

# A matter of choice?

Cash transfers and narratives of dependence  
in the lives of women in Southern Ecuador



**María Gabriela Palacio Ludena**

## **A MATTER OF CHOICE?**

**CASH TRANSFERS AND NARRATIVES OF  
DEPENDENCE IN THE LIVES OF WOMEN  
IN SOUTHERN ECUADOR**

**MARÍA GABRIELA PALACIO LUDENA**

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**EEN KEUZE?  
VERSTREKKING VAN GELD EN AFHANKELIJKHEIDSNARRATIEVEN  
IN HET LEVEN VAN VROUWEN IN ZUID-ECUADOR**

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*To Rosa, whose life has been dedicated to unconditional service,  
this work looks upon you with love and recognition.*



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## Acronyms

ALMPs	Active Labour Market Policies
AFDC	Aid to Families with Dependent Children
BCE	Ecuadorian Central Bank
BE	Beca Escolar (School Grant)
BDH	Human Development Grant (Bono de Desarrollo Humano)
BS	Bono Solidario
CEPAL	Comisión Económica para America Latina y el Caribe
CNH	Creciendo con Nuestros Hijos (Growing Up with Our Children)
CONAM	Consejo Nacional de Modernización (National Council for Modernisation)
CONAMU	Consejo Nacional de Mujeres (National Women's Council)
CTs	Cash Transfers
CCTs	Conditional Cash Transfers
CDH	Human Development Credit (Crédito de Desarrollo Humano)
CV	coefficient of variation
ECLAC	Economic Commission for Latin America
ECV	Encuesta de Condiciones de Vida (Living Standards Survey)
ENEMDU	National Survey of Employment, Unemployment and Underemployment

	(Encuesta de Empleo, Subempleo y Desempleo)
ENEMDUR	Encuesta Nacional de Empleo, Desempleo y Subempleo Urbano y Rural (Urban and Rural National Survey on Employment, Un- employment, and Underemployment)
FEISEH	Fondo Ecuatoriano de Inversión en los Sectores Energé- tico e Hidrocarburífero (Ecuadorian Fund for Investment in the Energy and Hydrocarbons Sectors)
FLACSO	Facultad Latinoamericana de Ciencias Sociales (Latin American Faculty of Social Sciences)
GDP	Gross Domestic Product
ICLS	International Conference of Labour Statisticians
IDB	Inter-American Development Bank
IFIs	international financial institutions
IESS	Ecuadorian Social Security System (Instituto Ecuatoriano de Seguridad Social)
ILO	International Labour Organization
INEC	National Department of Statistics of Ecuador (Instituto Ecuatoriano de Estadística y Censos)
INFA	Instituto de la Niñez y la Familia (Ecuadorian Institute of Childhood and Family)
ISI	Import Substitution Industrialisation
ISS	International Institute of Social Studies
MCA	Multiple Correspondence Analysis
MCDS	Coordinating Ministry for Social Development (Ministerio Coordinador de Desarrollo Social)
MIES	Ministry of Social and Economic Inclusion (Ministerio de Inclusión Económica y Social)
MRRL	Labour Department (Ministerio de Relaciones Laborales)
NGO	non-governmental organization



OECD	Organisation for Economic Co-operation and Development
PPS	Social Protection Programme (Programa de Protección Social)
RS	Social Register (Registro Social)
SELBEN	Beneficiaries (or recipients) Selection Survey (Encuesta de Selección de Beneficiarios)
SIISE	System of Social Indicators of Ecuador (Sistema de Indicadores Sociales del Ecuador)
UNRISD	United Nations Research Institute for Social Development
WDR	World Development Report
WIEGO	Women in Informal Employment: Globalizing and Organizing



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## Abstract

This dissertation focuses on the interconnectedness of informality and social protection in Ecuador, by means of answering the overarching question as to whether recent social protection policy initiatives have reinforced processes of labour informality, adapted to them or attenuated them.

The influence of cash transfer programmes on labour market outcomes has raised concerns among scholars and practitioners. The core idea behind this critique is that non-contributory social protection has distortive features. The cash delivered to individuals is believed to provide them with perverse incentives, including the incentive to exit the formal sector and opt for informality or not seize opportunities to take on formal sector employment, so as to stay eligible for social benefit. According to this argument, social protection schemes, such as cash transfer programmes, can lead to lower labour participation and/or more informal employment. But there is little evidence to support this thesis. The perversity argument, as held up in public debate, is largely misplaced. In fact, poor workers tend to have little choice in the labour market and mostly have few options other than engaging in informal activity, which is often characterised by high rates of underemployment.

This dissertation draws on localised research to further explore the interactions between social protection and labour market structures, focusing on the gendered and generational aspects of welfare provisioning. Two cities in the south of Ecuador, Loja and Machala, form the context of new empirical evidence gathered in this research. The new data were used to examine the challenges of providing targeted income support in a context marked by deep-rooted social inequalities. Informal employment has been predominant in these cities both before and after the introduction of the

nation-wide cash transfer programme. Thus this research contributes to public and labour economics by critically revisiting some of its key assumptions regarding the behaviour of providers and recipients of social benefit schemes. Likewise, it provides a political economy perspective on social protection and how it influences labour market behaviour in an interconnected and contextualised manner.

Ecuador's most important social protection programme, the Bono de Desarrollo Humano, introduced in the early 2000s, is found to have had very little effect on the structure of the labour market. This finding casts doubt on the transformative potential that the cash transfer programme was expected to possess. At the same time, however, the lack of significant labour market impact also discredits the frequently made argument that the receipt of cash transfers will make recipients more 'dependent' (that is, reduce labour efforts) or will encourage informal employment. The research also shows that the cash transfer programme has changed state–society relationships by introducing new rationalities and redefining the role of social policy in economic development. Findings also indicate that different population groups have been able to reposition themselves vis-à-vis the state. Despite the centrality of women as beneficiaries in the non-contributory social protection scheme, relatively little has been written about how their participation affects their job status. This thesis shows that because women have been the main recipients of the social benefit, it has reinforced their traditional roles in the household as well as in the labour market, rather than empowering them economically as the designers of the cash transfer programme originally intended. Through its findings, this research aims to contribute to a better-informed dialogue between different strands of development studies, social policy and labour economics. Analytically, the thesis provides new insights into how social welfare provisioning interacts with labour market choices and opportunities as mutually influencing forces.

## *EEN KEUZE?*

### *VERSTREKKING VAN GELD EN AFHANKELIJKHEIDSNARRATIEVEN IN HET LEVEN VAN VROUWEN IN ZUID-ECUADOR*



## Samenvatting

Dit proefschrift gaat over de verwevenheid van informaliteit en sociale bescherming in Ecuador. Het biedt een antwoord op de centrale vraag naar het effect van recente beleidsinitiatieven op het gebied van sociale bescherming op processen van arbeidsinformaliteit. Hebben deze beleidsinitiatieven die processen versterkt, verminderd, of zijn ze eraan aangepast?

De invloed van sociale verstrekking van geld (*cash transfer programmes*) op de arbeidsmarkt is een punt van zorg onder wetenschappers en praktijkmensen. De gedachte hierachter is dat premievrije sociale bescherming versturende effecten heeft omdat het verstrekte geld perverse prikkels biedt. Het zou mensen aanmoedigen om de formele sector te verlaten en te opteren voor informaliteit of om kansen op werk in de formele sector te laten lopen om in aanmerking te blijven komen voor een sociale uitkering. Vanuit deze gedachte kunnen regelingen voor sociale bescherming zoals de sociale verstrekking van geld leiden tot een lagere arbeidsparticipatie en/of meer informele werkgelegenheid. Er is echter weinig bewijs voor deze stelling. Het perversiteitsargument dat in het publieke debat wordt verdedigd is niet erg steekhoudend. Arme werknemers hebben in de praktijk vaak weinig keus op de arbeidsmarkt en zien zich meestal genoodzaakt werk te zoeken in de informele sector, waarin doorgaans een groot gebrek aan werkgelegenheid is.

Dit proefschrift beschrijft lokaal onderzoek waarin de interactie tussen sociale bescherming en arbeidsmarktstructuren verder wordt verkend, en is gericht op de gender- en generatieaspecten van welzijnszorg. Voor dit onderzoek zijn nieuwe empirische gegevens verzameld in twee steden in het zuiden van Ecuador: Loja en Machala. Het doel was om na te gaan wat de knelpunten zijn bij het verlenen van gerichte inkomenssteun in een context die wordt gekenmerkt door diepgewortelde sociale ongelijkheid. Zowel voor als na de landelijke invoering van de sociale verstrekking van geld had informele werkgelegenheid de overhand in deze steden. Dit onderzoek draagt dus bij aan de overheids- en arbeidseconomie door een kritische herbeschouwing van enkele belangrijke aannamen over het gedrag van aanbieders en ontvangers van sociale uitkeringen. Ook laat dit onderzoek vanuit het perspectief van de politieke economie zien hoe sociale bescherming gedrag op de arbeidsmarkt op een samenhangende en gecontextualiseerde manier beïnvloedt.

Het belangrijkste sociale beschermingsprogramma van Ecuador, het *Bono de Desarrollo Humano*, dat in het eerste decennium van deze eeuw werd geïntroduceerd, blijkt zeer weinig effect te hebben gehad op de structuur van de arbeidsmarkt. Dit gegeven is in tegenspraak met het transformatieve potentieel dat de sociale verstrekking van geld naar verwachting zou hebben. Tegelijkertijd ontkracht het ontbreken van een significant effect op de arbeidsmarkt ook het vaak aangevoerde argument dat het

ontvangen van geld mensen 'afhankelijker' maakt (d.w.z. dat de inspanningen om werk te vinden zullen afnemen) of informele werkgelegenheid bevordert. Uit het onderzoek blijkt ook dat de sociale verstrekking van geld de relatie tussen de staat en de samenleving heeft veranderd door nieuwe rationaliteiten te introduceren en de rol van sociaal beleid in de economische ontwikkeling opnieuw te definiëren. De resultaten wijzen er ook op dat verschillende bevolkingsgroepen zich ten opzichte van de staat hebben kunnen herpositioneren. Ondanks het feit dat vrouwen de centrale begunstigen van de premievrije sociale bescherming zijn, is er tot op heden relatief weinig geschreven over de invloed van hun participatie op hun beroepsstatus. Dit proefschrift laat zien dat de traditionele rol van vrouwen in het huishouden en op de arbeidsmarkt is versterkt omdat zij de belangrijkste ontvangers van sociale uitkeringen zijn; hun economische positie is echter niet versterkt, zoals de bedenkers van de sociale verstrekking van geld oorspronkelijk hadden bedoeld.

Het doel van dit onderzoek is om een bijdrage te leveren aan een beter onderbouwde dialoog tussen verschillende onderdelen van ontwikkelingsstudies, sociaal beleid en de arbeidseconomie. Puur analytisch biedt het proefschrift nieuwe inzichten in hoe sociale voorzieningen en arbeidsmarktkeuzes en -kansen functioneren als elkaar wederzijds beïnvloedende krachten.

# 1

## Introduction

### 1.1 Cash transfers as perverse incentives: narratives of dependence

Cash transfers (CTs), the flagship modality of targeted social protection in Latin America, have become the tool of choice in poverty reduction throughout the region, promoted as effective in enhancing human capital while smoothing consumption levels among the poor. Mainstream economic thinking has favoured targeted welfare provisioning, further promoting CTs as effective crisis response mechanisms and means of social protection in contexts with low levels of formal employment. More recently, however, the influence of CTs in the region on labour market outcomes among recipients has raised concerns among scholars and practitioners. The core idea behind this critique is that social protection has distortive features: the cash delivered to individuals is believed to provide them with (perverse) incentives to exit the formal sector and opt for informality or not to formalise when they have the chance. Along these lines, it is argued that cash transfer programmes create moral hazard among working-age adults who receive these benefits. An extensive body of literature has sought to verify this hypothesis. This contention has not only gained increased attention in international debates about social protection (such as among donors and development finance institutions, including the World Bank and the Inter-American Development Bank), but it has also influenced policy making within countries.

CTs are often designed as temporary interventions, designed to protect the poor—by managing uninsured risk—while affecting production decisions and helping to provide a permanent way out of poverty. CTs aim to provide means to vulnerable households to better manage risks against income shocks, preventing them from selling off assets or from taking



children out of school in moments of adversity. Though designed to be temporary, most programmes in the region are still in place after nearly two decades. While generally considered successful in achieving their objectives (Barrientos & Villa, 2016), political support seems to be waning. In the Ecuadorian case, although the cash transfer programme Bono de Desarrollo Humano (BDH or Human Development Grant) has been associated with improvements in children's cognitive achievement (Paxson & Schady, 2007; Ponce & Bedi, 2010; Schady et al., 2008), food expenditure and nutrition (Buser et al., 2013; León & Younger, 2008; Schady & Rosero, 2007), and with a reduction in child labour (Cecchini & Madariaga, 2011; Gonzalez-Rozada & Llerena Pinto, 2011; León et al., 2001; Martínez Dobronzky & Rosero Moncayo, 2007), an anticipated outcome, the overall effect on labour supply of adult recipients is the subject of some controversy. The BDH has come under attack by critics claiming that the programme is merely creating welfare benefit dependency and loss of economic self-sufficiency among its recipients. Recipient women of working age are being stigmatised for not making sufficient efforts to work and find better employment, allegedly motivated by securing continued eligibility for the BDH programme. In the political discourse, voices opposing any income support for the poor working-age population have become stronger.

Since its inception, the BDH has been strongly criticised for allegedly supporting 'poor people's laziness' at the cost of the middle classes' contributions. Following contested increases in payroll taxes, inheritance taxes and changes in contributory social insurance implemented in the country after 2008, the reproach to non-work-based welfare provision has intensified and further divided public opinion. After a decision in 2012 to finance an increase of the monthly transfer to US\$50 by imposing a corporate income tax for the private banking sector, opinion leaders have argued for a dismantling of the cash transfer programme, trying to convince readers that it is the reason behind the increased informalisation—portrayed as evasive practices—in the country. The central government responded to these criticisms in part by emphasising its contribution to developmental outcomes, such as increases in school attendance, by tightening the programme's targeting, accelerating the process of graduation and promoting affiliation to contributory social insurance—resulting in a significant drop in the number of recipients by 2014. Hence, the response to dependency

concerns and normative debates has been to emphasise the design of social protection in such a way as to minimise this perverse incentive and its distorting effect on labour markets.

A number of studies seem to support this view. These studies suggest that the BDH has led to: (1) a drop in paid labour—as visible in either longer duration of unemployment and/or higher rates of inactivity among recipients; or (2) an increased probability of remaining in or even transitioning towards informal sector employment (Gonzalez-Rozada & Llerena Pinto, 2011; Mideros & O'Donoghue, 2015). Although the BDH is associated with higher inactivity and higher rates of informality among recipients, this could be caused by the structural impediments women face in the labour market—as noted by Mideros and O'Donoghue (2015). Women's employment options are limited in Ecuador, in particular among the poorest.

The targeting mechanism of the BDH fits within broader processes of gender segregation: recipients are mothers with underage children or elderly persons excluded from contributory pension benefits. Labour market participation by these recipients is therefore limited by gendered roles as caretakers, accentuated by their age. The programme deliberately chose women as recipients for the conditional component, expecting that they would spend the money on the needs of the family and hence best serve the developmental objectives of the programme. However, the programme might have also reinforced traditional gender roles. Without sufficient support to reconcile care and paid work in an equitable way, many recipient women seem to 'choose' part-time informal work, the most mother-friendly option available to them. Note that informality is characterised by flexible hours, albeit irregular income, which due to a lack of affordable childcare and observance of statutory maternity leave seems more compatible with childrearing.<sup>1</sup> For reasons spelled out above, BDH recipients are less likely to participate in (formal sector) employment.

Thus, isolating the effect of BDH on informal employment becomes problematic, as informality rates are highest among the poorest population—and even more so among female workers amongst them—regardless of their participation in the BDH programme. The identification of the specific mechanisms through which targeted social protection affects labour market outcomes is also contingent on broader institutional factors pushing poor women into flexible informal work, namely unequal access to childcare, low compliance with labour regulation and occupational sex

segregation. Unequal access to care reinforces the gender bias, as paid care is not an option for the poorest women, contributing to self-selection into part-time flexible employment. Weak enforcement of labour legislation aimed at reducing gender discrimination has led to a continuation of informality, mostly affecting women—conditional on their education, background and age. As recipient mothers tend to have lower levels of education, they are more likely to be absorbed into the lower tier of the informal sector, poorly rewarded and operating beyond the state's reach. Moreover, BDH recipients tend to have children at a younger age, compounding the aforementioned constraints to entering formal employment. As a result, female BDH recipients, needing to balance paid work and care, are more likely to remain in traditionally 'female' occupations, mostly in the informal sector, while childcare is often left to mothers and grandmothers lacking support from fathers. The underlying reasons for this differ from those held up by the perversity argument.

In the light of the issues described above, this research has focused on the question: to what extent do cash transfers encourage informalisation via perverse incentives? This research finds that the perversity argument, influenced by the dominant debates discussed above, is largely misplaced. What could be seen as labour market outcomes resulting from perverse incentives, for example higher inactivity rates or prevalence of informal employment, might in fact originate rather from structural impediments for many workers to access formal employment. Studies which associate informality with non-contributory social protection thus seem to be mistaken about the direction of causality. In effect, the role of non-contributory social protection in originating informalisation is minimal.<sup>2</sup> For the bulk of the labour force, the possibility of choosing between a formal or informal occupation is irrelevant given crucial circumstances constraining their actual choice. Rather than focusing on individual choice, the persistence of informality can be better explained through more structural accounts that consider the gap between informal and formal employment arrangements as a by-product of segregated labour markets and bifurcated protection systems.

This argument stands in contrast to the rationale behind the association of cash transfers with increased informality. Most economists' accounts of the causes of informality argue this is a voluntary and individual choice. Only a few economists perceive informality as a structural outcome or as a result of marginalisation. Consequently, most of the debate is focused

on individual behaviour, according to which choices are allegedly made without considering the broader social and economic context which sets constraints on such choices. In view of these broader structural constraints, the influence of cash transfers seems minimal; perverse incentives can be identified, but these can be considered to be of no more than marginal influence within the broader structural and institutional constraints that condition people's choices.

CTs may still impact informal employment in different ways—that is, not through perverse effects on occupational choice, but rather through the institutional channel used for implementing targeted modes of social protection. Targeted social protection schemes typically fail to address the causes of economic inequality, such as the loss of economic security for informal workers. As a consequence, they entrench institutional stratification and segmentation of populations on the basis of the targeting criteria (such as gender and age) that are typically associated with such schemes. These identity qualifiers, or, following Harriss-White, 'institutions of identity' (2010, p. 172), constitute, on their own, forms of social regulation. Cash transfers, as part of the social protection system, can thus play a role in the maintenance (or alternatively in the transformation) of social regulation and social difference. It could be argued that the increasing number of quantitative studies of CTs that account for individual qualifiers, for example disaggregating results by sex and age, are recognising social differences. These studies tend to produce static accounts of the social protection system without paying sufficient attention to dimensions of social differentiation, instead diluting these concerns. Thus, it is necessary to approach these qualifiers as relational, capturing specific processes that result in the intersections of sex, age and ethnic background. The overarching concern is the question of stratification, which, if left unattended in the design of social protection systems, might replicate (instead of correct) processes of marginalisation existing in the labour market that are related to the unequal distribution of employment and social rights.

## 1.2 Policy context: a revolution in social protection?

This dissertation elaborates on the ongoing international policy debate regarding social protection and informality, drawing on an extensive review of recent literature promoting cash transfers and social protection as 'a revolution from the South'. The celebration of this modality of welfare provision has been accompanied by strong criticism related to its inability

to tackle the persistence of informality, the erosion of formal and secure employment and other underlying causes of economic inequality and social stratification. This work explores the parallel to these debates in the Ecuadorian (and related regional) policy and political debates and evaluates such claims by means of presenting alternative accounts, drawing on quantitative analysis and qualitative and documentary research.<sup>3</sup>

Ecuador's current development agenda aspires to attain a reformulated model of economic growth and social inclusion through intensified public investment, under a project self-proclaimed as *Revolución Ciudadana* (or Citizens' Revolution), also presented as Good Living, Socialism of Good Living or 21st Century Socialism<sup>4</sup>. To this end, 'among the foremost duties of the State are the guarantee, without discrimination, of the effective enjoyment of rights, the eradication of poverty and the equitable redistribution of resources and wealth' (Ecuadorian Constitution 2008 – Article 3) (Translated by *Senplades* as found in National Secretariat of Planning and Development, 2013, p. 55). New mechanisms for an increased presence of the state have given the Citizens' Revolution a distinctive character. Some assess this shift as positive (Ray & Kozameh, 2012; Weisbrot et al., 2017), highlighting amongst many economic reforms the absorption of the Central Bank into the executive branch,<sup>5</sup> the creation of a tax on capital exiting the country, the re-regulation of the financial sector,<sup>6</sup> and the significant increase in public investment and government expenditure.<sup>7</sup> The dissolution of the Fondo Ecuatoriano de Inversión en los Sectores Energético e Hidrocarburífero (FEISEH or Ecuadorian Fund for Investment in the Energy and Hydrocarbons Sectors),<sup>8</sup> increased oil revenues<sup>9</sup>—partly due to a renegotiation of oil contracts, extensive mineral extraction (mainly gold and copper), an increase in related royalties<sup>10</sup> and taxes paid to the state, have facilitated the expansion of government spending since 2007 when President Correa took office. Social spending, especially in the areas of education, health and social welfare, increased from 4.3 per cent of gross domestic product (GDP) in 2006 to 9.4 per cent of GDP in 2013, the highest levels of social spending in Correa's administration, and returning to 8.6 per cent of GDP as of 2016 (Weisbrot et al., 2017). Spending on social welfare (or *Bienestar Social*), a category that includes funding of the BDH and other social welfare programmes (Ray & Kozameh, 2012), increased between 2000 and 2006 from 0.3 per cent to 0.6 per cent of GDP, after a peak level of 1.2 per cent in 2001 (SIISE-BCE-eSIGEF, 2017). After Correa took office, social welfare spending increased to 1.0

per cent of GDP (as of 2007), up to 1.5 per cent of GDP during 2010–11<sup>11</sup> (SIISE-BCE-eSIGEF, 2017; Weisbrot et al., 2017), and returning to 1.0 per cent as of 2016 (Weisbrot et al., 2017). The budget for BDH nearly doubled from 2006 to 2007, increasing from US\$192 million to US\$381 million (CEPAL, 2016), rose significantly during subsequent years (International Labour Organization, 2014) and reached its highest level in 2013: US\$1.1 billion (CEPAL, 2016). As of 2016, the budget for BDH was reduced to US\$651 million (*ibid.*).

This shift in economic policies has been accompanied by elements of change and continuity in the provision of social protection, maintaining—until very recently—a bifurcated system, with an upper tier of contributory social insurance covering the formally employed and supplementary provisions directed to rural farmers; and a lower tier of non-contributory social assistance providing income support with cash transfer programmes, such as the BDH or the Joaquín Gallegos Lara grant. Recent reforms were introduced to address problems of stratification of employment-derived benefits. First, the abolition of various forms of precarious employment, namely labour subcontracting and hiring by the hour, introduced in 2008 by the National Constituent Assembly, aimed at ‘eliminating sources of non-compliance with labour rights’ (International Labour Organization, 2014, p. 6). Second, a minimum wage policy was introduced under the framework of *Salario Digno* (or decent wage), levelling up wages to the cost of a basic family basket.<sup>12</sup> This framework included obligatory affiliation of workers to social security—failure to fulfil this obligation now results in a penalty as indicated in Article 327 of the National Constitution (2008) (*ibid.*). Third, and following a constitutional mandate to recognise and value unpaid family work, *amas de casa* (or homeworkers) were incorporated to the social security system—or contributory social insurance—under a scheme partly subsidised by the state. The level of subsidy and individual contributions of homeworkers is determined after an assessment of the socio-economic situation of the household (Maldonado-Cabrera & Vallejo-Luzuriaga, 2015).

Yet debates on the effectiveness of these reforms are ongoing, given the still growing importance of informal employment. ‘[Between 2007 and 2012] informal employment increased in the informal sector and among own-account workers at the same time it declined among employers and domestic workers’ (International Labour Organization, 2014, p. 10). As of

2009, more than two-thirds of urban employment (about 2.7 million workers) in Ecuador was informal. These estimates do not include employment in the agricultural sector or rural areas.<sup>13</sup> In contrast, data on employment in the informal sector—measured as the number of workers employed in informal enterprises—suggests informality was much lower: about 1.6 million urban workers were employed by informal enterprises in 2009. Whereas this enterprise-based definition shows that only one-third of urban workers were employed in the informal sector, it reveals that 1.1 million workers were informally employed in ‘formal’ enterprises (ILO, 2014). Thus, it can be seen that the boundaries set for informality determine the—lack of—visibility of insecurity and instability of workers. The former definition, that is ‘informal employment’, emphasises the regulation and protection dimensions not captured by the sectorial division of formal and informal enterprise registration. The fact that so much of the informal urban employment takes place in formally registered enterprises or households—24 per cent in Ecuador, the second largest share in the region<sup>14</sup>—and that informal employment in the informal sector persists, opens up new dimensions on the debate for the provision of social protection and its applicability to societies with more people joining the informal and casual work segments of the labour market.

In this context, the prominent role of targeted forms of social assistance, as per the BDH programme, challenges the ‘revolutionary’ character of the administration. The expansion of social programmes is associated with that of extractive activities, whereby arguments for national ownership are justified in terms of ‘oil dividend’<sup>15</sup>—with citizens eventually receiving their share. Current reforms in social protection have been presented as a shift towards a more inclusive approach to social protection, away from the promotion of privatisation, liberalisation and deregulation that came about with neoliberal reforms applied at the end of the last century—in what the administration has coined the ‘long neoliberal night’. Yet the preference for targeted modalities of social protection is problematic. Current social assistance programmes, despite their clear focus on poverty reduction, interact with historical structures driven by dependency on primary exports, limited expansion of the productive capacity and high degrees of labour informality. As noted by Ponce and Vos (2012), the primary export-led growth strategy pursued in the country has not been conducive to dynamic growth of formal industrial activity and services, leaving a large and still expanding informal sector, which in turn

has contributed to the need to set up and continue with non-contributory schemes such as the BDH. Although poverty and income inequality have fallen significantly over the past 15 years, the question remains how to address the contradictions and social tensions accompanying the delivery of a Citizens' Revolution by means of maintaining targeted policy instruments, such as cash transfers, next to renewed strategies of economic and social development, aimed at tackling the exclusion of significant segments of the population from decent employment opportunities. Little information is available about how this shapes recipients' job status and working conditions, although for workers in the informal economy, failure in accessing social protection entails greater precariousness and vulnerability. Furthermore, for people in informal employment, vulnerability is closely linked to economic insecurity (Beneria & Floro, 2006) and social exclusion (World Bank, 2012).

In the context of social policy, national planning has been complemented by an agenda intended to reduce economic inequality and social exclusion (MCDS, 2017). Non-contributory social protection and support to income-generating activities have been prioritised along these lines. Yet it should be noted that the cash transfer programme BDH has a long trajectory. By 2007, with a larger base of recipients, debates on inclusion came to the fore, as the BDH programme had been only slightly reformed after 2003 when it was reformulated as a (conditional) cash transfer. Despite a discursive shift towards a more transformative role of social protection, the BDH programme still occupies a central position in poverty reduction strategies. This focus on poverty reduction does not necessarily suggest that the administration has not prioritised reducing inequality. In fact, inequality, measured by the Gini coefficient, decreased from 0.55 to 0.47 between 2006 and 2016 (Weisbrot et al., 2017), in line with the general trends observed in the region (Gachet et al., 2016). Yet, even if income inequality levels have reduced—although with some signs of reversal after 2015—some have argued this is not sustainable (*ibid.*), joining other scholars who have already highlighted the need to transform the economic structure, reduce the dependency on commodities and increase the tax base in order to ensure a steady reduction in inequality (Ponce & Vos, 2012a). In the particular connection of inequality with labour income and cash transfers, Gachet et al. (2016) estimate that, for the period 2005–16, the marginal contribution of cash transfers to the observed reduction in income inequality (measured by the Gini coefficient) during this period



was between 2.5 and 4.5 per cent for each 1 per cent increase in cash received; whilst the contribution of labour income is actually negative: an increase of 1 per cent in labour income is associated with an increase in inequality of 1 to 2 per cent.

In its basic set-up, the BDH programme builds largely on already existing CT models popular throughout Latin America. Conditional cash transfers (CCTs) were positioned as a technical tool for poverty alleviation, and thus claimed to be insulated from the hazard of political misuse (for an extended discussion of the ‘model power’ of Oportunidades-Mexico, see Peck & Theodore, 2015). In the midst of an economic crisis, Ecuador adopted the cash transfer model in 1999 with the creation of Bono Solidario (BS), originally modelled after the Mexican programme Oportunidades (previously Progresá, and currently Prospera) (Schady & Araujo, 2008). During its initial years, the programme was an unconditional cash transfer: no conditions were imposed and it was introduced to compensate the poor for loss of income caused by the elimination of a subsidy on cooking gas. By 2003, the programme was reformed as a conditional cash transfer, with requirements pertaining to health (regular medical check-ups) and education (school attendance) for children in recipient households. Yet proof of meeting these conditionalities was ‘only needed for initial registration and not for continued participation’ (Ray & Kozameh, 2012, p. 15), making of the BDH an unconditional cash transfer scheme after enrolment. Yet others argue that the BDH is a ‘cash transfer with soft conditions’ (Mideros & O’Donoghue, 2015, p. 227), as ‘BDH transfers were not explicitly conditional on pre-specified behaviours like school enrolment, although households were encouraged to spend transfer income on children’ (Araujo et al., 2016, p. 5). Advertising campaigns accompanied the expansion of the BDH, as documented in Schady and Rosero (2007), whilst some administrators and front-line workers were instructed to remind participants of the enrolment conditionalities (Schady & Araujo, 2008).

Actually, various rounds of experimental-design evaluations exploited these ambiguities in the demarcation and monitoring of conditionalities, testing whether a nudge was required or not. For instance, Schady and Araujo defined ‘a group of people who “believed” the transfer was conditioned [although the] conditionality was not really enforced, though the implementation created the perception among certain households that it would be’ (ibid., p. 73), amongst which the impact of the BDH was much

higher. The BS programme was reformed in 2003 and renamed Bono de Desarrollo Humano. By 2012, the BDH reached approximately 1.8 million households (for an estimate<sup>16</sup> of 9.5 million people or 44 per cent of the total population). The BDH includes a conditional component, providing a monthly stipend of US\$50 to mothers (1.2 million as of 2012) with school-age children, and a non-contributory and unconditional pension component of US\$50 per household (later denoted *pensión asistencial* or assistance pension), targeted to household with members above the age of 65 or with disabilities. By 2012, the pension component reached about 580,000 households.

In 2015, the Ecuadorian state led a process of subsidised affiliation of more than 450,000 BDH recipient women to the contributory branch of social insurance (IESS or Instituto Ecuatoriano de Seguridad Social), under the Ley de Seguridad Social para las trabajadoras no remuneradas del hogar (Law for Social Security for Unpaid Family Workers). This reform has resulted in higher affiliation rates amongst women, as a contribution is now deducted from BDH recipients' monthly stipend aimed at accumulating funds for a retirement pension as part of the general social insurance regime, IESS. Under this scheme, affiliated BDH women are entitled to old age, disability and death pensions, though only after a continued period of contributions,<sup>17</sup> and are not covered against health-related risks. Although this is a step toward a more inclusive approach to social protection provisioning, as it stands now the system remains stratified: the homeworkers' affiliation scheme offers lesser benefits to BDH recipients as compared with those offered to formally employed workers regardless of their status within the household.

Lastly, although women have gained significant access to social protection, mostly via the BDH, their inclusion has not resulted in more equal gender outcomes, that is, access to formal paid work. The question remains: to what extent has social protection supported women in overcoming differences and creating a more level playing field in the labour market? This is not to suggest that no gains have been made over the last two decades, but rather to question the nature of the institutional responses to women in the design of social protection systems.

### 1.3 Framing a research question

From an understanding that social relations produce and reinforce processes of vulnerability and exclusion, as manifested in the prevalence of unprotected employment, i.e. informal employment, and considering the (re)entry of historically excluded groups (e.g. ‘dependent’ women, the elderly), this dissertation begins by questioning the transformative capacity of the current social protection system in Ecuador. Specifically, this research aims to answer the overarching question whether the current configuration of the social protection system has attenuated processes of informal employment, adapted to or, rather, reinforced them.

If that is indeed an option, that social protection has adapted to or even reinforced processes of informalisation, the next step is to understand the source of informality. This dissertation explores the specific conditions under which social protection influences workers’ employment choices, such as whether to seek a job in formal or informal activity. This is both a theoretical and an empirical question. From a theoretical perspective, the dissertation aims at answering: what are the (documented) distortive features of welfare provisioning? How can non-contributory social protection introduce dependency and create work disincentives? As an empirical question, the project explores the contingencies that may result in increased informality among recipients in Ecuador. That is to say, do recipients of social protection benefits actually have the ability to choose between formal and informal occupations? What are the specific conditions that reinforce informalisation among the recipient population? Are these conditions associated with notions of welfare dependency and/or introduced by non-contributory social protection?

Social protection could also be seen as more than reactive or adaptive, but rather serving a transformative role. Its transformative character could be identified in the potential to tackle the sources of exclusion and vulnerability, as per the exclusion from formal employment and vulnerability manifested in income volatility that accompanies informal work arrangements among recipients. This motivated a third line of inquiry that guided this dissertation: to what extent has the current social protection system affected historical trajectories and social relations that produce and perpetuate exclusion from formal employment among recipient populations?

#### 1.4 Studying informality and social protection: towards an analytical framework

Aiming for the right balance of focus in making an argument whilst acknowledging complexity, this work does not aim to fit all of these theories into one single framework. To understand the interactions between social protection and informality, both public economics (as informed by welfare economics) and labour economics can provide important insights. The neoclassical literature on public and labour economics has tended to address the issues of social protection and employment through the analysis of choice, work effort and (dis)incentives. Many empirical applications have assessed the impact of government interventions on efficiency and equity in outcomes. Drawing on critiques of the underlying approaches, this study puts forward an alternative analytical framework for the analysis of social protection and informality and extended it to an analysis of the specific dynamics of southern Ecuador. In doing so, it provides a supplementary account of how targeted social protection was implemented in Ecuador and its effects on labour market outcomes.

From a critical angle, the literature on feminist economics and sociology of gender questions the validity of the choice models, in particular that of some of the assumptions regarding labour supply and household analysis. Instead, it looks at the specific conditions that determine the positioning of women in the labour market, including those associated with care needs. Moreover, the literature on social policy and welfare regimes helps to situate welfare provisioning as historically and politically emergent, introducing topics such as social stratification, which is particularly useful to relocate the analysis of current social protection systems within broader social structures and evolving academic debates. The approach taken in this dissertation, however, does not focus on welfare regime typologies, but instead favours a more localised analysis of the political economy of social protection, attentive to the nuances and variations of the institutional apparatus within the nation-state. These critical perspectives flag the normative implications of social protection devised at a national level, as they raise questions about the appropriate role of the state in the governing of (peripheral) populations.

### 1.4.1 Informal employment: theoretical considerations

Employment is the most visible component of work, often defined in terms of labour as a factor of production that contributes to the production of goods and services that are valued and included as part of an economy's GDP (UNRISD-WIEGO, 2012). Yet many informal activities are poorly recorded in GDP, as they are less visible in terms of registration and accounting though they play a key role in employment creation. As noted by Razavi et al., 'market-based' exchanges can take many different forms and are not confined to situations where individuals exchange their labour directly for a salary or a wage. Those who are self-employed—whether farming their own land, working in a family-run enterprise or working as street vendors—engage in other forms of market transaction to realise the value of their labour. However, 'not all of these exchanges are consistently captured and counted in labour force surveys and calculations of GDP' (2012, p. xx). In this dissertation, such activities are approached as part of informality, in terms of both informal sector employment and informal employment.

Informality, as a separate theoretical term, emerged in the 1970s under the employment missions conducted by the International Labour Organization (ILO) and in the seminal work of Hart (1973). At a macro level, economic growth was expected to result in a reduction of firm-level and employment informality. As GDP increased, the informal sector was expected to decrease, even more so in a context of demographic transition, with the younger population benefiting from the expansion of formal productive employment. In many developing economies, however, even as GDP increased, formal employment stagnated, resulting in the growth of informal employment and lower contributions (tax and pensions). Notwithstanding the macro process described above, the majority of contemporary economists adhere to microeconomic foundations to argue that informality is a voluntary and individual choice (Fields, 1990; Maloney, 2004; Levy, 2008; Jütting & de Laiglesia, 2009). Implicit in this notion is the idea that workers and/or firms opt for the informal sector because of the benefits that it delivers to them, e.g. evasion of taxes and contributions.

From a different angle, theories of segmented labour markets approach job selection not as a choice made by workers from among a wide range of options but rather as involuntary. Such an approach acknowledges that the labour market is not a single space, a single market, but an amalgam of many non-competing segments bound by different institutional rules

and/or barriers. Workers' access to some sectors of the labour market are restricted regardless of individual preferences and attributes (an aspect that is often emphasised in human capital models). Uthoff (1986), for instance, relates labour segmentation in terms of the allocation into formal and the informal sectors, and earnings inequalities. Other authors perceive informality as a structural outcome (Breman, 1976; 1996; Harriss-White, 2003; Heintz, 2004; Phillips, 2011), delivering advantages to large firms and even the state—which turns into an extractive instead of protective entity, free of regulatory obligations and protections. Also from a structuralist perspective, informality is regarded as a result of the marginalisation of a segment of the labour force, following a more dual explanation, as per Lewis (1954) or Furtado (1965).

The concept has evolved away from the demarcation of an informal sector (enterprise-based concept) and towards informal employment (job-based concept). Informal employment, in the context of this dissertation, is understood as employment in unprotected (such as social security) or unregulated jobs, whether carried out in formal or informal sector enterprises or households (Hussmanns, 2004; UNRISD-WIEGO, 2012; Razavi et al., 2012). The informal label, when applied to employment, encompasses a variety of unstable and unprotected jobs in which people receive insufficient, if any, access to welfare and work-related benefits. In analytical terms, these concepts, informal employment and employment in the informal sector, refer to different aspects of the *informalisation* of employment. The first concept, informal employment, refers to the total number of workers who are not fully registered and lack employment-derived benefits. These are usually workers engaged in employment on a casual basis and lacking (contributory) social protection. This typology of informal employment can also be found in the formal sector, for example in well-established companies that hire workers per hour against labour regulations; in the informal sector, for example in unregulated activities such as street vending; and in households, for example home-based female garment workers. The second concept, employment in the informal sector,<sup>18</sup> refers only to those workers employed by informal enterprises—and thus refers to a smaller fraction of employment.

The study of the causes of informal employment within formal firms has received less attention in the literature. Most of the current debate on informal employment has been driven by the perversity argument, for ex-

ample evasion of income taxes and social security contributions, compliance costs, queuing for formal jobs (Perry, 2007). For the Latin American region, for instance, Perry notes that (new) entrants into self-employment are often formal workers, who have already accumulated physical capital while working for a wage and have the option of switching occupations. This ‘exit’ or voluntary view is also favoured by Fields (1990), who proposes that ‘given the constrained choices available to them, a great many of informal sector workers are in that sector voluntarily’ (*ibid.*, p. 65). In line with Fields’ argument, Maloney (2004), drawing on household survey data from Latin America, also suggests that employment in the informal sector is a ‘rational option’ taken by workers after analysing the entire package of benefits (and costs) offered by various employment arrangements,<sup>19</sup> hence the subsequent prescription for reducing incentives to drop formal employment, namely, handing out cash without the need to perform any (regulated) work.

Acknowledging these diverging perspectives on informality, two main causal processes can be identified as better explaining informality as explored in this dissertation. The first process recognises informalisation as the movement into petty production activities, most often as a result of the upgrading of rural activities. This upgrade is more likely to occur in the lower-tier segment of the labour force, among rural workers transitioning to small-scale activities in urban areas. Such informal activities are often depicted as having low productivity, therefore providing low-income livelihoods. It could be said that more than entrepreneurial activities, these informal activities are best interpreted as people’s survival efforts (Berner et al., 2012). In this context, the role of non-contributory social protection seems marginal in the decision about ‘going informal’, although it can aid workers in the rural–urban transition or in safeguarding livelihoods. The second process, related to the proliferation of informal firms and maintenance of informal employment—regardless of the scale—speaks of an exit notion, i.e. opting out for informality. This is more plausible amongst those in the upper-tier segment, as remaining informal involves some costs and learning, for example bunching behaviour. Within this logic, non-contributory social protection could be seen as a distorting element, increasing the perceived benefits of informality.

***Women and informality: labour markets as gendered institutions***

Women's experience of informal employment differs from that of men. Informal employment comprises a larger proportion of women's non-agricultural employment than of men's employment (WIEGO, 2017). Women continue to be overrepresented in the lower tier of informal employment (e.g. domestic work, home-based work, street vending) (ibid.) and perform most of the unpaid care work (Razavi, 2011; Razavi et al., 2012). Thus the analysis of labour markets, and more specifically of informality, needs to touch upon the constraints faced by women, as the economic and social conditions in which they engage in employment often reflect gender norms. As noted by Razavi et al.:

Labour markets do not operate in a vacuum. As social institutions they are shaped by social norms and power inequalities. Women and men do not come to the market with the same resources, be it working capital, labour (of others), social contacts and different types of skills and experiences. These differences are themselves often the outcomes of gender-based barriers and inequalities. (2012, p. 9)

Social institutions underpin employment outcomes and can structure other inequalities such as those related to access to state-provided social protection. Norms dictating the amount, type and valuation of women's work are translated into employment outcomes, be it occupational sex segregation or differences in income, the latter also known as the gender pay gap. In the absence of meaningful countervailing policies, gendered labour market outcomes can also result in a gendered structuring of social protection systems, as noted by women's limited and weak access to social security provisions or their overrepresentation in non-contributory schemes, for example CCTs. Thus it is necessary to move gender back to the centre of the study of social protection, in order to better capture how the 'social institutions through which social policy is filtered are all indelibly bearers of gender—be it families and communities, markets, informal arrangements for care, or health and education systems, and the public sector' (Razavi & Hassim, 2006, p. XV). When studying the relationships between social protection and employment, a gender perspective is particularly important, as sex-based inequalities in access to social protection may perpetuate informality and segregation and erode opportunities for a level playing field for women in the labour market. As noted by the authors, '[w]omen's unpaid care work continues to form the bedrock on



which social protection is subsidized, with erosions in state provisioning impacting most strongly on women' (ibid.).

### *Intersectionality and informality*

Although the connections between social protection and informality are discussed in the field of gender, or more specifically the positioning of women in the labour market, it is worth mentioning that other individual qualifiers—or institutions of identity (Harriss-White, 2010)—such as age and ethnicity further structure employment and derived entitlements. The dissertation thus approaches the intersectionality of gender with age and ethnicity, leveraging the analysis of social protection and labour market outcomes. Different interpretations of age are integrated into the analysis: when conducting quantitative analysis, age is treated as a chronological fact, that is, 'the figure identifying the number of (Gregorian) calendar years that have passed since birth' (Huijsmans, 2016, p. 8), whilst in related discussions and complementary quantitative analysis, a more sociological understanding of age, by which 'age is *made* important in particular social and historical contexts and in interaction' (Laz, 1998, p. 92, emphasis in original), is allowed. This is particularly suited to the analysis of social protection policies and interventions, including social security provisions and cash transfers whose eligibility criteria focus on age and gender. Ethnicity, also discussed as race as per the sociology literature, is regarded as a 'social construction rather than a biological fact' (Laz, 1998, p. 86), or, alternatively, a system of 'social differentiation' (Radcliffe, 2015c, p. 16). Although most of the quantitative analysis presented here follows categories of self-reported ethnicity, the analysis is aware of how race is 'defined by and constituted within social groups [...] it is accomplished by individuals' (ibid.). Problems associated with the identification of ethnicity in official statistics, especially in the intersection with gender, confirm this view.

With regard to specific gendered employment outcomes, this dissertation discusses patterns of participation in the labour force, differentiated by sex and age, and occupational sex segregation. With regard to participation in the labour force, age and sex determine, to a great extent, the constraints faced by women due to 'socially ascribed responsibilities for reproductive work' (Razavi et al., 2012, p. 26). Occupational sex segregation is approached as the 'separation of women and men into different occupations' (Razavi et al., 2012, p. 23). This is also noted in earlier welfare regime analysis literature, which indicates that when 'sexual equality seems

to exist in terms of formal job definitions [...] behind similar occupational labels hides a powerful internal career-segmentation (Esping-Andersen, 1990, p. 208). Intermittent employment and occupational sex segregation affect not only women's labour income, but their access to work-related benefits: '[t]he way in which pension systems distribute rights, resources and risks can affect men and women differently and serve to mitigate, reproduce or amplify the gender inequalities emerging from the labour market' (Arza, 2012, p. 9). Although there are many ways of approaching occupational sex segregation, this dissertation focuses on the over- or underrepresentation of women (and minorities) in different occupations associated with traditional gender roles and/or lower pay.

#### ***Sex occupational segregation: rational response or socialisation?***

In orthodox economic theory, segregation is seen as a rational response by employers and employees. Supply-side explanations consider that women choose mother-friendly jobs in their attempt to maximise earnings, conditional on intermittent and flexible employment, a by-product of their role as care providers. While many women opt for these jobs based on family demands, others, due to their education level and experience, do not qualify for dependent employment—their preferred option—which would guarantee them maternity leave and fixed schedules. Demand-side explanations account for discrimination during the hiring process. Women are not considered for employment by many employers who are in the grip of arbitrary notions about who is appropriate for a job, in particular if they offer on-the-job training, as women's career breaks, for example for childbearing, are perceived as increased costs for the employer (England, 2005; 2010).

Segregation is also discussed as a product of socialisation: individual preferences and aspirations are transmitted culturally, driving men and women to apply for different job positions (England 2005; 2010; 2015). Recently, England (2015) has criticised the overemphasis that sociologists of gender place on 'the social', inattentive to individuals' agency. This is, however, different from the argument made in orthodox economics, which tends to divert the attention from structural forces and considers gendered work the result of women's choices—for an extended review, see Folbre and Nelson (2000), Folbre (2012) and England (2015). These are better explained as mutually reinforcing processes leading to the devaluation of female work. Work traditionally done by women, for example

nursery, domestic work, and so on, is deprecated by cultural ideas that underestimate their contribution and feed the bias against hiring and/or placing women and rewarding their work. At the institutional level, these beliefs are often reproduced in the workplace, perpetuating segregation.

#### 1.4.2 Non-contributory social protection: situating cash transfers

Social protection is defined in varied ways by scholars and development agencies. Most relate social protection to employment, aiming at improving workers' 'living standards and economic security' (Razavi et al., 2012, p. 30). Mkandawire's definition of social welfare comes very close to current conceptualisations of social protection, encompassing 'access to adequate and secure livelihoods and income' (2004, p. 6). Yet Mkandawire shuns a direct focus on workers, hence suggesting a much broader scope. Social protection is increasingly used to denote a mix of social insurance, social assistance and labour market regulation (Barrientos, 2010, p. 3). These include a variety of policies and programmes that provide protection regardless of employment status. According to Barrientos and Hulme, social insurance 'consists of programmes providing protection against contingencies arising from life-course contingencies such as maternity and old age, or from work-related contingencies such as unemployment or illness'. Although this definition suggests extended coverage, this is usually financed with contributions from workers and their employers. This is one of the main differences between it and social assistance, which, as Barrientos notes, is usually tax-financed and specifically directed toward 'support for those in poverty'. Razavi et al. relate it not to poverty but to (the inability to) work, vulnerability or citizenship-derived entitlements, indicating that social assistance 'provides transfers to people who are unable to work and who are deemed eligible, whether on the basis of their income, their vulnerability status or their rights as citizens' (2012, p. 30).

In the study of informality and social protection as it is approached in this dissertation, a focus on (economic) risk and volatility helps explain the need for income support directed at those who are in 'atypical' employment arrangements. However, processes of informalisation are not only informed by and manifested in various economic dimensions, for example income insecurity, but more generally in the broader social structure. Structural 'social risks' contribute to poverty and vulnerability, whereby 'groups or individuals are marginalised or discriminated against'

(Devereux & Sabates-Wheeler, 2004, p. 7). In what is presented as a ‘transformative’ view on social protection, the authors continue to describe it as:

[a]ll public and private initiatives that provide income or consumption transfers to the poor, protect the vulnerable against livelihood risks, and enhance the social status and rights of the marginalised; with the overall objective of reducing the economic and social vulnerability of poor, vulnerable and marginalised groups. (Devereux & Sabates-Wheeler, 2004, p. 9)

This view informs the understanding of the state’s efforts to address the ‘social, political and economic structures and relationships, and processes of exclusion and adverse incorporation’ (Barrientos & Shepherd, 2003, p. 3) that perpetuate poverty and vulnerability. In this connection, it is important to note that ‘[s]ocial policy is supposed to address problems of stratification, but it also produces it’ (Esping-Andersen, 1990, p. 3). The question of whether policies exacerbate or diminish existing social differences makes the social protection system a stratification system<sup>20</sup> in its own right (1990, p. 4). Molyneux argues, along the same lines:

The extent to which any re-entry into society by previously excluded groups is transformative or merely palliative depends on the degree to which individuals gain some capacity to tackle the social relations that produce or reinforce their vulnerability and exclusion. (2016, p. 6)

Ongoing debates on how to integrate other social groups, those who do not perform paid work or do so on the margins of the state’s regulation, continue to inform the conceptualisation of social protection. Razavi et al. integrate various vulnerable populations—women, the chronically ill and the elderly—in their definition of social protection, as ‘concerned with preventing, managing, and overcoming situations that adversely affect people’s well-being or living standards. It encompasses policies that protect people from the adverse consequences of illness, disability, maternity and old age; market-risks such as unemployment and price volatilities; and economic crises and natural disasters’ (2012, p. 30). Many of these consequences derive from the way in which certain groups, women in particular, attach to the labour market. Social protection is directly linked to the social structures dictating the functioning of labour markets, sometimes resulting in bias against women. As noted by Razavi et al., ‘[t]his is especially the case with social insurance type of programmes that are closely tied to formal employment: by assuming full-time, formal, life-long employment as

the norm, such programmes implicitly discriminate against women' (2012, p. 11). Inequalities emerging from the labour market, for example the inability to secure a formal job, can be easily translated into social protection systems, for example the inability to accumulate sufficient funds for a pension.

### *Transfers, labour supply and perverse incentives*

Traditional models of labour supply, used in both public economics and labour economics, approach decisions regarding work effort and consumption as a result of rational choice. According to neoclassical consumer theory, an individual maximises utility<sup>21</sup> by choosing among consumption and leisure options—given a budget constraint.<sup>22</sup> Since transfers provide a source of income without requiring additional work, the budget constraint is shifted in position (i.e. substitution effect) and slope (i.e. income effect). This argument can be repeatedly found in the unemployment insurance literature, where it is theorised that individuals receiving a lump sum transfer are induced to consume more physical goods and more leisure. Thereby, the labour supply falls.

As documented by Moffitt (2002), contemporary discussions of welfare and work disincentives can be traced back to the USA in the 1960s, in relation to the programme Aid to Families with Dependent Children (AFDC)—note that a parallel situation would take place later in Europe in response to the 'New Deal' in the United Kingdom, a workfare programme introduced in 1998. By that time, Tobin and Friedman had identified the negative effects of welfare programmes on labour markets (ibid.). In determining the optimal marginal tax rate to be imposed by welfare programmes, they found that tax rates of 100 per cent discouraged work. Following this seminal work, [public] economists shifted their interest to the quantification of such an effect, developing new econometric techniques for the analysis of negative income tax and work incentives, including the quite popular randomised experimental trials (ibid.). Along these lines, most contemporary welfare programmes are seen to negatively affect labour supply: '[a]lmost no program reforms have unambiguously desirable labour supply effects on their own' (Moffitt, 2002, p. 2403). Note also that in the work disincentives literature pertaining to the analysis of welfare programmes, the participation in welfare itself is theorised as a choice variable, as some eligible individuals, due to stigma or costs (e.g.

hassle costs), might decide not to participate despite leisure and consumption gains (Moffitt, 2002). Altogether, this body of literature is concerned with the more normative aspects, for example choices regarding work allocation and programme participation, that inform the optimal design of welfare programmes.

Many authors have taken this discussion on disincentives, as advanced in the global North, and applied it to the schemes in the South, where arguments of dependence assume a level of transfers sufficient to substitute for (paid) work. As noted by Ferguson, traditional welfare programmes in the North were indeed ‘meant to replace the normal pay check for the injured or temporarily unemployed worker’ (2015), whereas the cash transfer programmes set up by the end of the 1990s in the South are ‘less about replacing [labour] income lost through inactivity’ (ibid.) but instead are intended as a catalyst, enabling recipients to claim informal livelihoods, finance job seeking, create new employment opportunities and overall capacities for income generation, although evidence is uneven (DFID, 2011; Ferguson, 2015).

Nevertheless, the argument of perversity is still rooted in a particular understanding of social protection that confines it to the ambit of employment and derived entitlements (or lack thereof). For instance, Levy, one of the architects of Mexico’s CT programme *Progresa* (now called *Prospera*), when discussing the ‘unintended’ effects of CTs on employment outcomes in Mexico in his book *Good Intentions, Bad Outcomes*, defines social protection as programmes for non-salaried workers that ‘provide benefits to all workers who are not covered by social security, regardless of their income level’ (Levy, 2008, p. 3). He distinguishes social protection from social security, or what is usually discussed in the literature as social insurance. According to the author, social security is directed at formal workers, ‘in which case they also include firing and severance pay regulations’ (ibid.). His conceptualisation indeed suggests a contradiction between these two typologies, social protection and social security. Note that although CTs are often treated as a single policy instrument, they fit within overall strategies of social protection as defined above.

### ***Transfers, women and dependency***

The situation of women in social protection systems has distinctive features, as women have been integrated later and differently in welfare schemes, with entitlements often related to their condition as mothers

and/or dependents. As noted by Molyneux, in most Latin American countries: '[w]here women's needs were specifically acknowledged, entitlements were gained principally by virtue of their place within the family as wives and mothers whose main legally enforceable responsibility was the care of husbands and children' (Molyneux, 2007). It was not in their condition as workers but due to their positioning within the family that integration took place. This is a key observation because, as she notes, 'women were grouped, along with children, as *those who required protection* rather than the full rights of citizenship' (ibid., emphasis added).

This need for protection continues to inform social provisioning, with the moral economy that guides the integration of women having changed ever so slightly. In the definition of productive activities, the positioning of women in the labour market is caught between the economic and moral spheres. The economic sphere seeks labour market integration of the working-age population in general, as wage labour takes place in the market and thus belongs to 'the public'. The moral sphere aims at safeguarding women's reproductive capacities, which are arguably at risk if women favour paid work outside the home. In this confinement of women to reproductive work, there is a 'moral elevation' (Folbre, 1991) of home duties next to a devaluation of care work. As noted by Folbre, this tension can be traced back to early discussions amongst political economists during the nineteenth century regarding women's role in productive work. Although women's care work was considered productive (ibid.) during the nineteenth century, by the 1900s it was relegated to the private sphere.

Early conceptualisations of productive work assigned women to the family, and thus to the private, whilst men's role was ascribed to the market. Even neoclassical economic thinking, often preoccupied with competitive markets, did not allow for 'economic self-interest to disrupt the home' (Folbre, 1991). As discussed in the next section, assuming altruistic behaviour within the household has important implications for the design of employment and social protection policies. To this day and when it comes to categorising and valuating women's work, the tension between the private (i.e. family) and public (i.e. market) spheres remains. This is even more so when studying labour markets in the light of social protection policies, as this private vs public division is rooted in a specific categorisation of women as dependent. It is not surprising, then, that the perversity argument discussed above would seem stronger if applied to a population that is already likely to be associated with dependency.

Exploring alternative accounts, it is also possible to find literature that explores the reversed causality, that is, women's participation in productive work leading to a decrease in reproductive work. Even before the perversity debates as discussed above, when defining productive work within the discipline of economics, there was already some concern about how women's labour participation might affect social reproduction. In the first demarcations of productive work that emerged in the 1930s, Marshall, for instance (as discussed in Folbre 1991), treated the participation of women in paid work as a possible threat to the private sphere, as an increase in women's wages would result in the abandonment of household duties.

***Women and the limits of household analysis in the study of work effort and dependency***

Early theorisations of the participation of women in the labour market, as per the work of Mincer (1962), also assumed that women had a choice between leisure and work, differentiating paid work and unpaid 'housework' (using the author's terminology). The actual outcome (in terms of women's paid work) was seen as dependent on the income of the husband. A key assumption for this is that the income is pooled within the household (or that income is shared among household members). Thus, an increase in one household member's income may result in a decrease not in his/her hours of work, but in those of other family members (1962). Later models account for intra-household allocation behaviour and theorise the household as a redistributive unit, that is, some members are providers whilst others are recipients (of income). They often distinguish between household heads and other members, and more recently account for different bargaining constraints—the actual share of household income received by different members—thus questioning the unitary allocation model (Cuesta, 2006).

The standard assumptions about households' unity listed above are problematic as they tend to simplify familial structures and fail to expose the intrinsic motives behind job search and integration into the labour market among women. As noted by Deaton (1997), conducting research at the household level is complex. Households, and their members, are continuously shifting, a fluidity that is essential to their subsistence. These movements are poorly captured in household records used for allocation of cash transfers, causing many households to be missing from official



listings. Household-level analysis is difficult not only due to the challenges of registering transient household members. Even if all households and their members were tracked down, premises around the uniformity and fixity of the household as a unit of analysis, as assumed in most quantitative research on cash transfers, have tended to obscure intra-household dynamics that often work against recipient mothers. Feminist scholars have warned about the reduced visibility of women's positions within household analysis (Mies, 1982; Folbre, 1986; Orloff, 2009; Folbre, 2012). Nevertheless, most quantitative studies pertaining to CCTs depart from a joint household utility function. BDH evaluations are no exception: Schady and Rosero (2007), Schady et al. (2008) and Mideros and O'Donoghue (2015) use Becker's (1974; 1981) family collective model, built on altruism, with all household members pooling their resources regardless of their participation in the production and the distribution of family income.

Following Folbre (1986), a household collective utility function poses several problems. First, it requires the aggregation of household members' tastes and preferences—note that Arrow (1950; 1963) proved such aggregations unrealistic. The idea of unity (and cooperation) within the household obscures market and non-market channels through which women contribute to the household as well as the economic and societal benefits and/or restrictions derived from their position as care providers. Second, a joint utility function assumes that altruism prevails within the household, contradicting the core idea behind utilitarianism, that of self-interest. Under this logic, care providers (mostly women) must derive their utility from another household member's wellbeing, which in strict terms can lead to coordination problems, overlapping individual efforts (Folbre & Goodin, 2007). Moreover, such logic does not allow for motivational complexity; instead, it contributes to an essentialist view of gender and care provisioning within the household.

Yet the definition of the household has been central to the structuring of social protection systems. From its beginning in the Latin American region, as elsewhere in the world, contributory social insurance used a fixed definition of household, perpetuating gender bias in access to entitlements (Molyneux, 2007). Based on a male 'breadwinner' and his registered dependents—wife and children—access to social protection was deeply rooted in notions of gender difference. In most traditional schemes of social protection and as permeated into those that are more recent, for

example cash transfers, these notions resulted in the positioning of women as mother-dependents visible to the state with regard to their normative social roles (*ibid.*). In addition to this gendered conceptions of the household, state-provided social protection in lower income-countries of the region, including Ecuador, remained segregated along the axes of registered employment, for example access to formal jobs (Amsden, 2010), condition of poverty, regional bias (e.g. urban vs rural) and ethnic inequalities (Molyneux, 2007). The wider population, the informally employed, were by design excluded from contributory social protection schemes.

The problem of registration has always been present in the design of social protection, in as much as the functioning of the system depends on demographic documentation, such as the registration of marriages and documentation of births. Social protection was provided to wives (and their children) as long as they were legally married to a formal worker. To complicate things further, 'atypical' household arrangements are often attributed to poorer households. Analysis of household surveys reveals that patterns of marriage and fertility are distinctly different across income groups: it is among the poor that the rate of female-headed households and cohabitation is higher. Thus, it is at the lower end of the income distribution that the male breadwinner model is not only inapt, but has its most detrimental effect.<sup>23</sup> In view of this, this work suggests abandoning the household as unit of analysis, using instead gender, ethnic-based (when available) and age-specific dimensions. A gendered approach to social protection provisioning is becoming critical to expose the increased vulnerability of women. This approach is best suited to understand the structure in which recipients operate, acknowledging that not all women benefit equally or at all from conditional cash transfer programmes targeted at specific kinds of women, especially in the light of diverse life trajectories.

## 1.5 Research contribution

The research contribution of this dissertation is threefold: theoretical, methodological and procedural. This research fits into the renewed interest in the connections between social policy and employment (Heintz & Lund, 2012; World Bank, 2012; UNRISD-WIEGO, 2012). In this debate, the great majority of (mainstream) authors adhere to the argument that social protection should be limited, avoiding the issue of labour market distortions. The research presented here gathers alternative perspectives

informed by various disciplines, such as sociology and social anthropology, and integrates social protection and employment in a more comprehensive manner. The purpose of this research is not to condemn the employment outcomes of social protection nor to defend it against criticisms. Rather, it seeks to understand the rationale of cash transfers: what they seek to change. By studying cash transfer effects on employment in a highly informalised context, the work is attentive to other processes shaping particular conjunctures and helping to explain the gap between what is intended and what is accomplished. As such, this study aims to expand the possibilities of thinking critically about what cash transfer programmes are intended to be, what they actually are and what they might be.

Although there is an important body of research on CTs in Ecuador assessing their impact on developmental outcomes related to human capital, for example nutrition and schooling, their specific connection to employment, and more specifically informality, has received less attention. Available literature dealing with employment outcomes associated with the BDH approaches them from an individual choice perspective. Thus, the main contribution of this research is the exploration of the relationships, not simply the interactions, between employment structures and non-contributory social protection in the light of the evolving nature of both. The research is original in the sense that little research has combined issues of informality with the political economy of welfare provisioning in the South by means of in-depth local research. In addition, the research explores the gendered aspects of social protection in Ecuador, contesting the transformative character attributed to recent social protection initiatives and evaluating the positioning of women in such a segregated context. The positioning of women in the social protection system and the labour market is seen as relational, in the intersections of sex, age and ethnicity.

The research advances a mixed-method strategy that also includes a survey conducted in two southern cities in Ecuador; the qualitative sample included various generations of recipients and former recipients of the BDH, purposively drawn from official registries and key nodes of informal employment. The combination of data collection methods provided rich and textured elements for social analysis, acknowledging the complexity of households and the multi-layered nature of policy making and implementation under specific contingencies. The efforts were explicitly directed to embedding and justifying the methods to the research question,

context and theoretical grounding, instead of testing and/or replicating methodologies. This is a specific feature in the study of cash transfers, which have become one of the most popular subjects for impact evaluation, in particular along the lines of randomised trials. Whilst the empirical assessment of these programmes informs policy making, it has also tended to confine the analysis to the most visible and measurable features, neglecting other critical development concerns such as broader public policy reforms. Without being dismissive of this approach, which has certainly informed the design of cash transfers with empirically grounded insights (in particular regarding nutrition, health and education related outcomes), my research aims at problematising the production of social statistics, situating them in specific social and institutional settings and, as such, embodying politics and norms that prevail in such settings.

Indeed, the analysis of non-contributory social protection in Ecuador relies predominantly on impact evaluation, making use of household surveys or individual employment survey data. Employment surveys cover mostly main cities and urban areas, providing scarce information on rural and distant areas. A focus on subnational units, that is, cities, helped to pinpoint how variations in institutions and structural factors shape economic performance and policy implementation. From a more procedural perspective, the research provides useful insights that can inform policy making based on a more detailed and contextualised depiction of informality which goes beyond the standard statistical and survey methods that collect and abstract employment data.

Finally, this research adds to the growing body of literature on social protection and employment in the region, with aspects that could be relevant for other Andean countries which share similar employment structures and social protection schemes. Accounts of the alternative institutional arrangements set up for employment creation and welfare provisioning could be identified, some of them only available in Spanish. Hence this research could serve as a bridge between these emerging debates and those produced in the global North, adding to the continuous conversation regarding what works in social protection, across borders and disciplines.

## 1.6 Research focus and case selection

*Map 1.1 Research locations: Loja and El Oro in southern Ecuador*



Drawing on field economics (Harriss-White, 2003), this research coupled the analysis of national social protection systems with local research in order to trace the various paths leading towards informality. By selecting smaller areas for in-depth analysis, the project design set out to gain detailed knowledge of the interaction between social protection and informality as it operates in the field. The fieldwork took place on the southern provinces of El Oro and Loja (see Map 1.1). Access to formal social security and BDH targeted benefits determined the choice of these cases, as they offered a rich space to study the interconnectedness of labour structures and social protection. As most of the economic activity is clustered in the provincial capitals, the fieldwork was conducted in the urban centres Machala (El Oro's capital) and Loja (Loja's capital) and, when possible, in their rural surroundings. Table 1.1 shows the proportion of urban and rural populations, as well as the sex ratio, in both cities. It can be noted that Machala is predominantly urban, whilst Loja presents a slightly higher share of population living in areas categorised as rural (peripheral areas

with fewer than 5,000 inhabitants). In terms of sex ratio, that is, the number of males for each female, Loja presents a slightly higher ratio. Also, the dependency ratio, that is, the pressure on the 'productive' age groups (those aged above 15 and below 65) with respect to the 'dependent' groups, is higher in Loja but still lower than the national average.

*Table 1.1 Population figures for Loja (city) and Machala, 2010\**

Area	Indicator	Total	Share/ratio
Loja	Urban	170,280	79.3
	Rural	44,575	20.7
	Total	214,855	100
	Sex ratio**		107.6
	Dependency ratio***		58.1
Machala	Urban	231,260	94
	Rural	147,120	6
	Total	245,972	100
	Sex ratio**		99.9
	Dependency ratio***		53.4
National	Urban	9,090,786	62.8
	Rural	5,392,713	37.2
	Total	14,483,499	100
	Sex ratio**		101.8
	Dependency ratio***		60.7

\* Year of last national census.

\*\* Males for each female multiplied by 100.

\*\*\* Age-population ratio of those ages 0 to 14 and 65+ (dependent) to those assumed productive: ages 15 to 64 multiplied by 100.

Source: INEC and SiCES 2017, adapted by the author.

Employment figures are not available for the city of Loja (that is, canton level), because the official labour market survey ENEMDU is representative only at the provincial level and for main cities (including

Machala). For comparison purposes and since the lowest level of disaggregation available for ENEMDU data is provincial, Table 1.2 compares employment indicators for El Oro and Loja. Note that the provincial capitals, Machala and Loja, absorb 39 and 48 per cent of the provincial population respectively. El Oro province, where Machala is located, presents a lower share of employment in the informal sector (much lower than Loja province and below the national estimate), although it has increased over time from 33.7 to 36.1. This variation in informality rates makes the comparison across cases interesting. As per social security affiliation rates, there is a sustained increase in both provinces, partly due to the changes in labour regulation introduced in recent years. Yet Loja province exhibits higher rates of affiliation and a substantial increase, from 42.5 to 49.1 per cent in the reference period, whereas in El Oro, the increase is much more modest (from 33.7 to 36.1). Note that the mean nominal individual labour income accounts for all paid work activities including own-account work, salaried work, as reported by informants in the ENEMDU survey (SiCES, 2017) has steadily increased in both provinces, although there is a substantive gap with respect to national averages.

*Table 1.2 Employment figures for Loja (province) and El Oro, various years*

Province	Indicator	Years				
		2012	2013	2014	2015	2016
Loja	% employment informal sector	57.4	52.6	47.5	47.8	46.5
	% workforce affiliated to social security (IESS)	42.5	49.1	47.5	48.3	49.1
	Inactivity rate	32.5	29.6	37.2	35.6	32.4
	Domestic service (% employment)	2.2	1.7	2.1	1.3	2.1
	Mean individual labour income	384.5	407.9	491.4	510.7	456.7
El Oro	% employment informal sector	33.7	34.9	32.3	34.7	36.1
	% workforce affiliated to social security (IESS)	33	35.7	36	37.4	35.3
	Inactivity rate	38	38.6	35.2	36.1	35.9
	Domestic service (% employment)	2.3	2.2	2.1	2.6	2.3
	Mean individual labour income	438.5	462.7	478	467.4	438.9
National	% employment informal sector	40.8	40.1	39.7	40.4	43.7

Province	Indicator	Years				
		2012	2013	2014	2015	2016
	% workforce affiliated to social security (IESS)	41.4	43	44.3	44.2	42.1
	Inactivity rate	38.3	37.9	35.5	34.2	32.7
	Domestic service (% employment)	2.5	3.1	3.2	2.7	2.8
	Mean individual labour income	422.1	469.4	486.7	512.8	489.7

Source: Compiled and calculated by author from SiCES (2017).

