

Scoping Study on Social Protection

Evidence on impacts and future research directions

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This paper provides an overview of the evidence on the impacts of social protection in developing country contexts with a view to developing a future research agenda on social protection in low income countries. The paper draws on both the published and 'grey' literature in this field as well as interviews and email correspondence with relevant DFID staff and UK academics specialising in this field. The views expressed in this paper are those of the author and do not necessarily reflect those of DFID or the GSDRC.

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Executive Summary

1. This paper provides an overview of the evidence on the impacts of social protection in developing country contexts with a view to developing a future research agenda on social protection in low income countries. The paper draws on both the published and ‘grey’ literature in this field as well as interviews and email correspondence with relevant DFID staff and UK academics specialising in this field.

2. Section 1 of the paper traces the emergence of social protection as an important concern within the international policy agenda and discusses how DFID’s thinking has evolved in relation to the wider development community. Section 2 compiles the evidence on the impacts of social protection on the lives of poor individuals, households and communities in developing country contexts under four broad categories relevant to DFID policy: poverty reduction, human development, economic growth and social justice. Section 3 discusses what these findings tell us about the underlying factors that help to explain the achievements and limitations of social protection interventions in the field. Finally, Section 4 uses this discussion to outline a future research and policy influencing agenda for DFID.

3. The emergence of a social protection agenda since the late 1990s reflects a move away from the narrow safety net approaches which characterised structural adjustment programmes towards a broader and more systematic approach to the management of risk and vulnerability. This move reflects a number of factors, including the failure of short term emergency responses to deal with structural food deficits, particularly in the African context, the periodic financial crises which have become a hallmark of globalisation and the growing informality of labour markets which mean that increasing numbers of the working population are outside the formal social security system. While there has been some debate about where to draw the boundaries between social protection and larger development policies, there is a consensus on the need for establishing broad-based social protection systems to compensate for market failures and deal with the insecurities generated by globalisation. Such a system should be designed not only to ensure the ability of poor people to deal with shocks and stresses but also build their capacity to benefit from processes of growth and hence promote greater social justice.

4. DFID has defined social protection in terms of three sets of instruments: social insurance, social assistance, and the setting and enforcement of minimum standards to protect the health, safety and labour rights of working citizens. Given its concerns with poor people in poor countries, DFID’s Social Protection team has prioritised social assistance which encompasses a wide variety of cash and in-kind transfers. The explicit social protection research funded by DFID has generally taken the form of impact evaluation but there is also a wider body of research which touches on political economy questions relating to the affordability of these programmes, state capacity to deliver them and the kinds of political arrangements which favour the move towards institutionalisation.

5. Much of the evidence on the impacts of social protection comes from evaluations of specific interventions where the focus is largely on the objectives of the interventions in question. As a result, the existing knowledge base is strongest in

relation to the immediate and direct impacts of these interventions. It becomes progressively weaker as the time scale of impacts increases and the scope of impacts expand to encompass the indirect impacts and community-wide externalities that are most likely to be relevant for sustained poverty reduction and economic growth.

6. As far as immediate impacts are concerned, there is substantial evidence that transfers of various kinds address the *consumption deficits* of beneficiary families by direct provision of food, by increasing their ability to purchase food and by enabling them to smooth consumption flows in the face of income shocks. However, questions remain about the sustainability of these impacts. In many cases, participants have been found to return to their previous survival strategies once a programme has ended.

7. More sustained impacts rely on a number of design features, including the use of conditions to promote behavioural change. Longer term impacts on *human development*, with implications for long term poverty reduction, are reported in the case of conditional cash transfers that are explicitly designed to encourage such outcomes, particularly in relation to the health and education of children, the next generation of workers. Much of this evidence comes from middle income Latin American countries where these programmes were pioneered.

8. These positive impacts are not restricted to conditional cash transfer programmes, leading to some debate about the role of conditionality in achieving behavioural change. A number of widely studied unconditional cash transfers, such as social pensions in Brazil and South Africa, have also been found to improve nutritional and educational indicators among grandchildren. Similarly positive impacts were reported in relation to children's nutrition for the Child Support Grant in South Africa. In addition, positive outcomes for children's education have also been reported for public works programmes which help households smooth their income flows as in Ethiopia and India, the mid-day meals scheme in India and secondary school scholarships in Bangladesh.

9. The evidence on reductions in child labour is less well established. There are also worrying findings that the quality of educational services have declined with the increase in demand, suggesting the need for greater co-ordination between supply and demand. A major knowledge gap in the literature on social protection is the impact of transfers on the health and nutrition of adult members of the family, including working age adults whose productivity is critical for current household income.

10. The *economic impacts* of social protection can be divided into impacts on household *asset formation*, on the *labour market participation* of its members and *local economy impacts*. While this evidence is generally gathered at household and community level, and hence provides little insight into macro-level growth processes, it does illuminate some of the pathways through which social protection measures can *support growth* and promote a fairer distribution of the opportunities generated by growth.

11. One set of growth related impacts works through the use of direct or indirect transfers for asset formation. The income effects of such programmes can be sustained in the longer run if part of the transfer is saved and invested productively. Alternatively, stabilisation of income flows may help to ease household's access to

credit, providing an alternative route to productive investments. There is strong evidence that the size of the transfers is important in determining the extent to which households invest in productive assets and activities. This is the case for both cash transfers and public works programmes. While there are examples of extremely poor households managing to invest some of their transfers the evidence suggests that short term and low level transfers have negligible effect on the investment capacity of poor households. There is also persuasive evidence that transfers in kind that take a productive form (livestock, seeds, fertilizer) can strengthen the income generating capacity of households. The duration of this impact has not generally been investigated.

12. Social transfer programmes have promoted labour force participation through a number of different routes. They help to finance the costs of job search, to ease women's child care constraints and to reduce the number of working days lost through illness. They have also impacted on the migration behaviour of households. Studies from South Africa suggest that cash transfers have enabled household members to undertake migration in search of employment that they could not otherwise have afforded. Public works programmes are clearly designed to generate employment. Studies from India suggest that public works programmes have reduced the need to undertake 'distress migration'. However, the evidence on international migration, as in the case of Mexico, is mixed. Despite claims by those who design these programmes, there is little evidence that they have contributed to the skills and experience of participants, thereby enhancing their capacity to compete for local opportunities.

13. There is evidence of both negative and positive impacts in the wider economy. Negative impacts include inflationary pressures exercised by cash transfers in conditions where markets had not been able to respond to increased demand as well as the resentments and divisions fostered by targeted programmes that fail to include all those who consider themselves eligible. Positive impacts have been found to operate through 'demonstration effects' which lead non-beneficiaries to emulate the behaviour of participants, for instance, with regard to children's education and health-seeking behaviour. They also operate through multiplier effects as the wider community benefits from the increased demand in the economy as a result of transfer programmes. One other impact that may have longer run, economy wide implications is associated with the growing reliance on new technologies in the delivery of transfer programmes (smart cards and mobile ATMs, for example) and the increasing financial inclusion of poor people.

14. A number of studies have examined the potential of social programmes to promote social justice through their impacts on long-standing structural forms of inequality within a society. They point to the importance of these programmes to the identity and self worth of groups that are largely excluded from the development mainstream. Also relevant to the social justice agenda is the extent to which social protection entitlements have provided a catalyst to poor people to mobilise to claim their entitlements.

15. Variations in the impact of social protection programmes draw attention to the importance of variations in their design and in the underlying contexts in which they are implemented. It is evident that design features such as the size, regularity and

duration of transfers make an enormous difference to the impacts achieved as does the gender of recipients, the existence of targeting mechanisms and the form they take, and the extent to which the entitlements on offer are guaranteed or discretionary. The extent to which the various forms of 'demand' generated by social transfers, for example, for social services, for microfinance and for employment opportunities, can be met within a particular context will also determine the nature of the impacts reported. Programmes cannot be transferred from one context to another without taking these wider contextual constraints into account. Conditionality has been dropped from most cash transfers in Sub Saharan Africa because the availability and quality of services on offer make such conditions unrealistic. The impact of cash transfers on the local economy, the extent to which it gives rise to income or employment multipliers or to inflationary pressures will depend on the presence or absence of well-functioning markets.

16. Variations in the pattern of social protection provision across different contexts draw attention to the political economy of provision. While economic reform has led to attempts to dismantle the previous dualistic model of formal social security for a privileged minority and minimal social assistance for the rest, the emerging picture is not one of uniformity. There is a gradual move towards more integrated and scaled up social protection systems at one end of the spectrum while the other end is characterised by a range of disparate, short term and stand alone projects, often donor funded pilots, at the other end.

17. There is an emerging body of research that addresses these systemic variations. Not all of it is explicitly concerned with social protection but its focus on state responsiveness to pro-poor policies and the factors that might help explain it suggests relevance to the social protection agenda. These factors include source of funding and commitment to domestic revenue mobilisation, the degree and quality of decentralisation, the rule of law and the role of the legal system, systems of political and social accountability, and the political space and opportunities available for poor people to mobilise around their claims and entitlements.

18. The interviews undertaken for this paper suggest two somewhat differing views regarding DFID's future policy on social protection. One view held that while governments should take a more holistic and integrated approach to social protection, DFID should retain its focus on social transfers directed to the extreme poor. This was in line with its overarching concern with poverty reduction and it also concentrates DFID's efforts on an area of policy that governments are least willing to support for fear of generating long-term dependency. Yet there is little evidence that these fears are well-founded. DFID has built up a strong track record in the financing, design and evaluation of a variety of social transfer programmes and in disseminating lessons which could help to influence national policy.

19. A second view endorsed DFID support for social transfers for the extreme poor but suggested that its focus could be widened to encompass the moderately poor. The broader development potential associated with social protection instruments designed to strengthen the livelihood strategies of poor people would be better realised if DFID expanded into the 'grey area' of policy instruments between the protection of livelihoods and their active promotion. It would also provide support for a more integrated approach to social protection in place of a project-based one.

20. The recommendations for a future research agenda provided by the study retains the focus on social transfers and extreme poverty but suggests the need for greater attention to the ‘generative potential’ of social protection strategies, the extent to which they could be designed not only to address the immediate needs of poor and vulnerable groups but also to generate broader developmental impacts (Kabeer, 2008). The paper suggests a number of areas where further research on social protection could be funded:

A. Analytical synthesis of literature

Careful documentation of both positive and negative impacts of social protection interventions, their transmission routes, the kinds of programmes that generated them and the contexts in which they occurred can provide critical lessons for the design of future programmes. This would allow a first take on the question of why similar programmes generate different outcomes and provide insights into the graduation and sequencing of programmes. Particular attention could be paid in this synthesis to some of the unresolved issues in the field eg. targeting versus universalism and different kinds of targeting, conditional versus unconditional transfers, cash versus food transfers.

B. Scaling up evaluation studies into research projects

Impact evaluation studies provide useful information on the current and direct impacts of interventions but do not provide insights into deeper causalities or broader developmental implications. Future research on social protection needs to be linked to the analysis of poverty and vulnerability in different contexts. In addition, such research needs to be scaled up in two ways. It needs to be longitudinal in order to take account of longer term impacts which may materialise beyond the life of a project and hence excluded by conventional impact evaluations. It also needs to broaden its focus to capture indirect impacts of interventions, their spill-over effects into the wider community beyond project beneficiaries. Such impacts have to be captured over entire communities rather than the immediate beneficiaries alone and would need to compare treatment and control communities as well as households.

C. The geography of welfare

Country and regional level variations in the majority approach to social protection provision are partly but not solely related to income levels. They also reflect historical precedents, accidental factors as well as contemporary politics and policy processes. Analysis of these regional variations through carefully designed cross country studies may help to answer some of the political economy questions raised in the review, including the nature of political constraints and administrative deficits that prevent the emergence of inclusive social protection systems and the impact of various financing arrangements on patterns of provision.

D. The role of the corporate sector

The corporate sector has been largely invisible in the social protection agenda but its relevance is evident in a variety of ways. It is responsible for the employment prospects and working conditions of a considerable section of the

world's working population: through trade as well as production. There has been a proliferation of efforts to promote fairer working conditions through various schemes, including Fair Trade, the Ethical Trading Initiative and so on which contribute to social protection as do efforts to promote minimum wage legislation. The corporate sector has also played a role in public works programmes and in the delivery of cash transfers. The evidence on its performance is mixed and suggests more attention needs to be paid to where its comparative advantage lies vis a vis the state and civil society organisations.

E. Lessons from the financial crisis

The current financial crisis, along with the food and fuel crisis that preceded it, has revived attention in social protection across the world just as the East Asian financial crisis did in the late 1990s. One of the key lessons that came out of the East Asian crisis was the need for ex ante systems of social protection that could be scaled up rapidly in times of crisis. To what extent has the global nature of the current crisis led to a greater commitment on the part of governments and/or donors to a more systematic approach to social protection? To what extent have the experiences of vulnerable groups in those developing countries that have had ex ante measures in place differed from those that have had to respond in the aftermath of the crisis?

F. Filling the gaps

There are a number of critical gaps in our knowledge about social protection which relate to missing locations and groups. Certain countries are far better represented in the social protection research than others. It is, for instance, largely the wealthier countries of Latin America that feature in the CCT literature rather than the smaller poorer ones whose experiences might resonate better with poorer countries in Africa and Asia. There are question marks about the extent to which programmes developed in middle income countries can be adapted to low income country contexts. Within Asia and Africa, certain countries predominate: India and Bangladesh in the South Asia region; South Africa in the sub-Saharan African context. In addition, there are certain vulnerable groups that tend to be systematically overlooked within social protection strategies: the homeless, migrants, both internal and cross border, and including children; those in stigmatised occupations and those located in further reaches of the informal economy. Greater attention to these locations and groups is essential for a more comprehensive understanding of contextual constraints on social protection provision and the dynamics of exclusion embodied in them.

21. There may be a case for different institutional modalities for future research. The analytical synthesis recommended above could be put out to competitive tender and carried out by one or two leading institutions in the field. There is also scope for a policy oriented network which brings together researchers, practitioners and policy makers to focus on distilling, dissemination and advocating the lessons from 'good practice' in different contexts and provide technical advice to those who request it.

22. The third is the more academic agenda which could be carried out through the kinds of consortium arrangements that DFID has been funding and that focuses on

some of the broader research questions outlined above. These consortiums have been complex arrangements, time-consuming to manage and required to perform on a number of different fronts to the extent that funding for research is often squeezed. At the same time, they fulfil a number of functions that would not be addressed by more conventional arrangements, including building capacity and research networks across the north-south divide.

23. The suggestion made by an earlier study suggests an innovative way to proceed on commissioning such work. It points out relevant talent and expertise that could make a valuable contribution to the research is often excluded by the competitive formation of different consortia. This could be avoided by encouraging consortia to involve individuals from multiple institutions in their submissions. It should also be possible to incorporate valuable ideas and the individuals associated with them into the final programme after the consortia has been selected.

Introduction

This scoping study is written in response to the terms of reference drawn by the Growth Team in DFID Research and Evidence Division. Its aim is to

- review the DFID policy position on social protection and assess its consistency with current research thinking,
- review the research literature on the linkages between social protection and broader development goals, particularly economic growth,
- identify knowledge gaps and make recommendations on how DFID should address future research in this field.

Section 1 of the paper traces the emergence of social protection as an important concern within the international policy agenda and discusses how DFID's thinking has evolved in relation to the wider development community.

Section 2 compiles the evidence on the impacts of social protection on the lives of poor and marginalised groups in developing country contexts under four broad categories relevant to DFID policy: poverty alleviation; human development; economic growth; and social justice.

Section 3 provides a brief discussion of what these findings tell us about the key factors that help to explain the achievements and limitations of social protection interventions in the field. Two broad sets of factors are identified. First, the 'proximate' factors that relate to the design of social protection programmes and projects and their 'fit' with the specific nature of vulnerability being addressed. Second, the set of factors that relate to the political economy of social protection: what contributes to, or impedes, the establishment of effective social protection strategies, given the nature of constraints faced by many developing countries.

Section 4 assesses what these findings suggest about DFID's future policy in the field of social protection as well as directions for future research.

