Combating Poverty and Inequality: What role for social protection?

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Outline

• The rise of social protection
• Historical and comparative experiences
• Current issues and challenges

• Expectations of social protection
  – Reducing poverty
  – Supporting development
  – Addressing inequalities
• Functions of social policy
• Major challenges to realising the promise of SP
A ‘Quiet Revolution’

• Dramatic expansion of social protection programmes since turn of century
• Estimated coverage 750 million - 1 billion people in the developing world (DFID, 2011).
• 2010: operated in 52 countries including 16 LICs;
• covering 191.4 million households and 863 m individuals (Bender et al. 2013)
<table>
<thead>
<tr>
<th>Country</th>
<th>Programme</th>
<th>Benefits</th>
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<tbody>
<tr>
<td>China</td>
<td>Minimum Living Standards Scheme</td>
<td>23.3 million (2008)</td>
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<td>Mexico</td>
<td>Oportunidades (began in 1997)</td>
<td>5.8 million households (2011)</td>
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<tr>
<td>Brazil</td>
<td>Bolsa Familia</td>
<td>13.3 million households (2011)</td>
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<td>Old Age Pension</td>
<td>2.4 million households (2008)</td>
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<td>South Africa</td>
<td>Child Support Grant</td>
<td>10 million children (2009)</td>
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<td></td>
<td>Old Age Pension</td>
<td>2.4 million households (2009)</td>
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<tr>
<td>Indonesia</td>
<td>Safety Net Scheme</td>
<td>15 million households (2009)</td>
</tr>
<tr>
<td>India</td>
<td>National Rural Employment Guarantee Scheme</td>
<td>48 million households (2008)</td>
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<tr>
<td>Ethiopia</td>
<td>Productive Safety Nets Programme</td>
<td>1.5 million households (est. 8 million people) (2008)</td>
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</table>
Social protection programs in Africa

- **Ethiopia**: Productive Safety Net Program (PSNP). In 2008, it covered 8.2 million people (Ellis et al. 2009).
- **Ghana**: Livelihood Empowerment Against Poverty (LEAP). It now reaches 35,000 households (Nino-Zarazua et al., 2012).
- **Malawi**: Mchinji Social Transfer Scheme. Started in 2006, it covered 18,180 households and over 70,000 individuals by December 2009 (Huijbregts, 2009).
- **Kenya**: Orphans and Vulnerable Children Program (CT-OVC).
- **Zambia**: five pilot social transfer schemes were introduced starting with the Kalomo District Social Cash Transfer Scheme in 2004.
Social protection programmes

• **Argentina** universal children allowance and pension - benefits about 2.5 million people, mostly women (ILO 2011).

• **Brazil**’s *Bolsa Família* currently covers about 13 million families. From 2011, *Brasil Sem Miséria* (Brazil without poverty) to reach 16 million people living on less than US$45 a month and eradicate extreme poverty by 2014.

• **Cape Verde**’s social pension covers more than 90% of the target population.

• **South Africa**’s Child Support Grant covers 7.5 million children. The Old Persons Grant covers almost 2.6 million people (ILO, 2011).

• **China**’s rural cooperative medical program covers 800 million people. In 2009, it launched a pilot rural pension scheme that aims to cover 700 million rural people by 2020.

