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The International Policy Centre for Inclusive Growth (IPC-IG) is a joint project between the United Nations and Brazil to promote South-South learning on social policies. The Centre specialises in research-based policy recommendations on how to reduce poverty and inequality as well as boost inclusive development. The IPC-IG is linked to the UNDP Brazil Country Office, the Ministry of Planning, Budget and Management (MPOG) and the Institute for Applied Economic Research (Ipea) of the Government of Brazil.

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FOREWORD

In celebration of its 10th anniversary in 2014, the International Policy Centre for Inclusive Growth (IPC-IG) of the United Nations Development Programme (UNDP) has produced another compilation of one of its most popular research publications: the One Pager. This third volume compiles One Pagers numbered 200 to 299. Over the last 10 years, people in over 180 countries have downloaded hundreds of thousands of copies of these highly successful publications.

The One Pagers contained herein cover a multitude of themes focusing on developing and emerging economies, including internal productions as well as collaborations with the Asian Development Bank (ADB), the Economic Commission for Latin America and the Caribbean (ECLAC) and the Food and Agricultural Organization of the United Nations (FAO), among many other national and international institutions, ministries and organisations.

Although short and succinct pieces, One Pagers help familiarise readers with policy discussions, based on analytical and comparative perspectives. The One Pager is an effective knowledge-sharing tool that brings together policymakers, researchers and development practitioners to rethink inclusive growth policies and poverty alleviation strategies, and to consider their progress and impacts.

Hundreds of authors have generously contributed to the IPC-IG in the analysis and discussion of innovative policies to reduce poverty and inequality, thus helping the Centre to make room for voices from the South throughout the global economic crisis and ongoing development debates. Beyond publications and policy-oriented research, the work of the IPC-IG reflects its mission of promoting policy dialogue and facilitating learning between developing countries around social policies.

Congratulations to the team at the IPC-IG for undertaking this valuable initiative. I hope that this volume helps readers to reflect on the different perspectives on social development issues introduced by the Centre's work.

Jorge Chediek

IPC-IG Director,

UNDP Resident Representative in Brazil and UN System Resident Coordinator

ACKNOWLEDGEMENTS

The International Policy Centre for Inclusive Growth (IPC-IG) has developed robust partnerships over the past 10 years for the promotion and exchange of innovative policies and programmes to foster inclusive growth worldwide.

This third collection of One Pagers not only celebrates the IPC-IG's achievements over the last decade but also recognises the invaluable support provided by a global network of thousands of collaborators, including institutional partners, experts, policymakers and academics.

We owe a great deal of gratitude to a variety of partners that have helped us grow and develop as an institution over the past 10 years. First, we would like to thank the United Nations Development Programme (UNDP)—both its headquarters and the Country Office in Brazil—for establishing a partnership with the Brazilian government which made it possible to create a global centre based in Brasilia, dedicated to policy dialogue and South–South learning on development innovations.

Second, neither the evidence-based policy research carried out by the IPC-IG nor the effective South–South exchange with partner countries could possibly have been achieved without the guidance and contribution of two important Brazilian institutions: the Institute for Applied Economic Research (Ipea) and the Secretariat of Strategic Affairs of the Presidency of the Republic (SAE/PR). Several other Brazilian stakeholders have been key in providing access to knowledge in order to understand the country's recent trend of reducing poverty. On behalf of the Centre, we would like to thank the Ministry of Social Development and Fight against Hunger (MDS), the Ministry of External Relations (MRE), the Ministry of Agrarian Development (MDA), the Brazilian Cooperation Agency (ABC), the Secretariat for Women's Policies (SPM), the President's Office and the Brazilian Congress.

Third, we owe special thanks to the remarkable set of professionals who have contributed to the multiple IPC-IG teams, who have dedicated themselves to upholding the Centre's high standards: from coordinators to the main body of researchers and consultants, to project and operational managers, the publications department and our pool of translators, the IT and communications units as well as the young but incredibly talented interns and visiting fellows. Further thanks are due to the numerous authors of the One Pagers, who generously contributed to expanding the IPC-IG's portfolio of research.

Finally, we would like to express our sincerest gratitude to the vast network of UN agencies in Brazil and around the world, collaborating universities and research institutes and the various regional, multilateral and bilateral organisations for their support in countless partnerships over these past 10 years, which have helped to make these One Pagers—as well as many other publications and projects—possible.

Diana Sawyer, Fábio Veras Soares and Rafael Guerreiro Osório
IPC-IG Research Coordinators

The Direct Benefit Transfer System: Made in India

by M. H. Suryanarayana, Indira Gandhi Institute of Development Research, Mumbai, India¹

Excessive public expenditure as a result of leakages, inefficiencies and high transaction costs of social welfare programmes is a major policy concern in India today. The 2004–05 National Sample Survey showed that 70 per cent of the beneficiaries of the targeted Below Poverty Line (BPL) food distribution and Antyodaya Anna Yojana programmes in rural areas and 43 per cent in urban areas had an income above the eligibility level (Government of India, 2007).

In 2000 there were 243 million ration cards² for 180 million households in the country³ due to ‘duplicates’ (where the same individual benefits multiple times) and ‘ghosts’ (non-existent beneficiaries). The Government of India has explored a technological option to address these two issues in what is called the Direct Benefit Transfer System (DBTS). It involves crediting payments such as scholarships, pensions and wages under public works directly to the bank accounts of the beneficiaries identified through the Unique Identification Authority of India (UIDAI).

The UIDAI is an agency to implement the Aadhaar (support) scheme. It provides a 12-digit unique identification number to all citizens. The number is linked to demographic and biometric information—photograph, 10 fingerprints and iris recognition—of each individual to serve as evidence of identity and address for an Indian citizen. It is robust and would eliminate duplication.⁴

To transfer welfare benefits only to the Aadhaar numbers identified, the government has set up an Aadhaar Payment Bridge (APB). The APB provides Aadhaar-enabled bank accounts by dovetailing them to the Aadhaar number. The objective is to eliminate duplicates and ghosts by linking the Aadhaar number to the list of beneficiaries of welfare programmes. The government claims that DBTS would involve better targeting, bringing in efficiency, accountability and transparency in the administration of social safety nets.

The same mechanism would be used to implement schemes such as food, fertiliser and fuel subsidies by working out their cash equivalents and transferring them directly to the beneficiary accounts. This would reduce price distortions and contain expenditure on social programmes by integrating those which overlap and cater to similar beneficiary groups (Government of India, 2013). This would widen the choice of beneficiaries from purchasing subsidised items or receiving a cash subsidy in their bank account to receiving the “cash equivalent of the product into their bank account” (Government of India, 2011).

The government launched the DBTS on 1 January 2013. It covered seven welfare schemes in 20 districts spread over 16 states. The schemes include scholarships, cash benefits for pregnant and lactating mothers (Indira Gandhi Matritva Sahyog Yojana), conditional cash transfers for girls (Dhanalaksmi scheme) and stipends for trainees for job seekers through coaching-cum-guidance and vocational training. During the first phase of implementation (1 January to 31 March 2013), the DBTS is intended to cover 26 such schemes in 43 districts.

The DBTS involves setting up accessible and user-friendly micro-ATMs throughout the country to make it easy for beneficiaries to withdraw money. This scheme would be implemented by involving self-help groups,

community service centres, post offices, grocery stores and petrol stations. As a pilot, such ATMs have been set up in 51 districts since 1 January 2013.

The DBTS was implemented successfully on a pilot basis for rural employment, pensions, the Indira Awas Yojana and similar social welfare schemes in the states of Jharkhand, Tripura and Maharashtra. It has also experimented with online Aadhaar authentication of beneficiaries for Fair Price Shops distributing food in the districts of East Godavari and Hyderabad, and for companies marketing liquid petroleum gas (LPG) cylinders in Mysore. In an era of duplicates, ghosts and leakages, the DBTS would streamline the targeting process and hence reduce public expenditures. Will it be successful in reducing the incidence and depth of deprivation in its multiple dimensions?

It will succeed if the following conditions hold: (i) Aadhaar-based identification and targeting for poverty alleviation programmes like food distribution are valid and efficient; (ii) poor households have sufficient liquidity to buy food grains or LPG at unsubsidised prices; (iii) subsidies are price indexed to insulate poor people against periodic price inflation; and (iii) there is no constraint on physical access.

Experience so far with periodic revisions in conditions for identifying poor people in the BPL censuses has only confused the implementation of targeted programmes. Subsidies, even if price indexed, would in all likelihood reach the beneficiary households with a time-lag, virtually neutralising such indexing. Liquidity is a major constraint, which would limit the impact of the DBTS on errors of omission. This is because limited liquidity motivates poor households to buy piecemeal in the retail outlets of the open market. Physical availability of food grains is a major factor that accounts for inter-state variation in food grain consumption.

In sum, the DBTS should improve the delivery mechanism of safety nets and reduce fiscal deficit. Its impact on deprivation of the masses will be limited or even negative in the short/medium term due to the pressure of potential extra demand on a market with poor infrastructure and hence supply constraints.

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Notes:

1. Thanks are due to Fábio Veras for comments on a previous version.
2. A ration card is a document issued to a household by the state government as proof of residence and eligibility to benefits for subsidised goods.
3. See <<http://dfpd.nic.in/?q=node/1137>>.
4. See <<http://uidai.gov.in/what-is-aadhaar-number.html>>.

Why Emerging Economies Need Social Policy: the Cases of China and India

by Arjan de Haan, International Development Research Centre (IDRC)¹

Emerging economies are reshaping global economic power. Their growth rates have been consistently above those of the old hegemonic powers, and they managed the impacts of the financial crisis remarkably well. While this rise has been associated with integration into global markets, this has not been associated with unbridled liberalisation, but active state intervention has been behind a significant part of the growth story.

What about the role of social policies in this global transformation? Much of the economics literature either does not pay much attention to social policy or regards it as secondary or residual at best or as a market enemy at worst. In emerging economies, also, there are strong views that see social policy as threatening growth—for example, by creating ‘welfare dependency’ or through ‘fiscal drain’. However, economic history in the OECD and elsewhere, as analysed in particular in the UNRISD project led by Thandika Mkandawire (UNRISD, 2006), suggests that there is a crucial role for social policy in economic transformations. Sustainable social policies are those that are formulated as part of economic policies and transformation, and, in turn, shape the conditions of enhancing markets and productivity.

De Haan (2013) discusses the role of social policy in the economic transformation of China and India. The author analyses how the ‘great transformation’ of both countries—rapid economic growth, urbanisation, and migration—shapes social policy responses, even if with perceived lags. Though social spending in both countries appears rather low, and many deficits remain in terms of effective social protection, social policies in both countries are evolving rapidly, with, for example, in China the world’s largest rural medical insurance programme, and in India the national rural employment guarantee scheme (NREGA). Policies vis-à-vis minorities are integral parts of countries’ social policies, consistent with broader approaches, and in turn creating the conditions for state-citizen as well as market relationships.

Political and institutional differences between the two countries have a big impact on how social policies evolve, of course. In China, social policy reforms are directly driven by the large-scale privatisation which created large gaps in social protection and growing inequalities and social unrest. The public policy choices made in the process are the outcome of political contestation—as they are elsewhere—in turn having significant implications for state-citizen relations. While striving towards universal coverage, China’s social policy choices show strong elements of a ‘productivist’ orientation, keeping social spending low (despite the stimulus package after the financial crisis) and, for example, poverty alleviation programmes focusing on enhancing productivity and economic transformation. China’s government balances centralised decision-making with a process of piloting before rolling out national schemes. Local governments have a critical role in implementation, reinforcing the focus on economic investment and keeping social investment low, particularly in poorer regions.

