

# Combating Poverty and Inequality: What role for social protection?

Sarah Cook  
Director, UNRISD

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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)

# Selected programmes

China	Minimum Living Standards Scheme	23.3 million (2008)
Mexico	<i>Oportunidades</i> (began in 1997)	5.8 million households (2011)
Brazil	<i>Bolsa Familia</i>	13.3 million households (2011)
	Old Age Pension	2.4 million households (2008)
South Africa	Child Support Grant	10 million children (2009)
	Old Age Pension	2.4 million households (2009)
Indonesia	Safety Net Scheme	15 million households (2009)
India	National Rural Employment Guarantee Scheme	48 million households (2008)
Ethiopia	Productive Safety Nets Programme	1.5 million households (est. 8 million people) (2008)

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# 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.

Instruments	Programmes (start)	Objectives	Impacts
<i>Unconditional income transfers</i>			
Income transfers targeted to poorest	Kalomo pilot social transfer scheme, Zambia (2004); Mchinji pilot social transfer, Malawi (2006), China <i>dibao</i> programme (1999)	Reduce poverty and vulnerability among poorest households without economic capacity and with children	Malawi's social cash transfer programme led to an increase in school enrolment of 5% among children aged 6–17 (Handa and Stewart, 2008).
Categorical income transfers: social pensions and child transfers	Social pensions in Bangladesh, Bolivia, Botswana, Brazil, Chile, India, Lesotho, Mauritius, Namibia, Nepal, South Africa  Child Support Grant (CSG), South Africa (2001), <i>Asignación Universal por Hijo</i> , Argentina (2009)	Reduce poverty and vulnerability among older people and their households  Reduce poverty and facilitate investment in schooling, break poverty across generations	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).
<i>Income transfer conditional on work</i>			
Public works, cash-for-work, employment guarantees	Employment Guarantee Scheme (NREGP), India (2006) ; <i>Jefes y Jefas</i> , Argentina (2002)  Productive Safety Net Programme (PSNP), Ethiopia (2006)	In rural areas, to smooth seasonal income fluctuations. In urban areas, to reduce poverty caused by unemployment and underemployment	NREGP: significant job creation; improved rural infrastructure and agricultural productivity (UNDP 2010)  PSNP: positive nutritional impact (Gilligan/Hoddinott/Seyoum Taffesse 2009)
<i>Income transfers conditional on human capital investment</i>			
Human development-targeted conditional transfers	<i>Bolsa Familia</i> (2001/2005), Brazil; <i>Oportunidades</i> (1997/2004), Mexico, <i>Familias en Acción</i> , Colombia (2001), <i>Bono de Desarrollo Humano</i> , Ecuador (2003); <i>Keluarga Harapan</i> Programme, Indonesia (2007); <i>Pantawid Pamilyang Filipino</i> Programme, Philippines (2008)	Improve consumption for poorest households; facilitate investment in nutrition, health and schooling; reduce intergenerational poverty	<i>Oportunidades</i> : higher birth weight among participating women (Barber/Gertler 2008).  <i>Bolsa Familia</i> : positive impact on school attendance and drop-out rates, positive impact on equality (Veras Soares/Perez Ribas/Guerreiro Osóriol )
Integrated poverty reduction/eradication programmes targeting the extreme poor	Targeting the Ultra Poor, Bangladesh (2002)  Chile Solidario, Chile (2004)	Stabilize consumption of poorest households; improve human and productive asset base;  Achieve minimum thresholds for: income, employment, housing, health, education, etc.	Bangladesh: Increased school enrolment and reduced gender gaps in school enrolment (World Bank 2009); positive impact on nutrition

