

# NOREF Report

## International cooperation to reduce inequality

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### Executive summary

Latin America's inequality ranks first in the world, constricting development and hindering citizenship. Inequality is a complex syndrome, transmitted from generation to generation and broader than poverty and income distribution. It includes wealth, education, health and spatial dimensions, and socio-political factors. Improvements in reducing poverty do not have automatic effects on reducing inequality.

To tackle the inequality syndrome a comprehensive approach should be put in place. Equality of outcomes, equality of opportunities and equality of positions require differentiated public policies.

Strategic areas for potential action are recognition of and voice for social groups such as women, ethnic minorities and castes,

particularly in the political, economic, social and institutional fields.

From a Latin American perspective, Norway's international cooperation is important in the areas of science and technology, the role of the state, labour rights, sustainable development, peace and security, global health and the rights of minorities.

Recommendations to address inequality through international cooperation ought to highlight strengthening of democratic institutions, enforcement of citizenship – especially labour rights – promotion of an active and strategic role for the state, implementation of due social policies – particularly higher education – and protection of the environment.

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Inequality is rampant worldwide and is closely related to the integration of the world economy, particularly financial markets. Actually, foreign direct investment has been associated with an increase in income inequality across regions and countries. Similarly, the impact of financial openness and technological progress are demanding more skilled workers, deepening the differences among labour sectors in developing countries (IMF, 2007: 31). As a distinguished group of international experts recently stated:

At the beginning of the 21st century, levels of poverty and inequality are staggering. The richest 20% in the world enjoys more than 70% of global income, while the poorest 20% only obtains two paltry percentage points. The richest 1% (61 million individuals) had the same amount of income as the poorest 3.5 billion (56% of the world's population).  
(Jolly, 2012: 3)

Inequality is increasing but the problem is not lack of "resources in the world; the problem is that they are not distributed equitably among countries and within countries" (Holmas, 2012a).

## I. Inequality in Latin America

Inequality is even more acute in Latin American countries. According to the United Nations Economic Commission for Latin America and the Caribbean, 10 of the 15 most unequal countries in the world are in Latin America. The inequality of income in Latin America is significantly greater than in sub-Saharan Africa (ECLAC, 2010a).

### 1. Latin America is the most unequal region in the world

In fact, according to the last United Nations Development Programme *Regional Human Development Report* (UNDP, 2010: 16), "Latin America ranks first in the world in terms of inequality".

From a long-term perspective, ECLAC (2010a: 6), recognises that this region has a record of inequality five centuries long, with a roll-call of racial, ethnic and gender discrimination, a division

of citizens into first- and second-class categories and the worst income distribution in the world. In the past few decades inequality has exacerbated the unevenness of productive opportunities in society, worsened employment conditions and segmented access to social protection. See Table 1.

To make the situation worse, poverty and inequality are transmitted between generations and "the most immediate determinants of parents' capabilities to invest in the human capital of their children within the context of the range of services available" (UNDP, 2010) determine the future wellbeing of their children.

## 2. Inequality constricts development and hinders citizenship

At the same time, the International Bank for Reconstruction and Development (IBRD) and the World Bank (WB) showed that high inequality – of incomes, access to services, agency and voice, assets and opportunities – matters for development. Experts agree that inequality constricts development: "When consumption is highly concentrated in the top wealthiest income groups, an economy is inefficient, increasingly unstable and, as the IMF has shown, slow to recover from crisis" (Jolly, 2012: 41).

However, not only is development hindered by inequality, citizenship is also affected since "the very meaning of being a citizen of a country is almost certainly substantively different for poor and rich families" (de Ferranti et.al, 2003: 31–32).

## II. Beyond poverty, targeting inequality

Inequality and poverty are not the same. Inequality is broader than income distribution, although the former includes the latter. Improvements in reducing poverty do not have equivalent effects in reducing inequality; on the contrary, actual achievements in reducing poverty have not been translated into corresponding levels of greater equality: "Progress in poverty reduction has been substantial on a global level, but inequality has also increased in many countries. The impact of growth on poverty reduction has been

disappointing” (Holmas, 2012b).

