Ruiz & Mier.

Country	Title	Focus of the Report
Bolivia	Thematic Human Development Report: Bolivia, The other Frontier, 2008	Bolivia is trapped in a pattern of impoverishing growth. To date, the Bolivian economy has not been able to transform its natural resources into high quality jobs. With a long history of dependence on silver, tin, rubber and hydrocarbons, there is a development model based on few players and few sectors: Bolivia has a narrow based economy. Beyond the frontier of primary natural resources there is, however, an alternative economy, another frontier, based on environmental services, eco-tourism, forestry management, bio-trade and organic agriculture that generates jobs by conserving the environment and improving labour standards. Tens of thousands of producers, communities and associations are already building the other frontier from a wide variety of places. This report is devoted to exploring the potential of the other frontier in Bolivia and considers that natural resources do not have to be a fatality, but that they require new forms of harvesting and harnessing them.
Colombia	Human Development Report on Colombia's Coffee-Growing Axis, a pact for the region, 2004	Historically, coffee has always been considered the foundation for development in the central region of Colombia. Coffee growing has been seen as an economic model in which the presence of many small producers/growers has led to a more equitable redistribution and this sector's traditional organisation into coffee institutions represents strategic social capital. This Regional Report however, presents a detailed description of the effects of the coffee crisis on the human development of the inhabitants of the coffee-growing region. The largest contribution to this Regional Report comes from the design and implementation of a methodology for calculating the human development index (HDI) in non-capital municipalities, for which information is usually limited. Calculating the HDI for the 51 municipalities of the three departments of the Coffee Axis (for 1993, 1997, 2000 and 2002) is a pioneering effort in the region and in Colombia that lays the foundation for identifying, discussing, building a consensus around and implementing alternative public and private policies and programmes to overcome the effects of the coffee crisis, which has become the most serious threat to human development in the region. The estimates of the HDI for the 51 municipalities of the Axis show a major loss of human development in the region in the late 1990s – thus widening the region's gap compared to the national HDI index,and pinpointing what has come to be called the lost decade in terms of the human development of the Coffee Axis. One of the main findings of this report reveals the large differences in the levels of development between municipalities – differences which became further accentuated after 1997 – and a high concentration of opportunities in the capitals and surrounding municipalities. The report's most important results include: the analysis of the structure and performance of the region's departmental and municipal economies; the recognition of the period from 1993 to 2002 as the "lost decade" in terms of the population's capacity to access knowledge; low levels of healthcare coverage in rural areas; the significant weight that the coffee industry continues to have on the GDP of a large group of municipalities, despite the coffee price crisis; and the consequent negative impact that changes in coffee prices have on the GDP of these municipalities and, therefore, on their levels of human development. Another essential contribution of this Regional Report is that it identifies the 14 "top priority" municipalities, making it possible for authorities to concentrate public action in these territories in a co-ordinated fashion, and raise their human development indexes again.
Colombia	Human Development Report Valle del Cauca, 2007	The Valle del Cauca Regional Human Development Report's central theme is social integration, a process which creates opportunities for building a more inclusive society in all areas - social, cultural, geographic, political and economic. The report highlights the participative process, by giving priority to extensive consultations, collegiate reflections, broad debates and collective analysis for building diagnoses, solutions and the common production of agreements and pacts, between representative sectors of the Cauca Valley community, all proven measures for promoting Human Development in the region. The preparation and dissemination of the Regional HDR Valle del Cauca report is also an educational process that communicates values, competencies and commitments. The dynamics of the Report open spaces for collective reflection about the best characteristics and processes, respect and social values. The intent is to use mass and selective media to implement an educational campaign that highlights the importance and the value of the department's cultural diversity as a driving force of Human Development. With the co-ordination of a highly competent team of people the support of more than 10 public and private institutions of the region, the main local university and the promotion of the UNDP and other international co-operation institutions, the Regional HDR Valle del Cauca report was scheduled for publication during the second half of 2007.

Country	Title	Focus of the Report
Colombia	Human Development Report Bogota, 2008	The city is a complex object and all the distinctions that are made within it are made for the specific objective of analysing it. Based on the idea that the city is a spatial agglomeration of heterogeneous individuals, the HD Report for Bogota divides the city into four cities. Agglomeration is the starting point from which a physical city is obtained, which is the spatial structure that constitutes and connects the spaces of the city. These connections and groupings make for a constant exchange among the inhabitants; the agglomeration of heterogeneous individuals is an attracting force that generates a range of different economies and different commercial relations. This exchange is the economic and social city. Heterogeneity involves understanding the city as a political and cultural phenomenon, as a place in which different perspectives, ways of life and traditions, and also different interests and different needs for distributing the advantages of urban life, all converge. This latter aspect can generate conflicts and disagreements that involve the need to construct measures to prevent them, security measures and, above all, principles for living together in harmony. The Human Development Report for Bogota studies each of these four cities: physical, economic and social, political and cultural, from the perspective of human development, that is, with the aim of expanding people's opportunities to live a fully human life. The Report then deduces the rights and freedoms that the city should offer each of its inhabitants, in each of these dimensions. In the same way, the Human Development Report for Bogota opts for an extension of the public sphere, for social integration, to strengthen citizen participation and democratic politics. Because in the analysis of the change that the city has undergone, one can find not only a good example of what can be achieved with an approach that contemplates these aspects, but also a starting point for understanding the city that we live in today and, above all, the city we want to have in the future. So, what can the Administration do to enhance the human development of the citizens of Bogota? And what can the nation, the private sector and the people do to sustain it? These are the guiding questions that orient the recommendations for public policies in the Report for each of the dimensions studied.
Mexico	Human Development Report San Luis Potosí 2005, 2006	Human Development Report San Luis Potosí, Mexico 2005 - The Human Development Report for San Luis Potosí 2005 is the first state-level study inspired by the national reports that the United Nations Development Programme (UNDP) has drawn up since 2002 in Mexico. The main findings that we can find in the Report include the following: Between 1950 and 2000, the state of San Luis Potosí increased its human development index (HDI) faster than the national average; Between 2000 and 2003, the HDI of San Luis Potosí advanced by 1.5% and moved up from the 21st to the 20th place in the national rankings; As for inequality in human development, the state contributes 2% to national inequality; Twenty six municipalities of the state show a HDI lower than 0.70 points and only two municipalities can be considered to have a high level human development (HDI higher than 0.80) in accordance with international standards; Despite the fact that the municipalities with the lowest human development levels in the state are considered poor in accordance with national and international standards, the enormous heterogeneity and the lower levels of development and more pronounced levels of inequality prevailing in other states mean the no municipality of San Luis Potosí is among the 50 municipalities of the country with the lowest human development.
Mexico	Human Development Report Michoacán, 2007	The objective of this project is to draw up a Human Development Report for the State of Michoacán as a first step to an in-depth analysis of central issues, such as the distribution of income as a component of regional inequality (regions, micro-regions and municipalities), health, education and other important dimensions of human development for the State. The aim of this report is also to serve as the basis for inclusive and democratic discussions about policy priorities in the state, and as a social asset for promoting equitable and sustainable development for all the inhabitants of the state.
Mexico	Human Development and Gender in Mexico 2000-2005, 2009	This edition offers an up-date based on the best and most recent information available in the country for analysis of this kind. Moreover, this document provides continuity to the analytical exploration of the issue of violence against women.
Mexico	Human Development Report Jalisco, 2009	The Human Development Report Jalisco 2009 explains the recent trends in different dimensions of development in the state; it identifies the main challenges the state faces, and highlights at the same time, a set of opportunities that could be harnessed with public, private and social action to improve the quality of life of the people of Jalisco.

Country	Title	Focus of the Report
Mexico	Human Development and Violence against women in Zacatecas, 2007	This publication analyses violence against women in Zacatecas from the human development perspective, which postulates that the expansion of people's options should not be restricted by social constructs that limit and discriminate against women, and in this way restrict their opportunities and freedoms, and that men and women should be considered as equal participants and beneficiaries of the transformations of their social condition.
Mexico	Human Development and Gender Indicators in Mexico, 2006	This document offers a panoramic view that is as broad or as detailed as you want. It includes information that until recently was scattered and unconnected, and it does so using an approach that highlights gender inequality as a curb to people's full development.

Note: The Human Development tables or other series published by the HDI teams are not included. Source: HDR Team based on the Latin American Journal of Human Development, http://www.revistadesarrollohumano.org/

Statistical appendix

Table A1 Latin America and the Caribean. Human Development Index. 1980-2007

HDI position 2007	Country	1980	1985	1990	1995	2000	2005	2006	2007
47	Antigua and Barbuda	..	..	..	..	..	..	0.860	0.868
49	Argentina	0.793	0.797	0.804	0.824	..	0.855	0.861	0.866
52	Bahamas	..	..	..	..	..	0.852	0.854	0.856
37	Barbados	..	..	..	..	..	0.890	0.891	0.903
93	Belize	..	..	0.705	0.723	0.735	0.770	0.770	0.772
113	Bolivia (Pluri-national state of)	0.560	0.577	0.629	0.653	0.699	0.723	0.726	0.729
75	Brazil	0.685	0.694	0.710	0.734	0.790	0.805	0.808	0.813
44	Chile	0.748	0.762	0.795	0.822	0.849	0.872	0.874	0.878
77	Colombia	0.688	0.698	0.715	0.757	0.772	0.795	0.800	0.807
54	Costa Rica	0.763	0.770	0.791	0.807	0.825	0.844	0.849	0.854
51	Cuba	..	..	..	..	..	0.839	0.856	0.863
73	Dominica	..	..	..	..	..	0.814	0.814	0.814
90	Dominican Repubic	0.640	0.659	0.667	0.686	0.748	0.765	0.771	0.777
80	Ecuador	0.709	0.723	0.744	0.758	..	..	0.805	0.806
106	El Salvador	0.573	0.585	0.660	0.691	0.704	0.743	0.746	0.747
74	Granada	..	..	..	..	..	0.812	0.810	0.813
122	Guatemala	0.531	0.538	0.555	0.621	0.664	0.691	0.696	0.704
114	Guyana	..	..	..	..	..	0.722	0.721	0.729
149	Haiti	0.433	0.442	0.462	0.483	..	..	0.526	0.532
112	Honduras	0.567	0.593	0.608	0.623	0.690	0.725	0.729	0.732
100	Jamaica	..	..	..	..	0.750	0.765	0.768	0.766
53	Mexico	0.756	0.768	0.782	0.794	0.825	0.844	0.849	0.854
124	Nicaragua	0.565	0.569	0.573	0.597	0.667	0.691	0.696	0.699
60	Panama	0.759	0.769	0.765	0.784	0.811	0.829	0.834	0.840
101	Paraguay	0.677	0.677	0.711	0.726	0.737	0.754	0.757	0.761
78	Peru	0.687	0.703	0.708	0.744	0.771	0.791	0.799	0.806
62	Saint Kitts and Nevis	..	..	..	..	..	0.831	0.835	0.838
69	Saint Lucía	..	..	..	..	..	0.817	0.821	0.821
91	Saint Vicent and the Grenadines	..	..	..	..	..	0.763	0.767	0.772
97	Surinam	..	..	..	..	..	0.759	0.765	0.769
64	Trinidad and Tobago	0.794	0.791	0.796	0.797	0.806	0.825	0.832	0.837
50	Uruguay	0.776	0.783	0.802	0.817	0.837	0.855	0.860	0.865
58	Venezuela (Bolivarian Republic of)	0.765	0.765	0.790	0.793	0.802	0.822	0.833	0.844

Source: UNDP (2009a).

Table A2 Latin America and the Caribean. Gender-related Development Index and components. 2007

		Gender-related Development Index (GDI) 2007		Life Expectancy 2007		Literacy Rate (% 15 or older) 1999–2007		Enrollment rate (%) 2007		Estimated income (PPP US$) 2007	
HDI Position 2007	Country										
37	Barbados	30	0.900	79.7	74.0	..	..	100.2	85.8	14.735	22.830
44	Chile	41	0.871	81.6	75.5	96.5	96.6	82.0	83.0	8.188	19.694
47	Antigua and Barbuda	..	..	..	..	99.4	98.4	..	..	..	..
49	Argentina	46	0.862	79.0	71.5	97.7	97.6	93.3	84.0	8.958	17.710
50	Uruguay	45	0.862	79.8	72.6	98.2	97.4	96.3	85.6	7.994	14.668
51	Cuba	49	0.844	80.6	76.5	99.8	99.8	110.7	91.5	4.132	8.442
52	Bahamas	..	..	76.0	70.4	..	..	72.2	71.4	..	..
53	Mexico	48	0.847	78.5	73.6	91.4	94.4	79.0	81.5	8.375	20.107
54	Costa Rica	47	0.848	81.3	76.4	96.2	95.7	74.4	71.6	6.788	14.763
58	Venezuela (Bolivarian Republic of)	55	0.827	76.7	70.7	94.9	95.4	75.7	72.7	7.924	16.344
60	Panama	51	0.838	78.2	73.0	92.8	94.0	83.5	76.1	8.331	14.397
62	Saint Kitts and Nevis	..	..	..	..	..	..	74.1	72.1	..	..
64	Trinidad and Tobago	53	0.833	72.8	65.6	98.3	99.1	62.2	59.9	16.686	30.554
69	Saint Lucía	..	..	75.5	71.7	..	..	80.6	73.8	6.599	13.084
73	Dominica	..	..	..	..	..	..	82.7	74.5	..	..
74	Granada	..	..	76.7	73.7	..	..	73.8	72.4	..	..
75	Brazil	63	0.810	75.9	68.6	90.2	89.8	89.4	85.1	7.190	12.006
77	Colombia	64	0.806	76.5	69.1	92.8	92.4	80.9	77.2	7.138	10.080
78	Peru	65	0.804	75.8	70.4	84.6	94.9	89.9	86.4	5.828	9.835
80	Ecuador	..	..	78.0	72.1	89.7	92.3	..	..	4.996	9.888
90	Dominican Republic	74	0.775	75.2	69.8	89.5	88.8	76.7	70.4	4.985	8.416
91	Saint Vincent and the Grenadines	..	..	73.6	69.4	..	..	70.3	67.6	5.180	10.219
93	Belize	..	..	78.0	74.2	..	..	79.2	77.4	4.021	9.398
97	Surinam	79	0.763	72.5	65.3	88.1	92.7	79.3	69.4	4.794	10.825
100	Jamaica	81	0.762	75.1	68.3	91.1	80.5	82.0	74.3	4.469	7.734
101	Paraguay	82	0.759	73.8	69.6	93.5	95.7	72.2	72.1	3.439	5.405
106	El Salvador	89	0.740	75.9	66.4	79.7	84.9	74.8	73.3	3.675	8.016
112	Honduras	95	0.721	74.4	69.6	83.5	83.7	78.3	71.3	1.951	5.668
113	Bolivia (Pluri-national State of)	91	0.728	67.5	63.3	86.0	96.0	83.6	89.7	3.198	5.222
114	Guyana	96	0.721	69.6	63.7	..	..	83.0	84.7	1.607	3.919
122	Guatemala	103	0.696	73.7	66.7	68.0	79.0	67.8	73.2	2.735	6.479
124	Nicaragua	106	0.686	75.9	69.8	77.9	78.1	72.7	71.5	1.293	3.854
149	Haiti	..	..	62.9	59.1	64.0	60.1	..	..	626	1.695

Source: UNDP (2009a).

Table A3 Latin America and the Caribean. Gender Empowerment Index and components. 2007

		Gender Empowerment Index (GEI) 2007		Political participation (parliamentary seats)	Participation in senior official and management positions	Participation in professional and technical positions	Relation between estimated income for men and women
HDI Position 2007	Country	Position	Value	(% of total)	(% of total)	(% of total)	
37	Barbados	37	0.632	14	43	52	0.65
44	Chile	75	0.526	13	23	50	0.42
47	Antigua and Barbuda	..	..	17	45	55	..
49	Argentina	24	0.699	40	23	54	0.51
50	Uruguay	63	0.551	12	40	53	0.55
51	Cuba	29	0.676	43	31	60	0.49
52	Bahamas	..	..	25	43	63	..
53	Mexico	39	0.629	22	31	42	0.42
54	Costa Rica	27	0.685	37	27	43	0.46
58	Venezuela (Bolivarian Republic of)	55	0.581	19	27	61	0.48
60	Panama	47	0.604	17	44	52	0.58
62	Saint Kitts and Nevis	..	..	7	..	..	..
64	Trinidad and Tobago	14	0.801	33	43	53	0.55
69	Saint Lucía	51	0.591	17	52	56	0.50
73	Dominica	..	..	19	48	55	..
74	Granada	..	..	21	49	53	..
75	Brazil	82	0.504	9	35	53	0.60
77	Colombia	80	0.508	10	38	50	0.71
78	Peru	36	0.640	29	29	47	0.59
80	Ecuador	41	0.622	28	28	49	0.51
90	Dominican Republic	64	0.550	17	31	51	0.59
91	Saint Vincent and the Grenadines	..	..	18	..	..	0.51
93	Belize	81	0.507	11	41	50	0.43
97	Surinam	58	0.560	25	28	23	0.44
100	Jamaica	..	..	14	..	..	0.58
101	Paraguay	79	0.510	14	35	50	0.64
106	El Salvador	70	0.539	19	29	48	0.46
112	Honduras	54	0.589	23	41	52	0.34
113	Bolivia (Pluri-national State of)	78	0.511	15	36	40	0.61
114	Guyana	53	0.590	30	25	59	0.41
122	Guatemala	..	..	12	..	..	0.42
124	Nicaragua	67	0.542	18	41	51	0.34
149	Haiti	..	..	5	..	..	0.37

Source: UNDP (2009a).

Table A4 Latin America and the Caribean. Health Index. 1980-2007

HDI Position 2007	Country	1980	1985	1990	1995	2000	2005	2006	2007
37	Barbados	0.785	0.809	0.828	0.833	0.840	0.859	0.863	0.867
44	Chile	0.735	0.781	0.809	0.833	0.863	0.887	0.889	0.891
47	Antigua and Barbuda	0.698	0.715	0.731	0.748	0.766	0.781	0.784	0.786
49	Argentina	0.742	0.761	0.776	0.795	0.813	0.830	0.833	0.836
50	Uruguay	0.755	0.776	0.792	0.809	0.828	0.845	0.849	0.852
51	Cuba	0.814	0.825	0.827	0.840	0.861	0.882	0.887	0.891
52	Bahamas	0.712	0.737	0.750	0.742	0.755	0.790	0.797	0.804
53	Mexico	0.693	0.730	0.763	0.796	0.821	0.841	0.846	0.850
54	Costa Rica	0.793	0.823	0.842	0.863	0.879	0.891	0.894	0.896
58	Venezuela (Bolivarian Republic of)	0.720	0.744	0.768	0.781	0.791	0.804	0.807	0.811
60	Panama	0.750	0.774	0.786	0.802	0.822	0.836	0.839	0.842
62	Saint Kitts and Nevis	0.667	0.684	0.705	0.727	0.753	0.778	0.783	0.787
64	Trinidad and Tobago	0.706	0.719	0.732	0.734	0.725	0.729	0.733	0.737
69	Saint Lucía	0.741	0.765	0.771	0.773	0.782	0.802	0.806	0.810
73	Dominica	0.760	0.808	0.845	0.854	0.856	0.863	0.864	0.865
74	Granada	0.669	0.687	0.734	0.780	0.809	0.832	0.835	0.838
75	Brazil	0.624	0.656	0.688	0.722	0.753	0.778	0.782	0.787
77	Colombia	0.675	0.710	0.722	0.740	0.766	0.788	0.791	0.795
78	Peru	0.584	0.633	0.676	0.717	0.758	0.791	0.796	0.800
80	Ecuador	0.632	0.684	0.731	0.771	0.806	0.828	0.831	0.833
90	Dominican Republic	0.628	0.668	0.711	0.743	0.766	0.784	0.787	0.790
91	Saint Vincent and the Grenadines	0.681	0.713	0.738	0.751	0.756	0.767	0.771	0.774
93	Belize	0.762	0.781	0.787	0.799	0.819	0.841	0.846	0.851
97	Surinam	0.680	0.697	0.706	0.715	0.718	0.724	0.726	0.729
100	Jamaica	0.756	0.763	0.770	0.772	0.767	0.771	0.774	0.778
101	Paraguay	0.696	0.705	0.717	0.732	0.751	0.771	0.775	0.778
106	El Salvador	0.522	0.577	0.682	0.730	0.742	0.762	0.767	0.771
112	Honduras	0.574	0.640	0.690	0.725	0.755	0.775	0.779	0.783
113	Bolivia (Pluri-national State of)	0.449	0.512	0.563	0.602	0.633	0.662	0.667	0.673
114	Guyana	0.597	0.606	0.619	0.623	0.636	0.674	0.683	0.691
122	Guatemala	0.537	0.576	0.621	0.666	0.712	0.744	0.748	0.752
124	Nicaragua	0.558	0.594	0.652	0.706	0.744	0.782	0.789	0.795
149	Haiti	0.427	0.458	0.499	0.542	0.569	0.590	0.595	0.600

Source: UNDP (2009a).

Table A5 Latin America and the Caribean. Education Index. 1980-2007

HDI Position 2007	Country	1980	1985	1990	1995	2000	2005	2006	2007
37	Barbados	..	..	..	..	..	0.945	0.945	0.975
44	Chile	0.835	0.839	0.866	0.871	0.897	0.918	0.918	0.919
47	Antigua and Barbuda	..	..	..	..	..	..	0.920	0.945
49	Argentina	0.856	0.885	0.906	0.907	..	0.945	0.946	0.946
50	Uruguay	0.845	0.881	0.895	0.897	0.926	0.953	0.955	0.955
51	Cuba	0.902	0.879	0.883	0.873	0.914	0.952	0.976	0.993
52	Bahamas	..	..	..	..	..	0.880	0.878	0.878
53	Mexico	0.791	0.791	0.801	0.809	0.843	0.874	0.879	0.886
54	Costa Rica	0.793	0.808	0.833	0.835	0.853	0.881	0.882	0.883
58	Venezuela (Bolivarian Republic)	0.772	0.782	0.832	0.819	0.844	0.886	0.900	0.921
60	Panama	0.819	0.814	0.814	0.828	0.867	0.886	0.887	0.888
62	Saint Kitts and Nevis	..	..	..	..	..	0.896	0.896	0.896
64	Trinidad and Tobago	0.838	0.849	0.874	0.872	0.870	0.861	0.861	0.861
69	Saint Lucía	..	..	..	..	..	0.891	0.896	0.889
73	Dominica	..	..	..	..	..	0.855	0.848	0.848
74	Granada	..	..	..	..	..	0.884	0.884	0.884
75	Brazil	0.700	0.703	0.720	0.745	0.876	0.888	0.888	0.891
77	Colombia	0.721	0.716	0.730	0.820	0.844	0.873	0.875	0.881
78	Peru	0.782	0.799	0.805	0.842	0.875	0.878	0.885	0.891
80	Ecuador	0.807	0.809	0.823	0.820	..	..	0.867	0.866
90	Dominican Republic	0.700	0.721	0.695	0.702	0.818	0.835	0.837	0.839
91	Saint Vincent and the Grenadines	..	..	..	..	..	0.817	0.817	0.817
93	Belize	..	..	0.694	0.712	0.704	0.769	0.762	0.762
97	Surinam	..	..	..	..	..	0.843	0.848	0.850
100	Jamaica	..	..	..	..	0.797	0.827	0.830	0.834
101	Paraguay	0.702	0.706	0.789	0.810	0.843	0.871	0.871	0.871
106	El Salvador	0.553	0.566	0.679	0.691	0.709	0.800	0.798	0.794
112	Honduras	0.562	0.583	0.577	0.581	0.745	0.806	0.806	0.806
113	Bolivia (Pluri-national State of)	0.615	0.637	0.744	0.762	0.857	0.892	0.892	0.892
114	Guyana	..	..	..	..	..	0.947	0.939	0.939
122	Guatemala	0.435	0.446	0.450	0.586	0.655	0.702	0.709	0.723
124	Nicaragua	0.575	0.567	0.567	0.592	0.739	0.758	0.760	0.760
149	Haiti	0.351	0.377	0.411	0.489	..	..	0.578	0.588

Source: UNDP (2009a).

