



Forum on

## Inclusive Growth and Poverty Reduction in the New Asia and Pacific

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### Legal Identity and its Relevance to Inclusive Growth - Latin American Experience and Relevance for Asia

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#### 1 THE CASE FOR ESTABLISHING LEGAL IDENTITY

1. There are direct and indirect costs associated with lack of identity documents, both to the individual and society. The need for a universal, continuous and precise registration of vital events, or civil registry, is fundamental for public policy and planning. The first act of civil registration, the inscription of a live birth into the public records of a country, guarantees the identity and the nationality of the individual, in compliance with Principle 3 of the Declaration of the Rights of the Child. The act of registering births is, in turn, the basis for ensuring a unique identification of the individual, thus providing the individual with a legal identity.
2. In earlier times it was not imperative to possess a nationally recognizable identity document, because it was quite common to live one's whole life in one community, where everyone was known to each other.
3. Today it is virtually impossible to participate in society without having to prove one's identity from early on. Without access to public social services, education, health, the formal labor market, a driver's license, passport, and unable to verify property and inheritance rights or exercise voting rights, an undocumented citizen is condemned to social, economic and political exclusion – and destined to exist at the margins of society.
4. The latest UNICEF data (2006) for Latin America show that 18 percent of children between the ages of 0-5 are not registered, and although it is very difficult to measure the un-documentation rate of the adult population, there are strong indications that the percentage may be as high as 15 percent in several countries.
5. Since 2004, the Inter-American Development Bank (IADB) has been carrying out a series of country assessments to qualify the problem of un-documented citizens in Latin America, and the reports will be published shortly. The objective of the research is to apply the findings to project design, by incorporating integral approaches to reduce the rate of un-documentation. This has already been done in several countries (see map below).
6. . These assessments revealed that the main barriers for accessing civil registration and identification are: (i) economic, (ii) legal, (iii) administrative, (iv) geographic, (v) cultural, and (vi) internal conflicts. The initial findings support anecdotal evidence from social protection programs, such as conditional cash transfer programs, that the undocumented citizens can be found among the most disenfranchised groups and communities.



## 2 LINK BETWEEN POVERTY REDUCTION PROGRAMS IN LATIN AMERICA AND LEGAL IDENTITY

7. Inequality is one of Latin America's major challenges. It should be noted that Gini coefficients in Latin America are income-based, while in Asia they are based on expenditure. It is estimated that 205 million of the population of more than 550 million live in poverty, while 79 million are described as living in extreme poverty.

8. One approach to poverty reduction in Latin America has been conditional cash transfer programs (CCT), explicitly aimed at the poorest segments of the populations through targeting mechanisms in order to maximize coverage. Typically the children of the recipient must attend school, or health programs, in exchange for a monthly subsidy paid to the head of the household. Participation in the programs has been determined through surveys. Until recently these programs did not consider interactions between program requirements and rates of under documentation, and in some cases they have created their own registries of clients, or beneficiaries, often inventing new identification codes for the beneficiary and their families, and consequently constructing a database separate from the official registration system.

9. The Chilean CCT, Chile Solidarity, represents in many respects the most sophisticated of the CCT's in the sense that there is a high degree of interaction between different government agencies in providing integrated services to beneficiaries in the program, ranging from psychosocial counseling to the cash benefit to labor market training. The beneficiaries and their families are in the program for a maximum of five years. Since its inception in 2002, the Ministry of Planning (Mideplan) has had a formal agreement with the Civil Registry for the inscription and identification of undocumented beneficiaries, giving due consideration to civil registration and identification as the key to exercise citizen rights in Chile. However, the rate of social and economical inclusion of beneficiaries has yet to be measured accurately. The first beneficiary families "graduated" from Chile Solidarity in June of this year, and the forthcoming impact evaluations are much anticipated.

	<b>Progresa Mexico</b>	<b>Plan Familias Argentina</b>	<b>Bolsa Familia Brazil</b>	<b>Painin Nicaragua</b>	<b>Familias en Acción Colombia</b>
<b>Size of Population</b>	108 million	37 million	189 million	5,5 million (2005)	45 million
<b>Income of economy<sup>1</sup></b>	Upper-middle income	Upper-middle income	Upper-middle income	Lower-middle income	Lower-middle income
<b>Rate of poverty in %</b>	50 (2002)	26.9 (2007)	30 (2002)	45.8 (2003)	65 (2005)
<b>Rate of Extreme Poverty in %</b>	20 (2002)	8.7 (2007)	11,6 (2002)	15.1 (2003)	22 (2005)
<b>Number of beneficiary households<sup>2</sup></b>	5,000,000 (2005)	428,000	~ 2–5 million (2004)	103,000 <u>children</u> (2004)	362,000 (2005)
<b>Average monthly transfer in US\$<sup>3</sup></b>	20	70	35	N/A <sup>4</sup>	50
<b>Underregistration at Birth in %</b>	5.34 (2004)	2 (2006)	11.5 (2005)	15.3 (2001)	7.4 (2005)
<b>Obtaining ID facilitated with Cash Transfer Program</b>	No <sup>5</sup>	Yes <sup>5</sup>	No <sup>7</sup>	Yes <sup>8</sup>	Yes <sup>9</sup>

<sup>1</sup> Data taken from the WB, <http://go.worldbank.org/D7SN0B8YU0>

<sup>2</sup> Data from Glassman/Todd/Gaarder: Performance-Based Incentives for Health: Conditional Cash Transfer. Programs in Latin America and the Caribbean, p. 14, except Plan Familias and PAININ (taken from unpublished IDB country assessments).

