



Food and Agriculture Organization
of the United Nations

Social Protection: Definitions, Objectives and Politics

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December 2012



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Background

- Hunger is increasing as a result of global crises, despite sustained economic growth
- Achievement of MDGs is in doubt
- Poverty is a product of inequality within countries (>50% of the poor in MICs)
- Social protection is playing an increasingly important role in the response to vulnerability
- Transfers are politically acceptable to donors

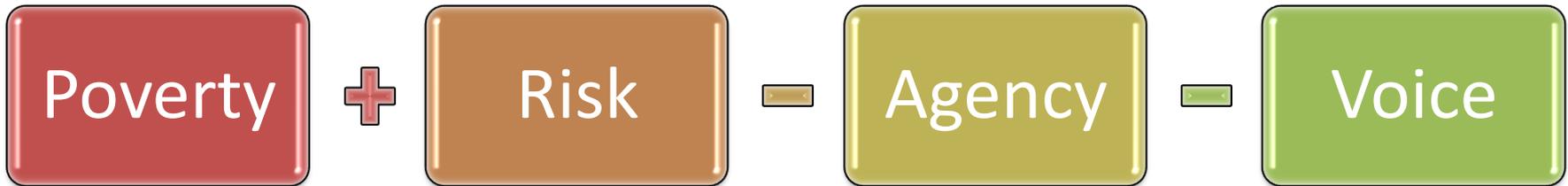
Social Protection: shifting the development paradigm

- Traditional (the poor are the problem):
 - Focus development on economic growth
 - Wait for economic growth to reduce poverty
 - Residual interim safety nets
 - Donor (expensive) emergency assistance where necessary

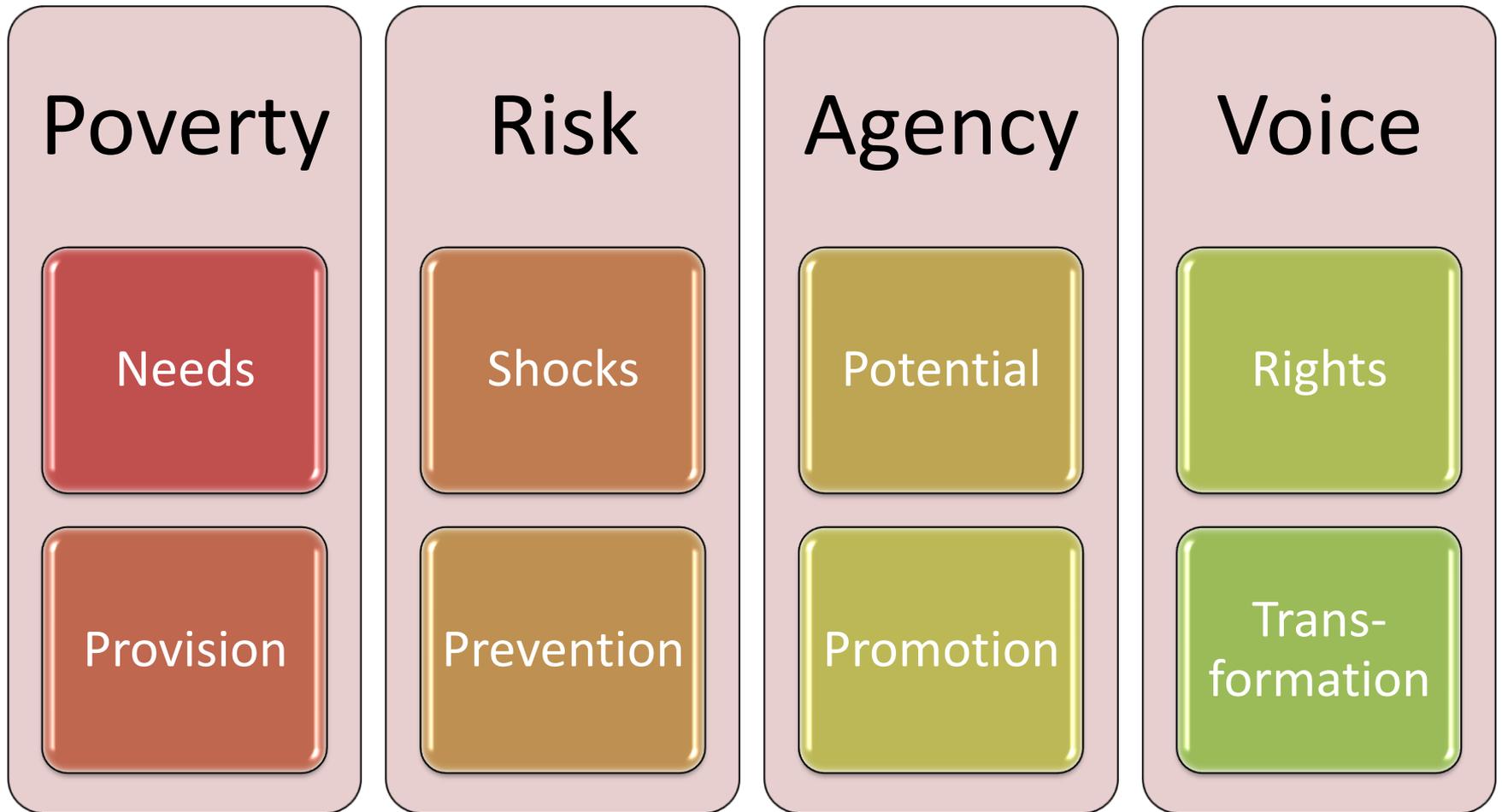
... IS NOT WORKING (in Africa)
- Emerging (the poor are the solution):
 - Provide comprehensive social protection
 - Social protection will help to generate economic growth
 - This will reduce poverty and the cost of social protection
 - Reduced emergency assistance, freeing donor resources

Social Protection
is a response to:

VULNERABILITY =



SP responds to/through:



using different interventions:

Poverty

Social
assistance

Food aid
Supplementary
feeding
Old age grant

Risk

Social
insurance

Unemployment
benefit
Weather
insurance
Burial society

Agency

Social
empowerment

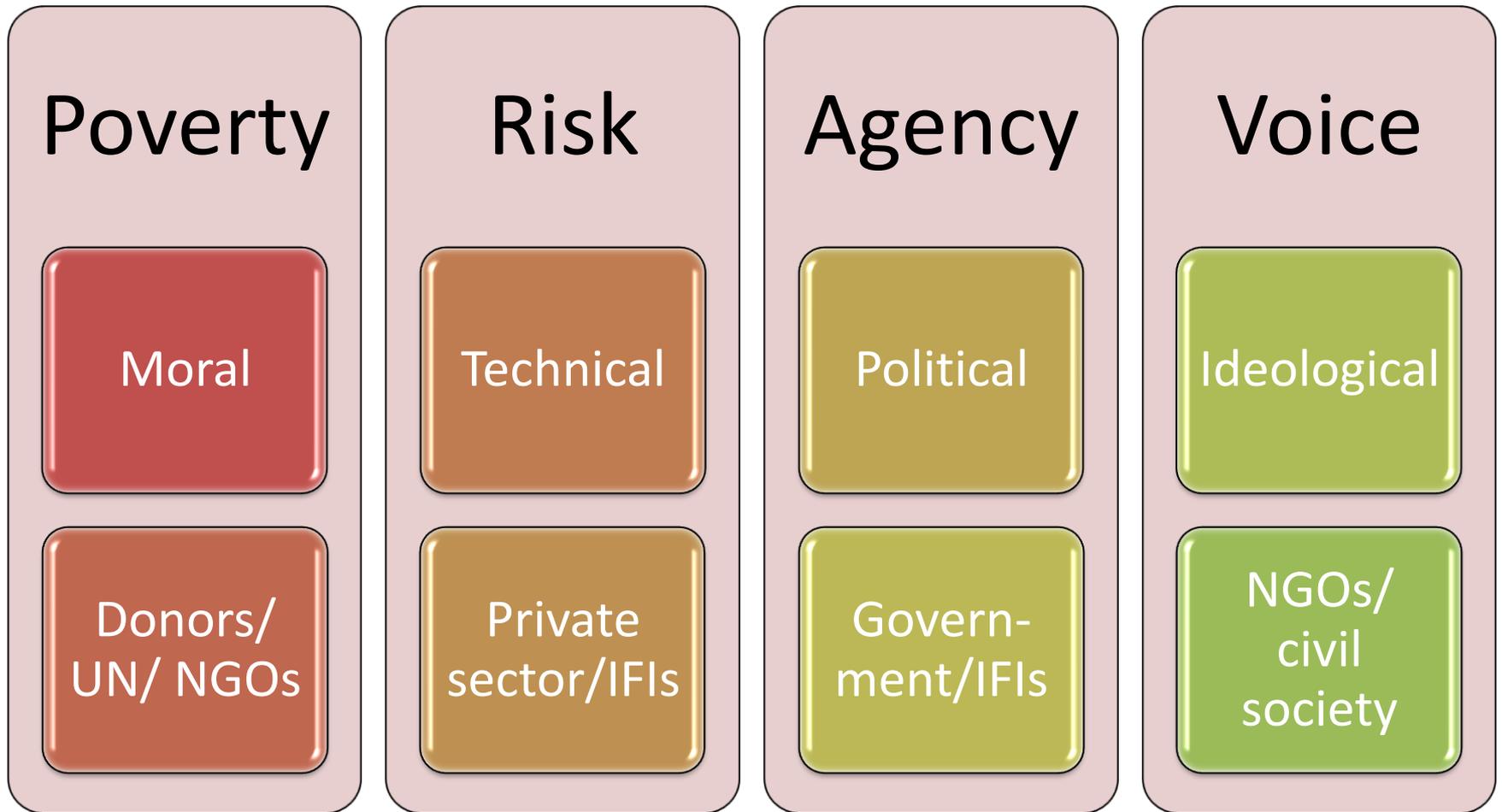
Asset transfers
Public works
School feeding