The analysis in this paper draws on the broader research literature on state society interactions around pro-poor policies and service delivery, including questions of political commitment to poverty reduction, state capacity and the ability of citizens, including poor people, to hold their governments accountable. In addition, it draws on interviews and e-mail exchanges with a number of academics who specialise in social protection and related political economy issues. Finally, the paper was debated at a workshop with DFID staff and invited academics on October 20th. The views expressed then have also shaped the paper. Needless to say, the views put forward in the paper are those of the author and do not necessarily either the views of the academic consulted, DFID or GSDRC.

1. From safety nets to social protection

1.1. *Analytical frameworks and perspectives on the case for social protection*

1.1.1. Social protection has been around in one form or another for a long time although not necessarily described as social protection (Ellis et al., 2008). As a recent Asian Development Bank study points out (ADB, 2008), most developing countries have had some combination of the kinds of interventions that would fall under the rubric of social protection: formal social insurance, social assistance, social safety nets and social welfare targeted at key vulnerable groups such as children with special needs, the elderly, sick and disabled people and poor households. In addition, subsidies for essential consumer goods were also adopted in a number of countries. Many countries continue to use this terminology.

1.1.2. Within the international development community, however, the emergence of the social protection agenda signalled a shift away from the narrow safety net approach which characterised the era of structural adjustment to a more systemic approach. Structural adjustment programmes set out to reduce the role of the state and to expand market forces at national and international levels in order to achieve levels of growth that would 'lift all boats'. Within these programmes, safety nets were assigned a residual role, providing temporary relief to those vulnerable groups who were adversely affected by the transition from crisis to reactivation of the economy.

1.1.3. However, economic liberalisation did not bring about the broad-based patterns of growth necessary to lift the majority of poor people out of poverty. As the authors of an influential World Bank paper on social protection pointed out, the same processes that had increased opportunities for welfare improvements for many also increased variability of outcomes for societies as a whole and even more for specific groups within them (Holzmann and Jorgensen, 1999). Similarly, the ILO noted that while the spread of global markets created the extraordinary new opportunities, the major drivers of recent growth in the world economy, inequality of opportunities have been equally extraordinary, both within and between countries (ILO, 2000). There is now a substantial body of research to suggest that rising levels of inequality slow down the rate at which economic growth translates into poverty reduction.

1.1.4. Others have noted that the pursuit of flexible markets in the face of global competition led to the growing informality of work so that increasing percentages of the working population fell outside formal social security systems (Standing, 1999; UNDP 2008). In the African context, the inadequacy of existing safety nets was demonstrated by the persistent need for supplementary and emergency measures to ensure food security, often for entire populations and zones (Ellis et al., 2008). Decades of emergency food aid had achieved little in terms of reducing chronic food insecurity.

1.1.5. However, the defining event which catalyzed the international community into re-examining its approach to safety nets was the East Asian financial crisis of the late 1990s. The crisis revealed the weaknesses of social security systems and the limits to informal safety nets in countries which had previously been held up as the exemplars of successful pro-poor market led growth (Norton et al., 2001; Atinc and Walton,

1998). The WDR 2000/01 which came out in the aftermath of the financial crisis integrated risk and vulnerability into a multidimensional understanding of poverty and located a concern with security as central to its strategy for poverty reduction, along with opportunity and empowerment.

1.1.6. The costs of recurring financial and economic crisis – in East Asia, Latin America and Russia – and accompanying upsurges in poverty and possible irreversible damage to the human capital of the poor, also brought home the need to put safety nets in place as an ex ante measure *before* a crisis rather than as an ex post response, thus opening up the policy space for more institutionalised forms of social protection.¹

1.1.7. Two strands of conceptual thinking have exercised considerable influence in the international discourse. Both lend themselves to this broader view of social protection. They also highlight the difficulties of placing clear-cut boundaries between what is conventionally described as ‘social protection’ and inter-related areas of economic and social policy. The World Bank’s Social Risk Management framework noted the existence of a wide range of risks and pointed to the market for insurance as the most efficient form of protection against these risks. However, it also recognized that the existence of wide spread market imperfections and insecurity of property rights in poorer developing countries provide a rationale for public interventions to ‘assist individuals, households and communities in better managing risk’. Social protection strategies were seen to be made up of three sets of measures:

- *risk reduction* referred to broad ex ante measures, such as active labour market policies, which seek to increase the level of expected income and/or reduce fluctuations in income flows.
- *risk mitigation* consisted of a more narrowly focused set of ex ante measures aimed at reducing income fluctuations, such as diversifying the portfolio of assets and activities available to the poor, insurance mechanisms of various kinds and hedging.
- Finally, *risk coping measures* were largely ex post measures to help poor people deal with the effects of crisis.

1.1.8. The second influential framework has its origins in an early distinction between the *protection* and *promotion* of living standard made by Dreze and Sen (1991). The distinction was premised on the recognition that, given most low income country contexts were dominated by informal economic activities, largely rural and geographically dispersed and characterised by casual, low and irregular returns, formal social insurance systems of the kind that characterised industrial countries would be difficult to implement while the scope for tax-financed social transfers were extremely limited. The major thrust of social security policy for the poor in developing countries therefore had to be the promotion of their livelihoods. Success on the promotional front would make social protection both more affordable in the long run as well as less intensely crucial. In a subsequent contribution, Guhan (1994) suggested the need to further subdivide protective strategies into ‘*preventive*’ measures which sought to avert downward fluctuations in well being and *purely protective* or safety net measures which enabled people to cope with crisis. This offered the following categories:

- Promotional measures which aimed to improve endowments, labour productivity, real income and social consumption

- Preventive measures which seek to avert deprivation in more direct ways
- Protective or safety net measures which provide relief from deprivation

Guhan describes this alternative taxonomy as one of ‘overlapping categories’, a gradation of measures which proceed from narrow to wider domains of specificity in relation to the poor and vulnerable.

1.1.9. Some of the theoretical literature on social protection has pointed to potential disincentive effects on labour force participation and savings and the creation of welfare dependency. However, this is largely derived from the experience of developed countries where social security benefits are far more generous than those that prevail in middle and low income countries. They are also largely financed from taxes raised from their citizens and hence raise direct concerns about potential disincentives on decisions to work or save on the part of tax-paying citizens. This latter set of concerns has as yet little relevance to the poorer countries of the world where social protection is largely financed by official aid flows although it may have greater relevance in the future as they shift to domestic financing. It has greater current relevance for middle income countries that do rely on domestic taxation.

1.1.10. Concerns about disincentive effects on beneficiaries of social protection, and the creation of welfare dependency, are partially offset by evidence from developing country contexts of the positive impacts on beneficiaries associated with social protection. A range of arguments have been used to spell out the synergies between social protection and broader development policies. Economic arguments have largely focused on the use of social protection to counter market failure. It has been pointed out that while there have been major growth-related reductions in poverty levels between the early 1980s and 2001, the pace of reduction has not been uniform, either between or within countries. The overall picture is one of ‘highly uneven progress, with serious set backs in some regions and time periods’ (Chen and Ravallion, 2005).

1.1.11. Markets frequently fail in ways that trap poor people in poverty. The economically active poor must not only deal with the insecurities of livelihoods in the informal economy in both urban and rural areas, but also segmented labour markets, weak transport and communications infrastructure and asymmetries of market information. The indivisibility of productive assets, such as livestock and land, renders the incremental capacity for investment irrelevant while most lack the regularity of income or ownerships of assets that would provide access to credit. Spatial inequalities and group-based discrimination on the basis of gender, caste, ethnicity and other forms of marginalised identities (what some economists call ‘membership-based’ poverty or ‘horizontal inequalities’) have served to exacerbate economic disadvantage.

1.1.12. The insecurities associated these various form of economic and social vulnerability lead to the rational but sub-optimal use of resources since they force a focus on current consumption over longer term investment, liquid rather illiquid forms of wealth and low risk/low return activities over higher risk activities with higher returns. Poor people are less able to mitigate risks than others. They are less able to cope with shocks and stresses and more likely to resort to coping strategies which have long term adverse consequences (including taking children out of school, sending them to work, resorting to degrading or hazardous forms of work, selling off assets). Their exclusion from formal social security provision means that most rely on

informal safety nets which have often proved inadequate in times of generalised crisis. Informal safety nets may also involve highly exploitative patron client relationships which provide a modicum of security to the poor in exchange for primary claim on their labour, produce and loyalty. Such 'interlocking markets' curtail the capacity of poor people to act as autonomous actors in both political and economic sphere (Smith, 1997; Wood, 2003).

1.1.13. Such evidence of market failures and imperfections suggest that the promotion of market led growth may have to be accompanied by direct policy interventions to ensure a more even distribution of economic opportunities (Barrientos and Scott, 2008). Social protection is one such set of interventions. In fact, until such failures are corrected, social protection instruments can not only extend opportunities to those who are excluded, they can also help to reduce inefficiencies in the wider allocation of resources. While Ravallion (2002) suggests that redistribution through social protection can contribute to pro-poor growth if it focuses on aspects of inequality linked to market failure, it is worth noting that his analysis includes inequalities based on social identity in this category of market failure. Banerjee and Duflo (2004) suggest that strong growth effects are likely to pertain to 'active' social transfers, those that encourage the labour market participation of recipients, than passive transfers that merely redistribute purchasing power to specific groups such as the elderly (cited in Barrientos and Scott, 2008).

1.1.14. Other arguments in favour of social protection revolve around social policy and political economy questions. There is substantial evidence that social services do not always reach poor and socially excluded groups and may indeed actively discriminate against them (see review of evidence in Kabeer, 2000). Social protection is seen as an effective way of making scaled up investments in health and education more equitable and cost effective. Increased spending on social services needs to be combined with measures to ensure that they reach the very poorest.

1.1.15. Finally, another set of arguments suggest that there are wider gains from social protection measures in terms of strengthening social solidarity, state capacity and political stability and contributing to social justice. They point out that the tendency within some of the social protection literature to conceptualise risk in terms of 'shocks' overlooked the chronic nature of certain forms of deprivation and routine nature of hazards and stresses that make up the lives of the poor. It also failed to address structural inequalities in the social, political and economic domain which led to the persistent exclusion of certain groups and their inability to benefit from market opportunities and state policies. In the light of these structural inequalities, Devereux and Sabates-Wheeler suggest a transformative role for social protection to address the power imbalances in a society which encourage, create and sustain longer term vulnerabilities (Devereux and Sabates-Wheeler, 2004; see also Sabates-Wheeler and Devereux, 2008). Such transformative measures would clearly encompass rights-based approaches to social protection as well as the emerging discourse of social guarantees within the World Bank social policy literature (see Gacitua-Mario et al., 2009). In addition, it would encompass measures which sought to strengthen the capacity of poor people to exercise voice and agency in pursuit of socio-economic security as well as to promote state accountability and responsiveness in the field of social protection.

1.1.16. In contrast to earlier forms of social assistance which were premised on the idea of a trade-off between economic growth and redistributive policies, these arguments suggest a potential synergy between social protection and development goals, a 'generative' model of social protection (Kabeer, 2008). In other words, properly designed social protection measures have the capacity to generate impacts that include, but go beyond their immediate safety net functions. They can help to compensate for market failure, counter social discrimination and contribute to broader goals of economic growth, poverty reduction and social justice (Ravallion, 2002; Norton et al., 2001; Cook et al, 2003). If social protection measures are indeed able to generate these wider impacts along with fulfilling their primary objective of providing poor people with the capacity to manage risk and vulnerability, this would clearly alter the debate around its affordability in poor countries

1.2. *Boundaries and instruments*

1.2.1. The move from safety nets to social protection has generated some debate about where the boundaries should be drawn in order to distinguish it from other aspects of development policy. Both the dominant frameworks outlined above point to the wider remit of social protection but also make it difficult to delineate the policy space specifically occupied by social protection measures. Some examples of the definitions used by international development agencies are provided in Box 1 in the Appendix. It will be seen that while all definitions revolve around ideas about risk and vulnerability, they differ in the emphasis placed on income risks and social vulnerability, in the links made to broader policy and the extent to which broader policies focus on the social and the economic. Guhan's idea of a 'taxonomy of overlapping categories' may be a useful way of capturing the narrow safety net measures which help poor people cope with deficits and adversity and successively wider measures which address the potential for livelihood promotion and risk mitigation. As will be argued later in the paper, this would allow social protection strategies which take cognisance of the heterogeneity of the poor and of the economic potential of the wider contexts in which they are located.

1.2.2. At present, two broad categories of instruments dominate the social protection literature: social insurance and social transfers. Social insurance refers to the pooling of contributions by individuals in state or regulated private funds so that they receive financial support for a range of pre-defined risks. It underpins most formal security programmes workers in state and large scale private enterprises in developing countries and is financed by contributions from employees, employers and the state.

1.2.3. Social assistance is generally tax financed - although in the case of donor assistance, the tax in question is paid by citizens of the donor country - and aims to support those in poverty. The design of social assistance programmes varies considerably according to their objectives. Some are positioned at the welfare end of objectives, others seek to promote livelihoods. They can take the form of transfers of cash, vouchers or food directly to households or individuals. They straddle social pensions, child benefits, disability allowances and regular food or voucher distribution, conditional cash transfers, free distribution of anti-retroviral drugs to those with Aids and school feeding programmes, subsidised or free use of services. Public works programmes can be seen as a specific kind of transfer programme in which employment is provided in exchange for a predetermined cash or kind

payment. The transfer element is reduced when programmes are used to build needed infrastructure.

1.2.4. In addition to these two broad categories, the concept of social protection has also been extended to include a variety of legal norms and standards which seek to enforce minimum standards of work in the work place and to encompass public actions that address a wider set of rights issues such as land reform, social discrimination and gender inequality (Ellis et al, 2008; Devereux and Sabates-Wheeler, 2004; Norton et al, 2001; see also contributions to Dreze and Sen, 1991). Such measures would fall within the rubric of ‘transformative social protection’ noted above.

1.2.5. There is also a substantial grey area around various types of supportive measures which simultaneously address protection and promotion objectives (Farrington et al., 2004). If the existence of market failures and imperfections are accepted, then there appears to be as strong a rationale for using transfers to subsidize productive inputs (eg. fertilizer) as there are for subsidizing human capital investments (CCTs). Microfinance, which does not qualify as either social insurance or social assistance, is another case in point. It has been pointed out that such programmes either do not reach very poor people or when they do, they often lead to debt and imprisonment (as in some cases in Ethiopia). Moreover, micro-credit has to be repaid in a way that other transfer programmes do not.² On the other hand, microfinance has not only proved to promote the livelihood capacity of the moderately poor but has also enabled such households to smooth fluctuations in income/consumption levels, a classic function of social protection (Morduch and Haley, 2001). This paper will **not** review the evidence on the impact of microfinance on household risk management strategies but will touch on the topic where it appears to be relevant to the discussion

1.3. DFID’s social protection agenda

1.3.1. DFID recognizes the developmental potential of social protection – the capacity of well designed measures to generate impacts on a number of different fronts. This recognition has been expressed in various publications by those working on growth, on human development, on governance as well as by those working on social protection.

1.3.2. The Policy Division’s Pro-Poor Growth Briefing Note 2 argues for measures to reduce the risk and vulnerability of poor people as one of four routes to the acceleration of growth rates in the incomes of poor people (DFID 2004). Such measures would enable poor people to keep their children in school, to recover from shocks and resume normal economic activity and to engage in activities with higher risks but higher returns. Social protection was also needed to support those who were not able to participate in productive activities – the elderly, the ill and disabled. Problems of financing and administering have not proved insurmountable, even in low income countries.

1.3.3. The Social Protection briefing Note No.3 (DFID 2006) sets out how cash transfers and vouchers can improve human development outcomes (health, nutrition and education), especially for the extreme poor and socially excluded.

1.3.4. The Social Protection briefing Note No. 4 (DFID 2006) makes a strong case for the positive impact of social protection on economic growth: through investments in health and education, protection of productive assets, encouraging risk taking, promoting labour market participation and easing the pain of economic transition.