• **India**’s National Rural Employment Guarantee Scheme reaches 52.5 million households. Recently launched social insurance scheme *Rastriya Swasthya Bima Yojana* provided more than 24 million smart cards by 2011.
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<td>Unconditional income transfers</td>
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<tr>
<td>Income transfers targeted to poorest</td>
<td>Kalomo pilot social transfer scheme, Zambia (2004); Malawi pilot social transfer, Malawi (2006); China dibuo programme (1999)</td>
<td>Reduce poverty and vulnerability among poorest households without economic capacity and with children</td>
<td>Malawi’s social cash transfer programme led to an increase in school enrolment of 5% among children aged 6–17 (Hands and Stewart, 2008).</td>
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<tr>
<td>Categorical income transfers: social pensions and child transfers</td>
<td>Social pensions in Bangladesh, Bolivia, Botswana, Brazil, Chile, India, Lesotho, Mauritius, Namibia, Nepal, South Africa; Child Support Grant (CSG), South Africa (2001), Asignación Universal por Hijo, Argentina (2009)</td>
<td>Reduce poverty and vulnerability among older people and their households; Reduce poverty and facilitate investment in schooling, break poverty across generations</td>
<td>CSG: improved height-for-age scores for children and positive educational outcomes; decreased likelihood of child labour or risky health behaviours (DSD/SASSA/UNICEF 2012).</td>
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<tr>
<td>Income transfer conditional on work</td>
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<td>Public works, cash-for-work, employment guarantees</td>
<td>Employment Guarantee Scheme (NREGP), India (2006); Jefas y Jefes, Argentina (2002); Productive Safety Net Programme (PSNP), Ethiopia (2006)</td>
<td>In rural areas, to smooth seasonal income fluctuations. In urban areas, to reduce poverty caused by unemployment and underemployment</td>
<td>NREGP: significant job creation; improved rural infrastructure and agricultural productivity (UNDP 2010); PSNP: positive nutritional impact (Gilligan/Hoddinott/Seyoum Tafesse 2009)</td>
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<td>Income transfers conditional on human capital investment</td>
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<td>Human development—targeted conditional transfers</td>
<td>Bolsa Familia (2001/2005), Brazil; Oportunidades (1997/2004), Mexico; Familias en Acción, Colombia (2001); Bono de Desarrollo Humano, Ecuador (2003); Kaluarga Harapan Programme, Indonesia (2007); Pantawad Pamilyang Filipino Programme, Philippines (2008)</td>
<td>Improve consumption for poorest households; facilitate investment in nutrition, health and schooling; reduce intergenerational poverty</td>
<td>Oportunidades: higher birth weight among participating women (Barber/Gertler 2008); Bolsa Familia: positive impact on school attendance and drop-out rates, positive impact on equality (Veras Soares/Perez Ribas/Guerreiro Osorio)</td>
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<tr>
<td>Integrated poverty reduction/eradication programmes targeting the extreme poor</td>
<td>Targeting the Ultra Poor, Bangladesh (2002); Chile Solidario, Chile (2004)</td>
<td>Stabilize consumption of poorest households; improve human and productive asset base; Achieve minimum thresholds for income, employment, housing, health, education, etc.</td>
<td>Bangladesh: Increased school enrolment and reduced gender gaps in school enrolment (World Bank 2009); positive impact on nutrition</td>
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### Goals / Impacts of social protection programs

| Nutrition and food security | Ethiopia’s Productive Safety Nets Programme: improved food security for 7.8 million people (Devereux and Coll-Black, 2007).  
Malawi’s Cash Transfer programme: around 75% spent on groceries (Vincent and Cull, 2009).  
Nicaragua: reduction in malnutrition 1.7 times (Maluccio and Flores, 2004).  
Lesotho: 48% of pensioners never went hungry after the introduction of old age pension (Vincent and Cull, 2009).  
Bangladesh’s Chars Livelihood Programme (CLP): children less stunted and underweight, significant impact on growth among women and children (DFID, 2009). |
| Education | Pakistan’s Punjab Education Sector Reform Program: increased enrolment rates for girls (World Bank, 2008).  
Bangladesh’s Female Secondary School Assistance Program: increased secondary school pass rate for girls (ditto).  
Malawi’s social cash transfer programme: increase in school enrolment, targeting households with orphans yielded an increase of 4.2 points (Handa and Stewart, 2008).  
Brazil’s *Bolsa Familia*: 63% less likely to drop out of school, and 24% more likely to advance (Veras et al, 2007). |
| Health | Lesotho: 50% of pension recipients increased their spending on health services (Samson, 2007).  
CCT programmes in Mexico, Nicaragua, Honduras, Brazil, Colombia and Malawi: increased use of health services (Pantoja, 2008).  
Peru’s *Juntos*: immunisations of children increased by 30% within one year of implementation (Vargas & Villar, 2008).  
Bangladesh: 95% of under-fives receive Vitamin A capsules; 45% increase in immunisation coverage; 96% of pregnant women receive antenatal care (Davies, 2009).  
Malawi: reduced illness by 23% among children (Save the Children, 2009).  
Colombia’s *Familias en Acción*: diarrhoea 10.5% lower among children (Attanasio et al, 2005).  
Mexico’s *Oportunidades*: 11% reduction in maternal mortality (Adato and Basset, 2008). |
| Gender equality | Mexico’s *Oportunidades*: increased women’s decision-making role in household expenditure, financial security, self-esteem and social status (World Bank, 2008).  
Brazil’s *Bolsa Familia*: increased women’s domestic status and participation rate (DAC Povnet, 2009).  
Malawi’s Social Cash Transfer Scheme: reduction of likelihood of female and child-headed households’ ‘risky behaviour’ (Schubert and Huijben, 2006). |
| Climate change adaptation and disaster risk reduction | Pakistan: relatively high proportion of projects combines cash transfers and DRR approaches (Arnall et al, 2009).  
India’s Maharashtra Employment Guarantee Scheme: established as response to major drought (Kabeer, 2010).  
India’s NREGA: climate change adaptation dimension through public works for water and soil conservation (ditto).  
Ethiopia: climate change, DRR and social protection combined through PSNP (DFID, 2011). |
Challenges to coverage

