

## ‘Hot Topics’ in Social Protection

### Introduction

Social protection has become an inherent element of the development response and is one of the success stories of development policy in the early twenty-first century. It is widely considered to expand and remain an important part of the development agenda in the years ahead. This is reflected in the Agenda 2030 and recently adopted Sustainable Development Goals (SDGs), highlighting social protection’s role in the eradication of poverty, improvement of gender equality and reduction of within and between country inequalities.

Social protection has greatly evolved in the last 15-20 years when it first emerged as a key intervention in the fight against poverty. While it was originally adopted as a rather narrow approach with interventions forming a safety net for those particularly affected by shocks, social protection has evolved into a systematic approach that aims to prevent people from falling into poverty, protect against the consequences of living in poverty, to promote people out of poverty and to address structural inequalities that trap people into poverty. Interventions can be divided into social assistance (e.g. unconditional or conditional transfers such as child grants, social pensions and school feeding and public works), social insurance (e.g. health, unemployment and agricultural insurance) and labour market policies (e.g. public works, minimum wage legislation and maternity leave). Through this wide range of interventions, social protection aims to offer a comprehensive response to people’s risks, shocks and vulnerabilities across their life-cycle if and why they need them.

It is now widely agreed that social protection should extend to all parts of the population responding to specific needs and vulnerabilities. The implementation of Social Protection Floors and nationally appropriate social protection systems by 2030 is an explicit target as part of SDG1 on the eradication of poverty. While coverage of social protection – both in terms of range of interventions and population – has rapidly increased in the last decade, large gaps remain. Many of the ‘hot topics’ link to questions about how social protection can be extended given financial constraints, political barriers and concerns around sustainability, particularly in low-income and fragile contexts.

Topics discussed in this brief therefore include political leverage, fiscal affordability, targeting, labour market linkages, impact, ‘sensitive’ social protection and systems-building.

## 1. Political Leverage

Political will is crucial for developing and implementing any policy, and social protection is no exception. Much of the discussion around social protection has focused on technical debates about how to design and implement interventions most cost-effectively and efficiently, but such discussion ignores equally if not more critical questions of how political leverage for social protection can be created in the first place. As highlighted with respect to targeting, views about how to implement social protection are heavily ideologically influenced with neoliberal traditions arguing for narrow support to specific target groups and social-democratic parties demanding more universal redistributive systems. At the same time there are both national and international factors that may play into a country's political appetite for social protection. This includes the role of civil society, existence of social accountability mechanisms and the potential for championing social protection and showcasing positive effects based on robust evidence that is now widely available. The political reality in donor or other influential countries may also have a strong impact on social protection policy in developing countries, not in the least given the ideological attacks and severe budget cuts to welfare systems in high-income countries. More generally, we require a greater understanding of political drivers that ultimately determine whether governments adopt or resist social protection.

## 2. Fiscal Affordability

Until recently social protection and fiscal policies have largely been considered as separate issues, but efforts to jointly assess such policies are rapidly expanding for two reasons. Firstly, an assessment of social protection's distributional impact only makes sense if it is considered in conjunction with the progressivity of a country's tax system. Secondly, the expansion of social protection towards nationally comprehensive systems requires resources. Following a decade of roll-out of heavily donor-funded pilot and national interventions, particularly in Africa, the role of fiscal policies and taxation has become a particularly prominent issue in debates on social protection. It is widely recognised that building a social protection system on the basis of external resources is not sustainable, and that a solid domestic resource base is required. The challenge of fiscal affordability remains a major barrier to the expansion and sustainability of social protection, especially in low-income countries with high levels of poverty and vulnerability but a low tax base. Social protection strategies therefore need to be accompanied by fiscal policies that increase the revenue base as economies are growing, and expand tax-based financing of social protection. Challenges in doing so are technical in nature, but also link to political considerations. The generation of domestic resources through taxes while moving away from aid funds can be considered to be part of a wider process of state-building process and of establishment of citizen-state contracts that are crucial pre-conditions for the extension of social protection.

