

Social Protection: its Role in Poverty Reduction and Development

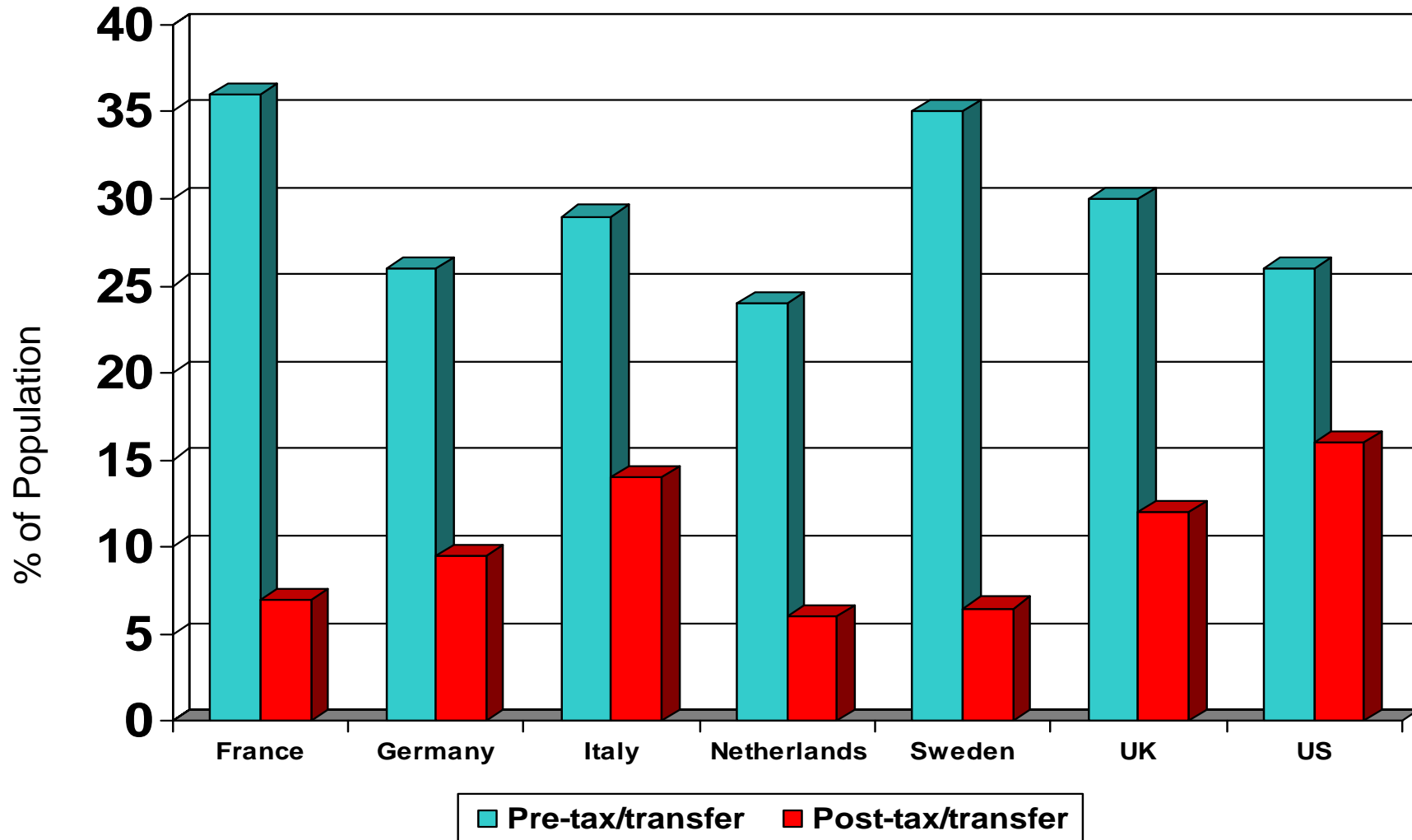