1.3.5. The 2006 White Paper on 'Making governance work for the poor' also signals the need for measures to protect the very poor and the wide range of impacts that such measures can generate: 'Social protection reduces hunger and boosts income. It helps families send their children to school, helps women to use health services, and helps people with AIDS get treatment. It injects cash into local economies, creating demand for goods and services that help small businesses grow. And it helps tackle the inequalities that trap successive generations in long term poverty' (p. 84).

1.3.6. The most recent White Paper (2009) 'Eliminating world poverty: meeting our common commitments' reiterates DFID's commitment to poverty reduction as a central goal of development policy and the importance of employment-generating growth (p.21). It also reiterates the importance of social protection for poor men, women and children, particularly in the context of the global economic downturn and the challenge posed by climate change.

1.3.7. DFID policy - set out in the Social Transfers practice paper (2006) - prioritises social insurance, social transfers and the setting and enforcement of minimum standards to protect citizens within the work place as key instruments for addressing risk, vulnerability and chronic poverty. In practical terms, DFID's own work, including its policy-related research, has been focused on social transfers of various kinds. On the one hand, the reliance of social insurance on individual contributions makes it more appropriate for better off sections of the population in low income countries. It continues to be largely confined to the minority of workers in formal employment in these countries. On the other hand, the ILO has taken the lead on issues of labour standards and 'decent work' and has been attempting to extend its concerns to workers in the informal economy through research and advocacy around the idea of a global social floor.

1.3.8. Given that its own focus is largely on poor people in poor countries, DFID's focus on social transfers has an obvious logic. As a review of 23 social transfer schemes supported by DFID makes clear, these schemes vary considerably in design and include both direct conditional and unconditional transfers in cash and kind (eg. food and productive inputs) as well as public works programmes (Devereux and Coll Black, 2007). DFID has collaborated with other international agencies on a number of different fronts. Most recently, it supported the development of a social protection strategy within the OECD-DAC, directly financing contributions on gender and social protection, on the challenge of social protection in fragile states and on social protection to deal with climate change.

1.3.9. DFID's policy analysis is also cognisant of the fact that social transfer programmes need to be complemented by wider legislation, policy reforms, supply-side strengthening of service delivery, and actions that help reduce risk and promote social equity and inclusion if they are to be effective. The social protection agenda is consequently seen as an essential aspect of effective governance and linked to DFID's support for building state capacity and active citizenship. By tackling poverty,

inequality and exclusion, and strengthening the social contract between state and society, Social Protection can help to build support for essential reforms, strengthen citizenship and social cohesion while reducing likelihood of extremism, social unrest and conflict.

1.3.10. DFID's Social Protection team – and now its Poverty Response team - has been active on a variety of different fronts: clarifying DFID policy priorities through a series of practice papers, commissioning research to investigate, collate and build the evidence base, working with other bilateral and multi-lateral donors on developing common themes and directions and seeking to influence governments through in-country and international networks. It is regarded as a leader in this field by many of the other donors. Good examples of its research and networking activities is the support provided to the Regional Hunger and Vulnerability Program which supports improvements in policy and programme approaches to hunger and vulnerability in southern Africa and publishes a series of briefs as part of the Regional Evidence Building Agenda; its participation in the development of the OECD-DAC's social protection agenda and funding of a number of key chapters; and reviews of the impacts of DFID supported social transfer programmes many of which are cited in this paper.

2. The evidence on impacts

2.1.1. This section of the paper provides a synthesis of the evidence on the impacts of social protection from a range of different sources. There are a large number of studies directly funded by DFID: both evaluations of DFID funded interventions as well as more general review papers. DFID has provided support to a number of research organisations that include social protection as part of their areas of focus (IDS, ODI, UNRISD, IPC). Some of the development research centres and consortia recently funded by DFID Research and Evidence Division also include themes that are directly or indirectly related to the social protection agenda. The evidence reported here draws on some of this DFID funded work but also on the wider literature.

2.1.2. A number of general observations are necessary to frame the discussion of impacts in this section. As a number of authors have pointed out, there is an important distinction between *poverty alleviation* and *poverty reduction* in the assessment of the impacts of social protection (Devereux, 2001; Chirwa et al., 2004). While the former refers to a reduction in the deprivation of those below the poverty line, including those in extreme poverty (the poverty gap and the poverty gap squared), the latter refers to the numbers of households that have been able to cross the poverty line (headcount measures). It is generally assumed that those below the poverty line do not have the means to meet their basic daily needs and that a disproportionate share of their income and efforts goes on feeding themselves. Households that have crossed the poverty line are clearly in a better position to generate a surplus beyond their basic needs that can be invested in their productive capacity and hence contribute to future growth.

2.1.3. At the same time, a hard and fast distinction cannot always be made between consumption and investment, and hence between poverty alleviation and poverty reduction, particularly among those who rely on labour as their primary productive

asset. While the efficiency gains to education are widely recognised, a similar case has been made in relation to nutrition. Not only is it not possible to undertake any productive activity without some basic level of nutrition, but both Devereux (2002b) and Ravallion (2002) cite evidence that improvements in nutrition status is linked to higher labour productivity in poor countries (Lipton, 1983; Scrimshaw, 1997; Strauss, 1986; Deolalikar, 1988). In addition, using cross-country regression analysis and carrying out a variety of tests for direction of causality, Arcand (2001) reports ‘a statistically significant and quantitatively important impact of nutrition on growth’, with improvements in labour productivity a key transmission mechanism.

2.1.4. Furthermore, as studies cited below suggest, even very poor people use some of their transfers for investment purposes. If such investments improve their productivity of their livelihood efforts, they would provide a trajectory out of poverty – although not necessarily within the life time of the intervention. Thus, it is not always easy to determine whether impacts of this kind refer to poverty alleviation, and hence the continuation of poverty, or poverty reduction and graduation onto a growth trajectory.

2.1.5. However, even when evidence exists that social protection has enabled households to grow out of poverty, there are a number of reasons why we would not expect social transfers to have clearly discernible impacts on a country’s growth rates. First of all, most programmes absorb only a small share of overall national resources. This is particularly the case in poorer developing countries which rely on external assistance to fund the bulk of their programmes. Secondly, the poor account for a very small share of the GDP in poor countries. Thirdly, the adverse socio-economic conditions under which poor people pursue their livelihoods make major impacts difficult to achieve (Levy cited in Barrientos and Scott, 2008).

2.1.6. Macro-level statistical/econometric analysis of the determinants of growth over time or across countries is generally unlikely to pick up social protection impacts (Barrientos and Scott, 2008). Micro-level studies, on the other hand, are not only more likely to capture impacts but also provide insights into the likely transmission mechanisms through which interventions translate into economic impacts. While their limitations are that they ‘leave a scatter of evidence, the aggregate consequences of which are not always clear’ (Venables, 2008), they do play a useful role in highlighting some of the pathways through which social protection promotes or impedes economic growth at the intermediate level of analysis.

2.1.7. The table below outlines some of these potential pathways at the intermediate level. The rest of this section discusses evidence on the extent to which these pathways have materialised in practice as well as evidence for some of the negative impacts raised in the theoretical literature on social protection.

Table 1: Pathways to immediate and wider impacts

Promote human development: nutrition and food security
Promote human development: health and education
Enable poor to protect themselves and their assets against shocks, defending long run productive potential
Mitigate risk and encourage investment

Combat discrimination and unlock economic potential
Support labour market participation
Stimulate demand for local goods and services
Create gains for those otherwise disadvantaged by policy reform, building stake holder support for pro-growth strategies
Create effective and secure state. Broadly accepted social protection schemes build social cohesion and reduce conflict

Source: Samson (2009)

2.2. Human development: nutrition and food security

2.2.1. The most immediate impact of social protection programmes for the very poor relates to basic consumption needs, particularly nutrition and food security. A review of 23 DFID-supported social transfer schemes reported positive impacts on food security for around half of the programmes, generally through direct increase in purchasing power (Devereux and Coll-Black, 2007). In Mexico, PROGRESA was found to help beneficiary households to smooth their consumption flows in face of income shocks (Skoufias, 2002). Other studies of CCTs in Latin America also suggested increased expenditure on food among beneficiary households (Fiszbein and Schady, 2009; Rawlings, 2004). An assessment of two public works programmes in South Africa reported that food purchase was most frequently reported as the main use of the additional income (McCord, 2004). This frequency was more marked in the case of the Zibambele programme, KwaZulu, Natal which attracted much poorer and largely female participants, many of whom were household heads, than in the Gundo Lashu programme in Limpopo province with significantly younger participants, around half of whom were male.

2.2.2. In some cases, food security impacts are evident through ‘counterfactual’ benefits, the avoidance of often damaging coping strategies that poor people are forced to adopt in order to survive. Examples of these are reported in Devereux and Coll Black (op cit). In Malawi, beneficiaries of the Targeted Input Program (TIP) devoted less time and energy during the ‘hungry season’ searching for casual work, and spent more time working on rather than neglecting their own farms. In Ethiopia, beneficiaries of the Productive Safety Nets Programme (PSNP) interviewed in 2006 were better able to avoid ‘distress’ coping strategies, such as harvesting their crops prematurely, selling their assets, drawing down their savings, taking high-interest loans for food, migrating for work and undertaking low-paid insecure casual labour. Participation in the cash-for-work component of the ‘Char Livelihood Programme’ in Bangladesh reduced the likelihood of households taking loans for food, or migrating in response to the hungry season. In Zambia, cash transfers reduced the burden on severely strained ‘traditional’ safety nets because poor families requested less food from their communities.

2.2.3. In summary, there is widespread and consistent evidence to suggest that social transfers do promote the household’s capacity to meet its basic food needs. While such impacts could in principle generate the kind of ‘efficiency’ gains noted above, in practice, there are questions about the sustainability of the impacts in question. For instance, information on former participants of the Gundo Lashu public works programme in South Africa revealed that most had returned to their earlier conditions after leaving the programme (McCord, 2004). Similarly, participants on the large number of public works programmes in Malawi found the work too short-term and

wages too low to save or invest in assets. Many returned to their previous survival strategies once their period of employment was over (Chirwa et al., 2004).

2.2.4. Longer-term impacts on poverty reduction and economic growth must therefore be sought in evidence that social protection programmes have promoted the productive assets, human endowments and economic opportunities of poor households. Research suggests that the design of a transfer will determine its longer term impacts. For instance, Devereux (2000) has noted that in the African context, low value transfers tend to be utilised for food and clothing while higher value transfers are more likely to be associated with higher propensity to invest in agriculture, social capital (financial assistance to relatives) and human capital and acquisition of productive assets. The regularity and predictability of the transfer is also important in whether it allows poor people to borrow against their present income and plan for the future. The form of the transfer may also make a difference, whether it is cash, food or productive assets: cash transfers may be used differently from transfers in kind.

2.2.5. The identity of the recipient may also matter; gender in particular has emerged as an important intermediate variable in the relationship between interventions and outcomes.

2.2.6. Finally, conditions may be imposed to influence behavioural patterns and ensure that transfers are allocated in certain ways. This is at the heart of conditional cash transfers (CCTs) used to promote investment in human development and break the inter-generational cycle of poverty.

2.3. Human development: health and education

2.3.1. Along with improvements in nutrition levels, investments in the health and education also have a role to play in promoting both the well being and productivity of poor people. There is strong micro-level evidence to this effect. In addition, education has also been shown to make a significant contribution to economic growth, particularly secondary education and particularly secondary female education (UN-DAW, 2009). Social protection can contribute to improvements in health and education directly by delivering benefits which are tied to such improvements, as is the case with conditional cash transfers. It can also contribute indirectly either by raising household incomes so that beneficiaries spend more of their disposable income on such improvements or by stabilising household income and preventing the withdrawal of children from school or cutbacks in spending on health care for sick family members. In addition, as discussed in the next section, it can contribute through the construction of infrastructure and facilities which promote access to necessary social services.

Conditional cash transfers

2.3.2. Most CCTs currently in operation seek to promote investments in the health and education of children, and hence their long term productivity. To that extent, they seek to address future rather than current poverty. Much of the evidence on the impact of CCTs comes from Latin America where these programmes were pioneered. These programmes, and those based on them elsewhere, have generally targeted mothers for the transfers.

2.3.3. The evidence in the literature is largely positive but the size and significance of impacts vary (Fiszbein and Schady, 2009; Rawlings, 2004). For instance, as far as take up of health services is concerned, studies suggest an increase in the probability that children aged 0-3 are taken to the health centre in Nicaragua, an increase in full immunization coverage in Nicaragua and Turkey, but increase in partial coverage in Honduras and negligible impacts in Mexico. Programme participation in Honduras increased the likelihood that women would report for ante natal visits. Use of health services remained high in Nicaragua after the programme ended (Bradshaw and Viquez, 2008). Health and nutritional impacts appeared weaker in the programmes in Colombia and Jamaica

2.3.4. A number of studies have also reported on outcomes. Studies of PROGRESA suggest that participation in the programme reduced both infant and maternal mortality.³ It also lowered the incidence of illness among children as well as adults: a 12% reduction in incidence of ill-health among children 0-5 years compared to children in non-beneficiary households and 19% fewer days of illness among adults. The 8% increase in clinic visits by pregnant women in first trimester is believed to have led to a 25% drop in incidence of illness among newborns and 16% increase in annual growth rate among children between 1 and 3. 70% of PROGRESA households reported improved nutritional status while impact on stunting was impressive: growth rates among children aged 12-36 months increased by average of one centimetre per child per year. According to Handa et al. (2001), these nutritional improvements disproportionately benefited children who were very young at the start of the programme and lived in households with below median wealth. Other health-related outcomes come from Nicaragua, where a reduced rate of stunting was recorded among beneficiary children and Colombia, where incidence of acute diarrhoea in children under 6 was reduced by 10% in urban areas and 5% in rural.

2.3.5. CCTS have also had positive impacts for children's education, increasing the likelihood of school enrolment and reducing their engagement in work, both paid and unpaid. Variations on these findings have been reported for Mexico, Brazil, Ecuador, Nicaragua, Jamaica, Bangladesh and Cambodia (Fiszbein and Schady, 2009). Such impacts are strongest among groups of children who were most likely to leave school and go into work: boys aged 12-17 in Mexico and children working away from home for pay in Ecuador. Evaluations of Bolsa Familia recorded sharp reductions in school drop out rates and higher enrolment rates in post primary education. Though the subsidy was less than children's income foregone, the dependability of the transfer and the reduction in violence and health problems associated with the informal activities they were engaged in appeared to have outweighed the loss of income. The PETI programme in Brazil, which required older children to spend time in after-school activities, reduced the incidence of child labour in high risk activities (Yap et al., 2009). However, Familias en Accion in Colombia reported little effect on child work although it did reduce time devoted to domestic chores (Attanasio et al. 2006) while Glewwe and Olinto (2004) find no effects of PRAF on child work in Honduras.

2.3.6. A number of studies have explored the extent to which CCTs protect human capital investments in times of crisis. The findings are generally positive. In Nicaragua, Maluccio (2005) found that while per capita household incomes declined in coffee growing areas during the sharp downturn in international coffee prices, school enrolment of children aged 7-12 increased among both beneficiary and non-

beneficiary households, suggesting a general reduction in the opportunity cost of education. However, programme participation appeared to protect children's nutritional status in contrast to the deterioration in height for age in control communities. In Mexico, De Janvry et al. (2006) found that both systemic and idiosyncratic shocks reduced school enrolment but that this effect was partly or fully offset by participation in PROGRESA, particularly in the case of systemic shocks. Thomas et al. (2004) found Indonesian crisis of 1998 had negative effect on enrolment rates but that the provision of scholarships for children in poor households by the government reduced drop out rates at the secondary level (Cameron, 2002).

Other transfer programmes

2.3.7. Although the positive human development impacts of CCTs have received disproportionate share of the attention in the social protection literature, such positive impacts are not restricted to CCT programmes. They have been found in relation to unconditional transfers.

2.3.8. In the South African context, Agüero, Carter and Woolard (2007) and Duflo (2003) found evidence of such impacts in relation to Child Support Grant and social pension in South Africa, both unconditional cash transfer programmes. There was a strong gender dimension to these findings. Where pension was received by a woman, a correlation was found with 3-4 centimetre increase in height among children, with stronger correlation for girls. Duflo reported large improvements in weight and height among girls whose grandmothers received a pension. The Child Support Grant, which is largely transferred to mothers, was also found to give a significant boost to the height for age health indicator in the first 36 months of a child's life (Agüero, Carter and Woolard 2007). However, a study of the CSG in Kwa Zulu Natal suggests this impact was restricted to children who started to receive it when aged 0-20 months (cited in Chapman, 2006).

