

Social Protection

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Abstract

Since the turn of the century, social protection has emerged as one of the fastest growing areas of development policy and practice. Large-scale social assistance programs in middle-income developing countries providing direct transfers make an important contribution to the reduction of poverty and vulnerability, and to knowledge on poverty and its remedies. Increasingly, social protection is seen as an essential component of an effective development strategy, combining growth, basic service provision, and social protection. The rationale, conceptual basis, design, and effectiveness of social protection in developing countries are contested. The chapter throws light on this discussion by examining the concepts and practice of social protection in developing countries.

Keywords: social protection, social assistance, development, poverty, transfers, human development, employment guarantees

Introduction

Since the turn of the century, social protection has emerged as a key area of development policy and practice. Large-scale social protection programs in middle-income developing countries providing direct transfers to households in poverty make an important contribution to the reduction of global poverty and vulnerability. More recently, social protection programs have begun to emerge in low-income countries. The expansion of social protection in the South has been described as a “quiet revolution” (Barrientos and Hulme 2008), because for the most part it represents domestic policy responses to poverty and vulnerability. Increasingly, social protection is perceived as an essential component of effective development strategies, combining growth, basic service provision, and social protection. The rationale, conceptual basis, design, and effectiveness of social protection in developing countries are contested. The main objective of this chapter is to throw light on the concepts and practice of social protection in developing countries, with a view to assessing the role of social protection in development.

Basic terminology is an issue and a necessary starting point. In developed countries and in the work of the International Labour Organization (ILO), social protection comprises *social insurance*, contributory programs covering life-course and work-related contingencies; *social*

assistance, consisting of tax-financed programs addressing poverty and vulnerability; and *employment programs* whether “passive” or “active.” The importance of social protection is well understood in European countries, especially as it constitutes the core of welfare states which emerged in the aftermath of World War II. In the context of developing countries, and in international development policy debates, social protection has come to describe a range of programs and policies addressing poverty and vulnerability—social assistance, in the terminology described above. In the chapter, the terms *social protection* and *social assistance* will be used to refer to the broader and narrower definitions of social protection respectively. In developing countries, social protection is generally underdeveloped. In some middle-income countries, especially in Latin America, social insurance institutions are in place but protect mainly formal workers. Social assistance and employment programs were, until recently, residual or non-existent. The first decade of the twenty-first century has ushered in broad agreement across developing countries on the importance of social assistance. Policy activism is embedding this new understanding in appropriate policies and institutions. The chapter examines the growth of social assistance in the South, and assesses its future evolution.

The political and economic conditions within which this policy activism has taken root have ensured a focus on self-standing flagship programs, as opposed to institutions. The reasons

behind a program approach to social protection are complex and often country-specific. They will be taken up in the text below. They include fiscal constraints, political opposition, knowledge gaps and uncertainty, the time window of international aid, and the hubris of silver bullets in international development policy. As a result, the focus of attention of the analysis in the chapter will be on programs, including Mexico's *Oportunidades* (originally *Progresas*, renamed in 2002), Brazil's *Bolsa Escola/Familia*, South Africa's *Child Support Grant*, Ethiopia's *Productive Safety Net Program*, India's *National Rural Employment Guarantee Scheme*, and China's *DiBao*, to name a few. In the pioneer countries, a shift in policy and practice from flagship programs to stable and more or less permanent institutions is underway. The shift towards further institutionalization of social assistance is welcomed and will determine the future shape of social protection in the South.

Social assistance is not understood simply as a policy instrument compensating or mitigating poverty, but rather as part of a strategy to reduce and eventually eradicate poverty and improve equity. To the extent that development signifies achieving productive, fair, and democratic societies, social protection and social assistance have a primary role to play in this project. Social protection supports economic inclusion and human capital investment among low-income

groups, key conditions for development. The important point, highlighted below, is that this is precisely the motivation behind the expansion of social assistance in middle-income countries.

The next section will examine concepts and approaches to social protection in development. The following section will focus on social protection programs, providing a classification and a discussion of main features. The section after that identifies and assesses two of the main challenges facing the extension of social protection in developing countries: implementation and financing. The last section will speculate on the future of social protection in the South. The chapter aims to cover developments in all regions, but a stronger focus on Latin America is occasionally unavoidable, reflecting the earlier growth of social protection, and the depth of research available, in this region.