# Goals / Impacts of social protection programs

Nutrition and food security	<ul style="list-style-type: none"> <li>• Ethiopia's Productive Safety Nets Programme: improved food security for 7.8 million people (Devereux and Coll-Black, 2007).</li> <li>• Malawi's Cash Transfer programme: around 75% spent on groceries (Vincent and Cull, 2009).</li> <li>• Nicaragua: reduction in malnutrition 1.7 times (Maluccio and Flores, 2004).</li> <li>• Lesotho: 48% of pensioners never went hungry after the introduction of old age pension (Vincent and Cull, 2009).</li> <li>• Bangladesh's Chars Livelihood Programme (CLP): children less stunted and underweight, significant impact on growth among women and children (DFID, 2009).</li> </ul>
Education	<ul style="list-style-type: none"> <li>• Pakistan's Punjab Education Sector Reform Program: increased enrolment rates for girls (World Bank, 2008).</li> <li>• Bangladesh's Female Secondary School Assistance Program: increased secondary school pass rate for girls (ditto).</li> <li>• 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).</li> <li>• Brazil's <i>Bolsa Familia</i>: 63% less likely to drop out of school, and 24% more likely to advance (Veras et al, 2007).</li> </ul>
Health	<ul style="list-style-type: none"> <li>• Lesotho: 50% of pension recipients increased their spending on health services (Samson, 2007).</li> <li>• CCT programmes in Mexico, Nicaragua, Honduras, Brazil, Colombia and Malawi: increased use of health services (Pantoja, 2008).</li> <li>• Peru's <i>Juntos</i>: immunisations of children increased by 30% within one year of implementation (Vargas&amp;Villar,2008).</li> <li>• Bangladesh: 95% of under-fives receive Vitamin A capsules; 45% increase in immunisation coverage; 96% of pregnant women receive antenatal care (Davies, 2009).</li> <li>• Malawi: reduced illness by 23% among children (Save the Children, 2009).</li> <li>• Colombia's <i>Familias en Acción</i>: diarrhoea 10.5% lower among children (Attanasio et al, 2005).</li> <li>• Mexico's <i>Oportunidades</i>: 11% reduction in maternal mortality (Adato and Bassett, 2008).</li> </ul>
Gender equality	<ul style="list-style-type: none"> <li>• Mexico's <i>Oportunidades</i>: increased women's decision-making role in household expenditure, financial security, self-esteem and social status (World Bank, 2008).</li> <li>• Brazil's <i>Bolsa Familia</i>: increased women's domestic status and participation rate (DAC Povnet, 2009).</li> <li>• Malawi's Social Cash Transfer Scheme: reduction of likelihood of female and child-headed households' 'risky behaviour' (Schubert and Huijbregts, 2006).</li> </ul>
Climate change adaptation and disaster risk reduction	<ul style="list-style-type: none"> <li>• Pakistan: relatively high proportion of projects combines cash transfers and DRR approaches (Arnall et al. 2009).</li> <li>• India's Maharashtra Employment Guarantee Scheme: established as response to major drought (Kabeer, 2010).</li> <li>• India's NREGA: climate change adaptation dimension through public works for water and soil conservation (ditto).</li> <li>• Ethiopia: climate change, DRR and social protection combined through PSNP (DFID, 2011).</li> </ul>