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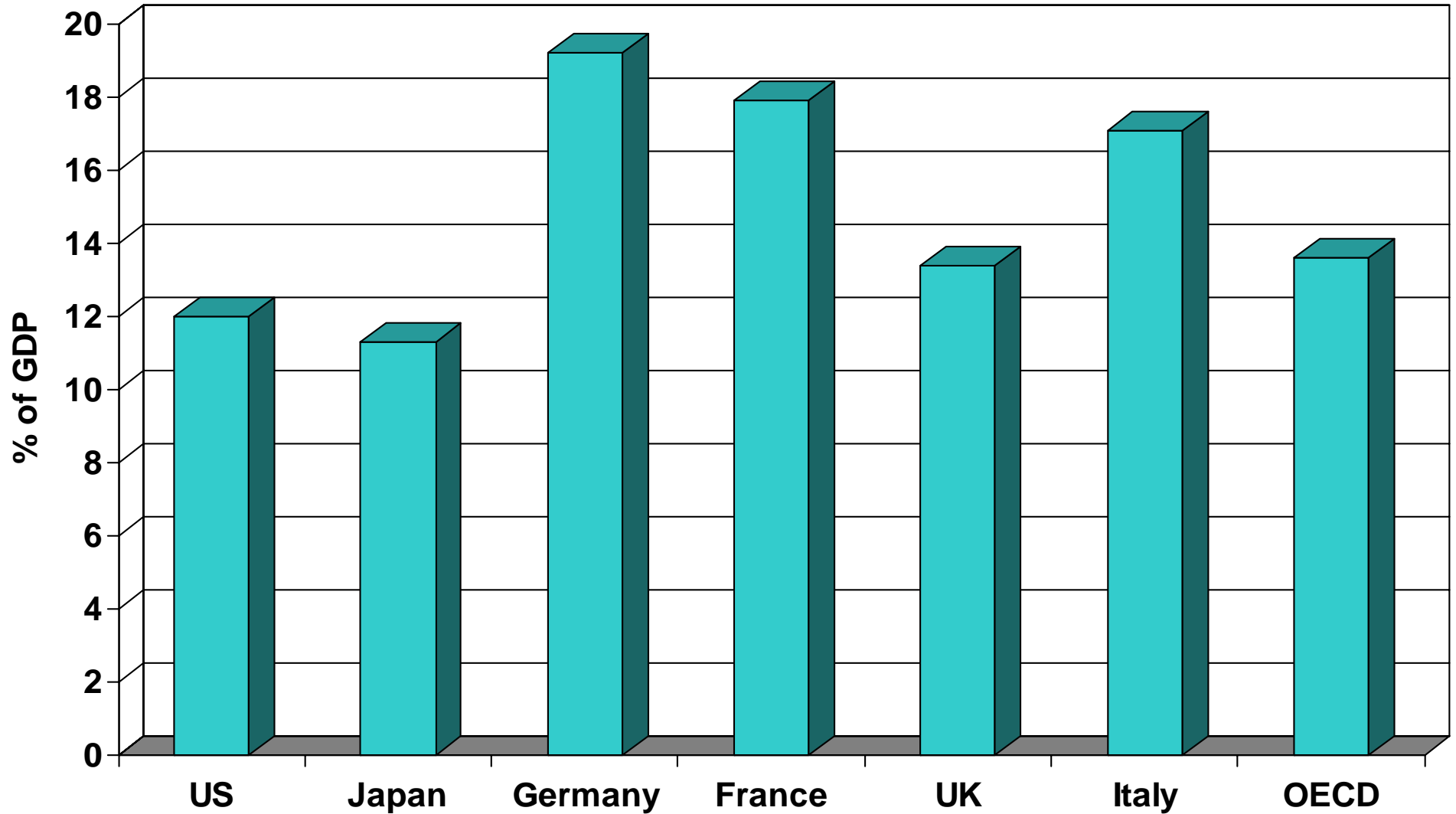
HelpAge International

