

# **A stimulus package for the poor? Social protection in times of crisis and beyond**

**Gordon Alexander**

**Ministerial Conference on Mitigating the  
Impact of Financial Crisis and Preparing for  
Recovery** Almaty Dec 8th 2009

unite for  
children

unicef 

# Main messages

- **Economic crisis adds a new layer of vulnerability** – on top of often high levels of poverty and deprivation
- **Countries have avoided a repeat of mistakes of earlier crises** – but social protection responses cannot do better than existing systems allow
- **Comprehensive Social Protection systems make a direct contribution to balanced economic growth**
- **Children are particularly vulnerable to becoming poor** – impacts of poverty on children's development undermine social cohesion as well as economic growth

# Crisis response – Good... and yet Not So Good

- Countries have committed to protect vulnerable groups & social expenditure but pressure is rising
- Overwhelming proportion resources to banking, infrastructure and support of enterprises
- Some but surprisingly little use of active labour market policies and social protection
- Social protection measures concern mainly pensions and topping up of social assistance – with unclear impact

# Re-visiting Overall Purpose: What is Social Protection?

**A mix of**

- ***Contributory benefits.***
- ***Tax-funded categorical benefits***
- ***Tax-funded minimum income schemes***

**With objective to**

- Mitigate social risks
- Prevent and reduce poverty
- Contribute to broad-based economic growth

# Shifting perspective: What criteria of effectiveness?

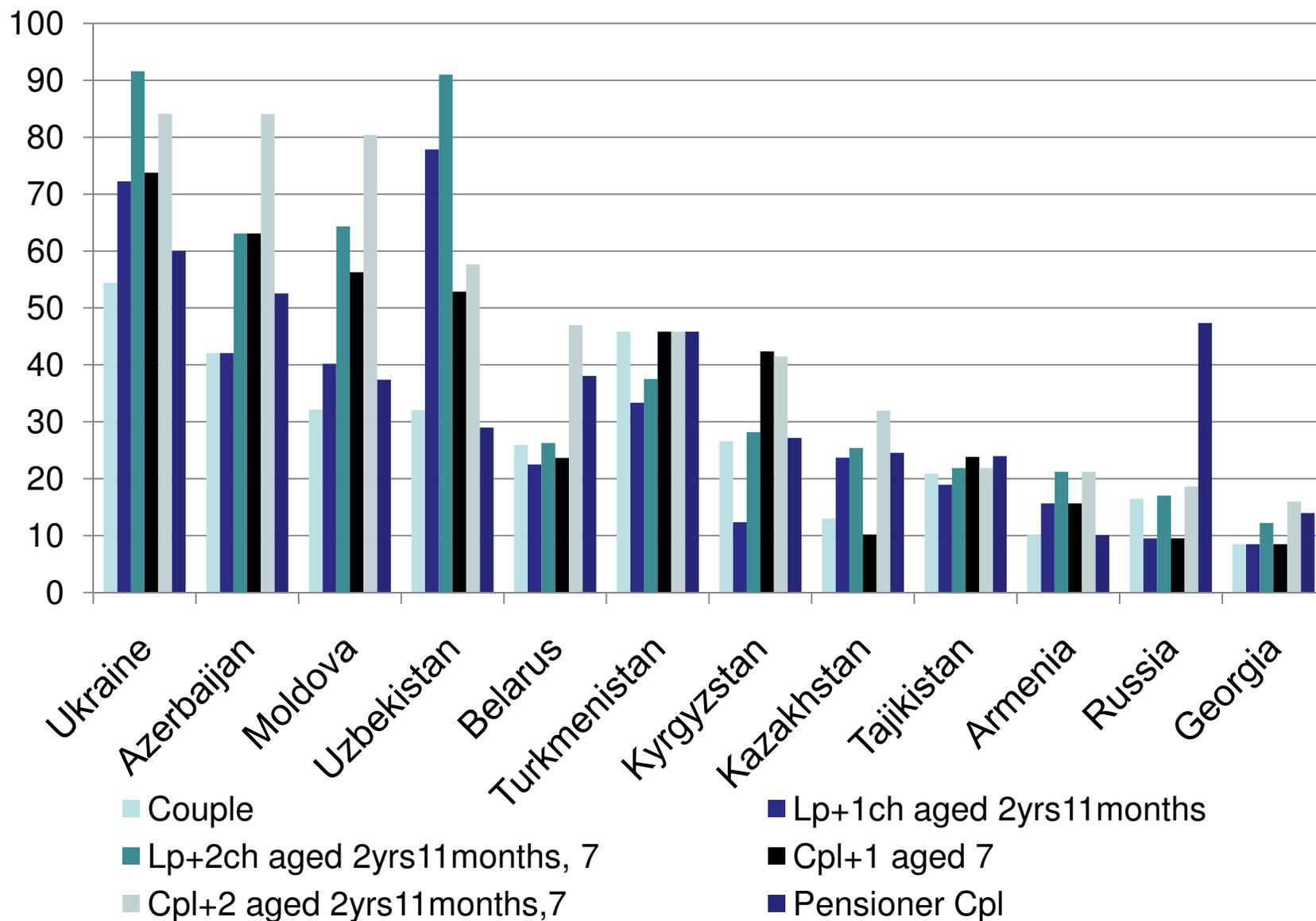
- Actual impact on families? Poverty rates and poverty gaps
- Are entitlements sufficient to make ends meet? Adequacy and availability of benefits
- Extent of coverage, accessibility and governance