As is the case for most provinces, commerce and public administration are clustered in their capitals (main cantons). Government agencies are well established in the region, delivering public services in close coordination with regional and national offices. In addition, economic activities such as commodity production (bananas, sugar, corn and coffee), mining, livestock (in Loja) and financial services have brought some prosperity to the region. Highly incorporated into the national economy by means of commerce, the southern region is an important node for national production. El Oro concentrates most of the domestic banana production<sup>24</sup> and has an advanced export zone. Therefore, it is closely integrated with national centres—Guayaquil in particular—and international markets—the United States and Europe—by means of commerce (RIMISP, 2011). In Loja's province, associative crops of coffee and corn have proven to be successful income sources in rural areas, linking small farmers with international markets for organic production. Yet intensified commodity production has been associated with adverse incorporation, which has been detrimental for agrarian workers who have lost their land holdings and are usually employed in the urban informal sector.<sup>25</sup>

Rural assessments have revealed high levels of internal migration by the working-age population, who opt to move to bigger urban centres, particularly from rural Loja towards Machala. In terms of international migration, note that in the aftermath of the 1999 financial crisis, a significant share of the working population left the country looking for better income opportunities. After nearly two decades, migration flows have slowed. Because of migration, both internal (domestic) and international, there is a marked ageing of the population in rural areas in Loja: 12.3 per cent of the population is above 65 years old, the highest share in rural areas in Ecuador. It is worth noting that the cities of Machala and Loja, at the time of



design of this research project (2012), had relatively low income poverty rates, at 56.9 per cent and 43.6 per cent respectively.

The heterogeneity in the socio-economic conditions, as described above, is deemed essential in order to ensure enough variance in the study of social protection and employment structures across these cities. These are neither the most typical cases of precarious work and extreme poverty, nor outliers with fully formalised and regulated employment. Instead, El Oro and Loja exhibit a quite assorted scenario for studying the practices of social protection. The selection of contiguous provinces provides some control over cultural, historical and ecological conditions. Due to commerce linkages and migration processes operating within the southern region, differences in levels of economic development and education are minimised. However, this strategy represents a trade-off between the ability to control variables due to contiguity and the ability to generalise—which is not the aim of my field research. Nevertheless, constant comparisons with national-level (and main cities) estimates helped to balance the potential effects of contiguity.

All things considered, the cities of Loja and Machala in southern Ecuador are treated as a diverse case study design (Gerring, 2006). The decision was made to focus on a small number of cases that could provide insights into the documented causal relationship: non-contributory social protection increases informality. For the choice of cases, the design relied on purposive non-random selection, looking for variation in dimensions of theoretical interest, for example informality rates, affiliation to contributory social security and inactivity rates. It opted for cases that were distant from the national mean without being extreme cases in order to illuminate the variations in social protection and informality. The choice of contiguous provinces allowed for the control of some factors, such as peripheral location, yet enough variation in variables of interest (e.g. informal employment and social security), whilst having roughly the same level of participation in the BDH programme. As noted by Gerring (2006), the logic of diverse-case study rests upon the logic of typological theorising, devised to provide not only hypotheses on how variables operate 'but contingent generalisations on how and under what conditions they behave in specified conjunctions or configurations to produce effects on specified dependent variables' (George & Bennett, 2005).

## 1.7 Procedure and methods

The compilation of the research work over the course of four years disclosed a tension between the initial stages of the research—undertaken in The Hague whilst conducting desk research and prior to the various visits to Ecuador—and the final stages, informed by a more critical orientation towards social policy, looking at it not only as a practical (and measurable) tool but as an object of critique. At first, the research was mostly concerned with understanding and assessing the microeconomic foundations of labour economics and welfare economics, trying to answer the umbrella question: do people always have a choice? After conducting the survey in Ecuador, the analysis became more cautious in the use of data, in particular survey data aiming at covering vast territories occupied by highly diverse populations. This critical analysis helped in recasting (national) statistics as an instrument for inclusion and exclusion of populations in social protection systems. The research then shifted towards understanding not the population but rather the state as the subject, one that studies and manages the population. As such, this work articulates alternative accounts to reinterpret the research problem as one of critical social policy, related to the structural and institutional aspects of social provisioning.

The study relies on mixed methods, drawing on both quantitative and qualitative data. It is worth differentiating between the various data collection methods employed, for example structured interviews, unstructured narrative interviews and survey research; and data analysis methods, for example qualitative content analysis of policy documents, genealogy (as per Foucauldian analysis), quantitative analysis of repeated samples and survey data analysis. Whereas the rationale for data collection followed a more inductive reasoning, data analysis was informed by a deductive approach. Data collection methods first aimed at immersion in the field and the exploration of the various causal connections (related to social protection) and conditions that seemed to influence the occurrence of informality in the selected locations, as informed by structured and unstructured interviews. Once key factors were identified, the design plan continued with the fielding of a survey (as discussed in detail in Chapter 5). Data analysis, however, had as a starting point an extensive literature review of the theoretical debates on informality and social protection. This was then complemented with data and insights from the multiple realities encountered in the field. These inductive and deductive aspects were iterated in

the research process, complementing each other according to the data requirements and need for theoretical grounding.

Following a nested research design (see Figure 1.1), the first step of the analysis dealt with the main definitions of informality and its documented causes. A second body of literature was integrated in the analysis, exploring the specific connections between informality and social protection provision. Literature pertaining to cash transfers, as they emerged in the region by the turn of the century, received particular attention. Social protection and informality were reconnected and revisited in the light of the argument of ‘perverse incentives’. A third set of literature touched upon the historical contingencies accompanying social protection provisioning in Ecuador, both before and after the adoption of CTs. Such historical grounding emphasises the processes of socio-demographic change, delineating the political trajectories and economic structures that seemed to affect labour market institutions and welfare institutions. In terms of socio-demographic changes, the analysis discusses the changes in household composition and size, age structure and gender composition of the population, and how these affect employment structures. This approach led to the questioning of some assumptions that are usually taken for granted (e.g. when and in which modalities were women incorporated to protection systems? do transfers introduce dependency in a highly informalised context? was formal employment always the norm?), highlighting their limitations and/or inapplicability.

A second step involved documentary research of policy documents, official records, reports and speeches pertaining to social protection provisioning in Ecuador. This research strategy brought together the analysis of the cash transfer programme BDH: its genealogy, its diagnoses and prescriptions, as well as its exclusions; and the analysis of the process they aim to regulate and improve. To this end, documents were treated as instruments of critique rather than merely practical tools, teasing out social and economic influences in the formulation of policies pertaining to welfare and employment. These were contrasted with various narratives and interpretations, as informed by qualitative research with front-line workers and BDH recipients. This included narratives on the role and significance of public sector institutions, mainly central government, involved in the provision of social protection for different populations such as formal workers, rural workers, the elderly, mothers and young children. In the

connection with care, although there are many state-led policies and programmes that may be intended to provide social protection and care services, such as childcare centres, this dissertation focuses on those that aim at explicitly assisting and/or financing unpaid carers (mothers in the case of the BDH conditional component) or financing old age when the person has not accumulated sufficient funds for a pension (as per the BDH pension component). Although pensions are not directed towards financing care, there are key components of social protection. And depending on the source of funding of the pensions e.g. contributory schemes or national budget, they could also be labelled as either social insurance or social assistance. Regardless of the source of funding, pensions can also benefit other members of the household. As noted in the case of the pension component of the BDH, grandmothers who participate in the programme often times assisted and financed their daughters and their children, in particular when the father was absent.

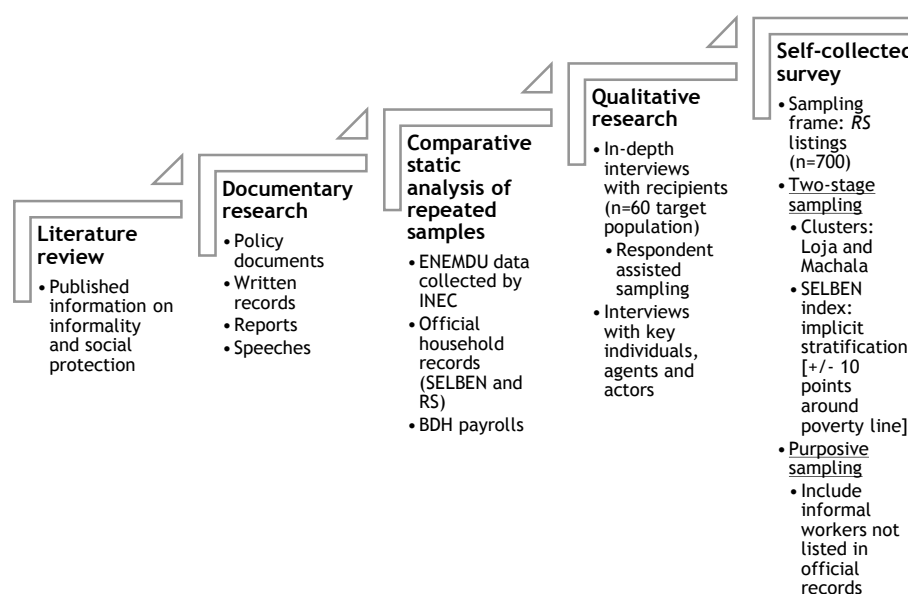
A third step involved quantitative analysis, namely, a comparative static analysis based on repeated representative samples: ENEMDU data collected by the National Department of Statistics of Ecuador (Instituto Ecuatoriano de Estadística y Censos, or INEC) pertaining to the analysis of main trends in employment and social protection in Ecuador for the past two decades (when available). The research was complemented with official registries, as restricted access to official household records (*SELBEN* and RS) used for the selection of recipients and overall targeting of the BDH programme was granted, as well as access to BDH payrolls (or *Bases de Pagos*) administered by the Ministry of Social and Economic Inclusion (Ministerio de Inclusión Económica y Social, or MIES). While official labour force surveys were used for the construction and analysis of quantitative indicators pertaining to various informal employment categories and their evolution over time, increasingly, close work with informal workers made clear the need for a more textured analysis of some occupations underrepresented in these surveys. The different occupations include domestic workers, street vendors, waste pickers and other categories of informal workers who were purposively selected in the field survey. Next to these groups, interviews were undertaken with household family carers, for example mothers, grandmothers, daughters and daughters-in-law, who were giving, receiving and organising care. Using qualitative research techniques, the dissertation offers an in-depth view of selected forms of informal employment.

The procedure for data collection is best captured in the fourth and fifth steps detailed in Figure 1.1. Data collection, following a more inductive approach, first focused on the clusters of Loja and Machala, repeatedly returning to official national figures to contextualise the interpretation of more localised research. The fieldwork took place in Ecuador and involved conducting surveys, in-depth interviews (both structured and narrative) with recipients and more general field observations in the selected locations. Interviewees also included key informants such as public officers, academics, politicians and consultants who could enrich the understanding of the design and practices of social protection in Ecuador. For the quantitative aspect of the mixed-methods design for data collection, a survey was fielded. The survey was not aimed at producing statistically (regional or national) representative data; rather, it was tailored towards providing a textured data set for social analysis of employment and social protection. Consistent with the diverse case study method, the field data contributed to the analysis of the complex and multi-layered social relations that produce and reinforce informality and exclusion (from social protection), and under what circumstances.

The survey design relied on clustered, stratified and purposive sampling, as discussed in detail in Chapter 5. For reasons of expedience, a cluster sampling approach<sup>26</sup> was first adopted, selecting the cities of Machala and Loja (province capitals) within these provinces. These cities were good candidates for cluster sample design. Within each of these clusters, a stratified sampling design was implemented, based on access to BDH benefits. Stratified sampling<sup>27</sup> was then implemented in such a way that it took into account information about the target population structure, as codified in the household registries provided. Knowing that only a share of the eligible population included in the registries were eligible for BDH transfers, and that eventually some would be 'graduated', that is, would no longer receive BDH transfers, the sampling aimed at accounting for enough variation. The sampling sought to include (1) respondents in households that at the time of the survey received BDH transfers; (2) respondents in households that were not receiving BDH transfers at the time of the survey, but had received it in the past (i.e. had graduated); and (3) recipients in households that had not received any BDH transfer at all, although they were considered eligible (part of the target population as per the Registro Social records). The decision to stratify the sample was based

on the need to assure a certain degree of representativeness in these sub-samples, given their reduced size. Yet, after a first immersion in the field, the procedure was somewhat adapted, as summarised in Figure 1.1 and discussed at length in Chapter 5, in response to a more grounded and contextualised understanding of social protection and employment in these cities. Following a nested approach, the analysis of quantitative data proceeds as in Figure 1.1.

Figure 1.1 Nested research design



Source: The author.

Data is taken mostly from publicly available statistical sources, mainly<sup>28</sup> ENEMDU survey data (for descriptive statistics, see Table 1.3). Although the ENEMDU survey includes a module for generating indicators on informal sector employment and informal employment, it should be noted that data accuracy is dubious. As mentioned in Chen et al. (1999), national employment statistics fail to capture the less visible activities within the informal sector, such as home-based female workers. Nevertheless, time

series analysis of labour survey data is used to lay the groundwork for the study of informality, following official definitions<sup>29</sup> adopted by INEC.

*Table 1.3 Descriptive statistics ENEMDU data 2007-2015, selected variables*

		Woman	Age	Married	Cohabit- ing	Single	House- hold head	Spouse
2007	mean	0.505	28.902	0.255	0.123	0.284	0.249	0.169
	s.d.	-0.5	-21.021	-0.436	-0.329	-0.451	-0.432	-0.374
2008	mean	0.508	29.681	0.256	0.123	0.297	0.248	0.168
	s.d.	-0.5	-21.266	-0.436	-0.328	-0.457	-0.432	-0.373
2009	mean	0.507	30.706	0.258	0.12	0.305	0.249	0.165
	s.d.	-0.5	-21.749	-0.438	-0.325	-0.461	-0.433	-0.371
2010	mean	0.506	31.502	0.256	0.121	0.306	0.254	0.165
	s.d.	-0.5	-22.047	-0.437	-0.326	-0.461	-0.435	-0.371
2011	mean	0.511	32.024	0.27	0.125	0.291	0.268	0.173
	s.d.	-0.5	-22.213	-0.444	-0.331	-0.454	-0.443	-0.379
2012	mean	0.509	33.027	0.263	0.123	0.311	0.269	0.17
	s.d.	-0.5	-22.492	-0.44	-0.329	-0.463	-0.444	-0.376
2013	mean	0.509	33.027	0.263	0.123	0.311	0.269	0.17
	s.d.	-0.5	-22.492	-0.44	-0.329	-0.463	-0.444	-0.376
2014	mean	0.505	29	0.237	0.152	0.276	0.258	0.174
	s.d.	-0.5	-20.851	-0.425	-0.359	-0.447	-0.438	-0.379
2015	mean	0.506	29.091	0.235	0.16	0.271	0.268	0.178
	s.d.	-0.5	-20.839	-0.424	-0.367	-0.444	-0.443	-0.382

		Em- ployed	Unem- ployed	Inactive	BDH re- cipient	Migrant	Labour income	Urban
2007	mean	0.444	0.002	0.554	0.075	0.17	306.14	0.663
	s.d.	-0.497	-0.044	-0.497	-0.263	-0.376	-617.68	-0.473
2008	mean	0.428	0.002	0.569	0.08	0.163	313.14	0.663
	s.d.	-0.495	-0.048	-0.495	-0.271	-0.37	-629.79	-0.473
2009	mean	0.433	0.002	0.565	0.099	0.15	303.87	0.664
	s.d.	-0.496	-0.04	-0.496	-0.298	-0.357	-434.98	-0.472
2010	mean	0.423	0.001	0.575	0.098	0.151	346.36	0.664
	s.d.	-0.494	-0.039	-0.494	-0.297	-0.358	-592.73	-0.472
2011	mean	0.431	0.001	0.569	0.102	0.125	368.19	0.664
	s.d.	-0.495	-0.029	-0.495	-0.302	-0.331	-468.11	-0.472
2012	mean	0.431	0.001	0.568	0.114	0.193	403.03	0.664
	s.d.	-0.495	-0.028	-0.495	-0.318	-0.395	-651.56	-0.472
2013	mean	0.431	0.001	0.568	0.114	0.193	403.03	0.664
	s.d.	-0.495	-0.028	-0.495	-0.318	-0.395	-651.56	-0.472
2014	mean	0.425	0.001	0.574	0.061	0.243	469.41	0.678
	s.d.	-0.494	-0.034	-0.494	-0.239	-0.429	-677.95	-0.467
2015	mean	0.431	0.002	0.568	0.057	0.25	485.53	0.68
	s.d.	-0.495	-0.042	-0.495	-0.232	-0.433	-783.91	-0.466

Note: Labour income expressed in US\$. Dummy variables expressed as yes=1 | no=0.

Source: Author's calculations based on ENEMDU survey data (INEC) 2007-15.

This in turn is complemented by fieldwork data, a survey and a series of interviews collected by the author between 2013 and 2015, in three extended field visits in the provinces of Loja and El Oro in southern Ecuador. The sampling for the fieldwork survey<sup>30</sup> was disproportionately weighted towards cash transfer recipients (see Table 1.4), about which population there is only thin data in national employment statistics (ENEMDU data). Thus, it is neither generalisable to the rest of the female population nor representative of the totality of the labour force. However, it centres on a marginal population, that is, female informal workers, insufficiently accounted for in national data. The survey was fielded using a



large national database on BDH beneficiaries, Registro Social survey, as the initial sampling frame. Registro Social is the database used to record and identify information on poor households for later allocation of transfers under the BDH scheme. The sample was restricted to the cities of Machala and Loja and their surroundings and urban centres within these provinces. The survey followed a two-stage sampling design: first, by selecting census blocks within Loja and Machala cities; second, by selecting households,<sup>31</sup> over-sampling those who were relatively close to the poverty line set for the BDH programme, yet accounting for enough variation and the inclusion of 'graduated' recipients. Additional observations were included, since the random sample based on Registro Social failed to reach informal workers and transient households. These populations are particularly hard to see through conventional methods, for example random sampling, which is why other non-random sampling methods<sup>32</sup> were applied in this phase.

*Table 1.4 Descriptive statistics fieldwork survey data 2013, respondents 16 years old and above only*

	Loja		Machala	
	mean	s.d.	mean	s.d.
Age	39.209	(13.714)	43.458	(15.661)
Woman	0.900	(0.300)	0.884	(0.321)
BDH (maternity)	0.419	(0.494)	0.251	(0.434)
BDH (pension)	0.016	(0.124)	0.107	(0.309)
CDH	0.006	(0.079)	0.019	(0.136)
BDH (graduated)	0.266	(0.442)	0.351	(0.478)
Time BDH (years)	11.137	(10.097)	6.019	(8.582)
Never a recipient	0.284	(0.452)	0.270	(0.444)
Active population	0.825	(0.381)	0.536	(0.499)
Employed	0.781	(0.414)	0.445	(0.498)
Unemployed	0.044	(0.205)	0.082	(0.274)
Always inactive	0.109	(0.313)	0.201	(0.401)
Dropped out labour force	0.066	(0.248)	0.273	(0.446)
Education level (1=primary or more)	1.047	(0.420)	1.285	(0.586)
Household head	0.441	(0.497)	0.492	(0.501)
Has children	0.828	(0.378)	0.784	(0.412)
Disabled	0.050	(0.218)	0.248	(0.432)
Observations		320		319

Note: Dummy variables expressed as yes=1/no=0.

Respondents that did not indicate their age were dropped from the sample.

Source: Author's calculations based on fieldwork data, 2013.

Due to the sampling design, which accounted for the most salient characteristics of cash transfer recipients and informal workers, many variables are skewed. The chapter operationalises a methodological alternative, explicitly considering such data complexity. Multiple Correspondence Anal-

ysis (MCA) is used for the visualisation of survey data, allowing for a multivariate exploration of the data and simplifying complex structures (Ferragina et al., 2012). This is an application of Correspondence Analysis, as pioneered by Bourdieu (1979). The method is applied to explore the relationships among several categories (and categorical variables), allowing for incomplete a priori expectations as to the nature and direction of such relations. The approach is not probabilistic, therefore is not aimed at predicting any value. It is tailored toward examining the relations between categories of variables, by means of using contingency tables, represented in two-dimensional maps. Such transformation allows for a clear visualisation between variables and categories of variables, useful in uncovering relationships. Yet it should be noted that this choice of method is suitable for small-n studies only (Asselin & Anh, 2008) and is presented as complementary to large-N regression methods previously discussed.

Correspondence analysis was chosen as an alternative to traditional hypothesis testing, which focuses on verifying relations between variables and is usually couched at the micro level, for example individuals and households. In such studies, the most salient method is logistic regression, assuming the relationship between the outcome variable, for example status in employment, and the predictors, for example access to social protection, are linear. To serve this purpose, the variables also need to be metric, and furthermore, normally distributed. However, many categorical variables pertaining to the study of access to social protection or status at work, if plugged into a logistic regression, would limit the analysis given lack of information on their extreme values. In addition, most probabilistic methods consider binary responses only, reproducing the bias in treating informality as a binary or dual outcome. More importantly, such choice in method would assume that the independent variables are not themselves highly intercorrelated. In the study of labour segregation and access to social protection, that is a problematic assumption. There are high levels of multicollinearity associated with the design of the cash transfer programme. In quantifying the impact of cash transfers on informality, it is difficult to establish the direction of causation: recipients might qualify as such because they are informal workers, while others are staying in informality in order to secure eligibility for the programme. Ignoring this can lead to a causal fallacy.

Following an inductive approach, MCA aims at identifying and exploring systematic relations between variables without necessarily looking at

mere conjectures. Thus, a heuristic instrument serves the exploration of data and the visualisation of complex family-work relations operating and reinforcing each other. Adopting this approach for survey analysis makes it possible to explore patterns and trends without having to fully sacrifice the complexity of households. It also aims to provide a methodological alternative to the study of social policies and their influence on employment variables, explicitly considering the complexity and feedback loops that operate in the labour market.

## 1.8 Dissertation outline

This chapter has introduced the research project, describing the research problem and the method of inquiry, and introducing key concepts operationalised in the text. Chapter 2 continues the discussion on informality as a theoretical dilemma: do individuals choose to go or stay informal? It reviews the various accounts of informality and the documented consequences in terms of social policy design. From a critical review of the main literature in informality, it seeks to contrast key insights from structuralist economics with the mainstream view on informality as perverse and parasitic behaviour. Following the focus of this dissertation, the primary documented interrelations between labour market functioning and state regulation are revisited in more detail, as per the main initiative devised in Latin America: cash transfers.

Chapter 3 starts with an overview of the normative basis of social protection in Ecuador and how it has played out since colonial times, as one strategy of incorporation of populations has yielded to the next. It offers a historical account of social protection and associated employment regimes prior to the turn to targeted social assistance in Ecuador as a means to counterweigh recent criticism of cash-based welfare initiatives, examining ongoing histories of dependency and exclusion that have accompanied welfare provisioning in Ecuador since its inception. This chapter describes the ways in which marginalised populations, in particular women and minorities, have been partially incorporated into key transformations in social policy, sketching histories of ongoing exclusions that have accompanied the expansion of social insurance and the creation of social assistance programmes. The chapter introduces the concepts of legibility, solidarity and (co)responsibility according to which welfare provisioning defines the subjects to be integrated into social insurance schemes or, more recently,

targeted by social assistance interventions. By doing so, it revisits the simultaneous gendered projects of legibility in Ecuador whereby mostly male mestizos living in urban areas were deemed visible as workers while most indigenous persons living in rural areas remained excluded from substantive citizenship, let alone formal employment, and women, regardless of their ethnic background or location, were cast as inactive dependent subjects. The chapter provides a close examination of social welfare provisioning prior to cash transfers, for example the establishment of social insurance and pension funds, before transitioning towards the new social, as marked by the adoption of targeted social assistance in the country.

Chapter 4 offers an institutionalist discussion on the adoption of social protection provisioning in Ecuador. It argues that social protection instruments cannot simply be reduced to mechanisms of co-option as per accounts that underscore the role of international financial institutions (IFIs) in the design and dissemination of CCTs, or the mere adoption of new bureaucratic rationalities as per results-oriented rationales aimed at assuring taxpayers that public funds are well spent. Rather, recent institutional trajectories of social protection are interpreted as elements of governmental aspiration invested in by both international networks and local actors. Amendments and additions to the BDH programme reflect the intermittent interest in addressing the labour market problem, without having resulted in a substantive recoupling of social and employment policy. Instead, the inconsistent government attempts to set up an alternative social protection system fit into a rhetoric of technical poverty alleviation informed by international and domestic experts' networks. For instance, the balance shifted from risk management towards conditionality, or from conditionality towards building a social floor. Prioritised groups have also changed, for example from early childhood to the elderly. These changes are supported by documentary research and complemented with qualitative work, as per conversations held during field visits to Ecuador.

Chapter 5 focuses on the cities of Loja and Machala in southern Ecuador and my experience conducting social surveys there. The chapter discusses some of the crucial methodological dilemmas found in combining quantitative and qualitative approaches. Surveys proved to be effective in reaching a large number of respondents and collecting comparable information from across the group. This data contributed to sketching out general patterns and contrasting preliminary insights obtained through interviews and participant observation. However, there was a deeper motive

behind the decision to field my own survey: to understand how the state uses these large-scale surveys to inform policy design. In this context, surveys were revisited not only as a method for data collection but as a way to deconstruct how the state organises households, selects recipients and audits delivered social benefits. The survey, while yielding preliminary insights on societal changes, also raised many questions and suggested a number of dark corners in this sort of statistical tool, such as the uneasiness of locating informants, inconsistencies in official households' registers, along with the well-known difficulties of applying survey questionnaires. Although this complexity could have been smoothed out and the focus turned toward building a representative sample of households, the decision was made to further explore the sources of these inconsistencies. There was something striking in this untidiness, in particular when considering the household as a fixed unit of analysis. In order to do justice to this complexity, this chapter focuses on the process of doing a social survey, not on the findings, and advances some reflections on the main challenges experienced in the field. By doing so, it sets out to break down the simplifications required to advance a household survey, and reveals some of its conceptual problems and methodological gaps.

Chapters 6 and 7 provide an empirical basis for studying structural labour market dynamics, by examining employment on both the macro and the micro level. By means of quantitative analysis based on labour market trends and exit and entry patterns across occupational categories using transition matrices, evidence is provided on the various structural constraints restricting employment choices, as well as on the broader conditions generating and perpetuating informalisation. Such an understanding sets the stage for contending that cash transfers have been a marginal influence on informality. Chapter 7<sup>33</sup> analyses Ecuador's conditional cash transfer programme, the Bono de Desarrollo Humano, at the micro level. The chapter examines the effects of BDH on labour market outcomes in Ecuador for the period 2007–14, with a particular focus on inactivity and occupational segregation, drawing insights from national surveys and more localised research conducted by the author. The key finding is that concerns about perverse incentives appear to be largely misplaced. By examining broader patterns of the institutionalisation of occupational sex segregation, it argues that the role of cash transfers is relatively trivial in comparison with other factors driving the deepening of informality and inactivity among recipients. A closer look at the cases of Loja and Machala

sheds light on the more specific aspects of segregation among the target population, often associated with the family system. The chapter stresses that the recent emphasis on targeted modalities of social protection have played a marginal role in the struggle against gender segregation—a structural configuration of the labour market—with limited transformative impact on the marginalised mass of female part-time workers. Other individual qualifiers, such as age and ethnicity, are also considered in the analysis, as they interact with sex-based segregation to further segment the labour market and social protection systems.

Chapter 8 returns to the more normative aspects accompanying the adoption of CCTs. The chapter argues that processes of discrimination and marginalisation, including informalisation, have remained poorly addressed by most recent cash transfer programmes. What is more, these processes have also been obscured by the emphasis on poverty reduction in recent policies, moving away from the objectives of universalisation and substantive redistribution. What could be interpreted as a mere collection of contingent processes in welfare provisioning in Ecuador is revisited in this chapter, thereby making sense of the changing modes of administering recipient populations and organising targeted programmes, which in turn allows us to re-assess the resulting fragmented or, more precisely, bifurcated nature of the social protection system. In this light, the government can be seen as reactive, reorganising some dimensions of welfare provisioning to protect workers and their (future) labour capacity from detrimental choices, for example disinvesting in human capital, welfare dependency, inactivity and so forth. In fact, the creation of the BDH aimed at responding to the problems of high levels of informality in the country, arguably a residual of failed incorporation attempts into formal stratified regimes by the end of the twentieth century. Given its reactive nature, it has tended to mimic persistent gendered stratification in the labour market, as per familism. Accompanying factors, such as stratification based on ethnic background, derived from differences across groups in employment attachment, have further stratified the labour market and continue to be translated into differences in access to social protection. To make sense of these changes, the chapter relies on recipients' critical descriptions of the challenges of integration into temporary, sporadic, subsidiary social assistance programmes, extending the analysis to narratives of partial integration in the labour market—as informality is often associ-

ated with marginalised populations, mostly women and ethnic minorities—and in the practices of social protection as narrated by social workers in southern Ecuador. By doing so, the chapter contests signals trajectories of differences resulting from the tensions and contradictions in social protection design.

Chapter 9 brings the dissertation to a close. While it is the case that CCT programmes, as originally conceived, do not aim at correcting employment segregation in practice, they nonetheless have an impact on employment outcomes and social inclusion more broadly. Therefore the focus is on the theoretical relevance given to this model of social protection and the close examination of the various debates on whether these sorts of policies effectively shape recipients' behaviour, employment in particular. Most of the studies on the impact of CCTs abstract them from the socio-economic processes and structural forces that drive poverty and exclusion. Poverty tends to be reduced to the lack of ready cash and recipients treated as independent decision-making individuals. This dissertation has instead focused on bringing to the fore recipients' economic and social position, as primary determinants of their actual choices. Such positioning is to a large extent conditioned by sex, age and ethnicity, pushing recipients into low-paying jobs and therefore leaving them unable to secure an income or to contribute to a pension fund. Not only do these aspects affect the direct experience of poverty among recipient mothers, they also determine the prospects for welfare reform, due to the strong interdependence between employment structures and exclusionary social protection schemes.

## Notes



<sup>1</sup> According to official estimates, about 28.6 per cent of children under 5 years old are placed in public childcare. Yet access is limited. It is reported that 98.26 per cent of the children spend six hours or less per week in childcare (author's calculations based on ECV Living Standards Survey data, INEC 2014).

<sup>2</sup> While marginal, cash transfers nonetheless provide some sort of income support to an otherwise invisible, unprotected and marginalised segment of the labour force in a largely informalised context.

<sup>3</sup> Although the Ecuadorian cash transfer programme has not given as much emphasis to the monitoring of conditionalities as it has to targeting mechanisms, it still follows the regional trends in social protection.

<sup>4</sup> Citizens' Revolution was the denomination used by the administration of President Rafael Correa (2007–2017) to denote the changes introduced in the country's development agenda. Other terms include: 'Good Living', as found in the first two National Development Plans of 2007–10 and 2009–13 (Secretaría Nacional de Planificación y Desarrollo, 2010); Socialism of Good Living, used in the most recent National Development Plan (National Secretariat of Planning and Development, 2013, p. 18); or 21st Century Socialism, as first used by former President Correa in April 2007 (Ecuador Inmediato, 2007).

<sup>5</sup> As noted by Weisbrot et al. '[T]he 2008 constitution reverses the mandate of the 1998 constitution that had made the Central Bank formally independent of the government, with its most important responsibility to ensure price stability. The Central Bank became part of the economic team of the executive branch' (2017, p. 3). This, together with other 'innovative and important reforms' adopted under Correa's administration, were underscored before the 2017 presidential elections by a group of acclaimed economists urging the Ecuadorian population to prevent a return of Neoliberalism (Chang & Galbraith, 2017), arguably represented by the opposition candidate, Guillermo Lasso. Nonetheless, some Ecuadorian scholars have challenged the 'innovative' character of this reform in particular, arguing that absorbing the central bank into the government's executive branch should raise some concerns, as they argue, one of the main causes of Ecuador's crisis in 1999 crisis was precisely the lack of independence of the central bank (Uribe-Teran & Vega-Garcia, 2017).

<sup>6</sup> Namely, the introduction in 2009 of a domestic liquidity requirement (of 45%) for banks, increased to more than 80% by 2015 (Weisbrot et al., 2017). Next to expanded liquidity, monetary policy also kept interest rates low (International Labour Organization, 2014).

<sup>7</sup> Although they warn that this expenditure is pro-cyclical: ‘the government spending cycle [for the period 2007:Q1–2016:Q3] almost perfectly matches the economic cycle. It increases during expansionary periods and declines during slowdowns’ (Uribe-Teran & Vega-Garcia, 2017).

<sup>8</sup> Fondo Ecuatoriano de Inversión en los Sectores Energético e Hidrocarburífero (FEISEH or Ecuadorian Fund for Investment in the Energy and Hydrocarbons Sectors), a fund fed by oil revenues that had legal locks limiting its use by central government to the energy sector only.

<sup>9</sup> Some Ecuadorian economists challenge this view, arguing Correa’s administration only marginally benefited from higher oil prices and increased revenues, namely, ‘oil prices and revenue during 2000:Q1 to 2006:Q4 were much lower than those during Correa’s administration, suggesting that Correa’s *Revolución Ciudadana* fell short in producing economic growth through government intervention, even in the presence of extraordinary revenue flows’ (Uribe-Teran & Vega-Garcia, 2017).

<sup>10</sup> Related to this, note the mining acts of 2000 and 2009, which established the Ecuadorian state as ‘the owner of all mineral wealth in the country’ (Arsel et al., 2014, p. 121).

<sup>11</sup> In the series 2006–2014 available at SIISE-BCE-eSIGEF (2017), the figures differ from those presented in Weisbrot et al. (2017) by +0.1 percentage points for the years 2008 and 2014.

<sup>12</sup> The *Salario Digno* or ‘dignified wage’ ‘was defined as the cost of a basic family basket divided by the number of household members. Components included the salary or monthly salary and the proportional part of the 13th and 14th salaries, profit sharing and reserve funds’ (International Labour Organization, 2014, p. 7).

<sup>13</sup> From a total economically active population of 4.431 million people (data for urban areas only). There are no estimates of informal employment available for rural areas (ILO, 2012). Although the most recent employment household survey (ENEMDU) is available, there is not an official domestic estimate of informal employment. The National Department of Statistics (INEC) estimates data for employment in the informal sector only, which reached 52 per cent of the population.

<sup>14</sup> After Paraguay, where the share of persons in informal employment outside the informal sector reaches 32.8 per cent (Statistical update on employment in the informal economy, 2012).

<sup>15</sup> See Ferguson (2015) for a discussion on mineral extraction and other sources of (and obstacles to) distributive schemes.

<sup>16</sup> CEPAL estimates the total coverage by multiplying the number of beneficiary households by the average number of household members in the poorest quintile of the nearest year (*Programas de Transferencias Condicionadas—Base de datos de programas de asistencia social en América Latina y el Caribe*, 2012).

<sup>17</sup>The retirement pension will only be accessible after 240 monthly contributions, that is, after 20 years of contributions (MCDS, 2017).

<sup>18</sup> It is worth noting that the official definition of employment in the informal sector in Ecuador changed over the years of this PhD project. Before 2015, the informal sector was defined in terms of the number of persons employed (that is, enterprises with ten workers or less), registration and bookkeeping practices. In 2015, the INEC changed its definition in terms of registration only (INEC, 2015), resulting in a reduction in the share of informal sector employment, at least according to official estimates, thus confirming its contingent nature.

<sup>19</sup> This would imply the presence of a lax regulatory regime that allows for the ‘informal’ option.

<sup>20</sup> Following Esping-Andersen, a system of stratification can be seen as ‘an active force in the ordering of social relations’ (Esping-Andersen, 1990, p. 23), mainly in relation to class, without a clear focus on other social structures, such as those determined by the sexual division of labour (Martínez Franzoni, 2008).

<sup>21</sup> Where the utility function is determined by  $U(L, C)$ , with  $L$  indicating hours of leisure and  $C$  consumption.

<sup>22</sup>  $N + W(T - L) = PC$  with  $N$  is unearned income (i.e. transfer),  $W$  is the wage rate,  $T$  is the total time available,  $L$  is leisure time,  $P$  is the price of consumption goods and  $C$  is consumption.

<sup>23</sup> While these early forms of social insurance excluded non-formal workers, this began to change in the late 1990s as Ecuador joined other Latin American countries in expanding social assistance to the informally employed. Arguably, the BDH programme was devised as a response to earlier failed attempts to integrate pauperised workers into formal protection schemes and, by default, into formal employment. Nevertheless, BDH funds are allocated at the household level, assuming collective benefits derived from labour income and state transfers.

<sup>24</sup> 34 per cent, according to the Ecuadorian Central Bank (BCE) competitiveness report, retrieved from <http://www.bce.fin.ec/documentos/PublicacionesNotas/Competitividad/Estudios/ae17.pdf>.

<sup>25</sup> For an extensive description of these dynamics, see RIMISP reports in rural poverty and Loja’s case study at <http://www.rimisp.org>.

<sup>26</sup> Following Lewis-Beck et al. (2004), cluster sampling is a probability sampling procedure in which elements of the population are randomly selected in naturally occurring groupings, e.g. clusters at the city level.

<sup>27</sup> This sampling technique allows for the subjects in the sample to be reflected in the same proportions as those in the population.

<sup>28</sup> Complemented by Encuesta de Condiciones de Vida or ECV (Living Standards Survey) data for 2014, census data and administrative registries retrieved from INEC, various years.

<sup>29</sup> Note that both ‘informal employment’ and ‘employment in the informal sector’ refer to different aspects of the ‘informalisation’ of employment. For informal employment indicators, the chapter uses as a proxy the number of workers excluded from contributory social insurance. Employment in the informal sector refers only to those workers employed by informal enterprises—conditional on the country’s definition of what an informal enterprise is, e.g. unregistered enterprises.

<sup>30</sup> The survey was carried out mostly at the workplace to avoid excluding rural-to-urban day migrants and to reduce disclosure of occupation or economic activity. It provides information on the respondent’s basic socio-economic conditions, working conditions and access to welfare support. The survey questionnaire contained 103 questions distributed across 12 modules that solicited information on household composition, education, employment status (different modules for employed, unemployed and inactive respondents), conditions at primary and secondary occupations, satisfaction with working conditions, compliance with labour regulation, conditions of participation in the BDH programme and access to CDH credit.

<sup>31</sup> Data was acquired from the household head or his/her partner for 84 per cent of the households listed in the sample obtained from Registro Social located in Loja and Machala across 44 different census blocks.

<sup>32</sup> Non-random methods included respondent-driven sampling and location-based sampling.

<sup>33</sup> An earlier version of this chapter was published in the context of UNU-WIDER’s series on the political economy of social protection systems, entitled ‘Institutionalizing segregation: Conditional cash transfers and employment choices’. 2016/91. Helsinki: UNU-WIDER.

## 2

## Going Informal? Informality as a Theoretical Dilemma

### 2.1 Introduction

Since the 1990s, there has been a growing consensus on the deepening of informality. The share of workers in the informal economy has either grown or remained constant in the global economy. There has not been a sustained increase in formal job opportunities despite economic growth and expansion of global trade. Further, a growing proportion of workers in the formal sector are unprotected (Bacchetta et al., 2009). Informality has thus become the rule rather than the exception (Razavi & Hassim, 2006).

With the increase of informality, unregulated workers receive little, if any, access to welfare and work-related benefits. Because of this, more attention has been given to informal and/or non-standard employment and the accompanying erosion of state-provided welfare benefits (UNRISD-WIEGO, 2012). ‘Extending social protection to all’ is the call for action (led by ILO) at this time, and this call seems to be welcomed in policy making (Lund, 2009), and was even made part of the 2030 Agenda for Sustainable Development as a target under Goal 1: ‘Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable.’<sup>1</sup> The debate is now centred on the way in which social protection is understood and implemented, and the conditions under which it is made accessible to workers (or not). Informality has significant repercussions for social protection provision—and vice versa. In informal settings, the constitutive elements of formal and conventional employment relations are basically non-existent. As more and more people engage in informal activities, the demand for non-contributory social protection increases.

However, discussions on social protection and perspectives on informality remain poorly connected.

Contemporary literature on social protection and employment outcomes has tended to focus on incentives. It is thus claimed that workers opt into informality in order to access social assistance while evading contributions and other fees, and therefore that if they are provided with the right incentives, informal workers will upgrade into formal (and more productive) activities. However, when recalling more structural perspectives on informality, the interconnectedness between employment and social protection becomes more complicated. Stating that informality is an outcome of individual choice becomes problematic in the light of the structural restrictions affecting employment levels.

Furthermore, the adoption of non-contributory forms of social protection has opened new lines of inquiry: have cash transfers led to a delinking of social and labour policies? Some would argue that conditional cash transfers, as non-contributory forms of social protection, have resulted in a delinking of social and labour policies, inasmuch as the benefits provided through them are not directly linked to employment status. Rather, worker status in employment is seen as incidental. Yet it has been suggested that these policy instruments, cash transfers in particular, work most effectively when complemented by employment policies, as per the work of United Nations Research Institute for Social Development or UNRISD between 2011 and 2013 in the context of the project *Labour Markets and Social Policy: Gendered Connections*. Thus, despite approaches that distance social protection from employment, the connections between them remain strong. Consequently, this chapter sets out to integrate employment back into the discussion around social protection, as highlighted by authors such as Heintz and Lund (2012). There is an implicit risk in adapting to informality and remodelling policy instruments according to its reality, instead of incorporating strategies to change and improve workers' conditions and employment opportunities.

While most authors agree that informality persists, they offer different explanations for what is driving it. By exploring the main documented accounts on informality as a category that problematises both labour and social policies, this chapter sets out to address the employment question first, then move to the tacit social policy responses, building upon the different conceptualisations of informality. As a result, various interrelations between labour market functioning and state regulation are contested. The

chapter begins by laying out the conceptual framework, drawing on a critical review of the main literature on informality and bringing to the fore key insights from seminal work on the topic. These definitions are used in the second section to organise the literature on social protection responses, in particular employment promotion policies. A critical assessment of the assumptions implicit in the implementation of social protection schemes closes the chapter.

## 2.2 The formal/informal dichotomy

There is an important caveat in the study of informality as an analytical category. As Breman pointed out in the 1970s, the informal sector cannot be demarcated as a separate economic compartment and/or labour situation. What is more, he argued, interpreting the relationship to the formal sector in a dualistic framework with mutually exclusive characteristics obscures the unity and totality of the productive system (Breman, 1976). Despite these limitations, informality as an analytical category is used insofar as it problematises the very heart of social policy design: the state ambit of regulation and protection.

Scholars have advanced a wide variety of qualitative distinctions in their attempts to delimit the formal and informal segments of the economy. By and large, the literature is categorised under three dominant perspectives: dualist, structuralist and legalist (see Chen et al., 2004; Portes & Haller, 2005; Jütting & de Laiglesia, 2009; Phillips, 2011). The dualist label includes the authors and theories that understand the informal sector as marginal and transitory (Lewis, 1954; Harris & Todaro, 1970; Hart 1973). They are regarded as dual because of the theoretical assumption underlying their view of labour markets: informal activities are rooted in the lack of modern opportunities to absorb surplus labour (Chen et al., 2004). Early dualists assumed that informality would gradually disappear as modernisation and the expansion of formal markets created formal employment. Yet as modernisation spread in the 1970s, atypical employment arrangements actually deepened.<sup>2</sup> In fact, what Chen et al. (ibid.) labelled structuralist perspectives emerged as a strong critique of the optimism that accompanied early dualism. Authors such as Furtado (1965), Moser (1978) and Portes et al. (1989) presented informality not as marginal and transitory but as functional to the capitalist system. They suggested that the informal sector should be seen as the set of subordinated economic units and workers that serve to reduce input and labour costs to the benefit of

larger firms. Thus, small- and large-scale firms are considered part of an interdependent mode of production (Chen et al., 2004). Thinking along the lines of Li, this small-scale production results from labour that is surplus to capital's requirements (2010, p. 87), that is to say, by workers which are not gainfully absorbed by the capitalist system—mainly rural people dispossessed of their land. In this way, they are kept within the system due to their functionality, for example willingness to work at lower wages. Lastly, legalism emerged as a third wave in the study of informality, emphasising illegality and property rights. Legalists attempted to release informality from the rigidities of the structuralist perspective. Popularised by de Soto (1989), this view interpreted the informal sector as comprised of micro-entrepreneurs, somewhat blocked by excessive regulation. Consequently, proponents of this view advocate for deregulation alongside the formalisation of property rights.

This interpretation differs somewhat from the categorisation explained above. Even structuralist interpretations of informality seem to adhere to a dualist perspective in as much as they insist on a rigid (yet systemic) divide between the formal and informal sectors of the economy. As both dualists and structuralists recognise informality as a segment of the labour market, they are grouped under a broad dual label. Under this dual label, two important groups can be identified. The first includes those accounts that make a stricter use of the dual framing, depicting informality as transitory and expected to disappear as development advances (as per modernisation theories). The second group includes those accounts that offer a more systemic view of informality, understanding it as an outcome of processes of marginalisation within development. Current approaches are more difficult to typify, as they often combine several of the aforementioned views, in particular dualist accounts. An additional third typology presented in this chapter synthesises the mainstream view, which is built upon neoclassical microeconomics. It includes the 'legalist' perspective introduced by de Soto—which fits into the new institutional economics and the voluntary or exit option, which sees informality as a mix of incomplete markets, cost–benefit analysis and parasitic behaviour.

### 2.2.1 Dualistic interpretations

Most dualist authors define a theoretical line to divide the formal and informal categories. Each of them has advanced their own version of this segmentation. For some, it results from the incomplete transition from a



rural economy to an urbanised one. Tania Li challenges such linear thinking, implicit in the ‘agrarian transition’, and further theorises the notion of ‘surplus population’ as those dispossessed in the process, with their labour surplus to capital requirements (Li, 2010). For others, informality is rather intended. It is the outcome of marginalisation with capitalist production (see Moser, 1978).

Implicit in the dual paradigm are two notions. First, informal firms are less efficient. Second, they exist because of the inefficiencies caused by segmented markets. Along these lines, informal activities might be ‘tolerated’ in the short term, but as soon as conditions improve they should be upgraded to avoid harming the efficiency of the economic system. Otherwise, this segment of the workforce will remain at low levels of labour productivity, that is, underemployed.

### *The legacy of modernisation theories*

Modernisation theories aimed to explain the transition from traditional and backward modes of production towards modern, organised and highly specialised ones (Eisenstadt, 1974). Lewis’s work is considered the cornerstone of dualism in economic development, in particular his classic article ‘Economic development with unlimited supplies of labour’ (1954). The author explained the notion of an unlimited supply of labour in countries where the population is too large relative to capital and natural resources, with a large segment of the labour force remaining at subsistence levels and negligible levels of labour productivity.

Drawing on the idea of incomplete transition to modernisation, Harris and Todaro (1970) advanced a model to explain rural–urban migration in which traditional features persist in the labour market. This model (known as the H-T model) explained informality as the only option available for surplus labour migrating from rural to urban areas. Informality was seen as transitory, related to early stages of economic growth. This notion of incompleteness underpinned the ‘creation’ of the informal sector as an analytical category, as it is widely used today.<sup>3</sup>

In the 1950s and 1960s, it was assumed that the informal sector would not survive the eventual modernisation of the economic system. Yet, by the early 1970s, underemployment had increased (Chen et al., 2004). Regardless of whether modernisation advanced or not, petty trade and small-scale production persisted. This ‘anomaly’ motivated a set of employment missions coordinated by the ILO. One of these missions gained particular

relevance in the fields of poverty and employment: the 1972 ILO Employment Mission in Ghana. Drawing evidence from the study of the migrant population in one Northern Ghanaian Group, the mission coined the terms 'working poor' and 'informal sector' to describe the lack of evolution of the traditional sector (Hart, 1973). In their view, the informal sector provided the means of livelihood for new entrants to the urban labour force. The mission used the term 'informal sector' to distinguish between wage employment, recruited on a permanent and regular basis for fixed rewards, and self-employment, related to all small-scale and unregistered economic activities (*ibid.*). According to this account, informality was seen as the outcome of the decrease in agricultural employment and the inability to absorb the new pool of surplus labour in urban areas.

Other ILO missions ratified this view, presenting employment, rather than unemployment, as the matter in question. For instance, the report 'Employment, Incomes and Equality, A Strategy for Increasing Productive Employment in Kenya' (1972) led to the recognition of a structural distortion of the economy, with a minority of highly rewarded employees and a very large number of working poor. The document highlighted the dynamism of self-employment activities. This dynamism led to the association of informality with survivalist strategies. As a result, it was seen as having the potential to generate productive employment for the masses, generating optimism about the possibilities of economic growth built upon the dynamism of the informal sector.

Hart had portrayed the informal sector as competitive, labour intensive and able to develop its own skills. Reviewers of Hart's work argue that the dynamism he identified in the informal sector was lost when the concept was institutionalised within the ILO and redefined in terms of poverty (Breman, 1976; Portes & Haller, 2005). The ILO found that poverty and informality overlapped, arguing that most of the workers in the informal sector lacked access to markets and productive sources. The informal sector was consolidated then as a site of exclusion and marginalisation, the space of the working poor.

### 2.2.2 The structural response

Structural accounts emerged as a response to the theoretical and practical difficulties involved in the conceptualisation of the informal sector as it emerged in the 1970s. Structuralists clustered around a key assertion: that the informal sector did not exist in isolation. Instead, it was directly and

structurally connected to the formal economy (Phillips, 2011). Two additional notions are noteworthy: Marxist approaches and the notion of surplus labour, and post-Keynesian perspectives and the notion of disguised unemployment, as advanced by Robinson (1936).

Lewis hinted at Marx's notion of 'reserve army' to account not only for displaced workers, but also for the self-employed and petty capitalists who are unable to compete with the large capitalist firms (1954, p. 144). Similar dynamics were identified by structuralists, such as Furtado and Prebisch. These early insights have influenced current structuralist perspectives by conceptualising petty production as intrinsic to capitalism and purposively incorporated by it (Harriss-White, 2006). Li, in her reading of Marx, noted that the concept of 'relative surplus population'<sup>4</sup> highlighted the continuous tendency of capital to concentrate labour's productive capacity into labour-displacing technologies (2010, p. 68). Labour was thus surplus in relation to its utility for capital.

Post-Keynesian perspectives have also influenced structural accounts. The seminal work of Robinson (1936) introduced the concept of 'disguised unemployment' to account for the number of 'inferior' occupations that dismissed workers take up when employment shrinks. Departing from the premise that full employment is only likely to occur in periods of 'abnormally rapid expansion' (1936, p. 226), Robinson pointed out that a decline in the effective demand for work would not lead to complete idleness of the workforce; rather, the lack of public income support would drive workers into a number of inferior occupations—those regarded as inferior because of their low productivity. Conversely, an increase in employment would only take place if the workers' time were transferred from inferior occupations towards others with higher productivity. Yet it was not until 1982 that the ILO coined the official term 'underemployment' to account for workers who could not gain entry into the modern economy and remained in low-productivity activities (see Portes & Haller, 2005).

### *Informality as bifurcation*

An alternative to the Lewis dual model was developed by Furtado (1965), for whom dualism led to underdevelopment and not to capitalist expansion as proposed by Lewis (1954).<sup>5</sup> In a somewhat similar logic to Lewis's thesis, Furtado argued that the main distinguishing feature of underdeveloped countries is the existence of a pre-capitalist sector (the equivalent to

Lewis's subsistence sector). In his model of industrialisation, there is also a labour reserve (labour surplus, in Lewis's terms), which is kept in low wages for the benefit of the capitalist sector. This assertion is important because of the weak linkages between production and consumption of these two sectors: workers in the capitalist sector are not consuming their output. Instead, their wage goods are being produced by the less productive sector (or being imported), thus the interest in keeping wages low.

Labour productivity, also in Furtado's work, is the core explanatory variable (1965).<sup>6</sup> His variant accounts for the particular land tenure structures established under the colonial rule in Latin America. The model deals with an open economy moving from an export growth phase towards a substitutive industrialisation phase, fully integrated with international markets. He introduces a crucial component: for industrialisation to take place, capitalist firms import technology in order to increase capital density.<sup>7</sup> Subsequently, capitalist firms move towards capital-intensive production without the corresponding transfer of labour from agriculture to the manufacturing sector. That is to say, firms move towards capital-intensive production before surplus labour is exhausted, thereby leading to polarisation.

In his view, the confluence of these factors led to an inefficient industrial structure. For him, the main distinguishing feature of underdevelopment was the existence of a pre-capitalist or traditional sector—equivalent to Lewis's 'subsistence sector'. This sector, which served as labour reserve—'labour surplus' in Lewis's terms—was kept at low wages for the benefit of the large capitalist sector. In such conditions, workers did not consume their output. Dualism thus was seen as harmful for economic development: value added by labour was not translated into increased consumption in the low-income sector. Instead, it benefited the owners of capital, causing further income concentration (Furtado 1973, p. 125). If this dualism were to be eliminated,<sup>8</sup> in Furtado's view, the gap between the wages paid in the agricultural sector and the manufacturing sector would be reduced, as would the disparities in living standards between the two (1965, p. 166).

### *Informality as a mode of production*

A second group of structuralist authors stressed the functionality of segmented labour markets, in particular the existence of a vast informal sector, for the expansion of the capitalist system. Weeks (1975), one of the

first authors to publish along these lines, advanced an analytical framework to study the interaction between what he called the ‘enumerated’ and ‘unenumerated’ segments of the economy—such categories can be seen as resembling the formal and informal labels. Building on previous insights, Weeks argued that the informal sector produced a significant portion of consumer goods for low-income groups, as noted earlier by Furtado (1965), and that it had an inherent dynamism, which reflected Hart’s view (1973). This sector, in Furtado’s view, does not allow for much industrial dynamism or gains in productivity. As a consequence, in later stages the lower tier of the sector is taken over by more advanced capital-intensive sectors, further constraining employment. Hart’s view, in contrast, was rather optimistic. He claimed that an expansion of the informal sector would have a positive, income-increasing effect. Moser (1978) offered a less optimistic account. Taking up Weeks’s idea, she also agreed on the considerable advantages of having a vast informal sector: accumulation can be higher as it can produce (cheaper) goods for the low-income groups, and its benefits could be shifted towards a rather labour-intensive form of industrialisation (Moser, 1978). For these reasons, the informal sector was deemed to provide goods and services considered unprofitable by large-scale firms.

More recent perspectives have shifted the focus away from small-scale (or firm-based) informality towards informal employment. These have emphasised ‘atypical’ employment arrangements that occur in both the formal and informal sectors. Informality is then associated with a lack of contractual employment and explicit rights and duties at work. It is worth noting the work of Harriss-White (2003), who highlighted the centrality of social institutions in assembling and regulating employment. She pointed out at the various social structures that create and perpetuate the loss of workers’ control within the work relationship, and thus the understanding that in informal contexts, social regulation let alone is intrinsically exclusionary (see Harriss-White, 2003 2006).

Another important contention advanced by more recent structuralist authors is based on the recognition of an internal heterogeneity within the informal sector. From a range of direct subsistence activities subordinated to production and traded in the formal sector, to autonomous informal enterprises with modern technology and capacity for capital accumulation (Portes & Schauffler, 1993), the informal sector became more than just

small-scale activities. This perspective on informality sees informalisation as both a 'top-down' and a 'bottom-up' process (Phillips, 2011).

Similarly, Portes and Schauffler (1993), building on empirical evidence from Latin America, presented rural-to-urban migration as a much more complex process than just the survival of the poor. Inflows to the city supported modern capitalist accumulation through the creation of new niches in the labour market. Consequently, urban informality existed within and for the benefit of the formal or modern economy, in a structural articulation of formal central enclaves and self-regulation on the periphery. On this last point, Phillips (2011) argued that the distinction between a formal 'core' and an informal 'periphery' could be misleading when taken at a global scale. In his view, such a distinction does not capture the reach of informality and informalisation across all societies and economies, which has extended and deepened in the main urban centres, contrary to Portes's argument.

### 2.2.3 *Mainstream interpretations: rational choice*

Most of the current studies of informality adhere to microeconomic foundations to explain its emergence. Informality is described as a voluntary and individual option, an arena in which workers (and firms) choose to operate. Implicit in this notion is the idea of rational choice: workers (or firms) opt for informality because of the benefits it delivers to them. For instance, it is often claimed that firms opt for informality to avoid paying registration fees, or that workers prefer to remain informal as they can benefit from freely switching between occupations without contributing to social security.

Along these lines, informality has been given a 'parasitic' meaning that stresses the illegal component of small-scale activities (Jütting & de Laiglesia, 2009). In later work, Maloney (2004) presented informal employment as a rational choice taken after analysing the entire package of benefits and opportunities offered by various jobs and state regulation—in a cost–benefit fashion. He suggested reducing the incentives to drop out of formal employment, but noted that in the short term, informal employment could provide workers with the dignity that was not accessible to them in formal arrangements. More recently, Perry et al. (2007) continued the debate on the voluntary nature of informality. Their approach brought together the notions of incomplete markets and parasitic behaviour. The idea of incomplete markets is advanced by looking at informality as an exclusionary

process—the consequence of the inability of the formal markets to absorb all workers. The second notion, parasitic behaviour, holds that workers opt for informality after analysing the options available for them. Both are seen as a manifestation of the contradictory relationships between economic agents and an ‘inefficient’ state. The same point has been argued elsewhere, notably in the last World Development Report (WDR) (World Bank, 2012). The report draws on Perry’s findings to advocate for increasing productivity among the innovative or transformative (micro) entrepreneurs who can then grow and create job opportunities for others (World Bank, 2012, p. 110).

***De Soto’s legacy: excessive regulation?***

De Soto rolled out the debate along the lines of property rights in the late 1980s. His interpretation of informality as an outcome of incomplete markets builds on the assumption that informal firms only exist due to the inefficiencies caused by insufficient property rights in less-developed countries. The author, who epitomised a legalist approach, reformulated Hart’s original theme in his book *The Other Path* (de Soto 1989). He gave to informality a celebratory meaning: it constituted the popular response to the overblown state, inefficient bureaucracy and bad laws (ibid.). Thus, informal enterprises represented the irruption of ‘real market’ forces in those economies suffocated by state regulation. The urban poor were identified as actively entrepreneurial rather than passive and parasitic. In his assessment of informality in Peru and Latin America, he prescribed the simplification of laws, decentralisation of the state and deregulation of economic activity. It is worth mentioning that de Soto’s publication was in line with rational choice theory, which focussed on incentives, rather than structures, to shape behaviour.

While de Soto’s work soon became very influential, widely cited in publications and adopted by mainstream international organisations,<sup>9</sup> dissenters contend that his study lacked academic rigour, including insufficient data to support his statements and leading to empirical and theoretical contradictions (Portes & Schauffler, 1993). To illustrate this last point, Portes and Schauffler recall that de Soto attributed the origins of informality not to the excess of labour supply but to the excessive regulation of the economy. However, if this were the case, they argue, other highly regulated economies would have vast informal sectors, but they do not. Despite this and other negative appraisals, de Soto’s ideas settled in and

brought about a renewed interest in the informal sector, on this occasion full of optimism about its claimed potential to lift people out of poverty. There are frequent references, for instance, to de Soto's work in the latest WDR: Jobs (World Bank, 2012).

Although de Soto's legacy has been labelled 'legalist'<sup>10</sup> (Chen et al., 2004; Chen et al., 2005; Portes & Haller, 2005; Jütting & de Laiglesia, 2009; Phillips, 2011), this label might be missing important distinctions and variations within the specialised literature. Mainstream investigators adhere to thesis of the informal sector's dynamism and argue that labour markets should be left alone in order for self-regulation to balance the field. In this sense, this logic could be better described as a 'market obstruction' approach, which is not about choice, but about intrusive regulation.

The policy implications deriving from this orthodox understanding should be treated with caution. Removing all state regulation of economic activity might not be a desirable solution. Early development thinkers recognised that modern markets are indeed highly regulated institutions (Polanyi, 1957 as found in Portes & Schaufli, 1993). Eliminating state regulation would lead to a disarticulation of orderly economic activity, as informal sector workers are closely intertwined with and dependent on firms within the regulated sector. Furthermore, the claimed voluntarism is circumscribed to rather rigid labour choices, as constantly emphasised in the more structuralist accounts.

As noted by Harriss-White, state retrenchment leads to other forms of social regulation taking prominence, even though many of these, for example trade associations, ethnicity, religion and gender, might well be at the origins of inequality and exclusion (Harriss-White, 2006, p. 1242). This is particularly the case in Latin America, with high degrees of polarisation inherited since the start of the industrialisation process that, if left unregulated, will continue to be reproduced and could be exacerbated. Indeed, this is supported by the recent reduction in inequality in many Latin American countries, which have arguably been supported by more, not fewer, regulatory interventions in labour markets, such as the increase in minimum wages and the formalisation of labour in Brazil, much more than what has been attributed to targeted social protection (Fischer, 2012, p. 20).

Building on the rhetoric that excessive regulation is the cause of informality, most economies by the end of the nineteenth century were pushing for greater labour market flexibility (Cook & Razavi, 2012). The rationale



followed de Soto's thesis: to remove regulatory market obstructions. In theory, deregulation has attempted to reduce the barriers to formal employment. However, this has not necessarily benefited informal workers. Instead, it has meant greater freedom for business from organised labour, with the consequent erosion of protective and pro-collective labour regulations (Cook & Razavi, 2012, p. 6). Deregulation has thus been translated into lower wages and inadequate (and even completely absent) provision of social security at work.

### *The exit choice: opting out for informality*

A counter-argument to the earlier dual accounts of informality, which presented it as a place of exclusion and marginality, states that workers themselves 'exit' the formal sector. Workers, dissatisfied with the performance of the state, opt into informality. This argument departs from the notion that the informal sector is itself a multi-segmented sector. Within it, when workers opt for informality, they face a second choice: to survive or to grow. This theoretical assumption can be traced back to the work of Fields (1990). Based on his research in urban Costa Rica and Malaysia, Fields suggested that the informal sector comprised two qualitatively distinctive branches: a lower tier, characterised by easy entry and low-wage unorganised and unprotected work—as described in most of the residual and structural perspectives; and a new category composed of the upper tier of the labour market, with restricted entry to self-employment activities. He claimed that the rationales of these two sectors differ: people in lower-tier activities seek to get out them, aspiring to engage in the upper-tier segment of the self-employed. The upper-tier segment has potential. They just need an extra push to increase their size and generate more employment. Arguably, the logic of informality in this segment is largely related to tax and regulatory evasion. Hence, the idea of voluntary informal employment is clearly manifested in this work, although Field remarks that 'given the constrained choices available to them, a great many of informal sector workers are in that sector voluntarily' (1990, p. 65).

In line with Fields's arguments, Maloney (2004) draws on empirical evidence from Latin America to suggest that the informal sector in the region should be understood as the analogue of the voluntary entrepreneurial small-scale sector found in advanced countries. He continued the notion of dynamism by rejecting the idea of a disadvantaged and residual segment

in the labour market. Instead, he presented informal employment as a rational option, chosen after analysing the entire package of benefits and opportunities offered by various jobs—in a cost–benefit type of analysis. Derived from this logic, his proposition is to reduce the incentives to drop out of formal employment—he considered that formal workers have little to lose, as they perceive social benefits to be inefficient anyway—and to increase the size and productivity of the formal sector. In the meantime, he reasoned, employment in the informal sector could provide workers with the dignity that formal employment does not provide.

More recently, Perry et al. (2007) continued the discussion on the exit or voluntary nature of informality. This approach brings together the notions of incomplete markets and parasitic behaviour: the first along the lines of informality as an exclusionary process—the formal market cannot absorb all workers; and the latter when stating that workers opt out for informality—again, as the result of a cost–benefit analysis of the options available to them. Perry, in his study of informality in Latin America, stated that informality could be considered a manifestation of the contradictory relationships between economic agents' preferences and a state that has failed to correct for market failures, as opposed to 'over-regulated' labour markets. The same point has been argued elsewhere, notably in the last WDR (World Bank, 2012). The report draws on Perry's findings to state that in the Latin American region, entrants into self-employment tend to be workers who have already accumulated physical capital while working for a wage or a salary—that is to say, workers that have opted out for informality leaving behind their formal occupations. The argument continues indicating 'those [workers] who achieve higher productivity levels are more likely to stay in business, grow, and create job opportunities for others' (2012: 110).

The renewed interest in productivity is evident in the 'Jobs' WDR of the World Bank. In this regard, a distinction is made within the informal sector between innovative or transformative entrepreneurs and replicative or subsistence entrepreneurs.<sup>11</sup> Thus, it is suggested that in order to achieve a greater impact in terms of employment generation, it is necessary to identify the 'constrained gazelles', a term coined by Grimm et al. (2012)—work cited in the WDR—in order to unlock their potential and support them to become successful entrepreneurs.<sup>12</sup> This response is inspired by the 'missing ingredient assumption' (Berner et al., 2012): once provided the ingredient, entrepreneurs can start climbing to success. The

report suggests that training, access to basic infrastructure, financial resources and compliance with a good investment climate will remove the obstacles to firms' growth. However, these promotion interventions continue the already controversial focus on growth-oriented entrepreneurs only. Separate protection interventions are suggested to address the needs of informal workers and self-employed survivalists, oriented towards supporting their income. These interventions often consist of targeted modalities of social protection, even though the report advises caution in its provision because of the possible disincentives for formal work.

### 2.3 Informalisation: a policy dilemma?

The dominant viewpoint, that the drop in formal employment is the result of a perverse idleness encouraged by social protection, has been extensively criticised. Returning to an earlier point, this section brings to the fore the concept of disguised unemployment. Robinson (1936) identified the lack of unemployment support as the main process leading to disguised unemployment—one could also think of it as inadequate employment—and driving dismissed workers into low-productivity activities. Lacking unemployment benefits, dismissed workers have to take up any job available, often one that is less productive and poorly rewarded. Workers are left with no option but to live from their own (desperate) efforts, instead of getting access to sufficient public income support to queue for the 'right' job. This would benefit not only the unemployed, but the economic system as such, to the extent that workers would be able to gainfully use their skills and increase output. In a similar fashion, Mkandawire (2007) noted that if social policy does not actively respond to the retrenchment of labour resulting from increased informalisation, gained skills will devalue. Thus, reducing informality may raise the time horizon of workers, who will not be accepting precarious job conditions anymore, opting instead for planning and commitment for their long-term benefit. In his view, social policy can help an economy to advance towards a better stage, by stimulating the demand for skilled labour and by insuring workers against the implicit risks of moving up the skill chain (*ibid.*).

The deepening of informality has two important implications. First, an increasing number of people engage in informal employment and thus have very limited access to welfare and work-related benefits. This posits a challenge in the design of welfare provision, if there is any interest in expanding the coverage to informal workers—current trends indicate that

there is. Second, while informality remains, it is assumed that welfare provision would have to adapt to a vast share of the population not contributing to the welfare system in a consistent way. This second implication brings into the debate the widespread claim that non-contributory welfare is counterproductive: it disincentivises formalisation of employment. To put it simply, if informal workers access benefits that they have not paid for—via taxes or direct contributions—they will have the perverse incentive to remain in informality.

Besides, the current emphasis on targeted social assistance, particularly CCTs, has not overcome the historical bifurcation between social insurance and social assistance. What is more, to reduce attractiveness to the non-needy population—and not sanction idleness—social assistance benefits are often set at a very low level. In fact, most of the new agenda for social protection brings active labour market policies to facilitate the transition from assistance to work (Cook & Razavi, 2012). These policies (based on the European experience with active labour market policies) are currently seen by some as the preferred toolkit to address market obstructions impeding inactive workers being gainfully employed in Latin America. A critical assessment of the assumptions implicit in the implementation of labour market policies is advanced in the following, together with a discussion of their potentially problematic implementation in highly informal settings.

In this light, it is worth asking whether it is even possible to make a living from social assistance alone. In most of countries in the global South, social assistance benefits are kept rather low and unemployment insurance is also low or even simply non-existent. In such contexts, the labour market does not function effectively, for people are compelled to move back to employment due to liquidity constraints. Social protection tends to be channelled to marginalised populations through social assistance by means of targeted cash transfer programmes. Can it even be argued, then, that benefit recipients have the incentive to remain in idleness, considering that cash transfers do not even reach the minimum wage and are often conditional on very specific commitments? What might be happening instead is that the large share of informal employment is rooted precisely in the lack of social protection, not in its vicious use, leaving workers with no other option but to take up any job available—even if it guarantees no rights at work.

## 2.4 The interweaving of informality and social protection

The deepening of informality has two important implications. First, an increasing number of people engage in informal employment, receiving very limited access to welfare and work-related benefits. This posits a challenge for welfare provision, provided the necessity of increasing its coverage to informal workers. Second, and as informality remains, it is assumed that welfare provision schemes will adapt to a vast share of the population not contributing to the welfare system in a consistent way. The next section explores the most common welfare provision responses to the deepening of informality. It is worth noting that although most authors agree on the fact that informality has deepened, they advance different arguments about what is driving it. Therefore, it might be useful to bring together different conceptualisations of informality and explore their tacit implications for the design of social protection systems.