Brussels: 23rd June 2009

Impact of social protection in OECD countries



Investment in social security in OECD countries



Development paradigm: work not protection

- MDG 1 – focus on income poverty and hunger
- In a market economy, families need cash to live
- Development practitioners – and governments – promote work (eg. livelihoods programmes; micro-credit)
- But, many cannot work or get enough income
- Life is unpredictable
- Humanitarian assistance and provision of food aid has become the only option – yet many “emergencies” are entirely predictable

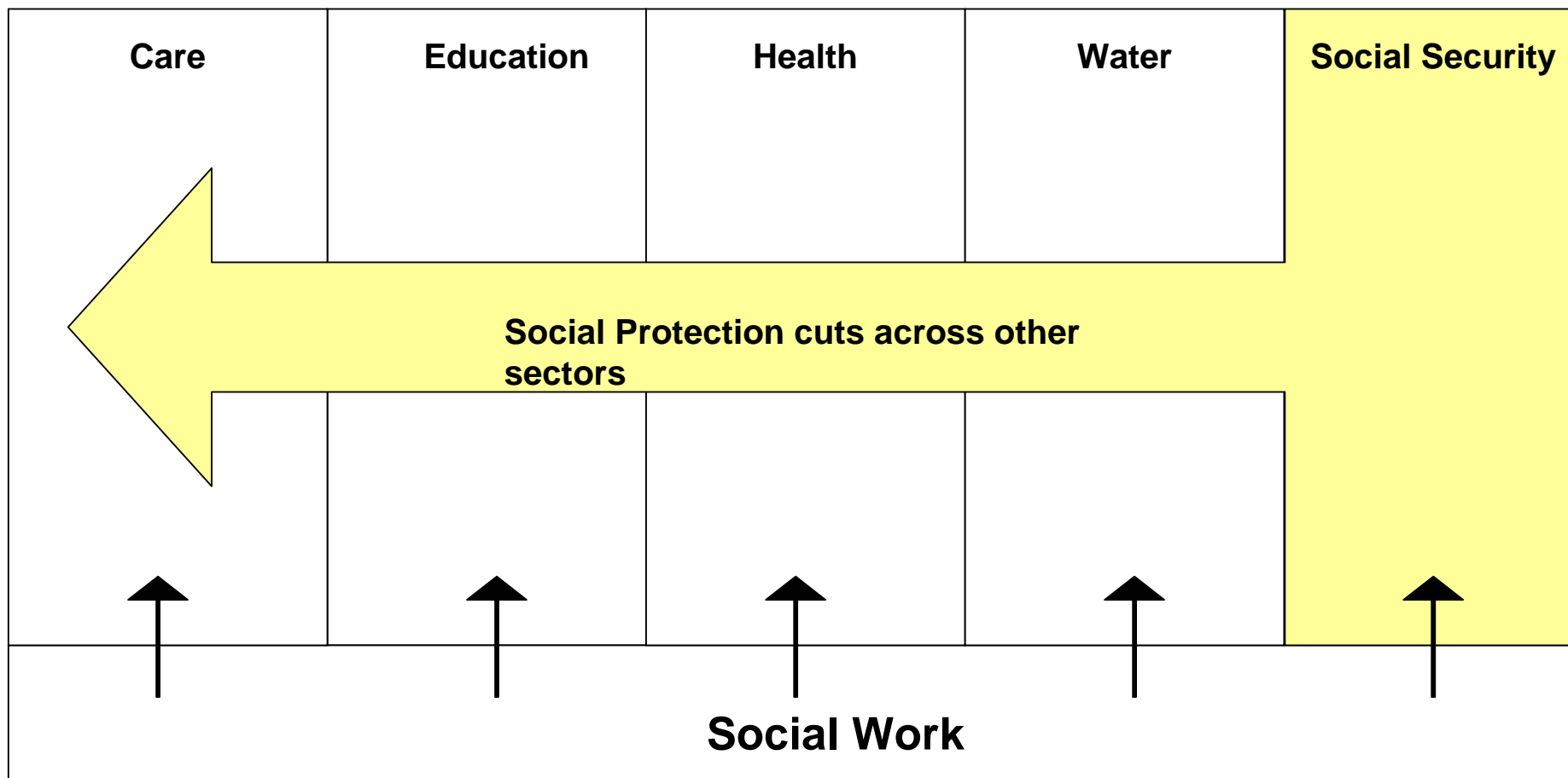
Two sides of same coin

- Social protection – in terms of system of cash transfers – and employment are two sides of same coin
- To achieve poverty reduction – and impact on MDG1 – it is critical to put in place both policies to directly support and encourage work and a comprehensive social protection system

What is social protection?