• ILO estimates that only 20 per cent of the working age population and their families worldwide have access to comprehensive social security.
• Between 20 and 60 per cent of the global population enjoy very basic coverage.
• 40 per cent remain in situations of extreme vulnerability.
• Regional and between country variations are huge.
• In low-income settings only formal sector workers (often only 5 to 10 per cent of the workforce) are legally or effectively covered. (ILO, 2011).
Challenges to social protection programmes

- Over a billion people are still living on less than US$1.25 a day
- 1.75 billion people experience multidimensional poverty with deprivations in health, economic opportunities, education and living standards (UNDP, 2010).
- 925 million suffer from chronic hunger (FAO, 2010).
- 2.6 billion people do not have access to improved sanitation and 884 million people to improved sources of drinking water (UN-HABITAT, 2010).
- 828 million people live in slums with no or inadequate basic infrastructure such as, drains, piped water supplies and electricity or sewers (UN-HABITAT, 2010).
- 796 million adults are illiterate (UNESCO, 2011).
- 8.8 million children under the age of five die every year from largely preventable health problems (UNICEF, 2010; WHO, 2010).
- 150 million people suffer financial catastrophe annually, and 100 million are pushed below the poverty line when compelled to pay for health care (WHO, 2010).
Definitions of social protection

• **social assistance**: non-contributory transfers (conditional or unconditional; in cash or kind) to those eligible, on the basis eg of income, age, rights as citizens or residents. Includes work-related interventions such as public employment or food for work

• **social insurance**: generally employment-related programmes financed from contributions such as unemployment and health insurance and pensions;

• **labour market policies** that ensure basic standards and rights at work, including collective bargaining, minimum wage policies, unemployment insurance and prohibition of child labour.
Evolution of Policy Approaches

(1) « Golden Age »: Social rights derived from labour market participation

(2) Crises and Exclusive Growth: Safety nets and targeting poor

(3) Search for Inclusive Development (Growth): Social rights derived from citizenship/human rights
Social protection approaches

- Risk management framework (WB)
- Rights-based approaches (UN, NGOs)
- Needs-based agenda (MDGs)
Social policy instruments: Human rights

- The Right to Social Security (Art. 22)
- The Right to Medical Care and Social Services (Art. 25)
- The Right to Education (Art. 26)
- ILO Conventions (No. 102); Recommendation on SPF
- Convention on the Rights of the Child
- CEDAW: Elimination of All Forms of Discrimination against Women
Global Social Protection Floor
SPL Programs Work Dynamically over the Life Cycle to Provide Resilience, Equity, and Opportunity

Equity: Social pensions
Resilience: Old-age pensions, disability insurance
Opportunity: Employment services, entrepreneurship, training and skills
Equity: Cash and in-kind transfers, public works programs
Resilience: Unemployment, disability insurance

Pregnancy, Early childhood

Opportunity: Maintenance ECD, CCTs for pre-school, health
Equity: OMC programs, child allowances

Old age

Opportunity: CCTs for (girls') education
Equity: Child allowances, school feeding

Working age

Opportunity: Youth employment programs, skills training

School age

Social Policy approaches: Objectives, Instruments, Actors, Values

**Universal approach**
SP has multiple functions, including protection, promotion/development, redistribution
- Universalism
- Strong State Role
- Equality of outcomes
- Macro-impact of SP:
  - economic stabilization
  - social cohesion
  - political legitimation/nation building

**(Post -) Washington Consensus social policy:**
- SP is primarily a safety net, aims at poverty reduction and part of risk management tool kit
- Targeting
- Market and private actors
- Equality of opportunities
- Micro-impact of SP
  - adverse incentives
  - market distortions
  - behaviour
Combating poverty and inequality

- What worked historically?
- What lessons for contemporary social protection?

