



United Nations Research Institute for Social Development

Combating Poverty and Inequality *The role of social protection*

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Overview

- Social protection in the CSocD documents
- Great Expectations: the multiple objectives of social protection
- The rise of social policy on the development policy agenda
- Evidence – what works, where, why...
- Lessons, questions and challenges
 - *The politics of universal social protection*



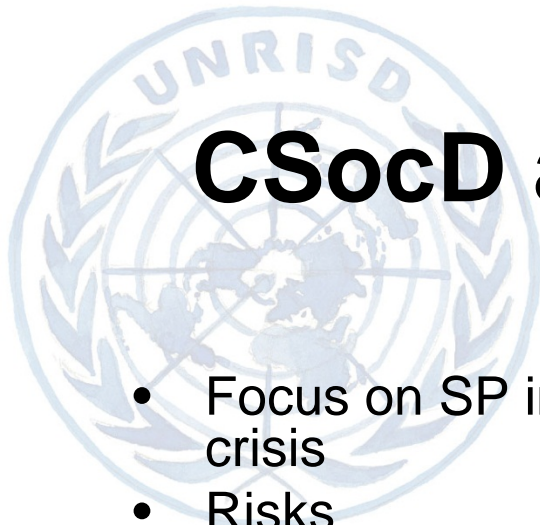
UNRISD Research and Social Protection

About UNRISD (www.unrisd.org)

- Autonomous research institute, established 1963, located in Geneva
- Mandate to undertake policy-relevant research on issues of pressing social concern and aligned with UN priorities

Recent relevant research

- Poverty reduction and policy regimes → Flagship report 2010
Combating Poverty and Inequality: Structural Change, Social Policy and Politics
- Social policy in a development context (*'transformative social policy'*)
- The social and political economy of care
- Financing social policies, social policy in mineral rich states, pension reforms, migration and social policy...
- *Social Protection in Asia* (www.socialprotectionasia.org)



CSocD and Social Protection (SP)

- Focus on SP in the context of the global financial and economic crisis
- Risks
 - economic shocks, lifecycle contingencies, economic crisis
 - globalization, climate change
- Needs
 - consumption, regular income, services (health, education)
- Right to SS – progressive move towards universal SP
- Instruments and design: social insurance, assistance, services; regular / reliable transfers, targeting, conditionalities
- Financing and affordability
- SP and SI: *Universal access complemented by broader interventions to address access to resources and distribution, participation and politics (UNRISD Report)*



SG Report on Social Integration

- Instruments for SI
 - ‘poverty reduction strategies including SP and better access to education health care and housing...’, access to employment, measures for specific groups, broad-based participation...
- SP instruments as key mechanism for achieving SI
 - Protection + developmental / investment & social justice functions ... contributing to greater cohesion / integration
- Examples: targeted policy measures and instruments (most regions) vs reforming ‘social welfare systems’ (Europe)
- *SP programmes have been increasingly seen as an effective means to reduce poverty, inequality and social exclusion, as well as to increase income-generating opportunities and promote social integration... Many SI policies and programmes target specific social groups... some have been incorporated in national strategies... broad based participation of all citizens indispensable for SI.*



SG Report on Poverty Eradication

- Challenges: growth, employment, inequality, shocks, CC, conflict
- Policy challenges: growth and employment - Social protection Social policy and structural transformation
- **The role of SP:**
 - as protection against shocks, coping, reduce vulnerability prevent deterioration in living standards; social / economic stabilizers; build human capital, livelihoods.
 - Uneven development of social insurance, greater reliance on social assistance (eg where informality high and service provision limited)
- *Overall, countries that have successfully reduced income poverty and improved social conditions on a broad scale have development comprehensive SP policies covering a majority of the population (69)*
- *.. Social policy must be an integral part of a broader development strategy if it is to address the conditions that cause and perpetuate poverty...*
- Strong conclusion in favour of universal access to basic social protection and services in order to maintain social cohesion, complemented by interventions that address discrimination, access to resources and their distribution. (What about employment?)