Accordingly, a comprehensive approach to tackle the inequality syndrome is needed. As the UNDP Report indicates:

It is insufficient to decrease inequality as a by-product of successful poverty reduction policies [...] inequality should be fought by means of public policy instruments that are explicitly designed to reduce inequality. This goal should be thought of as a way to complement a comprehensive policy for social protection and the provision of quality services with universal components.

(de Ferranti et.al., 2003: 31–32)

## 1. Socio-political factors nurture inequality

The University of Oslo’s Centre for the Study of Equality, Social Organization, and Performance, studying in particular the Scandinavian experience, is careful in saying that:

we believe that there is no universal relationship between equality and economic performance. Under certain institutional structures, equality and prosperity go together and are mutually reinforcing. Under other institutional structures, however, this does not happen. A narrow economic approach, which neglects the institutional complementarities and social ties, can not capture these mechanisms.

(ESOP, 2006)

In fact, irrespective of the size and type of their economy and level of development, data for the region show that inequality is strongly related to socio-political factors. The UNDP Report indicates that major socio-political factors associated to inequality are poor quality of political representation, weakness of public institutions, unequal access to influence specific policies, asymmetrical tax structure, poor regulatory capacity of the state, clientelism, state capture, corruption and low civic engagement. All of them are systemic factors exacerbating the reproduction of inequality (UNDP, 2010).

## 2. Wages matter

Considering that the most important source of households’ consuming power is wages, salary changes have alleviated poverty conditions in several Latin American countries in the last two decades or so. The rise in inequality (measured by income distribution) came to a modest halt in most LAC countries towards the second half of the 1990s or towards the start of the twenty first century, depending on the country in question. Inequality, as measured by the Gini coefficient, fell by 5.9% in Mexico, 5.4% in the urban areas of Argentina, 5.0% in Peru and 4.8% in Brazil. This drop in inequality stemmed from lower inequality in terms of income, both labour and non-labour (returns on physical and financial capital, transfers of private and public income, etc.) (UNDP, 2010: 28; see also López-Calva and Lustig, 2012)

However, as already suggested, neither poverty nor income distribution tells the whole story.

## 3. Inequality and income distribution

Inequality is usually measured in terms of the distribution of income. This is justified on the grounds that income levels are a reasonably accurate proxy for access to desired goods and generally to a higher quality of life. There are also well-established methodologies to measure income inequalities, notably the Gini coefficient, which facilitates the analysis.

While this approach is defensible, an overemphasis on income distribution carries the danger of simplifying unduly both the analysis of inequality and the identification of policies and actions to address it. Inequality is a more complex phenomenon than the incomes approach allows; an awareness of its complexities is needed for proper analysis and policy recommendations.

To start with, there has to be some notion of what is the ultimate value that is to be equalised – what the Nobel laureate Amartya Sen calls “the focal variable”: a particular aspect of a person or persons that is to be compared with the same aspect or aspects in another person. He includes among the possible candidates the following: happiness, liberty, opportunities, rights

and need fulfilments (Sen, 1995: 6). Because people are heterogeneous, these dimensions do not necessarily converge: for instance, equal happiness can go with widely divergent fulfilment of needs, just as equal fulfilment of needs can be associated with very different levels of freedom (Sen, 1995: 2). Therefore a choice has to be made among them, and this choice is essentially ethical and political rather than scientific. In his own analysis Sen defines the focal variable as “our capability to achieve valuable functionings that make up our lives, and more generally, our freedom to promote objectives we have reasons to value” (Sen, 1995: xi).

In any case, all of the possible focal variables suggested – and there could be others – are broad notions that contain a number of diverse elements; whichever among the variables is chosen, some disaggregation is called for to make it analytically manageable and capable of policy implications. It is at this stage that other possible “focal variables” are proposed, representing both discrete components of the good life, valuable in themselves, as well as intermediate goals to the achievement of other goals. Income is one of them, as are wealth, education, health and, again, a host of other possible ones. A complexity here is that these variables are related with two-way lines of causation. Education can be a proxy – albeit not a perfect one – for income in that family income can affect the level and quality of children’s education, which in turn will affect their future income. Similarly with health, children’s nutritional status – a function of family income – is one of the determinants of educational attainment, and both health and education will influence future income.