- The set of public actions – provided by the state, civil society, or privately – that offer direct support to people to help them address risk, vulnerability, exclusion and poverty.
- **Social protection** is often employed more narrowly – as in UK domestic usage or by the ILO – as an alternative term to **social security**, essentially the *system of social transfers that provide income security to people in case of poverty, unemployment, sickness, disability, old age and loss of the breadwinner.*

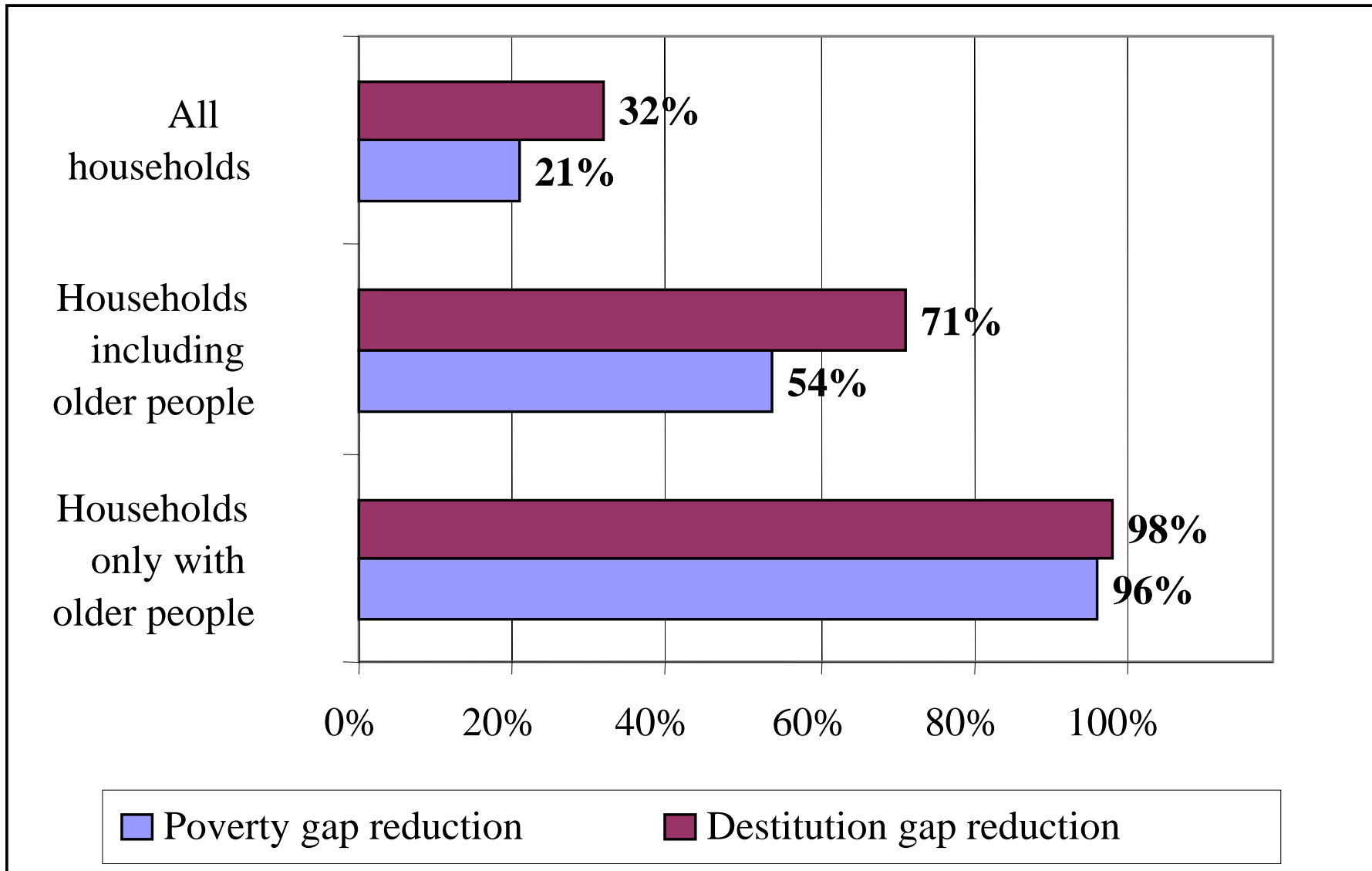
Social protection cuts across public services



Cash transfers

- Evidence of significant impacts of cash transfer programmes
 - Old age pensions
 - Child grants
 - Disability grants
 - Conditional cash transfers
- Impacts on:
 - Poverty and hunger
 - Education
 - Health
 - Child labour
 - Empowerment and dignity
 - Economic growth