Concepts and approaches

There is some uncertainty in international policy debates on the meaning and scope of social protection in a developing country context. This section attempts to clear up this uncertainty. It begins by spelling out an institutional approach to social protection. It then considers how social

protection is informed by broader development perspectives centered on risk, needs, and rights. The discussion then returns to the scope of social protection in a development context.

Social protection as institutions

In advanced industrial countries and in the work of the ILO, social protection is defined as policies and programs concerned with the protection of basic living standards (ILO 2006). Social protection has three main institutional components: social insurance, social assistance, and employment protection and promotion.

Social insurance consists of contributory schemes providing protection against a range of life-course and work-related contingencies. Social insurance is provided through a fund that collects contributions from employees and employers and pays benefits when specified contingencies materialize. Typically, social insurance funds include old age, service, and disability pensions; survivor benefits; and unemployment and sickness insurance. In developed countries, pensions constitute the main component in social insurance. There is considerable variation in institutional arrangements across countries and across contingencies. In some countries, social insurance funds are employer- or occupation-based, while in other countries a social insurance fund covers

all workers, or even residents, and their households. The focus of social insurance is the pooling of life-course and work-related risks through a social insurance fund.

Social assistance consists of programs and policies ensuring minimum living standards, and consequently addressing the needs of groups facing poverty, vulnerability, and exclusion. Social assistance is tax-financed. In most developed countries, social assistance is built around income maintenance schemes providing means-tested transfers covering individuals' poverty gaps. In developing countries, as will be discussed in more detail below, there is wide variety in social assistance arrangements, but transfers are often fixed in level and focused on households as opposed to individuals. In low-income countries, social assistance reaches a fraction of the population in poverty and is often supported by international aid.

Finally, labor market interventions fall into two types: "passive" interventions, which set minimum standards of employment and protect workers' rights, and "active" interventions, which aim to enhance employability through training and skills transfers, job search and intermediation, remedial education, and employment subsidies. In developing countries, labor market interventions are restricted by fluid and informal labor markets.

There are two important implications emerging from this institutional description of social protection. The first is that comprehensive social protection systems would require the presence of all three components. Most developing countries have some form of social insurance institutions, but these cover at best a fraction of the labor force in formal employment. Few developing countries have strong employment programs, whether “passive” or “active.” Social assistance institutions were residual in developing countries. The focus of recent growth in social protection has been on social assistance. The second implication relates to the relative weight of the components and policy priorities in social protection building in developing countries. Until the turn of the century, and under the influence of the ILO, the focus was on social insurance. There are good reasons to believe different approaches are needed in developing countries that give a stronger priority to the other two components (Barrientos 2007; Camargo 2004; Seekings 2008).

Social protection and development perspectives

A proper understanding of social protection needs to go beyond an institutional approach and consider underlying development foundations. There are competing views on this issue. Alternative views of the role of social protection in development can be traced back to

competing development perspectives emphasizing the role of risk, needs, or rights (Munro 2008). A brief discussion on these perspectives could help clarify the linkages between social protection and development.

Some define the main role of social protection as lifting the constraints to human and economic development posed by social risk. In the late 1990s, the World Bank developed a Social Risk Management approach to social protection, understood as policies that seek “to assist individuals, households and communities in better managing income risks” (Holzmann and Jorgensen 1999: 4). In policy terms, this approach identifies the main social risks faced by households and then defines and implements a range of policies facilitating households' management of their risk portfolio. The approach emphasized the role of vulnerability as a factor in poverty persistence, and the role of safety nets as a means of reducing vulnerability.

Another approach grounds social protection within a rights-based development perspective. The ILO understands social protection as arising from human rights, specifically the Universal Declaration of Human Rights.¹ A rights-based approach emphasizes an implied obligation for states and international institutions.

A third approach locates social protection within institutions ensuring the satisfaction of basic needs. The UN defines social protection as “a set of public and private policies and programs undertaken by societies in response to various contingencies to offset the absence or substantial reduction of income from work; to provide assistance to families with children as well as provide people with basic health care and housing” (United Nations 2000: 4). It is underpinned by shared “fundamental values concerning acceptable levels and security of access to income, livelihood, employment, health and education services, nutrition and shelter” (ibid.). In essence, this approach envisages social protection as ensuring the satisfaction of basic human needs as a component of human and economic development.