Several other dimensions of inequality must also be taken into account (World Bank, 2006: 3–7; ECLAC, 2010a: 38–42; ECLAC, 2010b: Chapter II). *Inter-generational* determinants of inequality have just been mentioned in connection with education and health apropos of family income. Equally important here is inequality stemming from inter-generationally transmitted choices of life styles and career patterns, such as eating habits or interest in educational opportunities. *Spatial* inequalities are particularly relevant in countries with large imbalances in levels of regional development. Inequalities also have social and political

dimensions. The different level of *recognition* that social groups – such as women, ethnic minorities, castes – attract finds expression in differential access to opportunities as well as in variations in the distribution of symbolic goods such as status, dignity and deference (ECLAC, 2010b: 15). *Voice* inequalities point to the unequal distribution of power and influence. They are closely related to social and economic inequalities. As ECLAC puts it:

greater integration into decent work, high-quality education, information and knowledge and networks of social protection and interaction improves citizens’ capacity for participation in political and union organizations, public debate, informed voting, the use of knowledge to enforce their rights, access to civil associations and cultural dialogue. Again, the more representative and open to public input decision-making systems are, the more influence perennially excluded groups will have on decisions about redistributing resources and universalizing benefits.  
(ECLAC, 2010a: 41)

To capture the universe of dimensions on inequality in a single measure is probably an impossible task, and the measurement of income inequalities continues to recommend itself as a workable compromise. However, it is essential that the full range of issues that make up the equality problematique be recognised, particularly when addressing the question of the policies that need to be put in place to reduce inequality.

#### **4. Equality of outcomes, equality of opportunities**

In this context it is customary to refer to the distinction between equality of outcomes and equality of opportunities. By equality of outcome is meant that the quantum of the focal variable – whether income, wealth, liberty or something else – enjoyed by everybody is the same, or, in a formulation closer to that of Sen, that everybody enjoys the quantum of the focal variable that he/she deems necessary to pursue his/her life objectives. Equality of opportunities, on the other hand, refers to everybody having the possibility to achieve the desired quantum of the focal variable. This is often encapsulated in the metaphor of

“levelling the playing field”. It means accepting a certain degree of inequality of outcome inasmuch as not everyone can or wants to fully exploit the opportunities.

The concepts have been elaborated from a more systemic perspective by the French sociologist François Dubet, who proposes a distinction between equality of position and equality of opportunity (Dubet, 2010). Individuals occupy different positions in the social structure, which attract different levels of income and quality of life generally. Equality of position aims at reducing the gap between positions. Equality of opportunity aims at offering to everybody the possibility of acceding to the higher positions, without concern about the structure of inequalities.

Complete equality of outcomes in the context of an unequal structure of positions is generally considered impractical, particularly in situations characterised by high unemployment and precarisation, which could make the redistributive emphasis of equality of outcome/position politically unviable. It furthermore runs against the social ethos prevailing in Western liberal democratic society, which emphasises individual responsibility. Full equality of outcomes, independent of individual effort and choices, in effect relieves individuals from responsibility for their choices. Dubet, who in principle opts for equality of position, is nevertheless also concerned with its paternalistic and corporatist undertones.<sup>1</sup>

By contrast, in the approach of equality of opportunities the individual must face the consequences of the options he/she chooses. Equality of opportunities, however, is also a complex notion that can be understood in different ways. In a formal sense, it involves the removal of legal barriers to social mobility and the introduction of meritocratic criteria for the access to public goods, such as public office or public education. This has been criticised as inadequate to promote equality given that individuals approach the opportunities offered from very different strengths and assets, resulting from pre-existing forms of inequality. A second, more

liberal, notion of equality of opportunities would therefore call, in addition to the removal of formal barriers, for equalising the resources available to individuals which are relevant to the opportunities offered. However, this proposal has also been regarded as insufficient, since the removal of pre-existing handicaps may require that resources be distributed in an unequal manner. A more radical view of equality of opportunities would therefore involve distributing resources unequally by favouring those most deprived at the expense of the better-off (Roemer, 1995).

The central question for research and policy at this point is how to retain the notion of personal responsibility by distinguishing those inequalities that result from circumstances beyond the person’s control – which should be remedied – from those stemming from his/her own choice, especially the amount of effort deployed to take advantage of opportunities; the latter should not be the target of public intervention.