Table A6 Latin America and the Caribean. Income Index. 1980-2007

HDI Position 2007	Country	1980	1985	1990	1995	2000	2005	2006	2007
37	Barbados	..	..	..	..	..	0.866	0.866	0.866
44	Chile	0.674	0.668	0.709	0.763	0.786	0.811	0.817	0.823
47	Antigua and Barbuda	0.694	0.747	0.818	0.819	0.837	0.856	0.876	0.873
49	Argentina	0.780	0.746	0.730	0.771	0.783	0.791	0.803	0.815
50	Uruguay	0.730	0.692	0.719	0.745	0.758	0.765	0.776	0.788
51	Cuba	..	..	..	..	..	0.683	0.706	0.706
52	Bahamas	..	..	..	..	..	0.886	0.886	0.886
53	Mexico	0.785	0.782	0.780	0.777	0.810	0.816	0.822	0.826
54	Costa Rica	0.703	0.680	0.699	0.724	0.743	0.761	0.772	0.782
58	Venezuela (Bolivarian Republic)	0.802	0.770	0.771	0.781	0.771	0.777	0.791	0.801
60	Panama	0.708	0.718	0.695	0.723	0.744	0.764	0.775	0.790
62	Saint Kitts and Nevis	0.650	0.680	0.746	0.781	0.805	0.820	0.826	0.830
64	Trinidad and Tobago	0.839	0.806	0.781	0.786	0.823	0.884	0.903	0.911
69	Saint Lucía	0.629	0.635	0.718	0.732	0.744	0.759	0.762	0.765
73	Dominica	0.599	0.640	0.688	0.699	0.720	0.725	0.729	0.729
74	Granada	0.585	0.601	0.662	0.666	0.715	0.722	0.712	0.717
75	Brazil	0.732	0.722	0.723	0.735	0.739	0.750	0.754	0.761
77	Colombia	0.668	0.670	0.694	0.711	0.705	0.724	0.733	0.743
78	Peru	0.695	0.678	0.643	0.673	0.681	0.705	0.716	0.728
80	Ecuador	0.687	0.676	0.678	0.683	0.678	0.712	0.717	0.719
90	Dominican Republic	0.590	0.588	0.595	0.613	0.661	0.676	0.690	0.702
91	Saint Vincent and the Grenadines	0.557	0.595	0.640	0.645	0.682	0.705	0.715	0.725
93	Belize	0.595	0.577	0.633	0.658	0.682	0.700	0.704	0.703
97	Surinam	0.711	0.681	0.673	0.666	0.670	0.711	0.720	0.727
100	Jamaica	0.642	0.632	0.667	0.693	0.686	0.696	0.699	0.686
101	Paraguay	0.631	0.621	0.626	0.636	0.616	0.621	0.625	0.633
106	El Salvador	0.643	0.613	0.619	0.652	0.662	0.668	0.672	0.678
112	Honduras	0.567	0.555	0.557	0.564	0.571	0.593	0.600	0.607
113	Bolivia (Pluri-national State of)	0.616	0.581	0.581	0.595	0.606	0.615	0.620	0.624
114	Guyana	0.512	0.476	0.461	0.517	0.540	0.544	0.540	0.555
122	Guatemala	0.620	0.590	0.595	0.611	0.624	0.628	0.632	0.638
124	Nicaragua	0.561	0.544	0.498	0.493	0.519	0.534	0.538	0.542
149	Haiti	0.520	0.493	0.476	0.418	0.423	0.405	0.406	0.408

Source: UNDP (2009a).

Table A7 Latin America and the Caribean. Contribution to human development by components. 2007 (%)

Country	Health index	Education index	Income index
Trinidad and Tobago	29	34	36
Antigua and Barbuda	30	36	34
Bolivia (Pluri-national State of)	31	41	29
Saint Kitts and Nevis	31	36	33
Bahamas	31	34	35
Guyana	32	43	25
Surinam	32	37	32
Barbados	32	36	32
Venezuela (Bolivarian Republic of)	32	36	32
Argentina	32	36	31
Brazil	32	37	31
Uruguay	33	37	30
Colombia	33	36	31
Saint Lucía	33	36	31
Peru	33	37	30
Mexico	33	35	32
Panama	33	35	31
Saint Vincent and the Grenadines	33	35	31
Chile	34	35	31
Jamaica	34	36	30
Dominican Republic	34	36	30
Paraguay	34	38	28
Granada	34	36	29
El Salvador	34	35	30
Cuba	34	38	27
Ecuador	34	36	30
Costa Rica	35	34	31
Dominica	35	35	30
Guatemala	36	34	30
Honduras	36	37	28
Belize	37	33	30
Haiti	38	37	26
Nicaragua	38	36	26

Source: HDR Team based on UNDP data (2009a).

Table A8 Latin America and the Caribean (20 countries). Millennium Development Goals

		Erradicate extreme poverty and hunger				Attain universal primary education				
	Percentage of national consumption of the poorest quintile	"Prevalence of infant malnutrition (% of children agend under 5-year old)"				"Primary Completed " (% of population)"				
	(latest year available)	1990-96	2002-2008	GOAL	Degree of Progress	1991	2006-2007	GOAL	Degree of Progress	
Argentina	3.5	5.4	3.8	2.7	Sufficient	n.d.	99.1	100	n.d	
Bolivia	1.8	15.7	6.0	7.9	Good	n.d.	97.7	100	n.d	
Brazil	3.0	5.7	4.6	2.9	Insufficient	93	106.0	100	Good	
Chile	4.1	1.6	0.7	0.8	Good	n.d.	94.8	100	Good	
Colombia	2.3	8.4	7.0	4.2	Insufficient	70	106.6	100	Good	
Costa Rica	4.2	2.8	n.d.	1.4	n.d	78.9	91.4	100	Sufficient	
Dominican Republic	3.9	10.4	4.0	5.2	Good	61	88.9	100	Good	
Ecuador	3.4	n.d.	9.4	n.d.	n.d	91	106.0	100	Good	
El Salvador	3.3	11.2	10.3	5.6	Insufficient	41	90.9	100	Good	
Guatemala	3.4	26.6	22.7	13.3	Insufficient	n.d.	77.1	100	Insufficient	
Haiti	2.5	26.8	22.2	13.4	Insufficient	27	n.d.	100	n.d	
Honduras	2.5	18.3	11.4	9.2	Good	64	88.7	100	Insufficient	
Jamaica	5.2	8.6	4.0	4.3	Good	90	90.9	100	Insufficient	
Mexico	4.6	n.d.	5.0	n.d.	n.d	88	104.5	100	Good	
Nicaragua	3.8	11.9	6.9	6.0	Good	42	74.2	100	Insufficient	
Panama	2.5	7.0	7.0	3.5	Insufficient	86	98.8	100	Good	
Paraguay	3.4	3.7	4.2	1.9	Insufficient	68	94.8	100	Sufficient	
Peru	3.9	10.8	5.4	5.4	Good	n.d.	103.9	100	Good	
Uruguay	4.5	4.4	4.9	2.2	Insufficient	94	103.7	100	Good	
Venezuela	4.9	7.7	5.2	3.9	Sufficient	43	97.7	100	Good	
Global	n.d.	n.d.	23.9	0	Insufficient	79	96	100	Insufficient	
Latin America	n.d.	n.d.	5.1	0	Insufficient	82	100	100	Good	
		Reduce the proportion of people suffering hunger by half				Boys and girls all over the world can finish a full cycle of primary education by 2015				

Note: Good: represents an advance of over 75% in comparison with the established goal; Sufficient: Represents and advance of over 50% but under 75%; Insufficient: Represents an advance of less than 50% of the established objective.

* The information for Venezuela is for 2005.

Sources: ECLAC World Development Report (2008). UNSTAT.

	Promote gender equality				Reduce infant mortality				Improve maternal health					Fight HIV and other diseases
	Gender equality (relation between boys and girls. secondary and primary education)				Infant mortality (Deaths per 1.000 births)				Maternal mortality (deaths per 100.000 births)	Deliveries attended by qualified staff (% of total)				Prevalence of HIV (% of the population 15-49 years old)
	1991	2006	GOAL	Degree of Progress	1990	2009	GOAL	Degree of Progress	2005	1990-95	2000-2008	GOAL	Degree of Progress	2007*
	n.d.	102	100	Good	30	16	10	Sufficient	77	96	99	100	Good	0.5
	n.d.	98	100	Good	127	54	42	Good	290	47	66	100	Insufficient	0.2
	n.d.	103	100	Good	59	22	20	Good	110	70	97	100	Good	0.6
	100	98	100	Good	23	9	8	Good	16	100	100	100	Sufficient	0.3
	108	104	100	Good	36	20	12	Sufficient	130	85	96	100	Good	0.6
	101	102	100	Good	23	11	8	Good	30	98	99	100	Insufficient	0.4
	n.d.	104	100	Good	66	33	22	Good	150	92	98	100	Sufficient	1.1
	n.d.	100	100	Good	56	25	19	Good	210	99	n.d.	100	n.d	0.3
	102	99	100	Good	66	18	22	Good	170	87	92	100	Insufficient	0.8
	n.d.	92	100	Insufficient	80	35	27	Good	290	35	41	100	Insufficient	0.8
	95	n.d.	100	n.d	152	72	51	Good	670	21	26	100	Insufficient	2.2
	106	109	100	Good	58	31	19	Sufficient	280	47	67	100	Insufficient	0.7
	102	101	100	Good	34	31	11	Insufficient	170	n.d.	97	100	n.d	1.6
	97	99	100	Good	47	18	16	Good	60	84	93	100	Sufficient	0.3
	109	102	100	Good	70	27	23	Good	170	61	74	100	Insufficient	0.2
	n.d.	101	100	Good	31	23	10	Insufficient	130	86	91	100	Insufficient	1.0
	98	99	100	Good	43	28	14	Sufficient	150	66	77	100	Insufficient	0.6
	96	101	100	Good	86	24	29	Good	240	53	71	100	Insufficient	0.5
	n.d.	106	100	n.d	24	14	8	Sufficient	20	n.d.	n.d.	100	n.d	0.6
	105	103	100	Good	33	18	11	Sufficient	57	n.d.	95	100	n.d	0.7
	n.d.	95	100	n.d	95	75	n.d.	n.d	411	n.d.	62	100	Sufficient	0.9
	99	101	100	Good	54	31	18	Sufficient	130	n.d.	87	100	Good	0.6
	Eliminate inequalities between sexes in primary and secondary education, preferably by 2005, and at all levels of education by 2015 at the latest				Reduce under 5-year old mortality by two thirds between 1990 and 2015				"Reduce maternal mortality by three quarters between 1990 and 2015 By 2015, achieve universal access to reproductive health"					Have stopped and started to reduce the propagation of HIV/ AIDS in 2015

Table A9 Latin America and the Caribean (24 countries). Years of education.

	Total	Adults (25-65)	Adult Men (25-65)	Adult Women (25-65)
Argentina (EPHC)				
2003	8.3	10.8	10.6	11.0
2004	8.4	10.8	10.7	11.0
2005	8.2	10.5	10.4	10.6
2006	8.3	10.6	10.5	10.7
2007		10.7	10.6	10.9
2008		10.8	10.7	11.0
2009		10.9	10.8	11.1
Bolivia (National)				
1997	5.8	7.0	7.9	6.1
1999	6.2	7.2	8.3	6.2
2000	6.3	7.5	8.5	6.6
2001	6.2	7.4	8.4	6.4
2002	6.2	7.2	8.1	6.4
2003-04	6.2	7.2	8.3	6.3
2005		7.7	8.8	6.8
2006		8.0	8.3	6.5
2007	7.3	8.6	9.7	7.7
Brazil (New with rural north)				
2004	5.4	6.8	6.7	7.0
2005	5.6	7.0	6.8	7.1
2006	5.8	7.2	7.0	7.4
2007	6.0	7.5	7.3	7.7
2008	6.1	7.6	7.4	7.8
Chile				
1987	6.7	8.5	8.7	8.2
1990	6.9	8.9	9.1	8.8
1992	6.5	8.5	8.6	8.3
1994		9.2	9.4	9.0
1996	7.2	9.5	9.7	9.3
1998	7.4	9.8	10.0	9.6
2000	7.6	10.0	10.1	9.8
2003	8.7	10.5	10.6	10.4
2006	8.9	10.6	10.7	10.5

	Total	Adults (25-65)	Adult Men (25-65)	Adult Women (25-65)
Colombia				
National ENH				
1996	5.1	6.7	6.7	6.6
1999	5.5	7.0	7.1	7.0
2000	5.5	7.2	7.2	7.2
National ECH				
2001	5.7	7.3	7.2	7.4
2003	5.8	7.5	7.5	7.6
2004	6.0	7.7	7.7	7.7
National GEIH				
2006	6.4	7.9	7.9	7.9
Costa Rica				
1990	5.0	6.9	7.0	6.8
1992	5.2	7.1	7.1	7.1
1997	5.5	7.5	7.5	7.5
2000	6.1	7.4	7.5	7.4
2001	5.9	7.9	8.0	7.9
2002	6.0	8.1	8.1	8.0
2003	6.8	8.2	8.2	8.2
2004	6.8	8.2	8.2	8.2
2005	7.0	8.4	8.4	8.4
2006	6.7	8.4	8.3	8.5
2007	6.8	8.5	8.5	8.5
2008		8.6	8.6	8.7
2009		8.7	8.6	8.8
Dominican Republic				
ENFT 1				
1996	5.4	7.3	7.6	7.1
1997	4.6	6.4	6.5	6.4
ENFT 2				
2000	5.6	7.4	7.4	7.4
2001	5.6	7.4	7.4	7.4
2002	5.8	7.6	7.5	7.7
2003	5.9	7.8	7.7	7.9
2004	6.1	8.0	7.8	8.1
2005	6.1	7.9	7.7	8.1
ENFT 3				
2005		7.9	7.7	8.1
2006		8.1	7.9	8.3
2007		8.2	8.1	8.4

	Total	Adults (25-65)	Adult Men (25-65)	Adult Women (25-65)
Ecuador				
ECV				
1994	6.2	7.0	7.2	6.8
1995	5.7	7.5	7.7	7.3
1998	6.0	7.8	8.1	7.6
1999	6.0	7.9	8.1	7.7
ENEMDU				
2003	7.1	8.4	8.6	8.3
2004	7.3	8.5	8.7	8.4
2005	7.3	8.6	8.8	8.4
2006	7.3	8.7	8.9	8.5
2007	7.4	8.7	8.9	8.5
2008	7.3	8.4	8.5	8.3
El Salvador				
1991	4.1	4.7	5.2	4.3
1995		5.2	5.7	4.8
1996		5.3	5.9	5.0
1998	4.3	5.9	6.4	5.6
1999	4.9	6.1	6.6	5.7
2000	4.9	6.2	6.7	5.8
2001	5.1	6.3	6.8	5.9
2002	5.2	6.5	6.9	6.1
2003	5.3	6.7	7.1	6.3
2004	5.3	6.6	7.2	6.2
2005	5.4	6.7	7.2	6.3
Guatemala				
ENCOVI				
2000	3.6	4.0	4.7	3.3
2006	4.3	4.8	5.4	4.3
ENEI				
2002	4.0	4.2	4.8	3.6
2003	4.2	4.5	5.2	3.8
2004	4.1	4.3	4.9	3.8
Honduras				
1992		4.9	5.1	4.7
1997	4.2	5.0	5.1	4.9
1999	4.3	5.1	5.2	5.0
2001	4.5	5.4	5.5	5.4
2003	3.7	5.1	5.1	5.1
2004	4.0	5.4	5.4	5.5
2005	4.1	5.5	5.4	5.5
2006	4.2	5.5	5.5	5.5
2007	4.4	5.6	5.6	5.7

Fuente: Base de datos socioeconómicas para América Latina y el Caribe (SEDLAC) (CEDLAS y Banco Mundial) (2010).

	Total	Adults (25-65)	Adult Men (25-65)	Adult Women (25-65)
Mexico				
1989	5.5	6.1	6.7	5.6
1992	5.7	6.4	6.9	5.9
1996	6.1	7.1	7.6	6.6
1998	6.2	7.2	7.7	6.8
2000	6.6	7.7	8.2	7.3
2002	6.7	7.7	8.1	7.3
2004	6.8	8.0	8.4	7.6
2005	7.0	8.1	8.5	7.7
2006	7.1	8.4	8.8	8.0
2008	6.9	8.4	8.7	8.1
Nicaragua				
1993	3.9	4.6	4.8	4.4
1998	4.3	5.1	5.3	5.0
2001	4.6	5.3	5.4	5.2
2005	5.1	5.8	5.8	5.8
Panama				
1989	5.4	8.1	8.0	8.2
1991	6.3	8.4	8.2	8.5
1995	6.4	8.9	8.7	9.1
1997	6.7	9.2	9.0	9.3
1998	6.7	9.2	9.1	9.3
2001	6.6	8.9	8.7	9.1
2002	6.6	9.1	8.9	9.4
2003	6.8	9.3	9.1	9.5
2004	6.9	9.5	9.3	9.7
2005	7.0	9.5	9.3	9.7
2006	7.1	9.6	9.4	9.8
Paraguay				
1995	4.3	6.4	6.7	6.2
1997	4.6	6.6	6.7	6.5
1999	4.8	6.8	7.0	6.6
2001	5.1	7.0	7.2	6.9
2002	5.2	6.9	7.0	6.9
2003	5.4	7.4	7.5	7.2
2004	5.7	7.3	7.4	7.2
2005	5.8	7.8	7.9	7.7
2006	5.7	7.6	7.7	7.4
2007	6.0	7.9	8.0	7.8
2008		8.0	8.1	7.9

	Total	Adults (25-65)	Adult Men (25-65)	Adult Women (25-65)
Peru				
ENAHO 1				
1997	5.2	7.3	8.0	6.6
1998	5.6	8.0	8.8	7.4
1999	5.4	7.9	8.7	7.1
2000	5.3	7.1	7.7	6.6
ENAHO 2				
2001	5.9	7.9	8.6	7.2
2002	6.1	8.2	8.9	7.6
ENAHO 3				
2003	6.1	8.0	8.8	7.3
2004	6.4	8.4	9.1	7.7
2005	6.4	8.4	9.0	7.7
2006	6.6	8.6	9.2	7.9
2007	6.7	8.8	9.5	8.2
Uruguay				
Urban				
1989	6.4	8.1	8.4	7.8
1992	7.6	8.7	8.8	8.7
1995	7.1	8.7	8.7	8.7
1996	7.2	8.9	8.9	8.9
1997	7.2	8.9	8.8	8.9
1998	7.4	9.2	9.2	9.3
2000	7.7	9.2	9.2	9.3
2001	7.3	9.3	9.1	9.5
2002	7.4	9.4	9.2	9.6
2003	7.4	9.5	9.3	9.7
2004	7.6	9.7	9.5	9.8
2005	7.6	9.7	9.5	9.9
National				
2006	7.3	9.3	9.0	9.5
2007	7.4	9.4	9.1	9.6
2008		9.3	8.9	9.6

	Total	Adults (25-65)	Adult Men (25-65)	Adult Women (25-65)
Venezuela (Bolivarian Rep. of)				
1989	4.9	7.1	7.3	6.9
1992	5.2	7.5	7.6	7.4
1995	5.6	7.7	7.7	7.7
1998	5.9	8.1	8.0	8.2
1999	5.9	8.2	8.1	8.2
2000	6.0	8.1	8.0	8.2
2001	6.1	8.4	8.2	8.5
2002	6.2	8.4	8.2	8.5
2003	6.2	8.4	8.2	8.6
2004	6.3	8.5	8.3	8.7
2005	6.5	8.7	8.5	9.0
2006	6.7	9.0	8.6	9.3
Bahamas				
2001	13.0	13.3	13.2	13.4
Belize				
1993		7.7	7.7	7.6
1994		7.6	7.6	7.6
1997	5.6	8.0	8.0	7.9
1998	5.8	8.1	8.2	8.0
1999	6.7	8.1	8.2	8.0
Guyana				
1992 1993	6.0	7.3	7.4	7.2
Haiti				
2001	4.9	4.7	5.6	4.0
Jamaica				
1990	7.3	8.2	8.3	8.1
1996	7.7	9.7	9.6	9.7
1999	7.3	9.4	9.3	9.5
2001		9.6	9.5	9.6
2002	7.3	9.4	9.2	9.5
Surinam				
1999	8.3	10.6	10.5	10.6

Table A10 Latin America and the Caribean (20 countries). Gini coefficient of the distribution of years of education; by age group

	(25-65)	(10-20)	(21-30)	(31-40)	(41-50)	(51-60)	(61+)
Argentina (EPHC)							
2003	0.218	0.215	0.162	0.192	0.230	0.251	0.277
2004	0.216	0.209	0.157	0.197	0.221	0.250	0.273
2005	0.217	0.206	0.166	0.194	0.218	0.252	0.293
2006	0.216	0.204	0.163	0.192	0.217	0.251	0.287
2007	0.211	0.202	0.155	0.190	0.213	0.247	0.283
2008	0.209	0.205	0.154	0.189	0.212	0.242	0.277
2009	0.206	0.201	0.152	0.186	0.208	0.239	0.277
Belize							
1993	0.249	0.154	0.207	0.233	0.263	0.291	0.345
1994	0.256	0.161	0.216	0.246	0.260	0.296	0.362
1997	0.228	0.207	0.195	0.212	0.231	0.273	0.279
1998	0.232	0.208	0.191	0.212	0.234	0.279	0.314
1999	0.227	0.208	0.190	0.210	0.243	0.261	0.314
Bolivia (Plurinational State of)							
1997	0.444	0.281	0.297	0.393	0.479	0.564	0.684
1999	0.434	0.340	0.286	0.382	0.457	0.560	0.696
2000	0.417	0.271	0.287	0.364	0.436	0.570	0.676
2001	0.419	0.260	0.281	0.360	0.447	0.560	0.694
2002	0.418	0.257	0.289	0.362	0.451	0.534	0.671
2003-2004	0.415	0.239	0.264	0.360	0.448	0.543	0.690
2005	0.399	0.233	0.251	0.351	0.426	0.515	0.665
Brazil (New PNAD with rural north)							
2004	0.389	0.283	0.270	0.340	0.396	0.492	0.604
2005	0.382	0.278	0.257	0.336	0.389	0.482	0.598
2006	0.370	0.274	0.243	0.326	0.378	0.466	0.587
2007	0.368	0.285	0.244	0.326	0.379	0.454	0.579
2008	0.357	0.282	0.225	0.314	0.370	0.445	0.577
Chile							
1987	0.303	0.237	0.207	0.271	0.328	0.371	0.446
1990	0.285	0.234	0.195	0.243	0.313	0.362	0.439
1992	0.279	0.243	0.200	0.229	0.301	0.346	0.428
1994	0.273	0.163	0.178	0.222	0.295	0.352	0.417
1996	0.259	0.231	0.169	0.210	0.277	0.346	0.420
1998	0.250	0.231	0.160	0.204	0.261	0.335	0.414
2000	0.241	0.226	0.154	0.200	0.241	0.322	0.403
2003	0.213	0.216	0.136	0.178	0.207	0.279	0.320
2006	0.206	0.210	0.123	0.164	0.197	0.262	0.320

	(25-65)	(10-20)	(21-30)	(31-40)	(41-50)	(51-60)	(61+)
Colombia							
ENH National							
1996	0.380	0.290	0.287	0.342	0.411	0.455	0.498
1999	0.372	0.277	0.276	0.328	0.395	0.459	0.521
2000	0.370	0.278	0.270	0.327	0.385	0.460	0.530
ECH National							
2001	0.365	0.272	0.260	0.317	0.383	0.442	0.518
2003	0.365	0.269	0.255	0.329	0.377	0.447	0.521
2004	0.357	0.259	0.248	0.312	0.373	0.448	0.503
GEIH National							
2006	0.357	0.250	0.234	0.318	0.358	0.446	0.524
Costa Rica							
1990	0.346	0.262	0.242	0.298	0.381	0.463	0.524
1992	0.330	0.250	0.238	0.281	0.361	0.444	0.503
1997	0.309	0.252	0.244	0.262	0.321	0.401	0.491
2000	0.315	0.249	0.265	0.272	0.304	0.408	0.521
2001	0.308	0.248	0.259	0.269	0.298	0.390	0.489
2002	0.303	0.243	0.260	0.267	0.291	0.376	0.486
2003	0.297	0.239	0.249	0.267	0.286	0.363	0.477
2004	0.298	0.235	0.254	0.271	0.284	0.347	0.481
2005	0.291	0.230	0.247	0.267	0.280	0.339	0.465
2006	0.293	0.232	0.244	0.270	0.278	0.341	0.465
2007	0.286	0.227	0.237	0.267	0.273	0.326	0.466
2008	0.286	0.229	0.239	0.271	0.274	0.323	0.453
2009	0.283	0.229	0.235	0.271	0.271	0.313	0.445
Dominican Republic							
ENFT 1							
1996	0.378	0.287	0.273	0.335	0.402	0.471	0.559
1997	0.432	0.338	0.321	0.391	0.477	0.495	0.619
ENFT 2							
2000	0.394	0.297	0.290	0.339	0.426	0.477	0.591
2001	0.389	0.285	0.285	0.332	0.421	0.474	0.590
2002	0.383	0.284	0.284	0.328	0.410	0.466	0.576
2003	0.371	0.274	0.279	0.302	0.405	0.467	0.566
2004	0.360	0.263	0.270	0.302	0.392	0.451	0.546
ENFT 3							
2005	0.365	0.263	0.271	0.314	0.385	0.457	0.542
2006	0.359	0.258	0.259	0.308	0.379	0.452	0.545
2007	0.348	0.250	0.240	0.294	0.362	0.457	0.540

Source: Socio-Economic Database for Latin America and the Caribean (SEDLAC) (2010).