Approaches in India show remarkable differences from those in China, driven partly by history, partly by political differences—though social spending in India too has remained low. Despite an ideology of universalism, social programmes are often targeted. Political pluralism and ‘vote-bank politics’ have contributed to manifold and often uncoordinated schemes. India’s social policies have a much stronger emphasis on ‘welfarism’ than China’s—protecting livelihoods or well-being, with less attention to economic transformation—for example, in terms of promoting a rural-urban transition. Like China’s, and perhaps inevitable given the size of both countries, India’s social policies are implemented through decentralised structures, with notable successes in terms of enhancing citizens’ participation in implementation, but also potentially under-serving the poorest areas and increasing fragmentation.

Social policy, thus, is not merely about the redistribution of income or wealth generated by economic growth; it is integral to the way economic processes are structured, a role that changes but obtains heightened significance as economies open up. These social policies show a great deal of path dependence and are closely intertwined with national histories, ideologies and models of citizenship and inclusion, and bureaucratic structures.

It may be tempting to compare the outcomes of the systems of the two countries, but such comparisons can be made only with great care. The comparisons suggest that implementation of social policies will be radically different because of institutional context. This suggests a large research agenda, conceptually and empirically. To understand public policy’s impact on well-being and growth, it is critical—and, of course, more challenging—to look beyond individual schemes. There is a clear need for improved comparable (public spending) data, to allow understanding of the state’s role in redistribution and addressing inequalities (for example, Lustig et al., 2013). And there is a clear need to go beyond analysis—and ‘lesson learning’—of effectiveness of schemes as popularised in particular through randomised control trials, and to focus on the institutional features of schemes and underlying administrative and political conditions.

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Note:

1. Arjan de Haan is Program Leader, Supporting Inclusive Growth, International Development Research Centre (IDRC), Canada. The views and opinions expressed in this article are those of the author and do not necessarily reflect those of the IDRC.

Social Policies in China and India: the Roles of Land Ownership and Economic Size

by Minquan Liu, Asian Development Bank Institute

Issues of social policy—their evolution, role in ensuring minimum equity, developmental functions and future directions—are especially worth exploring in regards to China and India. The two countries are sufficiently similar in terms of economic size, developmental stage and the challenges they face, but are dissimilar enough in terms of the larger socio-economic and political institutions and systems, history and culture as to make them natural candidates for an in-depth comparative study of developmental experiences. Focusing on social policy, Arjan De Haan (2013) makes a useful attempt in that direction.

In this short article I shall point to two crucial factors which I consider critical components of a meaningful comparison between China and India regarding the role of social policy in the development process.

First, China has had public ownership of land, while India has not. This appears to have played a major role in China of facilitating expansive government-led infrastructural investment, industrial-park and urbanisation policies and programmes, all of which are important sources of recent economic growth in the country. While in India, under private ownership of land, similar programmes might have seriously depleted government revenues and might in any case have been legally and administratively difficult for the government to push through, in China large sales of publicly owned land have actually been a major source of local governments' revenue to finance these programmes since the early 1990s. However, this has also had negative effects. Eager to see rapid increases in the proceeds from their land sales, China's local governments have been key instigators of escalating land and housing prices, resulting in an expanding bubble which now threatens to engulf the whole economy.

But not only has public ownership of land had a major effect on China's economic growth path, it has also had an important impact on social equity and development of social policy in the country. To begin with, its effect on income distribution is self-evident. But it has also been a key cornerstone of the rural Household Responsibility System, under which each household is entitled, in a highly equitable manner, to a piece of land. This land cannot be sold by the household (except if the government wants to take it over), nor can anyone amass large tracts of land by buying other households' land. Such a system has raised issues of land productivity, but it has functioned as a key instrument of social protection for poor people in rural areas. And it also serves to set a basic wage for rural migrant workers seeking work in cities, thereby helping prevent large-scale urban poverty. The fact that urban poverty in China is only a fraction of the level in India has much to do with its land entitlement system (Ravallion et al., 2007).

Second, both China and India are exceptionally large emerging economies, with the world's two largest populations. There are clearly benefits from this large size, including a larger pool of human talents and other resources,

and a larger domestic market. But it also has clear adverse effects, including greater differences in social and economic conditions within a country, resulting in greater inequalities and greater needs for resources and markets to achieve targeted economic development.

In particular, if economic development is conceptualised as a Lewisian process, driven but also defined by transferring abundant rural surplus labour to the more productive sectors of industry and services, then there are clear limitations of a developmental strategy relying on export markets and foreign direct investments (FDI) to power a large country's developmental process.

For one thing, any significant increase in its exports, for which it has a comparative advantage, may seriously flood the international markets for those goods and services, significantly reducing the price for them and net returns to the country. For another, any dependence of such an economy on inflows of FDI to power and complete the Lewisian process must be very limited indeed, for this could account for a major share of the world's total available flows. While a smaller emerging economy might well rely, wholly or in major part, on such inflows to complete its Lewisian process, for an (exceptionally) large economy such as China and India this strategy is clearly not viable.

All this has clear implications for the need for and development of active social policies for a large country in the course of economic development. While it might be plausible for a small economy to rely principally on foreign capital inflows to rapidly complete its Lewisian developmental process and then think about developing social policies, for countries like China and India active social policy has to be a key component of such a process, for two reasons: first, the Lewisian process will take much longer to complete, while factors alluded to by Kuznets may well work to significantly increase inequalities over the process, in a way a small economy might well avoid. Second, the need for expanding domestic markets to sustain development will necessitate an active social policy programme, a situation in which China is right now finding itself (Liu, 2011).

The economics profession and social sciences in general have not paid much attention to the importance of economic size in determining the choice of a country's development strategies and policies and the balance of the imperatives of economic growth and social policy development. A study of China and India may well help fill this gap.

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Reservation and Anti-casteist Practices as Instruments of Social Protection in India

by Pedro Lara de Arruda, International Policy Centre for Inclusive Growth (IPC-IG)

An important debate brought about by De Haan (2013) concerns how the very concept of the nation in India and China depends upon providing equitable instruments for the economic inclusion of segments of the population trapped in backward positions. Whereas in China social exclusion is more related to ethnic minorities (non-Han people), in India it is embedded in the historically-produced identity-poverty-trap of casteism, such exclusion affects a majority of the country's population. The latter is based upon cognitive practices consolidated in all levels of social interaction: from a macro-institutional level to meso-level of unruly practices.

De Haan (2013) refers to the debate about whether caste inclusive policies in India overshadow other vulnerable identities. There is evidence that suggests that this is not the case, as the fight against casteism cuts across and includes other fragile identities as constituents of casteism in a broader sense. Thorat and Lee's (2006) exploration of casteism and food distribution programmes revealed less exclusion and distortion where Public Distribution System (PDS) and Mid-Day Meal Scheme (MMS) counted on the support of grassroots movements such as the Development of Women and Children in Rural Areas (DWACRA) in Andhra Pradesh, to plan, implement and review such programmes. In that particular case, much bigger take-up rates for backward castes (BC) and tribes (BT) were observed along with fewer incidences of meso unruly casteist practices despite Andhra Pradesh being a state with a strong casteist culture which lacked the financial resources of other states analyzed in the study.

Similarly, Das Gupta and Thorat (2009) argue that sometimes the very recognition of other identity-based inequalities demands a caste-based framework. Assessing the possibility of BCs and BTs achieving the Millennium Development Goals (MDG), 2 and 3 (addressing both educational gender equality and women empowerment), the authors show that gender inequality among BCs and BTs is much larger than the aggregated national figure.

The waves of economic liberalization throughout the 1990's by way of the New Economic Policy (NEP), caused severe setbacks to the targeting of vulnerable castes and tribes by flagship social programmes under the 10th and 11th Five Year Plan. In India, social protection programmes are in general dependent on the state to promote equality through policies that reserve seats for targeted groups—which does not apply to the private sector.

The liberalization of social services brought about by the NEP adversely affected the social inclusion of BCs and BTs in two ways:

- Firstly, by reducing the total amount of job opportunities which could be reserved for such groups and act as a social lift to help them out of existing poverty traps; and

- Secondly, by handing such services to the private sector the State lost its authority to prevent unruly discriminatory practices, which could be otherwise achieved if the active implementation of social policies was operated by BCs and BTs themselves and monitored by civil society and/or state-level organizations.

In her report to UNICEF on casteism and anti-casteism within the National Rural Health Mission (NHRM), Kaveri Gill mentions the Ragi Kalyan Samitis—RKs (Patent Welfare Committee) and the Village Health and Sanitation Committees (VHSCs) as examples of arrangements that can assure BCs and BTs inclusion not only as recipients of social protection services, but also as vital agents/providers of such schemes.

In their study of the prospects of achieving the MDGs for backward groups in India, Das Gupta and Thorat (2009) reached the worrying conclusion that, until 2015, most MDGs and the goals set domestically by the Indian government through the 10th and 11th FYP will likely not be achieved. If in most cases the bad performance of BCs and BTs seems to be the main force preventing India from achieving such goals, it is all the more shocking that even in the areas where India is performing relatively better than other periods, like in the case of MDG 1 (tackling poverty and hunger), disaggregated data reveals that Scheduled Castes (SCs) living Below the Poverty Line (BPL) have actually increased since the 1990s, and, as per 2004-5 data, SCs alone account for 39.8 per cent of the 25.7 per cent of the Indian population living BPL.

Such observations suggest that an anti-casteist framework being built by India as a central instrument of social protection, though still weak, is nevertheless indispensable. Such policies play a similar role as that of "land" in the case of China. Whereas (Liu, 2013) argues about land in China—as a means for promoting social protection—the anti-casteist benchmarks and the advanced reservation policies of India, along with its blossoming local experiences of state and civil society cooperation, can and should be considered a prime form of inclusive growth promotion. Evidence emerging from present discussions about the future 12th FYP suggest that liberalizing measures in India should not be conceived of without first measuring the destructive effects they tend to have over the targeted structure of social protection.

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The Future of Global Poverty

by Peter Edward, Newcastle University Business School and Andy Sumner, King's College London

A set of recent papers has sought to make projections of global poverty into the future. These have significant policy implications because it is only by understanding both the future scale and anticipated locations of poverty that properly informed debates can be had on the scale and objectives of future international aid. We add to the debate by introducing a long-term model of poverty, inequality and growth.

We have reached three conclusions

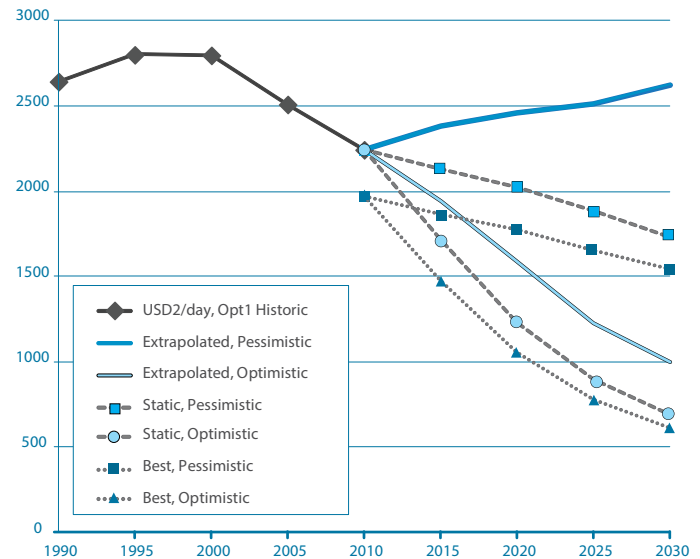
First, across 12 scenarios with different assumptions and methods we find that it is plausible that global poverty measured using poverty lines of USD1.25 and USD2/day will reduce substantially by 2030. However, this is by no means certain. Different methods of calculating and forecasting poverty numbers give very different results, as do changes in inequality. Uncertainties over future, and even current, poverty levels are especially high for India and China. While it is likely that poverty in those countries will reduce dramatically by 2030, it is difficult to have much certainty over just how large those reductions will be. Because of these uncertainties it is possible to conceive, under different growth scenarios and different assumptions about future inequality, that USD2 poverty could be eradicated in India and China by 2030 or that it could be at or above current levels.

