

**CHAPTER I**  
**INTRODUCTION**



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**A** national social security system is only by exception composed of a neatly nested set of agencies and programs. More often, it is the result of a decades-long process involving a quest for the appropriate model; political debate regarding what social security should be; and historical circumstances often outside the control of individual nations, such as economic recession and war. Thus, it would be naïve to expect that a purely technocratic or schematic approach could be used to define an appropriate means of evaluation. Rather than relying upon one standard approach, it appears necessary to gain understanding of the different approaches and tools available, why they exist, and what questions they attempt to answer before deciding upon the appropriate model.

*The Americas Social Security Report 2009* presents what we consider the most applicable approaches to the evaluation of social security programs. In our opinion, there are generally four considerations in a comprehensive evaluation of a social security program. First, the evaluation should respond to the concerns of different perspectives, including the economic, actuarial, administrative, fiscal and operations research (OR) perspectives. Because all of these perspectives have different objectives for evaluation, as well as indicators and targets, their approaches may differ significantly. In addition, as each perspective represents the concerns of different stakeholders, any evaluation

of social programs that considers the perspectives in isolation is likely to fail as a tool for the potential improvement of the programs.

Second, the approach should be based upon the very well-known steps in the design of monitoring and evaluation approaches: gaining the involvement of key stakeholders, designing the framework for monitoring and evaluation, identifying the indicators, setting targets, defining the information sources, developing the elements for the evaluation, and designing the policy for disclosure of results. All these steps are important for a successful evaluation and their proper order is important for obtaining the best outcomes.

Third, we argue that an evaluation should be performed for systems, agencies, and programs. We consider programs to be managed by agencies and systems to be collections of agencies and programs. Moreover, we insist that it should be recognized that many processes are performed in an agency and that the system of evaluation should be developed accordingly. Fourth, an evaluation should have as its object of analysis the citizen. Therefore, the use of micro-data should be the norm and all contacts of the individual with the agencies and programs should be recorded in an integrated format.

In summary, we believe that a successful evaluation strategy recognizes that although different stakeholders operationalize various data of an entity, only a well-structured strategy that incorporates all the perspectives of the entities and processes

concerned can be a tool that successfully improves agencies and programs and thus system performance. Moreover, we argue that a well-designed system that exploits all the capabilities of the current information technology (IT) should be able to provide both short- and long-term data and both urgent and strategic information.

This report can be seen as a natural step in the Inter-American Conference on Social Security (CISS) agenda. In *The Americas Social Security Report 2008*, we argued that “some of the most important problems that surround national social security systems will be solved only after a proper focus is given to administrative and organizational issues” (2007, 3). In this Report, we encourage policymakers and administrators to establish a comprehensive system for the evaluation of not only the main goals and fiscal issues with which public agents are always concerned but also of the day-to-day operations across the processes performed by the different agencies. A balance among the different perspectives of a variety of stakeholders, including citizens, should be reached if agencies, programs, and hence systems are to be improved in a significant manner.

We recognize that agency administrators are typically offered incentives for and evaluated according to fiscal aspects of programs and that usually the scope of time for the implementation of long-term strategies is well beyond the period for which they are appointed. Therefore, for these administrators, the implementation of a comprehensive system of evaluation, which can be costly and highlight both opportunities and failures, is generally at the bottom of their agenda. An appropriate strategy of evaluation thus requires not only that committed managers at the top level but also those at other levels of government, such as the Ministry of Finance and the Congress, the main players in the evaluation of public agencies, expand their focus of evaluation and abandon a narrowly fiscal view for a comprehensive view, recognizing that all concerns have intrinsic value.

This Report is organized as follows: Chapter II provides a map of the main analytical approaches to the evaluation of social security, thereby establishing the methodology for the subsequent chapters. This map shows a combination of profession-specific approaches, such as the actuarial, the OR, and the economic, as well as others that are more application oriented, such as the fiscal and the administrative. It begins by raising the need to distinguish among the evaluation of agencies, programs, and systems. For social security agencies, it is of special interest to gain knowledge of administrative approaches to evaluation. These approaches are usually a combination of techniques and the result of a match between the available technologies and the human capital profile of the agency’s managers. Within the variety of applications available for administrative evaluation, the chapter puts in perspective three movements that are having a significant impact upon the administration of social security agencies: the quality movement, the balanced scorecard (BSC), and the six-sigma approach. Chapter II concludes with a description of the evaluation approaches of the large international organizations.

Chapter III examines the evaluation of pension programs and systems from the perspectives of the different views outlined in Chapter II. It focuses greatest attention upon the analysis of the financial situation of pension programs in actuarial studies; the analysis of how governments face pension liabilities using public funds in fiscal studies; the regulation and surveillance of pension programs from a legal point of view; and the adequacy of pensions measured in terms of social security coverage and benefits, which is considered evaluation from a social perspective.

Chapter IV explains the process of evaluation in healthcare. It is organized along the steps for the implementation of an evaluation strategy: gaining the involvement of key stakeholders, designing the framework for monitoring and evaluation, identifying the indicators, setting targets, defining the information sources, developing the elements for the evaluation,

and designing the policy of disclosure of results. It also describes the implications of evaluation from the economic, actuarial, administrative, fiscal, and OR perspectives for healthcare. Finally, it describes the corporate governance of evaluation in health; that is, what is evaluated and who supervises the process.

Chapter V analyzes the issues that surround the evaluation of long-term care (LTC) and childcare programs. In order to do so, the objectives of the existing programs are described and a brief analysis of the determinants of the supply and the demand of services is performed. Finally, the chapter addresses several aspects currently being considered to evaluate such programs and, because home-based care is very important for LTC and child care, special attention is given to the importance of providing training to potential caregivers.

Chapter VI concludes by addressing four important issues. First, it argues that although there are many hurdles to the evaluation of agencies and programs, both internal and external, a strategy for evaluation must be established and implemented. The implementation of tools in an isolated manner can help identify some issues but will not create a credible commitment to improvement. Second, because systems are collections of agencies and programs, any target set at the system level must be accompanied by relevant targets for the agency and program levels, and the evaluation strategy must recognize that measures at the system level are only the consolidation of measures at the agency and program level. Third, it stresses that evaluation should be centered upon the citizen, which means that all the contacts between the individual and any of the agencies and programs, be they related to healthcare, pensions, or social services, should be recorded in a consolidated format. Finally, it asserts that although there are important arguments in favor of disclosing all information, there are also valid concerns regarding the disclosure of information. The level of transparency should balance the need for information for improvement, the capacities of agencies and programs to respond, and issues of privacy.

The movement for evaluation, a response to stressed financial situations in which more must be delivered for each dollar and to citizen demands for transparency, is not a new movement. Nevertheless, it still has a long path to travel to realization of its goals. New efforts for an improved evaluation strategy should be comprehensive, recognizing that all views and tools complement each other, as well as take into account that the concerns of all stakeholders, including managers, workers, users, government officials, policymakers, and citizens, should be answered promptly and in a credible manner.

We hope this report encourages policymakers, administrators, and public officials to increase the importance of improving their evaluation strategy within their agendas and provides key information to those interested in implementing a comprehensive evaluation strategy.