

The Role of Social Policy for Combating Child Poverty and Promoting Social Development: A Transformative Approach



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Roadmap of Presentation

- Poverty and inequality: Where do we stand?
- Social Protection Programmes: What is their potential for poverty reduction and what are the challenges?
- Child poverty in Asia: Time for social protection



Global development achievements

- The global poverty rate (\$1.25 a day) fell from 47% in 1990 to 22% in 2010, less than half the 1990 rate, with a reduction of 700 million fewer people living in extreme poverty;
- The hunger reduction target is within reach by 2015, with the proportion of undernourished people down from 23.2% in 1990-92 to 14.9% in 2010-12;
- 2 billion people gained access to improved sources of drinking water;
- Over 200 million slum dwellers benefitted from improvements in their living conditions, such as water, sanitation and housing (2000-10);
- Mortality rates from malaria fell by more than 25% globally between 2000 and 2010.
- Fiscal space has increased: debt service to export revenue ratio decreased from 12% in 2000 to 3.1% in 2010 for all developing countries.

⇒ All these achievements benefit children, their families and communities

Source: The MDG Report 2013



Challenges for Post-2015

- 1.2 billion people still live in extreme poverty (around 600 million children), and 2.4 billion lived on less than \$2 a day in 2010 (two-thirds of the population in Sub-Saharan Africa and South Asia)
- 1.75 billion people experience multidimensional poverty with deprivations in health, economic opportunities, education and living standards (UNDP, 2010).
- Although extreme poverty fell from 58% to 48% in SSA (1999-2010), the absolute number of poor people has more than doubled between 1981 and 2010, from 205 million to 414 million.
- 870 million people are estimated to be undernourished;
- **More than 100 million children under age five are undernourished and underweight;**
- **Child mortality under five dropped by 41% (from 12 million 1990 to 6.9 million 2011), but the two-third reduction is still not achieved, with child deaths being increasingly concentrated in the poorest regions and the first months of life.**
- **Although the number of children out of school declined almost by half between 2000 and 2011, it is unlikely that the target of universal primary education will be met by 2015.**
- **Maternal deaths declined by 47%, but the target of a three-quarter reduction has not been reached yet.**
- Environmental sustainability, sanitation and aid disbursements are lagging behind: aid dropped 4% in real terms compared to 2011, which was already 2% lower than 2010. Bilateral ODA to LDCs fell by 13% in 2012.

Source: The MDG Report 2013



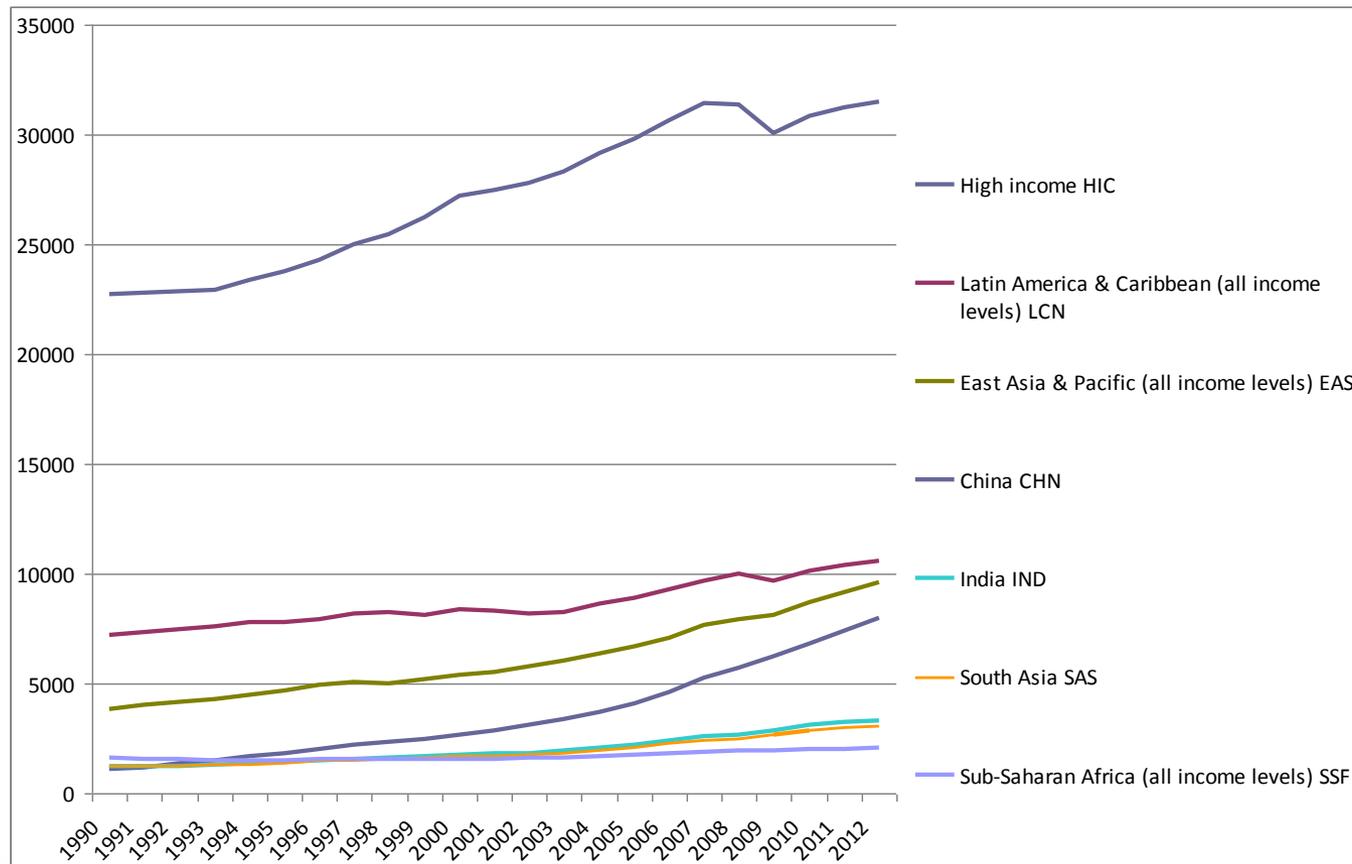
Post-2015: Why inequality matters – for growth, poverty reduction + the social fabric