Second, looking at countries by income classification, most poverty is currently in middle-income countries (MICs), and even when China and India are removed from the picture, poverty is still more or less evenly divided between MICs and low-income countries (LICs). Even with those two countries excluded, the forecast poverty reductions in the remaining MICs are not so large, nor so certain, as to justify in themselves the view that poverty in the future will be a matter for LICs primarily. In fact, once recategorisations are taken into account, it seems that poverty outside India and China will remain roughly evenly distributed across MICs and LICs in 2030.

And looking at other possible classifications that might guide aid policy, there is some sign that the fragile classification is useful, as it seems to identify a set of countries where poverty reduction may well prove difficult. However, we find little sign that this problem will be confined to low-income fragile states—poverty reduction seems equally unlikely in the middle-income fragile states. It may be that the World Bank's shorter list of fragile states that emphasises conflict/post-conflict countries is more useful, but even then the UN's widely used Least Developed Countries (LDCs) categorisation might be just as useful or more so.

Third, it is startling just how much difference changes in inequality could make to global poverty in 2025 and beyond—to both the numbers of poor people and the costs of ending poverty. Forecasts of global poverty in 2025 and beyond are sensitive to assumptions about inequality. In one scenario (pessimistic growth and survey means) we estimate that the difference between poverty estimated on current inequality trends versus a hypothetical return to 'best ever' inequality for every country could be an extra 1 billion poor people (at USD2/day) in 2030.

USD2 Headcount (millions), by Pessimistic/optimistic Growth and Three Distribution Scenarios, Survey Means, 1990–2030



Source: Edward and Sumner (2013).

Note: Survey means; optimistic/pessimistic = growth at IMF WEO/half IMF WEO forecast; extrapolated/static/best = current inequality trends/static inequality/'best-ever' distribution.

Taking the scenario of optimistic economic growth, USD2 poverty could fall from around 2 billion today to 600 million people by 2030—if every country returned to 'best ever' inequality. However, if recent trends in inequality continue, it could rise so that (based on survey means analysis) there could be an extra 400 million poor people at USD2/day in 2030.

In sum, we argue that, despite all these uncertainties in the modelling, there is evidently benefit in using the available data to attempt to estimate global poverty in the future as long as one's approach recognises these uncertainties and the wide range of possible estimates that might be derived from the various different ways of allowing for them.

This means that, while we must always treat the outputs from such a modelling exercise with caution and scepticism, we should not only strive to make models that are as robust as we can but also use those models to develop a range of possible outputs that reflect the inherent uncertainties and assumptions involved. That way, even if we have doubts over absolute poverty figures, we should be able to better understand the significance of differences, the overall direction of trends and the robustness of any results that are feeding into policy deliberations.

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What is Inclusive Growth? An Alternative Perspective

by M. H. Suryanarayana, Indira Gandhi Institute of Development Research, Mumbai, India

Ever since the UNDP started advocating for 'inclusive growth', developing countries have set it as an avowed goal of their long-term strategies. However, there is no universally accepted definition of the concept or how to measure it, which are important considerations for policy formulation as well as evaluation.

The UNDP calls it a "Million Dollar Question" (UNDP, 2008). Listing the diverse conceptualisations of inclusive growth, Ranieri and Ramos (2013) call it an "exploratory debate", still far from "a clear and concise consensual definition".

This note provides a critical perspective on such diverse conceptualisations and, therefore, policy advocacy to realise the outcomes specified; and proposes a concept and measure to address such issues.

The conceptualisations are diverse, ranging from an emphasis on participation in the growth process and enjoying its benefits, to depending on distributional value judgements and policy priorities, emphasising 'reduction in poverty' (absolute pro-poor growth) or 'reduction in both poverty and extent of inequality' (relative pro-poor growth) or a progressive improvement involving a reduction in the 'disadvantages of the most disadvantaged people'. Finally, there is a perspective of multiple dimensions of deprivation, calling for a composite emphasis on improvements in both income and non-income dimensions.

As regards outcome evaluation, the contemporary approach emphasises a reduction in deprivation measures such as incidence of poverty and extent of inequality—hence public advocacy of programmes such as the universal public distribution system and cash transfers in India.

How valid are such diverse characterisations from a methodological perspective? How sustainable would the advocated policy measures be for realising the proposed inclusive growth outcomes from an economic perspective?

The diverse conceptualisations assess economic performance using an estimate of an average value of an outcome indicator (say, income) such as per capita income (what a statistician would call 'mean-based estimator of average') and percentage changes therein. But a mean-based estimator is a robust measure of average only when the distribution is equal or normal, or at least symmetrical. For a skewed distribution, which in general is the real-life profile, a mean-based estimator generally reflects changes in the upper percentiles (higher values) and not changes in the location of the distribution. It is this inherent limitation of the mean-based estimator that has necessitated diverse conceptualisations with reference to absolute or relative or progressive versions of distributional outcomes.

As regards policy advocacy, a moot question pertains to sustainability of a programme based only on redistributive mechanisms. For instance, food grains guaranteed at prices lower than the actual cost of production would act as a disincentive for small cultivator households. To be sustainable, an inclusive growth strategy should involve participation in the economic activity (employment), receiving rewards for it (productivity/income) and enjoying it (consumer expenditure).¹

Thus, conceptually, the composite emphasis should be on three alternative macroeconomic perspectives of production, income and expenditure,

which are all skewed in their respective distributional profiles. Since policy interest lies in general in an overall improvement of such skewed distributions, order-based averages such as the median would provide robust estimates of changes in the location of the distribution.

The median is the 50th percentile, and half of the population has income less than the median. Given the concern for the poor people in a society, one option could be to consider the median as the benchmark, focus on the bottom 50 per cent and examine the proportion of the bottom 50 per cent that lies in the neighbourhood of the median. The neighbourhood may be defined in terms of an interval whose length is a fraction (δ) of the median—say, from 40 per cent. An improvement in the fraction of the bottom half of the population in the median neighbourhood would indicate inclusion, and vice versa. Thus, one could define such a measure or coefficient of inclusion (Ψ) for each of the three macroeconomic perspectives.

How feasible is this proposal for process/event/outcome evaluation when virtually no country has comprehensive distributional information on production (work participation) and income generation? At best, countries have only national accounts statistics (NAS) and household-level consumption distributions. Hence, profiles of inclusion could be examined to some extent by examining a mean-based estimate of average income and consumption (NAS) and order-based estimates of inclusion in consumption distribution.

The relevant measures could be as follows:

- (i) elasticity of mean consumption with reference to mean income (η), which would be >1 if growth is inclusive, since Marginal Propensity to Consume (MPC) <1 would ensure that growth in mean consumption is greater than growth in mean income;
- (ii) elasticity of median consumption with reference to mean consumption (ϵ), which would be >1 if growth is inclusive, for the same reason as above; and
- (iii) inclusion coefficient (Ψ) for consumption distribution which measures the proportion of the bottom half of the population (ordered with respect to per capita income) in the mainstream (neighbourhood of the median, however defined).

Such a framework could also be generalised to analyse inclusion/exclusion of different social groups in a plural society (Suryanarayana, 2008).

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Note:

1. One important reason for deprivation in rural India is the lack of productive employment; not employment per se.

Operationally Defining Inclusive Growth: One Challenge, Two Approaches

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Analysing inclusive growth involves facing the need to establish an operational definition of a concept that has been widely yet loosely used in discourse and practice. It requires addressing the meaning of inclusive growth before confronting the issue of determining sensible measures. Many times, however, in spite of lively considerations of the concept of inclusive growth preceding their presentation, operational definitions have not objectified the evolving conceptual richness on the term.

Operational definitions usually associate variations in measures of economic growth and inclusion. Yet two distinct approaches are identifiable. One presumes a connection between the magnitude of variations in growth and inclusion, whereby measuring inclusive growth is a matter of determining the extent to which growth promotes inclusion. An array of measures of inclusion and growth may be combined to create definitions following this approach. The operational definition proposed by M.H. Suryanarayana (2013) involves the covariation between growth in income (as measured by the National Account Statistics – NAS) and the expansion of consumption as a proxy for inclusion. It includes a measure of the elasticity of mean consumption with reference to mean income along with two complementary measures of distribution of consumption and income to provide greater insight about inclusion. A positive aspect of this definition is that it emphasizes inclusion rather than economic growth, moving away from measures that include considerations about how much growth was generated. As it assesses how much inclusion is generated per unit of growth in income, it allows identifying growth experiences most effective in promoting inclusion.

However, this operationalization of the concept includes the drawback of excluding the participation dimension of inclusive growth. Production is considered important only to the extent that it triggers higher benefits and yet this conception of the role of production is lost when the production sphere is replaced by the use of income indicators. By doing so, an important aspect of inclusive growth is left out: the focus on the economic process and the importance of expanding participation across society.

Moreover, in presuming a connection between mean income growth and mean consumption, the measurement assumes a causal relationship that is difficult to demonstrate and in fact may not necessarily exist. It is possible that gains in inclusion take place without growth in national income, by virtue of changes in the dynamics of the economy. It is also possible that greater inclusion results not from intrinsic virtues of the economy but from transfers of income. In this case, although the gains in inclusion are welcome, they will build a frailer socioeconomic situation than if the gains resulted from a better integration of the poor in the economic process.

A way to avoid these shortcomings is to abstain from presuming a connection between economic growth and changes in levels of inclusion. Ramos, Ranieri and Lammens (2013) adopt this approach, prioritizing the assessment of changes in constitutive elements of inclusion both individually and combined into an index. From the understanding of inclusion through two main aspects, namely enjoying the benefits of the economic process and taking part in it, the analysis focuses on poverty and inequality (proxies for benefit-sharing) and employment (an indicator of participation). Despite the challenges of employing the latter, it aggregates a sense of the productive involvement of the population in the economy.

These measures provide a picture of societal trajectories in the benefits and participation dimensions of inclusion. Whether there are identifiable patterns of growth related to these trajectories is an assessment that comes into play only after determining what happened in terms of inclusion. As the analysis indicates that several countries achieved impressive results in terms of inclusion with low economic growth, while many of those with the worst inclusion performances had high growth rates, it raises a key conceptual question. The lack of correlation between economic growth and foundational aspects of the concept of inclusion emphasizes the need to shift the focus from increases in economic output to the intrinsic characteristics of the economic process.

