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# IMPROVING LIVELIHOODS AND REDUCING OUTMIGRATION FROM THE NORTHERN TRIANGLE IN CENTRAL AMERICA: THE POTENTIAL ROLE OF CASH TRANSFERS IN EXPANDED SOCIAL SAFETY NETS

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# INTRODUCTION

In 2019 almost 45 million immigrants lived in the United States, or about 13.7% of the total population, approaching the record high of 14.8% in 1890. Of that total, about 77% are lawful residents (either naturalized, permanent residents, or temporary residents), and the difference (about 23% or 11 million persons) are illegal immigrants. Both in the case of legal and illegal immigrants, the largest percentage is from Mexico (24% of the legal immigrants and somewhat less than 50% of the illegal ones, but those percentages have been declining since the mid-2000s). About 20% of the illegal immigration living in the US in 2017 came from Central America, principally El Salvador, Honduras and Guatemala (American Immigration Council, 2021 and Passel and D'Vera Cohn, 2019). Overall, these three countries are the origin of about 3.3 million immigrants (legal and illegal) in the US in 2019 (Babich and Batalova, 2021).

In fiscal year 2021 there was a significant increase of encounters at the border with Mexico (1,659,206 encounters slightly larger than the two previous highs of 1,643,679 in 2000 and 1,615,844 in 1986) (Gramlich and Scheller, 2021). While Mexico continued to be the single most common country of origin (about 608,037 reported encounters, or 37% of the total), the remaining more than 1 million encounters, involved people from other countries, particularly, Honduras (308,931 encounters, or 19% of the total), Guatemala (279,033, or 17%), and El Salvador (95,930, or 6%), which together represented 42% of all encounters at the border. This paper focuses on the last three countries (collectively sometimes called the Central America Northern Triangle), analyzing ways to improve livelihoods in the place of origin and reduce out migration.

The causes of migration, from Central America and other countries, are complex and involve pull factors (such as differences in economic opportunities and social services in the countries of origin and destination) and push factors (including deteriorated socioeconomic conditions, natural disasters, war and violence, and bad governance in the countries expelling their citizens) (Congressional Research Service, 2021).

Previous analyses have shown that a significant percentage of the migration to the US from the three countries mentioned has rural origins, being related to small-scale agricultural production of maize, beans, rice and coffee, in the Central America Dry Corridor (Economic Commission for Latin America and the Caribbean (ECLAC), 2018).<sup>1</sup>

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<sup>1</sup> The study notes (citing other sources) that 64% of deported unaccompanied Salvadoran minors come from rural households in 2016; 50.5% of Guatemalans receiving remittances from abroad in 2016 were living in rural areas; and 43% of Honduran returnees in 2015 came from rural localities.

There are about 14 million people living in rural areas in El Salvador, Honduras and Guatemala (2019 data). They suffer from some of the worst problems of poverty, food insecurity, malnutrition in the Central American region, being affected by the traditional problems linked to small scale agriculture (low yields, weak infrastructure and market links, lack of financing) and the new challenges posed by climate change. At the same time, while climate change is affecting those populations, agriculture, land use change and deforestation are important contributors to increased green-house gas (GHG) emissions. Severe climate events (including droughts and hurricanes) have been found to be a relevant reason for out migration, particularly among the young (Baez et al, 2017). Furthermore, distressed rural areas offer opportunities for transnational crime to establish centers from which to operate, increasing violence that, in turn, generates more out migration.

Looking at the characteristics of families migrating, Ceballos and Hernández (2020) have estimated a “migration propensity index” applied to Guatemala. They use a reduced set of indicators and data from IFPRI’s household surveys to assess the likelihood that one or more individuals from a given household will emigrate out of the country.<sup>2</sup> From 48 variables considered they selected 12 that correctly identify 93 percent of eventual emigrating and non-emigrating households. In particular, they show that the families that receive “Bolsa Segura” (a form of a cash transfer; see later), produce in more than 1/10 of hectare of land, grow a high-value crop, have made improvements in their homes, and are older and more educated are less likely to migrate.

Those findings offer several entry points for better policy interventions that improve livelihoods of poor people in rural areas while reducing migration, including the potential role of cash transfers and expanded social safety nets. This document summarizes first the findings of several surveys looking at the links between social protection programs and migration, noting the different views as to whether those programs help to reduce or increase it. Then it analyzes the current social assistance programs in Guatemala, Honduras, and El Salvador, particularly cash transfers and related programs of social assistance. Here it is important to distinguish programs run by governments based on more permanent social and vulnerability considerations from those implemented with large participation of international organizations and non-governmental organizations (NGOs) focusing on specific temporary humanitarian problems. Given the sequence of natural disasters and the recent COVID19 pandemic there has been some convergence between the two types of programs, which needs to be also considered when analyzing the systems of social assistance in those countries, both in general and in relation to migration. Finally, the document discusses options to improve the design and operation of these programs to address social vulnerabilities and reduce migration, particularly international one. The analysis also includes a discussion of the costs and financial requirements to scale up those programs.

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<sup>2</sup> The estimated variable was whether someone in household migrated to another country in the previous 12 months.

# SOCIAL ASSISTANCE PROGRAMS AND MIGRATION: BRIEF REVIEW OF EVALUATIONS

## Some definitions

The three main social areas for governmental intervention are social protection, health, and education. Social protection, in turn, is divided into social insurance (where workers and employers pay contributions that cover at least in part the costs of the programs; they are therefore called “contributory programs”); and social assistance (where the program is financed basically by the government and/or external development funds, without contributions from the beneficiaries; which are then called “non-contributory programs”). Table 1 presents the classification of social protection and labor (SPL) programs used by the World Bank in the ASPIRE database.

**Table 1. ASPIRE Program Classification**

| SPL AREA          | PROGRAM CATEGORY                                  | PROGRAM SUB-CATEGORY  |
|-------------------|---|---|
| SOCIAL INSURANCE  | Contributory pensions                             | Old age pension (all schemes, national, civil servants, veterans, other special)      |
|                   |   | Survivors pension (all schemes, national, civil servants, veterans, other special)    |
|                   |   | Disability pension (all schemes, national, civil servants, veterans, other special)   |
|                   | Other Social Insurance                            | Occupational injuries benefits  |
|                   |   | Paid sickness, leave benefits   |
|                   |   | Health  |
|                   |   | Maternity/Paternity benefits  |
| LABOR MARKET      | Labor market policy measures (active LM programs) | Training (vocational, life skills, cash for training)                                 |
|                   |   | Employment incentives/wage subsidies  |
|                   |   | Employment measures for disabled  |
|                   |   | Entrepreneurship support /startup incentives (cash and in-kind grant, microcredit)    |
|                   |   | Labor Market services and intermediation through PES                                  |
|                   |   | Other Active Labor Market Programs  |
|                   | Labor market policy support (passive LM programs) | Out-of-work income maintenance (Unemployment benefits, contributory)                  |
|                   |   | Out-of-work income maintenance (Unemployment benefits, non-contributory)              |
| SOCIAL ASSISTANCE | Unconditional cash transfers                      | Poverty targeted cash transfers and last resort programs                              |
|                   |   | Family/ children/orphan allowance (including orphan and vulnerable children benefits) |
|                   |   | Non-contributory funeral grants, burial allowances                                    |
|                   |   | Emergency cash support (including support to refugees/returning migrants)             |
|                   |   | Public charity, including zakat   |
|                   | Conditional cash transfers                        | Conditional cash transfers  |
|                   | Social pensions (non-contributory)                | Old age social pensions   |
|                   |   | Disability benefits/war victims noncontributory related benefits                      |
|                   |   | Survivorship  |
|                   | Food and in-kind transfers                        | Food stamps, rations, and vouchers  |
|                   |   | Food distribution programs  |
|                   |   | Nutritional programs (therapeutic, supplementary feeding and PLHIV)                   |
|                   |   | In kind/non-food support (education supplies, free texts and uniforms)                |

|  |   |   |
|--|---|---|
|  | School feeding                                  | School feeding  |
|  | Public works, workfare, and direct job creation | Cash for work   |
|  |   | Food for work (including food for training, food for assets etc.) |
|  | Fee waivers and subsidies                       | Health insurance exemptions and reduced medical fees              |
|  |   | Education fee waivers   |
|  |   | Food subsidies  |
|  |   | Housing subsidies and allowances (and "privileges")               |
|  |   | Utility and electricity subsidies and allowances                  |
|  | Other social assistance                         | Agricultural inputs subsidies                                     |
|  |   | Scholarships/education benefits                                   |
|  |   | Social care services, transfers for care givers                   |
|  |   | What is left out from above categories                            |

Source: World Bank (2018)

This paper focuses on social assistance, the non-contributory programs. In the ASPIRE database, those programs, in turn, are divided into the categories shown in Table 1: Conditional Cash Transfers (CCT), Unconditional Cash Transfers (UCT), Social Pensions, School feeding, Public works, Food and in-kind programs, Health fee waivers, and Other social assistance. In the section describing the current social assistance programs in the three countries, we follow the classifications mentioned above. In a separate section there is a discussion of humanitarian programs (focusing on temporary crises and not necessarily run only by national governments) as different from social protection programs (addressing more permanent vulnerabilities and managed basically by governments).

## What are the links between social programs and migration?

The analysis of the links between social programs and migration is part of the larger question of the reasons for migration, which as mentioned involve many factors. The decision to stay or to migrate, and to where (within the country or internationally), is a complex one, usually taken at the household level, not only individually, and which involves balancing costs and benefits related to the overall livelihood strategies of the households and persons involved. The latter calculation, in turn, depends on the levels of resources and information available to households and the risk propensity of the persons involved (Sabates-Wheeler and Waite, 2003).

Social protection, which as discussed before includes very different programs, is just a component of the decision to migrate or to stay. In general terms, social protection raises the income of the persons receiving it, which, in principle, would increase the benefits to stay and the costs to leave. But it also may help those receiving the social protection benefits to accumulate savings to finance the costs of their migration, or, perhaps as likely (considering that migration is a household decision), for another member of the (extended) family.

Given that theoretical ambiguity, there have been several empirical studies of the impacts of social protection on migration and at least three surveys summarizing that literature: Hagen-Zanker, and Himmelstine (2013); Bastagli, F., Hagen-Zanker, J., Harman, L., Barca, V., Sturge, G., Schmidt, T. (2016); and Samik Adhikari and Ugo Gentilini (2018).

They differ in scope. Hagen-Zanker, J., and Himmelstine, C.L. (2013) focus on social protection (i.e. including contributory and non-contributory programs) and the links to migration. They analyze studies that apply a variety of techniques for their evaluations. The other two surveys consider studies on cash transfers and other related non-contributory programs only, and which use mostly experimental and quasi-experimental quantitative approaches for the assessment. Hagen-Zanker, J., and Himmelstine, C.L. (2013) survey 29 studies; Bastagli et al, 2016, cover 201 individual studies, but they consider a variety of impacts<sup>3</sup> and not only migration, with only 4 studies presenting results on migration; and Samik Adhikari and Ugo Gentilini, 2018 survey 10 studies. However, because some of the individual studies are repeated in two or all three surveys, there are only 37 unique evaluations that analyze the links between social protection and migration. Further, 5 of the studies in Hagen-Zanker and Himmelstine (2013) are on contributory programs, and therefore they are not relevant for this paper, which, as mentioned, focuses on non-contributory programs that can be tailored to address migration. The majority of the individual studies have been on Mexico, followed by India and South Africa.

The impacts of social programs on migration depend a) on the type of program and their design and implementation; b) the particular characteristics of the households and individuals; and c) the context where households and individuals live. The next paragraphs focus first on point a) (the types of social program; the aspects related to points b) and c) are discussed later).

### **Types of programs**

The main findings are as follows.

\*Regarding conditional cash transfers and considering the three surveys jointly, there are 5 individual studies that show increases in migration<sup>4</sup>; 5 that show decreases; and 3 that show no effects. Only Winters et al 2005 include one of the three countries of interest for this paper (Honduras) and finds no impact on migration of the cash transfer program (“Programa de Asignación Familiar”). All three surveys argue that the design of the cash transfer is an important consideration in the different effects, including the type of conditionality (whether it implies staying in the area, such as having to go to school, or not); the person or persons affected by the conditionality (considering that migration is a household

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<sup>3</sup> The six areas of impacts are monetary poverty; education; health and nutrition; savings, investment and production; employment and empowerment. Migration outcomes appear in studies under the last two broader topics.

<sup>4</sup> Only two studies differentiate international and national migration, and one shows increases in international migration (Angelucci, 2012), another finds decreases (Stecklov et al, 2005), and both find no effects on domestic migration.

decision, the conditionality may be implemented by some individual or individuals in the household, but the money may lift liquidity constraints for other individual(s) in the household to migrate); the amount and periodicity of the cash payments; and other aspects of the design of the programs. In that sense, if the cash transfer is aimed at supporting productive activities (such as agricultural inputs), this would imply the need to stay and work. Another angle are the results of the migration index analyzed in Ceballos and Hernández (2020), which finds that Bolsa Segura is related with less migration: the program is mainly a transfer of a basket of food, and therefore it is not fungible cash that can be used to finance migration (or money flows that can be collateralized as guarantee to borrow in order to finance migration, as was found to happen in the case of some of the studies surveyed).

\*Unconditional cash transfers and other non-contributory programs such as social pensions (for old age for example) have been found to increase migrations: 6 individual studies show that result, while 2 show no changes. Five of the cases of increases in migration are for old-age social pensions in South Africa. This fits with the idea that the old member of the household receives an inflow of cash that lifts liquidity constraints for younger people in the household to migrate.

\*In the case of cash-for-work and employment guarantee programs, the studies reviewed find 2 cases of increases in migration, 4 cases of decrease, and 3 of no effects. The fact that the person has to stay and work to get the payment is therefore associated with less migration. The studies that show increases (as well a more recent individual study by Jules Gazeaud, Eric Mvukiyehe, Olivier Sterck 2021, which also find a case of cash-for-work linked to more migration), all appear to be associated with program designs that allow some part of the family to comply with the work requirement, while others can migrate financed by the increases in incomes for the households. As a household decision, some of the members participate in the work program while others may migrate.

Therefore, as noted by Adhikari and Gentilini (2018), the type of program is related to the propensity to migrate or not: unconditional cash transfers and related programs may implicitly facilitate migration by relaxing liquidity constraints and reducing transaction costs, while most conditional cash transfers, employment guaranteed schemes, and similar programs whose operations are tied to local activities and services, would tend to reduce migration.<sup>5</sup> Adhikari and Gentilini (2018) argue that the unconditional cash transfers they reviewed (Mexico (Procampo), China (social pensions) and South Africa) implicitly encourage migration, with the probabilities of that event increasing between 0.32 and 25 percentage points, due to relaxing liquidity constraints, and that new delivery technologies make those benefits more portable than before. On the other hand, other programs would deter migration, such as condi-

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<sup>5</sup> Adhikari and Gentilini, 2018 consider a third type of social programs, which are explicitly designed to generate mobility, such as rural-urban transportation subsidies for the poor in Bangladesh during the lean season and housing vouchers in inner-city neighborhoods in the United States.

tional cash transfers (Mexico and Brazil) and public works in India, where the likelihood of migration declined between 0.22 and 11 percentage points, related to the requirements of work and other co-responsibilities in the areas where people live (Adhikari and Gentilini, 2018).

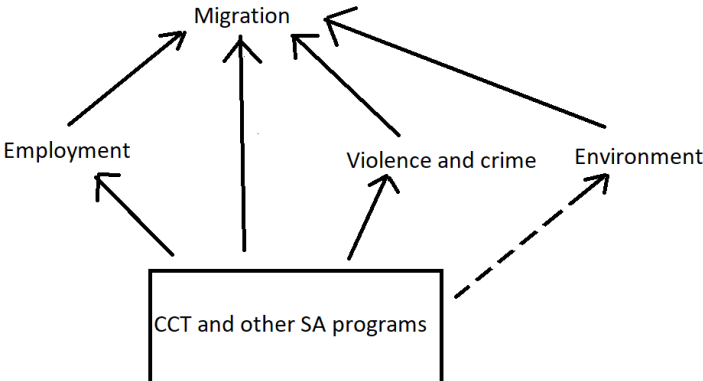
**Characteristics of households and general context**

Beyond the program design the other two aspects, previously mentioned, that influence the impact on migration are household characteristics and the context (see Hagen-Zanker and Himmelstine, 2013; and Samik Adhikari and Ugo Gentilini, 2018). The levels of education and income, and the age and gender structure of the households also are related to migration propensity (Ceballos and Hernández, 2020) but not necessarily in linear ways (Hagen-Zanker and Himmelstine, 2013). Additionally, the local and national contexts are crucial: lack of employment opportunities, violence and war, natural disasters, and macroeconomic crises may act as strong push factors that cannot be countered by social protection programs alone (Hagen-Zanker and Himmelstine 2013). Moreover, as noted in Samik Adhikari and Ugo Gentilini, 2018, this debate “is part of a larger conversation on the economics (and political economy) of structural transformation, the possible haphazard nature of urbanization (including large-scale informal settlements), and how social assistance fits into such debate” (p. 16). The state of rural development, and urban-rural dynamics, with the geographical distribution of productive activities, jobs, and services, would then affect migration.

**Other links between social programs and migration**

Those studies looked at the direct links between social protection and migration. But those social programs may also have impacts on other drivers of migration such as lack of employment and rural development, environmental problems, and crime and violence. Therefore, besides the direct impacts on migration conditional cash transfers and other social assistance programs may have impacts on migration through those other drivers (see Figure 1).

**Figure 1. Social assistance programs and migration**



Source: authors.

Regarding employment, the review by Bastagli et al, 2016, include a total of 74 studies (most from LAC and then from Sub Saharan Africa) with some evidence of the impact of cash transfers on employment outcomes. They note that those studies report “a significant effect among adults of working age, the majority find an increase in work participation and intensity. In the cases where a reduction in work participation or work intensity is reported, these reflect a reduction in participation among the elderly, those caring for dependents or are linked to reductions in casual work” (page 175).<sup>6</sup>

The work on social programs and crime also tend to find a decrease in at least the more serious acts of criminality such as homicides, even after controlling for other factors. For instance, Machado, Rodrigues, Rasella, Lima Barreto, and Araya (2018) analyzed the impact of the Brazilian conditional cash transfer program “Bolsa Familia” on the rates of homicides and hospitalization from violence. They found that for each percent increase in the uptake of the Bolsa Familia, the homicide rate decreased by 0.3% and hospitalizations from violence by 0.4%; also, the rates of homicide and hospitalizations from violence were negatively associated with the duration of coverage. Related findings have been reported in Lance, (2014) for Brazil and Mexico and Meloni, O. (2014) for Argentina.<sup>7</sup>

The topic of cash transfers and environmental aspects has emerged only more recently. For instance, Ferraro and Simorangkir (2020) analyzed the impact of Indonesia’s national anti-poverty program (a cash transfer) on deforestation. Even though the program has no direct link to conservation, they found that it reduced tree cover loss in villages by 30% (95% confidence interval, 10 to 50%), with half of the avoided losses taking place in primary forests; the reductions in deforestation were larger with more household participation in the cash transfer program. The authors speculate that the channels through which those effects take place are consumption smoothing (cash substitutes for deforestation as a form of insurance), and consumption substitution (purchased goods substitute for deforestation-sourced goods). Godfrey Wood (2011) also argues that cash transfers help the poor respond to climate-related shocks, reduce the pressure to engage in damaging coping strategies, and facilitate better management of risk and increase their adaptive capacity (see also Lawlor, Handa, Seidenfeld, and the Zambia Cash Transfer Evaluation Team (2015), for an analysis of Zambia’s Child Grant Program and its positive environmental benefits).

But those are indirect effects of cash transfers on environmental sustainability: there have also been suggestions to include direct funding for adaptation and mitigation activities as part of the design of cash transfers (Brangeon and Léon 2020; Godfrey Wood, 2011; Gilligan, Devereux, and Tenzing,

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<sup>6</sup> Bastagli et al, 2016 also noted that slightly more than half of the studies reporting impacts on adult work did not find statistically significant results. Other results reported were the decline in child labor, mainly in intensity (hours worked) and also, but less markedly, for prevalence (whether children are working or not working).

<sup>7</sup> There is some more mixed evidence on whether cash transfers, by generating an inflow of cash may lead to some increase in theft (a different type of crime) around the time of the payments (Borraz & Munyo, 2020).