Voice

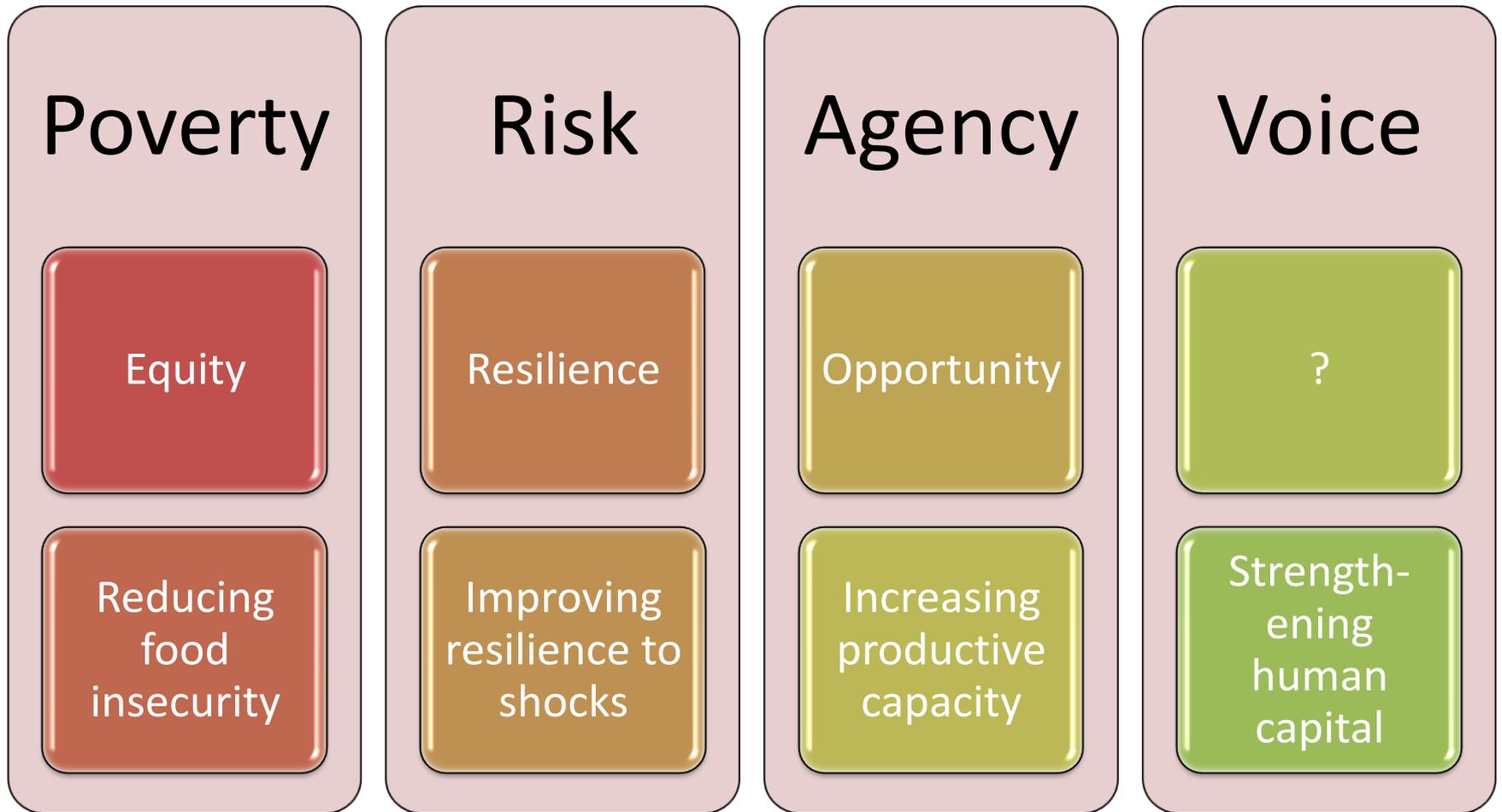
Social
justice

Labour laws
Health & safety
Anti-
discrimination
Gender policy

with different drivers and players:

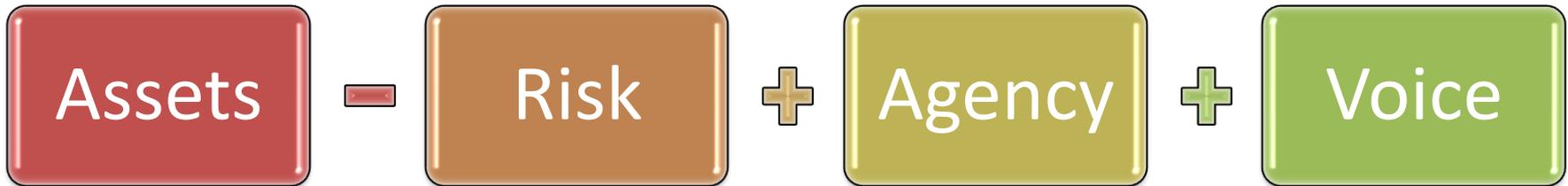


but common objectives:



Social Protection
thereby builds:

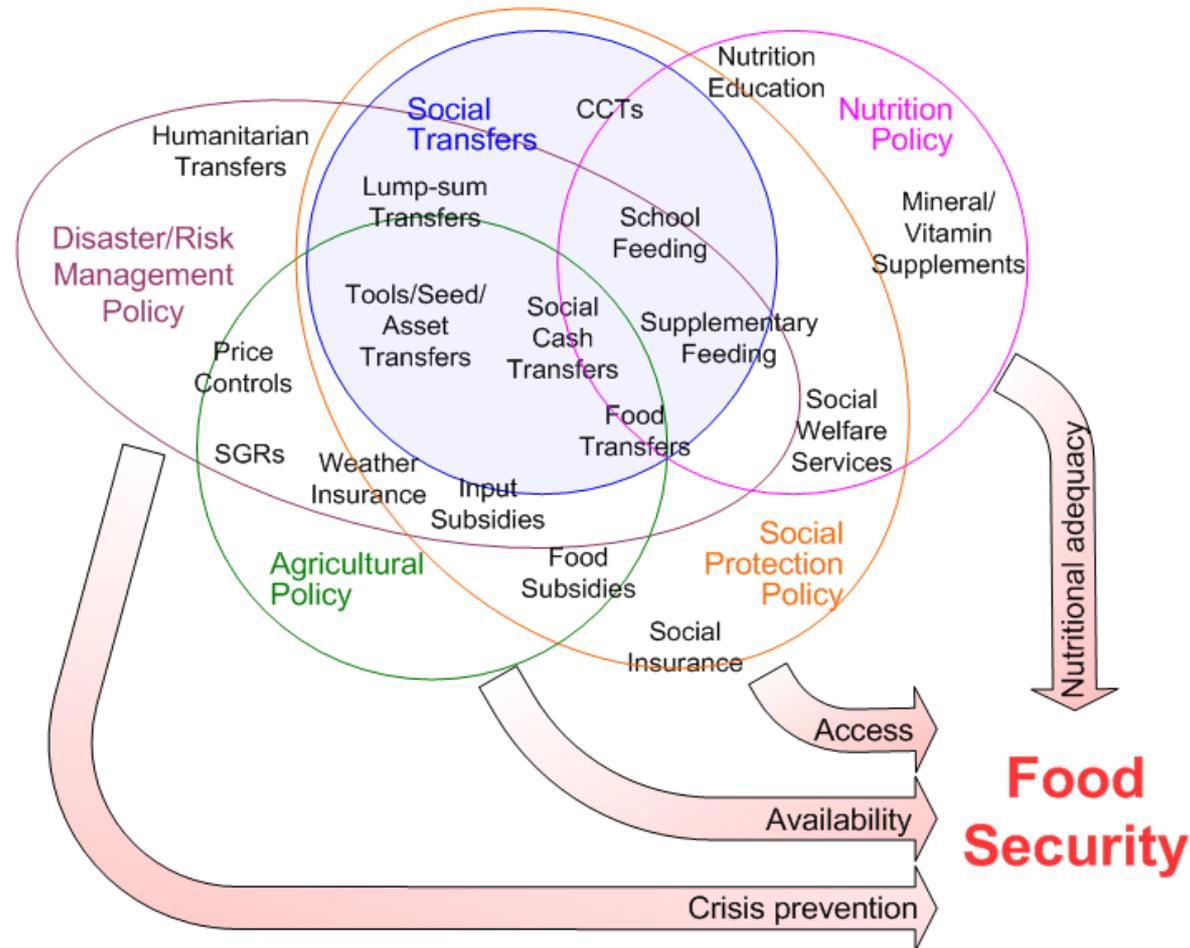
RESILIENCE =



Types of social transfer

Cash-based social transfers	In-kind social transfers
Cash transfers	Food transfers
Unconditional cash transfer	School feeding
Conditional cash transfer	Take-home rations
Cash-for-work/asset	Targeted food transfers
Labour-intensive public works	Food-for-work/asset
	Food-for-training
	Preventive supplementary feeding
Near-cash transfers	Commodity vouchers
Value-based vouchers	Food vouchers
	Other commodity vouchers
Grants	Asset and input transfers
Lump sum grant	Livestock transfer
	Agricultural input transfer
	Asset transfer

Links with food security



Social transfers and FS: availability

- Seeds, tools and agricultural inputs
- Vouchers and fairs
- Asset/livelihood transfers
- Agricultural input subsidy programmes
- Public works programme assets:
 - Irrigation
 - Terracing
 - Market/rural infrastructure

Social transfers and FS: access

- Short term
 - “Food assistance” (food/vouchers/coupons)
 - Cash transfers
- Medium term
 - Cash transfers
 - Lump-sum grants
 - Asset/livelihood transfers
 - Public works/employment guarantee programmes
- Long term
 - School meals
 - Conditional cash transfers (and unconditional!)
 - Social policy instruments (fee waivers; free education)

Social transfers and FS: utilisation

- Important contribution to improved nutrition
 - Improved nutritional status (focus on first 1000 days, inc supplements and training)
 - Improved diet
 - School meals/take-home rations (esp combined with deworming and micronutrients)

Social transfers and FS: stability

- Response to sudden shocks
 - Scale up existing programmes
 - Importance of indexing to retain value
- Response to cyclical stresses
 - Seasonal transfers
 - Employment guarantee schemes
- Response to longer-term threats
 - State-building and stability
 - DRR: increased resilience/reduced risks
 - Climate change adaptation

The case for social transfers: multi-dimensional impacts

Direct impacts

- Poverty
- Hunger
- Wellbeing

Economic impacts

- Livelihoods
- Employment
- Equity
- Local markets

Social impacts

- Health
- Nutrition
- Education
- Gender equality

Impact on poverty

- The national poverty headcount in **South Africa** (using the US\$1 per day benchmark) would be 5% higher without the old age pension (40% compared with 35%)
- In **South Africa**, social security reduces the poverty gap by 47%; the child support grant (if extended to 18 year-olds) would reduce the poverty headcount by up to 35%, and the poverty gap by over 50%.
- GAPVU cash transfer program in **Mozambique** was estimated to have contributed to a reduction in headcount poverty by 6%, and reductions in the poverty gap and poverty severity by 27 percent and 44 percent, respectively
- In the Kalomo social cash transfer scheme in **Zambia**, average indebtedness of beneficiary households decreased from ZMK13,000 before the scheme to ZMK8,000 after it.

Impact on hunger

- In **Lesotho**, between 50% and 80% of the old age pension is spent on food. The percentage of Lesotho's old age pensioners who reported that they "never went hungry" increased from 19% before the pension to 48% after it was introduced.
- In **Malawi's** FACT Programme, 75.5% of the transfer was spent on basic needs (food and groceries)
- An extensive assessment of **Ethiopia's** Productive Safety Net Programme (PSNP) finds that three-quarters of participants consumed a higher quantity and quality of food compared to the previous year, and were less likely to sell assets in order to buy food.
- In **Zambia**, as a result of receiving a cash transfer, 12% more households consumed proteins every day, and 35% more households consumed oil every day.

Impact on wellbeing

- In **Zambia's** Kalomo scheme, evaluations have measured significant improvements in beneficiaries' motivation: they think that they are considered less poor by the community, they look at the future more positively and they have plans for the future.
- 80% of **Lesotho's** old age pensioners say their lives are 'better' or 'much better' now than before the pension was introduced.

Impact on livelihoods

- Under the Kalomo social cash transfer scheme in **Zambia**, 29% of income transferred was invested, either in purchases of livestock, farming inputs, or informal enterprises.
 - seven times as many households owned goats
 - ownership of chickens increased by 15 percentage points
 - households making investments quadrupled from roughly 14% to 50%
 - average value of investment doubled
 - 52% of households generated extra income
- In a DFID-supported asset transfer programme for ultra-poor women in **Bangladesh**, the value of the livestock provided by the asset transfer is estimated to be doubling every 18 months.