	(25-65)	(10-20)	(21-30)	(31-40)	(41-50)	(51-60)	(61+)
Ecuador							
ECV							
1994	0.388	0.253	0.264	0.356	0.426	0.464	0.547
1995	0.376	0.242	0.255	0.331	0.415	0.458	0.545
1998	0.356	0.232	0.243	0.309	0.386	0.454	0.531
1999	0.358	0.244	0.250	0.309	0.382	0.477	0.535
2006	0.330	0.240	0.241	0.279	0.348	0.424	0.523
ENEMDU							
2003	0.340	0.254	0.248	0.293	0.352	0.429	0.520
2004	0.337	0.253	0.246	0.290	0.351	0.417	0.511
2005	0.333	0.260	0.246	0.284	0.343	0.418	0.506
2006	0.327	0.246	0.238	0.276	0.332	0.409	0.504
2007	0.327	0.248	0.242	0.278	0.333	0.405	0.507
2008	0.321	0.241	0.234	0.270	0.322	0.390	0.489
El Salvador							
1991	0.573	0.383	0.441	0.517	0.607	0.694	0.770
1995	0.537	0.458	0.415	0.486	0.565	0.638	0.739
1996	0.530	0.447	0.406	0.486	0.547	0.634	0.731
1998	0.486	0.358	0.359	0.431	0.521	0.606	0.707
1999	0.480	0.342	0.352	0.428	0.511	0.595	0.697
2000	0.476	0.339	0.343	0.430	0.498	0.578	0.696
2001	0.467	0.331	0.330	0.424	0.488	0.572	0.690
2002	0.458	0.324	0.327	0.412	0.474	0.565	0.678
2003	0.447	0.323	0.327	0.399	0.477	0.569	0.703
2004	0.446	0.319	0.320	0.402	0.486	0.547	0.681
2005	0.444	0.309	0.312	0.396	0.482	0.552	0.684
Guatemala							
ENCOVI							
2000	0.624	0.428	0.491	0.582	0.659	0.751	0.789
2006	0.560	0.368	0.433	0.516	0.600	0.682	0.767
ENEI							
2002	0.598	0.411	0.445	0.571	0.655	0.740	0.769
2003	0.570	0.384	0.431	0.536	0.612	0.726	0.781
2004	0.575	0.375	0.460	0.521	0.618	0.697	0.748

	(25-65)	(10-20)	(21-30)	(31-40)	(41-50)	(51-60)	(61+)
Honduras							
1992	0.498	0.325	0.352	0.436	0.542	0.650	0.707
1997	0.487	0.311	0.366	0.432	0.512	0.636	0.705
1999	0.478	0.297	0.362	0.430	0.505	0.607	0.713
2001	0.464	0.309	0.347	0.424	0.488	0.591	0.706
2003	0.474	0.306	0.360	0.432	0.494	0.592	0.713
2004	0.459	0.304	0.355	0.410	0.483	0.569	0.703
2005	0.457	0.297	0.351	0.418	0.481	0.548	0.691
2006	0.448	0.320	0.352	0.406	0.463	0.547	0.684
2007	0.442	0.322	0.343	0.394	0.467	0.542	0.675
Jamaica							
1990	0.201	0.172	0.111	0.172	0.185	0.200	0.248
1996	0.163	0.204	0.102	0.109	0.176	0.233	0.241
1999	0.197	0.207	0.132	0.146	0.207	0.257	0.226
2001	0.194	0.210	0.152	0.142	0.192	0.260	0.245
2002	0.163	0.206	0.105	0.114	0.160	0.229	0.227
Mexico							
1989	0.444	0.273	0.314	0.414	0.468	0.534	0.625
1992	0.428	0.264	0.303	0.390	0.463	0.523	0.622
1996	0.398	0.257	0.266	0.352	0.441	0.530	0.633
1998	0.389	0.244	0.260	0.335	0.433	0.522	0.608
2000	0.370	0.235	0.251	0.318	0.392	0.504	0.609
2002	0.365	0.228	0.250	0.298	0.389	0.496	0.607
2004	0.348	0.228	0.242	0.282	0.374	0.458	0.589
2005	0.343	0.223	0.239	0.279	0.364	0.451	0.576
2006	0.328	0.214	0.236	0.278	0.335	0.438	0.567
2008	0.324	0.206	0.229	0.270	0.327	0.418	0.548
Nicaragua							
1993	0.528	0.414	0.387	0.504	0.588	0.668	0.731
1998	0.493	0.377	0.382	0.441	0.546	0.644	0.699
2001	0.481	0.361	0.379	0.426	0.526	0.625	0.673
2005	0.473	0.340	0.360	0.412	0.505	0.583	0.686
Panama							
1989	0.330	0.565	0.228	0.292	0.350	0.417	0.469
1991	0.325	0.243	0.229	0.282	0.348	0.406	0.479
1995	0.301	0.237	0.223	0.257	0.325	0.389	0.461
1997	0.297	0.239	0.223	0.255	0.314	0.379	0.465
1998	0.293	0.237	0.224	0.243	0.313	0.372	0.444
2001	0.306	0.256	0.251	0.256	0.316	0.382	0.450
2002	0.301	0.251	0.246	0.264	0.296	0.371	0.451
2003	0.296	0.247	0.240	0.261	0.289	0.361	0.456
2004	0.290	0.238	0.230	0.257	0.282	0.354	0.447
2005	0.287	0.238	0.229	0.256	0.278	0.344	0.442
2006	0.281	0.242	0.223	0.253	0.274	0.340	0.427

Table A10 (continue)

	(25-65)	(10-20)	(21-30)	(31-40)	(41-50)	(51-60)	(61+)
Paraguay							
1995	0.361	0.288	0.281	0.335	0.374	0.424	0.498
1997	0.368	0.259	0.297	0.333	0.371	0.416	0.478
1999	0.348	0.270	0.280	0.310	0.359	0.407	0.479
2001	0.355	0.272	0.283	0.327	0.364	0.406	0.507
2002	0.339	0.246	0.272	0.303	0.338	0.405	0.491
2003	0.341	0.256	0.265	0.304	0.353	0.401	0.481
2004	0.336	0.245	0.261	0.304	0.333	0.397	0.479
2005	0.329	0.250	0.249	0.295	0.339	0.379	0.454
2006	0.327	0.258	0.248	0.287	0.331	0.380	0.456
2007	0.319	0.249	0.229	0.284	0.324	0.374	0.448
2008	0.322	0.248	0.239	0.294	0.317	0.370	0.442
Peru							
ENAHO 1							
1997	0.375	0.323	0.254	0.314	0.405	0.512	0.557
1998	0.369	0.269	0.242	0.315	0.387	0.512	0.567
1999	0.380	0.268	0.245	0.321	0.390	0.508	0.588
2000	0.376	0.249	0.254	0.312	0.373	0.506	0.583
ENAHO 2							
2001	0.372	0.257	0.248	0.316	0.386	0.506	0.583
2002	0.353	0.250	0.235	0.302	0.366	0.473	0.565
2003	0.379	0.263	0.259	0.309	0.403	0.517	0.597
ENAHO 3							
2004	0.351	0.246	0.233	0.294	0.355	0.473	0.585
2005	0.351	0.250	0.238	0.291	0.352	0.463	0.583
2006	0.339	0.240	0.223	0.284	0.352	0.438	0.566
2007	0.330	0.238	0.225	0.276	0.341	0.426	0.575
Uruguay							
Urbano							
1989	0.284	0.229	0.204	0.244	0.273	0.302	0.371
1992	0.266	0.224	0.190	0.219	0.262	0.292	0.318
1995	0.265	0.204	0.182	0.217	0.258	0.298	0.361
1996	0.260	0.203	0.181	0.214	0.249	0.294	0.363
1997	0.257	0.208	0.177	0.215	0.248	0.284	0.361
1998	0.247	0.216	0.177	0.212	0.238	0.280	0.347
2000	0.242	0.217	0.185	0.213	0.231	0.268	0.337
2001	0.244	0.209	0.192	0.218	0.235	0.269	0.329
2002	0.241	0.210	0.191	0.217	0.234	0.266	0.324
2003	0.237	0.212	0.191	0.214	0.229	0.262	0.314
2004	0.236	0.213	0.191	0.214	0.224	0.261	0.320
2005	0.236	0.214	0.191	0.214	0.229	0.258	0.325
2006	0.235	0.221	0.194	0.213	0.229	0.259	0.322

	(25-65)	(10-20)	(21-30)	(31-40)	(41-50)	(51-60)	(61+)
Venezuela (Bolivarian Rep. of)							
1989	0.357	0.274	0.261	0.310	0.383	0.480	0.639
1992	0.338	0.268	0.252	0.293	0.352	0.449	0.597
1995	0.328	0.260	0.249	0.289	0.338	0.436	0.580
1998	0.309	0.257	0.242	0.271	0.318	0.399	0.554
1999	0.309	0.252	0.243	0.275	0.316	0.393	0.540
2000	0.314	0.249	0.249	0.274	0.321	0.404	0.553
2001	0.306	0.250	0.244	0.269	0.311	0.383	0.531
2002	0.305	0.249	0.242	0.268	0.314	0.378	0.542
2003	0.305	0.246	0.244	0.267	0.311	0.376	0.529
2004	0.300	0.246	0.239	0.264	0.305	0.368	0.515
2005	0.291	0.252	0.230	0.256	0.295	0.353	0.502
2006	0.284	0.249	0.226	0.252	0.288	0.341	0.477

Table A11 Latin America and the Caribean (20 countries). Distribution of workers by employment post. kind of company and employment category (%)

	Employment position				Kind of Company			Employment Category						
								Formal				Informal		
									Employees		Self-employed	Employees	Self-employed	Workers
	Businessman	Employee	Self-employed	No income	Large	Small	Public	Businessmen	Large companies	Public Sector	Professionals	Small Companies	Unqualified	Without income
Argentina (EPHC)														
2004	3.9	74.6	20.0	1.5	32.1	48.7	19.3	4.1	30.5	19.3	3.2	23.7	17.7	1.6
2005	3.9	74.8	20.3	1.1	33.2	48.6	18.2	4.1	31.6	18.1	3.6	23.7	17.7	1.1
2006	4.0	75.5	19.5	1.0	35.2	47.1	17.7	4.2	33.8	17.7	3.3	22.9	17.1	1.1
2007	4.5	76.1	18.4	1.1	37.0	46.4	16.6	4.7	35.2	16.6	3.2	23.1	16.1	1.1
2008	4.5	76.5	18.1	0.9	36.6	46.9	16.5	4.8	35.2	16.5	3.1	23.3	16.2	0.9
2009	4.6	75.9	18.7	0.7	36.9	46.3	16.7	4.8	35.5	16.7	3.3	22.8	16.2	0.8
Belize														
1993	6.2	70.7	20.1	3.0				12.7			1.2		40.2	6.2
1994	7.0	69.5	19.0	4.4				14.1			1.2		37.3	8.9
1997	8.3	64.7	22.6	4.4				16.8			2.0		43.5	8.8
1998	8.4	66.9	20.5	4.0				17.4			1.6		40.9	8.3
1999	8.2	65.2	23.2	3.4				16.3			2.0		44.4	6.7
Bolivia (National)														
1997	5.2	28.5	35.9	30.4	19.3	73.9	6.8	5.3	12.1	6.8	1.3	8.0	35.4	31.0
1999	2.8	29.8	39.2	28.2	23.5	69.9	6.6	2.8	12.9	6.6	1.2	10.4	38.0	28.2
2000	1.9	31.0	41.2	26.0	22.5	70.1	7.4	2.0	14.1	7.4	1.2	7.6	41.0	26.7
2001	2.1	31.6	35.0	31.3	27.9	64.6	7.4	2.2	13.5	7.4	1.3	8.6	34.9	32.3
2002	4.3	30.4	35.6	29.7	27.2	65.9	6.9	4.4	12.3	6.9	1.3	9.7	35.2	30.3
2003-2004	4.7	34.5	35.4	25.4	24.5	68.5	7.0	4.8	13.9	7.0	0.9	11.7	35.6	26.2
2005	4.9	30.9	34.7	29.5	30.0	63.0	7.0	5.0	14.1	7.0	1.2	8.3	34.2	30.2
2007	5.2	36.2	32.6	25.9	30.1	61.3	8.6	5.4	15.6	8.6	1.4	9.9	32.3	26.8
Brazil (new PNAD with rural data)														
2004	4.1	62.9	22.0	11.1	30.3	58.6	11.0	4.1	29.6	11.0	1.1	22.2	20.9	11.1
2005	4.2	62.7	21.6	11.4	30.6	58.5	10.9	4.2	29.9	10.9	1.1	22.0	20.5	11.4
2006	4.5	63.6	21.2	10.7	31.8	57.1	11.1	4.5	30.9	11.1	1.1	21.6	20.1	10.7
2007	3.8	64.8	21.2	10.3	32.5	56.0	11.5	3.8	31.9	11.4	1.5	21.5	19.7	10.3
2008	4.5	65.8	20.2	9.5	34.1	54.5	11.4	4.5	33.3	11.4	1.4	21.1	18.8	9.5
Chile														
1990	2.5	72.9	22.7	1.9	51.9	44.4	3.7	2.6	49.5	3.5	1.4	18.8	22.2	1.9
1992	3.5	73.5	21.4	1.6	49.5	36.4	14.1	3.6	46.9	9.5	0.9	16.1	21.3	1.6
1996	3.7	74.6	20.3	1.3	49.8	40.1	10.2	3.8	46.7	10.2	1.3	17.0	19.6	1.4
1998	4.1	74.5	20.0	1.4				4.2			1.8	18.0	18.9	1.5
2000	4.1	74.3	20.0	1.5	46.5	40.8	12.7	4.3	44.5	12.6	1.8	16.1	19.2	1.6
2003	3.9	74.2	20.4	1.5	47.7	41.0	11.3	4.1	45.9	11.2	1.8	15.7	19.7	1.6
2006	3.1	75.7	20.3	0.9	50.7	38.6	10.7	3.3	48.9	10.5	2.1	14.4	19.8	1.0

Table A11(continue)

	Employment position				Kind of Company			Employment Category						
								Formal				Informal		
									Employees		Self-employed	Employees	Self-employed	Workers
	Businessman	Employee	Self-employed	No income	Large	Small	Public	Businessmen	Large companies	Public Sector	Professionals	Small Companies	Unqualified	Without income
Colombia														
ENH National														
1996	4.5	58.0	32.8	4.7	92.1	7.9		9.1		15.2	3.0		63.2	9.6
1999	4.0	53.5	37.5	5.0	92.9	7.1		8.7		0.0	4.6		76.0	10.8
2000	4.3	51.1	38.5	6.1	89.7	10.3		7.3		16.4	3.7		62.1	10.5
ECH National														
2001	4.4	49.2	40.6	5.9	93.4		6.6	8.6		0.0	4.4		75.4	11.6
2003	4.4	49.2	39.8	6.6	93.1		6.9	8.6		0.0	4.8		73.6	13.0
2004	4.4	48.7	41.0	5.9	93.2	6.8		7.6		11.2	4.8		66.2	10.2
GEIH National														
2006	4.5	53.4	37.7	4.4	28.7	65.1	6.2	4.5	25.5	6.2	3.3	21.0	35.0	4.5
Costa Rica														
1990	5.3	70.1	19.6	5.1	35.6	47.2	17.2	5.3	34.0	17.2	0.2	18.6	19.5	5.2
1992	4.8	71.9	19.6	3.6	38.0	45.5	16.5	4.9	36.7	16.4	0.2	18.5	19.7	3.6
1997	7.4	69.9	19.6	3.1	35.0	50.5	14.5	7.5	33.5	14.5	0.3	21.5	19.7	3.1
2000	5.7	70.8	21.0	2.6	36.3	49.4	14.4	5.8	34.8	14.3	0.3	21.2	21.1	2.6
2001	7.9	68.8	20.3	2.9	36.3	49.1	14.6	8.1	34.5	14.6	0.3	19.2	20.4	3.0
2002	7.9	68.3	20.7	3.1	35.8	49.9	14.3	8.0	33.9	14.2	0.4	19.6	20.7	3.1
2003	8.6	69.5	19.3	2.6	37.6	48.3	14.1	8.7	35.6	14.1	0.3	19.4	19.2	2.7
2004	8.1	68.8	20.7	2.4	38.5	47.3	14.3	8.2	36.5	14.3	0.3	17.6	20.7	2.4
2005	7.5	71.4	18.8	2.3	37.6	48.1	14.3	7.5	36.2	14.3	0.4	20.7	18.6	2.3
2006	7.7	70.7	19.4	2.2	38.4	47.1	14.6	7.7	37.0	14.6	0.2	18.9	19.3	2.3
2007	7.2	73.1	17.9	1.8	40.8	45.3	14.0	7.3	39.3	14.0	0.3	19.6	17.8	1.8
2008	7.5	72.9	18.1	1.6	41.3	44.4	14.3	7.6	39.8	14.3	0.3	18.5	18.0	1.6
2009	7.2	72.7	18.5	1.6	40.3	43.9	15.8	7.3	38.5	15.8	0.3	18.0	18.4	1.6

Table A11(continue)

	Employment position				Kind of Company			Employment Category						
								Formal				Informal		
									Employees		Self-employed	Employees	Self-employed	Workers
	Businessman	Employee	Self-employed	No income	Large	Small	Public	Businessmen	Large companies	Public Sector	Professionals	Small Companies	Unqualified	Without income
Dominican Republic														
ENFT 1														
1996	4.1	60.1	31.7	4.1	41.6	47.5	10.9	4.1	36.5	9.9	1.3	13.6	30.4	4.1
1997	3.6	55.6	37.0	3.9	38.8	49.9	11.3	3.6	31.3	11.2	0.9	12.8	36.2	3.9
ENFT 2														
2000	2.6	56.6	39.0	1.8	33.3	54.7	12.0	2.6	32.1	12.0	1.7	12.5	37.3	1.8
2001	3.8	54.2	40.3	1.7	31.6	56.3	12.0	3.8	30.5	12.0	1.4	11.7	38.9	1.7
2002	3.2	53.1	42.1	1.7	31.6	56.4	12.0	3.2	30.2	12.0	1.5	10.9	40.6	1.7
2003	3.5	54.6	40.2	1.8	32.1	55.9	12.1	3.5	30.9	12.1	1.9	11.6	38.3	1.8
2004	4.6	54.9	38.4	2.1	33.0	56.2	10.8	4.6	31.9	10.8	1.3	12.2	37.1	2.1
2005	4.3	52.2	39.7	3.8	30.8	57.9	11.3	4.3	29.5	11.3	1.7	11.4	38.0	3.8
2006	3.8	53.1	39.8	3.3	30.5	58.0	11.4	3.8	29.2	11.4	1.5	12.5	38.2	3.3
2007	4.2	53.7	39.0	3.2	31.7	57.0	11.4	4.2	30.3	11.4	1.6	12.0	37.3	3.2
Ecuador														
ECV														
1994	5.6	48.9	25.7	19.8	27.1	66.1	6.9	5.6	21.2	6.9	1.0	20.8	24.7	19.8
1995	6.5	46.9	25.9	20.7	27.0	65.8	7.2	6.5	21.1	7.2	0.9	18.5	25.0	20.7
1998					26.5	67.2	6.3							
1999	6.2	45.5	24.1	24.1	27.5	66.5	6.0	6.2	21.7	6.0	1.1	17.9	23.0	24.1
2006	6.5	52.8	22.0	18.7	27.4	65.9	6.7	6.5	25.3	7.5	1.5	20.0	20.5	18.7
ENEMDU														
2003	4.7	53.6	30.3	11.4	25.1	66.5	8.4	4.7	24.0	8.4	0.9	21.0	29.5	11.5
2004	6.4	49.2	29.2	15.3	24.1	68.3	7.6	6.4	22.7	7.6	0.8	18.8	28.4	15.3
2005	6.0	52.0	29.5	12.4	24.4	68.4	7.2	6.0	23.1	7.2	1.7	21.7	27.8	12.4
2006	5.7	51.2	27.4	15.7	24.7	68.3	7.0	5.7	23.5	7.0	1.5	20.7	26.0	15.7
2007	5.0	52.7	28.7	13.6	29.0	63.7	7.4	5.0	25.1	7.4	1.6	20.2	27.1	13.6
2008	5.1	54.6	28.4	11.9	91.9		8.1	5.2	46.4	8.0	1.6		27.0	11.9

Table A11(continue)

	Employment position				Kind of Company			Employment Category						
								Formal				Informal		
									Employees		Self-employed	Employees	Self-employed	Workers
	Businessman	Employee	Self-employed	No income	Large	Small	Public	Businessmen	Large companies	Public Sector	Professionals	Small Companies	Unqualified	Without income
El Salvador														
1991	7.1	56.1	25.5	11.3	30.1	60.0	9.9	7.4	27.7	9.9	0.2	16.6	26.5	11.8
1995	6.1	56.2	28.3	9.4	91.3		8.7	6.1		8.7	0.3		28.0	9.4
1996	5.1	56.4	28.2	10.3	91.6		8.4	5.1		8.4	0.3		27.8	10.3
1998	3.2	58.4	27.4	11.0	33.9	57.1	9.0	3.2	32.0	8.9	0.6	17.5	26.8	11.0
1999	4.4	59.9	27.0	8.8	33.8	57.1	9.2	4.4	32.0	9.1	0.5	18.7	26.4	8.8
2000	5.4	56.5	29.9	8.3	32.0	58.7	9.3	5.4	29.9	9.3	0.6	17.3	29.3	8.3
2001	4.5	56.4	27.6	11.5	30.6	60.9	8.5	4.5	28.9	8.5	0.4	19.0	27.2	11.5
2002	4.6	55.6	30.4	9.4	30.7	60.8	8.5	4.6	29.5	8.5	0.5	17.6	29.9	9.4
2003	4.6	58.2	28.1	9.1	32.9	59.0	8.2	4.6	31.5	8.2	0.5	18.6	27.6	9.1
2004	4.3	59.7	28.1	7.9	32.9	59.1	8.0	4.3	31.8	8.0	0.7	19.9	27.5	7.9
2005	4.3	56.2	28.9	10.6	29.3	62.3	8.4	4.5	27.4	8.4	0.7	18.9	29.2	11.0
Guatemala														
ENCOVI														
2000	7.8	46.7	25.5	20.0	30.7	64.3	5.0	7.8	22.9	4.5	0.5	19.3	25.0	20.0
2006	3.5	48.5	28.2	19.8	27.7	67.4	5.0	3.5	24.8	5.0	0.3	18.6	27.9	19.8
ENEI														
2002	5.1	40.3	30.5	24.1	25.2	71.0	3.8	5.1	21.1	3.8	0.3	15.4	30.2	24.1
2003	5.0	44.1	29.4	21.5	25.2	70.1	4.7	5.0	22.5	4.7	0.3	16.9	29.1	21.5
2004	4.4	45.2	31.9	18.6	26.5	69.5	4.0	4.4	22.2	4.0	0.4	17.9	32.1	18.9
Honduras														
1992	8.5	49.9	30.5	11.1	26.6	63.2	10.2	8.5	24.1	10.2	0.3	15.6	30.2	11.1
1997	10.4	47.0	30.5	12.1	25.5	68.0	6.4	10.4	23.8	6.4	0.2	16.8	30.3	12.1
1999	9.4	46.7	30.9	13.0	26.4	67.4	6.2	9.4	24.1	6.1	0.2	16.5	30.7	13.0
2001	9.9	45.8	32.2	12.2	22.2	70.4	7.4	10.2	20.4	7.4	0.3	16.1	33.0	12.6
2003	8.7	49.1	31.1	11.1	22.3	71.7	6.0	9.0	21.2	6.0	0.3	20.3	31.8	11.5
2004	11.4	47.9	28.2	12.5	24.9	68.9	6.1	11.7	23.6	6.1	0.3	17.0	28.5	12.7
2005	11.0	45.7	30.0	13.3	23.6	68.3	8.1	11.3	19.7	7.0	0.3	17.5	30.5	13.7
2006	11.4	46.5	30.1	12.1	49.8	36.3	13.9	11.4	23.1	6.5	0.2	16.9	29.8	12.1
2007	13.1	47.5	27.8	11.6	46.0	39.3	14.6	13.5	21.0	6.7	0.3	18.0	28.4	12.0
Jamaica														
1990	1.1	59.5	37.2	2.2				2.8			0.1			5.5
1996	4.5	61.8	32.2	1.6	6.1	66.8	27.1	8.5		26.9	1.1		60.5	3.0
1999	3.0	60.1	34.8	2.1	3.8	71.2	25.0	5.7		24.9	0.4		65.2	3.9
2001	3.5	62.4	32.6	1.5	1.8	71.2	27.0	6.9		26.9	1.4		62.0	2.8
2002	2.7	58.1	37.7	1.5	2.4	74.9	22.7	4.9		22.6	1.1		68.6	2.8

Table A11(continue)

	Employment position				Kind of Company			Employment Category						
								Formal				Informal		
									Employees		Self-employed	Employees	Self-employed	Workers
	Businessman	Employee	Self-employed	No income	Large	Small	Public	Businessmen	Large companies	Public Sector	Professionals	Small Companies	Unqualified	Without income
Mexico														
1989	3.0	66.9	22.3	7.7										
1992	3.0	66.9	22.3	7.7										
1996	3.8	63.9	23.3	9.0			12.0	8.0		24.6	1.2		47.5	18.7
1998	4.7	63.1	22.2	9.9	33.8	54.4	11.8	4.7	31.5	11.6	0.6	20.1	21.6	9.9
2000	4.7	62.0	22.7	10.6	33.8	54.9	11.3	4.7	31.0	10.9	0.8	20.0	22.0	10.6
2002	4.7	65.6	21.5	8.3	35.8	53.0	11.2	4.7	33.9	11.0	0.9	20.6	20.5	8.3
2004	4.0	65.1	22.8	8.1	31.9	56.8	11.3	4.0	30.1	11.2	0.8	23.8	22.0	8.1
2005	3.2	70.0	20.9	5.9	47.0	53.0		3.2	45.2		1.4	24.8	19.5	5.9
2006	3.7	68.6	21.1	6.6	47.5	52.5		3.7	45.6		1.5	23.0	19.6	6.6
2008	4.0	66.8	22.2	7.0	43.6	56.4		4.0	41.8		1.6	25.0	20.6	7.0
Nicaragua														
1993	0.5	51.2	34.6	13.7	19.5	64.7	15.8	0.6	17.5	15.8	0.6	14.2	36.7	14.7
1998	3.5	52.4	27.5	16.6	33.7	66.3		3.5	30.4		0.4	22.0	27.1	16.6
2001	4.7	50.8	27.6	16.9	27.6	65.7	6.7	4.7	24.3	6.7	0.4	19.7	27.2	16.9
2005	4.5	48.4	30.3	16.8	26.3	67.1	6.6	4.5	23.5	6.6	0.7	18.3	29.6	16.8
Panama														
1989	2.0	61.6	30.1	6.3	27.7	49.8	22.5	2.0	26.0	22.5	0.3	13.0	29.9	6.3
1991	3.3	63.0	28.7	5.1	30.7	48.6	20.7	3.3	29.8	20.7	0.5	12.5	28.2	5.1
1995	3.0	66.9	25.3	4.7	34.3	47.3	18.4	3.0	33.4	18.4	0.4	15.1	24.9	4.7
1997	2.9	65.8	27.4	3.9	35.2	47.2	17.7	2.9	34.1	17.7	0.8	14.0	26.6	3.9
1998	3.1	66.6	26.9	3.4	34.8	47.6	17.6	3.1	33.9	17.6	0.6	15.0	26.2	3.4
2001	2.5	62.7	29.4	5.4	32.5	50.5	17.0	2.5	31.5	17.0	0.4	14.3	29.0	5.4
2002	2.9	62.0	30.2	4.9	31.3	52.7	16.0	2.9	30.2	16.0	0.6	15.8	29.6	4.9
2003	2.9	61.4	30.6	5.1	31.1	52.8	16.2	2.9	29.9	16.2	0.9	15.3	29.7	5.1
2004	3.2	62.2	29.9	4.7	33.7	50.6	15.7	3.2	32.2	15.7	0.9	14.3	29.0	4.7
2005	3.0	61.1	30.1	5.8	33.9	51.4	14.6	3.0	32.4	14.6	0.9	14.0	29.2	5.8
2006	3.0	62.3	28.8	5.9	34.6	51.0	14.5	3.0	33.2	14.5	0.9	14.6	27.8	5.9