2.3.9. Similar findings were reported in relation to social pensions in Brazil. Help Age International (2003) found that girls in households in receipt of an old age pension were an average of 3-4 centimeters taller than same age counter parts in non-recipient households. In rural Brazil, receipt of pensions was strongly associated with increased school enrolment, particularly among girls aged 12-14 years.

2.3.10. Nor are human development impacts of pensions restricted to children (Chapman, 2006). In Namibia, pensioners spend 13.8% of cash they receive on health care and medicines for themselves, rising to 40% in South Africa. In South Africa, older people with pensions had better health status than other members in non-pooling households while in pooled income households, health status of all family members were higher than those without a pensioner.

2.3.11. There is also evidence of the human development impacts on both children and adults from other social transfer programmes:

- a) In the two South African public works programmes evaluated by McCord (2004), a major impact was recorded in the school attendance of children from poorer households whose base line attendance rates were low. Regularity of attendance also increased.

- b) In Zambia, overall absenteeism from school declined by 16% during the first 9 months of Kalomo unconditional cash transfer pilot scheme which targeted the 10% poorest within the community, often grandparents caring for children with Aids (cited in Chapman, 2006).
- c) An evaluation of DFID's 'Partnership Programme' with CARE in Zambia noted an increase in the number of home-based care patients able to access ART and other treatment for HIV, AIDS and TB (Devereux and Coll-Black, 2007). The adherence rate for ART and anti-TB drugs was reported to be 94% and 87%, respectively. 80% of community schools involved in the CARE Partnership Programme reported increased enrolment rates, by 62% on average.
- d) In two districts in Zimbabwe where the 'Vulnerable Farm Workers Programme' was operational, available data revealed that HIV-prevalence among women attending antenatal clinics was 53%, while malnutrition rates (wasting) among children under five years of age exceeded 10%. (cited in Devereux and Coll-Black 2007). Data from community-based growth monitoring showed improvements in the nutritional status of children under five years. This was directly attributed to the programme. Among schools targeted by the school feeding component of the Programme, improvements in attendance were recorded. The 2006 project completion report described improved school attendance, especially for grades 6 and 7, and – even more powerfully – improved pass rates arising from the provision of textbooks to learners. Conversely, however, anecdotal evidence suggests that school attendance has fallen since the school feeding programme was suspended in 2005.
- e) In Ethiopia, over one-third of PSNP beneficiary households enrolled their children in school, and half of all beneficiaries kept their children in school longer than they would otherwise have done (Devereux and Coll-Black, 2007). Over 80% of respondents attributed these positive decisions to the PSNP. Among children living with their grandparents, receiving direct support from the PSNP was found to facilitate their attendance at school, since the cash or food transfers received either contributed to the costs of education, or reduced the pressure on children to engage in productive work. Although improved access to health care was not a direct objective of the programme, almost 50% of PSNP beneficiaries reported using health facilities more in 2005/06 than in the previous year. 76% of these respondents attributed this increase to the incremental income they derived from the PSNP.
- f) A more recent study compared the impact of the PSNP and the Participatory Demonstration and Training Extension System (PADETES) on children's work and education (Yablonski and Woldehanna, 2008). The findings suggest very different outcomes. While participation in PSNP increased the amount of time that children spent on work and decreased time for school and studying, household participation in PADETES had a positive effect in reducing time children spent on both paid work and household chores/child care. The reductions in work time were greater for girls and time spent on schooling was

only significant for girls. It appears that boys may continue to be involved in unpaid work outside the house.

- g) According to the project completion report of BRAC's Targeting the Ultra Poor programme, there had been an increase in the use of modern contraceptive methods, installation of slab latrines, increase in immunisation coverage, increased distribution of Vitamin A capsules and increased provision of maternity care among beneficiaries (cited in Devereux and Coll-Black 2007). However, the increase recorded in primary school enrolments among beneficiary households could not be attributed to the programme as similar increases were reported among a control group of ultra-poor households that were not included in the BRAC programme. A worrying finding was that not only was enrolment in secondary schools extremely low among all ultra-poor households, it actually declined between 2002 and 2005.
- h) Similarly, increase in school attendance and completion rates in Kenya may reflect the introduction of free primary education as much, or more, than the provision of free meals under Kenya's School Feeding Programme.
- i) School feeding programmes may have had more of an impact elsewhere. The Food for Education in Bangladesh, where children took food rations home, helped to increase girls' schooling (Datta et al., 2003). It was later converted into a cash for education programme. An evaluation study suggested a 20-30% increase in primary school enrolment among beneficiary children who were also more likely to stay on in school up to 2 years longer than other children. Where payments were made on condition of exam performance, examination pass rates improved: girls supported by Female Secondary School Assistance programme in Bangladesh had higher pass rates than the national average for girls and drop out rates fell from 15% to 3% between 1982 and 1990.
- j) The mid-day meals scheme in India, which started out in Tamil Nadu in 1982 before becoming a national programme in 1995 has also generated positive impacts but because organizational responsibilities are left to elected officials, impacts vary considerably by state (Dreze and Goyal, 2003). Where it is has performed well, evaluations suggest major increases in school enrolments, particularly among girls. It has also improved daily school attendance, not only annual enrolments. Parents find it easier to persuade children to go to school in the morning and 78% of teachers surveyed in one study reported that school attendance in the afternoon was the same as in the morning. It helped to avert intensification of child under-nutrition in many drought-affected areas as well as in households headed by widows and landless labourers.
- k) A study of the impact of the National Employment Guarantee Scheme in Andhra Pradesh, India on children's anthropometric measures and involvement in the labour market found weak evidence of positive impact on health outcomes and strong evidence on reductions in the likelihood of child labour: by 13% for boys and 8% for girls (Uppal, 2009).

Summary

2.3.12. This review of the impacts of social transfer programmes on human development indicators suggests a number of general points. It suggests that much of the available evidence relates to children. There are few studies of impacts on the health and wellbeing of adult members, although mothers do occasionally feature in the literature. This remains a knowledge gap. As far as children are concerned, the bulk of the studies focus on take up of relevant services. There are fewer studies on final outcomes. Where these exist, they are largely positive, but stronger in relation to take up of educational services than reductions in child labour. By and large, the generally positive nature of the impacts reported makes a strong case for social transfers as a means of promoting human development. It suggests that, even in contexts where there are fee waivers for social services to poor households, cash transfers help with other costs of access. The case for such programmes is further strengthened by evidence of spill-over effects within the rest of the community. Such evidence has been reported in Mexico: school enrolment rates increased in Progresa communities even among children from households that were above the cut-off point of eligibility for the transfers. Bobonis and Finan (2008) argue that increase was a result of peer effects. Handa et al. (2001) note an increase in health care utilisation by non-beneficiary households in communities in which PROGRESA was active.

2.3.13. At the same time, studies suggest that social protection to promote human development cannot be divorced from wider social policy. An increase in enrolment rates or utilisation of health services without a corresponding increase in the supply of the services is likely to erode quality – unless these services are under utilised. The Bangladesh literature suggests far higher ratios of students to teachers in schools where the female scholarship stipend was in operation than where it was not. Students also performed more poorly. Studies from Latin America also suggest that unless provision is made to increase the supply of schooling or provide incentives to service providers, quality suffers.

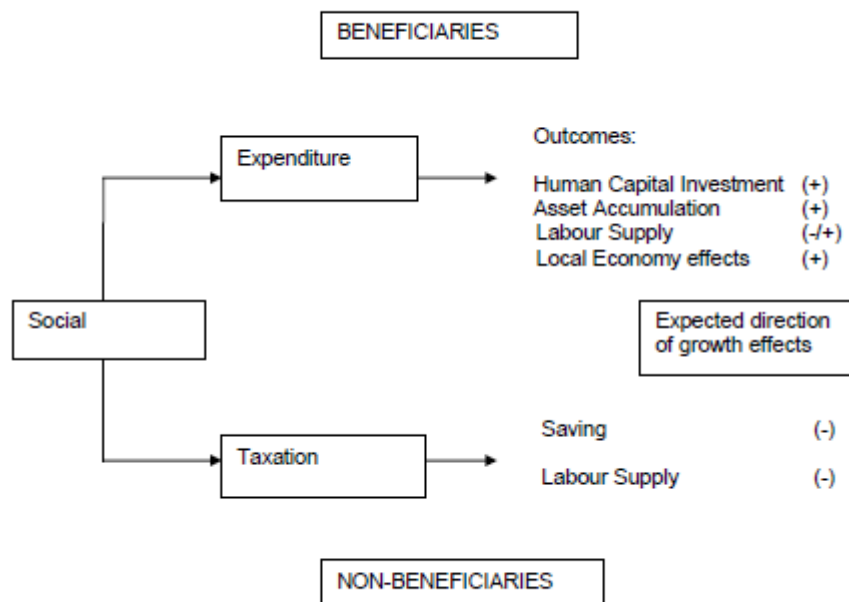
2.3.14. There is some debate about the effectiveness of conditionality. On the one hand, it has been found that resources directed to women within the household tend in any case to be invested disproportionately in children so that it is the gender-specific targeting of CCTs that explains their effectiveness in achieving human development goals. This is partly supported by evidence that unconditional transfers have similar impacts to conditional ones, particularly when women are the recipients. However, the size of the transfers would also have to be factored into the analysis into the debate. The unconditional transfers in South Africa are considerably more generous than CCTs in Latin America, particularly the social pension which is twice the median per capita income for African households.

2.3.15. Arguments in favour of conditionality suggest that tying benefits to investments in children can help to overcome parental indifference or ignorance of the value of such investments. Given the higher income elasticity of investment in girls' health and education, such transfers can help to close long standing gender gaps, particularly if the conditions have gender-specific components attached to them (as do PROGRESA and the Bangladesh secondary school scholarships). Moreover, a limited number of studies in Latin America that have attempted to directly compare the impact of conditionality suggest that they do alter behaviour within households (cited in Fiszbein and Schady, 2009).

2.4. Economic growth

2.4.1. Assessments of the implications of social protection measures on economic growth should, in principle, factor in their impacts on both those who benefit from social protection expenditure as well as those those finance social protection. This is the point made in the basic analytical framework outlined in Barrientos and Scott (2008) and adapted in Figure 1. It is the net effect of the incentives and disincentives on the behaviour of both beneficiaries and tax paying citizens generated by the financing and provision of social protection that will determine their overall growth effects. For the reasons outlined earlier, the effects on tax payers is likely to be minimal in poorer countries which rely on external assistance (taxation raised from non-citizens). Moreover, there is not only a dearth of studies into the macro-level growth impacts of social protection but, also for the reasons outlined earlier, social protection is unlikely to have a discernible impact on national growth rates.

Figure 1: Growth effects of transfers: a basic framework



Adapted from Figure 3 in Barrientos and Scott (2008)

2.4.2. Consequently, this section discusses the evidence on the growth implications of social protection for beneficiary households and their communities, the *localised growth effects*. As Figure 1 suggests, this evidence bears on both the pathways that mediate the translation of social protection measures into growth-related impacts and the impacts themselves. Impacts and pathways relating to human development investments have been discussed earlier. This section discusses productive investments, labour market participation and impacts on the local economy.

Productive investment

2.4.3. Social transfer programmes can contribute to a more sustained economic impact through the promotion of productive investments by households. This may occur directly when households save and invest part of their cash transfers. Alternatively, stabilisation of income flows may help to ease household's access to credit and the possibility of productive investments through that route. A third possibility is that transfers take the form of productive inputs or assets and enhance households earning

capacity. There is considerable evidence for all these transmission mechanisms but less evidence of the magnitude and sustainability of the impacts.

2.4.4. A first set of findings relate to cash transfers. Gertler, Martinez and Rubio-Codina (2006) found that 12% of PROGRESA beneficiaries invested some of their CCT in productive activities such as micro-enterprises and agriculture (animals and land). Larger transfers were associated with higher levels of investment. On average, beneficiaries had invested 25% of their transfers and reported returns of 32-49%. In Bolivia, Martinez (2007, cited in Barrientos and Scott, 2008) estimated that overall consumption rose by twice the amount of the pension among social pension beneficiaries in rural areas, suggesting improvement in household production. However, this effect was only observed among households with land and it was strongest in relation to goods typically produced by these households (dairy, meat and vegetables). In Brazil, the regularity of the social pension for informal workers and their households allowed beneficiaries to borrow from banks: the magnetic card they used to collect their pension provided evidence of regular source of income (Schwarzer, 2000, cited in Barrientos and Scott, 2008). In addition, Delgado and Cardoso (2000 cited in Barrientos, 2003) found a high incidence of investment of social pension in productive capital. .

2.4.5. It is worth noting that even the extremely poor who were targeted by Zambia's pilot cash transfer (the poorest 10% of the population) managed to invest around 29% of their transfers in chickens, goats and agricultural supplies. 70% of their purchases were produced locally and may have provided a stimulus to the local economy (DFID, 2006).

2.4.6. Apparent counter evidence about the investment potential comes from Maluccio (2008) who found limited evidence of increased investment in agricultural equipment in Nicaragua. However, this may reflect the fact that his study was undertaken during a worldwide downturn in coffee prices. In addition, there were limited economic opportunities in the impoverished rural areas in which the programme in question operated. What the cash transfer programme did achieve was enabling beneficiary households to maintain their per capita expenditure levels during crisis and dampening labour supply increases in coffee growing areas (Maluccio, 2005). These effects were largest for those most affected by the fall in prices. In this case, income was stabilised even though the transfer had not been designed to respond to shocks.

2.4.7. A second set of findings relate to public works programmes. Devereux (2002a) found a direct relationship between the level of income earned on Zambia's cash for work programme and proportion of income invested. Those employed for less than a month spent their wages entirely on basic consumption while those who had been employed for longer purchased fertiliser and started/expanded small businesses. Participants in Malawi's 'Public Works Programme' (6%) and Nepal's 'Rural Access Programme' were also found to have invested some of their public works income in purchasing small animals (cited in Devereux and Coll Smith, 2007). As noted, McCord's study cited earlier allowed her to compare current and previous participants of the Gundo Lashu public works programme. She found that 36% of current Gundo Lashu participants reported increased financial assets since joining the programme compared to just 18% of former participants. 35% of the current

participants reported an increase in material assets since joining compared to only 20% of former participants. This suggests that the capacity for productive investment declined considerably once participants left the programme. On the other hand, of the poorer and largely female participants of the Zibambele programme, 64% reported an increase in financial assets and 65% reported an increase in material assets since joining the programme.

2.4.8. A number of factors were put forward to explain these differences in outcomes. One is the more sustained duration of the employment on offer in the Zibambele. Another may have been the linkage of method of payment in the Zibambele programme to the formal sector banking which may account for the growth in financial assets (bank accounts). In addition, the social capital constructed between workers as result of sustained employment and social facilitation by department of transport was found to increase informal savings activity, an added source of financial support in times of stress.

2.4.9. CARE's Contract Association model in Malawi combined the provision of public works employment in Malawi with longer term livelihood promotion (Chirwa et al., 2004). It engaged poor women for 18 months at minimum wage rate plus 30% increment paid into a savings scheme. CA members participated in IGA training and group formation which encouraged additional group and individual savings as well as group and individual enterprises. Community targeting was used to ensure participation of poorest women. The duration of participation permitted to the women allowed them to work through two agricultural seasons so that they could build up household assets, purchase fertiliser and develop sustainable income sources, both on and off farm. An end of programme study reported that the women described themselves as having moved from 'really struggling' to 'just poor'. They also believed that they received more recognition in the household and greater control over their own incomes as a result of their economic contributions. A number of women reported greater involvement in community affairs.