- Higher equality leads to
 - quicker poverty reduction through growth
 - Higher domestic demand and structural change
 - Fiscally and politically stable welfare systems (middle-class buy-in)
 - Higher social cohesion, social mobility and balanced power structures
 - Lower levels of crime and violent conflict
 - Less push factors for migration

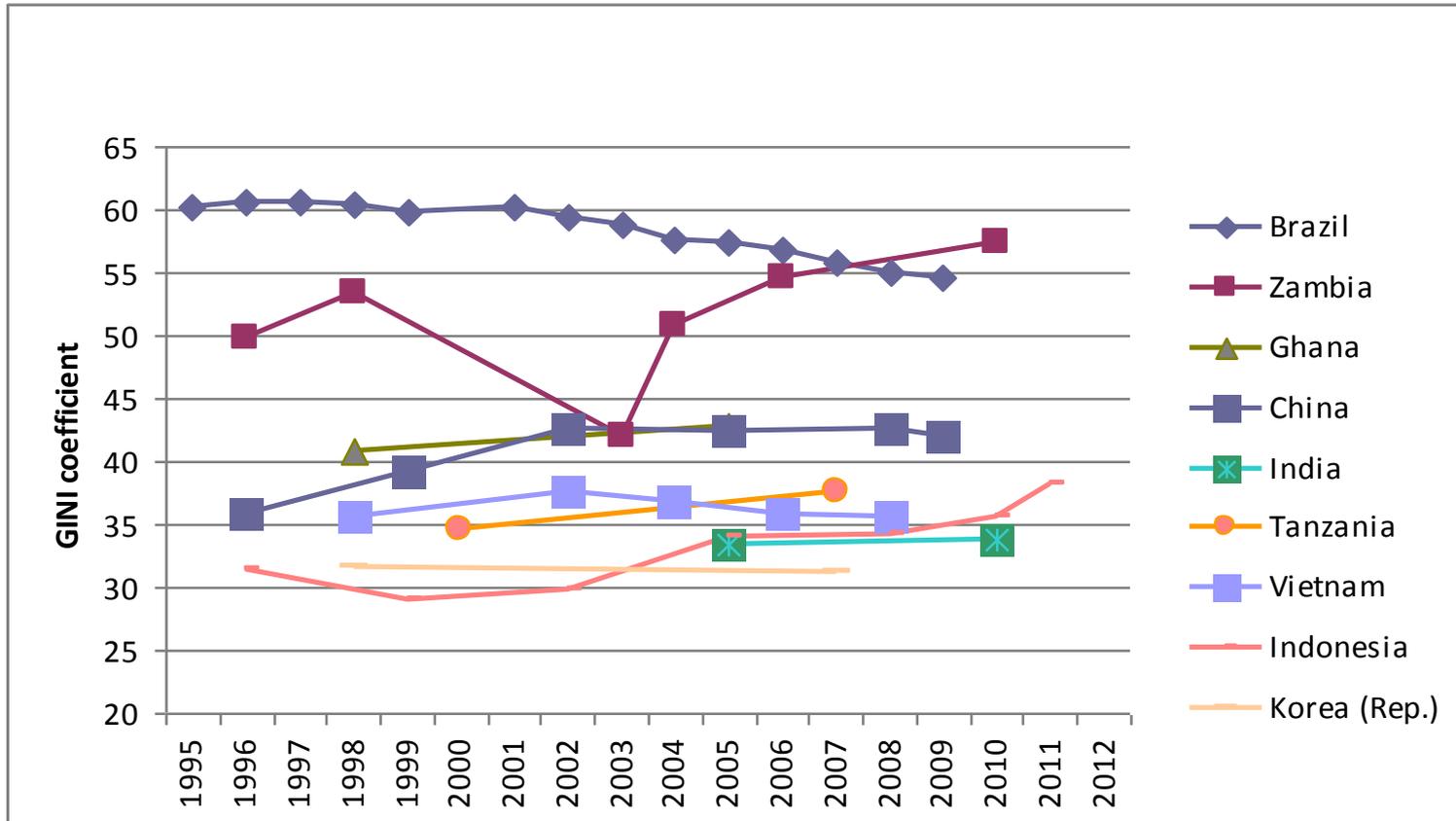
Source: UNRISD 2012



Inequality between countries (GDP p.c. US\$): Catching up, but huge gaps remain (WDI 2013)



And: Within country inequality is rising in many countries (WDI 2013)