# 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

(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

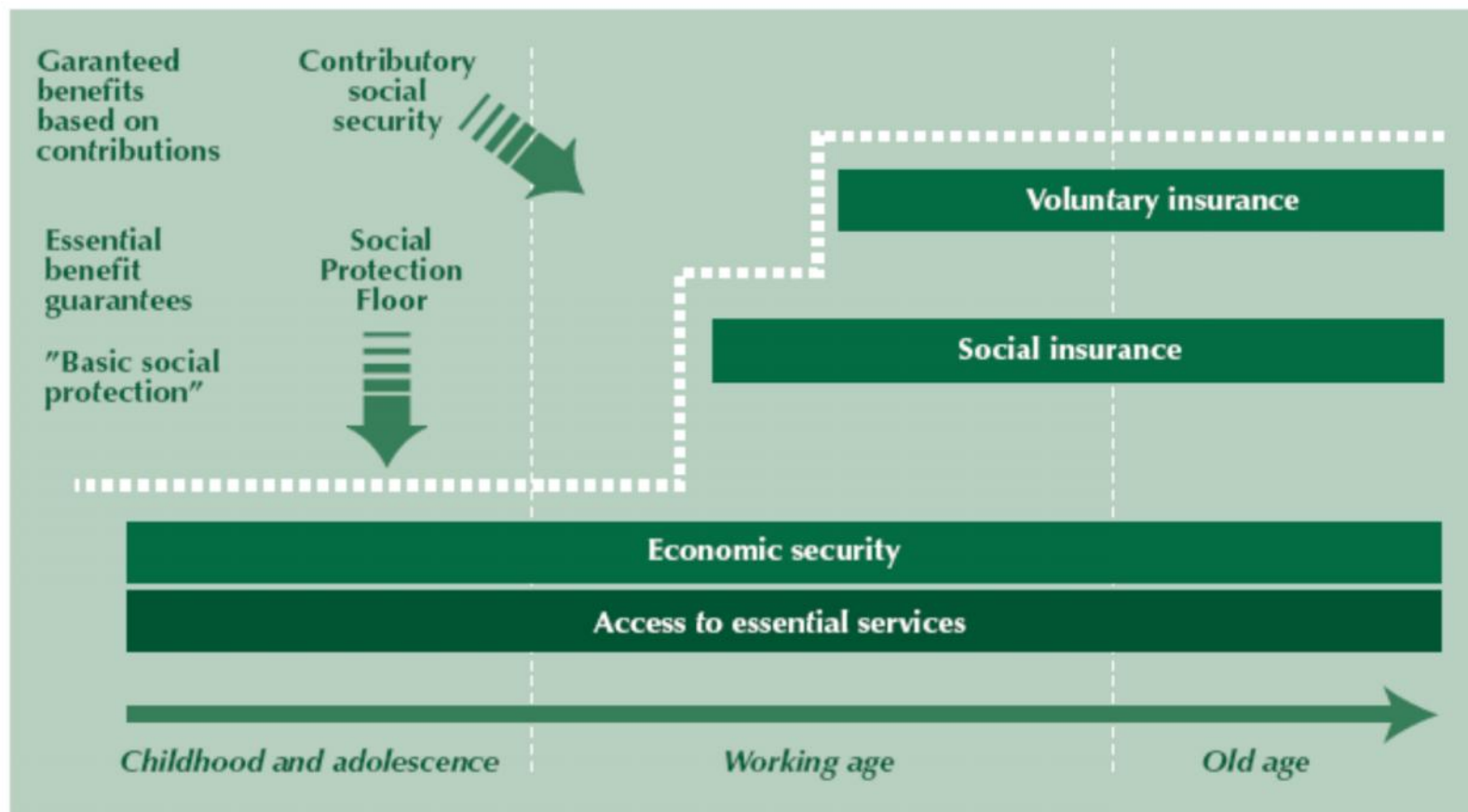
- Risk management framework (WB)
- Rights-based approaches (UN, NGOs)
- Needs-based agenda (MDGs)