Table A11(continue)

	Employment position				Kind of Company			Employment Category						
								Formal				Informal		
									Employees		Self-employed	Employees	Self-employed	Workers
	Businessman	Employee	Self-employed	No income	Large	Small	Public	Businessmen	Large companies	Public Sector	Professionals	Small Companies	Unqualified	Without income
Paraguay														
1995	3.7	37.1	54.6	4.6	13.8	80.2	5.9	3.8	12.4	5.9	0.8	17.2	55.2	4.7
1997	6.4	39.4	40.8	13.4	13.7	79.4	7.0	6.4	13.5	7.0	0.4	18.9	40.4	13.4
1999	5.2	46.4	36.5	11.9	19.1	72.8	8.0	5.2	17.5	8.0	0.7	20.7	36.0	12.0
2001	5.8	44.9	37.1	12.2	18.0	74.8	7.2	5.8	15.7	7.2	0.9	21.8	36.4	12.2
2002	3.6	42.9	38.4	15.1	16.6	75.2	8.2	3.7	13.6	8.2	0.8	20.5	38.1	15.3
2003	4.3	44.1	39.2	12.4	15.9	75.8	8.3	4.3	14.1	8.3	0.8	21.5	38.5	12.4
2004	4.2	43.0	39.8	13.1	16.1	76.7	7.2	4.2	14.3	7.2	0.8	21.4	39.0	13.1
2005	4.5	46.7	37.1	11.7	16.7	74.1	9.2	4.5	14.8	9.2	0.9	22.5	36.4	11.8
2006	4.5	46.3	36.7	12.5	17.1	74.6	8.4	4.5	15.3	8.4	0.8	22.4	36.1	12.6
2007	5.1	48.1	36.7	10.1	18.8	72.7	8.5	5.1	17.1	8.5	0.8	22.1	36.2	10.1
2008	5.0	50.5	33.9	10.6	18.8	72.1	9.1	5.2	17.3	9.1	1.1	22.4	33.9	11.0
Peru														
ENAHO 1														
1997	5.6	41.9	37.1	15.4	22.4	69.1	8.6	5.6	18.6	8.6	2.4	14.7	34.8	15.4
1998	5.8	40.4	38.6	15.2	21.0	70.7	8.3	5.8	17.7	8.3	2.9	14.2	35.7	15.3
1999	5.8	41.2	37.9	15.1	19.6	72.5	7.9	5.8	16.1	7.9	2.7	16.9	35.4	15.2
2000	5.7	39.5	38.2	16.6	18.6	72.7	8.7	5.7	15.1	8.7	2.8	15.6	35.5	16.6
ENAHO 2														
2001	5.0	41.2	37.6	16.2	20.4	71.7	7.9	5.0	17.0	7.9	2.5	16.1	35.2	16.2
2002	5.2	40.8	36.4	17.6	21.3	70.5	8.2	5.2	17.3	8.2	2.4	15.1	34.1	17.6
ENAHO 3														
2003	5.4	38.3	37.0	19.3	22.1	70.7	7.1	5.5	17.1	7.1	3.0	13.9	34.1	19.3
2004	5.4	39.3	35.8	19.5	22.3	69.9	7.8	5.4	16.8	7.8	3.0	14.5	33.0	19.6
2005	5.6	39.9	36.2	18.3	23.3	69.3	7.4	5.7	17.8	7.4	2.9	14.4	33.4	18.4
2006	5.5	41.2	35.1	18.2	23.5	68.9	7.6	5.5	18.5	7.6	2.9	14.9	32.4	18.3
2007	5.8	42.5	35.9	15.7	23.3	68.4	8.3	5.8	18.9	8.3	3.3	15.0	32.9	15.8

Table A11(continue)

	Employment position				Kind of Company			Employment Category						
								Formal				Informal		
									Employees		Self-employed	Employees	Self-employed	Workers
	Businessman	Employee	Self-employed	No income	Large	Small	Public	Businessmen	Large companies	Public Sector	Professionals	Small Companies	Unqualified	Without income
Uruguay														
Urban														
1989	4.5	73.5	19.8	2.2	34.8	41.5	23.7	4.8	31.9	23.6	0.3	16.7	20.5	2.3
1992	4.5	72.5	20.7	2.3	41.2	40.1	18.7	4.5	38.2	18.7	1.4	15.5	19.4	2.3
1995	4.6	72.0	21.3	2.2	39.8	41.4	18.9	4.6	37.1	18.9	1.8	16.0	19.5	2.2
1996	4.3	71.9	22.0	1.9	39.3	42.3	18.4	4.3	36.7	18.4	1.8	16.8	20.1	1.9
1997	4.3	72.1	21.8	1.8	40.1	42.3	17.6	4.3	37.5	17.7	1.6	16.9	20.2	1.8
1998	4.5	72.5	21.3	1.8	42.8	41.0	16.2	4.5	39.7	16.2	1.8	16.5	19.4	1.8
2000	3.7	72.8	22.0	1.5	40.7	42.2	17.1	3.7	38.6	17.1	1.9	17.1	20.1	1.5
2001	3.9	71.0	23.6	1.4	37.7	45.7	16.6	3.9	35.7	16.6	2.1	18.7	21.6	1.4
2002	3.7	70.0	24.8	1.5	35.2	46.9	17.9	3.7	33.4	17.9	2.2	18.7	22.6	1.5
2003	3.4	70.1	25.1	1.4	34.5	47.5	18.0	3.4	32.8	18.0	2.1	19.4	22.9	1.4
2004	3.5	70.2	24.7	1.6	36.1	46.2	17.7	3.5	34.3	17.7	2.2	18.3	22.5	1.6
2005	3.9	71.2	23.5	1.3	37.2	46.2	16.6	3.9	35.6	16.6	2.2	19.0	21.3	1.3
2006	4.3	71.5	22.8	1.4	38.2	45.4	16.5	4.3	36.1	16.5	2.1	18.9	20.7	1.4
Venezuela														
1989	7.5	66.7	22.5	3.3	41.0	39.9	19.1	7.5	37.2	19.1	0.7	10.4	21.8	3.3
1992	7.9	66.4	23.5	2.2	43.1	40.9	16.1	7.9	39.7	16.1	0.8	10.6	22.7	2.2
1995	5.6	61.4	31.6	1.4	32.4	50.1	17.5	5.6	29.9	17.5	1.7	13.8	30.0	1.5
1998	5.0	59.2	34.2	1.5	32.7	51.6	15.7	5.0	30.1	15.7	2.1	13.2	32.3	1.5
1999	5.3	58.4	33.4	3.0	30.3	54.8	14.9	5.6	27.1	14.7	1.9	13.6	33.9	3.2
2000	5.0	56.3	36.5	2.2	30.9	54.5	14.6	5.0	28.0	14.6	1.8	13.7	34.6	2.2
2001	6.5	55.9	34.7	2.9	33.4	52.2	14.4	6.5	29.1	14.4	1.8	12.3	32.9	2.9
2002	5.4	54.7	36.6	3.3	30.6	55.7	13.8	5.4	26.8	13.8	2.1	14.1	34.5	3.3
2003	5.0	53.4	38.2	3.5	28.1	58.0	13.8	5.0	24.8	13.8	2.3	14.7	35.9	3.5
2004	4.7	55.4	37.3	2.5	30.3	54.3	15.4	4.7	26.7	15.4	2.1	13.3	35.3	2.5
2005	4.8	57.5	35.6	2.0	32.4	51.8	15.9	4.8	28.6	15.8	2.1	13.1	33.5	2.0
2006	4.5	58.3	35.7	1.6	32.9	50.4	16.6	4.5	29.0	16.6	2.3	12.6	33.4	1.6

Note: A company is considered small if it has less than five employees; it is considered large if it has five or more employees; the government and government companies fall in the public sector.

Source: Socio-Economic Database for Latin America and the Caribean (SEDLAC) (CEDLAS and World Bank) (2010).

Table A12 Latin America and the Caribean (20 countries). Distribution of income by gender (%)

	Total Individual Income			Total Income from Employment		
	Women	Men	Total	Women	Men	Total
Argentina (EPH)						
2003	38.5	61.5	100.0			
2004	36.5	63.5	100.0			
2005	36.6	63.4	100.0	31.8	68.2	100.0
2006	36.5	63.5	100.0	32.6	67.4	100.0
Belize						
1993	27.2	72.8	100.0	27.1	72.9	100.0
1994	22.4	77.6	100.0	22.4	77.6	100.0
1997	21.5	78.5	100.0	21.5	78.5	100.0
1998	27.4	72.6	100.0	27.4	72.6	100.0
1999	23.7	76.3	100.0	23.7	76.3	100.0
Bolivia (Plurinational State of)						
1997	28.0	72.0	100.0	26.3	73.7	100.0
1999	31.1	68.9	100.0	29.5	70.5	100.0
2000	32.3	67.7	100.0	29.8	70.2	100.0
2001	33.3	66.7	100.0	30.1	69.9	100.0
2002	32.8	67.2	100.0	29.3	70.7	100.0
2003 -2004	34.5	65.5	100.0	30.9	69.1	100.0
2005	35.6	64.4	100.0	30.8	69.2	100.0
2007	32.1	67.9	100.0	27.3	72.7	100.0
Brazil						
2004	35.8	64.2	100.0	31.2	68.8	100.0
2005	36.4	63.6	100.0	31.8	68.2	100.0
2006	37.3	62.7	100.0	32.5	67.5	100.0
2007	37.1	62.9	100.0	32.6	67.4	100.0
2008	37.6	62.4	100.0	32.8	67.2	100.0
Chile						
1987	26.3	73.7	100.0	24.6	75.4	100.0
1990	25.6	74.4	100.0	23.2	76.8	100.0
1992	26.5	73.5	100.0	24.3	75.7	100.0
1994	28.4	71.6	100.0	26.0	74.0	100.0
1996	28.2	71.8	100.0	26.3	73.7	100.0
1998	30.0	70.0	100.0	27.7	72.3	100.0
2000	28.8	71.2	100.0	26.3	73.7	100.0
2003	30.6	69.4	100.0	28.2	71.8	100.0
2006	31.9	68.1	100.0	30.0	70.0	100.0

	Total Individual Income			Total Income from Employment		
	Women	Men	Total	Women	Men	Total
Colombia						
ENH-National						
1996	32.2	67.8	100.0	30.5	69.5	100.0
1999	35.4	64.6	100.0	33.5	66.5	100.0
2000	37.3	62.7	100.0	35.9	64.1	100.0
ECH-National						
2001	39.8	60.2	100.0	37.5	62.5	100.0
2003	39.4	60.6	100.0	36.9	63.1	100.0
2004	39.3	60.7	100.0	36.5	63.5	100.0
GEIH-National						
2006	37.9	62.1	100.0	35.6	64.4	100.0
Costa Rica						
1990	26.2	73.8	100.0	24.0	76.0	100.0
1992	26.9	73.1	100.0	24.9	75.1	100.0
1997	29.2	70.8	100.0	26.4	73.6	100.0
2000	29.2	70.8	100.0	26.6	73.4	100.0
2001	32.1	67.9	100.0	29.5	70.5	100.0
2002	32.0	68.0	100.0	29.8	70.2	100.0
2003	31.9	68.1	100.0	29.5	70.5	100.0
2004	31.9	68.1	100.0	29.1	70.9	100.0
2005	32.3	67.7	100.0	28.8	71.2	100.0
2006	33.0	67.0	100.0	29.7	70.3	100.0
2007	31.9	68.1	100.0	29.2	70.8	100.0
Dominican Republic						
ENFT 1						
1996	26.1	73.9	100.0	20.9	79.1	100.0
1997	29.4	70.6	100.0	25.4	74.6	100.0
ENFT 2						
2000	32.1	68.0	100.0	27.5	72.5	100.0
2001	31.6	68.4	100.0	26.8	73.2	100.0
2002	32.8	67.2	100.0	28.5	71.5	100.0
2003	33.5	66.5	100.0	27.2	72.8	100.0
2004	32.8	67.2	100.0	27.0	73.0	100.0
2005	33.2	66.8	100.0	28.0	72.0	100.0
ENFT 3						
2005	33.7	66.3	100.0	28.5	71.5	100.0
2006	35.8	64.2	100.0	29.1	70.9	100.0
2007	32.4	67.6	100.0	28.9	71.1	100.0

	Total Individual Income			Total Income from Employment		
	Women	Men	Total	Women	Men	Total
Ecuador						
ECV						
1994	26.0	74.0	100.0	24.5	75.5	100.0
1995	30.0	70.0	100.0	28.5	71.5	100.0
1998	26.7	73.3	100.0	26.1	73.9	100.0
1999	28.9	71.1	100.0	26.5	73.5	100.0
2006	32.1	67.9	100.0	29.5	70.5	100.0
ENEMDU						
2003	31.3	68.7	100.0	29.0	71.0	100.0
2004	31.7	68.3	100.0	29.4	70.6	100.0
2005	32.7	67.3	100.0	29.6	70.4	100.0
2006	31.9	68.1	100.0	29.7	70.3	100.0
2007	28.9	71.1	100.0	25.9	74.1	100.0
2008	30.2	69.8	100.0	27.8	72.2	100.0
El Salvador						
1991	34.5	65.5	100.0	30.9	69.1	100.0
1995	34.1	65.9	100.0	32.5	67.5	100.0
1996	35.2	64.8	100.0	32.0	68.0	100.0
1998	40.6	59.4	100.0	37.4	62.6	100.0
1999	41.8	58.2	100.0	38.9	61.1	100.0
2000	42.6	57.4	100.0	39.6	60.4	100.0
2001	42.3	57.7	100.0	39.2	60.8	100.0
2002	43.5	56.5	100.0	39.4	60.6	100.0
2003	44.0	56.0	100.0	39.5	60.5	100.0
2004	43.8	56.2	100.0	39.2	60.8	100.0
2005	44.6	55.4	100.0	40.2	59.8	100.0
2006	44.5	55.5	100.0	40.0	60.0	100.0
2007	43.7	56.3	100.0	38.9	61.1	100.0
Guatemala						
ENCOVI						
2000	25.8	74.2	100.0	22.3	77.7	100.0
2006	32.0	68.0	100.0	26.7	73.3	100.0
ENEI						
2002	30.2	69.8	100.0	27.3	72.7	100.0
2003	29.2	70.8	100.0	25.9	74.1	100.0
2004	29.6	70.4	100.0	25.1	74.9	100.0

Source: Socio-Economic Database for Latin America and the Caribean (SEDLAC) (CEDLAS and World Bank) (2010).

	Total Individual Income			Total Income from Employment		
	Women	Men	Total	Women	Men	Total
Honduras						
EPHPM 1						
1991	23.9	76.1	100.0	23.9	76.1	100.0
1997	25.6	74.4	100.0	25.6	74.4	100.0
EPHPM 2						
1997	29.7	70.3	100.0	25.6	74.4	100.0
1999	32.3	67.7	100.0	28.5	71.5	100.0
2001	35.8	64.2	100.0	31.5	68.5	100.0
2003	36.0	64.0	100.0	30.2	69.8	100.0
2004	40.7	59.3	100.0	33.9	66.1	100.0
2005	42.6	57.4	100.0	35.5	64.5	100.0
2006	43.2	56.8	100.0	34.4	65.6	100.0
2007	36.4	63.6	100.0	28.6	71.4	100.0
Jamaica						
1990	41.8	58.2	100.0	40.4	59.6	100.0
1996	39.9	60.1	100.0	38.0	62.0	100.0
1999	42.1	57.9	100.0	39.1	60.9	100.0
2002	45.5	54.4	100.0	42.3	57.7	100.0
Mexico						
1989	22.3	77.7	100.0	20.6	79.4	100.0
1992	21.9	78.1	100.0	20.5	79.5	100.0
1994	24.0	76.0	100.0	22.7	77.3	100.0
1996	26.5	73.5	100.0	24.4	75.6	100.0
1998	26.9	73.1	100.0	24.8	75.2	100.0
2000	27.0	73.0	100.0	24.6	75.4	100.0
2002	29.8	70.2	100.0	27.7	72.3	100.0
2004	31.7	68.3	100.0	28.8	71.2	100.0
2005	30.5	69.5	100.0	28.0	72.1	100.0
2006	32.7	67.3	100.0	30.0	70.0	100.0
2008	31.4	68.6	100.0	29.0	71.0	100.0
Nicaragua						
1993	38.3	61.7	100.0	35.5	64.5	100.0
1998	29.0	71.0	100.0	28.1	71.9	100.0
2001	33.1	66.9	100.0	32.3	67.7	100.0
2005	33.3	66.7	100.0	30.9	69.1	100.0

	Total Individual Income			Total Income from Employment		
	Women	Men	Total	Women	Men	Total
Panama						
1989	34.6	65.4	100.0	32.6	67.4	100.0
1991	34.7	65.3	100.0	33.9	66.1	100.0
1995	32.9	67.1	100.0	30.1	69.9	100.0
1997	34.4	65.6	100.0	32.1	67.9	100.0
1998	35.0	65.0	100.0	32.3	67.7	100.0
2001	34.3	65.7	100.0	31.7	68.3	100.0
2002	35.1	65.0	100.0	31.7	68.3	100.0
2003	34.9	65.1	100.0	31.4	68.6	100.0
2004	35.4	64.6	100.0	31.8	68.2	100.0
2005	35.5	64.5	100.0	32.6	67.4	100.0
2006	35.1	64.9	100.0	31.9	68.1	100.0
Paraguay						
1995	29.7	70.3	100.0	27.6	72.4	100.0
1997	32.4	67.6	100.0	29.6	70.4	100.0
1999	34.6	65.4	100.0	32.1	67.9	100.0
2001	34.1	65.9	100.0	31.0	69.0	100.0
2002	32.4	67.6	100.0	29.3	70.7	100.0
2003	33.3	66.7	100.0	29.9	70.1	100.0
2004	33.3	66.7	100.0	29.9	70.1	100.0
2005	33.7	66.3	100.0	30.3	69.7	100.0
2006	32.6	67.4	100.0	29.8	70.2	100.0
2007	32.6	67.4	100.0	28.8	71.2	100.0
Peru						
ENAHO 1						
1997	31.3	68.7	100.0	29.4	70.6	100.0
1998	32.1	67.9	100.0	29.5	70.5	100.0
1999	35.6	64.4	100.0	33.0	67.0	100.0
2000	34.0	66.0	100.0	31.1	68.9	100.0
ENAHO 2						
2001	34.1	65.9	100.0	32.1	67.9	100.0
2002	33.5	66.5	100.0	31.9	68.1	100.0
ENAHO 3						
2003	33.4	66.6	100.0	31.8	68.2	100.0
2004	30.8	69.2	100.0	29.2	70.8	100.0
2005	33.3	66.7	100.0	31.5	68.5	100.0
2006	32.0	68.0	100.0	30.7	69.3	100.0
2007	33.6	66.4	100.0	32.3	67.7	100.0

	Total Individual Income			Total Income from Employment		
	Women	Men	Total	Women	Men	Total
Uruguay						
Urban						
1989	33.0	67.0	100.0	27.0	73.0	100.0
1992	34.6	65.4	100.0	28.2	71.8	100.0
1995	36.6	63.4	100.0	30.3	69.7	100.0
1996	37.8	62.2	100.0	31.8	68.2	100.0
1997	37.8	62.2	100.0	31.1	68.9	100.0
1998	37.3	62.7	100.0	31.5	68.5	100.0
2000	39.8	60.2	100.0	33.6	66.4	100.0
2001	40.3	59.7	100.0	34.9	65.1	100.0
2002	41.2	58.8	100.0	35.3	64.7	100.0
2003	42.1	57.9	100.0	35.7	64.3	100.0
2004	40.8	59.2	100.0	34.2	65.8	100.0
2005	42.5	57.5	100.0	36.3	63.7	100.0
National						
2006	39.5	60.5	100.0	34.3	65.7	100.0
2007	39.8	60.2	100.0	35.0	65.0	100.0
Venezuela						
1989	27.7	72.3	100.0	27.7	72.3	100.0
1992	29.5	70.5	100.0	29.5	70.5	100.0
1995	29.5	70.5	100.0	27.9	72.1	100.0
1998	30.8	69.2	100.0	29.1	71.0	100.0
1999	32.5	67.5	100.0	30.4	69.6	100.0
2000	33.8	66.2	100.0	31.2	68.8	100.0
2001	35.4	64.6	100.0	32.9	67.1	100.0
2002	36.1	63.9	100.0	33.7	66.3	100.0
2003	36.3	63.7	100.0	33.5	66.5	100.0
2004	36.8	63.2	100.0	34.1	65.9	100.0
2005	36.6	63.4	100.0	33.9	66.1	100.0
2006	36.5	63.5	100.0	33.6	66.4	100.0

Table A13 Latin America and the Caribean (18 countries). Access to basic services (%)

	Water						Toilet					
	1	2	3	4	5	Media	1	2	3	4	5	Media
Argentina (EPHC)												
2006	96.1	99.0	99.2	99.9	100.0	99.0	66.3	80.4	90.3	95.9	99.0	88.4
2007	97.7	98.8	99.4	99.9	99.9	99.3	67.8	83.2	89.3	94.6	98.2	88.5
2008	98.0	99.4	99.6	99.9	99.9	99.5	70.3	85.2	91.0	95.3	98.1	89.6
2009	98.5	99.2	99.8	99.9	100.0	99.5	73.4	86.3	93.1	95.7	98.8	91.0
Bolivia (National												
1997	58.0	81.1	86.3	87.9	93.6	82.0	32.2	57.6	65.8	77.6	87.9	65.5
1999	42.9	72.1	84.6	88.2	94.1	77.4	24.3	55.6	74.7	84.6	90.6	67.5
2000	51.7	73.1	87.2	90.0	94.9	80.3	29.8	60.4	75.7	81.8	92.4	69.4
2001	60.2	75.7	85.0	88.8	92.4	81.1	37.8	56.8	70.7	81.3	91.7	69.2
2002	50.9	74.4	80.9	86.3	92.1	78.1	32.9	54.8	70.8	80.0	89.8	67.5
2003-2004	53.2	75.0	81.6	87.0	88.9	77.8	33.6	60.2	72.8	80.9	88.4	68.5
2005	54.5	73.2	85.2	89.6	92.7	80.4	32.8	56.7	72.9	82.3	90.0	69.1
2006	64.5	76.7	88.2	86.8	91.1	82.6	38.6	63.1	75.9	82.1	91.0	72.5
2007	61.5	80.5	87.3	90.3	90.1	82.8	48.4	63.1	75.9	81.1	83.5	71.7
Brazil (new PNAD with rural North)												
2004	71.5	83.7	90.5	96.2	99.0	89.4	45.1	55.9	65.8	78.1	89.0	68.7
2005	72.7	85.3	91.3	95.6	99.2	90.0	44.6	58.1	67.3	78.1	89.3	69.4
2006	75.3	87.5	92.2	96.3	99.4	91.1	47.0	59.6	68.0	77.8	89.9	70.3
2007	78.0	88.4	93.0	96.5	98.9	91.9	52.2	62.9	72.1	80.7	90.4	73.3
2008	78.9	90.1	93.6	96.7	99.1	92.6	51.3	64.0	71.5	79.2	90.1	72.9
Chile												
1987	74.9	75.9	83.8	89.1	95.6	84.7	51.6	58.1	69.3	80.3	94.1	72.4
1990	80.0	82.8	87.4	91.6	95.9	88.1	56.0	63.3	72.8	81.5	92.0	74.5
1992	82.1	87.5	90.7	93.1	97.3	90.6	56.9	67.1	74.6	83.3	93.5	76.4
1996	81.6	88.4	92.1	95.3	97.4	91.5	56.5	71.4	80.7	89.9	96.2	80.2
1998	84.5	90.1	93.3	96.3	98.3	93.0	63.5	74.5	83.3	91.3	97.0	83.2
2000	86.7	91.6	94.1	95.9	98.2	93.9	69.2	79.0	85.7	91.4	97.3	85.9
2003	90.2	93.8	95.6	97.3	98.6	95.4	73.1	83.0	87.8	93.4	97.6	87.9
2006	93.4	95.5	96.5	97.7	98.6	96.5	81.5	88.5	92.0	95.2	98.2	91.6
Colombia												
ENH National												
1996	62.9	77.8	84.7	90.4	95.4	83.2	58.4	74.8	83.6	88.9	95.7	81.3
1999	75.5	79.0	85.2	90.5	95.2	85.8	71.3	75.4	83.8	89.9	95.2	84.0
2000	73.8	79.8	84.4	90.8	95.6	85.7	75.2	80.7	87.0	92.9	96.9	87.4
ECH National												
2001	68.7	70.5	72.8	79.4	87.6	76.7	75.3	77.3	85.6	89.4	95.4	85.5
2003	75.5	75.7	74.2	81.5	88.4	79.8	77.7	76.4	84.7	90.3	96.5	86.1