## 5. Operationalising equality of opportunities

A concrete proposal from the Yale economist John Roemer is relevant here. It involves identifying, on the one hand, a “focal variable” that will be equalised and, on the other, those circumstances beyond the person’s control that generate inequalities with respect to the focal variable. Assume, for the sake of argument, that the variable to be equalised is income, and that the intermediate variable that most strongly determines income levels is years of education. The next step is for the society in question to identify, in the light of its own view about the scope of personal responsibility, all the circumstances beyond the person’s control that can affect the years and quality of education the person receives and therefore his/her level of income. Those circumstances could include years of education of the parents, parents’ income, their ethnic group, the natural intelligence of the person, the number of siblings the person has, and whether the person was raised by a single parent or by two parents.

Next, society would be divided into groups, each consisting of all persons who share the same values in all the circumstance variables, and

<sup>1</sup> In connection with education and paraphrasing Churchill on democracy, Dubet states that equality of opportunity at school is the worst system except for all others (Dubet, 2006).

the years of education of each group would be measured. As the groups are large, this would be a frequency distribution; within the group some will have more education than others. The proposal is to treat the differences in education *between* groups as the result of the circumstances beyond the members' control listed above, and therefore needing correction, while the differences in education *within* groups would be treated as the product of personal choices that policy should not be concerned with. The policy approach would be – through the tax-transfer system – to equalise across the groups the income of all persons in the same position within their group, irrespective of their years of education (Roemer, 1995).

Roemer's method has been applied to the Latin American case by De Barros and colleagues (De Barros *et al.*, 2009). Their study covers in detail seven countries (Brazil, Colombia, Ecuador, Guatemala, Mexico, Panama and Peru); the "focal variables" are per capita income and per capita consumption, and the circumstance variables are gender, mother's education, father's education, father's occupation, race or ethnicity, and birthplace.

The results are presented in Table 2. They reveal that the circumstances have a high impact on the overall level of inequality. This ranges from one fifth for per capita income in Mexico to over one half for per capita consumption in Guatemala. Strong equalising intervention is therefore called for in favour of the underprivileged groups as defined by the circumstance variables.

### III. Areas for intervention

Following the previous analysis, to tackle the inequality syndrome a comprehensive approach should be put in place. From this perspective, the following strategic areas for potential action are important:

#### 1. Political measures

It has been indicated that

the task facing many Latin American countries is not just finding short-term policies to alleviate poverty, but effective means of integrating the

popular sectors into politics and society, so as to ensure, through their participation, that they will secure their rights as well as give their support to new political and economic institutions.

(Chalmers *et al.*, 2004: 6)

In the same direction, independent researchers "found evidence that the strength of the democratic record, the cumulative record of the strength of left-of-center parties in the legislature, and the interaction of social security spending and democracy all have significant impacts on lowering inequality" (Huber *et al.*, 2003: 959). Accordingly, the following seem to be key actions to be taken:

- generating and strengthening open, democratic, transparent and participatory political and social institutions at central and local levels;
- involvement and recognition of historically subordinate groups, especially women, Afro-descendants and indigenous peoples;
- properly institutionalised collective bargaining and labour rights.

#### 2. Economic measures

- Increase social spending and building capacities for social institutions to improve income transfer systems with redistributive effect.
- "Conditional cash transfer programs [...] demanding, in exchange for cash transfers, a co-responsibility commitment, i.e., a condition generally related to households' investment in the education and health of their children" (UNDP, 2010: Box 6.1, reproduced below as Table 3.).
- Equitable economic institutions and policies to allow counter-cyclical policies; access for the poor to finance productive investments and acquisition of human capital, land, housing and other assets.
- Access to assets:

While recognizing that education is an important factor in generating social mobility and improving the returns to labor, the wage gap will continue to encourage the income concentration. To achieve this purpose is aware of the need for more equal access to productive assets, property rights and basic

infrastructure, especially in societies where high concentration of wealth coexists with acute levels poverty and marginalization.

(Medina and Galván, 2008)

- Nevertheless, the current structural heterogeneity of regional economies does not provide the enabling environment for regional development. A redefinition of the economic matrix to better integrate all sectors in a new development strategy is needed.