# Do cash transfers make a difference?

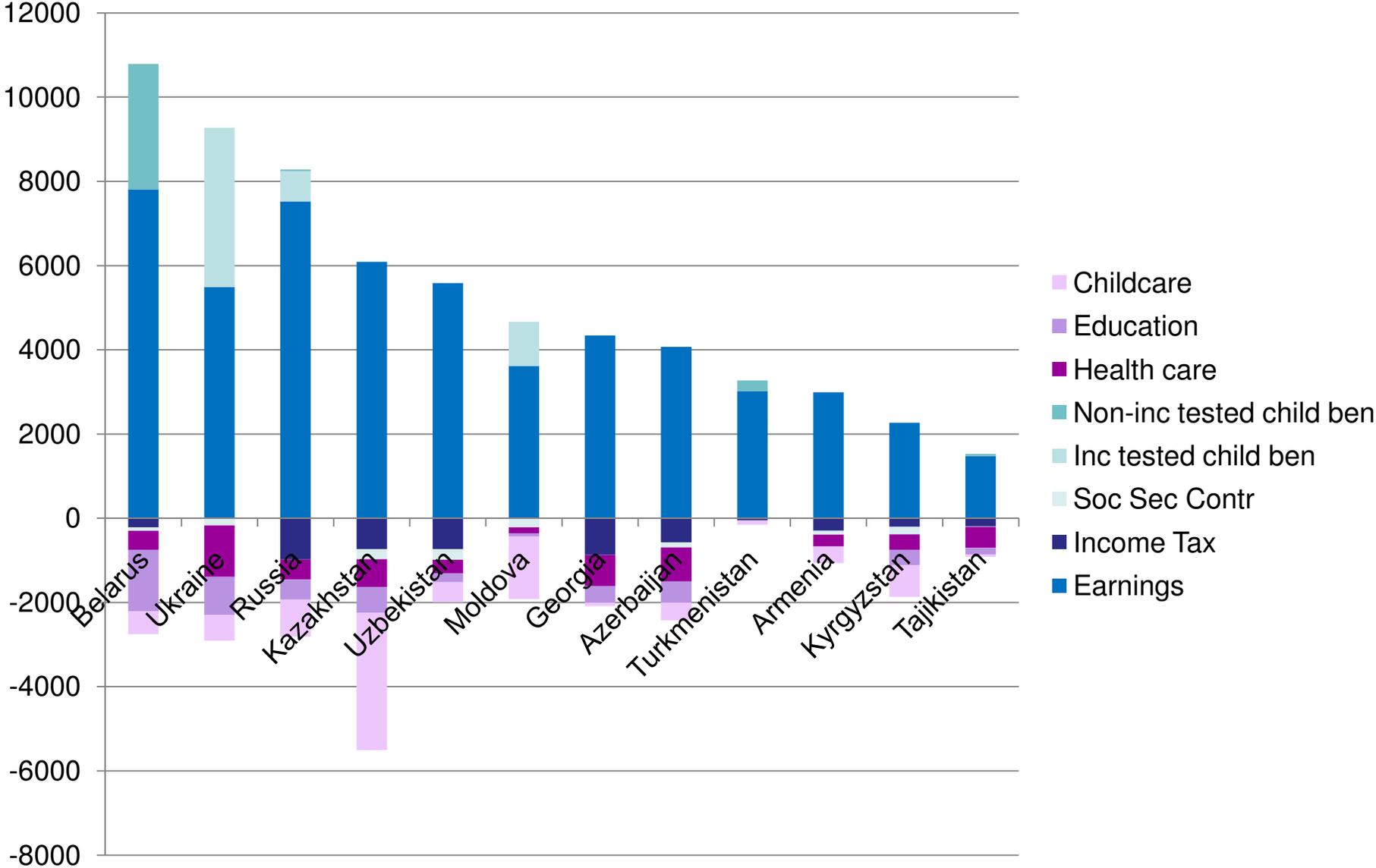
## Poverty rates before and after transfers (2007)

