This report has been produced by Evidence on Demand with the assistance of the UK Department for International Development (DFID) contracted through the Climate, Environment, Infrastructure and Livelihoods Professional Evidence and Applied Knowledge Services (CEIL PEAKS) programme, jointly managed by HTSPE Limited and IMC Worldwide Limited.

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DOI: http://dx.doi.org/10.12774/eod_cr.nov2013.maugham
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Social Protection Training Day – an Overview

The Social Protection Training Day for the DFID Livelihoods Cadre took place in Whitehall on Friday 11th October. This document is a summary of key points made by each speaker, through their presentations and in response to questions from/discussions with participants. Section 2 provides a reading and resource list that accompanied the session.

Social Protection in DFID and how it can Support Economic Development
Matthew Greenslade – DFID Poverty and Reduction Team

Terminology Social protection is a combination of social assistance and social insurance - we tend to focus on social assistance: non-contributory, needs-based transfers. What the World Banks calls social safety nets.

Changing perceptions DFID 10 years ago held a more sceptical view of social protection: that it creates work disincentives and cannot be afforded in low-income context. Now support comes from all kinds of directions including National Audit Office and Public Accounts Committee.

Expansion In 2009, DFID had nine social protection programmes, by 2015 there will be 17. Others are spending more too – total number of social protection for development programmes has risen from 25 across nine countries in 2000 to 245 programmes across 41 countries in 2010.

Low coverage However, only a minority of people eligible to receive social protection in any given country are actually able to access it – there is an awful lot more to do.

Sustainability Secretary of State’s priority is to make funding sustainable - ensuring partner governments take on a share of funding and a level of commitment to increasing this share in the long-term. Examples of good practice: By 2016 Government of Zambia to fund 40% of social protection; Government of Kenya to fund 75%.

Economic development It is worthwhile exploring the interaction between social protection and growth but important not to judge these programmes solely on their contribution to economic development.

Women’s Economic Empowerment and Social Protection
Nicola Jones – Overseas Development Institute

The following points draw upon a ten-country study ODI have been working on with DFID and AUSAID for several years.

Evidence-based targeting Increasingly, social protection programmes are actively targeting women e.g. facilitating women’s participation in public works or insisting cash transfers are given to female care givers. This is based on robust evidence that women’s economic empowerment can have spill-over dividends on both children’s welfare and whole communities.

Positive examples of empowerment One girl interviewed in Ethiopia used her participation in the Productive Safety Net Programme (PSNP) to kick-start her involvement in petty trade. This ingenuity attracted investment from her brother in law and now she runs a small shop. The girl’s initial motivation for participating in the PSNP was a drive for independence – the idea that money would give her more choice in who to marry etc. A female Bedouin
participant in a cash transfer programme in Palestine also reported a feeling of increased personal choice, suggesting that impacts are evident even in societies where women face lots of constraints.

**Troubling disconnect** The examples above are exceptions – an emphasis on reaching lots of women does not often translate to meaningful empowerment. This is partly due to low transfer amounts/low public works wages meaning programmes act as basic safety nets rather than catalysts for economic transformation. Conditions on transfers can exacerbate time poverty, precluding women from entering job market. There is much rhetoric around use of complementary programmes to enhance access to resources and skills but few examples of good practice, especially to scale. Multi-layered barriers to empowerment are not addressed.

**Next steps** Gender-sensitive vulnerability assessments must be institutionalised to reveal context-specific barriers to empowerment e.g. domestic violence. Implementation of innovative programmes must be supported by explicit funding of capacity building. Siloed ways of working must be overcome - evidence of successful empowerment is restricted to programmes with established links to complementary interventions.

### The Impact of Cash Transfers on Economic Development in Africa

**Ben Davis – FAO**

**Livelihoods lens** Most beneficiaries of cash transfer programmes in sub-Saharan Africa are engaged in subsistence agriculture. In a context of missing or failing markets, perspective on livelihoods is short-term with beneficiaries focused on growing basic staples to survive, leaving them vulnerable to shocks.