These two approaches highlight distinct ways of assessing inclusive growth. The approach of zeroing in on inclusion and subsequently investigating the socioeconomic processes behind what is happening provides an unprejudiced perspective that brings the prospect of greater discernment about inclusion, both conceptually and analytically. In turn, the approach that presumes a connection between variations in inclusion and growth can be an asset to investigating both possible correlations between changes in growth and in inclusion and what is behind different performances. Both approaches help assessing which set of policies can deliver inclusion more successfully. Therefore, both can contribute to a better understanding of the importance of the character of growth relative to that of the magnitude of growth for promoting inclusion. Perhaps the most productive approach is to work with them in a complementary manner.

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The Pursuit of Food Security in India: Policies sans Concept and Commitment?

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Food security policy in India in recent years has lacked clarity and direction. It resembles a series of ad hoc measures without a clear evidence-based assessment to support them.

To reduce the fiscal deficit, the economic reform era began in 1991 with proposals to target the public food distribution system (PDS) on cost-efficiency considerations. Instead of reducing exclusion errors that leave needy poor people out of the PDS, the emphasis was on reducing the number of non-poor people receiving welfare support.

Targeting is based on the economic status of the household. If the household is below the poverty line (BPL), it is entitled to the benefits of a welfare programme. Such a scheme is implemented by BPL censuses of rural households every five years to identify, determine and update their eligibility for welfare benefits.

Despite such efforts, the new millennium dawned with a bleeding rural India and press reports of periodic farmer suicides and deaths due to starvation. Policy documents and academic papers published empirical findings of (a) a secular decline in cereal consumption and calorie intake rendering virtually the entire (around 90 per cent) population food insecure; and (b) a child population of which half is underweight.

Such a depressing scenario of multidimensional deprivation has called for a reform of conventional welfare programmes towards a rights-based approach providing for, inter alia, the Mahatma Gandhi National Rural Employment Guarantee Act and direct cash transfers. The estimates of food insecurity have formed the basis of a case for a universal PDS and enactment of the National Food Security Bill.

The Bill seeks “to provide for food and nutritional security in human life cycle approach, by ensuring access to adequate quantity of quality food at affordable prices to people to live a life with dignity and for matters connected therewith or incidental thereto.”

The Bill marks a radical departure from the welfare approach to a rights-based approach. It would involve substantial expansion of the existing targeted PDS to meet the needs of virtually a billion people: about 68 per cent of the Indian population (75 per cent of the rural and 50 per cent of the urban population).

The beneficiaries would be legally entitled to specified quantities of food grains at highly subsidised prices. In addition, the Bill would confer “legal rights on women and children and other special groups such as destitute, homeless, disaster and emergency affected persons and persons living in starvation, to receive meal free of charge or at an affordable price, as the case may be.” The targeted PDS would provide 5 kg per month of food grains per person in priority households, and 35 kg per month to households under the *Antyodaya Anna Yojana*—a scheme targeting the poorest people. The subsidised prices would be INR3/kg for rice, INR2 for wheat and INR1 for coarse grains.

To implement the proposed legislation, the government would need at least 62 million tonnes of food grains. Its annual budget for 2013–14 has provided for a subsidy bill of INR900 billion (USD16.6 billion), which includes INR100 billion (USD1.84 billion) to implement the National Food Security Bill. The dimension of the task, costs involved and their macro-economic implications would really call for an evaluation of the Bill and its imperativeness.

The Bill is not based on an explicit concept of food security. Nor does it define any framework or parameter for profiling the magnitude of food insecurity in India. Estimates of food insecurity cited above are based on outdated calorie norms and, hence, are exaggerated (Suryanarayana, 2011). If such norms were really valid and binding, the observed trend reduction in energy intake should have led to a health disaster. This has not happened. Indeed, about 99 per cent of rural and urban households report having two square meals a day throughout the year.

In the context of rising incomes, improved sanitation and standard of living, technology, transportation and infrastructure, calorie needs must have declined, calling for a downward revision in cereal and calorie norms. Behavioural evidence from the National Sample Surveys (NSS) shows (i) a secular decline in per capita cereal consumption and calorie intake of the upper five or six decile groups; and (ii) a stable/marginal increase in those of the bottom decile groups of population in rural and urban India, which converge at a lower norm. Still, if there is any evidence on under-nutrition and anaemia, it could be due to malnutrition.

The Bill would at best ensure energy security only. Such monotonous energy-dense diets might not ensure adequate micronutrients; hence, this would only ensure malnutrition. What is needed in India today is dietary diversity.

Of course, nearly half of the child population is underweight. An important reason for this is the limited focus on health care during the first 1000 days of pregnancy. Public policy interventions focus largely on children after two years of age.

In addition, there are other factors such as poor feeding practices, hygiene and gender status that explain the ‘Asian Enigma’ (Ramalingaswami et al., 1996).

A food security strategy should consider (a) availability; (b) access; (c) stability of food supply and access; and (d) safe and healthy food use subject to some norms. Policy issues differ across these dimensions. Ideally an effective food security programme would call for an integrated approach to address the disconnect between different dimensions of food security.

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The Political Economy of Social Pension Reform in Asia

by Katja Hujo and Sarah Cook, United Nations Research Institute for Social Development, Geneva

Social pensions are expanding in rapidly ageing Asia as a means to protect older persons from poverty and social exclusion. Although social pensions are widely viewed as useful instruments to reduce old-age poverty and to include those traditionally excluded from contributory pension insurance, little attention has been paid to why certain initiatives get onto political agendas, who or what drives reform, and which factors determine the nature of reform or whether proposed reforms are implemented and consolidated, particularly in the Asian context.

One way to understand the drivers of social policy reform is to analyse them in relation to the broader development and welfare regime of each country, with several external and internal factors and actors influencing the feasibility and results of reform processes. Important variables to consider in such an analysis include: relevant **actors** and their strategies—for example, policymakers, advocacy groups and NGOs, external donors or international organisations; **contextual variables** such as the economic, political and social system and demographic trends; and **conjunctural variables** such as external shocks and crises. Evidence from Latin America and sub-Saharan Africa suggests that social pension reform is usually part of either:

- a wider package of reforms of the existing pension system in countries with extensive formal provision: this would include privatisation of the public contributory scheme, downsizing of benefits/entitlements or the creation of a multi-pillar pension programme, as in several Latin American and Eastern European countries in the 1990s, or coverage expansion as a result of democratisation processes, as in South Africa; or
- broader anti-poverty policies – for example, when introduced alongside child benefits to establish a basic income scheme, or as part of poverty reduction measures for the rural sector, as in the case of Brazil, People's Republic of China or Bangladesh.

The Asian experience with social pensions reflects considerable diversity linked to the diverse 'welfare geography' of the region. Asia consists of a number of geographical sub-regions with distinct characteristics: much of Northeast and part of Southeast Asia share some features of a Confucian heritage, a developmental growth path, traditionally low public welfare expenditures and heavy reliance on the family, although with movements toward higher spending and more inclusive welfare regimes in recent years. South Asia is generally characterised by higher levels of chronic poverty, structural forms of exclusion related to caste, religion and gender, and limited and fragmented state provisions. In addition, countries in transition from a planned economy were forced to dismantle generous provisions to select population groups while expanding protection to others (People's Republic of China, Viet Nam, Mongolia and former Soviet republics of central Asia) in a general context of rising pension fund deficits and declining coverage.

Across these countries, there have clearly been markedly different patterns of growth and liberalisation, different levels of exposure to economic or financial shocks, and different degrees or types of influence of domestic civil society or the international/donor community and its ideas. This diversity of conditions and actors not surprisingly translates into significant variation in approaches to social protection. A common agenda or set of instruments around social protection or pensions, whether from regional or international experience, has thus been slow to emerge.

We can, however, identify some convergence toward a combination of older formal social security schemes covering a minority of the population, an expansion of social insurance and a rationalisation of multiple targeted social assistance schemes into large cash transfer programmes. Led by the more developed East Asian economies such as the Republic of Korea, some economies at varying levels of income and economic development are expanding their social protection arrangements toward more universal, integrated systems. Social pensions are rarely an early priority in this process, but when introduced are usually linked either to reform of existing pension programmes (Central Asia, Thailand, Republic of Korea, Viet Nam) or to poverty reduction strategies (Bangladesh, Nepal, Thailand, People's Republic of China, India).

Despite clear differences in reform trajectories, a political economy analysis of these diverse experiences suggests a number of factors that appear to be conducive to the introduction of social pensions:

- **clear problem analysis and affordability/feasibility studies** – involving robust problem analysis through research on existing social protection systems and outcomes for elderly people, including the costs and benefits of different pension pillars and reform options, clear arguments for non-measurable benefits for elderly people (participation, status in community etc.), emphasis on the beneficial impact on household well-being, and calculation of implicit debt/liabilities of current systems (opportunity costs of non-reform);
- **reform bundling** – comprehensive reform packages that link contributory and non-contributory pillars, or the creation of a long-term strategy (for example, toward a basic citizenship income);
- **poverty reduction agenda** – clear links with the national poverty agenda, whether as part of donor-led Poverty Reduction Strategy Papers (PRSPs) or national development plans; and
- **political support** – a clear political strategy and broad-based coalitions pushing for reforms; leadership at the highest level; and change teams that involve key actors in government.

However, there are also major challenges to adopt social pensions in other Asian countries as part of national efforts to expand social protection systems.

Key questions include:

- How can basic protections be expanded to low-paid or informal urban workers, migrants and the rural labor force and financed in a sustainable way?
- How can popular support be built for the extension of programmes; how can the representation of elderly people be ensured in political decision-making processes?
- How should comprehensive and integrated systems be designed that are financially sustainable while creating synergies?

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Gender and Old-age Pension Protection in Asia

by Dr. Athina Vlachantoni and Professor Jane Falkingham, Centre for Research on Ageing and ESRC Centre for Population Change, University of Southampton, United Kingdom

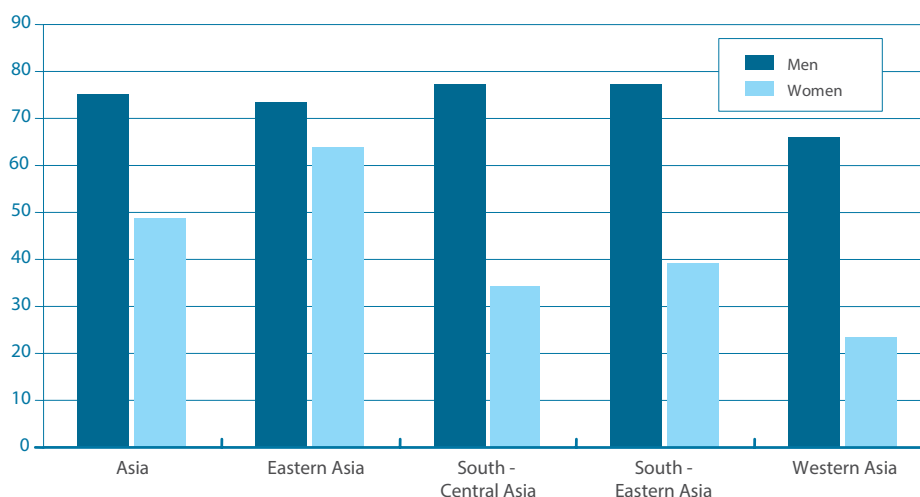
Providing old-age social protection for women is a major policy challenge, as women's working lives tend to be more diverse than men's, often including periods of care-giving and part-time work.

In addition, workers in the informal sector, where the majority of women work, are excluded from mainstream contributory pension systems designed for formal workers. Although social pensions can contribute significantly to lifting many women in low-income countries out of poverty, protection systems need to consider much more the diversity in women's life courses and working lives.