	Drains						Electricity						Teléphone*					
	1	2	3	4	5	Media	1	2	3	4	5	Media	1	2	3	4	5	Media
	35.9	46.0	59.2	70.1	82.6	61.7												
	37.4	51.3	57.5	68.0	82.2	62.0												
	39.7	50.2	59.0	69.6	82.4	62.8												
	42.0	50.6	62.8	68.2	84.5	64.3												
	9.5	25.2	31.7	37.4	52.2	32.3	34.3	74.2	83.0	86.2	91.9	74.9						
	5.7	22.3	36.6	41.4	53.4	33.1	22.6	62.5	83.0	90.6	95.0	72.3	1.3	8.3	16.5	30.4	58.4	24.9
	7.1	23.1	38.7	39.3	59.1	34.8	24.9	57.4	83.0	87.4	94.8	70.9	2.6	9.5	17.1	27.0	57.6	24.7
	7.4	18.5	30.5	40.1	53.9	31.6	30.6	59.8	79.1	85.2	91.3	70.5	2.7	6.2	14.8	27.5	57.9	24.1
	6.3	20.8	31.7	36.5	54.4	31.6							2.3	7.4	17.5	28.4	59.3	25.3
	9.0	28.7	33.4	35.0	46.5	31.4												
	5.2	23.0	33.2	43.3	59.8	35.0	31.3	63.4	80.8	88.2	93.9	73.8	8.0	24.5	43.7	55.5	73.9	43.7
	6.8	22.4	28.8	39.0	54.4	32.6	42.1	66.4	86.6	89.0	93.6	77.8	13.5	35.4	57.3	68.5	80.6	54.3
	15.2	30.1	37.9	42.8	55.6	37.8	53.8	76.1	85.4	90.8	92.0	80.9	25.1	50.4	65.1	75.1	81.5	61.5
	33.2	41.9	52.3	64.8	78.4	56.1	91.7	95.4	97.3	98.8	99.7	96.9	33.9	47.7	59.5	79.4	93.9	65.5
	31.5	42.7	53.6	64.6	78.6	56.3	92.1	96.4	97.7	98.7	99.7	97.2	42.0	58.8	67.7	83.1	95.8	71.8
	33.3	44.4	53.8	64.5	79.1	57.0	93.4	97.0	98.2	99.0	99.8	97.7	47.6	63.8	71.0	84.8	96.1	74.7
	35.2	45.8	56.7	66.6	79.5	58.7	95.0	97.8	98.4	99.3	99.8	98.3	52.8	67.9	73.9	86.1	95.9	77.1
	36.1	47.4	56.6	65.6	79.2	58.8	95.8	98.3	98.8	99.4	99.8	98.6	62.2	76.1	79.3	89.3	96.9	82.2
	48.3	54.7	65.4	76.4	90.3	68.7	71.9	71.9	76.0	76.9	79.2	74.0						
	52.0	58.5	67.7	76.0	85.8	69.3	86.4	89.9	92.0	94.2	96.9	92.3						
	53.3	62.6	70.2	79.0	88.5	72.0	89.7	93.0	94.4	96.1	98.2	94.6						
	51.2	64.9	75.2	85.5	91.9	75.1	91.0	94.9	96.2	97.5	98.9	95.9						
	57.9	68.5	77.6	86.1	93.2	78.0	93.9	96.6	97.6	98.9	99.6	97.5	20.6	35.2	50.5	68.8	88.2	55.3
	61.3	69.5	77.2	83.3	91.0	78.0	96.1	97.6	98.3	98.7	99.4	98.2	29.8	44.4	60.1	72.8	91.0	62.7
	65.1	74.0	79.9	87.1	92.2	80.7	97.3	98.6	98.9	99.4	99.7	98.9	46.5	60.1	70.2	83.1	94.2	72.7
	71.4	77.8	82.2	87.4	92.5	82.9	98.5	99.3	99.5	99.7	99.8	99.4	61.2	70.0	77.4	87.5	95.6	79.4
	41.6	57.4	69.1	78.7	90.2	69.0	82.2	90.1	93.8	95.3	97.8	92.2	18.3	23.9	33.8	48.8	68.6	40.6
	53.4	58.1	69.7	79.6	89.0	71.3	89.3	91.9	94.7	96.2	98.0	94.3	33.3	35.8	47.8	60.2	78.4	53.0
	53.8	62.0	70.5	81.5	90.4	73.1	90.1	93.2	95.3	97.5	98.4	95.2	29.8	33.1	44.2	58.0	76.4	50.4
	59.4	61.2	70.0	78.1	88.8	72.9	84.3	83.6	81.9	86.5	91.7	86.1	32.5	34.4	43.8	57.0	75.6	50.9
	66.7	57.7	63.8	73.6	87.9	71.4	86.7	87.5	87.9	90.4	92.7	89.3	37.8	30.0	37.9	52.0	75.3	48.9

Table A13 (continue)

	Water						Toilet					
	1	2	3	4	5	Media	1	2	3	4	5	Media
Costa Rica												
2004	95.6	98.4	99.0	99.5	99.7	98.5	85.7	93.7	96.4	98.3	99.1	94.8
2005	95.7	98.4	99.3	99.3	99.6	98.5	87.5	95.1	97.6	98.2	99.6	95.8
2006	96.5	98.6	99.2	99.4	99.9	98.8	88.6	95.7	97.1	98.5	99.6	96.1
2007	97.5	98.3	99.5	99.6	99.9	99.0	91.4	95.2	96.8	98.7	99.7	96.5
2008	96.9	98.3	99.0	99.4	100.0	98.8	90.4	95.0	97.6	98.9	99.8	96.5
2009	97.3	99.2	99.6	99.8	99.9	99.2	92.0	96.2	97.8	99.0	99.7	97.1
Dominican Republic												
ENFT 2												
2000	53.6	67.1	75.1	79.0	88.2	73.7	19.7	41.1	53.5	67.1	85.7	55.5
2001	52.1	62.0	68.9	75.4	87.4	70.3	22.0	43.3	54.1	64.2	85.5	55.9
2002	52.0	64.3	70.8	80.5	88.9	72.5	21.0	41.2	55.9	70.0	87.2	57.2
2003	57.6	65.7	71.5	78.2	88.2	73.3	27.7	42.6	56.0	69.5	86.6	58.4
2004	54.3	66.0	74.7	78.4	88.2	73.5	29.3	47.7	56.9	70.2	86.4	60.2
ENFT 3												
2005	54.1	61.9	69.8	75.3	87.1	71.1	33.5	46.2	56.5	67.7	85.2	60.1
2006	54.0	61.6	71.2	78.3	87.7	71.8	34.3	48.7	61.5	72.4	87.3	62.9
2007	65.2	69.8	76.9	81.5	88.9	77.3	42.1	52.8	63.4	73.3	86.0	65.1
Ecuador												
ECV												
1994	40.8	45.3	57.9	65.7	79.3	59.2	45.0	53.3	66.0	78.7	88.1	67.8
1995	54.6	66.0	71.7	78.8	89.0	73.9	43.8	62.2	73.2	82.2	93.8	73.6
1998	55.1	61.2	70.0	76.8	84.6	70.6	53.3	65.7	77.8	84.2	94.2	76.4
1999	54.1	67.1	76.8	83.8	91.8	76.1	54.1	65.8	77.6	87.3	95.4	77.6
ENEMDU												
2006	80.9	86.6	89.7	94.0	96.6	90.1	69.6	81.8	87.7	93.8	97.4	86.9
2007	83.3	88.5	92.0	94.3	97.5	91.7	68.8	81.6	88.3	93.0	97.5	86.9
El Salvador												
1991	20.6	26.9	39.4	54.0	75.9	45.9	7.7	13.9	26.4	41.5	67.5	34.1
1995	20.3	29.5	38.2	54.6	76.2	46.7	8.2	17.1	29.6	46.0	73.1	38.2
1996	22.9	30.9	43.3	56.4	79.6	49.4	8.7	15.3	29.7	46.6	75.3	38.5
1998	30.1	37.9	48.6	62.2	83.8	54.7	9.1	17.2	29.6	45.7	75.5	38.1
1999	29.9	36.9	49.6	63.5	83.3	55.2						
2000	31.3	42.1	53.0	66.9	84.5	58.1	5.8	14.4	25.7	39.1	68.7	33.6
2001	40.2	44.5	58.7	69.4	84.1	61.4	9.8	16.3	31.1	43.9	69.3	36.5
2002	34.7	44.5	58.1	68.4	85.1	60.6	10.6	17.0	27.0	43.8	69.9	36.5
2003	39.5	44.1	55.1	64.7	81.7	59.0	13.5	18.1	28.4	41.6	66.6	36.1
2004	40.4	42.5	54.4	65.5	81.4	59.0	12.7	16.6	25.9	40.6	67.4	35.3
2005	38.3	49.8	59.4	66.3	83.2	61.6	11.3	18.3	32.6	40.4	69.3	37.0
2006	44.4	51.5	59.6	70.8	84.9	64.5	13.2	22.5	28.9	42.0	67.7	37.8
2007	44.5	57.6	67.5	74.1	88.3	68.3	7.9	21.1	32.3	45.2	72.3	38.7

	Drains						Electricity						Teléphone*					
	1	2	3	4	5	Media	1	2	3	4	5	Media	1	2	3	4	5	Media
	17.5	23.1	26.4	29.4	38.5	27.5	96.6	98.8	99.3	99.8	99.9	98.9	47.4	63.4	74.4	83.2	92.8	73.1
	20.4	20.8	25.2	29.9	39.7	27.9	96.8	99.0	99.7	99.5	99.9	99.0	50.3	68.5	78.7	85.2	95.6	76.7
	19.3	20.9	24.9	32.2	40.4	28.2	97.1	99.6	99.2	99.6	99.9	99.1	57.4	72.0	82.1	90.2	96.8	80.5
	17.5	19.4	23.8	25.2	35.3	24.8	97.8	98.8	99.6	99.8	99.8	99.2	62.5	73.8	84.2	89.2	97.5	82.2
	16.5	18.3	20.4	27.6	37.1	24.6	97.4	99.1	99.6	99.6	99.9	99.2	65.4	77.7	87.1	92.4	97.9	84.8
	21.5	20.2	22.4	28.2	35.5	26.1	98.4	99.3	99.6	99.6	99.9	99.4	69.5	80.3	88.8	92.5	98.1	86.6
	7.0	17.0	20.7	27.5	43.7	24.3	71.4	86.9	90.4	94.1	97.8	88.9						
	6.8	15.8	20.2	23.2	38.5	21.9	75.7	88.8	90.2	94.0	97.3	89.8						
	7.1	15.9	21.6	28.0	43.6	24.4	75.4	87.3	91.3	94.5	97.3	89.8						
	8.9	14.8	21.7	25.1	39.8	23.1	75.9	87.1	89.6	93.8	96.7	89.2	18.3	31.4	40.9	56.3	79.0	47.2
	9.0	14.1	19.7	25.1	38.2	22.3	80.3	88.7	91.4	92.1	96.9	90.4	25.8	41.4	50.5	63.3	82.4	54.8
	12.5	16.5	19.6	24.0	36.1	22.7	82.9	87.8	89.3	91.5	96.6	90.2	35.1	46.6	55.2	66.9	84.5	59.8
	11.1	17.2	21.7	24.6	36.4	23.2	83.1	87.9	89.5	92.2	96.2	90.2	48.1	54.4	63.0	77.2	89.5	68.1
	15.5	18.9	22.5	27.5	41.9	26.2	95.0	95.4	96.7	97.6	98.9	96.9	50.7	58.2	65.1	71.3	87.0	67.7
	21.3	23.9	35.1	45.9	63.8	39.7	70.6	86.5	88.7	93.3	95.7	87.6	4.1	4.2	11.1	17.0	36.7	16.0
	10.5	27.4	37.4	52.1	74.7	44.1	68.9	85.2	92.4	97.2	98.4	89.8	1.6	4.8	10.8	21.0	48.4	20.2
	18.3	26.5	38.1	49.3	69.6	42.2	80.5	90.5	94.7	96.9	98.7	92.7	4.3	9.7	16.8	28.5	54.0	24.5
	14.1	25.7	41.0	55.7	74.8	44.8	80.3	89.7	95.1	98.6	99.4	93.2	5.1	10.5	18.5	29.0	59.4	26.8
	24.6	36.4	48.8	60.8	81.1	52.5	91.0	95.4	96.7	98.0	99.3	96.3	9.9	14.2	25.3	36.1	64.5	32.3
	27.2	34.6	50.8	64.2	82.2	54.3	91.7	95.1	97.6	98.3	99.4	96.7	10.9	15.0	26.7	41.4	64.9	34.3
	5.5	10.2	21.0	35.7	61.7	29.5	42.9	54.9	68.1	80.7	91.6	69.7	0.7	1.1	2.5	5.6	22.5	7.5
	7.0	14.3	26.7	42.0	68.4	35.0	48.1	65.9	76.5	87.9	95.5	77.0	1.6	2.3	7.0	15.0	41.1	15.6
	7.4	13.7	27.1	42.2	71.0	35.5	48.5	65.6	78.2	90.0	96.2	77.9	1.9	2.4	7.8	18.6	48.9	18.4
	8.2	15.6	26.6	42.3	71.4	35.3	53.5	71.1	84.2	92.9	98.3	81.6	3.7	4.9	9.1	21.7	51.1	20.0
							49.9	67.7	80.7	90.4	97.1	79.0	2.9	5.1	12.9	25.8	59.9	23.9
	4.5	13.1	24.2	36.6	66.1	31.6	56.3	76.3	87.5	95.3	98.7	84.4	4.0	10.6	21.7	37.3	69.1	31.5
	9.2	15.0	29.1	40.9	65.9	34.3	64.7	79.7	90.3	96.5	98.1	87.0	9.8	17.3	27.8	46.4	71.4	37.0
	10.2	15.8	25.1	41.0	67.0	34.6	64.7	80.9	91.0	95.4	99.0	87.5	9.8	18.3	29.2	46.5	72.2	38.2
	12.3	16.1	26.5	38.1	62.9	33.5	66.0	80.7	89.3	94.4	98.4	87.0	14.1	17.4	28.7	42.3	65.6	36.0
	11.4	15.3	23.5	36.9	62.6	32.4	68.7	81.0	89.9	93.0	98.2	87.4	13.6	20.8	29.6	43.1	67.4	37.5
	10.0	15.9	29.1	36.6	63.6	33.4	69.1	79.4	90.4	94.0	98.3	87.5	13.4	20.6	33.2	48.6	73.3	40.6
	12.2	20.2	25.6	36.9	60.7	33.8	72.6	84.5	90.6	93.7	98.1	89.2	15.1	24.6	32.2	46.9	70.9	41.1
	5.8	18.2	27.5	40.2	64.5	33.9	72.3	88.6	93.5	96.6	99.0	91.1	12.2	21.6	35.3	48.4	70.6	40.4

Table A13 (continue)

	Water						Toilet					
	1	2	3	4	5	Media	1	2	3	4	5	Media
Guatemala												
ENCOVI												
2000	56.4	56.2	63.8	74.7	85.4	68.6	13.2	18.1	21.9	36.2	66.1	33.4
2006	60.2	67.6	75.0	81.5	89.8	76.4	12.5	26.8	39.9	58.4	80.6	47.3
ENEI												
2002	68.6	65.0	67.7	80.7	90.1	75.7	24.8	29.7	45.4	66.6	83.4	53.1
2003	55.5	64.4	76.2	81.1	89.7	74.6	12.4	30.3	46.9	60.7	80.9	48.8
2004	61.6	67.4	76.0	82.8	88.0	76.3	17.8	26.3	37.6	53.9	77.6	45.5
Honduras												
EPHPM 1												
1991	67.6	62.3	70.0	74.8	88.3	73.4	23.7	14.0	23.5	33.5	61.1	32.7
1992	73.3	74.0	75.7	79.8	90.9	79.3	24.8	21.3	28.0	44.3	68.9	39.0
1993	66.4	69.2	72.8	74.8	87.9	74.6	25.6	19.4	27.4	35.6	68.7	36.5
1994	73.5	71.7	71.1	80.9	90.2	78.1	28.2	23.1	36.1	49.5	70.8	42.9
1995	73.2	74.8	76.7	79.9	88.8	79.1	36.5	35.8	43.3	52.4	73.6	49.5
1996	74.5	73.8	78.1	83.3	93.4	81.3	34.9	28.3	37.4	53.5	74.5	47.3
1997	71.8	75.5	83.0	87.4	92.9	82.5	29.9	25.4	34.8	49.0	68.4	42.8
EPHPM 2												
1997	67.5	74.6	85.6	88.1	93.3	82.5	20.1	25.9	38.0	50.1	71.1	42.8
1998	74.1	79.3	84.3	89.5	94.9	85.2	26.8	35.2	45.6	58.7	79.5	51.2
1999	68.6	80.0	84.5	88.5	94.2	84.0	25.6	29.8	42.0	54.5	76.0	47.8
2001	74.3	80.4	86.6	90.4	94.9	86.0	25.5	32.0	48.1	63.5	80.1	51.9
2002	57.7	66.3	75.3	81.8	90.1	75.6	12.2	20.6	36.0	52.5	74.2	41.8
2003	62.4	67.9	75.1	84.9	91.8	77.6	10.6	16.8	31.5	50.8	74.2	39.5
2004	63.3	69.3	75.8	85.4	92.3	78.2	15.1	22.7	34.9	53.9	75.6	42.6
2005	59.8	67.7	80.0	87.2	90.3	78.3						
2006	71.0	78.1	86.5	90.5	95.0	85.0						
2007	69.4	75.9	83.2	89.7	94.7	83.8	13.1	20.6	38.5	58.3	80.8	45.3
Jamaica												
1990	49.9	39.2	36.9	43.7	50.3	44.8	67.3	52.0	52.1	60.4	62.0	59.3
1996	60.0	51.6	53.2	53.7	61.9	57.2	69.8	58.8	59.0	68.4	79.6	69.5
1999	42.6	32.9	54.4	56.3	62.7	52.2	58.8	44.9	62.9	68.5	70.8	63.2
2001	60.3	50.6	51.9	47.1	64.6	56.0	71.3	67.9	60.4	63.6	71.0	67.5
2002	49.5	35.7	31.1	41.3	56.9	44.1	63.9	51.0	43.0	55.4	69.2	57.7

	Drains						Electricity						Teléphone*					
	1	2	3	4	5	Media	1	2	3	4	5	Media	1	2	3	4	5	Media
	12.0	14.9	20.3	32.1	60.9	30.2	49.2	62.9	73.5	83.9	88.8	73.0	2.1	4.6	8.7	16.2	55.5	19.8
	9.1	20.7	33.0	49.6	71.9	40.3	54.7	72.2	84.9	90.9	96.3	81.8	21.2	40.8	56.1	73.1	90.5	59.9
							60.7	65.4	74.6	89.2	94.5	78.7	2.6	5.4	11.9	20.0	50.3	20.4
							43.6	68.5	83.4	93.2	94.7	78.5	2.4	6.2	15.7	21.7	49.7	20.9
	15.0	20.2	30.5	44.6	66.9	38.0												
	19.0	10.8	17.4	25.6	51.1	26.1	41.5	35.9	48.2	60.9	80.6	54.8						
	16.0	10.8	18.2	31.1	57.2	28.2	39.1	35.8	51.0	68.3	83.6	57.0						
	17.5	11.7	20.9	30.4	59.7	29.1	42.8	44.1	56.9	69.6	87.4	61.0						
	18.0	13.4	24.6	36.7	54.8	30.7	46.7	47.0	65.1	76.4	84.0	64.8						
	15.7	12.7	20.4	29.9	51.8	27.4	48.1	50.1	67.1	74.1	86.1	66.1						
	15.4	11.6	19.5	33.8	55.8	28.7	40.7	37.8	58.1	75.4	88.1	61.5						
	17.3	13.4	22.6	37.0	54.8	30.3	47.4	46.2	61.9	76.6	85.9	64.6						
	9.4	13.3	25.1	37.7	57.2	30.3	36.6	48.7	65.3	76.9	87.9	64.6						
	6.2	14.4	23.5	37.6	60.0	30.4	32.7	50.5	71.0	80.3	90.7	66.9						
	9.5	13.3	27.2	38.6	62.8	32.6	36.0	49.7	70.7	79.2	91.1	67.3						
	8.9	13.4	29.1	42.2	60.4	32.9	37.3	55.4	77.3	88.7	94.7	72.7						
	6.4	12.3	24.6	37.6	59.0	30.3	27.5	44.6	65.9	79.8	89.5	64.0	2.2	4.0	9.9	17.7	39.1	16.2
	6.4	10.0	21.1	35.8	57.9	28.5	29.2	44.0	65.6	81.7	91.6	64.9						
	7.3	12.9	23.0	38.0	61.8	30.5	36.0	47.5	69.1	84.5	92.9	67.9	5.6	8.1	15.8	30.6	61.3	26.3
							30.4	53.1	73.6	85.2	93.8	69.8	6.7	13.0	23.6	43.5	67.0	33.5
													8.6	17.0	27.2	39.6	62.2	32.8
	9.2	14.1	30.2	44.4	65.9	37.7	33.8	53.7	79.3	91.3	96.9	73.5	29.0	40.3	62.6	77.0	89.5	62.2
	29.5	34.4	21.1	35.1	29.8	30.1	74.3	61.9	61.3	79.5	85.7	73.8	10.2	7.9	6.6	12.9	6.7	8.7
	26.5	26.7	23.0	23.7	44.5	31.4	84.5	74.6	81.2	82.8	96.2	86.1	38.8	30.3	33.6	35.5	58.6	42.7
	20.3	18.3	28.7	31.6	30.3	26.7	81.7	76.0	84.9	87.8	90.0	85.2	31.1	39.6	50.1	51.9	52.7	46.2
	20.3	14.2	17.0	16.1	21.0	18.1	86.8	89.4	87.2	87.1	88.7	87.8	57.2	53.6	60.5	50.4	71.3	59.2
	23.6	16.4	10.8	14.2	23.3	18.3	86.4	81.9	82.8	87.2	93.1	86.7	47.8	37.6	35.2	49.8	63.9	48.1

Table A13 (continue)

	Water						Toilet					
	1	2	3	4	5	Media	1	2	3	4	5	Media
Mexico												
1989	60.2	74.3	83.5	88.6	93.6	81.4	21.8	32.2	49.2	58.4	80.3	51.2
1992	54.4	73.8	82.6	88.3	94.7	80.7	14.8	27.6	47.3	61.7	85.8	51.6
1996	67.3	79.1	85.7	92.7	97.4	86.0	18.9	28.4	44.1	69.1	88.3	54.1
1998	65.8	81.5	89.9	94.1	97.6	87.3	17.8	34.1	54.7	72.2	90.7	57.8
2000	75.2	87.7	93.4	96.8	98.4	91.3	16.3	39.2	59.5	77.4	91.6	60.4
2002	70.9	85.6	92.5	96.7	99.1	90.0	17.6	35.7	57.5	74.7	92.2	58.8
2004	74.2	85.3	91.0	93.6	94.6	88.3	32.8	48.4	65.9	77.7	90.4	65.4
2005	75.3	87.3	92.7	96.0	97.7	90.6	28.4	45.1	63.4	80.8	92.6	65.0
2006	77.8	86.9	92.3	94.6	96.5	90.3	30.0	46.9	63.5	77.8	91.9	64.8
2008	77.0	86.0	88.9	93.8	95.7	88.8	32.3	47.7	63.4	79.1	91.8	65.2
Nicaragua												
1993	35.4	48.2	60.4	69.2	85.3	61.6	9.2	16.4	17.6	31.8	58.5	28.8
1998	36.7	50.6	61.4	68.8	78.8	60.8	6.7	8.5	18.4	24.0	46.5	22.4
2001	36.7	47.0	61.5	69.5	82.5	61.8	6.6	8.6	17.0	22.5	48.3	22.9
2005	31.2	52.5	65.8	78.5	83.1	64.6	4.4	12.8	22.5	34.7	58.2	29.3
Paraguay												
1995	72.3	76.6	84.1	89.5	96.8	85.2	10.5	25.1	45.0	65.5	84.4	50.1
1997	75.4	84.5	87.8	93.9	98.5	89.3	6.1	24.8	45.9	72.3	87.4	51.5
1999	71.4	82.9	88.6	94.3	96.9	88.1	15.5	33.4	54.2	71.0	84.8	55.4
2001	79.7	89.1	93.8	95.2	98.5	92.1	21.8	30.8	53.4	72.5	88.7	57.0
2002	87.1	91.1	95.8	96.6	98.5	94.3	23.2	32.4	55.3	71.1	88.2	57.3
2003	82.7	90.1	94.2	95.4	97.7	92.7	26.9	44.6	59.1	69.4	87.2	60.3
2004	85.6	88.8	90.7	94.8	98.1	92.2	29.6	46.4	58.4	70.8	87.8	61.2
2005	86.6	92.6	94.6	96.3	99.0	94.3	30.1	51.7	66.7	74.0	88.5	64.5
2006	88.1	92.1	96.4	97.6	98.9	95.1	27.6	45.1	64.9	75.6	90.8	64.0
2007	90.3	95.3	96.7	98.1	99.2	96.3	37.1	55.7	71.6	78.2	92.6	69.4
2008	96.5	98.4	98.2	98.7	97.0	97.7	37.6	58.7	70.8	82.0	92.0	70.7
Peru												
ENAHO 1												
1997	21.6	41.7	60.1	73.1	86.3	59.2	38.6	58.5	75.2	86.7	93.7	72.8
1998	27.5	47.2	64.8	73.9	90.4	63.1	43.7	65.2	78.0	87.8	95.7	76.0
1999	32.7	48.5	63.9	79.5	90.6	65.4	50.2	68.2	79.9	90.6	96.2	78.8
2000	35.4	49.6	67.5	75.2	89.2	65.3	54.4	68.7	80.3	88.2	95.8	78.9
ENAHO 2												
2001	38.9	50.2	62.0	73.3	85.2	63.5	20.8	33.8	55.6	71.4	86.0	55.9
2002	35.2	47.5	62.2	76.2	89.0	63.9	18.3	33.8	55.0	73.4	88.7	56.3
ENAHO 3												
2003	34.6	47.3	60.9	73.0	90.0	63.5	22.5	34.9	58.0	74.8	91.5	59.4
2004	34.6	48.3	64.0	77.2	88.3	64.3	25.2	41.9	62.2	78.6	89.6	61.7
2005	34.3	47.8	63.2	77.0	88.9	64.6	33.0	49.0	66.2	78.3	90.7	65.9
2006	33.1	52.2	66.5	77.7	89.8	65.9	35.7	54.5	69.9	81.2	92.6	68.8
2007	34.5	51.8	68.4	79.3	89.6	66.5	33.1	52.6	68.0	79.1	91.0	66.7