2022). And this links to the debate about payment for environmental services (PES) as a tool to address the problems of mismanaged ecosystems, considering that, from the perspective of the agents operating on the ecosystem, such as poor and marginalized farmers, many of the benefits of adequate management are externalities.<sup>8</sup>

### **Further considerations**

Two final considerations related to the design and implementation of social assistance programs and the links to migration. First, several studies have found an inverted U-shaped relationship between migration and development: very poor people migrate less (because they do not have the resources to finance the transition and absorb risks); to the extent that income increases, migration also goes up, until reaching a level past which migration starts to decline. For instance, Michael A. Clemens (2020) estimates that migration grows with income, but that increase starts to slow down after an annual per capita income of about 5,000 in PPP dollars, and then it declines after roughly 10,000 in PPP dollars. The three countries are within that band of income per capita.

Second, demographic aspects, such as a young working-age population, can also be drivers of migration (Simpson, N. 2017). While about 40.3% of the population in LAC is below 25 years of age, in the case of Honduras and Guatemala the percentage increases to more than 50% of the population. El Salvador, another high-migration country, is somewhat less young (45% of the population under 25 years) but it has the largest population density in Central America (313 persons/sqkm, when the simple average of the countries in that region is 122), and it is land- and water-constrained. A young population, lacking employment, is also a reason behind increased criminality and violence, which in turn also lead to more migration. Therefore, these demographics aspects need to also be considered as important context in the design of the new and scaled up social assistance programs.

## **Social Protection and Humanitarian Assistance Programs**

A topic that is getting more attention is the link between social assistance programs (discussed in the previous sections) and humanitarian programs, which, as noted are different from social assistance programs on several accounts. First, humanitarian programs are in principle, a temporary response to negative shocks such as natural disasters, wars and violence, and pandemics. Second, they tend to be financed by different types of humanitarian donors (such as international organizations, philanthropic and charitable foundations, and NGOs) through specific funding campaigns. Third, humanitarian assistance programs are implemented by different non-governmental channels, including international humanitarian agencies, and international and national charities, and NGOs. In contrast, social assistance

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<sup>8</sup> There is an expanding literature, that cannot be reviewed here, about the adequate design of programs of PES (see some guidelines in Engel 2016 and James, and Sills 2019).

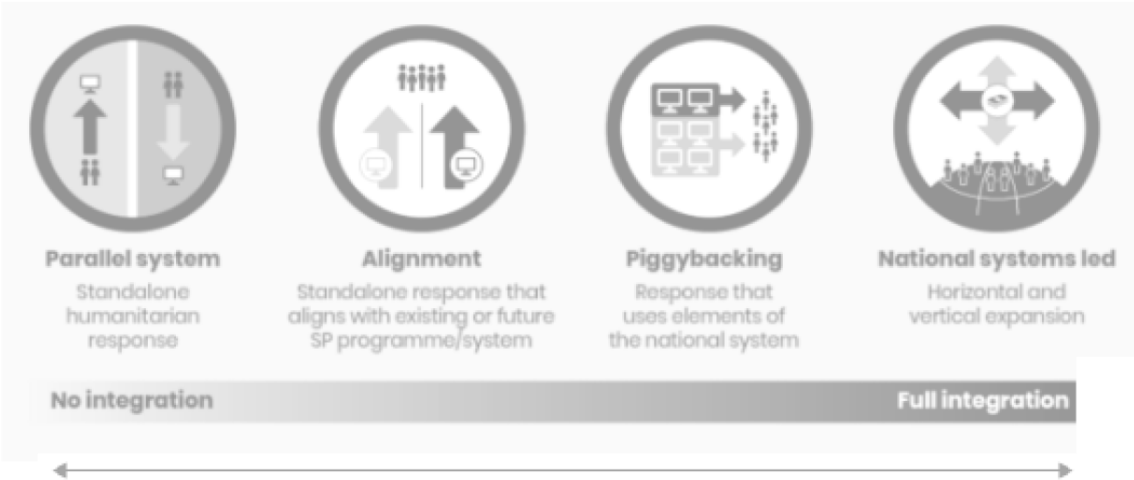
programs, as mentioned, are responses to more permanent social problems, and are financed and executed by governments.

But the sequence of natural disasters in Central America (and other developing countries), and lately the pandemic, have led to some convergence between both types of programs at least in three areas: the beneficiaries, the instruments (based on cash transfers or vouchers), and in many cases the channels through which that assistance is being dispensed, with more presence of international organizations such as the World Food Program and a variety of charitable organizations and NGOs.

Therefore, there are several topics to consider in relation to the interaction of social and humanitarian assistance programs. First, there is the variety of potential ways in which that interaction may take place. For instance, Seyfert, Barca, Gentilini, Luthria, and Abbady (2019) consider a

continuum of options:<sup>9</sup> a) parallel or stand-alone humanitarian programs completely separate from national systems; b) “shadow alignment,” which is still a stand-alone program, but is aligned in some of the policy, financial and operational dimensions (discussed later) with existing or future social assistance programs; c) “piggybacking arrangements,” in which humanitarian programs combine stand-alone responses with some operational aspects of the delivery of assistance working through national systems; and d) integrated arrangements, led by, or entirely run through, national systems, where the more permanent social assistance programs and the humanitarian responses are unified (see Figure 2).

**Figure 2. Types of Integration of Humanitarian and Social Assistance Programs**



**Source:** Seyfert, Barca, Gentilini, Luthria, and Abbady (2019).

<sup>9</sup> The original focus of that typology was for the integration of humanitarian programs for refugees with social assistance national programs.

Given the extent and continuation of humanitarian programs alongside with social assistance programs run by the government, a basic issue is how to integrate both components into a more unified system, that considers permanent conditions of social vulnerability but can be quickly scaled up (both in terms of beneficiaries and of the type of support delivered) when negative shocks occur.

The second question, relevant for the analysis of this document, is whether humanitarian programs may be reducing migration or increasing it. There are no evaluations of humanitarian programs and the link to migration. But it may be assumed that some of the same considerations relating to how the social assistance programs are designed would apply to humanitarian programs: if they are in cash, temporary, linked to specific shocks, and do not have conditionality components that require to stay in the area to receive them, then it is possible that they may lead to more migration. With the integration of social assistance and humanitarian programs within a single system (as suggested before), then the impact on migration can be addressed in an integrated manner.

## **SOCIAL ASSISTANCE AND HUMANITARIAN PROGRAMS IN THE THREE COUNTRIES**

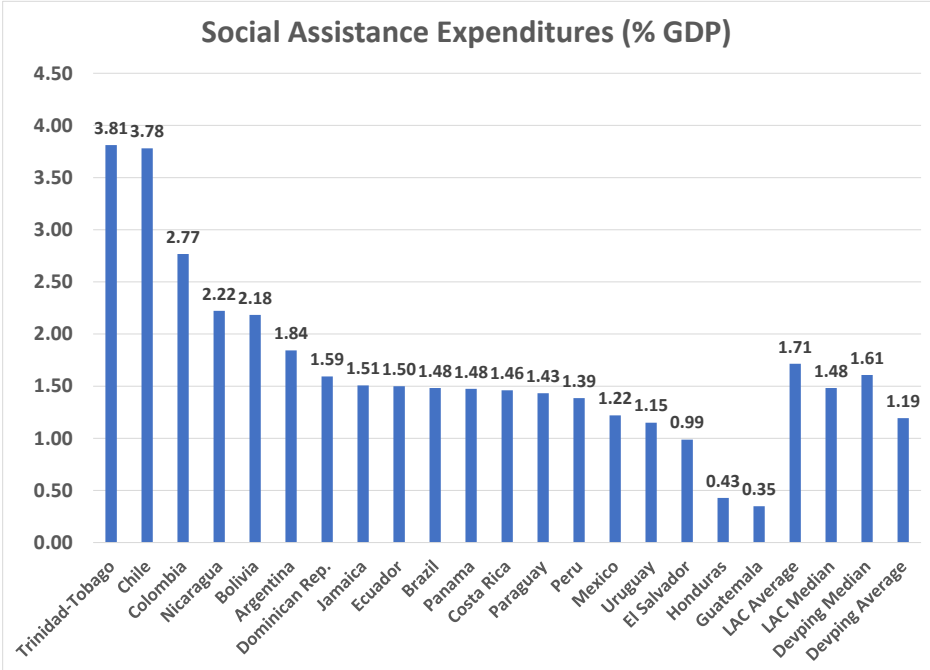
### **Social assistance programs**

As mentioned, this paper focuses on social assistance (cash transfers and other non-contributory programs) and not on the contributory programs of social protection (also called social insurance programs). This section uses basically data from household surveys from the database ASPIRE (World Bank). That data may differ from administrative data (i.e. governmental data not from household surveys). Descriptions of the main programs are in Annexes B, C, and D, showing administrative data, translated directly from ECLAC (2022).

Figure 3 shows the level of expenditures for those programs as percentage of the GDP, based on the latest national household surveys with relevant data (El Salvador, 2014; Guatemala, 2013; and Honduras, 2018; the other countries in Figure 3 also have surveys from about 2013 to 2018, but most are closer to the latter year). Based on that information, it is clear that the three countries of Central America are the ones with less expenditures overall, and the difference is particularly noticeable in Guatemala and Honduras. It would be important to have more recent information, particularly for El Salvador and Guatemala, to assess whether that continues to be the case now. For example, administrative

data for El Salvador (in Annex B) shows a reduction in the main cash transfer program<sup>10</sup> between 2013 and 2016 (the latest information available) from 0.32% of the GDP to about 0.18%.

**Figure 3. Social Assistance Expenditures (% GDP)**



Source: authors with data from ASPIRE, World Bank

The next Tables and Figures show different indicators to evaluate the performance of those social programs. Tables 2, 3 and 4 have the same structure: after the data for the three countries, there are first averages and then the medians for three groups of countries: all the developing countries in the ASPIRE database (125 countries<sup>11</sup>); then for LAC as a whole (22 countries); and then for the Central American subregion (6 countries).

Table 2 shows the coverage of social assistance programs: the percentage of population participating in those programs (including direct and indirect beneficiaries). The indicator is reported for the population in poverty (at the PPP\$1.9/day/person) and for the poorest 20% (poorest quintile) and richest 20% (richest quintile).<sup>12</sup>

**Table 2. Coverage of Social Assistance Programs**

| Country     | Year | PPP\$1.9 a day (poverty line) | Poorest quintile | Richest quintile |
|-------------|------|-------------------------------|------------------|------------------|
| El Salvador | 2019 | 94.2                          | 90.5             | 66.8             |

<sup>10</sup> Which is a component of total expenditures shown in Figure 3.

<sup>11</sup> ASPIRE does not include developed countries.

<sup>12</sup> The indicator in the case of quintiles is computed as (Number of individuals in the quintile who live in a household where at least one member receives the transfer)/(Number of individuals in that quintile). In the case of poverty, is (Number of individuals under poverty live who live in a household where at least one member receives the transfer)/(Number of individuals under the poverty line).

|                              |           |      |      |      |
|------------------------------|-----------|------|------|------|
| Guatemala                    | 2014      | 68.4 | 71.6 | 28.1 |
| Honduras                     | 2017      | 60.9 | 59.1 | 17.0 |
|                              |           |      |      |      |
| Developing Countries-Average | 2005-2019 | 51.2 | 52.4 | 21.5 |
| LAC-Average                  | 2005-2019 | 68.1 | 68.6 | 21.9 |
| Central America- Average     | 2005-2019 | 76.6 | 74.8 | 24.6 |
|                              |           |      |      |      |
| Developing Countries-Median  | 2005-2019 | 56.2 | 52.8 | 17.1 |
| LAC- Median                  | 2005-2019 | 74.9 | 76.9 | 18.1 |
| Central America- Median      | 2005-2019 | 79.6 | 77.7 | 20.1 |

**Source:** authors with data from ASPIRE, World Bank

A first consideration is that LAC and Central America appear to have more coverage of the poor (on average and as a median) and about the same coverage of the rich, as in the case of the whole sample (the “world”). Social assistance programs in El Salvador appear to be covering a significant percentage of the poor population (either measured by the poverty line or taking the poorest quintile<sup>13</sup>) compared to the average and median of LAC; but the coverage of the rich is also substantial. Guatemala seems to be covering about the same percentage of people on average for the poor, and Honduras somewhat less than LAC, but then Guatemala covers somewhat more of the rich as well (while Honduras is more in line with the median for all three comparator groups).

Table 3 shows the adequacy of the social assistance programs defined as the total transfer amount received by all beneficiaries (direct and indirect) in a quintile (or under the poverty line) as a share of the total welfare (consumption) of beneficiaries in that quintile (or under that poverty line).

**Table 3. Adequacy of Social Assistance**

| Country                  | Year      | PPP\$1.9 a day<br>(poverty line) | Poorest<br>quintile | Richest quin-<br>tile |
|--------------------------|-----------|----------------------------------|---------------------|-----------------------|
|                          |           | Post Transfer                    | Post Transfer       | Post Transfer         |
| El Salvador              | 2014      | 12.0                             | 9.4                 | 5.1                   |
| Guatemala                | 2011      | 12.8                             | 9.9                 | 1.2                   |
| Honduras                 | 2017      | 18.0                             | 17.9                | 2.3                   |
|                          |           |                                  |                     |                       |
| World-Average            | 2005-2019 | 30.5                             | 20.1                | 7.1                   |
| LAC-Average              | 2005-2019 | 36.9                             | 19.6                | 4.6                   |
| Central America- Average | 2005-2019 | 29.2                             | 18.8                | 4.5                   |
|                          |           |                                  |                     |                       |
| World-Median             | 2005-2019 | 23.7                             | 17.3                | 4.1                   |
| LAC-Median               | 2005-2019 | 32.1                             | 17.9                | 3.3                   |

<sup>13</sup> These two indicators usually differ, but not in a systematic way, considering that the cut off income of the lowest quintile may be below or above the fixed poverty line, depending on the whole income distribution.

|                         |           |      |      |     |
|-------------------------|-----------|------|------|-----|
| Central America- Median | 2005-2019 | 25.9 | 18.2 | 3.6 |
|-------------------------|-----------|------|------|-----|

Source: authors with data from ASPIRE, World Bank

El Salvador and Guatemala show values of adequacy for the poor lower than Honduras, and all three countries are below the averages of the three comparator groups (El Salvador and Guatemala are also below the medians, but not Honduras). El Salvador, in addition to the larger coverage shown in Table 2, presents higher values of transfers' adequacy for the rich.

Table 4 show the impact of social assistance programs on three key indicators: the reduction in the Gini inequality index due to those programs as percentage of pre-transfer Gini index;<sup>14</sup> the poverty headcount reduction due to those programs as percentage of pre-transfer poverty headcount;<sup>15</sup> and the poverty gap reduction due to those programs as percentage of pre-transfer poverty gap.<sup>16</sup> Poverty gap is the average difference between the income (or consumption) of the poor compared to the poverty line (i.e. how far below those individuals are compared to the poverty line).

**Table 4. Impacts on poverty and inequality of Social Assistance**

| Country                  | Year      | Gini Inequality Index (% reduction) | Poverty Headcount (% reduction) | Poverty Gap (% reduction) |
|--------------------------|-----------|-------------------------------------|---------------------------------|---------------------------|
| El Salvador              | 2014      | 0.36                                | 1.90                            | 3.14                      |
| Guatemala                | 2011      | 0.41                                | 1.48                            | 4.12                      |
| Honduras                 | 2017      | 1.66                                | 7.67                            | 15.55                     |
| World-Average            | 2005-2019 | 2.89                                | 9.40                            | 18.43                     |
| LAC-Average              | 2005-2019 | 1.84                                | 7.71                            | 14.77                     |
| Central America- Average | 2005-2019 | 1.36                                | 6.41                            | 12.29                     |
| World-Median             | 2005-2019 | 1.64                                | 7.15                            | 14.69                     |
| LAC- Median              | 2005-2019 | 1.66                                | 6.92                            | 13.90                     |
| Central America- Median  | 2005-2019 | 1.26                                | 5.91                            | 12.74                     |

Source: authors with data from ASPIRE, World Bank

In line with the lower adequacy, social assistance programs in El Salvador and Guatemala have also very limited effects in reducing inequality, the poverty headcount, or the poverty gap, when compared to the three country groups utilized as benchmarks. Honduras on the other hand is mostly around the averages and medians for the comparators.

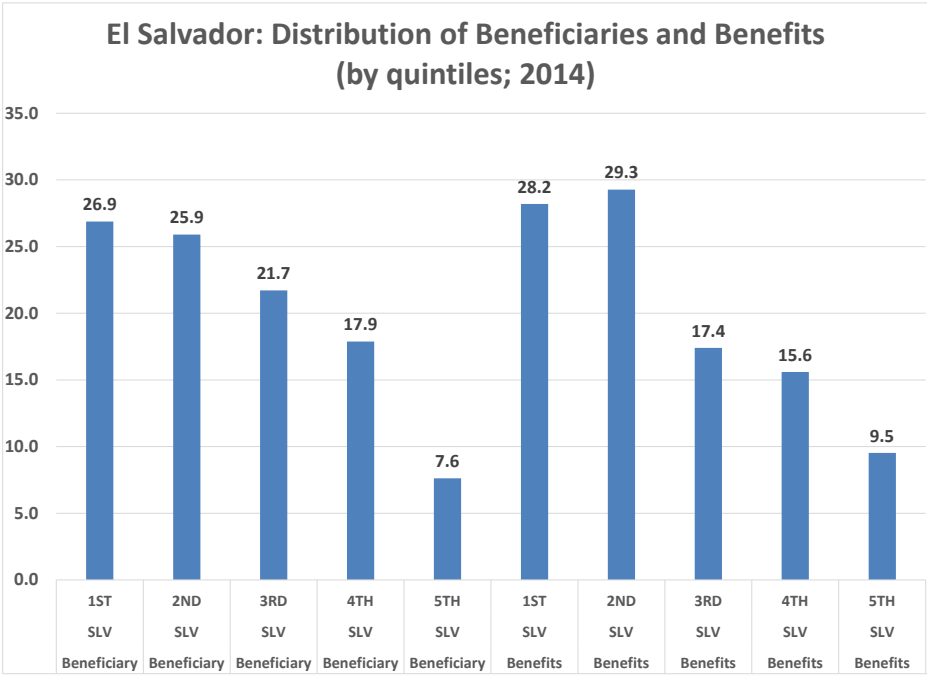
<sup>14</sup> (Gini inequality pre-transfer- Gini inequality post transfer) / Gini inequality pre-transfer, transformed in percentages.

<sup>15</sup> (Poverty headcount pre-transfer - poverty headcount post transfer) / poverty headcount pre-transfer, transformed in percentages.

<sup>16</sup> (Poverty gap pre-transfer – poverty gap post transfer) / poverty gap pre-transfer, transformed in percentages.

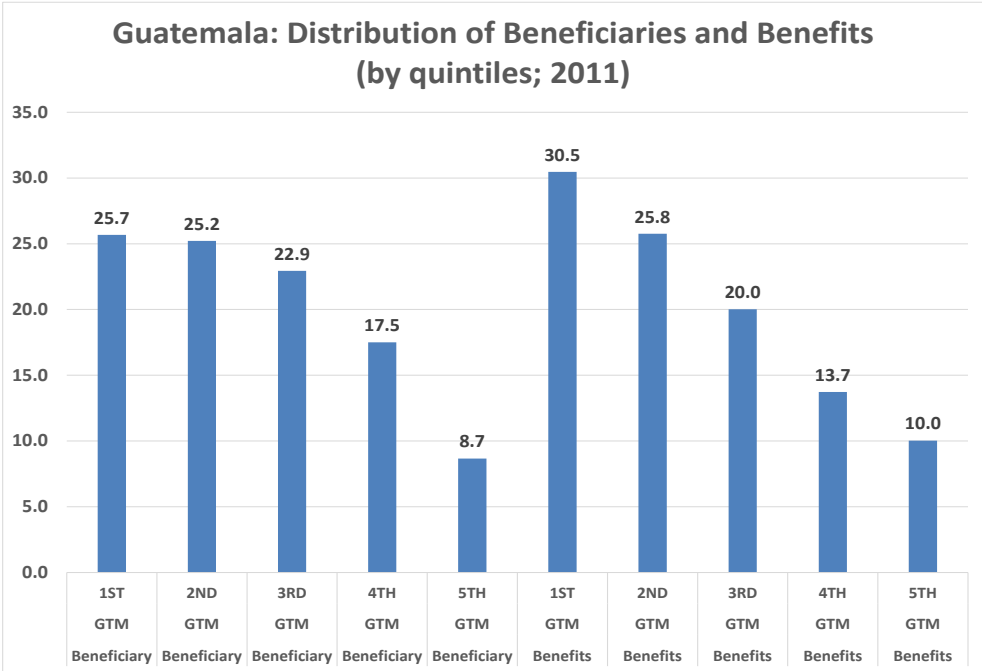
Figures 4, 5, and 6 show the beneficiaries and benefits incidence by quintile to evaluate the precision of the targeting. Beneficiary incidence by quintile refers to how the total number of persons receiving transfers are distributed by quintile. That is, the percentage of people in each quintile who have benefited from a social assistance program, compared to the total population that have received those benefits (they must add to 100% for all quintiles). Benefit incidence refers to how the value of the total transfers is distributed by quintile. That is, of all the amount of money that was distributed by the social assistance programs, what percentage of that value was received by each quintile (which also have to add to 100% for all quintiles). The percentages are presented for each country separately and for the last survey with data on both aspects (beneficiaries and benefits) (in Annex A are tables for the three countries showing the average for a longer period starting in 2010).