Impact on employment

- An evaluation of the Mchinji cash transfer programme in **Malawi**, found that 50% of recipients reported being more likely to produce crops since receiving the cash transfer.
- Research into the social pension in **Lesotho** shows that 18% of recipients spent part of their pension on creating jobs for other people.
- The number of recipients of the Basic Income Grant in **Namibia** involved in income-generating activities increased from 44% to 55% in a year.

Impact on equity

- Data from the **South African** 2000 Income and Expenditure Survey indicate that a full uptake of the state old age pension, disability grant, and child support grant would reduce the Gini coefficient (an indicator of the severity of income inequality in a country) from 63% to 60%.
- From 1995 to 2004, **Brazil's** Gini coefficient fell from 60% to 57% - 25% of this was attributed to Bolsa Familia and the pension.

Impact on local markets

- A study of the Dowa Emergency Cash Transfer (DECT) in **Malawi** showed that for every \$1 made as a social transfer, a regional multiplier of 2.02 to 2.45 was observed in the local economy, benefiting traders, suppliers, services and other non-recipients within the community and beyond.
- In **Namibia** the social pension has increased the volume of trade for grocery stores, and contributed to the growth of marketing infrastructure and trade nationwide.
- In **Zambia** 70% of social transfers is spent on locally-produced goods, increasing incentives for local businesses and infrastructure to develop.
- Positive effects on the market and stimulating the formation of new businesses have also been attributed to **South Africa's** pension

Impact on health

- Incidence of illnesses reduced from 42.8% to 35% in the **Zambia** SCTs. Incidence of partial sightedness among beneficiary households reduced from 7.2% to 3.3% (potentially due to the fact that beneficiary households could afford minor eye surgery).
- Monthly income at the local clinic in the **Nambia** BIG pilot area increased fivefold, from N\$250 to N\$1300.
- In **Malawi** the DECT transfer allowed better purchasing power for health related expenses, and this was particularly important for groups with the weakest resistance to disease, such as those with HIV/AIDS.
- In **South Africa**, positive correlations are observed between households containing a pensioner, and a flush toilet and access to piped water.

Impact on nutrition

- **South Africa's** child support grant increased the height of its beneficiaries by 3.5cm if it was paid during their first year and for two out of the three first years.
- Recipients of **Namibia's** BIG improved in WHO weight-for-age scores from 42% underweight (Nov 07) to 17% underweight (Jun 08) to 10% underweight (Nov 08).
- In **Bangladesh**, BRAC's Challenging the Frontiers of Poverty Reduction (CFPR) programme has led to an improvement in calorie intake from 1632 Kcal per day to 2236 Kcal per day

Impact on education

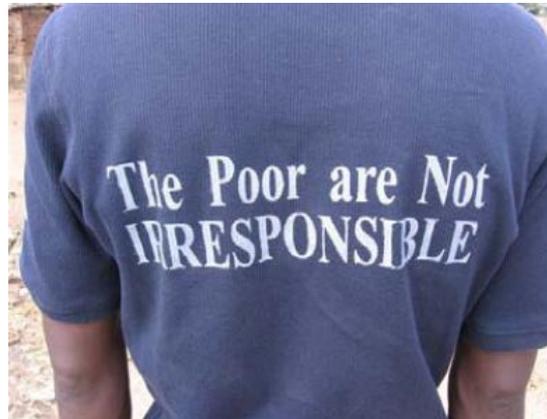
- Using data from the national household survey in 2000 in **South Africa**, modelled data shows that household receipt of an OAP or CSG is associated with a 20 to 25 percent reduction in the non-attendance gap.
- In **Lesotho**, 50% of pensioners spend at least some of their transfer on education.
- In **Brazil**, participants in the Bolsa Familia programme are 63% less likely to drop out of school and 24% more likely to advance an additional year than comparable children in non-participant households.
- As a result of **Namibia's** BIG pilot, school non-attendance due to financial reasons dropped by 42%, and drop-out rates fell from almost 40% to 5% in a year.

Impact on gender equality

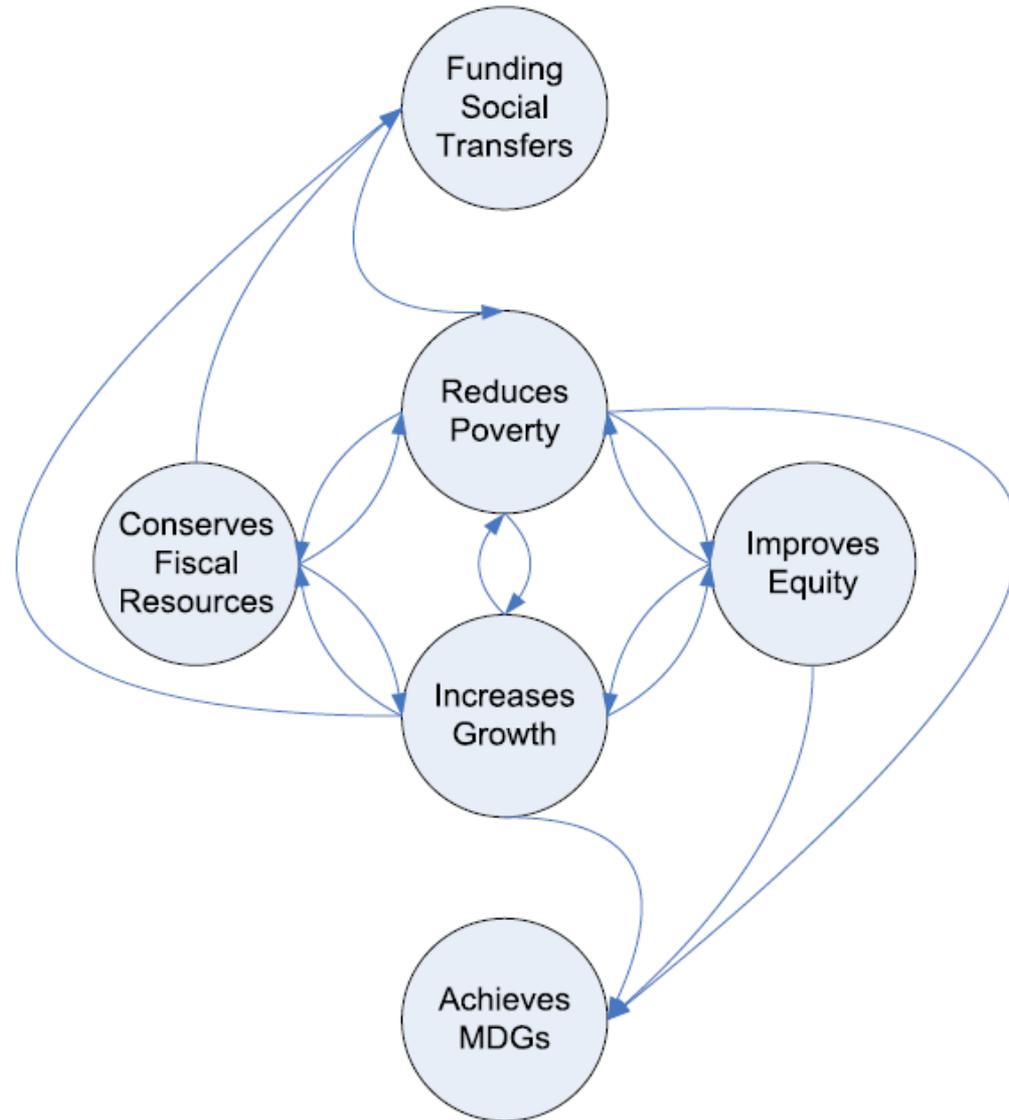
- In **South Africa**, the effects of social transfers on the education of girls are strong. South Africa's old age pension has also had particularly positive effects on girls' nutritional status, with girls in recipient households an average of 3-4 centimetres taller than in non-recipient households.
- In **Brazil**, the impact of Bolsa Familia on women's labour market participation is very strong – 16% greater than for women in similar non-participating households.
- In **Bangladesh**, the School Stipend programme has helped achieve gender parity in primary education.

Busting the myths about social transfers

- *“Social transfers are not affordable in low income countries”*
- *“Social transfers are an endless unproductive drain on the Exchequer”*
- *“Social cash transfers fuel inflation”*
- *“Social transfers create dependency and laziness”*
- *“Social transfers should not ‘give something for nothing’”*
- *“Social transfers encourage irresponsible behaviour”*



Virtuous spiral



Politics: “tea-party” social protection

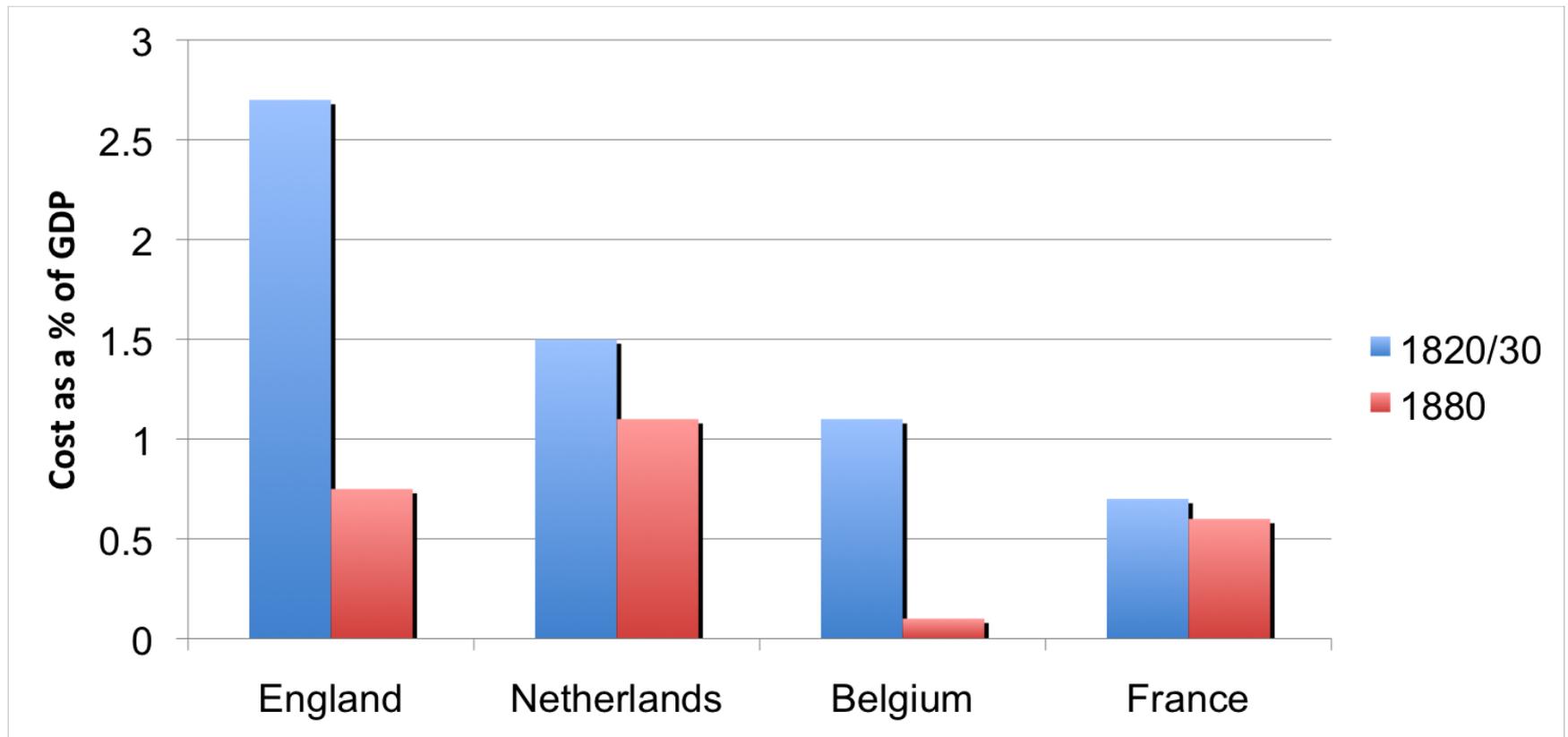
- Rooted in a C19th “Anglo-Saxon” worldview of “poor relief”
- Poverty-targeted, with scant resources focussed on the poor
- Beneficiaries should do something in exchange for receiving the benefit
- Careful targeting, often through proxy means testing, community- or self-selection
- Impose a condition: either work (as on a public works or employment guarantee scheme), or a set of behaviours (such as visiting a health clinic or sending a child to school)
- Emphasis on “graduation” and “exit strategy”
- Key DP advocate: World Bank
- Examples: Latin America’s CCTs; Ethiopia’s PSNP; Rwanda’s VUP