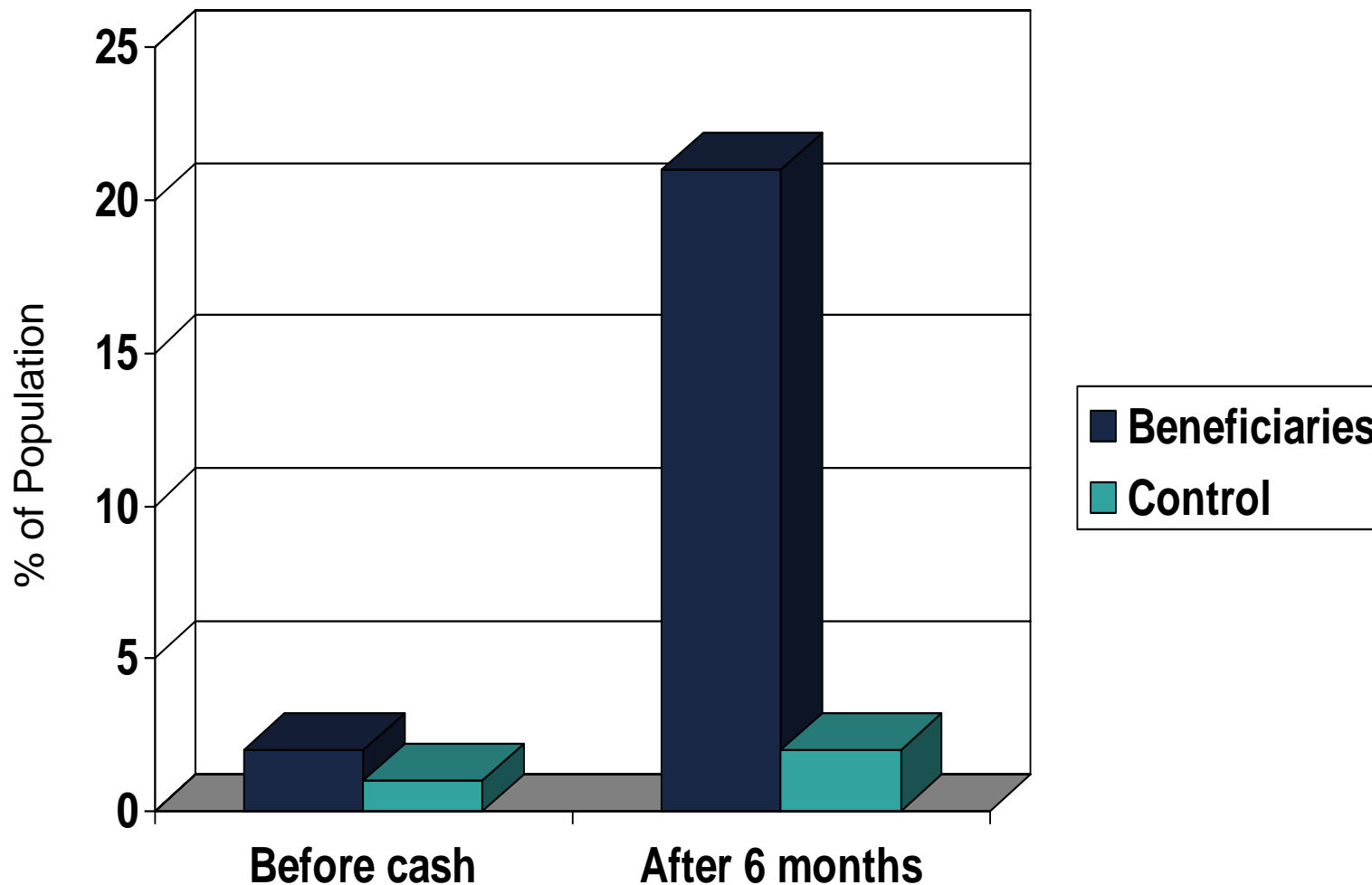
Impact of non-contributory pension: South Africa



Impact on nutrition

- Pensions associated with a 5 cm increase in height among children in South Africa
- 70% of households in Mexico's *Oportunidades* programme have improved nutritional status
 - Growth rate among children increased by one centimetre per child per year
- Similar increase in height associated with child support grant in South Africa and Brazil rural pension

