

**CHAPTER I
INTRODUCTION**

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The nations of the Americas have faced demographic transitions since the mid-20th century, and today they are facing the challenges associated with aging societies. The research and policy agendas have been rich in analyzing old age pensions, health care systems, long-term care, and other topics related to aging. Nonetheless, much in labor markets and other social outcomes are vastly determined during early childhood. Nevertheless, the problems of poverty and lack of social protection is too high among children and youths.

This Report focuses on the issues and challenges that social security systems face in relation to serving this population. These systems aim to provide comprehensive support for families, and it is imperative to deepen our understanding of how children are receiving benefits, how effective existing schemes are, and what can be done to support the endeavor of allowing children to integrate seamlessly into a productive adult life.

Social security programs often have children as beneficiaries, sometimes even as main beneficiaries of a policy, independently of the status of their parents. For example, some health insurance schemes have special provisions to cover children who would be otherwise uninsured. These programs are often an answer to concerns about lack of coverage, but, more often than not, the definition of the extent of insurance towards children is subject to debate.

A question that is not always as easy to answer as it might seem in casual conversation is the definition of what is a child. Should an age criteria even be set in the first place? Should there be some flexibility depending on whether the person has moved into the labor market, into marriage, into other "adult" endeavors? To provide a more substantive argument, our society holds that it is a communal responsibility to care for the welfare of children, including the provision of opportunities to develop their spiritual and physical potential. Social security has to do with solidarity, but the core pension programs rarely if ever state that the collective society is responsible of providing the same pension to each person. Yet, when referring to children, our societies do believe that absolute equality in educational opportunity, in access to healthcare, and in other variables is a collective responsibility. On this basis, this report takes the view that children are the young people for whom society holds itself responsible of guaranteeing rights. The border of childhood and later stages in life is not set in stone and actually has several dimensions: society may find absolute agreement in precluding permanent damage to a child due to lack of health insurance, but may only agree in providing insurance to adolescents in the transition from school to work if they agree to participate in a training program and search for a job. Consequently, this report includes entries related to very small and even

unborn children, and to young individuals entering the labor market.

The report is organized as follows. Chapter II presents data on the demographics of children. This includes measurements of the number of children, orphans, disabled and migrant children. It also includes data on child well-being: consumption, housing and environment, educational achievement, health and safety, risky behaviors, and child labor. Chapter III discusses the recent theory on human capacities formation and contrasts it with the design of social security programs to identify areas of opportunity. Chapter IV describes how social security programs for children across the region work: maternity leave benefits, family allowances, survivors' pensions, childcare, and healthcare benefits. Finally, Chapter V describes basic elements of the state of young people in the Americas, and the way youth programs and social security interact. Key variables such as fertility, poverty, pregnancy, schooling outcomes, employment, and social protection are analyzed. In all chapters our intention was to include the latest information for all countries of the continent, but this was impossible in some cases due to unavailable reliable data. We believe, though, that the main messages of the report do not change.

It is useful to summarize the main factual findings of this Report as follows:

1. With few exceptions, most countries of the continent are young, meaning that an important percentage of population is children or youth. It is expected that this percentage will be maintained and will decrease slightly in the future, but a child disappearing process, like is happening in some European countries, will not be observed in the region, with few exceptions in the Southern Cone. Special risks for children are orphanage, disability and migration. In some countries, the general low standard of living still produces a large number of orphans; in general, disability in children is not appropriately identified;

and migration is likely to remain at high levels for all sorts of countries.

2. There are still some countries where children well-being is far from satisfactory. Notable is the case of Haiti, but other poor countries of the continent are also way behind in guaranteeing coverage of basic rights. Even in not-so-poor and rich countries that have had significant improvements in child health, primary education and the environment where children live, measured by infrastructure in the community, there are still important challenges: care for little children, eradicating child labor, and improving labor opportunities and aspirations of older children and adolescents, just to mention some examples.

3. In most countries in the Americas, labor markets and educational systems are unable to provide satisfactory opportunities to large shares of the young. On the other hand, once past the more risky years of infancy, healthy adolescent females face reproductive health risks soon enough. Teenage pregnancy, high rates of marital separation, and low levels of family integration all lead to a high share of households where a woman is the main bread-winner. Moreover, women still arrive "late" to university, which certainly affects the quality of the education received and the commitment to improve their human capital. Given their low level of human capital, young women in middle to low-income countries work predominantly as self-employed in the informal economy.