Great Expectations

Objectives of SP:

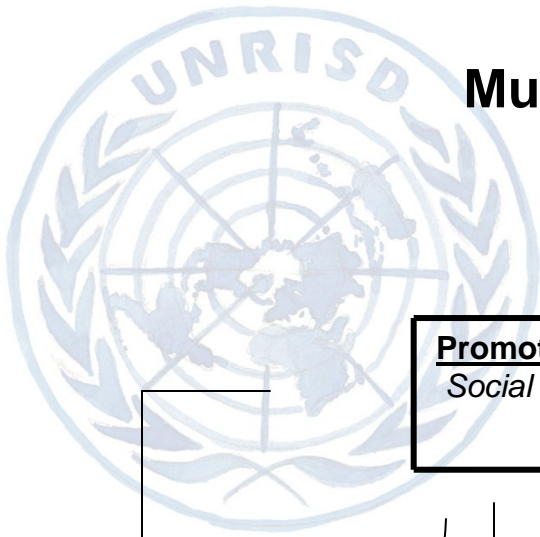
- Protection (risks, from vulnerability to security)
- Promotion (reducing poverty)
- Developmental (human capital, asset accumulation)
- Transformative (overcoming discrimination and exclusion eg changing social relations and institutions)
- Contributing to social integration, cohesion and justice

What are the appropriate instruments to achieve these goals?

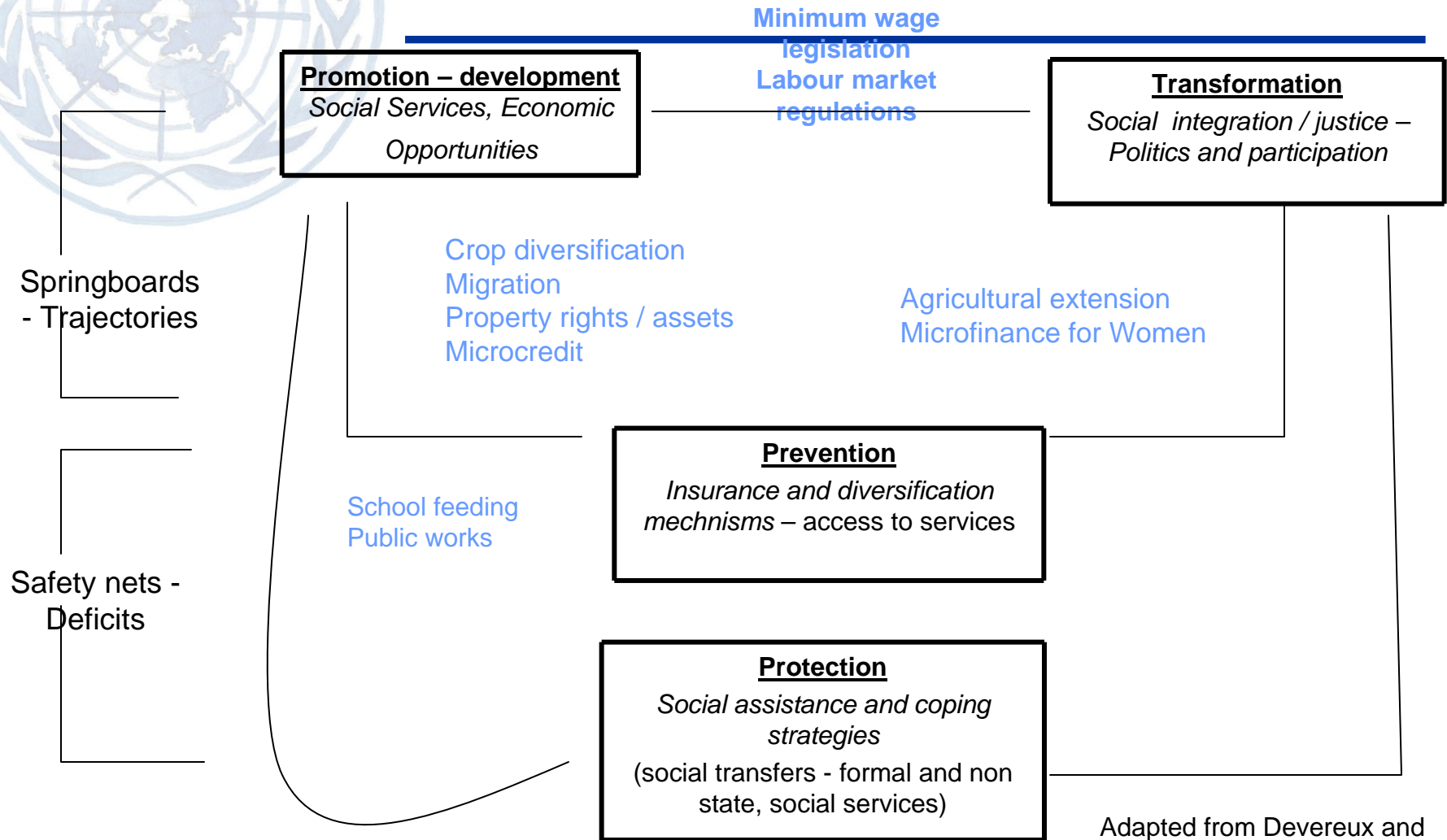
How realistic are our expectations given the available instruments?