Across the world, women are more likely than men to experience poverty in old age, because of behavioural or life-course differences between men and women, and institutional features of modern pension systems. Gender differences in life courses lie in the areas of life expectancy and labour market participation rates. On average in 2009 in Asia, men could expect to live for 67.5 years, and women for 71.2 years. Living longer than men, women are more likely to experience widowhood in later life, to live alone and to face poverty for longer (UN, 2010). In most countries globally, women are less likely than men to be employed in the formal labour sector, and are as or more likely than men to be employed informally (ILO, 2010). Women in Western Asia are the least likely to be employed, and women in Eastern Asia the most (Figure).

Social pensions present several advantages from a gender perspective—for example, they offer a safety net for informal workers with low earnings and few or no pension contributions. Also, as the eligibility criteria of social pension schemes often include conditions that women are more likely to meet than men, such as reaching older age or being widowed, social pensions are more likely to target older women than men—in Asia as across the world. Social pensions may also be used by policymakers and aid organisations as a mechanism for promoting greater gender equality. Finally, in addition to reducing poverty, social pensions can affect intra-family dynamics, gender relations and decision-making processes within the household by affording women greater financial security.

Total Employment Rates of those Aged 15 and over, by Region and Gender, Asian Subregions, 2008



Note: **Eastern Asia:** People's Republic of China; Hong Kong, China; Macau, China, Japan, Dem. People's Rep. Korea, Rep. of Korea, Mongolia; **South Central Asia:** Afghanistan, Bangladesh, Bhutan, India, Iran, Kazakhstan, Kyrgyz Republic, Maldives, Nepal, Pakistan, Sri Lanka, Tajikistan, Turkmenistan, Uzbekistan; **South Eastern Asia:** Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste, Viet Nam; **Western Asia:** Armenia, Azerbaijan, Bahrain, Georgia, Iraq, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Syrian Arab Rep., United Arab Emirates, West Bank and Gaza Strip, Yemen.

Source: ILO, 2010.

But social pensions have limitations. The level of benefits in most countries is low and hardly sufficient to lift beneficiaries out of poverty, while the effectiveness of social pensions depends on the extent to which they fit with contributory systems of social protection, as well as broader systems of protection including health care provision. Given that elderly women in Asia are more likely than elderly men to face poverty, the inclusion of a gender dimension in the design of social pension schemes could enhance their effectiveness in targeting those most at need.

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Some Notes on Social Pensions in Viet Nam

by Giang Thanh Long, National Economics University (NEU) and Indochina Research and Consulting (IRC); and Dharmapriya Wesumperuma, HelpAge International and East Asia Pacific Regional Development Centre

The social pension scheme in Viet Nam was first introduced on 26 March 2000 for people aged 90 years and over who did not receive contributory pensions or other social allowances. The benefit of a minimum of VND45,000 (about USD3) per month was first paid out in 2002 and increased to a minimum of VND65,000 (about USD4.20) per month in 2004. Decree 67/NĐ-CP of 13 April 2007 reduced the minimum eligibility age from 90 to 85 years and increased the minimum benefit to VND120,000 (about USD7.50) per month. Decree 13/NĐ-CP of 27 February 2010 further reduced the minimum eligible age to 80 years and increased the minimum benefit to VND180,000 (about USD9.50) per month.¹ The final benefit amount is based on a set of multipliers which depend on the household composition or specific characteristics of the beneficiary. The table summarises two categories of beneficiaries of social pensions.

Who are the Beneficiaries of the Social Pension Scheme in Viet Nam?

Nº	Beneficiaries	Multiplier	Benefit Level (VND1000s)
1	Older people living in poor households, and: 1) living alone; or 2) living with ill older spouse and do not have any children, grandchildren or relatives to support	60 - 79	180
		60 - 79 and severely disabled	270
		80 +	270
		80 + and severely disabled	360
		2	80 years old and over who do not receive retirement or other social allowance benefits

As of 2011 this programme covered about 12 per cent of the total elderly population: 948,111 beneficiaries in the first category and 123,209 beneficiaries in the second (MoLISA, 2012). According to Dam et al. (2010), the total cost for social pensions in 2008 was about 0.05 per cent of GDP.

A number of studies have shown that social pensions help to reduce poverty among elderly people and reduce difficulties with other household members; provide opportunities for elderly people to generate income on a small scale; make them feel independent economically in their households; and improve access to health care services.

To make the scheme more efficient in reducing poverty and financially supporting elderly people, Viet Nam needs to deal with some key design and implementation issues, including (i) ensuring fiscal sustainability; (ii) accurately identifying beneficiaries; (iii) increasing coverage; (iv) improving the delivery system; (v) improving human resources; and (vi) creating an effective monitoring and evaluation (M&E) system.

Given the current economic and poverty situation of elderly people, scaling up social pensions in terms of coverage and benefit level is quite feasible for Viet Nam. Such a scale-up would not only reduce poverty among elderly people but also improve income equality among different groups of elderly people. It is also suggested that Viet Nam focus on elderly people in rural areas when designing social pensions, since this would lead to the highest incidence of poverty reduction among elderly people (see, for instance, Giang and Pfau, 2009a; 2009b; Giang, 2011).

From Viet Nam's experience, there are some important lessons for other developing Asian nations in how to design and implement a social pension scheme for elderly people:

- social pensions can work in low-income countries (as in the case of Viet Nam in 2002) with minimal initial expenditure (0.05 per cent of GDP in 2008).
- an incremental approach to expanding social pension coverage can be adopted if funding is limited;
- a universal approach is administratively simpler to implement than a targeted approach; and
- civil society organisations, such as elderly people's associations can be tapped to monitor and help implement social pension schemes.

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Note:

1. The average VND/USD exchange rates in 2002, 2004, 2007 and 2010 were 15,084, 15,739, 16,131 and 18,947, respectively (IMF, various years).

Social Protection for Older People in Central Asia

by Professor Jane Falkingham and Dr Athina Vlachantoni, Centre for Research on Ageing and ESRC Centre for Population Change, University of Southampton, United Kingdom

At independence all the countries of the former Soviet Union inherited extensive social welfare, including a comprehensive pay-as-you-go (PAYG) pension system with low retirement ages (60 for men and 55 for women) and generous opportunities for early retirement for selected worker groups such as farmers. Most of these countries underwent severe economic dislocation affecting the welfare system (Falkingham, 2005): between 1990 and 1995, GDP per capita fell by more than half in all the countries of Central Asia and the South Caucasus, except for Uzbekistan.

The relatively generous Soviet pension system combined with a rapidly contracting contributions base to render most pension systems unsustainable. With declining revenues, pension funds fell into deficit, and rapid inflation eroded the value of benefits, while the region underwent demographic and socio-economic changes, such as decreasing fertility, population ageing and increasing unemployment, affecting the development of pension protection (Clifford et al., 2010).

Most of the newly independent states of the former Soviet Union considered or undertook radical pension reforms by the mid-1990s, with common themes including a shift away from pensions based on a defined benefit toward those based on defined contributions; a move from a PAYG to a funded system; and a move from a system of a collective pension 'risk' to one where risk was increasingly individualised. Most countries also attempted to raise the retirement age, with mixed success.

Kazakhstan reformed its system in the mid-1990s, abandoning the old PAYG Soviet system with defined benefits and switching to a fully funded defined-contribution system, while from January 2014 women's retirement age is set to rise from 58 to 63 over ten years. The Kyrgyz Republic was an early reformer and less radical than Kazakhstan, adopting notional accounts in 1997, albeit in the context of a minimum contributory pension still linked to employment. The first wave of reforms in Armenia took place later, but the country passed new pension legislation in December 2010 and moved to a fully funded model from 2011. In Tajikistan, pension reform is only now being discussed, with technical support funded by the EU to December 2014.

The table illustrates the importance of public and private transfers in reducing the headcount poverty rate in Tajikistan. In virtually all cases, receipt of private transfers—especially remittances—leads to a greater reduction in poverty than that from public transfers, reflecting the

Absolute Change in Poverty Rate of Older People after Receipt of Transfers, Tajikistan, 2007

	B-A After Remittances	C-B After Private Transfers	B-A After Public Transfers
Lone pensioner	-7.0%	-6.6%	-19.7%
Two-person pensioner household	-4.8%	-11.4%	-8.8%
Pensioner + working age adult	-11.2%	-8.9%	-5.2%
Pensioner + 2 or more WAA	-11.2%	-4.2%	-4.9%
Pensioner + WWA + 1-2 children	-10.2%	-0.5%	-4.9%
Pensioner + WWA + 3-4 children	-7.7%	-0.6%	-4.6%
Pensioner + WWA + 5+ children	-13.7%	-0.6%	-2.4%
Pensioner + children	-48.3%	-2.6%	-6.3%
All individuals (whole population)	-11.5%	-1.6%	-5.2%

Source: Baschieri et al. (2011) analysis of TLSS 2007.
Note: WAA = working-age adult.

latter's lower value. For lone pensioners and couple pensioners, it is the combination of public and private transfers that decreases poverty, as many of these households rely on both types of transfers.

One of the most pressing future concerns remains the issue of adequacy for current and future pensioners. In contrast to many countries in developing countries with a similar per capita GDP, most countries in this region have a zero pillar social pension, aimed at poverty alleviation, and the first pillar incorporates a minimum pension. The critical question is the level at which these are set. The analysis shows that for those who qualify for a contributory pension, the average level of benefits is just above the subsistence minimum. For those on a social pension, however, benefits are insufficient to lift them above this level.

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Social Pensions for Elderly People in Asia

by Babken Babajanian, Research Fellow, Social Protection Programme, ODI

This note summarises an editorial article (Babajanian, 2012) of a recent publication by the Asian Development Bank (ADB) (Handayani and Babajanian, 2012), which examines social or non-contributory pensions in Asia. The book is based on contributions from leading international researchers who assess institutional, financial, social and political aspects of social pension schemes in Asia. The table summarises the main features of social pension schemes in Bangladesh, Nepal, Thailand and Viet Nam discussed in the book.

Social pensions contribute to covering the basic needs expenditures of elderly people, including the cost of food, health care and expenses associated with social and ceremonial activities. There are indications that social pensions support not only elderly people but also other members of their households, particularly children. Some beneficiaries spend part of their allowance on their grandchildren's education (Bangladesh and Nepal), on candies or snacks for their grandchildren (Thailand), and food, medicine or gifts for their children or grandchildren (Viet Nam).

Social pension schemes have a limited poverty reduction effect due to the low value of transfers and insufficient coverage of poor people. Government expenditures on social pensions in Asia constitute a small share of total national income. The size of transfers is generally low, and the average monthly benefit is below half the poverty line. Social pension transfers in all of the case studies were too low to offer

substantial support to the household members of the pensioners. Unlike the universal schemes in Thailand and Nepal, the Social Pensions Programme in Viet Nam and the Old Age Allowance in Bangladesh are targeted at poor elderly people and cover only a small proportion of the elderly population (10 per cent in Viet Nam and 21 per cent in Bangladesh). In addition, the selective nature of poverty targeting makes it difficult to identify eligible beneficiaries and contributes to exclusion/inclusion errors.

Social pensions represent an important step in strengthening social protection institutions in Asia. The social pension schemes in all four countries have national coverage. Their benefits are available to the eligible population of the entire country, rather than to select geographic areas. The country case studies suggest the importance of a progressive or incremental approach: by establishing modest schemes with small amounts of benefit, policymakers can build an institutional foundation that can be used for subsequent expansion and strengthening of the existing programmes.