In international policy debates across the UN agencies, these three perspectives risk solidifying into competing approaches. There are some implications at the operational level associated with giving preference to one approach or another,² but it should not be difficult to spot the common ground in the three approaches. To an important extent they point to three different dimensions of the same development challenge.

The scope of social protection and assistance

In practice, and beyond the discourse of UN agencies, the main dividing line is between two approaches: one with a more limited focus on poverty and vulnerability, and the other with a much broader remit overlapping development.

One approach to building social protection starts from established social policy frameworks, tried and tested in developed countries and middle-income developing countries. Let us call this the social policy/public finance approach. In terms of social assistance, it focuses on policies and programs providing transfers to households facing poverty and vulnerability as a means of overcoming their situation.

The other approach to building social protection starts from development policies and concerns. It is referred to below as the development approach. There are many variants of this approach, and wide areas of disagreement, but at its core it proposes attention to human development, governance, the environment, and empowerment. It advocates integrated development strategies advancing simultaneously on all these fronts, a proposal captured in the notion of sustainable development. It does not differentiate social protection substantively from these other areas of

policy. The development approach looks beyond poverty as its main objective and includes human development more generally, emphasizing empowerment and equality.

The development approach will consistently push social protection and assistance towards a broader, more encompassing, policy framework (Sabates-Wheeler and Devereux 2007). This is in contrast to the more focused scope proposed by the social policy/public finance approach. Many areas of apparent confusion and controversy over the role and scope of social protection in developing countries, and especially uncertainty over its boundaries, can be traced back to the differences between the social policy/public finance approach and the development approach.

The social policy/public finance approach has a lot to recommend it. There is a great deal for us to learn from the experiences of developed countries as regards poverty reduction and development. The crucial role of registration in enabling public assistance was well understood in eighteenth-century England. The advantages and disadvantages of means testing and targeting assistance to poor households were hotly discussed in the USA in the context of its “War on Poverty” in the late 1960s and 1970s. At the same time, conditions in developing countries strongly recommend against transferring European approaches and institutions slavishly to developing countries.

On the other hand, a development approach has much to contribute to enhancing social assistance and social protection institutions in developing countries. In particular, antipoverty programs, social assistance included, need to be designed and implemented in ways that synergize social and economic development. But there are limits to this strategy. In developing countries the share of national income absorbed by low-income groups is very small,³ and the additional income from program budgets is often a fraction of one percent of national income. As a result, even large improvements in economic activity among households in poverty are unlikely to show up in economy-wide growth rates. The multipliers from social protection transfers apply to a very small income base.

Keeping this in mind, the impact of social protection on economy-wide growth rates will be greater in conditions where employment and economic inclusion are expanding. It can also be greater in periods of crisis and recession if the economic situation of poor households is given a higher priority.⁴ The multifaceted nature of the development approach, when applied to social assistance, can result in a crippling loss of focus. Adding objectives and instruments to social assistance and to social protection strategies could quickly encounter diminishing returns. Well-designed social assistance programs can be effective in reducing poverty, and in the process they

could have an impact on disparities in access to basic services, and could strengthen the productive capacity of groups in poverty. They are unlikely to deliver economy-wide growth, gender empowerment, or structural change.

It is important to ensure that social protection and assistance are developmental, i.e., that they contribute to social and economic development, but in the understanding that development is much bigger than social protection. Social protection will be more effective if combined with policies delivering basic services and growth, it is not a substitute for these (Barrientos 2012). Understanding the boundaries of social protection and assistance will be essential to maintaining a clear focus on their contribution to development.

Social assistance in practice

There is considerable diversity in program design in developing countries, underlining the domestic basis of emerging social protection policies. The main objective of this section is to provide an overview of the main types of programs and then to discuss some features that have received a great deal of attention in the literature.

Program types

The vast majority of social assistance programs are designed around a direct transfer, in cash or in kind, to participating households. Analytically, it will be useful to classify social assistance programs into three main categories: pure income transfers; income transfers combined with asset accumulation; and integrated poverty reduction programs.⁵

Pure income transfers include transfers in cash specifically targeted at households in poverty. Some programs target all households satisfying the selection criteria, while others target categories of individuals considered to be particularly vulnerable. An example of the former is the *Kalomo Pilot Social Transfer Scheme* in Zambia, which provides direct and regular transfers to the poorest ten percent of households in designated districts. Examples of categorical transfer programs include child or family allowances or social pensions. South Africa's social assistance is organized in the main through means-tested categorical grants focused on older people, people with disabilities, children, and orphans in poor households.