**Figure 4. El Salvador: Distribution of Beneficiaries and Benefits of Social Assistance Programs (by quintiles; 2014)**



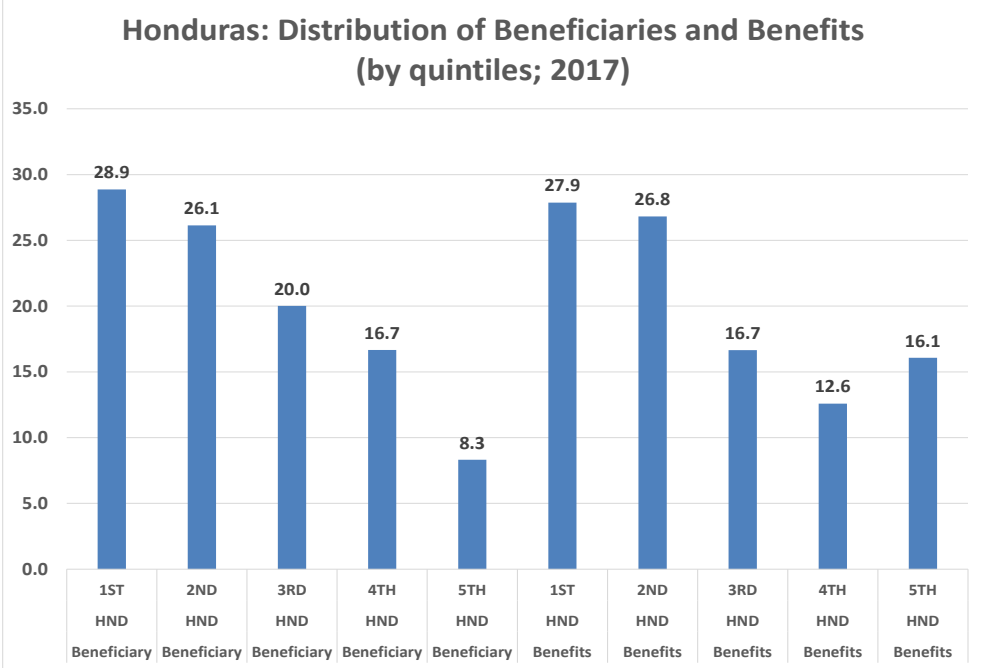
Source: authors with data from ASPIRE, World Bank

**Figure 5. Guatemala: Distribution of Beneficiaries and Benefits of Social Assistance Programs (by quintiles; 2011)**



Source: authors with data from ASPIRE, World Bank

**Figure 6. Honduras: Distribution of Beneficiaries and Benefits of Social Assistance Programs (by quintiles; 2017)**



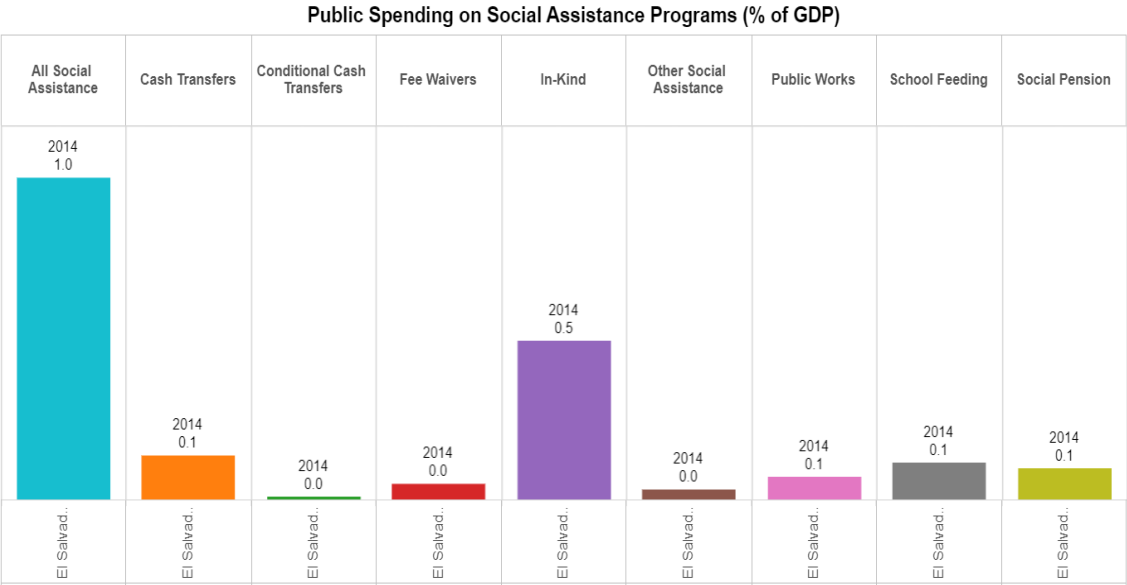
Source: authors with data from ASPIRE, World Bank

The main point to be noticed is that about 25-30% of the beneficiaries and benefits of social assistance programs involve people in the two richest quintiles, indicating problems of targeting (this topic will be

discussed further in a later section that considers the financing of scaled up social assistance programs).

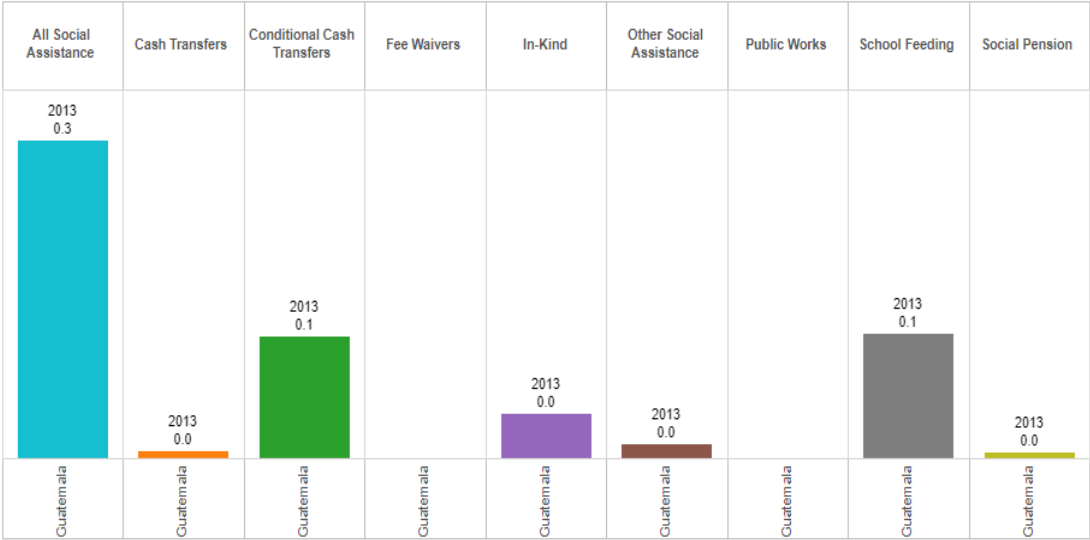
Figures 7, 8 and 9 show how social assistance programs are divided across the different categories of programs shown in Table 1, using expenditures measured as percentages of the GDP (the values are rounded to one digit).

**Figure 7. El Salvador: Public Spending on Social Assistance Programs (% of GDP)**



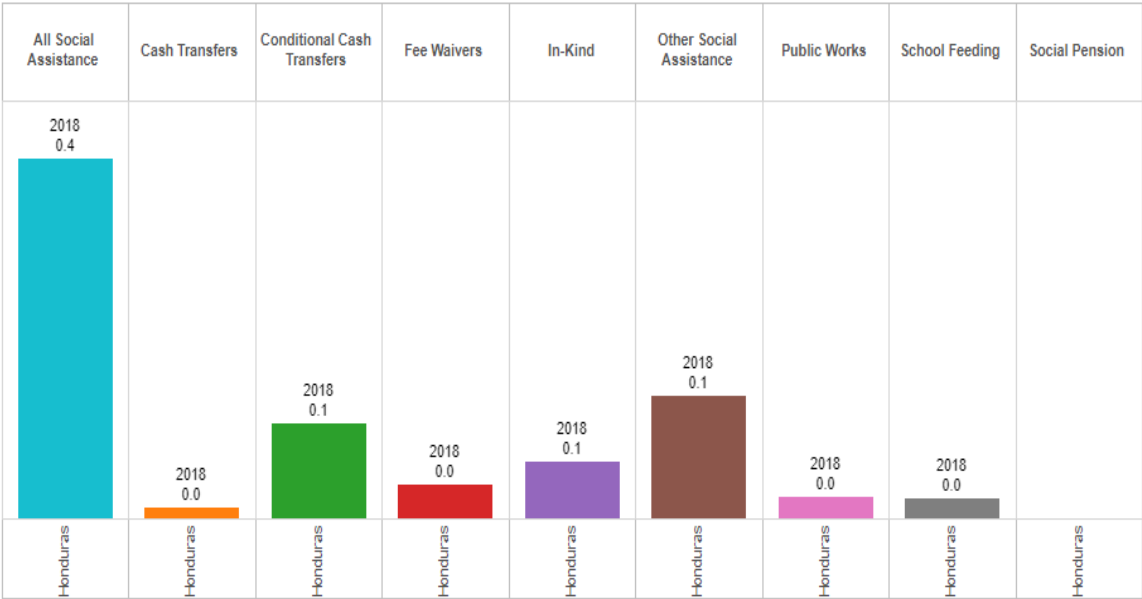
Source: ASPIRE, World Bank

**Figure 8. Guatemala: Public Spending on Social Assistance Programs (% of GDP)**



Source: ASPIRE, World Bank

**Figure 9. Honduras: Public Spending on Social Assistance Programs (% of GDP)**



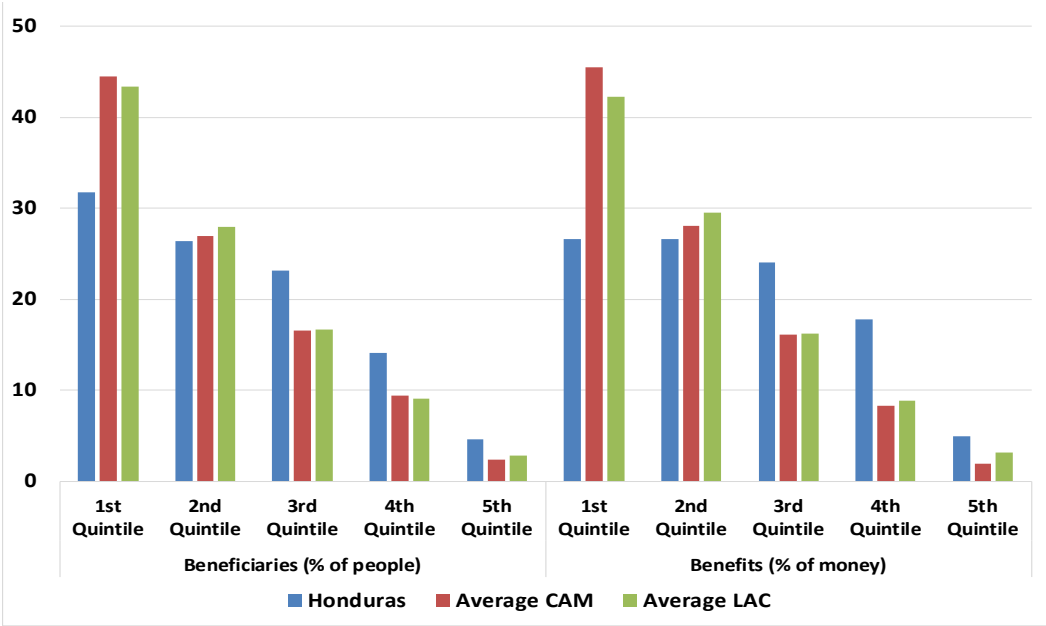
Source: ASPIRE, World Bank

For Honduras and Guatemala conditional cash transfers appear among the main social assistance programs; Guatemala has school feeding and food in-kind as other main programs, while Honduras shows a broad category of “other social assistance” and food in-kind. However, as both countries have very low levels of expenditures for social assistance programs in general, each one of the individual programs is at or below 0.1% of the GDP. El Salvador, on the other hand, spends more than the other two countries (but still clearly below other LAC countries) and therefore the food in-kind, the main program reaches about 0.5% of the GDP and the country has other four programs (cash transfers, public work programs, school feeding, and social pensions) which are close to 0.1% of the GDP. Overall, then, a problem is the low level of expenditures on social assistance programs, which then are further fragmented into smaller programs (which may or may not cover the same population).

The distribution of beneficiaries and benefits in the case of cash transfers (a subset of the social assistance programs analyzed in Figures 4-6) were discussed for Honduras in Díaz-Bonilla, Flores, Paz, Piñeiro and Zandstra (2021a) and reproduced in Figure 10.

The incidence of beneficiaries and benefits in Honduras was compared to the average for Central America and Mexico (CAM) and for Latin America and the Caribbean. The data correspond to the last years in the database.

**Figure 10. Honduras: Incidence in beneficiaries and benefits**



Source: DB et al 2021 with data from ASPIRE.

Compared to CAM and LAC, Honduras has fewer beneficiaries in, and a lower value of benefits for, the two poorest quintiles (and especially the poorest), while there are a higher percentage of beneficiaries in rich quintiles, and therefore these groups receive more benefits than the average for the region and the subregion.

A comparable analysis for Guatemala in Diaz-Bonilla, Flores, Paz, Piñeiro, and Zandstra, 2021b, also shows fewer beneficiaries in the first quintile than the comparators, and more in the third and fourth, which suggests a failure in targeting. The problem seems to be more pronounced in rural areas. Unfortunately, the numbers for this country are based on old household surveys. It is important to update the information to have a clearer view of what is the coverage of current social programs.

Finally, Table 5 shows another indicator but now for all social protection (which includes social assistance and social insurance) and labor programs (see the categories in Table 1): the average transfer to beneficiaries in PPP dollars per capita and day.

**Table 5. Social Protection and Labor Programs: Average per capita transfer (daily PPP\$/person)**

| Countries/Regions       | Average per capita transfer (daily PPP\$/person) |       |
|-------------------------|--|-------|
|                         | Urban  | Rural |
| El Salvador (2007-2019) | 0.905  | 0.100 |
| Guatemala (2011-2014)   | 0.356  | 0.050 |
| Honduras (2008-2017)    | 1.172  | 0.328 |

|                                   |      |      |
|-----------------------------------|------|------|
| World-Av 2005-2019                | 2.98 | 1.83 |
| LAC-Av 2005-2019                  | 2.94 | 1.17 |
| Central America- Av 2005-2019     | 2.30 | 0.86 |
|                                   |      |      |
| World-Median 2005-2019            | 1.78 | 0.86 |
| LAC-Median 2005-2019              | 1.78 | 0.73 |
| Central America- Median 2005-2019 | 1.73 | 0.81 |

**Source:** Authors with data from ASPIRE

Clearly, the per capita transfers in the three countries are below the comparator groups, another reason behind the lower levels of expenditures on social programs, and therefore, the limited impacts in reducing inequality and poverty shown in Table 4.

Summarizing the information presented, it appears that in all three countries there are at least two problems: first, they are not spending a high percentage of GDP in social assistance when compared to other countries in the region; and second, the distribution of benefits among the different income quintiles suggest that the poorest groups receive relatively fewer transfers than in other comparable countries (and, on the other hand, higher-income sectors receive comparatively more funds). Therefore, the improvements regarding poverty and income distribution are limited, indicating that with the same amount of public funds, if the targeting is improved, there could be some room for increasing the social assistance provided by governments.

Further, in addition to better targeting with the same levels of spending, the previous analysis also suggests the need to increase the levels of spending in social assistance.

Beside these two adjustments, a third aspect to consider is the reconceptualization of the operation of social assistance programs (and CCTs in particular) to address not only the livelihood challenges facing the communities from where migrants come (and particularly the poor and vulnerable) but also to focus on the main causes for that migration, as discussed previously. These topics will be analyzed later. Before doing that, the next two subsections complete the view of social programs considering humanitarian interventions both pre-COVID19 and during the pandemic.

## **Humanitarian Assistance Programs Before COVID-19**

Besides the programs related to social assistance, in the three countries there have been several humanitarian assistance programs before the Covid-19 pandemic, linked to a sequence of negative shocks, mainly climate related.

Some of the more recent programs have been the following<sup>17</sup>:

\*El Salvador. Response to the 2018 drought. It was done in collaboration with the World Food Program (WFP). Close to 16,000 households in 38 drought-affected areas received a one-time transfer of USD 120 per household, mainly targeted to the female head of household. The transfers were delivered using the mechanisms in place for other social programs, and the cash transfer was delivered physically. The Government and the WFP worked to establish common regional response standards for droughts with the goal of reducing food insecurity, including a) determining the areas most impacted by drought; b) standardizing targeting criteria and the cash or voucher transfers amounts by department; c) establishing mechanisms to deliver transfers through a national bank; d) linking social registries in different government ministries, trying to integrate those lists into a single participant registry (“Registro Unico de Participantes,” RUP); and e) support monitoring, evaluation, accountability, and learning (MEAL) mechanisms. WFP also supported capacity-building for public officials.

\*Honduras. Response to the hurricanes Eta and Iota. The program targeted about 60,000 households affected by the hurricanes, who received a one-time voucher of 5,000 Lempiras (about USD 200) if they were identified as severely affected by the hurricanes by the “Comisión Permanente de Contingencias” (COPECO, Permanent Commission for Contingencies). The humanitarian response was linked to the systems and delivery platforms of existing social assistance programs (see Annex D)

\*Honduras. UNICEF has worked with the GoH on an unconditional cash transfer for returned migrants, with payments of up to about 7,250 Lempiras per household (about USD 300). Targeting and identification was done in conjunction with CENISS (National Center for Social Sector Information), which is collecting data on returned migrants. Action Against Hunger was the implementing partner. The target of the GoH and UNICEF was to reach 1,700 households in 2021 and include them within the national system of social assistance.

\*Guatemala. Humanitarian program related to the eruption of the Volcán de Fuego in 2018. In the immediate aftermath of the eruption, the GoG delivered a transfer of 3,500 Quetzales (about USD 452) to 300 households who lost their homes. These transfers lasted for ten months. A second transfer of 1,000 Quetzales (USD 129) supported households who did not lose their homes. It was implemented by the WFP and reached about 10,000 people in the affected population. Additional cash and voucher assistance continued during 2019, operated by other humanitarian actors.

\*Guatemala. Also have used humanitarian assistance during the hurricanes Eta and Iota in 2020, but through some of the social assistance programs that existed since 2008 (Bono Social) and the Bono Familia utilized during the COVID19 pandemic. About 2,150 households in 17 communities received

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<sup>17</sup> The summary of those programs is based on Chapman et al, 2022.

transfers provided by humanitarian agencies through Bono Familia. The Ministerio de Desarrollo Social (the Social Development Ministry, or MIDES) had benefited previously from capacity building and technical cooperation from a variety of actors (Action Against Hunger, WFP, Catholic Relief Services, the Nutrition Cluster, and RED-LAC), and from its participation in the Guatemala Cash Working Group (CWG). <sup>18</sup>The support included MEAL support to ensure that humanitarian programs help achieve other financial and nutritional goals by the government.