Social protection well captures changes in the agenda for social policy. It is worth noting that early discussions on what is now denoted as social protection provisioning revolved around the welfare state, understood as the ‘state responsibility for securing some basic modicum of welfare for its citizens’ (Esping-Andersen, 1990, p. 19). As discussed by Esping-Andersen, the level of the state’s responsibility was often measured against social expenditure. Early ideas of ‘social citizenship’, as per the seminal work of Marshall (1950), had informed notions of social provisioning, with the state involved in granting social rights (Esping-Andersen, 1990, p. 21). Going a step further, Esping-Andersen noted that the sole presence of social assistance or social insurance does not necessarily tackle social stratification, unless the ‘service is rendered as a matter of right’ (1990, p. 22). Situating this approach in the Latin American context, of particular interest in the context of this dissertation, scholars have adapted the classic welfare states typologies of Esping-Andersen, categorising regional schemes as an assemblage of ‘conservative-informal’ welfare regimes, based on corporatist notions rather than universalism as in the Northern European welfare states, which seem to be transitioning towards a ‘liberal-informal’ variant (Barrientos, 2004; Martínez Franzoni, 2008).

By the late 1980s, however, the ‘safety nets’ discourse that emerged among international financial organisations, particularly the World Bank, confined social protection to minimalist social assistance provisions to the poor (Devereux & Sabates-Wheeler, 2004). As noted by Barrientos and

Hulme, ‘the initially dominant conceptualization of social protection as social risk management is being extended by approaches grounded in basic human needs and capabilities’ (2009, p. 439), with a strong focus on reducing poverty and vulnerability (Barrientos, 2010, p. 4). The World Bank identifies the role of social protection, in combination with labour market programmes, as that of helping ‘individuals and societies manage risk and volatility and protect them from poverty and destitution’ (World Bank, 2011, p. XIII). Moreover, although workers remain central to the discussion of social protection, the shift towards non-contributory forms has been welcomed by most development agencies. The ILO, which until the late 2000s maintained an interest in more traditional forms of contributory social insurance (as documented in de Haan, 2014), joined this advocacy—as per the Social Protection Floor initiative.<sup>13</sup>

Nonetheless, social protection systems are often blamed for a variety of negative (unintended) impacts, as revised in Devereux (2010): perverse incentives (also known as the ‘dependency syndrome’), the crowding-out of other protection mechanisms (mostly informal, e.g. remittances), moral hazard (or misuse) and increase in fertility rates. Along the lines of ‘perverse incentives’, social protection is seen as problematic as it discourages (paid) work. Increasingly, social protection schemes are designed and implemented in order to minimise ‘interference’ with market mechanisms. The idea underlying this, arguably a neoclassical view, is that labour markets are neutral arenas where buyers and sellers of labour interact, a notion challenged by Cook and Razavi (2012), amongst others. Neoclassical accounts tend to theorise the poverty observed among informal workers as a function of their low human capital. With low human capital, no job, formal or informal, will guarantee an exit from poverty: people’s status at work is thus seen as incidental (Maloney, 2004, p. 1173). Along these lines, the role of social protection is simply to assist in unlocking the potential of poor households by increasing human capital and skills formation in order to improve their employability. In this connection, social protection and labour policies share a similar aim: to improve the working of the labour market. In this connection, informality is conceptualised as transitory: the assumption is that increased investment in health and education would boost human capital formation and later contribute to economic growth, transferring surplus labour from the traditional sector to the modern sector.

The current trend in social assistance programmes, cash transfers in particular, is indeed aimed at increasing human capital and skills formation, with the ultimate objective of increasing labour productivity. The mechanism works as follows: gains in skills translate into increased labour productivity. As schooling is negatively correlated with informality, social assistance improves labour market outcomes (Barrientos 2006). Sandberg (2012) presents two main obstacles to the operation of the aforementioned. First, age-based exit rules, considered in most CT schemes, result in many beneficiaries entering the labour market with limited qualifications, without having completed secondary education. Hence, basic education alone has little effect on mobility or formality. Second, investments in business productivity will most likely require significantly larger amounts than those being transferred (*ibid.*, p. 1354). In sum, coveted formal jobs, which require higher levels of education and capital, continue to be dominated by the more privileged who already have access to these elements and already perform well. The problem seems to be rooted not in the lack of investment in ‘raw’ human capital, but in the inability to generate and absorb a more qualified labour force. Human capital interventions deal with the supply side: training a workforce to meet the demands of a growing economy. However, on the demand side, most developing economies have encountered challenges to consolidating a modern sector that would advance on the scale necessary to absorb a better-qualified labour force.

This discussion could also be placed in the context of dual labour markets. Those authors who present informality as an outcome of bifurcation use labour productivity as the core explanatory variable. Certainly, increasing labour productivity occupies a central position in social and employment policies. A renewed interest in labour productivity is evident in the WDR (2013) which emphasises training and access to finance and other accompanying resources. While this is a high priority when building capacities, it should by no means be transformed into a call to make poor people ‘work harder and better’, but rather should start a discussion on remuneration and address the way in which work is valued across different sectors and geographies (Fischer, 2011).

Indeed, one of the insights of the study of informality as bifurcation touches upon income gaps. Authors such as Lewis (1954) and Furtado (1965) stressed the gap between the wages paid in the agricultural and manufacturing sectors. What is seen in most developing countries is that

workers who have moved out of the agricultural sector have not been fully absorbed in a formal manufacturing sector, and so end up in the service sector (Fischer 2011). As a result, the vast majority of employment, and informal employment in particular, takes place in the service sector. The question, then, is how to measure labour productivity in the service economy? As proposed by Fischer (2011), the valuation of work in the service sector is only marginally related to labour productivity, if at all. Therefore, a comprehensive social policy approach to reduce the income inequalities would not overemphasise increasing labour productivity, without first regulating work valuation and compensation.

Most mainstream interpretations emphasise the point that people opt into informality. By default, therefore, state efforts should focus on reducing the attractiveness of social benefits. Levy (2008),<sup>14</sup> for instance, suggested that social benefits are key in explaining the prevalence of informality, further segmenting the labour market. The assumption is that formal workers contribute to social security while informal workers simply benefit from social protection without properly contributing to the security system. Due to the association of informality with perverse incentives, there is increasing pressure to decouple social protection from employment (Lund, 2009). Orthodox scholars, concerned about the decrease in formal employment, have pushed for an agenda centred on productivity-enhancing instruments—although at the risk of being turned into a powerful ethos for disciplining the workforce (Fischer, 2011, p. 525)—and the reduction of disincentives for labour formalisation. This means better targeting of social risk management (for the lower tier of the informal sector only) aligned with objectives of higher productivity and growth (directed to the upper tier of growth-oriented micro-entrepreneurs). In addition, the World Bank, the Inter-American Development Bank (IDB) and other organisations have suggested the delinking of social security from formal work altogether, positing that the state must provide only minimal social provision for the rest, tied instead to citizenship claims (Lund, 2009).

In particular, the World Bank, in its last World Development Report, advocates for Active Labour Market Policies (ALMPs). In their view, these policies can fill the gap when employers or workers underinvest in training, mitigate economic risk by providing workers with temporary employment, or create incentives for employers to hire (World Bank, 2012, p. 267). The rationale underpinning ALMPs fits within the exit argument used to explain informality. The logic builds on the perversity argument,



assuming that unemployment is a result of both market failure (e.g. skills mismatching) and disincentives to work. Active labour programmes are thus expected to increase employability and encourage jobless workers to abandon their unemployment status, and are alleged to be their voluntary option (Marshall, 2004). The argument to bring ALMPs to middle- and low-income countries has also been pushed by the ILO. Grouped under the label ‘productive insertion’, the set of ALMPs proposed by the ILO includes: training and improving skills for work, technical assistance, access to credit, support for commercialisation, support for cooperativism and various other forms of economic solidarity (ILO/STEP, 2006).

ALMPs belong within the group of supply-side policies aimed at promoting employment (Rueda, 2006). Although the term can be used in different ways, it roughly refers to improving the functioning of the labour market by providing, for example, income support and wage subsidies, job search assistance, job-related skills and direct job creation (Martin, 1998; Bonoli, 2010; Kluve, 2010). The ‘active’ component combines placement services with stronger work incentives, time limits on reciprocity, benefit reductions and the use of sanctions, which has been coined ‘workfare’.<sup>15</sup> Most definitions of ALMPs underscore employment promotion rather than just providing income support, among those with low skills or little work experience—the bulk of the unemployed and welfare recipients (Heckman, 2000; Kluve, 2010; Rueda, 2006). However, these policies differ on the relative emphasis on each type of service, the target population, the total resources spent on them, how resources are spent and the range of employment and training integration within other programmes such as social assistance (Heckman et al., 2010, p. 1872).

Active labour market policies have a long trajectory. Most authors agree that ALMPs were born in the 1950s with the so-called Rehn-Meidner model implemented in Sweden in a context of labour shortage (Bonoli, 2010). They were originally conceived to achieve a tripartite objective: equality in wage distribution, sustainable full employment and the modernisation of industry. These labour market policies were applied with the objective of improving the match between demand and supply of labour in the context of a rapidly evolving economy (2010, p. 440). The basic instrument consisted of financing extensive vocational training programmes to deal with unemployed workers.<sup>16</sup> Italy, France and Germany followed a similar track to reinforce the active dimension of unemployment protection. The rationale was to retrain jobless people so they could

provide the labour needed by expanding industries in the post-war years. These were by no means 'passive' policies, as argued by Boloni. On the contrary, during the post-war years the goal was to reinforce the active dimension of unemployment protection, essentially through vocational training, as required by the expanding industries. Over the past two decades, ALMPs have spread across Organisation for Economic Co-operation and Development (OECD) countries, but the context changed dramatically after the oil crisis of the 1970s. Mass unemployment challenged the effectiveness of these policies. An emphasis on occupation, that is, keeping jobless people busy, could be seen in this period (Bonoli, 2010, p. 446). During the post-crisis years, occupation remained an important function of ALMPs, but with an ideological turn<sup>17</sup> towards workfare-type policies—as re-emerged in the UK and the USA in the 1980s (Torfing, 1999, p. 17). The increasing reference to the term 'activation' led to the development of a new role for ALMPs, which emphasised stronger work incentives, employment assistance and reduction of unemployment benefits (Bonoli, 2010).

Several typologies have been advanced to further distinguish the labour activation component in ALMPs, ranging from human capital investments to sanctions or negative incentives to move people away from social assistance into employment. Bonoli offers an appealing framework to categorise ALMPs, based on the degree of compliance with labour market objectives and the level of investment in human capital. Using these criteria, he specifies four typologies: occupation, incentive reinforcement, employment assistance and vocational training, that is, 'upskilling' (2010, p. 442). This categorisation is based on a previous differentiation between active and passive policies advanced by OECD (Martin, 1998), which turned the debate away from passive income support towards more active measures designed to get the unemployed back into work—for Bonoli, the more pro-market kind of policies.

An OECD analysis of the effectiveness of ALMPs 'is not terribly encouraging' (Martin, 1998, p. 28). European experiences with these policies are highly controversial. It has been held that they undermine competition and wage moderation (Marshall, 2004). Yet the problem has been considered to be in the policy design itself. Working-for-the-sake-of-working (Torfing, 1999) might not be the best way to lead people out of poverty.<sup>18</sup> Many workers find no particular reward for hard work if there are no prospects for promotion or if the work they are performing is not considered

a ‘real job’. Regarding ALMPs geared more toward human capital building, it is worth noting that training courses are by no means a substitute for proper access to education. In addition, other instruments such as job search and intermediation only work if there are firms creating jobs which are accessible to the workers. To sum up, ALMPs might not solve, and could even exacerbate, stratification in the labour market.

The World Bank, in its most recent WDR, advocates for ALMPs. It argues that these policies can fill the gap when employers or workers underinvest in training and that they can mitigate economic risk by providing workers with temporary employment or creating incentives for employers to hire (World Bank, 2012, p. 267). After an exploration of various experiences, they conclude that ALMPs’ effectiveness is dependent on the country’s institutional capacity. It becomes a problem of policy design in which labour policies should be aligned to the needs of the labour market and address market imperfections only. Active labour programmes are thus expected to increase employability and encourage jobless workers to abandon their unemployment status, allegedly a voluntary choice (Marshall, 2004). ILO, along the lines of training and improving work skills, providing technical assistance, access to credit, support for commercialisation, support for co-operativism and various other forms of economic solidarity (ILO/STEP, 2006), has also joined the group of organisations advocating for ALMPs.

While ALMPs might sound pioneering, they fall into the long-standing rhetoric of workfare programmes that have accompanied poverty relief for centuries. Conditional rights linked to work obligations have their own history, with a particularly famous episode in the English Poor Laws. The law was designed to protect the [rural] poor while maintaining work incentives. In the market liberal narrative, the help provided to the able-bodied led to negative dynamics: perverse incentives. Block and Somers (2003) advanced an alternative narrative of the Speenhamland policies—completely valid in the present-day trend in social protection. In their view, poor relief did not hurt the poor. Instead, it helped to protect them from structural changes in the economy, which had negatively affected the sources of meaningful work and family income in rural areas. Transposing this to current debates: ‘it is time to reject the ideological claim that the best way to fight poverty is by imposing increasingly stringent conditions on ever shrinking transfer payments to poor households’ (2003, p. 314).

All over the map of social and labour policies, the idea of ‘perverse incentives’ lingers. In order to explain either the drop out to informality or the misuse of social policies, incentives are used as the ultimate variable explaining (lack of) development outcomes. The perversity argument is closely tied to the idea of self-regulating markets: any public policy aiming at changing market outcomes automatically becomes noxious interference with beneficent equilibrating processes (Hirschman, 1991, p. 27). Yet the evidence of informal employment within the formal sector is vast.<sup>19</sup> It cannot be stated that employment in the formal sector is any guarantee of social protection and observance of labour regulations in general. Therefore, Levy’s understanding of an informal sector squeezing benefits from its formal counterpart seems to overlook the rigidities of segmented labour markets that transcend the formal vs informal divide. Following this perversity argument, however, might deliver clear advantages to the state, as they can downsize social assistance and avoid politically costly regulation of labour, in the light of the argued voluntary option for informality.

Barrientos (2006) offers an alternative account of the work (dis)incentives associated with non-contributory social protection. His analysis departs from the usual distinction of social protection: a component of social assistance, non-contributory and tax-financed, targeted at those who are economically inactive, and a social insurance component, contributory and covering formal workers. Based on the premise that growing informalisation leads to an increased demand for social assistance, because of the reduction in social insurance coverage to the formal segment of the labour force, the author makes a strong case to maintain targeted social assistance, as it might be the only protection that informal workers have access to. Further, the author finds a positive effect of social assistance on labour outcomes, namely, a reduction in the labour supply of children and the elderly when accompanied by education subsidies and/or non-contributory pensions for these groups (2006, p. 175). Yet the question remains: who compensates for the loss in labour supply? Standing (2011) points out that poor communities (in rural areas in particular) usually rely on the work input of children. Is social assistance reimbursing for the loss of these labour income sources and/or loss in production? Standing argues that income support such as cash transfers and associated policies should at least accompany children continuing in the education system to minimise such effects in the long term. Furthermore, he argues, there is a pressing need to deal with poverty and income inequality rather than expecting

labour markets to deal with these fundamental features of a market economy (2011, p. 268).

## 2.5 Conclusion

This chapter has advocated for the re-linking of social and labour issues in an interdependent way, as proposed by Heintz and Lund (2012). Nevertheless, while there is enough awareness that labour and social policies can work together in order to frame solutions to promote employment, the type of policies matters. Differences between instruments and priorities advanced through active labour market policies should be treated with caution. Building the transition from targeted assistance, that is, CCTs, to work requires a careful consideration of the structural elements that perpetuate segregation in the labour market, as per the discussion initiated in the next chapter and pertaining to the Ecuadorian case. The possibility of improving the working of the labour markets depends on the broader economic environment in which jobs are created (Cook & Razavi, 2012). Moreover, the quality of jobs definitely matters, considerably more than the number of jobs, as shown by the increase in informal employment accompanied by a dilapidation of working conditions. Differences between formal employment, self-employment and non-standard employment greatly influence social rights attached to paid work.

The dominant viewpoint, that the drop in formal employment is the result of a perverse idleness encouraged by social protection, has been contested from a structural angle. Given the limitations to access and secure a formal job, it is hard to argue that the poorest segment of the labour force, more likely to lack education credentials and/or experience, voluntarily chooses informality.

Social policy interventions are increasingly being recast as having a transformative role: they are not just responding to poverty but building human capital, supporting future generations (Lund, 2009). It is argued that they can set the foundation for a virtuous circle of less poverty, increased human capital and economic growth. Yet this association needs to be re-evaluated in the light of widespread informality. Analysis of human capital formation should be made with caution in informal economies. In a context of dual labour markets and income inequality, increased human capital does not necessarily translate into increased labour productivity. The prevalence of small-scale enterprises and pauperised labour evidences

the lack of decent job opportunities. In addition, even if all workers were absorbed in the modern sector, other conditions, for example occupational segregation, may impede that human capital being translated into increased labour productivity.

However, most mainstream accounts are concerned with economic efficiency, which is best served by making the informal sector formal. In the short term, however, some see in the informal sector a convenient solution—even a dignifying one, due to its capacity for absorbing low-skilled workers and arguably providing them with some sort of autonomy. If, by engaging in the informal sector, workers end up in poverty, it is often attributed to their individual condition as unskilled workers. In the end, however, this logic dictates that state efforts should be aimed at favouring supply-side interventions: investing in human capital formation and ultimately increasing labour productivity, whilst helping firms to formalise. These interventions need to be complemented with demand-side tools that ensure a proper ‘matching’ for the newly qualified workforce. In other words, without appropriate job opportunities, there is no actual choice left for workers.

Besides, there is a high risk in embracing informality and remodelling institutions to it. Social protection programmes might simply be reduced to adapting to this reality, instead of incorporating strategies to change and improve workers’ conditions and employment opportunities. It is often unclear who is responsible for the fate of informal workers. The dominant trend is to make individuals responsible for their own fate. For instance, microcredit schemes require poor people to supply their own employment as entrepreneurs. This solution, however, works only for those who are already better off, as noted elsewhere (Li, 2010; Berner et. al., 2012).

## Notes

<sup>1</sup> As stated on the United Nations website dedicated to Sustainable Development: Transforming our world: the 2030 Agenda for Sustainable Development, <https://sustainabledevelopment.un.org/post2015/transformingourworld> [Last accessed on 9/01/2017].

<sup>2</sup> Most recent work on informality has emphasised the rather heterogeneous and multi-segmented character of labour markets, allowing for the study of informality as integrated with the formal system (see Chen et al., 2005; Bacchetta et al., 2009).

<sup>3</sup> Early dualist theories were optimistic about industrialisation and its capacity to absorb surplus labour. Yet the perspectives on how to absorb this labour in the context of transition economies were quite divergent. In Lewis's model, the transfer of labour from the subsistence sector to the capitalist sector was presented as beneficial. Lewis held that the wages to be paid by the capitalist sector were determined by what people earned in the subsistence sector. Therefore, an expanding capitalist sector would be interested in holding down productivity in the subsistence sector to ensure greater profits. The H-T model assumed that the urban minimum wage was fixed in terms of the manufactured good (1970, p. 132). This is a fundamental difference from Lewis's view.

<sup>4</sup> From a Marxist stance, 'surplus' concerns the people (mainly rural) displaced by capital-intensive production.

<sup>5</sup> For a brief overview of Furtado's work and a comparative discussion of Lewis's model, see Kay (2005).

<sup>6</sup> A point of caution should also be made when discussing informality and linking it to low productivity. Analysing how 'well' working people fare depends not only on their labour productivity, but also on how this productivity translates [or not] into labour earnings—that is, how people's work is valued (Fischer, 2011). Valuation is often only marginally related to productivity. As pointed out by Fischer: 'much of what we are picking up in most conventional measures of productivity actually amounts to price or wage differences, not actual effort or output, especially in economies that are increasingly based on services' (2011, p. 3).

<sup>7</sup> This is the core argument of dependency theory, which is not pursued in the present chapter.

<sup>8</sup> As he observed, reservoir sector wages remained stable in the region, leading to greater polarisation due to the above-discussed pattern of bifurcation in the labour market. Later, he reframed his model in terms of a context of growth, rather than stagnation.

<sup>9</sup> Many of se Soto's ideas were included in the structural adjustment type of reforms introduced in the 1980s in Latin America (Bromley, 1990).

<sup>10</sup> Suggesting legalisation of de facto informal property rights, without mentioning the sources of their incompleteness.

<sup>11</sup> Further references that deserve citing in this distinction are Jütting and de Laiglesia (2009), who collect the view of OECD on informal employment varieties and its policy implications; and Berner et al. (2012), who conducted an extensive literature review on the two rationalities found among entrepreneurs and pointed out the reduced attention given to the survivalist type of entrepreneurs.

<sup>12</sup> Where a successful entrepreneur is being defined in this report as someone who employs others and is not living in poverty (World Bank, 2012).

<sup>13</sup> Following the 100th Session of the International Labour Conference in 2011, as indicated on the ILO's website (2017).

<sup>14</sup> Who is also the architect of CCTs in Mexico: Progres—aOportunidades.

<sup>15</sup> Understood '[a]s the subordination of social policy to economic demands for greater labour-market flexibility and lower public social expenditure' (Torfing, 1999, p. 23).

<sup>16</sup> In Sweden, the imposed wage levels pushed less competitive companies out of the market, as they were not able to cope with higher labour costs. Labour market policies emerged as a strategy to deal with the workers that were made redundant when these companies were pushed out of the market (Bonoli, 2010).

<sup>17</sup> Partisan effects on ALMP spending are also at the core of the debate, as they can favour (or not) labour parties. See Rueda (2006) and Bonoli (2010).

<sup>18</sup> These sets of policies need to be contrasted with earlier (and current) Keynesian proposals of guaranteed employment. See Torfing (1999) for a brief account of Keynesian and Schumpeterian approaches to welfare provision. Covering that analysis would exceed the scope of this chapter.

<sup>19</sup> See the statistical update on employment in the informal economy by the ILO (2012).



# 3

## Historicising Social Protection in Ecuador

### 3.1 Introduction

Considered either in terms of budgetary restrictions to incorporate informal workers into state-provided social schemes or as moralising concerns about the argued intrinsic perversity of non-contributory schemes, the provision of social protection is increasingly being contested. These notions have had a bearing on the uptake of cash transfer programmes, leading to a tightening of targeting and conditionalities, as discussed in this dissertation for the Ecuadorian case. Yet it is worth noting that questions of dependency have accompanied welfare support from its very inception and are not simply a reaction to more recent alternatives devised in the global South. Debates on the desirability of welfare provisioning have travelled from the global North<sup>1</sup>—formulated in terms of the challenges of providing, expanding and financing contributory insurance for the formally employed and their dependents—to the South—often framed around ideas of incompleteness and exclusion, speaking of the stratified nature of social protection systems. What is arguably different is the response to such claims, which instead of directly sanctioning non-compliance, as per workfare regimes, pay for ‘good behaviour’ (Peck & Theodore, 2015), emphasising self-improvement, active engagement and (co)responsibility among CCT recipients (Schild, 2007; Peck & Theodore, 2015; Schild, 2015). Thus it is necessary to re-evaluate dependency claims in the light of the historical context in which the social role of the state, also referred in the literature as ‘the social’, emerged in the South, in particular in Latin America (for a variety of accounts of the emergence of the social, see DiQuinzio & Young, 1995; Schild, 2007; Molyneux, 2008; Schild, 2015), in processes as old and diverse as formations of the nation-state in post-colonised territories.

The study of states' welfare provision is usually approached using the comparative framework of Esping-Andersen (1990), which stresses issues of de-commodification, social stratification and the broader distribution system—as informed by welfare rationalities advanced in Western countries. According to Esping-Andersen, de-commodification relates to social rights and 'the degree to which they permit people to make their living standards independently from pure market forces', in the sense that 'social rights diminish citizens' status as "commodities"' (1990, p. 3). The role of social policy, he argues, is to 'address problems of stratification' (*ibid.*), by allowing citizens to freely opt out of work (when necessary) without any affect on their job status, income or welfare (1990, p. 23). Note the potentially problematic emphasis on citizenship, which as discussed in this chapter, is inattentive to the restrictions placed on national membership in post-colonised territories.

Nonetheless, Esping-Andersen's framework has been applied to the study of welfare states in the Latin American context, acknowledging that welfare provision has roots in specific regional contingencies. In this light, it is argued that most Latin American countries have shifted from a 'conservative-informal' towards a 'liberal-informal' welfare regime (Barrientos, 2004). Yet, as discussed by Martínez Franzoni (2008), grouping the very diverse and complex systems of welfare provision in the region under a single category can result in a highly problematic exercise. Instead, Martínez Franzoni offers a more localised account: her analysis is attentive to the structural informality prevailing in the region, which not only leads to labour income inequalities, but demands an analysis of non-market practices, often centred in the family. She argues that in highly informal regimes, as is the case in most Latin American countries, social protection is stratified: tied to employment status, in the case of formal workers, or to income and/or family characteristics, as it occurs amongst most informal workers. In response to this, most Latin American states have focused on encouraging paid formal work whilst developing non-contributory instruments to protect those excluded from it, usually on grounds of solidarity with those in need. In her analysis, Ecuador is located in the group of 'informal familist' regimes, given the low levels of paid (formal) work and the minimal de-commodification<sup>2</sup> of social protection, with informal workers highly dependent on their labour income and supporting family strategies to provide care, to confront risk such as disease and to finance retirement (*ibid.*).

Finally, other authors have interpreted recent changes in welfare provisioning in the region as an abandonment of elements of European-style welfare states pursued during the 1950s and 1960s (Barrientos et al., 2008) and moving towards what has been termed the ‘New Social Policy’ in Latin America (as discussed in Molyneux, 2008).

This chapter sketches the various ways in which the social protection system incorporated social groups: formal workers, the military, the police forces, rural workers and, more recently, carers (e.g. mothers with dependent children). Beginning in the colonial period and continuing to the present, trajectories of ongoing exclusions, and even relegation, accompanied the expansion of contributory social insurance, fragmenting the system and adjusting to the claims of specific social groups. Social and economic pressures eventually resulted in the creation of subsidiary social assistance programmes, as per the conditional cash transfer scheme *Bono de Desarrollo Humano*, further discussed in Chapter 4. In order to make sense of these changing government rationalities with regard to social protection, the conceptual focus of this chapter is ‘the role of ideologies and institutions in the determination of the agenda of state intervention’ (Chang & Rowthorn, 1995). The chapter is organised around the axis of legibility—linked to visibility and thus targeting—solidarity and (co)responsibility, concepts that aid in capturing the changing aim of the social, its design and its implementation in Ecuador. Different rationales deriving from various interest group representation (or visibility) are highlighted, signalling processes of recognition and incorporation but also marginalisation and exclusion accompanying welfare provision in Ecuador. The study of these processes helps explain contemporary reforms, in particular the turn in welfare provisioning towards conditional cash transfers in the 1990s. Section 3.2 introduces the concepts of legibility and solidarity that help explain the processes of incorporation or the way in which welfare provisioning has defined the social groups integrated into social insurance schemes, and more recently targeted by social assistance interventions. This section revisits the gendered projects of legibility in Ecuador in the early twentieth century, whereby mostly male mestizo formal workers living in urban areas were deemed visible as contributors whilst most indigenous workers, in particular female workers, in rural areas remained excluded from employment and derived social rights. Women, regardless of their ethnic background or location, were prevented from working and

recast as inactive dependent subjects in the earlier years of contributory social protection.

### 3.2. Normative basis of the social: legibility and solidarity

#### 3.2.1 Legibility and ‘the invention’ of the social

Discussions about human development revolve around ‘the social’, which some have argued has regained prominence with the dissemination of more innovative tools for social protection. Interpretations of the social, as an abstract category, vary greatly. For instance, Razavi and Hassim theorise the social as ‘the cluster of social and political institutions, norms, and relationships that define the boundaries of market exchange, reduce transaction costs and enhance social and political stability’ (2006, p. 1). Indeed, there is a trend toward interpreting this as a ‘rediscovery of the social’, both in academia and in policy making circles. This has been closely related to the recovery of the role of the state as both regulator and provider of (social) welfare. Other authors adopt a broader definition of the social role of the state in the constant redefinition and demarcation of state–society relations. Scott, for instance, identifies the rise of the social as ‘a reified object’ (1998, p. 91) in the aggregation of populations under a distinct category separate from the state. Donzelot (1979) also relates the emergence of ‘the social’ to the production of aggregate statistics.<sup>3</sup> Drinot (2011), following Donzelot’s definitions, expands the social to identify the emergence of social politics and the beginning of the welfare states (in both North and South). As explored in detail in this dissertation, the social emerged in the South, in particular in Latin America, under specific contingencies, arguably connected to nation-state project formations in post-colonised territories. In recent discussions about development, the South is increasingly playing an important role in unpacking the very complex ways in which social policy is filtered through social institutions (Razavi & Hassim, 2006, p. 1).

Legibility, following Scott, pertains to the ‘state’s capacity for large scale social engineering’ (1998, p. 2). It could be asked to what extent this is a question of state capacity or even effort, by which the state would seek to make specific populations legible. Legibility is necessarily based on simplification. And the process of simplification is on its own a central problem in statecraft (*ibid.*). With regard to welfare provisioning, legibility runs through the transition from the moral, coupling scattered welfare support,

with individual features and/or failings, to the definition of the social aim of the state—or what authors denote as the social, in the redefinition and demarcation of state–society relations. The production of statistics was crucial in informing new disciplinary moral technologies: what in the past were considered moral failings, with the help of measurement tools could be reinterpreted as social facts (Scott, 1998; Ferguson, 2015). Statistics provided the basis for governing populations, a means of ruling individuals that ‘once enumerated, elicited specific interventions’ (according to Chakrabarty, 2002, as found in Radcliffe, 2015, p. 21). Society<sup>4</sup> was redefined as a separate entity, different from the state and thus subject to measurement and calculation by the application of simplification and rationalisation tools.<sup>5</sup> These tools were assembled by a set of institutions to observe, measure, manage and govern<sup>6</sup> society via state interventions.

In order for the state to make society legible, it required abstraction tools, a narrowing of vision that could localise societal problems, but was thus necessarily unable to fully capture the complexity of it. Scott (1998) identifies the application of the cadastre—originally used to systematise land holdings—to populations as the first effort to standardise them into new subjects of development, that is, society. This new conception of the state’s role in servicing society represented a fundamental transformation: providing welfare to the population became both an instrument for national strength and the state’s ultimate objective (*ibid.*). Although interventions were directed to the nation-state, the working poor were the first subjects of scientific social planning under modernism, Scott argues.<sup>7</sup> Modern welfare state rationalities established in the North by the end of the nineteenth century aimed at universalising coverage, yet were linked to citizenship regimes. These reforms are often seen as an effort to secure economic progress in the light of the imminent threat of an organising working class, or what Chang and Rowthorn denote as the role of the state as ‘conflict manager’ providing insurance to the members of society (1995, p. 16). As noted by Mkandawire (2009), the Bismarckian welfare system is a case in point,<sup>8</sup> with the state’s efforts aimed at pre-empting the radicalisation of the labour movement.

In post-colonised territories, the normative basis of the social overlapped the domestic processes of nation-building after decolonisation (Mkandawire, 2009). While for some, the social aimed at addressing conflicts rooted in social differentiation according to class, ethnicity and gender that remained unresolved within nations in the South, for others it

was—from its very inception—exclusionary, leaving out oppressed populations. Li (2013) favours the interpretation of a fragile (social) incorporation, with the state integrating those already formally employed, and thus excluding invisible populations: ‘dependent’ women, minority groups and rural populations. In his revision of social policy in a development context, Mkandawire interprets the exclusionary route undertaken by Latin American countries as a political weakness, with states unable to close the gap between universalist proclamations and the actual reach of their policies. From its establishment in the region, he argues, universalism was stratified and integrated only those populations visible to the nation-building project, such as the state bureaucracy and the military, and later to the industrialisation project (2005, p. 4). Supporting an argument for segregation, in his analysis of the Peruvian experience Drinot (2011) flags the specific ways in which labour and social policies served a racialised process of nation-formation, resulting in a binary construction of society, antagonising white, mestizo and (rural) indigenous populations. In a similar vein, Prieto (2004) argues that enumeration in Ecuador, with the first national census conducted in 1950, racialised the population, identifying a modern urban pole, mostly white and mestizo, and a traditional one confined to rural territories and associated with indigeneity. Economic and social policies serviced these ‘modern’ and ‘traditional’ populations differently (*ibid.*).

Although systematic processes of enumeration aided in the institutionalisation of the social in the region, welfare provisioning preceded the production of national statistics. The Ecuadorian state, like many newly independent states in the region, recorded, instituted practices for and serviced diverse populations way before the production of national statistics, challenging the ‘invention of the social’ argument discussed for most states in the global North. A common denominator, however, was the absence of women and indigenous groups, who, following Prieto (2004; 2015), were erased from the early post-colonial experience: the newly independent nation was constituted by (male) citizens only. Following the Bourbon reforms introduced by the end of the nineteenth century, the use of the category *indios* (Indians) was abolished, and instead the denomination *indígenas* (indigenes) was introduced (Prieto, 2004). The ‘indian tribute’ was recast as an indigenous contribution (*ibid.*). However, by 1857, under a regime of customary citizenship, the management of indigenes was delegated to *criollo* landowners (Guerrero, 1997), a hierarchical structure that remained mostly unchanged until rather recently. The question of legibility resulted

in a clear distinction between citizens, workers, insured and uninsured populations, an element that continued to exist in more recent social policy instruments in postcolonial Ecuador, as suggested by Radcliffe (2015) and discussed in more detail in Chapter 8.

### 3.2.2 Solidarity after legibility: who is visible to the state?

Solidarity, understood as a connecting principle between citizens, is a rhetoric that came to represent a certain logic for social insurance schemes. As a speech act, the use of the word solidarity by the state calls for unity among citizens around a common interest, entailing mutual support and (individual) responsibility. Thus, it serves a performative function, creating a sense of community around ideas of connection and mutuality. Esping-Andersen, in his study of the welfare state as a stratification system, poses the question: ‘does [the welfare state] create dualisms, individualism, or broad social solidarity?’ (1990, p. 4). He evaluates the prospects for solidarity as ‘solidarity of the nation’ (1990, p. 25). In processes of state formation and consolidation of the social, solidarity is thus a key concept. Claims of unity and commonality are inherently built on legibility: individuals and/or groups have to be made visible to the state and society in order to mobilise solidarity. According to Ferguson and following Calhoun: ‘while the nation form may provide an admirable basis for solidarities within its membership boundaries (Calhoun, 2007), it inevitably implies a certain exclusion of those who lie beyond those boundaries’ (Ferguson, 2015, p. 208). By outlining the different moral economies found in the colonial, early post-colonial, modernisation and industrialisation phases in Ecuador, this chapter connects varying understandings of solidarity with projects of legibility pertaining to the social.

Following Molyneux (2008), social protection in Latin America during the colonial phase could be interpreted as philanthropic welfarism. Organised under the Catholic Church, social welfare was minimal in scale, protecting mostly the ruling elites. It set the foundations for a vertical, paternalistic and highly stratified social welfare scheme. The very few activities aimed at supporting those in poverty were based on social differentiation, with charity as a morally vindicating act grounded on religious values, as discussed for the Ecuadorian case by Kingman Garcés (2002). With the encyclical issued in 1891 by Pope Leo XII entitled *Rerum novarum* (revolutionary change), the foundations for social Catholicism were also implemented in the newly independent states, including Ecuador (Molyneux,

2008). Schild, in her account of the Chilean experience, notes the influence of Catholic understandings and practices of solidarity, as originated in the *Nueva Cristiandad* or Christian Renewal, and used ‘to regain its cultural and political position in a rapidly changing world as a “civilizational” force, a third way between capitalism and communism’ (as found in Schild, 2015, p. 552). A similar rationale has been documented for the Peruvian case by Drinot, who argues that social Catholicism reinforced the role of the state in the labour question (2011, p. 30). The influence of social Catholic thought can be associated first with discourses of distributive justice in the region, best expressed in the creation of institutions, such as mutualist funds, that provided protection to (formal) workers. By that time in Ecuador, the scattered integration of the poor took place via charity institutions of orphanages and hospices, which in the urban centres served as recruitment places for unpaid domestic work (Kingman Garcés, 2002). In addition, *Rerum novarum* was opportunely interpreted by Ecuadorian landowners and the state as a moral mandate: *patrones* (landowners) had the responsibility to morally educate ‘their’ indigenes, keeping them in a confined residence where they could abandon their nomadic ways and opt for a stable family, whilst protecting them from the threat of public education and civil marriage (Prieto, 2004). Rural workers’ welfare was coordinated not by the state, but by landowners, estate managers and *terratenientes* (Radcliffe, 2015).

In the early modernisation phases, the moral economy of social protection remained basically unchanged: paternalistic but disciplinary in nature. By the end of the nineteenth century, with the reforms introduced by liberals,<sup>9</sup> the dominance of the Catholic Church and the residual poverty relief came into question in Ecuador (Kingman Garcés, 2002). With the *Ley de Manos Muertas* (Dead Hands Law), the *Alfarista* government transferred religious assets to the state, and with the *Ley de Beneficiencia* (1908) further separation between the state and the Church was achieved, now in terms of social welfare (Paz y Miño Cepeda, 2007). Rhetorically, poor populations were granted ‘the right to life’ (Paz y Miño Cepeda, 2007, p. 85). First labour legislation on women and children’s employment was introduced, aimed at protecting them from exploitative work such as mining (ibid.). Although during *Alfarismo* the first conversations about *concertaje*<sup>10</sup> and female unpaid work were held, the focus moved towards issues of indigeneity and national legislation (Prieto, 2015). These early reforms confronted modern notions, informed by a global climate of increasing



workers' agitation and reformist pressures in the North, reinterpreted as the individualisation of state–society relations—which in the case of indigenous populations occurred without granting them citizenship (Prieto, 2004), with the old rhetoric of master, *patrón* and *concierto*, following the 'traditional' moral economy of the hacienda regime.

In this light, a process of modernisation preoccupied with nation-building and informed by notions of solidarity first entered the debate among ruling groups and strategic sectors. Embryonic pension and insurance schemes were established, but only to cover the predominantly masculine sectors of employment, for example a retirement pension fund for telegraphists (1905) and a disability pension for firemen (1908), who, recalling the concept of legibility introduced in the previous section, were more visible to the state in the early phases of export-led growth in Ecuador (Acosta, 1995). Most of the workers who turned to these growing economic sectors were male. Note that the twentieth century began in the midst of the cacao boom, and Ecuador was 'the world's major producer at the turn of the century' (Larrea & North, 1997, p. 915). Consonant with agro-export centres, there were some initial debates about agrarian reform and the normative basis for the 'improvement' of indigenous labour capacity, by 'redeeming the Indian and working towards the spiritual rehabilitation of their race, building their technical capacity, mostly agrarian, whilst defending them from alcoholism and religious exploitation' (adapted from Asamblea Liberal September 1923 as found in Paz y Miño Cepeda, 2007). Yet a powerful oligarchy, deriving from landholdings concentration in the coastal river system, soon controlled cacao production, banking and exports (Larrea & North, 1997).

Consequently, despite the progressive tone of early phases of liberalism and the introduction of the social question of the nation, tensions between national unity and social hierarchy remained.<sup>11</sup> Labour-repressive agricultural systems were based on the 'racist denigration of the highland indian, coastal black, and mixed races who were denied citizenship rights and the possibilities of socioeconomic advance' (Larrea & North, 1997, p. 916). *Concertaje* and *huasipungo* further structured social hierarchies in the Andean Highlands, whilst legislation limited the possibility of cacao workers to advance independent cacao production (ibid.). In 1918, prison sentences for unpaid debt (or *apremio personal*) were abolished, followed by additional exonerations from taxes and fees, eventually freeing the indigenous from *concertaje*. Yet the transition was made from indigenous forced workers or

*conciertos* to indigenous wage workers, operating under the *huasipungo* regime (Radcliffe, 2015). Their incorporation into the labour market occurred in precarious conditions, keeping their remunerations low whilst serving national needs (Prieto, 2015). The situation was particularly disadvantageous for rural indigenous women under the *huasipungo* regime, who, in addition to farming activities, had considerable social reproductive responsibilities: ‘female *huasipunguero* family members were obliged to contribute to cooking, cleaning, and generally maintaining the landowner’s house under tribute relations called *huasicama*’ (Radcliffe, 2015, p. 8). Additional social responsibilities hindered women’s claims to agricultural land and associated benefits, contributing to the erosion and invisibility of their labour.

*Huasipungo* feudal labour became the subject of liberal debate, leading to the creation of social welfare institutions, such as the Ministry of Social Provision and Labour (Radcliffe, 2015). Under liberalism, the national assembly stressed the principle of ‘public protection’ and advanced strategies to centralise state protection and national integration, framing it around values of equality and unity that ought to be promoted by a single secular public administration, that is, the central government. Despite the centrality of social cohesion in the public discourse, in practice citizenship remained fragmented: substantive rights were postponed for the indigenous population and (indigenous) women’s position was obscured (Prieto, 2004). Indigenous populations remained excluded from labour policies and welfare provisioning, and had to subsist from the *huasipungo* regime which incorporated rural communities, exchanging subsistence plots and supplementary wages for labour quotas. It would not be until the 1960s that these servile relations between landowners and peasant families were eliminated, albeit without substantially affecting the old agrarian regime or addressing underlying inequalities in terms of access to land, paid work and welfare support.

In the mid-1920s, with the end of the liberal revolution in Ecuador—or what was known as the *Alfarista* period (Paz y Miño Cepeda, 2012)—social protection was further concentrated under the absolute rule of the elites. Except for the creation of a retirement pension for teachers in 1917 in response to workers’ organisation and demands, welfare schemes had secured army and public sector employment only. In 1922, a number of unions sought recognition of their labour rights: transportation workers, factory workers, artisans and construction workers engaged in general

strikes and outbreaks of violence, with hundreds of workers (artisans mostly) killed by the police on 15 November 1922 in the coastal city of Guayaquil (Paz y Miño Cepeda, 2007). These events led to a coup d'état in 1925, marking the beginning of the Revolución Juliana, which some interpret as a military regime aimed at counteracting the abusive actions of the financial elites (ibid.). In this period, a military pension was established, followed by the creation of the Caja de Pensiones, providing registered workers access to a pension and civil annuity funds, including a *monte de piedad*, or literally a 'mount of piety', a mutualist institution—historically associated with charity—established to care for its members' needs in case of infirmity.

The collapse in international trade that followed the Great Depression of 1929 impacted Ecuadorian exports as well, with exports reaching their lowest point since 1878 in 1933 (Acosta, 1995, p. 327). Factory workers turned to the streets, demanding protection in a context of economic crisis. In response to this, liberal reforms introduced during the first phase of Velasquismo aimed at addressing the labour question. Under Velasquismo, labour was properly constitutionalised, with the creation of labour inspections and a labour code (1929) (ibid.). Social security was also decreed a mandatory regime. Dependent employees were granted access to health insurance—provided by the Instituto Nacional de Previsión, yet mostly benefiting public sector employment. However, the regime at the beginning excluded the indigenous from social protection, as they were not seen as part of the formal pool of labour in the cities. Later attempts to extend coverage included the creation of an Indigenous and Montubios Trust, which would later become the Seguro Social Campesino (or Peasants Social Security Fund), perpetuating segregation and the prevailing association of indigeneity with peasantry. By 1937, welfare was extended to private sector workers with the creation of Caja de Seguro Social. In making populations legible, the first efforts in Ecuador can be located during this period, with the production of statistics on the working conditions of *obreros* (Suárez, 1934), incarcerated populations (Cruz, 1938) and the indigenous population (Santiana, 1941).

Informed by productivist logics and following the state's preoccupation with the 'indigenous question' aimed at integrating Highlands indigenes, national legislation consolidated agricultural units into *comunidades* around 1937 (Radcliffe, 2015). Although, by law, either men or women could claim *comunero* membership, in practice, rural populations did not

partake in the benefits of this new political organisation (2015, p. 48). These interventions designed at the community level established the state's inability to address the indigenous individually as citizens—and further obscured the position of women. Instead, indigenous women were, according to Prieto (2015), positioned rhetorically as both legitimate (local) authorities and mediators between community members and the state—in what could be interpreted as early co-responsibility.

Issues of legibility persisted. Those who were visible to the state as insured workers were those actively engaged in formal employment. It was argued that indigenous families were 'traditional' in nature, with a distinctive morality (Prieto, 2004). If there was any need for the state's intervention, it had to be related to the moral role of education and the improvement of their labour capacity, but not to social protection proper, as the latter was seen as an equalising force—which was not necessarily the state's rationale. The late and differentiated incorporation of indigenous work could be understood as a national strategy to source labour, yet they were seen as a resource that ought to be improved and developed through state policies. It is worth noting that discussions about female work had a strong moral component as well. In general terms, state policies would discourage it, considering female participation in the labour market an unnecessary hazard deriving from desperate choices by those families living in poverty. Prieto stresses the gendered and racialised aspects of labour policies at the time. Collecting material on the various forms of representation and media that intersected with national development processes pertaining to (women in) the family in the second half of the twentieth century, she notes the visibility of women as 'mothers of the territory' (2015, p. 101). Around 1945, media attention turned to indigenous women, whose motherhood was highly respected and celebrated—as a representation of *marianismo*—while at the same time they were signalled as impoverished and neglected. This realisation led to a discourse of unity in citizenry: the nation as a large family. Solidarity with indigenous mothers was thus urgently demanded (*ibid.*). Charitable activities targeting indigenous mothers followed.

By the 1940s, international pressures contributed to the centrality of the 'indigenous question' (Drinot, 2011; Prieto, 2015). With the visit of the Misión Andina, created by the ILO, the Ecuadorian government set up the first development plan that aimed at addressing rural territories and improving the living conditions of farmers (Prieto, 2015). This mission

was part of a global process of decolonisation, with international organisations overseeing activities undertaken by emerging nations. The ILO had decided to intervene in the integration of indigenous groups, as these populations were often found in precarious occupations with no access to social protection, which, it was argued, were factors that kept them in poverty (ibid.). Informed by anthropology, the mission suggested ‘cultural integration’ (2015, p. 136), incorporating what researchers defined as the interconnected aspects of the indigenous way of life. Thus, the emphasis was on apartness, which exacerbated processes of segregation of the indigenous, whilst suggesting that the Ecuadorian government should address processes of subordination, deemed as a necessary condition to achieve equality and unity, linked to solidarity in the national territory. The mission also initiated many women in the occupation of front-line workers or *trabajadoras sociales*, a gendered face of the state that remained throughout new formulations of the social. A new bureaucracy dealing with community development emerged under the so-called *revolución de los olvidados*. The Catholic Church was again invited to be involved, this time as a strategic actor necessary to break through the resistance found among indigenous populations (Prieto, 2015).

In what could be considered a second effort to centralise welfare provision, a state-led national scheme was established in 1942, with a subsidised component: 40 per cent of the contributions were covered by public funds (Acosta, 1995). Intra-sector solidarity was probably far-fetched, despite ‘a growing awareness that populations who would not reach the status of full citizen but whose needs could be addressed’ (Radcliffe, 2015c, pp. 49). Reforms introduced in 1948 gave preferential treatment to the army, providing severance payments and financed retirement, followed by increasing settlements for the army and police components of the social security system in 1950, the creation of the Army Trust in 1957, and the establishment of a full government subsidy for the army and police pensions in 1959. By 1962, these funds were split due to marked differences in sectorial wages across the army and police sectors (ibid.).<sup>12</sup>

The first determined attempt to provide universal access to social protection in Ecuador can be traced back to the 1950s under Cepalinos influence (from CEPAL, as per the Spanish acronym for the United Nations Economic Commission for Latin America and the Caribbean). Renewed notions of modernisation guided policy making, again antagonising the growing modern urban centres and the traditional indigenous family. An

export-led growth strategy concentrated efforts on banana production and the first attempts to diversify production, including trading traditional handicrafts. With the banana boom by the end of the decade, export revenues aided what authors have identified as a failed attempt to articulate a developmental state in Ecuador (Acosta, 1995; Larrea & North, 1997; Paz y Miño Cepeda, 2007). The developmental state constituted a political project for rapid industrialisation, as per a 'statist political economy'<sup>13</sup> (Fishwick & Selwyn, 2016) or structuralism (Molyneux, 2008), with direct implications for the structuring of the social and national market formation. As noted by Chang and Rowthorn, when a process of radical economic transformation such as industrialisation is in progress, 'new interdependences will appear and old ones disappear' (1995, p. 9). Massive highland-to-coast migration occurred during the banana cycle, allowing the creation of a wage-labour force and the intensification of international trade (Larrea & North, 1997, p. 916).

Following the influence of the Cepalinos school, which prioritised human capital investments serving the needs of a growing industrial sector, new welfare regimes were established in the region following the needs of late industrialisation. Furtado, one of the key contributors to structuralism, flagged underdevelopment not as the absence of economic growth, but as 'a discrete historical process through which developed economies have not necessarily passed' (Kay, 2005, p. 1203), suggesting state-assisted industrialisation. In the peripheries, this process necessarily took place late in relation to advanced industrial countries, which controlled access to capital and technology. Prebisch, in such a context, advocated for rapid industrialisation as a means to raise productivity and labour incomes (Polanyi Levitt, 2005), with the derived policy prescriptions: economic planning and programming, abolition of feudal land tenures (or hacienda regimes), income distribution, regional and subregional economic integration, and measures to encourage industrial exports to centres, that is, industrialised countries (*ibid.*). These prescriptions required careful coordination, thus major state involvement, to respond to and shape the demands of late industrialisation.

Cepalinos influence in Ecuador resulted in the first discussions about universalisation of social services. Social policy, broadly speaking, had a productive function: integrating and protecting the growing labour force, whilst endorsing solidarity amongst citizens by granting them universal access. Solidarity, however, remained questioned. With the creation of

Junta Nacional de Planificación (the National Planning Board) in 1954, a rapid process of industrialisation was initiated, albeit without affecting the pre-existing fragmentation, dominance of exporting sectors and prevalence of the *hacienda* and *hacienda* regimes. The social should have resulted from full employment, with entitlements defined around attachment in the areas strategic for rapid industrialisation. However, the set of industrial and social policies failed to tackle the structural bifurcation of the labour market, resulting in the coexistence of a precarious agrarian sector—in terms of workers' compensation—and an emerging modern manufacturing sector, concentrated in the urban enclaves (Paz y Miño Cepeda, 2007). Whilst urban and predominantly male employment expanded, the gap between the agricultural and manufacturing sectors remained. Salz (1955) flagged the possible tensions, even confrontations, that accompanied a process of industrialisation unable to fully integrate rural agrarian populations into the production sphere in a reorganisation of production and territories, which left hierarchical structures practically unaffected and failed to implement much-needed land reform. Instead, government-supported colonisation processes led to the emergence 'of a sizeable rural middle-class in parts of the export zone' (Larrea & North, 1997, p. 917).

During the 1950s, the first modern national census<sup>14</sup> was conducted in Ecuador, as in other countries in the region. The process of enumeration focused, amongst many other aspects, on ethnicity. Indigenous status was determined by criteria such as linguistic identification, clothing such as footwear, and dwelling conditions such as living in a hut and not being equipped with a bed, as indicators of the traditional life (*Dirección General de Estadística y Censos*, 1960). With this census, the notion of nuclear family was introduced amongst the indigenous population: although enumerators were instructed to record as household head the name provided by the family, it was usually indicated next to it that it was 'the husband', even though the maintenance of the family was often shared among men and women (Prieto, 2015). It also categorised most women as inactive, although they were performing paid and unpaid work in traditional occupations (*ibid.*). Indigenous women were at a crossroads: considered hard-working but 'domesticated and submissive', not participating in the labour force and excluded from social services (for extensive documentary research, see Prieto, 2015).

In the 1960s, in what authors denote as ‘the development decade’ (Paz y Miño Cepeda, 2007, p. 142), structural changes were implemented in the country. In 1963, a military junta overthrew the government of Carlos Julio Arosemena. The junta took office for three years, and adopted both a conservative posture towards labour movements—criminalising and deporting ‘communist’ activists—and a developmental agenda aimed at modernising the incipient national business sector. In 1964, an agrarian reform was implemented under the Ley de Reforma Agraria y Colonización, directed at abolishing precarious agrarian regimes: the *huasipungo*, characteristic of the Andean haciendas, which exchanged limited access to land for work amongst impoverished indigenes; and the *latifundio*, characteristic of the coastal provinces, with extensive parcels of privately owned land seized by *terratenientes* from neighbouring peasants. The expected outcome of this reform was the introduction of wage labour in the agrarian sector, resulting in the expansion of domestic demand (ibid.). In practice, however, the reform legalised landholding amongst *huasipungueros* (or hacienda owners), barely redistributed *latifundio* properties—only those that were considered underused—and led to further concentration of land amongst the ruling elites, including the military. This failed agrarian reform, together with the development of the manufacturing sector and to some extent the financial sector, resulted in accelerated urbanisation (Acosta, 1995).

With more workers in the public sector, coverage of social insurance increased and led to the creation of the Caja Nacional del Seguro Social (Social Security Fund) from the fusion of the pension and insurance components in 1963. Emergent sectors obtained support for mutualist societies and workers’ associations, aiding to the integration of private business schemes into an embryonic public welfare scheme, resulting in the Instituto Ecuatoriano de Seguridad Social (Ecuadorian Institute for Social Security) in 1970. By this time, however, and following processes of urban migration, the ‘traditional indigenous family’ was already being challenged, as seen in the increase in illegitimate children, consensual unions and overall higher fertility rates (Prieto, 2015). A new representation of the indigenous family as in the process of disintegration emerged. Education policies then focused on preparing women for family life (ibid.). Whereas women in urban formal employment were covered by labour legislation, for example maternity-related policies, women in rural areas were excluded from



any of this. Yet it is worth noting that many urban women joined the labour force as domestic servants or seamstresses (Kingman Garcés, 2002), but following labour norms and inapt statistical procedures, despite their large numbers they remained invisible and excluded from social protection. As such, ‘non-productive’ workers—women, indigenes and rural populations—lingered in the margins, only partially incorporated under peasantry or *campesino* schemes (Acosta, 1995). Late efforts aimed at integrating rural workers led to a pilot project for peasants in 1968, following a renewed social Catholicism which set its ‘preferential option for the poor’, impacting the design and practice of the social in the region (Schild, 2007; 2015).

With regard to industrial policy, the military junta implemented an institutional reform under the first official development programming, Plan de Desarrollo (1964–73), which included protection of domestic industries, financing of strategic sectors, attraction of domestic and foreign investment, and provisioning of tax credits and other complementary subsidies (Paz y Miño Cepeda, 2007). The junta faced significant limitations, both in terms of legitimacy—authors signal this as a top-down approach driven by modernisation motives (Larrea & North, 1997; Paz y Miño Cepeda, 2007)—and budgetary constraints, unable to affect the taxation structure in the aftermath of the banana boom and the fall in export revenues (Acosta, 1995; Paz y Miño Cepeda, 2007). Subsequent military regimes, as per the Gobierno Nacionalista y Revolucionario (1972–76) and the Consejo Supremo de Gobierno (1976–79), further prioritised industrialisation and regional integration under the Pacto Andino. Manufacturing industries were highly dependent on imported inputs and capital goods, increasing the country’s debt (Larrea & North, 1997). Budgetary pressures were addressed by increasing the taxation base and with initial attempts to nationalise extractive industries, until the oil boom started in 1973, which marked the beginning of the *petrolismo* in two years of sustained increase in export revenues. Infrastructure, telecommunications, governmental and military organisations and commerce benefited from this bonanza. Foreign direct investment increased in this period, directed at the growing domestic industrial activity (Acosta, 1995; Paz y Miño Cepeda, 2007).

The normative basis of industrial, labour and social policies, as described in the document *Filosofía y Plan de Acción* of 1973, rested on the principle of solidarity as ‘national unity’, calling upon the resurgence of

civic values amongst the population whilst advancing a ‘moralising, popular, programmatic, anti-feudal, anti-oligarchy, functional, austere and stable’ state, and declaring ‘nationalist, independent, integrationist, humanist and disciplined’ political aims (*Presidencia de la Republica del Ecuador*, 1973). Centralising and authoritarian, albeit with some leftist inclinations (Paz y Miño Cepeda, 2007), the governments of the second phase of industrialisation in the late 1970s strongly intervened in strategic sectors such as production, commercialisation and services, and centralised economic activities, oil extraction in particular, whilst delinking them from foreign capital (*ibid.*). Official documents refer to a newly emergent “racial democracy” if only a few “racial barriers” were removed, to be replaced with “intercultural relations [thereby] creating new possibilities of access for marginal social groups’ (adapted from Junta Nacional de Planificación, 1970, p. 8, Ecuador Bienestar Social as found in Radcliffe, 2015c, p. 50). The racialized aspects of this project are best captured in the following quote ‘*Todos nos hacemos blancos cuando aceptamos los retos de la cultura nacional*’ (Or ‘we all become white when we take up the challenge of national culture’), attributed to General Rodríguez Lara, as found in Walsh (2009a, p. 25).

Given the marked social heterogeneity, however, efforts to integrate marginal populations were accompanied by resistance from white and mestizo groups. A second attempt at agrarian reform in 1973 faced such resistance from *terratenientes* that the government abandoned the proposal. Later, in 1974, a social fund was created, Seguro Social Campesino, aimed at covering rural agricultural workers. By 1981, this fund was expanded to provide health insurance, disability and death coverage, and old age pensions to the *campesinado*. From its inception, tensions with mestizo rural workers emerged, as they could be identified with the peasantry but had neither indigenous nor *montubios* background, the legibility criteria that accompanied the creation of this peasantry fund.<sup>15</sup> With the increased rural–urban migration that took place in the 1970s, racial segregation in access to welfare schemes seemed to disappear gradually (Radcliffe, 2015c).

During the period of state-led industrialisation, informality expanded significantly to the central enclaves in Ecuador (Lawson, 1990). Industrial policies implemented during the 1970s resulted in higher rates of economic growth, yet different from other economies in the region, growth was mostly driven by primary commodities: oil, the food industry and textiles. Manufacturing activities were concentrated in the urban centres in

Pichincha and Guayas, and were highly reliant on foreign technology and external funding. The tertiary sector, in particular banking and commerce, also expanded during this period. Rising income inequality across these sectors, resulting from the inefficient industrial structure, hindered the domestic capacity, further neglecting rural-peripheral territories. The rural infrastructure was inadequate, and to the extent that it existed it was controlled by large producers whilst peasant producers were relegated (Larrea & North, 1997). The stagnation of the agrarian sector led to massive rural–urban migration and employment in the lower tier of the urban informal sector (ibid.). Meanwhile, in the urban areas, workers’ organisations mobilised and gained recognition, forming the Frente de Unidad de Trabajadores by the end of the decade, in an attempt to counteract the *gran patrón* (or great master) logic associated with the hacienda regime and replicated in newly established urban businesses (Paz y Miño Cepeda, 2007). By mid-1970, the book *Los Indígenas de altura del Ecuador* (Bonifaz, 1975) exacerbated these tensions, putting together the first thesis of infantilisation of rural populations, linking their poverty to biological factors. The author argued that only the most capable indigenous people were migrating to the urban centres while the ‘less-innovative’ remained in the agricultural sector. In her reading of Bonifaz, Prieto flags the denial of social and historical processes whilst serving the thesis of improvement of the indigenous (2015, p. 48).

The 1980s were marked by the dismantling of the Cepalista model<sup>16</sup> and the universalist rhetoric. This coincided with the external debt crisis and structural adjustment policies pushed by international financial institutions. Between 1982 and 2006, a process of neoliberal restructuring was introduced and the principle of solidarity abandoned, both rhetorically and in practice. The orthodox neoliberal governments of León Febres Cordero (1984–88), Sixto Durán Ballén (1992–96) and Jamil Mahuad (1998–2000) tried variations of structural adjustment programmes, followed by right-wing populist experiments such as those by Abadalá Bucaram (1996–97) and Lucio Gutiérrez (2003–05). Scattered efforts to respond to economic downturns followed in this period, some more responsive than others. For instance, only by 1986 was security for agrarian workers (still referred to as *campesinado*) declared mandatory, four years after the El Niño event that affected agrarian activities. Note that in 1987 two major earthquakes hit the country, resulting in 1,000 casualties and

the collapse of the oil infrastructure—significantly affecting the Ecuadorian economy (Uribe-Teran & Vega-Garcia, 2017). By and large, the trend was towards privatisation: an attempt to privatise general social security funds—and abandon the solidarity-based public model—was rejected via referendum in 1995. It was in the aftermath of the 1999 financial crisis that informality intensified, within a much more urbanised labour force than before. Benería and Floro (2006) argue that most of the reduction in formal employment in 1999, or informalisation, was due to the increased participation of women in paid work during the times of crisis, albeit in precarious conditions. Informal employment constituted a larger source of employment for women than for men after the crisis. With the crisis, the decline in formal employment and the dynamism of the informal economy enhanced the relative attractiveness and the predominance of the latter, particularly for women, as informal and casual work arrangements could be overlapped with household activities—at the cost of reaffirming gender as a major axis of differentiation in terms of work. In times of crisis, the informal and household economy expanded to pick up the slack in the formal economy. The authors also attribute informalisation processes to the flexibilisation of labour and the weakening of labour regulation that took place by the end of the 1980s.

The social and economic instability ended in a financial crisis<sup>17</sup> in 1999 followed by a series of mobilisations: the first cash transfer programme Bono Solidario (Solidarity Grant) was created in this context. The BS was introduced to compensate poor and informal sector workers for the elimination of the subsidy on cooking gas. Formal sector workers were compensated through an adjustment in the minimum wage. Thus, it could be said that the cash transfer programme in Ecuador was designed in explicit recognition of informal sector workers' lack of protection. Yet its practice was related to previous processes. Some have flagged the influence of Catholic understandings of solidarity towards the poor in the workings of BS, which as already mentioned could be traced back to colonial times. The idea of solidarity was revived and reinterpreted under the new social, with cash-based welfare policies dealing with the poor as a collectivity (a similar discussion has been advanced for the Chilean case by Schild, 2015). Authors have documented how most recent configurations of social assistance under the New Left still constitute a call for action on behalf of the poor (Radcliffe, 2015c; Schild, 2015), or what can be interpreted as new understandings and rhetorical use of solidarity. In this light, solidarity, as

associated with recent reforms, ‘could be reimagined as existing in sustaining relation to one another through collective politics that looked toward the state to dispense justice’ (Grandin, 2004 in Schild, 2015). Insofar as strategies for economic inclusion and re-regulation of labour activities have been recently implemented in Ecuador, for example non-contributory social protection, enforcement of social security affiliation and, for the first time, guaranteeing coverage for women working in domestic service, some authors envisage that informality, as a space for precariousness, will decrease (Ghosh, 2012).

In sum, for most of the post-independence period, the incorporation of workers into the welfare system followed specific demands, for example rapid industrialisation, nationalist projects and failed agrarian reform. Arguably following the Bismarck model for welfare provisioning, based on mandatory mutualism (Castel, 2003), or national unity built on solidarity, in the second half of the twentieth century the state insured most visible workers and gradually widened the basis of inclusion into a unified regime, limited by political factors (in terms of recognition) and socio-economic structures (related to economic inequality and social heterogeneity), resulting in what Mkandawire denotes as ‘stratified universalism’ (2005, p. 4). Import substitution industrialisation, in the light of the contingencies discussed above, perpetuated the urban bias, creating what authors identify as labour oligarchies (Acosta, 1995; Paz y Miño Cepeda, 2007) or labour aristocracies (as discussed in Mkandawire, 2005 with a more regional focus) and marginalising ‘less-strategic’ populations. As discussed, following various modernisation agendas did not imply ‘a substantive break with the landlord past although Ecuador became an urban society’ (Larrea & North, 1997, p. 924). Following Li (2010; 2013), this confirms that not all citizens of a state can belong to the social on the same terms: ethnic groups living in the margins (non-white and/or mestizo), landless rural workers, rural–urban migrants joining the tertiary sector, unpaid care providers often legible as ‘dependent’ women—who remain unnoticed in the making of the social during these decades unless formally working for public administration or legally married to a worker entitled to social insurance, illegible to the state’s ambit of regulation and strategic protection—remained excluded from labour policies and social welfare schemes, or only had access to the most fragile forms, such as subsidiary peasantry funds, or late and provisional access to income support.

Except for a few interventions pertaining to social assistance in the 1980s, with the creation of the Ministry for Social Welfare by National Decree No. 3915, it can be argued that new ways of governing welfare were only installed in Ecuador in the late 1990s, with the merging of the Ministry of Labour and the Ministry of Social Welfare into a new entity: the Ministry of Work and Social Action (*Ministerio de Trabajo y Acción Social*). In 2000, in the aftermath of the crisis and dollarisation, the administration of social assistance returned to a reintroduced Ministry of Social Welfare, now with the mandate of improving citizens' living standards, especially among the poor. New administrations introduced reforms to government organisations pertaining to social assistance administration and servicing, changing the Ministry's denomination from Social Welfare into Human Development in 2003, and to the Ministry for Social and Economic Inclusion in 2007. Given the extension of income support to historically excluded populations on the basis of renewed understandings of solidarity, new legibility rationalities and the introduction of (co)responsibility—a dominant discourse shaping welfare interventions under the New Social in the region—a new moment in social protection provisioning can be identified by the end of the 1990s in Ecuador, which is discussed in the next section.

### 3.3 The new social: another moral economy?

[To] talk about the Welfare Regime of Good Living or for Good Living entails a normative conceptualisation, that introduces a vision of a society to be aimed at, and thus, linked to a set of institutional instruments and concrete public policies to achieve it.<sup>18</sup> (Muñoz & Ubasart, 2015, p. 154, translated by the author)

The expansion of social assistance, and to some extent of related social services such as education, to historically excluded groups marked a transformative tendency in the late 1990s that continues to the present in Ecuador. Attempts to recover state-led development, or what some have related to neodevelopmentalism (as discussed by Escobar, 2010 or more recently Fishwick & Selwyn, 2016), met those of transformation, emphasising self-sufficiency, inclusion and social citizenship (*Secretaría Nacional de Planificación y Desarrollo*, 2013). The dominant discourse of individual co-responsibility that shaped welfare interventions under the new social in the region, following Molyneux (2008), proved to be useful in reconciling

these tendencies, by enlisting recipients as co-partners in the process of social transformation whilst vindicating industrialisation objectives—and subsidiary human capital investments—rather than prioritising universalism (Fishwick & Selwyn, 2016). It is also argued that, with recent restructuring processes that have taken place in the region, there seems to be a different conceptualisation of the state as having a moral responsibility to safeguard the rights of their citizens alongside economic growth (Grugel & Ruggiriozi, 2012), although others argue that the emphasis on co-responsibility diverts the attention from top-down forms of social responsibility (Peck & Theodore, 2015). Whether these changes constitute an alternative to neoliberalism or even to development, as discussed by Walsh (2009b), Escobar (2010), Lind (2012), Villalba (2013), Webber and Carr (2013) and Radcliffe (2015c), remains questionable.

As noted by Lavinias (2013), one of the most important tools for promoting (individual) responsibility has been the provision of cash, via CTs or microcredit, only if conditions are met. The cash transfer model, in particular, encapsulates a new rationality of social protection different from those of universal coverage discussed above, providing entitlement-based transfers. Instead, CTs, and CCTs in particular, articulate a response to the ‘behavioralist deficiency model of the poor’ (as discussed in Peck & Theodore, 2015), adjusting inappropriate behaviour, for example welfare dependency or underinvestment in schooling, by indoctrinating more productive and responsible subjects; or following Radcliffe (2015c), in search of pro-active, self-generating subjects. Thus the emphasis is on social promotion: exits from poverty (or graduation), re-connecting welfare with human capital investments and expected gains in economic growth (*ibid.*). What is more, these interventions are often framed as ‘best practice’ and evidence-based (Fiszbein & Schady, 2009), and thus disconnected from domestic politics. Fostering an experimental ethos (*ibid.*), the CCT model encapsulates a new rationale of social protection different from the nation-building projects associated with universal coverage, linked to citizenship regimes and to the state-delivery system.

In Ecuador, co-responsibility was first introduced in the constitution of 1998: ‘[t]he state should promote co-responsibility among parents and the compliance of duties and reciprocal rights among parents and children’ (Art. 69 translated from República del Ecuador, 1998). It is worth noting that co-responsibility was defined in terms of the nuclear family—parents and children—entering the realm of care but without direct mention of

the state's role. Art. 83 reaffirms reciprocal obligations, appealing for an equal share of care work among father and mother and for intergenerational solidarity, as children should take up care duties from their parents if needed (*ibid.*). Co-responsibility was reasserted in 2008, with the enactment of a new constitution following a referendum called by the Citizens' Revolution—a project formulated by Rafael Correa's administration—which ratified aspects of reciprocal obligation within the household, maintaining the same principles governing care as in 1998, but integrating a stronger role for the state's ambit of regulation and protection of paid employment and care (unpaid) work, by promoting access to care-related services, for example childcare centres and nursing homes, and expansion of social insurance coverage to unpaid workers, aimed at reconciling paid employment and the domestic sphere (adapted from Art. 333 Asamblea Constituyente, 2008). Further, the Organic Law for Civil Participation and Social Control of 2010 designated '[co-responsibility] as the legal and ethical compromise assumed and shared by citizens, state, civil society organisations, to manage the public' (extracted and translated from República del Ecuador, 2010). Renewed understandings of responsibility and solidarity accompanied this new formulation. Responsibility, as an individual and collective obligation, was to be shared by citizens, the state and civil society organisations, to pursue *Buen Vivir* (living well). In like manner, solidarity was redefined in terms of cooperation and mutual support amongst persons and collectives (*ibid.*).