<sup>3</sup> Data from Hand and Davis, cf. Glassman/Todd/Gaarder, p. 10

<sup>4</sup> In contrast to the CCTs of the region, PAININ's beneficiary focus are children, not the households themselves. The payment is thus not made per household but per child, paid to the NGO participating in the program, see below. "El programa apoya el funcionamiento de 1,124 centro infantiles comunitarios (centros pre-escolares) y casas-base en modalidad itinerante en zonas de elevada dispersión de población. Debido a que el criterio de focalización es por comunidad, el programa beneficia a todas las familias existentes en la misma; (...)" Ordoñez country report Nicaragua, pp. 98.

<sup>5</sup> In Mexico, until 2006 Progresa/Oportunidades did not foresee the automatic issuing of an ID when the person who wanted to enroll did not have one. Ver Acosta report, pp. 36. According to the current (Sept.2007) Director Jurídico of Oportunidades, it is important to have one issue very clear: Oportunidades' main objective is to reach the Mexican population qualifying for the program because of an extreme stage of poverty no matter if they have an ID or not. Once the households are qualified of being extreme poor through household surveys, they are in principle eligible for accessing the benefits of the program at the indicated banks. According to the rules of operations of Oportunidades, the banks paying out the cash benefits have to accept ANY kind of documentation,

10. Combating social, economical and political exclusion due to lack of sufficient identity documentation not only requires integrated project design, but also institutional reforms, both areas where the IADB is presently working. However, there is also a need for further applied research to strengthen the analytical framework for our work.

### 3 WHY LEGAL IDENTITY MATTERS

11. The link between legal identity and inclusive growth has not been demonstrated unequivocally through any of the social protection programs financed by the IADB . This is due to the fact that the link to documentation and legal identity has only recently been incorporated as a project activity in CCT programs. Already, there are a number of indices that point to the establishment of legal identity for citizens as a vehicle for social, political and economic inclusion. Time and time again, project beneficiaries report not only a boost to self esteem by receiving an identity document, but also emphasize that they are better positioned to claim due benefits and vote. However, there is clearly a need for empirical research on this topic.

12. Another argument for establishing legal identity for all citizens of a country is the importance of a universal, precise, and efficient system of civil registration that produces input to the country's vital statistics and demographic planning capacity. A dynamic vital statistics system is an important element for public policies and programming, as well as for monitoring and measuring achievements of the MDGs. This is a topic that will require serious attention in the development debate in the future.

13. A third element that must be explored is the link between legal identity and the informal labor market. Does a government's inability to resolve inequality and income re-distribution further promote informal economies, or is informality a choice made by the individual?

14. A fourth aspect, which is relevant to growth, is the link between legal identity and governance. If considerable numbers of citizens are unable to exercise their right to vote and/or be elected to office, this brings into question the ability of a modern nation state to reach a higher degree of democratization.

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not necessarily the national ID only. What apparently is used most commonly in Mexico for accessing the cash transfer at banks is the "Credencial de Voto", (the voter registration card issued with evidence and proof of the birth registration document). In contrast to many countries in Latin America, Mexico has no legal grace period for registering a child. It can be undertaken either right after birth, after one week, one month or even year, in principle/by law without any costs. What has to happen right after birth though according to Acosta is that "Los medicos cirujanos y matronas que hubieren asistido al parto, tienen obligación de dar aviso del nacimiento al Juez del Registro Civil, dentro de las veinticuatro horas siguientes." Ver Acosta, p.100.

<sup>6</sup> Ver reporte Dwight Argentina, pp. 29/30

<sup>7</sup> Cf. unpublished IDB country assessment Brazil (Wong/Turra), pp. 32. Similar to Oportunidades in Mexico, Bolsa Familia's main objective is not the registration of underregistered citizens but to provide poverty reduction benefits to the participants qualifying for the program. Thus, once a household qualifies because of its poverty profile, it will be able to obtain the benefits.

<sup>8</sup> In Nicaragua, one of the objectives of PAININ is to increase the number of participating beneficiaries with birth registration certificate. As part of the contract between the government and the NGOs participating in the PAININ, the NGOs are supposed to carry out actions to increase the numbers of registered births, such as campaigns and awareness raising. For the realization of births registration specific tasks, the NGOs receive a small financial incentive. Cf. IDB Nicaragua country assessment (unpublished).

<sup>9</sup> In Colombia, the Programa de Familias en Acción carries out registration campaigns in order to prevent the problem of excluding potential beneficiaries. This seems to be even more important given the fact that the cash transfers are transmitted via banks that ask both the ID of the beneficiary household owner and the birth certificate of the benefiting children. Cf. IDB country assessment Colombia, p. 36. (unpublished).