2.4.10. An ex-post evaluation carried out three years after CARE's program in Malawi had ended found that it had achieved some longer term effects (Scharff, 2005 cited in Maunder and Wiggins, 2006). About half of the participants had maintained the practice of savings which they used for emergencies and small businesses. As a result, they had higher and more diversified income flows than comparable control groups. They had also been better able to withstand - and recover from - two major droughts in the intervening period. On going studies suggest they are managing to restore their livelihoods using the training received from CARE, and drawing on assets accumulated during the programme such as land, small livestock and cooking utensils for food processing to rebuild their income generating activities. The study also noted the greater sense of self worth derived from the programme. Some workers attained higher remuneration from their income generating activities six months after programme completion than they earned from their PWP income.

2.4.11. The project had increased the resilience of some of the poorest members of the society but it failed to achieve the impacts it had anticipated. It had started with the assumption that once participants had graduated from the programme with training and savings, they would be able to take loans from local microfinance organisations to

fund working capital, business expansion and other financial services. However, the districts were too poor to attract MFI operations (CGAP, 2006).

2.4.12. *A third set of findings relate to direct transfers of asset/inputs and their outcomes.* The Targeting the Ultra Poor programme in Bangladesh (TUP) provides a mix of transfers in kind and cash to households in extreme poverty in preparation for their 'graduation' to more standard micro-credit programmes after 18 months. Comparison of selected and poor non-selected between 2002 and 2005 showed increase in size and incidence of loans held. Motivation for credit also changed from smoothing out consumption to investment in productive assets (Barrientos and Scott, 2008). Increased earnings from skill-based productive activities were observed among 90% of targeted households, with income growth between 2002 and 2005 varying from 40-56%. The project completion report concluded in 2006 that the programme had successfully assisted many women to graduate from extreme to moderate poverty.

2.4.13. Also in Bangladesh, a study of the 'Chars Livelihood Programme' in 2007 found in the 15 months since households had received an asset transfer (cattle), the value of that transfer had increased almost 100%. The study reported that benefits of these assets were mostly related to the value of the asset itself, as few households engaged in additional income generation, for example, from the sale of milk and manure. The accumulation of assets may build resilience against future livelihood shocks but is unlikely to contribute to growth unless it enhances future earning capacity (Devereux and Coll Black, 2007).

2.4.14. Zimbabwe's Protracted Relief Programme delivered seed and fertiliser packages to smallholders who had become dependent on food aid. These inputs produced an additional 2.5 months staple food in beneficiary households and 140,000 households no longer required food aid. In Malawi, the provision of free packages of fertiliser plus seeds under the 'Targeted Inputs Programme' (TIP) was found to add between 120kg and 175kg of maize to households' annual harvest, covering 15% of an average family's food needs and adding 2 months to household food self-sufficiency. On the other hand, it was also found to have reduced the market demand for fertiliser and seeds, a less positive local economy effect. Malawi's fertiliser and seed subsidy programme allowed 2 million farming households (over 2/3 of total) to afford these inputs: the impact on maize production has been an additional 300-400k tonnes in 2006 and 600-700k in 2007. Worth noting is that the value of the extra production exceeded cost of subsidy.

Labour market participation

2.4.15. In principle, there are a variety of negative and positive ways in which social transfers might affect the labour market participation of beneficiaries. On the one hand, household labour supply can be reduced as a result of the income effect of a transfer or the disincentive effects of the means test associated with a transfer. On the other hand, transfers can make the costs of job search affordable. Social protection measures which contain training and skills development components are also likely to have a positive impact on labour market participation, provided that there are appropriate employment opportunities available.

2.4.16. Gender may be relevant to the nature of labour market impacts if women are found to respond to, or be affected by, transfer programmes differently to men. For instance, income effects may lead women to withdraw from the labour market and increase their time in unpaid care work while it may lead men to increase their leisure. Transfers may ease the child care constraints on working women. In the case of the mid-day meal scheme in India, female household heads were able to work longer and less interrupted hours because their children were more likely to remain in school. On the other hand, the conditions associated with child-focused cash transfers makes greater demands on women's time than men's and may therefore have gender differentiated effects on labour force participation. For instance, there were complaints among PROGRESA beneficiaries that programme officials imposed additional demands on their time in the form of 'voluntary' chores in health clinics and schools and that the training on offer focused entirely on their reproductive roles, doing little to enhance their earning capacity. A study of the conditional cash transfer in Nicaragua also noted the additional responsibilities imposed on women (Bradshaw and Viquez, 2008).

2.4.17. We noted earlier that CCTs have been very effective in increasing children's attendance at school and, in many instance, reduced their involvement in the work place. Studies of CCT programmes in Mexico, Ecuador and Cambodia found no evidence of a disincentive effect on adult labour supply (Parker and Skoufias, 2000; Skoufias and di Maro, 2006; Edmonds and Schady, 2008; Filmer and Schady, 2006). It may be that the transfers are too small or seen as temporary and that income elasticity of leisure is too low among the very poor households involved in these programmes to have such effects. Indeed, reductions in child labour were often compensated by increased labour supply of other members. Skoufias (2001) found this effect for PROGRESA while number of work days lost to illness by adults fell by around a fifth.

2.4.18. A number of studies have explored the impact of PROGRESA on migration patterns. Stecklov et al. (2003) found that participation in Progresa had little impact on domestic migration, mainly from rural to urban locations, but had a significant negative effect on international migration to the US. This latter effect operated through direct improvement in household welfare as a result of the transfer, reducing the need to engage in expensive, socially costly (and politically controversial) international migration. It also had an indirect effect through improvement in the overall income distribution in PROGRESA communities since relatively deprived households were more likely to migrate than less relatively deprived households. These results held even in communities with strong US-based migration networks.

2.4.19. Somewhat different findings are reported by Angelucci (2004). Here programme participation had little impact on domestic migration but was associated with an increase in international migration, suggesting that the grant helped to reduce the financial constraints on such migration. The likelihood of migration to the US increased with the size of the grant except in households in which the grant was largely coming from secondary school subsidies where the likelihood of migration was reduced. The nature of the conditionalities associated with the transfer clearly influenced the decision to migrate.

2.4.20. There are also findings on the impact of CCTs on labour force participation in a number of other countries in Latin America. In Brazil, as in Mexico, labour market participation of adult beneficiaries of Bolsa Familia in Brazil was 2.6% higher than for non-beneficiary adults; it was 4.3% higher for women (Soares et al. 2007). In Nicaragua, however, Maluccio and Flores (2005) found that the programme resulted in significant reduction in the hours worked by adult men in preceding week (by an average of 6 hours) with no effect on adult women. This may have reflected the generosity of the transfer involved compared to most other Latin American CCTs.

2.4.21. On the other hand, the South African OAP scheme which dwarfs the most generous CCTs and is likely to be seen as permanent, does not appear to have reduced work effort by prime age adults, although it appeared to have reduced the labour supply of the elderly (the means test may provide them with an added incentive to withdraw). On the contrary, it appeared to increase the employment options of other members and reduce working days lost through illness. Posel et al. (2004) found a positive association between pension receipt and labour supply, a 3.2% higher probability of employment. Disaggregating by gender, they found strong and positive effects when pension recipient was female. They concluded that pension income received by women was particularly important for rural households because it helped prime age women to overcome income constraints to migration and made possible support of grandchildren by grandmothers. This was further confirmed by Ardington et al using longitudinal data. They found that pension receipt by female pensioners in rural areas released younger females for migration to the city. Posel, Fairburn and Lund (2004) also show positive effects of pensions and CSG in terms of financing job search and assisting older people to care for worker's children

2.4.22. Public works programmes clearly generate employment by design but the work experience and training they provide can provide additional and longer term benefits. This potential is not always realised since the work is often too short term and the training irrelevant. Very few of the participants on the two South African public works programmes assessed by McCord believed that they had acquired employment-enhancing experience or skills. Data on the former workers of one of the programmes showed that they had no greater chance of employment than other household members. Unemployment rates were 80% among former participants compared to 65% of non participants and mean rate of 60% in the overall population.

2.4.23. There was also an assumption in the South African programmes that participants could become contractors as a result of exposure to labour markets or develop their own micro-enterprise activity, thus moving up the occupational hierarchy. Lack of credit and capital and necessary technical knowledge, neither of which were provided through the PWP, constituted major barriers. Workers highlighted the need for information and access to microfinance institutions, the formal banking sector and means to access funds for micro-enterprise., factors that could be addressed through training component. McCord concluded that the programmes had helped to alleviate the severity of poverty but done little to reduce the incidence of poverty.

2.4.24. Other studies of the training components of programmes are more positive. Adato et al. (1999) note that women participants on the Labour-Intensive Public Works programme in South Africa started community gardening after receiving

appropriate training and sold their produce in local markets. The ‘Vulnerable Farm Worker’s Programme’ in Zimbabwe aimed at opening up new livelihood opportunities to former farm workers. The project completion report in 2006 concluded that the programme had positively impacted upon the lives of targeted communities, specifically through an ‘increased capacity to generate income’. In this case, the capacity to generate income was achieved through the transfer of skills rather than cash or food (cited in Devereux and Coll-Black, 2007). Nepal’s ‘Rural Access Programme’ provided adult literacy, and other training is reported to have allowed beneficiaries to undertake new livelihood activities that were previously not open to them because they lacked the necessary skills (Devereux and Coll-Black, 2006).

Local economy impacts

2.4.25. Social protection can have impacts beyond beneficiaries and their households through a range of positive and negative spill over effects. The reduction of child labour or the creation of employment through public works can lead to an upward pressure on market wages to the benefit of poor labour-supplying households while stimulus to local demand can create inflationary pressure or provide a stimulus to local enterprise. Social protection strategies can create social tensions between those who are included and excluded from programmes or they can build social harmony by extending developmental benefits to those who have been left out. They can address community level constraints on economic growth through the construction of infrastructure and the integration of markets. They can generate ‘demonstration effects’ through their impacts on the behaviour of participating households.

2.4.26. The evidence base for these potential impacts is currently weak because these wider impacts are generally not made explicit in the objectives of the intervention in question and hence not addressed by evaluation studies. In addition, social protection continues to be seen as part of the social welfare agenda and hence de-linked from growth considerations. However, a number of studies have sought evidence on these impacts and we report on these.

2.4.27. Studies of PROGRESA did not find any indirect negative effects on labour earnings, local prices and receipt of other welfare payments. Lack of impact on wages and consumer prices may not be surprising since these are contexts with sufficiently well developed labour and goods markets. Any initial rise in prices can be adjusted in longer run. The indirect impacts found were largely positive. Handa et al. (2001) noted an increased supply of health and educational services for all households within the PROGRESA communities. There was little evidence of program-related inflationary price increases. In fact, price increases were higher in control areas. A number of studies observed an increase in consumption and productive assets among non-beneficiary households in PROGRESA treatment communities compared to non-beneficiary households in control areas (Angelucci and De Giorgio, 2009; Barrientos and Sabates-Wheeler, 2009). These effects applied more strongly to non-beneficiary households with low asset levels at the start of programme. Some evidence on negative spill-over effects related to social tensions within the community, largely because of the exclusion of eligible beneficiaries (Adato, 1999). Such tensions were also noted in a study of a CCT in Peru (Jones et al., nd) where marked differences were noted between children and mothers who were programme beneficiaries and those who were not.

2.4.28. McCord attempted to capture the local economy effects of the two South African public works programmes she studied. One set of impacts reflected the location of household expenditures. She found that most of the Zibambele participants purchased their food in town because they were paid through the commercial banking sector and had to access their wages in town. This meant that very little of their wage transfer entered the local economy although participants themselves benefited from the lower price of food in urban areas. By contrast, around 80% of Gundo Lashu participants purchased their food locally and would have had an effect on local markets. Group discussions suggested that local micro-enterprises had sprung up around the large Gundo Lashu work teams selling snacks on a daily basis to the workers with small markets emerging spontaneously on pay day. But trading ceased once the period of employment was over. Zibambele workers did not report such growth of enterprise to service them – probably because they were working part time flexible hours and individually or in small groups rather than concentrated into work teams in a particular area.

2.4.29. A number of other authors have pointed to the increase in trade that occurs in rural Namibia and South Africa on days that the social pensions are paid (Lund, 2002; Devereux, 2001). However, if the value of transfers is low and transfer resources are predominantly consumed rather than invested, longer term impacts are likely to be negligible. Devereux and Coll-Black note that evaluations of public works programmes in Malawi have found zero, or marginal, impacts on local labour markets, wage rates and levels of economic activity, except for a temporary surge in retail trade (sales of food and groceries) in the vicinity of project communities for the duration of the project itself. They point out that consumption spending does not stimulate local economic growth as much as investment spending does. If beneficiaries are very poor the value of income transferred has to be quite large before significant proportions of these transfers are invested rather than consumed.

2.4.30. Evaluations of the PSNP allowed a comparison of the impact of cash versus food transfers on the local economy. Surveys after the first year of the programme suggested that the introduction of cash transfers to poor communities with weak markets had resulted in local food price inflation (Devereux and Coll-Black, 2007). A study of programme beneficiaries in 2006 and 2008 found that while cash transfer recipients began out, and remained, better off across a range of indicators, there were accelerated programme effects on income growth and food security among those who received food or a mixture of food and cash (Devereux and Sabates-Wheeler nd). While the inflationary pressures may be a transitional effect which will be corrected when traders respond to increased purchasing power, further monitoring is needed to assess whether the longer-term impacts of PSNP cash transfers on markets and local economies in rural Ethiopia are broadly positive.

2.4.31. Wider impacts have also been tracked through the construction of infrastructure in public works programmes. A study of Bangladesh's Food for Work programme carried out in 1985 is, as Devereux and Solomon (2006) point out in their review of public works programmes, one of the few to attempt a holistic evaluation of its impacts (WFP/BIDS/IFPRI, 1985). It found that participants used their wages to hire others to work on their farms as well as on goods and services provided by the local economy, generating income for farmers and traders. The building of feeder

roads helped to link isolated communities with towns and markets, enhancing their access to input and output markets and lowering transaction costs. The results were:

agricultural production increased by an average of 27% and per capita household income by about 10% as a result of the direct and indirect effects of the project. More productive employment generated was substituted for very low productivity employment among rural households. Wage employment increased by 13% while self employment declined by about 10% ... (von Braun et al., 1991, cited in Devereux and Solomon, 2006)

2.4.32. Recent evaluations of CARE's road building projects in Bangladesh found significant overall increases in commercial freight and passenger volumes as a result of improved market integration. There was also evidence of gender differentiated impact in the use of roads (Langworthy, 1999; Gani, 1999). While men continue to make up 80% of users, rates of increase in use by women much higher (29% compared to 18% among men). Use of roads for educational purposes went up by 58% for female users and by 15% for male. Increased access to NGO programs and social services were most likely to be reported by women and by poorer groups.

2.4.33. The evaluation of the CARE programme in Malawi cited earlier also pointed to an increase in commercial activity and increasing traffic as a result of the opening up of new roads. Rural women benefited in that urban traders were now coming to rural areas to buy produce although traders took advantage of their restricted mobility to bargain down the prices they offered.

2.4.34. A study of the Rural Roads program in Peru notes the gender-related benefits that result when women are consulted about the design of infrastructure projects (World Bank, 2004). Women pointed to the heavy time burdens caused by their 'double day', the cultural barriers to their use of public transport, limited control over household resources, including money, and their limited voice in previous transport interventions which had led their needs to being ignored. Women were elected to various Roads Committees set up to undertake the transport projects and their concerns taken into account. Evaluations suggested that they benefited in a number of ways. Improvements took place not only in the main roads connecting different communities but also in non-motorised tracks that are most often used by women. In addition, they were found to participate to a greater extent in markets and fairs and to spend less time obtaining food and fuel supplies than before project implementation. An impact survey reported that 77% of women felt that the rehabilitated roads and tracks enabled them to travel further, 67% felt they were able to travel more safely and 43% believed that improved communications had allowed them to obtain additional income.

2.4.35. An evaluation of the impact of roads constructed under Nepal's 'Rural Community Infrastructure Works' programme noted a decrease in the price of basic commodities by an estimated 25% and increased visits to food markets by 50%, with powerful implications for food security in market-dependent households (Devereux and Coll-Black, 2007). The irrigation facilities built under the programme doubled cropping intensity and increased crop yields by an estimated 55%. The Maharashtra Employment Guarantee Scheme was found to encourage farmers to invest in higher yielding varieties than farmers in neighbouring states (DFID, 2005).