Politics: universal social protection

- Universal approach, akin to a Nordic view of social security
- Emphasis on tackling inequality as a means of combating poverty
- Support much broader “vulnerable groups”: PWD, elderly, children
- Benefits to all (or almost all) in identified groups, even those that are not poor
- More inclusive, so more expensive approach; but more popular with stronger political appeal, so ultimately better funded and fiscally sustainable
- Argument that the poor get a more valuable (and more sustainable) transfer than if a (much smaller) programme had been targeted exclusively at them
- Tend not to be conditional, but entitlement-based
- Less emphasis on graduation, since exiting happens naturally
- Proponents: ILO and UN agencies – Social Protection Floor
- Examples: South Africa’s social grants; Lesotho’s old age pension; India’s MGNREGA

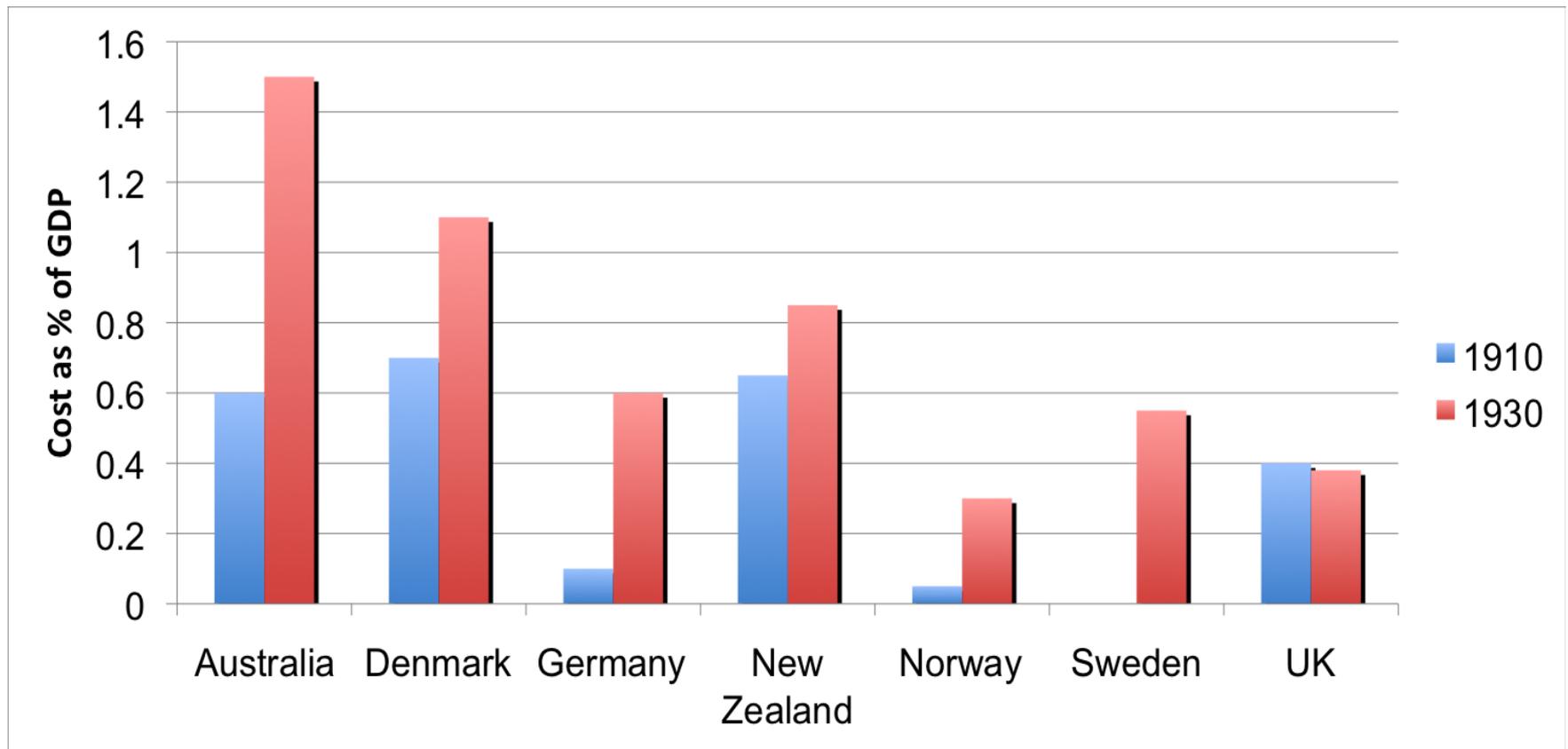
Poor Relief in 19th Century Europe

Fall in budgets as democracy expands

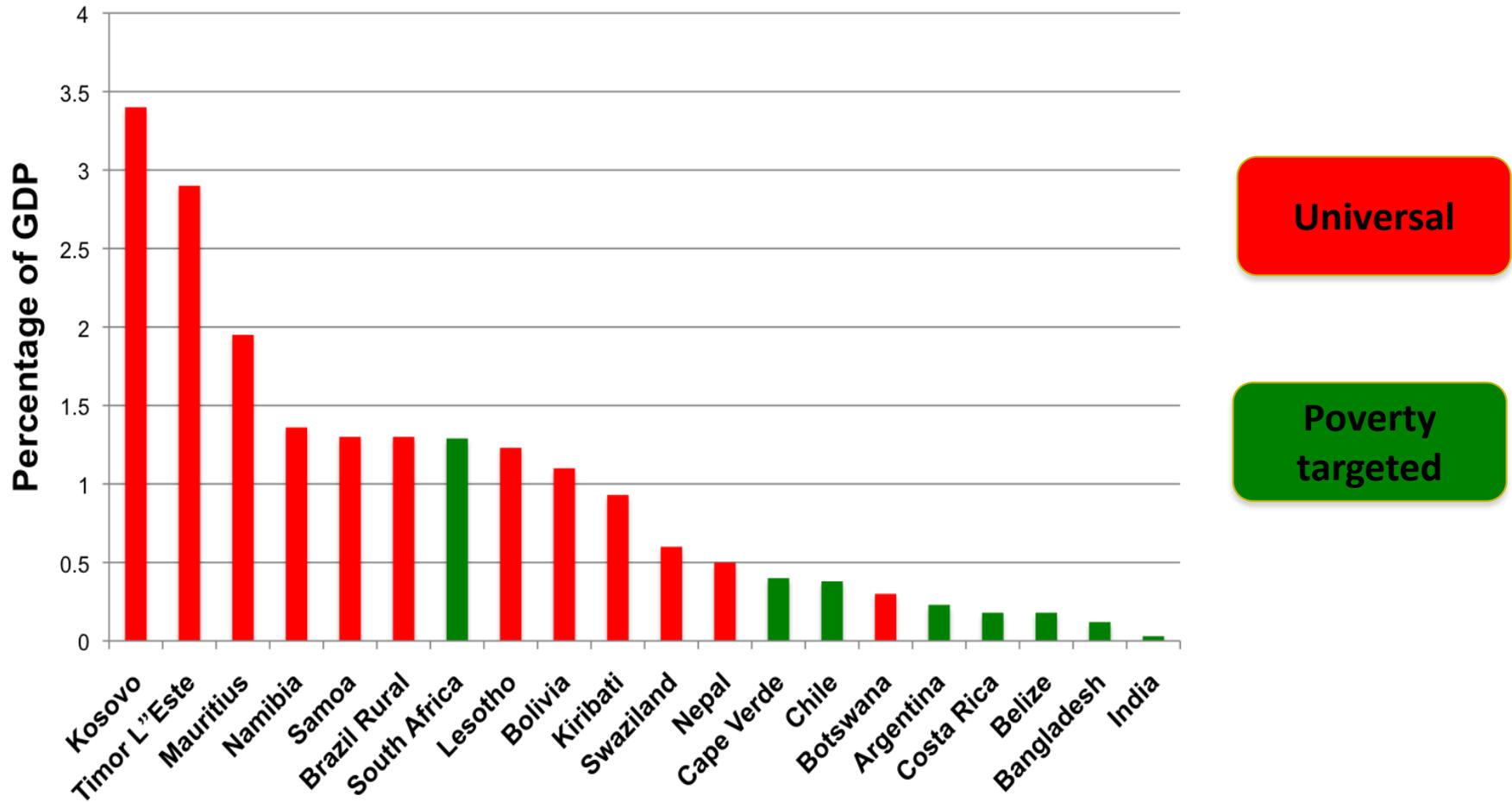


Late 19th and early 20th Century: Growth in programs including middle class

State pension schemes:

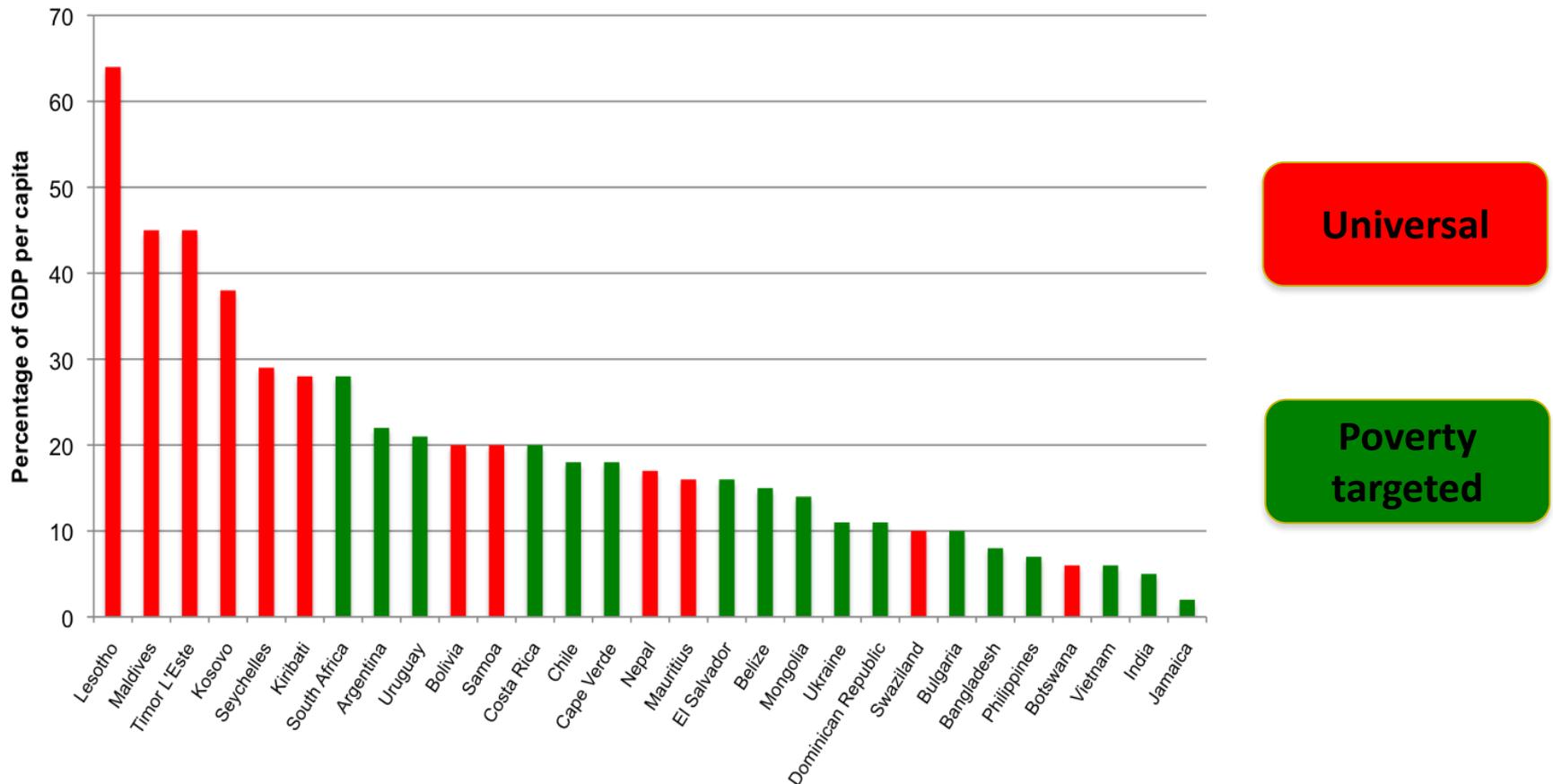


Non-contributory pensions: Universal versus poverty targeted



Source: Development Pathways

Benefit levels of non-contributory pension programs



Conclusions

- Social protection is as political as it is technical
- Need to recognise that governments in developing countries do want to win elections
- If we want larger social protection programs, it will require the middle class and, potentially, the rich to be incorporated
- More expensive programs may be more sustainable
- The programs we design now should be aimed at delivering long-term political support for significant social spending
 - Targeting the poor through pilots will not deliver this
 - Need to plan for a 20-30 year horizon and design programs that will deliver comprehensive social protection system within this time-frame; and not sabotage a more progressive vision by poor design of current programs

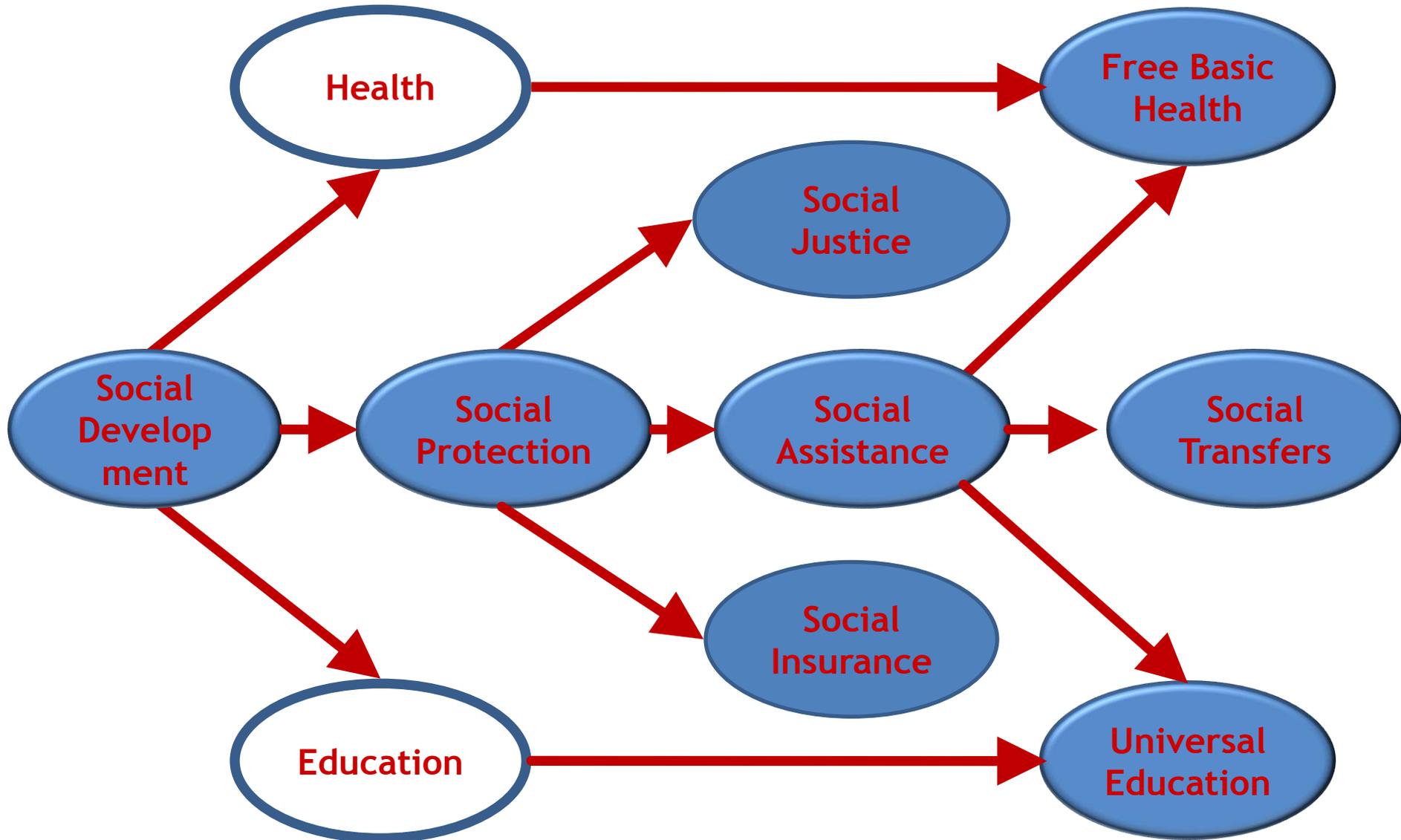
investment days
invest in sharing

Thank you!

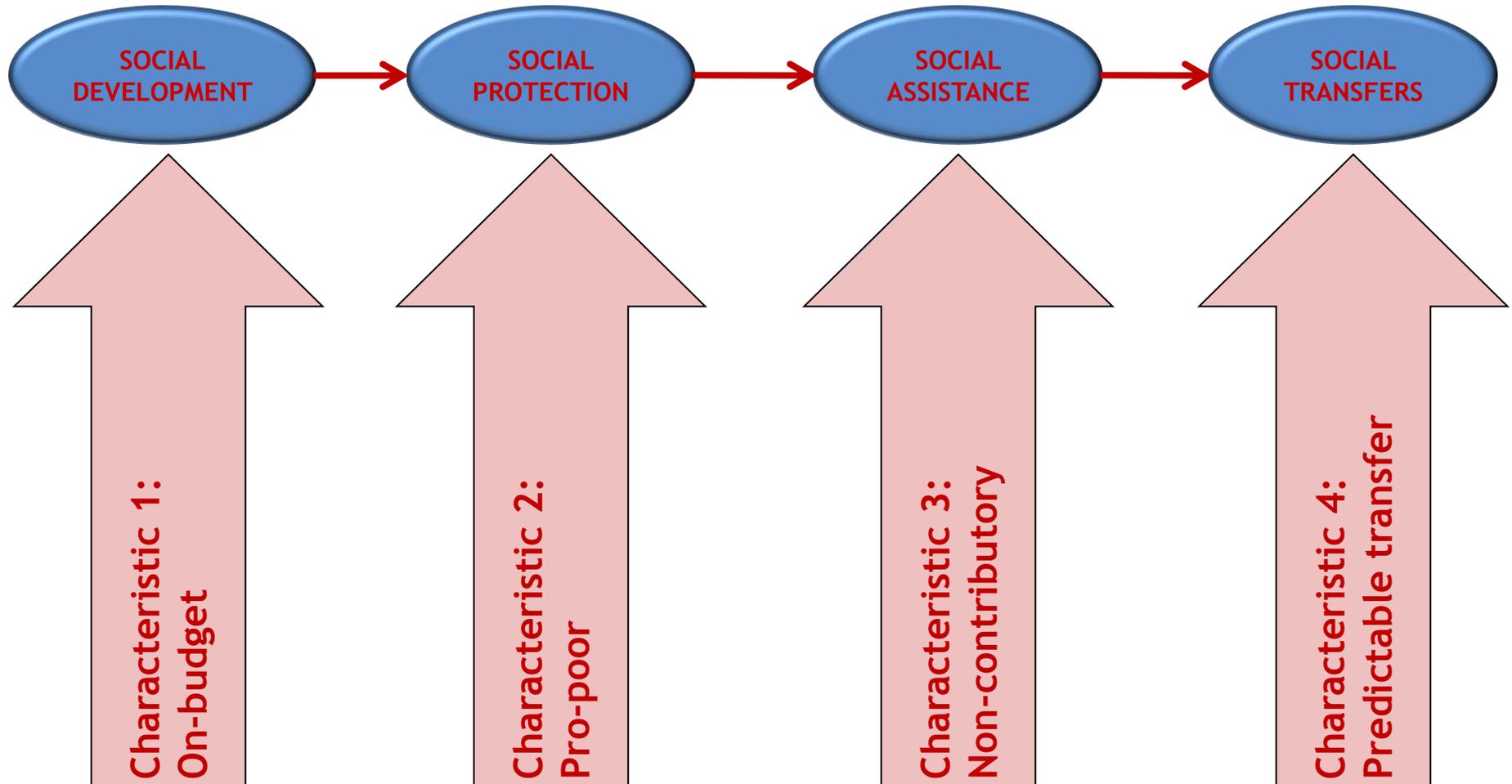


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Typology of social protection