Looking closer: inequality, disparities, cumulative deprivations

- Multidimensional poverty – examples for deprivation categories for child-wellbeing
 - Income: poverty (e.g. 1.25 \$PPP p.d.) or vulnerability (2 \$PPP p.d)
 - Health and nutrition
 - Education, early childhood development
 - Water and sanitation
 - Living conditions (housing, electricity etc.)
 - Emotional well-being
 - Information and participation
 - Birth certificates, residence permits



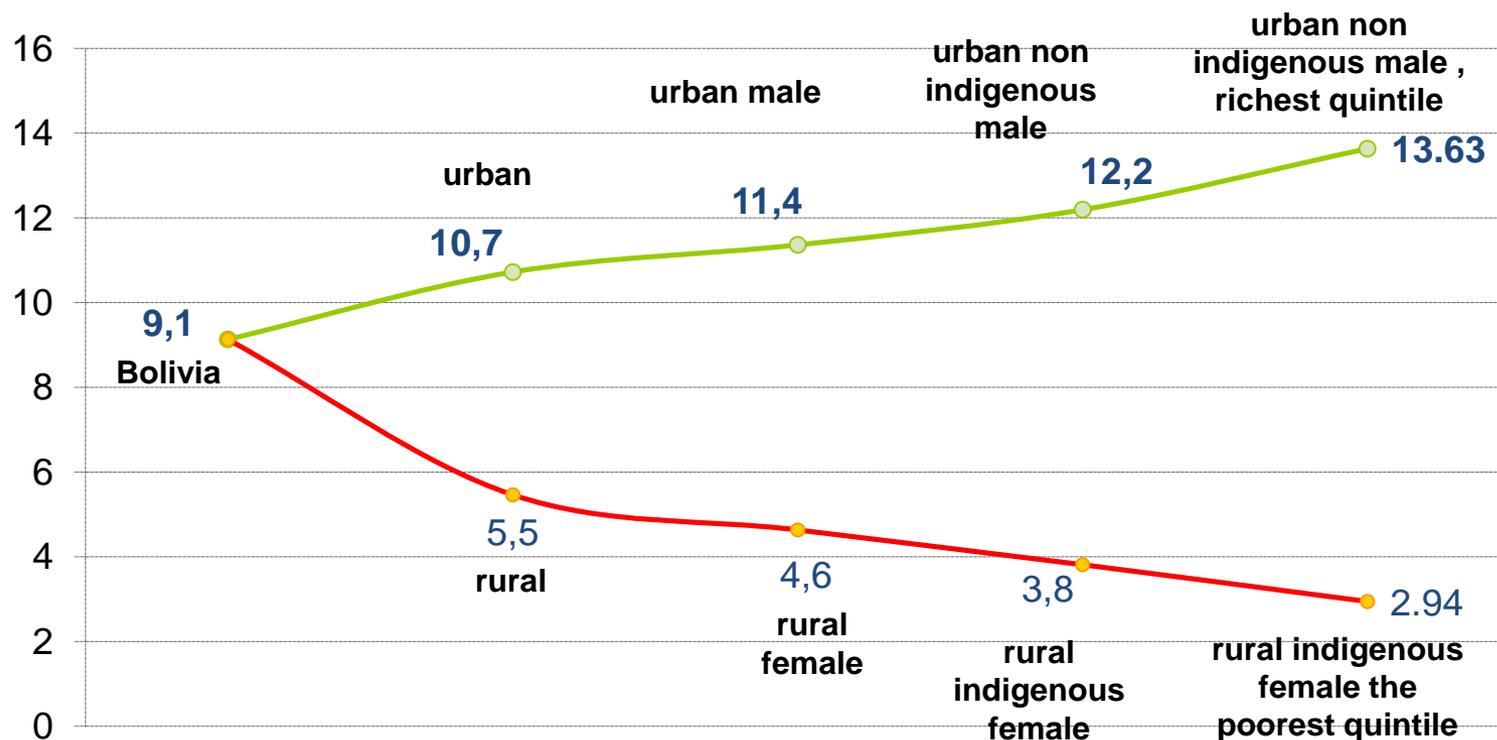
Most disadvantaged – cumulative deprivations