## 3. Targeting

In the context of limited financial resources, an issue subject to much debate is targeting. This referring to the question of whether scarce resources should be spread across the population as a whole or directed to the most vulnerable, and in case of the latter how this should be done. Some argue that universal provision (i.e. providing support to the whole population) is more effective in reducing poverty than targeted provision. Targeting can be expensive, including administrative, social and psycho-social costs. Also, it is impossible to achieve perfect targeting; many programmes suffer consider-

able inclusion but mostly exclusion errors. Proponents of targeting argue that notwithstanding such costs, a targeted intervention is cheaper and often more affordable than a universal programme, particularly in contexts of widespread poverty and limited financial resources. Affordability may be an important factor in creating political leverage, serving as an important entry point into social protection that may be scaled up to wider segments of the population as more resources become available. Targeting can be undertaken in different ways – based on demographic or geographic categories, (proxies for) household income, or community-based identification – but no mechanism is strictly preferred over another. All mechanisms face a trade-off between costs and efficiency, and the extent to which one mechanism is better able to negotiate such a trade-off is highly context-specific. But while there are many technical elements to decisions about coverage and process of targeting, this topic is essentially a political debate. There are arguments in favour or against targeting of social protection and the weight given to these will be informed by ideological considerations.

#### 4. Informal Labour Market

A key challenge in social protection is the creation of labour market linkages and how to expand coverage to those in the informal sector. The informal market absorbs a large share of the labour force in many low- and middle-income countries, yet social protection in most countries is ill-equipped to meet the needs of informal labourers. Consideration of how to expand coverage to informal labourers is especially pertinent in light of growing urban populations and mounting national and international migration. Labour market structures in urban areas are characterised by high levels of informality, mobile workers and gaps in the provision of social security for the poorest, which often disproportionately affect migrants. Migrants also face access barriers to social protection due to lack of legal documentation or citizenship status. Since experiences with social protection, particularly in Africa and Asia, has been largely confined to rural populations, questions arise about how to reach the urban poor, self-employed and migrants and how to deliver and monitor programmes in informal and urban settings.

#### 5. Beyond Material Impact

The last decade has seen much investment in evidence building of the impact of social protection. This has led to an extensive and solid evidence base on material impacts of social protection, primarily through the increase in incomes. Social protection is widely found to reduce the prevalence and severity of poverty and to improve wider living conditions such as shelter and adequate clothing. Emerging evidence also points to positive effects on the wider economy through the stimulation of local markets and decrease in inequality. Evidence is less widely available but also more mixed with respect to social and behavioural impacts. Social protection is firmly found to support access to education and health services and emerging findings suggest positive effects on social cohesion, intra-household dynamics and psychosocial factors but require further investigation. Social protection is also often considered important for inducing behaviour change but findings in terms of changes in health-seeking behaviour and nutritional outcomes, for example, are modest and pathways towards improved outcomes are less well understood. Social protection could benefit from more cross-sectoral learning in a bid to improve impact, for example from areas of health and nutrition with respect to communication for development (C4D). Finally, while social protection has demonstrated its ability to graduate some people out of extreme poverty and to build livelihoods that are more resilient against economic shocks and natural disasters

using an integrated package of support, further work is needed on how to optimise the package of support. This requires a greater understanding of how synergies between tools such as asset packages, financial inclusion, and behaviour change messaging can be maximised.

## 6. 'Sensitive' Social Protection

While it is increasingly recognised that social protection can and should address needs of vulnerable groups, more nuanced design and implementation are required to make social protection truly 'sensitive' to such needs. 'Sensitive' social protection has two components: (i) maximising impact and (ii) minimising adverse consequences of social protection interventions for vulnerable groups. Examples of the first component include interventions directly focusing on or targeting specific groups, such as the provision of transfers to children or making women main beneficiaries of cash transfers. The second component requires a broader consideration of social protection programmes and their intended outcomes. While the requirement to send children to school or attend health check-ups as part of conditional cash transfer programmes may benefit children, for example, it may also reinforce the care burden of women and impede their opportunities to participate in paid work. Similarly, while public works or cash-for-work programmes can offer meaningful income for households, the absence of care may limit women's possibilities to participate in such programmes, or may lead to adverse consequences for children when they are required to care for siblings or undertake unpaid (care) work in the absence of caregivers. Greater understanding and improved practices are crucial for simultaneously improving social protection positive impacts and reducing negative outcomes.