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Social Pensions in Asia

Country	Monthly Transfer Size and Eligibility	Poverty Line (Person/Month)	Cost (% of GDP)	% of Beneficiaries Aged 60+
Old Age Allowance in Bangladesh	BDT300 (USD3.80) Means-tested women aged 62+; men 65+	BDT743-1171 (USD9.40-15) (2005 poverty lines by regions)	0.13 in 2010-11	21 in 2008-09
Old Age Allowance in Nepal	NPR500 (USD5.60) Universal 70+; Dalits and Kamali residents 60+	NPR1200 (USD14) (2011 national subsistence minimum)	0.35 in 2011	80 in 2009-10
Old Age Allowance in Thailand	Age cohort-based THB600-1000 (USD20-30) Universal 60+	THB1586 (USD53) (2009 national poverty line)	0.37 in 2010	80 in 2012
Social Pension in Viet Nam	Min. VND180,000 (USD8.60) Universal 80+ Means-tested 60+	VND400,000 (USD19) for rural; VND500,000 (USD24) for urban (2011-2015 poverty lines)	0.05 in 2008 0.33 in 2011 (total spending on call cash transfers)	% of people aged 60+ who receive social pensions

Source: Various authors in Handayani and Babajanian (2012); author's research.

South-South Cooperation and Inclusive Growth

by Ryan Higgitt, Queen's University, Kingston and Mazharul Islam, Diakonia Bangladesh

Ongoing criticism over the efficacy of a modern development model characterised by an imbalance of power with respect to terms of action has in recent years spawned discussion regarding the utility of 'South-South cooperation' as a potential new development paradigm. We agree with many of the critiques levelled at development in its current form, particularly when considered in the context of the clearly growing disparity across the globe between those who have and those who have not (see Ortiz and Cummins, 2011). But we also have reservations related to questions as to what exactly South-South cooperation means, and indeed worry that this 'new' paradigm is not new at all if it merely reinforces a hegemonic view of two 'worlds', a North and a South. The primary objective of this One Pager is thus to contribute to an understanding of how South-South cooperation might distinguish itself as a genuine alternative to prevailing macro-level development approaches.

During the colonial era the sciences of economics and anthropology were intimately connected; the latter discipline in particular grounded in highly Eurocentric understandings of the biological evolution of species. With this fact as a starting point, we undertake a critical historical analysis of economic thinking to reveal the neo-liberal impulse of the Washington Consensus as heavily infused with notions of 'natural progress' and 'survival of the fittest'. As a mode of 'othering', the discursive entanglement of economics and anthropology, we argue, had the effect of actually creating inequality by projecting humans as having followed a particular evolutionary or developmental trajectory—either 'forward' or, as it were, 'backward'. And because (as of the early 21st century) ideological structures are so deep-rooted, it continues to have this effect. The socio-cultural phenomenon known as casteism, 'the Southern problem', is a standout case in point.

The relentless concern among so many economists with augmenting people's purchasing power, guised as it is as 'progress', is where casteism acquires contemporary expression. Indeed anthropologist Louis Dumont's widely-cited *Homo Hierarchicus* (1966), identified by a number of scholars as the most influential theoretical work on caste ever produced, is quite clearly bound within the same evolutionist thinking that informed, among other Western scientific works instrumental to the entrenchment of GDP-thinking globally, Rostow's 'Take-off Theory' of economic growth. *Homo Hierarchicus*, we contend, embodies the proclivity of development practitioners to conceive of human identity in essentialised 'value' terms, and thus poverty and inequality as practically natural incorrigibles of development.

Caste-based discrimination is commonly associated with countries of the so-called Global South. The caste system in India is held as a pure type. Yet the low-caste 'reality', contra Dumont, is far from fixed and uniform—that is to say, far from 'pure' or 'natural'. A comparison of literature on the lived experience of Dalits in India (colloquially known as 'untouchables') with the growing body of work aimed at describing that of Dalits in Bangladesh, coupled with primary-source data derived via qualitative interviews we the authors carried

out in 2008 and 2010 with Dalit communities in each of Bangladesh's major administrative divisions, indicates that Bangladeshi Dalits are distinguishable from their Indian counterparts by a powerful 'double consciousness'. Bangladeshi Dalits feel not merely like 'second-class citizens' but, indeed, 'second-class nothings'—veritable strangers in their own homes and communities as a consequence of their forced migration by the British raj, centuries ago, from Hindu-dominated India to Muslim-dominated East Bengal. In other words, for all the similarity that exists between Indian and Bangladeshi Dalits, there are crucial differences too; differences which confirm that 'low-caste' peoples are far from being a monolithic 'other'.

Altogether, the double consciousness experienced by Bangladesh's Dalit community underscores a broader thesis put forward by post-colonial development theorists that there is no complete homogeneity between culture and identity; that development practices which fail to appreciate micro-level context and the plurality of self risk interventionist and aggressive attitudes towards other peoples and a concomitant betrayal of the very principles of fallibilism, tolerance and understanding upon which the United Nations was originally built. This is perhaps the most pertinent lesson for new development cooperation practitioners in the Global South (or anywhere else). If the South-South movement is to be genuinely different from those development schemes operating under the rubric of the Washington Consensus, then those who celebrate it must embrace the intersubjectivity—'we could be wrong about our ideas; there are different ways of seeing and being'—associated with the collapse of grand narratives about the modern human condition, thus avoiding 'race', GDP, gender and other forms of essentialist thinking which continue to exacerbate inequality across the globe.

By adopting resistance strategies which, in relation to essentialism, are much more nuanced, including embracing alternative knowledge systems (for example, Dalit oral histories) that dislocate the hegemonic Euro-American perspective, the Global South can potentially help the rest of the world embrace the contingent, the discontinuous and the unrepresentable as coordinates for remapping and rethinking borders that define one's existence and place in the world. For South-South cooperation to be effective it must define itself by 'unexpected moves' that disrupt the kinds of language games – 'Global North' and 'Global South' included – that characterise the current world order. In turn, this must entail recognising the paradox of similarity and difference, as revealed by the lived experience of Bangladesh's Dalits of Indian origin as compared to other 'low-caste' peoples around the world.

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New Strategy for Poverty Eradication in Brazil: the Emergence of the *Brasil Sem Miséria* Plan

by Rômulo Paes-Sousa, Director of the World Centre for Sustainable Development, RIO+ Centre

Brazilian social protection programmes have had consistent effects in reducing poverty and inequality among their respective vulnerable groups: children, adolescents and pregnant and lactating women. In 2011, President-elect Rousseff launched *Plano Brasil Sem Miséria* (PBSM – Brazil without Extreme Poverty), a strategy to eradicate extreme poverty by 2014, targeting 15 million extremely poor Brazilians.

This federal programme subscribes to the international trend of associating social protection with employment and income generation policies. In doing so, it brings together the concepts of social protection and social promotion.

Thus, PBSM has three main commitments:

- to raise the per capita household income of the target population;
- to expand access to public goods and services; and
- to provide access to job and income opportunities through productive inclusion initiatives.

The plan seeks to hone skills and expand opportunities for people living in extreme poverty, by improving cash transfer policies such as the *Programa Bolsa Família* (PBF – Family Allowance Programme), increasing access to social protection services and improving their quality, and implementing productive inclusion initiatives aimed at different vulnerable groups such as informal urban workers, family farmers, collectors of recyclable material, homeless people, traditional communities and indigenous peoples.

But the programme has faced continuous challenges. For one, monitoring of the extremely poor population depends on the development of a measurement methodology that reconciles data from the 2010 Demographic Census with the new integrated household search, currently being implemented by Brazil's statistics institute, IBGE, an exercise that entails a high degree of complexity in designing an appropriate methodology.

Also, the main budgetary challenge for PBSM is to strike a better balance between the services offered and the benefits transferred. In general, the social protection model that the PBSM is a (visible) part of repeats the same type of asymmetric intervention in favour of benefits as the models that preceded it.

Although the relationship with the state programmes is the greatest breakthrough in the design of the plan's institutional architecture behind social protection policies, the effectiveness of partnerships forged with the states requires that legal instruments be improved.

Despite the challenges, however, PBSM represents an added approach to the social protection policies enacted by the previous administration. Like the *Estratégia Fome Zero* (Zero Hunger Strategy), PBSM advocates a multidimensional and focused approach, funded primarily by the federal government, with the aim of reducing poverty.

Programmes within the PBSM and their Managing Federal Institutions, According to Thematic Axes and Areas of Activity

<p>Income Guarantee</p> <ul style="list-style-type: none"> ▪ <i>Brasil Carinhoso</i>, MDS ▪ <i>Bolsa Família</i>, MDS <p>Productive Inclusion</p> <p>Rural Productive Inclusion</p> <ul style="list-style-type: none"> ▪ PAA, MDS/MDA ▪ Technical Assistance, MDA ▪ Support and seeds, MDA ▪ <i>Programa Água para Todos</i> (Water for Everyone Programme), MIR/MDS ▪ <i>Programa Bolsa Verde</i>, MMA <p>Urban Productive Inclusion</p> <ul style="list-style-type: none"> ▪ <i>Mulheres Mil</i>, MEC ▪ Pronatec, MEC ▪ <i>Programa Crescer</i>, CEF, BB, BNB and Basa ▪ National Productive Microcredit Programme (<i>Programa Nacional Microcrédito Produtivo Orientado</i>—PNMPO), MTE 	<p>Access to Services</p> <p>Education</p> <ul style="list-style-type: none"> ▪ <i>Mais Educação</i>, MEC <p>Health</p> <ul style="list-style-type: none"> ▪ Primary Healthcare Units (<i>Unidades Básicas de Saúde</i>—UBS), MS ▪ <i>Saúde de Família</i> (Family Health), MS ▪ Low-Income Pharmacies, MS ▪ <i>Saúde na Escola</i> (School Health), MS <p>Social Assistance</p> <ul style="list-style-type: none"> ▪ Social Assistance Reference Centre (CRAS), MDS ▪ Specialised Social Assistance Reference Centre (Creas), MDS <p>Food Security</p> <ul style="list-style-type: none"> ▪ Food Bank, MDS ▪ Community Kitchens, MDS
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However, the programme adjusted its focus towards the extremely poor population and shifted its management model towards a more effective configuration.

The plan seems to indicate that, once full benefit coverage is achieved and a network of services is created to foster social protection and promotion and to modify the contents of the programmes in these sectors to make them accessible to extremely poor people, strategic interventions would then be strengthened to combat extreme poverty. The centre of public intervention focuses on increasing the social protection and promotion of children of less than six years of age, to encourage changes in the labour market and to increase the working capabilities of extremely poor workers in rural and urban areas.

Therefore, the plan seeks to go beyond its primary goal of eradicating poverty by 2014. PBSM seeks to dialogue with the immediate future, in which extreme income poverty and extreme absolute poverty will be a thing of the past. It coordinates the different dimensions of well-being by incrementally constructing a sustainable foundation based on social rights for all Brazilians.

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The Challenge of Rapid Ageing: Development of Social Pensions in Asia

by Sri W. Handayani, Principal Social Development Specialist, Asian Development Bank

Ageing populations are a global phenomenon with potentially significant consequences and repercussions for health care, pensions and old-age care. Asia is home to an ever-increasing number of older people or people aged 60 and over, with their number expected to triple from 410 million in 2007 to around 1.3 billion by 2050.