# 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

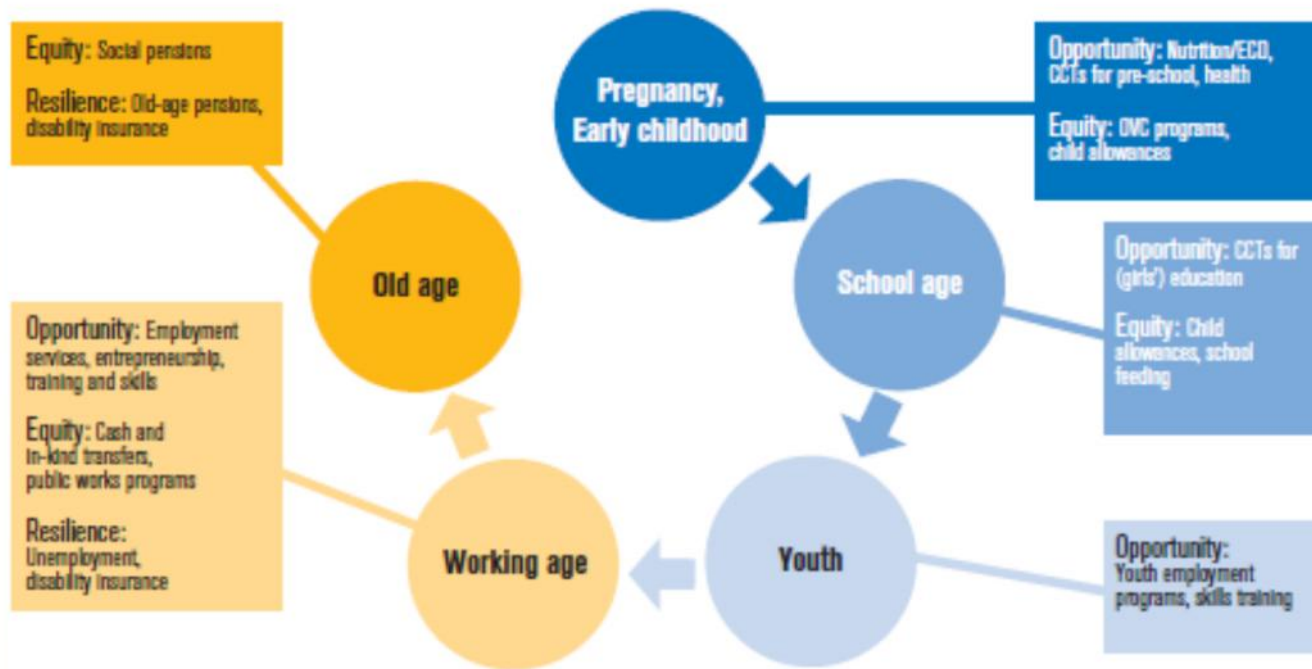
# Global Social Protection Floor

**Figure 2**  
**The social protection ladder**



Source: Bertranou and Vezza, 2010

## SPL Programs Work Dynamically over the Life Cycle to Provide Resilience, Equity, and Opportunity



Source: World Bank 2011b.

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# 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 legitimization/nation building

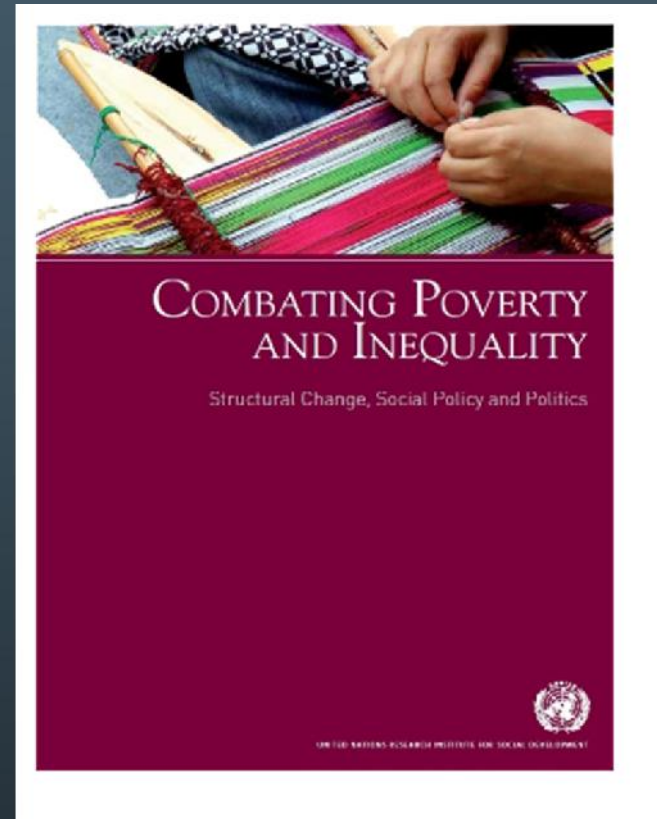
## (Post -) Washington Consensus social policy:

- 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



# Key questions

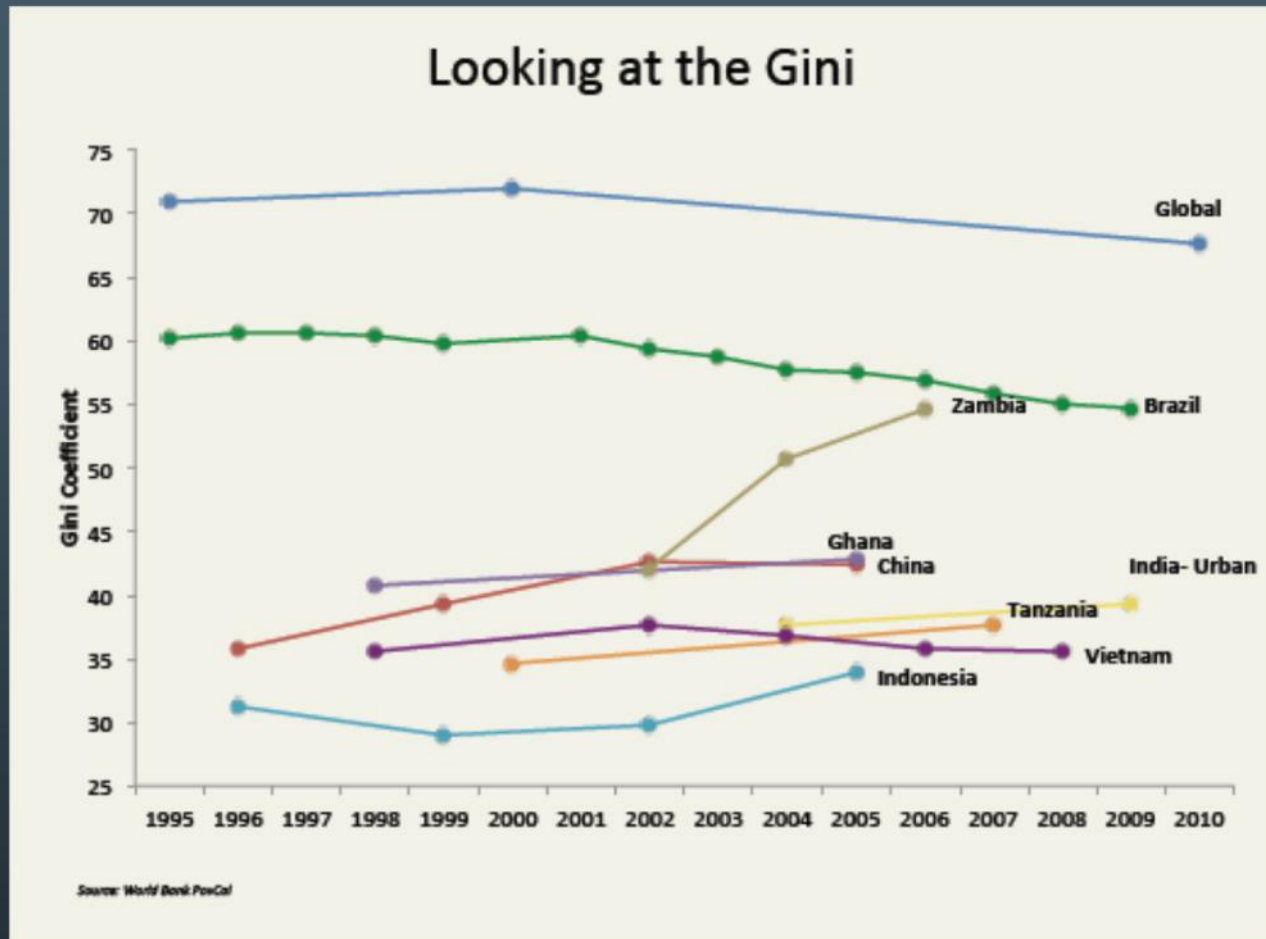
- What accounts for the persistence of poverty when concern for its reduction has been high on the policy agenda?
- Why have some countries been more successful than others in reducing poverty and inequality?
- How do current approaches to poverty reduction compare & contrast with the lessons of the 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...