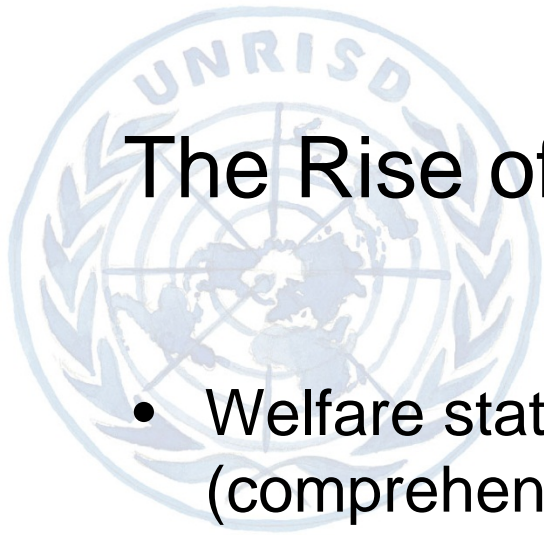
Under what circumstances do instruments have desirable outcomes?

What approach to SP is most likely to achieve the goals?



Multiple objectives and instruments





The Rise of SP on the Development Agenda

- Welfare states: - in response to industrialisation (comprehensive to residual welfare regimes)
- Low income countries: – response to crisis, adjustment, globalisation... from *ad hoc* safety nets (via social risk management) to social protection
 - Programmes and instruments...
- The current context challenges and opportunities ...
- Austerity (Europe), alternatives (Brics)



- Evidence from UNRISD research points to the following conclusion:

*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 and economic development.***

In contrast, countries that have emphasized market-oriented instruments and narrowly targeted interventions have tended to be less effective in reducing poverty.



Beyond fragmentation

- Public expenditures are increasingly pro-poor with increased spending on services and social assistance (eg cash transfers) especially focused on MDGs
- But social protection interventions are largely oriented towards targeting the poor
- The emphasis remains on *privatisation* or commercialization of services
- The result: Social policies that are fragmented with gaps in coverage and high administrative costs and limited impacts on poverty and inequality
- **Comprehensive systems that lean towards universalism are more socially inclusive and contribute to security and social cohesion**



Outcomes depend on social policy regimes

TABLE 5.1: Inequality and poverty by welfare state regimes

	Inequality among working-age population			Poverty among working-age population		
	Pre-tax and transfers Gini	Post-tax and transfers Gini	Reduction in Gini due to taxes and transfers (%)	Pre-tax and transfers (%)	Post-tax and transfers (%)	Reduction in poverty due to taxes and transfers (%)
Social democratic welfare states ^a	0.35	0.21	40.0	18.8	4.0	77.8
Christian-democratic welfare states ^b	0.35	0.26	26.0	15.6	7.0	51.6
Liberal welfare states ^c	0.42	0.32	24.4	20.5	12.0	39.5
Grand mean	0.37	0.26	30.1	18.3	7.7	56.3

Notes: Mean values. ^a Data refer to 1995 for Sweden, Norway and Finland, and to 1992 for Denmark. ^b Data refer to 1992 for Belgium and Switzerland; 1994 for the Netherlands and France; 1989 for Germany. ^c Data refer to 1994 for Australia, Canada and the United States; 1995 for Ireland and the United Kingdom. Source: Adapted from Stephens (2007).