## COVID-19 Programs

All three countries implemented programs to support incomes and employment during the pandemic. Table 6 shows fiscal expenditures as percentage of the GDP,<sup>19</sup> compared to the average and median for LAC and for developing countries.

**Table 6. Fiscal Expenditures for COVID-19 (% GDP)**

|                              | Total | Health | Non-health |
|------------------------------|-------|--------|------------|
| El Salvador                  | 2.6   | 0.5    | 2.1        |
| Guatemala                    | 3.3   | 0.2    | 3.1        |
| Honduras                     | 2.7   | 0.9    | 1.7        |
| Average LAC                  | 3.8   | 0.8    | 3.1        |
| Median LAC                   | 3.1   | 0.5    | 2.7        |
| Average Developing Countries | 3.9   | 0.9    | 2.9        |
| Median Developing Countries  | 2.9   | 0.6    | 2.1        |

**Source:** authors with data from IMF Covid19 policy tracker.

In total COVID-related (health and non-health) Guatemala was above the median for developing countries and LAC, but not El Salvador and Honduras.

Those expenditures included components of social assistance, but also other health and non-health interventions that cannot be considered part of the type of programs analyzed here.

El Salvador implemented a one-off transfer of USD 300 to households working in the informal sector and who consumed less than 250 kilowatt hours of energy each month. There were also in-kind transfers (food baskets distributed in April and August 2020 and some 320,000 Family School Meal Packages part of the school feeding program, delivered to families in municipalities with high indicators of poverty and malnutrition).

<sup>18</sup> The Cash Working Groups (CWGs), which are expanding in many developing countries, are coordinating mechanisms between the many international humanitarian agencies -mainly from the UN system- and NGOs related to cash transfers and related social interventions. More on this latter.

<sup>19</sup> There were monetary, tax postponements, utility waivers, and other economic measures in addition to the fiscal expenditures shown in Figure 11.

Honduras created a “Bono Unico” targeting independent workers who would become “new poor” because of the pandemic. It was a one-time payment of Lempiras 2,000 (somewhat more than USD 80) using a card (e-transfer); it excluded public employees and pensioners who received support through other programs. The existing cash-transfer program (“Bono Vida Mejor”) was also reinforced, expanding it to rural areas. Other programs included cash transfers to those needing to repatriate bodies of relatives that died due to COVID. There were also in-kind programs, such as Honduras Solidaria (which tried to reach 800,000 families with food and hygiene products every two weeks for 30 days).

Guatemala introduced emergency cash transfers as well: the “Bono Familia” was expected to reach 2 million beneficiaries for 3 months (1000 quetzals or USD 130 per month/beneficiary), targeted based on low electricity consumption or on socio-economic characteristics (in areas lacking electricity). It also removed conditionalities in the existing “Bono Social” cash transfer and facilitated the way it was disbursed payment to beneficiaries. Other programs included the expansion of the non-contributory program “Adulto Mayor;” issuing food transfers and vouchers for food, medicine, and equipment to prevent the spread of COVID-19 (targeting vulnerable families, the elderly and those in nursery homes); and extension of school feeding programs to reach children unable to attend school.

With the cash transfers implemented because of the pandemic there was a further convergence of social assistance and humanitarian programs. As noted in Chapman et al, 2022, “the COVID-19 pandemic proved an opportunity to pilot the use of the CVA<sup>20</sup> in new ways and drew on the expertise of different actors.... Governments were able to adapt targeting mechanisms, streamline databases, expand vendor systems, and evolve accountability and transparency mechanisms—elements which have enhanced national social protection programming overall” (page 6). They also noted that the pandemic accelerated these processes helping reform laws to provide CVA in emergencies and deploying cash grants in record time.

However, there are still clear obstacles to the integration of social assistance and humanitarian programs, as discussed immediately.

## **Integration of social assistance and humanitarian programs**

As noted, the sequence of crises leading to humanitarian programs, along with the expansion of the permanent social assistance programs, and the fact that both types of interventions are using cash transfers or vouchers, have led to an increasing interest about how to integrate or articulate those programs. Figure 2 showed four options (Seyfert, Barca, Gentilini, Luthria, and Abbady, 2019) which go

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<sup>20</sup> CVA refers to cash and voucher assistance.

from parallel or stand-alone humanitarian programs separate from national systems to fully integrated national systems that are also shock responsive.

A further question is what dimensions or topics to consider in the potential alignment. For instance, Seyfert, Barca, Gentilini, Luthria, and Abbadly (2019) analyze the following dimensions: 1) Financing; 2) Legal and policy framework; 3) Setting eligibility criteria; 4) Setting transfer type, level, frequency, duration; 5) Governance and coordination; 6) Outreach; 7) Registration; 8) Enrolment; 9) Payments; 10) Case Management; 11) Complaints and appeals; 12) Protection of beneficiaries; 13) Information Management; and 14) Monitoring and Evaluation.

Figure 11 (from Chapman et al, 2022), presents an organization of similar topics or dimensions by broader groups and then disaggregated.

**Figure 11. Dimensions of social assistance and humanitarian programs**

| BUILDING BLOCKS  | COMPONENTS  |
|--|---|
|  <p>STAKEHOLDERS AND INSTITUTIONS</p> | <ul style="list-style-type: none"> <li>i Policy and regulatory frameworks</li> <li>ii Governance and coordination</li> <li>iii Institutional capacities</li> </ul>  |
|  <p>DATA AND INFORMATION SYSTEMS</p> | <ul style="list-style-type: none"> <li>i Social protection data and information systems including beneficiary registries; social registries and data protection</li> <li>ii Other civil registries</li> <li>iii Data on disaster/shock vulnerability including disaster vulnerability mapping, early warning systems and trigger indicators for early action</li> </ul> |
|  <p>CVA DESIGN</p>                  | <ul style="list-style-type: none"> <li>i Targeting design (e.g., coverage; criteria; methodology)</li> <li>ii Modality design including restrictions and conditions</li> <li>iii Transfer design (e.g., value, frequency, duration, exit)</li> </ul>  |
|  <p>DELIVERY SYSTEMS</p>            | <ul style="list-style-type: none"> <li>i Registration</li> <li>ii Enrolment</li> <li>iii Payment delivery</li> <li>iv Communication, complaints and feedback and accountability</li> <li>v Monitoring and evaluation</li> </ul>   |
|  <p>COORDINATION AND FINANCING</p>  | <ul style="list-style-type: none"> <li>i Guidance on government financing and SP</li> <li>ii Disaster risk financing</li> </ul>   |

Source: Chapman et al, 2022. Note: CVA is “cash and voucher assistance”

Problems of integration can occur along all or some of the dimensions in the Figure (Chapman et al, 2022). Some examples include:

- The legal and normative frameworks for disaster response may be separate from social assistance programs, and the ministries or agencies working on the latter may not have a mandate for emergency response or may not contemplate the possibility of scaling up under emergencies.
- There may not be legal norms that would allow governments to officially collaborate with the United Nations, and international and national NGOs in the case of humanitarian emergencies.

- The governmental institutions dealing with emergencies and those working on social assistance are usually different and may not coordinate their work within the public sector. Governments may lack a strong internal coordinating mechanism (such as the designation of a specific Ministry) to centralize decisions, ensure collaboration, and implement sectoral and territorial responses in ways that avoid duplications and gaps in coverage.
- This lack of coordination would be even more acute between public sector institutions and NGOs and other humanitarian and charitable organizations. Information about current and potential beneficiaries, and the risks and vulnerabilities that affect them is fragmented and incomplete.
- The processes and criteria to identify the population in need of support may be different across institutions of the public sector, and even more in regard to NGOs and humanitarian organizations.
- A unified database (with strong data management capabilities) of the people supported usually does not exist, and even there may be legislation or regulations impeding sharing that information across the government, UN agencies and NGOs.
- There may not be budgetary lines that can be scaled up both horizontally (new beneficiaries) or vertically (additional cash, voucher or in-kind support) in case of emergencies.
- The government may not have monitoring and evaluation systems or they do not operate together with those of NGOs and humanitarian agencies (which also may be weak in this regard).
- Operational procedures, and cash or vouchers delivery modes in the public sector may be very different from those utilized by NGOs and humanitarian agencies (including the persistence of physical, in hand, delivery of cash and vouchers).

On the other hand, governments can also take advantage of the extensive network of UN and NGOs already operating in their territories with humanitarian programs and use them for the implementation of social assistance programs. As mentioned, those humanitarian programs are supposed to be one-off interventions, but because of the sequence of negative shocks affecting the countries they have been operating during the last years on a more permanent basis; this has created strong networks of institutions with significant experience and operational capabilities on the ground, which can be leveraged for the programs discussed below. All those NGOs, properly aligned within common national strategies defined by the elected authorities, can be a powerful operational instrument to reach the intended beneficiaries and to achieve the desired objectives.

The next section looks at ways to redesign the cash-transfer and related programs. A following section estimates costs and analyzes some options to finance the implementation.

# BETTER DESIGNED AND SCALED UP SOCIAL ASSISTANCE PROGRAMS WITH IMPACT ON MIGRATION

## Some general considerations

A debate around social assistance programs (including cash transfers) has been about whether a best approach is the expansion of universal social services and programs based on human rights rather than the use of targeted programs. Obviously, an ideal system would offer quality universal programs and services, for the urban and rural population, and for all economic levels without distinction, including the different components related to social, infrastructure, and law and order aspects. Such a system would enhance people's welfare but can also help reduce migration by offering education, health, housing, better employment conditions, and improved security within the national geographical space of the potential migrants.

But, while working on the expansion and strengthening of universal services, targeted approaches can help to reduce poverty and vulnerability and strengthen livelihoods and resilience, while also reducing migration.

Here in particular the focus is on the subset of social assistance programs, such as conditional cash transfers and related interventions. Some argue that in practice in many developing countries, social assistance programs in rural areas have simply been a mechanical extension of the urban social protection system, in which those with formal employment receive benefits within the contributory systems and the poor and those with informal jobs are supported with non-contributory schemes, to try to remedy labor and income distribution problems *ex post* (see, for example, FAO, 2016).

This discussion has been leading to the development of models of social assistance that consider the specific characteristics of peasants, small farmers, informal workers, and vulnerable people in rural areas, while also broadening the focus towards productive and technological approaches that can contribute to improving the economic and environmental sustainability of the families involved (see, for example, de la O Campos et al, 2018; FAO, 2016, 2017 and 2018).

The combination of CCT and programs with support for livelihood activities have been shown to increase household productivity and income, diversify income and help families to accumulate assets (see the brief review of programs in Peru, Colombia, Ethiopia, Lesotho, Malawi, and Brazil in Andrews et al, 2021). In the case of El Salvador, it was shown that the combination of “Comunidades Solidarias Rurales” and the “Fondo de Inversión Social para el Desarrollo” (a combination of a conditional cash transfer and an agricultural development program) increased income diversification for small- and medium-scale farmers and access to credit for subsistence farmers (de Sanfeliú, Ángel, and Shi 2016).

However, to achieve those enhanced results the programs need to be well designed and effectively coordinated to provide a combination of interventions that address the multiple constraints faced by the vulnerable participants (Andrews et al, 2021)

Further, the direct and indirect impacts of a combination of large-scale social assistance and livelihoods programs may generate spillover effects in the larger rural economy through general economic multipliers (Andrews et al 2021). Broader territorial development can not only improve the welfare of the population in the areas benefitted, but also reduce migration.

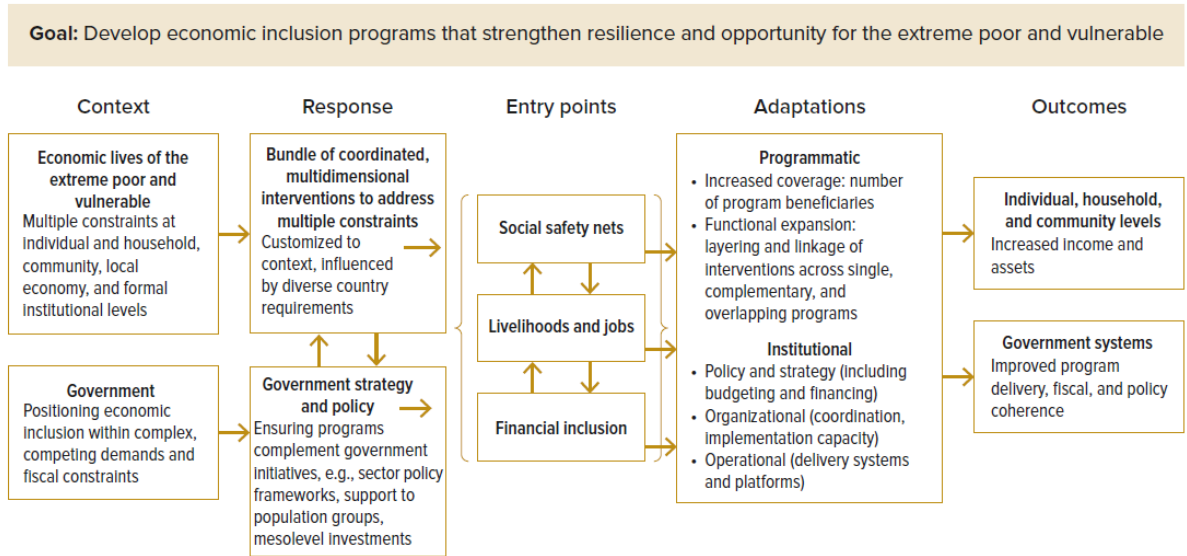
In summary, it seems relevant the analysis and creation of an instrument for the rural areas that can combine the social, productive, and environmental dimensions, with a percentage of cash transfers related to poverty levels; another to cover the additional cost of implementing sustainable adaptation and mitigation technologies; and another for environmental, forest, biodiversity, and ecosystem protection/restoration services. This instrument should also include other forms of productive, organizational, and commercial support for poor and family producers.

This would help in a whole series of dimensions for the economic and social development of rural inhabitants with a focus on strengthening assets (human, financial, technological, natural, physical, social, political) in the hands of vulnerable populations, reinforcing the resilience of rural communities.

Besides enhancing the welfare of the families involved, these programs would be addressing some of the aspects that can help reduce migration, such as cultivating higher-value crops (Ceballos and Hernández, 2020), and coping with environmental shocks. They may also help to reduce crime, thus addressing another of the drivers of migration (see Machado, Rodrigues, Rasella, Lima Barreto, and Araya (2018) , Lance, (2014) and Meloni, O. (2014)).

More generally, recent work by the World Bank has expanded the framework for social inclusion, both in rural and urban settings, by defining multidimensional programs with social safety nets, livelihoods and jobs, and financial inclusion (see Figure 12, from Andrews et al. 2021).

**Figure 12. A Broader Framework for Social Assistance and Inclusions Programs**



Source: Andrews et al, 2021

The question is whether the combination of cash transfers and livelihood activities that imply that a significant part of the family needs to stay in the area, would be enough to reduce or deter migration, or whether additional conditionality may be needed (see next section).

## More specific aspects of the design of the social assistance programs

### \*Legal and policy framework.

There should be an overall legal and policy framework defined by the government, and all the operations should be framed by it. That framework should consider the social assistance and developmental programs, along with the humanitarian responses to shocks, in what has been called “shock-responsive social protection.” Climate, health, social and other shocks will continue to affect the people in those countries, increasing poverty, vulnerability, and migration. Therefore, preparedness for emergencies should not be separated from more permanent interventions related to social assistance. An adequate legal, policy and regulatory framework, rather than emergency decrees that are temporary, should update the mandates and operations of the agencies in charge of social protection so they can expand operations during emergencies using cash transfers and vouchers, making national social protection systems effectively shock responsive.

The legal framework must also designate a key Minister in a coordinating role, and the contribution of other Ministries and agencies to carry out complementary and supporting activities (for example, provision of agricultural technical assistance, productive and marketing support, financing, infrastructure development, and so on).

That legal and regulatory framework needs to also cover the topics discussed immediately below.

**\*Target population and coverage.**

The first question is what are the population groups to be considered, given the problems that need to be addressed. Using broad geographic targeting of beneficiary groups may facilitate the operationalization of the programs, considering the areas with a larger incidence of poverty, international migration flows, environmental problems, and vulnerability to climatic shocks, and violence. Within those areas then poverty and/or nutrition indicators can be utilized to define the population covered.

Another group to consider is the youth in danger to become involved in gangs and crime networks, fueling migration as well. That may be addressed with training and work programs for the youth. There have been experienced in the region of vocational and employment training programs and temporary apprenticeships for adolescents and the youth (see Labor Programs in Annexes B-D). However, several of them appear to have been discontinued and/or merged into other programs like in the case of Guatemala and/or relied exclusively on the availability of external financing like El Salvador. In any case, they are not currently very relevant in terms of coverage or money devoted to them (see data in Annexes B-D).

Besides considering programs addressing the causes of migration, it should help to include as target population the returning migrants, and also internally displaced population. In Honduras, Norwegian Refugee Council (NRC) and UNICEF have been working with the government on internal displacement issues, and on vulnerable populations, such as returnees and migrants, including child and adolescent migrant returnees. The interventions include shelter, but also cash transfers. For instance, the GoH, UNICEF, and an NGO (Action Against Hunger acting as the implementing partner) are operating a new unconditional cash transfer for returned migrants of up to about 300 dollars per household, expecting to reach 1,700 households in 2021, which then may be included in the national programs for social protection (Chapman et al, 2022).

**\*Type of programs and conditionality.**

Cash transfer programs are important to alleviate poverty and food insecurity, and, as argued before, can help to reduce migration when they are properly designed. At the same time, they expand the domestic demand of the poorest and most vulnerable (who have a greater propensity to consume local products), in a virtuous cycle that can sustain economic development and employment in the areas covered, and even reduce violence and stabilize the political situation. A strong and well-targeted cash-transfer program that addresses direct social conditions and also helps jump start the economy, would

eventually have to transition to a more general program of growth, employment, and financial inclusion, in turn helping to reduce over time the need for an extensive safety net.<sup>21</sup>

As noted, those programs have been evolving into more complete mechanisms to address social vulnerabilities, both in the rural sector (including poverty, nutrition, environmental, and productive payments; FAO 2017; De La O Campos et al. 2018), or more generally for rural and urban settings, by defining multidimensional programs with social safety nets, livelihoods and jobs, and financial inclusion (see Andrews et al. 2021).

In any case, the program should aim at maximizing also the positive developmental impact on the rural economy, and diversifying rural employment opportunities, especially for women and young people.

Those programs can also be combined with public works programs for the development of community infrastructure (such as irrigation systems, road maintenance, cleaning, and environmental protection activities) that can improve the natural habitat, lower transaction costs, improve market access, and increase incomes for small farmers and non-agricultural SMEs. Those public work programs were found to provide additional incomes to households and, when well designed, to reduce migration as well (see the review of cases in a previous section). They can also help to provide the youth with initial employment opportunities and reduce violence (helping to further reduce migration).

But the question posed before remains: would those programs be enough to deter migration, or additional conditionality may be needed to affect the latter?

As noted, conditionality related to proof of school attendance and health check-ups for children and adolescents may keep families in the area, diminishing the incentives to start dangerous trips to the United States. Cash transfers that are also supported by productive activities, payments for environmental services provided, and work in public infrastructure would also require the presence of the beneficiaries in the area. A more drastic approach would be to define a conditionality for the cash transfers that ask for proof that all the members of the family stay in the country (although not necessarily in rural areas, considering that for some members of poor and vulnerable households, internal migration would be a more durable alternative for improving their incomes).

**\*Type, amount, frequency, and duration of transfers.**

In general, there has been a transition in many developing countries from support in-kind, to vouchers, and then to cash transfers. That process should continue. In this regard, governments need to align the decisions of all programs about the amounts of the cash transfers (for example related to a food basket

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<sup>21</sup> It should be noted that studies that estimated the cost of eliminating hunger (such as FAO, IFAD, WFP, 2015 and Laborde, Parent and Smaller, 2020), use an approach that start with strong safety net and then are coupled with productive investments that, over time, increase employment and incomes and reduce the scale of the needed safety nets.

or a poverty line), the periodicity (for many continuous transfers would be monthly, but in cases of natural disasters may be a one-off, or a time-limited transfer), and the duration (for instance, whether there is an age limit, or a condition that defines the termination). Ideally, social safety nets should be flexible enough to expand its response in the case of specific natural disasters or other temporary crises, such as what seems to be happening in Guatemala.