« Combating Poverty and Inequality: Structural change, social policy and politics », UNRISD Flagship Report – 2010

Research for Social Change

United Nations Research Institute for Social Development
Key questions

• What accounts for the persistence of poverty when concern for its reduction has been high on the policy agenda?
• Why have some countries been more successful than others in reducing poverty and inequality?
• How do current approaches to poverty reduction compare & contrast with the lessons of the past?
• Cases: Nordics, East Asia, Costa Rica, Mauritius, Kerala, Botswana, Brazil
Key findings suggest:

- Significant reductions in poverty generally result not from policies aimed at poverty or targeting the poor per se.
- but from a mix of policies that have wider economic, social and political objectives:
- employment and inequality matter
- as do active states and citizens, political and institutional arrangements
- Poverty is reduced & equity enhanced when economic and social policies, institutions and political arrangements are mutually supportive.
• Countries that have successfully reduced income poverty and improved social conditions on a significant scale have done so through comprehensive social protection programmes integrated into broader strategies of social policy and economic development.

• In contrast, countries that adopted social protection approaches emphasizing market-oriented instruments and narrowly targeted interventions have tended to be less effective in reducing poverty.
Inequality is rising…

Looking at the Gini

Source: World Bank-PovCal

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Inequalities are growing..

**Figure 2.1: Per capita income in 2000 US dollars**

- Graph showing the growth of per capita income in 2000 US dollars from 1960 to 2006 for different regions.
  - Euro area
  - Latin America and the Caribbean
  - Sub-Saharan Africa
  - United States
  - Middle East and the North Africa
  - East Asia and the Pacific
  - South Asia
Convergence and its limits: GDP per capita (PPP 2005 USD)

Source: World Bank WDI

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Why care about inequality?

High levels of inequality are an obstacle to poverty reduction

- Poverty is closely related to intersecting inequalities based on eg class, gender, ethnicity, locations...
- Intersecting inequalities reinforce each other and may be reinforced by market processes
- make it harder to incorporate the poor in the growth process;
- may encourage the emergence of institutions that lock the poor into poverty traps
- limit the size of the domestic market and prospects for sustained growth;
- may contribute to crime, social unrest and conflict and undermine social cohesion and stability
Social policy in development context

Functions of ‘transformative’ social policy

- **Protection**: protect people from income loss and costs associated with unemployment, pregnancy, sickness, chronic illness or disability, and old age;

- **Production/accumulation**: enhance the productive capacities of individuals, groups and communities;

- **Distribution**: create conditions for more equitable economic growth, secondary distribution – taxation and redistribution

- **Reproduction**: reduce the burden on hhs / women of social reproduction including care-related work
‘New’ risks and challenges

Social Policy evolves in response to challenges: 21st Century social policy in both developed and developing countries needs to confront new risks, challenges, interrelated crises and change processes:

– Globalisation / financialisation
– Economic crisis, volatility
– (Un)employment, informality, ‘decent jobs’
– Divergence – wages, productivity, profits (functional income distribution)
– Inequalities and drivers: global / national; vertical / horizontal
– Demographic: youth, aging, mobility, families…
– Multipolarity, regionalism, nationalism
– Climate / global (and local) environmental change (water/resources)
– Social and political consequences: citizen mobilisation, instability..
Global policy challenges

- New structure of risks generate instability; global consensus becomes more difficult; implications for national ‘policy space’
- Political/fiscal (and ideological) pressures to reduce welfare spending - austerity (increasing in developing countries); undermining principles of universalism and solidarity
- Globalisation/trade liberalisation creates challenges for national policy making; challenges to national authorities to maintain social stability and development
- Challenges increasingly global and require global solutions – ‘common but differentiated responsibilities’
- National social policies as key to development / transformation
- What could a ‘developmental’ welfare state look like to meet 21st century challenges?
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