### 3. Social measures

- “Affirmative action is a coherent packet of measures, of a temporary character, aimed specifically at correcting the position of members of a target group in one or more aspects of their social life, in order to obtain effective equality” (UN, 2001: 3).
- Increased access to education, health, and infrastructure, land policy with a variety of rural services.
- Improving the educational system, particularly higher education, since “policies implemented in the region to ensure universal access to schooling have lowered the returns on secondary education [...] the premium on tertiary education has risen as demand for skilled workers has expanded” (Contreras and Gallegos, 2011: p. 40)

### 4. Institutional measures

- The welfare state should be reformed, so that both risk management and redistributive transfers (social security and social assistance) are more broadly spread through the society.
- To make possible these reforms, ECLAC proposed a covenant for equality, a pact for redistribution of income supported by a progressive tax structure to expand countries’ fiscal capacity, and policies to redress the wide structural heterogeneity that largely explains acute social inequality and exclusion, which is particularly acute for women, ethnic minorities and young people.
- Tax equity also requires international cooperation. Tax evasion should be fought with political pressures and threats on tax havens; with bilateral agreements on exchange of information; and with greater cooperation for

transparency and exchange of information following the OECD and the Council of Europe Protocol (Tanzi, 2011; Holmas, 2012c).

In sum, to reduce inequality – not only poverty – there is a need for an increased and active role of the state in promoting a development strategy able to integrate different sectors; assuring and expanding workers’ rights and improving wages; integrating excluded groups; making possible greater political and economic participation by women; introducing progressive tax reforms to finance health, education and housing programmes; reducing differences in life standards among social strata; empowering civil society organisations; and implementing institutionalised participatory democratic mechanisms to make all these changes possible.

## IV. Norway’s international cooperation through Latin American eyes

Norway’s international cooperation policy identifies six main areas for constructive engagement in developing countries: access to knowledge and technology, economic growth and social development, climate change and sustainable development, peace and security, global health, and human rights and gender equality. This policy duly distinguishes between poverty and inequality (NMFA, 2012; NORAD, 2010).

Accordingly, from the abovementioned objectives it is possible to identify some cross-sectoral targets and common ground with Latin American priorities to overcome inequality or, at least, relatively decrease inequality.

### 1. Science and technology

Access to knowledge and technology is considered as a global public good which has to be available to developing countries. In this regard, the NMFA Report recognises that “research and higher education are consistently given low priority in government budgets in many countries. This often means poor conditions for teachers and researchers. Brain drain becomes

a problem, exacerbating the lack of knowledge” (NMFA, 2012: 8).

## 2. Role of the state

The Report shows a concern about economic matrices heavily focused on commodities, and advocates greater national economic integration or homogeneity:

Increasing both their share and volume of exports presents a challenge for these countries. They must avoid becoming too dependent on raw material exports [...] It is crucial for developing countries to be able to impose similar requirements [to Norway’s] in order to build up their national expertise and a diversified private sector, rather than remaining exporters of raw materials. This is a key element in Norway’s WTO policy. (NMFA, 2012: 16)

## 3. Labour rights

Decent work is a priority for Norwegian international cooperation. Accordingly, the NMFA indicates that “In order to promote decent work at the global level, it is important to build capacity and institutions to monitor and enforce legislation on labour standards” (NMFA, 2012: 24).

## 4. Climate change and sustainable development

Taking care of the environment and combating deforestation and forest degradation is also a priority. In this regard it is unavoidable to think how extensive crop exploitation for exports (i.e. soy beans) is confronting rural communities’ interests, creating social tensions which could escalate into violent conflicts (e.g. Paraguay).

## 5. Peace and security

The Report highlights the importance of police activity in building and consolidating the rule of law. Separation of military institutions and strengthening civilian ones dedicated to internal order is one main conclusion that could be drawn from this policy.

## 6. Global health

Concerned with global health, the Report opens the way for further discussion on the importance of strengthening the public sector and for a discussion on the danger of radical privatisation of health care in the region.

## 7. Women’s and minorities’ rights

Human rights and gender equality are a top priority:

The lack of equality, equal rights and equal opportunities for both sexes adds to the challenges of reducing poverty and raising global living standards [Accordingly] priority groups in Norwegian policy are human rights advocates, children, women, sexual minorities, indigenous peoples and other minorities [...] This calls for a change in power and social structures that maintain the differential treatment of men and women, girls and boys. (NMFA, 2012: 69)

Although the Report does not mention specific mechanisms to protect these rights, it implicitly declares the need to empower those active agents – non-governmental and civil society organisations – that, together with governments, could create new democratic, non-discriminatory and participatory social structures.