**Productive impacts** While it is not the objective of cash transfer programmes to counter constraints on economic development – impacts can be seen in this area. Yes, capital means money to spend on e.g. children’s welfare, but regular, predictable payments can also allow beneficiaries to take a longer term perspective on their livelihoods and even take risks. Cash can also have a multiplier effect on local economy.

**From Protection to Production** is a UNICEF/FAO project, funded by DFID, evaluating economic impact of cash transfer programmes in seven African countries, which have no formal objectives around economic impact.

**Kinds of impact** There is a constant story across the countries for which we have data so far – a significant increase in productive investment. In Zambia, investment has led to a significant increase in market participation and a significant increase in ownership of non-agricultural enterprises; while in Kenya and Malawi where investment is focused on increased ownership of livestock and agricultural tools – households are using the transfer to produce more food for their own consumption. Increase observed in savings, paying off debts and credit worthiness. This allows the hitherto marginalised poorest people to reengage with social networks.

**Local economy** Multiplier effects can be observed across various programmes. In Ethiopia, for example, every birr transferred has the potential to generate 2.5 birr in income, through circulation within the community. Differences across the countries are dictated by relative openness of local economies.

**Constraints on impact** Lumpy, sporadic payments such as those given through Ghana’s LEAP programme do not have the same impact on productive indicators – as the unpredictable cash flow does not stimulate long-term planning. Size of transfer in relation to size of household also affects impact on economic development. In programmes with large households and small transfers e.g. Ghana, significantly less impact is observed.
What Role can Financial Services Play for the Poorest?
Aude de Montesquiou – CGAP (a think tank on microfinance housed at the World Bank)

Targeting the ultra-poor Typically, microfinance reaches people around the poverty line but does not reach the poorest. BRAC’s graduation model, developed in Bangladesh, has had real success in moving people out of extreme poverty into sustainable livelihoods through a five-step process based on cash-, skills- and eventually asset-transfers. By graduation, beneficiaries should be credit worthy but this is not the ultimate goal.

Pilot studies CGAP wanted to ascertain whether this process could be successfully replicated across different cultural contexts and institutional set-ups, and partnered with the Ford Foundation to test the approach in ten pilot states.

Findings so far The examples of Bandhan and SKS - two CGAP/FF pilots in India which should have been similar cases but show very different results. Bandhan is referenced in Esther Duflo and Abhijit Banerjee’s Poor Economics for its exceptionally positive result, whereas SKS shows no positive impact at all. For graduates of the Bandhan programme, like BRAC’s original model, a very high increase in food security can be observed. Interestingly, an increase in happiness can also be observed. Evaluators believe better mental health is leading to a shift in outlook on life, which could prove key in overcoming poverty traps. The reason SKS showed no impact compared to the control group is that at the same time as the pilot was being implemented, a roll-out of the National Rural Employment Guarantee Scheme took place, for which there was a high take-up rate. This modified labour market dynamics, creating better conditions for unskilled wage labour. As a result, living conditions improved for everyone but no marked advantages were detectable in pilot beneficiaries.

Cost-benefit analysis While the evidence shows the clear benefits of this model, allowing for the exceptional circumstances of SKS, it is much more expensive than a simple cash transfer scheme. Further work needs to be carried out around this once more data becomes available.

Global Labour Market, Public Works and Active Labour Policy
Anna McCord – Researcher

Mass unemployment and mass underemployment are a particular problem in the developing world. There are 1.1 billion people of working age living in poverty because of either unemployment or very low wages. Economies are not generating enough work to support the growing number of people in the labour market.

New kind of unemployment Given this jobs deficit is due to the changing economies of developing countries, we can call this transformational unemployment. When Europe faced a similar crisis centuries ago, we exported surplus labour to Australia and America – low-income countries can’t do this. So what can be done?

Active labour market policies e.g. job search assistance, training or temporary unemployment benefits are designed to address conventional structural, cyclical or frictional unemployment. They can help people find those jobs available or equip them with the skills necessary to take up those jobs available but are ultimately unhelpful where there are not enough jobs to employ the growing workforce.