Under the new social, responsibility has been framed as co-responsibility (*corresponsabilidad*), bringing together, in their social rhetoric, moral and social obligations of the state to its citizens. Responsibility, a recurrent term found in official documents pertaining to social policy, suggests the condition of having a social duty, e.g. responsible citizens, yet ought to be fulfilled individually e.g. as individual citizens. It can be framed as a moral concept related to deservedness: citizens are entitled to rights because of good societal service. The most recent emphasis on individual responsibility or co-responsibility to self-improve entails learning 'how to market themselves' (Gledhill, as found in Schild, 2015). To this aim, the CCT model has made the fulfilment of conditionalities a social obligation. Co-responsibility, in the new social, bridges claims to self-development and solidarity. With this, moral and social values are operationalised via the state's realm, emphasising mutually responsible behaviour and thus solidarity (Prieto, 2015).



In most recent reports and documents pertaining to social protection in Ecuador, co-responsibility is defined as a shared or reciprocal responsibility between two or more individuals (and/or institutions), comprising actions implemented by population(s), the state and private actors to address social problems (Buitron, 2015). In particular, co-responsibility focuses on the active participation of families in the provision of care and in the processes of social mobility. The provision of care relies on the family as the fundamental space of production, maintenance and attention (ibid.). This assertion helps bridge the provision of cash transfers with self-promotion: families should comply with conditionalities as a means to generate their own capabilities and involvement in the process of generation and in search of opportunities for economic inclusion (ibid.). In other words, co-responsibility encompasses two dimensions: a familial one, pertaining to production, income generation and provision of care; and another one pertaining to social promotion and the generation of capabilities for a permanent way out of poverty, that is, graduation. Very rarely these reports address the racialised aspects of poverty, access to social protection and provision of care. Buitron (ibid.) summarises qualitative analysis conducted amongst different communities in Ecuador on the topic of co-responsibilities and care. She comments, regarding interviews with indigenous in the Highlands, that respondents tend to interpret co-responsibility as being more responsible within the household, as well as charged with a moral component, discerning between right and wrong. Thus, co-responsibility is seen as a moral obligation.

Lastly, the connection between co-responsibility and civic values is made in the Plan Nacional del Buen Vivir: ‘if we all assume co-responsibility for our destiny as a society, we will abandon the passive attitude that leaves us expecting the state to solve our needs. Co-responsibility is embedded in the “culture of citizenship” that guarantees our rights’ (translated from Secretaría Nacional de Planificación y Desarrollo, 2013). Thus, co-responsibility is recast as a concept that goes beyond the moral; instead, it is a societal concept, linked to certain framings of citizenship and pursuing *Buen Vivir*. That being said, co-responsibility is a new addition to the moral economy of social protection in Ecuador. Early attempts to provide income support responded to specific contingencies, as previously discussed, with incremental adaptations serving what one could argue is a more normative configuration for governing social welfare as experienced in recent years. The shift away from old understandings of solidarity and

the introduction of co-responsibility are presented below via a detailed account of Bono Solidario and Bono de Desarrollo Humano, cash transfer programmes implemented under the new social.

### 3.4 Conclusion

This chapter has revisited ‘the social’ in Ecuador, acknowledging that in most post-colonised states, integration into the formal labour force, formal welfare systems and substantive citizenship more broadly, has only been possible for the most visible segments of the population: ‘the effective denial of citizenship rights to the indigenous peasantry’ helps explain the urban bias, or one could argue the male mestizo/white bias, of governmental projects. Many ‘dependent women’ (following Mies’s denomination, 1982) remain in the margins, only seen by the state in sporadic ways and through the most salient aspects of their ‘social citizenship’: conditions of poverty, ethnic minority, motherhood, old age and so forth. On this account, it can be noted that in discursive and practical terms, many women from indigenous, black and *montubio* backgrounds remain, due to their low labour attachment, less visible to policy instruments originally devised for the formally employed. On the other hand, CCTs adopt a hyper-gendered perspective, as per the role of mothers as care providers. This emphasis on most traditional gendered roles, however, obscures the aspects of exclusion and marginalisation related to ethnicity as discussed above.

Looking beyond the specific features of social welfare provisioning in Ecuador, one could return to the work of Martínez Franzoni (2008) and interpret the legacy of the ‘old social’ as an inability to fully incorporate historically marginalised groups into the labour market and integrate them into state welfare systems. In a process somewhat similar to what occurred under the Cepalino influence, the preoccupation with the social is accompanied by elements of nation-building, now framed in terms of intergenerational reduction of poverty, that is, investment in the next generation of urban workers (Radcliffe, 1999; Radcliffe, 2015c), functional for renewed industrialisation strategies (Fishwick & Selwyn, 2016)—neither consistent nor effectively implemented in the light of domestic and international limitations. The recent focus on informality, as a residual of failed industrialisation, urban bias and discursive abandonment of universalism, can be reinterpreted in this respect.

A central claim of this chapter is that, in order to understand current social protection alternatives, it is necessary to revisit earlier experiences and ask the question: was there a deliberate social aim of the state before cash transfers? Many current accounts of social protection in the region seem to largely decontextualise the recent expansion of social assistance. What is more, by flagging processes of segregation in terms of access to formal employment and derived benefits, the background of post-colonial exclusion is brought to the fore, collecting the different normative principles, institutional arrangements and academic currents that affected the configuration of the social in Ecuador. More recent experiences, in particular CCTs, are contingent on these historical processes whilst largely informed by external influences. In this light, the CCT model, as designed in academic centres in the North and diffused, together with funds, by international financial organisations, has served the purpose of depoliticising and decontextualising these interventions. The Ecuadorian experience has been revisited and further discussed in this context, flagging the unresolved tensions that are found when trying to make populations visible to the state and subject to interventions whilst advancing diverse—even contradictory—developmental agendas.

## Notes

<sup>1</sup> Ferguson (2015) flags the predominantly Eurocentric formulation and discussion of the social. His work, although focused on southern Africa, opens a new line of inquiry in the chronological narrative of social provisioning in the global South.

<sup>2</sup> De-commodification, according to Esping-Andersen, ‘refers to the degree to which individuals, or families, can uphold a socially acceptable standard of living independently of market participation’ (1990, p. 37), necessary for the system’s survival.

<sup>3</sup> Esping-Andersen (1990) argues that social policy was not unknown prior to modern capitalism and associated statecraft, but its nature and organisation became transformed. For Mkandawire, the social question, as it emerged in the nineteenth century, pertained to ‘securing economic progress in light of the political and moral threat posed by the condition of the working class’ (2009, p. 132).

<sup>4</sup> Following Scott, the separation of society from the state, and thus the reification of society, defined it as a system with regulable and calculable properties (Scott, 1998).

<sup>5</sup> With these processes, there was a suppression of what were considered obscure and barbaric communities, resulting in the establishment of a ‘new cultural unity’, expressed and promoted by setting uniform standards (Scott, 1998, p. 90).

<sup>6</sup> Following David Scott (as found in Drinot, 2011, p. 9), ‘governmentality is eminently transposable to (as an analytics), and evident in (as a form of exercise of power), colonial and authoritarian or, more generally, illiberal societies’.

<sup>7</sup> Understood as ‘a strong version of the beliefs in scientific and technical progress that were associated with industrialization in Europe and North America’ (Scott, 1998).

<sup>8</sup> Other responses, such as Beveridge models of universalism, followed a different rationale.

<sup>9</sup> Liberalism in Ecuador can be located between 1895 and 1925, after the Liberal Revolution of 1895. This period, largely informed by political liberalism, advanced a governing rationale towards universalism, thus standing against conservatism, according to Paz y Miño Cepeda (2012). Liberalism has also been interpreted as the convergence of economic and political interests of coastal elites, associated with cacao exports and sugar plantations and thus preoccupied with international trade, expansion of the labour supply and the promotion of modern institutions serving such aims (Ayala Mora, 2008).

<sup>10</sup> A system of forced labour, based on an agreement between landowners and rural workers, by which (mostly) indigenous populations undertook work indefinitely without salary.

<sup>11</sup> Operationalising Radcliffe’s theorisation of social hierarchy as the continuation of social difference (2015, p. 4)

<sup>12</sup> Nevertheless, the control exerted by the army and police prevailed: The Army Social Security Fund was created in 1992, followed by the creation of a Police Security Fund in 1995, both granting preferential access to funds to these sectors.

<sup>13</sup> In the aftermath of the 1929’ crisis, the structuralist school emerged in Latin America (Polanyi Levitt, 2005), articulating insights from classical political economy, Marxism and the German historical school (for instance List’s work) and contemporary with Keynes, Hirschman, Kaldor, Kalecki and others (Fishwick & Selwyn, 2016), as a critique of liberal economics, rejecting the thesis of global integration based on comparative advantage, particularly from the late nineteenth century onwards, and flagging the challenges of late industrialisation identified among Latin America countries (Kay, 2005).

<sup>14</sup> Population data, before the national census of 1950, was unreliable. Depending on the source consulted for the period 1940–50, the share of lowland indigenous population fluctuated between 3 and 23 per cent, of highland indigenous between 20 and 80 per cent, of mestizo between 15 and 45 per cent, and of the white population from 1 to 28 per cent (for an extended revision, see Prieto, 2015). After the

national census, official figures estimated that 40 per cent of the total population was indigenous (Ibid.).

<sup>15</sup> It is worth noting that the association of *campesinado* with indigeneity lingers on. In the government's rhetoric, the *seguro campesino* is a space of multi-culturality: '*aquí están los cholos, los indígenas, los mestizos y afro ecuatorianos beneficiarios del Seguro Social Campesino que creen en el cambio de la Revolución Ciudadana*' (here are the cholos, the indigenous, the mestizos and the Afro-Ecuadorian benefiting from the Seguro Social Campesino who believe in the change introduced with the Citizens' Revolution) (Correa, 2015).

<sup>16</sup> The reasons for abandonment of this model are highly debated. While some argue it was due to country differences in state capacity in the region (Barrientos et al., 2008; Fishwick & Selwyn, 2016), others emphasise external and domestic elements such as the financial crisis, accelerated by persistent fiscal deficits and the gradual transformation from national industrial capitalism to global capitalism, overly reliant on international finance and trade (Filgueira, 2014). A deeper examination of these debates is beyond the scope of this dissertation.

<sup>17</sup> It is also worth noting that in the period 1997–98, the country had to cope with the effects of El Niño (Uribe-Teran & Vega-Garcia, 2017).

<sup>18</sup> From the original Spanish text '[H]ablar del Régimen de Bienestar del Buen Vivir o para el Buen Vivir comporta ya un concepto normativo en el que se introduce una visión de sociedad a la que se quiere llegar, y por lo tanto, va vinculado a un instrumental de institucionalidad y política pública concreta para conseguirla' (Muñoz & Ubasart, 2015) (translated by the author).

# 4

## The New Social: Trajectories of Difference

### 4.1 Introduction

Conditional cash transfers are often regarded as a ‘radical’ new idea for welfare provisioning conceived in the South (Barrientos et al., 2008; Levy, 2008; Fiszbein & Schady, 2009; Hanlon et al., 2010). Its design is simple: a target population—usually poor mothers with school-age children—receives a periodical stipend subject to conditions related to human capital investments, for example school attendance and/or medical check-ups. The CCT model pioneered in Mexico and Brazil in the early 1990s has been replicated in many low- and middle-income countries and increasingly in high-income countries, defining a transition from collective insurance towards more individualised social protection regimes. Although inserted in national social protection systems and adapted to their varying needs, the CCT model has kept its foundational ideas: providing targeted income support whilst introducing behavioural changes. Some authors (Lavinás, 2013; Schild, 2015) trace these ideas back to the team of economists trained in the USA, that is, the Chicago School of Economics, and established in Chile’s department Odeplan under Pinochet’s administration, who in 1981 created the *Subsidio Único Familiar* (Unique Family Subsidy), the first CCT prototype in the region; while others see in *Progresá*, Mexico’s programme, the refinement of the CCT model in the early 1990s with the full integration of conceptual definitions advanced by multilateral agencies such as the World Bank and the Inter-American Development Bank (Peck & Theodore, 2015). In all, there is an emergent consensus that the CCT model was not an exclusively Latin American invention but has been co-produced by academic centres in the global North and by multilateral development agencies (Molyneux, 2008; Lavinás, 2013; Ferguson, 2015; Peck & Theodore, 2015; Radcliffe, 2015c; Roy & Crane, 2015; Schild, 2015).

Though the rationale and most essential features of the cash transfer programme in Ecuador have remained basically unchanged in the last two decades, moving between an unconditional and conditional scheme, the different administrations have enacted diverse practices of enumeration, selection and graduation of recipients. These practices can be seen as either contingent on domestic constraints and/or needs, or as adapting and re-interpreting international discourses of ‘what works in development’ (Reddy, 2012, p. 60) and notions of best practices. This could be theorised under what Peck and Theodore denote as model power (2015), whereby the diffusion of an original structure meets the aspirational project or desire to reconstruct such structure on another site. To some extent, changes introduced to the Ecuadorian cash transfer scheme Bono de Desarrollo Humano can be interpreted as an aspirational projection—or even a governmental aspiration (Drinot, 2011)—of ‘successful’ schemes, promoted by multilateral development agencies, from which states can derive ideological presuppositions about what is right (James, 2006).

What could be interpreted as a mere collection of contingencies in welfare provisioning in Ecuador is revisited in this chapter, making sense of the deliberately changing ‘political technologies that act both to problematize poverty and to govern the poor’ (Roy & Crane, 2015, p. 37). In tracing different interpretations of social assistance, from residual income support to the establishment of a social floor, this chapter seeks to study the genealogy of the new social in Ecuador, by means of situating ways of thinking about poverty in historically specific configurations and re-assessing the resulting fragmented or, more precisely, bifurcated nature of the social protection system in Ecuador. The chapter problematises the representation of poverty as a technical problem, which pertains to the set of practices concerned with representing ‘the domain to be governed as an intelligible field with specifiable limits and particular characteristics ... defining boundaries, rendering that within them visible, assembling information about that which is included and devising techniques to mobilise the forces and entities thus revealed’ (Rose, 1999 as found in Li, 2007, p. 7). As noted by Li, ‘[q]uestions that are rendered technical are simultaneously rendered non-political’ (Li, 2007, p. 7). This is particularly relevant to the study of cash transfers, which have been accompanied by a resurgence of technocratic policy makers. Heavily reliant on statistics and quantitative analysis, the CT model has employed a number of experts in the fields of poverty, health, nutrition and so on, with a marked tendency to

approach (social) problems in technical terms. Nonetheless, experts tend to exclude the structure of political-economic relations from their diagnoses and prescriptions: ‘they focus more on the capacities of the poor than on the practices through which one social group impoverishes another’ (ibid.).

Drawing on the concepts of legibility, solidarity and (co)responsibility introduced in the previous chapter, this chapter argues that recent institutional trajectories of social protection can be best understood as elements of governmental aspiration (Drinot, 2011), co-produced by international networks and local actors (Peck & Theodore, 2015), reorganised by different administrations to respond somewhat to the challenges of providing welfare in a highly informalised context. Determining interventions targeted at the poor ‘is often a process of social action and political engagement that reveals how they must evolve if they are to be effective’ (Reddy, 2012, p. 64). The vast informality existing in Ecuador, as argued in this dissertation, rather than a result of individual choice and evasive practices, is a residual of (failed) incorporation attempts, both into the labour market (see Chapters 5 and 6) and into social protection systems. Contributory stratified regimes established during the twentieth century only partially integrated less visible populations such as women and ethnic minorities, whereas non-contributory schemes seemed to have integrated otherwise marginalised populations, although with no deliberate racial targeting—rather a gendered one. Nonetheless, the resulting configuration of social protection shows the highly gendered nature of cash-based welfare in Ecuador, despite a rhetoric of technical poverty alleviation and (universal) rights-based policy making, arguably informed by international debates and expert networks.

The chapter sketches the way in which marginalised populations were incorporated into key transformations in social protection by the beginning of the twenty-first century, by means of tracing fragmented trajectories, often leading to exclusion and difference—a legacy of the stratified contributory insurance scheme set up in the 1930s—still very much present in the recent expansion of contributory social insurance and the creation of the social assistance programmes *Bono Solidario* and *Bono de Desarrollo Humano*. The first section deals with the design and implementation of the first cash transfer programme *Bono Solidario* and subsequent efforts to establish the conditional variant *Bono de Desarrollo Humano*, with the intervention of international organisations such as the



Inter-American Development Bank (IDB). The second section discusses the recent reforms introduced by the Citizens' Revolution after 2007, in what some argue constitutes a post-neoliberal alternative—a view increasingly challenged by scholars in the light of the ongoing process of exclusion and marginalisation.

The analysis relies on documentary research, examining legislation, official reports and supporting documentation. It is further complemented with qualitative research from a series of field visits made to southern Ecuador between 2012 and 2015, working with cash transfer recipients, former recipients (or, adopting the lingo of multilateral organisations, 'graduated' recipients), unregistered workers (or workers in informal employment) and front-line workers associated with the cash transfer programme BDH. Qualitative work helped to map out the extent of institutionalised segregation, not fully captured in official statistics, that places recipients among the most disadvantaged — pushed to the margins of regulation and protection. Recipients provided critical descriptions of the challenges of integration into temporary, sporadic, subsidiary social assistance programmes, assisting the analysis of narratives of partial integration in the labour market—as informality is often associated with marginalised women. This labour market segregation is translated into a stratified social protection system. Trajectories of social provision signal at various processes of visibility resulting from institutional efforts to tackle historical exclusionary state practices, whilst evidencing the prevalence of poverty amongst marginalised populations. It is worth noting that under the New Social, international financial organisations and national decision-making circles have begun to pay more attention to processes of exclusion in order to ensure that income support targets populations more effectively, and in doing so, they have contributed to making these populations more visible.

#### **4.2 Bono Solidario: solidarity—with whom?**

In 1998, Bono Solidario was created to compensate poor households for the elimination of a subsidy on cooking gas, just one of the frantic actions taken to create some fiscal space in a context of financial crisis and general turmoil. The programme was not established under the social council, but was the result of a joint proposal by the Ministry of Finance and the Consejo Nacional de Modernización (CONAM, or National Council for Modernisation) (Pardo, 2003). The programme was publicly known as Bono de la Pobreza (Poverty Grant) and was attacked both by the conservative

media as a paternalistic policy and by the (academic) left as yet another charity act led by the state and the Church (Kingman Garcés, 2002). The BS programme started as an unconditional transfer of 120,000 *sucre*s (about US\$11.50) per month, reaching about 1.3 million households.<sup>1</sup> As originally conceived, BS was meant to be temporary (Schady & Rosero, 2007). Individual payments made by BS were small but its scope, in terms of number of recipients, was relatively large. The programme funding, as of 2002, was assigned 0.75 per cent of GDP (*ibid.*).

The target population included women with at least one dependent under-age child—18 and younger—and living in poverty, determined by a monthly income ceiling of 1 million *sucre*s. To remain eligible, neither the recipient mother nor her spouse could be in regular (formal) employment (Martínez, 2016). No conditionalities were imposed on recipients. Because the BS was implemented as a hasty alleviation response, the programme, despite having a targeting protocol, resulted in numerous targeting errors (*ibid.*). At first, households signed up on a first-come, first-served basis. Information on household composition and income levels was self-reported in local parish churches (Kingman Garcés, 2002). Hardly any cross-checks with other administrative records, for example the Civil Registry, IESS database or companies' payrolls, were conducted to detect misreporting. Implicit in the design, however, was the applicant's moral obligation, that is, responsibility, to provide accurate information about the household's situation. The result, however, was not satisfactory: it was estimated that 49.8 per cent of families in the poorest quintile received transfers and 27.4 per cent of families in the top two wealthiest quintiles received transfers (Schady & Rosero, 2007).

In the same year, an additional component, targeted at persons 65 years old and above, was implemented. A similar income poverty threshold was used to determine eligibility: the household monthly earnings could not be higher than 1 million *sucre*s and the applicant could not be in regular (formal) employment. A monthly stipend of 50,000 *sucre*s (about US\$4.80) was allocated to households meeting the eligibility criteria.

This social assistance programme was presented as an instrument based on principles of solidarity. It is worth asking, however: solidarity with whom? In the analysis of social provisioning, solidarity is discussed in terms of universalistic projects, which promote 'equality of status' (Esping-Andersen, 1990, p. 25). Implicit in this project is an egalitarian structure that can allow for 'cross-class solidarity, a solidarity of the nation'

(*ibid.*). This understanding of solidarity—granted this specific class structure—is more apt to describe ‘flat-rate’ insurance, but falls short in explaining the preference for targeted modes of social assistance whereby ‘the poor rely on the state and the remainder on the market’ (*ibid.*), further exacerbating stratification in social provisioning, as discussed in Chapter 3.

#### 4.2.1 Reforms to Bono Solidario

In 1999, the stipend was increased to 150,000 *sucre*s per month, adjusting for inflation and the deepening of the financial crisis. Yet the number of recipients could not exceed an allocated budget of 1.9 billion *sucre*s per annum. Thus, the increase in the size of the transfer was accompanied by reforms aimed at tightening targeting and restricting the number of recipients. New eligibility criteria were added: neither the recipient mother nor the spouse could be affiliated to any social security regime, and in case the mother had been deserted, an affidavit should be provided by the applicant. An amendment was introduced in the same year, allowing IESS pensioners, persons affiliated to Seguro Campesino and/or those affiliated to voluntary regimes to remain eligible for BS transfers—for the components directed to mothers and persons with disability. For the BS component directed to the elderly population, pensioners could remain eligible only if the monthly IESS allowance was not greater than 500,000 *sucre*s.

A second reform to the BS was introduced in the same year, aimed at including persons with disability in the cash transfer scheme. The target population included persons aged 18 to 65 with a permanent disability of at least 70 per cent, as certified by CONADIS (the National Council on Disability). It relied on eligibility criteria similar to those applied to the elderly population: the household’s monthly income could not be higher than 1 million *sucre*s (about US\$40) and the applicant could not be in regular (formal) employment. Underage applicants were required to submit an affidavit stating the death of the mother. The three BS components directed to (1) mothers with underage children, (2) elderly persons and (3) persons with disability were mutually exclusive. That is, a household could only apply for one of these components at a time.

The BS administration relied on self-selection and self-reporting: households’ members had to present themselves to local parishes administered by the Catholic Church or Evangelic Church to collect the application forms. Applicants were requested to hand in a written statement

(actually an affidavit) stating their condition of poverty related to the socio-economic conditions of the household, for example income, number of children and state of the dwelling. The information regarding household head and spouse was digitalised and (occasionally) verified using public and private databases, namely: civil registries (deceased members, cross-check of ID numbers, children's age, members of retirement age, duplicates), banking risk management (loans and warrants), social security (IESS or general regime, ISSPOL or police regime, ISSFA or army regime), migration, utilities (electricity and phone bills), persons with disability (as certified by the organisation CONADIS), tax records and payroll data. This application system, to some extent, replicated unemployment insurance in the North, soliciting people themselves to apply for welfare support, after which means tests were applied, which is different from more recent interventions whereby the state actively sorts and seeks recipients amongst eligible groups.

Under a new administration in 2000, in the aftermath of the financial crisis and dollarisation, BS transfers were increased, first to US\$11 and later in the same year to US\$12 dollars per month for the mothers' component, and to US\$6 and later to US\$7 per month for recipients with disability or in old age. The purpose of the programme was changed to poverty reduction, although the target population remained the same: mothers with underage children, persons 65 years old and above, and persons with permanent disability aged 18 to 65; and the selection criteria were only modified for the mothers' component, now excluding IESS pensioners, persons affiliated to Seguro Campesino and/or those affiliated to voluntary regimes. The total number of recipients was determined by a budgetary restriction of US\$12.8 million per annum.

By 2001, the administration developed a household means test. Most families living in rural areas and some of the poorer urban areas were surveyed, after which they were assigned a poverty index or *SELBEN* index. Transfers were considered small, estimated as being on average not more than a tenth of the household's income (Schady & Rosero, 2007). The programme ruled that BS transfers should be made to women only—if there were any adult woman permanently living in the household—and it was requested that women themselves should go to a nearby bank to receive the stipend (*ibid.*).

Beca Escolar (BE, or School Grant), an addition to BS, was implemented in 2002. Designed as a conditional cash transfer programme, it

aimed at preventing school dropout amongst the poor. It awarded school-age children (aged 6 to 15) a bimonthly stipend of 125,000 *sucres* (about US\$12). Official reports indicate it was successful in terms of targeting—using the SELBEN survey—but had low coverage: approximately 150,000 households. Ultimately, the programme was restricted to a budget of US\$6.6 million per annum. The eligibility criteria included school enrolment and an attendance rate of at least 90 per cent. Consistently with the programme design, to remain eligible, children had to continue to be enrolled and attending school.

Together, these interventions aimed at providing subsidiary income support. Rhetorically, they were performed by the state as acts of solidarity among all citizens, whilst for the media and some academics they seemed to resemble *marianismo* (Prieto, 2015), given the arguably normative preference towards poor mothers—a recurrent theme in welfare support in Ecuador—whilst reinterpreting old acts of vertical charity, inherited from early interventions associated with a more passive state—thus, the popular epithet Bono de la Pobreza to designate BS.

### 4.3 Reciprocal obligations: conditionality

In 2003, the BS and BE were merged into a conditional scheme, Bono de Desarrollo Humano, aimed at reducing inequality, increasing access to social services, providing income support and working towards a general objective of (social) inclusion. The creation of BDH was accompanied by a retargeting of the recipient population using SELBEN,<sup>2</sup> a proxy-means test estimated from a national survey, administered by the Programa de Protección Social—an independent unit within the Ministry of Social Welfare. Education and health conditionalities, in Spanish *corresponsabilidades*, framed recipients as co-partners in this intervention.

To protect and promote human capital accumulation among individuals and families living in poverty or at risk of becoming poor. The objectives are to 1) safeguard minimum consumption levels among poor families through direct monetary transfers; and 2) provide incentives for human capital accumulation by conditioning these on fulfilment of education and health co-responsibilities. (Registro Oficial, 2003)

The new scheme included the same target populations: mothers with underage children, elderly persons and persons with permanent disability. However, the household, as allocation unit, became more visible in official

documents, selection criteria and mapping tools.<sup>3</sup> All households in the lowest income quintile were deemed eligible, and according to their composition, they were assigned to different components: a conditional one, directed at households with school-age children (ages 0 to 16), or an unconditional one, covering elderly and disabled persons. Health- and education-related conditionalities were imposed only on poor households with school-age children. With regard to health controls,<sup>4</sup> these were only intended for children ages 0 to 5. In terms of schooling,<sup>5</sup> conditionalities were aimed at households with children aged 6 to 16 years. With the exception of a few pilots, monitoring of the BDH education and health conditionalities were not observed in practice.

The BDH included two types of benefits. For households in the lowest income quintile, with no dependent school-age children, and where the household head or spouse was (1) aged 65 years and above or (2) had a permanent disability without school-age children, the transfer was set at US\$11.5 per month. For households with dependent children aged 0 to 16 years, regardless of whether these were headed by elderly and/or disabled persons, the transfer was set at US\$15 per month. For the conditional component directed at poor households with children, transfers were channelled to women—framing this as a gender-conscious policy; in exceptional cases these were made to any other adult in the household in charge of food preparation and medical controls and responsible for children's school attendance. Transfers were cashed on a monthly basis but up to three payments could cumulate—in consideration of the circumstances that poor households located in remote areas had to face, in terms of time and money, to collect the cash. Note that this would change later, as the administration determined that failure to collect the transfer was indicative of discontinuance in the programme.<sup>6</sup>

BDH was marketed as a 'social programme' (Schady & Rosero, 2007). Following institutional restructuring, an advertising campaign was launched, including spots on national television and local radio stations. These spots stressed that the BDH was meant to benefit poor children only, although there was no actual procedure to verify the conditionalities. Schady and Rosero argue that publicity may have led households to spend transfers according to the goals of the programme, as individuals tend to keep 'mental accounts' in their expenditures, internalising values such as 'fairness' and 'reciprocity' spread by the media (*ibid.*).

In 2006, in a context of institutional reform, the Ecuadorian government, via the Secretaría Técnica del Frente Social (Technical Secretary for Social Affairs), contacted the IDB for a funding operation to implement reforms in the social sector aimed at poverty reduction and human capital development among poor families. Access to IDB resources involved a series of conditionalities pertaining to efficiency, impact and quality of public social spending. The disbursements were done in phases, upon completion of (1) the transformation of the BDH programme into an effective<sup>7</sup> conditional cash transfer programme; and (2) improvement of the design of the programme, in terms of monitoring and evaluation, targeting, developing complementary social policy instruments and promoting graduation, that is, self-sufficiency, of poor families. The first phase for US\$60 million extended over four years: US\$5 million financed technical assistance, while the remaining resources (US\$55 million) financed transfer payments by the central government to BDH recipients.

Complying with the conditions imposed, a retargeting exercise was implemented in 2006. About 50 per cent of the BS recipients (more than 500,000 households) were disqualified and stopped receiving benefits, whilst another 500,000 households were newly registered as potential recipients. The retargeting scheme, certified as SELBEN II, used data on household demographic composition, assets and other welfare-related variables. Transfers to recipient households that had not had a *SELBEN* interview were suspended. In case they missed the visit or wanted to be included, they had to contact MIES administration themselves.

‘We wanted to apply, but they [MIES officers] asked me to bring two carnets: the *cédula* (or citizen identification document), and the one they give you as a disabled person. I didn’t have those things. See, they did not register my name. They go and offer things, but at the end, nothing happens for us. They will tell you “come back later”, but then when we came back, nothing!’ (Interviewee-H, 2013).

About 1.1 million households were integrated into the BDH programme. The administration had set the goal of covering only households in quintiles 1 and 2 of SELBEN. However, many households that participated in the BS did not meet these criteria but were headed by elderly persons or persons with disability, which were still included in the reformed BDH. However, for the group of elderly and disabled, affiliation

to any social security regime except Seguro Campesino led to the automatic discontinuation of BDH transfers. Such restrictions did not apply to households with school-age children.

#### **4.4 Incrementalist mutations: tightening of targeting and introduction of the perversity rhetoric**

They do not ask what the money is for. They do not care. They think they get to know us with a survey [...] they asked me what did I use the money for [...] I just gave them any answer and signed a document, I do not know what for. (Interviewee-S, 2013)

As noted by Peck and Theodore (2015), CCTs in Latin America to a large extent have been co-produced by multilateral development agencies—in the Ecuadorian case, the IDB was involved in overwriting the operating costs of BDH in 2003 (Martínez, 2016). IDB's financing helped foster an experimental ethos amongst policy makers and consultants associated with the Programa de Protección Social (PPS or Social Protection Programme), requiring the inclusion of evaluation tools (BID, 2003). Expert networks were formed to provide evidence for the policy development process. One of the main topics of concern was nudging, or how to facilitate 'better' choices amongst the poor: experts were asked to quantify the nudge that BDH should provide to the poor, which would help to effectively enforce the programme's conditionalities, in what Peck and Theodore identified in similar operations as policy-based lending (2015, p. 104).

Schady and Rosero joined the team of experts appointed to fine-tune the design of the BDH programme, producing the report 'Are cash transfers made to women spent like other sources of income?' (2007). The authors conducted an experiment: a randomised introduction of an unconditional cash transfer to poor women in rural Ecuador. They split the sample into bi-parental households, assuming the parents had shared or joint responsibility for the household maintenance; and households headed by an adult woman. The expected results were: an increase in the food Engel curve among bi-parental (adult) households and no effect among female-only households. The authors explain the difference in results according to what they identify as bargaining possibilities: there was only gain among bi-parental households where bargaining was considered an issue, for example the initial control of women over resources was weak (before the transfer); whilst there was no identifiable gain among female-



only households where, they argue, there was simply no man to bargain with. Education was used as a proxy for women's bargaining capacity.

The experiment was conducted as follows: the first half of the households in the sample were randomly assigned to a treatment group, that is, the lottery winners, and the second half to a control group, the lottery losers. Households in both groups lived in the same neighbourhoods. Although random assignment was successful, the authors warn there was an imperfect match between assignment to the study group and actual receipt of BDH transfers (Schady & Rosero, 2007). Lack of information, costs of travelling to a bank and stigma were discussed as plausible reasons for some households refusing to receive the transfers. There was also 'contamination' in the baseline: about 42 per cent of households assigned to the control group received transfers, which were not withheld afterwards—this was judged to be politically imprudent (*ibid.*).

In the experiment, it was noted that there were clear differences in the baseline across households that received BDH transfers and those that did not. Comparison calculations were limited to households with children aged 6 to 17 years old only. BDH recipients had lower food expenditures, and they tended to be larger in terms of number of household members, although parents had on average an extra year of education compared with non-recipients, who were approximately two years younger and somewhat more likely to be male. Households in BDH tended to be poorer than other households. In a prior version of this experiment, Schady and Araujo (2005) had found that the increase in enrolment was greater among those who believed that it was conditional. Yet these results were dependent on income. The condition made no difference in enrolment rates among low-income households—only among better-off households. A later version published in Fiszbein and Schady (2009) dropped the results disaggregated by income, only presenting the general outcome of the experiment which favoured the imposition of conditionalities.

The above-mentioned example is just one in a series of randomised experimental trials implemented by IDB in the context of the BDH. A recent paper published by Araujo et. al. also makes use of data on BDH eligible households, with households within selected parishes<sup>8</sup> randomly assigned to control (51 parishes) and late treatment (26 parishes) groups: the 'early treatment' group began receiving BDH transfers in 2004, while the 'late treatment' group only became eligible for transfers three years later (2016, p. 4). The authors indicate that although transfers were made

available to both groups after 2007, the control group ‘never fully caught up with the early treatment group’ (2016, p. 10), suggesting this might have ‘occurred because some households in the late treatment group never realized that their eligibility status had in fact changed’ (ibid.).

The societal consequences of these experiments are not discussed in this or similar studies conducted by IDB. Yet scholars have pointed at the ethical concerns of conducting randomised trials in the context of social policy: ‘where there are *ex ante* reasons to believe that a particular benefit should go to one person rather than another (for ethical reasons or for reasons of efficacy), to allocate the benefit randomly instead is to deliberately misallocate resources, at the cost of the individuals denied the treatment’ (Reddy, 2012, p. 67). The expected value of the ‘knowledge’ generated by these trials has to be counterweighted with the possible harms that unjustified and arbitrary selection of recipients might cause to communities’ cohesiveness and individuals’ sense of visibility and attachment. As discussed elsewhere, marginalised populations live by hanging on the edge of assistance programmes, in constant fear of being excluded from the state’s interventions.

Quite apart from these ethical issues, investments in these costly randomised trials can be also problematised based on their most basic econometric identification issues. These experiments are driven by a rationale of best practices: ‘providing the best means of arriving at an inference that is not polluted by the impact of “confounding” variables’ (Reddy, 2012, p. 61). Yet individual choices cannot be isolated from the macro settings where they operate. For instance, Araujo et. al.’s results seem discouraging. As stated by the authors:

our regression discontinuity results show that 10 years after one group of households became eligible for transfers and another one did not, young women in transfer-eligible households had modestly higher secondary school completion rates than those in transfer-ineligible households. However, this did not translate into a higher probability of attending university or some other tertiary institution. Moreover, there is no clear effect on the probability that these women work. The broad pattern of results indicates that cash transfers prevented a small fraction of women from dropping out of secondary school, but did not have a measurable effect on their subsequent education and work choices. (2016, p. 14)

The authors speculate on the possible reasons, challenging the modelled direction of causality, or as a last resource, turning to simplistic ‘cultural’ (read naturalising) explanations: ‘there may be cultural reasons or problems in labour markets that keep women from turning their (modestly) higher schooling levels into higher employment rates’ (2016, p. 15).

Such insights, however, entered the debate too late. Back in the early 2000s, the assumption was that cash transfers did have an impact on employment outcomes. In another IDB report released in 2006, it was suggested that recipient households are inclined to decrease the amount of labour supplied to the market by various household members. It argued that, if this was caused by a decrease in child labour, the effect on employment outcomes could be considered positive, whereas if the decline in labour supply were to occur among other household members, it could be linked to greater dependency on government assistance, that is, welfare dependency. Stricter deputation controls followed these concerns,<sup>9</sup> relying on digitalised methods for identifying, recognising and paying recipients of cash transfers. A summary of the various crosschecks implemented appears in Table 4.1.

Table 4.1 BDH eligibility criteria

Database	BDH component	Target population	Frequency	Description
IESS	Conditional	Mothers with underage children	Every 4 to 6 months	Households under the SELBEN threshold are not cross-checked Persons affiliated to IESS regime and pensioners are not eligible
	Unconditional	Elderly population Disabled population		
ISSFA	Conditional	Mothers with underage children	Monthly	Households under the SELBEN threshold are not cross-checked Persons affiliated to ISSFA regime and pensioners are not eligible
	Unconditional	Elderly population Disabled population		
ISSPOL	Conditional	Mothers with underage children	Monthly	Households under the SELBEN threshold are not cross-checked Persons affiliated to ISSPOL regime and pensioners are not eligible
	Unconditional	Elderly population Disabled population		
Public servant registries	Conditional	Mothers with underage children	Monthly	All public sector workers in regular employment (and their dependents) are not eligible *Cross-check with central government information only
	Unconditional	Elderly population Disabled population		
Population records	Conditional	Mothers with underage children	Monthly	Deceased recipient
	Unconditional	Elderly population Disabled population		

Source: Adapted from Martínez (2016).

As of 2015, deputation with social security databases (IESS, ISSFA and ISSPOL) was being conducted every four to six months for the groups of elderly and disabled, the unconditional component, but not for mothers with underage children, the conditional component. As mentioned in organisational reports (as compiled by Martínez, 2016), data validation with IESS is rather complicated. Although the IESS administration has monthly data on payments and contributions, frictions with these organisations result in an average of two cross-checks per year. Information from public service registries (payrolls) is verified on a monthly basis for the entire BDH target population. Challenges remain, though. In an inter-

view with a former director of SELBEN, and in reference to last enumeration waves, he stated: ‘It is so difficult to keep track of households. People do not report any changes’ (Interviewee-C, 2014).

#### 4.4.1 Co-produced transformations: self-sufficiency and transition towards a ‘social floor’

I have heard that the BDH for mothers, either single or married, will come to an end. They will only give it to the disabled and the elderly. (Interviewee-V, 2013)

In 2007, the BDH programme was restructured again, standardising existing social assistance programmes. The size of the transfers allocated to the elderly and disabled population was levelled up to meet the conditional component, reaching an amount of US\$30 per month—increased to US\$35 in 2009 and to US\$50 in 2012;<sup>10</sup> and the eligible population increased from the lowest quintile to households in the two lowest income quintiles. The eligibility criteria for disability were relaxed, reducing the percentage of permanent disability from 70 to 40 per cent, as verified and certified by CONADIS. Overall, between 2009 and 2012, in what authors identify as a phase of expansion, consolidation and expectation (Santillana Ortiz & Webber, 2015), the number of recipients and the budget significantly increased. Along with the inclusion of new beneficiaries, a continuous process of depuration led to the exit (or graduation) of recipients who moved to the third quintile, migrated, were deceased or were affiliated to social security.

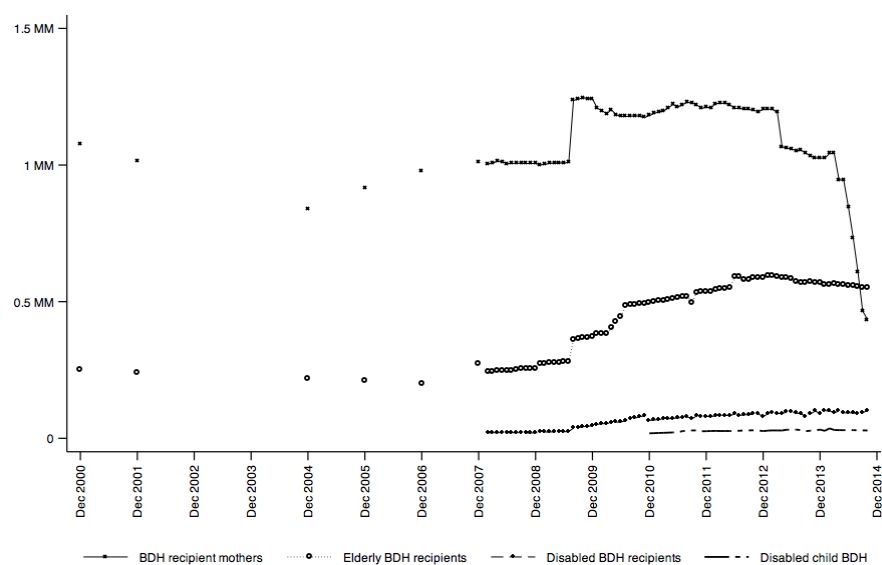
However, after 2012 the administration started what some identify as a phase of ‘conservative restoration’ (ibid.). Preliminary studies were commissioned to evaluate the possibility of massive graduation of BDH recipients.<sup>11</sup> To complicate things further, due to the appreciation of the dollar and the fall in oil revenues, the government faced important budgetary restrictions. In 2013, by Ministerial Decree No. 000197 (Registro Oficial, 2013), an accelerated process of ‘graduation’, that is, reduction in the number of recipients, was implemented. Social mobility, defined in terms of economic inclusion and self-sufficiency, became central for poverty eradication, determining a permanent way out of poverty. In this light, a set of criteria for graduation was determined. First, the SELBEN index threshold was reduced from 36.6 to 32.5, leading to the automatic exit of 232,978

households.<sup>12</sup> Second, a thorough check with central government registries led to the exclusion of all households in which at least one member was working as a civil servant with monthly earnings above US\$280. Third, pensioners (IESS, ISSFA or ISSPOL) could no longer receive BDH transfers—neither in the conditional nor the unconditional scheme. MIES also cross-checked information with private sector and local government agencies, further depurating data on recipients.

They came to interview us in 2008. They talked to my husband. I tried telling them my husband was sick. Still, they removed me from the programme. The month after, I went to withdraw my BDH money and I was told I will not receive BDH transfers anymore. Back then, my husband was still working. Now, he is retired. But the pension he gets is not enough. Besides, I have to stay by his side; he cannot be left on his own. He cannot even read no more. He suffers convulsions. I have to be there, for him ... I have tried signing up again for BDH transfers, told them he is disabled. But the answer is always no, because he receives an IESS pension. When I visited MIES, I was told they are not including new people in the register. But people keep on telling me that I should go back and insist, because the pension he gets is not enough for his medicines. And we are looking after my daughter's son who is attending school. (Interviewee-B, 2013)

In addition, the BDH seems to be shifting away from the conventional CCT model linked to human capital investments—targeting households with underage children—and emphasising the social floor component,<sup>13</sup> targeted at persons of old age without a pension, or persons with disability. According to official reports, the BDH conditional component targeted at households with underage children, or more precisely at mothers, should be interpreted as a temporary transfer aimed at smoothing consumption, whereas the BDH pension component was recast as a permanent entitlement targeted at the elderly population (65 years and above) and the disabled (with a CONADIS certification of 40 per cent disability and above) living in poverty. Such trends are illustrated in Figure 4.1, where the steep decline in the number of BDH recipient mothers compared with other recipient groups is noticeable.

Figure 4.1 Number of BDH recipients over time (in millions MM), 2000-2014



Source: BDH administrative registries (MIES 2016), author's own calculations.

More than 800,000 recipients were graduated after 2012. It is not clear if this followed budgetary pressures<sup>14</sup> or a change in the focus and scope of the programme, as suggested in conversations with key informants in Quito. The budget allocated to the BDH increased from US\$867 million in 2012 to US\$1.1 million by 2013—the highest historical level—then decreased to US\$710 million by 2014 (CEPAL, 2016). Although the total budget allocated to the BDH and the total number of recipients were reduced significantly, the composition of the budget also changed, confirming a transition towards a non-contributory pension and away from previous notions of human capital investments—as per the CCT model. In recent years the participation of the BDH conditional component (targeted at mothers) drop from 40 per cent to 26 per cent between 2014 and 2015, whereas the pension component (elderly pension) increased from 26 per cent to 31 per cent and the disability pension increased from 5 per cent to 8 per cent in the same period (ibid.).

The identification of this shift was put forward by a key informant (Interviewee-L, 2014) at MIES who indicated an explicit change in policy priorities, making of the BDH a more integrated system favouring non-contributory pensions, similar to the Chilean experience with Chile Solidario—during one of the author's visits to the organisation it was possible to discuss these with Chilean consultants who were then working on a technical proposal along these lines—next to a decision to reduce the overall number of recipients. In other words, the administration intended to end the BDH programme as a conditional cash transfer and transition towards a *social floor* alternative.

Regardless of whether or not the reduction in beneficiaries was connected to a change in focus in the programme, what is striking is that no protest followed this process of massive 'graduation'. There was no clear organisation of voices from below—alternatively, no class mobilisation as anticipated by Esping-Andersen (1990). In 2013, the process of 'graduation' had already started. Amongst those graduated recipients, 58 per cent had not been informed about the reason for their exit (Survey data, fieldwork, 2013). Of the remaining 42 per cent who were informed, 61 per cent repeated the MIES automated response: 'you do not need it, others need it the most'. In conversations with former (or 'graduated') recipients during my visits to southern Ecuador, they speculated about the reasons of their exit, providing a variety of reasons, from accessing school grants scholarship, access to subsidised mortgages, the purchase of a refrigerator or other home appliances, or gaining access to public services such as electricity supply. A former BDH recipient interviewed in Loja articulated the feelings of frustration and uncertainty accompanying the exit from the BDH programme:

I went to the MIES office on three occasions. I begged them to include me back in the BDH programme. But, they said no. That I am not in the register anymore. They told me they checked and I should have enough for a living. And I thought it might be true, because I got a new electricity meter. Although I cannot understand, we live in a single room. (Interviewee-F, 2013)

Graduated recipients seemed to have given their silent consent to a process of top-down graduation—one might simply call graduation 'exit' as there is no follow-up on the situation of the former recipients. Some would argue that it is the poor's lack of organisation that allows the massive graduation of recipients without facing much resistance. This can be



attributed to the nature of welfare policies and poverty interventions (Roy & Crane, 2015) that bring together notions of dependency (paternalism even) and erosion of the social base (and possibilities of organisation around their interests). It is also plausible that historical processes of exclusion have resulted in an internalised oppression, a resignation to (their own individual) failure—as the rhetoric of emancipation suggests (Schild, 2015). Under the New Social, with the adoption of cash transfers, social policy shifted from collective schemes towards individualised solutions, in which the costs of ‘self-improvement’ have been imposed on recipients themselves. The moral economy of conditional access to welfare is also key in explaining this: the appeal to co-responsibility is strategic in terms of individualising choices and keeping recipients in check, morally accountable for the nation’s development. With the generic answer *‘hay familias que lo necesitan más que usted’* (there are families who need it [BDH] more than you do), graduated recipients<sup>15</sup> were reminded that there were poorer families than theirs, appealing to values of responsibility and solidarity.

Yet it seems that completely terminating the BDH programme is not an option. Justified as a technical—rather than political—option, official reports argue that the cost of abandoning the programme is equivalent to an increase of 12.6 per cent of persons living in poverty and 44.2 per cent of those living in extreme poverty (Secretaría Técnica para la Erradicación de la Pobreza, 2014). In this document, it is also mentioned that the BDH has positive effects on households’ consumption, nutrition and education, school enrolment, reduction of child labour and, what is particularly important for the central claim of this dissertation, it does not create distortions in the labour market (ibid.). Supporting this view, a recent report on the effectiveness of the BDH in reducing (future) poverty (Araujo et al., 2016) finds that the programme has ‘at most small effects on the transmission of poverty from one generation to the next’ (ibid., p. 15). The authors suggest the BDH is best interpreted as a way of reducing current poverty only.

Nonetheless, and given its reactive nature, the BDH has tended to mimic persistent gendered stratification in the labour market, as further discussed in Chapters 6 and 7. At the intersection with age and ethnicity, women face difficulties securing a formal job and derived social benefits. Without an explicit accompanying agenda aimed at tackling segregation processes in the labour market, these differences continue to be translated

into the social protection system. Patterns of segregation, associated with the condition of vulnerability and poverty, are absorbed into the targeting process, arguably obscuring the root causes of (intergenerational) poverty.

#### 4.5 Conclusions

The chapter has mapped out the institutional trajectories followed in the provision of targeted social protection designed and implemented under the New Social. One structural problem is the reactive nature of social welfare provisioning, which although it aims at providing some sort of security to informal workers, resembles the stratification found in the labour market into patterns of access to substantive social security, pensions and other employment-derived entitlements. Despite the relatively extensive coverage of the BDH programme, which has, however, been downsized in recent years, it has failed to substantially contribute to objectives aimed at improving employment outcomes.

Returning to the central claim of this dissertation, the different trajectories advanced at the institutional level, and thus presented to recipients, amount to a complex array of priorities and practices of social protection. This allows for the reinterpretation of individual outcomes, for example uninsured status, informality and/or inactivity, as social practices conditioned by broader institutional structures that determine what choices recipients have. Following Wacquant, 'institutional mechanisms produce, reproduce, and transform the network of positions to which its supposed members are dispatched and attached' (2015, pp. 247–8). In the interweaving of segregated labour markets and reactive social protection design, populations are confronted with the unpredictability characterising social protection instruments, negotiating their attachment. Thus, the necessary focus on the various institutional trajectories and not simply on the identification of resulting fragmented groups, that is, vulnerable populations.

The BDH, although it has kept the basic CCT model, cannot be reduced to a mechanism of co-option only. The role of international financial institutions and expert networks in the design and dissemination of CCTs is undebatable. Yet this model, once it enters domestic decision-making, meets with government priorities and developmental objectives, and is recast and adapted to serve them—though not always in a systematic way. Next to this, the adoption of different bureaucratic rationalities further informs the appropriation of such a model. Nonetheless, social

protection has maintained its mostly residual and reactive nature, adopting changes in an incremental way.

## Notes

<sup>1</sup> By executive Decree 129, published in the Official Gazette 29, dated 18 September 1998.

<sup>2</sup> SELBEN or Sistema de Selección de Beneficiarios (beneficiary selection system) was developed during 2001 to 2003 in order to tackle poor targeting. The SELBEN uses a proxy-means test, collected directly at the household site in urban areas and self-reported in rural areas.

<sup>3</sup> Operationalising the concept of legibility already discussed, households, as planning units, constitute a simplifying fiction required by the state but inevitably leaving out elements that are essential to their actual functioning as living units.

<sup>4</sup> Children ages 0 to 1 were expected to visit a health centre every two months; for children ages 1 to 5 the visits were organised every six months.

<sup>5</sup> Children ages 6 to 16 were expected to enrol in school and keep attendance rates of at least 80 per cent for each schooling year. For children in bilingual (indigenous) schools, the threshold was lower: 70 per cent.

<sup>6</sup> Mothers interviewed noted that those who had accumulated certain stipends payable to them were often subject to closer monitoring, which might lead to their exit from the programme if it was found that the transfer had been used for their own consumption and not for health and education expenses.

<sup>7</sup> Effectiveness, according to IDB documentation, was assessed in terms of improvements in the targeting, coverage, conditionalities, institutional capacity and impact evaluation.

<sup>8</sup> As indicated in the report, 'parishes are the smallest administrative units in Ecuador' (Araujo et al., 2016).

<sup>9</sup> A study conducted in 2001 by León et al., nonetheless, had found no significant labour supply effects of BS transfers among adults in recipient households.

<sup>10</sup> For a total subsidy of US\$304.3 million.

<sup>11</sup> The graduation strategy combined income criteria: monthly earnings above US\$280 and a SELBEN (or welfare) index above 36.5 points.

<sup>12</sup> Of which 103,018 remained following the ministry's safeguard criteria tailored to protect vulnerable groups such as pregnant women, persons who are retired but do not receive a pension, or BDH recipients who have an outstanding CDH debt.

<sup>13</sup>The ILO has been taking up the cause for the provision of a ‘social floor’, reinterpreting social security as a human right (for an extended description of ‘mutations’ of the CCT model, see Peck & Theodore, 2015).

<sup>14</sup>Note ‘that the collapse in oil prices in 2008–2009 and in 2014–2016 resulted in a severe slowdown of the economy in 2009 and in a deep recession in 2015 and 2016’ (Uribe-Teran & Vega-Garcia, 2017).

<sup>15</sup>About 62 per cent of respondents who were graduated at the time of the survey (2013) indicated this was the reason provided.

## 5

## Embracing the Messiness: Fielding a Survey in Southern Ecuador

### 5.1 Doing fieldwork in Loja and Machala, southern Ecuador

This chapter sets out to reflect on the choices behind the specific methods employed in the field research and later analysis.<sup>1</sup> It discusses the theoretical, practical and ethical dilemmas derived from my methodological choices. In my field visits to southern Ecuador I had the intention of identifying the changes that have come about in informal employment among cash transfer recipients, juxtaposing this with more structural explanations of informality and broader processes of exclusion and marginalisation. Since I was looking at two fronts—state-provided social protection and informality—I located respondents that could inform my understanding of both processes: individuals who were (or had ever been) cash transfer recipients or could be categorised as informal workers—or both, as was often the case.

Data collection proceeded from qualitative to quantitative. During the first visit, from April to September 2013, I spent a few weeks simply talking to people in order to reflect on the realm of the problem before constructing a survey questionnaire. The questionnaire design followed official guidelines, namely the ENEMDU survey (Spanish acronym for Encuesta Nacional de Empleo, Desempleo y Subempleo or National Survey of Employment, Unemployment and Underemployment), as fielded by the National Statistics Department (INEC) and set out to integrate the most pressing issues raised in interviews. During a second visit, from December 2013 to March 2014, I met with key informants in the government and implemented documentary research: reports, policy briefs, legal documents and studies that could inform me about social protection and informality in Ecuador. I also followed up with some of the informal workers I had contacted during the first visit. During my last field visit in

August 2014, I met again with key informants and obtained access to administrative registers, for example BDH monthly payment records and other documentary material relevant to my topic.

Data collection methods included two main activities: interviews and surveys. Interviews consisted of open-ended questions and conversations, whilst surveys involved about 700 observations. Interviews took place in a few home visits but mostly in public spaces such as health centres and open markets. Surveys were conducted mainly at the residence of the informant, open markets and streets, with the help of research assistants. The selection of informants followed a range of sampling methods, which are explained in more detail in Section 5.2.2. Aside from these specific activities, I also engaged in everyday conversations and informal observation of routine activities, and took notes of all the tacit information as it emerged from the field. Aside from data collected, this research also makes use of ENEMDU labour survey data, official records of Registro Social as available for 2003, 2008 and 2013, BDH monthly payments and limited access to social insurance databases (as registered at IEISS).

### 5.1.1 My position in the field

I conducted an analysis of national social policy in tandem with local research, inspired by Harriss-White's notion of field economics. To advance this, I visited two cities, Loja and Machala, located in southern Ecuador. As noted earlier, the selection of Loja and Machala cities was a combination of background, logic and expedience. I am from southern Ecuador, so I considered myself rather familiar with the context. In seeking a site for initiating my study, I chose to be based in my home city, Loja. I travelled to Machala (on the coast) once a month during the five months I stayed in Ecuador. As expected, doing research at 'home' delivered some clear benefits: I knew the context, the language and local customs. I could easily blend in. Nevertheless, it also brought about some tensions: there was a level of performance in respondents' communication with me. They could react to my ethnicity, my age and my socio-economic stratum, relate it to a last name—and a family—and many preconceived ideas that could have informed their interaction with me. In Machala, the situation was slightly different. Although I found effective ways to approach people and advance my research, I was always seen as a '*serrana*' (a woman from the Highlands). This position as 'the other' produced favourable results in most cases. I was able to ask the 'obvious', and people were willing to talk

to me due to plain curiosity—and to ask many questions as well. Overall, it seemed they did not consider me a threatening figure—I found out later that people in the Coastal region consider *serranos* to be quite naïve and harmless. However, it also rendered negative connotations. People in Machala immediately recognised that I was not from ‘the Coast’ (*la Costa*) and kept a precautionary distance, as I was often confused with a public officer—and the state is not always welcome in these settings. Besides, I had to be cautious. I knew it was not ‘my territory’ and I had to be alert for my own safety—as some authorities had instructed me to do. In fact, a police officer in Machala approached me at one point. He was shocked when he learned I was visiting some neighbourhoods labelled as ‘sketchy places’—not a good location for a *serrana*, a female researcher from the Highlands. It should be noted that my security was not threatened. On the contrary, I met warm and welcoming people who let me sit next to them for a few minutes or full afternoons and opened up about their life stories.

In Loja, it was better to reach informants at their workplace. Informal employment is very intense; people work long hours and navigate a hostile version of the city. In conversations with informal workers in Loja, I learned that women who work as street vendors wake up early in the morning to buy their products at the local fair, or start food preparation (often plantain chips or sweet snacks such as *espumilla*) and head towards the city centre before 6 a.m. to catch early customers such as kids going to school or office workers. Domestic workers would have to get up early to get their kids ready, drop them off at school and take a bus to the city centre to the various houses they would have to visit during the day. In Machala, I found a totally different work routine. Many women were found to be working from home, as there is a predominance of door-to-door sales for international brands such as Avon, Nature Garden and so forth. Other women would work in the vicinity, just a few houses away. Domestic work in Machala was more likely to happen within their own neighbourhood, suggesting that both housing and domestic work were less stratified in Machala than in Loja. In this regard, data collection was easier in Machala, as I was able to find most of the informants at their homes.

When conducting interviews, I tried to establish a familiar situation where communication remained open. I learned from the first interviews that an artificial situation was detrimental for communication and led respondents to perform certain roles, perhaps motivated by the inaccurate

assumption that I was related to the government or could, somehow, help them out. By simply approaching interviewees, I did not always succeed in getting an interview or discussing the subject of my research. On a few occasions, I encountered resistance. For instance, in Loja, when I approached an old couple and even before introducing myself, they reacted to my presence with a ‘No, thank you, miss. We are happy with our Catholic religion’ (*No, gracias, señorita. Estamos contentos con nuestra religión católica*). They later explained to me they were afraid I was a foreigner and had associated me with the Jehovah’s Witnesses as they also visit people from house to house. In Machala, a mother confused me with a social worker and broke down in tears when I approached her, asking me ‘not to take away her children’. MIES officials and the police had threatened her that if she continued begging on the streets with her children, she would lose custody of her kids. Aside from these isolated yet extremely informative events, interviews ran quite smoothly.

Breaking the ice was not an easy task. I learned that sharing my personal stories with interviewees helped in ‘levelling the field’. Going back to my recordings, I noticed that in most of the interviews with women I would break the ice by engaging in small talk about cooking. My approach to food did not fit the preconceived idea of the mestizo woman living in the city, but had a rural colouring, thanks to the things I had learned from my nanny Rosa, the rural–urban migrant and domestic worker who inspired this PhD research. My informants and I would exchange recipes for what could be considered rather modest cuisine: no meat, just beans and corn. This seemed to break through our performative roles of researcher and interviewee, and most importantly, make of social distance something less important, at least for a short while. We would share details about our lives and the narrative(s) could follow easily. My marital status also seemed to help. Being a single childless woman in my late twenties triggered some curiosity. I was asked about my life choices, sometimes with actual concern—‘aren’t you afraid of dying alone?’ someone asked me—and other times with genuine interest. Their stories would sometimes be framed as a counter-narrative to my life. Many women I interviewed who were about my age, or even younger, already had a couple of children: ‘if you have no children, then who is going to look after you when you get old and sick?’ This close interaction was transformative: I also changed in the process. I



learned how to avoid otherwise intrusive ways of approaching people, respect their dignity and silence, and avoid talking to informants in an instrumental way.

My research project not only benefited from the interaction with cash transfer recipients and informal workers, but required a closer interaction with the administration, at first to request information, then, slowly but certainly, to try to understand its contradictory motives and practices. When I approached the state as a random citizen using public means, for example filling out information requests online or addressing them with formal letters, to ask about the workings of the cash transfer programme or how to access employment statistics, I was ignored. Letters were sent to the head of governmental agencies such as MIES, INEC, the Labour Department (Ministerio de Relaciones Laborales) (MRRL) and municipalities. Being an independent researcher, not part of any known consultancy firm or an overseas development project, exposed my own experience of invisibility. I had to make use of rather informal channels alongside formal requests for information. It was not until I was backed up by the head of the INEC, who agreed to be the local supervisor of my research, that some organisations started to respond, albeit still with some caution. I was granted access to statistics, booklets, reports I could not have had access to in any other way. I also received advice on data collection from experienced enumerators. They commented on their own experiences fielding surveys, showed me maps of the city and alerted me to what they considered unsafe locations.

Visiting other government agencies after a few phone calls to former colleagues working in the public sector also affected (positively) my position as a researcher in Ecuador. I noticed that people of my generation working in the government were willing to help. Arguably this was due to my position: I was perceived as a young female scholar from a small city who managed to study abroad. In this narrow circle of economists, which I used to frequent in my studies and my former job, my new position seemed of benefit. Note that the current administration is well known for employing very young professionals, most of them economists graduated from my former university, known for its strong quantitative focus. I knew that to be recognised within this community, I had to be strategic and show I had some experience with data analysis. For them, having someone who used their lingo was quite comfortable, and they were willing to tell

me the details of policy documents or explain the methodological discussions behind official figures. Gender was surprisingly salient in this context, ranging from actual surprise when encountering a young female PhD researcher, to stigma and plain sexism. Aware of my position, I tried to level gender concerns with academic rigour and claims of mutual respect. It could be said that I often managed to turn it in my favour.

Through this approach I was able to access crucial information, opening up some spaces to discuss policies and test some preliminary ideas (e.g. validate what I had identified as main employment trends and speculate on the causes of informality). To a certain extent, this was a process of reciprocal instrumentation. I was often asked about the perception that European scholars might have about the political process unfolding in the region, the most recent academic developments in the field of social protection and the most frequently used methodologies being applied at the moment. I presented my research project in a seminar organised at FLACSO (Facultad Latinoamericana de Ciencias Sociales or Latin American Faculty of Social Sciences), which attracted various academics and some key people in the policy making circle. After this event, I was invited to discuss my project in detail with some high-ranking government officials. More than once, I was asked to join the central government again. Yet, at the same time, many networks and data were restricted, beyond my reach, following explicit or implicit rules specific to the public administration or closed networks I did not have access to. Many fascinating conversations had to follow secrecy rights and have remained purely informative, with no possibility for me to include them in this dissertation. All things considered, the many talks, seminars, meetings and conferences gave me a clear picture of how knowledge is used and produced for policy making, providing me with nuance and context.

### **5.1.2 Interviews: some methodological dilemmas**

The time scheduled for the first field visit to southern Ecuador included some weeks simply talking to people in order to reflect on the realm of the problem before trying to construct a survey questionnaire. This preliminary immersion in the field allowed me to gain a better understanding of the most pressing themes regarding employment and social protection, as reported by the informants. The interviews pointed at a complexity that later quantitative methods such as surveys failed to capture, alerting me to

the dynamic interactions affecting not only the experience of social protection but also the complex and fluid configuration of households. In my survey design, I tried to incorporate the most significant subjects that came up in the interviews. However, even when well advanced in the survey data collection, I kept on conducting interviews.

Aware of how critical sampling decisions are, I gave careful thought to the selection of informants. Yet as I advanced with my field research, I realised that I could not pretend to have control over who participated in the interviews: it was better to be open and flexible and let some unexpected informants, places and situations be included in the research. In the end, the selection of interviewees followed different strategies: probability sampling, location sampling and respondent assisted sampling. At first, I randomly selected 30 households (for each city) from the Registro Social listings. With the contact information provided there, I started looking for the listed households. Not surprisingly, I noticed that the listings were pointing at the wrong addresses and that in general, data on households' composition was not up to date. In addition, urban planning had also changed. Major urban renewal projects had taken place, making the addresses provided obsolete. At that point, I tried contacting informants using the phone number provided in the listings, but only a few households had a valid phone number. Moreover, all of those who picked up refused to participate in the interview. As expected, people were reluctant to talk on the phone about the cash transfer programme or to provide any contact information. In this manner, after two weeks of exhaustive searching, I only managed to locate and successfully interview two of the selected households.

Disappointed, I decided to spend a couple of days collecting information from governmental agencies, to give myself a rest from the unsuccessful search for recipients. In an interview with an officer of the regional Employment Department, I learned that the easiest way to contact cash transfer recipients was to visit the public health centres—recall that the cash transfer programme BDH is conditional on taking the children to periodic medical check-ups. Following the programme's logic, I visited health centres on an almost daily basis for about a month. Health staff members allowed me to advance my interviews and were very accommodating. They introduced me to the people as a 'social worker', believing that people would be more willing to talk to a staff member. With this label, I was free to sit and talk to people while they were waiting for their

appointment. The receptionist also helped me by redirecting cash transfer recipients to me, filtering them at the check-in and indicating that while they waited for their turn, they could talk to the ‘social worker’. However, implicit in this strategy was a question of ethical conduct. I was not comfortable with the arrangement. I realised that people might have expectations about our talks or frame their answers in a strategic way. I decided to carry credentials with me that would clearly indicate that I was a PhD researcher taking testimonials on the experience of the BDH programme. This, instead of affecting participation, seemed to encourage informants to approach me and tell me more about their experience of the BDH programme.

After a month of visits to the health centres, I became aware that I might be overrepresenting the most readily accessible and visible population: mothers accessing (and in need of) public health. Apart from this, I noted that I had saturated the narratives on social protection. In search of richness and variation, I decided to sample individuals who visited specific locations often associated with informal employment: open markets, artisanal markets, waste disposal units, laundry facilities and so forth; and simply started walking in the city and casually engaging in conversations with street vendors. I also had the chance to build empathetic relations with domestic workers employed by my family. It is worth mentioning that it is quite common in Ecuador to have paid domestic work in middle-class households. Of course, this approach to domestic workers brought about tensions with my family, as they felt quite uncomfortable with the close ties I had developed with ‘their employees’. I think they would have preferred me to leave research work outside my home. Nevertheless, I just could not let go such a rich opportunity to get to know these women’s experiences, in a closer context of trust and mutual understanding.

## 5.2 Fielding a survey

Household surveys are regarded as useful instruments to organise eligible households, select recipients and audit delivered benefits. Because of these features, many schemes for social protection rely on these sort of data for the purposes of targeting. The BDH relies on household surveys to identify, categorise and monitor the target population: mothers with dependent children, the elderly and disabled people. It is used to construct poverty profiles, necessary to establish who is eligible for state support.

Household surveys are limited in scope. When used to construct official records of households, it is possible to find significant gaps in data collection, missing values and serious inconsistencies. In fact, it has been largely agreed that the complexity of households makes of statistical investigation a very difficult task. Households might appear disorderly and often unintelligible. However, in an attempt to make them understandable and legible for social researchers and state intervention, data collectors have to rely on simplification. Such simplification might, however, misinterpret households' dynamics and end up harming the effectiveness of targeted modes of social protection.

This motivated me to implement my own surveys in southern Ecuador as a way to contrast household data used to determine eligibility for the BDH programme and understand the challenges of fielding a social survey. Drawing on survey data in tandem with qualitative data obtained through interviews, my work focused on deconstructing some of the assumptions required in quantitative research on households. To achieve this, the next section explores the implications of researching households and considering them as fixed units for the purposes of locating informants, fielding survey questionnaires and informing policy design. Issues of real life course trajectories, purposive misreporting and administrative errors are explored as plausible sources for the partial perspectives identified in the state's view of household dynamics.

Reflecting on the task of fielding my own survey, I turned to theorising households as planning units, for the purposes of state regulation and protection, different from households as living units—the latter more fluid and complex. Although for the purposes of policy design it might be necessary to see households as planning units, as fixed and bounded, what I learned from the field was that households are marked by diversity and change. My work pleads for a shift towards understanding households as *living and fluid* units, with their members constantly renewing in a very complex context. From my field experience, I noted that targeting frames ideas of social citizenship or how social rights allow citizens to negotiate and/or access certain entitlements. Their familiarity with targeting schemes had provided possible recipients with a certain script to more effectively present themselves as eligible for cash transfers. Many informants knew how the 'deserving poor' could be made visible to the state, enumerated and accounted for in some sort of official record. Many examples from the

field support this argument regarding selective reporting of household conditions.

The official records used in this dissertation are constructed from large-scale household surveys. These registers are distinctive in the sense that they are based on direct recording of households' conditions with the explicit intention of knowing the population and targeting resources to them, including (factual) information on access to public programmes as well as respondents' perception of their own situation. To be specific, the data contains information on social benefit applicant and/or recipient households, which is why the data set has been named the Social Register (*Registro Social*). The Social Register consists of a comprehensive enumeration of households deemed eligible to participate in the cash transfer programme. Following Mortelmans and Pasteels (2013), I used these official records as my sampling frame in the process of implementing my research. The authors point to some benefits of using official records: data on targeted populations are quickly available, structured, comprehensive and without missing values. What is more, the official nature of the data serves social research, both by saving time, as information has already been collected by public agencies, and by bearing out any further analysis on formal institutional grounds. After all, the data have been collected by the bureaucratic apparatus of the state. The listings provide useful information on recipient households: full names, address, contact phone number, household composition, data on livestock, access to public services, sources of income, exposure to risks and other factors used to calculate the programme's poverty line and determine households' eligibility.