4. Government-driven public interventions, such as immunization campaigns, or improved water supplies, are reaching limits, and policies that influence the decisions of parents and children themselves, through information and incentives, are needed. For example, the issues of addictions, early pregnancy and obesity will hardly be brought down if the decisions people take are not influenced. Child labor remains as a major challenge for the region.

5. The recent research on human capital formation by providing an explanation of how nature,

environment and investments influence the developing of good health, cognitive and non-cognitive abilities in children and their importance for short- and long-term outcomes may be taken as a useful support to shape and improve social security programs.

6. There is an important variation of requirements and benefits of social security programs between countries of the continent. The reason may have been due to the lack of a framework to understand how human capital of children is formed and the lack of sufficient and reliable evaluations of social security programs. Yet, existing programs are not flexible enough to support special cases, sensitive and critical periods in child development, as well as the special characteristics of families.

7. There is a growing demand for child care services to support both working women and child development. Experiences in the English Caribbean can be very useful to all countries.

8. Youth employment systems lack a strong connection between education and work. That is, facing a reality in which large fractions of the population begin work before the age of 18, young people from 14 to 17 find it difficult to enter the labor market as apprentices or under other realistic options to meet their need for more education, on-the-job training and monetary income.

Although more research is needed in some areas (for example to better understand how very little children learn), and some problems have proven to be quite complex (such as youth unemployment), social issues do not wait in the wings for a solution, and the best available knowledge must be incorporated into the programs. Social security agencies have a window of opportunity to adapt their programs to make them more effective in improving the welfare of children. According to this view, the redesign of the programs should follow the next general and main recommendations:

a. States should guarantee universal coverage in healthcare and financial protection for small children, especially those who live in disadvantaged environments, to isolate them from adverse conditions.

b. In general, States and in particular social security agencies, should be more involved in verifying children's environments, and implement preventive and corrective programs, while always respecting the right of families to make decisions within the privacy of their own household, to ensure that benefits reach the children and their efficiency.

c. The portfolio of programs should be revisited to assess whether they are the most effective tools to contribute to child well-being.

d. Benefits should be flexible so they can be adapted to respond when they are needed the most, especially in sensitive and critical periods.

e. Programs should incorporate gender issues, recognizing the different social risks faced by males and females. Rates of teenage pregnancy are still too high in several countries of the region and associated with poverty of mothers and children.

f. A main effort by affected countries and the international community must be directed to eliminate the incidence of low education levels, and continue to significantly increase the incidence of medium education levels. For higher grades, countries must reform education and labor regulations to facilitate on-the-job training and mixed school-work programs.

g. National governments should support young persons to increase upper-school graduation and rates of admittance to higher education.

h. Social security rules regarding affiliation, contribution and benefits can be adjusted to facilitate the use of schoolwork and on-the-job

training for teenagers. The goal is to create a channel of entry to facilitate long-term permanence in the system. Wage subsidies and other fiscal incentives shall support hiring young workers in a general way. Programs must recognize that those most in need often work in small firms and in the informal economy.

i. A more dynamic labor market can be achieved through the removal of impediments to labor force participation and job searches, eliminating labor and product market obstacles to labor demand, and facilitating the development of labor force skills and competencies, particularly job counseling and training.

j. A balanced portfolio of policies and institutions will support the young best by recognizing the variety of needs of individuals, the possibilities of the educational sector, and of combining with employers and communities. Among the types of programs that have shown success under adequate conditions are second-chance programs, vocational programs, youth training programs, young entrepreneurs and self-employment programs, youth service programs, public sector internships, and apprenticeship programs. None is a silver bullet to solve all problems, but all can provide a solution to part of the young population.

As evidenced by this list, there is a long way to go and many things to do to improve child well-being. Moreover, while some actions lie directly in the social

protection field, other policies shall be implemented by other public bodies, such as labor and education ministries, and even family courts. In any case, the objective of each country should be to implement a comprehensive and integrated approach to improve child well-being. Social security agencies are called to play a key role.