Four characteristics of social transfers

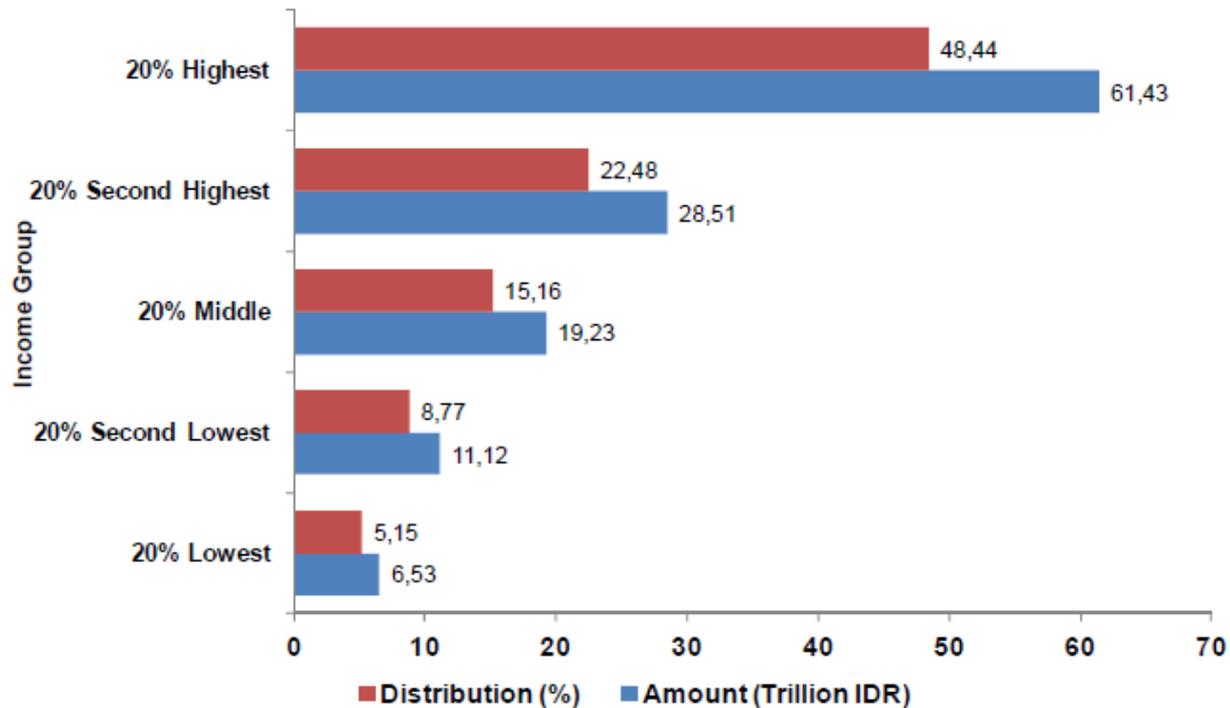


Universal approach and inequality

Quintile	Average Income	Tax (40%)	Transfers	Income after tax and transfers
5	1000	400	240	840
4	800	320	240	720
3	600	240	240	600
2	400	160	240	480
1	200	80	240	360
Ratio of 5:1	5/1	(=1200)	(=1200)	2.33/1

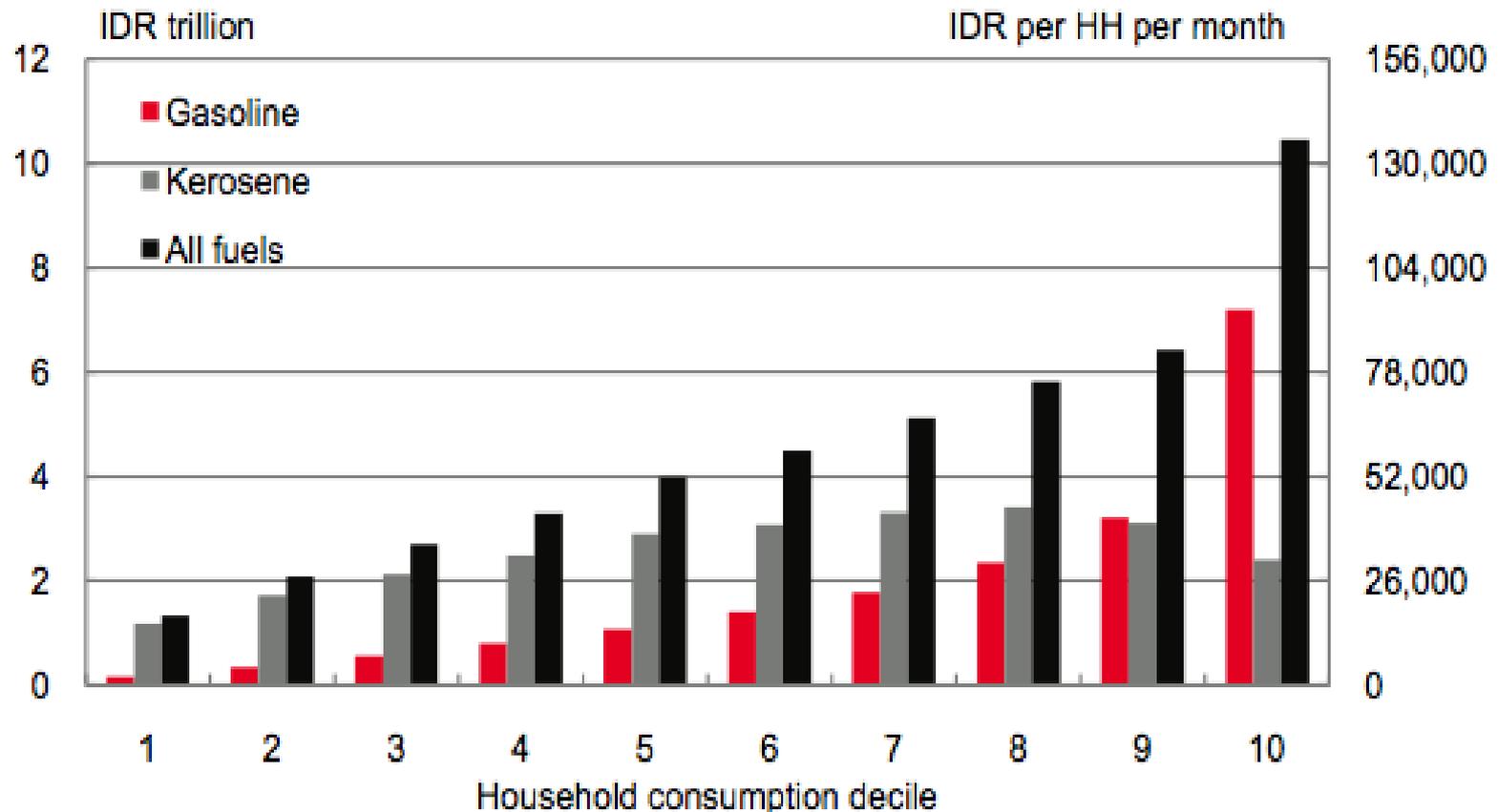
Indonesia

FUEL SUBSIDY DISTRIBUTION

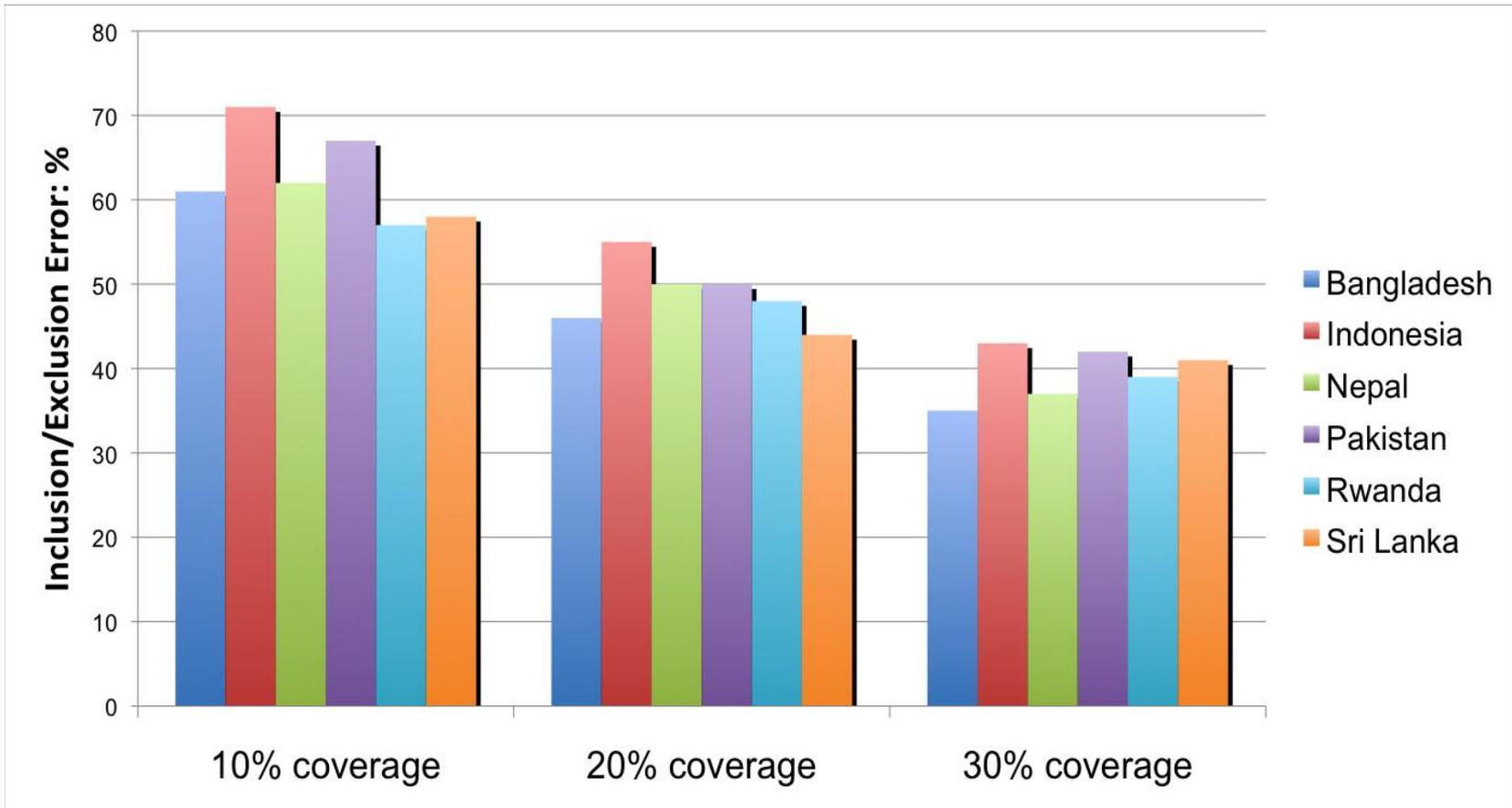


Source: National Statistic Office (BPS)