Yet, when exploring the household listings in detail, I noticed that the data were neither accurate nor up to date. As I fielded the survey and started looking for the households selected in the sample, I became aware of the problems of relying on official records for conducting social research. For instance, I noticed that certain groups, such as informal workers, were extremely difficult to find and remain misrepresented in the official listings. What is more, I found that the sample unit, that is, the household, could not be neatly defined once in the field. In the light of these issues, I had to opt to interview individuals only, since the nuclear family as it appeared in *Registro Social* listings did not necessarily match the group of persons listed as part of the same household. Note that the definition of household used for statistical purposes accounts for the number of people sleeping under the same roof, which as argued by Martinotti

(in Byrne, 2002), is not the most important aspect of their lives. In the midst of my survey data collection, updated listings started to circulate and corroborated the rapidly changing nature of households that I had alleged was not captured fully in the official records.

Although I could have smoothed out this complexity and focused on building a representative sample of households only—various methods have been advanced to reduce the bias introduced by non-response and attrition (see Deaton, 1997; and a supplementary discussion in Lavrakas, 2004)—I decided to explicitly incorporate the untidy and complex context I encountered and flag some of the assumptions behind surveys for the purposes of social research. In the main, I am interested in exploring to what extent it is possible to capture the rapid changes in household(ing) and organise them sufficiently and truthfully to inform policy design. The chapter outlines three connected contentions that can be held accountable for the fickleness found in official household records: real life course trajectories, purposive misreporting of household data and administrative flaws.

Instead, primary quantitative data (e.g. the survey conducted by me) is used to explore some commonalities operating in the field. In the analysis of complementary qualitative work, close attention is paid to the constraints that the family system and other institutional arrangements place on employment choices and access to welfare. The purpose is to document some of the reasons why formal employment is low among cash transfer recipients, and to provide a basis for understanding how and why some modalities of social protection are related to informality and, more broadly, to labour segregation. The coupling with local research also sets out to deepen the study of labour dynamics based on elements not accounted for in official statistics. National employment surveys are less likely to capture the dimensions of informality associated with female-intensive low-paying jobs, whereas my fieldwork had as its starting point the exploration of such features. My qualitative work benefited from a more detailed and contextualised illustration of employment choices. The attention is focused on the specific situation of recipient mothers in the labour market. How employable are they? What kinds of jobs are available to them? Is there any evidence of transition from formal to informal occupations among recipients? If they had graduated from the cash transfer programme, what difference does it make in terms of job search, labour

income, employment span, mobility and access to contributory social protection? By means of a detailed analysis of contrasting accounts, evidence is provided on the various structural constraints restricting employment choices, taking the discussion to the broader conditions generating and perpetuating informalisation. It should be noted that the interplay between structure and agency is constantly brought into the analysis, but is discussed in detail in Chapters 5 and 6, which explore the structure in which recipients operate, and the various ways in which they reflect on it and find ways for negotiating a living. From the outset, I should be clear that I see agency not as a synonym of choice, but as a determinant of change, as non-reflexive action can also constitute agency.

### 5.2.1 The role of research assistants

In order to implement the survey, I required the help of research assistants who could help me to enumerate and interview respondent households. Knowing from the interviews that most of the survey respondents would be women and that the interviewer's gender did matter, I preferred to hire women from the community rather than undergraduate students, as is the common practice among junior researchers. The enumerators had previous experience doing surveys, had participated in community projects, and a couple of them had even worked for MIES in collecting household data for the cash transfer programme. I provided the assistants with some basic training on interview techniques: how to approach respondents with an open and respectful attitude and how to explain the questions in a simple and friendly way. We also discussed the meaning and purpose of each survey question, and I explained the goals of the research so that they could convey them to the respondents.

I joined the assistants during the first days of data collection, then continued to monitor them systematically. They developed a deep commitment to the research project and showed great empathy for respondents' life stories. They submitted weekly reports on the experience of data collection, and we had lunch together every second week to exchange some thoughts about the survey activities. At times, I spoke with them by phone almost every day. At the beginning, they called me to ask for clarification on how to look for the addresses, use the city maps, explain a question or confront refusal. After several days, the content of the phone calls changed. It was rather related to the realities they were getting to know. They wanted to share what they had witnessed. When I started receiving



the first questionnaires for revision, I found plenty of side notes in the margins. The notes would further explain the specific problems faced by single mothers, or break down fixed categories that they felt did not capture fully the reality in the field (e.g. occupation categories). As expected, when doing some consistency checks I did find incoherent answers and gaps in data collection, in which case I could ask the enumerator to revisit the household or call the respondent to complete the questionnaire. However, these problems were of minor concern. On the contrary, I think that by hiring women from the local community I not only managed to enter otherwise secluded spaces, but also got a rich account of local dynamics as experienced by community members themselves.

It is worth noting that in view of the various concerns I had regarding interviewing people, I designed credentials for the research assistants and myself. The most pressing concern had to do with expectations. I wanted to avoid delusory expectations by indicating in advance that we did not work for the government and therefore did not have the power to secure their acceptance in the programme or favourable treatment for anyone. In addition, I tried to avoid response bias, assuming that if people knew that no direct benefits would result from their participation in the survey, they would be less likely to shape their answers to the questionnaire. Yet the above scenarios occurred anyway: people asked whether we could help them; underreported information on their economic situation; or simply refused to participate for fear of risking their participation in the programme.

In retrospect, I can see that the selection of research assistants proved more complex than I had perceived in the field. Although employing local people greatly facilitated access to recipient households in deprived areas, it also implied that non-recipient households did not necessarily want to interact with them. Research assistants sometimes felt that they were not welcome in some more mixed neighbourhoods or were not in a position to ask certain questions: (enumerator) 'do you receive or have you received cash transfers?' (respondent) 'can't you see me? How would I be receiving cash transfers? I have a proper job.' In addition, ethnicity added complexity to their role as enumerators. It suffices to state that when fielding the survey questionnaire, the great majority of people would indicate identifying as mestizo (mixed race) except when asked by one of the black researchers, to whom a significant number of respondents would report identifying as white. Although this implies that information on that

survey question cannot be trusted, it speaks of the segregation operating in these provinces.

### 5.2.2 Sampling: some considerations

Following Mortelmans and Pasteels (2013), I used BDH official records as my sampling frame in the process of implementing my research. The sampling for the quantitative research was disproportionately weighted toward cash transfer recipients close to the poverty line set for the BDH programme, recognising that considerable income instability exists well above the poverty line even among ‘graduated’ recipients. The self-collected survey was fielded using a large national database on BDH beneficiaries (Registro Social formerly SELBEN) as sampling frame. Registro Social is the database used for targeting poor households and allocating transfers under the BDH. Compiled by MIES, it contains information on socio-economic variables, education and employment as well as demographic characteristics of all family members living in areas previously selected by a poverty map, that is, geographical targeting. The data contain information on households at the national level, but following my focus on the southern provinces of Loja and Machala, I restricted the observations to the cities of Machala and Loja (urban capitals) within these provinces. The survey attempted to deal with informal and transient households, beyond what was described in the social registers.

The survey followed a clustered two-stage sampling design, first selecting clusters: Loja and Machala cities, in a first stage census blocks and then households. For each city, households listed in Registro Social were sorted according to a welfare index—a composite welfare used by the Social Cabinet to identify eligible households—to endow the sample of implicit stratification. Next, a proportionate sample of households was picked from each census block—small areas defined by the Statistical Bureau—to account for geographical targeting used for the BDH programme. The idea was to allocate a number of recipient households to be surveyed in each block/area, based on their original proportions in the sampling frame. The design purposively oversampled working-age women close to the poverty line set for the BDH programme—a SELBEN index of 36.59 (MIES, 2012)—as they are more likely to ‘graduate’. It also allowed for 20 per cent oversampling, anticipating absence of informants, attrition and refusal. After sampling individuals from the data, I set out to interview as many people as possible that were listed in Registro Social. I was able to acquire

direct data from the household head or his/her partner for 84 per cent of the households listed in the sample obtained from Registro Social, adding up to 474 observations, 252 in Machala and 220 in Loja (see Table 5.1), located in 44 different census blocks.

*Table 5.1 Random sample Loja and Machala (2013):  
descriptive statistics for the household head or partner*

	Total		Loja		Machala	
	Share	Std. Err.	Share	Std. Err.	Share	Std. Err.
Sex (1 if female)	92%	0.023	94%	0.023	91%	0.032
Age group						
10-17 years	3%	0.014	7%	0.048	1%	0.009
18-24 years	22%	0.037	20%	0.035	24%	0.052
25-44 years	48%	0.050	53%	0.069	46%	0.065
45-64 years	22%	0.033	20%	0.048	23%	0.041
65 and above	5%	0.016	1%	0.004	6%	0.022
Education						
None	5%	0.017	6%	0.025	5%	0.022
Literacy centre	5%	0.021	2%	0.012	7%	0.030
Vocational training	1%	0.010	1%	0.008	1%	0.013
Primary education	53%	0.057	79%	0.058	44%	0.073
Secondary education	31%	0.057	10%	0.048	38%	0.075
Higher education	4%	0.031	1%	0.008	1%	0.008
Ethnic group						
Indigenous	2%	0.008	6%	0.029	0%	0.003
Afro-descendant	0%	0.002	-	-	0%	0.003
Black	1%	0.010	-	-	2%	0.014
Mulatto	5%	0.018	-	-	7%	0.025
Montubio	1%	0.004	1%	0.004	1%	0.005
Mestizo	84%	0.040	93%	0.029	81%	0.054
White	6%	0.034	0%	0.002	9%	0.047
Other	0%	0.003	-	-	1%	0.005
Marital status						
Single	29%	0.046	29%	0.065	30%	0.057
Married	43%	0.050	53%	0.063	38%	0.062
Living together	21%	0.035	9%	0.030	26%	0.047
Widowed	4%	0.017	3%	0.013	4%	0.023
Divorced	3%	0.007	6%	0.016	2%	0.007
Employment status						
Employed	56%	0.047	79%	0.058	50%	0.061
Unemployed	6%	0.024	7%	0.045	7%	0.030
Inactive	34%	0.039	14%	0.045	43%	0.052
Household size (average)	4.299	0.204	4.851	0.163	4.238	0.249
Number of children (average)	1.830	0.153	2.426	0.198	1.692	0.197

	Total		Loja		Machala	
	Share	Std. Err.	Share	Std. Err.	Share	Std. Err.
SELBEN index (average)	40.76	1.582	34.49	2.601	42.57	1.829
Proportion around threshold (+/- 10)	61%	0.044	61%	0.086	62%	0.055
Non-recipients	34%	0.056	12%	0.045	39%	0.071
BDH recipients	35%	0.055	51%	0.075	31%	0.069
Graduated BDH recipients	31%	0.037	37%	0.064	30%	0.046
Non-covered by social security	80%	0.053	90%	0.033	75%	0.077
Workers in the informal sector	51%	0.045	78%	0.062	42%	0.058
Number of observations	474		220		254	

Source: Fieldwork 2013.

The majority of informants (92 per cent) in the random sample were women between 25 and 44 years old (48 per cent). Such a proportion of women replicates the actual share of working-age female recipients: ENEMDU data for 2013 reveals that 92 per cent of BDH recipients were women aged 40 years, on average. With regard to education, 52 per cent have completed up to a primary level. Most of them were from mestizo background (84 per cent). Some variation regarding marital status was found at the city level. Married informants were predominant in Loja (53 per cent), compared to 9 per cent who were cohabiting, whereas in Machala 38 per cent reported being married and a significant share of respondents (26 per cent) reported cohabiting. The average household size reported was approximately four people, composed of two adults (not necessarily a couple) and two minors. In Machala, a significant share of respondents (43 per cent) was classified as inactive, neither employed nor looking for a job. With regard to employment status, city differences were evident. Although the majority reported being employed at the time of the survey (59 per cent), Loja's rate was much higher (75 per cent) compared with that of Machala (51 per cent). Of those reported employed in the total sample, approximately 89 per cent were working in the informal sector (measured at the firm level, accounting for those that lack registration or bookkeeping, or that employ fewer than ten people). Accordingly, informality rates were higher among informants in Loja (98 per cent) than in Machala (83 per cent). Regarding informal employment, using as a proxy the share of informants who reported being employed but not covered by social security (IESS), 80 per cent of the informants belonged to

this category. Again, informality levels were higher in Loja (90 per cent) than in Machala (75 per cent).

Yet the random sample based on Registro Social seemed to fail in reaching out to informal workers. This is a group which is particularly hard to see through conventional methods such as random sampling, which is why other non-random sampling methods were applied for this phase. Non-random methods included respondent-driven sampling and location-based sampling. Respondent-driven sampling consisted of asking informants to help us with outreach to other cash transfer recipients living in the surrounding area. Location-based sampling consisted of visiting venues where informal workers could be found. Qualitative interviews and field observation helped to identify the most common places for informal work, including markets, open streets, work recruitment venues (central square, especially effective to reach construction workers), waste disposal units, laundry facilities and other outdoor spaces. Enumerators were asked to visit the listed locations on specific days of the week and to look for the appropriate timing for informants to be surveyed, for example visiting street vendors during Saturday mornings while locating waste pickers/recyclers during evening hours. Although this strategy was effective in sampling hard-to-reach informants, it might have led to the inclusion of similar elements in the sample.

Following this strategy, the remaining 16 per cent of survey data collected represents information from comparable individuals who were not part of the Registro Social survey, adding 221 observations (see Table 5.2). Migrant families, itinerant vendors, newly married couples and single mothers were among the various interest groups included in this group of respondents, assuming they were likely to be excluded from the random sample constructed from Registro Social listings.

*Table 5.2 Pooled sample Loja and Machala (2013):  
descriptive statistics for the household head or partner*

	Total		Loja		Machala	
	Share	Std. Err.	Share	Std. Err.	Share	Std. Err.
Sex (1 if female)	98.6%	0.002	98.8%	0.002	98.6%	0.002
Age group						
10-17 years	1.2%	0.0054	1.2%	0.0081	1.3%	0.0075
18-24 years	12.4%	0.0134	13.0%	0.0195	12.1%	0.0186
25-44 years	53.6%	0.0204	56.1%	0.0297	51.3%	0.0284
45-64 years	25.4%	0.018	25.8%	0.0263	25.1%	0.0248
65 and above	7.4%	0.0101	4.0%	0.0113	10.2%	0.0163
Education						
None	7.9%	0.011	8.1%	0.017	7.8%	0.015
Literacy centre	5.1%	0.009	3.9%	0.012	6.2%	0.014
Vocational training	0.7%	0.004	1.1%	0.007	0.3%	0.003
Primary education	63.7%	0.019	80.7%	0.024	49.0%	0.029
Secondary education	20.3%	0.016	5.4%	0.014	33.2%	0.027
Higher education	2.3%	0.006	0.8%	0.005	3.4%	0.010
Ethnic group						
Indigenous	2.9%	0.007	5.1%	0.013	1.0%	0.005
Afro-descendant	1.6%	0.005	0.4%	0.004	2.6%	0.009
Black	2.0%	0.006	-	-	3.8%	0.011
Mulatto	6.1%	0.010	-	-	11.5%	0.018
Montubio	0.7%	0.003	0.8%	0.006	0.7%	0.004
Mestizo	82.1%	0.016	93.3%	0.015	72.0%	0.026
White	3.9%	0.008	0.5%	0.005	7.0%	0.015
Other	0.7%	0.004	-	-	1.3%	0.007
Marital status						
Single	27.2%	0.018	23.1%	0.025	30.9%	0.026
Married	40.7%	0.020	52.2%	0.030	30.4%	0.026
Living together	20.3%	0.016	7.8%	0.016	31.2%	0.027
Widowed	4.5%	0.008	6.2%	0.014	3.1%	0.009
Divorced	7.3%	0.011	10.7%	0.019	4.5%	0.012
Employment status						
Employed	60.2%	0.019	80.4%	0.023	41.7%	0.028
Unemployed	7.2%	0.011	3.2%	0.010	11.0%	0.018
Inactive	32.4%	0.018	16.4%	0.022	47.1%	0.028
Household size (average)	4.553	0.093	4.663	0.121	4.459	0.141
Number of children (average)	2.068	0.062	2.274	0.092	1.900	0.084

	Total		Loja		Machala	
	Share	Std. Err.	Share	Std. Err.	Share	Std. Err.
In Registro Social	68.6%	0.019	67.3%	0.028	69.6%	0.027
Non-recipients	19.9%	0.016	14.4%	0.021	24.4%	0.024
BDH recipients	40.9%	0.020	48.7%	0.030	34.6%	0.027
Graduated BDH recipients	39.2%	0.020	37.0%	0.029	41.0%	0.028
Non-covered by social security	89.2%	0.014	87.8%	0.020	90.7%	0.019
Workers in the informal sector	56.6%	0.019	78.0%	0.025	37.1%	0.028
Number of observations		679		325		354

Source: Fieldwork 2013.

Registro Social administrative records were linked to my own survey data where there was sufficient information available to identify matching respondents. This linking process followed confidentiality and ethical considerations. The linkage record contains information on survey respondents who appeared in the universe of Registro Social. The records contain household and individual identifiers, which enabled the creation of a new data infrastructure, which in turn enhanced demographic details and tracked employment dynamics of the target population. The linking process was used to explore the amount of under coverage of the informal population and the amount of attrition in transient households, and to evaluate the quality and biases in responses regarding employment status. A good example of the issues that can be explored in matched data is provided in Chapter 6, where information collected by MIES technicians is contrasted with recent survey data, showing a tendency to not to disclose paid work from public agencies. It should be noted that my survey questions, although wide-ranging, were not exhaustive. Mindful of this limitation, I complement the analysis of survey data with in-depth interviews.

### 5.2.3 Enumerating households

Eligibility for actual survey participation, considering the methodological challenges explained elsewhere, followed somewhat relaxed guidelines: participants had to be 10 years of age or older, report having (had) registered in the listings of Registro Social or having been a recipient of BDH transfers, or be engaged in informal work. Note that many informal workers remain invisible to official survey data collection and therefore do not



appear in any listing. I instructed the other surveyors to interview the household head or his/her spouse. I failed to obtain information about all household members, as surveyors mostly found participants at their workplaces, and they were not keen to share such information in that context or simply were not willing to spend much time answering a survey.

As I fielded the survey, we faced countless problems in locating the households in the sample. Registro Social listings were not accurate, critical contact information was missing, addresses were out of date and household data no longer matched the actual composition of families. Apart from this, I had to deal with the changes that had occurred in the cities due to urban renewal, which made the very few valid addresses obsolete. To tackle these issues, a mix of sample designs was advanced, trusting that the combination of methods would benefit the research, as the weakness of one would be compensated for by others. With these ad hoc strategies, I managed to conduct 359 surveys in Loja, of which 210 matched the individuals listed in original official records. In Machala, I collected 365 surveys, of which 228 matched the records. These data were coded in the field and analysed upon my return to the International Institute of Social Studies, ISS.

Getting into the details of the various methods devised for sampling once in the field, at first, a location-based strategy was implemented. In each city, a quota of potential informants was identified following census area demarcations. I first tried to allocate a number of households to be surveyed in each area based on their original proportions in the sampling frame and managed to survey quite a few households with this strategy. Yet this required great amounts of time and effort looking for households, and did not address the issue of outdated listings. In fact, it deepened the problem of not knowing in advance the changes in households' composition and modifications to urban topography, as discussed elsewhere. In the light of these obstacles, I had to rely on respondent-assisted sampling, that is, asking people in the neighbourhood to help us reach out to other cash transfer recipients and/or applicants living in the surrounding area. Although this proved effective for sampling hard-to-reach households, it might have led to the inclusion of similar elements in the sample, at the cost of reducing variability. In addition, focusing solely on households that were applying for or receiving cash transfers could have introduced bias in the survey. In search of variation, I started looking for cases of informal

employment regardless of access to social protection and contacted new sources for respondent-assisted sampling, now among informal workers.

Availability-based sampling was also employed to enrol informal workers. Selected informants were approached by the surveyor team and asked if they were interested in participating in the survey. Again, the respondents helped us to locate and gain the participation of others. Yet it is worth noting that the way in which we approached informal workers might have oversampled already visible groups such as street vendors, at the expense of others such as indoor workers. In addition to this issue, the time allocated for answering the questionnaire among informal workers interviewed at their workplace was much reduced, as they wanted to get back to work quickly. Refusal rates tended to be higher among this group. Few of them were tactical in showing themselves as informal workers. They were very aware that the lack of formal employment is actually a good strategy to access social benefits. Knowing that the cash transfer programme in Ecuador is specifically targeted at workers lacking social security, they were quite reluctant to talk about any benefit at work and some seemed to have misreported this information.

### **5.3 Keeping track of a changing context**

#### **5.3.1 Large-N analysis: gathering official employment data**

The empirical analysis presented in Chapter 6 begins with the broader structure of the labour market in Ecuador. For this part, data were obtained from the National Statistics Bureau, consisting of the publicly available labour survey data, ENEMDU, acknowledging that accuracy is doubtful with regard to the study of informality. Nevertheless, a comparative analysis of labour survey data helps put together a general representation of the evolution of informality, following official definitions adopted by the Ecuadorian Statistics Bureau and in observance of ILO guidelines. This in turn is contrasted and/or corroborated with fieldwork data. In 2013–14, during three extended field visits, I collected information, via interviews, official documents and informal conversation, that provided contrasting accounts of the political, economic, social and ideational dimensions of social policy making.

A comparative static analysis, based on repeated representative samples of the working-age populations, is used for the macro-analysis of employment data. It focuses on the evolution of aggregates, averages, medians

and compositions of key variables pertinent to my research problem. Although this by no means captures the complexity of informal employment, it hints at the broad structure of the labour market, and the use of repeated surveys permits the study of change. Next, I couple the macro structural analysis with local research in order to gain insights on the specific workings of informality and social protection, as presented in the next two chapters. Although ENEMDU data include a module for generating indicators on informal sector employment and informal employment, there is a chance of missing less visible activities such as those of home-based female workers. The analysis of labour survey data presented in Chapter 6 is used to lay the groundwork for the study of the connections between informality and social protection. Chapter 7 zooms in on the case studies of Loja and Machala. These cities exhibited an assorted scenario for studying the effects of social protection. The selection of contiguous provinces provided a greater degree of control over cultural, historical and ecological conditions. Due to commerce linkages and migration processes operating within the southern region, differences in levels of economic development and education are minimised. Nevertheless, constant comparisons with national-level (and main cities) estimates can help to balance the potential effects of contiguity.

It is worth noting that the sampling for the fieldwork survey was disproportionately weighted towards (former and current) cash transfer recipients, a population about which there are only thin data in national employment statistics (ENEMDU data). Thus, it is neither generalisable to the rest of the female population nor representative of the totality of the labour force. However, it centres on female informal workers, a population insufficiently accounted for in national data. This population is particularly hard to see through conventional methods such as random sampling, and therefore other non-random sampling methods were applied in this phase to locate respondents. Due to the sampling design, which accounted for the most salient characteristics of cash transfer recipients and/or informal workers, many variables are skewed. Chapter 7 operationalises a methodological alternative, explicitly considering such data complexity. Multiple Correspondence Analysis is used for the visualisation of survey data. The approach is tailored to examining the relations between categories of variables by means of using contingency tables, represented in two-dimensional maps. Such transformation permits

a clear visualisation of variables and categories of variables, useful in uncovering relationships for small-n, and is presented as complementary to large-N methods discussed here.

## Notes

<sup>1</sup> This chapter is written in the style of a reflective account of the author's experiences fielding a survey in southern Ecuador.

## 6

## A Macro-Analysis of Employment and Cash Transfers in Ecuador

### 6.1 The setting: informality and social protection

In recent decades there has been a growing consensus on the deepening of informality in Ecuador. The share of workers in the informal economy has remained constant, even increasing during the period 2015–16. Job finding rates are higher within the informal sector. There has not been a sustained increase in the share of formal job opportunities despite moderate economic growth experienced between 2012 and 2013. The share of self-employment has increased and the absolute number of temporary jobs remained unchanged between 2007 and 2015. Further, a significant proportion of workers in the formal sector are still unprotected. The traditional mechanisms of social security, typically provided through entitlements derived from formal employment, are still accessible for the most visible sectors of the workforce only. If workers remain in informal activities, the necessity of providing social protection through alternative, non-formal work-based mechanisms becomes increasingly important. Indeed, the promotion of cash transfers in Latin America, Ecuador being no exception, can be identified as a response to such challenges of providing social security to informalised labour forces.<sup>1</sup>

However, non-contributory social protection alternatives have been accompanied by criticism signalling issues of perversity and dependency. Social protection, some argue, has distortive features: the cash delivered to individuals provides them with (perverse) incentives to remain in or opt for informal sector employment. A significant number of studies have tested this interrelation, centred on individual employment choices. However, these often do not adequately account for the structural impediments many workers face to enter into formal employment. If one considers such structural constraints, the role of cash transfers in conditioning people's employment choices appears to be marginal. Put simply, what choice is

there if there are no formal jobs to queue for? Job availability, combined with poor qualification, largely restricts the options that can be taken. Nevertheless, job search is not constrained by training only. Choices may also be constrained by sex, age and background, as discussed in Chapter 7. Familial demands, childrearing duties being the most pressing, seem to be quite restrictive in the Ecuadorian labour market. Societal and familial pressures to remain at home, the need to perform paid work to obtain some income, and the cost and unavailability of childcare centres, compound each other and hamper the possibility of choice. Young workers, regardless of their sex and educational attainment, are most likely to be pushed into bogus self-employment and salaried informality, as companies profit from their lack of experience, sidestepping employment regulation.

Though it might be the case that cash transfers are having an effect on informality, it might not be through the perverse incentives channel, but rather through the institutional channel of implementation of targeted modes of social protection: the eligibility by informal employment status or the condition of carer and/or motherhood. The shift towards non-contributory social protection, although enhancing the poor's income and inducing human capital expenditures, is not sufficient to permanently affect the underlying causes of economic inequality, such as the valuation of work and instability of labour income, which affect informal workers' current and future prospects, for example the inability to accumulate (enough) pension funds. The focus of this chapter is precisely the structure in which recipients operate.

The chapter is organised as follows. The first section offers a macro-analysis of employment structures, signalling main trends obtained from labour survey data in Ecuador and exploring the structural constraints to accessing formal employment. Particular attention is given to informal employment arrangements, engaging in current debates on how to measure it and how sizeable it is. Then, by means of using longitudinal data, an estimation of employment transition matrices follows, aimed at understanding how workers shift among inactivity, unemployment and different employment categories. By doing so, the role of cash transfers in the persistence of informality is put into perspective, closing the chapter with a reflection on the responsiveness of social protection to these structural limitations in the labour market.

## 6.2 Macro-analysis: employment structures in Ecuador

The analysis in this chapter focuses on the years following the implementation of targeted social assistance instruments in Ecuador, discussing at length the elements of continuity and change accompanying the Citizens' Revolution. Recall that Ecuador's first cash transfer programme Bono Solidario was designed to compensate for the elimination of a subsidy on cooking gas, in a context of financial and economic crisis in 1999. Social protection systems had to react rapidly, thus not necessarily in a methodical way, to the volatile economic situation and political instability. Following a hasty decision to dollarise the economy in 2000, real wages declined rapidly (Ponce & Vos, 2012b). In response, BS monthly transfers were increased, aimed at cushioning the impact of inflation on real wages. These residual measures, although helpful in recovering employment and real wages, could not stop the informalisation of employment and the increase in labour informality (*ibid.*).

Labour informality is associated with a structural feature of the Ecuadorian economy: dependence on primary exports. Five commodities—traditional agricultural export crops such as banana and cacao, non-traditional exports such as shrimp and flowers, and the most important, oil—represented 77 per cent of total foreign sales in 2010 (Pellegrini et al., 2014). This structure is not favourable for formal employment absorption; instead, it is associated with particular patterns of employment creation. During the 2000s, employment expanded, but mostly in the services sector. This factor is key in understanding processes of urban informalisation that coincided with the emphasis on human capital investments that accompanied the adoption of CCTs, increased social expenditure and recent efforts to regularise employment. Without a more dynamic structural change, the structure of labour demand (as captured by occupational segregation, further discussed in Chapter 7) has remained basically unaffected, unable to absorb the more educated labour force (Ponce & Vos, 2012a).

In fact, since 2007, and in a deliberate effort to recover the state's role as central planner and investor, public investment has grown significantly. According to the official source SIISE-eSIGEF, accrued social expenditure per capita increased from US\$142 per capita to US\$575 per capita (in current dollars). High commodity prices eased budgetary pressures and facilitated increased social expenditure even during the 2008–09 global

downturn, coinciding with a reduction in poverty incidence of nearly 9 percentage points in four years (2007–11) (Pellegrini et al., 2014). Expansionary fiscal policies, for example public financing of housing, and limited monetary policy, for example management of interest rates and banking reserves, helped cushion the impact of external shocks, with Ecuador experiencing, in relative terms, ‘only a mild recession during the 2008–2009 global downturn, a remarkable feat given that Ecuador has the U.S. dollar as its currency’ (Ray & Kozameh, 2012). Yet, by the end of 2014, a revaluation of the dollar, a drop in commodities prices and contraction of international trade led to another recession, this time with lower response capacity (Ospina Peralta, 2015). This coincided with a reduction in the number of BDH recipients, creating new frictions in the labour market following controversial adjustments to the social security regime, management of pension funds and changes in labour legislation back to more flexible work arrangements. Altogether, these elements amount to a complex scenario for the analysis of employment structures, although hinting at deeply rooted aspects of informalisation and rather reactive policy making.

### 6.2.1 Structural labour market dynamics

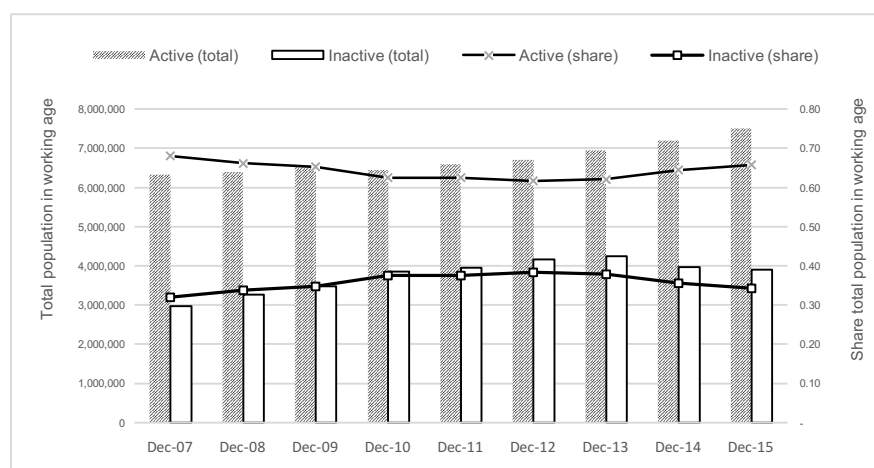
To set the tone for the discussion of employment structures in Ecuador, and in particular of informality, this section draws on ENEMDU data<sup>2</sup> to present an analysis of labour market trends: active population, inactive population, employment rates, unemployment and underemployment rates, size of informal and formal sectors, status in employment (e.g. own-account workers) and groups’ participation. Statistical findings are presented with various references to fieldwork interviews that shed light on the most pressing aspects of employment that have guided the selection and compilation of employment data. It is worth noting that this analysis is situated in the context of institutional changes introduced during the *Revolución Ciudadana* from 2007 onwards—as a means to closely examine the policies and practices introduced by the administration. This is also done for procedural reasons. Due to methodological changes introduced to the ENEMDU survey in 2007, various employment-related variables are not comparable with previous years.

The analysis of labour survey data<sup>3</sup> led to the identification of five main trends. First, after a marginal reduction in the share of workers in the in-



formal sector, despite efforts to formalise employment and regulate informal firms, the reduction has stalled and the trend has started to reverse.<sup>4</sup> Second, the share of both contributing family workers and domestic workers has decreased, and there is a growing consensus amongst analysts that this drop is an outcome of recent reforms in labour regulation. Third, although unemployment rates have consistently declined since 2007, labour force participation rate remains flat and even decreased between 2010 and 2013 (see Figure 6.1). Fourth, there has been some fluctuation in labour force participation. The data suggests that some people, in particular groups that face greater restrictions to (re)enter the labour market, might be dropping out the labour force (note the upward trend in Figure 6.1), rather than actively searching for jobs. This is indeed the case for women in childrearing years: the highest inactivity rates were found amongst women aged 21 to 40 years old. Fifth, although unemployment has been kept in check, it is worth evaluating these figures in terms of total labour force participation. For instance, as of 2013, the unemployment rate<sup>5</sup> in Ecuador (4.7 per cent) was below the regional average (6.3 per cent) and considerably lower than in OECD countries (11.5 per cent) (ILO, 2014). Unemployment rates are thus not necessarily good indicators of the degree of underutilisation of labour.

Figure 6.1 Participation in the labour force



\*Absolute number and proportion of working-age population (15 years and older)

\*\*Economically active population: all persons who furnish the supply of labour during each year (see ILO 2014). More specifically, it accounts for the persons who were working in the reference week, or if they were not working, had a job or were available to work (see INEC 2014).

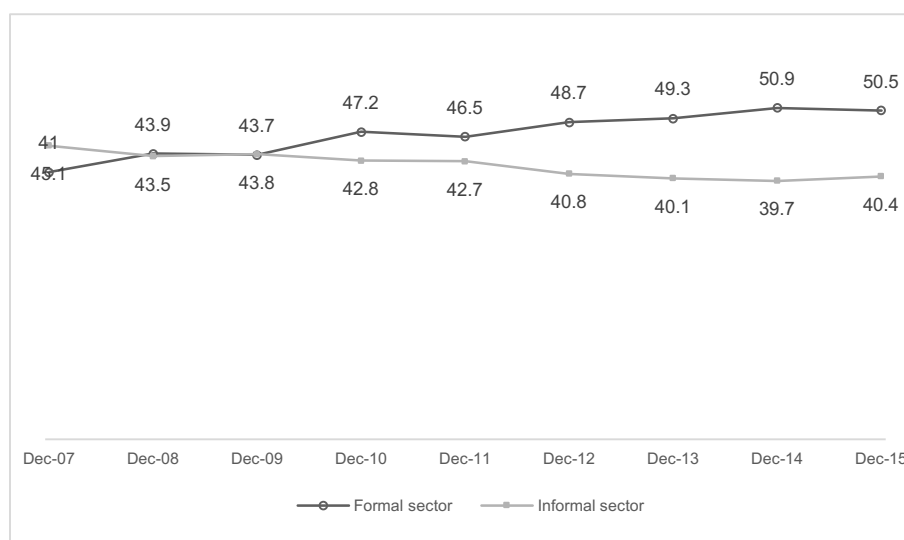
\*\*\*Economically inactive population: persons out of the labour force, accounting for those who are not in employment or are unemployed in the reference period (see INEC 2009).

Source: ENEMDU surveys compiled from INEC (2016a) and calculated by the author.

### 6.2.2 Informality: general trends

Informality is generally associated with self-employment and small-scale activities—denoted as the informal sector.<sup>6</sup> In Ecuador, the informal sector is defined with regard to (lack of) registration. Following this definition, labour survey data analysis suggests that in the period from 2007 to 2015, the share of total (national) employment in the informal sector has remained at just above 40 per cent (see Figure 6.2). In urban areas, the share is close to the national average, while it has been substantially higher, at 65 per cent, in rural areas since 2007. This is consistent with the ILO's report on informal employment released in 2013, which suggests that the share of workers in the informal sector did not change much between 2007 and 2012.

Figure 6.2 Share of employment in the informal sector



Source: Adapted by the author from INEC (2016a) using old calculation method (INEC updated the definition of informality and measurement of the informal sector in 2014). The figure excludes the share of non-classified workers and domestic workers as these groups cannot be categorised as formal/informal.

Yet there are many other dimensions of informality that should be considered. The use of the concept of informal employment is useful to stress the regulation and protection dimensions not captured by the sectorial division of formal vs informal firm registration. What is more, the fact that much of the informal employment is taking place within the formal sector challenges the provision of social protection in highly informal and casual labour segments of the workforce.

As a proportion of non-agricultural employment, own-account workers, informal wage workers, casual day labourers and domestic workers prevailed and even increased in recent years, remaining as the most insecure forms of employment despite institutional changes and public policies aiming at reducing this segment of the labour force. It could be argued that the persistence of self-employment (see Figure 6.3) is related to restricted opportunities to access formal employment as dependent workers, a status that most interviewees seemed to prefer in terms of economic stability and access to social security.

**Figure 6.3 Total labour force by status in employment (non-agricultural employment)**



Source: ENEMDU surveys compiled from INEC (2016a) and calculated by the author.

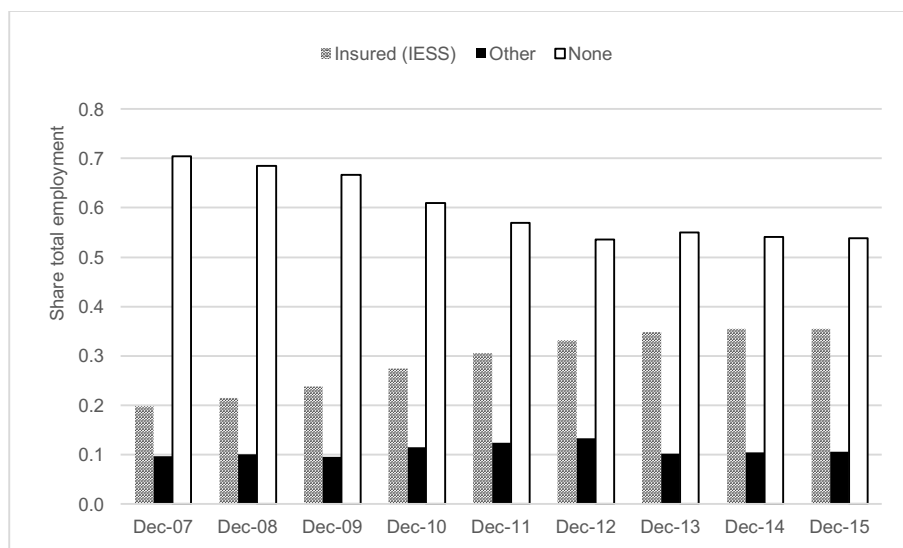
With regard to the definition of informal employment, and observing the guidelines suggested by the 17th International Conference of Labour Statisticians, access to social security criteria can be used to distinguish formal from informal employment. This distinction is particularly relevant in disclosing informal employment arrangements prevailing in the formal sector and even among wage workers. Although the proportion of workers contributing to the social security system has increased among workers in the formal sector in recent years—in particular after the new constitution in 2008 invigorated labour regulation—the proportion of those who can secure a job and have a legal contract has stagnated. For workers in the informal sector, the situation has even worsened. After a sharp increase in affiliation to social security among workers in the informal sector right after the enforcement of the new regulation—that is, after 2008—in the last couple of years the trend has reverted, speaking to a loss of security in this segment since 2010. A similar trend can be found among domestic workers, a process that can be associated with the inability of households to comply with increases in minimum wages and the enforcement of social security affiliation. Regardless of the causes of the recent deepening of

informality, it is worth noting that those most affected are women, who make up the great bulk of informal workers and domestic workers. Actually, the further down the chain of lack of protection and loss of security, the more women can be found.

Often, responsibilities for unpaid household work reinforce gender-based employment segregation (as discussed in detail in Chapter 7). Most of those reported as economically inactive people in labour data are women. Yet many of the women who appear in these statistics as economically inactive still do some kind of work. From a closer look at labour survey data and inquiries about the reason these women are not looking for a job, most of them indicate it is because they 'do not have time'. Indeed, women are more likely to engage in unpaid household work. Interviews conducted during my field research helped to shed light on the ways in which women's unpaid care work constrains their participation in the labour force due to limited access to a comprehensive social protection scheme, for example availability and affordability of child day care centres. Not only is women's work misreported, but also such a data void can leave unnoticed the push for informalisation by which women choose flexible working arrangements compatible with household duties.

Labour policies, pushed by a strong discursive change in the National Constituent Assembly, eliminated several typologies of precarious employment. Increases in minimum wages and employees' compensation were also introduced in 2008 and have been accompanied by stricter monitoring by the Labour Department. Later, in 2011, as an outcome of a referendum, voters were consulted and non-affiliation to social security (IESS) became a criminal offence. These policies seem to have had a greater impact among domestic workers and those employed in the formal sector, as shown in Figure 6.4. The share of workers without social security in the formal sector has decreased. In the informal sector, the situation is more difficult to assess. After a transient improvement right after the enforcement of the new regulation, the share of workers with no access to social security increased again in 2013.

Figure 6.4 Share of employed workers affiliated to social security



Source: ENEMDU surveys compiled from INEC (2016a) and calculated by the author.

Although in recent years the proportion of workers contributing to the social security system has increased among workers in the formal sector, the proportion of workers who can secure a job and are working under a legal contract has remained the same regardless of the sector. Independent (or self-employed) workers usually do not contribute to the pension system, and thus represent the most prominent proportion of labour informality. Nearly 40 per cent of the labour force is in self-employment (author's own calculations based on ENEMDU data). Opinion is also divided on this issue. Some analysts argue that self-employment is a space for entrepreneurs to advance their business ideas, while others find it to be the result of ill-working labour markets and the dismantling of formal wage work. From field observations, self-employment was found to be a space of precariousness and vulnerability. On very few occasions, there were stories of people—in particular among the lowest strata—who were successful in their ventures.<sup>7</sup> It should also be noted that the dividing line between wage employment and self-employment is quite blurred (Rizzo et al., 2014). Informal arrangements are more prevalent in the services sector. This is better explained by an anonymised interviewee in Loja:

When you start a new job, companies would do anything as to avoid paying any work related benefits. A way to devise this is by asking you to apply for a tax number (RISE). It took my husband a year of struggle to convince his employer to sign for an employment contract. (Interviewee-I, 2013)

Many employees are asked to apply for a tax number, after which they are treated as if self-employed, that is, own-account workers offering services to the company. This means that although these workers often do not have an employment contract as dependent employees (or have a 'service contract'), they are economically dependent on a single employer and/or firm for their source of income. This is a loophole in the social security system that businesses seem to be exploiting. The emergence of this sort of work arrangement, a common practice even within the public sector, is not specific to Ecuador only, but has become a growing trend that some authors have coined as 'bogus self-employment'. These employment relationships are the outcome of employers' and firms' strategies to avoid the payment of social security contributions and profit sharing. Despite holding a degree, workers fall into this type of labour informality. The significant share of salaried informal workers confirms the spread of these practices.

### 6.3 Cash transfers and voluntary exit: size matters

Work (dis)incentives associated with the BDH are often studied in two contexts: first, at the moment of entry to the programme, as individuals' employment status might affect their choice to participate in the programme or their eligibility; and second, to secure permanence in the programme, as (changes in) employment status might affect the choice to remain in the programme or might result in an unintended exit (or 'graduation') from the programme. Yet, and as noted earlier, most of the work effort models applied to CTs in the global South do not consider the size of the (dis)incentive (that is, the size of the transfer) in comparison with alternative sources of formal income. In fact, much of the discussion on incentives, as informed by the unemployment insurance literature advanced in the North, assumes a level of transfers rather close to formal minimum wages. However, the size of the transfer matters, in particular for the Ecuadorian case where the monthly stipend is fixed regardless of household size. Table 6.1 helps to contextualise this. As of 2014, the median wage for a full-time worker in the informal sector was considerably

less than that corresponding to a worker in the formal sector, even when accounting only for full-time work (that is, people working 40 or more hours a week). Even if working full time, a median worker in the informal sector earns 60 per cent of the labour income of his formal counterpart. In sum, there is a significant premium for working in the formal sector and the BDH, in this context, does not appear to be a strong incentive to exit the formal sector.

*Table 6.1 Median monthly labour income by economic sector  
(estimates for 2014)*

(Gross pre-tax labour earnings in nominal US\$)

	National urban workforce	Part-time workers	Full-time workers
Formal sector	512	250	530
Informal sector	250	125	320
Domestic service	340	205	380
Statutory minimum wage	340	-	-
<i>Bono de Desarrollo Humano</i> (BDH) monthly stipend	50	50	50

Source: ENEMDU surveys compiled from INEC (2016a) and calculated by the author.

\*Median value of the monthly labour income reported for the main job holding of a full-time worker (40 hours/week).<sup>8</sup>

\*\*Estimates for non-agricultural employment only.

Minimum wages do not seem to be binding in the informal sector, as the difference between the statutory wage (US\$340) and the median earnings reported by workers in the informal sector is significant, even more so among part-time workers. It is also worth noting that wages in the informal sector are much lower than their formal counterparts. Median values also signal that the majority of workers in the informal sector do not reach the statutory minimum regardless of the condition of employment, for example full- or part-time. Minimum wage increases have also been effective in improving the median income of domestic workers, as Table 6.1 reports that labour income increased to US\$340 in 2014 (total estimate),



though there are marked differences between part-time and full-time workers. The previous figures are purely informative, as median wages say little about other work-related benefits or gender wage differentials, and do not account for education or experience or for part-time jobs. If we reconsider Table 6.1 showing median earnings accounting for the proportion of people in full-time work, other dimensions of income inequality arise. Whereas 93 per cent of the workers in the formal sector were working full time in 2013, 57 per cent of people in the informal sector reported to be working full time. This was the case for 64 per cent in the case of domestic work, based on estimates using ENEMDU data.

Nonetheless, median values are illustrative to counter claims about incentives for informality, and most importantly to weigh the actual contribution of cash transfers to personal labour income. With unemployment insurance factually non-existent,<sup>9</sup> it is difficult to argue that cash transfer recipients have an incentive to remain in idleness, considering the stipend does not even reach a quarter of the minimum wage (US\$340 as of 2014). For workers earning below the legal minimum or working part time, the BDH can support them and their family members. As articulated in an interview:

My husband works as a security guard. He is paid per shift, but every time and then, he would earn nothing. Then, we would run out of money for food [...] by the end of the month, I am eager to go and withdraw my [BDH] money. At least I know that we will have enough food at home. (Interviewee-M, 2013)

The BDH represents an important source of income for the lowest segment of the income distribution. According to the survey data presented in income brackets in Figure 6.5, the US\$50 monthly transfer exceeded the labour income perceived by 23 per cent of BDH recipients who reported earning less than US\$20 per month, it was nearly equivalent to the labour income reported by the 34 per cent of respondents located in the earnings interval between US\$20 and US\$60 per month, and it could be said to play a significant role in cushioning income among the 41 per cent who reported earnings between US\$60 to US\$400 per month. Note that only 2 per cent reported monthly earnings above US\$400 per month.

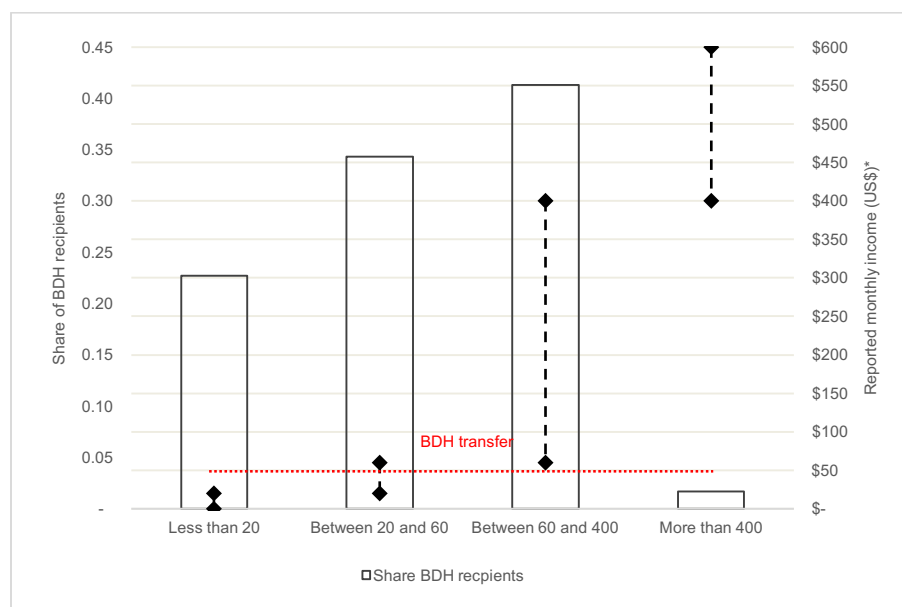


Figure 6.5 Earnings intervals, reported labour income in Loja and Machala, 2013

\*Original data reported in terms of weekly labour income, converted to months to facilitate the comparison with the BDH monthly stipend.

Source: Fieldwork survey data, 2013.

## 6.4 Labour mobility: employment and the BDH

This section presents a descriptive analysis of pseudo-panel data aimed at flagging main labour dynamics in Ecuador. Note that conventional panel data permits tracking changes over time at the individual level. The pseudo-panel data presented in this section were built from a subsample of the national labour survey, ENEMDU. A note of caution should then be introduced on the use of this synthetic panel data, as it suffers from attrition problems and non-response bias, as well as the usual problems associated with employment data: response-error bias (in particular to differentiate and code the inactive and unemployed population, which depends on what is reported by the informant), exclusion of hidden populations (e.g. the poorest strata of the population living in remote areas,

people involved in illegal activities and the very rich segments of the economy), sampling issues, timing and coverage. Nevertheless, the data allow for a broad exploration of employment dynamics and the re-assessment of some common claims made about the choice of informality and the interactions with social protection.

#### 6.4.1 Annual labour transitions

The ENEMDU survey follows a 2-(2)-2 scheme,<sup>10</sup> in which there is a partial overlap of the sample for consecutive periods. Although ENEMDU was not designed as longitudinal data, that is, panel data, by recovering ID numbers of informants, data can be matched as rotating panels with a 50 per cent overlap—in absence of attrition. It should be noted that by matching ID numbers, INEC estimates about 86 per cent recovery of the original sample.<sup>11</sup> If the sampling weights<sup>12</sup> were applied to the panel observations, the pseudo-data would then represent a significant proportion of the working population. Three data sets were made available by INEC—December 2007–December 2008, December 2009–December 2010 and December 2011–December 2012—during my field visit to Ecuador.

Exploiting the features of the pseudo-panel data, a comparison between the states of employment through which individuals transitioned during a one-year window was implemented.<sup>13</sup> Each worker who remained in the sampling frame of the labour survey data for at least two discrete periods was considered for the analysis. The combination of states in which each worker was observed was used to compute a (discrete time) transition matrix, in a one-year time window. Of course, workers' flows happen at random times, but due to the survey design, it was only possible to capture changes in states for December of each year. What is more, since ENEMDU can be considered a rotatory panel and sample attrition is significant, it is only possible to compare a subsample of individuals over two consecutive years. Each two-year transition matrix only considers the probability of transiting to (or remaining in) the next stage based on the status, independent of what occurred in previous years. That is, there is no history dependence. Furthermore, the change reported might be registered late (in the next survey conducted at the end of the forthcoming year). Consider a worker who appears as unemployed in the first year (e.g. December 2007) but then moves to self-employment, fails in the enter-

prise and then goes back to unemployment within months. The next survey (e.g. December 2008) would not detect any of these intermediate transitions.

Computed table elements correspond to the transition probabilities,<sup>14</sup> which show two possible outcomes: unchanged states, captured in the table's diagonal, or transitions to other states, with inflows captured in each column, and outflows in each row (measured as a percentage of the initial state of workers). The probabilities computed tell about the changes in the stock of inactive, employed and unemployed population. Employment accounts for non-agricultural activities only, and is further broken down into employment in the formal sector and employment in the informal sector. Adding the three main stocks gives us the total working-age population in the panel (people 10 years and above), while by adding unemployed and employed (in its various categories) it is possible to account for the total labour force.

To illustrate the above, Table 6.2 presents the total working-age population in the panel 2007–08. Rows account for initial values (2007) and the columns reflect the final values (2008). The matrix accounts only for non-missing values in both periods, for a total of 10,195 people. For instance, of the respondents who were out of the labour force in 2007, 3,610 remained unemployed, 178 transited to the formal sector, 518 transited to the informal sector and 169 reported being unemployed in 2008. In total, 4,475 informants were out of the labour force. For workers in the formal sector, 1,964 remained formal, whereas 407 transited to the informal sector, 64 reported being unemployed and 138 dropped out of the labour force by 2008. Workers in the informal sector reached 2,820 people in 2007, of which 1,960 remained informal, 358 transited to the formal sector, 78 reported being unemployed and 424 dropped out of the labour force in the final period. Finally, and consistently with trends in unemployment in the country, only 327 informants reported being unemployed, of which 106 dropped out of the labour force, 74 found a job in the formal sector and 91 were absorbed in the informal sector. The final row gives the total for each employment category by the end of the period (2008).

*Table 6.2 Occupational shifts among workers, 2007-2008  
(number of workers)*

		2008				
		OLF	FS	IS	U	TOTAL
2007	OLF	3,610	178	518	169	4,475
	FS	138	1,964	407	64	2,573
	IS	424	358	1,960	78	2,820
	U	106	74	91	56	327
	TOTAL	4,278	2,574	2,976	367	10,195

OLF out of the labour force  
 FS formal sector  
 IS informal sector  
 U unemployment

Source: ENEMDU panels compiled from INEC (2016a), frequencies calculated by the author.

Absolute values hint at the variation in employment status over the 2007–08 wave. Table 6.3 summarises the corresponding transition probabilities (or workers' flows). The rows represent the initial states, whereas the columns capture the final ones. The table reports the percentage of persons that changed status from inactivity (out of the labour force), unemployment, formal employment and informal employment. In measuring transition rates, estimates were weighted according to the survey probability sampling weights, calculating standard errors and coefficients of variation to assess estimates reliability.

Between 2007 and 2008, workers stayed in unemployment with a probability of 17 per cent. Exits from unemployment, that is, job-finding rates, were more intense in the informal sector (29.5 per cent) than in the formal sector (23.3 per cent). A significant share of the unemployed (30.3 per cent) dropped out of the labour force. For the pool of the initially inactive (out of the labour force), 80.7 per cent remained out, whilst 10.7 per cent entered the labour force as part of the informal sector. With regard to inflows to the informal sector (see row values), most came from unemployment, with a probability of 29.5 per cent. It is worth noting that workers in the formal sector were more likely to stay formal than their informal counterparts, with a probability of 76.2 per cent.

*Table 6.3 Occupational shifts among workers, 2007-2008  
(percentage of workers)*

	OLF	FS	IS	U
OLF	<b>80.7**</b>	4.1**	10.7**	4.5**
FS	5.5**	<b>76.2**</b>	15.5**	2.6*
IS	15.5**	13.0**	<b>68.3**</b>	3.2
U	30.3**	23.3*	29.5*	<b>16.9*</b>

OLF out of the labour force

FS formal sector

IS informal sector

U unemployment

Based on the coefficient of variation (CV) discretion should be used when determining whether the estimates are appropriate for use, following: (\*\*) reliable with CV under 10% (\*) less reliable with CV between 11% and 15%. Estimates without asterisk are not statistically significant with a CV larger than 15%.

Source: ENEMDU panels compiled from INEC (2016a), probabilities calculated by the author.

The same method was applied for the 2011–12 wave. Table 6.4 presents absolute values for the various employment categories. The distribution of people of working age within categories is consistent with aggregate estimates for the reference period. Yet, while panel data might be representative of the total population, it may not be representative of all sub-population groups (Dang et al., 2014). In addition, recall there is a substantial attrition problem. The number of people (8,589) who were matched in the 2011–12 wave is lower than the total number matched for 2007–08 wave (10,195), affecting the reliability of results. The sample of households does not follow a strict panel and therefore poses constraints when estimating transition matrices. In a recent study, Ponce et al. (forthcoming) approach this problem by modelling a synthetic panel and calculating transition matrices utilising a non-parametric probabilistic model of income mobility. The authors estimate<sup>15</sup> parameters based on the first year of the sample (2007) to construct a synthetic panel, that is, a new counterfactual, for the households in the last year (2014). Although this method is well suited for the analysis of transitions in and out of poverty, as noted by Dang et al., its success depends, amongst other factors, on how accurate the prediction of the dependent variable of interest is (2014). Since the goal was not to estimate informality but instead to flag the challenges

of quantifying transitions from, towards and within informality, the chapter presents simple transition results at the cost of lower statistical significance.

*Table 6.4 Occupational shifts among workers, 2011-2012  
(number of workers)*

		2012				
		OLF	FS	IS	U	TOTAL
2011	OLF	3,390	122	318	33	3,863
	FS	138	1,592	260	39	2,029
	IS	376	303	1,823	71	2,573
	U	14	30	70	10	124
	TOTAL	3,918	2,047	2,471	153	8,589

OLF out of the labour force

FS formal sector

IS informal sector

U unemployment

Source: ENEMDU panels compiled from INEC (2016a), frequencies calculated by the author.

Although the general in the transitions between 2011 and 2012 signalled a slight decline in informality (see Table 6.3), Table 6.5 suggests some constraints in formalisation. Job finds in the formal sector occurred with a probability of 34.5 per cent, whereas estimates for the informal sector or permanence in unemployment are discarded as not reliable. For the pool of inactive, the probability of remaining out of the labour force was 88.3 per cent, next to low rates of entry into the informal sector (8 per cent) and the formal sector (3.1 per cent). With regard to inflows to informality, most of them were job finds, with a probability of 45.1 per cent, whereas informalisation, that is, transition from formal to informal, only occurred with a 10.9 per cent probability. Estimates of inflows into unemployment are not reliable for this period.

*Table 6.5 Occupational shifts among workers, 2011-2012  
(percentage of workers)*

	OLF	FS	IS	U
OLF	88.3**	3.1*	8.0**	0.9
FS	6.5**	81.0**	10.9**	1.6
IS	15.0**	11.2**	71.3**	2.6
U	5.6	34.5**	45.1	14.3

OLF out of the labour force

FS formal sector

IS informal sector

U unemployment

Source: ENEMDU panels compiled from INEC (2016a), probabilities calculated by the author.

The previous matrices hint at some structural constraints in the access to (formal) employment. It would seem that inactivity or informality are the most common targets. Yet, as argued before, the formal and informal sectors division does not strictly capture labour informality. Informal employment can occur outside the informal sector, as employees are not covered by labour regulation, social protection or other employment-derived entitlements.

Following the methodological strategy advanced in employment studies produced in the region, the lack of affiliation to social security is used as a proxy for informal employment, measured as the share of workers not covered by (publicly provided) social security (IESS, ISSFA, ISSPOL or Seguro Campesino). Introducing this new typology, a second set of occupational shifts was computed for the 2007–08 and the 2011–12 periods. The matrices include four categories: (1) out of the labour force (same as above); (2) formal employment, as the share of the labour force in employment and with access to social security regardless of the sector in which they work; (3) informal employment, as the share of workers in employment not covered by social security, regardless of the sector in which they work; and (4) unemployment, defined in the same terms as above. Using this categorisation, there are signs of higher job finding rates in informality, in this case into informal (unsecure) employment.



Table 6.6 reports transition probabilities for the period 2007–08. Exits from unemployment towards informal employment happened with a 43 per cent probability, whereas formal job-finding rates were less intense, at 16 per cent. Moreover, note that once having landed a formal job, with social security coverage, the probability of remaining formal is the highest, as shown in the diagonal: 83.4 per cent. So, although formal employment is hard to get, it seems to be the most stable. After all, affiliating workers to social security involves a certain degree of regularisation of employment: employers have to provide legal documentation of their firm and employees in order to pay their contributions, following the procedure for Registro Patronal indicated at IESS, except for domestic workers (who can access social security benefits under a simplified procedure). Workers in informal employment, on the contrary, are more likely to leave the labour force (12.8 per cent) than to find formal employment (6.6 per cent) or transition towards unemployment (3.5 per cent). In regards to inflows to formality, chances of formalising employment were 6.6 per cent, whereas inflows from formal employment were almost double that, at 12.1 per cent. On balance, it seems that labour market forces are reshuffling workers into informality, albeit mildly given the overall trend in reduction of informal employment.

*Table 6.6 Occupational shifts among workers 2007-2008  
(condensed occupations) (percentage of workers)*

	OLF	FE	IE	U
OLF	78.9**	1.5	15.2**	4.4**
FE	3.1	83.4**	12.1**	1.3
IE	12.8**	6.6**	77.1**	3.5**
U	29.2**	10.8	43.6**	16.3*

OLF out of the labour force

FE formal employment

IE informal employment

U unemployment

Based on the coefficient of variation (CV) discretion should be used when determining whether the estimates are appropriate for use, following: (\*\*) reliable with CV under 10% (\*) less reliable with CV between 11% and 15%. Estimates without asterisk are unreliable with CV greater than 15%.

Source: ENEMDU panels compiled from INEC (2016a), probabilities calculated by the author.

Workers' flows computed for the period 2011-2012 show a very similar pattern to that observed in Table 6.7. Formal employment (referring to the labour force in employment and with access to social security regardless of the sector in which they work) remains as the more stable state: 83.9 per cent remained. Workers in informal employment—those with no access to social security regardless of the sector—stayed in this state with a 65.2 per cent probability. Nevertheless, a significant share of workers, 16.3 per cent, transitioned towards formal employment. The probability of formalising or securing employment thus increased in comparison with the period 2007–08, perhaps due to the introduction of labour legislation in 2010 aimed at extending social security coverage.

*Table 6.7 Occupational shifts among workers 2011-2012  
(condensed occupations) (percentage of workers)*

	OLF	FE	IE	U
OLF	88.9**	2.8*	7.75**	0.1
FE	6.17	83.9**	0.9*	0.0
IE	15.8**	16.3**	65.2**	0.2*
U	26.0	26.6	45.4*	0.2

OLF out of the labour force

FE formal employment

IE informal employment

U unemployment

Based on the coefficient of variation (CV) discretion should be used when determining whether the estimates are appropriate for use, following: (\*\*) reliable with CV under 10% (\*) less reliable with CV between 11% and 15%. Estimates without asterisk are not statistically significant with a CV larger than 15%.

Source: ENEMDU panels compiled from INEC (2016a), probabilities calculated by the author.

A different approach to informal employment would consider the categorisation of status in employment. Table 6.8 shows a detail of occupational shifts between 2007 and 2008 for the following categories: (1) out of the labour force; (2) unemployment; (3) self-employment, including employers and own-account workers; (4) informal salaried employment, including employees who get a remuneration but no access to social security; (5) formal salaried employment, including those employees who get a remuneration and access to social security; and (6) unpaid relatives, including

contributing family workers who do not get a remuneration for their work. The estimates suggest that job-finding rates are higher in informal salaried employment and self-employment. As above, formal salaried employment is the most stable occupation, with an 83.5 per cent probability of remaining in a formal salaried job. There seems to be higher mobility from working as an unpaid relative toward other informal occupations, such as salaried informality, and self-employment, suggesting that workers' flows are quite intense within these states—for instance, from salaried informality to self-employment. What is more, it can be noted that self-employed workers and unpaid workers rarely transit towards formal employment. Yet this level of disaggregation was problematic; most table elements were not reliable. For the period 2010–11, the overall reliability of transition estimates was lower, for which reason the results were discarded.

*Table 6.8 Occupational shifts among workers 2007-2008  
(detailed occupations) (percentage of workers)*

	OLF	U	SE	SI	FS	UR
OLF	78.9**	4.4**	6.3**	5.6**	1.5	3.4**
U	29.2**	16.3*	17.4*	24.0*	10.8	2.2
SE	12.9**	2.3	66.2**	13.3**	2.9	2.5
SI	9.5**	4.8*	16.4**	55.4**	12.2**	1.8
FS	3.1	1.3	2.6	9.11*	83.5**	0.0
UR	27.9**	4.3	18.0*	10.7	2	37.4**

OLF out of the labour force  
 U unemployment  
 SE self-employment  
 SI salaried informal  
 FS formal salaried  
 UR unpaid relative

Based on the coefficient of variation (CV) discretion should be used when determining whether the estimates are appropriate for use, following: (\*\*) reliable with CV under 10% (\*) less reliable with CV between 11% and 15%. Estimates without asterisk are not statistically significant with a CV larger than 15%.

Source: ENEMDU panels compiled from INEC (2016a), probabilities calculated by the author.

It is worth noting that most of the transitions take place from unemployment and unpaid relative categories and from salaried informal towards

formal salaried. This mixed result of, on the one hand, absorption into precarious employment (unpaid family work), and on the other hand, formalisation of salaried employment, speaks of the importance of the initial state, as patterns of employment creation are highly dependent on the initial state. With regard to flows into self-employment, most transited from salaried informality and unpaid family work. The perverse incentive rhetoric contending that workers are discouraged by social security fees and choose to go informal in order to evade such payments is thus beside the point.

Furthermore, the discussion seems to be shifting towards understanding whether safety nets discourage job search and sustain unrealistic income expectations. In particular, the issue of timing has been extensively debated, problematising whether people ‘get serious’ about looking for a job as their benefits are near expiration (assuming they know the end date) or when there is a constant threat of benefits revocation (as seems to be the case with the BDH). In public opinion debates, some criticise the lax graduation mechanisms and extended permanence in the BDH programme, arguing that it triggers unrealistic expectations as individuals perceive the transfer as a permanent source of income. Indeed, the BDH graduation criteria have changed over time and there is not enough dissemination of their specificities. Second, and despite the relatively long permanence of recipients in the programme—about five years as reported in the field survey<sup>16</sup>—they seem to perceive the transfer as a temporary income, uncertain about their continuation in the programme. With no certainty about their permanence in the programme and facing the constant fear of exiting the programme, the profile of recipients seems to be of risk-averse agents rather than opportunistic users, as argued in the perverse incentives literature. For most recipients, the BDH plays no role in their permanence in the informal sector, which is instead the result of their inability to secure a formal job. Furthermore, in the highly informalised context where cash transfers operate, employers can put to wrong use the programme rationale to keep workers informal. For instance, [employer] families seemed to exploit the ambiguities in social insurance, convincing domestic workers that they should not claim social security as it would lead to an exit from the BDH programme, as noted in conversations with domestic workers during visits to Loja in 2013. Although in the initial years of the BDH programme this held true, it is no longer the case, according

to MIES: access to contributory social security (IESS) does not affect eligibility for the BDH, as long as the household ranks below the poverty line set for the programme (Interviewee-L, 2014). However, there has not been a massive campaign to inform the public about such changes, allowing for its misuse by employers in order to bypass employment regulation.

A calculation of workers' flows for the subpopulation of cash transfer recipients was conducted. However, since the ENEMDU panel data include a limited number of cases of BDH recipients (just above 800) it resulted in estimates with no statistical significance. Yet, as discussed in detail in Chapter 7 and using data collected in the field survey, accessing BDH benefits is indeed associated with informal employment. However, a very small share of recipients opted out for informality. That is, few were previously holding formal jobs; most of them had been transitioning within informality or from inactivity towards informality. Informal workers usually hold more than one informal occupation, and constantly change jobs within a one-year time window—the time frame considered for the transition matrices. This can be illustrated by the case of an informal worker interviewed in Loja (2013), who reported as her main occupation informal retail trade, switching within the week between her job as informal vendor of seasonal products and as door-to-door salesperson for a global business that relies on social connections of stay-home mothers to sell cosmetics directly to friends and neighbours. She combined these activities with sporadic jobs, transitioning from sales to the services sector if available, for example working as a helper in a restaurant during the school season, all under informal arrangements (Interviewee-D, 2013). Situations such as this are difficult to capture in employment survey data.

Regarding the prevalence of inactivity, as identified in previous workers' flows matrices, one could think of at least three plausible explanations at the structural level. First, there are issues with data reporting. Some people would prefer to report being inactive as a way to conceal income-generating activities for various reasons such as tax bunching, underground activities and stigma. Targeted modalities of social protection might also give incentives to individuals to appear as poverty-stricken and conceal paid work. Second, there are issues of definition and measurement of unpaid care work which appears as inactivity in employment data. Most working-age adults who are recorded as inactive in labour survey data are women. Yet many of the women who appear as inactive perform care

work. To support this argument, note that in the ENEMDU survey questionnaire, informants are asked why they are not looking for a job, with most of them indicating that they just ‘do not have any time to do it’. Care work is intense but unrewarded. Interviews conducted during the fieldwork helped identify the various ways in which women’s unpaid care work constrains their participation in the labour force, as discussed in Chapter 7. Along these lines, not only does women’s work tend to be misreported, but the reasons for their lower employment attachment tend to go unnoticed, although they might help explain the push towards informalisation in which women choose (or are pushed into) flexible working arrangements compatible with household duties. Lastly, inactivity figures can hint at processes of continued marginalisation in the labour market. At the intersection of age and gender, many women find themselves unable to land a job, that is, they are deemed ‘too old’ for the market. Because of discrimination during the hiring process, many unemployed might end as discouraged workers.

Before concluding this section, it should be noted that informality tends to be underestimated in labour surveys. Essentially, ‘informalisation means that many people who appear in statistics as economically inactive still do some kind of work’ (Hanlon et al., 2010). Second, it is also plausible to think that any employment, either formal or informal, could be purposefully misreported among BDH recipients, for reasons already discussed. This is an important consideration in a highly informal context, where the employment situation is quite uncertain and the most stable source of income is actually the state’s support via cash transfers. And while the role of cash transfers might seem marginal, it does provide income support to an otherwise less visible segment of the labour force.