## V. Recommendations to address inequality through international cooperation

Taking into account the main targets of Norwegian international cooperation policy and matching them with those critical sectors where inequality – not only poverty – in Latin America presents its main challenges, it is possible to identify seven main areas for joint constructive intervention (Table 4).

### 1. Democratic institutions

Through its international cooperation policy, Norwegian commitment to the enforcement of rule of law could be narrowed down in the Latin



American region to highlight the importance of participatory political institutions and the empowerment of civil society organisations.

The first goal – participatory political institutions – could be achieved, first, by making visible, in a comparative perspective, actual mechanisms of citizen participation at national and subnational levels in different advanced democracies. This could be done in cooperation with national legislatures, regional organisations such as the Latin American Parliament (Parlatino), academic centres and/or non-governmental organisations. A second way of achieving it would be by the implementation of exchange programmes for policy makers to expose Latin American government officials to best practices on participatory institutions.

The second goal – empowerment of civil society organisations – important for legitimate collective representatives of citizens' demands, could be accomplished by linking government cooperation to the effective implementation of consultation procedures with communities and civil society organisations, especially in implementing social policies.

## 2. Citizenship

Norwegian concern with human rights, children, women, sexual minorities, indigenous peoples and other minorities fully coincides with the recognised need in Latin America to overcome inequality through gender equity, political and economic participation of women, and recognition of historically subordinated groups, such as Afro-Latin Americans and indigenous peoples.

Direct cooperation to help national and regional associations of disadvantaged groups to organise their respective demands and interact with legislatures and government agencies could contribute to the empowerment of these organisations and make the interaction with state institutions stable and productive.

## 3. Role of the state

Diversification of the private sector, overcoming the limitations of economic structures which are heavily dependent on raw materials, needs

an active role of the state in the economic field. To increase the value added to Latin American exports, a more integrated economic matrix is needed, and to make this possible the state has to play a strategic role. One of the main tasks in this regard is to incentivise solid private–public research and development (R&D) programmes in the area of science and technology, as is stated below.

An important role of the state is taxation, and tax equity is crucial to decrease inequality. In this regard, international cooperation against tax evasion could be organised, either bilaterally or in the institutional framework of multilateral international organisations.

## 4. Social policies

Affirmative action could be promoted to correct the position of women, ethnic and disadvantaged groups to obtain effective equality.

Health conditions could be changed thanks to improvements in knowledge and technology. University institutions could play an important role in this sector.

International health cooperation has a wide room for initiatives, such as close monitoring of the working environment; cooperation on emergency response systems and non-communicable diseases, particularly the adverse effects of tobacco, which is affecting the young population in the region; and the improvement of health services.

The reform of welfare system in Latin America, as indicated previously, would require decisive support for the public sector, which has been particularly weakened by privatisation processes in various countries in the region.

## 5. Labour rights

Commitment to the strengthening of institutions to monitor and enforce legislation on labour standards could have an important impact in creating enabling environments to promote decent work and wages in Latin American countries. Considering that in recent decades economic restructuring in the region has meant a decrease

in the collective bargaining power of workers' organisations, it would be of utmost importance to strengthen trade unions organisations through bilateral agreements or trilateral actions with the International Labour Organization (ILO) and/or with regional trade union organisations such as the Confederación Sindical de Trabajadores y Trabajadoras de las Américas (CSA).

## 6. Education

As seen above, higher education is a common priority in Latin American as well as in Norwegian international cooperation. Despite the differences in university systems, curricula and language, it would be highly important to devote part of the international cooperation resources to increase the regional R&D capacity. This could be implemented through university exchanges and special joint R&D projects.

## 7. Environment

Combating deforestation and forest degradation is a priority in Norwegian international cooperation. Unfortunately, this topic does not appear as important as it should be in Latin American policies to decrease inequality.

A proactive initiative linking environmental protection and inequality reduction could be implemented through the promotion of joint actions by active environmentalist organisations existing in both parties.

## Conclusions

The development and strengthening of participatory democratic institutions at national and subnational levels, the empowerment of civil society organisations to make them able to take part in decision-making processes of key social policies at governmental and parliamentary levels, and the implementation of affirmative actions measures, constitute strategic priorities to overcome inequality from the bottom up.