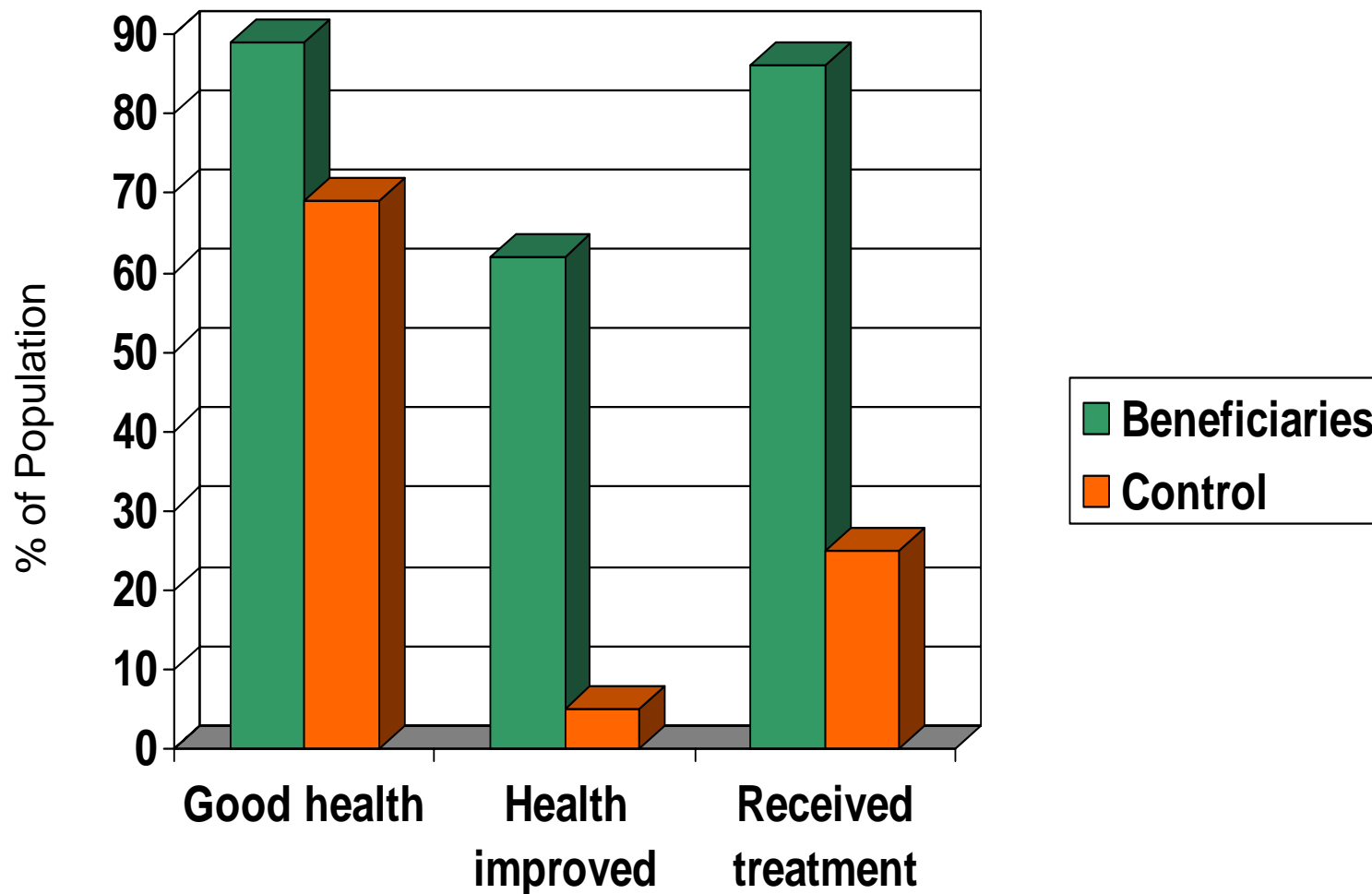
Malawi (Mchinji): Consumption of goat



Impact on education

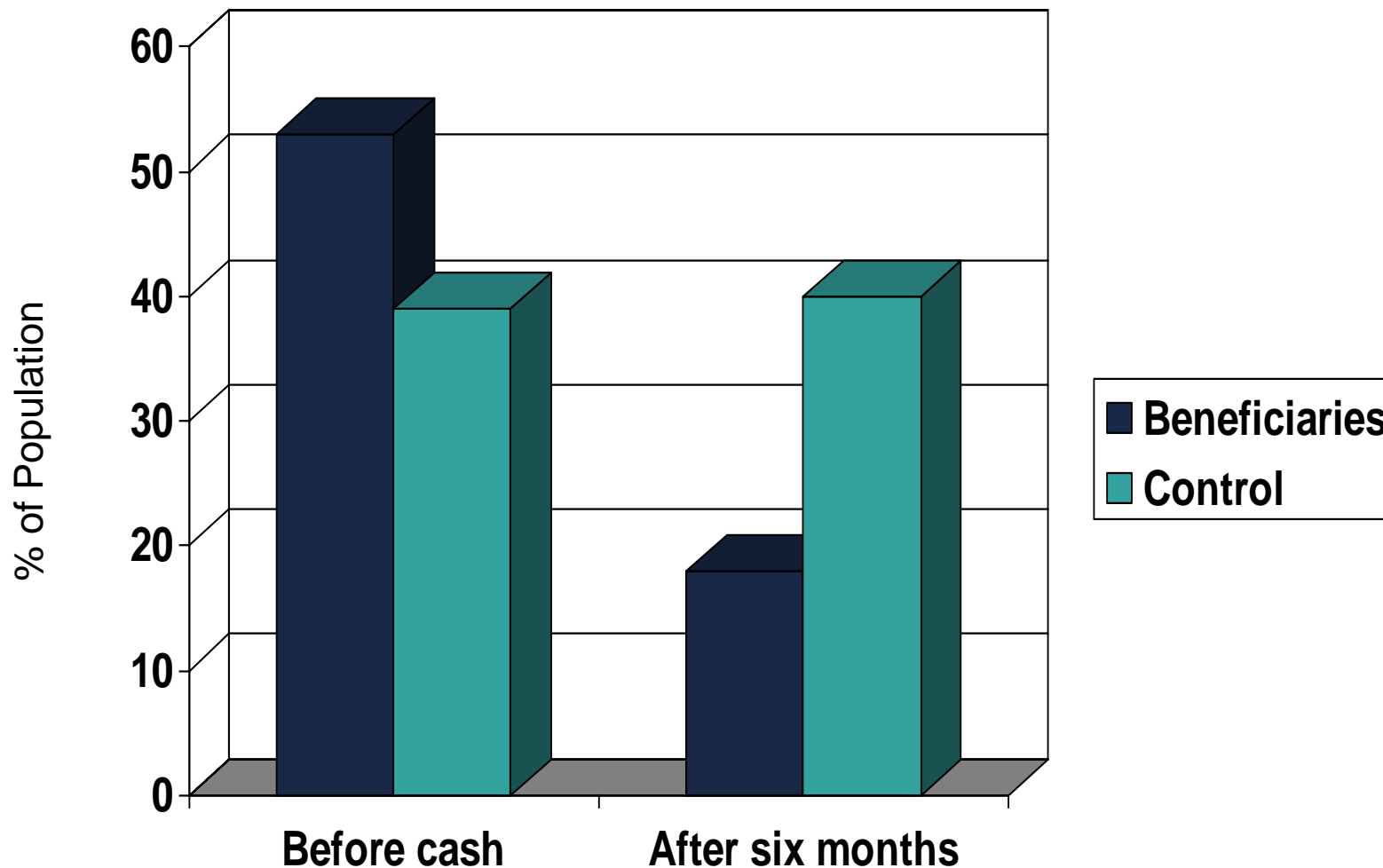
- South Africa: pension led to 8% increase in enrolment among poorest 20%
- Zambia: 18% increase in school attendance
- Malawi:
 - 1.6 days per month absence from school for beneficiary children
 - 2.7 days absence per month from school for non-beneficiary children
- Bangladesh: 20-30% increase in enrolment among recipients
- Nicaragua: 23% increase in school attendance among recipients

Malawi (Mchinji): health benefits



Malawi: reduction in child labour

(% of children involved in child labour)



Empowerment and dignity

- Strong evidence in Mexico of women's voice being strengthened in both household and community as a result of cash
- Reduction in begging, in particular among older people; pensions mean that older people more likely to live with families
- In Brazil, pensions have restored older people to positions of leadership in communities
- Guaranteed cash transfers mean that uncertainty in lives of poor families is replaced by predictability:
 - Can begin to plan for the future