#### **6.4.2 Cross-check: evidence of occupational shifts using administrative registers**

As mentioned above, statistical investigations, household surveys in particular, are limited in scope. Issues of non-response, attrition, missing data and others might lead to an incomplete understanding of employment choices. This section is then complemented with administrative registers, arguably a more accurate source of information on recipients’ status. It is worth noting that the information collected in administrative registers is recorded quite differently from that obtained through surveys. Administrative registers can be collected by the bureaucratic apparatus of the state

on such a scale of research that there is no comparison with what could have been carried out by an independent researcher. The official character of the data serves both policy design and social research. Basically, the information recorded in official administrative data is yielded not by observation—as would be the case in a conventional survey—but by the registration of events. For instance, by the end of the month companies have to present to the social security system their payrolls indicating how many days each employee has worked, the nominal salary received and a detail of severance payments. Alternatively, and as is the case for the registration of cash transfer payments, the programme's administration keeps records of who has been paid each month and how much the person received; or Registro Social, the official cadastre for households' poverty assessment in the context of allocation of BDH transfers.

This section makes use of data<sup>17</sup> on (1) *SELBEN* and Registro Social, two waves of household records on those deemed eligible to participate in the cash transfer programme; (2) *Base de Pagos*, which details payments received by cash transfer recipients, indicating who is effectively participating in the programme; and (3) official records of IESS (Social Security System) with information on salaries of employees, wages, bonuses and deductions. It is worth noting that administrative records only record information on the subpopulation reached by surveyors because of their status as cash transfer recipients or formal wage workers. This can be better explained in Table 6.9, which details the number of people who were listed in IESS records as dependent wage workers in 2013. If they appear in IESS records, it implies that at some point they were affiliated to social security and thus in formal employment. The second row details the total number of BDH recipients who effectively received transfers in 2013, information obtained from *Base de Pagos* (MIES 2013). The last row indicates the proportion of BDH recipients who held a formal job in 2013, that is, those who were past of *Base de Pagos* and also had access to social security (as listed in IESS records). The result: only 5.5 per cent of BDH recipients were in formal employment in 2013. When further dividing employment into the economic branches, it was found that about 28 per cent (equivalent to 27,000 people) of the BDH recipients in formal employment worked in agriculture, followed by manufacture and trade, with a share of 15 per cent each. This certainly challenges the notion that non-agricultural employment is mostly informal. When tracing back the companies within agriculture for which this group of formal BDH recipients were working,

it was found that they were mostly employed by the exports sector, for example large-scale crops such as banana plantations in the coastal areas of Ecuador. Perhaps due to stricter international regulation or concerns with reputation, it would seem that exporters have started to adhere to labour regulations. Yet these registries do not allow for an evaluation of the quality and duration of employment in large-scale agriculture, an issue that was mentioned in interviews in Machala, a node of banana production in Ecuador, where precarious work persists.

*Table 6.9 BDH recipients in formal employment (absolute values)*

Category	Number of people
Dependent wage workers with access to social security	2,934,348
Total number of BDH recipients	1,746,407
Formal sector BDH recipients (accessing social security)	96,852

Source: BDH payroll database and IESS official records (Fieldwork 2013), proportions calculated by the author.

From Table 6.9 it can be noted that about 95 per cent of the BDH recipients had no access to formal employment, at least based on what was recorded in the IESS database (2013). Note that recipients faced not only a constrained situation in the labour market but also a complex regime of disciplinary measures in order to maintain eligibility for the benefit. As noticed in the field visits to Ecuador, recipients were aware of key aspects that affect programme eligibility such as condition of the dwelling, although there was also misinformation regarding its interaction with the contributory scheme IESS. In the past, affiliation to IESS might have resulted in an exit from or non-eligibility for the BDH programme, whereas in recent years the objective is to expand contributory insurance amongst recipients. Used to strict levels of control, for example cross-checking of information with public employers or pension schemes, and the downsizing of the programme, many recipients seemed to have opted for insecure and informal occupations instead. Queuing for a job, claiming work-related benefits or investing in a business idea—all might end up truncated by speculations around the eligibility criteria for the BDH.



## 6.5 Conclusion

The macro-analysis presented in this chapter indicates that informality and inactivity are the most frequent destinations of working-age adults actively participating in the labour market. The transition matrices showed that there is some movement (both ways) between formal and informal employment. If there is any choice between these states, it is a limited one. It is difficult to argue that cash transfer recipients have the incentive to remain in idleness, considering the stipend does not even reach a quarter of the minimum wage.<sup>18</sup> What could be occurring, then, is that the large share of informal employment is rooted precisely in the lack of social protection, not in its vicious use. If BDH benefits are associated with a higher probability of remaining in informal employment, it should also be noted that a rather small share of recipients seem to have opted out for informality. That is, few were previously holding formal jobs. Their initial status was as informal workers. This configuration reminds us of the fact that the cash transfer programme was set up as a non-work-based form of social protection because informality was already high and formal jobs were hard to find. In this context, it is not surprising to find that recipients have failed to secure a formal job if there are not jobs to be found. In sum, the chances of accessing a formal job are limited, new incumbents are most likely to enter the informal sector and permanence in a formal position is difficult to secure. These rigidities in accessing formal jobs and/or upgrading from an informal one fit into the design of the cash transfer programme which ultimately targets an important number of informal workers. Recipients also tend to have lower levels of schooling and experience, restricting their options in the labour market. This not only speaks to the structural constraints faced by workers, but at the methodological level it indicates an endogeneity problem in the study of cash transfers and employment choices, as there might be a loop of causality in the identification of informality. After nearly two decades of the BDH (and earlier variants), recipients continue to face difficulties in securing a formal job, since the BDH has no formalising aim of its own.

## Notes

<sup>1</sup> Within this context, the idea of the Bono de Desarrollo Humano is nothing new. It builds on already existing conditional cash transfers, popular schemes throughout Latin America. Justified in terms of human capital within targeted modes of social assistance, BDH provides a stipend equivalent to US\$50 per month to poor mothers with school-age children, conditional on school attendance and health check-ups. It also includes a pension component, targeted at poor adults above the age of 65 and disabled people, without need of fulfilment of any condition.

<sup>2</sup> The ENEMDU survey is designed to collect timely micro-data regarding employment status, income, poverty and living conditions.

<sup>3</sup> Due to a change in the ENEMDU labour survey methodology in 2007 that affected both the sampling frame as well as the questionnaire design, it is not possible to construct a comparable series for a longer time frame.

<sup>4</sup> In this document, informality is understood as both a sector of the economy, following the vast number of studies on informality in Ecuador that keep on using the firm-based definition of informal sector; and, from the worker's point of view, regarding access to social protection.

<sup>5</sup> Measured as the share of the working-age population who were not in employment, carried out activities to seek employment and were available to take up any employment (following the guidelines of the 19th Conference of Labour Statisticians as found in ILO website, Geneva 2013).

<sup>6</sup> There is an important caveat in the study of informality as an analytical category, as noted in the literature review section.

<sup>7</sup> For instance, many street vendors indicated having combined their CDH credit with seed capital provided by the municipality to formalise their activities, obtaining a patent, uniforms and health permits. However, these were a small group of women who were lucky enough to hear about this pilot and signed up for it on time. Other street vendors did not access this information. Based on simple observation and a very informal chat, the beneficiaries were said to be doing great in their businesses. More than a celebration of microcredit, it speaks of the benefits of comprehensive government support. And it indicates the exclusionary nature of this sort of programme and the early capture by those already better off in the localities (Fieldwork 2013).

<sup>8</sup> More than 90 per cent of the labour force reported holding one job only. The remaining workers who supplemented their primary activity by taking up a second job were excluded for the purposes of this document. It is possible to impute data from administrative registers to obtain a more accurate estimate of

earnings in the formal sector and account for part-time jobs and secondary activities in general. Most of the informal sector activities remain out of the records and thus no data imputation is possible.

<sup>9</sup> Consider that in order to access unemployment benefits, a worker is required to have contributed continuously to the security system for at least five years and be out of a job for at least three months. From the author's own calculations using administrative registers, the average duration of formal employment (covered by social security) is about 370 days. In addition, informal workers, by definition, do not contribute to the social system at all. These elements suggest that unemployment insurance is unattainable for the bulk of the labour force. Recent reforms to unemployment insurance are tailored towards increasing coverage.

<sup>10</sup> Sampled units are interviewed for two consecutive quarters, then 'rest' for the next two, and are interviewed back again for another two quarters.

<sup>11</sup> Find a detailed description of the matching methodology at *Proyecto matrices de transición laboral, Resumen Ejecutivo* (2005), in INEC repository (last accessed in September 2014).

<sup>12</sup> Sampling weights account for the number of individuals in the population that each observation represents according to the probability of being selected in the sample (Stata ® resources).

<sup>13</sup> The transition probabilities were computed in Stata ® and report the change in each one of the categorical variables over time as the sum of transitions from each observation to the next period. Labour transition matrices have been extensively used in labour economics but have received greater attention in regional studies of informality following the publication of the Inter-American Development Bank: *Andemic informality: Assessing labour informality, employment, and income risk in the Andes*.

<sup>14</sup> The transition probabilities compute the transition frequencies for the actual panel data without accounting for sampling weights—which remain the same for each observation in the two waves. Multiplying by the sampling weight would result in the same matrix multiplied by a constant. However, there are more stylised ways of dealing with weighted panel data that are not covered in this analysis.

<sup>15</sup> The author follows a similar approach to that adopted by Pesantez (2014), who also studies income mobility based on modelling ENEMDU repeated survey data as synthetic panel data for the period 2007–13.

<sup>16</sup> Author's own calculations from fieldwork survey data (2014).

<sup>17</sup> These were the result of collaborative research with government agencies that provided assistance to my research project and allowed me to access documentary information and limited anonymised records.

<sup>18</sup> While marginal, cash transfers nonetheless provide some sort of income support to an otherwise invisible, unprotected and marginalised segment of the labour force in an informalised context.

## 7

## Institutionalising Segregation in Southern Ecuador

### 7.1 Introduction

This chapter examines the effects of BDH on labour market outcomes, more specifically inactivity and occupational segregation in Ecuador, for the period 2007–14. Ideally, the analysis of both social provisioning and employment dynamics would have benefited from a longitudinal study of the target population, documenting the interrelation between these two. However, the official labour surveys collected by the National Institute of Statistics and Censuses (INEC) were not devised to build longitudinal data from a representative sample of BDH recipients, nor did the BDH programme registries accurately record information on recipients' occupations. Consequently, the chapter relies on cohort analysis across recipient and non-recipient groups, obtained from official survey data and primary survey data collected by the author. Primary data collection was tailored towards reaching out to informal workers in the periphery in the southern cities of Loja and Machala in Ecuador. The coupling with local research is set out to deepen the study of labour dynamics based on elements not accounted for in official statistics. At the methodological level, the chapter problematises the prevalent use of the household as unit of analysis and the consequent de-gendering of employment choices, as recipient women's labour attachment is further constrained by societal and institutional processes determining rights and/or responsibilities within the household and in the labour market. A partial understanding of these aspects has led to the discrediting of income support for poor women, contesting its social desirability on grounds of welfare dependency.

The findings are organised as follows. First, the chapter presents the most recent empirical work on the BDH and employment outcomes,

touching upon some theoretical aspects relevant to the study of employment choices and access to social protection among working-age women. It reviews neoclassical labour market theory, which anticipates that transfers may lead beneficiaries to reduce job search efforts as a result of the income effect. Since transfers provide some income without requiring (extra) paid work, it is argued that recipients will be less likely to look for employment. Lastly, a closer look at the cases of Loja and Machala sheds light on the more specific aspects of segregation among the target population associated with the family system. Operationalising Mies's concept of 'housewifization' (Mies, 1982), it is found that at a normative level, recipient women are grouped as dependents instead of as citizens with rights (Molyneux et al., 2016), adding to the rhetoric of 'welfare dependency' amongst cash transfer recipients, as discussed by Molyneux (2007). A discussion of the relational aspects of social protection provisioning and labour market attachment concludes the chapter. The discussion is attentive to the more subjective changes that appear to follow participation in the BDH programme, as informed by ethnographic work conducted with BDH recipients in southern Ecuador.

## 7.2 Recent literature on BDH and employment outcomes

Few studies have dealt with the impact of BDH on labour market outcomes, as compared with the attention given to studying education- and health-related outcomes. For instance, León et al. (2001), in their evaluation of Bono Solidario, find that the programme had a mixed impact on work effort. The main negative effect was found in the hours of work: BS recipients reduced the number of weekly hours of work. That is to say, without this programme, work effort among recipients would have been higher—and arguably, earned income would have been higher too. Yet the authors find that this effect is discontinuous: for some households, the cash transfer does not translate into negative work incentives. The authors suggest that this could be due to dissimilarities in the intra-household composition and bargaining power differentials. Furthermore, they argue, the documented reduction in the number of working hours among recipients could deliver some long-term benefits, either resulting in a reduction of work effort among women in response to childcare duties, or in a reduction of child labour accompanied by increased school enrolment.

A country evaluation of Ecuador's cash transfer programme by Gonzalez-Rozada and Llerena Pinto (2011) adheres to moral hazard arguments

widely used in unemployment insurance literature, in which government transfers distort otherwise efficient employment choices. Using ENEMDU data, they find that the BDH increases recipients' probability of remaining in unemployment or separating from their formal occupations, especially for the period between 2005 and 2006, with the effect fading out for the period between 2007 and 2009. Although they find no evidence that BDH transfers increase the probability of finding an informal job, they suggest they might play a role in financing the job search process, given the extended duration in unemployment among recipients. It should be noted, though, that unemployment rates are relatively low,<sup>1</sup> and data on the target population, that is, BDH recipients, are rather thin.

Another study, by Mideros and O'Donoghue (2015), applies a unitary discrete choice labour supply model using Encuesta Nacional de Empleo, Desempleo y Subempleo Urbano y Rural (ENEMDUR, or Urban and Rural National Survey on Employment, Unemployment, and Underemployment) quarterly household data. The authors acknowledge that employment choices, for example occupation and working hours, are constrained among the poor. In their analysis, they find that BDH generates negative incentives on paid work. Yet the authors associate this with structural elements derived from gender inequality and family demands. For instance, the authors argue that participation in the BDH programme decreases the marginal utility<sup>2</sup> of paid work for single adults and female partners, but has no effect on household heads' labour participation. The authors find that BDH only generates a negative incentive on paid work among partners, albeit contingent on other factors such as dependency ratio, number of children under 5 years of age or the presence of old-age pensioners in the household. In sum, labour supply of secondary earners, that is, wives, is more sensitive to incentives than labour supply of primary earners contingent on family demands. In this context, BDH might serve to finance childcare since the distortive effect fades out for women who have access to public nurseries (ibid., p. 19).

From a sociological angle, Montaña and Bárcena Ibarra (as found in CEPAL, 2013), using time use survey data from *Encuesta de Uso del Tiempo* by INEC released in 2012, provide evidence of higher inactivity rates among BDH recipients. Yet the authors highlight the burden of responsibility that care needs and state policies place on recipient women, finding that the amount of time that is spent on unpaid work is higher among cash transfer recipients. As of 2010, on average, recipient women with children

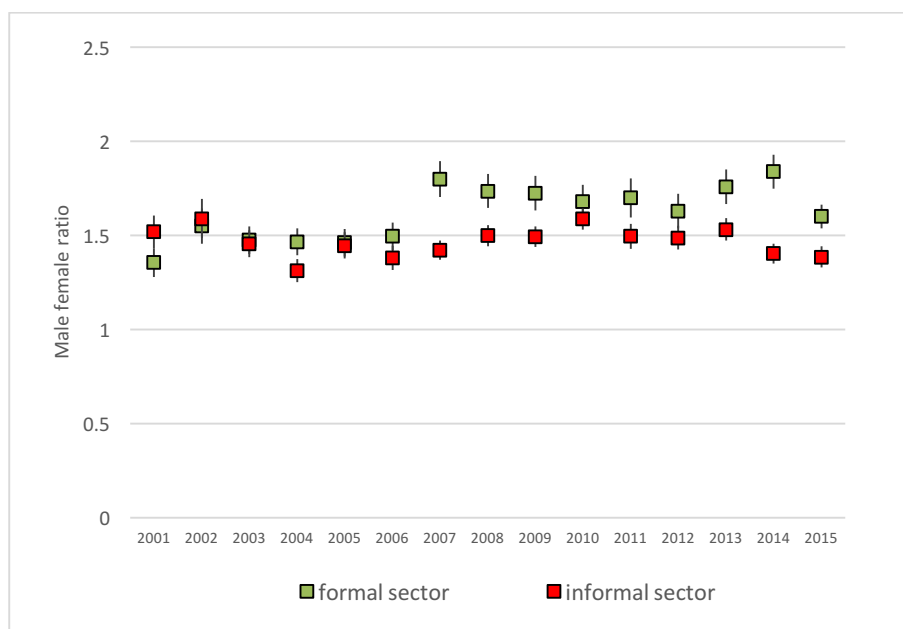
under 15 years spent 41 hours a week in unpaid work, compared with 33 hours among non-recipients. This gap prevails even when controlling for poverty: non-recipient poor women spend 33 hours a week, on average, in unpaid work, compared with 38 hours a week for recipient poor women (2013). In a more recent study, Vásconez Rodríguez suggests that, for the total working-age population, women in rural areas spend on average 50 hours a week in unpaid work, while women in urban areas spend 38 hours (2013). The burden in hours of unpaid work is particularly heavy when children are young and the women are in the early stages of motherhood, regardless of their status as BDH recipients.

### **7.3 Descriptive analyses of trends in labour attachment and occupational segregation**

#### **7.3.1 Overall trends in labour force participation: women's increased employment**

In Ecuador, overall labour force participation rates are higher for men, as evidenced in Figure 7.1. In the period between 2001 and 2014, there were, on average, 1.7 males for every female employed in the formal sector between 2001 and 2014, increasing to 1.8 by 2014. The ratio of male to female workers in the informal sector stayed around 1.5, decreasing to 1.4 by 2015.





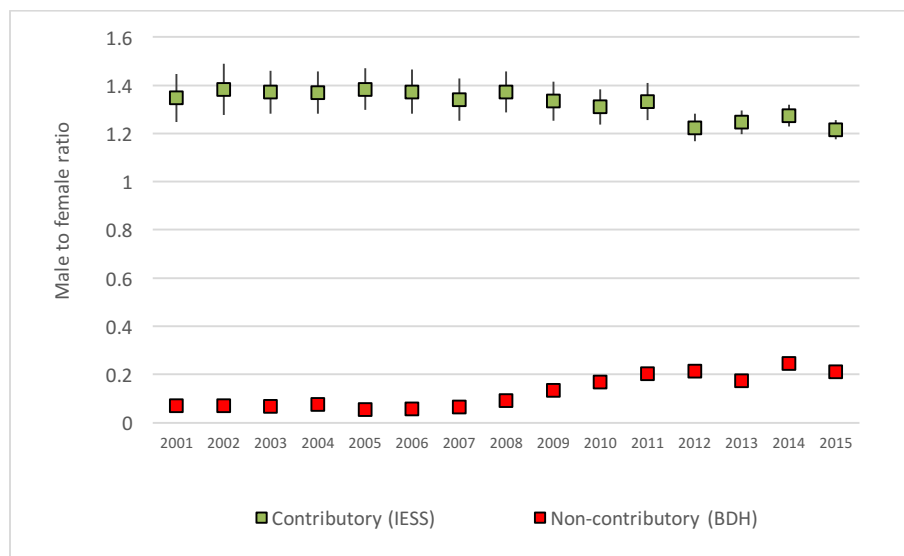
**Figure 7.1 Male to female ratio\* in the formal sector and informal sector 2001-2015**

Note: Series include standard error bars and min/max lines.

Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2001-15.

Similar to the rest of the region, social protection is fragmented in Ecuador: men are overrepresented in traditional modalities, that is, contributory social insurance, following their higher proportion in dependent formal employment. In the period between 2001 and 2015, there were, on average, 1.4 males for each female contributing to social insurance, with the gender gap slowly decreasing by 2015 (see Figure 7.2). Alternative social protection instruments, such as non-contributory social assistance provided with the BDH, mostly reach women, although there is a slow increase in participation by male recipients from 2009 onwards due to the recent emphasis on the old-age pension component geared towards compensating the poor elderly population for the lack of pension funds, next to the decline in the maternity component of the BDH aimed at providing

funds to poor mothers as per the more traditional CCT design (Vásquez Rodríguez, 2014).



*Figure 7.2 Male to female ratio in access to social protection*

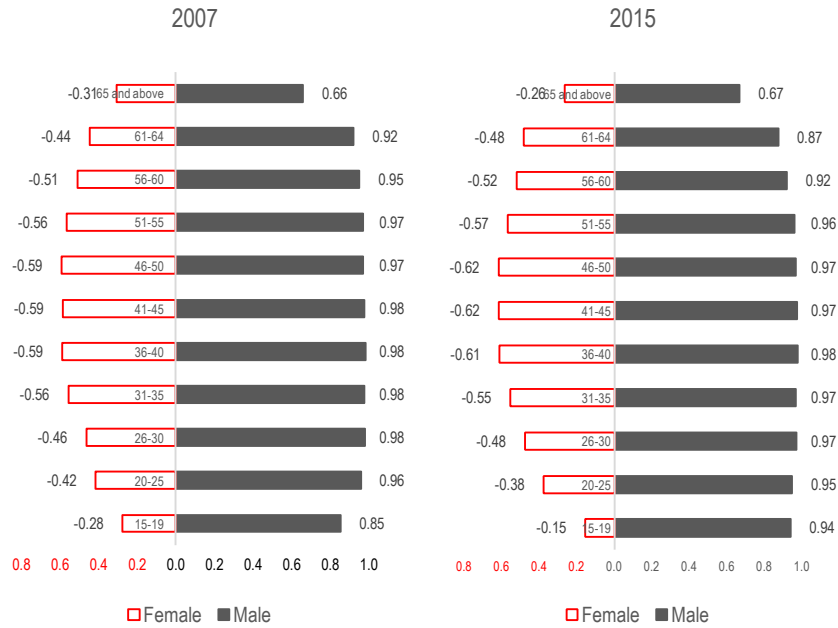
Note: Series include standard error bars and min/max lines.

Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2001-15.

With vast informality, most contributory pension programmes are available to formal sector workers only. While the pension system makes no difference between men and women previously employed in the formal sector in equal proportions, due to lower female participation rates in wage employment, an important gender gap in access to social protection remains. From its inception in the 1960s, contributory social protection was designed based on the breadwinner model and extended to women (and children) only when their husbands were in formal employment and they were legally married. Yet the notion of a fixed male breadwinner and/or a stable nuclear family is less and less common in younger age cohorts: in the last decade, the number of divorces increased by 119.1 per cent while the number of marriages dropped by 8.9 per cent (2016). By design, this scheme had excluded single mothers, informal workers and unmarried couples. As patterns of marriage and fertility are distinctly different across income groups, it is among the poor that the prevalence of female-headed households and cohabitation is higher. Thus, it is at the lower end of the

income distribution that the male breadwinner model, the basis of traditional contributory social protection provisioning, has its most detrimental effect on women.<sup>3</sup>

According to data from the last census (2010), of a total population of 14.5 million people in Ecuador, 7.3 million are women. About half of Ecuadorian women, 3.6 million, are mothers: 71 per cent live with a partner while 29 per cent are single mothers. Nearly half (44 per cent) of mothers had their first child in their youth, between 15 and 19 years old. The percentage of adolescent mothers has increased in recent decades, behaving differently from total fertility, which has fallen consistently in the same period. Over the past decade, teenage birth rates have increased from 91 to 111 per 1,000 females—note that the world's average is 49 (2016). Reports have associated teenage pregnancy with income poverty, indigenous background and poor education (Salinas et al., 2014). Such demographic patterns bear consequences in labour attachment, as shown in Figure 7.3. There is an important gap in participation in the labour force across all cohorts and the broad patterns have remained unchanged in the period between 2007 and 2015. Middle-age cohorts, aged 36 to 50 years of age, present the higher participation rates among women, whereas younger cohorts (aged 15 to 25) present lower labour attachment, markedly lower than their male counterparts do. It is worth noting that labour attachment of the youngest cohort of women (aged 15 to 19) has decreased during this period, from 27.5 to 15.5 per cent.



**Figure 7.3** Participation rates across age cohorts disaggregated by sex

Note: Participation rates account for employed and unemployed population. Calculations exclude full-time students.

Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2007-15.

A closer look at fertility indicators and their differences across recipient and non-recipient women flags key aspects regarding labour attachment constrained by familial needs. Recipient women have, on average, higher and earlier fertility (see Table 7.1). They are more likely to be in 'atypical' family arrangements, for example single mothers or cohabiting. Single motherhood complicates their continuous attachment to paid work, with no partner providing income support and major obstacles to accessing full-time formal employment. If not in a legal partnership, women are more likely to remain excluded from contributory social insurance, with limited access to pension funds. As such, the problem of gendered differentials in the employment trajectory becomes larger at retirement age (a similar argument is explored by Filgueira et al., 2011).

*Table 7.1 Selected indicators of fertility and family arrangements by BDH participation for women(\*) (national urban)*

	Never a recipient	BDH recipient
Mean age of women at first child	21	19
Women who were mothers by 18 years of age (%)	15	47
Mean number of children	2	3
Women managing households on their own with children of 18 years or younger (%)	7	34
Women cohabiting with men with children of 18 years or younger (%)	7	16

Note: \*Women aged between 12 and 48 years old (fertile years).

Source: Author's calculations based on ECV Living Standards Survey data INEC (2013-14).

Due to unreconciled care needs, women usually have broken career paths. The expectation is that when children grow up and enter school, the effect of childbearing on economic participation and employment will become less salient, although it will not disappear. However, recent trends show that women have postponed childbearing—among the lowest income strata the fertility rates have reduced at a lower rate—adjusting their labour market prospects instead.

### 7.3.2 Overall trends in occupational segregation

Together with the responsibility for childrearing, employment segregation contributes the most to gender-based inequalities. Table 7.2 shows the mean, median and maximum labour income reported by employed workers as of December 2014. Agriculture, forestry and fishing, together with activities of household as employer (which includes domestic service), are amongst the activities where workers report the lowest mean pay. It should be noted that this is reported labour income, that is, what informants said they earned. For various reasons, such as prestige, tax evasion and fear of being excluded from governmental programmes, there is a high chance of purposive misreporting, as previously discussed in Chapter 6.

Also, recall that these income figures are based on a sample, which is representative of national, urban, rural areas and main cities, but not necessarily of all members in the different economic activities. This is an important cautionary note, since for some activities there is a higher likelihood of workers being underrepresented due to their marginalised position—domestic workers in activities of households as employers, street vendors in wholesale and retail trade; or due to their privileged position—high-income earners in management, real state or financial activities. Thus, there is a chance of missing out information on the lower and upper ends of the income distribution. Median and maximum reported income are also shown in Table 7.2. The median is much more sensitive to changes in the distribution, and compared with the mean, provides a better basis for comparison, accounting for reported income dispersion.

*Table 7.2 Labour income (current US\$) by economic activity in 2014, employed workers (15 years and older)*

Economic activity	Reported labour income		
	mean	median	max
Agriculture, forestry and fishing	302	240	15,000
Water supply, sewerage, waste management and remediation activities	390	265	2,960
Wholesale and retail trade; repair of motor vehicles and motorcycles	447	340	42,161
Activities of households as employers	316	340	865
Accommodation and food service activities	396	350	17,300
Manufacturing	474	380	10,880
Administrative and support service activities	426	396	6,100
Construction	449	400	72,300
Transportation and storage	494	400	10,700
Information and communication	614	400	8,999
Arts, entertainment and recreation	513	400	2,960
Real estate activities	768	470	6,400
Professional, scientific and technical activities	780	500	5,590
Human health and social work activities	812	619	6,000
Electricity, gas, steam and air conditioning supply	725	640	4,180

Economic activity	Reported labour income		
	mean	median	max
Financial and insurance activities	931	671	7,200
Education	767	699	6,600
Mining and quarrying	1,107	720	8,450
Public administration and defence; compulsory social security	1,027	900	13,000
Activities of extraterritorial organisations and bod- ies	1,105	1,130	3,750

Note: Categories according to the International Standard Industrial Classification of All Economic Activities (Rev. 4).

Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2016a.

With regard to absorption of employment into the different economic activities, Table 7.3 shows the estimated share of employment as of 2014. It can be noted that agriculture, forestry and fishing; wholesale and retail trade; repair of motor vehicles and motorcycles; and manufacturing absorb most of the employment. This trend has remained stable during Correa's administration: as of 2007, agriculture absorbed 28.5 per cent of total employment, wholesale and retail trade 19.9 per cent and manufacturing 10.9 per cent. As expected, most agricultural employment is located in rural areas, whereas trade and manufacturing absorb urban employment.

*Table 7.3 Share of total employment by economic activity in 2014 (employed population 15 years and older)*

Economic activity	Urban	Rural	Share employment
Agriculture, forestry and fishing	22.5%	77.5%	24.5%
Mining and quarrying	66.4%	33.6%	0.8%
Manufacturing	74.3%	25.7%	11.3%
Electricity, gas, steam and air conditioning supply	71.9%	28.1%	0.4%
Water supply, sewerage, waste management and remediation activities	94.3%	5.7%	0.7%
Construction	68.6%	31.5%	7.4%



Economic activity	Urban	Rural	Share employment
Wholesale and retail trade; repair of motor vehicles and motorcycles	86.5%	13.5%	18.9%
Transportation and storage	81.4%	18.6%	5.9%
Accommodation and food service activities	84.1%	15.9%	5.5%
Information and communication	88.3%	11.7%	1.2%
Financial and insurance activities	89.2%	10.8%	1.0%
Real estate activities	87.3%	12.7%	0.2%
Professional, scientific and technical activities	93.9%	6.1%	1.6%
Administrative and support service activities	85.4%	14.6%	2.7%
Public administration and defence; compulsory social security	82.5%	17.5%	4.4%
Education	83.9%	16.1%	4.5%
Human health and social work activities	88.3%	11.7%	2.3%
Arts, entertainment and recreation	80.5%	19.6%	0.6%
Other services	87.6%	12.4%	3.0%
Activities of households as employers	78.4%	21.6%	3.3%
Activities of extraterritorial organisations and bodies	82.4%	17.6%	0.0%

Note: Categories follow the International Standard Industrial Classification of All Economic Activities Rev. 4). Rural and urban shares of employment show within row (economic activity) percentage.

Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2016a.

In terms of employment stratification by ethnic group, Table 7.4 suggests a concentration of employment in specific economic activities associated to group membership. It should be noted that disaggregating ENEMDU survey data into increasingly finer levels of analysis is problematic. Only major occupations are reliable, for example agriculture, manufacturing, wholesale and retail trade, public administration and so forth, whilst availability of data identifying ethnic minorities, for example *mestizo*, *montubio*, Afro-Ecuadorian and white, is rather scant. Despite the paucity of data, the little reliable information available hints at the existence of labour market stratification by ethnic group. Indigenous and *montubio* workers, for

instance, are more likely than other groups to be employed in agriculture, forestry and fishing.

*Table 7.4 Stratification by ethnic group and economic activity in 2014 (share of employed population 15 years and older)*

Economic activity	Indige- nous	Afro- Ecu- dorian	Montu- bio	Mes- tizo	White
Agriculture, forestry and fishing	57.40**	21.55**	55.66**	20.43**	20.25
Mining and quarrying	0.64	1.37	0.68	0.75**	1.74
Manufacturing	5.51**	9.32*	3.70	12.23**	12.69
Electricity, gas, steam and air conditioning supply	0.06	0.40	0.11	0.36*	1.07
Water supply, sewerage, waste management and remediation activities	1.11	1.46	0.65	0.63*	0.33
Construction	9.36**	7.34*	3.29	7.50**	4.50
Wholesale and retail trade; repair of motor vehicles and motor-cycles	11.31**	16.99**	14.41**	19.84**	17.68*
Transportation and storage	3.12*	5.91*	2.83	6.28**	5.54
Accommodation and food service activities	2.08	7.14	5.29	5.62**	8.63
Information and communication	0.47	0.74	0.33	1.27**	1.31
Financial and insurance activities	0.32	0.00	0.18	1.08**	3.30
Real estate activities	0.11	0.18	0.00	0.24	0.87
Professional, scientific and technical activities	0.14	1.12	0.22	1.77**	2.29
Administrative and support service activities	0.82	3.85	1.04	2.91**	0.94
Public administration and defence; compulsory social security	2.14*	5.94*	4.24	4.53**	4.08
Education	2.33*	4.23*	1.81	4.83**	5.67
Human health and social work activities	0.46	1.81	1.15	2.52**	2.32
Arts, entertainment and recreation	0.24	1.05	0.15	0.66*	1.50
Other services	0.78	3.24	2.83	3.11**	4.19
Activities of households as employers	1.58	6.31	1.42	3.42**	1.08
Activities of extraterritorial organisations and bodies	0.00	0.05	0.01	0.01	0.01

Note: Categories follow the International Standard Industrial Classification of All Economic Activities (Rev. 4). Within column (ethnic group) percentage. Based on the coefficient of variation (CV) discretion should be used when determining whether the estimates are appropriate for use, following: (\*\*) reliable with CV under 10% (\*) less reliable with CV between 11% and 15%. Estimates without asterisk are unreliable with CV greater than 15%.

Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2016a.

Replicating the results by sex and ethnicity, although only for the economic activities that reported higher reliability, the share of indigenous women employed in agriculture, forestry and fishing reaches 65 per cent, whereas the share of *montubio* women in this sector goes down to 23 per

cent (compared with 66 per cent of *montubio* men). Wholesale and retail trade activities, second in importance in terms of total employment absorption, employ 24 per cent of mestizo women in the labour force—compared with 16 per cent of mestizo men.

With regard to status in employment, the share of own-account workers, casual day workers, unpaid workers and domestic workers, while slowly declining, absorbs more than half of the labour force. Sex-based differences prevail: the share of casual day workers is higher among men—one could think of most common casual occupations such as construction work or *peón*—while female employment shows a relatively higher share of unpaid work, as noted in Table 7.5. As mentioned elsewhere, non-standard occupations are often insecure, poorly paid and unprotected.

*Table 7.5 Status in employment as share of total (male and female) employment, 2007-2015*

		2007	2008	2009	2010	2011	2012	2013	2014	2015
Employee	Total	38.1**	38.7**	38.7**	40.0**	39.5**	40.1**	40.1**	42.7**	42.9**
	Male	40.3**	40.0**	39.9**	40.0**	40.3**	40.7**	40.7**	45.1**	44.7**
	Female	34.9**	36.8**	36.9**	39.8**	38.1**	39.3**	39.3**	39.1**	40.2**
Day worker	Total	12.2**	13.5**	12.4**	12.7**	11.5**	11.7**	11.7**	11.3**	10.9**
	Male	18.2**	20.1**	18.6**	19.2**	16.9**	17.4**	17.4**	17.2**	16.6**
	Female	3.2**	3.6**	3.0**	2.6**	3.1**	3.1**	3.1**	2.5**	2.7**
Employer	Total	4.9**	5.0**	4.0**	3.3**	3.4**	3.6**	3.6**	3.1**	3.2**
	Male	6.2**	6.4**	5.1**	4.3**	4.4**	4.6**	4.6**	4.1**	4.2**
	Female	2.9**	2.9**	2.2*	1.9**	1.9**	2.2**	2.2**	1.7**	1.8**
Own-account worker	Total	28.2**	27.7**	29.3**	30.5**	33.9**	32.1**	32.1**	30.3**	30.0**
	Male	26.6**	26.2**	28.5**	30.1**	33.2**	31.5**	31.5**	28.0**	28.3**
	Female	30.5**	30.0**	30.4**	31.2**	35.1**	33.1**	33.1**	33.7**	32.7**
Unpaid worker	Total	13.2**	11.5**	12.3**	10.5**	9.4**	9.9**	9.9**	9.4**	10.2**
	Male	8.4**	7.0**	7.5**	6.3**	5.1**	5.6**	5.6**	5.4**	6.1**
	Female	20.5**	18.2**	19.3**	17.0**	16.0**	16.3**	16.3**	15.3**	16.4**
Domestic worker	Total	3.4**	3.6**	3.5**	3.1**	2.4**	2.5**	2.5**	3.3**	2.7**
	Male	0.3	0.3	0.4	0.2*	0.2	0.3	0.3	0.3	0.3*

Female      8.1\*\*   8.5\*\*   8.2\*\*   7.5\*\*   5.8\*\*   6.0\*\*   6.0\*\*   7.8\*\*   6.3\*\*

Note: Within column share of total employment (in percentage), by group membership (male/female). Unpaid work includes work within and outside the household. Based on the coefficient of variation (CV) discretion should be used when determining whether the estimates are appropriate for use, following: (\*\*) reliable with CV under 10% (\*) less reliable with CV between 11% and 15%. Estimates without asterisk are unreliable with CV greater than 15%.

Source: Author’s calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2016a.

Table 7.6 presents the share of women employed within each occupational category. Service work remains the most frequent occupation among women, followed by sales, clerical and related work.

*Table 7.6 Share of female and male employment by occupational category, 2014*

	Male	Female
Administrative and managerial workers	64.2**	35.8**
Professional, technical and related workers	46.3**	53.7**
Clerical and related workers	58.0**	42.1**
Office workers	46.1**	53.9**
Service workers and sales workers	42.0**	58.1**
Agricultural, animal husbandry and forestry workers	68.4**	31.6**
Artisans and production related	80.2**	19.8**
Production process workers (manufacture)	93.0**	7.0**
Non-classified	56.3**	43.7**
Members of the armed forces	98.8**	1.2

Note: Within row share of total employment (in percentage) by occupational category Based on the coefficient of variation (CV) discretion should be used when determining whether the estimates are appropriate for use, following: (\*\*) reliable with CV under 10% (\*) less reliable with CV between 11% and 15%. Estimates without asterisk unreliable with CV greater than 15%.

Source: Author’s calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2016a.

Informality is highly associated with occupational categories. As mentioned above, intermittence in employment is associated with informality, disproportionately affecting women in fertile years, as highlighted in the

cohort analysis presented earlier. Concentrating the attention in one year, 2014, it can be noted that most women who are employed as agricultural workers, artisans, service workers and sales workers operate in the informal sector (see Table 7.7).<sup>4</sup> With regard to informal employment, using as a proxy the share of female employment that is not affiliated to any social insurance regime such as IESS, ISSFA, ISSPOL or Seguro Campesino, it can be noted that, for the occupational categories of service workers and sales workers; agricultural, animal husbandry and forestry workers; artisans and production process workers; and non-classified, informal employment is considerably high. For other categories for which there is reliable survey data for this level of disaggregation, that is, office workers and professional workers, informal employment is relatively low.

*Table 7.7 Share of employment in the informal sector and informal employment, female workers by occupation, 2014*

	Informal sector	Informal employment
Administrative and managerial workers	0.0	4.2
Professional, technical and related workers	1.3	5.5*
Clerical and related workers	4.6	10.7
Office workers	4.5**	19.2**
Service workers and sales workers	46.0**	70.4**
Agricultural, animal husbandry and forestry workers	78.8**	69.8**
Artisans and production related	52.5**	74.0**
Manufacturing workers	21.2	40.2**
Non-classified	49.2**	67.1**
Members of the armed forces	0.0	0.0

Note: First column indicates the share of total female employment (in percentage) employed in the informal sector (aggregate of informal firms). Second column indicates the share of total female employment in informal employment (with no access to public/private social insurance).

Based on the coefficient of variation (CV) discretion should be used when determining whether the estimates are appropriate for use, following: (\*\*) reliable with CV under 10% (\*) less reliable with CV between 11% and 15%. Estimates without asterisk are not statistically significant with a CV larger than 15%.

Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2007-15.

Extensive informality in employment makes the care-related social protection policies stated in legal documents and regulations almost trivial. The vast majority of the female labour force has no access to childcare and a very low percentage is entitled to maternity leave, minimal measures for reconciling paid work and care. Instead, the informal sector seems to offer many women an alternative to fixed employment, if any. This is especially true for women at the bottom part of the wage distribution, who cannot afford childcare but nevertheless have to provide for their household. Informal work is the norm among BDH recipients. Of the total active population enrolled in the BDH programme in 2015, 75 per cent were employed in the informal sector, and only 7.5 per cent in the formal sector (author's calculations based on ENEMDU data). The remainder is divided between unclassified workers (10 per cent), domestic workers (5 per cent) and unemployed (3 per cent). It follows that employment in the informal sector drives the pattern of general employment among BDH recipients.

For recipient mothers, a combination of high fertility, differentiated access to childcare and occupational sex segregation leads to differences in labour market attachment. Families react to the challenges of balancing motherhood and labour market participation in a stratified way. Care needs are interpreted through fragmented schemes: poor families usually rely on the extended family or cohabiting in search of support for care provision, while affluent families are more likely to accommodate paid care or regulate this by having fewer children, as suggested by demographic data. Thus, informality is more severe among poor women, who, due to a lack of care support, tend to leave the labour market earlier than the rest of the female population—if there is another provider in the household—or opt for flexible occupations. As shown in Table 7.8, recipient women, who are at the lower end of the income distribution, are employed in a reduced number of fields and in predominantly informal arrangements, either in terms of employment in the informal sector as uninsured work or informal employment. These are critical nodes of uninsured work, in the margins of regulation and substantive protection, often operating under precarious conditions. A note of caution is needed, however, as ENEMDU data on BDH recipients are thin, for which reason the analysis is later complemented with a self-collected survey in southern Ecuador.

*Table 7.8 Share of employment in the informal sector and informal employment for BDH female recipients (by occupational category in 2014)*

	Informal sector	Informal employment
Professional, technical and related workers	0.0	0.0
Clerical and related workers	42.5	55.6
Office workers	72.6	66.8
Service workers and sales workers	73.8**	82.9
Agricultural, animal husbandry and forestry workers	91.7**	78.4**
Artisans and production related	80.2**	85.4
Manufacturing workers	85.2*	97.2
Non-classified	77.0**	79.3**

Note: First column indicates the share of total female employment (in percentage) employed in the informal sector (aggregate of informal firms). Second column indicates the share of total female employment in informal employment (with no access to public/private social insurance).

Based on the coefficient of variation (CV) discretion should be used when determining whether the estimates are appropriate for use, following: (\*\*) reliable with CV under 10% (\*) less reliable with CV between 11% and 15%. Estimates without asterisk are not statistically significant with a CV larger than 15%.

Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2007-15.

#### 7.4 Sex occupational segregation in Ecuador

Sex occupational segregation characterises the functioning of the labour market in Ecuador, even controlling for education.<sup>5</sup> Figure 7.4 shows trends in occupational sex segregation from 2007 to 2015 for the total workforce. The dissimilarity index *D* is used as a proxy to capture sex segregation by occupation,<sup>6</sup> showing the percentage of both men and women who would have to change occupations to make the gender distribution equal (as used in England, 2010). The scale shows 100 for complete segregation and 0 for complete integration. Calculations suggest that the *D* index has remained unchanged. Controlling by education, occupational sex segregation is even higher and has intensified. In recent cohorts, a higher proportion of women have accessed formal education, closing the gender gap in terms of schooling years (INEC, 2016c) but not in terms of access to employment.

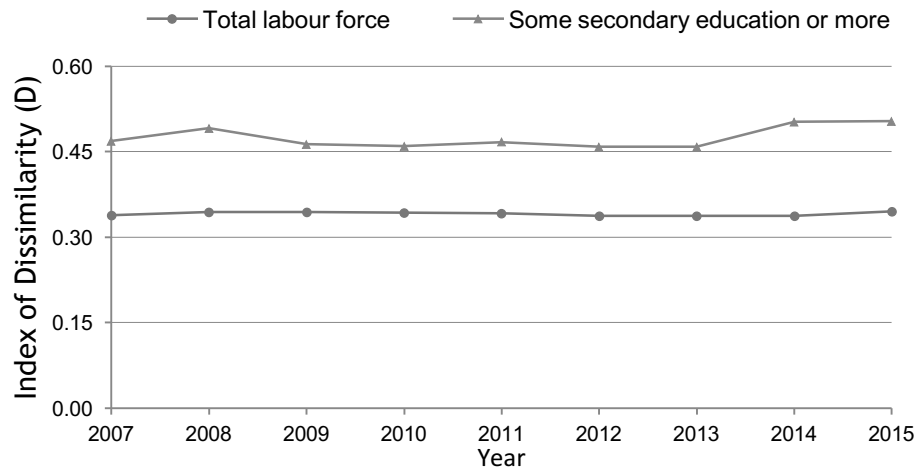


Figure 7.4 Sex segregation of occupations (male and female economically active population)

Source: Author's calculations using ENEMDU data from the National Centre for Statistics and Censuses (INEC) 2007-15.

Yet recipient women tend to have lower educational credentials. As bluntly put by an interviewee when asked what she would do if given the chance to change her occupation: 'Life is hard [...] you've got to get used to it [...] it doesn't matter: I'll do the same, I'm not like you, I don't have a *cartón* [cardboard slang for degree].'<sup>7</sup> Recipients are most likely to be chosen for unskilled jobs and receive lower remuneration. Domestic work is a common destination.<sup>7</sup> This is a gendered field that fits with the historical role of women as carers: 95 per cent of domestic workers are women (author's own calculations based on ENEMDU data, INEC). Caring is work that women are thought to do for free anyway, so it is left to the most desperate women to pick up the slack of domestic work. Legally, domestic work has not been accorded the same rights as other occupations. Inferior standards are often applied. For example, the occupational minimum wage for domestic workers remained lower than the national statutory wage until recently (2012), with regard to statutory minimum wages and expansion of contributory social security. A constitutional reform following a referendum in Ecuador conducted in 2010 and in observance of the ILO's conventions determined that domestic workers should earn a living wage



and have better working conditions. After a higher minimum wage was set in 2010—matching the official statutory minimum—and offering long overdue social protection to domestic workers, consumers of domestic work—mostly middle-income households—adjusted their demand for domestic work, or simply did not comply with regulations, as discussed for the informal sector in general by Canelas (2014). This resulted in a contraction of the demand for domestic workers, with urban employment rates falling by about 3 percentage points in domestic work employment, from 11 per cent in 2009 (year before reform) to 8 per cent in 2015, or moving towards part-time arrangements, with the share of part-time female domestic workers increasing from 28 per cent in 2009 to 38 per cent in 2015, as a share of total domestic work (author's calculations based on ENEMDU data).

For the subset of cash transfer recipients, such changes seemed even less effective, as discussed in interviews (2013). One plausible reason is the wage compensation introduced by BDH transfers and misunderstandings around its interaction with contributory social protection—subject to misuse by employers. In the era of CCTs, the role of women as care providers is stronger than ever, further deprecating domestic work, an occupation that, as noted earlier, already takes place in the margins of regulation. As of December 2015, 90 per cent of female recipient workers who reported receiving BDH transfers earned less than the statutory minimum, compared with 56 per cent in the case of domestic workers who did not receive BDH transfers (author's calculations using ENEMDU data, INEC, 2007–15). This gap has consistently increased. While in 2011, 72 per cent of female recipient domestic workers earned below the statutory minimum, compared with 63 per cent of the comparable non-recipient population, in 2007, 53 per cent of female recipient domestic workers earned below the minimum, compared with 40 per cent of non-recipient domestic workers. As noted above, in 2007 the statutory minimum wage for domestic workers was still lower than the statutory minimum wage for any other occupation—that is, US\$120 for domestic work, while the official minimum wage was set at US\$170 (author's calculations based on ENEMDU data). Although differences in wages are usually explained by productivity differentials, in the case of domestic work this argument does not suffice to explain the difference in remuneration between non-recipient and recipient domestic workers.

## 7.5 A closer look at the case studies: Loja and Machala in southern Ecuador

There were some striking differences between cities in terms of employment status. Whereas in Loja, the majority of women reported working in the reference month (78 per cent), in Machala the share of currently employed women was substantially less (42 per cent). What is more, around 80 per cent of the female respondents in both cities who were not employed were also not looking for a job. When asked about the reasons they for not looking for a job, the majority responded it was due to family responsibilities. It is worth noting that the wording of the question followed the INEC official questionnaire and explicitly asked: ‘does your family and/or husband not allow you to work?’ Again, the BDH could play a role in allowing women to switch to inactivity, in what could be similar to maternity leave, though at the cost of reinforcing intra-household disparities, as captured in the following quote:

When I got pregnant, my husband asked me to stop working and stay at home ... I did not plan to get pregnant, I was using contraceptives but something went wrong ... during my pregnancy, I stopped working. We were living from my husband’s earnings only. A couple of days before birth, we had not enough money. My husband was jobless. And you know, even if you go to the public hospital you will have to cover some expenses. Over the weekend, I went to withdraw my BDH money. I was in labour pain while queuing. By the next morning, I was giving birth to my child. That money saved me! We bought baby clothes and medicines. My husband? It took him two weeks to get a job. (INEC, 2015)

Indeed, non-contributory social protection provides some income support to an otherwise invisible, unprotected and marginalised segment of the labour force. It is a means to accessing state-provided benefits for low-income informal workers, in particular for middle-aged women with children. Income support plays a key role in helping mothers to provide care. However, the transfer alone cannot guarantee economic autonomy and security, both in terms of size of the transfer and duration in the programme.

Table 7.9 helps signal the main differences in terms of access to social protection. This exercise does not imply any causation. That is to say, it is not argued that differences are due to BDH only. Besides, generalisations

to the country level are not possible as the data represents the unique situation encountered among respondents in Loja and Machala. Yet, for illustrative purposes and calling for deeper analysis, see below some common features found among current BDH recipients, non-recipients and graduated recipients (as a proportion of non-recipients).

*Table 7.9 Employment and BDH transfers: recipient, non-recipient and graduated population*

	Recipient	Non-recipient	Graduated
Total respondents	283	399	219
Average age	43	39	43
Number of household members	5	4	5
% female respondents	89.75%	88.69%	90.52%
% male respondents	10.25%	11.31%	9.48%
% respondents who worked in the reference week	48.20%	36.22%	58.18%
% respondents with more than one occupation	2.88%	2.40%	2.93%
% respondents who worked less than 40 hrs/week	55.48%	49.80%	51.25%
% respondents with no access to social security	90.63%	86.06%	88.84%
% own account workers	53.67%	52.58%	54.74%

Source: Fieldwork 2013.

Most of the people who were not working in the reference week indicated that the last time they performed paid work was more than a year ago, showing no difference between BDH recipients and non-BDH recipients. Among those who reported looking for a job, 80 per cent indicated no preference for working as a dependent worker or an own-account worker. There is a minor difference between BDH recipients and non-BDH recipients, where the former were more likely to be looking for a job as an own-account worker (12.5 per cent). Among those that were neither working nor looking for a job during the reference week, that is, those that were inactive, the main reason given for not looking for a job was family duties (34.8 per cent), followed by sickness and/or disability (32.9 per cent).

In the survey, it was also asked about the employment situation once 'graduated' from the cash transfer programme (see Table 7.10). More than

half of respondents indicated that they had to work more hours after exiting the programme.

*Table 7.10 Change in employment conditions once graduated from BDH programme*

Graduated population	Proportion
% respondents who indicated had to work more hours (after exiting)	57.69%
% respondents who were not informed on 'graduation'	57.62%
Main reason provided: 'others need it the most'	61.54%

Source: Fieldwork 2013.

The process of 'graduation', an issue that tends to be overlooked in studies on the BDH in Ecuador, can offer an interesting counter-narrative on the impact of limited targeted modes of social protection on employment decisions. As mentioned elsewhere, it is known that the administration intends to downsize the programme, particularly by reducing the number of mothers with dependent children, and favouring the elderly and disabled. The problem of continuity in social assistance is a fundamental obstacle. The BDH programme was designed as a transitory programme, but after 15 years it is still operating. However, recipients themselves acknowledge its transient nature. Consider that out of 1.9 million recipients, about 250,000 exited the programme in 2013 and a similar number of recipients were graduated in 2014.<sup>8</sup> Furthermore, there is no transparency about the graduation mechanisms. Aside from a few cases in which people were informed that it was the result of cross-checking data with governmental agencies in order to exclude functionaries who were accessing the programme, the great majority of graduated recipients did not know why they had exited the programme. The only explanation they received was in the form of a text message on their mobile phones indicating: 'You do not need it; other people need it most.'<sup>9</sup> There is no public scrutiny on which graduation is based. In the case of the most persistent former recipients who approached public officials, they were confronted with an explanation of a highly technocratic process through which graduation is advanced, only to reinforce knowledge barriers between the state and recipients. As explained by a former recipient:

One day I went to withdraw my BDH money and I was notified that I was out of the programme. As soon as I could, I went to MIES. I asked them to go and see where I live [...] I was told that the people who can get the *bono* are those below 33 points, and I have 37 points. Those above 33 points cannot get it anymore. Well, in the past, we used to. So, I went to MIES and I ask them again, *por qué me sacaron* [why did they take me out] if I have four children and my house is falling to pieces? I need the *bono*. And they told me to wait for the new surveys [...] I stopped going to MIES. I have asked around whether they have already started with the surveys, but nothing [...] I heard someone saying they will start surveying in August. (Canelas, 2014)

I further inquired whether something had improved in her household situation, to which she answered:

No, nothing improved. I don't know what they took the BDH away. Same things I had in the past, I have now. This is why I went to MIES and ask them. See, when I started with the BDH I had two children. Now I have four. My situation has not improved, it has worsened. Two of them are at school, and the younger two are always with me. (ibid.)

### 7.5.1 Women, life phase and employment

Survey data collected in Loja and Machala suggest sex- and age-specific employment patterns among BDH recipients. In Loja, 78.1 per cent of female respondents were performing paid work at the time of the survey, with higher employment rates for the first and third age cohort, that is, women aged 19 and younger, and those aged between 46 and 65 years, as evidenced in Figure 7.5. In Machala, where employment rates are lower, 44.5 per cent, marital status is significantly associated with higher inactivity rates, especially for the second cohort, aged 20 to 35 years old.

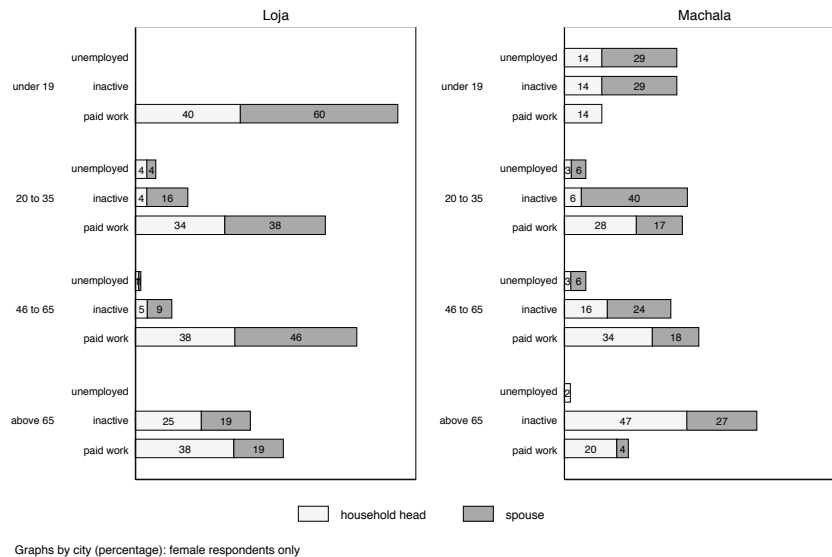


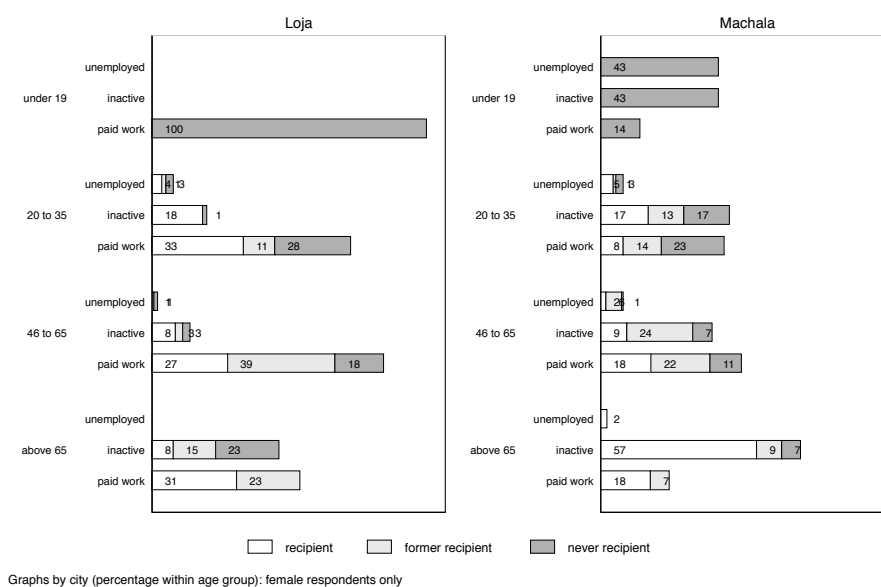
Figure 7.5 Employment status by age cohort for female household head or spouses (female respondents only)

Source: Author’s calculations based on fieldwork data, 2013.

Previous studies had found that participation in paid work among BDH recipients is conditional on the presence of a partner, that is, labour attachment is more likely in mono-parental households or, alternatively, there is an incentive to remain in inactivity in bi-parental households. Marital status determines care needs as much as the number of dependent children in the household (Interviewee-G, 2013). Yet interviews indicated that not only do familial arrangements vary across Loja and Machala, but these are also undergoing continuous change.<sup>10</sup>

When comparing data on employment and participation in the BDH programme, Loja presents higher participation rates among recipients in the age group from 46 to 65 years old (see Figure 7.6), with 84 per cent employed and nearly 2 per cent actively seeking employment at the time of the survey. In this age group, most of the employed respondents were either former BDH recipients, graduated or Crédito de Desarrollo Humano (CDH or Human Development Credit) recipients.<sup>11</sup> As expected,

inactivity increased after retirement age (after 65 years of age), but this does not necessarily imply exiting the labour force, as survey data for Loja suggests. With regard to employment outcomes and social protection in Machala, age-specific patterns are less clear except among respondents at retirement age, where inactivity rates are higher. Instead, inactivity rates, as seen in Figure 7.6, seem to be associated with marital status regardless of participation in the BDH programme.



**Figure 7.6** Employment status by age cohort, conditional on participation in the BDH programme

Source: Author's calculations based on fieldwork data, 2013.

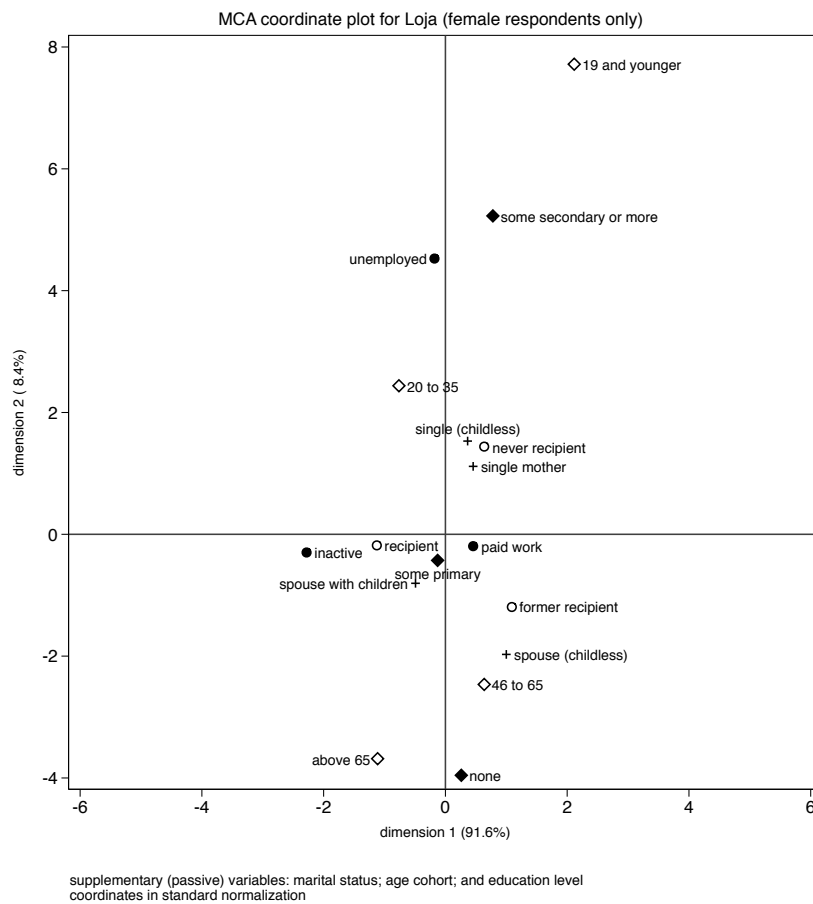
Note that in Machala there is an important share of home-based workers, who do not always report their work as paid work in official surveys.<sup>12</sup> Door-to-door sales, in-house helpers (homemakers and hand-launders) and dressmakers account for 50.4 per cent of the total employment among female respondents. These occupations are more common among single mothers.<sup>13</sup>

In Loja, all the respondents 19 years old and younger were employed at the time of the survey, mostly as street vendors. There were no students in the sample, confirming that the vast majority of young female informal workers had deserted school and supporting the low-qualification argument explored before. In the group aged 20 to 35 years old, respondents were less likely to be employed. Of those BDH recipients who were employed at the time of the survey, 48.9 per cent were working as street vendors, 17 per cent worked as hand-laundressers and the remainder were in other service-related occupations. For the group of respondents aged between 36 and 64 years old, the share of graduated recipients was higher. Most of the graduated recipients were employed at the time of the survey in street vending (63.3 per cent), retail trade (8.3 per cent) and service-related occupations, including food preparation (11.7 per cent), hand-laundressing (3.3 per cent) and domestic work (3.3 per cent). In this age group, single mothers presented higher employment rates regardless of their participation in the BDH programme, with street vending being the most frequent occupation. Lastly, among the elderly, overall inactivity rates were higher than in other age groups, although a significant number of respondents were employed—mostly single women.

As a means of mapping the different familial, social and working spaces, MCA analysis was implemented for both cities. As a relational technique, it assists in exploring the associations between sets of categorical variables such as access to BDH transfers, age cohort and employment status by displaying these associations graphically. The analysis was implemented only for female respondents who at the time of the survey were neither full-time students nor had a permanent disability. Figure 7.7 presents the results of MCA, a variation of principal component analysis, for Loja. By analogy with principal component analysis, MCA projects a set of points representing all categories of the variables into a subspace that has as few dimensions as possible, the dimensions being new factors (factorial axes) which are mutually orthogonal. The first dimension highlights the position between former recipients, current recipients and never recipients, and between inactive, unemployed and respondents performing paid work. In the interaction of these categorical variables and supplementary variables—marital status, age cohort and educational level—three profiles can be identified: (1) recipients who are either spouses with dependent children or elderly women, who are provided with some compensation from the maternity component or the pension component of BDH,



respectively; (2) graduated BDH recipients, who are more likely to be in paid work—older spouses (above 46 years old) without dependent children are often found in this group; and (3) never recipients—following BDH inclusion criteria, childless women or underage mothers do not qualify for BDH transfers. This last group, however, presents the higher educational level, since younger cohorts have had better access to education.



*Figure 7.7 Multiple Component Analysis (MCA) (Loja)*

Note: The figures display the rows and columns of cross-tabulated data. The coordinates of each category illustrate the proportion of the variance of the axis due to that point category.

Source: Author's calculations based on fieldwork data, 2013.

Figure 7.8 presents MCA results for Machala. In this city, inactivity was more common among BDH recipients. Yet there is another layer in the analysis of inactivity: marital status. Inactive recipient women were mostly spouses, with dependent children or otherwise. Those who had never been recipients were more likely to be in paid work. It is worth noting that in this city, home-based work, for example door-to-door sales, outweighs other occupations available to single mothers of younger age (between 20 and 35), arguably due to the impossibility of leaving children alone.

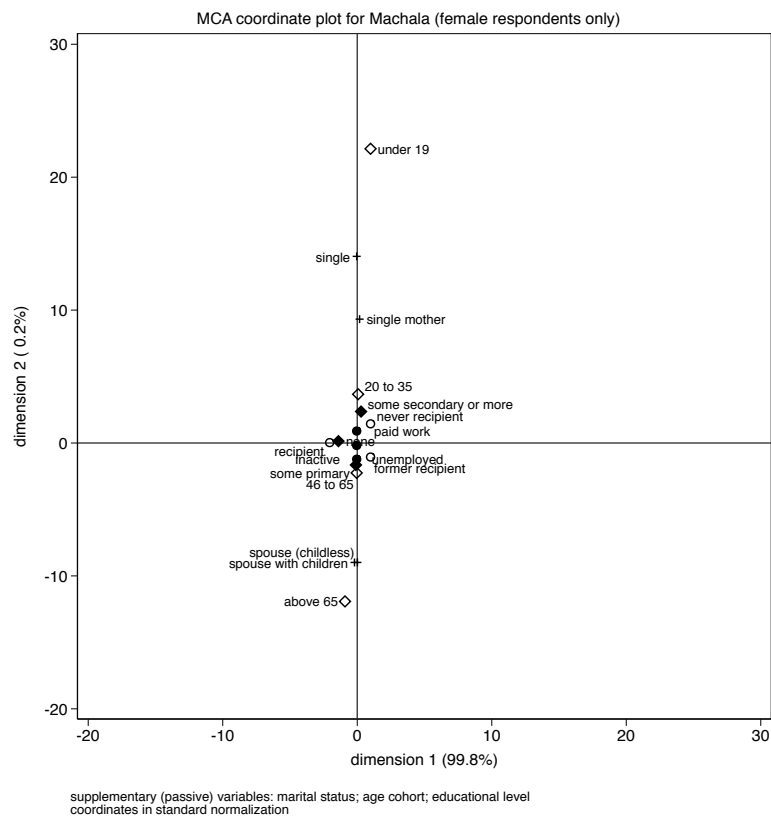


Figure 7.8 Multiple Component Analysis (MCA) (Machala)

Note: The figures display the rows and columns of cross-tabulated data. The coordinates of each category illustrate the proportion of the variance of the axis due to that point category.

Source: Author’s calculations based on fieldwork data, 2013.

### 7.5.2 Occupational segregation

Across these cities, field research helps identify the two most frequent occupations among recipient and former recipient women: domestic work and street vending. Domestic work, as repeatedly mentioned in interviews, is the most common destination for rural to urban migrant women—especially if single. A key element of urban employment is access to accommodation for incomers. In both cities, Loja and Machala, there were a significant number of women who had migrated from rural areas and were engaged in domestic work. Most women who migrate to the city try to find a job as a live-in domestic, as a means to guarantee shelter. The job search period requires enduring dangerous and demeaning working and living conditions in the city. Fewer and fewer households are willing to employ such women full time. Urban families can no longer afford a live-in helper. Domestic workers' backgrounds further affect their position in the hiring process, devaluing their work, as migrant women are seen as meriting less pay. The author had the opportunity to witness a 'job interview' of two young teenagers for roles as domestic workers in Loja (2014), during which they were reminded of their rural background (*del campo*) and how the woman (Interviewee-E, 2013) who would employ them would have to invest time in teaching them some 'city manners' (*como lo hacemos en la ciudad*). Such behaviour is deeply rooted in cultural and institutional mechanisms operating on a broader scale. Domestic work is segregated to poorly educated women from rural areas and with an indigenous background. Note that according to the last consulted ENEMDU data (INEC, 2015), about 55 per cent of female domestic workers working in urban centres are internal migrants and, to a lesser extent, cross-border migrants.<sup>14</sup> Most migrant domestic workers (47 per cent) departed to follow their families, while nearly 40 per cent migrated to search for a job. Over 85 per cent of migrant domestic workers are women of indigenous or ethnic minorities, exacerbating marginalisation and pushing wages down. Hiring families tend to keep domestic work wages low, arguing they already provide food and shelter—valuable extras for migrant workers. The role of private recruiters and employment agencies in the sector in managing part-time placements among richer households further contributes to this trend.

However, full-time and live-in domestic work is not an option for most single mothers with young children who have no access to formal or informal care networks. Many women mentioned in interviews that they are

discriminated against at the hiring stage for domestic work if they mention that they have underage children. Lacking care options, many opt for flexible jobs. In addition, women who have to take ‘breaks’ for childrearing are likely to choose jobs such as street vending that have a lower drop in wages when they return from home time. The activity offers mothers flexible hours, although their income depends on daily sales—making this a very volatile source of income. Street vending also presents lower barriers to entry, facilitating the return to work after and/or during childrearing. Many women find a substitute for day care in the public space, taking their children with them during the working day—something not allowed in other occupations such as domestic work.



Illustration 7.1 Street vendors in Loja (stadium area) (2013)

A large number of home-based workers were also found during home visits to BDH recipient households, most of them women with young children. They produced goods within their own homes: preparing food, stitching garments, selling goods (cosmetics) or providing services (laundry, hair cutting and beautician services), among other activities (field research, 2013). Together with street vendors, waste pickers and domestic workers, home-based workers were one of the top preferred occupations

reported by BDH recipients. Some women highlighted the value of home-based work, which provided them the opportunity to combine paid and unpaid work in a flexible schedule. However, home-based work pay is rather low and was often described as unreliable. In addition, workers absorb all production risks, directly affected by housing policies, transportation and relocation programmes.