- Risk factors for cumulative deprivations include:
 - Living in rural or remote areas or in urban slum areas
 - Being disabled, from an ethnic or religious minority (including migrants), being a girl
 - Living in a poor household, living in a household with high number of dependents
 - Living in a household where head of household is female or unemployed



Inequities and what averages hide: educational outcomes in Bolivia – location, gender, ethnicity, income

Average years of schooling by group (2011)



Source: UDAPE (2011)



The Role of Social Protection (SP) in Reducing Poverty & Inequality

- UNRISD: Social protection is concerned with preventing, managing and overcoming situations that adversely affect people's well-being. The main components of SP are:
 - Social insurance
 - Social assistance
 - Labour market policies
- Social protection is a subset of social policy, which also includes social services and other policies with redistributive and social objectives (e.g. micro-finance, rural sector policies)



Social Policy has Intrinsic Values:

- Grounded in Human Rights and International Conventions:
 - The Right to Social Security (Art. 22)
 - The Right to Medical Care and Social Services (Art. 25)
 - The Right to Education (Art. 26)
 - ILO Conventions (No. 102)
 - CRC: Convention on the Rights of the Child
 - CEDAW: Elimination of All Forms of Discrimination against Women



Social Policy is Developmental and Transformative

- Transformative social policy is grounded in universal rights and aims to:
 - ✓ enhance the productive capacities of individuals, groups and communities;
 - ✓ reinforce the progressive redistributive effects of economic policies;
 - ✓ reduce the burden of growth and reproduction of society, including care-related work, and
 - ✓ protect people from income loss and costs associated with unemployment, pregnancy, ill-health or disability, and old age.



Current Trends in SP

- The global SP agenda is becoming stronger
 - 1980s/90s: Safety nets and market approaches to social policy
 - Copenhagen 1995 (employment-poverty-social integration)
 - MDGs/PRSPs
 - Social protection strategies at international and national level (IFIs and regional development banks, regional commissions, Unicef, FAO, ILO, EU etc.)
 - 2012 ILO recommendation on National Social Protection Floors (access to essential services, income security over the lifecycle)



Social assistance gains relevance

- Social insurance: large coverage gaps and substantive economic costs (but mostly contribution-financed)
- Social assistance: increasing relevance, most dynamic and innovative area, but challenge of universal coverage, adequacy of benefits, programme design, implementation, financing
- Labour market policies: some relevance in MICs and with regard to public works/employment guarantee schemes



Cash transfer programmes

- Cover 750 million - 1 billion people in the developing world (DFID, 2011).
- In 2010, operated in 52 countries including 16 LICs
- Measurable impact on:
 - Poverty (headcount, gap), inequality (Gini, horizontal)
 - Nutrition and food security
 - Education
 - Health
 - Climate change and disaster risk reduction