	Drains						Electricity						Teléphone*					
	1	2	3	4	5	Media	1	2	3	4	5	Media	1	2	3	4	5	Media
	16.8	26.2	40.7	48.7	71.1	43.3	76.1	86.3	93.9	96.7	98.3	91.1	5.9	7.1	13.4	23.3	43.4	20.6
	10.9	23.8	39.7	53.8	78.6	45.3	76.8	92.5	95.4	98.1	98.6	93.2	1.9	5.6	10.4	26.7	57.2	23.7
	16.3	23.5	40.5	63.4	81.5	49.2	87.2	94.1	97.3	99.0	99.8	96.1	4.8	8.9	17.1	34.3	63.5	29.4
	13.1	28.6	46.2	64.5	83.1	50.8	86.2	95.5	98.0	98.7	99.5	96.1	4.8	10.1	23.1	36.2	66.5	31.5
	12.6	32.5	52.2	69.4	83.2	53.4	92.2	97.6	99.4	99.6	100.0	98.1	7.8	16.3	32.9	50.5	75.3	40.0
	14.2	31.6	50.5	67.6	86.2	53.1	92.1	98.2	98.6	99.8	99.8	97.9	13.1	29.5	47.1	66.8	86.1	51.7
	26.2	40.3	57.1	68.8	82.9	57.5	94.4	99.1	99.4	99.7	99.8	98.6	24.2	42.1	59.0	75.0	89.1	60.3
	24.6	38.8	56.8	73.8	85.0	58.7	96.2	98.8	99.5	99.7	99.9	98.9	30.1	50.2	68.0	82.0	93.1	67.2
	24.3	40.0	56.7	70.9	86.4	58.5	96.9	99.4	99.6	99.6	99.9	99.2	36.0	58.4	72.2	84.4	93.8	71.2
	28.3	41.4	56.6	71.3	84.4	58.6	97.1	98.6	99.3	99.7	99.8	99.0	44.9	62.6	76.7	87.4	94.6	74.9
	5.8	12.4	12.4	26.6	48.4	23.0	44.2	58.9	70.8	80.0	94.5	71.5	1.2	1.9	1.6	3.0	14.0	4.9
	5.0	6.3	14.5	18.5	34.4	16.9	40.7	60.0	65.6	79.4	88.7	68.7	1.2	3.0	6.2	8.6	29.6	10.8
	4.9	5.6	11.6	17.6	35.0	16.6	48.0	60.5	71.7	82.2	90.8	72.8	1.7	2.1	6.0	10.0	34.3	12.6
	3.7	9.5	16.6	25.2	41.7	21.3	39.8	63.2	78.0	85.9	90.3	73.7	3.2	9.6	20.4	37.3	64.8	30.3
	0.8	1.9	4.4	8.1	27.9	10.1	43.7	63.5	80.4	90.2	95.9	77.4	0.5	1.3	4.2	9.0	35.0	11.9
	0.1	0.6	3.3	5.7	20.9	7.1	62.2	76.7	85.0	95.9	98.7	85.5	0.5	1.7	7.0	13.8	49.2	16.7
	0.8	1.6	3.1	9.0	21.7	8.4	70.5	83.4	91.2	95.2	96.1	88.5	2.6	5.0	12.7	30.7	54.9	24.1
	0.8	2.1	4.1	11.3	25.3	10.1	74.5	88.0	93.1	96.0	98.5	91.0	10.0	16.2	28.4	46.7	73.1	38.3
	2.4	2.1	4.4	9.2	24.5	9.6	78.1	87.9	93.4	95.5	99.0	91.7	10.4	15.5	29.6	45.4	69.1	37.0
	2.1	4.3	6.6	11.3	25.5	11.1	81.5	88.8	94.1	96.3	98.3	92.6	10.4	22.1	31.3	45.4	73.7	39.6
	1.7	2.0	4.9	7.9	19.5	8.1	84.3	91.5	93.9	95.3	98.5	93.2	16.0	28.1	34.0	50.5	76.5	43.9
	2.2	3.2	4.5	8.5	22.3	9.1	86.5	93.8	95.8	96.7	98.8	94.7	24.9	34.9	53.9	65.4	83.1	55.1
	1.4	2.2	5.9	7.7	19.6	8.3	91.6	95.6	97.3	97.8	99.6	96.7	38.7	56.8	68.7	75.6	89.3	68.3
	1.8	3.8	6.7	11.0	21.2	9.8	90.7	95.0	96.9	98.1	99.8	96.5	52.4	69.6	80.1	86.1	93.2	77.9
	1.1	4.1	6.1	8.2	19.2	8.6	91.0	95.9	97.7	98.7	98.6	96.7	70.2	84.5	87.9	93.0	96.5	87.5
	10.4	26.1	48.2	64.6	85.0	50.1	23.4	51.4	74.4	87.3	95.0	69.2	1.4	5.2	12.5	22.3	58.6	22.6
	12.4	30.2	50.4	65.0	88.1	52.2	34.0	53.6	74.7	88.9	96.6	72.0	2.0	3.1	11.4	26.6	64.7	24.1
	14.0	28.1	50.2	72.2	89.7	54.1	36.5	57.1	76.8	91.1	97.3	74.2	2.4	4.7	10.4	27.5	64.5	24.6
	6.9	25.7	53.8	69.5	87.0	51.5	27.8	55.0	80.9	91.0	96.3	72.5	0.1	2.3	13.4	25.6	60.4	22.8
	13.8	24.5	45.2	63.3	80.9	48.0	34.9	51.6	71.2	85.7	94.2	69.6	2.8	3.6	8.2	24.0	51.9	20.1
	8.8	24.6	47.6	66.4	85.4	49.3	29.1	54.7	78.7	90.2	95.9	71.8	0.9	2.7	11.1	24.2	55.1	20.9
	12.6	22.0	45.3	63.1	86.7	49.3	33.6	51.7	75.1	88.1	96.3	71.6	1.6	2.9	10.6	23.9	58.6	22.1
	11.4	27.1	49.2	68.3	85.5	50.9	33.9	56.9	78.3	89.7	95.5	72.9	1.6	4.6	13.9	31.0	61.9	24.9
	13.4	28.6	48.5	66.9	85.5	51.8	38.7	57.9	78.0	88.7	95.6	74.1	3.3	6.0	16.7	32.2	60.8	26.6
	12.2	29.5	51.7	69.0	87.5	52.9	41.6	64.2	82.2	91.1	96.5	77.0	1.4	6.4	16.7	36.9	64.5	27.8
	11.9	32.6	54.8	71.1	87.1	54.1	47.2	65.5	84.0	93.1	96.6	78.9	1.4	7.2	19.5	38.6	64.7	28.6

Table A13 (continue)

	Water						Toilet					
	1	2	3	4	5	Media	1	2	3	4	5	Media
Uruguay												
Urban												
1989	79.2	91.8	94.5	97.9	98.8	93.4						
1992	93.4	96.8	97.4	99.1	99.6	97.6	62.0	80.1	91.4	97.0	99.4	88.2
1995	93.8	96.8	98.0	98.9	99.1	97.6	67.8	85.1	93.4	97.7	99.5	90.6
1996	94.9	97.1	98.3	98.9	99.5	98.0	72.2	87.7	94.6	97.9	99.7	92.1
1997	94.5	96.9	98.2	98.7	99.1	97.8	71.9	87.6	94.1	98.0	99.4	92.0
1998	92.9	96.5	97.6	98.0	99.0	97.2	70.5	86.8	95.4	98.1	99.7	92.2
2000	95.1	97.3	97.9	98.5	99.2	97.9	73.7	89.0	95.8	98.5	99.7	93.1
2001	97.0	97.7	98.2	98.8	99.2	98.3	75.3	90.6	95.9	98.7	99.7	93.8
2002	97.1	97.6	98.5	98.6	99.4	98.4	79.2	90.5	96.7	98.8	99.8	94.6
2003	97.4	97.9	98.8	98.8	99.4	98.6	80.2	90.6	96.7	98.9	99.7	94.7
2004	97.0	98.4	98.9	99.2	99.7	98.8	80.0	93.0	97.3	98.9	99.8	95.3
2005	97.8	98.0	98.8	99.3	99.6	98.8	76.6	90.7	96.4	99.0	99.9	94.2
2006	93.5	98.2	99.3	99.8	99.9	98.5	68.3	87.9	95.1	98.1	99.3	91.9
Venezuela												
1989	82.9	88.1	92.3	94.6	97.5	91.7	72.6	78.7	86.0	91.4	96.4	86.1
1992	85.7	90.7	94.0	95.1	97.7	93.0	77.8	85.6	91.1	93.4	97.1	89.6
1995	87.8	89.9	92.5	96.1	97.6	93.2	74.9	79.3	86.9	92.3	96.4	86.8
1998	87.2	90.5	92.7	95.8	96.7	92.9	76.0	81.9	88.0	93.8	96.6	88.0
1999	87.8	89.8	93.0	95.0	97.9	93.1	76.6	84.2	88.7	92.4	97.2	88.6
2000	87.4	89.3	92.0	93.8	97.3	92.3	76.5	83.3	88.1	92.1	96.8	88.1
2001	85.7	89.6	92.0	94.0	97.1	92.1	74.4	82.6	88.5	92.6	96.9	87.8
2002	83.8	87.5	91.3	93.4	96.7	91.0	72.1	80.1	87.3	92.5	96.6	86.7
2003	86.3	88.7	91.8	93.8	96.8	91.9	75.0	81.2	88.3	92.4	96.5	87.5
2004	89.1	90.5	93.9	95.1	97.8	93.9	78.4	81.9	88.4	92.7	96.8	89.0
2005	82.7	83.9	88.7	93.6	97.0	89.8	83.2	85.3	90.0	93.9	97.1	90.5
2006	82.1	85.7	90.6	93.5	96.9	90.4	85.8	88.8	91.9	95.0	97.1	92.2

Note: Nationwide percentage of the population with cover per quintile.

* Land line plus mobile phone is counted for Brazil from 2001. from 2001 for Nicaragua and from 1999 for Paraguay.

Source: Socio-Economic Database for Latin America and the Caribean (SEDLAC) (CEDLAS and World Bank) (2010).

	Drains						Electricity						Teléphone*					
	1	2	3	4	5	Media	1	2	3	4	5	Media	1	2	3	4	5	Media
	25.9	39.1	53.2	68.1	85.0	57.2	88.4	96.3	99.0	99.8	99.7	97.2						
	27.9	39.3	54.9	69.5	86.9	59.1	93.2	98.5	99.7	99.9	100.0	98.6						
	28.9	41.7	54.3	68.9	86.2	59.4	95.6	99.1	99.8	99.8	100.0	99.1						
	32.2	42.9	54.7	67.8	86.0	60.1	96.9	99.2	99.5	100.0	100.0	99.3						
	31.9	44.8	56.5	68.8	86.4	61.3	96.6	99.1	99.8	99.9	100.0	99.3						
	28.5	43.3	58.3	70.6	86.8	61.6	96.8	99.2	99.9	100.0	100.0	99.4						
	27.0	42.9	55.6	68.2	85.6	59.8	97.1	99.0	99.8	99.8	100.0	99.3						
	32.9	46.6	58.6	71.8	87.6	63.7							37.6	59.1	72.8	83.6	93.3	73.4
	34.7	47.7	60.2	73.0	87.7	64.9							36.8	56.8	71.7	81.6	93.5	72.4
	37.8	46.4	58.8	72.5	87.7	64.6							37.3	54.0	69.6	80.6	93.0	71.2
	38.4	50.4	63.2	74.5	88.7	67.1							39.1	57.6	72.7	84.7	94.8	74.2
	36.8	50.3	60.3	74.4	89.3	66.2							38.2	60.9	71.8	84.1	95.3	74.2
	29.9	44.2	58.7	71.3	84.4	61.7	97.7	99.3	99.7	99.9	99.9	99.5	57.6	77.9	87.3	94.2	98.4	85.9
							92.7	95.4	97.5	98.3	99.2	96.9						
							95.0	97.1	98.3	98.7	99.3	97.8						
	55.3	62.6	71.9	80.1	86.8	72.6	98.2	98.4	99.4	99.3	99.5	99.0	15.2	16.2	24.8	32.4	53.0	30.0
	58.6	64.4	72.4	78.8	87.9	73.6	97.4	97.9	98.4	99.1	99.0	98.4	19.8	22.1	31.0	38.6	61.0	36.3
	57.5	63.9	71.1	78.0	86.6	72.7	97.7	98.8	98.9	99.1	99.5	98.9	19.1	24.3	30.3	41.1	63.5	37.8
	54.9	64.1	71.7	78.1	86.1	72.1	98.0	98.2	99.0	99.2	99.6	98.9	16.7	21.9	28.9	38.7	58.1	34.6
	54.2	62.7	70.6	77.2	86.5	71.5	99.8	99.9	99.9	99.9	99.9	99.9	14.5	19.3	25.8	36.7	55.9	32.3
	51.7	59.9	68.6	76.6	85.2	69.7	99.7	99.8	99.8	99.9	99.9	99.8	12.7	15.5	22.0	31.5	51.0	28.3
	54.6	60.4	69.3	77.3	86.0	70.9	95.5	95.5	95.5	96.0	95.7	95.7	13.9	17.3	23.4	33.1	49.6	29.2
	55.8	59.5	69.9	75.8	86.0	71.7	98.6	98.5	99.0	99.3	99.6	99.1	17.7	17.8	25.4	34.5	52.6	32.5
	81.0	82.9	87.5	92.2	96.1	88.6												
	84.5	87.2	90.9	94.1	96.6	91.2	98.4	99.1	99.5	99.5	99.7	99.3	20.0	24.2	31.3	39.8	55.5	35.8

Table A14 Latin America and the Caribbean (18 countries). Access to basic infrastructure. Difference between income quintiles (%)

		Water				Electricity				Persons per room				Households with poor quality materials (%)			
Country	Year	Total	Q1	Q5	Q5-Q1	Total	Q1	Q5	Q5-Q1	Total	Q1	Q5	Q5-Q1	Total	Q1	Q5	Q5-Q1
Argentina	2006	98.9	95.5	100.0	4.5	…	…	…	…	1.3	2.2	0.8	-1.4	2.1	7.1	0.3	-6.8
Bolivia (Plurinational State of)	2007	82.8	61.5	90.1	28.6	80.9	53.8	92.0	38.1	…	…	…	…	62.6	92.7	37.5	55.3
Brazil	2008	92.6	78.9	99.1	20.2	98.6	95.8	99.8	4.0	0.6	0.8	0.4	0.5	1.7	5.1	0.1	5.0
Chile	2006	96.5	93.4	98.6	5.2	99.4	98.5	99.8	1.3	0.8	1.1	0.5	0.6	9.7	17.8	3.6	14.2
Colombia	2003	79.8	75.5	88.4	13.0	89.3	86.7	92.7	6.0	1.7	2.0	1.0	1.0	…	…	…	…
Costa Rica	2009	99.2	97.3	99.9	2.6	99.4	98.4	99.9	1.5	0.8	1.0	0.6	0.4	4.0	8.0	1.1	6.9
Dominican Rep.	2007	77.3	65.2	88.9	23.7	96.9	95.0	98.9	3.9	1.2	1.5	0.9	0.6	…	…	…	…
Ecuador	2007	91.7	83.3	97.5	14.2	96.7	91.7	99.4	7.6	0.8	1.0	0.6	0.5	28.8	52.2	12.1	40.1
El Salvador	2007	68.3	44.5	88.3	43.8	91.1	72.3	99.0	26.7	2.2	3.4	1.1	2.3	25.9	52.2	8.3	43.9
Guatemala	2006	76.4	60.2	89.8	29.6	81.8	54.7	96.3	41.6	3.0	4.1	1.6	2.5	51.9	80.5	21.6	58.9
Honduras	2007	83.8	69.4	94.7	25.3	73.5	33.8	96.9	63.1	1.3	1.7	0.8	0.9	8.4	16.8	1.3	15.5
Mexico	2008	88.8	77.0	95.7	18.7	99.0	97.1	99.8	2.6	1.1	1.6	0.6	1.0	31.8	56.8	14.8	42.0
Nicaragua	2005	64.6	31.2	83.1	51.9	73.7	39.8	90.3	50.5	2.7	3.9	1.5	2.4	13.7	29.4	5.1	24.3
Panama	2003	91.4	78.4	97.8	19.5	84.1	47.7	97.3	49.6	1.6	2.6	0.9	-1.8	9.1	28.3	1.7	-26.6
Paraguay	2008	97.7	96.5	97.0	0.4	96.7	91.0	98.6	7.6	1.6	2.4	0.9	1.5	1.7	2.4	0.5	1.8
Peru	2007	66.5	34.5	89.6	55.1	78.9	47.2	96.6	49.4	1.6	2.3	0.9	1.4	…	…	…	…
Uruguay	2006	98.5	93.5	99.9	6.4	99.5	97.7	99.9	2.2	0.9	1.6	0.6	1.0	1.2	3.3	0.3	3.0
Venezuela	2006	90.4	82.1	96.9	14.8	99.3	98.4	99.7	1.4	1.5	2.1	1.0	1.1	9.4	17.8	2.6	15.2

Source: Gasparini et al. (2009a).

Table A15 Latin America and the Caribean (20 countries). Index of educational mobility by 13-19 and 20-25 age groups

	13-19	20-25
Argentina		
EPHC		
2004	0.87	0.78
2005	0.86	0.77
2006	0.87	0.77
2007	0.88	0.80
2008	0.88	0.80
2009	0.87	0.79
Belize		
1993	0.87	0.91
1994	0.88	0.77
1997	0.91	0.88
1998	0.92	0.91
1999	0.90	0.92
Bolivia		
National		
1997	0.78	0.69
1999	0.81	0.69
2000	0.74	0.69
2001	0.82	0.78
2002	0.81	0.71
2003-2004	0.84	0.77
2005	0.88	0.76
2007	0.87	0.77
Brazil		
2004	0.84	0.76
2005	0.83	0.76
2006	0.84	0.76
2007	0.85	0.80
2008	0.86	0.81
Chile		
1987	0.89	0.81
1990	0.88	0.81
1992	0.89	0.86
1994	0.92	0.77
1996	0.88	0.76
1998	0.89	0.77
2000	0.89	0.79
2003	0.92	0.79
2006	0.94	0.83

	13-19	20-25
Colombia		
ENH-National		
1996	0.79	0.73
1999	0.80	0.75
2000	0.80	0.75
ECH-National		
2001	0.83	0.76
2003	0.84	0.75
2004	0.83	0.75
GEIH-National		
2006	0.87	0.78
Costa Rica		
1990	0.82	0.79
1992	0.81	0.75
1997	0.82	0.75
2000	0.83	0.74
2001	0.81	0.70
2002	0.83	0.72
2003	0.83	0.73
2004	0.85	0.76
2005	0.86	0.75
2006	0.88	0.76
2007	0.88	0.76
2008	0.89	0.76
2009	0.88	0.77
Dominican Republic		
ENFT 1		
1996	0.82	0.78
1997	0.82	0.84
ENFT 2		
2000	0.80	0.79
2001	0.79	0.75
2002	0.76	0.74
2003	0.80	0.78
2004	0.82	0.79
ENFT 3		
2005	0.83	0.75
2006	0.80	0.79
2007	0.85	0.82
Ecuador		
ECV		
1994	0.80	0.76
1995	0.81	0.78
1998	0.78	0.70
1999	0.78	0.66

	13-19	20-25
ENEMDU		
2003	0.83	0.74
2004	0.83	0.72
2005	0.86	0.73
2006	0.83	0.72
2007	0.86	0.75
2008	0.89	0.76
El Salvador		
1991	0.79	0.77
1995	0.78	0.73
1996	0.77	0.69
1998	0.74	0.74
1999	0.75	0.72
2000	0.76	0.73
2001	0.77	0.72
2002	0.76	0.70
2003	0.78	0.71
2004	0.78	0.74
2005	0.79	0.72
2006	0.85	0.48
2007	0.88	0.83
Guatemala		
ENCOVI		
2000	0.76	0.71
2006	0.78	0.73
ENEI		
2002	0.78	0.77
2003	0.76	0.72
2004	0.79	0.72
Honduras		
1992	0.80	0.70
1997	0.78	0.71
1999	0.82	0.69
2001	0.82	0.70
2003	0.79	0.67
2004	0.77	0.67
2005	0.77	0.65
2006	0.82	0.65
2007	0.82	0.69
Jamaica		
1990	0.96	0.77
1996	0.97	0.95
1999	0.99	0.95
2001	0.98	0.73
2002	0.98	0.85

	13-19	20-25
Mexico		
1989	0.84	0.79
1992	0.83	0.75
1996	0.83	0.75
1998	0.81	0.71
2000	0.82	0.70
2002	0.84	0.71
2004	0.83	0.68
2005	0.85	0.71
2006	0.85	0.67
2008	0.86	0.73
Nicaragua		
1993	0.78	0.78
1998	0.77	0.74
2001	0.77	0.73
2005	0.80	0.74
Panama		
1989	0.78	0.83
1991	0.82	0.78
1995	0.82	0.74
1997	0.82	0.74
1998	0.83	0.80
2001	0.81	0.74
2002	0.82	0.72
2003	0.84	0.75
2004	0.85	0.73
2005	0.83	0.73
2006	0.84	0.73
Paraguay		
1995	0.78	0.72
1997	0.84	0.77
1999	0.81	0.71
2001	0.80	0.75
2002	0.85	0.75
2003	0.85	0.81
2004	0.84	0.81
2005	0.84	0.80
2006	0.84	0.77
2007	0.85	0.77
2008	0.85	0.79
Peru		
ENAHO 1		
1997	0.81	0.81
1998	0.82	0.83

	13-19	20-25
1999	0.83	0.82
2000	0.83	0.85
ENAHO 2		
2001	0.84	0.80
2002	0.83	0.79
ENAHO 3		
2003	0.83	0.85
2004	0.85	0.82
2005	0.87	0.85
2006	0.86	0.84
2007	0.86	0.82
Uruguay		
Urban		
1989	0.89	0.80
1992	0.88	0.80
1995	0.88	0.79
1996	0.87	0.78
1997	0.87	0.78
1998	0.86	0.76
2000	0.84	0.74
2001	0.79	0.68
2002	0.79	0.68
2003	0.82	0.69
2004	0.81	0.69
2005	0.81	0.66
National		
2006	0.85	0.75
2007	0.83	0.72
2008	0.85	0.70
Venezuela		
1989	0.84	0.77
1992	0.88	0.81
1995	0.93	0.78
1998	0.91	0.78
1999	0.90	0.78
2000	0.89	0.76
2001	0.91	0.77
2002	0.91	0.77
2003	0.90	0.77
2004	0.92	0.78
2005	0.93	0.80
2006	0.94	0.79

Note: The Index of Educational Mobility is defined as 1 minus the position of variance of the educational divide that is explained by the family background. In an economy with very low mobility. family background will be important and the index too.

Source: Socio-Economic Database for Latin America and the Caribean (SEDLAC) (CEDLAS and World Bank) (2010).