**\*Institutional aspects. Governance and coordination.**

There are at least three levels to consider. First, is the coordination within the government. As mentioned, it is crucial to define a focal Ministry for the institutional, policy, budgetary, and operational coordination. The three countries mentioned have formally defined some focal points for coordination (such as the Office of the Presidency in Honduras), however, it is not clear the operational capabilities and the procedures to effectively carry on that coordination. Ideally, those focal points should coordinate the social assistance, humanitarian/emergency programs, and developmental complementary activities. The legal framework mentioned before should also define which Ministries and agencies are responsible for which population of concern, activities, and/or geographical areas. A clear framework will facilitate coordination during normal operations, for preparation ahead of an emergency, and during a crisis.

A common problem in many developing countries is the frequent political, technical, and bureaucratic turnover, which drains governments of technical expertise and institutional knowledge, weakens the coordination within the governments, and also limits the possibility of long-term agreements with other actors. In many cases, continuity of programs depends on having an international institution (such as a multilateral bank, or a UN agency) as a partner, which would ensure that projects are completed even with a turnover of government personnel.

Second, is the coordination with international institutions (bilateral and multilateral). Having a focal Ministry (first level) is also crucial to coordinate the work of the multiple international institutions, with their different sources of financing, operational procedures, and monitoring and evaluation requirements. This variety of international institutions is also a reason for the fragmentation of social programs at the country level: with each project financed by multilateral or bilateral agencies, governments in the three countries (as in many developing countries) tend to announce and set up a new program, usually with a separate and new executing unit. This creates duplications and overlaps, with programs “fighting” for the same beneficiaries, which creates confusion and frustration among the latter. It also leads to gaps in coverage.<sup>22</sup>

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<sup>22</sup> The Coordination Centre for the Prevention of Natural Disasters in Central America (CEPRENAC) can play a role in linking international multilateral and bilateral agencies, NGOs, and civil society for humanitarian and social protection programs (Chapman et al, 2022).

Third, coordination of the multiple national and international NGOs that operate, and in many cases finance, social, developmental, and humanitarian programs. Those NGOs by and large operate separately from governments, in part because of the desire to be seen as politically impartial, and due to differences regarding the target groups identified and the humanitarian principles applied.

Some UN agencies and NGOs have been developing a coordinating mechanism called Cash Based Transfers Working Group (CWG) related to cash transfers and related social interventions. The three countries considered have operating CWGs. They provide a setting to exchange information, harmonize approaches, coordinate interventions, avoid gaps and duplication, and analyze the results and impact of cash transfers. The hybrid structure of UN agencies and NGOs may help ensure accountability and improve implementation across international agencies and NGOs. But they do not always include the government, which limits their long-term value to ensure technical and operational sustainability of broad national programs of social protection.

Ideally, the lessons learned and the operation of those CWGs should be subsumed into government-led Social Sectoral Coordination Groups, where international agencies (UN and others) and NGOs with long experience can provide technical and, also, operational assistance to governments (i.e. helping to carry out operations directly and not only “advising” on how those operations should be implemented). That support should include not only the actual delivery of cash transfers, but also setting up and operating the financial, accounting, and audit systems to report on activities, coverage, resources received and transferred, beneficiaries, and administrative costs.

Those coordination spaces should have a Permanent Secretariat, with a civil society consultative committee, an information and targeting system orientation committee, and an implementation and sectorial coordination monitoring committee. It should develop national and local operational plans for social protection but also include plans for social emergencies related to natural disasters and/or pandemics.<sup>23</sup>

Beyond the organizational aspects, an integrated and broad social assistance program needs an annual Operational Plan, with budget, targets, responsibilities, and control mechanisms. What is required are programming and coordination mechanisms oriented towards action and results, articulated around the budget. Operational problems can be helped by some organizational changes and functions in the government’s chart, but fundamentally require a disciplined implementation of the cycle of Programming, Execution, and Control (PEC) (see a discussion in Diaz-Bonilla, Biermayr-Jenzano, and Paz, 2020).

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<sup>23</sup> It would help to have Emergency Preparedness Protocols or Plans, including ways in which the different actors would collaborate ahead of crisis on topics such as identification of beneficiaries, platforms for data sharing, contracts with service providers and voucher vendor networks, and other operational aspects (Chapman, et al 2022).

In addition to more flexible legal and institutional frameworks, the governments may need to develop contracts, memorandums of understanding, and other types of formal agreements across the public sector, but also with UN agencies and NGOs working on humanitarian emergency programs.

It was mentioned that the COVID pandemic had a positive impact on deepening and expanding humanitarian and social assistance coordination around the instrument of cash transfers and vouchers, while developing a denser network of on-the-ground implementers, which include UN agencies and national and international NGOs. They can support governments with technical assistance, but also operational and financial support to improve the targeting, delivery, monitoring and evaluation of social assistance and humanitarian programs.

**\*Operational arrangements and delivery modes.**

While working with multiple implementers creates coordination problems, it offers as well both a solid network of proven operators and a richness of experiences on the ground about what worked and what did not.

The on-the-ground operators are crucial for a variety of functions (see for instance Seyfert, Barca, Gentilini, Luthria, and Abbady. 2019). They include Outreach (communication campaigns and home visits to ensure that the information necessary reaches people targeted by the transfer); Registration and Enrolment (when potential beneficiaries formally express their desire to be enrolled into the cash assistance program and become beneficiaries); Payments (through some public or private financial mechanism); Case Management (i.e. the follow up of beneficiary's needs); and Complaints and Appeals (mechanisms through which beneficiaries present their concerns or appeal decisions regarding their expected benefits). There must be clear protocols and assignment of responsibility for those functions defined by the national authorities, as discussed before.

Regarding operational aspects related to payments/transfers there are different options, such as (i) debit cards; (ii) electronic transfers using mobile payments; (iii) food vouchers; (iv) cash-in-envelopes; and (v) food in-kind (in declining order of the use of digital to physical delivery modes). The different mechanisms have also diverse financial and telephone operators. Ideally, payments should be delivered through secure mechanisms such as debit cards or digitally, which also help to build information and monitor delivery to beneficiaries.<sup>24</sup> It also requires engaging public and private banks and financial operators, as well as telephone operators.

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<sup>24</sup> Some countries, such as the Dominican Republic have piloted QR codes and plastic debit cards with chips to increase the security of recipients receiving cash or redeeming vouchers, while monitoring their delivery (Chapman, et al 2022).

A further level is the work with local government and local communities. The engagement of locally based organizations is vital for the adequate delivery of programs, particularly in zones affected by conflict and violence.

While a central coordination is needed, the complexity of multi-component interventions makes it difficult for a single Ministry or agency to deliver all of them. Therefore, those programs will require partnering with a variety of public, private, and civil society groups at the national, regional, and local levels.

Adequate messaging to the people in general and to the intended beneficiaries, in particular, is crucial to generate participation, avoid exclusion errors and duplications, manage expectations and eliminate perceptions of political bias (Chapman et al, 2022).

**\*Data, monitoring, evaluation, and control.**

Only with adequate information can programs be designed, executed, monitored, and evaluated. This requires having a registry of participating individuals or families to be able to cross-check the benefits obtained together with the results of interest observed (changes in income, consumption, diets, health indicators, and other relevant variables). This information should be translated into shared diagnoses and visions that inform the activities of the different ministries and agencies. The databases need to be expanded and integrated (with adequate georeferencing) and eventually could be merged into a comprehensive taxpayer/citizen identification card.

All programs should report systematically and annually on their activities, coverage, resources received and transferred, beneficiaries, and administration costs. Independent civil society organizations can help with the oversight of the execution of cash transfers. Digitalization and call centers can be used to check directly with beneficiaries whether they are receiving the cash transfers and other benefits (see also, for example, the work in Guatemala explained in Hernández, Robles, Ceballos, García Martínez, and Britos. 2016).

A problem already mentioned is the legal and operational barriers in data sharing both within and across governments, international institutions, and NGOs. Each actor may have its own tools to collect information (not necessarily focusing on the same type of information) and different data protection policies, which prohibit or limit sharing because of privacy considerations or concerns about the potential misuse of that information (for example for political manipulation).<sup>25</sup> On the other hand, that lack of sharing key information contributes to duplication of recipients, exclusion errors, and confusion among the beneficiaries.

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<sup>25</sup> The role of international agencies such as the World Food Program (which have their own standardized procedures and mechanisms to collect and maintain lists of beneficiaries) may be crucial in developing integrated data bases at the country national.

Ideally, there should be a single social and economic registry, with a common tool for data collection and clear data protection protocols agreed in writing. Honduras has been experimenting with data management mechanisms that include a single registry of participants (RUP in Spanish) and a single socio-economic form (FSU in Spanish), which was implemented during the recent COVID19 pandemic (Chapman et al 2022).

If that cannot be done, at least the linkages and interoperability across different databases should be enhanced. Data management platforms that are interoperable with payment systems can also help to perform the monitoring, evaluation, accountability, and learning functions. The single registry may include not only current beneficiaries but also those that may have to be included in case of emergencies.

## COSTS AND FINANCIAL ASPECTS

### Costs

How much would cost a social assistance program that helps reduce poverty and vulnerability, while deterring international migration flows? This depends on the objectives desired: for instance to eliminate poverty at some level of the poverty rate; or to eliminate malnutrition, depending in turn on whether it is defined only as minimum energy diet, or as some type of better diet; or other possible objectives, such as supporting the youth not in education, employment or training (NEET), a condition that makes them vulnerable to sexual exploitation, violence and also is a driver for migration (see for instance Isaacs, 2019; Clemens, 2017; and ILO, 2020).

Those definitions determine the number of people to be included in the programs and the amount and duration of cash transfers per person. There are some estimates of different combinations of social protection and assistance programs that include the three countries considered. For instance, Filgueira and Espíndola (2015), estimate various models of social assistance, but the more relevant here would be the one that considers an allowance equivalent to the poverty line for the first child and then 0.66 for the second and third, and no additional payments for the fourth, for children under 15 years and for households with incomes below 1.8 of the poverty line. The costs estimated are about 2.1% of the GDP in El Salvador, 4% in Guatemala, and 3.5% in Honduras. Ortiz and others (2017) consider a different program of social protection,<sup>26</sup> which they estimate at 1.6% of the GDP in El Salvador, 3.7% in Guatemala, and 7.2% in Honduras.

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<sup>26</sup> Cost of a child benefit of 25% of the poverty line to all children (less than 5 years old); Cost of a benefit of 100% of the poverty line to all orphans; Cost of a benefit of 100% of the poverty line over 4 months to all mothers with newborns; Cost of a benefit of 100% of the poverty line to all persons with severe disabilities; Cost of a benefit of 100% of the poverty line to all persons aged 65 and more

Here we present some preliminary calculations for programs focusing on poverty/malnutrition (with livelihood/environmental components) and for NEET youth from 15 to 24 years.

Table 7 shows the number of poor (using the last percentages for 2020 from World Bank, 2021) and undernourished people (using last percentages from 2019 in WDI/World Bank, similar to data in SOFI 2021).

**Table 7. Number of poor and malnourished (million people)**

|             | Number of poor 3.2 PPP/USD/capita/day (millions) | Number of poor 5.5 PPP/USD/capita/day (millions) | Number of undernourished (millions) |
|-------------|--|--|-------------------------------------|
| El Salvador | 0.37   | 1.63   | 0.55                                |
| Guatemala   | 4.05   | 8.00   | 2.79                                |
| Honduras    | 2.83   | 5.58   | 1.32                                |

**Source:** authors with World Bank, 2021 and WDI. The percentages of poverty incidence are applied to the population in 2020/2021.

El Salvador has not updated the methodology for poverty calculations, and therefore the numbers may be underestimating the incidence of poverty. An indication of that underestimation may be that the number of poor at 3.2 PPP/USD/capita/day (which is above the line of extreme poverty of 1.9 PPP/USD/capita/day) is lower than the number of undernourished (which should align with the levels of extreme poverty that are better represented by the 1.9 PPP/USD/capita/day<sup>27</sup>). In the other two countries, the number of undernourished is lower than the number of poor people at 3.2 PPP/USD (as it should be always the case considering that it is linked to a lower poverty line). Therefore, in Table 8, we use the number of poor people at 5.5 PPP/USD for El Salvador, and 3.2 PPP/USD for Guatemala and Honduras (rounding the values in Table 7).

**Table 8. A Calculation of Costs of a Poverty Program**

|             | Number of Poor (millions of people) | Cost (millions of USD) | %GDP | % Population |
|-------------|-------------------------------------|------------------------|------|--------------|
| El Salvador | 1.6                                 | 292                    | 1.1  | 24.7         |
| Guatemala   | 4.0                                 | 730                    | 0.9  | 23.7         |
| Honduras    | 2.8                                 | 511                    | 2.1  | 28.3         |

**Source:** Authors

<sup>27</sup> In theory, the number of people in extreme poverty and those undernourished (hungry) should be similar, given that both estimates are based on a basket of food that allows a minimum of energy consumption per person/day. Because the metrics and methodologies are different those numbers in practice are usually not exactly the same. But they cannot be very different. In the case of El Salvador, the discrepancy appears too large.

The calculation is based on the poverty lines in local currency units in the country profiles at the Poverty & Inequality Platform (PIP) of the World Bank (which corresponds to what is called the “Lower Middle Income Class Poverty Line” or 3.2 PPP dollars/per capita/day).<sup>28</sup> The lines were updated to 2020 using the values of the CPI by countries, and then divided by the market exchange rate (in the case of El Salvador is 1). It resulted that the values of the poverty lines in USD were around 2 current dollars/capita/day in all three countries (year 2020). The poverty gap in Guatemala and Honduras was about 20% at 3.2 PPP/USD (in El Salvador was lower, but because of the reason mentioned before, we are using the value of the other two countries as a benchmark).<sup>29</sup> The minimum cost of the program is calculated with the value of the gap in USD at 25% of the poverty line (to place the persons somewhat above that line), multiplied by the number of poor people, times 365 days.

The program would include conditionality about health and educational obligations until 15 years, or equivalent obligations that ensure that children and adolescents until that age receive adequate health and educational services, which in addition would reinforce the pull factors to remain in the country. This is relevant considering the increase in minors migrating to the United States in the last years. It should be noted that current CCT programs include this type of conditionality. But the impact on migration is limited because of the lower coverage of the population (see the section on Social Assistance Programs and Annexes B, C, and D).

Next Table 9 considers an additional livelihood/environmental component per household (using an average of 4.5 persons per family<sup>30</sup>).

**Table 9. Costs of Additional Livelihood/Environmental Component**

|             | Households (thousands) | Cost (million of USD) | %GDP |
|-------------|------------------------|-----------------------|------|
| El Salvador | 355.6                  | 113.8                 | 0.4  |
| Guatemala   | 888.9                  | 284.4                 | 0.4  |
| Honduras    | 622.2                  | 199.1                 | 0.8  |

Source: Authors

<sup>28</sup> Honduras: [https://databank.worldbank.org/data/download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/current/Global\\_POVEQ\\_HND.pdf](https://databank.worldbank.org/data/download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/current/Global_POVEQ_HND.pdf); Guatemala: [https://databank.worldbank.org/data/download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/current/Global\\_POVEQ\\_GTM.pdf](https://databank.worldbank.org/data/download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/current/Global_POVEQ_GTM.pdf); El Salvador: [https://databank.worldbank.org/data/download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/current/Global\\_POVEQ\\_SLV.pdf](https://databank.worldbank.org/data/download/poverty/987B9C90-CB9F-4D93-AE8C-750588BF00QA/current/Global_POVEQ_SLV.pdf).

<sup>29</sup> Boban Varghese Paul, Puja Vasudeva Dutta, Sarang Chaudhary (2021) present actual estimates of costs per beneficiaries for programs that include social safety nets through cash transfers plus livelihood and financial inclusion programs in several developing countries (not only LAC). The average one-time cash transfer or value of asset transfer per beneficiary in about 18 programs reviewed was 500 USD PPP (2011); for monthly transfers the amount per capita was about 7.4 USD PPP (2011) in 11 programs; and for public work programs the wages per day averaged 4.4 USD PPP (2011). Therefore, the monthly value utilized is above the average shown in Boban Varghese Paul, Puja Vasudeva Dutta, Sarang Chaudhary (2021). The conversion factor for PPP USD to market dollars is an average and median of somewhat below 0.5 for all low-income countries.

<sup>30</sup> Using data in <https://population.un.org/Household/index.html#/countries/340>

The estimates include the equivalent of the average annual grant for livelihood purposes plus 30 days of work on environmental issues per household, using the average costs shown in Boban Varghese Paul, Puja Vasudeva Dutta, Sarang Chaudhary (2021) (see footnote) and adjusted to market exchange rates.

Finally, we estimate the potential costs of supporting the young population that it is not in education, employment, or training (NEET). The number of youths as NEET is in Table 10. The three countries have about 28% of the young population as NEET.<sup>31</sup>

**Table 10. Number of NEET youth (Thousands)**

|             | NEET of 15-24 years (Thousands) | NEET of 15-29 years (Thousands) |
|-------------|---------------------------------|---------------------------------|
| El Salvador | 338.3                           | 501.4                           |
| Guatemala   | 987.9                           | 1412.2                          |
| Honduras    | 574.6                           | 824.0                           |

Source: authors based on WDI/WB

Table 11 estimates those costs for NEET between 15-24 years. The program would pay for further studies and apprenticeships (in work settings). There are two options: in one the NEET youth would receive about 20% of the statutory minimum wage.<sup>32</sup> In the other estimate the payment is 40 USD per month, which is close to the average payment for public work programs reported in Boban Varghese Paul, Puja Vasudeva Dutta, Sarang Chaudhary (2021). Payments are monthly for the whole year.

**Table 11. Costs of supporting NEET youth.**

|             | Cost at 20% of statutory minimum wage | %PBI | Cost at 40 USD/month | %PBI |
|-------------|---------------------------------------|------|----------------------|------|
| El Salvador | 197.3                                 | 0.7  | 162.4                | 0.6  |
| Guatemala   | 918.7                                 | 1.2  | 474.2                | 0.6  |
| Honduras    | 379.3                                 | 1.5  | 275.8                | 1.1  |

Source: Authors

It should be noted that all three countries have these types of programs, aimed at training and integrating the youth in the labor markets. The problem, as mentioned, is the limited coverage: based on the data in Annexes B, C, and D, the relevant labor programs for the youth (JóvenES con Todo in El Salvador, Programa Beca Social Primer Empleo in Guatemala, and Chamba Jóven in Honduras) cover only

<sup>31</sup> Averages for the percentages of youth as NEET in 2015-2020 are 27.8% (El Salvador), 27.4% (Guatemala) and 27.5% (Honduras) (WDI/WB database). That percentage is applied to the population by ages in 2020.

<sup>32</sup> Using the norms from Labor Ministries in all three countries for 2019/2020 and using those years market exchange rates, the approximate monthly value is about 240 USD in El Salvador, 380 in Guatemala, and 275 in Honduras.

about 7200 people in El Salvador, 700 in Guatemala, and some 22600 in Honduras (data for 2016 or 2017), which represent only some 2.1%, 0.07%, and 3.9%, respectively, of the NEET 15-24 years by country in Table 10.

In total, and considering the second option for the NEET, the total annual cost for the three programs in Tables 9-11 would amount to about 570 million USD in El Salvador (2.1% of GDP), 1490 million USD in Guatemala (1.9% of GDP), and almost 990 million USD in Honduras (4% of GDP). To those values, there would be an addition of administrative costs that need to be included in the costs.

As discussed in the section describing the social security and assistance programs in El Salvador, Honduras, and Guatemala, those countries spend a lower percentage of their GDPs compared to other countries in the region; in fact, they are the three with lowest level of expenditures (Figure3).<sup>33</sup> The transfers per capita seem smaller than the comparators as well. Further, the distribution of benefits among the different income quintiles indicates that the poorest groups receive relatively fewer resources than in other comparable countries (and, on the other hand, higher income sectors receive comparatively more funds). Therefore, those three countries showed smaller improvements in the indicators of inequality and poverty. It was mentioned that these problems suggested at least two types of adjustments a) better targeting with the same spending levels, and b) increases in the level of spending. In particular, given the low coverage mentioned of the current small and fragmented programs, the limitation to achieving impact is that they do not have the adequate scale to address the problems they intend to solve.