Income transfers combined with asset accumulation include programs providing transfers in cash or in kind, which are combined with, or facilitate, the accumulation of productive assets. The term “asset” is used here in its broadest sense, to include human, physical, and financial assets. Linking direct transfers with interventions aimed at asset accumulation underlines the fact that programs of this type aim to strengthen the productive capacity of households in poverty. This category includes two families of programs now common in developing countries. The first group includes programs that combine direct transfers with interventions supporting household investment in human development, especially education and health. Mexico’s *Oportunidades* or Brazil’s *Bolsa Familia* are well-known examples of this family of programs. The second group includes programs that combine direct transfers with interventions supporting the protection and accumulation of physical assets. Examples of this type of program include India’s *National Employment Guarantee Scheme* (infrastructure or community assets) and Ethiopia’s *Productive Safety Net Program* (household and community assets). The *Productive Safety Net Program* combines transfers in cash or in kind with agricultural extension activities for households with work capacity, and direct support to households without work capacity. These programs require beneficiaries to supply work to create or protect household or community assets.

Integrated poverty reduction programs are an important innovation in social assistance, combining a range of interventions focused on the poorest and addressing social exclusion.

BRAC's *Challenging the Frontiers of Poverty Reduction: Targeting the Ultra Poor* provides an integrated and sequential set of interventions strengthening the nutrition and health status of the poorest households, as well as training in preparation for the transfer of productive assets.

Chile's *Chile Solidario* is another influential example of a program that provides an integrated set of interventions addressing a range of deficits responsible for keeping households in poverty.

The conceptual basis for this classification is provided by the underlying understanding of poverty underpinning the programs. Pure transfers rely on an understanding of poverty as largely to do with deficits in income or consumption. Transfers are expected to remedy these deficits and thus reduce poverty. Income transfers combined with asset accumulation share a broader understanding of poverty. They pay attention to deficits in income or consumption but they also aim to address deficits in productive assets. Programs focused on human development, like Mexico's *Oportunidades*, understand the persistence of poverty as arising from deficits in human capital. Ethiopia's *Productive Safety Net Program* is based on an understanding poverty and its persistence as arising from the asset depletion and destruction affecting food-insecure households faced with droughts or other shocks. Programs included in this group adopt a

multidimensional understanding of poverty, but focus on a few dimensions. Integrated poverty reduction programs also share a multidimensional understanding of poverty, but are distinguished by a wider set of dimensions covered, by a strong focus on social exclusion, and by the fact that direct income transfers play only a marginal role in the overall support provided to households in poverty.

Program design features

Here we examine some design features which distinguish social protection innovations in developing countries, some of which have been discussed extensively in the literature.

Scale and scope

New forms of social assistance in developing countries without exception target poor and poorest households. In most cases, this involves a mix of selection techniques. *Progresa* used geographic targeting to identify communities in rural Mexico with the highest levels of marginalization, then a proxy means test to rank households on several deficit indicators, and finally community

validation (Skoufias 2005). This is closely replicated in Honduras' *PRAF II* (*Programa de Asignación Familiar*, or Family Allowance Program), except that poverty incidence in marginalized communities is so high that it makes more sense to select out the non-poor than to select in the poor, an affluence test. In Brazil, social assistance transfers, like *Bolsa Familia* and the *Benefício de Prestação Continuada*, use a targeting mix that involves a comparison of per capita household income with the national poverty line, plus in the latter case a minimum age requirement of 65 years. India's *National Rural Employment Guarantee* relies on self-targeting by participants who are unemployed or whose earnings are below the market rate. Assessments of the effectiveness of selection performed on some of these programs suggest they are effective in reaching the poor and in reducing leakages to the non-poor, but that their coverage of the poor is insufficient. This is a generalized lesson from the literature on targeting (Ravallion 2007).

In addition to deficiencies in coverage arising from resource constraints or from operational deficiencies in the implementation of programs, it is useful to pay some attention to the exclusion of some of the poor and poorest arising from program selection and design. Programs that focus on strengthening enrolment and schooling select poor households with children of school age in communities where schooling infrastructure is in place. This has the effect of excluding poor households with children below school age, those without children, and those in communities

without schooling infrastructure. In some middle-income countries, social assistance programs have expanded in scale so that they reach a majority of households in poverty. Mexico's *Oportunidades* and Brazil's *Bolsa Familia* reach around a quarter of the population, while South Africa's social assistance grants reach around one half of all households. Ethiopia's *Productive Safety Net Program* reaches around ten percent of all households in the country.