Illustration 7.2 Street vendor in Loja, city centre (2013)

Through these examples, the field research in the cities of Loja and Machala helped identify processes of *housewifisation*, as coined by Mies (2012)—a normative category defining women in poverty as de facto housewives, dependent on the income of a husband or state support via cash transfers. This view contrasts with the stated objectives of CCTs, framed as empowering tools: by giving women more direct control over resources, dependency (from their partners) should reduce. The question

of dependency comes to the fore. In employment aggregates, women appear as inactive more often than their male counterparts. In more disaggregated employment analysis of informal occupations, however, women appear closely connected to the labour market but in arrangements and spaces that cannot be neatly separated from the domestic sphere. These processes are better illustrated in the cases found across the most typical profiles of BDH recipients: (1) the ‘inactive’ dependent housewife (most frequent in Machala); (2) the domestic worker (most frequent in Loja; and (3) the home-based worker (most frequent in Machala).

Policy documents and reports address BDH recipients as mothers, *amas de casa* or homeworkers, contributing to this categorisation. This is particularly the case in rural settings, where indigenous women’s work, since the first enumeration efforts in the 1950s, has been poorly recorded and labelled as inactivity (Vásconez Rodríguez, 2014). Some women might appear as non-working housewives in statistics although they perform sporadic paid work, just not with the frequency that would be recorded as unemployment—actively seeking a job. Others are simply not working for remuneration at all, but they are still performing vital care work and managing the household. Nevertheless, this does not necessarily result in dependence on their husbands’ income. There are alternatives to resource-based decision-making. Headship of a household can be shared among partners. In fact, this was the ‘original’ household arrangement amongst indigenous families in the Highlands, as documented by Prieto (2004). The structure and fielding of censuses is biased towards a standard idea of a household: male breadwinner, spouse and children. Only when there is no husband due to a variety of reasons, for example single motherhood, divorce and so on, would the enumerator register the woman as head of household. Taking this into consideration, the assumption of lesser control over funds or decision-making among impoverished women might be misplaced. This is not to say that there is no marginalisation of women within the household, but that the complexity of household relations cannot be reduced to a one-directional relation of dependency.

Returning to the previous example of domestic workers, it seems the normative use of *amas de casa* hinders workers’ chances to claim better employment conditions. Even if the provision of care and income support are core ideas of the BDH, the programme can play a critical role in subsidising irregular and poorly paid employment among recipient women. In the case of domestic workers, this is often for the benefit of employers,

that is, households, who are free from the social pressures from below, although they make it possible for the women who employ them to work. It was often mentioned in interviews that domestic workers had been told by employers that affiliating them to social security would threaten their permanence in the BDH programme. Others admitted that the pay was rather low, but since the BDH secured them some basics such as groceries and uniforms, they would accept the employment conditions at a lower rate. A similar dynamic was found amongst home-based workers in Machala, who would take sporadic jobs, such as door-to-door sales or seasonal food preparation, and even use the BDH to finance their economic activities, and return to idleness when buyers bailed out or the season ended, without adding pressure to their providers to be compensated accordingly. Thus the BDH, although residual in terms of income support, is enough to divert the state's attention from a more comprehensive agenda towards employment regulation, social provisioning and supporting care.

In sum, criticisms of non-contributory social protection rely on an understanding of poor women as dependent spouses, an erroneous assumption in the light of the evidence provided here. This is further supported by Mies's insights which, although they emerged from research conducted nearly four decades ago in South Asia, can be applied to the Ecuadorian case. She noticed that another erroneous assumption when discussing the (low) participation of women in the labour market is that economic development increases labour productivity to such an extent that the care costs are covered by the male wage. This situation, in the light of the demographic trends and the motivational and practical complexity of households discussed earlier, does not fit the reality of most recipient women. Second, she noticed that women's care work is often depicted as non-work and hence open to unrestricted control and utilisation (*ibid.*). As illustrated by the examples of domestic work and home-based work, women's work is depreciated partly due to the compensation obtained via BDH transfers. The analysis of Loja and Machala confirms that many recipient women perform economic activities in the margins of the productive sector, unreachable by public instruments of registration, regulation and protection.

## 7.6 Conclusion

This chapter has provided a basis for understanding how and why some modalities of social protection are associated with informality and occupational segregation. Cash transfer programmes, as originally conceived, do not aim to correct labour segregation, and very few of them focus on labour attachment at all. In practice, nonetheless, they might have an impact on employment outcomes. This has led to growing pressure to study and integrate an employment component into these schemes, as some aim at incentivising and/or sanctioning workers' choices, as per the disincentive or moral hazard argument presented elsewhere. The perversity rhetoric has led to an impulse to further tighten the targeting at, and reduce the number of, working-age recipient women. Recent literature, abstracted from broader demographic and institutional processes that drive poverty and exclusion among women, has contributed to this retrenchment in non-contributory social protection. Nevertheless, social assistance seems to provide income support to an otherwise less visible, unprotected and marginalised segment of the labour force. Although a monthly stipend cannot on its own guarantee economic autonomy and security, it is a means for accessing state-provided benefits for low-income informal workers, in particular for working-age women with dependent children.

Nonetheless, it should be stressed that sex occupational segregation not only concerns recipient women. The vast majority of the female labour force has no access to childcare facilities and a very low percentage are entitled to maternity leave, although both measures are key in reconciling paid work and care. The high levels of informality of the labour market in Ecuador have made the care-related social protection policies stated on the statute law almost irrelevant. Even within the formal sector, extensive non-compliance and weak enforcement attenuate the effect of recent measures. Thus it is worth asking to what degree BDH has substituted for the policy areas that could be deemed more significant for the social and economic integration of recipient mothers. As discussed in this chapter, there is uneven progress across policy goals regarding women's education, social protection and participation in the labour market in Ecuador. The part of the transformation aimed at increasing human capital that called for girls to have equal access to education has been successful. However, the part that called for women to have equal access to jobs and to challenge the devaluation of care work has made little progress. The result is persistently low rewards for recipient women who, either by choice or



constrained by institutional forces, have remained focused on mothering and/or locked in traditionally 'womanly' occupations, regardless of their participation in the BDH programme.

The emphasis on targeted modalities of social protection has played a marginal role in the struggle against sex occupational segregation, a structural configuration of the labour market, with limited transformative impact on female working-age recipients. Broader labour market structures work against recipient women, where a disproportionate number of single mothers are compelled to perform any work available, increasing the incidence of precarious paid employment and unpaid care among recipients. This process has not only led to further polarisation of men and women, given the naturalisation of care services, but has maintained inequalities between recipient and non-recipient women rather than assisting in the integration of recipients into full formal employment. Social protection design can benefit from closer attention to the constraints that targeting the family system and other institutional arrangements places on both employment choices and access to social protection among women. Thus, policies aimed at decreasing structural disparities will have a greater impact on poverty if they acknowledge these structural disparities at the intersection of gender with age, ethnicity and background. Claims for a truly transformative social agenda prevail, as the design of social protection systems meets with growing concerns from diverse social groups.

## Notes

<sup>1</sup> Unemployment rates in most Latin American countries are lower than in northern welfare states, arguably poorly capturing labour market distress. In accordance with International Labour Organization (ILO) definitions, unemployment rates consider individuals actively seeking a job. Yet, in an informalised context, job search and labour absorption behave differently. In this context, unemployment analysis, as per the perverse rhetoric, is quite limited due to: thin data on BDH recipients in unemployment, the risk of labelling discouraged workers as inactive, underestimating unemployment and, more importantly, the exclusion of unpaid work, mainly performed by women, of crucial relevance in the study of BDH.

<sup>2</sup> The authors base their model on a household utility function dependent on the couple's time allocation and household income.

<sup>3</sup> With the enactment of a new Law on Social Justice, the government has prioritised the affiliation to social security for housewives, prioritising BDH recipient mothers. According to the Social Cabinet, 234,419 from a total of 444,562 BDH recipients are eligible to be integrated to contributory social security (Ministerio de Inclusión Económica y Social, 2016).

<sup>4</sup> Following INEC's latest definition of informal sector, as the aggregate of firms that lack of registration (RUC or RISE certificate).

<sup>5</sup> Certainly, there is a link between qualification and the type of work people perform, regardless of their sex. In Ecuador, 70.7 per cent of workers who have not completed primary school and 50.5 per cent who have not completed secondary school are in inadequate employment—a category that describes situations in which individuals reported wanting to change their current work situation since it negatively affects their wellbeing (England, 2005).

<sup>6</sup> D index estimations using Stata®, DUNCAN module to compute the Duncan and Duncan segregation statistic. D was obtained for all pairwise combinations of groups e.g. occupations. If  $N(M_i)$  is the frequency of category  $i$  for men (e.g. the frequency of male domestic workers) and  $N(F_i)$  is the frequency of category  $i$  for women (e.g. the frequency of female domestic workers), then, the dissimilarity index  $D$  is defined as

$$D = 0.5 * \sum | N(M_i)/N(M) - N(F_i)/N(F) | \quad i = 1, \dots, I$$

where  $N(M)$  and  $N(F)$  are the overall group sizes.  $D$  may be interpreted as the proportion of males that would have to change category in order to get the same relative distribution as in the group of females, or vice versa. Adapted from StataCorp.

<sup>7</sup> Domestic work accounts for 2.68 per cent of the labour force nationally, which means that approximately 200,000 women participate in this activity.

<sup>8</sup> Key informant interview, Social Cabinet–Ecuador (Fieldwork 2014).

<sup>9</sup> As shared by various respondents who had exited the programme (Fieldwork 2013).

<sup>10</sup> Divorce rates have doubled in Machala, from 0.729 in 1997 to 1.55 per thousand in 2014 (author's calculations based on official registries, INEC 2016b). Divorce rates in Loja are lower (1.2 per thousand) than in El Oro (1.9 per thousand). In Machala, marriage rates are lower: 21 per cent, compared with 46 per cent in Loja; but higher in the case of mothers in informal unions, i.e. cohabiting, especially among the youngest, with 50.5 per cent of teenage mothers in Loja reporting to be married, whereas in Machala the share drops to 23 per cent (author's calculations based on ECV data, INEC, 2013-14).

<sup>11</sup> CDH provides BDH beneficiaries with the option of an annual loan of up to US\$600 for micro-enterprises start-up, or up to US\$350 to support existing productive activities.

<sup>12</sup> It was found that 51 respondents concealed their employment status from the government, indicating they had no job at the moment and had not looked for one (Field research 2013).

<sup>13</sup> Note that in Coast, where Machala is located, the incidence of extramarital child-rearing is higher.

<sup>14</sup> In Loja, the share of migrant women in domestic work reaches 77 per cent, compared with 64 per cent in Machala.

## 8

## Falling through the Cracks: Recasting Narratives of Dependence

### 8.1. Introduction

With the global expansion of CTs and CCTs, new instruments for cash-based welfare provisioning introduced by the late 1990s, a new logic of social assistance was introduced. This logic encapsulated a new rationality of needs-based entitlement (Peck & Theodore, 2015, p. 104), that is, targeting. Such a shift required a new project of legibility, an accurate mapping of ‘poor’ populations, as per the discussion on legibility advanced in Chapter 3. It also presupposed a shift in development priorities, privileging poverty alleviation over ‘problems of uneven development, economic dislocation, and social disadvantage’ (ibid.). In the particular case of the BDH, the provision of CTs followed the slow abandonment of the rhetoric of indigeneity in public policy and a narrow focus on the poor, and poverty alleviation strategies. However, the moral grounds of social protection were only marginally affected. Early experiences with cash transfers, for instance, relied on self-reporting to the Catholic Church (and, to a lesser extent, to the Evangelic Church) at the level of parishes for recipients’ selection. And although the state took over this task and adopted more formal targeting schemes, there were other forces steering the design of the programme, such as transnational actors who influenced its design, either through well-established channels such as funding, or indirectly through expert knowledge, for example networks of consultants. The adoption of CTs in the country thus supposed a new logic for defining, measuring and fine-tuning poverty assessment instruments.

Along these lines, the registration of populations became central to the design of social protection. In the case of the BDH, it supposed the creation of a cadastre of households, devised as a single targeting tool. The national survey Encuesta SELBEN was thus designed to measure poverty

levels by individual household, as discussed in Chapter 4. The *SELBEN* has been turned into a critical statecraft tool, given its adaptability to different mandates and institutional requirements: from generating knowledge about poor households, used by policy makers to provide data to national and international overseeing organisations, or used in impact evaluations and collecting evidence to further similar interventions. This chapter discusses the tensions accompanying this new project of legibility, as registration inevitably results in the exclusion of certain populations. These are evidenced in the impossibility to fully capture the complexity of households, as noted by both (current and former) recipients and social workers associated to the BDH. In addition, and returning to the discussion started in Chapter 3, this chapter hints at old layers of legibility that preceded the adoption of the CCT model, and upon which the new system sits. By teasing out the lines of social difference such as sex, age, race-ethnicity and background-location that have been prioritised in the design of social protection, the chapter brings to the fore the features of social protection systems that allow for the maintenance of difference and hierarchy, and it helps identify those few elements of change that have been either assimilated or disregarded in the various trajectories followed by social protection in the past two decades.

## 8.2 Cash transfers: familism and legibility

Recent interventions that have expanded the range of state regulation and social services to historically marginalised groups in the region, for example women with dependent children, could be interpreted as a step towards integration and strengthening the social contract (Barrientos et al., 2008). The adoption of non-work-based welfare is also celebrated as a step forward, moving away from employment-derived entitlements which, as discussed earlier, tend to replicate systems of segregation and difference regulating the labour market. Further, it has been demonstrated that it is among the poorest that the obsolete male breadwinner model of social insurance, as imported from the global North, might not only be inapt but could have detrimental effects (Filgueira et al., 2011).

Even though social protection has been made accessible via cash transfers, as in other post-colonised territories, questions of economic inclusion and assistance remain (Ferguson, 2015, p. 83). With the expansion of CCTs targeted at women, the personal and collective realms were recast, accentuating women's role as responsible citizens capable of exercising

choice (Schild, 2015). In the design of these initiatives, however, structural constraints, such as processes of historical marginalisation experienced by indigenous and black women in the labour market that have hampered their access to meaningful sources of income, were displaced. Such silences have led some to interpret the cash-based instruments adopted in the last decades as mechanisms of co-optation of feminist struggles (Schild, 2015), or as a convenient adoption of new bureaucratic rationalities (James, 2006), entailing new political technologies (Maurer, 2015).

From a more theoretical viewpoint, feminist scholars (see Orloff, 2009 for an extended discussion) had already contested the state–market binary present in most welfare analysis, as initiated with Esping-Andersen’s typologies, which obscured the role of women and the family in care provisioning. Conventional analyses of welfare regimes have been criticised for perpetuating the separation between the market—the production sphere—and care—the reproduction sphere—putting women out of sight. On this account, it could be argued that reforms to welfare systems would have a greater impact if they first tackled gender inequality within the family, eventually affecting the position of women in the labour market. However, the emphasis on care that has accompanied the expansion of CCTs has generated new tensions, as the characterisation of the family as an essential institution for welfare provisioning renders women as responsible for others.

Yet some would argue that the renewed interest in human capital brought about by the new generation of cash transfers offers an opportunity to reconcile paid work and care. Mkandawire (2004), for instance, states that targeted social protection could be seen as an alternative to address feminist concerns by positioning labour as a produced means of production—and thus recognising women’s role in its production. In similar interpretations, some see in the emphasis on targeted social assistance directed at poor households a step towards re-centring welfare in the family realm (Barrientos, 2004), although at the risk of framing the ‘extended family’ as a prototypical provider of social protection—often attributed to rural territories and indigenous communities—dispensing with state support. Others (Filgueira et al., 2011; Razavi, 2011) discuss the conflicts between care and paid work as the breakdown of the traditional institution of the family, both in its nuclear form, as evidenced in the rapid increase in female-headed households in the cities, and in its extended version, following the recent increase in ‘atypical’ household arrangements in both

urban and rural areas attributed to poorer households. Without getting into the debate on the actual trends in demographics and family composition in the region, this type of connection between welfare and family speaks of the problem of legibility of households, or to what extent the family—in its various forms of representation: household, nuclear family or extended family—is made visible to and accounted for by welfare provisioning.

How, then, to make sense of practices of care and societal membership (i.e. legibility) in the era of CCTs? With the expansion of CCTs, care practices that had remained less visible to a state that could provide social protection only in terms of paid work became central. These practices, however, were made legible following a rationale of human capital returns, that is, supporting the development of recipients' children. In this new phase of welfare provisioning also adopted in Ecuador, interventions have not fully tackled the stratified nature of care, but have instead overstated autonomy and self-sufficiency. Cash transfers, by design, rely on an individualistic conception of agency, shifting towards individual choice with the social costs of 'self-improvement' being imposed on recipients themselves. This individualisation, characteristic of CCTs, targets the behaviour of families by enlisting women as co-partners in social transformation (as discussed by Schild, 2015 in a regional context). The family then constitutes the concrete locus where a variety of discourses, mostly related to human capital, self-sufficiency and dependency, converge—not without critical frictions. Although some welcome the shift away from the individual and tailored towards family-centred welfare provisioning (Barrientos et al., 2008), more are voicing their concerns about the naturalisation of women's role within the household (Molyneux, 2006; Schild, 2007; Molyneux, 2008; Martínez Franzoni & Voorend, 2012; Schild, 2015; Medrano, 2016).

There is another layer of analysis that concerns the recruitment of women, as recipient mothers or front-line workers, to solve the social and economic aspects of poverty, which is being done in name of their self-improvement, social mobility and sufficiency (Schild, 2007; 2015). Co-responsibility, in this context, establishes a quasi-legal contract between women on one end as recipients, and the state on the other end, often represented by a female social worker. With regard to recipient women, it is worth revisiting the rationale to include them as co-responsible in the process, which is based on two premises: first, that women prioritise basic

needs when spending, more so than men, which would imply that the money given to them would more likely serve household welfare and investment in human capital; and second, that in many families, women command fewer resources, which is hampering their economic and social opportunities. By allocating funds to mothers, with cash transfers women's role in raising household welfare (current and future) and in improving their own opportunities would be strengthened. Yet these premises might have been ill-conceived. From a social and cultural angle, they tend to oversimplify household dynamics and fail to account for motivational complexity surrounding care choices. Further, and pertaining to a more substantive role of social and economic policy, these premises speak of the difficulties of lifting labour market constraints on female participation in better paid jobs that reconcile it with care and, overall, of tackling gender inequalities.

### 8.3 Illegible households

Families are often considered mediators between individuals and public policy (Ullman et al., 2014).<sup>1</sup> For most of the twentieth century, in traditional social security schemes it was assumed that the family was composed of a two-parent home with a male breadwinner (*ibid.*). In the logic of conditional cash transfers, the nuclear family (or household) is often conceived as the smallest unit for allocation of transfers. Although there is some discrepancy in official documents and statistics, with some arguing that the family, with all its members, is the direct recipient of the transfer, or that the children are the actual beneficiaries, the majority of them refer to mothers as the recipients and managers of BDH transfers.

In simplifying information about household composition and assuming permanence and cooperation among its members, official representations of households in statistics and registries inevitably leave out elements that are essential to the actual functioning of households as living and fluid units. Thus, the household as planning unit, subject to fine-tuned enumeration tools and targeting techniques, is more of an aspiration. Through the various regulations, policies and programmes, the state shapes, favours and legitimises certain family arrangements that are legible, recognised and thus eligible for interventions. In this light, this section explores to what extent normative arrangements of domestic life are being shaped by the current design of the BDH programme. First, there is the challenge of



understanding the open nature of households, in terms of both mobility and internal composition, as illustrated in the following:

*Claro que yo lo necesito: yo soy madre pobre!* (Of course I need it [the BDH money]; I am a poor mother). I have two children that are still attending school, and a new-born, he is not even *inscrito* (registered). The MIES people have not visited us. They have not been to our home; nobody comes to Bello Horizonte, at least not in the four years that we live there. But we seldom stay there. We have to keep on moving; otherwise, the police would start to *joder la paciencia*. (Interviewee-A, 2013)

As observed during fieldwork, understanding households as open units makes it possible to account for diversification. The openness of households gives their members space for flexible work arrangements, for example opting for seasonal migration strategies or relying on relatives for the provision of care, sometimes leading to the emergence of extra-household informal provisioning networks. It was mostly amongst the youngest parents (couples or single parents) with dependent children that the nuclear family model was less applicable: when either parent would go to the city for work—for just a few hours, a full day or even a week—older members, usually grandmothers and *comadres* (networks of godmothers, usually neighbours), would stay home and look after the children, given the limited access to childcare (as discussed in Chapter 6).

When care duties are shared amongst the extended family and/or community, the recording of responsibilities, for the state's registration processes, becomes much more difficult. As a result, many women who are recorded as members of certain nuclear households might have obligations in a variety of different households too. These enlarged domestic units seem to allow their members to be more flexible, both in terms of work obligations and with regard to provision of care. However, these dynamics are incompatible with the statistical tools devised for the new social. Indeed, social protection, both in its traditional (i.e. old social) and targeted modalities, tends to place households at the centre of interventions, often 'informed by demographic, labour, and economic trends, but not by a more encompassing view of the family as a dynamic and changing social institution' (Ullman et al., 2014, p. 4).<sup>2</sup>

This fluid nature of households can also work to their benefit. In one interview, a 'graduated' recipient indicated that neither she nor her children were eligible for the BDH programme anymore, since the household

head had retired and started receiving a pension. Yet her eldest daughter, from a previous partner, was registered under her last name—flagging issues of registration that persist in particular for illegitimate children. Her situation turned, however, opportune. Because of this loophole, they were able to ‘trick’ the system: ‘they [MIES] could not relate my daughter to him [her husband] although she lives with me [...] and that is a good thing, because she is also a single mother, like I was back then when I was her age, and she makes good use of the BDH money’ (Interviewee-K, 2013).



Illustration 8.1 Girl with her grandmother in Loja (2013)

During the course of fieldwork, it was noted that reporting marital status was a highly sensitive issue. Societal norms largely accounted for the wariness around indicating if the informant was legally married or cohabiting, or disclosing that they had been deserted. Likewise, women were unaware of the implications that the marital status indicated on their ID card had for the types of social protection they could access. Changes in status were seldom amended. A brief exploration of survey data, however, evidences the high variation in marital status among BDH recipients: by matching comparable households in the administrative registers available for Loja

and Machala for the years 2008 and 2013, it can be noted that approximately 25 per cent of recipients had changed their marital status from 2008 to 2013—a figure estimated for both cities (as percentage of the total sample). In Loja alone, 18.02 per cent of recipients reported having changed their marital status. In Machala, the proportion of recipients who had changed their marital status increased to 34.52 per cent, with most of them indicating getting back to singleness.

It is worth noting that it is only after recent constitutional reforms that domestic partnerships have been legally recognised, entitled to the same rights as those provided by civil marriage. Arguably, these reforms have increased the options for identification for women, providing some sort of security and guarantee as partners, regardless of their marital status. Yet misreporting marital status has a direct (and often negative) impact on access to the BDH programme. Many women that had reported being married in earlier cadastre waves mentioned during interviews having been separated but not divorced. Most separated women cannot afford a divorce (Radcliffe, 2015c, p. 109), and thus are effectively blocked from accessing income support as their household situation is overstated. If a woman appears in the cadastre as married, the government will assume her partner is effectively contributing to the household and pooling his income, following a notion of joint utility or a collective family model, with all the problems that this assumption entails. What is more, if the husband is formally employed, that is, affiliated to social security, or receiving a retirement pension, in the process of depuration the household (and by default the wife) will not be deemed eligible.



Illustration 8.2 Men gathered around lunch table in celebration of Inti-Raymi. Women and children seated around on the ground. Loja (2013)

The household, in the context of the BDH programme, corresponds to the nuclear family: married couple with or without dependent children, or paterfamilias (Deaton, 1997). For the purpose of the programme's registration, each married couple was assumed to constitute a household. Mothers, regardless of their marital status, would signal 'the creation' of a new household. Note that the notion of the nuclear family was only introduced in Ecuador around the 1950s, ignoring the alternative family arrangements found amongst indigenous populations (Prieto, 2015). After decades, tensions in the identification of households in official statistics vs their actual functioning persist.

Problems of identification transcend marital status amendments (or the lack thereof). Eligible populations need to provide a valid identity number for themselves and their children in order to be registered in the cadastre. However, according to the last census data, about 19 per cent of the total population in Loja, and 18 per cent of the population in Machala, have no identity card (*cédula*) (author's own calculations using 2010 census data, INEC, 2016). Yet the BDH administration and evaluation relies heavily

on the *cédula* as a unique qualifier, as exemplified by the latest report on BDH effectiveness: '[I]n our estimates we test whether young adults in households of women for whom we have the *cédula*, as recorded in 2000/02, have different schooling and work outcomes, as recorded in the 2013/14 poverty census, depending on eligibility for transfer during the 2003–09 period' (Araujo et al., 2016, p. 12).

Being in possession of this document, although crucial for BDH transfers, makes little or no difference in terms of observance of labour regulation or access to rights at work. For marginalised women reliant on informal employment such as unregulated domestic work, being in possession of a *cédula* has not resulted in the recognition and registration of their labour and affiliation to social security (similar observation is made in Radcliffe, 2015c, p. 219 with regard to domestic work).

#### 8.4 Broken trajectories: cracks in policy making

The theory of change underpinning cash transfer presupposes a linear improvement, a consistent chain of events that would lead to better developmental outcomes: protection of early childhood, access to education and labour market attachment, ending in insured productive life. The achievement of these stages is attributed to a combination of deliberate state policies and individual efforts, whilst failures are every so often attributed to a lack of individual effort. Nonetheless, in conversations with (former and current) recipients, it could be noticed that they continue to see their trajectories as systematically broken. Life trajectories are non-linear, even more so when people have to navigate a segregated system. In a context of social heterogeneity, social distance and economic structures not only shape (or even break) individual trajectories, but inform state interventions, either when determining goals or in actual practices of protection. It is worth asking, then, whether the differences in trajectory are the by-product of hasty and careless policy making or, on the contrary, are the result of deliberate changes in technologies of protection and administration of poverty. In the next subsection, the question is approached as one of incremental mutations, in which the design of the programme was marginally adapted in response to local needs and influenced by international networks and discourses of what works in social protection, as narrated by cash transfers and social workers in southern Ecuador.

#### 8.4.1 Upsetting the model: pushing the boundaries

In the re-appropriation of the CT model, as noted by Peck and Theodore in tracing the influence of Progresía in the region, administrations have pushed the boundaries of the model to establish new government rationalities pertaining to *their* social. For instance, in Ecuador, under Correa's administration, there was at some point the intention to make of the BDH a platform to connect recipients with financial services (República del Ecuador, 2013), as could also be noted in the expansion of the credit programme Crédito de Desarrollo Humano. Accompanying programmes such as Becas de Desarrollo Humano also made use of the targeting tool Registro Social to this aim. Next to these trends aimed at building on the programme's design, there was a growing tension over whether to continue the BDH programme or to dismantle it completely—for various reasons, including to break with the past as the BDH was inherited from previous administrations. Although the BDH is a relatively minor component of social protection, it is a key factor during electoral debates, often coming up in popularity polls. In this light, Correa's administration not only preserved the scheme, but decided to expand it during its first years in office. However, this was followed by a decline in total budget and number of recipients, downsizing the programme from 2012 onwards, and slowly abandoning the more conventional CCT model, transitioning towards a smaller scheme covering mostly elderly and disabled populations.

Governmental projects are not necessarily consistent and/or exempt from internal tensions. Face-to-face negotiations within the administration, given the attempt to integrate various voices, are certainly contingent and fragmented. Multiple voices have informed the most recent project *Revolución Ciudadana*, as can be noted in the change in focus across the various development plans for *Buen Vivir* (as discussed in Radcliffe, 2015b). Pre-existing policies and programmes met with more recognition of social demands, explicitly dealing with discrimination and racism (Walsh, 2015), following a self-proclaimed socialist agenda, *Socialismo del Buen Vivir*, aimed at affecting the relations between labour and capital, at least rhetorically. In personal communications with high-ranking officials associated to the Social Cabinet (Interviewee-L, 2014; Interviewee-C, 2014), it was mentioned that frictions were a common denominator in cabinet meetings pertaining to social policy. Many of these were associated with the perpetuation of gender biases in policy making, for example the influence of the Catholic Church in the formulation of the family planning

programme Plan Familia, the dismantling of the Consejo Nacional de Mujeres (CONAMU or National Women's Council), or the continuation of maternalist policies, as per the BDH. Lind, who challenges the notion of the radical character of the administration, notes: 'Correa's claim that the revolution has a "woman's face" is not insinuating that women are autonomous subjects; rather, in many ways his discourse reinforces and prolongs the neoliberal discourse of the family and women in their roles as mothers and caretakers, in particular as the absorber of economic change and as the "subjects of others"' (2012, p. 543). Although neoliberal policies are often associated with the 'individuation of the social' (Molyneux, 2006, p. 439), in current social provisioning systems women are even more bound to the family as a means to secure social development objectives, as discussed in the first section of this chapter.

Given the numerous changes to the eligibility and targeting schemes, the link between BDH and contributory social security has remained problematic, both in factual terms, complicating the selection process, and in discursive terms, introducing ideas of perverseness and dependency. Strict exclusion from the BDH programme is applied to household heads (and their dependent family) if affiliated to contributory social security (IESS) only if the direct recipient is 65 years or above and receiving a pension. Yet, in 2010, the population decided in a national referendum to enact stricter controls on the affiliation to social security. Although a necessary step towards regulating labour and derived welfare benefits, it was accompanied by contradictions, as noted by a former BDH recipient interviewed in Loja (at the time working as a part-time laundress):

Since the government enforced social security affiliation our situation got much worse. People do not want to hire domestic workers, it is too expensive: minimum wage plus social security? Families are not willing to pay for it! I used to make some money doing the laundry, ironing and doing some cleaning work in the houses I visited. Just a few hours, here and there. This is not possible anymore. People are afraid of hiring someone for a few hours only, they know is not allowed now. What happens, then? Less work for people like me. (Interviewee-R, 2013)

Recently, with the enactment of a new Law on Social Justice, the government has encouraged the affiliation to contributory social security for homemakers, prioritising BDH recipient mothers. According to the Social Cabinet, as of 2015, more than half of BDH recipient mothers—roughly 200,000 homeworkers (or *amas de casa*)—were to be incorporated into the

IESS security scheme.<sup>3</sup> Yet there is controversy as to the actual choice recipients have. Whereas some government sites consulted indicate that homemakers' affiliation to IESS requires BDH recipients' review and approval, others indicate this is an automatic direct debit of US\$2 per month (of a total transfer of US\$50). It should be stressed that IESS has a public image of inefficiency. Long waiting lists, out of pocket expenses for items such as extra medication, and neglect are common issues associated with it: 'IESS is too expensive, it is for rich people only' (Interviewee-R, 2013).

Returning to R, as interviewed in Loja in 2013, she shared her experience of the health system. Although her husband was in formal employment and had access to IESS services, she did not. She had been told that 'only her husband (*el afiliado*) and his children were entitled to medical attention'. Instead, and in response to a liver condition for which she needed to undergo an operation, she tried public hospitals but did not receive timely attention: 'I am not going to hang around there waiting until someone deigns to see me' (Interviewee-R, 2013). Waiting times at public hospitals and inconsiderate treatment by administrative staff discouraged her from seeking medical attention. She opted for a private hospital, borrowing money from relatives in order to pay for the surgery. Meanwhile, she could not afford to not work (laundry) and lose her clients. On top of the health costs incurred, she had to compensate for the days of inactivity and ask a cousin to take over laundering while she was recovering.

Next to these problems, there is information regarding who can access social insurance within the household of contributors, as explained by a BDH recipient: 'He [her husband] is insured because of his work, so only he can go to the IESS hospital. Neither my son nor I can go there. No, we can't. My husband was told that only he can go [...] I have always taken my son to the medical centre or to a private hospital if it is an emergency' (Interviewee-N, 2013). In theory, the spouse and children could access health care if the husband contributed 3.41 per cent of his salary. But most decide against it: 'He already pays US\$30 per month to IESS, and that is for him only! Paying extra money, for me [...] no, it doesn't make sense! We need his salary, how are we going to pay the rent then?' (ibid.). Note that this informant was receiving BDH transfers, so there was a chance of purposively deciding against contributory insurance if it threatened her access to BDH support. Nevertheless, it could be noted that in order to access contributory social insurance, and particularly health coverage, 'de-



pendent' women still rely on their husbands' contributions. Instead of upgrading the household members to the contributory branch, the tendency is to reduce the level of contributions, even if that means no health coverage, and to keep the BDH transfers. Issues of familism, as discussed in the first section of this chapter, permeate both the contributory and non-contributory branches of social protection, with the accompanying tensions in terms of recognition and visibility of women's care work.

#### 8.4.2 Walking the path of front-line workers

Lower levels of public administration are in charge of collecting information, sorting out households, revising cases and informing recipients about graduation, suspension of payments and dissemination of accompanying programmes. For the most part, these are positions with low visibility, yet crucial decisions depend on them. Drawing on insights obtained during several days of fieldwork accompanying caseworkers in their daily activities and complemented with interviews with middle-range officials, this section discusses the making of social protection in the field, its contradictions and its controversies at the local level, regarding selection and registration of potential beneficiaries. It also considers the conflicts workers face when distancing themselves from recipients, for example differences in norms and values pertaining to the family, and when having to notify families of their 'graduation' from the programme, a decision often taken by the central government in the capital, Quito. Most front-line workers showed actual commitment, strong empathy for and understanding of recipient families' situation.

Between 2013 and 2015, in Loja and Machala, the author talked to recipient mothers who recounted how they had to care for the family when non-governmental organisations (NGOs) and local governments stepped back. Of course, there were significant tensions deriving from front-line workers' lack of cultural affinity, adapting this concept from the analysis of segregated lending found in Dymski et al. (2013). Note that the BDH administration has only recently been concentrated in the central government. Until 2007, some NGOs and local governments were involved in the process, but under Correa's administration, these activities were centralised. In practice, the BDH rules and regulations are somewhat reinterpreted at local level. These 'translations' of national policy in the local context yield different outcomes, as observed in the cities of Loja and Machala. Intergenerational bonds were functioning according to local

norms but also to compensate for a passive state (in particular, in Machala). The following section captures the experience of visiting households with caseworkers in Loja, Ecuador.



Illustration 8.3 Child playing with MIES-CNH caseworker's ball during home visit in Loja. His mother works in the city; he spends the day with his grandparents. (2015)

Anita, Juana and Isabel invited the author to have lunch with them during one of my last visits to the field in Loja (Interviewees-MIES, 2015). They were taking a break from their weekly visits to families with children under 5 years old, most of them BDH recipients, in Loja. They were part of the team of social workers of *Creciendo con Nuestros Hijos* (CNH or Growing Up with Our Children), led by MIES. They had years of experience,

having previously worked for the Instituto de la Niñez y la Familia (INFA or Ecuadorian Institute of Childhood and Family) or NGOs. It is worth noting that former PPS caseworkers, after this department was absorbed into MIES, were promoted to *técnicos* (or technical personnel) conducting and analysing household data and official registries for MIES. After all, cash transfers, as disseminated in the region, have a technocratic orientation to development whereby interventions are technical decisions taken from above and reliant on experts' knowledge. Despite the appeal of technical knowledge-based placements, some refused this new position and remained as *trabajadoras sociales* (social workers) in direct contact with families through supplementary programmes such as CNH. These women belonged to that group.

They had the perception that their work went unnoticed: 'everything is decided in the offices in Quito, but we are here, with the families' (Interviewees-MIES, 2015). Further, they distanced themselves from the technical personnel: 'they [*técnicos*] do not reach the families like we do; we see their children grow up ... when we are assigned a neighbourhood, we sweep it completely.' They were quite sceptical of Registro Social: 'when I got the registries, the addresses made no sense, I could not use them to locate the families ... the information was outdated' (ibid.). Even though they had access to the official registries, they did not have to report to MIES the observance of the BDH conditions.

'One becomes like *familia* of these people' said Anita, reflecting on her daily visits to children. The intimacy expressed by Anita stood in contrast to the experiences of an uncaring state that were encountered in other instances, such as at the MIES registration counters in the cities. There is an apparent tension between the norms dictated by the central government governing the involvement in recipients' cases, the actual involvement of caseworkers and recipients' expectations. 'I cannot understand how so many families had exited the BDH. Frankly, I do not understand it [...] they [recipient families] cannot do anything to improve, like working on their houses, or finding a job, they live in constant fear' (Interviewees-MIES, 2015). To complicate things further, caseworkers are often asked to notify families about their graduation from the BDH programme: 'It is such horrible thing to do, do you realize? No wonder they don't want us back [in their homes]. We can't see the kids anymore. How would they

trust us? They think we reported them' (Interviewees-MIES, 2015). Caseworkers would swap neighbourhoods among colleagues in such a situation, as a means to avoid facing the families they had worked with.

As noted earlier, this view stands in contrast to the experiences of some recipients. Back in 2013, when fielding the survey, the research assistants referred to a woman who had started breaking down when they approached her with the questionnaire. She was a single mother of five children—of which only the younger three lived with her—who had confused the researchers with caseworkers, for which reason she started begging them not to take her children away. After responding with tact and explaining from a critical distance the researchers' position to her, she explained:

They [caseworkers] told me they were going to report me. They do not like the idea [...] that I am taking my children with me to the dumpsters. But, what else can I do? I cannot leave them alone. I prefer to have them by my side while I am working, in that way I can look after them. My oldest son, he gives me a hand while the youngest ones are playing nearby. Social workers do not understand in which conditions one has to work. (Interviewee-U, 2013)

Many women work collecting, sorting, recycling and selling waste. It is an occupation that, in principle, has lower barriers to entry: it is easy to learn and requires no formal education. The woman cited above worked at the bottom of the 'recycling chain' but had recently lost her access to the public dumpster after a night in which the police forced illegal workers out and took away a month's worth of merchandise. She tried to return days later, but another family had taken over the dumpster. Access to waste is very restricted, with families competing for a space, having to change location after being constantly harassed by authorities. Waste pickers are usually ignored by public policies, as they are considered a risk for urban planning and a threat to public health. Handling waste poses many risks to their own health; one could notice her children were malnourished. They were at the health centre because the youngest had been suffering stomach problems for a while—most likely from parasites.

Waste picking is in most cases a family enterprise. The interviewee explained how she used to go with the children to the dumpster in the Pradera neighbourhood in Loja. Her oldest son, 13 years old, helped her collect and sort the waste: the items in best condition were sold to street

vendors (*ambulantes*), and the rest were kept for the family. Toys, clothing and furniture were found in the dumpster and taken home, plus some cash from the sales. Since she had lost access to the dumpster, she was relying on BDH transfers to sustain her family. She had been in the programme for about five years (at the time of the interview). Yet she expressed a constant fear of exiting the programme. She knew of neighbours who had been 'graduated'. She had received a warning from the CNH social worker visiting her area: she might exit the BDH programme if she were found taking the children to a dumpster again.

Walking their path, listening to their views on the programme, seeing their position in the system of provisioning, and understanding the distance they have to keep but the commitment they also show led the author to adopt a much more humane view of the state as experienced in the field. This more humane approach, however, does not imply that the cultural and social distance between social workers and recipients is not worrying, as illustrated in the previous case, or that preconceived ideas do not hamper the interaction between both sides. But it does speak of the ambiguities in the implementation of, per design, technical solutions for poverty alleviation and social welfare provisioning.

### 8.4.3 Unsolved tensions

Tensions between what scholars interpret as genuine (yet futile) efforts to integrate marginalised populations, and what others might consider projects to silence struggles from below in the realm of social protection, prevail in the new social. As the Ecuadorian CCT programme has remained largely unchanged in purpose, mechanisms (or technologies) and expectations, for example reducing dependency, these tensions remain unresolved. It could be argued that the recent emphasis on poverty reduction has resulted in a new rhetoric that suppresses the discussions on aspects of marginalisation that accompanied state formation and policy design for most of the twentieth century. By focusing on poverty reduction, the state can evacuate politics from social policy instruments and perform them as technical solutions.

Targeting, by design, leads to processes of inclusion and exclusion. Parallel projects of legibility accompanied welfare reforms, by which some segments of the population were seen as agents of progress and protection, as per the male urban formal employment sector, whilst others were

incorporated in special regimes such as the Seguro Campesino, which although subsidised by the general regimes—IESS—pays relatively lower benefits; for example, as of 2014, monthly pension payments of Seguro Campesino reached US\$57, compared with US\$50 for BDH transfers. In a press interview, President Correa indicated:

we are still ashamed of the US\$57 pension provided in the current retirement scheme [Seguro Campesino] pension, but at least we have managed to increase it to some extent. This value is almost equivalent to that of the Bono de Desarrollo Humano. Here is where we have to focus, above all, to substantially improve the pension for our farmers, our fishermen, so they have a dignified retirement after so many years [*todavía nos da vergüenza los \$ 57 de la actual pensión jubilar, pero al menos hemos logrado aumentarla en algo. Ese valor es casi equivalente al Bono de Desarrollo Humano. Aquí debemos enfocarnos, sobre todo, en mejorar sustantivamente la jubilación de nuestros campesinos, de nuestros pescadores para que tengan un retiro digno después de tantos años*] (Correa, 2014).

The bifurcation of the social protection system lingers on, with an upper tier of contributory social insurance covering the formal, mostly urban, segment of the labour force, and a lower tier of non-contributory social assistance targeted at poor families. As noted earlier, institutional segregation in access to social protection was not introduced with, but was exacerbated by, cash transfers. Following patterns of spatial and occupational segregation, rural populations, mostly indigenes, *montubios* and those of black descent, were integrated late and under different conditions to state-provided welfare regimes. As for women with no access to formal employment, they were recently integrated to non-contributory schemes, as per the BDH. Nonetheless, in the interplay of sex, age and ethnicity, populations continue to depend on traditional gender roles, more salient across certain age cohorts and emphasised or even romanticised amongst certain ethnic groups, as per the depiction of the *indígena* as the passive mother living in poverty (Prieto, 2015).

Without a deliberate attempt to revert exclusionary practices, changes in the moral economy of social protection have mirrored economic structures. Capital-intensive growth has structured a model of metropolitan capitalism concentrated in the capital city, Quito, and Guayaquil port—where urban informal activities also expanded—and dispersed, informal small-scale activities in rural areas (Larrea & North, 1997). This structuring was deepened by the high instability of export-led growth phases—starting in 1888 with cacao production, shifting to bananas by the end of the

last century and later to oil in the 1970s—which have constantly shifted the social and occupational status of the labour force. Movements from rural to urban areas, from the Highlands to the coast, or from agricultural to artisan activities have led to increased informalisation, atomising the workforce. As a result, large labour force concentrations and union movements, historically identified as the key source of pressure on the state for welfare provision, occurred in the country for a minority of occupations only (*ibid.*).

Recent reforms to labour legislation and social protection, which resulted in the affiliation of BDH recipients, could also be interpreted as a partial formalisation of unpaid care work, which has increased the total share of formal employment—defined as those workers who have access to contributory protection schemes—but only marginally improved their access to protection systems. Under the new scheme, affiliated homemakers are not granted full access to health insurance, as is the case for formal paid workers affiliated to the IESS system. Instead, they are only conceded a retirement pension after 20 years of permanent contributions. Note that according to own survey data, a recipient remains in the BDH programme, on average, for five years. In these conditions, the actual benefits obtained from this formalisation of unpaid work are marginal, although an improvement in social protection outcomes is suggested at the aggregate level: the absolute number of affiliated workers has increased. Thus, this reform might not tackle the problem of access to substantive social protection, but might prove to be sufficient to blur the lines between formal and informal employment at the macro level.

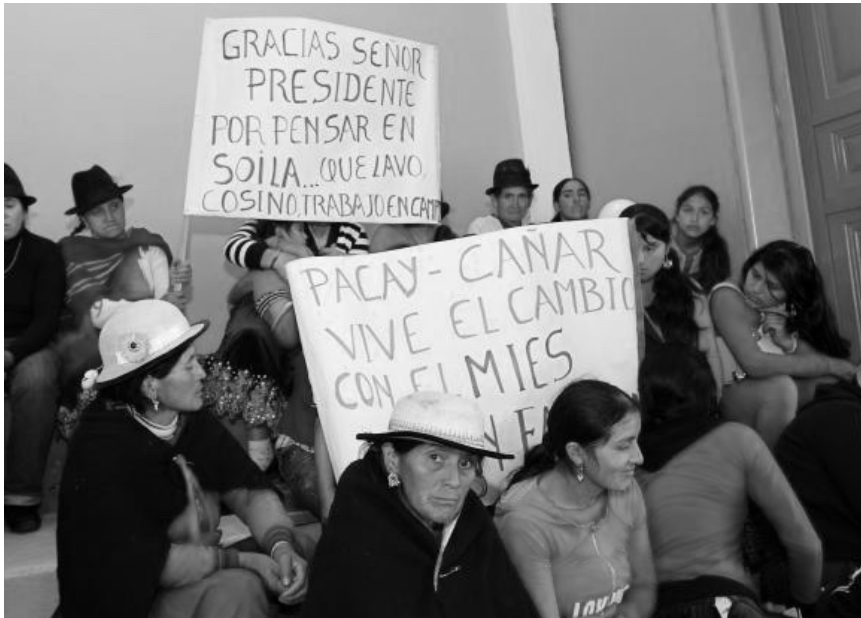


Illustration 8.4 Informative talks held at MIES regarding the social security affiliation project for BDH recipients (photo credits MIES (2016))

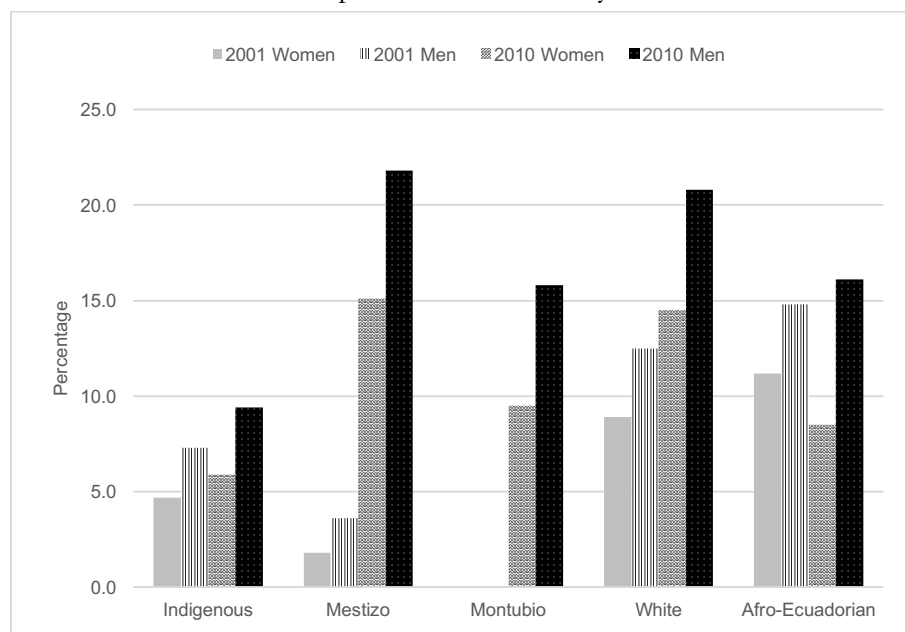
Public campaigns, nonetheless, frame this as a step towards integration. The photograph above, used by MIES in the press release announcing contributory social security affiliation for BDH recipient mothers, resembles the campaign *revolución de los olvidados*, yet with no explicit mention of the racialised<sup>4</sup> dimension of social policy that was present in the policy making of Ecuador in the second half of the twentieth century (for an overview, see Prieto, 2003). Although in the last decade contributory social protection to the general regime, IEISS, has expanded, coverage has maintained its stratified nature, mostly benefiting men of mestizo and white background, whose participation in contributory schemes has more than doubled.

### 8.5 Trajectories of difference: social difference and implicit bias in access to social protection

Women of non-mestizo background seem to have only marginal access to employment and welfare support, as Figure 8.1 suggests. Indigenous women's access to social insurance has only marginally increased between 2001 and 2010, whereas the percentage of Afro-Ecuadorian women who



access social security has fallen. It is worth noting that the recognition of *montubio* ethnicity by the government only took place in late 2001, for which reason there is no comparable data for that year.



**Figure 8.1** Access to contributory social protection or IESS regime by sex and self-identified ethnic group in 2001 and 2010 (in percentage)

Note: Columns display within ethnic group percentages.

Source: Census data 2001 and 2010 (INEC 2016), author's own calculations.

In the study of segregation, the production of disaggregated data on women and minorities can also be interpreted as active practices rather than mere classificatory categories (Dymski et al., 2013). Misreporting or switching group affiliation can constitute an active practice, as in the intersection of sex and ethnicity informants may negotiate their positioning to academia (e.g. towards the researcher) or to the state (e.g. towards the enumerator or the social worker). Radcliffe, in her study of national identities in Ecuador, suggests that 'women's racial positioning is arguably more ambiguous than it is for their male counter-parts' (Radcliffe, 1999, p. 223). It is plausible to think of this ambiguity as a strategic response to segregated labour markets (as discussed in Chapters 6 and 7).

In an attempt to capture the processes of identification and enumeration, race-disaggregated data is presented in Figure 8.1. The data should be taken as indicative of segregation patterns only, considering the limited sample size and the low representativeness of newly incorporated ethnic categories. Official statistics confirm this trend. Using SIISE-ENEMDU estimates, the implicit racial targeting of BDH that followed the expansion of 2007 under Correa's administration can be noted. The number of recipient households identified as ethnic minorities has increased in recent years. Yet it is worth noting this is data at the household level, which complicates the question of ethnicity: the household is attributed the self-identification of the household head. For the majority of households, household headship is attributed to, if present, a male informant. Men, however, have been found to be 'more confident about identifying with indigenous identity' (Radcliffe, 1999, p. 223). This assertion points to the ambiguity in racial identification and thus the limitations of race-disaggregated statistics. Yet the ambiguity in identification reveals the performative aspects of race, by which men and women adjust their racial positioning differently within the constraints set by history, hierarchies and location (1999, p. 216).

As computed in Table 8.1, there are some significant changes in reported 'belonging' to different ethnic groups across different *SELBEN* (or Registro Social) waves. Data on ethnicity is reported by respondents following the question: *cómo se considera?* (a self-identification question). Nevertheless, there is a relational positioning, as evidenced in the author's own process of data collection,<sup>5</sup> with respondents 'adjusting' their ethnicity in relation to that of the surveyor.

It is worth asking, then, to what extent does the lack of reliable statistics hint at a low priority given to distributive and redistributive issues on the grounds of ethnicity/race? By questioning this, it is not implied that the state has not advanced any policies aimed at including marginalised populations, but the emphasis has been placed on public goods, such as infrastructure projects—note the importance given to millennial schools, the building of hospitals—accessible to all citizens, no matter their age, sex or background. Although this falls under a universalistic logic, it also assumes a certain configuration of the social structure—that is, a more egalitarian one—that would enable all social groups to make use of these services. Returning to Radcliffe, she questions these projects, arguing they are pre-

sented as deliberate modernising efforts that should eventually help alleviate poverty and marginalisation among Afro-descendant and indigenous populations (2015a, p. 30). The problem, she argues, is that this logic diverts attention from discussions on inclusion, on grounds that there would be no need for, or even the possibility of, singling out the populations who benefit the most from these investments.

With the expansion of the BDH programme in the last decade, social protection coverage has increased, although the levels of benefits differ significantly between the contributory and non-contributory segments. Yet non-employment-based modalities of social protection offer the possibility to tackle employment segregation. By design, the BDH programme is inattentive to employment status. In principle, this should have made it possible to ‘correct’ segregation patterns prevalent in the labour market. And indeed, there has been a shift from the exclusion of indigenous, *montubio* and Afro-Ecuadorian women from contributory schemes to their inclusion into non-contributory ones. Yet this is still strongly related to their specific patterns of attachment to employment (rural and urban). Arguably, this is due to their participation in the programme under their condition of poverty, based on individual qualifiers such as motherhood or old age, which overlaps with the features that maintain segregation in the labour market.

Table 8.1 presents estimates for access to social protection amongst women in working age by ethnicity in 2010 (percentage). The sample included household heads and/or partners only, aware of the ambiguities regarding the definition of headship. The rows show the proportion of women and men, by ethnic group, who had access to private insurance schemes, IESS (or general contributory scheme), Seguro Campesino (or Peasantry Scheme), ISSFA and/or ISSPOL (army and police schemes, respectively), and no access at all, that is, uninsured.

*Table 8.1 Access to social protection amongst women of working age by ethnicity in 2010 (percentage)*

	White		Afro-Ecuadorian		Indigenous		Mestizo		Montubio	
	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male
IESS/ISSFA/ISSPOL	26.2**	33.9*	15.5**	22.0**	4.7*	8.7*	19.8**	26.8*	5.7	8.8*
Private/semi-private	11.2*	6.7	9.9*	3.8	1.2	0.5	10.6**	4.1*	41.9**	13.1*
Seguro Campesino	1.9	1.9	5.3**	6.6**	8.8**	10.4**	4.0**	4.6*	12.5**	13.0*
None	60.7**	57.5**	69.3**	67.7**	85.3**	80.5**	65.7**	64.5*	39.9**	65.1*

Note: Working age defined as 15 years and older. Columns display within ethnic group percentages. Afro-Ecuadorian includes the categories black and mulatto. Based on the coefficient of variation (CV) discretion should be used when determining whether the estimates are appropriate for use, following: (\*\*) reliable with CV under 10% (\*) less reliable with CV between 11% and 15%. Estimates without asterisk are not statistically significant with a CV larger than 15%.

Source: ENEMDU 2010 (INEC 2016), author's own calculations.

By 2010, the percentage of women of working age who had no access to social security decreased across all ethnic groups, confirming recent state efforts to include them in the contributory system. Yet it is also noticeable that the inclusion of minority women took place mostly in the targeted arm of social protection, as can be seen in Table 8.2 in the higher proportion of women participating in the BDH programme, with more than 75 per cent of indigenous women receiving cash transfers. Until very recently, access to social insurance was largely determined by employment status, although this has slowly started to change with the partial incorporation of homeworkers (mostly BDH recipients) into the contributory scheme.

Table 8.2 BDH recipients by sex and ethnicity in 2010 (percentage)

	White	Afro-Ecuadorian	Indigenous	Mestizo	Montubio	Total
Women	1.6*	3.7**	10.9**	54.1**	8.9**	79.3**
Men	0.3	0.8*	2.4**	14.0**	3.2**	20.8**
Total	1.9**	4.5**	13.3**	68.2**	12.1**	100.0*

Note: Working age defined as 15 years and older. Columns display within ethnic group percentages. Afro-Ecuadorian includes the categories black and mulatto. Based on the coefficient of variation (CV) discretion should be used when determining whether the estimates are appropriate for use, following: (\*\*) reliable with CV under 10% (\*) less reliable with CV between 11% and 15%. Estimates without asterisk are not statistically significant with a CV larger than 15%.

Source: ENEMDU 2010 (INEC 2016), author's own calculations.

According to the BDH administrative registries, among those who effectively received BDH transfers ever year, the mestizo category accounts for more than 70 per cent of total female recipients per year, followed by indigenous (around 12 per cent) and *montubio* women (around 11 per cent). Estimates for the female population follow the same ethnic-based stratification described in Table 8.3. The number of black and mulatto female BDH recipients is much lower, consistent with national demographics.

**Table 8.3 Female BDH effective recipients by reported ethnic group  
2005-2014**

Ethnic group	Number effective recipients* per year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Indigenous	101,268	112,572	120,108	41,692	158,989	177,894	181,267	177,235	143,555	119,352
Montubio	70,623	77,236	80,680	27,657	124,719	128,630	129,846	130,347	103,299	98,940
White	26,485	29,057	30,389	10,648	45,492	45,309	45,221	46,341	36,235	34,668
Mestizo	554,551	605,883	632,954	218,949	929,896	897,944	888,870	906,173	710,298	665,494
Black	19,132	21,422	22,743	7,863	36,474	37,280	36,871	36,967	29,392	26,224
Mulatto	13,527	15,041	15,974	5,524	24,262	24,144	23,613	23,825	18,602	17,389
Other	2,113	2,322	2,404	798	3,432	3,322	3,283	3,330	2,573	2,434
Subtotal (SELBEN only)	787,699	863,533	905,252	313,131	1,323,264	1,314,523	1,308,971	1,324,218	1,043,954	964,501

Note: Number of recipients who effectively received BDH transfers in the referenced year (as recorded in MIES administrative registries).

Source: MIES-MCDS administrative records 2005-14, calculations by the author.

**Table 8.4 Changes in ethnicity reported by SELBEN respondents between  
waves 2007/08 and 2013/14**

		2013/14							
		Indige- nous	Montu- bio	White	Mestizo	Black	Mulatto	Other	Afro Ecuado- rian
2007/08	Indig- enous	0.73	0.00	0.00	0.26	-	0.00	0.00	0.00
	Mon- tubio	0.01	0.30	0.02	0.64	0.01	0.01	0.00	0.01
	White	0.01	0.06	0.09	0.82	0.01	0.01	0.00	0.01
	Mes- tizo	0.01	0.07	0.02	0.86	0.01	0.02	0.00	0.01
	Black	0.00	0.03	0.01	0.30	0.30	0.09	0.00	0.28
	Mu- latto	0.01	0.03	0.02	0.61	0.08	0.18	0.00	0.09

Other	0.04	0.05	0.03	0.82	0.02	0.02	0.01	0.02
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Note: Data collection for the SELBEN wave 2013/14 was not finalised at the time of the field visit (early 2014), matched data corresponds to about 25% of the total registries. Ethnic categories differ between waves 2007/08 and 2013/14.

Source: MIES-MCDS administrative records 2005-14, calculations by the author.

Although there is a margin of error in reporting and registration of individual qualifiers such as sex, ethnicity, age and so forth, there are also systemic ‘errors’ or changes in group affiliation (Table 8.4), which could be attributed to the performative aspects of identification described previously. About 73 per cent of indigenes were positioned in the same group, while 26 per cent shifted their identification to mestizo. Controlling by sex, 27 per cent of surveyed indigenous women identified as mestizo in the 2013/14 wave, compared with 26 per cent for men. Identification as white and *montubio* was much more fluid. The majority of whites (82 per cent) identified as mestizo by 2013/14. Only 30 per cent identified within the same group, whereas 64 per cent shifted to mestizo for the second wave. For this group, sex differences are marked: 66 per cent of *montubio* women shifted to mestizo, whereas for men, this shift was recorded as 62 per cent. It is also worth noting that 7 per cent of mestizos identified themselves as *montubio* in the 2013/14 wave. Lastly, there is some ambiguity as per the affiliation as Afro-Ecuadorian, a category introduced in 2013/14 only, with an almost equal share of blacks staying in the ethnic group and switching to Afro-Ecuadorian or mestizo. If anything, Table 8.4 suggests ambivalence in *mestizaje*, as suggested by Radcliffe (1999).

As a means to complement the official employment survey data presented above, Table 8.5 presents cross-tabulated data on the number of registered BDH recipients between 2005 and 2014 obtained from MIES-MCDS administrative records, and information on ethnic self-identification as reported in the SELBEN survey of 2008 (also known as the poverty census). It can be noted that the great bulk of recipients are mestizo, a consistent trend throughout the period, followed by indigenous and *montubio* populations—withstanding a significant difference. Information for 2008, the year in which the referenced SELBEN was fielded, is not consistent with previous or later years. Most striking is the high number of missing values and duplicates for this year, including the same ID numbers recorded repeatedly during the year. With each SELBEN survey, there is considerable reshuffling of the target population and changes in

their eligibility status. As noted by Araujo et al., ‘36 percent of all households in the first poverty census had scores that placed them within 5 points of the cut-off that determined eligibility for transfers. Among these households, 46 percent of those eligible for transfers by the first poverty census became ineligible, and 42 percent of households who were ineligible became eligible’ (2016, p. 7).

Table 8.5 BDH effective recipients by reported ethnic group 2005-2014

Ethnic group	Number effective recipients* per year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Indigenous	105,782	120,636	132,965	47,133	181,623	207,445	213,213	209,813	168,144	145,095
Montubio	75,584	84,942	90,488	31,612	153,586	163,978	167,718	169,961	131,004	131,763
White	28,361	31,132	33,126	11,806	52,531	55,080	55,960	58,076	44,591	44,527
Mestizo	589,321	647,883	687,658	242,313	1,064,096	1,081,423	1,088,757	1,124,951	862,815	847,570
Black	20,150	22,690	24,464	8,591	41,121	43,535	43,580	43,969	34,263	31,762
Mulatto	14,199	15,826	17,020	5,991	26,986	27,991	27,783	28,280	21,666	21,005
Other	2,203	2,461	2,575	871	3,882	3,968	3,995	4,100	3,063	3,054
Subtotal (SELBEN only)	835,600	925,570	988,296	348,317	1,523,825	1,583,420	1,601,006	1,639,150	1,265,546	1,224,776
Not in SELBEN	193,033	175,853	177,852	62,451	179,046	134,321	158,207	209,057	154,061	177,810
Total	1,028,633	1,101,423	1,166,148	410,768	1,702,871	1,717,741	1,759,213	1,848,207	1,419,607	1,402,586

Note: Number of recipients who effectively received BDH transfers in the referenced year (as recorded in MIES administrative registries).

Source: MIES-MCDS administrative records 2005-14, calculations by the author.

According to Table 8.5, among those who effectively received BDH transfers ever year, mestizo amounts for more than 70 per cent of total recipients per year, followed by indigenous (around 12 per cent) and *montubio* women (around 11 per cent). Estimates for the female population only, as indicated in Table 8.6, follow the same ethnic-based stratification described in Table 8.5. The number of black and mulatto female BDH recipients is much lower, though consistent with national demographics.<sup>6</sup> Comparing these figures with the total female population recorded in the last population census (2010), the allocation of the BDH transfers does



not follow overall population proportions. Instead, black women report the highest share of BDH recipients reported in 2010: of the total population, 56 per cent are cash transfer recipients. This is followed by indigenous women with 36 per cent and *montubio* women with 26 per cent. White women and mestizo women, in the aggregate, report the lowest percentage of BDH recipients, 10 per cent and 17 per cent respectively.

**Table 8.6 Female BDH effective recipients by reported ethnic group 2005-2014**

Ethnic group	Number effective recipients* per year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Indigenous	101,268	112,572	120,108	41,692	158,989	177,894	181,267	177,235	143,555	119,352
Montubio	70,623	77,236	80,680	27,657	124,719	128,630	129,846	130,347	103,299	98,940
White	26,485	29,057	30,389	10,648	45,492	45,309	45,221	46,341	36,235	34,668
Mestizo	554,551	605,883	632,954	218,949	929,896	897,944	888,870	906,173	710,298	665,494
Black	19,132	21,422	22,743	7,863	36,474	37,280	36,871	36,967	29,392	26,224
Mulatto	13,527	15,041	15,974	5,524	24,262	24,144	23,613	23,825	18,602	17,389
Other	2,113	2,322	2,404	798	3,432	3,322	3,283	3,330	2,573	2,434
Subtotal	787	863	905	313	1,32	1,31	1,30	1,32	1,04	964
(SELBEN only)	,699	,533	,252	,131	3,264	4,523	8,971	4,218	3,954	,501

Note: Number of recipients who effectively received BDH transfers in the referenced year (as recorded in MIES administrative registries).

Source: MIES-MCDS administrative records 2005-14, calculations by the author.

As illustrated above, if there is a bias against BDH recipients, it is likely to run from employment towards social protection: segregation in employment is translated into the social protection system. Overlaps between individual qualifiers that result in employment segregation but are related to inclusion in the BDH programme result in an institutionalisation of segregation, which denotes processes that either generate or deepen (social) difference. This means that the configuration of the social protection system in Ecuador permits the grouping of populations that are subject to segregation in the labour market.

In addition, although the contemporary Ecuadorian state, almost two centuries after independence, has distanced itself from ‘the colonial rule’, operating instead through discourses of citizenship and social rights, the stratification of the labour market and inequalities in access to social protection in Ecuador carry much of the sex- and ethnicity-based differentiation inherited from the colonial past. Although this is not the central focus of the dissertation, the institutionalisation of social protection in Ecuador cannot be oblivious to the influence of the colonial rule which, as in other colonised territories, ‘operated by setting up visible, rigid, and hierarchical distinctions between the colonizers and the colonized. The physical and symbolic separation of the races was deemed necessary to maintain social distance and authority over subject peoples’ (Mohanty, 1991, p. 17). This social distance can be ‘transmuted to a moral plane’ (ibid.), legitimising the regulation of colonised territories and, more central to my argument, informing the provision of social welfare.

Radcliffe’s conceptualisation of social heterogeneity is useful in understanding ‘the continuously reproduced and ubiquitous existence of complex lines of social hierarchy and meaningful difference’ (Radcliffe, 2015c, p. 13) evidenced in the Ecuadorian context. As the author explains, social heterogeneity<sup>7</sup> is ‘used to refer to social distinctions arising through myriad power relations and inequalities’ (Radcliffe, 2015c, p. 282). This interpretation differs from conventional analysis focused on separate individual qualifiers such as condition of poverty, sex, age and so forth, and instead emphasises relations of power. Radcliffe focuses on how these social hierarchies are theorised, both on material and discursive levels. On the material level, Radcliffe’s analysis speaks of the manifestations of poverty and marginalisation discussed in Chapters 5 and 6. With regard to the discursive aspect, it counters the simplification and categorisation of subjects as ‘target populations’ or ‘dependent recipients’, as discussed in Chapters 4 and 7.

Social heterogeneity has concrete manifestations in terms of access to resources and opportunities, in particular employment opportunities. Occupational sex segregation is built on social difference across men and women. Members of different social categories—men and women, mestizo and indigenous, formal and informal, teenage mothers and childless elderly populations—are assimilated into employment and provided social protection in different ways. These processes do not necessarily imply a

direct pervasive bias against any of these populations. That is to say, discrimination can occur even with ‘neutral’ preferences in terms of gender or ethnicity (Dymski, 2005). If there is a strong correlation between the affiliation to certain groups, for example BDH recipients, and some of the features that would generally affect their eligibility for paid work, for example being female with dependent children, low educational level and number of years of experience, then there is a high chance of unintended bias against such groups (BDH recipients). This could be theorised, following Dymski, as a result of the association with a certain category rather than deliberate personal discrimination or bigotry—although the latter might take place as well.

In theorisations of job allocation, individual members of the labour pool compete for a limited number of (formal) jobs. Jobs should be allocated to individuals on the basis of education, training and experience. In practice, however, and since labour markets do not operate in a vacuum, aspects of social regulation determine the actual allocation of jobs. Women of a certain age and ethnic background are subject to structural disparities in access to employment, as they are associated with lower educational levels and inadequate training (they are more likely to work in the lower tier of the informal sector anyway). Following this logic, it is likely that poor women cannot accumulate sufficient experience: they are the ‘last hired and first fired’. According to a vicious logic, they are less likely to be chosen for formal jobs and more likely to be absorbed into non-traditional social protection schemes, such as the BDH. Although this is an overly simplified and deterministic narrative, it helps illustrate how social discrimination exacerbates disparities in access to employment and social protection.

### 8.5.1 Blurring lines: urban bias or marginalisation?

Processes of marginalisation have persisted in the different commodity cycles experienced in the country. An alternative interpretation of the making of marginality can relate this back to state formation, class and ethnicity. In this context, and following Wacquant, the making of marginality pertains to ‘the multilevel structural processes whereby persons are selected, thrust, and maintained in marginal locations, as well as the social webs and cultural forms they subsequently develop therein’ (2015, p. 247). What Larrea and North identified in the 1990s as an urban bias in policy

making (1997) can be supplemented with an analysis of the structural processes that have pushed and continue pushing populations onto the margins of formal employment, and thus, the margins of substantive (social) citizenship.

It was noticeable that a significant number of (one-time and current) female recipients living in the cities had strong links with the agrarian sector. In conversations with different generations of women (that is, grandmother, mother and daughter) the issue of land started to emerge. Older generations mentioned how they migrated from the rural areas to the city, combining subsistence agrarian production with sporadic employment in the informal sector or domestic work. Younger generations were already established in the city, but kept linkages with their families in rural areas and would return to them when working in the city became difficult. Tensions with the BDH targeting scheme resulted from this. Due to their high rural–urban mobility, some women missed official household visits in the context of Registro Social. Others were deemed non-eligible due to late projects of legalisation (and associated funding) of their landholdings. Being in possession of land, in the logic of the BDH programme, is recorded as an improvement in the economic profile of the household, with little consideration of actual improvement of agricultural production. Many women (and households) were marked as non-eligible, thus ignoring the historical process of relegation that pushed landless workers, many of them of indigenous background, to the cities.