2.4.36. Preliminary findings from the National Rural Employment Guarantee Scheme in India (Pankaj et al., 2009) reiterate the findings of previous evaluations of nation wide programmes that impacts vary considerably by state with certain states performing systematically more poorly than others, a function not only of their poverty but also of poorer governance structures. Poor performance is associated with leakage, corruption and failure to provide stated benefits. The positive impacts of the programme include improvements in household income and nutrition and purchase of livestock. There is also some evidence of a reduction in distress migration in some of the poorest districts in the country. While the programme has led to upward pressures on agricultural wages in a number of states, and thus benefited agricultural labourers, this has had negative impacts on small and marginal farmers who are least able to afford such increases.

2.4.37. The growing use of ICT and private banking systems in the implementation of social protections holds out considerable potential for the financial inclusion of poor people (Vincent, 2009). Reports suggest that this may be occurring with the NREGS: the linking of the wage delivery system with post office or bank accounts has brought large numbers of poor people, including a high proportion of women, into the financial sector. Andhra Pradesh has successfully utilized computerization and e-governance mechanisms. The whole process from job application to registration is computerized so that every job-seeker received a bank account and wages are paid through this account; (Ghosh, 2009). The DOWA emergency cash transfer programme in Malawi achieved financial inclusion for thousands of families through the use of smart cards and mobile ATMs in rural areas. The Kenya Hunger Safety Net programme, in collaboration with private sector Equity Bank, delivers bi-monthly cash transfers electronically into bank accounts. Recipients receive a biometric smart card which they use to access cash through POS devices. There is some evidence from the Kenyan context that the expansion of electronic delivery systems has encouraged private sector participation and paved the way for private sector partners to expand their infrastructure to take advantage of the new opportunities (Vincent, 2009).

Summary

2.4.38. The findings cited in this section provide suggestive rather than conclusive evidence of the links between social protection and economic growth. This is not surprising since social protection instruments are generally designed to reduce poverty and vulnerability rather than promote economic growth. In any case, very few studies have attempted to examine their implications for growth. What existing studies do provide are insights into their impacts on a range of growth-supporting outcomes at household and community level. As we noted in Sections 2.1 and 2.2, there is strong evidence that social transfers contribute to the nutritional status of beneficiary households and to their children's health and education but little research into how this translates into the current or future productivity of their labour efforts.

2.4.39. The evidence discussed in this section provides strong support for growth-related impacts at household and community levels but also points to the conditions that make these possible. These relate to the prior condition of households, the design of the transfer programme and the context in which it is located. *First of all*, it suggests that social transfers can contribute to the current productive asset base of the household but only if basic food security is assured. The investment potential of

transfers will depend largely on the size, reliability and regularity of transfers since these determine the capacity of households to save or invest out of their transfers as well as enabling their access to credit. Where food security is not assured, even the direct transfer of productive assets may have little impact on household earning capacity. The practice of combining cash stipends with skills and asset transfers to the ultra poor pioneered by BRAC's TUP programme, an approach that is now being piloted in a number of countries in Africa, Asia and Latin America, is a response to this finding. Where households have achieved some basic level of food security, the evidence suggests that they will give priority to investment in productive assets but their capacity to benefit from these investments on a long term basis will reflect the availability of local market opportunities.

2.4.40. *Secondly*, the evidence on the labour supply effects of social transfers does not support fears of disincentive effects. On the contrary, cash transfers have been found to promote labour force participation by financing some of the costs associated with job search and by reducing days lost through illness. Public works programmes clearly contribute directly to employment generation but their overall employment impact varies by context. In the South Asian context, they are largely designed to offset seasonal fluctuations in agricultural labour markets and have done so successfully. In the context of South Africa, on the other hand, where there is a high level of structural unemployment, short term public works programmes are unlikely to compensate for 'jobless' growth (McCord, 2004). Finally, there is very little evidence that public works programmes, whether in South Asia or Africa, provide participants with the skills and work experience necessary to take advantage of local economic opportunities.

2.4.41. *Finally*, we noted evidence of both negative and positive spillover effects in the wider community. Negative impacts included inflationary pressures exercised by cash transfers in conditions where markets had not been able to respond to increased demand as well as the resentments and divisions fostered by targeted programmes that fail to include all those who consider themselves eligible.

2.4.42. Positive impacts operate through 'demonstration effects'. They may explain increased utilisation of health care services by non-PROGRESA beneficiaries in Mexico noted by Handa et al. (2001) as well as earlier findings from Bangladesh that contraceptive prevalence was generally higher in villages in which Grameen Bank operated, regardless of beneficiary status, than in those where it did not. They also operate through 'spillover effects' as evidenced in the higher levels of asset formation in non-beneficiary households in PROGRESA areas compared to non-beneficiary households in control areas as well as the generation of multiplier effects in the local economy as a result of transfer expenditures in South Africa and Namibia. Finally, they can operate through community-level effects when public works programmes are used to link previously isolated communities to markets and service provision or the use of new technologies serve to expand the outreach of financial institutions.

2.4.43. These local economy effects are among the least researched in the social protection literature, although they come closest to capturing the transmission routes through which social protection can contribute to broader development goals, including poverty reduction and economic growth. Furthermore, even studies that do report on the economic impacts of social protection do not distinguish between the

poverty alleviation and poverty reduction so that there is little indication of whether households have graduated onto a growth trajectory out of poverty. There are a number of exceptions to this which are worth citing.

2.4.44. Fiszbein and Schady report on randomised evaluations of seven CCT programmes in Latin America which collected information on income/consumption as part of a comparison of beneficiary and control households. They found that the poverty reduction impact was broadly, but not invariably, related to the size of the transfers. The programme in Nicaragua, which provided the largest transfers, reduce the head count poverty index among beneficiaries by 5-7 percentage points, the poverty gap by 9-13 percentage points and the squared poverty gap by 9-12 percentage points. Colombia also reported sizeable impacts, reducing the poverty gap by 7 percentage points. Elsewhere impacts were more modest with the Cambodian programme, which had the smallest transfers, reporting negligible impact. The impact was also small in Ecuador relative to the size of the transfer and is likely to have reflected large reductions in child labour achieved through the programme and failure to offset this through increases in adult labour.

2.4.45. With large programmes, it is possible to use nationally representative household surveys to estimate poverty impact on a wider scale. This was done for Jamaica, Brazil, Ecuador and Mexico. The results show large effects on poverty for Mexico, particularly for the poverty gap and squared poverty gap measures. This suggests that largest impacts are among the poorest. Estimates suggest that cash transfers in Mexico can generate income multipliers that are between 1.5 to 2.6 times the size of the cash transfer, thus constituting a considerable stimulus to the local economy (de Janvry and Sadoulet, 2001 cited in Devereux, 2002). The Jamaican programme reduced the squared poverty gap by 13%. The impact on head count poverty and poverty gap measures were relatively modest in Brazil but the squared poverty gap was reduced by 15 percent. This is consistent with strong association noted between the introduction of CCTs in Brazil and decline in income inequality reported by Paes de Barros, Foguel and Ulysea (2006 cited in Fishbein and Schady). One estimate suggests that child-oriented cash transfers and social pensions were responsible for 28 per cent of fall in inequality during 1995-2004. This fall in inequality should improve the rate at which future economic growth translates into poverty reduction (Soares et al., 2006). The study of Ecuador, on the other hand, confirmed the earlier findings that large reductions in child labour offset the poverty impact of the transfer.

2.4.46. Elsewhere, the evidence is largely confined to local level studies and point to some of the transmission mechanisms through which social protection interventions can promote both individual graduations out of poverty as well as growth effects in the local economy. While evidence of this nature, particularly in relation to the wider economy, remains sparse, it is consistent enough to suggest that due attention is paid to the design and delivery of programmes can help to address many of the constraints that trap people in chronic forms of poverty.

2.4.47. As noted earlier (add cross-reference to section/para no.), studies of growth at the *national level* are unlikely to pick up the impacts of social protection. A more rewarding approach might be to explore ways to *link up macro and micro level analysis*. As Barrientos and Scott (2008) point out, computable general equilibrium

analysis can help to establish the consistency of social transfers with macrolevel aggregates such as taxation and growth but they require more comprehensive data than is available in most poorer developing countries and, in any case, do not throw a great deal of light on the impacts and intermediate processes associated with social transfers. An alternative line of research suggested by them is the exploration of micro-macro linkages within ex-ante simulations of programme effects as attempted, for instance, by Bourguignon et al. (2002). There is greater potential here for capturing behavioural responses to social transfers and aggregating them at the macro level.

2.5. Social justice

2.5.1. The idea of ‘transformative’ social protection attempts to draw attention to its potential for addressing structural forms of inequality within a society, inequalities which can be traced to aspects of people’s circumstances beyond their control (World Bank, 2006). It thus refers to the pro-active element of social protection that seeks to extend social recognition as well as economic resources and opportunities to those who are systematically excluded by mainstream development processes or only included on unfavourable terms. ‘Transformative’ interventions can be thought of in terms of ‘*what*’ is done: examples given by Sabates-Wheeler and Devereux (2008) include targeting school feeding programmes to excluded vulnerable groups, such as orphans, street children and children from geographically isolated households; campaigns against discrimination in the provision of services, such as to people with HIV/AIDS; and the promotion of labour rights and minimum wages. In addition, it can be argued that the ‘transformative’ potential of social protection measures can be strengthened through attention to ‘*how*’ it is done, to the terms on which opportunities, assets and services are provided (Kabeer, 1994). Borrowing a widely used distinction from the literature on gender and development, the *practical need* for socio-economic security in everyday life and in times of crisis can be designed for poor and socially marginalized groups in ways that address their *strategic interests* in transforming the underlying conditions of their poverty and marginalisation.

2.5.2. From this perspective, we are looking for evidence that social protection has a) reached out to sections of the vulnerable population that are generally excluded from market-led growth processes or overlooked by purposive development interventions and b) that it strengthened the voice and agency of these groups and their capacity to participate on more equal terms in the political, social and economic life of their communities.

2.5.3. There is certainly a greater effort evident in the current generation of transfer programmes to reach out to marginalised groups as well as evidence of success. Evaluations of PROGRESA suggest a closing of both ethnic and gender gaps in education in Mexico (Gonzalves de la Rocha, 2009). In Brazil, the introduction of inclusive social protection programmes has played an important role in reducing long-standing inequalities in one of the most unequal societies in the world (Paes de Barros, Foguel and Ulyseia 2006). India’s NREGS reports much higher participation of women than the national labour force participation rates for women (Ghosh, 2009). It has also been noted that marginalised tribes and castes are disproportionately represented on the programme compared to their share of the population. The requirement in some states that priority be given to assets owned by marginalised groups has led to the historically unprecedented situations of members of castes

higher up the hierarchy are working for the benefit of those lower down. Dreze and Goyal (2003) report on some of the positive impacts of the national mid-day meal scheme on social discrimination in India. Along with closing gender and caste gaps in education, they note that it promoted the sharing of meals between children of different castes. In addition, a number of states in India had specified that cooks for the mid day meals be recruited from the 'untouchable' castes, thereby not only providing employment for these groups but also further challenging caste taboos.

2.5.4. Inclusion in public programmes has been found to promote a sense of citizenship among marginalised groups. Women beneficiaries in the DOWA emergency cash transfer programme in Malawi who received identity documents and smart cards expressed their sense of social recognition and identity as citizens a result of these documents (Devereux et al., 2007). For women living in socially-marginalized conditions in Brazil, the Bolsa Familia programme provided them with their first contact with the state and heightened their awareness of their status as citizens (Suarez et al., 2006). Counter-factual evidence also supports these arguments. The Pakistan government's Zakat programme provided benefits on an arbitrary and unreliable basis at the discretion of local religious figures and elites. Evaluations at the community level revealed that it inculcated a sense of dependency and humiliation among its beneficiaries or those that sought to apply for it (Kabeer et al, forthcoming).

2.5.5. The social justice agenda is also served through the impetus for mobilisation by, and on behalf of, poor people provided by claims centred on social protection. Studies from India, Pakistan, Bangladesh and Mexico all testify to the effectiveness of civil society groups in lobbying for more inclusive forms of social protection (see the website of the Citizenship DRC and the DRC on the future state). The guarantee of work embedded in the long-standing Employment Guarantee Scheme in the Indian state of Maharashtra is believed to have had impacts beyond individual participants. It has strengthened the bargaining position of agricultural workers vis-à-vis their employers and reduced the dependence of marginalised groups on landowners for protection and patronage (Echeverri-Gent, 1988; Dreze, 1990). In addition, the legislative status of the right to work embodied in the programme has provided the basis for political activism centred on the fulfilment of these rights (Joshi and Moore, 1999; Joshi, forthcoming). The National Employment Guarantee Scheme passed in 2005 seeks to reproduce the guarantee to work on a national scale. Early evaluations suggest considerable state-level variations, reflecting variations in both state commitment and levels of civil society mobilisation. Rajasthan, long seen as a poor performer, reports unexpectedly positive impacts because of the strength of its Right to Information movement.

2.5.6. In South Africa, civil society groups were able to take the state to court for its failure to provide adequate housing for the urban poor. While studies rarely attempt to quantify the impacts of social mobilisation, there is some quantitative evidence to suggest that poor people who are organised through the more socially aware development NGOs in Bangladesh and India are more knowledgeable about their entitlements and more willing to claim them than the less organised (Kabeer, 2005 and 2009).

Summary

2.5.7. The idea of ‘transformative’ social protection draws attention to the inequalities of power that underlie chronic forms of vulnerability and the importance of measures which can promote the dignity and citizenship of poor and marginalised groups. In general, the evidence on this category of impacts remains weak and scattered since it is not generally considered to be a part of standard evaluation studies. Much of it comes from studies that do not necessarily set out to study social protection but are concerned with issues that throw indirect light on this aspect of social protection.

2.5.8. While there is an increasing effort to collect information on the extent to which marginalised groups have been included in programmes, there is less attention to their experience of the programmes and its impact on their lives. Yet if social protection is to support the good governance agenda and generate state accountability to all sections of society, such research will be indispensable.

3. Evidence on causality

3.1. Design issues

3.1.1. The literature on the impacts of social protection on both households and the wider economy provides useful insights into some of the underlying causal factors which help to explain variations in the outcomes achieved by apparently similar interventions and why some are more effective than others in achieving their intended objectives. These insights point to the importance of the design of programmes. In some cases, there are flaws in the design itself: an example of positive, but short-lived, impacts on household food production comes from Malawi’s ‘Sustaining Productive Livelihoods through Inputs For Assets’ (SPLIFA) project. Significant improvements in household food production in the first year could not be sustained, because the project delivered hybrid seeds that could not be re-used (Devereux and Coll Black, 2007).

3.1.2. In other cases, variations in outcomes reflect the ‘fit’ between the objectives of a programme, its design and the assumptions made about the context in which the programme is implemented. In particular, the evidence discussed in this paper supports the point made by Banerjee and Duflo (2004) that ‘active’ transfers, those which promote the labour force participation of recipients, are far more likely to contribute to growth-related impacts, than ‘passive’ redistribution of purchasing power to particular vulnerable groups - although it is also evident from this review that the size and scale of transfers along with any conditions attached to it will play an important role in magnitude and time scale of its impacts. The large per capita transfers in the Nicaragua CCT relative to the extremely small size in the Cambodian programme reflected the weight attached to long term versus short term poverty impacts.

3.1.3. More generally, the gains in terms of reductions in poverty and income inequality reported in middle income Latin American countries reflects the fact that many of these programmes reach out to a sizeable section of poor people. The scale of the Maharashtra Employment Guarantee Scheme in India is believed to have accounted for a significant reduction in poverty in the state in the second half of the

1980s, despite experiencing one of the worst droughts in its recent history, because of the ability of the state government to scale up public works efforts in response to need (Mundle, 1994).