Examples of large cash transfer programmes

China	Minimum Living Standards Scheme	23.3 million (2008)
Mexico	<i>Oportunidades</i> (began in 1997)	5.8 million households (2011)
Brazil	<i>Bolsa Familia</i>	13.3 million households (2011)
	Old Age Pension	2.4 million households (2008)
South Africa	Child Support Grant	10 million children (2009)
	Old Age Pension	2.4 million households (2009)
Indonesia	Safety Net Scheme	15 million households (2009)
India	National Rural Employment Guarantee Scheme	48 million households (2008)
Ethiopia	Productive Safety Nets Programme	1.5 million households (est. 8 million people) (2008)



Type of social assistance programmes

- Unconditional income transfers (targeted to poor; universal social pensions or child benefits, citizenship grant)
- Income transfer conditional on work (public works, employment guarantee schemes etc.)
- Income transfer conditional on human capital investment (CCTs): school performance, health check-ups
- In-kind transfers (e.g. food for education)
- Subsidies (food, fuel etc.)



SP in Asia– some examples

- Conditional Cash Transfers (CCTs) *Pantawid Pamilya* in Philippines, covering 8,5 million children, with ambitious plans for scaling up.
- China: Minimum Living Standard Guarantee, around 75 million beneficiaries in 2012, 71% living in rural areas.
- Social Pensions
 - Targeted: Bangladesh, Viet Nam; universal: Nepal, Thailand
- Unemployment benefits and employment programmes:
 - Unemployment Benefits: Republic of Korea
 - National Rural Employment Guarantee (NREGA) in India: rights-based, 100 days of paid work per year, 50 million workers employed in 2009; infrastructure etc., Bangladesh: Employment generation for the Ultra-Poor: 6 million beneficiaries
- Social Health Insurance (HI):
 - Indonesia: Jamkesmas HI for poor households, 2009 9.34% of all children covered
 - National Health Insurance in Republic of Korea: universal coverage from 2009, HH contribution substantial (55%), but decreasing



SP and Child Poverty in Indonesia: Progress and challenges ahead

- UNICEF Indonesia: Social Protection Country Strategy (Unicef 2012), Comprehensive Child Poverty Analysis (Unicef et al. 2012)
- Main findings:
 - 58% of HH covered by SP, higher incidence for poor and vulnerable groups
 - Transfers used to meet children's needs (food, medical expenses, school fees)
 - Main programmes and % of children covered in 2009: health insurance for poor (9.34), rice for poor (41.22), scholarships (3.65)
 - CCT (PKH): coverage 816'000 HH (2010)
 - Unconditional cash transfer (BLT): compensation for fuel prices increases, time-bound, coverage 18,5 million HH (2009)
- Study recommendations
 - Tackle implementation problems (targeting, overlapping, under-coverage, coordination, distribution) and strengthen M&E
 - Poverty reduction requires multidimensional approach beyond income poverty
 - More focus on long-term SP strategies: health, nutrition, education of poor children, economic assistance for HH
 - Information and awareness raising of families and households about benefits of investing in children
 - Information about recipient's entitlements and rights; facilitation of access (identity cards, transportation etc.)



Challenges for SP: Coverage and Adequacy

- **Coverage**: difficult to cover groups (especially for contributory social insurance programmes)
 - Migrants
 - Informal workers
 - rural population
 - Vulnerable children: orphans, street children, child workers, child migrants, disabled children, children from excluded families/communities
 - ⇨ ILO: only 20% of working population (+ families) has access to comprehensive social security
- **Adequacy**: international benchmarks (ILO), social insurance provides higher benefits, social assistance often not sufficient to lift people out of poverty
 - India NREGA: 1/3 minimum wage; social pensions Asia: ½ Poverty line
 - Brazil: social assistance benefits linked to minimum wage standard!