Another fundamental break with old social assistance relates to the way in which new forms of social assistance incorporate and operationalize an understanding of the multidimensional nature of poverty, and particularly extreme poverty. New forms of social assistance discussed in this paper are increasingly designed as integrated interventions based around income transfers. *Progresa*, for example, combined income transfers with interventions on nutrition, schooling, and health; when scaled up to *Oportunidades*, additional services included training, job search, youth inclusion, saving instruments, and micro-enterprise development. This widening of the scope of the programs follows on from the recognition that overcoming poverty requires integrated support on a number of dimensions, especially in a context in which basic services and insurance programs exclude large numbers of poor and poorest households. Income transfers are unlikely to be sufficient on their own to pull poor households out of poverty, even assuming their

level could be raised significantly. Chile's *Chile Solidario* had the widest scope, focusing on seven dimensions of welfare and on fifty-three minimum thresholds (Barrientos 2010).

Conditions

Some social assistance programs attach conditions to the continuation of transfer payments. Public works and employment guarantee programs—Ethiopia's *Productive Safety Net Program*, for example—attach work conditions to participation in the program, in part as a means to ensure self-selection among potential participants and also in order to improve community infrastructure. Latin American human development conditional transfer programs aim to reduce the intergenerational persistence of poverty by supporting investment in health and schooling. Mexico's *Progresas/Oportunidades*, for example, requires that school-age children be enrolled and attend for at least eighty-five percent of the time; that all household members visit primary health care centres; and that mothers attend nutrition training sessions. Failure to comply with these conditions can result in the suspension of transfers. More broadly, these programs have adopted co-responsibilities that spell out the responsibilities and standards of performance of the program agency on the one hand, and the conditions imposed on participant households on the other. These are formally established at the time households join the program.

Issues relating to these conditions have been discussed extensively in the literature. Firstly, there is a concern that conditions might in fact penalize households least able to comply. Secondly, there is a concern that the effectiveness of conditions has not been fully established, with the implication that conditions might in fact be unnecessary or even counterproductive. Furthermore, even where conditions can be shown to be effective, it would be necessary to establish that the gains from conditions outstrip the additional administration and implementation costs. Thirdly, there is a concern that compliance with the conditions falls primarily on mothers, with no form of compensation available. Fourthly, and in view of the experience of developed countries with welfare reform, there is a concern that conditions might be required not for program effectiveness, but to secure political support from taxpayers.

In Latin America, the first concern, that conditions penalize those least able to comply, has led some programs to use non-compliance with conditions as a means to trigger further support for the participant households. This is the case in Brazil's *Bolsa Familia*. More broadly, a distinction has been drawn between programs with “soft” and those with “hard” conditions, which depends on how programs deal with non-compliance.

There is very little hard evidence on the *separate* effectiveness of conditions, but there is evidence that programs with conditions achieve their objectives (Fiszbein and Schady 2009). Experimental approaches to testing for the effectiveness of conditions are unlikely to meet ethics research protocols. Consequently, researchers have looked into the details of program implementation to identify whether “natural experiments” could throw light on this issue. The extension of the *Bono de Desarrollo Humano* in Ecuador, a human development transfer program, is interesting because the program was advertised, to beneficiary households and the general public, as including conditions on schooling and health, but in practice the government was not in a position to implement the conditions. A study compared information on schooling responses from households who understood there was a relevant condition in the program and households reporting having no knowledge of conditions. It found that the belief that conditions were part of the program did influence positively those households’ schooling decisions (Schady and Araujo 2006). The introduction of Mexico’s *Progresa* seems to provide another “natural experiment.” Compliance with schooling conditions is monitored through a form that beneficiaries take to school to be filled in, but for administrative reasons a group of beneficiaries were not issued with the forms. A study compared the schooling responses of beneficiary households without forms or knowledge of conditions, and other groups of beneficiary households. It found that knowledge of conditions seemed to have influenced schooling

decisions at the secondary school level (de Brauw and Hoddinott 2011). The studies suggest conditions may matter, but it is hard to generalize from these highly specific settings. At any rate, the effects are likely to be small: for example, in Mexico, school enrolment rates in primary education were above ninety percent before the introduction of *Progresa*, so that the effect of conditions could at best bind on the ten percent of children not enrolled at school. A point often missed in policy discussions is that it is the marginal, not the average, effect of conditions that indicates their effectiveness.