Public works programme is a broad term covering a wide range of interventions. At the extreme end, the Ethiopian Productive Safety Net Programme (PSNP) and Indian National Rural Employment Guarantee Scheme (NREGS) are massive job creation schemes, providing income for millions of households each year. Most donor-supported public works programmes, however, are much smaller, creating tens of thousands of jobs. Public works programmes stimulate livelihoods through three means: wages, asset creation and skills training.

Wages There is often concern that setting wages for public works programmes too high will distort the labour market so they are usually set at the lowest level. In developing countries
with highly segmented labour markets, however, wages in the very bottom segment are frequently below what’s required for individual subsistence. A tension then arises between the social protection and livelihoods aspirations of the programme, and the level the wage is set at. In all but the biggest programmes, highlighted above, wage distortion is unlikely. But actually, if social protection is the aim then facilitating people to move out of the worst segment of the labour market to a public works programme should be seen as a success.

**Impact on livelihoods** Evidence from PSNP and NREGS has shown that sustained employment over a period of years with integrated livelihoods support can stimulate livelihoods benefits. Most donor-supported public works programmes, however, are small scale and have patchy coverage. They offer short-term employment which could address conventional unemployment but not transformational unemployment. Complementary training interventions are also usually too short-term to have any real impact on sustainable livelihoods.

**Social Protection Strategy at DFID**
Stefan Dercon, DFID Chief Economist

**The case for growth** Under the current Secretary of State, DFID strategy is focused on economic development – on creating growth, jobs and incomes. It is tempting, therefore, to argue the case for potential programmes by overstating their contribution to growth. However, proving that any intervention is the best intervention for securing this theory of change is very difficult. It is possible to show evidence of social protection programmes leading to growth and job creation, but it is difficult to argue that such programmes offer the most cost-effective way of achieving this.

**Reaching the poorest** So let’s not judge social protection in terms of growth – it is legitimate and important in its own right. It is a very effective way of reaching the poorest people and can do great things for health, education and the transition out of poverty – but that doesn’t translate to growth. Making claims that to the contrary is an error – it undermines the legitimate role social protection plays in improving the lives of the poorest and we should be willing to argue that. It is not a substitute for other forms of development that focus on economic development, but a complementary means of reaching the very poor.

**Sustainable systems** If we accept that social protection is effective for its basic purpose we can stop focusing on justifying individual programmes and work on building sustainable systems. Beyond bilateral humanitarian support, social protection can be built into national systems of tax and welfare to ensure its long-term sustainability as a safety net for the very poor.
SECTION 2
Social Protection Training Day – Resource List

DFID general resources on social protection

- Cash Transfers Literature Review (DFID, 2011)
  [http://r4d.dfid.gov.uk/PDF/Articles/cash-transfers-literature-review.pdf](http://r4d.dfid.gov.uk/PDF/Articles/cash-transfers-literature-review.pdf)
- Value for money guidance for social transfer programmes
- Evaluation guidance for social transfer programmes
- Participatory approaches guidance (forthcoming)

Web sites on social protection and livelihoods

- Graduation project [http://graduation.cgap.org/](http://graduation.cgap.org/)

Reading on social protection and livelihoods

- **Productive Role of Safety Nets** by Harold Alderman and Ruslan Yemtsov (World Bank, 2011)
- **Transforming Livelihoods for Resilient Futures: How to Facilitate Graduation in Social Protection Programmes** Sabates-Wheeler, R. and Devereux
- **Social Transfers and Growth: What Do We Know? What Do We Need to Find Out?** (Armando Barrientos, 2011)
  [http://www.ppge.ufrgs.br/sabino/ecod03/bibl/wd%208.pdf](http://www.ppge.ufrgs.br/sabino/ecod03/bibl/wd%208.pdf)
- **Social Protection, Efficiency and Growth** (Stefan Dercon, 2011)
  [http://www.gsdrc.org/go/display&type=Document&id=4238](http://www.gsdrc.org/go/display&type=Document&id=4238)