Table A16 Latin America and the Caribbean (20 countries). Poverty

	National			Urban			Rural		
	Percentage of population in poverty	Poverty gap	Poverty divide	Percentage of population in poverty	Poverty gap	Poverty divide	Percentage of population in poverty	Poverty gap	Poverty divide
	FGT(0)	FGT(1)	FGT(2)	FGT(0)	FGT(1)	FGT(2)	FGT(0)	FGT(1)	FGT(2)
Argentina (EPHC)									
2003	22.2	10.2	6.5	22.2	10.2	6.5			
2004	20.4	9.7	6.5	20.4	9.7	6.5			
2005	15.8	6.6	3.9	15.8	6.6	3.9			
2006	12.7	5.3	3.1	12.7	5.3	3.1			
2007	9.5	3.7	2.2	9.5	3.7	2.2			
2008	8.7	3.5	2.2	8.7	3.5	2.2			
2009	8.4	3.5	2.2	8.4	3.5	2.2			
Belize									
1993	35.3	14.1	8.0	19.7	6.5	3.2	46.2	19.4	11.4
1994	36.8	14.1	7.7	24.7	8.2	3.9	45.6	18.4	10.5
1997	44.5	20.2	12.3	29.2	11.2	5.7	53.1	25.3	16.0
1998	43.4	18.6	10.6	28.1	10.6	5.6	52.2	23.2	13.4
1999	38.1	16.3	9.7	22.9	8.6	4.5	44.9	19.7	12.0
Bolivia									
1997	33.8	17.2	11.8	21.3	7.5	3.9	60.8	38.3	28.7
1999	39.5	22.9	16.9	19.5	7.2	4.0	75.6	51.3	40.2
2000	43.5	26.8	20.7	25.2	11.1	7.0	77.0	55.6	45.8
2001	38.6	21.0	15.0	22.8	8.7	5.1	66.0	42.4	32.2
2002	40.1	22.0	15.9	22.8	8.4	4.6	69.9	45.6	35.5
2005	35.0	18.1	12.5	19.4	6.5	3.4	62.7	38.9	28.7
2006	33.5	16.4	11.1	16.7	5.5	2.9	64.3	36.4	26.1
2007	33.5	14.6	9.2	21.5	6.3	2.9	56.8	30.6	21.3
Brazil									
2004	24.9	11.1	7.2	21.4	9.5	6.2	42.2	19.3	11.9
2005	22.9	10.0	6.4	19.4	8.4	5.5	40.3	18.2	11.1
2006	19.5	8.7	5.7	16.2	7.1	4.7	36.2	16.7	10.4
2007	18.2	8.3	5.5	15.1	6.9	4.7	34.0	15.2	9.6
2008	15.7	7.0	4.6	12.7	5.7	3.9	30.8	13.5	8.4
Chile									
1987	39.4	15.8	8.6	35.4	14.3	7.9	55.7	21.8	11.4
1990	21.2	7.3	3.7	19.6	6.6	3.3	28.2	10.3	5.5
1992	15.3	4.7	2.2	14.0	4.3	2.1	22.2	6.6	3.1
1994	14.5	4.8	2.5	12.9	4.3	2.3	22.6	7.2	3.5
1996	11.3	3.4	1.7	9.4	2.8	1.4	21.5	6.5	3.1
1998	10.3	3.3	1.7	9.1	3.0	1.6	18.2	5.3	2.4
2000	9.1	3.0	1.6	8.2	2.8	1.5	15.1	4.8	2.3
2003	8.1	2.7	1.4	7.5	2.5	1.4	12.4	3.9	1.9
2006	5.2	1.7	0.9	4.9	1.6	0.8	7.6	2.3	1.1

	National			Urban			Rural		
	Percentage of population in poverty	Poverty gap	Poverty divide	Percentage of population in poverty	Poverty gap	Poverty divide	Percentage of population in poverty	Poverty gap	Poverty divide
	FGT(0)	FGT(1)	FGT(2)	FGT(0)	FGT(1)	FGT(2)	FGT(0)	FGT(1)	FGT(2)
Colombia									
ENH National									
1996	29.4	14.1	9.8	18.1	7.5	5.0	46.3	24.0	17.0
1999	34.8	17.4	12.1	25.8	12.5	8.8	48.8	25.0	17.2
2000	37.8	19.3	13.5	28.6	13.9	9.8	52.9	28.2	19.7
ECH National									
2001	40.7	20.8	14.7	33.7	16.7	11.8	59.5	31.7	22.3
2003	38.8	19.9	14.1	33.6	17.4	12.7	52.4	26.1	17.6
2004	43.3	22.8	16.2	35.9	18.8	13.7	63.8	33.7	23.2
GEIH National									
2006	37.8	20.7	15.0	30.8	16.9	12.5	57.3	31.2	21.8
Costa Rica									
1990	20.7	9.5	6.3	12.5	6.0	4.5	27.3	12.2	7.8
1992	21.1	9.2	5.9	14.2	5.8	3.8	26.5	11.8	7.6
1997	15.0	6.1	3.9	8.6	3.6	2.4	19.5	7.9	4.9
2000	14.7	6.3	4.0	8.6	4.0	2.7	19.8	8.2	5.1
2001	15.1	6.9	4.6	9.0	4.2	3.0	23.0	10.3	6.7
2002	14.9	6.7	4.5	9.0	4.1	2.9	22.7	10.2	6.6
2003	14.3	6.3	4.2	9.0	4.0	2.7	21.5	9.5	6.1
2004	13.6	5.9	3.8	8.7	3.8	2.5	20.3	8.9	5.7
2005	12.2	4.7	2.8	8.1	3.2	2.0	17.9	6.9	4.0
2006	11.6	4.7	2.9	8.0	3.4	2.1	16.6	6.6	4.0
2007	8.2	2.9	1.7	5.3	1.9	1.1	12.2	4.3	2.5
2008	8.4	3.9	2.7	5.9	2.9	2.1	11.7	5.2	3.6
2009	8.1	3.6	2.4	5.3	2.4	1.6	11.9	5.2	3.4
Dominican Republic									
ENFT 1									
1996	16.8	5.9	3.1	14.5	5.1	2.7	19.7	7.0	3.7
1997	15.7	5.9	3.3	10.8	3.8	2.2	21.8	8.5	4.7
ENFT 2									
2000	15.8	5.9	3.1	10.1	3.7	2.0	26.5	10.0	5.3
2001	15.9	5.1	2.4	10.9	3.5	1.6	25.0	8.1	3.8
2002	18.5	6.9	3.6	12.8	4.5	2.4	29.0	11.3	6.0
2003	22.5	8.2	4.3	18.4	6.8	3.5	29.8	10.7	5.5
2004	28.4	10.4	5.3	24.1	8.4	4.2	36.4	14.0	7.3
2005	26.7	9.9	5.2	22.9	8.0	4.0	33.7	13.3	7.3

Table A16 (continue)

	National			Urban			Rural		
	Percentage of population in poverty	Poverty gap	Poverty divide	Percentage of population in poverty	Poverty gap	Poverty divide	Percentage of population in poverty	Poverty gap	Poverty divide
	FGT(0)	FGT(1)	FGT(2)	FGT(0)	FGT(1)	FGT(2)	FGT(0)	FGT(1)	FGT(2)
ENFT 3									
2005	21.6	7.3	3.5	18.8	6.1	2.9	26.6	9.4	4.7
2006	18.7	6.0	2.8	15.2	4.6	2.1	25.1	8.6	4.1
2007	19.9	6.8	3.5	17.7	6.3	3.3	23.8	7.7	3.7
Ecuador									
ECV									
1994	34.6	15.7	10.0	22.5	9.1	5.5	49.8	24.0	15.6
1995	35.1	19.1	13.7	19.7	8.2	5.0	59.6	36.5	27.6
2006	18.9	8.7	5.5	11.7	4.7	2.8	40.9	21.1	13.9
ENEMDU									
2003	31.5	13.6	8.2	24.3	10.1	6.1	45.3	20.2	12.3
2004	28.8	12.0	7.1	20.2	7.8	4.5	45.9	20.3	12.2
2005	25.6	10.7	6.4	17.9	7.0	4.1	40.8	18.0	10.9
2006	20.0	7.5	4.2	12.9	4.5	2.5	33.9	13.5	7.6
2007	17.6	6.9	4.0	9.9	3.4	1.9	32.1	13.6	8.0
2008	18.4	7.0	4.1	10.8	3.8	2.2	33.1	13.4	7.9
El Salvador									
1991	37.1	18.0	12.0	20.2	8.2	5.0	52.4	26.9	18.3
1995	28.1	11.5	6.8	13.6	4.5	2.4	45.5	19.8	12.0
1996	29.2	12.4	7.4	14.4	4.9	2.6	47.1	21.4	13.1
1998	33.0	17.5	12.4	16.3	7.1	4.6	55.7	31.5	22.9
1999	29.0	14.6	10.1	13.3	5.0	2.9	50.6	27.7	20.0
2000	29.7	14.9	10.3	14.0	5.2	3.0	51.3	28.3	20.3
2001	29.4	15.0	10.5	15.3	6.3	4.0	49.3	27.3	19.8
2002	30.0	15.2	10.5	15.8	6.6	4.1	50.1	27.5	19.7
2003	28.4	13.9	9.6	16.1	6.8	4.5	46.1	24.2	16.9
2004	26.0	12.1	8.1	15.3	6.2	3.9	41.8	20.9	14.3
2005	27.1	12.6	8.4	15.5	6.2	3.7	44.2	22.3	15.4
2006	20.0	7.1	3.6	11.7	3.8	1.9	32.3	12.0	6.1
2007	18.9	7.8	4.7	8.5	2.7	1.3	36.2	16.3	10.3
Guatemala									
ENCOVI									
2000	34.6	13.7	7.7	20.5	7.3	4.1	43.4	17.8	10.0
2006	33.9	14.4	8.2	17.2	6.1	3.2	49.4	22.1	12.7
ENEI									
2002	47.7	25.7	18.1	24.7	10.3	6.4	61.3	34.9	25.0
2003	41.3	22.0	15.2	20.1	8.1	4.8	54.4	30.7	21.6
2004	46.7	24.7	17.1	29.6	13.3	8.3	61.0	34.2	24.4

	National			Urban			Rural		
	Percentage of population in poverty	Poverty gap	Poverty divide	Percentage of population in poverty	Poverty gap	Poverty divide	Percentage of population in poverty	Poverty gap	Poverty divide
	FGT(0)	FGT(1)	FGT(2)	FGT(0)	FGT(1)	FGT(2)	FGT(0)	FGT(1)	FGT(2)
Honduras									
1992*	56.7	29.6	20.1	41.0	19.9	13.8	67.9	36.6	24.6
1997	45.1	20.8	12.5	29.8	12.5	7.3	57.1	27.3	16.6
1999	47.2	23.4	15.4	27.2	10.9	6.4	63.5	33.7	22.7
2001	41.8	21.1	13.7	22.1	9.0	5.2	60.7	32.7	21.9
2003	49.1	25.4	16.6	28.5	12.2	7.3	66.1	36.1	24.3
2004	42.8	21.2	14.1	28.4	11.8	7.2	62.6	34.1	23.6
2005	42.1	20.9	13.8	27.8	11.2	6.5	61.2	34.0	23.5
2006	33.9	15.8	10.0	21.2	8.1	4.5	52.2	26.7	17.9
Jamaica									
1990	63.3	42.8	35.4	60.7	43.1	36.1	66.9	42.5	34.2
1996	45.7	29.2	23.8	46.7	31.1	25.9	44.4	26.7	21.1
1999	32.1	20.8	17.0	32.6	22.5	19.1	31.4	18.6	14.3
2001	48.3	36.8	32.6	50.2	38.9	34.6	45.8	34.0	30.0
2002	43.1	31.5	27.1	45.9	35.7	31.7	40.8	27.9	23.2
Mexico									
1989	25.1	10.6	6.5	15.0	5.8	3.7	41.4	18.4	11.1
1992	19.5	7.7	4.3	10.4	3.6	2.0	44.1	18.8	10.4
1996	34.3	15.7	9.8	24.1	10.0	6.0	61.5	31.2	20.1
1998	26.9	11.5	6.8	16.1	5.9	3.3	56.6	27.2	16.5
2000	20.2	8.4	4.9	10.5	4.0	2.4	49.1	21.5	12.6
2002	17.4	6.4	3.6	10.1	3.4	1.9	40.1	15.9	8.9
2004	15.1	6.0	3.5	9.4	3.4	1.9	33.7	14.5	8.5
2005	15.4	6.1	3.6	10.8	4.2	2.5	30.8	12.7	7.4
2006	12.2	4.6	2.7	8.1	3.0	1.9	26.2	9.9	5.4
2008	14.0	5.6	3.4	8.8	3.4	2.1	32.2	13.6	8.0
Nicaragua									
1993	59.5	32.1	21.8	45.7	21.8	13.7	77.3	45.4	32.4
1998	49.1	22.6	13.8	38.4	15.7	8.7	61.8	30.9	20.0
2001	47.5	20.1	11.4	36.8	13.8	7.3	62.4	28.9	17.2
2005	42.7	17.7	9.8	25.3	8.2	3.9	64.6	29.7	17.3

Cuadro A16 (continue)

	National			Urban			Rural		
	Percentage of population in poverty	Poverty gap	Poverty divide	Percentage of population in poverty	Poverty gap	Poverty divide	Percentage of population in poverty	Poverty gap	Poverty divide
	FGT(0)	FGT(1)	FGT(2)	FGT(0)	FGT(1)	FGT(2)	FGT(0)	FGT(1)	FGT(2)
Panamá									
1989	37.1	22.9	18.2	18.3	7.9	4.8	59.0	40.5	33.9
1991	34.0	20.5	15.8	18.0	8.5	5.8	52.9	34.7	27.7
1995	27.3	16.1	12.5	12.4	5.3	3.4	48.6	31.5	25.6
1997	25.8	14.7	10.9	12.9	5.8	3.7	44.6	27.6	21.4
1998	26.5	15.1	11.5	12.7	5.3	3.4	46.8	29.5	23.4
2001	28.6	15.2	10.6	14.9	6.8	4.5	51.1	29.0	20.6
2002	25.2	11.4	6.9	12.6	5.0	2.9	46.1	22.0	13.4
2003	23.9	10.9	6.7	11.4	4.6	2.8	44.9	21.5	13.1
2004	22.5	10.2	6.1	10.5	4.0	2.3	43.0	20.6	12.4
2005	22.5	9.8	5.8	11.2	4.3	2.6	42.1	19.3	11.4
2006	22.2	10.4	6.4	9.9	3.9	2.3	43.8	21.8	13.7
Paraguay									
1995	26.2	12.0	7.3	9.3	3.6	2.1	43.6	20.6	12.7
1997	27.0	13.2	8.6	11.1	4.4	2.5	45.0	23.2	15.5
1999	27.1	13.7	9.0	11.1	4.5	2.7	45.3	24.1	16.1
2001	25.2	11.2	7.1	11.9	4.6	2.9	40.5	18.8	12.0
2002	35.1	16.8	10.7	22.1	9.1	5.5	52.1	26.8	17.5
2003	28.4	12.1	7.1	18.0	7.1	4.0	41.7	18.6	11.1
2004	24.6	9.6	5.4	16.6	6.0	3.3	35.0	14.4	8.2
2005	22.5	9.5	5.6	14.7	5.5	3.0	33.1	14.9	9.1
2006	25.9	10.9	6.3	15.6	5.7	3.0	40.1	18.2	10.9
2007	21.2	9.2	5.5	12.0	4.6	2.6	34.0	15.7	9.5
2008	19.4	7.2	3.8	10.2	3.3	1.5	32.5	12.7	7.1
Perú									
ENAHO 1									
1997	31.6	13.9	8.2	13.6	4.3	2.1	64.7	31.5	19.4
1998	27.5	11.9	7.0	13.7	4.7	2.4	57.3	27.5	16.9
1999	29.3	12.6	7.4	13.8	4.8	2.5	63.8	29.9	18.3
2000	25.6	10.5	5.8	8.8	2.6	1.2	61.8	27.6	15.9
ENAHO 2									
2001	29.9	12.5	7.0	15.0	5.4	2.9	61.2	27.3	15.7
2002	26.6	10.7	5.9	11.1	3.4	1.7	59.9	26.3	14.9
ENAHO 3									
2003	25.5	9.7	5.2	14.0	5.3	3.0	53.2	20.3	10.3
2004	22.2	7.6	3.7	8.8	2.6	1.2	50.9	18.3	8.9
2005	24.2	8.7	4.5	12.3	4.2	2.3	51.6	19.1	9.5
2006	20.4	7.1	3.5	7.6	2.3	1.1	47.7	17.3	8.5
2007	19.8	7.3	3.7	6.3	1.9	0.9	48.6	18.8	9.6
Uruguay									
Urbano									
1989	3.3	0.8	0.4	3.3	0.8	0.4			
1992	3.4	1.1	0.5	3.4	1.1	0.5			
1995	3.5	1.1	0.5	3.5	1.1	0.5			
1996	4.1	1.3	0.7	4.1	1.3	0.7			
1997	3.9	1.3	0.7	3.9	1.3	0.7			
1998	4.0	1.3	0.7	4.0	1.3	0.7			
2000	3.3	0.9	0.4	3.3	0.9	0.4			
2001	4.3	1.1	0.4	4.3	1.1	0.4			
2002	5.2	1.4	0.6	5.2	1.4	0.6			
2003	6.1	1.7	0.7	6.1	1.7	0.7			
2004	8.6	2.3	0.9	8.6	2.3	0.9			
2005	7.4	1.9	0.7	7.4	1.9	0.7			
Nacional									
2006	6.7	1.7	0.7	6.8	1.8	0.7	5.5	1.4	0.6
2007	6.5	1.7	0.7	6.6	1.7	0.7	4.4	1.2	0.5
2008	3.6	0.8	0.3	3.7	0.9	0.3	1.9	0.5	0.2
Venezuela (Rep. Bolivariana de)									
1989	20.2	8.2	5.2	7.1	3.1	2.2	22.9	9.3	5.8
1992	15.2	5.8	3.5	6.4	2.8	2.1	16.8	6.3	3.8
1995	29.5	11.5	6.6	11.2	4.2	2.5	33.1	13.0	7.4
1998	27.9	11.9	7.4	9.8	3.8	2.3	30.9	13.2	8.2
1999	31.3	13.1	7.9	12.7	4.8	2.8	34.6	14.6	8.8
2000	30.6	12.6	7.4	15.9	6.9	4.6	33.0	13.5	7.9
2001	28.5	11.7	6.9	27.1	12.7	8.7	28.6	11.6	6.8
2002	38.6	17.4	11.0	21.3	9.2	6.3	41.1	18.5	11.7
2003	44.4	20.7	13.3	35.5	15.7	10.1	51.2	24.5	15.8
2004	38.2	17.7	11.5	38.2	17.7	11.5			
2005	30.3	15.2	10.6	30.3	15.2	10.6			
2006	19.8	8.2	5.3	19.8	8.2	5.3			

Nota: Medidas FGT (Foster. Green. Thorbecke); Línea de pobreza USD$2.5 diarios. Para Venezuela la categoría de urbano sólo incluye Gran Caracas.
* Sólo ingreso monetario.
Fuente: Base de datos socioeconómicas para América Latina y el Caribe (SEDLAC) (CEDLAS y Banco Mundial) (2010).

Table A17 Latin America and the Caribean (20 countries). Polarisation indexes

	Household per capita income							Official income						
				DER							DER			
	Wolfson	EGR (2)	EGR (3)	0.25	0.50	0.75	1.00	Wolfson	EGR (2)	EGR (3)	0.25	0.50	0.75	1.00
Argentina														
EPHC														
2003	0.532	0.182	0.661	0.377	0.309	0.275	0.264	0.520	0.179	0.653	0.366	0.296	0.257	0.233
2004	0.503	0.172	0.638	0.365	0.296	0.260	0.245	0.488	0.167	0.624	0.354	0.285	0.246	0.221
2005	0.482	0.163	0.616	0.355	0.287	0.251	0.234	0.467	0.158	0.603	0.342	0.276	0.236	0.211
2006	0.466	0.157	0.603	0.345	0.278	0.241	0.221	0.457	0.152	0.588	0.335	0.268	0.227	0.198
2007	0.460	0.154	0.585	0.340	0.274	0.237	0.218	0.452	0.150	0.574	0.333	0.267	0.226	0.200
2008	0.432	0.146	0.567	0.329	0.266	0.230	0.212	0.420	0.141	0.560	0.326	0.261	0.221	0.194
2009	0.435	0.148	0.573	0.331	0.267	0.230	0.211	0.421	0.144	0.563	0.326	0.261	0.221	0.195
Belize														
1993	0.461	0.222	0.734	0.412	0.348	0.326	0.331							
1994	0.465	0.242	0.747	0.428	0.366	0.348	0.358							
1997	0.488	0.202	0.702	0.392	0.330	0.309	0.318							
1998	0.527	0.196	0.682	0.383	0.319	0.292	0.291							
1999	0.467	0.179	0.656	0.374	0.306	0.274	0.265							
Bolivia (Plurinational State of)														
1997	0.552	0.205	0.723	0.403	0.331	0.297	0.286	0.543	0.198	0.712	0.394	0.320	0.284	0.269
1999	0.618	0.196	0.729	0.411	0.337	0.307	0.305	0.471	0.168	0.618	0.351	0.284	0.247	0.225
2000	0.599	0.219	0.774	0.428	0.363	0.346	0.365	0.484	0.187	0.676	0.382	0.313	0.278	0.259
2001	0.563	0.202	0.730	0.409	0.334	0.297	0.282	0.457	0.180	0.646	0.365	0.299	0.265	0.246
2002	0.578	0.209	0.745	0.413	0.342	0.314	0.313	0.465	0.188	0.655	0.375	0.309	0.276	0.260
2005	0.607	0.206	0.728	0.408	0.333	0.297	0.282	0.608	0.204	0.734	0.412	0.337	0.301	0.288
2006	0.546	0.194	0.702	0.388	0.315	0.277	0.259	0.594	0.205	0.726	0.400	0.326	0.290	0.273
2007	0.532	0.205	0.712	0.397	0.323	0.291	0.277	0.515	0.192	0.689	0.386	0.316	0.282	0.267
Brazil (new PNAD with rural north)														
2004	0.551	0.208	0.715	0.402	0.341	0.330	0.363	0.557	0.206	0.713	0.387	0.319	0.286	0.268
2005	0.542	0.205	0.712	0.409	0.359	0.368	0.463	0.546	0.203	0.710	0.389	0.320	0.289	0.273
2006	0.532	0.202	0.704	0.399	0.341	0.335	0.386	0.534	0.200	0.701	0.385	0.316	0.282	0.265
2007	0.517	0.195	0.691	0.391	0.329	0.309	0.329	0.519	0.192	0.689	0.378	0.309	0.274	0.257
2008	0.500	0.191	0.681	0.387	0.327	0.310	0.331	0.507	0.189	0.681	0.375	0.305	0.269	0.249
Chile														
1987	0.544	0.215	0.711	0.394	0.326	0.296	0.283	0.512	0.207	0.692	0.385	0.319	0.288	0.273
1990	0.501	0.207	0.690	0.386	0.320	0.290	0.276	0.491	0.204	0.686	0.379	0.315	0.286	0.273
1992	0.495	0.203	0.685	0.381	0.318	0.291	0.280	0.482	0.200	0.678	0.376	0.314	0.286	0.274
1994	0.500	0.204	0.683	0.378	0.316	0.288	0.275	0.488	0.198	0.675	0.377	0.312	0.282	0.267
1996	0.515	0.205	0.686	0.385	0.320	0.291	0.278	0.501	0.201	0.676	0.383	0.319	0.289	0.275
1998	0.518	0.209	0.693	0.384	0.318	0.289	0.276	0.506	0.205	0.685	0.381	0.316	0.286	0.272
2000	0.498	0.207	0.690	0.383	0.319	0.291	0.279	0.483	0.203	0.681	0.373	0.311	0.284	0.272
2003	0.476	0.202	0.680	0.379	0.314	0.286	0.273	0.467	0.199	0.674	0.374	0.311	0.282	0.269
2006	0.458	0.187	0.650	0.361	0.299	0.270	0.255	0.452	0.186	0.648	0.365	0.301	0.270	0.253
Colombia														
ENH-Nacional														
1996	0.486	0.196	0.687	0.385	0.319	0.295	0.301	0.430	0.163	0.626	0.356	0.287	0.249	0.225
1999	0.517	0.206	0.706	0.395	0.327	0.300	0.304	0.457	0.168	0.636	0.357	0.287	0.250	0.227
2000	0.534	0.206	0.710	0.393	0.325	0.297	0.293	0.486	0.176	0.652	0.368	0.296	0.255	0.231

Table A17 (continue)