Some researchers have pointed out that in many human development programs, mothers are the direct recipients of the transfer and the persons primarily responsible for compliance with the conditions (Molyneux 2006). In general, concerns over the extent of compliance costs must be taken on board by program designers. It is also the case that conditions might enforce some degree of coordination between program managers and other ministries—health and education, for example—that could strengthen implementation effectiveness (Cecchini and Madariaga 2011).

Time windows and exit strategies

Another important feature of new social assistance relates to the time window for interventions. This raises some interesting issues at a more fundamental level. Limited time windows reflect a concern to avoid dependency. It is a feature of new social assistance programs that they identify some “graduation” process for beneficiary households. Most programs include a regular review of eligibility at regular intervals, e.g., every three years. Eligibility conditions also provide “graduation” milestones such as children growing beyond school age or the death of pension beneficiaries.

Most of the programs mentioned above aim to protect the poor from the harm done by persistent poverty; but they also aim to strengthen their productive capacity by facilitating investment in schooling, health, and nutrition, and to strengthen their agency. The optimal time window might well be different for each of these functions. The protection role would be best performed by permanent institutions that come into play whenever households fall into poverty. The promotion role would be most effectively performed at specific points, e.g., school age children, expectant mothers. It is hard to envisage a time window for empowerment, though in practice it would be most effectively done with a mix of time-specific interventions and rights. Time windows reflect

in part that one or other of these functions is dominant. Time windows are also one of the design features aimed at building credibility around social assistance programs.

In developing countries, the design of time windows and “graduation” mechanisms should take into account the nature, quality, and coordination of the institutions charged with delivering public programs. Graduation from a program in a context in which supplementary programs ensure “propulsion” away from poverty for beneficiary “graduates” will be very different from graduation in a context where the end of income transfer dumps beneficiary households straight back into precarious livelihoods. In the latter, graduation is problematic. Without appropriate consideration given to follow-up interventions designed to help graduating households avoid falling back into poverty, the success of social assistance programs will be limited.

Impact

The gains from improving our knowledge of what works in reducing and preventing poverty are large, and a strong focus on evaluation and research is a feature of recent social assistance in developing countries. The impact evaluation results from some programs improve poverty

knowledge. The strength of evaluation processes associated with *Progresar/Oportunidades*, for example, have become a “gold standard” for anti-poverty programs elsewhere. The quality of impact evaluation is not uniform across programs and regions, and less is known about the impact of smaller programs in lower-income countries.

There is significant variation in outcomes across programs and for individual programs over time, but findings to date suggest large-scale social assistance programs are, on the whole, having some success in meeting their objectives.⁶ The knowledge base is stronger on human development programs, in part because human development outcomes, such as school enrolment and attendance and health services utilization, have a more direct and short-term impact. Intriguingly, evidence on the poverty reduction effects of social assistance is less comprehensive. Because transfer levels are currently a fraction of what is required to lift households out of poverty, the poverty impact of social assistance programs is stronger on the poverty gap than on the poverty headcount.⁷ There is still more work to be done to identify with greater precision the impact on current poverty of smaller programs in low-income countries.

Challenges

The growth of social protection in developing countries has been remarkable, but important challenges remain. The expansion of social protection has been slower in low-income countries than in middle-income countries. To some extent this is because of characteristic capacity deficits in policy design, implementation, and financing, but it would be wrong to focus solely on resource deficits as an explanation for the slow development of social protection in low-income countries. Political factors are very important, especially given the significant role of democratization in the expansion of social protection in countries like Brazil, South Africa, and more generally Latin America. This section will focus on two main areas: implementation and finance, with low-income country constraints as a cross-cutting issue.

Implementation

The delivery of large-scale, and in some cases complex, multi-intervention programs makes significant demands on the capacity of public agencies. Administrative competencies and resources available to social assistance agencies are generally limited, especially in low-income

countries. Introducing conditional income transfer programs in countries with poor delivery capacity is challenging.