3.1.4. The form of the transfer and what they are used for may play a role in who benefits and what the benefits might be. PSNP beneficiaries who received cash transfers were found to have higher current asset values than those who received food. The use of cash transfers for the purchase of productive assets appears to have larger impacts on the local economy than expenditure on consumption. Equally the transfer of productive assets may have larger multiplier effects than cash transfers although where conditional cash transfers succeed in improving children's human capital, its impacts may not become evident till a later period. The incorporation of a 'livelihoods promotion' component into transfer programmes may also help to promote poverty reduction or growth related impacts.

3.1.5. The design of the programme will also help to determine the gender composition of its beneficiaries. In some African contexts, for instance, cultural norms have often meant that it is women who participate in food for work programs and men who are more likely to participate when transfers are in cash. Elsewhere, the extent to which public works programmes take account of women's gender specific constraints has a strong bearing on the extent to which they will be able to participate. The high proportion of women who participated in the Zibambele programme in South Africa and the MEGS in Maharashtra reflected certain features of these programmes, such time requirements, locations, wages paid relative to prevailing wages for male and female labour.

3.1.6. The gender of beneficiaries may also make a difference to the impact of a programme. Cash transfers received by women, whether as mothers, primary carers or as part of the elderly population, are more likely to promote the welfare and education of children than those received by men. On the other hand, it may be that transfers received by men are more likely to be invested in productive assets – as well as on themselves.

3.1.7. Variations in outcomes also reflect the oversight of programmes. While this study has tended to focus on programmes that report evidence of positive impact, there is a large body of evidence on the extent to which various forms of 'bad practice', including leakages to, and capture by, unintended beneficiaries and corruption of various kinds have undermined the performance of programmes. This has drawn attention to the questions of governance in relation to programmes: building strong local oversight mechanisms; ensuring transparency so recipients know what they are getting; delivering transfers through quasi-independent, nationally accountable institutions such as PROGRESA; improving pay levels of those charged with implementation as part of broader public sector reform and high profile action to signal zero tolerance of corruption. Technological innovations such as electronic bank transfers or transfers via mobile phones also help to improve security and reduce corruption. Participatory approaches to project selection have sometimes helped to increase community commitment to construction and maintenance of assets created. They have also helped to ensure that programmes reach their intended beneficiaries.

3.1.8. The extent to which programmes achieve their intended outcomes will depend on the extent to which they have analysed the causes of poverty and vulnerability correctly and have translated this analysis into appropriate design. This means that programme designs cannot be transferred mechanically from one context to another. Conditionality has been dropped from most cash transfers in SSA because social services on offer of such poor capacity and quality that it makes such conditions unrealistic. The impact of cash transfers on the local economy, the extent to which it gives rise to income or employment multipliers or to inflationary pressures will depend on the presence or absence of well-functioning markets. The limited impact of the Gundo Lasho public works programme in South Africa has been attributed to the fact that short term nature of the employment generated in a context characterised by long term structural unemployment and the failure to build in training components that are relevant to the needs of the local economy.

3.1.9. These limitations point to the need to take account of the heterogeneity of the poor and the diversity of contexts in which these programmes are meant to function. Life course is clearly one set of factors which differentiate poor people within particular contexts as does disability, gender, ethnicity and other forms of social identity. In addition, we can distinguish between those sections of the poor who cannot or should not be economically active (the very young, the very old, the sick and disabled), economically inactive because of age, illness or disability, those who are inactive because of the absence of opportunities and those who are active but enjoy low returns to their efforts.

3.1.10. The priority for the first group is regular and predictable transfers that can meet their basic needs and provide some cushion against risks. In the case of children, attention to their future productivity may also be necessary. The economically active population are most likely to benefit from programmes which seek to expand their economic opportunities and build their productive assets to the extent of creating trajectories out of poverty. While social transfers may be the most appropriate approach for the extreme poor, there is potential for a transition from transfers to contribution-based instruments for the moderately poor through the provision of financial services, including community-based credit and insurance.

3.1.11. Distinguishing between different groups of poor people raises the contested question of targeting: whether it is necessary, when it is necessary and what are the most effective methods. Those that support the idea of a universal citizen's income have generally argued against the use of targeting, suggesting taxation policies can be used to ensure redistributive outcomes. Others have debated the design of targeting (e.g. categorical, means-tested or self targeting). An assessment of the effectiveness of various forms of targeting suggested that interventions that used means testing, geographical targeting and self-selection based on work requirements were associated with increased share of benefits going to bottom two poorest quintiles than self selection based on consumption (food subsidies), demographic targeting to the elderly and community bidding (Coady et al., 2002). Proxy means testing, community based selection of individuals and demographic targeting of children showed good results on average but with considerable variation. However, success in targeting the very poorest may not always be an appropriate strategy in contexts where a significant proportion of the population is below the poverty line and differences in per capita income between the poor are not very large. In Malawi and Zambia, for instance,

roughly US\$2 per month separates each of the bottom five deciles of the income distribution. If cash transfers which target the bottom 10% are larger than this amount, they run the danger of 'leapfrogging' some proportion of this population above the next poorest decile, with socially invidious consequences (Ellis, 2008). Targeting appears to operate more effectively in countries where inequalities are more pronounced and differences in economic well being easier to identify.

3.1.12. One important finding that emerged from the comparison of targeting methods by Coady et al was that while some forms of targeting 'worked' better than others, variations in performance also reflected capacity for program implementation, including per capita GDP and indicators of governance. Countries where governments are more likely to be held accountable for their behaviour (stronger 'voice') implemented interventions with improved targeting performance.

3.1.13. The diversity of contexts in which programmes have to operate means that program design cannot be transferred mechanically from one context to another. CCTs make little sense in contexts where the necessary services are missing. It might make more sense in such contexts to invest in strengthening the quantity and quality of provision. Similarly, short term employment generation may be appropriate to address seasonal unemployment or to deal with crisis but have little relevance in conditions of structural unemployment.

3.1.14. These points also suggest the need to integrate social protection programmes into the wider development strategies rather than treating them as stand alone interventions. Different categories of programmes serve different sections of the poor and need to be brought together if they are to achieve the necessary coverage. They also need to be made coherent within a national social protection framework to avoid duplication and overlapping. The social protection framework in turn has to be linked to other development interventions in order to have maximum impact. It is also necessary in order to achieve greater integration between supply and demand.

3.1.15. Weaknesses in the supply of services are a major limiting factor to programme effectiveness in CCTs: Behrman, Parker and Todd (2005) found program impacts on enrolment were larger when children had access to general or technical schools than when they only had access to long distance, satellite based telesecundaria schools. It was also larger for students in areas where, prior to implementation, student teacher ratios were low (fewer than 20 students per teacher). Such findings highlights need for sequencing of demand and supply side investments and for greater co-ordination between sectoral ministries and ministry responsible for social protection.

3.1.16. The potential administrative synergies across cash transfer programmes are large (Fiszbein and Schady, 2009). Using common systems for administrative targeting as well as systems to make payments to beneficiaries (setting up electronic card system) is one example. More generally, setting up a common outreach and service platform (one stop shops) through which beneficiaries of all social protection programs can access benefits and interact with program administrators is a promising innovation.

3.1.17. Delivering transfers may require combination of line ministries, local government and community based structures as well as NGOs. Transferring resources

to peripheral health units can provide legally and logistically complicated for government agency than distributing cash vouchers to isolated groups – finding of Honduras study. CCTs may have higher burden of administration compared to scholarships. But the extent of monitoring varies. DfID has been supporting birth registration efforts in Bolivia. In fact, BS in Brazil has increased incentives for civil registration and helped to strengthen social contract between government and citizen. More flexible approaches include community based verification of identity.

3.1.18. Finally, there is very little information on the relative costs and benefits of social transfers – and different kinds of transfers – compared with more traditional supply side interventions. Comparing with supply side interventions does not account for synergies between investments in social transfers and in sectors. PROGRESA is one of the few programmes to have undertaken a cost effectiveness study. It found that benefits exceeded costs and rate of return on education component of programme (taking account of costs of grants) was 8% more a year. Coady and Parker (2004) found that CCTs were more than 10 times more cost effective in achieving extra year of schooling for children than building new schools. But the study did not assess cost benefits relative to other supply side investments (improving teacher quality or textbook availability) which may have greater impact. Moreover other studies (Skoufias, 2001) indicate that an extra year of schooling does not necessarily translate into better achievements (as measured by test scores). Such findings underscore once again the complementarity rather than trade offs between supply and demand side interventions.

3.2. *Political economy issues*

The challenge of affordability

3.2.1. While economic reform has led to attempts to dismantle the dualistic model of formal social security for a privileged minority and minimal social assistance for the deserving poor, the emerging picture is not one of uniformity. There is a gradual move towards more integrated and scaled up social protection systems, generally funded by domestic revenues, at one end of the spectrum but the other end is characterised by a range of disparate, short term and stand alone projects, often donor funded pilots.

3.2.2. There is an emerging body of research that addresses the factors which might help to explain these systemic variations. Not all of it is explicitly concerned with social protection but its focus on state responsiveness to pro-poor policies and the factors that might help explain it suggests relevance to the social protection agenda. The choice and design of programmes and the extent to which they operate on an ad hoc and piecemeal basis or as an integrated aspect of a country's development policy relates to various aspects of state commitment and capacity: technical expertise, administrative capability, sources of funding and commitment to domestic revenue mobilisation, the degree and quality of decentralisation, the rule of law and the role of the legal system, systems of political and social accountability, and the political space and opportunities available for poor people to mobilise around their claims and entitlements. These are political economy questions and require research that engages with the interactions between states, donors and civil society associations.

3.2.3. It is beyond the scope of this paper to go into these questions in any great detail but a number of suggestive observations, based on the existing literature, can be

made. A first and obvious constraint to the expansion of social protection efforts is the question of *affordability*. It is evident that middle income developing countries have been moving into large scale social protection programmes in recent years but the development of comprehensive social protection systems which reach out to all those who need them remains a challenge for low income countries. The fact that variations in social protection are not systematically related to levels of per capita income among these latter countries (see for instance the ADB's Social Protection Index) suggests that the challenge is only partly fiscal and that there are important political economy issues entailed as well.

3.2.4. It has been argued that governments are less concerned with questions of immediate affordability, given the availability of donor assistance in the medium term, and more concerned with the fear of escalation (Barrientos, 2007; Chapman, 2006). Measures which provide clear parameters to manage future fiscal liabilities (such as pensions to elderly poor) are likely to be more acceptable than open-ended commitments. Governments and donors are keen on the graduation potential of programmes as they would prefer to make financial commitments on a temporary basis with an exit strategy built in. Stronger evidence of the developmental potential of social protection would clearly contribute to the affordability issue, pointing to the synergies rather than trade offs between social protection and growth.

3.2.5. There are also political payoffs to social protection. We have noted how they have helped to build political support for otherwise unpopular economic reforms. Redistributive policies have been found to promote social cohesion and reduce conflict. A study of states in India suggests that those with higher levels of social expenditure, which are also likely to be more redistributive in their orientation, reported lower levels of civil unrest and this was a more effective strategy in the longer run than expenditure on police (Justino, 2008). Nepal is using its 'peace dividend' to promote more inclusive social protection policies for those whose grievance had fuelled the earlier conflict. If there is stronger evidence of these political impacts of social protection, it is also likely to strengthen the willingness of those who pay taxes to contribute to the security of those who don't.⁴

3.2.6. Donor funding can clearly help to bridge the short-term funding gap for social protection in low income countries but domestic resource mobilisation is necessary for a more *systemic* approach. Taxation is an obvious starting point for such mobilisation. While taxation raises funds for essential services, tax systems are also instrumental in building effective states 'because taxation is a core manifestation of the social contract between citizens and the state' (FIAS/The World Bank Group, 2009; see also Brautigam et al, 2008). The need to know about the productive activities of citizens and to mobilise a share of their incomes has proved to be an important factor in developing the administrative capacity of the state. Moreover, how taxes are raised – and spent – shapes government legitimacy by promoting government legitimacy to tax paying citizens and stimulating effective state administration and good public financial management. Some evidence suggests that governments that have to 'earn' their taxes from their citizens rather than receiving them as resource rents or donor funds perform better on social development relative to their per capita GDP (Moore et al., 1999).

3.2.7. At present, most low income countries generally report a very low ratio of tax revenue to GDP, a product of their dispersed and poor populations. This had led to a reliance on indirect rather than income or property taxation. There may be greater scope for taxation of wealthy and middle income groups, property taxes but also many of the medium and small scale enterprises that are currently in the informal sector. Incentives to formalise such enterprises would include simplifying the complex and cumbersome administrative procedures that currently characterise many of these countries (Tokman, 2008). In addition, there is scope for cutting back on subsidies to the wealthy. (One estimate by McKinley (2004) suggests that such subsidies represented 4% of the GDP in Pakistan).

Institutionalising social protection

3.2.8. As far as other constraints are concerned, a major factor preventing the development of coherent social protection systems in poorer developing countries is the bifurcated nature of their social security systems. Formal security provision is confined to a small and privileged formal sector with the rest of the population served by a range of piecemeal and fragmented interventions, put in place in response to a variety of imperatives and associated with a variety of constituencies, including local and national politicians and beneficiary groups, national and international NGOs, faith organisations and donors engaged in specific interventions on target groups, public agencies serving specific groups or communities (Barrientos, 2007). These efforts may stand in the way of developing more integrated larger scale social protection programme.

3.2.9. Efforts to promote coherent and nationally owned social protection policies can learn a great deal from pro-poor policies that are driven primarily by national governments. Competitive politics in poorer countries does not necessarily provide the government support for pro-policies particularly if there is a wide gap between the middle income groups and the poor (Graham, 2002). In low income countries with high poverty incidence, voters are ill informed about relative advantages of policy options and regard promises of politicians as having little credibility (Keefer and Khemani, 2003). Patronage and corruption can undermine basis for competitive politics.

3.2.10. Work by Besley and Burgess (2002) and Besley et al. (2005) points to some of the conditions in which competitive politics is likely to promote pro-poor expenditures in different states in India. These include the extent of newspaper circulation, particularly in local languages, and the extent of private ownership. Other factors include levels of literacy and mechanisms to disrupt historical patterns of privilege in the policy making arena (the reservations in India is cited as an example). In their analysis of case studies from South Asia and sub-Saharan Africa, Hickey and Braunholtz-Speight (2007) note commitments to pro-poor policies are often made during periods of intense political activity, including moments of political upheaval when elites need to respond to new pressures. Active democratic competition, the real likelihood of losing power at elections, provides a major impetus to responsive government. Even within autocratic governments, the likelihood of removal from office can have the same effect.

3.2.11. Economic reforms can also provide opportunities for social protection, particularly if they are accompanied by fears of social unrest. The cut back of price

subsidies in both Indonesia and Mexico was accompanied by the introduction of a targeted cash transfer programme. In the case of Bolivia's Bono Solidario, the government used a pension programme as means to ensure political support for the privatisation of utilities by promising to use proceeds from privatisation to fund pension for every citizen aged 21 + at time of privatisation (Gray Molina et al, 1999). In China, economic reforms and insufficient creation of new jobs led to a rapid increase in numbers of laid off workers. The government response included a rapid extension of the Minimum Livings Standard Scheme from, 2.6 million beneficiaries in 1999 to 20.6 in 2002.

3.2.12. Finally, the delivery capacity of governments is likely to pose an important constraint to the institutionalisation of social protection. There is a danger in this process of moving from situation where there is expensive and patchy but effective NGO delivery to one where government is providing services in theory but does not have capacity (Barrientos 2007). Many social protection interventions fail because they are the responsibility of the weakest government ministry (Chapman, 2006). Examples of social transfer programmes being hampered by weak government capacity come from Malawi, where the design and delivery of a 'National Safety Nets Programme' was delayed for several years because of the weakness of the Safety Nets Unit. Social protection programmes in Malawi are now increasingly implemented through decentralised local government structures, such as District Assemblies. Evidence suggests that implementing public works programmes through District Assemblies has strengthened these institutions but that weaknesses with the decentralisation process constrained the ability of the DAs to effectively translate the capacity building training they received into practice.