Economic growth and social protection: The rapid economic growth of the region in recent decades has exacerbated, not diminished, the challenges and costs of ageing populations. Traditional family and informal support systems for older people have weakened. Social protection schemes have historically been weak and fragmented in Asia and have failed to keep pace with economic growth. Consequently, old age has too often become an expensive burden for individuals, families and society.

Formal contributory pension systems cover only a relatively small number of people, mainly because very few poor people can afford contributions. Such arrangements are also difficult to design and administer for the informal sector, where many poor people work.

Thus, a potentially significant gap has appeared between the needs and delivery of basic income support for ageing populations. Some countries have introduced non-contributory pension systems that provide cash benefits to older citizens, but much is yet to be learned about their impact and possible replication in others.

Potential benefits of social pensions: Despite the enormous potential of social pensions, they remain an underutilised instrument for achieving just and equitable societies. Evidence from other regions suggests areas in which social pensions—aside from reducing the scope and severity of income poverty—can benefit individuals, families and wider society.

Among other benefits, social pensions can enable older people to gain access to health care; enhance the status and social standing of older people among families and communities; help enhance the well-being of successive generations owing to benefits shared with younger family members; support economic growth with pensions being invested in productive enterprises; and promote gender equality. However, social pensions are not a panacea. Rather, they should be part of a wide-ranging set of programme and sector reforms. Moreover, the differences in cultures and stages of economic development across the region must also be taken into account.

Some key observations:

- Social pensions are relevant for policymakers in countries with high poverty rates.
- Data reveal that social pensions are affordable and sustainable.
- Social pensions reduce poverty and vulnerability, and support poor households, particularly children and socially excluded individuals.
- Evidence in Asia indicates the importance of minimising exclusion error in targeting beneficiaries, as this leads to the failure of pensions to reach poor and vulnerable people.
- Striking an appropriate balance between the development perspective of fiscal space and the fiduciary perspective emphasising fiscal and financial sustainability is needed to be successful in using social pensions to mitigate old-age poverty in Asian countries.
- Adoption of social pensions across the region faces challenges in providing basic protection to low-income and informal urban workers, building popular support, ensuring support for elderly people in political decision-making, and designing comprehensive and integrated systems.
- Introducing non-contributory interventions and going beyond earnings-related contributory pensions through redistributive measures such as state-guaranteed budget funds, employee subsidies or employer contributions, and a universal pension can deliver minimum income security.
- The level at which the pension is set poses a critical question on adequacy for current and future pensioners.
- The average level of benefits is just above the subsistence minimum for a contributory pension in Asia.
- The effectiveness of social pensions largely depends on coverage and size, choice of eligibility criteria, and design and implementation arrangements.
- Empirical knowledge of the impacts of social pensions needs to be strengthened.

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Handayani, S.W. (2012). 'The Challenge of Rapid Aging: Development of Social Pensions in Asia' in S.W. Handayani and B. Babajanian, eds. *Social Protection for Older Persons: Social Pensions in Asia*. Manila, Asian Development Bank: pp. 1-10.

How to Provide Basic Income Security to all Elderly People?

by Krzysztof Hagemeyer and Valérie Schmitt, International Labour Organization

The Social Protection Floors Recommendation adopted in 2012 urges all countries to establish as quickly as possible and maintain floors of social protection through guarantees that all people in need have access to at least essential health care and to basic income security throughout their lives. In particular, such guarantees should include basic income security in old age.

However, the reality is that worldwide only a minority of people—concentrated in higher-income countries and in the formal economies of lower-income countries—are effectively covered by contributory old-age pension schemes. Also, only a minority of the world's elderly people are receiving any pension now. While 75 per cent of those aged 65 or over in high-income countries are receiving some kind of pension, in low-income countries less than 20 per cent of them receive pension benefits; the median in this group of countries is just over 7 per cent.

Providing income security to all elderly people requires a concerted effort through a pension system composed of a mix of policy measures: contributory and non-contributory (in terms of building entitlements to pensions), earnings-related and flat rate (in terms of pension amounts), and of contributory and tax-financed (in terms of financing sources). These different types of policy measures can be undertaken through separate schemes forming different 'tiers' or 'pillars' of the pension system, but often these different measures are also present within a single scheme. To a large extent it is the presence of the non-contributory and non-earnings-related components which makes social security pension schemes and systems 'social'. The actual composition of such a mix of policy measures in any country depends on many factors—ranging from the structure of the labour market and degree of informality of the economy to societies' attitudes and preferences regarding redistribution, support to elderly and poor people, responsibilities of the state and individuals, and the role of the public and private sectors.

Taking into account the need to provide "as quickly as possible" income support to all those who are already elderly and the fact that a large proportion of those who are still of working age not only work in the informal economy but also have no contributory capacity indicates that in many countries providing floors of social protection, including income security in old age, has to be done through non-contributory programmes.

Among the existing options there are universal pensions paid to all residents meeting specified criteria (such as reaching a certain age); there are also income-based or means-tested pensions provided to all those below specified income or asset thresholds. These pensions are called by some 'social pensions', and they are often seen as the most effective way to reach in a relatively short time all those who for some reason (such as very low incomes, which make regular contributions to contributory schemes unaffordable, or irregular incomes making regular contributions to contributory schemes unfeasible etc.) cannot be members of a contributory scheme—therefore, to reach universal

coverage. For many, the universal pension solution has an advantage over the means-tested approach, being not only much simpler and less costly to administer and deliver but primarily the most equitable way to provide to everybody a minimum income security at retirement, avoiding stigma and exclusion often associated with means-testing. However, the actual solution will always depend on prevailing societal attitudes towards equity and redistribution and also on overall costs concerns.

Already the majority of the world's elderly people live in Asia, and this proportion will grow further in the future. Many Asian countries are thus making various efforts to provide at least basic income security to current and future elderly people, beyond those working in the formal sector. Sri Lanka has had a scheme for a long time to cover farmers and fishers which has achieved substantial coverage rates. India is making efforts to cover some in the informal sector with a new pension scheme.

Bangladesh, Mongolia, Sri Lanka and Viet Nam present examples of means-tested pension schemes, where the governments have established non-contributory social pensions targeted at elderly poor people who are not covered by formal pension schemes. To be eligible the person needs to have reached a certain age (65 years in Bangladesh, 55 for women and 60 for men in Mongolia, and 80 in Viet Nam) and be considered poor.

Other countries have established universal social pensions. In Nepal, for instance, a universal non-contributory social pension scheme was introduced in 1995 and covers people aged 70 and above.

Thailand is a good example of a successful transition from a means-tested pension to a universal one. The means-tested old-age allowance system, established in 1993, was facing implementation problems, and over half of elderly poor people were not receiving benefits despite their entitlement. Thus the government moved to a universal scheme: the THB500 (less than USD16)¹ per person per month universal pension scheme was officially launched in April 2009.

In People's Republic of China the rural pilot pension insurance programme has two components: a basic minimum pension that is tax financed (with a mix of central government and local government funding) and guaranteed to all rural residents, and subsidised individual accounts. The funding method of the basic pension allows for redistribution across regions, since the share of funding from the central government is greater for less developed regions, and local governments from better-off regions have to contribute proportionately more.

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Note:

1. THB31.99 = USD1 (September, 2013).

The Challenges of the Old-age Allowance System in Thailand

by Worawet Suwanrada, College of Population Studies, Chulalongkorn University and Dharmapriya Wesumperuma, HelpAge International, East Asia Pacific Regional Development Centre

The old-age allowance system in Thailand is a non-contributory social protection scheme which aims to guarantee basic income for the Thai population at the age of 60 or above. Up until 2009 such a scheme targeted the underprivileged elderly people of society, defined as those of at least 60 years of age:

- without enough income to meet necessary expenses; or
- who are unable to work; or
- who have been abandoned; or
- who are without a caregiver of any kind.

However, as of October 2009, the old-age allowance scheme was fundamentally expanded to all people aged 60 or older who:

- are not living in public old-people's homes; or
- do not receive a permanent income as a salary or pension (i.e. excluding government employees and recipients of pensions from central, local or public enterprises and the social security fund's old-age benefits).

This policy change presented an opportunity to close the gap created by limited access to a formal public old-age income maintenance system. The old-age allowance system has been regarded as the main pillar of the old-age income maintenance scheme for Thai workers in the informal sector. According to the National Survey of Older Persons in Thailand conducted in 2011 by the National Statistical Office, 11.4 per cent of Thailand's elderly population relies on the old-age allowance as their main source of income. Besides its income maintenance function, the expansion of the scheme also highlights the significance of its redistributive function. Furthermore, in 2012 the system was changed from a uniform pension rate—THB500 (less than USD16)¹ for all recipients—to a multiple-rate system. Currently, the monthly pension amount varies by age of recipient: THB600 per month for those aged 60–69 years, THB700 per month for 70–79 years, THB800 per month for 80–89 years and THB1000 per month for those 90 years of age and older.

The old-age allowance system is thus part of a wider pension system, within which it faces challenges in the context of broader public pension policy and the coexisting pension schemes. Although, the universalisation of the old-age allowance system has helped to provide financial security for elderly Thai people, there are concerns about the monthly pension amount, which is far from the poverty line. Moreover, the expansion of the old-age allowance system can lead to a situation of 'horizontal inequality' between the working population of the formal and informal sectors within the broader pension system.

Under current schemes, a formal-sector employee is eligible for old-age benefits on the basis of paying contributions, whereas an informal-sector worker can be eligible for an old-age allowance without making any social security contributions. This dichotomy and its incentives raise a challenging question: should the old-age allowance be redesigned into a basic pension scheme for all elderly people?

Policy recommendations:

- Establish an independent review mechanism to evaluate an increase in the benefit amount.
- Strengthen administrative, ICT and anti-fraud/corruption capacities. Databases should be connected to each other—namely, the database of current recipients and the database of unqualified older people (recipients of a government pension, income earners) and the registered population.
- Consider new sources of funds (or new tax reforms) to ensure the sustained delivery of benefits.
- Evaluate the social pensions system among other coexisting pension schemes—the social pension is a non-contributory benefit offered to the rest of the working population, differentiated from the old-age financial security scheme offered to contributing private- and public-sector employees.

Lessons from Thailand's experiences:

- Even small pension benefits can help reduce poverty rates of elderly populations, and the national rate of poverty more broadly.
- Relatively small investments have a high impact: pensions only account for almost 2 per cent of the government's total operating budget yet provide benefits to nearly 6 million beneficiaries—over 75 per cent of the population over 60 years of age.
- Prior to the 2009 shift to a universal scheme, the means-tested system in Thailand depended upon local officials to confirm eligibility—unfortunately a factor that led to cronyism and corruption in addition to the exclusion of some of those most vulnerable and in need of the pension benefits. Since the implementation of a universal scheme, most of these problems have been resolved.
- Strong political will matters in the process of expanding pension benefits and beneficiaries. Thailand started with a small pension benefit amount and low numbers of recipients. However, with time, both the benefit amount and the numbers who received such amounts were expanded through political will, which also enabled the beneficiary targeting systems to be changed and funds to be freed up to adopt a universal approach.
- The design of social pensions should occur within a broader pension framework. Governments may find it far easier to address social pension policy alongside existing complementary and differentiated pension policies. It is important to harmonise the pension system to provide financial security to older persons much more than fragmented target-specific or contributor-specific schemes.