	Pensions		Social assistance	
	pre-transfer	post-transfer	pre-transfer	post-transfer
<b><i>general poverty</i></b>				
Belarus	25 %	14.7%	16.4%	14.7%
Moldova	37.7%	25.8%	26.8%	25.8%
Armenia	31.2%	25.0%	26.4%	25.0%
<b><i>child poverty</i></b>				
Kyrgyzstan	56%	43%	46%	43%
Georgia	33%	28%	30%	28%
Armenia	34%	26%	30%	26%

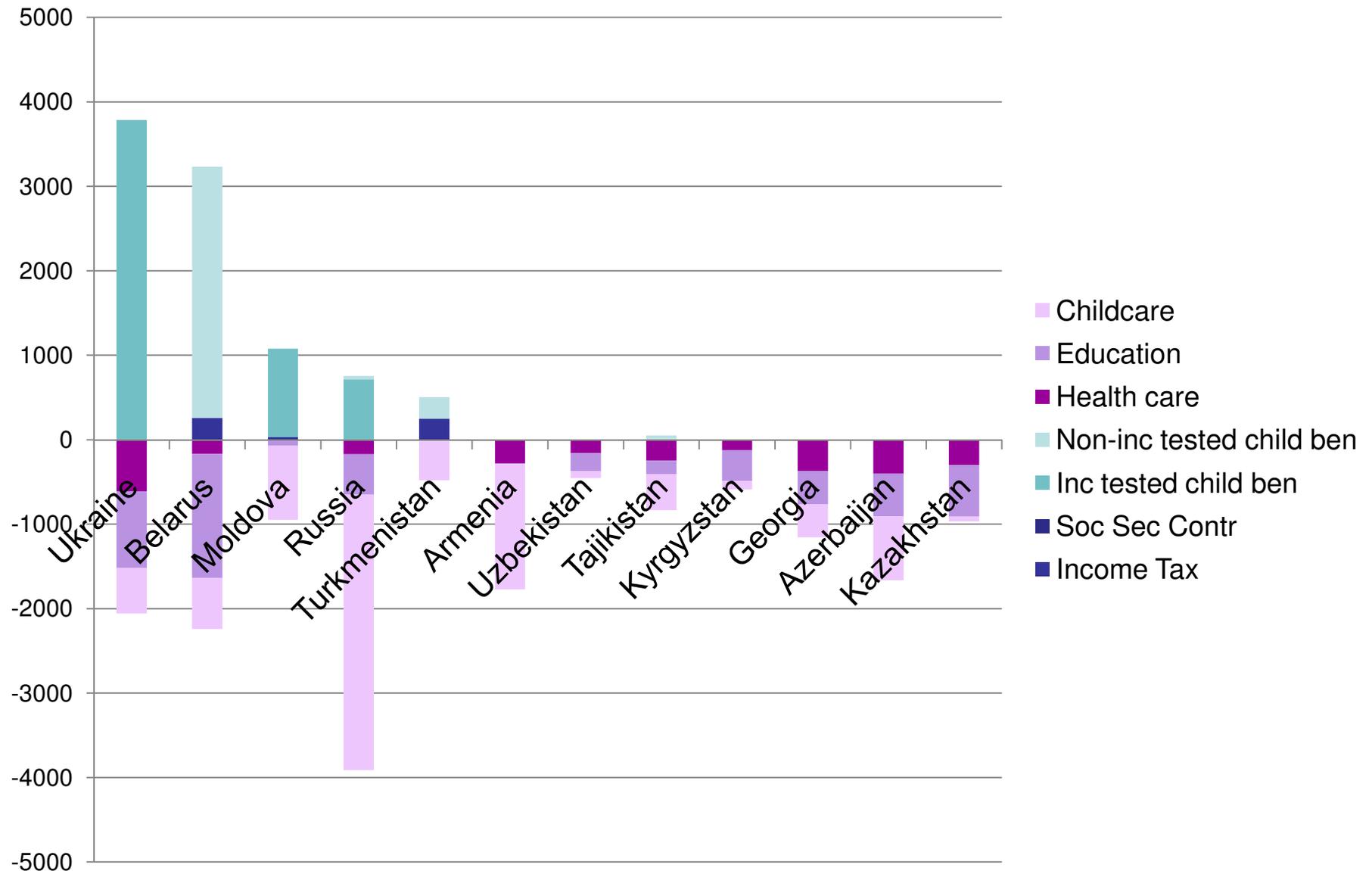
# Social Assistance as % of average earnings