Impact on economic growth

- Evidence that families will invest in productive activities and seek employment
 - Zambia: households invest 29% of income (of \$7 per month)
 - South Africa: households receiving pensions and child grants are more likely to seek and find employment
- Families better able to respond to crises, so that they do not get rid of their assets
- Enables families to invest in children so that they become a more productive workforce
- Cash injection stimulates markets and consumption
 - Namibia: increase in market activity across the country as a result of the pension
 - Malawi: cash transfer into rural communities associated with doubling of cash in communities
 - Mexico: significant increase in assets among non-beneficiaries of Oportunidades programme

But, can be applied to cash (child grant)

Protective	Provides relief from deprivation	Enables poor families to buy food
Preventive	Stops those at risk from falling into poverty	During drought, provides minimum income
Promotive	Enhances income and promotes livelihoods	Used by families to support agric. production
Transformative	Gives families a future; cash empowers	Removes uncertainty; impacts on gender

Controversies

- Universal or means-tested programmes?
- Conditionalities or not?

ILO proposal: social security floor

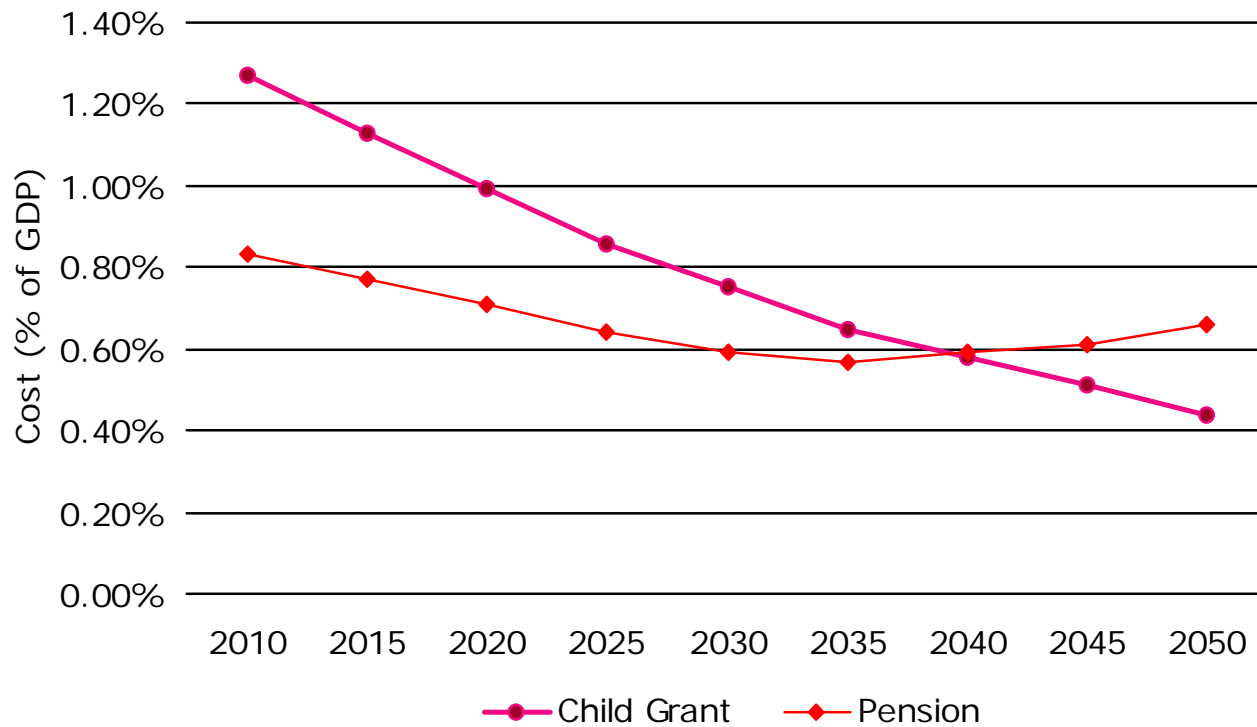
Social security floor would comprise:

- Universal pension
- Universal child grant
- Disability benefit
- Benefit for the unemployed

Cost of universal pension and child grant in Zambia

Pension: US\$10.5 per month to all over-65s

Child benefit: US\$5.5 per month to all 0-3 yrs



Cost of universal pensions as percentage of GDP