Towards a universal transformative agenda

- **Universal social protection** can be defined as a minimum level of income or consumption granted as a right by the state to all citizens and residents of a country, thus treating everyone with equal consideration and respect.[Esping-Anderson 1990]
- As a **normative** principle, universalism is concerned with solidarity and the notion of social citizenship, which includes social rights alongside civil and political liberties, and emphasizes collective responsibility for individual well-being.
- Its achievement requires social policies that foster social cohesion and coalition building among classes, groups and generations.
- It is more likely to be fiscally and politically sustainable, to provide greater equality of opportunities *and* outcomes, and to have a desirable macroeconomic impact on stabilisation and growth.



Many pathways to expanding SP

- An analysis of social protection across selected countries shows that the extension of SP can follow various paths.
- These depend on policy choices as well as the nature of existing institutions, the level of economic development and fiscal space, and features of social and economic transformation.
- Top down, bottom up



Different Pathways

Growth Path

- Developmentalism and industrialization
 - Rep. of Korea, Taiwan
Province of China
- The 'social democratic' model
 - Costa Rica
- Dualist economies
 - Argentina, Brazil, South Africa
- Agrarian-informal contexts
 - India, Tanzania

Labour Markets

- From full employment to « mature » LMs
- Informality lower than LA average
- Dualist LMs: High informality LA, high unemployment SA
- Majority of labour force in informal economy; high percentage of working poor



Costa Rica: a social-democratic welfare model in Latin America?

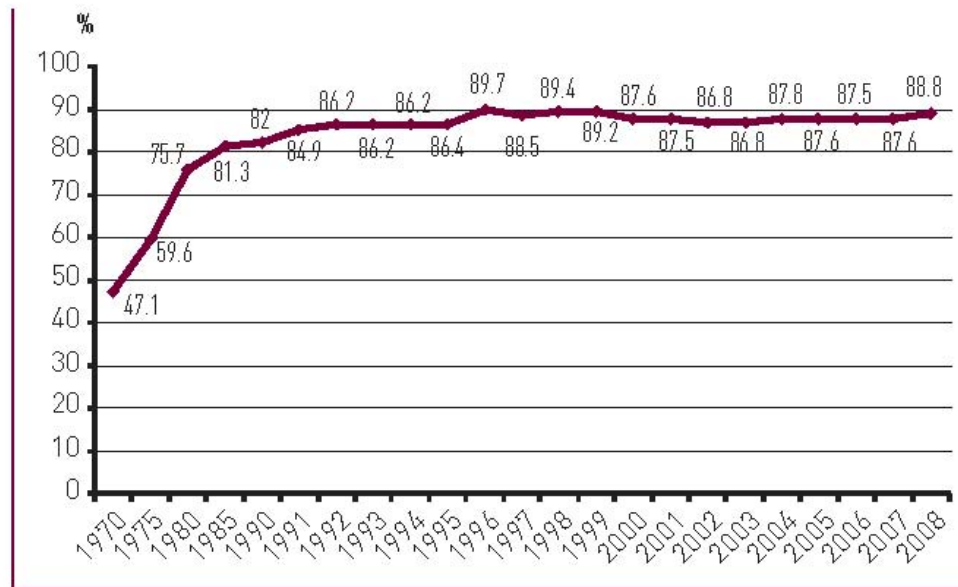
- Strong commitment to universal provision of education and health
- Efforts to increase coverage of contribution-financed social insurance:
 - Mandatory affiliation for self-employed
 - State subsidy for contribution payments of difficult-to-cover groups (self-employed, peasants, domestic workers)
- High expenditure on social assistance (5.6 % GDP in 2006), financed through progressive payroll taxes



Coverage of health and maternity insurance in Costa Rica, 1970–2008

(% of total population)

FIGURE 5.5: Coverage of health and maternity insurance in Costa Rica, 1970–2008
(% of total population)



Source: MIDEPLAN-SIDES 2009b.



Brazil: towards more social inclusion

- Parametric reforms of social insurance programmes
 - Reform of civil servant pension regime frees up funds and increases equity
- Extension of Social Assistance
 - *Fome Zero/Bolsa Familia* programme
 - Social pensions (rural pension, not means-tested, reaching more than 7 million people)
- Successful economic development has created formal jobs



CCTs in Latin America

TABLE 5.5: Costs, benefits and number of households reached by conditional cash transfer programmes in Brazil and Mexico