3.2.13. On the other hand, successes in technical capacity building have been reported from Moldova, Russia and Ukraine. In Moldova, DFID supported the Ministry of Social Protection, Labour and the Family to develop and implement social assistance policy. According to project reviews, the Ministry's skills and capacities were greatly enhanced by this project, which adopted a more open and participatory approach to policy development. Senior Ministry officials presented their reform agenda with increased coherence and successfully articulated their poverty and social inclusion objectives in the social chapter of the draft PRSP. In Russia, the 'Targeted Social Assistance Project' is credited with strengthening strategic planning capacity and resource allocation, and with improving mechanisms for community consultation. In the Ukraine, improved structures, processes, staffing policies, communications and resource allocation all reportedly contributed to improved organisational capacity. Families receiving social assistance rose from 70% to 98%, and population satisfaction with the Departments of Labour and Social Protection doubled from 40% to 84%.

3.2.14. Sometimes institutions and organisations can be strengthened as a by-product of a social assistance programme, rather than as a primary objective. A performance review of Kenya's 'School Feeding Programme' in 2006 concluded that capacity had been built within the Ministry of Education, and evidence-based information systems were being developed. In Orissa's 'Community-based Drought Response Programme' poor communities were mobilised, and there was evidence of community ownership and empowerment, through effective community-based organisations and linkages with government institutions.

3.2.15. In the study cited earlier, Hickey and Braunholtz-Speight (2007) suggest that, with the exception of trade unions, civil society organisations have played a limited role in promoting pro-poor policies but that they had proved important in terms of sustaining policies over time and helping to ensure accountability in delivery. . Where these policies are backed by ‘guarantees’ enshrined in law or policy, they provide a strong platform for such activism.

3.2.16. We noted the argument that taxes form a central strand in the development of a social contract between state and citizens. There are also emerging arguments that social protection provision provides another important strand in this contract, a manifestation of the state’s obligations to its citizens (see contributions on the CPRC website). Such arguments provide a powerful political rationale for a more unified approach to social protection. The National Social Protection Strategy in Pakistan provides example of an emerging strategy which highlights citizens’ rights (Government of Pakistan 2008). The idea of social guarantees has featured in contexts as varying as Thailand, South Korea, Chile and India and has provided the basis for expanding social protection to their poorest citizens.

4. DFID and social protection: future directions for research

4.1. Debating the ‘value added’ of DFID policy on social protection

4.1.1. This review of the literature on the impacts of social protection provides support for the shift from narrowly conceived safety nets to a broader view of social protection which encompasses the needs of different groups of the poor and vulnerable non-poor and which integrates efforts to protect and promote their livelihood efforts. There is growing recognition on the part of civil society as well as many donors and governments of the need for a more systemic and nationally owned approach to social protection in place of piecemeal and ad hoc interventions, frequently donor-financed and NGO-implemented projects. The broader definition of social protection lends support to such national efforts to build social protection systems.

4.1.2. However, there was some divergence of views among those interviewed for the scoping study as to where DFID could best add value in the field of social protection. One view was that while governments needed to have a holistic view of social protection, DFID should retain its focus on the extreme poor and hence on social transfers. This focus was in line with its overarching commitment to poverty reduction and was an area of policy that governments were often least willing to support because of fears of generating a long term dependency culture. Yet there is little evidence that these fears are well-founded. On the contrary, the evidence suggests that well designed transfers can do a great deal to reduce the risks and vulnerability of extremely poor households, address food insecurity, reduce social exclusion and promote the ability to take risks. DFID has built up a strong track record in the financing, design and evaluation of a variety of social transfer programmes and in disseminating lessons which could help to influence national policy.

4.1.3. A second view endorsed DFID support for social transfers for the extreme poor but suggested that its focus could be widened to encompass the moderately poor. The broader development potential associated with social protection instruments designed to strengthen the livelihood strategies of poor people suggests that DFID could expand into the 'grey area' between protection and promotion identified by Farrington and Slater. This view recalls the point made by Guhan and cited earlier in the paper that protection, prevention and promotion should be seen as 'taxonomy with overlapping categories', a gradation of measures which proceed from wider to narrow domains of specificity in relation to the poor and vulnerable.

4.2. Recommendations for future research

4.2.1. The recommendations for a future research agenda offered by this scoping study retains the focus on social transfers and extreme poverty but suggests that it should pay greater attention to the 'generative potential' of social transfers, the extent to which they can be designed not only to address the immediate needs of poor people faced with crisis or chronic disadvantage but to generate wider and longer term impacts. It should also pay greater attention to the institutionalisation of social protection, the movement from projects to systems.

4.2.2. A great deal of the research on social protection has been of the practical kind, the monitoring and evaluations of projects and programmes. The knowledge generated by such research has varied from 'moderately well informed about immediate and personal impacts (for example, the prevention of hunger for direct beneficiaries to rapidly dwindling knowledge as time scale increases (the sustained impact on the welfare and wellbeing of beneficiaries) and the scope of indirect impact broadens to include macro-economic growth and poverty reduction effects of social protection' (Ellis et al., 2008). At the same time, the political economy research agenda broadly focuses on questions about finance, political will and the support base for redistributive policies but has rarely paid specific attention to social protection policies for the very poor. Yet both these strands of research have important implications for future evolution of social protection strategies, including what is considered feasible in different contexts.

Analytical synthesis of literature

4.2.3. Careful documentation of both positive and negative impacts of social protection interventions, the transmission routes by which they occurred, the kinds of programmes that generated them and the contexts in which they occurred can provide critical lessons for the design of future programmes. The synthesis should bring together the findings from different studies in order to assess the robustness of their findings (eg. impact of SP on growth) and to explain the factors behind consistencies as well as contradictions in these findings. Such an analysis could help to develop typologies of 'success' and 'failure' which related to interaction between design, context and governance. This would allow a first take on the question of why similar programmes generate different outcomes and provide insights into the graduation and sequencing of programmes. It would also lay the groundwork for future research into questions of design, context and governance and into what works best for different sections of the poor and vulnerable non-poor. Particular attention could be paid in this synthesis to some of the unresolved issues in the field eg. targeting versus

universalism and different kinds of targeting, conditional versus unconditional transfers, cash versus food transfers.

Scaling up evaluation studies into research projects

4.2.4. The field of social protection is currently dominated by impact evaluation studies which provide useful information regarding the current and direct impacts of interventions but do not provide insights into deeper causalities or broader developmental implications. There is a need to scale up research efforts in this field. There are at least two elements to this scaling up. The first relates to longitudinal household studies of the kind recommended by Ellis et al. (2008). Such studies allow the tracking of longer term impacts which may materialise beyond the life of a project and hence excluded by conventional impact evaluations. The second seeks to capture indirect impacts of interventions, their spill-over effects into the wider community beyond project beneficiaries. Such impacts have to be captured over entire communities rather than the immediate beneficiaries alone and would need to compare treatment and control communities as well as households.

4.2.5. Research projects of this kind could address a wide variety of questions relating to both impact and underlying causality. The questions that could be addressed by such projects could relate to one or more of the four categories of impacts identified by this study.

4.2.6. Questions relating to human development impacts might include:

- a) To what extent does the improved nutrition, health and education investments in children made possible by transfers translate into improvements in their longer term earning potential
- b) What are the impacts of transfers on the health and wellbeing of adult household members (not just children)?
- c) Does the targeting of women by many of these transfer programmes lead to greater equality of gender relations within beneficiary households and in the wider community
- d) Does investments in children's human capital promoted by transfer programmes have spillover effects on children's human capital in the wider community
- e) Do social pensions promote better treatment of the elderly within their households and communities
- f) In CCTs, to what extent is it the conditionality itself that enables cash transfers to impact on human development outcomes, rather than the predictability, frequency or value of the transfers.

4.2.7. Questions relating to economic impacts might include:

- a) Can transfers strengthen the investment and savings capacity of households sufficiently to provide a 'springboard' out of poverty (poverty reduction rather than poverty alleviation)?
- b) How does household labour supply behaviour change in response to transfers? What kinds of new economic opportunities emerge as a result of infrastructure projects and how lasting are they?
- c) How are local labour markets affected by an intervention? How do these changes impact on different groups of households within a community?

- d) What research methodologies can shed light on the linkages between micro- and macro- level economic impacts?

4.2.8. *Questions relating to social justice might include:*

- a) Does social protection provision promote the voice and agency of poor and marginalised groups?
- b) Do some forms of social protection achieve these outcomes more effectively than others?
- c) Can social protection measures be purposively designed to achieve these outcomes?
- d) To what extent can social protection lead to positive feedback loops based on strengthening notions of entitlement, citizenship and political rights?
- e) What kinds of civil society organisation are most likely to promote these outcomes?
- f) What role can legally enforceable transfers play in the citizen-state settlement?

The geography of welfare

4.2.9. Country and regional level variations in the majority approach to social protection provision are partly but not solely related to income levels. They also reflect historical precedents, accidental factors as well as contemporary politics and policy processes. Analysis of these regional variations through carefully designed cross country studies may help to answer some of the political economy questions raised in the review.

- a) What is the nature of the political constraints and administrative deficits that prevent the emergence of inclusive social protection systems?
- b) What explains moves towards such systems in some low income countries but not in others?
- c) What kinds of political arrangements are most conducive to the emergence of such systems?
- d) How are these systems financed and how do financing arrangements promote or hinder state responsibility for social protection?
- e) Why do different countries/regions favour certain forms of social protection over others?
- f) Can regional-level social protection concerns (migration, climate change) provide the basis for greater regional co-operation on policy issues?

The role of the corporate sector

4.2.10. The corporate sector has been largely invisible in the social protection agenda but its relevance is evident in a variety of ways. It is responsible for the employment prospects and working conditions of a considerable section of the world's working population: through trade as well as production. There has been a proliferation of efforts to promote fairer working conditions through various schemes, including Fair Trade, the Ethical Trading Initiative and so on which contribute to social protection as do efforts to promote minimum wage legislation. The corporate sector has also played a role in public works programmes and in the delivery of cash transfers. The evidence on its performance is mixed and suggests more attention needs to be paid to where its comparative advantage lies vis a vis the state and civil society organisations. These suggest a larger research agenda around the contributions and responsibilities of the corporate sector in the field of social protection and how these might fit into the larger framework of the social contract

Lessons from the financial crisis

4.2.11. The current financial crisis, along with the food and fuel crisis that preceded it, has revived attention in social protection across the world just as the East Asian financial crisis did in the late 1990s. There is much more evidence of real time monitoring of impacts on vulnerable groups this time round but there is also scope for learning some of the lessons of history. One of the key lessons that came out of the East Asian crisis was the need for ex ante systems of social protection that could be scaled up rapidly in times of crisis. To what extent has the global nature of the current crisis led to a greater commitment on the part of governments and/or donors to a more systematic approach to social protection? To what extent have the experiences of vulnerable groups in those developing countries that have had ex ante measures in place differed from those that have had to respond in the aftermath of the crisis?

Filling the gaps

4.2.12. There are a number of critical gaps in our knowledge about social protection which relate to missing locations and groups. Certain countries are far better represented in the social protection research than others. It is, for instance, largely the wealthier countries of Latin America that feature in the CCT literature rather than the smaller poorer ones whose experiences might resonate better with poorer countries in Africa and Asia. There are question marks about the extent to which programmes developed in middle income countries can be adapted to low income country contexts. Within Asia and Africa, certain countries predominate: India and Bangladesh in the South Asia region; South Africa in the sub-Saharan African context. In addition, there are certain vulnerable groups that tend to be systematically overlooked within social protection strategies: the homeless, migrants, both internal and cross border, and including children; those in stigmatised occupations and those located in further reaches of the informal economy. Greater attention to these locations and groups is essential for a more comprehensive understanding of contextual constraints on social protection provision and the dynamics of exclusion embodied in them.

4.3. Brief note on institutional arrangements

4.3.1. It would appear that social protection, more than many other research issues, must engage from the outset with policy makers. Two sets of policy makers can be distinguished: those are not convinced of the need for a systematic approach and those who are, but do not know how to go about it. This would suggest a number of different stages and modalities.

4.3.2. The first is a large scale synthesis effort of the kind recommended under point 1 above. This could be put out to competitive tender and carried out by one or two leading institutions in the field.

4.3.3. The second is a directly policy-oriented mode which brings together a network and researchers, practitioners and policy makers to focus on distilling, dissemination and advocating the lessons from 'good practice' in different contexts and provide technical advice to those who request it.

4.3.4. The third is the more academic agenda which could be carried out through the kinds of consortium arrangements that DFID has been funding and that focuses on some of the broader research questions outlined above. Consortia are complex

arrangements. They are time-consuming to manage and required to perform on a number of different fronts to the extent that funding for research is often squeezed, with consequences for the quality of research produced. At the same time, they fulfil a number of functions that would not be addressed by more conventional arrangements, including building capacity and research networks across the north-south divide, and an increased focus on communications and getting research into policy and practice.

4.3.5. The question of who should lead on such a programme should be decided on grounds of expertise, capacity, policy engagement and experience in managing complex international networks rather than by location in north or south. However, the suggestion made by Ellis et al does offer an innovative way to proceed on commissioning such research. Clearly the consortium should be led by institutions with an established record of conducting and managing complex, global partnerships in research. Clearly also the consortium should be selected on the on the basis of competitive tendering. However, they point out that talent that could have made a seriously worthwhile contribution to the research is often excluded by the competitive formation of different consortia. This can be avoided by encouraging consortia to involve individuals from multiple institutions in their submissions. It should also be possible to incorporate valuable ideas and the individuals associated with them into the final programme after the consortia has been selected.

4.3.6. Peer review of proposals is clearly desirable. Ellis et al suggest the setting up of a small expert panel entirely independent of the successful consortium to play the related roles of peer review, trouble shooting and assessment of program direction on a regular periodic basis throughout the life of the programme. Current RPCs have Consultative Advisory Groups that play a similar role and these include external people. The ‘challenge function’ of these groups is seen as very valuable.

APPENDIX

Box 1: Definitions of social protection: international agencies

The World Bank

Social Protection consists of public interventions to assist individuals, households and communities in better managing income risks. The objectives of these interventions are a subset of overall development objectives of economically sustainable participatory development with poverty reduction (Source: Holzmann and Jorgensen, 1999)

International Labor Organization (ILO)

Social protection is defined by the ILO as the set of public measures that a society provides for its members to protect them against economic and social distress that would be caused by the absence or a substantial reduction of income from work as a result of various contingencies; the provision of health care; and the provision of benefits for families with children. (Source: Bonilla Garcia and Gruat, 2003)

Asian Development Bank (ADB)

Social protection is defined as the set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income. (Source: Ortiz, 2001)

The Department for International Development (DFID)

Social protection can be broadly defined – carried out by the state or privately – that a) enable people to deal more effectively with their risk and vulnerability to crises and changes in circumstances (such as unemployment or old age); and b) help tackle extreme and chronic poverty. However, too wide a definition can make it difficult to distinguish social protection from development policy more broadly....For this reason, DFID takes a narrower definition of social protection that focuses on a subset of public actions that help address risk, vulnerability and chronic poverty. (Source: DFID, 2006)

USAID

Public interventions that seek to enable poor and vulnerable households to increase their ability to manage risk thereby allowing them to contribute to, participate in and benefit from economic growth. (Source: USAID, 2008)

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¹ 'In the WDR 1990, social safety nets, largely understood as *ex-post* provision of support in response to economic crisis and structural adjustment, was subordinate to the need for labour intensive growth and access to basic social services...In the WDR 2000/01, by contrast, social protection is a primary element in the new three pronged approach...Absence of poverty is considered to be achieved when households have enough to consume both *now* and in the *future*' (Holzmann et al., 2003: p. 4).

² Personal communication, Barrientos and Devereux

³ Barham (2005) estimated that a rural municipality that enrolled every household in the program could expect to see an infant mortality that was 2 deaths per 1000 live births lower than a comparable municipality that did not enrol anyone. This corresponds to a reduction in infant mortality of approximately 11%.

⁴ Dunham and Jayasuriya (2000) suggest that the inclusive social protection strategies of the Sri Lankan government until they were dismantled in 1978 may have helped to 'buy' social peace. The social tensions which erupted five years later gave rise to a prolonged period of civil war along ethnic lines. Declines in social expenditure were swiftly offset by the diversion of state revenues into the military budget which rose from 0.5% of GDP in the 1970s to 5-6% of GDP in the 1990s.