Illustration 8.5 Street vendors in Loja, various generations (2013)

When asked whether her family had access to BDH transfers, an elderly woman interviewed in Loja answered with a candid smile *‘sí, recibimos el de desarrollo’* (yes, we receive the development one) (Interviewee-P, 2013). She recalled how the transfer increased from US\$35 to US\$50, adding *‘no alcanza [it is not enough], he [her husband] is sick, our youngest daughter lives with us [...] she gave birth to a premature child and now she cannot work’* (ibid.). She worked in agriculture, harvesting peanuts. With her income she maintained her husband—who showed signs of senility—her daughter and her newborn granddaughter: *‘trabajo como el hombre de la casa’* (I work like the man of the house) (ibid.). She had to finance her daughter’s caesarean section and transfer to the city’s hospital. Her second daughter, who was constantly moving between her partner’s place and her mother’s, seldom helped them. None of the girls were BDH recipients, and she thought this was because they were still registered under her address—a small rural landholding. Blind spots—or what economists denote as exclusion errors—in the targeting scheme let these young women fall through the cracks.

A younger woman was sitting across the waiting room at a public centre in Loja, waiting for her turn. Her youngest son was complaining of severe

stomach aches. She also used to work in agriculture, but the landowner had asked her to leave his property. Since then, she had been constantly changing residency together with her seven children. She put together some income doing laundry and cleaning houses. In the early morning, she would leave the kids at one of the MIES childcare centres—she indicated this was not a service free of cost but that she had to pay a monthly fee of US\$15—and would pick them up by 4 p.m. Then, she would be just in time to help the oldest children with their homework, although sometimes she would bring them along to the houses where she worked and ask them to help her with cleaning and such. She mentioned: ‘there is public [*gratuita*] education, but school activities are costly [...] and we do not have enough’ (Interviewee-J, 2013). Her oldest son had dropped out of school and was working as a bus helper: ‘he gives me some money, but it is not enough’ (ibid.).

Days later, the author met another woman, close to her sixties, who used to be in the BDH programme but had recently been ‘graduated’:

I legalised the *lote* [landholding] where I was living, I guess that is why I do not get any BDH money any more [...] I insisted, visited the MIES offices on three occasions, but they did not give me a clear answer. I guess it is because of this *lote*. But I live in a one-room house, together with my daughters [...] see, they are single mothers, too. They have recently started working as caretakers of the neighbouring property, they are allowed to move in to a room in there, they have spare rooms. I guess we are going to stay there until the landowner kicks us out. (Interviewee-O, 2013)

She worked next to Zaruma (a mining area on the border between the provinces of Loja and El Oro) cutting wood for a fixed rate of US\$5 a day: ‘it’s hard work. You ruin your clothes, your shoes, your hands’ (Interviewee-O, 2013). She landed this job via the landowner, who put her in contact with a broker. She did not know her employer: ‘every week we have to insist and insist for him [the broker] to pay us: some weeks he gives us US\$10, others US\$20’ (ibid.). She did not know about fixed employees; every week new people would join, up to 30 workers, and sometimes they would be reduced to six workers: ‘*no estamos asegurados*’ (we are not insured) (ibid.).

Lastly, in an interview with an elderly couple, street vendors in Loja (Interviewees-C-D, 2013), they mentioned how they used to work in agri-

culture, but when the production in the area decreased and once their children had left home and were no longer contributing with their own work to the household economy, they were forced to venture into the city and try to earn a living by selling homemade sweets, *bocadillos* and *alfeñique*, at the age of 70. It was a lousy business idea: just a few metres away, well-established shops were offering similar products. Yet they saw a window of opportunity in their locations, as they could stay on the streets and catch customers as they passed by. The author returned to the street corner where they were selling their products and noticed that some people would actually buy from them, but based on the interactions and volume of business, it seemed more like an act of compassion than purely transactional. Since they did not have formal jobs in their pre-retirement age, they were not entitled to a retirement pension, nor did they qualify as BDH recipients, as the wife did not hold a valid ID: ‘I don’t get it, they asked me to bring two *cédulas*: a citizenship one, and another as disabled [...] and that was all, they didn’t give me the *bono*. See, they offer things, but at the end, nothing happens. They just tell you “come back later”, and later, again nothing’ (Interviewees-C-D, 2013). As a result, they had to continue in the city as informal workers.

Another elderly woman was found queuing with her grandson, seeking medical attention at the public hospital in Loja. She had severe back pain after months of working as a wood collector for a big corporation in the north of the province. Although she had stopped working for about 15 years, after her husband got sick she had to look for a job to support her family, including her daughter’s children. She was 72 years old: ‘I was a father and a mother at the same time [when her husband fell ill]. Now that my daughter got a child and has no support, I have to provide for the two of them as well’ (Interviewee-Q, 2013). Often, when studying informal employment, attention is focused on pre-retirement security, severance payments and access to health services. However, informality has important implications for post-retirement welfare, as noted in the previous quote. Amongst the poorest strata, informal workers cannot accumulate for a pension, and are compelled to stay in (or return to) the labour force after retirement age to secure a living. Actually, the late emphasis on graduation of mothers from the cash transfer programme together with the inclusion of more of the old-age population can be seen as a responsive

measure to post-retirement age poverty, in order to provide some protection to people who did not contribute to a pension system in the past because they were informal workers.

## 8.6 Conclusion

The analysis presented in this chapter has had to circumvent problems of data availability due to the intermittence of ethnicity in social policy, related to, on the one hand, collective efforts demanding recognition and self-representation in reporting race and ethnicity; and, on the other hand, the ability of the state to respond to these demands and officially register and visualise fluid racial categories. Although this kind of prejudice and relegation is less frequent in current policy making, economic inequalities continue affecting the position in women. This is particularly the case with regard to access to land and formal employment; where patterns of segregation further relegate women of minorities. It is worth asking whether state efforts to address this situation—note that the Ecuadorian Constitution of 2008 ‘explicitly names racism, ongoing colonialism, affirmative action, and restorative reparation—and their interrelation’ (Walsh, 2015, p. 29)—can in practice tackle the gendered (CEPAL, 2013) and racialised dimensions of poverty (Ponce Jarrín & Acosta Espinosa, 2010) and exclusion (Radcliffe, 2015a). There is a discernible difference in access to social protection related to the agrarian past often associated with indigenous background. The distancing from the ‘rural question’ associated with indigeneity, for instance, results in a contradictory assessment of informality and precariousness, whereby urban informal employment arrangements are seen as resulting from individual choices or celebrated as entrepreneurial capacity instead of being informed by historical processes of relegation.

At an institutional level, the tensions and trajectories presented in this chapter and the accompanying narratives of recipients and social workers provide a rather messy picture of the changes introduced to the social protection system in Ecuador. These changes cannot be reduced to mechanisms of co-optation—although some elements are present, in particular with regard to women’s positioning vis-à-vis the state—nor to careful planning following a results-oriented rationale. Internal contradictions accompanied these changes at different layers of policy implementation. The result is a population that has been exposed to various bureaucratic rationalities, not always able to catch up with the changes in the system, but still navigating it.



## Notes

<sup>1</sup> The authors subscribe to what they identify as a Weberian explanation, whereby pre-industrial families—thus dealing with states in the North—are interpreted as independent economic production units, operating without state regulation and protection. With the industrial revolution and resulting urbanisation, the authors argue, the state became more active in the provision of welfare to families (Ullman et al., 2014). As discussed in Chapter 2, however, this type of narrative can be deemed applicable to the European context mostly, as most Latin American countries were under the colonial rule, and thus governed by different economic and moral rationalities, affecting the configuration of families.

<sup>2</sup> See also Filgueira et al. (2011).

<sup>3</sup> The most recently consulted figures indicate a total of 60,000 recipient mothers effectively affiliated to contributory social insurance.

<sup>4</sup> Where racialisation ‘refers to power relations that attribute racial difference to certain populations in ways that naturalize race as a system of social difference’ (Radcliffe, 2015, p. 3).

<sup>5</sup> When fielding my own survey with the help of research assistants, identification with various ethnic groups changed according to the positioning of the enumerator, with more respondents identifying themselves as white if the interviewer was perceived as black, whereas mestizo interviewers would find most respondents identifying themselves as mestizo too (Fieldwork 2013).

<sup>6</sup> According to the last census data (2010), the female population can be divided into 73% mestizo, 7% indigenous, 6% white, 4% Afro-Ecuadorian, 1% black, and 2% mulatto (values rounded to integer numbers, calculations by the author based on INEC-REDATAM data).

<sup>7</sup> The author argues it is precisely the emphasis on power that distinguishes social heterogeneity from intersectionality, which she seems to be confined to the recognition of diversity.

# 9

## Conclusions

### 9.1 A matter of choice? From perverse incentives to structural constraints

This dissertation has shed new light on the interconnectedness between informality and social protection in Ecuador. The research focused on the question of whether and how recent social protection policy initiatives have reinforced labour market informality, adjusted to the existing high prevalence of informality or reduced the degree of informality. A main conclusion is that the transformative capacity of the current social protection system has proven to be very limited. It has only marginally addressed existing inequalities in the labour market and has not altered the degree of informality in any substantive way.

Traditional schemes of contributory social protection established during the twentieth century in Ecuador failed to cover the vast majority of workers (and their families) in informal and unstable employment. Entitlements were restricted to a minority of workers with formal sector jobs. New social protection schemes, cash transfer programmes in particular, aimed to provide social protection for the poor and those left out by traditional social security mechanisms. The first CT programme, Bono Solidario, was introduced in the late 1990s. Its successor, the Bono de Desarrollo Humano, became the pillar of Ecuador's social protection system, providing at its peak in 2012 income support to over 1 million households, which, multiplied by the average household size, represented about 40 per cent the country's population. Targeted at the poor working outside of the formal sector, the programme was designed to adapt to the existing high degree of informality in the labour market.

Critics of the programme have pointed to the perverse incentives that non-traditional social protection schemes could generate. Recipients

would be inclined to reduce work efforts or stop searching for better jobs because they could rely on a regular cash benefit without directly contributing to the funding of the programme and without having a taxable job. The present research finds that this perversity argument is largely misplaced. Whereas many studies have reported higher inactivity rates or prevalence of informal employment among recipients, this research finds that such labour market response is not so much caused by access to CTs, but rather is a result of prevailing labour market structures, for example segregation, which limit the access of impoverished populations (many of them informal sector workers) to the formal labour market segment. Studies associating informality with non-contributory social protection confuse the direction of causality. In effect, the expansion of the cash transfer programme in Ecuador has had little to no impact on the degree of informality during the 2000s and early 2010s, as evidenced by the analysis of the employment data presented in Chapters 6 and 7. Given the structural impediments to accessing formal sector jobs, approaches that assume free rational choices by individual workers regarding where to move in the labour market are bound to misjudge any influence that the receipt of social benefits would have on occupational shifts. And while recent policies and initiatives have come a long way in tackling the most salient practices of discrimination prevalent in the structuring of the labour force, in terms of access to secure employment and social rights, significant divides prevail.

The study of informality as an analytical category helped expose the problems faced by the state in the categorisation and regulation of income-generating activities, hence problematising the state's realm of regulation (Harriss-White, 2010). Examined in the context of broader employment structures and the delimitation of formal work, the study of informality also spoke of diverging processes of labour commodification (Esping-Andersen, 1990), simultaneous projects of codification of labour (Drinot, 2011) and categories of social difference (Radcliffe, 2015c). It should be noted that the problem of integration of populations into formal employment and derived benefits is not exclusive to Ecuador. The processes of informalisation and marginalisation mapped out in southern Ecuador are hardly unique. Previous research on women and informality (as per the scholarly work produced in the 1980s in this particular connection) has highlighted similar processes of marginalisation of women in relation to the informal economy and how these erode the social and economic base (Mies, 1982).

## 9.2 A reactive social protection system: adapting to informality

As shown in the preceding chapters, the stratification of the labour market was accompanied by an incremental fragmentation, even bifurcation, of social welfare provision. This perpetuated the processes of marginalisation amongst disadvantaged workers,<sup>1</sup> most of them in informal employment.

In the late 1990s, when the first CT programme was set up in the country, the level of informalisation, expansion of self-employment and stagnation of job growth in the formal sector (and the industrial sector in particular) was significant. Scholarly work revisited in Chapter 2, and evidence provided in Chapters 6 and 7, supported the claim that the design of the new forms of social protection programmes was a response to existing labour market structures and outcomes. Existing patterns of employment affect the distribution of income, economic security and risk throughout the economy, with significant implications for social policy, a finding consistent with the work of Heintz and Lund (2012). Informalisation has been associated with greater labour income inequalities (Amsden, 2010; Amsden & van der Hoeven, 1996; van der Hoeven, 2010) and has slowly but surely informed the way in which social protection is designed and implemented in such contexts. Social protection systems play a key role in changing the distribution of income and employment outcomes. As introduced in the literature review provided in Chapter 3, further discussed in the light of the institutional trajectories of labour regulation and welfare provision provided in the historical account of Chapter 2, and complemented with the empirical analysis presented in Chapters 6 and 7, informality is directly and structurally connected to the formal economy.

Yet next to this expansion of non-traditional social protection schemes, the prevalence of informalisation of employment has been accompanied by a weakening influence of employers and workers on social policy (Lund, 2009).<sup>2</sup> It is plausible that the adoption of non-contributory social assistance helped shift the risk and responsibilities away from the employers towards the employees themselves, as suggested by the emphasis on self-improvement that CT programmes usually put on recipients and best illustrated in interviews with recipient domestic workers, one of the most vulnerable occupations when it comes to non-observance of labour regulations given that activities take place within private homes. When employers do not follow labour regulations and workers do not have much option

but to engage in activities with fewer derived entitlements, informal employment becomes even more vulnerable. If the state fills these gaps with residual assistance programmes instead of fulfilling an actual distributive role, distributive claims are less likely to emerge. This finding could explain the lower levels of mobilisation amongst recipients, understanding social class as political agent in the configuration of welfare state regimes (Esping-Andersen, 1990). The adaptation of social protection systems to the stratified structure of the labour market, for example the expansion of non-contributory social protection, may pre-empt collective claims for a fairer distribution of job opportunities and working conditions.

The emphasis on structural informality and stratification of the labour market permitted the analysis of social protection systems in relation to employment structures. The study of social protection in Ecuador required special attention to the changing role of the state in terms of employment creation, regulation, codification and protection. Following the different institutional trajectories of social protection, as discussed in Chapters 3 and 4, a case is made for the hasty formulations and contradictory outcomes of state-provided social protection in Ecuador, which met with genuine efforts to organise and extend the formal employment base. Policies and programmes to expand social protection and regulate employment relations in Ecuador have been put in place with the main objective of expanding formal employment, that is, integrating informal workers into full formal (or modern) employment and extending derived entitlements such as access to the IESS contributory regime. It should be stressed that, since the late 1990s, the state has advanced important reforms to extend social protection to informal workers. The creation of the BDH programme, as discussed in Chapter 4, constituted a step towards providing income support to informal workers, or more specifically, to provide targeted social protection regardless of recipients' employment status. Given the high levels of inactivity and labour informality, these programmes played an equalising role in terms of income inequality. Yet this shift in social protection cannot be seen as an effort to formalise recipients either. These processes raise new lines of inquiry regarding whether it is realistic to assign a transformative capacity, for example changing labour attachment patterns, to non-contributory social protection programmes alone.

### 9.3 Recasting state-family relations within the context of social protection

With the expansion of the BDH programme, employment and social protection relations were recast, by providing the option of non-employment-derived social benefits. By design, CCTs target those excluded from formal employment with no access to contributory schemes, and thus with no cushion against shocks—including employment-related vulnerabilities. Recipient households are provided extra cash as temporary income support, which is aimed at preventing them from underinvesting in their children. Down the line, the state and the family were also reconnected with the expansion of the BDH, since transfers are almost exclusively handed to women, with the intention to provide them with an independent source of income and secure the benefits of investing in their children's human capital. In practice, state and family were reconnected under a child-centred logic. As noted by Molyneux, 'even as women might be marginally "empowered" within these structures [CCT programmes] (through managing the subsidy), such programmes in effect reinforce the social divisions through which gender asymmetries are reproduced' (2006, p. 438). The success of CCT programme depends on women fulfilling their traditional roles within the household, and offers a limited scope for leveraging the position of women outside the household.

Paradoxically, although CCTs are rather conservative in their framing of state-family relations, as noted above, they are also accompanied by criticism along the lines of welfare dependency, for example reduction of paid work among recipients. As CCTs are targeted at mothers, assuming they will better use the money for their children, they are likely to reach a segment of the labour market categorised as 'dependents'. More often than not recipient mothers are associated with lower job search effort and higher inactivity rates. Such accounts continue to assume the universality of 'male wage labour' (Ferguson, 2015, pp. 41–3) which together with the CCTs would finance women's lower paid employment levels. That is why, parallel to the adoption of the CCT model, it is possible to identify the emergence of a discursive category: the *dependent female recipient*, a normative label for women in poverty who are dependent on state support for the continuation of their caring role within the household. Women's care work, as noted by feminist sociologists, is in most situations considered to be non-work and therefore open to unrestricted control and utilisation

(Mies, 1982). CCTs exemplify the naturalisation of women's work as carers. In the light of these arguments, CCTs appear as restricted instruments for the adequate leveraging of women's position in the labour market and vis-à-vis the state, inasmuch as women continue to be seen in their condition of poverty instead of as citizens (granted rights and entitlements).

The importance of families and mothers in the workings of state-provided social protection has been previously acknowledged in research. The adoption of cash transfers has been accompanied by a vast number of impact evaluation studies that focus on family-level and/or household-level expected effects of cash transfers such as nutrition and school attendance. Although this is a welcome development in the scholarship, attentive to household dynamics and aimed at improving the functioning of these programmes, these studies often see the outcomes as related to individual features instead of as systemic. This dissertation was preoccupied with examining state–family relations beyond the stated objectives of CT programmes and situating them in the structure in which they operate. This included accounts that questioned the moral ground on which the provision of social protection rests—indirectly or otherwise—as it pertains to women's roles across different age cohorts and different ethnic groups.

Until quite recently gender perspectives on social protection had remained on the margins of mainstream research. Following Razavi and Hassim, this dissertation has joined the body of literature that is pushing gender more towards the centre of the study of social protection 'by exposing how the social institutions through which social policy is filtered are all indelibly bearers of gender—be it families and communities, markets, informal arrangements for care, or health and education systems, and the public sector' (2006, p. XV). In the particular connection of social protection with employment, a gender perspective was crucial to understand the extent to which gender-based inequalities perpetuate informality and segregation in the labour market, eroding women's job opportunities, wages and income, but also constraining access to state-provided protection and support. As noted by the authors: '[w]omen's unpaid care work continues to form the bedrock on which social protection is subsidized, with erosions in state provisioning impacting most strongly on women' (ibid.). My research has provided additional insights into the ways in which unpaid care work, formal paid work and social protection are related.

Despite the centrality of women as recipients of CCTs, their positioning is rather ambivalent, as noted in studies and documents pertaining to targeted social protection presented in Chapter 4 and complemented in Chapter 8. Some studies interpret these interventions as empowering poor women, whereas others point towards gendered contradictions prevalent in these schemes. In this dissertation it is argued that the interpretation cannot be reduced to gender. It is not only their position as (recipient) women that might affect their position in the labour market, but also broader processes of social difference marked along the axes of age and ethnicity, thus showing a variety of outcomes amongst recipients. These can be interpreted as relational axes,<sup>3</sup> exacerbating social differences that are marked across social groups. Future research could pay closer attention to the intersectionality of gender with age and ethnicity, an intersection that was explored in this dissertation but that requires a closer examination in terms of its historical grounding and assimilation into the institutional framework guiding welfare provisioning. This could shed light on other processes that affect the efficacy and level of inclusiveness of current social protection provisions.

#### **9.4 Institutionalised segregation: implicit biases in the provision of social protection**

A final layer of the analysis was motivated by the need to historically ground the analysis of social protection systems. Chapters 2 and 3 traced the development of the social through recent Ecuadorian history, flagging the contingencies that led to the current configuration of the cash transfer programme that is operative in Ecuador. Early traditions in the field of social protection, as they emerged in the global North, had revolved around the welfare state. Along these lines, scholarly work has debated the state's responsibility to secure basic welfare for its citizens. Discourses of social citizenship have also informed notions of social provisioning and the capacity of the state to grant social rights. Yet, as argued by Ferguson (2015, p. 68), the institutional apparatus of the social described in these accounts was only partly established in the global South. Studies supporting the perversity argument have been strongly criticised for adopting a Eurocentric perspective, approaching the recent turn towards targeted social assistance as the epitome of a failed structural transformation, a lagging-behind in terms of welfare provision in the South or an incomplete modernisation of labour. The discussion of social provisioning in the



global South thus invites ‘new sorts of historical narratives to understand the contemporary struggles around distribution’ (2015, p. 68), understanding and situating how we think about welfare in historically specific configurations, and re-assessing the resulting provisioning systems.

Whilst grounding the analysis of social protection historically and in relation to (intra)national developments, this work also placed it in a context of globalisation, as per dominant conceptualisations of social protection as social risk management, now extended by approaches informed by human needs and capabilities frameworks. The Ecuadorian CTs are often depicted as part of a new embrace of risk management, resulting from the dissemination of the cash transfer model in Latin America by the end of the 1990s. While these programmes mimic global and regional developments in social policy, they also have deep roots in specific social and political national history. Chapters 2 and 3 integrated these global and local forces, shedding light on how the practices of social protection came to be and have taken the form they have. A critical revision of the genealogy of the social in Ecuador helped to historicise and situate the formulation of the BDH and also to re-evaluate the outcomes attributed to it.

In the evaluation of the persistence of informality, ongoing processes of marginalisation of poor women in the labour market and state efforts to mitigate these processes were revisited from an institutional perspective. These processes could be seen as contingent on power relations<sup>4</sup> that have permeated existing institutional practices, legislation and state policies. This work revisited these institutional histories, locating the current bifurcated systems of welfare provision in a context of segregated labour markets. This bifurcation is best exemplified by the coexistence of entitlements derived from formal employment next to temporary interventions aimed at poor families and informal workers.

In the process, the research suggested the existence of an unintended bias in the design of social protection systems. The mechanism usually runs from employment towards social protection: segregation in employment is translated into the social protection system. Overlaps between qualifiers that result in segregation and the criteria of BDH eligibility might have resulted in the institutionalisation of segregation, as discussed in Chapters 7 and 8. The institutionalisation of segregation denotes social processes that either generate or deepen difference. If the configuration of the social protection system allows for the grouping of populations that are subject to marginalisation in the labour market, under the category of

BDH recipients, sole income support will not fix and might perpetuate gender-based inequalities. In this regard, if there is an institutional bias against BDH recipients, it is plausible that it occurs without intent. However, if social protection policies and programmes are aimed at decreasing structural disparities, there is a need to acknowledge that redistribution of resources and opportunities is largely conditioned by these categories of social difference, which operate at a more systemic level.

In sum, if social protection can be used to push the boundaries of redistribution, there is a need for a critical reflection on the broader context within which it operates. The challenge for scholars and policy makers is to locate this reflection in current discussions in the field of social protection. It is worth noting that the predominant technocratic character of the discussion obscures claims related to historical compensation, rights or discrimination. Once more, this work is appreciative of the empirical evidence collected over the years of design and implementation of the BDH programme, which, for instance, tests implementation modalities and assesses social and economic impacts. However, there is an emerging tension between the maintenance of these sorts of ‘technical’ instruments and their political viability. Since the provision of cash transfers and accompanying reforms to contributory social insurance have not resulted in radical changes in the labour market structures in the country, there has not been a disruption of the segregated practices that underpin social protection provisioning. Instead, as social protection has been expanded through incremental reforms, which have gained some legitimacy amongst the already visible social groups, claims for a truly transformative social agenda prevail. The transformation of social protection systems has met with growing concerns, amongst both critical scholarship and civil organisations, about the social and economic inclusion of marginalised groups and the guarantee of their social rights.

### **9.5 Cash transfers: neither revolutionary nor perverse incentive**

Social protection policies and programmes have the potential to take a step toward integrating otherwise excluded groups into social citizenship. Depending on the scope, some social protection initiatives might encourage formal employment whilst changing the conditions under which populations are integrated. This was partly the case in recent reforms to the

Ecuadorian social protection system. There is an unsolved inclusion problem that has its roots in state provisioning of social protection that is not attached to any employment status. Although reforms were conceived to benefit recipients and help them lever their situation, these met with a strong reaction, amongst academics but also public opinion, along the lines of effort and deservedness. It seems that any poor person who receives state income support is likely to face strong claims on that account, mostly framed around discourses of dependency. However, as Ferguson (2015) argues, cash transfers do not introduce dependency: the poor are always dependent (2015, p. 153). In fact, it is because of relations of dependence that most poor populations can navigate the system, as illustrated by the informal care networks operating in peri-urban and rural territories, in locations and among populations historically neglected by the state. This dependence, nonetheless, is misjudged as inactivity, which in productionist logic disregards the various survival strategies of the poor. Processes of relegation, which following Wacquant can be seen when an individual, population or category is assigned ‘an obscure or inferior position, condition or location’ (2015, p. 247), capture these processes and challenge the notion of perversity.

As rigidities still persist in the labour market, they also speak of the limitations of the social protection system to transform social relations. The expansion of unregulated and unprotected urban employment and a passive residual response from the state in the late 1990s led to the relegation of informal workers, many of them women, to the margins, making them highly dependent on precarious employment arrangements. State efforts to address problems related to informalisation could not be assembled around a clear logic that could break through the processes that were reinforcing them, as exemplified by the parallel processes of inclusion and exclusion of populations in social protection systems.

To make sense of these processes, this work focused on the various projects of legibility, understandings of solidarity and (co)responsibility that have accompanied most recent social protection alternatives. Processes of discrimination and marginalisation, including informalisation, not only remained poorly addressed by cash transfer programmes but seemed obscured by poverty reduction policies. CTs have a tendency to intervene around a single issue and/or feature, for example income support, without necessarily addressing the diverse axes that limit a substantive integration into social protection schemes. The Bono de Desarrollo

Humano serves as a case to understand processes of legibility and their consequences for substantive citizenship from the viewpoint of the state. In a context marked by exclusion and marginalisation, the state aimed at integrating new advances in social protection, following global trends and domestic pressures. These contradictory efforts, this work argues, hampered the possibilities to substantially reach and integrate populations in the margins of substantive (social) citizenship.

All things considered, the emphasis on the structural impediments faced by recipients and the historical grounding of social protection initiatives served the purpose of counterweighing misinformed perversity claims, from a theoretical, empirical and normative stance. Processes of marginalisation could be further theorised as contingent on relations of power that permeate existing institutional practices and state policies. There was an initial effort to introduce such analysis in this dissertation, with the gradual dislocation of the study of the recipient population and the move towards unpacking state rationalities and practices towards the populations (recipient or else). The analysis flagged the limitations and tensions within policy making, nuancing the perversity argument. Whilst the dissertation does not trace a roadmap to tackle these problems, it points to the contradictions and tensions in both academic work and public opinion, and relates them back to their more normative underpinnings, thus problematising the frame for understanding social protection. Against a tendency toward depoliticising poverty in social protection scholarship, this work has engaged with what would seem to be contradictory agendas, challenging some notions that have guided the design and assessment of non-contributory social protection.

The ethnographic and historical work in this dissertation exposed potential lines of inquiry and exploitable tensions that require further exploration. There is a case to be made for rethinking what social protection systems can actually deliver in the Latin American region, the Andes in particular. There is a critical potential for more historically grounded and qualitative approaches in tandem with evidenced-based policy making, offering insights on how state programmes are conceived and (re)configured by the social relations they contain. Returning to the connection between social protection and informality, current social protection systems may not be conducive to a full formalisation of the labour force, in the light of historical contingencies. This work thus joins others in calling for a redefinition of the nature of social protection in the region, along the lines

of the politics of redistribution that could inform its design. It is perhaps time to start asking a different set of questions in terms of inclusion, legitimacy and appropriateness of social protection initiatives, more in tune with the specific problems faced in the South. Targeted social protection has been effective in providing households a cushion to hedge against adverse income shocks, and when designed properly, it has led to better outcomes in terms of human capital, for example in education, health and nutrition. However, it could have generated better future employment opportunities for recipients. Since this depends on the overall structure of the labour market, radical structural economic changes will need to be pushed through economic and social policy. Admittedly, such changes transcend the compensatory role thus far given to targeted social protection.

## Notes

<sup>1</sup> In rethinking marginalisation in the context of social policy, it is worth introducing the work of Spivak, who argues '[...] the margins (one can just as well say the silent, the silenced center) of the circuit marked out by this epistemic violence, men and women among the illiterate peasantry, the tribals, the lowest strata of the urban subproletariat' (Spivak, 1988, p. 25).

<sup>2</sup> Several authors subscribe to this argument, in which informality is interpreted as offering clear advantages for capitalist development. See Lund (2009); Harriss-White (2010); Heintz and Lund (2012).

<sup>3</sup> Gender and race are better considered *relational* terms, as 'they foreground a relationship (and often a hierarchy) between races and genders' (Mohanty, 1991, p. 12). This hierarchical nature helps explain aspects of bifurcation or stratification of welfare provision resulting from segregation in the labour market.

<sup>4</sup> These relations are 'not reducible to binary oppositions or oppressor/oppressed relations ... it is possible to retain the idea of multiple, fluid structures of domination which intersect to locate women differently at particular historical conjunctures' (Mohanty, 1991, p. 13).



## Appendices

### *Appendix 1 Keeping track of the current debate: ILO's changing recommendations*

Although the concept of informal sector has been waning since its 'inception', most scholars agree that it is relevant insofar as the reality that it tries to capture: unprotected employment. This is the shift that, in the last couple of decades, the ILO has tried to incorporate, developing a more holistic understanding of the informal economy, away from a firm-based definition and centred around employment relations. Within this process, *Women in Informal Employment: Globalizing and Organizing (WIEGO)* has played a critical role, by locating the debate around informal workers, women in particular, on account of the large share of the global workforce and production that remains outside the world of full-time, stable and protected employment.

This was the main motive underlying the change of focus towards the work dimension of informality in the 2000s. In 1993, the 15th International Conference of Labour Statisticians (ICLS) defined employment in the informal sector as comprising all jobs in informal sector enterprises, or all persons who, during a given reference period, were employed in at least one informal sector enterprise (Hussmanns, 2004). This definition did not consider workers' status in employment or whether it was their main or a secondary job. In 2003, the 17th ICLS established the links between the concepts of employment in the informal sector, informal employment and informal economy. The 17th ICLS was also clear on defining parallel notions, as per the non-observed economy. It specified that

informal economy should not be used interchangeably with the concepts of illegal/criminal and/or underground economy. Illegal production involves activities that are forbidden by law—they represent a contravention of the criminal code. Underground production, on the other hand, is defined as activities that are legal but deliberately concealed from public authorities (Husmanns, 2004). The reproductive or care economy was not included as part of the informal economy as defined by the ILO, as it is regarded as taking place outside the market economy (*ibid.*).

In accordance with ICLS recommendations, the informal economy should be defined as encompassing ‘all economic activities by workers and economic units that are—in law or in practice—not covered or insufficiently covered by formal arrangements’ (Husmanns, 2004). The attention moved away from a firm-based definition of the informal sector towards informal employment, defined as the total number of informal jobs, whether carried out in formal and informal sector enterprises, or in households (*ibid.*). Table A.1 presents the different job categories by status in employment, as recommended by the ILO. Informal employment corresponds to cells 1–6 and 8–10, a greater segment of the informal economy when compared with the previous definition: employment in the informal sector. The ILO, arguing that they present different aspects of informalisation, measures both categories.



*Table A.1 Job categories by status in employment*

Job by status in employment									
Pro- duction units by type	Own-account workers		Employers		Con- tributing family workers	Employees		Members of producers' cooperatives	
	<i>In formal</i>	<i>For mal</i>	<i>In formal</i>	<i>For mal</i>	<i>In- formal</i>	<i>In formal</i>	<i>For mal</i>	<i>In formal</i>	<i>For mal</i>
For- mal sector enterprises					1	2			
Infor- mal sector enterprises	3		4		5	6	7	8	
House holds	9					10			

Note: Cells shaded in light grey refer to formal jobs; un-shaded cells represent the various types of informal jobs; and cells shaded in dark grey refer to jobs which, by definition, do not exist in the type of production unit in question.

Source: Hussmanns (2004).

As far as the notion of the informal sector is concerned, confusion about its definition and measurement accompanied its use in academic circles, not to mention the changing position of the ILO on the appropriate policy stance towards it (Standing, 2011). Informal employment, as defined above, has much more potential to explain current employment dynamics. Yet the concept of informal employment did not settle down with the same weight as employment in the informal sector did. As a means of illustration, Appendix 2 presents ILO estimates for informal employment and employment in the informal sector in Ecuador. Discrepancies in the inclusion of secondary and tertiary occupations, seasonality and inclusion of the agricultural sector, among many, affect the reliability of the calculations. See Appendix 3 for a detailed review of these diverging definitions and measurements for the Ecuadorian case.

*Appendix 2 Estimates for informal employment and employment  
in the informal sector in Ecuador*

Official data on informality in Ecuador were obtained from labour force surveys. Although INEC calculations follow ILO recommendations (based on the 17th ICLS), figures for employment in the informal sector are slightly different. Only the ILO had released estimates on the share of informal employment as of 2013 (see Table A.2).

**Table A.2**  
*Employment in the informal sector and informal employment: Ecuador  
(2009)*

Ecuador (2009 IV Qtr.)						
Source	Persons in informal employ- ment		Persons employed in the informal sector		Persons in informal employment outside the informal sector	
	Thousands	% of non-agri- cultural employ- ment	Thou- sands	% of non-agri- cultural employ- ment	Thou- sands	% of non-agri- cultural employ- ment
ILO/WIEGO	2,691	60.9	1,646	37.3	1,062	24.0
INEC/SIISE	n/a	n/a	1,924	43.8	n/a	n/a

Note: Estimates for 2009 were chosen as it was the only year for which informality estimates are comparable across the three selected institutions.

Source: Compiled by the author. Retrieved from:  
[http://www.ilo.org/global/statistics-and-databases/WCMS\\_179795/lang--en/index.htm](http://www.ilo.org/global/statistics-and-databases/WCMS_179795/lang--en/index.htm).

<http://www.siise.gob.ec/siiseweb/>.

*Appendix 3 Definitions, methods and actual measurements of informality in Ecuador*

The heterogeneity of views on the informal economy is mirrored in the variety of methods that are put forward to estimate the size and characteristics of it. Informality is often defined at both the level of economic units and at the level of workers. Estimates emphasise the status of activities (registered or not), the size of economic units (mostly small scale) or workers' status in employment and access to social coverage. Most of the estimates cover only urban areas and do not include the agricultural sector, which may provide only a partial perspective on the informal economy in the country.

*The informal sector in Ecuador: official definition*

The National Department of Statistics in Ecuador (INEC) defines informality using enterprise-based criteria, on account of their size and their registration status. Under this definition, all persons who work in small unregistered enterprises (both employers and employees), as well as self-employed persons or those engaged in family business, are part of the informal sector. More specifically, the informal sector is defined by INEC as comprising (1) all own-account enterprises (as defined in the 15th ICLS conference); (2) non-registered own-account enterprises; (3) enterprises owned/administrated by informal employers with fewer than 11 employees; (4) enterprises of informal employers which are not registered; (5) enterprises of informal employers whose employees are not registered; and (6) households with paid domestic employees—not part of domestic service.

*Method*

The labour force survey of Ecuador, ENEMDU, uses a filtering approach to ask the conceptual questions aimed at identifying persons employed in the informal sector. It uses questions on status in employment and size of the establishment as filters for informality. Data on informal employment could also be obtained from this survey, but they are not estimated by INEC. The ILO uses the information gathered by ENEMDU surveys on

social protection coverage to characterise the qualitative aspects related to decent work conditions, as presented elsewhere.

### *Measurement*

ENEMDU is based on a sample of 9,180 households in urban areas of Ecuador, with the exception of the Galapagos Islands. With quarterly periodicity of data collection in the months of March, June, September and December, it covers the usual residents present and the usual residents temporarily absent. The sub-annual survey results are not adjusted for seasonal variations. The labour-related questions of the survey relate to the population 10 years old and over (and 5 years old and over for the child labour module). Table A.3 presents the estimates for employment in the informal sector that are comparable, that is, the surveys were conducted under the same methodological guidelines. Changes in labour force survey methods and coverage have affected the observed trends in informality, with an important break point after 2007 that makes time-series comparison a difficult task.

*Table A.3*  
*Employment in the informal sector: Ecuador (various years)*

Share of persons employed in the informal sector (above 10 years old)					
Area	2007	2008	2009	2010	2011
National	50.29	50.77	51.13	52.53	52.37
Rural	65.92	65.27	66.29	68.17	65.64
Urban	42.08	43.64	43.41	44.63	45.83

Note: Years 2007-11.

Source: Compiled by the author. Retrieved from: <http://www.siise.gob.ec/siiseweb/>.

Employment in the informal sector has also been measured by other organisations besides the ILO, compiling direct and/or indirect methods. For instance, ECLAC defines employment in the informal sector as the urban population employed in low-productivity sectors of the labour market: enterprises employing up to five persons, domestic services or own-account non-qualified workers. Other institutions deal with informality

from other entry points. OECD uses self-employment as a proxy for informal employment. The World Bank has attempted to measure the size of the informal economy by estimating the weight of informal activities in the gross national product (GNP), and using firm surveys to collect data from business owners and top managers.

*Appendix 4 Field survey questionnaire*

Encuestas Socioeconómicas

Hogares residentes en parroquias urbanas solamente

Formulario Fase 1

Proyecto: Protección Social e Informalidad en Ecuador

A PARA USO DEL ENCUESTADOR SOLAMENTE

1 ENCUESTADOR:

2 CÓDIGO DE HOGAR

3 RESUMEN: La encuesta fue efectiva en la vivienda?

1 Si

2 No

4 NOMBRE DEL INFORMANTE

5 RESULTADO DE LA ENTREVISTA

1 Completa

2 Rechazo

3 Nadie en casa

4 Vivienda desocupada

5 Dirección incorrecta

6 Otra

B DATOS DEL HOGAR

1 Zona

2 Sector

3 Localidad/barrio

4 Calle principal

5 Calle secundaria

6 Nombre/número de casa

7 Nro. Teléfono

8 Nombre del (la) jefe(a) del hogar

9 Relación de parentesco con el jefe/a de hogar

10 Número de miembros del hogar

1 Menores

2 Adultos

C INFORMACIÓN DEMOGRÁFICA (JEFE(A) DE HOGAR O CÓNYUGE)

1 Sexo

1 Femenino

2 Masculino

2 Edad (años cumplidos)

- 3 Nacionalidad
  - 4 Ciudad de origen
  - 5 Provincia de origen
  - 6 Ciudad de residencia habitual
  - 7 Provincia de residencia habitual
  - 8 Estado Civil
    - 1 Soltero
    - 2 Casado
    - 3 Unión libre
    - 4 Viudo
    - 5 Divorciado
  - 9 Cómo se identifica?
    - 1 Indígena
    - 2 Afro descendiente
    - 3 Negro/a
    - 4 Mulato/a
    - 5 Montubio/a
    - 6 Mestizo/a
    - 7 Blanco/a
    - 8 Otro/a
  - 10 Tiene alguna discapacidad permanente?
    - 1 Si
    - 2 No
  - 11 Sabe leer y escribir?
    - 1 Si
    - 2 No
  - 12 Cuál es el nivel de instrucción más alto que aprobó?
    - 1 Ninguno
    - 2 Centro de alfabetización
    - 3 Educación básica
    - 4 Bachillerato
    - 5 Superior no universitaria
    - 6 Superior universitaria
    - 7 Postgrado
  - 13 Por los estudios realizados (...) obtuvo algún título de educación superior?
    - 1 Si
    - 2 No
- D CARACTERÍSTICAS OCUPACIONALES
- 1 Qué hizo la semana pasada?
    - 1 Trabajó al menos una hora
    - 2 No trabajó
  - 2 Qué tipo de actividad (dentro o fuera de su casa) realizó para aportar al ingreso del hogar?

- 1 Atender negocio propio
  - 2 Fabricar algún producto
  - 3 Hacer algo en casa por un ingreso
  - 4 Brindar algún servicio
  - 5 Ayudar en algún negocio familiar
  - 6 Ayudar en el trabajo de algún familiar
  - 7 Como aprendiz remunerado en dinero o en especie
  - 8 Labores agrícolas o cuidado de animales
  - 9 Estudiante que realizó algún trabajo
  - 10 Trabajar para otra familia
  - 11 Otra actividad por un ingreso
  - 12 No realizó ninguna actividad
- 3 Por qué razón no trabajó la semana pasada?
- 1 Vacaciones o días feriados
  - 2 Enfermedad o accidente
  - 3 Huelga o paro
  - 4 Licencia con sueldo
  - 5 Licencia sin sueldo
  - 6 Suspensión temporal de trabajo
  - 7 Otro
- 4 Aunque no haya trabajado la semana pasada, tiene algún trabajo o negocio al cual seguro va a volver?
- 1 Si
  - 2 No
- E CONDICIONES LABORALES (SOLO PARA PERSONAS QUE ACTUALMENTE TRABAJAN)
- 1 Cuántos trabajos tuvo en la semana pasada?
- 1 Uno
  - 2 Más de uno
- 2 Cuántas horas (en todos sus trabajos) trabajó la semana pasada o la última semana que trabajó?
- 1 Menos de 40 horas
  - 2 40 horas o más
- 3 Por qué razón trabajó menos de 40 horas?
- 1 Porque su trabajo así lo exige
  - 2 No pudo conseguir trabajo en otra parte
  - 3 No pudo conseguir más trabajo
  - 4 Reducción de las actividades económicas)
  - 5 Por falta de materia prima
  - 6 Motivos de salud, personales o familiares
  - 7 Por estudios
  - 8 Vacaciones o días feriados, huelga o paro
  - 9 No desea o no necesita trabajar más horas



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- 4 Está disponible para trabajar horas adicionales a la semana?
  - 1 Si
  - 2 No
- 5 Cuántas horas adicionales a la semana estaría disponible para trabajar  
Número (por semana)
- 6 Por qué razón trabajó la semana pasada 40 horas o más?
  - 1 Horario normal
  - 2 Horas extras
  - 3 Exceso de trabajo o clientes
  - 4 Horas necesarias para obtener un ingreso suficiente
  - 5 Otro
- 7 Tomando en cuenta el número de horas trabajadas la semana pasada, desearía...
  - 1 Trabajar más horas en su trabajo(s) actual(es)
  - 2 Trabajar más horas en otro trabajo adicional
  - 3 Cambiar el (los) trabajo(s) actual(es) por otro trabajo con más horas
  - 4 No desea trabajar más horas
- 8 En la situación laboral actual, usted
  - 1 Logra ahorrar dinero
  - 2 Se ve obligado a gastar sus ahorros
  - 3 Apenas logra equilibrar sus ingresos y gastos
  - 4 Se ve obligado a endeudarse
  - 5 Ninguna de las anteriores
- 9 En los últimos tres meses ha realizado alguna gestión para cambiar de trabajo, tal como:
  - 1 Buscar más trabajo
  - 2 Registro en agencia de empleo pública o privada
    - 2.a. Si ha aplicado a Socio Empleo, marque
  - 3 Presentar solicitud a otros empleadores
  - 4 Pedir ayuda a amigos o familiares
  - 5 Buscar terreno, edificio, maquinaria o equipo a fin de mejorar o crear su propia empresa
  - 6 Conseguir recursos financieros adicionales
    - 6.a. Si ha aplicado a un CDH, marque ( )
  - 7 No ha realizado ninguna gestión
- 10 Cuál es la razón por la que busca cambiar la situación actual de su trabajo?
  - 1 Porque no trabaja jornada completa
  - 2 Inseguridad en su trabajo
  - 3 Desea ejercer su profesión
  - 4 Los ingresos no son suficientes
  - 5 Por otras causas

F SOLO PARA PERSONAS SIN TRABAJO

- 1 Trabajó anteriormente?
  - 1 Si
  - 2 No
- 2 Cuándo fue la última vez que realizó algún trabajo remunerado?
  - 1 Hace un mes
  - 2 Hace tres meses
  - 3 Hace un año
  - 4 Hace más de un año
  - 5 Nunca
  - 6 No sabe
- 3 Por qué motivos se encuentra sin trabajo?
  - 1 Liquidación de la empresa
  - 2 Despido intempestivo
  - 3 Renuncia voluntaria
  - 4 Supresión de partidas del sector público
  - 5 Terminación de contrato
  - 6 Le fue mal en el negocio
  - 7 Se terminó la temporada de trabajo
  - 8 Se jubiló
  - 9 Razones familiares
  - 10 Otro
- 4 Ha buscado trabajo en el último mes?
  - 1 Si
  - 2 No
- 5 Qué tipo de gestión ha realizado en el último mes (o más) para buscar trabajo:
  - 1 Salir a sitios de reclutación de personal (Ej. Plaza central)
  - 2 Registro en agencia de empleo pública o privada
    - 2.a.
  - 3 Presentar solicitud a empleadores
  - 4 Pedir ayuda a amigos o familiares
  - 5 Buscar terreno, edificio, maquinaria o equipo a fin de mejorar o crear su propia empresa
  - 6 Conseguir recursos financieros adicionales para iniciar su propio negocio
    - 6.a.
  - 7 No ha realizado ninguna gestión
- 6 Usted está buscando trabajar como
  - 1 Trabajador asalariado o en relación de dependencia
  - 2 Trabajador independiente
  - 3 En lo que salga
- 7 Por qué razón no buscó trabajo?
  - 1 Tiene un trabajo esporádico u ocasional
  - 2 Tiene un trabajo por empezar
  - 3 Espera respuesta a una gestión para empresa o negocio propio

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- 4 Espera respuesta de un empleador
- 5 Espera cosecha o temporada de trabajo
- 6 Piensa que no le darán trabajo o se cansó de buscar
- 7 No cree poder encontrar
- 8 No tiene necesidad o deseos de trabajar
- 9 No tiene tiempo
- 10 Su conyugue o su familia no le permiten
- 11 Está enfermo/incapacitado
- 12 No está en edad de trabajar

G MÓDULO ACTIVIDAD ECONÓMICA (PARA TODAS LAS PERSONAS)

- 1 A que se dedica principalmente la empresa o negocio donde trabaja(ba)?
- 2 En esta ocupación es (o era):
  - 1 Empleado/obrero de gobierno/estado
  - 2 Empleado/obrero privado
  - 3 Empleado/obrero tercerizado
  - 4 Jornalero o peón
  - 5 Patrono
  - 6 Cuenta propia
  - 7 Trabajador del hogar no remunerado
  - 8 Trabajador no remunerado en otro hogar
  - 9 Empleado doméstico
  - 10 Ayudante no remunerado de asalariado/jornalero
- 3 Cuántos tiempo trabaja (o ha trabajado) como ....?
  - 1 Número de años
  - 2 Número de meses
- 4 En cuál de los siguientes sitios o lugares trabaja(ba)?
  - 1 Local de una empresa o del patrono
  - 2 Una obra en construcción
  - 3 Se desplaza
  - 4 Al descubierto en la calle
  - 5 Kiosco en la calle
  - 6 Local propio o arrendado
  - 7 Vivienda distinta a la suya
  - 8 Su vivienda
  - 9 Su finca o terreno
  - 10 Finca o terreno ajeno
- 5 El establecimiento o lugar donde trabaja lleva
  - 1 Registros contables
  - 2 No lleva registros
  - 3 No sabe
- 6 El establecimiento o lugar donde trabaja(ba) tiene RUC?
  - 1 Si

- 2 No
- 3 No sabe
- 7 Cuántas personas trabajan(ban) usualmente en la empresa o negocio?
  - 1 Menos de 10
  - 2 Más de 10 y menos de 19
  - 3 Más de 20 y menos de 49
  - 4 Más de 50 y menos de 100
  - 5 Más de 100
- 8 Conoce cuántas de las personas que trabajan en su empresa son (eran):
  - 1 Patronos
  - 2 Trabajadores asalariados
  - 3 Trabajadores por cuenta propia
  - 4 Trabajadores familiares no remunerados
- 9 Aproximadamente, sus ingresos laborales semanales alcanzan(ban)
  - 1 Menos de \$5
  - 2 Más de \$5 y menos de \$15
  - 3 Más de \$15 y menos de \$100
  - 4 Más de \$100

H SEGURIDAD SOCIAL Y GARANTÍAS DE LEY (SOLO PARA PERSONAS QUE TRABAJAN ACTUALMENTE)

- 1 El trabajo que tiene es
  - 1 Con nombramiento
  - 2 Con contrato permanente/indefinido/de planta
  - 3 Con contrato temporal/ocasional o eventual
  - 4 Por obra (a destajo)
  - 5 Por horas
  - 6 Por jornal
- 2 Percibe usted AL MENOS el salario básico unificado (ingreso mínimo de \$318)?
  - 1 Si
  - 2 No
- 3 Participa usted en el reparto de utilidades de la empresa?
  - 1 Si
  - 2 No
- 4 Recibe por parte de su patrono o empleador
  - 1 Alimentación
  - 2 Vivienda
  - 3 Transporte
  - 4 Vacaciones
  - 5 Ropa de trabajo
  - 6 Seguro social
  - 7 Seguro médico
  - 8 Guardería

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- 9 Capacitación
- 10 13er. sueldo
- 11 14to. sueldo
- 12 Pago de horas extra y/o suplementarias

5 En caso de ausencia de su trabajo por enfermedad, continúa percibiendo remuneración o recibiendo prestaciones del IESS?

- 1 Si
- 2 No

6 En caso de incapacidad para trabajar por embarazo o parto, tiene usted licencia por maternidad?

- 1 Si
- 2 No
- 3 No aplica

7 Tiene derecho a licencia por paternidad?

- 1 Si
- 2 No
- 3 No aplica

8 En caso de despido intempestivo, recibiría usted indemnización?

- 1 Si
- 2 No
- 3 No sabe

9 Está afiliado o cubierto por

- 1 IESS, seguro general
- 2 IESS, seguro voluntario
  - 2.a. Si ha afiliado a su conyugue, marque (L)
- 3 Seguro campesino
- 4 Seguro del ISSFA o ISSPOL
- 5 Seguro de salud privado
- 6 Seguros municipales y de consejos provinciales
- 7 Seguro MSP
- 8 Ninguno

I OCUPACIÓN SECUNDARIA (PARA QUIÉN INDICÓ TENER MÁS DE UN TRABAJO EN LA SECCIÓN E)

1 A que se dedica principalmente la empresa o negocio donde trabaja(ba)?

2 En relación a ocupación, qué labores realiza?

3 En esta ocupación es (o era):

- 1 Empleado/obrero de gobierno/estado
- 2 Empleado/obrero privado
- 3 Empleado/obrero tercerizado
- 4 Jornalero o peón
- 5 Patrono
- 6 Cuenta propia

- 7 Trabajador del hogar no remunerado
- 8 Trabajador no remunerado en otro hogar
- 9 Empleado doméstico
- 10 Ayudante no remunerado de asalariado/jornalero
- 4 Cuántos tiempo trabaja (o ha trabajado) como ....?
  - 1 Número de años
  - 2 Número de meses
- 5 En cuál de los siguientes sitios o lugares trabaja(ba)?
  - 1 Local de una empresa o del patrono
  - 2 Una obra en construcción
  - 3 Se desplaza
  - 4 Al descubierto en la calle
  - 5 Kiosco en la calle
  - 6 Local propio o arrendado
  - 7 Vivienda distinta a la suya
  - 8 Su vivienda
  - 9 Su finca o terreno
  - 10 Finca o terreno ajeno
- 6 El establecimiento o lugar donde trabaja lleva
  - 1 Registros contables
  - 2 No lleva registros
  - 3 No sabe
- 7 El establecimiento o lugar donde trabaja(BA) tiene RUC
  - 1 Si
  - 2 No
  - 3 No sabe
- 8 Cuántas personas trabajan(ban) usualmente en la empresa o negocio
  - 1 Menos de 10
  - 2 Más de 10 y menos de 19
  - 3 Más de 20 y menos de 49
  - 4 Más de 50 y menos de 100
  - 5 Más de 100
- 9 Conoce cuántas de las personas que trabajan en su empresa son (eran):
  - 1 Patronos
  - 2 Trabajadores asalariados
  - 3 Trabajadores por cuenta propia
  - 4 Trabajadores familiares no remunerados
- 10 Aproximadamente, sus ingresos laborales semanales alcanzan(ban)
  - 1 Menos de \$5
  - 2 Más de \$5 y menos de \$15
  - 3 Más de \$15 y menos de \$100
  - 4 Más de \$100
- 11 El trabajo que tiene es

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- 1 Con nombramiento
  - 2 Con contrato permanente/indefinido/de planta
  - 3 Con contrato temporal/ocasional o eventual
  - 4 Por obra (a destajo)
  - 5 Por horas
  - 6 Por jornal
- 12 Percibe usted AL MENOS el salario básico unificado (ingreso mínimo de \$318)?
- 1 Si
  - 2 No
- 13 Participa usted en el reparto de utilidades de la empresa?
- 1 Si
  - 2 No
- 14 Recibe por parte de su patrono o empleador
- 1 Alimentación
  - 2 Vivienda
  - 3 Transporte
  - 4 Vacaciones
  - 5 Ropa de trabajo
  - 6 Seguro social
  - 7 Seguro médico
  - 8 Guardería
  - 9 Capacitación
  - 10 13er. sueldo
  - 11 14to. sueldo
  - 12 Pago de horas extra y/o suplementarias
- 15 En caso de ausencia de su trabajo por enfermedad, continúa percibiendo remuneración o recibiendo prestaciones del IESS?
- 1 Si
  - 2 No
- 16 En caso de incapacidad para trabajar por embarazo o parto, tiene usted licencia por maternidad?
- 1 Si
  - 2 No
  - 3 No aplica
- 17 Tiene derecho a licencia por paternidad?
- 1 Si
  - 2 No
  - 3 No aplica
- 18 En caso de despido intempestivo, recibiría usted indemnización?
- 1 Si
  - 2 No
  - 3 No sabe
- 19 Está afiliado o cubierto por

- 1 IESS, seguro general
- 2 IESS, seguro voluntario
  - 2.a.
- 3 Seguro campesino
- 4 Seguro del ISSFA o ISSPOL
- 5 Seguro de salud privado
- 6 Seguros municipales y de consejos provinciales
- 7 Seguro MSP
- 8 Ninguno

J SATISFACCIÓN LABORAL (PARA TODAS LAS PERSONAS QUE TRABAJEN ACTUALMENTE)

- 1 Cómo se siente en su trabajo?
  - 1 Contento
  - 2 Poco contento
  - 3 Descontento pero conforme
  - 4 Totalmente descontento
- 2 El motivo del descontento es...
  - 1 Ingresos bajos
  - 2 Por muchas horas de trabajo
  - 3 Por horarios de trabajo inconvenientes
  - 4 Por no tener estabilidad laboral
  - 5 Por trabajar en un ambiente perjudicial
  - 6 Por trabajar en la calle
  - 7 Por trabajar con herramientas o maquinarias de alto riesgo
  - 8 Por las tareas que realiza
  - 9 Por las pocas posibilidades de progresar
  - 10 Otras

K PROTECCIÓN SOCIAL

- 1 En el último mes, recibió transferencias del BDH?
  - 1 Si
  - 2 No
- 2 Desde hace cuánto tiempo percibe el BDH?
  - 1 Número de años
  - 2 Número de meses
- 3 Quién recibe el BDH en su hogar?
  - 1 Detalle
  - 2 Relación/parentesco con el informante
- 4 Quién administra el dinero de BDH?
  - 1 Detalle
  - 2 Relación/parentesco con el informante



- 5 El BDH sirve para cubrir gastos de... (priorizar)
  - 1 Alimentación
  - 2 Educación
  - 3 Salud
  - 4 Pagar deudas
  - 5 Ahorro
  - 6 Otros
- 6 Conoce como funciona el BDH?
  - 1 Si
  - 2 No
- 7 Alguien ha verificado su cumplimiento de las corresponsabilidades de BDH? (Ej.: certificados salud/educación)
  - 1 Si
  - 2 No
- 8 Cree usted que seguirá recibiendo BDH en el futuro?
  - 1 Si
  - 2 No
  - 3 No sabe
- 9 Cómo cambió su situación laboral desde que empezó a percibir el BDH?
  - 1 Cambió de trabajo
  - 2 Pudo trabajar menos horas
  - 3 Tuvo que trabajar más horas
  - 4 Perdió su trabajo
  - 5 Renunció a su trabajo
  - 6 No ha cambiado
- 10 Cuál es (o era) la principal fuente de ingresos
  - a Antes del BDH
    - 1 Trabajo
    - 2 Transferencias del Estado
    - 3 Pensiones/jubilación
    - 4 Ayuda de familiares y/o ONG
    - 5 Alquileres de tierras/departamentos
  - b Ahora (que recibe el BDH)
    - 1 Trabajo
    - 2 Transferencias del Estado
    - 3 Pensiones/jubilación
    - 4 Ayuda de familiares y/o ONG
    - 5 Alquileres de tierras/departamentos
- L ACCESO A FINANCIAMIENTO: CRÉDITO DE DESARROLLO HUMANO
  - 1 Ha aplicado para el Crédito de Desarrollo Humano (CDH)?
    - 1 Si
    - 2 No
  - 2 Obtuvo el Crédito de Desarrollo Humano?

- 1 Si
- 2 No
- 3 Cuál fue el monto solicitado  
\$
- 4 Necesitó complementar el crédito CDH con otros rubros, como:
  - 1 Ahorros
  - 2 Crédito institución privada
  - 3 Crédito particulares (chulco)
  - 4 No, fue suficiente
- 5 Aplicó al CDH en su modalidad asociativa (Ej.: con su comunidad)?
  - 1 Si
  - 2 No
- 6 En qué usa (o usó) principalmente el CDH?
  - 1 Negocio
  - 2 Pago de deudas
  - 3 Alimentos
  - 4 Estudios
  - 5 Viajes
  - 6 Electrodomésticos y muebles
  - 7 Vehículos
  - 8 Enfermedad
  - 9 Compra, construcción o remodelación de vivienda/terreno
  - 10 Otros
- 7 Si usó el crédito para empezar un nuevo negocio, diría que el ingreso de su hogar a:
  - 1 Mejorado
  - 2 Da igual
  - 3 Empeorado
- 8 Cuál es la principal actividad a la que se dedica en su negocio?
- 9 En su nuevo negocio, cuántas personas emplea:
  - 1 Menos de 10
  - 2 De 10 a 19
  - 3 De 20 a 49
  - 4 De 50 a 99
  - 5 más de 100
- 10 Cuántas de las personas que trabajan en su nueva empresa son:
  - 1 Patronos
  - 2 Trabajadores asalariados
  - 3 Trabajadores por cuenta propia
  - 4 Trabajadores familiares no remunerados

*Appendix 5 In-depth interviews: question guide*

**[For working-age BDH recipients]**

What are the main problems that workers face when trying to find and/or secure a job? Have they changed over time?

How has the labour market changed in recent years? How has [this change] affected you?

Has BDH influenced the number and types of jobs available? How and why?

Has BDH compensated for the lack of employment opportunities? If so, how?

Do you think that the BDH programme will continue? Why and for how long?

If the BDH programme would come to an end, how would this affect your household's economic situation?

Would you prefer to be affiliated to social security (e.g. IESS) instead of receiving BDH transfers? If so, why?

Do you know your rights as employee (e.g. it is your employer's obligation to contribute to IESS)? Who informed you?

Do you know that you could contribute to the social security system on a voluntary basis (*afiliación voluntaria*)? Would you do it? Why?

**[For working-age CDH credit recipients]**

Why did you apply for a CDH credit?

Do you think that CDH credit is a better option than monthly BDH transfers? If so, why?

How has your economic situation changed after CDH credit?

In your household, who decides on how to use the CDH loan?

Did you use the CDH loan to start your own business? How is business going?

Has the loan compensated for the lack of BDH monthly transfers?

Has your business benefited your (and/or your household's) employment situation? How?

Note: Question guide drafted following FAO and UNICEF, as available at Oxford Policy Management (2012).



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## Personal Information

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## Education

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**2011-2017**                      **PhD in Development Studies**  
*International Institute of Social Studies of Erasmus University of Rotterdam*

**2010 - 2011**                      **Master in Development Studies**  
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**2008 - 2009**                      **Master in Social Economy**  
**(Major in Management of Non-Profit Organizations)**  
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**2003 - 2009**                      **Bachelor in Economics (Distinction)**  
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## Conferences, Publications & Workshops

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**2018**                              *Institutionalizing segregation. Conditional cash transfers and employment choices.* Population and Development Review (forthcoming).

**2017**                              *Institutionalising segregation: a meso-analysis of employment and the Bono de Desarrollo Humano.* Paper presented in Maputo, Mozambique on 5-6 July 2017 at the WIDER Development Conference - Public Economics for Development.

**2016**                              *Little people, big words: 'Generationing' cash transfers in urban Ecuador* in Huijsmans (ed) *Generationing' development: A relational approach to children, youth and development* (2016), Palgrave Macmillan UK.

**2016**                              Palacio, María Gabriela. Institutionalizing Segregation: Conditional Cash Transfers and Employment Choices. No. 2016/91. WIDER Working Paper, 2016.

**2015**                              8th Annual Advanced Graduate Workshop (AGW) on Poverty, Development and Globalization. Organized jointly by the Azim Premji University, the Institute for New Economic Thinking (INET) and Columbia University's Initiative for Policy Dialogue (IPD), Bangalore, India.

**2014**                              *The possibility of choice: are we asking the wrong question?* Paper presented at the conference "The Transformation of Latin American Social Policy", University of Bath, UK.

- 2014 Embracing the messiness: surveying, registering and targeting households in the European Journal of Development Research (invited to resubmit).
- 2014 *A matter of choice? Social protection and informality in Ecuador*. Paper presented for the panel Citizenship & Security as part of the OLA 25th Anniversary Seminar, interuniversity PhD student forum for research on Latin America, Amsterdam, The Netherlands.
- 2014 *Embracing the Messiness: Doing Social Surveys in Ecuador*. Paper awarded of a grant from the Research Council Norway and presented at the 14<sup>th</sup> EADI General Conference “Responsible Development in a Polycentric World: Inequality, Citizenship and the Middle Classes”, Bonn, Germany.
- 2014 *Informalidad y Protección Social: Cuestión de Elección?* Speaker at the seminar organized by FLACSO (Latin American Faculty of Social Sciences), Quito, Ecuador.
- 2012 CERES training programme, Utrecht, The Netherlands.
- 2010 *La Vigilia por la Democracia en el Ecuador*: Panel Discussant at a conference organized by the Embassy of Ecuador in The Netherlands, International Institute of Social Studies. [with Wouter Kolk (senior policy officer for Foreign Affairs for the Labour Party), Pepijn Gerrits (Director Latin America at Netherlands Institute for Multiparty Democracy), Ramiro Noriega (Embassy of Ecuador).
- 2008 *Programa de desarrollo productivo y fortalecimiento de la cadena agroalimentaria de la papa, Ecuador, 2008-2013* (background policy paper), Ministry of Agriculture, CIP – Papa Andina and Ofiagro. Quito, Ecuador. [together with Rubén Flores and José Daniel Flores]
- 2008 “*Determinantes de la distribución de recursos presupuestarios en Ecuador, Colombia y Perú*” (report paper), sponsored by the Inter-American Development Bank and the Italian Government, presented at the Universidad Andina Simón Bolívar. Quito, Ecuador. [together with Roberto Salazar and David Sánchez]
- 2008 “*Determinantes teóricos de la distribución de recursos presupuestarios en Ecuador, Colombia y Perú*” (report paper), sponsored by the Inter-American Development Bank and the Italian Government, presented at the Universidad Andina Simón Bolívar. Quito, Ecuador. [together with Roberto Salazar and David Sánchez]

## Awards & Scholarships

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- 2015 UNU-WIDER grant in the context of ‘The Economics and Politics of Taxation and Social Protection’
- 2015 Grant awarded by INET to attend the 8th Annual Advanced Graduate Workshop (AGW) on Poverty, Development and Globalization, organized jointly by the Azim Premji University, the Institute for New Economic Thinking (INET) and Columbia University's Initiative for Policy Dialogue (IPD).
- 2014 Research Council Norway grant for the 14th EADI General Conference
- 2010 Netherlands Fellowship Programme
- 2008 Excellence Scholarship of the Pontifical Catholic University of Ecuador
- 2004 Excellence Scholarship of the Pontifical Catholic University of Ecuador
- 2004 Student Representative: Head of the Academic Committee, Pontifical Catholic University of Ecuador
- 2003 Honour student: Best of the Class, at the Technological Institute ‘Daniel Álvarez Burneo’, Ecuador

## Teaching Experience

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- 2017**                      **Lecturer**  
*Bachelor in International Studies*  
*Leiden University*  
Courses taught:  
    Second year course Economics Latin America  
    Second year course Global Political Economy
- 2015 -2017**                **Tutor**  
*Bachelor in International Studies*  
*Leiden University*  
Courses taught:  
    First year course Configuring the World (coordinator)  
    Second year course International Economics (coordinator)  
    Third year course Practising International Studies (instructor)
- 2014**                      **Teaching and research assistant**  
*“Evaluation of Development Policy, Programmes and Projects” (MA course)*  
*International Institute of Social Studies of Erasmus University Rotterdam*
- 2014**                      **Teaching and research assistant**  
*“Poverty, gender and social protection” (MA course)*  
*International Institute of Social Studies of Erasmus University Rotterdam*
- 2012-2014**                **Teaching and research assistant**  
*“General Course: Development Theories, Histories and Practice” (MA course)*  
*International Institute of Social Studies of Erasmus University Rotterdam*
- 2011-12**                 **Teaching and research assistant**  
*“Global Poverty: Local Solutions” (Minor)*  
*International Institute of Social Studies of Erasmus University Rotterdam*
- 2005-2006**                **Teaching assistant**  
*“Economic History of Ecuador”*  
*Pontifical Catholic University of Ecuador, Faculty of Economics*

## Academic Research Experience

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- 2010-2011**                **Research Assistant**  
*International Institute of Social Studies of Erasmus University Rotterdam. The Hague, The Netherlands*  
‘Cooperation and Conflict over the Nationalization of Extractive Industries in Bolivia and Ecuador’. Project financed by the Dutch Organization of Scientific Research.
- 2007-2008**                **Research Assistant**  
*Pontifical Catholic University of Ecuador. Quito, Ecuador*  
Polarization in Ecuador. Analysis of social variables in a geographical basis. Study of territorial inequalities.

## Non-Academic Professional Experience

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- 2015-2016**                      **Consultant**  
*UNU-WIDER - United Nations University*  
*World Institute for Development Economics Research*  
*Helsinki*  
Project "The Economics and Politics of Taxation and Social Protection"
- 2015**                              **Independent Consultant**  
*SENPLADES*  
*Planning Council, Ecuador*  
Quantitative and qualitative analysis of employment structures in Ecuador aimed at the identification and design of work and employment policies for poverty alleviation in Ecuador.
- 2014-2015**                      **Independent Consultant**  
*Centro de Estudios Fiscales (or Centre for Fiscal Studies)*  
*Tax Department, Quito, Ecuador*  
Research on labour economics: job matching, income and wealth distribution in Ecuador.  
Analysis of official tax data and social security records.
- 2012-2013**                      **Social media marketing**  
*Design and implementation of corporative online marketing strategies*  
*International Institute of Social Studies of Erasmus University Rotterdam*  
Targeted to prospective students
- 2009-2010**                      **Analyst**  
*Ecuadorian Development Bank, Quito, Ecuador*  
Design and evaluation of public policy, econometric analysis of local government finances, design of central government subsidies' mechanism, assessment of public infrastructure projects.
- 2009**                              **Project Financial Director**  
*Tierra Nueva (Non-Profit Organization), Quito, Ecuador*  
Finance and management, fund raising campaigns, general accountancy.
- 2008-2009**                      **Junior Analyst**  
*Ofiagro (Private Consultancy Group), Quito, Ecuador*  
Rural development and agriculture economics, community based strategies, food security and analysis of value chains.
- 2008**                              **Junior Analyst**  
*Hexagon (Private Consultancy Group), Quito, Ecuador*  
Multi-dimensional analysis on social, economic, and environmental topics, public policy design advisory, corporate responsibility, design of the financial strategy for Yasuni-ITT.
- 2008**                              **Social Service**  
*Hogar del Buen Pastor (Non-profit organization), Quito, Ecuador*  
Pedagogic support to female conflict victims between 13 to 18 years old.
- 2006**                              **Assistant Analyst**  
*Private Consultancy Group [team leader: Diego Aulestia], Quito, Ecuador*  
Analysis of housing policies (Ecuador).
- 2006**                              **Internship**  
*Economic Policy Department, Ministry of Finances, Quito, Ecuador*  
Design of the National Network of Microfinance (Ecuador).
- 2005**                              **Media assistant**  
*United Nations Model MAENU, Quito, Ecuador*  
Communication and press support for the UN model: Media and Society
- 2005**                              **Social service**  
*Social protection board, Loja, Ecuador*  
Design of institutional marketing strategy: radio educational program "Caminando"

**2003**

**Social Service**

*Hogar María Bordoní (Non-profit organization). Loja, Ecuador*  
Day-care activities with orphan children. Pedagogic support.

**2002-2003**

**TV host**

*Ecotel TV. Loja, Ecuador*  
Live broadcasting: TopMusic™ and entertainment news

**2002**

**Social Service**

*Juvenile prison. Loja, Ecuador*  
Participation in support panels