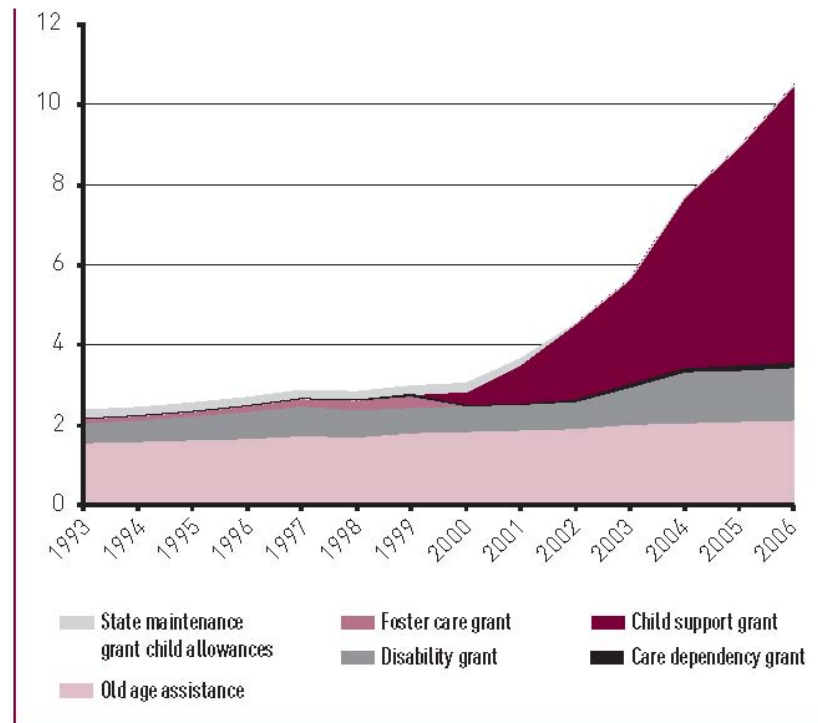
	Per capita GDP in 2006 (PPP \$)	Population below national poverty line (%)	Poverty headcount ratio at PPP \$1.25 a day (% of population)	Budget (\$)	Coverage (households)	Monthly monetary benefits in 2008 (\$)	Administrative costs (% of programme budget)
Brazil: Bolsa Familia	8,949	21.5 (2003)	11 (in 2000) 5 (in 2007)	\$5 billion in 2005 (0.36% of GDP)	11.1 million (2006)	\$35 per extremely poor family \$11 (variable) per child, up to 3 children \$17 (variable) per adolescent, up to 2 adolescents	4
Mexico: Progreso/Oportunidades	12,176	17.6 (2004)	5 (in 2000) 2 (in 2007)	\$3.1 billion in 2006 (0.4% of GDP)	5 million (of which 3.5 million were rural)	Education: \$12–\$77 per child (variable by school level/gender); \$2 per child for school supplies Nutrition: \$18 per child Pension: \$25 per elderly Energy and food: \$16 per family Youth: \$3–\$27 per young person	9

Sources: UNRISD compilation based on data from ECLAC (2009), World Bank (2009a), United Nations Millennium Development Goals Indicators 2009.



South Africa: The challenge of unemployment

FIGURE 5.3: Number of social assistance beneficiaries by programme in South Africa, 1993–2006 (millions)



Source: Seekings and Nattrass 2008.



India and Tanzania: the challenge of informality

- India:
 - Multiplicity of programmes, innovative approaches, fiscal space
 - lack of coordination, fragmentation and low coverage
 - National Rural Employment Guarantee Scheme
 - Tanzania:
 - Low coverage, multiple providers (NGOs, donors, communities), fiscal constraints
- ⇒ Bottom-up universalization?



Key lessons

- SP must be integral to efforts to create sustainable and **employment-intensive growth paths**
- Social assistance programmes most effective as part of a **long-term SP strategy**, avoiding complex mechanisms of targeting and conditionality.
- SP strategies must include the expansion of **basic services** including those that relieve the burden of (unpaid or paid) **care work** particularly of women.
- SP systems need to be built on **financial arrangements** that are themselves sustainable in fiscal and political terms, equitable, and conducive to economic development.
- Political arrangements, strategic alliances and social dialogue are important for building a **national consensus** or social pact
- **Universal programmes** can generate broad support from groups with ability to pay and political influence



Details of UNRISD Report

Combating Poverty and Inequality Structural Change, Social Policy and Politics

The UNRISD Flagship Report 2010

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