An active role of the state in enforcing labour rights and promoting decent work, friendly environmental policies and R&D at higher education institutions would be complementary

measures to reduce inequality from the top down.

A multinational partnership to enforce this combination of institutional and social reforms, specifically oriented to overcome inequality, could be the dawn of a new stage in international cooperation.

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Table 1

**Latin America: Gini coefficient of per capita income (2010)**

<b>Inequality level</b>	<b>Countries</b>	<b>Gini coefficient</b>
<b>Low (0.435–0.470)</b>	Venezuela	0.435
	Uruguay	0.445
	Argentina	0.458
	El Salvador	0.469
<b>Middle (0.471–0.510)</b>	Peru	0.480
	Dominican Republic	0.483
	Costa Rica	0.502
	Mexico	0.505
<b>High (0.511–0.559)</b>	Chile	0.518
	Paraguay	0.519
	Guyana	0.519
	Nicaragua	0.523
	Belize	0.529
	Ecuador	0.535
	Brazil	0.542
	Guatemala	0.544
	Panama	0.549
<b>Very high (0.560 or higher)</b>	Bolivia	0.572
	Colombia	0.583
	Honduras	0.573
	Haiti	0.592
	Jamaica	0.599
	Suriname	0.616

Source: UNDP (2010).

Table 2

**Inequality of economic opportunities: country rankings**

<b>Indicator</b>	<b>Brazil</b>	<b>Colombia</b>	<b>Ecuador</b>	<b>Guatemala</b>	<b>Mexico</b>	<b>Panama</b>	<b>Peru</b>
<b>Earnings</b>							
Overall inequality	0.617	0.608	0.638	0.786	0.756	0.572	0.675
Rank	5	6	4	1	2	7	3
Levels of inequality of opportunity	0.215	0.123	0.164	0.230	0.177	0.140	0.143
Rank	2	7	4	6	3	6	5
Share of inequality of opportunity	0.349	0.203	0.256	0.293	0.234	0.245	0.212
Rank	1	7	4	2	5	3	6
<b>Per capita income</b>							
Overall inequality	0.695	0.559	0.417	0.619	0.711	0.63	0.557
Rank	2	5	7	4	1	3	6
Levels of inequality of opportunity	0.228	0.140	0.121	0.231	0.148	0.218	0.163
Rank	2	6	7	0	5	3	4
Share of inequality of opportunity	0.329	0.25	0.29	0.373	0.208	0.346	0.292
Rank	3	6	5	1	7	2	4
<b>Per capita consumption</b>							
Overall inequality	–	0.449	0.354	0.409	0.635	0.381	0.351
Rank		2	5	3	1	4	6
Levels of inequality of opportunity		0.119	0.122	0.214	0.17	0.159	0.122
Rank		6	4	1	2	3	4
Share of inequality of opportunity		0.265	0.344	0.524	0.267	0.417	0.348
Rank		6	4	1	5	2	3

Source: De Barros et al. (2009: 146).

Table 3

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

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

NA: Not available

Note: When no information was available on the number of beneficiaries, this figure was calculated by multiplying the number of beneficiary households by 4.76.

Source: Based on Box 6.1 in the Regional Human Development Report for Latin America and the Caribbean 2010

Table 4

**Norwegian international cooperation and Latin American critical areas for equality**

	<b>Norwegian international cooperation targets</b>	<b>Latin American critical areas for equality</b>
<b>1. Democratic Institutions</b>	Rule of law	Participatory political institutions Civil society organisations empowerment
<b>2. Citizenship</b>	Human rights, children, women, sexual minorities, indigenous peoples and other minorities	Recognition of historically subordinated groups, Afro-Latin American and indigenous Gender equity, women's political and economic participation
<b>3. Economic</b>	Diversified private sector	Active role of the state Integrated economic matrix Tax equity International cooperation against evasion
<b>4. Social policies</b>	Global health	Improved health services Improve conditional income transfer systems Access to capital resources Reform of welfare system Housing policy
<b>5. Labour rights</b>	Institutions to monitor and enforce legislation on labour standards	Collective bargaining Decent work and wages
<b>6. Education</b>	Research and development and higher education	Higher education
<b>7. Environment</b>	Combating deforestation and forest degradation	