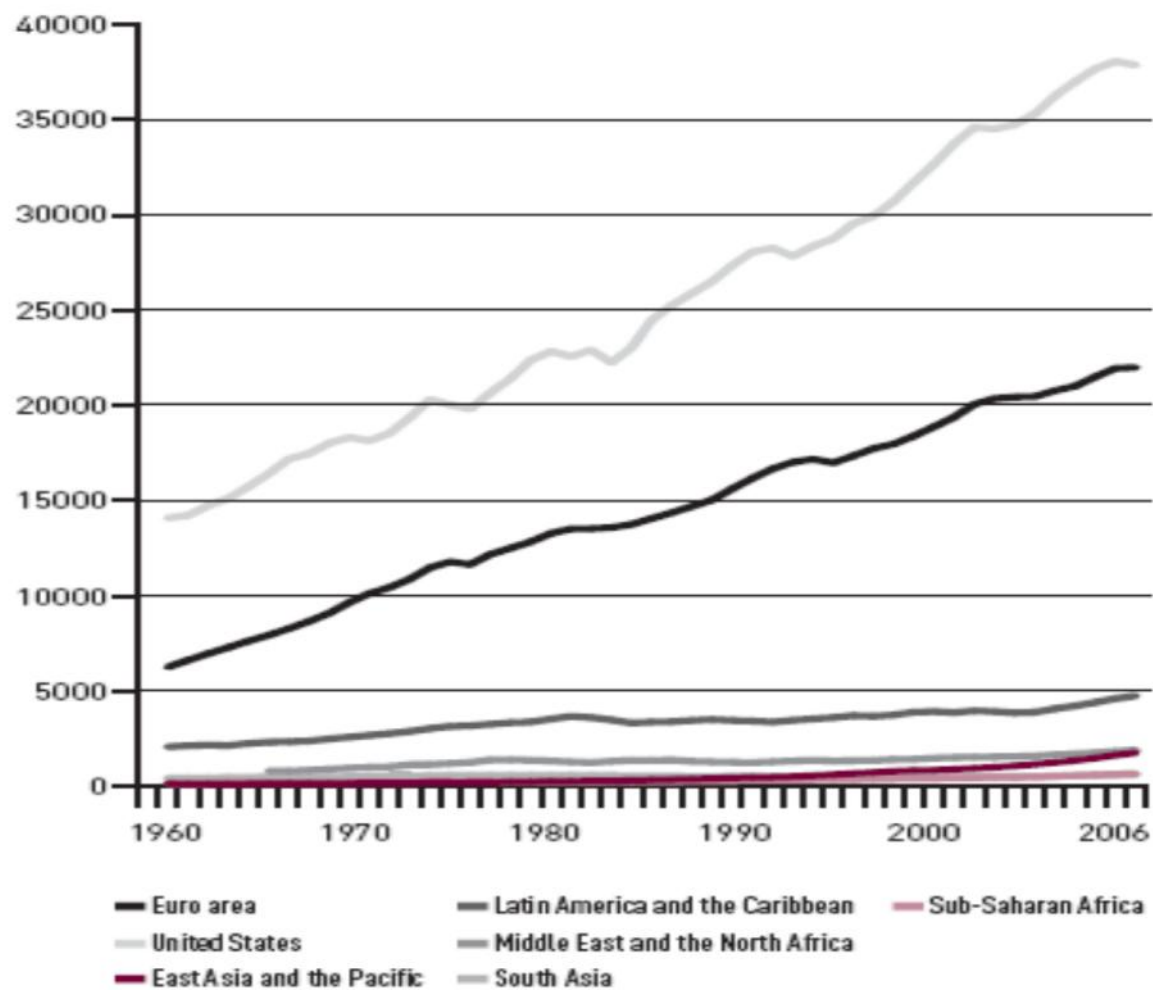
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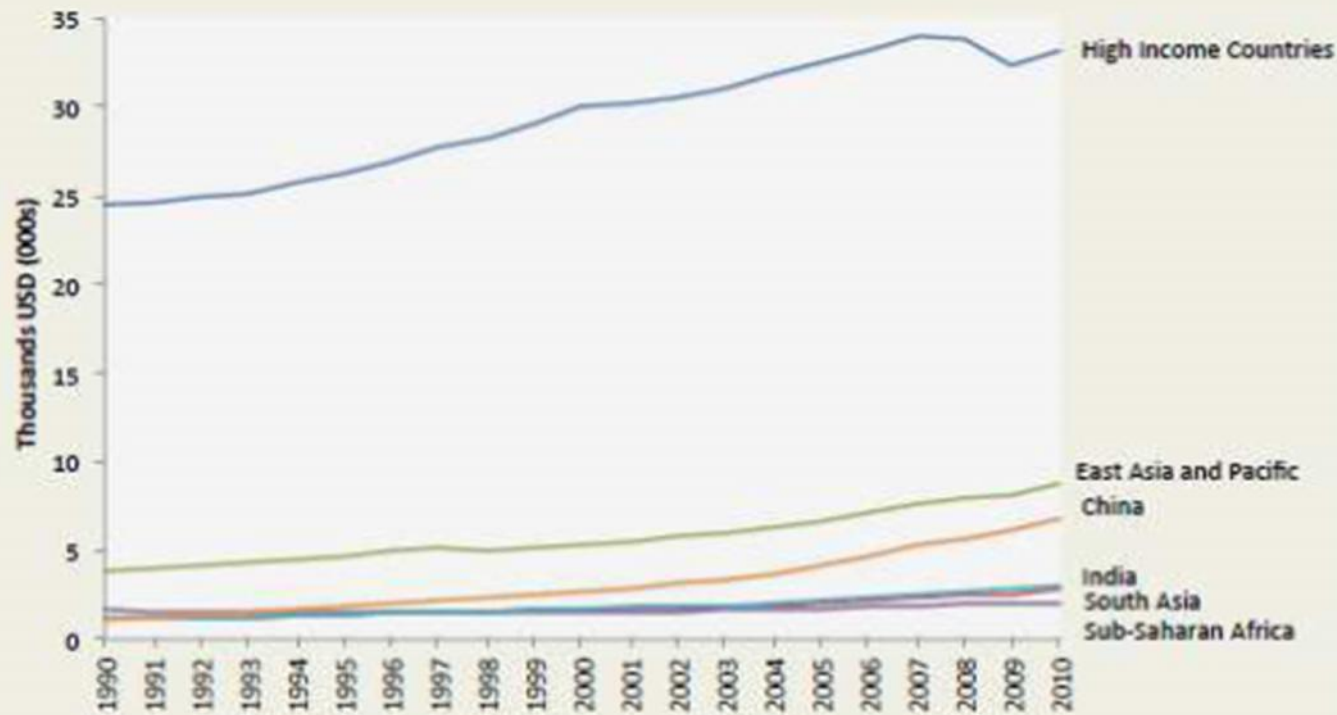
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# Inequalities are growing..

FIGURE 2.1: Per capita income in 2000 US dollars



## 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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