	Household per capita income							Official income						
				DER							DER			
	Wolfson	EGR (2)	EGR (3)	0.25	0.50	0.75	1.00	Wolfson	EGR (2)	EGR (3)	0.25	0.50	0.75	1.00
ECH-National														
2001	0.505	0.205	0.706	0.391	0.323	0.298	0.302	0.430	0.162	0.624	0.354	0.286	0.248	0.226
2003	0.480	0.190	0.673	0.372	0.307	0.281	0.279	0.424	0.158	0.606	0.345	0.278	0.242	0.220
2004	0.524	0.203	0.699	0.395	0.329	0.303	0.309							
GEIH-National														
2006	0.583	0.213	0.729	0.397	0.332	0.308	0.315							
Costa Rica														
1990	0.404	0.138	0.543	0.318	0.254	0.214	0.186	0.385	0.132	0.531	0.313	0.250	0.210	0.182
1992	0.406	0.140	0.552	0.326	0.262	0.223	0.199	0.393	0.136	0.539	0.317	0.254	0.217	0.193
2000	0.424	0.148	0.572	0.330	0.264	0.224	0.198	0.414	0.142	0.554	0.322	0.258	0.219	0.192
2001	0.462	0.169	0.625	0.355	0.287	0.250	0.228	0.447	0.162	0.609	0.346	0.279	0.243	0.221
2002	0.453	0.168	0.622	0.355	0.286	0.248	0.226	0.434	0.162	0.609	0.345	0.280	0.244	0.222
2003	0.464	0.164	0.612	0.345	0.278	0.241	0.219	0.448	0.157	0.597	0.344	0.277	0.238	0.215
2004	0.444	0.161	0.599	0.343	0.277	0.241	0.220	0.427	0.155	0.585	0.335	0.269	0.231	0.206
2005	0.438	0.160	0.589	0.342	0.277	0.239	0.217	0.420	0.154	0.576	0.333	0.269	0.233	0.211
2006	0.444	0.166	0.609	0.347	0.283	0.248	0.228	0.432	0.160	0.597	0.336	0.274	0.240	0.220
2007	0.433	0.169	0.611	0.350	0.285	0.251	0.234	0.419	0.162	0.596	0.341	0.280	0.247	0.228
2008	0.448	0.166	0.610	0.344	0.282	0.249	0.231	0.417	0.158	0.590	0.334	0.274	0.242	0.224
2009	0.469	0.178	0.631	0.357	0.291	0.257	0.238	0.449	0.171	0.616	0.351	0.286	0.252	0.232
Dominican Rep.														
ENFT 1														
1996	0.424	0.157	0.590	0.337	0.272	0.234	0.210	0.436	0.161	0.601	0.342	0.276	0.238	0.214
1997	0.423	0.158	0.602	0.344	0.279	0.243	0.220	0.441	0.161	0.612	0.348	0.283	0.246	0.223
ENFT 2														
2000	0.490	0.179	0.651	0.365	0.297	0.262	0.243	0.502	0.183	0.662	0.371	0.302	0.266	0.246
2001	0.464	0.175	0.634	0.355	0.290	0.257	0.238	0.476	0.180	0.645	0.362	0.296	0.263	0.244
2002	0.462	0.167	0.625	0.351	0.283	0.246	0.224	0.471	0.172	0.637	0.357	0.290	0.253	0.231
2003	0.459	0.179	0.645	0.363	0.298	0.265	0.247	0.474	0.183	0.656	0.368	0.302	0.270	0.254
2004	0.460	0.180	0.649	0.361	0.298	0.267	0.251	0.474	0.185	0.654	0.367	0.302	0.270	0.255
ENFT 3														
2005	0.457	0.172	0.626	0.356	0.290	0.255	0.235	0.466	0.175	0.636	0.358	0.293	0.258	0.239
2006	0.478	0.181	0.650	0.366	0.300	0.267	0.249	0.487	0.185	0.659	0.372	0.305	0.271	0.253
2007	0.432	0.162	0.606	0.343	0.280	0.245	0.223	0.437	0.166	0.615	0.349	0.284	0.249	0.228
Ecuador														
ECV														
1994	0.468	0.183	0.669	0.377	0.305	0.267	0.248	0.494	0.188	0.681	0.380	0.307	0.269	0.252
1995	0.536	0.191	0.708	0.392	0.317	0.277	0.254	0.394	0.141	0.531	0.314	0.256	0.223	0.201
1998	0.530	0.214	0.729	0.406	0.334	0.299	0.284	0.407	0.149	0.556	0.323	0.264	0.230	0.209
1999	0.580	0.203	0.734	0.407	0.332	0.295	0.278	0.404	0.149	0.554	0.319	0.261	0.228	0.207
2006	0.503	0.182	0.668	0.373	0.300	0.259	0.234	0.420	0.157	0.563	0.327	0.269	0.237	0.218
ENEMDU														
2003	0.498	0.235	0.765	0.423	0.366	0.342	0.343	0.527	0.240	0.779	0.438	0.371	0.351	0.368
2004	0.499	0.242	0.758	0.444	0.380	0.358	0.365	0.537	0.246	0.787	0.438	0.373	0.355	0.366
2005	0.489	0.187	0.670	0.380	0.310	0.275	0.259	0.524	0.196	0.689	0.386	0.318	0.286	0.277

Table A17 (continue)

	Household per capita income							Official income						
				DER							DER			
	Wolfson	EGR (2)	EGR (3)	0.25	0.50	0.75	1.00	Wolfson	EGR (2)	EGR (3)	0.25	0.50	0.75	1.00
2006	0.464	0.181	0.648	0.368	0.304	0.272	0.256	0.501	0.188	0.671	0.380	0.312	0.279	0.266
2007	0.501	0.194	0.673	0.375	0.309	0.277	0.263	0.504	0.187	0.661	0.368	0.301	0.269	0.259
2008	0.527	0.223	0.732	0.411	0.345	0.320	0.321	0.490	0.178	0.647	0.367	0.298	0.264	0.256
El Salvador														
1991	0.481	0.176	0.655	0.367	0.297	0.260	0.240	0.419	0.158	0.607	0.344	0.280	0.245	0.229
1995	0.434	0.162	0.619	0.353	0.284	0.246	0.222	0.389	0.142	0.566	0.328	0.265	0.229	0.206
1996	0.455	0.170	0.634	0.357	0.288	0.249	0.225	0.423	0.153	0.592	0.337	0.271	0.233	0.208
1998	0.506	0.175	0.666	0.374	0.299	0.257	0.233	0.453	0.162	0.609	0.345	0.282	0.247	0.225
1999	0.495	0.168	0.640	0.362	0.289	0.247	0.223	0.453	0.156	0.608	0.350	0.279	0.237	0.211
2000	0.491	0.172	0.646	0.369	0.295	0.252	0.227	0.457	0.161	0.614	0.355	0.283	0.241	0.215
2001	0.502	0.174	0.656	0.375	0.299	0.256	0.230	0.459	0.159	0.612	0.347	0.277	0.235	0.208
2002	0.510	0.172	0.651	0.366	0.292	0.249	0.221	0.464	0.161	0.619	0.355	0.283	0.240	0.213
2003	0.465	0.160	0.619	0.348	0.277	0.233	0.203	0.440	0.152	0.591	0.337	0.268	0.226	0.198
2004	0.456	0.156	0.600	0.345	0.273	0.229	0.199	0.415	0.146	0.571	0.328	0.261	0.221	0.193
2005	0.461	0.160	0.618	0.348	0.279	0.238	0.212	0.418	0.150	0.576	0.335	0.271	0.233	0.211
2006	0.397	0.147	0.572	0.337	0.273	0.236	0.212	0.384	0.139	0.548	0.321	0.261	0.226	0.205
2007	0.406	0.149	0.578	0.331	0.267	0.230	0.205	0.376	0.141	0.551	0.319	0.260	0.226	0.205
Guatemala														
ENCOVI														
2000	0.474	0.193	0.672	0.376	0.309	0.276	0.260							
2006	0.489	0.187	0.679	0.383	0.313	0.278	0.257							
ENEI														
2002	0.580	0.206	0.731	0.404	0.331	0.297	0.286							
2003	0.563	0.189	0.700	0.389	0.316	0.280	0.268							
2004	0.512	0.178	0.666	0.373	0.301	0.267	0.255							
Honduras														
1992	0.522	0.185	0.671	0.372	0.304	0.269	0.251	0.456	0.163	0.604	0.347	0.282	0.245	0.223
1997	0.480	0.178	0.659	0.371	0.303	0.267	0.247	0.423	0.155	0.601	0.344	0.279	0.244	0.223
1999	0.509	0.179	0.660	0.368	0.294	0.252	0.225	0.465	0.165	0.622	0.353	0.280	0.236	0.206
2001	0.556	0.188	0.686	0.383	0.311	0.273	0.252	0.517	0.175	0.660	0.371	0.299	0.258	0.235
2002	0.553	0.191	0.693	0.384	0.312	0.275	0.255	0.534	0.180	0.674	0.374	0.300	0.258	0.233
2003	0.592	0.206	0.725	0.396	0.325	0.292	0.277	0.553	0.189	0.696	0.388	0.317	0.281	0.264
2004	0.606	0.209	0.730	0.401	0.328	0.293	0.276	0.489	0.166	0.634	0.362	0.286	0.240	0.208
2005	0.596	0.216	0.747	0.405	0.333	0.299	0.284	0.509	0.176	0.662	0.374	0.301	0.262	0.240
2006	0.498	0.181	0.672	0.378	0.304	0.264	0.241	0.496	0.170	0.655	0.371	0.298	0.257	0.234
2007	0.593	0.203	0.721	0.399	0.323	0.284	0.263	0.477	0.180	0.634	0.361	0.293	0.259	0.243
Jamaica														
1990	0.620	0.199	0.728	0.407	0.318	0.266	0.230							
1996	0.730	0.278	0.850	0.495	0.433	0.428	0.469	0.390	0.160	0.570	0.339	0.283	0.253	0.237
1999	0.611	0.202	0.705	0.396	0.320	0.282	0.268	0.375	0.134	0.510	0.309	0.251	0.214	0.188
2001	0.725	0.223	0.779	0.431	0.334	0.277	0.240	0.428	0.152	0.566	0.337	0.273	0.233	0.206
2002	0.610	0.205	0.749	0.419	0.345	0.316	0.318	0.376	0.139	0.527	0.310	0.255	0.223	0.202

Table A17 (continue)

	Household per capita income							Official income						
				DER							DER			
	Wolfson	EGR (2)	EGR (3)	0.25	0.50	0.75	1.00	Wolfson	EGR (2)	EGR (3)	0.25	0.50	0.75	1.00
Mexico														
1989	0.450	0.175	0.648	0.364	0.297	0.262	0.244							
1992	0.485	0.193	0.677	0.373	0.309	0.276	0.259	0.435	0.175	0.629	0.360	0.298	0.267	0.251
1996	0.509	0.189	0.684	0.378	0.307	0.271	0.249	0.438	0.173	0.626	0.358	0.293	0.260	0.243
1998	0.488	0.184	0.668	0.371	0.301	0.264	0.243	0.462	0.179	0.649	0.365	0.301	0.268	0.250
2000	0.488	0.188	0.674	0.369	0.305	0.272	0.253	0.449	0.184	0.652	0.366	0.302	0.271	0.254
2002	0.454	0.177	0.638	0.362	0.294	0.258	0.237	0.425	0.168	0.610	0.350	0.288	0.256	0.238
2004	0.446	0.173	0.632	0.355	0.289	0.256	0.237	0.411	0.164	0.604	0.346	0.285	0.252	0.234
2005	0.445	0.170	0.633	0.358	0.291	0.255	0.236	0.408	0.162	0.604	0.346	0.283	0.250	0.231
2006	0.436	0.169	0.621	0.353	0.287	0.251	0.231	0.400	0.160	0.589	0.339	0.279	0.248	0.229
2008	0.446	0.169	0.626	0.354	0.286	0.250	0.228	0.421	0.162	0.600	0.341	0.280	0.248	0.229
Nicaragua														
1993	0.557	0.196	0.705	0.393	0.320	0.281	0.260	0.433	0.166	0.613	0.351	0.290	0.258	0.239
1998	0.470	0.183	0.667	0.378	0.307	0.270	0.248	0.374	0.147	0.559	0.329	0.272	0.240	0.221
2001	0.463	0.171	0.626	0.354	0.288	0.252	0.232	0.361	0.131	0.508	0.303	0.249	0.218	0.197
2005	0.455	0.175	0.645	0.373	0.305	0.270	0.250	0.360	0.132	0.504	0.302	0.250	0.220	0.201
Panama														
1989	0.564	0.191	0.693	0.389	0.315	0.277	0.263	0.564	0.191	0.693	0.389	0.315	0.277	0.263
1991	0.577	0.194	0.698	0.392	0.320	0.285	0.275	0.577	0.194	0.698	0.392	0.320	0.285	0.275
1995	0.545	0.192	0.692	0.385	0.306	0.262	0.233	0.545	0.192	0.692	0.385	0.306	0.262	0.233
1997	0.575	0.201	0.711	0.391	0.318	0.281	0.265	0.575	0.201	0.711	0.391	0.318	0.281	0.265
1998	0.544	0.195	0.695	0.384	0.306	0.263	0.236	0.544	0.195	0.695	0.384	0.306	0.263	0.236
2001	0.578	0.197	0.712	0.400	0.326	0.291	0.283	0.578	0.197	0.712	0.400	0.326	0.291	0.283
2002	0.581	0.201	0.714	0.399	0.326	0.289	0.270	0.581	0.201	0.714	0.399	0.326	0.289	0.270
2003	0.572	0.200	0.709	0.393	0.320	0.285	0.268	0.572	0.200	0.709	0.393	0.320	0.285	0.268
2004	0.567	0.196	0.695	0.384	0.309	0.268	0.243	0.567	0.196	0.695	0.384	0.309	0.268	0.243
2005	0.559	0.190	0.679	0.376	0.303	0.263	0.237	0.559	0.190	0.679	0.376	0.303	0.263	0.237
2006	0.553	0.192	0.691	0.381	0.309	0.273	0.253	0.553	0.192	0.691	0.381	0.309	0.273	0.253
Paraguay														
1995	0.569	0.209	0.729	0.398	0.329	0.297	0.283	0.497	0.186	0.679	0.370	0.306	0.273	0.255
1997	0.638	0.204	0.728	0.412	0.340	0.305	0.291	0.519	0.177	0.659	0.372	0.301	0.262	0.239
1999	0.554	0.197	0.709	0.394	0.319	0.284	0.269	0.477	0.182	0.661	0.369	0.300	0.264	0.243
2001	0.512	0.194	0.698	0.394	0.320	0.282	0.264	0.467	0.179	0.657	0.374	0.305	0.269	0.251
2002	0.539	0.193	0.705	0.392	0.318	0.280	0.259	0.485	0.182	0.659	0.374	0.305	0.267	0.245
2003	0.522	0.204	0.704	0.391	0.322	0.288	0.271	0.482	0.190	0.675	0.378	0.311	0.277	0.259
2004	0.479	0.185	0.665	0.379	0.310	0.275	0.257	0.441	0.175	0.636	0.364	0.300	0.268	0.249
2005	0.476	0.179	0.651	0.371	0.301	0.262	0.239	0.440	0.169	0.620	0.350	0.285	0.251	0.231
2006	0.481	0.183	0.669	0.378	0.309	0.274	0.254	0.444	0.176	0.644	0.367	0.301	0.268	0.248
2007	0.452	0.176	0.653	0.372	0.302	0.264	0.242	0.428	0.168	0.630	0.362	0.295	0.259	0.238
2008	0.463	0.174	0.645	0.362	0.296	0.261	0.241	0.434	0.169	0.623	0.355	0.292	0.260	0.242
Peru														
ENAHO 1														
1997	0.513	0.181	0.671	0.381	0.309	0.268	0.244	0.348	0.125	0.498	0.299	0.244	0.211	0.188
1998	0.518	0.197	0.698	0.391	0.318	0.280	0.259	0.350	0.128	0.502	0.300	0.246	0.214	0.193

Table A17 (continue)

	Household per capita income							Official income						
				DER							DER			
	Wolfson	EGR (2)	EGR (3)	0.25	0.50	0.75	1.00	Wolfson	EGR (2)	EGR (3)	0.25	0.50	0.75	1.00
1999	0.522	0.192	0.689	0.378	0.311	0.277	0.257	0.357	0.135	0.513	0.309	0.254	0.222	0.202
2000	0.457	0.158	0.608	0.351	0.279	0.236	0.207	0.301	0.110	0.442	0.273	0.228	0.202	0.184
ENAHO 2														
2001	0.483	0.177	0.654	0.367	0.297	0.259	0.236	0.331	0.000	0.489	0.292	0.241	0.211	0.191
2002	0.487	0.184	0.672	0.382	0.311	0.273	0.250	0.345	0.131	0.512	0.302	0.251	0.222	0.202
ENAHO 3														
2003	0.500	0.195	0.687	0.378	0.315	0.284	0.267	0.342	0.124	0.488	0.287	0.239	0.210	0.191
2004	0.446	0.161	0.608	0.349	0.284	0.247	0.224	0.311	0.115	0.457	0.279	0.232	0.204	0.186
2005	0.448	0.166	0.623	0.353	0.285	0.247	0.222	0.308	0.113	0.458	0.281	0.234	0.206	0.187
2006	0.452	0.163	0.615	0.348	0.284	0.247	0.223	0.321	0.116	0.468	0.284	0.235	0.207	0.188
2007	0.455	0.162	0.617	0.348	0.282	0.245	0.220	0.315	0.114	0.459	0.279	0.231	0.201	0.181
Uruguay														
Urban														
1989	0.366	0.130	0.523	0.311	0.252	0.217	0.193	0.337	0.118	0.486	0.294	0.240	0.207	0.184
1992	0.374	0.129	0.522	0.308	0.248	0.211	0.186	0.347	0.121	0.493	0.296	0.240	0.205	0.181
1995	0.385	0.133	0.528	0.310	0.250	0.212	0.186	0.356	0.121	0.497	0.295	0.239	0.203	0.178
1996	0.388	0.135	0.534	0.312	0.251	0.213	0.187	0.355	0.124	0.499	0.297	0.240	0.204	0.179
1997	0.389	0.135	0.532	0.311	0.251	0.214	0.188	0.363	0.125	0.505	0.299	0.242	0.207	0.182
1998	0.401	0.140	0.550	0.320	0.257	0.218	0.191	0.380	0.131	0.525	0.309	0.249	0.212	0.186
2000	0.405	0.140	0.551	0.320	0.257	0.219	0.192	0.383	0.132	0.527	0.310	0.251	0.215	0.191
2001	0.427	0.147	0.563	0.325	0.263	0.225	0.200	0.388	0.134	0.528	0.310	0.251	0.215	0.190
2002	0.430	0.150	0.569	0.330	0.266	0.229	0.204	0.399	0.138	0.538	0.315	0.255	0.219	0.194
2003	0.417	0.148	0.562	0.325	0.265	0.230	0.207	0.386	0.135	0.526	0.310	0.252	0.218	0.195
2004	0.434	0.153	0.578	0.332	0.270	0.234	0.211	0.397	0.137	0.537	0.316	0.256	0.220	0.196
2005	0.416	0.147	0.563	0.326	0.264	0.227	0.203	0.383	0.131	0.525	0.309	0.250	0.213	0.187
National														
2006	0.434	0.153	0.580	0.334	0.271	0.235	0.211	0.391	0.138	0.534	0.315	0.257	0.222	0.200
2007	0.444	0.155	0.590	0.337	0.274	0.237	0.213	0.399	0.140	0.542	0.316	0.258	0.223	0.200
2008	0.409	0.145	0.556	0.323	0.262	0.226	0.203	0.368	0.130	0.510	0.302	0.246	0.212	0.189
Venezuela														
1989	0.376	0.131	0.527	0.318	0.265	0.243	0.247	0.366	0.129	0.515	0.315	0.269	0.253	0.270
1992	0.365	0.128	0.511	0.315	0.259	0.223	0.199	0.361	0.127	0.509	0.317	0.262	0.227	0.204
1995	0.424	0.150	0.580	0.337	0.272	0.235	0.213	0.402	0.148	0.573	0.328	0.268	0.236	0.218
1998	0.433	0.152	0.588	0.338	0.271	0.233	0.209	0.412	0.145	0.566	0.331	0.269	0.236	0.220
1999	0.426	0.151	0.585	0.337	0.272	0.234	0.212	0.418	0.150	0.583	0.335	0.274	0.245	0.239
2000	0.408	0.140	0.547	0.320	0.259	0.222	0.199	0.397	0.137	0.539	0.317	0.256	0.221	0.199
2001	0.432	0.152	0.579	0.334	0.270	0.234	0.212	0.428	0.150	0.574	0.331	0.270	0.239	0.226
2002	0.446	0.156	0.593	0.340	0.274	0.237	0.219	0.442	0.156	0.593	0.343	0.278	0.243	0.229
2003	0.430	0.149	0.575	0.332	0.267	0.229	0.207	0.428	0.149	0.574	0.332	0.269	0.234	0.216
2004	0.418	0.145	0.565	0.328	0.264	0.228	0.209	0.411	0.144	0.557	0.323	0.262	0.227	0.206
2005	0.422	0.147	0.587	0.339	0.273	0.235	0.211	0.430	0.149	0.592	0.346	0.288	0.266	0.273
2006	0.389	0.136	0.537	0.314	0.254	0.217	0.192							

Note: EGR refers to Esteban. Gradín and Ray (1999).

Source: Socio-Economic Database for Latin America and the Caribean (SEDLAC) (CEDLAS and World Bank) (2010).

Table A18 Latin America and the Caribean (22 countries). Gini index for distribution of wages and salaries

Country	Year	Hourly wage in main job				
			Men 25 a 55 years			
				Education		
		Total	Total	Low	Medium	High
Argentina	2009	40.5	38.1	34.5	35.0	35.5
Belize	1999	50.1	50.1	50.6	38.4	32.2
Bolivia (Plurinational State of)	2007	60.1	60.9	71.3	47.9	49.5
Brazil	2008	52.4	52.0	40.3	43.8	49.4
Chile	2006	53.7	52.6	42.0	44.1	50.4
Colombia	2006	56.4	54.3	39.5	43.4	49.6
Costa Rica	2009	45.6	44.9	34.8	36.8	41.0
Ecuador	2008	56.0	56.2	47.5	55.5	53.6
El Salvador	2005	46.7	45.6	41.4	39.1	40.0
Guatemala	2006	53.0	53.3	46.2	41.0	42.1
Haiti	2001	71.0	69.2	65.1	63.4	62.8
Jamaica	2002	44.9	48.1	36.1	49.3	30.9
Honduras	2007	52.9	50.9	46.4	43.2	39.1
Mexico	2008	54.1	53.2	45.3	43.6	53.4
Nicaragua	2005	52.0	55.2	49.7	40.4	54.5
Panama	2006	50.5	49.3	44.2	37.6	47.3
Paraguay	2008	53.5	51.8	52.6	46.4	43.1
Peru	2007	55.0	52.1	48.3	45.7	49.5
Dominican Republic	2007	45.2	43.4	39.9	39.0	40.7
Surinam	1999	45.1	42.7	37.1	42.6	37.7
Uruguay	2006	49.4	49.0	39.2	43.8	48.5
Venezuela	2006	38.0	35.6	32.4	32.1	34.3

Note: Low education from 0 to 8 years of education; medium from 9 to 13 years of education; high over 13 years of education.
Source: Socio-Economic Database for Latin America and the Caribean (SEDLAC) (CEDLAS and World Bank) (2010)

Table A19 Latin America and the Caribean (23 countries) Gini coefficient of per capita income. Most current year.

Country	CEPALSTAT		CEDLAS (2010)	
	Year	Gini	Year	Gini
Argentina	2006	0.519	2009	0.458
Belize	…	…	1999	0.529
Bolivia (Plurinational State of)	2007	0.565	2007	0.572
Brasil	2008	0.594	2008	0.542
Chile	2006	0.522	2006	0.518
Colombia	2005	0.584	2006	0.583
Costa Rica	2008	0.473	2009	0.502
Ecuador	2008	0.504	2006	0.535
El Salvador	2004	0.493	2007	0.469
Guatemala	2006	0.585	2006	0.544
Guyana	…	…	1992-1993	0.519
Haiti	…	…	2001	0.592
Honduras	2007	0.580	2007	0.573
Jamaica	…	…	2002	0.599
Mexico	2008	0.515	2008	0.505
Nicaragua	2005	0.532	2005	0.523
Panama	2008	0.524	2006	0.549
Paraguay	2008	0.527	2008	0.519
Peru	2008	0.476	2008	0.480
Dominican Republic	2008	0.550	2007	0.483
Surinam	…	…	1999	0.616
Uruguay	2008	0.445	2008	0.445
Venezuela	2008	0.412	2006	0.435

Note: The difference in the Gini c-efficient between the two sources for a country in the same year is basically for two reasons: a) use of different data source (survey); and b) to the way of constructing income.
Source: CEPALSTAT (2010) and SEDLAC (2010).

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In terms of equality, Latin America and the Caribbean ranks last on the worldwide stage, with inequality being one of the main hurdles to overcome for reducing poverty, improving human development, and expanding people's effective freedom to choose between different options in life that matter to them.

The persistent nature of inequality in the region, accompanied by low levels of social mobility, have created an "inequality trap," a vicious cycle that is difficult to break. How can this situation be remedied? What public policies can be designed that are capable of breaking the intergenerational transmission of inequality? Why have political systems and redistribution mechanisms been unable to reverse this pattern?

This first Regional Human Development Report for Latin America and the Caribbean 2010 proposes answers to these questions, based on the fundamental conviction that it is in fact possible to break the intergenerational transmission of inequality in Latin America and the Caribbean, and, what is more, that only by implementing policies aimed at combating inequality will efforts to reduce poverty have any real chance of success.

The United Nations Development Programme (UNDP) maintains that equality is necessary for ensuring people's effective freedoms, and for expanding the range of options from which all individuals are truly able and empowered to choose throughout their lives.

Based on the human development approach and following the conceptual framework that has inspired the UNDP's work since 1990, this first Regional Human Development Report for Latin America and the Caribbean 2010, *Acting on the future: breaking the intergenerational transmission of inequality*, seeks to fully understand the phenomenon of inequality and to serve as a useful instrument in the design of public policy measures that are adaptable to the specific circumstances of each country. These pages constitute a call to break the historic vicious circle of pronounced inequality, through specific and effective measures. The aim of this Regional Human Development Report for Latin America and the Caribbean 2010 is to articulate a call to action, a call to take action on the future, today.

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