To take one example, information systems are essential to achieving adequate coordination and delivery of social assistance. They perform several key functions: (i) matching participants with their entitlements, avoiding any duplication or misdelivery of benefits and transfers; (ii) enabling program officers to access the “social history” of participants, tracking any change in their socioeconomic condition, and adjusting support accordingly; and (iii) identifying potential needs and available provision geographically (including the location of schools, surgeries, hospitals, municipal buildings, banks, or public offices able to deliver cash transfers, public transport, roads, etc.). The system must have the capacity to enable users to input and access information directly, thus enabling spaces for interaction between program officers and beneficiaries and the fine-tuning and personalization of programs at the local level. Transparency and accountability are important, especially in administrative processes dealing with appeals and representation. Brazil’s *Bolsa Familia* relies on a single information system, the Cadastro Unico, which contains up-to-date information on every household considered for participation in social assistance and other public programs. In effect, the information system is a coordination and management tool supporting a decentralized implementation of the program. At the other end of the range,

Zambia's Public Welfare Assistance Scheme has two welfare officers per district (one in 2005). They are charged with delivering all social assistance services and programs in the district in coordination with other agencies, and have to service a highly dispersed population. It is not surprising that low-income countries make greater use of community implementation of social assistance programs, but this often implies a mix of hand ledgers, personal contact, and telephony (Garcia and Moore 2012). Less complex programs are a necessity in this context.

The technology of delivering social assistance programs is advancing extremely fast, and learning across countries and regions has been hugely productive. However, a one-sided focus on technical fixes to deficits in capacity and resources, the holy grail of donor agencies, is to be avoided. An important lesson from implementing social assistance programs is the significant role of intermediation in ensuring the effectiveness of these programs. Technology can raise the productivity of welfare officers, but cannot replace them.

Finance

How should developing countries finance an expansion of social assistance? Research on the financing of the expansion of social protection and assistance in developing countries is limited.

In part this is due to the dominance of the resource mobilization approach in international policy debates. Resource mobilization approaches focus on finding “new money” to support the expansion of social protection in developing countries, often in the form of additional aid flows. Resource mobilization is essential in low-income countries, but its dominance in the context of social protection is unhelpful. The issue of financing social assistance is not just to do with resources but also with incentives and legitimacy. In low-income countries, an aid-dependent expansion of social protection can turn out to be detrimental if it disconnects elites from their responsibilities for poverty reduction, or if it is perceived by the general public to be unsustainable and lacking in legitimacy. The expansion of the welfare state in European countries in the second half of the twentieth century was based on corporatist consensus between unions, employers, and governments, supported through income (payroll) taxation. This is a model that developing countries will find hard, if not impossible, to emulate, for reasons that include high levels of informality, inequality, and the absence of corporatist political processes. Developing countries need innovative ideas and approaches on the financing of social protection, but the European experience highlights the crucial linkages between taxation and politics.

Government revenues are fungible. The resources required for assistance programs are often collected from a combination of different sources such as tax revenues, expenditure switching,

revenues from natural resources, debt cancellation, payroll taxes, and international aid. In a dynamic context, the focus must be on the financing mix as opposed to individual sources of finance. In the short term, an expansion of fiscal space and/or switching expenditure from underperforming programs might be sufficient to provide the initial financing. International aid has a role in helping developing countries, and especially low-income countries, overcome the high costs associated with introducing social assistance programs anew. Investments in research, training, information systems, and financial delivery, to name a few, are substantial at the start. Revenues from natural resources or from debt cancellation can also help engineer an expanded fiscal space. The opportunities for expenditure switching are significant in most developing countries. Research leading to the introduction of Chile's *Chile Solidario*, for example, established the existence of 143 public programs addressing the needs of households in poverty, while Bangladesh has ninety-three separate anti-poverty programs. In the medium and longer term, the resources needed to support social protection must be generated domestically. The effectiveness and fairness of the tax system are paramount to the longer-term sustainability of social protection. In most cases, a low tax/GDP ratio is associated with imperfect fiscal contracts. Civil society is often reluctant to pay taxes because governments provide few services, a factor in the persistence of high levels of informality. Elites able to draw large amounts of revenue from natural resources face fewer pressures to submit to democratic processes.

The future of social protection

The discussion in the previous sections supports the view that the future of social protection in developing countries is unlikely to be found in existing European institutions, even less in their past. This does not imply rejecting the objective of setting in place comprehensive social protection institutions: rather, it is meant to emphasize the need for innovative thinking on how to achieve this objective in developing countries.

Social assistance has been the main focus for the expansion in social protection in developing countries. This is the case even in countries with large-scale social insurance. What are the implications for social protection systems in the South of this expansion of social assistance?