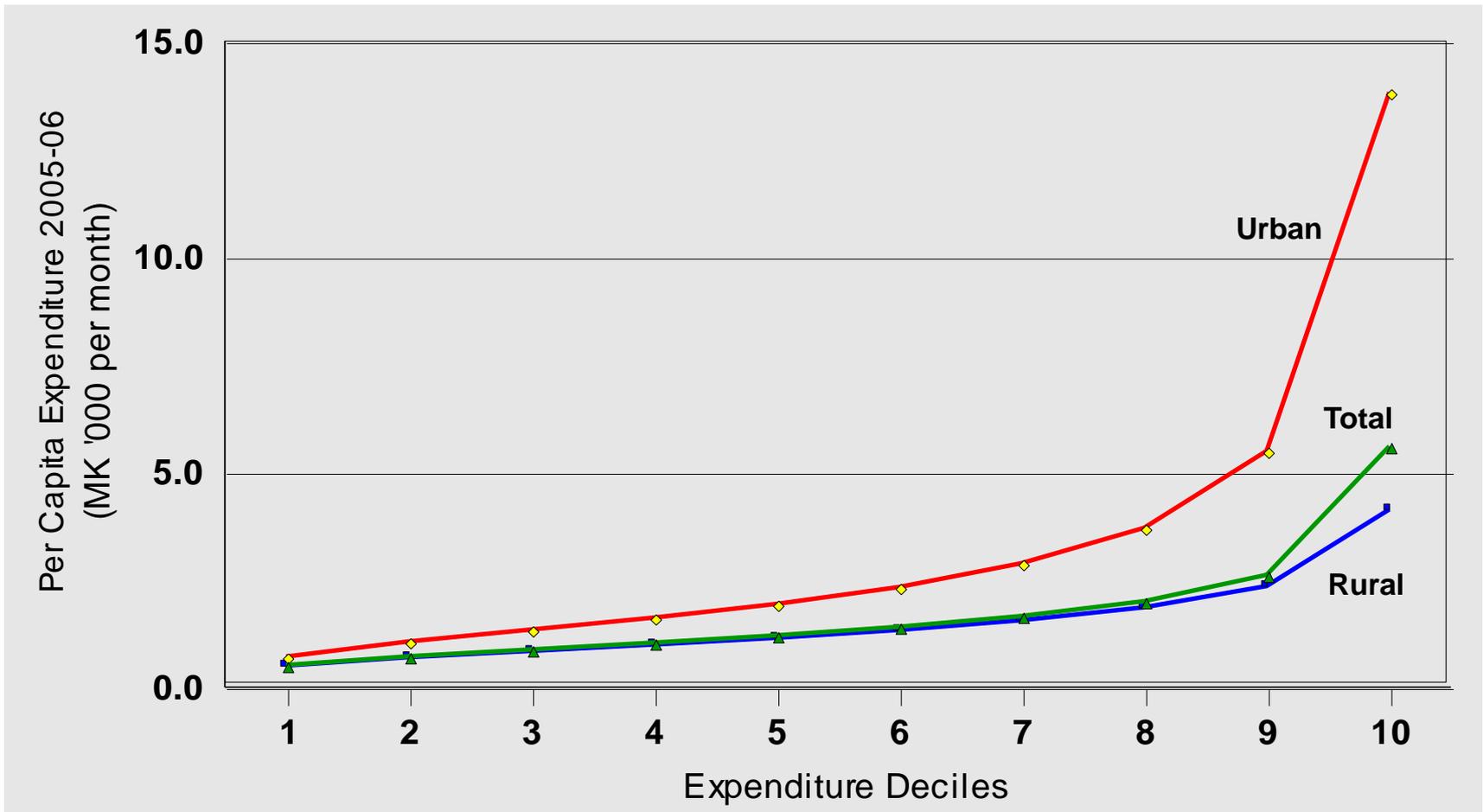
Indonesia fuel subsidy reform

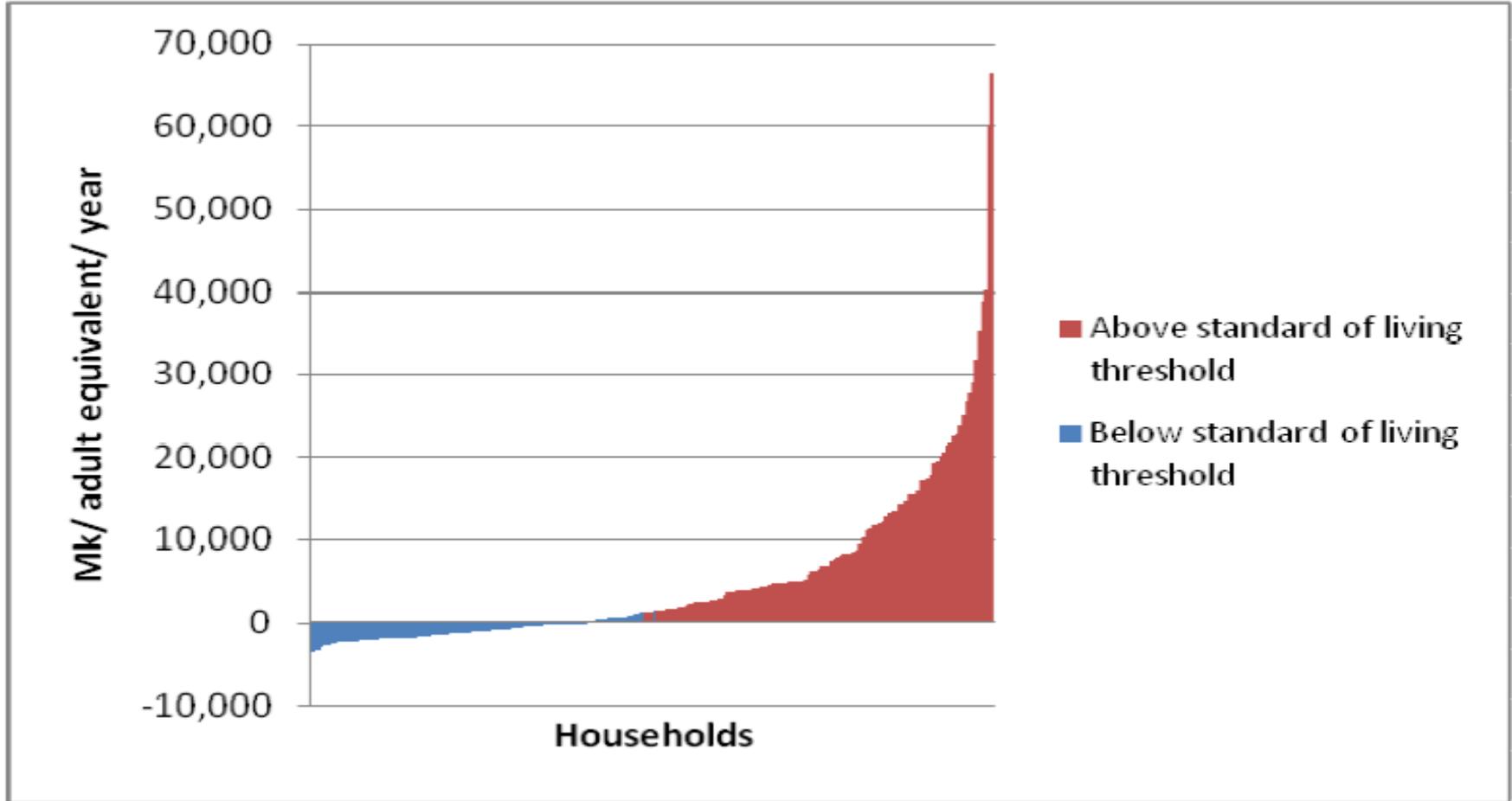


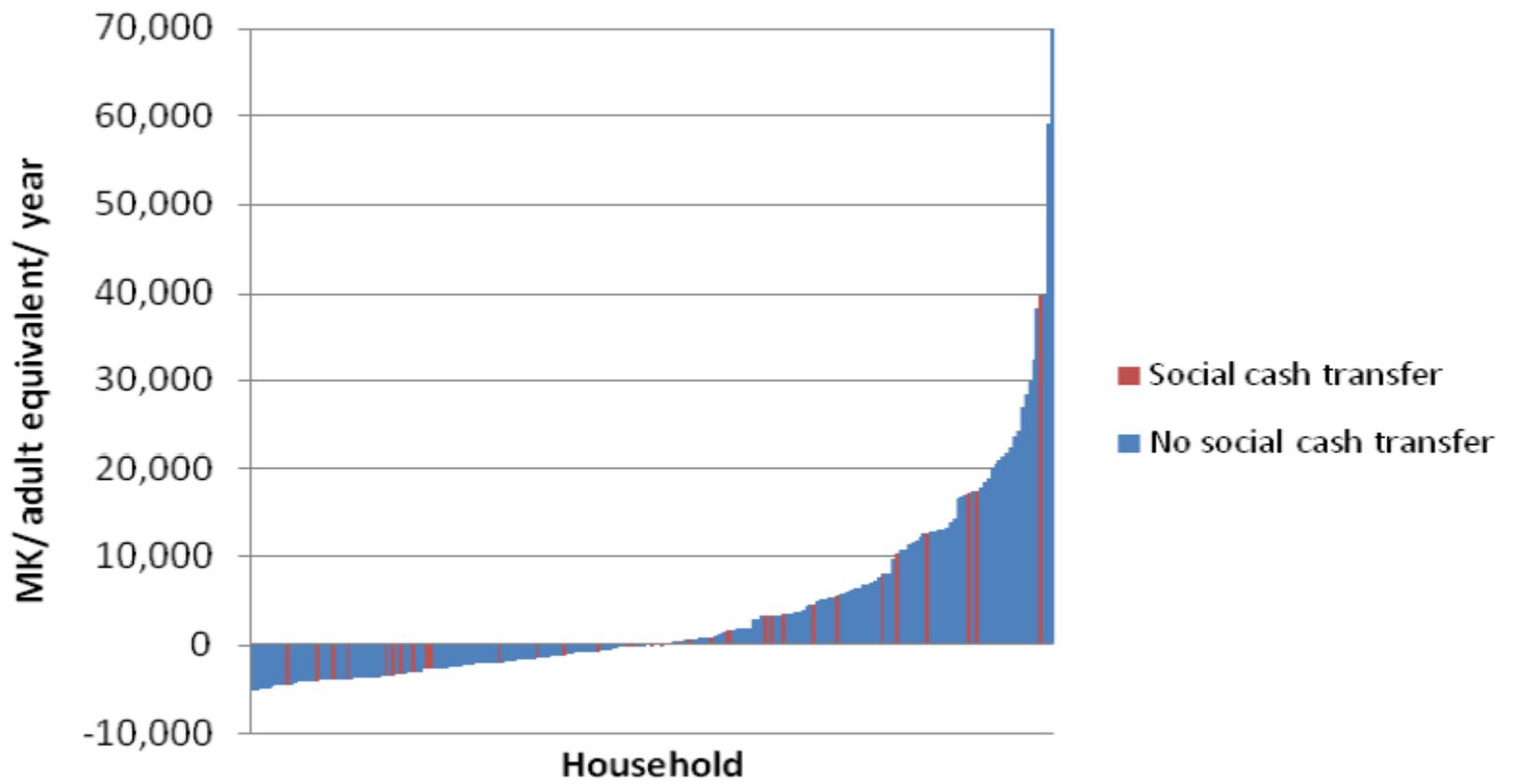
Targeting errors: In-built errors of proxy means test