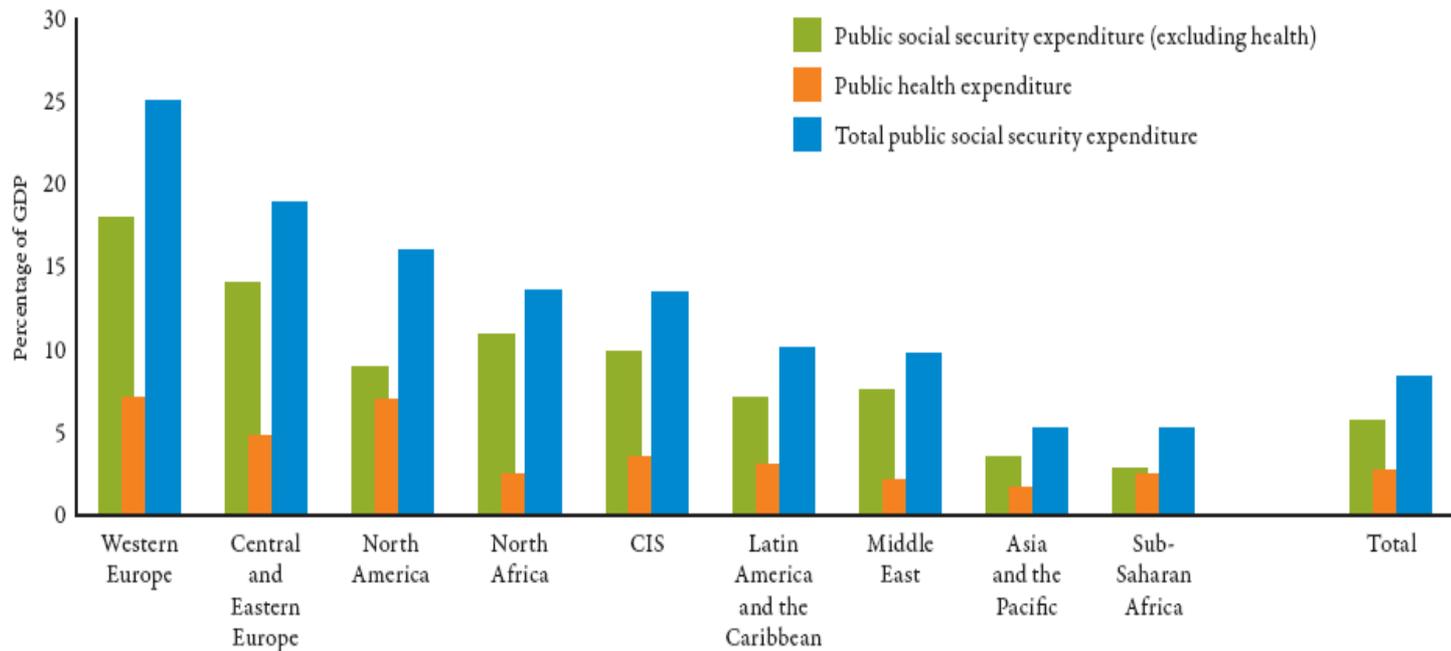
Challenges for SP: Financing

- Fiscal Space and Affordability: fiscal space increases with income level (graph social expenditure per region)
- BUT: Social expenditure is a policy variable!
- Mobilizing Domestic Resources for SP: taxation, contributions, mineral rents, financial sector/savings/remittances/OPP
- Aid can complement domestic financing, but in the longer term useful to develop sustainable national financing strategy
- Design of financing instruments: impact on distribution, efficiency, governance!



Social Security Expenditure by Region (% GDP)

Figure 8.1 Social security expenditure by region, weighted by population, latest available year (percentage of GDP)



Link: <http://www.socialsecurityextension.org/gimi/gess/ResFileDownload.do?ressourceId=15126>



Social expenditure is a policy variable (ADB 2013)

Country	GDP p.c. \$	SP exp. % GDP	Health exp. % GDP
Japan	39'714	19,2	7,8
Singapore	35'514	3,5	1,6
Indonesia	2'335	1,2	1,1
Mongolia	1'692	9,6	3,1
Cambodia	731	1,0	2,1
Nepal	463	2,1	1,7



Challenges for SP: Implementation and Governance

- State capacity has three dimensions (UNRISD 2010: 259)
 - Political capacity: coalitions and political settlements to define, adopt, implement policies
 - Resource mobilization capacity
 - Resource allocation and enforcement capacity
- Recommendations:
 - focus on the 3 dimensions instead of broad « good governance » reforms
 - Redistribute power
 - Involve citizens in allocation & monitoring of resources
 - Reform bureaucracy and administration (basic Weberian functions)
 - Improve decentralization by involving the poor in local decision-making



Conclusions: Time for Social Protection in Asia

- Time to scale up social protection in Asia to make growth patterns more inclusive and sustainable.
- Important to integrate contributory and non-contributory income transfers, access to services, and labour market policies and to strive for universal and rights-based systems
- SP programmes are most effective as an **integral part of a long-term social protection strategy**
- SP strategies must
 - be integral to efforts to create sustainable and **employment-intensive growth paths**
 - 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 pacts
- **Universal programmes** can generate broad support from groups with ability to pay and political influence; they foster social cohesion and facilitate financing.
- Enhancing equality and equity requires special efforts to guarantee access to social services and transfers for the most disadvantaged: this is part of a child-sensitive SP strategy



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