# Model Family Analysis: income composition couple, 2 children, half average earnings



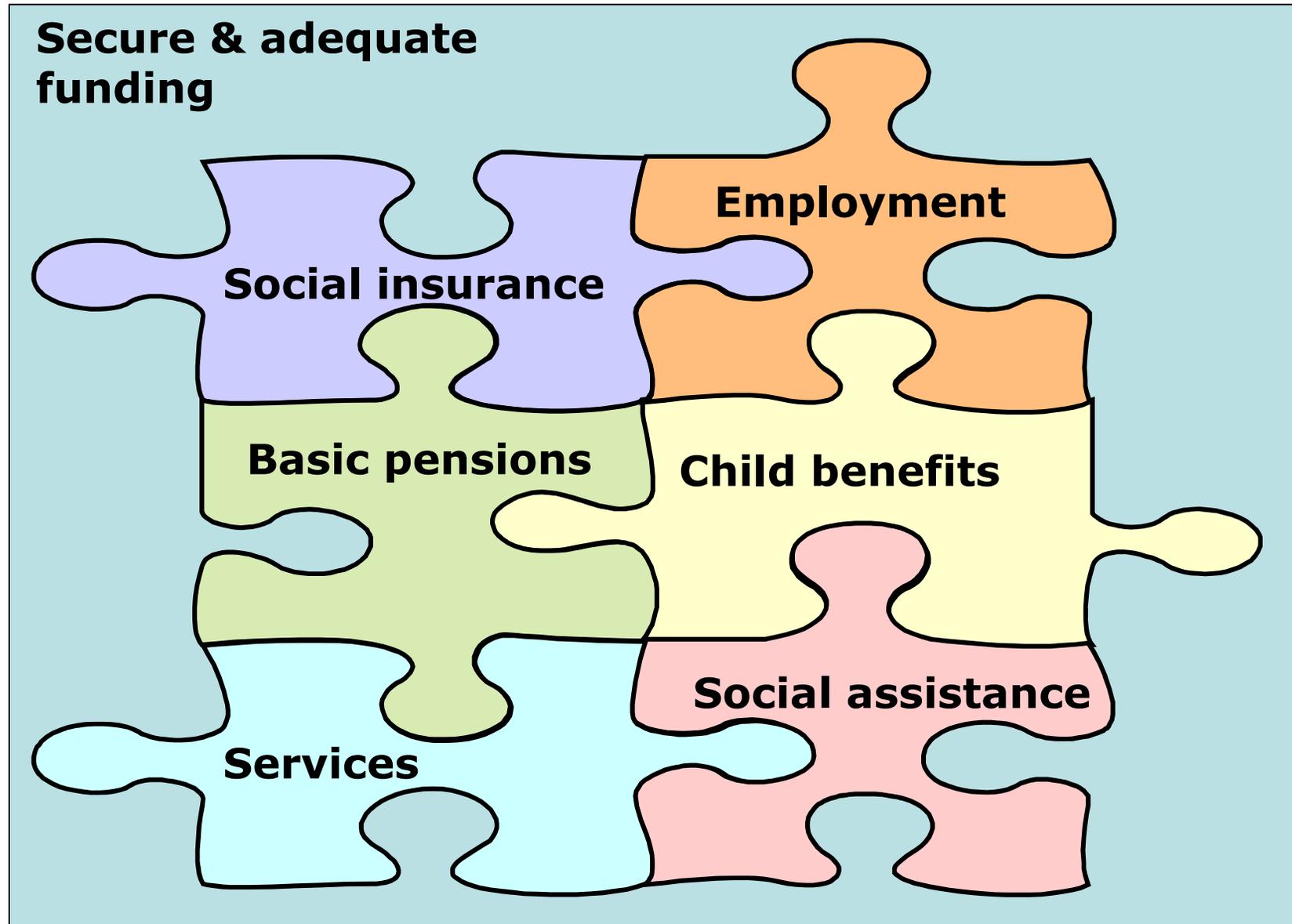
# Model Family Analysis: Child benefit package, difference from childless couple



# Social protection in times of crisis – Security for all plus tailored support for vulnerable

- A renewed social consensus in a diverse region – social protection to reduce and prevent poverty and mitigate social risks
- A mix of contributory and tax-funded cash transfers, employment policies plus quality services – extend coverage to those not yet included
- Expansion of family support and child care services – accessible, flexible, affordable and responsive to families' needs
- Start early – focus on early childhood & on prevention of long-term problems
- Simple – transparent – accessible – easy to administer

# Towards an integrated strategy



# How to get there?

- It does cost money – but the cost of poverty and exclusion is much higher
- It is a question of priorities
  - Can make better use of fiscal space
  - What weight does poverty reduction have?
  - What weight support to families?
- Progressive realisation – not all at once but step by step
- It is not so much about where to start but where to go – with a clear vision that path can be set out