In addressing this question it is important to distinguish between low- and middle-income countries. In low-income countries, often with very limited social protection provision, the expansion of social assistance helps to focus government efforts on poverty reduction and eradication. The growth of social assistance generates few trade-offs. Moreover, social assistance

can have positive outcomes in other sectors. Replacing emergency assistance with regular and reliable transfers to households in poverty, for example, could generate additional demand for schooling and health care and other forms of asset accumulation. In Ethiopia's *Productive Safety Net Programs*, evaluations suggest that groups of participants for whom transfers came bundled with agricultural development interventions showed the strongest gains in food security and asset protection (Gilligan, Hoddinott, and Taffesse 2008). In low-income countries, the future involves linking social assistance with "productivist" interventions, leading to improved productive capacity among participant households. Trade-offs are more likely to emerge in contexts in which social assistance expenditure risks crowding out service infrastructure investment. There are few gains in diverting investment from schools and clinics to finance social assistance transfers. Social protection expenditure is, in most developing countries, some way off reaching the scale for these adverse trade-offs to be observed.

In middle-income countries, especially countries with large-scale social insurance, the future course of social assistance and protection presents a different set of challenges. Latin American countries, especially Mexico, provide a fertile ground in which to look at future development. Prior to the growth of large-scale antipoverty programs in the first decade of this century, social protection systems in the region had been characterized as "truncated," in the sense that

relatively generous social insurance schemes enjoying significant public subsidies catered for workers in formal employment and their households, while a large section of the population relying on informal employment had very limited access to social protection (Barrientos 2009; Fiszbein 2005). Whereas in the 1960s and 1970s policy-makers and researchers could hold on to the view that industrialization would eventually eliminate informality, liberalization in the 1980s and 1990s put paid to that assumption. Against this background, there is growing consensus around the view that social protection systems in the region have been strengthened by the growth of social assistance in the last decade. Social assistance helps extend social protection coverage to sections of the population traditionally excluded from social insurance institutions, and is effective in reducing extreme and persistent poverty. It has the potential to improve human development and economic inclusion among low-income groups. Social assistance absorbs a very small fraction of public revenues, and there is every prospect that social assistance budgets will decrease in the future as poverty declines. The growth in social assistance is a welcome development because it fills in a component missing from social protection systems in the region. At the same time, the growth of social assistance has not undermined truncated social protection systems in the region, but has resulted instead in segmented or “hyphenated” social protection with two separate components. This suggests a long-term cleavage.

How will this situation evolve in the future? Current research and policy discussions have not led to a settled view on this issue. The emerging orthodoxy argues for a stronger integration of social insurance and social assistance, and an urgent upgrade of labor market policies (CEPAL 2006; Ferreira and Robalino 2010; Levy 2008; Ribe, Robalino, and Walker 2010). The conditions, and therefore prescriptions, for integrating well-developed and longstanding social insurance institutions with emerging social assistance are hugely complex. Corporatist and State-led integrated social protection systems, as in South Korea and China respectively, offer a different route, but require political conditions very different from those observed in Latin America.

¹ Article 25 states that “Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. . . . Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same protection.”

² A one-sided risk approach recommends a focus on transient as opposed to chronic poverty, but the Social Risk Management Strategy and its more recent incarnations explicitly acknowledge the need to address the latter. An imperfect rights perspective has been taken to recommend “universal” policies “blind to socio-economic status,” but the ILO has explicitly acknowledged the need to give priority to groups in poverty. A one-sided needs perspective has highlighted trade-offs between supply-side service provision and demand-side income transfers, but it has proved hard to determine the empirical significance of the trade-offs.

³ In Bolivia in 2007, for example, the bottom quintile captured 2.6 percent of national income.

⁴ This implies attaching a social weight to the welfare of poor households, compared to the standard GDP measures lacking social weights.

⁵ Program information is available in the *Social Assistance in Developing Countries Database* (Barrientos, Niño-Zarazúa, and Maitrot 2010). Version 5 can be accessed at http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1672090.

⁶ For a review of impact across human development conditional transfer programs, see Fiszbein and Schady (2009); for a discussion of non-contributory pensions, see Holzmann, Robalino, and Takayama (2009).

⁷ Evaluations of *Progresa* show a large reduction in the poverty gap, but the impact on poverty incidence is small (Skoufias 2005).

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