Those topics are analyzed immediately, taking a broader view of all expenditures and revenues.

## How can those programs be financed?

There are two main approaches to finance the costs of the programs considered. The first one is to rationalize expenditures within the current fiscal envelopes, allocating more funds to the desired objectives, while reducing resources for other public programs or activities considered less relevant. If that is not enough to finance the programs prioritized, then the next step would be to increase revenues. As those programs would represent recurrent costs for several years, it is not advisable to finance them mainly with debt, except perhaps the components related to production and environmental improvement with quicker returns on growth and employment.<sup>34</sup>

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<sup>33</sup> The reaction to the pandemic led to important increases in fiscal expenditures in all three countries (Table 6) compared to the previous values, but only Guatemala was somewhat above the median for LAC and developing countries. Further, those expenditures were temporary.

<sup>34</sup> There may be a (small) percentage that can be money-financed in Guatemala and Honduras (not in El Salvador because of the full dollarization of the economy), if certain amount of the seigniorage is assigned to finance those programs (but this option is not considered here). Also, there is a very valid argument that poverty programs with health and education conditionality help build up human capital, and therefore they are also investments. This is a strong argument to start those programs with support from multilateral banks, but eventually the funding has to transition to local revenues

The first approach (streamlining expenditures within the current fiscal envelope) should be based on rigorous public expenditure reviews. A full exercise in that direction is not attempted here. In what follows there are just some examples of areas to consider for a broader public expenditure review.

**\*Reallocating expenditures**

In Figures 4, 5, and 6 it was shown that an important part of the benefits of social assistance, which is supposed to focus on poorer and more vulnerable people, went to quintiles 3<sup>rd</sup> and up. Table 12 shows the numbers for the three countries, in the last survey conducted with the relevant information.<sup>35</sup>

**Table 12. Percentage of Benefits for Higher Quintiles**

| Quintiles       | El Salvador | Guatemala | Honduras |
|-----------------|-------------|-----------|----------|
| 3 <sup>rd</sup> | 17.4        | 20.0      | 16.7     |
| 4 <sup>th</sup> | 15.6        | 13.7      | 12.6     |
| 5 <sup>th</sup> | 9.5         | 10.0      | 16.1     |
| Total           | 42.5        | 43.8      | 45.3     |

Source: Authors with data from ASPIRE, World Bank

More than 40% of the benefits in all three countries go to quintiles 3<sup>rd</sup> and higher. This suggests the possibility of reallocating at least part of those benefits to the poorest and most vulnerable quintiles within the same budget envelope. For, instance, assuming that half of the benefit of the 3<sup>rd</sup> quintile and all of the amounts now going to quintiles 4<sup>th</sup> and 5<sup>th</sup> could be reallocated to the lowest two, that would imply that about 1/3 of the benefits could be shifted within the same budget envelope, which would amount to about 0.33% of the GDP in El Salvador, 0.12%% in Guatemala, and 0.14% in Honduras (using data from Figure 3).

There are other possibilities of reallocation public expenditures. A specific case are fossil fuel subsidies, which are shown in Table 13 (they include explicit subsidies and foregone revenue of taxes not collected using the database of Parry, Black, and Vernon, 2021).<sup>36</sup>

**Table 13. Fossil Fuel Subsidies**

| Explicit plus Revenue Foregone | Million USD | % GDP |
|--------------------------------|-------------|-------|
| El Salvador                    | 440         | 1.7   |
| Guatemala                      | 289         | 0.4   |
| Honduras                       | 70          | 0.3   |

Source: authors using the database of fossil fuel subsidies by Parry, Black, and Vernon, 2021

<sup>35</sup> El Salvador 2014, Guatemala 2011, Honduras 2017.

<sup>36</sup> Parry, Black, and Vernon (2021) also calculate the costs and pricing of externalities related to the use of fossil fuels, such as climate change and health effects. The potential revenues of a possible carbon tax are discussed below.

There may be similar options to reallocate other public expenditures, applying criteria about their effectiveness, efficiency, and equity. For instance, the wage bill of the public sector as a percentage of GDP (average 2010-2018 from World Bureaucracy Indicators, World Bank) is 10.4% in El Salvador and 11.6% in Honduras, when the average for LAC is 8.1%. In Guatemala is only 4%, but basically because, as mentioned below, the country has one of the lowest levels of public expenditures in the world. Part of the problem may be that the public sector wage premium compared to all private employees (i.e. the percentage of public wages above private ones; average 2010-2018) is also high in all 3 countries: El Salvador, 50%; Guatemala, 44.2%; and Honduras, 43.3%, when in LAC is 31.4% (World Bureaucracy Indicators, World Bank).

**\*Options for scaling up expenditures**

Table 14 includes fiscal information about revenues, expenditures, deficits, and public debt as percentage of the GDP.

**Table 14. Fiscal Information (% GDP) (2021)**

|                                  | Revenues | Expenditures | Balance | Debt |
|----------------------------------|----------|--------------|---------|------|
| El Salvador a/                   | 26.7     | 32.4         | -5.7    | 84.4 |
| Guatemala a/                     | 10.6     | 14.0         | -3.4    | 32.4 |
| Honduras b/                      | 24.6     | 28.0         | -3.4    | 53.9 |
| a/ From Article IV consultations |          |              |         |      |
| b/ From IMF Fiscal Monitor       |          |              |         |      |

Source: Art IV consultations by country and IMF Fiscal Monitor, 2021

The margin that the three countries have for increasing expenditures in social assistance is very different. El Salvador already is above the equivalent fiscal indicators for LAC, where the average for the non-low-income countries in the region in 2021 were 25.6% of the GDP for revenues; 31.3% for expenditures, and 75.9% for public debt (IMF Fiscal Monitor, 2021). Therefore, the main task would be to analyze the equity, effectiveness, and efficiency of current public expenditures and evaluate the possibilities of reallocations. It was discussed already the topic of better focusing the programs of social assistance, and the margin for reducing fossil fuel subsidies. The recent IMF Article IV mentioned that under current policies the debt appeared in an unsustainable trajectory and discussed options to better balance fiscal accounts on the revenue and expenditure sides, for about 4% of the GDP (IMF, 2022).<sup>37</sup>

<sup>37</sup> Revenues: increasing excise taxes (½ percent of GDP); aligning the VAT rate with LAC and regional averages (1¼ percent of GDP); introducing a surcharge on corporate income tax for large companies (¼ percent of GDP); introducing taxes on capital gains and streaming services (0.1 percent of GDP each); a

On the other extreme is Guatemala, which shows fiscal indicators well below comparators such as low-income countries in LAC, which have average revenues in 2021 of 18.9% of the GDP; expenditures, 22.2%, and debt 42.4%, compared to 10.6% (revenues), 14% (expenditures) and 32.4% (debt) in the case of Guatemala (IMF Fiscal Monitor, 2021).

As noted by the IMF Guatemala 2021 “fostering inclusive growth requires that ...fiscal policy scales up in the near-term cash transfers for health, education, and nutrition interventions commensurate with the deterioration in social indicators. Over the medium term, the authorities should create fiscal space to address sizable social and infrastructure needs through improved tax collections, spending efficiency, and disaster risks and debt management.” Therefore, the IMF suggests several adjustments in revenues and expenditures.<sup>38</sup>

Honduras is in between, being less fiscally constrained than El Salvador, but also with less room than Guatemala to increase revenues and support larger social expenditures. Honduras has some special characteristics both on the expenditure and revenue sides. Regarding the first aspect, Honduras shows a proliferation of trust funds and extrabudgetary mechanisms that channel significant public resources and that are not integrated into the control and information system on budget execution. These funds require an adequate analysis of their use and complete integration into the budgetary system and control of public spending. That process is part of the conditionality of the current IMF program to improve budget transparency and accountability (see IMF Honduras 2021).

Another aspect related to expenditures is the high incidence of salaries in public spending, already mentioned. This is in part related to another aspect, also noted above, and which is common to many developing countries: average public sector wages that exceed those in the private sector. The current IMF program with Honduras has included as conditionality the need to align public salaries better with private ones, through a centralized mechanism of labor negotiations.

On the revenue side, a relevant topic is the high cost in loss of resources due to tax exemptions (also called tax expenditures) considered not equitable and which were estimated at about 7% of GDP in

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carbon tax based on CO2 emissions (0.3 percent of GDP; introducing a property tax and repealing VAT and income tax exemptions. Spending: make public sector wages consistent with private sector comparators, eliminating indexation rules, and removing redundancies (1¼ percent of GDP); better targeting subsidies, particularly on fossil fuels, (¼ percent of GDP); savings from transfers to local governments (½ percent of GDP) and centralizing purchases of goods and large investment projects (¼ percent of GDP) (IMF El Salvador, 2022).

<sup>38</sup> IMF Guatemala, 2021 identify as priority areas on the revenue side: “(i) rationalizing tax exemptions; (ii) strengthening the clearance process and imports valuation controls in customs; (iii) enhancing the control of medium and large tax payers, and those under special tax regimes; (iv) implementing a comprehensive plan on VAT credit control; (v) updating the taxpayer register; and (vi) automatizing core revenue administration processes.” (p.16) On the expenditure side: “(i) a reform of laws on civil service and salaries to align compensations with an effective provision of public services and to promote recruitment based on merit; (ii) an integral reform of the procurement law to reinforce transparency and accountability of public spending, and ensure an adequate balance between agility and competition; (iii) enhancing public investment management through multi-year

budgeting; and (iv) strengthening results-based budget management with medium- and long-term planning.” (p.15)

mid-2010s (IMF, 2018). Their gradual reduction was estimated by the IMF (2018) to potentially generate 1.5% of GDP in additional resources that can be used to expand spending for social assistance programs.

In all three countries taxing carbon emissions related to climate change can also collect additional resources: about 1.1% of the GDP in El Salvador, 1.2% in Guatemala, and 0.7% in Honduras (using the implicit costs related to climate change as calculated in the database to Parry, Black, and Vernon 2021).<sup>39</sup>

**\*Some concluding thoughts on costs and financing**

The brief analysis mentioned above shows that there is margin to finance a program of the size discussed before, through a combination of better use of current expenditures and some increases in revenues.

It should be noted that, for the countries involved, the social assistance programs outlined before would reduce other costs such as those related to crime, humanitarian crisis linked to migration, and environmental disasters, while also contributing to growth that would generate additional fiscal resources at current tax rates.

Currently, the private sector identifies crime and related problems as serious constraints to their operations. Table 15 shows results from the Enterprise Surveys of the World Bank.

**Table 15. Importance of Crime for the Operations of Private Firms**

|               | Cost of crime as % of sales | Percent of firms identifying crime, theft and disorder as a major constraint |
|---------------|-----------------------------|--|
| El Salvador   | 8.2                         | 48.5   |
| Guatemala     | 10.1                        | 38.0   |
| Honduras      | 11.9                        | 29.7   |
| LAC           | 7.5                         | 25.3   |
| All Countries | 9                           | 16.7   |

Source: Enterprise Surveys, World Bank

The percentage of firms identifying crime, theft, and disorder as a major constraint, and the related losses as a percentage of sales in all three countries are worse than for LAC and all countries included in the Enterprise Surveys of the World Bank. The cost of crime is the sum of the answers related to how much are paying the firms as a percentage of sales for security, plus the costs of theft and vandalism at the establishment, plus the costs of theft with merchandise in transit. That is an implicit tax that

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<sup>39</sup> Parry, Black, and Vernon 2021 also calculate the costs of other externalities related to health and transportation. Focusing only on the cost of the carbon tax, it has been argued that can be rebated to low-income households through cash transfers of the type discussed above (see for instance Zuluaga, Vogt-Schilb and Robles. 2019).

can be compared to their operating margins. For instance, in the US the S&P-500-listed companies have EBITDA<sup>40</sup> margins over revenues that are mostly between 11% and 14%, and 10% is considered a “good” margin.<sup>41</sup> Therefore, losses related to crime of the magnitude indicated above as percentage of sales would absorb a good portion of the EBITDA margins in those countries. Therefore, the private sector should consider that increases in taxes that help finance adequate programs that besides helping to support the poor and vulnerable can also reduce crime and increase economic growth (such as the programs outlined before) would represent a good bargain.

The programs discussed before could also benefit from more focused concessional and grant financing from multilateral and bilateral development agencies to help them attain full scale. Table 16 shows the different types of developmental flows as average for 2015-2020 (WDI/WB database): net aid by Development Assistance Committee members, both total and the amount corresponding to the United States; net flows by multilateral development banks (concessional and non-concessional) and funds related to UN agencies.

**Table 16. Net Development Flows (million USD) (annual average 2015-2020)**

|             | Net bilateral aid flows from DAC donors, Total (current US\$) | Of which, United States (current US\$) | Net financial flows, multilateral banks (NFL, current US\$) | Net official flows from UN agencies, Total (current US\$) |
|-------------|---|--|---|---|
| El Salvador | 187.4   | 99.9                                   | 51.6  | 7.2   |
| Guatemala   | 311.5   | 170.0                                  | -3.7  | 13.5  |
| Honduras    | 307.7   | 125.1                                  | 311.9   | 9.9   |

Source: WDI/WB.

Net flows in the case of grants are also basically equivalent to the gross amount of financing received, but in the case of loans the repayments of capital have to be subtracted (as is the case of most of the operations with multilateral banks). For instance, Guatemala has negative flows with the multilateral banks, because the country is repaying more than what was received in new loans from them. Bilateral aid, which is basically in grant form, is the main source of developmental funds for El Salvador and Guatemala and is very important for Honduras (although less than the net flows from multilateral development banks). In all three cases, the main bilateral donor is the United States.

In analyzing whether the United States could increase financing for the programs discussed, similar reasoning as it was argued for each individual country would apply: the economic costs of dealing with migration at the border and inside the United States (and not counting the humanitarian and political costs of the crises for this country as well) may justify using grants for several years to finance in part

<sup>40</sup> Earnings before interest, taxes, depreciation, and amortization.

<sup>41</sup> See for instance, Wiblin 2021, and INVESTOPEDIA TEAM. 2022.

the programs mentioned above. Further, a region that is more stable politically and that is growing faster, would also provide economic opportunities for US exports and investments (see for instance, Díaz-Bonilla, E., V. Piñeiro and S. Robinson, 2018).

## CONCLUSIONS

This document has argued that properly designed social assistance programs through cash transfers and related instruments can not only reduce poverty and increase resilience for a significant percentage number of vulnerable populations in El Salvador, Guatemala, and Honduras, but can also diminish international migration.<sup>42</sup> In order to achieve those results they need to be implemented at a scale that makes a difference. Small and fragmented programs will not improve much on the current situation.

The document then analyzed the links between social assistance programs and migration, highlighting the importance of conditionality that implies the need to stay in the area to receive the benefits. There was also an analysis of the relation between more permanent social assistance programs and humanitarian programs in response to individual crises. Given the sequence of the latter, it was argued for the need to have a more unified system, in what has been sometimes called “shock-responsive social assistance” (or social protection), and several lines of work for that to happen were discussed. Then several dimensions of the possible programs were analyzed, particularly the types of beneficiaries and the conditionality, identifying two main programs: a poverty program with livelihood and environmental components, and a program supporting NEET youth with further education and training for a first job. The final section calculated costs and ways to finance those programs. It was argued that the costs are financeable, and that the programs, besides poverty alleviation, increase in resilience, and reduction of migration, have further positive effects such as encouraging growth (and therefore helping increase revenues), and reducing other expenditures (such as those related to reducing crime and addressing humanitarian crises). These ideas can be developed further into more detailed programs for each country.

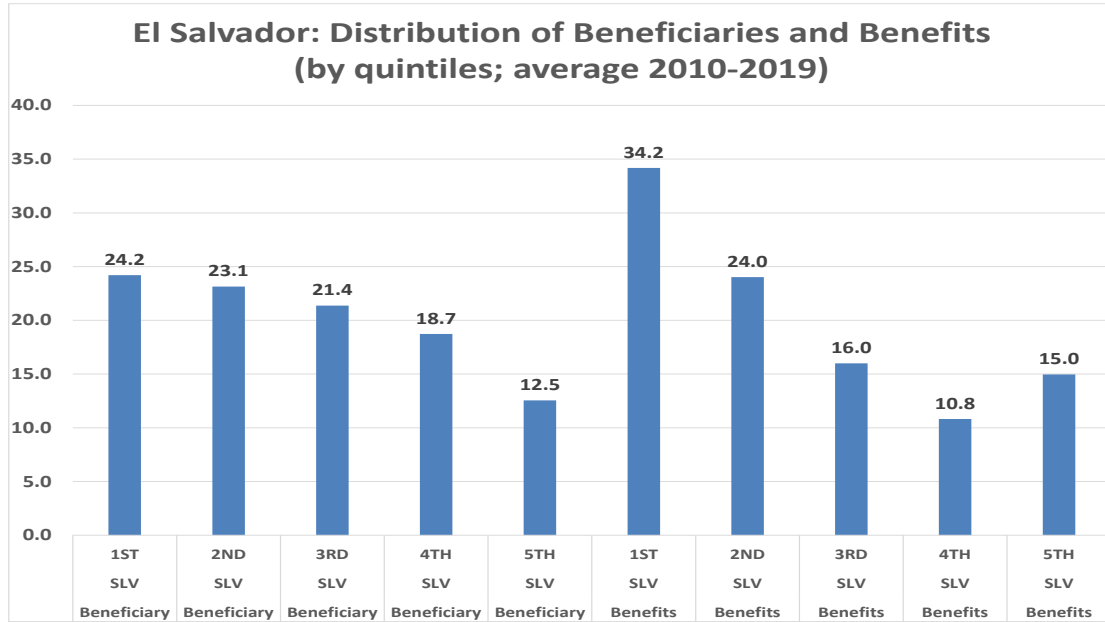
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<sup>42</sup> Using USAID indicators it is expected that those programs fully developed will support the countries involved with changes in policies, institutions, instruments and expenditures/investments that will contribute to reduced migration by improving indicators related to Objective 1: Inclusive and sustainable agricultural-led economic growth and IR.1: Strengthened inclusive agriculture systems that are productive and profitable (related to EG.3.2-24, EG.3.2-a); IR.2: Strengthened and expanded access to markets and trade (related to EG.3.2-26 Value of annual sales of producers and firms receiving USG assistance); IR.6: Improved Adaptation to and Recovery from Shocks and Stresses (related to EG.3.2-27, EG.3.1-c); IR.3: Increased employment and entrepreneurship (related to EG.3-g).