## 7. Systems-Building

In line with Agenda 2030, social protection strategies of international organisations, donors and countries put the need for national systems-building at the centre of future social protection development. It highlights the move away from fragmented approaches of short-term pilot projects, and lack of coordination across government entities between national social assistance and social insurance schemes, to a harmonised and more efficient system. This applies especially in middle-income countries where governance structures are more advanced and financial and human resources are more widely available. Social protection is a cross-cutting issue rather than a self-standing sector and can generate powerful synergies with social and economic development when it is directly linked to social sectors (such as education and health), and to economic sectors (such as agriculture and labour). The creation of a comprehensive system requires social protection to be institutionalised and underpinned by legislative frameworks, and the creation of horizontal and vertical coordination mechanisms. Many countries – both low- and middle-income – have made important steps towards the establishment of systems through the development of national social protection strategies and policies. At the same time social protection in low-income countries is characterised by programmes that are time-bound and exclude large segments of the population, giving rise to questions about how scattered and unconnected interventions can be joined up, scaled up, institutionalised within government structures, domestically financed, and underpinned by framework legislation.

## Conclusion

The 'hot topics' discussed in this Briefing Paper are underpinned by the broader

question of how social protection can extend its coverage to include not only poor and marginalised groups but all segments of the population facing risks and vulnerability, and how this can be undertaken in a sustainable manner. The creation of political will, mobilisation of domestic resources, balancing of universal and targeted approaches, inclusion of the informal sector, expansion of impact, sensitisation of social protection and building of systems are heavily debated issues given their importance in achieving the 2030 Agenda and SDGs. While experiences abound, more lesson learning and critical engagement is required to gain an understanding of how these various issues could be addressed.

While the discussion of topics here has primarily focused on national-level processes, the role of development partners and donor agencies should not be ignored. In the process of extending social protection towards comprehensive systems, it is crucial for donor coordination to be strengthened in a bid to avoid duplication of efforts and competing donor agendas. In doing so, development partners may need to redefine their role, moving away from financing social protection projects directly and building the evidence base on impacts, towards innovative approaches to technical support and building national capacities.

## Key Documents

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- Hickey, S. (2009). The politics of protecting the poorest: moving beyond the “anti-politics machine”? *Political Geography* 28(8), 473-483.
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- Labour market linkages: Kabeer, N., Heintz, J. and Cook, S. (2008) Economic Growth, Social Protection and ‘Real’ Labour Markets. *IDS Bulletin* 39 (2).
- Beyond material impact: Hagen-Zanker, J., McCord, A. and Holmes, R. (2011) Systematic review of the impact of employment guarantee schemes and cash transfers on the poor. London: ODI.
- ‘Sensitive’ social protection: Roelen, Keetie (2011) Social Protection to Address the Drivers of Vulnerability: A Bridge too Far? *IDS Bulletin* 42(6), pp. 35-37.
- Systems-building: Robalino, D. A., Rawlings, L. and Walker, I. (2012) Building social protection and labor systems: concepts and operational implications. Washington DC: World Bank.

This BriefingNote was written in March 2016 by Keetie Roelen and Stephen Devereux of the Centre for Social Protection (CSP) at the Institute of Development Studies, UK.

This Collaboration between SDC and the Institute of Development Studies explores how poverty relates to politics and power. It is supporting SDC staff in improving the quality and effectiveness of SDC processes and operations focused on poverty. The Collaboration uses an ‘organisational learning and change’ approach to accompanying SDC activities, which is reflective, demand-based and rooted in the realities of SDC’s work. It runs until December 2017.

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