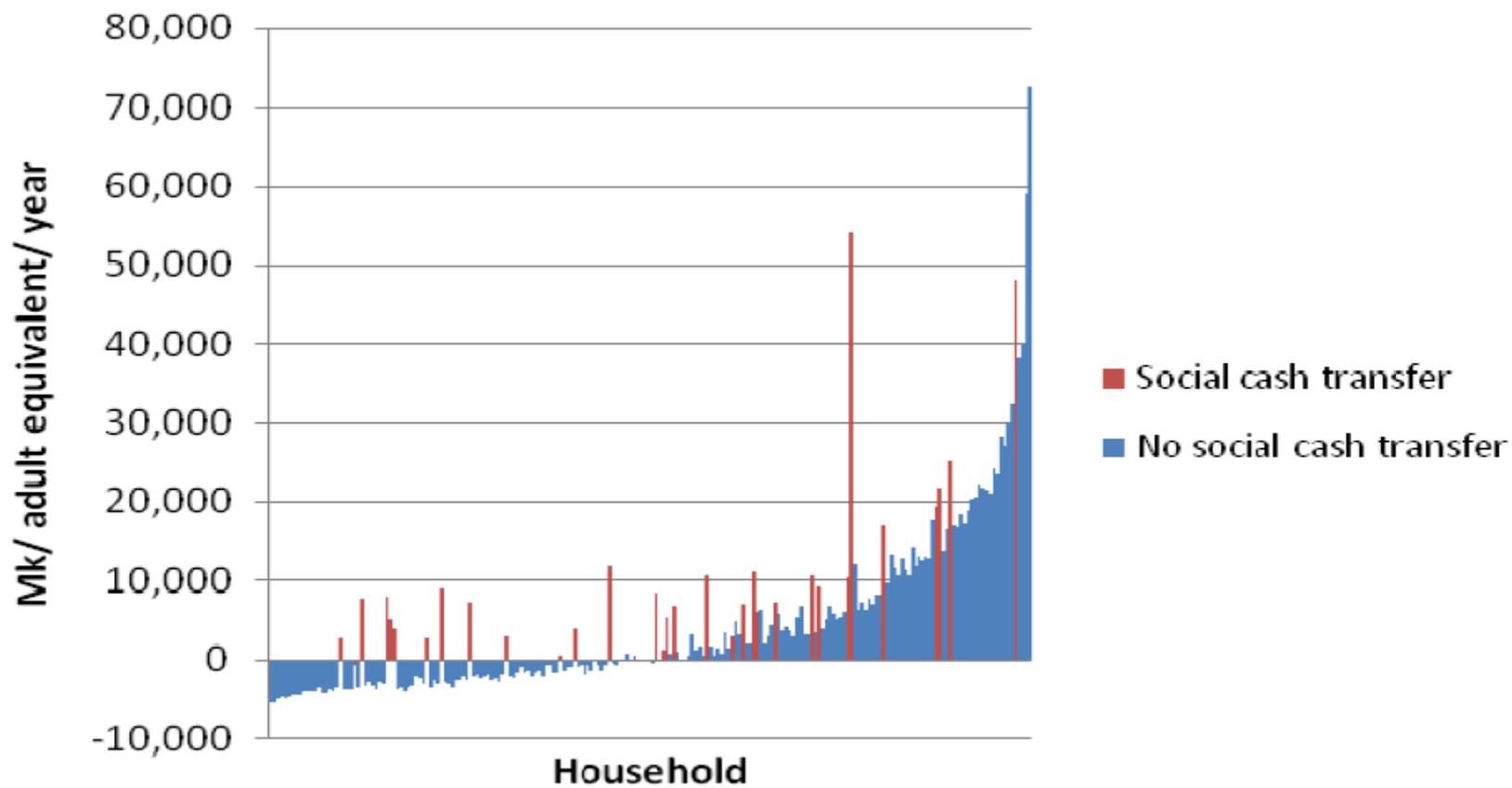


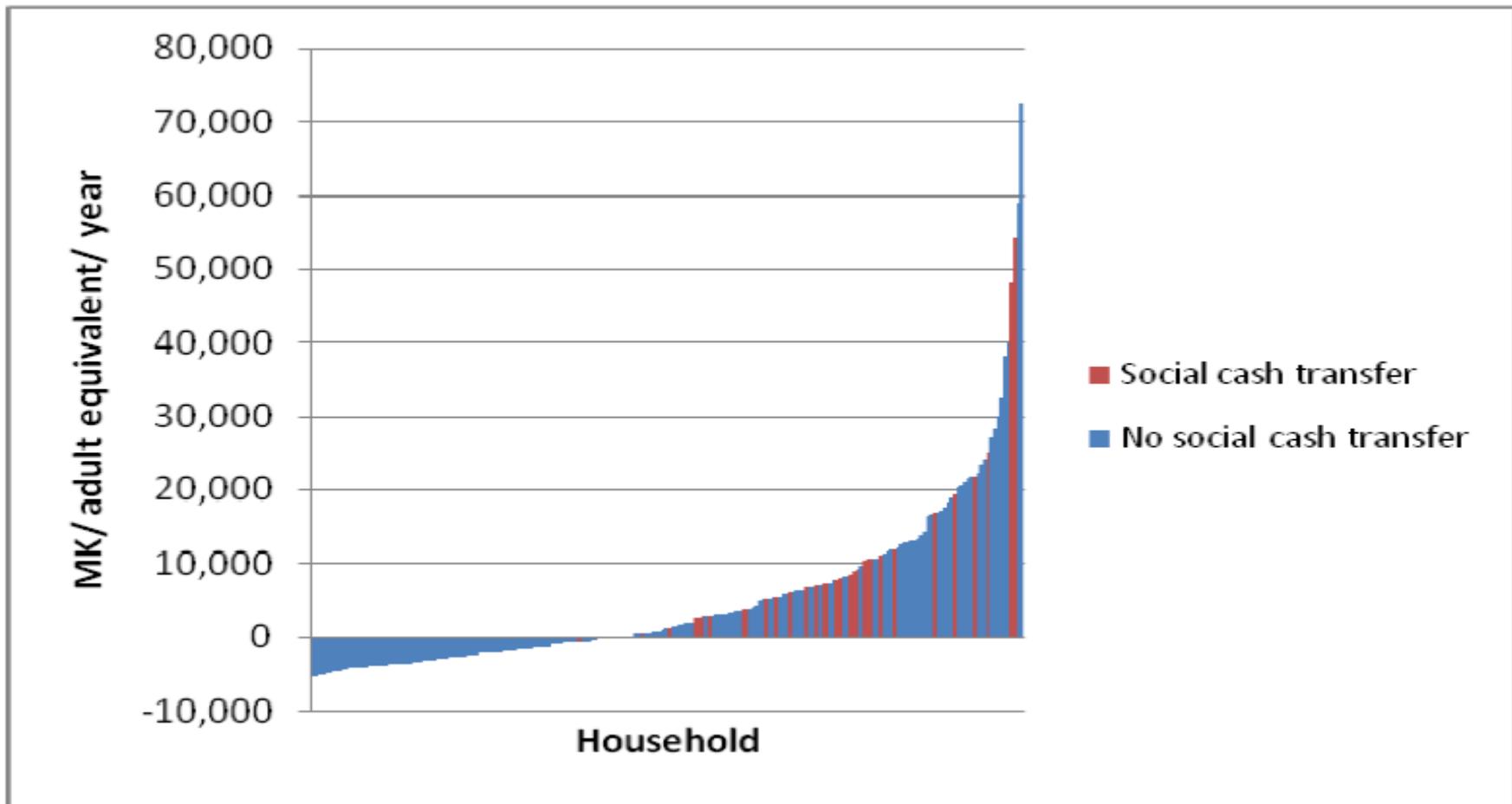
Malawi Income Distribution, by Decile



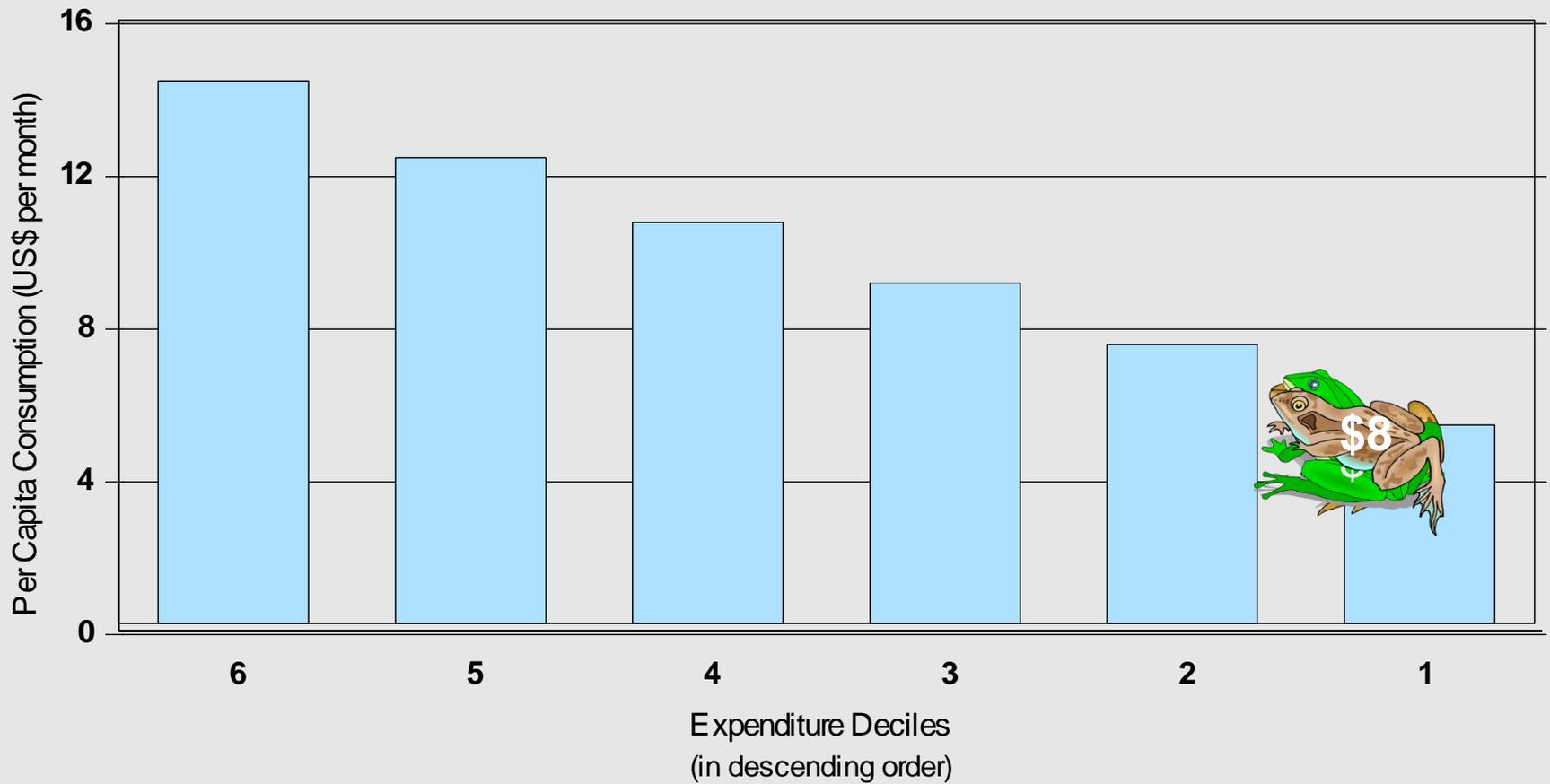








Leap-frogging



EVIDENCE

See also:

RHVP Evidence paper

DFID Evidence paper

www.socialtransfersevidence.org