# ANNEXES

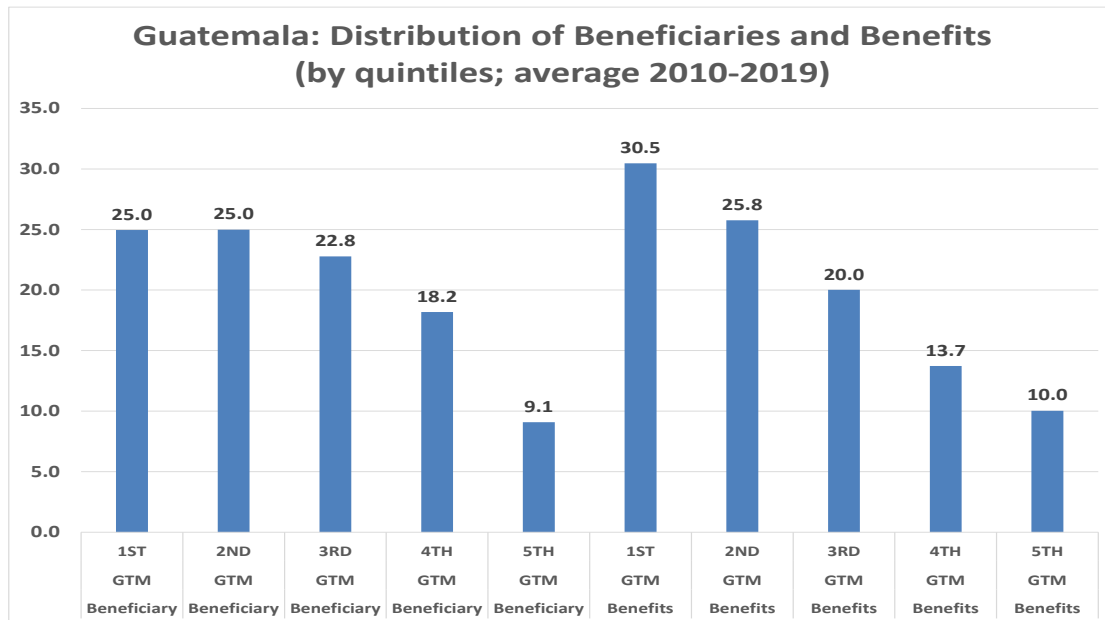
## Annex A

**FIGURE A.1. El Salvador: Distribution of Beneficiaries and Benefits (by quintiles; average 2010-2019).**



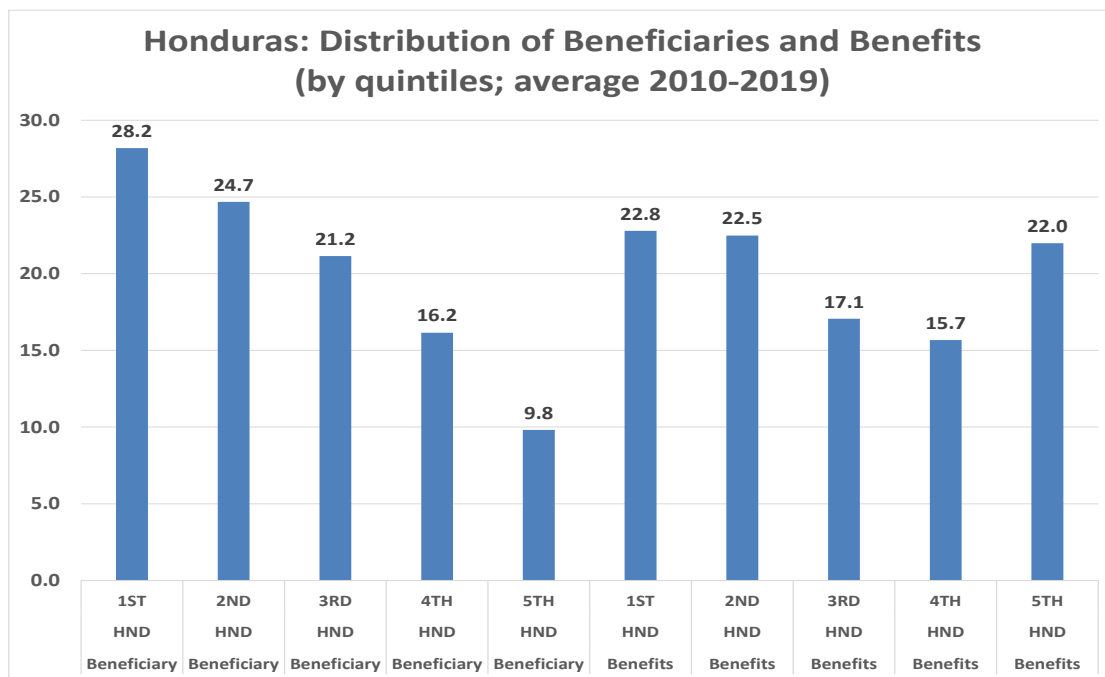
Source: authors with data from ASPIRE, World Bank

**FIGURE A.2. Guatemala: Distribution of Beneficiaries and Benefits (by quintiles; average 2010-2019).**



Source: authors with data from ASPIRE, World Bank

**FIGURE A.3. Honduras: Distribution of Beneficiaries and Benefits (by quintiles; average 2010-2019).**



**Source:** authors with data from ASPIRE, World Bank

## Annex B

### El Salvador<sup>43</sup>

#### Conditional Cash Transfers Program

##### *Programa de Apoyo a Comunidades Solidarias en El Salvador*

Conditional Cash Transfer Program (CCT) known until 2009 as Red Solidaria. The original components (maintained also currently) included

- 1- Human Capital (monetary transfers),
- 2- Basic Services (expansion of local infrastructure) and
- 3- Income Generation and Productive Development (microcredit programs and training with an emphasis on food security).

Since 2010 It added a fourth component:

- 4- Territorial management that supports the strengthening of local management in municipal governments and their communities.

Since 2009, the urban Solidarity Communities program is implemented as a pilot.

Beneficiaries: Families in extreme poverty with children under 21 years of age and/or pregnant women residing in municipalities with severe and high extreme poverty or in precarious urban settlements. It is implemented at a national level: 100 rural municipalities and 412 precarious urban settlements in 25 municipalities in conditions of extreme poverty.

The selection process is conducted using the Integrated Index of Municipal Marginality of the Poverty Map, for rural areas; the Map of urban poverty and social exclusion for urban settlements; and the Quality of Life Index of the Single Registry of Participants (RUP).

Families cannot stay within the program for more than three years.

In Urban Solidarity Communities, the geographic targeting does not have municipalities as intervention unit, but uses the Precarious Urban Settlements (AUP in Spanish). The program focuses on 412 AUPs in 25 municipalities that, according to the map of urban poverty and social exclusion, are in conditions of extreme poverty.

The institution in charge is the Presidency and the executing agencies are the Technical Secretariat of the Presidency and Social Investment Fund for Local Development (FISDL).

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<sup>43</sup> Directly from ECLAC 2022- Database of non-contributory social programs

The program is financed by the World Bank, the Interamerican Development Bank and bilateral agencies.

### Components:

**Education Voucher:** Families with children between 5 and 15 years (in rural areas) and between 0 and 21 years in urban areas. In the case of rural areas is a flat amount; in urban areas the benefit varies depending on the gender and level of education. Kids and teenagers should be enrolled at school and attend regularly.

**Health voucher:** the beneficiaries are newborn until 4 years old and pregnant women. They have to comply with the vaccination schedule, control their weight and height evolution and attend prenatal controls.

### *Ampliación de Servicios y/o infraestructura*

Beneficiaries: Poor rural areas and “Asentamientos Urbanos Precarios”. In rural areas, it seeks to provide infrastructure (rural roads and improvement of housing and the environment) and basic services (water, electricity, lighting, and sanitation). For urban areas, it seeks to improve the situation of precarious settlements in terms of access to basic services, infrastructure, and the legalization of real estate. For peri-urban areas, the aim is to improve access to basic services.

|                              | 2012       | 2013       | 2014       | 2015       | 2016       |
|------------------------------|------------|------------|------------|------------|------------|
| <b>Budget</b>                |            |            |            |            |            |
| US\$                         | 79,120,620 | 78,690,080 | 70,705,155 | 62,767,530 | 48,678,640 |
| %GDP                         | 0.33%      | 0.32%      | 0.28%      | 0.24%      | 0.18%      |
| <b>Budget Execution</b>      |            |            |            |            |            |
| US\$ (1)                     | 46,728,169 |            |            | 47,525,515 | 42,909,490 |
| %GDP                         | 0.20%      |            |            | 0.18%      | 0.16%      |
| <b>People Coverage</b>       |            |            |            |            |            |
| <i>Effective</i>             | 139,322    | 132,366    | 123,327    | 108,312    | 102,106    |
| % Population                 | 2.22%      | 2.09%      | 1.94%      | 1.69%      | 1.61%      |
| <b>Cash Transfers (US\$)</b> |            |            |            |            |            |
| Min amount per household     | 15         | 15         | 15         | 15         | 15         |
| Max amount per household     | 56.6       | 56.6       | 56.6       | 56.6       | 56.6       |

**Source:** ECLAC 2022- Database of non-contributory social programs.

(1) It includes Comunidades Solidarias Rurales y Urbanas, Apoyo Temporal al Ingreso. It does not include Pension Básica Universal

## Social Pensions

### *Nuestros Mayores Derechos*

The purpose of this program is to offer a non-contributory social protection for the elderly.

Since January 2021 the program has been incorporated as a component of the conditional transfer program "Comunidades Solidarias."

Beneficiaries: Adults over 60 years of age in a situation of poverty. It cannot be supplemented with other types of own or inherited pensions. It can be complemented with interventions for "health and nutrition promotion", literacy ("Learning together"), the "exercise of rights and citizenship", "recreating traditions and culture", "improving and enabling spaces", and the "promotion of economic autonomy".

The responsible institution is the Technical Secretariat of the Presidency, and the executing agency is Social Investment Fund for Local Development (FISDL).

It is financed by the World Bank and IDB, as well as other non-reimbursable cooperation from bilateral agencies.

|                                      | 2014       | 2015       | 2016       | 2017       | 2018       |
|--------------------------------------|------------|------------|------------|------------|------------|
| <b>Budget</b>                        |            |            |            |            |            |
| US\$                                 | 23,250,000 | 21,328,050 | 20,639,408 | 20,814,705 | 20,712,385 |
| %GDP                                 | 0.10%      | 0.09%      | 0.09%      | 0.08%      | 0.08%      |
| <b>Budget Execution</b>              |            |            |            |            |            |
| US\$                                 | 18,972,246 | 18,604,311 | 17,913,360 | 16,963,441 | 19,430,646 |
| %GDP                                 | 0.08%      | 0.08%      | 0.07%      | 0.07%      | 0.07%      |
| <b>People Coverage</b>               |            |            |            |            |            |
| <i>Effective</i>                     | 32,162     | 32,226     | 31,137     | 28,715     | 34,425     |
| % Population of 60+                  | 4.88%      | 4.79%      | 4.51%      | 4.07%      | 4.77%      |
| <b>Cash Transfers (US\$)-Monthly</b> |            |            |            |            |            |
| Universal Basic Pension              | 50         | 50         | 50         | 50         | 50         |

Source: ECLAC 2022- Database of non-contributory social programs

## **Labor Programs**

### ***Programa de Apoyo Temporal al Ingreso (PATI)***

The PATI contemplates individual economic support, during the six months of the community project and a strengthening of employability through the vocational training of each participant through a training course of approximately 80 hours. **This program ended in 2016.**

Beneficiaries: Young people between 16 and 24 years old without a formal job. Preference was given to young women heads of household. The beneficiary received US\$100 in total for six months (USD16.6 monthly).

The program was expected to last only six months, and the beneficiaries were supposed to be part of the labor program six hours daily.

It only ran in urban areas. Young people who complete the PATI, were able to register in the National Network of Employment Opportunities of the Ministry of Labor and Social Welfare.

The responsible institution was the Technical Secretariat of the Presidency, and the executing agency is Social Investment Fund for Local Development (FISDL).

It was financed by the World Bank, fiscal revenues from the government of El Salvador, and USAID.

### ***Programa JóvenES con Todo***

This program seeks to improve access to the labor market and the productive market of young Salvadorans through the integration of the labor policies of various sectors. Within the framework of the program, participants take the Skills and Competencies for Life and Work Module, and then benefit from other services offered by the different participating institutions or companies. These services can be applied in a differentiated and personalized way according to the profile and situation of each participant. It offers technical and professional training, support for independent workers, and labor intermediation services

Beneficiaries: Vulnerable young people between 15 and 29 years old without a formal job (unemployed or underemployed) who are not attending the daytime education system. The standard intervention includes one year of participation in different components, but in special cases, up to 2 and a half years are supported when the participants pursue technical careers.

In 2016, in the first phase of the program, 3 municipalities were served: Soyapango, San Miguel, and Santa Ana. In 2017, the Program was expanded to 11 more places located in the municipalities of Soyapango, Santa Ana, Mejicanos, Ciudad Delgado, San Miguel, San Salvador, Sonsonate, Zacatecoluca, Jiquilisco, Colón and Cojutepeque from where territorial coverage is given to more than 32

neighboring municipalities. During 2016 and 2017 it covered a total of 10,612 young people, of which 5,939 (56%) are women and 4,673 (44%) men. Also, the program grants a food and transportation variable stipend, in order to keep the participants enrolled in the program.

The program runs under the supervision of the Office of the Presidency. The executing agencies are Instituto Nacional de la Juventud (INJUVE), Ministerios de Trabajo y Previsión Social, de Educación y de Agricultura, Instituto Salvadoreño de Formación Profesional (INSAFORP), la Comisión Nacional de la Micro y Pequeña Empresa (CONAMYPE) y el Fondo de Inversión Social para el Desarrollo Local (FISDL).

The World Bank, and European Union provide external financing, which is complemented by the Special Contribution for Citizen Security.

|                                      | 2016      | 2017       |
|--------------------------------------|-----------|------------|
| <b>Budget Execution</b>              |           |            |
| US\$                                 | 4,755,470 | 10,324,574 |
| %GDP                                 | 0.02%     |            |
| <b>People Coverage</b>               |           |            |
| <i>Effective</i>                     | 3,392     | 7,220      |
| % Population                         | 0.05%     |            |
| <b>Cash Transfers (US\$)-Monthly</b> |           |            |
| Min amount per capita                | 30        | 30         |
| Max amount per capita                | 125       | 125        |

## Annex C

### GUATEMALA<sup>44</sup>

#### Conditional Cash Transfers Programs

##### *BONO Social (ex Mi Bono Seguro)*

It is a conditional cash transfer program coordinated by the Ministry of Social Development (MIDES), aimed at families living in conditions of poverty and extreme poverty. It seeks to increase the schooling rate of children, as well as to improve their health and nutrition. This program supports the National Strategy for the Prevention of Chronic Malnutrition. Beneficiaries: Families in a situation of poverty and extreme poverty with children between 0 and 15 years old, pregnant and lactating women, girls and adolescents who are victims of sexual violence, and pregnant women or mothers aged 14 or younger whose cases have been prosecuted by the legal system.

It is implemented at a national level, prioritizing municipalities that fall under poverty, emergency, natural disaster, or other similar criteria. Beneficiaries should be registered in the Registro Unico de Usuarios (RUU).

This program replaces Mi Familia Progresiva and is also known as Mi Bono Seguro.

The Public calamity bonus is a category within the Social Bonus program, which identifies the health and/or education bonuses granted to beneficiaries who live in places declared under any of the states of exception, so that they can receive the health and education bonuses without co-responsibility. The amount of the health and/or education bonus can be increased by up to 50%.

In 2020, due to COVID-19, the program suspended the conditionalities for education and health. Children between 6 and 15 years old should be registered and attend regularly to school.

In October 2018, two different scales were established regarding the amount of the transfer, which varies between GTQ \$300 (USD 40) and GTQ \$500 (USD 70), depending on the department. GTQ \$300 (USD 40) for the departments of Huehuetanango, Quiché, Alta Verapaz, Chiquimula, Totonicapán, San Marcos, Sololá, Baja Verapaz, Jalapa and Juiapa. GTQ \$500 (USD 70) for the departments of Sacatepéquez, Chimaltenango, Escuintla, Suchitepéquez, Retalhuleu, Santa Rosa, Petén, Izabal, Progreso, Zacapa and Quetzaltenango.

The responsible institution and the executing agency is the Ministry of Social Development. The financing has been supported by different International Financial Institutions.

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<sup>44</sup> Directly from ECLAC 2022- Database of non-contributory social programs

|                              | 2015              | 2016              | 2017              | 2018              | 2019              | 2020              |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Budget</b>                |                   |                   |                   |                   |                   |                   |
| <b>US\$</b>                  | <b>48,205,004</b> | <b>66,498,867</b> | <b>39,100,829</b> | <b>34,465,464</b> | <b>43,369,455</b> | <b>43,288,366</b> |
| Education Transfer           | 32,046,887        | 43,091,883        | 30,325,607        | 28,926,737        | 40,617,340        | 26,661,523        |
| Health Nutrition Transfer    | 16,158,117        | 23,406,984        | 8,775,223         | 5,538,727         | 2,752,115         | 16,626,843        |
| <b>%GDP</b>                  | <b>0.08%</b>      | <b>0.10%</b>      | <b>0.05%</b>      | <b>0.05%</b>      | <b>0.06%</b>      | <b>0.06%</b>      |
| <b>Budget Execution</b>      |                   |                   |                   |                   |                   |                   |
| <b>US\$</b>                  | <b>32,536,012</b> | <b>66,492,708</b> | <b>28,768,612</b> | <b>37,039,953</b> | <b>30,426,228</b> | <b>44,894,135</b> |
| Education Transfer           | 22,592,172        | 43,088,686        | 26,712,593        | 28,925,541        | 27,647,205        | 23,232,366        |
| Health Nutrition Transfer    | 9,943,839         | 23,404,023        | 2,056,019         | 5,538,129         | 2,294,919         | 16,617,316        |
| Growing healthy transfer     | ...               | ...               | ...               | 2,576,284         | 484,104           | 5,044,453         |
| <b>%GDP</b>                  | <b>0.05%</b>      | <b>0.10%</b>      | <b>0.04%</b>      | <b>0.05%</b>      | <b>0.04%</b>      | <b>0.06%</b>      |
| <b>People Coverage</b>       |                   |                   |                   |                   |                   |                   |
| <i>Effective</i>             | 4,002,424         | 3,907,569         | 936,960           | 931,482           | 781,020           | 771,705           |
| % Population                 | 24.63%            | 23.56%            | 5.54%             | 5.40%             | 4.44%             | 4.31%             |
| <b>Cash Transfers (US\$)</b> |                   |                   |                   |                   |                   |                   |
| Min amount per household     | 78.2              | 78.4              | 68                | 67                | 39                | 38.9              |
| Max amount per household     | 98.2              | 98                | 885               | 864               | 845               | 842               |

### ***Programa Bolsa Social***

Conditional cash transfer program that aims to increase access to products of the basic food basket for individuals and families living in poverty and extreme poverty, residing in urban and rural areas.

Beneficiaries: Families in urban areas in poverty in the municipalities of Guatemala with children under 18 years of age, pregnant women, lactating mothers, older adults (over 65y/o), and people with disabilities.

The family receives an in-kind transfer (food package composed of beans, rice, mosh, corn flour, vegetable oil, sugar, salt, and incaparina). The cost of the package of food in 2015 was GTQ 191 (USD 9). In 2016 it was replaced by a debit card.

The second component of the program is a monthly money transfer equivalent to GTQ 250 (USD 32.5) in 2021. The family has an education responsibility (enrollment in a public education center endorsed by the Ministry of Education for children between 6 and 15 years of age) and information and awareness (participation in activities planned by the Subdirección de Bolsa de Alimentos).

The Program started as "My Safe Bag" through the Ministerial Agreement 02-2012. In 2016 it was modified (Ministerial Agreement DS-24-2016) to change the food delivery mechanism using a debit card. In 2018, through Ministerial Agreement number DS-149-2018, the name of the program was changed to Bolsa Social.

The responsible institution is the Viceministry of Social Protection. The executing agency is: Subdirección de Bolsa de Alimentos.

|                              | 2015       | 2016      | 2017      | 2018      | 2019      | 2020      |
|------------------------------|------------|-----------|-----------|-----------|-----------|-----------|
| <b>Budget</b>                |            |           |           |           |           |           |
| <b>US\$</b>                  | 11,836,400 | 1,453,959 | 7,697,669 | 8,031,145 | 5,885,673 | 5,866,654 |
| <b>%GDP</b>                  | 0.02%      | 0.00%     | 0.01%     | 0.01%     | 0.01%     | 0.01%     |
| <b>Budget Execution</b>      |            |           |           |           |           |           |
| <b>US\$</b>                  | 5,917,877  | 1,145,273 | 2,941,403 | 6,550,728 | 5,885,673 | 5,866,654 |
| <b>%GDP</b>                  | 0.01%      | 0.00%     | 0.00%     | 0.01%     | 0.01%     | 0.01%     |
| <b>People Coverage</b>       |            |           |           |           |           |           |
| <i>Effective</i>             | 1,487,156  | 48,288    | 139,464   | 157,228   | 163,114   | 144,045   |
| % Population                 | 9.15%      | 0.29%     | 0.82%     | 0.91%     | 0.93%     | 0.80%     |
| <b>Cash Transfers (US\$)</b> |            |           |           |           |           |           |
|                              | 25.0       | 32.9      | 34.0      | 33.2      | 32.5      | 32.4      |

### **Programa Vida**

The social program of conditional cash transfers aimed at promoting attendance to health services by pregnant girls and adolescents or mothers, under 14 years of age, victims of sexual violence, whose

cases have been prosecuted by the legal system. The program promotes attendance at pregnancy controls and check-ups of their children.

This program is part of the Institutional Agreement to Strengthen Care for Pregnant Girls and Adolescents Under Fourteen (14) Years of Age, which aims to guarantee comprehensive care for victims by State Institutions. The institutions included in the Agreement are the Ministry of Public Health and Social Assistance (MSPAS), the Ministry of Education (MINEDUC), the Public Ministry (MP), the Attorney General's Office (PGN), the Secretariat against Sexual Violence, Exploitation and Human Trafficking (SVET), and the Ministry of Social Development (MIDES). The program does not use a socioeconomic assessment method for admission. The pregnant girl or adolescent or mother is identified by institutional actors, local or community authorities, civil society, or religious organizations, among others.

The responsible institution and the executing agency is the Ministry of Social Development. The financing is provided by the Government of Guatemala.

|                              | 2017    | 2018    | 2019    | 2020    |
|------------------------------|---------|---------|---------|---------|
| <b>Budget</b>                |         |         |         |         |
| US\$                         | 146,980 | 164,779 | 207,362 | 147,637 |
| %GDP                         | 0.00%   | 0.00%   | 0.00%   | 0.00%   |
| <b>Budget Execution</b>      |         |         |         |         |
| US\$                         |         | 164,779 | 118,687 | 147,637 |
| %GDP                         |         | 0.00%   | 0.00%   | 0.00%   |
| <b>People Coverage</b>       |         |         |         |         |
| Effective                    |         | 567     | 714     | 1,000   |
| % Population                 |         | 0.00%   | 0.00%   | 0.01%   |
| <b>Cash Transfers (US\$)</b> |         |         |         |         |
|                              |         | 199.5   | 194.9   | 194.3   |

### Total of Conditional Cash Transfers Programs-Guatemala

|                         | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       |
|-------------------------|------------|------------|------------|------------|------------|------------|
| <b>Budget</b>           |            |            |            |            |            |            |
| US\$                    | 60,041,405 | 67,952,827 | 46,945,478 | 42,661,388 | 49,462,490 | 49,302,657 |
| %GDP                    | 0.10%      | 0.10%      | 0.07%      | 0.06%      | 0.06%      | 0.06%      |
| <b>Budget Execution</b> |            |            |            |            |            |            |

|                                      |            |            |            |            |            |            |
|--------------------------------------|------------|------------|------------|------------|------------|------------|
| US\$                                 | 38,453,888 | 67,637,981 | 31,710,015 | 43,755,459 | 36,430,589 | 50,908,426 |
| %GDP                                 | 0.06%      | 0.10%      | 0.04%      | 0.06%      | 0.05%      | 0.07%      |
| <b>People Coverage</b>               |            |            |            |            |            |            |
| <i>Effective</i>                     | 5,489,579  | 3,955,856  | 1,076,424  | 1,089,277  | 944,847    | 916,751    |
| % Population                         | 33.78%     | 23.85%     | 6.36%      | 6.32%      | 5.37%      | 5.12%      |
| <b>Cash Transfers (US\$)-Monthly</b> |            |            |            |            |            |            |
| Min amount per household (1)         | 25.0       | 32.9       | 34         | 33         | 32.5       | 32.4       |
| Max amount per household (2)         | 98.20      | 98         | 885        | 864        | 845        | 842        |

**Source:** ECLAC 2022- Database of non-contributory social programs

(1) The family only receives food support.

(2) The family receives, food and education transfer and since 2017 the family may receive in addition the calamity bond if they comply with the requirements.

## Labor Programs

### *Programa Beca Social*

It replaces many of the programs described below that ended. The Social Scholarship program is aimed at the population living in poverty or extreme poverty in the country, in urban and rural areas who are of the following ages: Social Scholarship Middle Education for adolescents and young people between 11 and 24 years of age; Higher Education Social Scholarship aimed at young people between 16 and 28 years old; First Employment Social Scholarship aimed at young people between 18 and 25 years old; and Artisan Social Scholarship for adults, preferably women.

The objective of the program is to facilitate access, continuity, and permanence in formal education, training, and the formal labor market, via the secondary and higher education, productive training, and employability for adolescents, youth, and adults living in poverty or extreme poverty in urban and rural areas of the country. The beneficiaries receive monetary transfers in the form of scholarships via bank channels and they are subject to compliance with co-responsibilities by program participants.

The responsible institution and the executing agency are the Ministry of Social Development. The funding is provided by the Government of Guatemala.

### *Beca Mi primer Empleo*

It ended in 2018. The program tried to promote the integration into the formal labor market of adolescents and young people between the ages of 16 and 25 from urban and rural areas, in situations of

poverty, extreme poverty, and unemployment, through temporary hiring as apprentices. The program has a total duration of eight months and is divided into two phases:

- 1) Training of 5 hours per week for a maximum period of 60 hours. The Instituto Técnico de Capacitación Productiva will be the organization providing the training. After finishing, the beneficiary will get a job certificate.
- 2) Take an internship in the assigned company to finish the training. The beneficiary will need to comply with 35 hours per week.

If the users comply with the established co-responsibilities, the Ministry of Social Development deposits GTQ 2,000 (USD 300) to the employer, who will, in turn, pay to the beneficiary the equivalent of 40% of the current minimum wage plus an incentive bonus of GTQ 250 (USD 35).

The young population of the whole country is eligible, but they should be registered at the Sistema de Administración de Becas (SAB).

The responsible institution and the executing agency are the Ministry of Social Development. The funding is provided by the Government of Guatemala.

|                                      | 2014    | 2015    | 2016    | 2017      |
|--------------------------------------|---------|---------|---------|-----------|
| <b>Budget</b>                        |         |         |         |           |
| US\$                                 | 413,852 | 623,216 | 589,677 | 1,117,551 |
| %GDP                                 | 0.0007% | 0.0011% | 0.0009% | 0.0016%   |
| <b>Budget Execution</b>              |         |         |         |           |
| US\$                                 | 316,079 | 383,317 | 579,071 | 1,098,234 |
| %GDP                                 | 0.0005% | 0.0007% | 0.0009% | 0.0016%   |
| <b>People Coverage</b>               |         |         |         |           |
| <i>Effective</i>                     | 299     | 1,014   | 345     | 704       |
| % Population                         | 0.0019% | 0.0064% | 0.0021% | 0.0043%   |
| <b>Cash Transfers (US\$)-Monthly</b> |         |         |         |           |
| Max amount per capita                | 215     | 215     | 215     | 215       |

***Mi Beca Artesano***

This program also ended in 2018. The objective of the program is to strengthen and develop people's skills through training in handcrafted products to improve their family income. This scholarship has a duration of 3 to 6 months of training and technical assistance. The program is especially oriented to rural areas and to the organization of groups so that the training process contributes to improving their

productivity. The amount of the scholarship is between GTQ 1,200 (USD 170) and GTQ 1,800 (USD 260). The program tries to empower families to establish their own businesses.

The beneficiaries are adults, preferably women, in a situation of poverty or extreme poverty, without formal employment, who have skills for handicrafts. The people will have to comply with 80% of the training and have made samples of the product they will try to produce for sale. Even though it is a national program, it targets neighborhoods with extreme poverty levels.

The responsible institution and the executing agency is the Ministry of Social Development. The funding is provided by the Government of Guatemala.

|                                      | 2014    | 2015    | 2016    | 2017      |
|--------------------------------------|---------|---------|---------|-----------|
| <b>Budget</b>                        |         |         |         |           |
| US\$                                 |         | 736,646 | 705,629 | 1,800,782 |
| %GDP                                 |         | 0.0013% | 0.0011% | 0.0026%   |
| <b>Budget Execution</b>              |         |         |         |           |
| US\$                                 | 823,695 | 559,330 | 670,252 | 1,767,055 |
| %GDP                                 | 0.0014% | 0.0010% | 0.0011% | 0.0026%   |
| <b>People Coverage</b>               |         |         |         |           |
| <i>Effective</i>                     | 4,934   | 3,183   | 4,000   | 10,441    |
| % Population                         | 0.0316% | 0.0200% | 0.0246% | 0.0631%   |
| <b>Cash Transfers (US\$)-Monthly</b> |         |         |         |           |
| Min amount per capita                | 170     | 170     | 170     | 170       |
| Max amount per capita                | 260     | 260     | 260     | 260       |

### ***Programa de generación de empleo y educación vocacional para jóvenes en Guatemala.***

The objective of the program is to improve the standard of living of young people in Guatemala, from 14 to 29 years old, by providing them with quality job opportunities. The program supports the creation and/or improvement of technical skills, strengthens the institutional framework of a national youth employment system, and promotes independent work through SMEs.

It is aimed at facilitating the inclusion of young people into productive activities in existing companies, as well as through the creation and/or strengthening of Micro, Small, and Medium Enterprises (MSMEs). This component incorporates an innovative model of Business Development Offices (ODE) at the local level. It also gives technical assistance to the Employability Services under the direction of the Ministry of Labor along with the SMEs program under the Ministry of Finance.

There is no quantitative information about this program in the table below.

The responsible institution and the executing agencies are The Ministry of Finance, Ministry of Education, and Ministry of Labor and Social Welfare. The funding is provided by the Government of Guatemala.

### TOTAL LABOR PROGRAMS-GUATEMALA

|                         | 2014      | 2015      | 2016      | 2017      |
|-------------------------|-----------|-----------|-----------|-----------|
| <b>Budget</b>           |           |           |           |           |
| US\$                    | 413,852   | 3,645,422 | 3,486,822 | 5,263,350 |
| %GDP                    | 0.0007%   | 0.0062%   | 0.0055%   | 0.0077%   |
| <b>Budget Execution</b> |           |           |           |           |
| US\$                    | 1,139,774 | 2,133,015 | 3,414,904 | 5,180,967 |
| %GDP                    | 0.0019%   | 0.0036%   | 0.0054%   | 0.0075%   |
| <b>People Coverage</b>  |           |           |           |           |
| <i>Effective</i>        | 5,233     | 8,990     | 10,633    | 18,147    |
| % Population            | 0.0335%   | 0.0565%   | 0.0655%   | 0.1097%   |

**Source:** ECLAC 2022- Database of non-contributory social programs

It includes Programa Beca Social Primer Empleo, Beca Social Educación Media, Beca Social Educación Superior y Beca Social Artesano.

### Social Pensions

The Economic Contribution of the Elderly was designed to protect the elderly or disabled population who lack economic resources and who are left without the right to other types of pensions. Also, both preventive and curative medical care is offered to the beneficiaries of this program, under the responsibility of the Ministry of Public Health and Social Assistance.

Beneficiaries: people older than 65 years old.

The institution responsible is the Ministry of Labor and Social Welfare. It is financed by the Government of Guatemala.

|                         | 2014 | 2015       | 2016       | 2017       | 2018       |
|-------------------------|------|------------|------------|------------|------------|
| <b>Budget</b>           |      |            |            |            |            |
| US\$                    |      | 65,971,549 | 66,447,919 | 69,917,443 | 65,579,094 |
| %GDP                    |      | 0.10%      | 0.10%      | 0.09%      | 0.08%      |
| <b>Budget Execution</b> |      |            |            |            |            |

|                              |            |            |            |            |            |
|------------------------------|------------|------------|------------|------------|------------|
| US\$                         | 63,112,425 | 64,234,080 | 65,329,488 | 67,467,914 | 65,246,068 |
| %GDP                         | 0.11%      | 0.10%      | 0.10%      | 0.09%      | 0.08%      |
| <b>People Coverage</b>       |            |            |            |            |            |
| <i>Effective</i>             | 107,038    | 107,824    | 103,167    | 103,083    | 101,673    |
| % Population 60+             | 11.19%     | 10.98%     | 10.14%     | 9.79%      | 9.34%      |
| <b>Cash Transfers (US\$)</b> |            |            |            |            |            |
| Monthly contribution         | 51.73      | 52.25      | 52.63      | 54.13      | 53.20      |

**Source:** ECLAC 2022- Database of non-contributory social programs

## Annex D

### Honduras<sup>45</sup>

#### Conditional Cash Transfers Program

##### *BONO VIDA MEJOR*

The purpose of the Bono Vida Mejor, which is the continuation of the Bono 10,000 Education, Health and Nutrition Program,<sup>46</sup> is to contribute to breaking the intergenerational cycle of poverty through the creation of opportunities, development of skills and competencies in education, health, and in particular the nutrition of families in extreme poverty in Honduras. This nationwide program seeks to promote intersectoral strategies and actions (health-nutrition) through coordination with other social programs related to employment, income, and family savings. The program has been running since 2010.

The Program has four subcomponents: 1) Nutrition Bonus, 2) Health Bonus, 3) Education Bonus, and 4) Basic Support. The Nutrition Bonus focuses on the adoption of a better diet using a voucher that allows access to diets and foods rich in micronutrients for boys and girls from 0 to 5 years old, pregnant women, and those who are within 40 days of the puerperium.

The mode of operation requires the registration of children and pregnant or lactating women in a Health Unit to carry out controls. The payment is quarterly and is made through the Bank of Honduras. The program implementation is done by geographical zoning, participants need to be registered through the Single Registry of Beneficiaries (RUB), and the community also participates through the Community School Committees (CEC). The households that meet the selection criteria of the Program are included. This program is also based on the information provided through the population census and household surveys to identify the geographical areas with the highest incidence of poverty. This information complements the single socioeconomic characterization file of the Single Registry of Beneficiaries (RUB) to identify households in extreme need. The responsible agency is the Secretary of State in the Presidential Office, and the executing agency is the Family Allowance Program (PRAF), through the Ministries of Health and Education.

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<sup>45</sup> Directly from ECLAC 2022- Database of non-contributory social programs

<sup>46</sup> These programs are based on the existence of previous conditional transfer programs such as the Family Allowance or PRAF (1990-2009) and two programs supported by the Inter-American Development Bank during subsequent periods, PRAF/IDB Phase II (1998-2005) and PRAF/IDB Phase III (2006-2009). PRAF II incorporated an experimental design that allowed various impact evaluations carried out by the International Food Policy Research Institute (IFPRI), becoming one of the main references for this type of program. All these programs covered the needs of families living in extreme poverty with children under 6 years of age at risk of malnutrition. In the case of PRAF/IDB, coverage was extended up to 12 years of age and/or pregnant or lactating women. The PRAF/IDB III Program presented a regional coverage covering the departments of Intibucá, La Paz, Lempira and Santa Bárbara. It consisted of two modalities: an initial intervention in which monetary transfers (Nutrition Bond) are granted without conditions but promoted the demand for education and health services and a second comprehensive intervention where a health bonus and another for education were delivered, subject to conditionalities.

The main sources of financing for the execution of this program are the Government of Honduras, the Inter-American Development Bank (IDB), the World Bank (WB), and the Central American Bank for Economic Integration (CABEI).

|   | 2012        | 2013        | 2014       | 2015       | 2016       | 2017       |
|---|-------------|-------------|------------|------------|------------|------------|
| <b>Budget Execution</b>                                   |             |             |            |            |            |            |
| US\$  | 100,188,870 | 135,338,742 | 66,392,251 | 46,967,687 | 51,448,675 | 58,466,485 |
| %GDP  | 0.55%       | 0.74%       | 0.34%      | 0.23%      | 0.24%      | 0.25%      |
| <b>Population Coverage</b>                                |             |             |            |            |            |            |
| <i>Estimated number of people in recipient households</i> | 806,231     | 1,118,250   | 1,622,445  | 1,538,830  | 1,340,981  | 1,588,475  |
| % Population  | 9.60%       | 13.09%      | 18.69%     | 17.46%     | 14.99%     | 17.51%     |
| <b>Cash Transfers (US\$)- Monthly</b>                     |             |             |            |            |            |            |
| Minimum amount per capita (a)                             | 3.7         | 3.5         | 3.4        | 1.8        | 3.8        | 3.7        |
| Maximum amount per household.(b)                          | 44.1        | 40.9        | 39.8       | 38.0       | 36.9       | 35.5       |

**Source:** ECLAC 2022- Database of non-contributory social programs

(a) The minimum amount corresponds to the monthly transfer of the urban domain scheme.

(b) The maximum amount corresponds to the monthly transfer of the rural domain scheme.

NOTE: The total minimum amount per family in rural areas is approximately 250 USD/year, and the maximum, about 455 USD/year.

## Labor Programs

### *Con Chamba Vivis Mejor*

The main objective of the program is to generate employment, forging job skills and developing skills within companies to meet the needs of the labor market. Program participants must be registered with the Honduran National Employment Service (SENAEH). The program will help generating direct and indirect employment, providing also technical and professional training. The program provides participating companies with an incentive of half the minimum wage for three months for each new employee hired, which includes the 2 months of training allowance and 1 additional month as an incentive for job continuity. Companies must grant employees an Individual Work Contract for an indefinite period, register employees with the Honduran Social Security Institute and pay the worker at least the legal minimum wage (completing the difference of the monies already paid by the Government). In addition, the

participants will be able to receive training in soft skills and life skills by the National Institute of Professional Training (INFOP). Beneficiaries: Companies will receive the incentive if they have at least 70% of their employees enrolled in the program at the end of the third month.

### ***Chamba Comunitaria***

A Committee will be in charge of evaluating the projects that are best suited for the development of communities and that have the greatest impact on job creation. Its objective is to provide support to unemployed people who have not had access to a formal employment opportunity. The program will support the execution of minor social works, forest conservation or agricultural improvement in their communities. These projects will promote economic and social growth through the generation of employment. The duration of the project is three months and can be extended only once.

### ***Chambita***

Its objective is to provide support to unemployed people, improving their abilities and skills to achieve an effective insertion into the labor market or promote entrepreneurship. Participants can access job guidance and advice, professional training, job skills certification, technical training, and professional internships, among others, to improve access to productive opportunities and employability conditions. The recipients receive a transportation and food incentive in the amount equivalent to USD 100 in periods of two months up to a maximum of three interventions; In addition, they can receive health insurance.

### ***Chamba Joven***

Participants in this program must be between 18 and 30 years old, high school graduates, university students, or unemployed graduates. The incentive will consist of the payment of the equivalent of USD 180 to young graduates that completed high school and USD 250 for young graduates with a university degree, for a period of up to five months. They should work at least 4 hours per working day in a company or productive units. The beneficiaries should complement their work with professional or technical training modules under the concept of dual training.

Beneficiaries of all labor programs: Unemployed in a situation of poverty and social exclusion at a national level. The beneficiaries should be registered in the Unique Registry of Beneficiaries of Social Programs (RUB). All the labor programs are under the responsibility of the Office of the Presidency and the funding is provided by the Government of Honduras.

|   | 2014   | 2015   | 2016   |
|---|--------|--------|--------|
| <b>Coverage</b>                           |        |        |        |
| Effective- All Labor Prog.                | 30,326 | 46,290 | 79,756 |
| <i>Con Chamba Vivís Mejor</i>             | 30,326 | 23,600 | 23,474 |
| <i>Chamba Comunitaria</i>                 |        | 22,690 | 33,666 |
| <i>Chamba Jóven</i>                       |        |        | 22,616 |
| <b>% Population of all Labor Programs</b> | 0.38%  | 0.56%  | 0.95%  |

Source: ECLAC 2022- Database of non-contributory social programs

Another program is “**Formacion profesional para jovenes en riesgo de exclusion social – Pro-Joven.**” It tries to improve the effectiveness and coverage of the training system for vulnerable young people to help them achieve greater insertion in the labor market by improving their skills through integration into vocational training processes. The program also tries to improve the quality and coverage of the Popular Workshops (training modality of the National Professional Training Institute -INFOP- through local civil society operators) and adapt the training to the demand of dynamic sectors such as construction and tourism through specialized Training Centers.

Beneficiaries: Men and women between 16 and 30 years old who are at risk of social exclusion, living in violent and marginalized neighborhoods in big urban areas of Honduras.

Geographic coverage: Tegucigalpa, San Pedro Sula, Puerto Cortés, Santa Rosa de Copan, Trujillo, Tela, Comayagua, La Ceiba.

The Organization in charge of the project is Agencia Suiza para el Desarrollo (COSUDE) and it is also the one that provides the funding. The program indicates that in 2019, 1962 young people participated in the training processes in different regions. 1596 jobs were created, of which 42% (838) achieved a six-month tenure. An additional 38% (758) landed a job or enterprise of less than six months

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