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Note:

1. THB31.99 = USD1 (September, 2013).

The Old-age Allowance Programme in Bangladesh: Challenges and Lessons

by Sharifa Begum, Bangladesh Institute of Development Studies (BIDS) and Dharmapriya Wesumperuma, HelpAge International, East Asia Pacific Regional Development Centre

The Old-age Allowance Programme of Bangladesh was introduced in 1998 to provide a means-tested monthly cash payment to older people to help reduce their vulnerabilities and income insecurity. The programme was created and promoted by the government and is financed from the government's revenue budget. Between 1998 and 2012 the number of beneficiaries increased more than sixfold, the monthly allowance rate threefold, the budget allocation more than 18-fold, and its share of gross domestic product (GDP) increased from 0.02 per cent to 0.13 per cent. Under this programme the monthly allowance is currently BDT300 (less than USD4),¹ there are about 2.5 million approved beneficiaries, and the annual budget allocation is BDT8.9 billion.

Impact of the programme

Although the monthly allowance is low at BDT300, various studies have indicated that this assistance has multidimensional impacts on the lives of older people. Nearly all the beneficiaries belong in poor households and spend the money on food, thereby improving the food security of the entire household. After food, this money helps them to access health care. The regular receipt of the allowance money has a positive effect on ensuring recipients' psycho-social well-being; it helps them reduce, among other things, their loneliness, insecurity, social deprivation and neglect by their children.

Challenges:

- There are significant inclusion and exclusion errors in the targeting approach currently used.
- Beneficiary selection needs to be improved to enhance the selection process by putting higher weights on priority criteria.
- The size of the benefit is too small and therefore, insufficient to meet basic needs of elderly.
- Benefit payment mechanisms need to be improved to take into account the conditions faced by elderly (i.e. difficulty for them to go to banks).
- Weak administrative capacity such as the ineffectiveness of local-level committees, a lack of a consistent committee structure, weak coordination among implementing agencies, absence of monitoring and evaluation to feed the programme, and, above all, there persists a severe shortage of manpower in all the implementing agencies, which affects the programme's efficiency.

- Scaling up the programme: this may appear a near impossible task for a poor country such as Bangladesh, but estimates suggest that this may not be so in reality. Estimates for 2010 show that to give a pension to all people aged 65 or over at the current monthly rate of BDT300, the country would require about 0.34 per cent of its GDP. A decent allowance of BDT600 would double the share to 0.68 per cent of its GDP. Such expenditure is possible if the political will is there. The calculations further suggest that such a universal pension is a sustainable measure in the country, as the country's economy is growing at 6 per cent and has the potential to grow even at a higher rate in future.

Lessons from Bangladesh experiences:

- Even a low pension allowance can have a meaningful and significant impact on the lives of older people and their families.
- A country can start with a low allowance to begin a support provision for older people and their families, with a view to moving to a larger benefit over time.
- Old-age allowance increases the empowerment and dignity of the older people, and—far from undermining family support—such social assistance may strengthen the relationship between older people and their families.
- Social pension appears to benefit women more, who are more vulnerable in countries such as Bangladesh than men.
- Estimates suggest that a universal pension for older people may be affordable for poor countries such as Bangladesh, provided there is political will.
- An old-age allowance programme can be very popular and easily gain political support.

Reference:

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Note:

1. BDT77.71 = USD1 (September, 2013).

Nepal's Senior Citizens' Allowance: a Model of Universalism in a Low-income Country Context

by Michael Samson, Economic Policy Research Institute

Universal social pensions open the door to more expansive social protection in Nepal.

The significance of social pensions has grown in recent years, particularly in southern Africa and South Asia. Nepal's universal non-contributory Senior Citizens' Allowance represents a classic example of how this instrument tackles poverty and promotes social development in a low-income country context. Early criticism of Nepal's initial programme focused on low benefit levels (about USD2 per month) and limited coverage—only for people 75 years and older. Evidence of success inspired the government to substantially increase benefit levels (by 150 per cent during the 2008/09 fiscal year), expand coverage (to people 70 years and older, and from 60 years of age for the most vulnerable groups) and extend social grants to other vulnerable groups. The expanding social protection system enables the government to share the benefits of economic growth and strengthen social cohesion as the country rebuilds from decades of conflict.

In 2012 this programme provided a monthly benefit of BRL500 (less than USD5)¹ universally to all people 70 years of age and older, and to all Dalits and residents of the Karnali Zone (one of Nepal's poorest areas) from their 60th birthday. (In November 2012 the government announced its intention to further increase the benefit to NPR750 per month and to reduce the eligibility age to 65 years.) The social pension delivers Constitutional rights while strengthening the social contract between the State and the people of Nepal. The government has built on this instrument's success in tackling poverty, vulnerability and social exclusion to develop an integrated system of cash transfers that protects many vulnerable groups.

Nepal's Senior Citizens' Allowance effectively tackles poverty and vulnerability, raises the status of older people and contributes to a range of developmental outcomes in poor households. The benefits are well targeted to the intended beneficiaries, with low inclusion and exclusion errors compared to other social transfer programmes around the world. The tax-funded social pension is affordable—it costs about 0.25 per cent of Gross Domestic Product (GDP) in 2007/08—although this cost has risen with the government's expansion of coverage and benefit levels in the past several years.

These recent increases reflect the government's recognition of the programme's success and political popularity. The government values the programme's universal and unconditional character, a rights-based approach which allows the programme to provide financial assistance while strengthening the dignity and social standing of the beneficiaries. All older people who reach eligibility age are entitled to the benefits, without any conditionalities imposed by the government. The government employs transparent registration and delivery systems that, while facing important challenges in Nepal's difficult environment, demonstrate the potential of a rights-based non-contributory pension to promote social protection objectives.

Overall, the targeting performance of Nepal's Senior Citizens' Allowance represents a remarkable achievement by the Government of Nepal, given the institutional and financial constraints and the difficult environment created by conflict and political challenges since the programme's inception. The take-up

rate for the social pension is close to that of well-run programmes in countries with more substantial resources and administrative capacity. While reports of alleged fraud and corruption warrant government attention, the problem appears limited, and most of the allocated resources reach the intended beneficiaries. The universal nature of the categorical targeting approach makes it easier for beneficiaries to claim their entitlements and limits the potential for corruption.

The cost of the programme is affordable—both now and if scaled up in the future. Coverage can be extended to all older people from their 60th birthday at a cost of about 1 per cent of national income (as measured by Gross Domestic Product—GDP). Depending on economic growth, this cost could fall to as low as 0.4 per cent of GDP by 2050.

Nepal's experience offers four main lessons to developing countries around the world:

- Universal non-contributory social pensions can work in low-income countries. The social pension can be a first step towards a comprehensive system of social protection.
- A low-income country can initiate a social pension with limited coverage and low benefits, and then progressively increase the size of the transfer and the number of older people eligible as the programme demonstrates success and builds political will.
- Programme design and implementation capacity matter. Universal approaches reduce the administrative burden on government and create transparent entitlements that reduce fraud and corruption.
- The social pension can serve as a key instrument for nation-building and ensuring a developmental approach to pro-poor and inclusive economic growth.

Although this social pension provides a remarkable model for other low-income countries, Nepal faces a number of challenges with respect to the programme:

- With ever more binding fiscal constraints, the government struggles to protect the social pension's budget allocation to ensure that the benefit is dependable for the older people who rely on it for social protection.
- With limited capacity in the most remote rural locations, local government requires capacity-building and strengthening in a number of districts.
- The government and beneficiaries will benefit from better systems for independent monitoring and rights protection, which can help strengthen the integrity of the social pension's universal rights-based approach.
- The programme can be further improved by progressively lowering the eligibility age and further increasing benefit levels, as well as consolidating the Senior Citizens' Allowance's position within a more comprehensive system of social protection.

Reference:

Samson, M. (2012). 'Nepal's Senior Citizens' Allowance: A Model of Universalism in a Low-Income Country Context' in S.W. Handayani and B. Babajanian, eds. *Social Protection for Older Persons: Social Pension in Asia*. Manila, Asian Development Bank: pp. 214-245.

Note:

1. NPR101.11 = USD1 (September, 2013).

Food Security, Small-scale Women Farmers and Climate Change in Caribbean SIDS

by Nidhi Tandon, Consultant, UN Women Director Networked Intelligence for Development

Both long-term climate change and immediate-term economic crises are bringing the issue of food security into sharper relief, particularly in those Caribbean countries where food security is already volatile and faces a series of risks and challenges. Climate change, in particular, adds urgency to the call for renewed focus, prioritisation and integrated adaptation approaches to natural resource management, land use policies and long-term macro-economic frameworks and where these intersect.

Through participatory research and interviews with women in farming communities in Dominica and Antigua, Tandon (2013) argues for small-scale, ecologically sensitive farming and fishing as a critical way to anchor local food security of rural populations, shelter domestic food markets and secure the natural bio-diversity of Caribbean Small Island Developing States (SIDS). Women play a core role in articulating what food security looks like to them—and have a keen appetite for peer-to-peer networks of training, technical knowledge sharing and distribution of information to support sustainable livelihoods and the long-term viability of their communities.

Women involved in farming and fishing alike are important contributors to both national and household food security, though unrecognised, unvalued and undervalued in a sector that is still one of the most depressed sectors in society. Representatives of both these constituencies expressed consistent concerns about their food security, defined less by consumer considerations and more by production capacity and maximised nutritional content.

When asked about climate change in the context of their local environments, women shared their personal experiences and perspectives based on daily and seasonal activities. They framed the issue around timescales of immediate needs and seasonal harvest cycles. In interviews and conversations it is apparent that their understanding and articulation of the phenomenon of climate change is inexact, one common observation being the unprecedented seasonal changes and the difficulty of relying on weather patterns. However, none of the farmers interviewed drew a link between climate change, rises in sea level, increases in sea surface temperatures, coral bleaching or coastal erosion. Unlike the Pacific islands, where the rise in sea level is visible and

immediate, in the Caribbean islands this change is not yet recognised as such—what is most salient is the recurrence of climate-induced storms. The human and social dimensions of climate change are yet to be fully developed and understood in this Caribbean context.

In the country studies, challenges facing agriculture remain: finance, land availability, local or regional marketing infrastructure and labour costs. The societal stigma attached to farming is changing—and there is now a generation of young professionals (women and men) returning to the primary sector as the new income security. What is not quite clear is whether these are security concerns and/or whether there is a genuine desire to learn about farming and a less resource-consumptive approach.

The economic crisis and its lingering effects have forced a transition to alternatives and a return to multi-source income approach to livelihoods. This opportunity for more positive investment and attitudinal shifts towards farming and fishing clearly exists but needs additional support for adaptation to, and management of, climate change. Survey participants in Dominica identified concurrent action to combat climate change on three fronts (Table).

Furthermore, gender concerns are still peripheral to discussions on livelihoods and climate change. The mix of climate change, livelihoods and cyclical crises has largely had negative effects on livelihoods and well-being. Calls for consistent attention to the needs of both men and women, particularly in vulnerable rural communities, are an obvious part of the solution. Political will and leadership to ensure that each country's economic development is inter-locked with environmental and gender issues is needed more than ever.

In 2013, agricultural thinking in the region still continues to be dominated by preserving a commodity-based agriculture value-chain framed by trade preferences. "While various attempts have been undertaken to harness the capacity for domestic consumption or to turn crops or agricultural waste into bio-ethanol, as yet none of this is about creating regional food security" (Jessop, D. (2009).

Concurrent Action on Three Fronts

(a) Restoration and Regeneration Plans	(b) Sustainability and Viability Plans	(c) Contingency and Strategic Plans
Halting degradation through unlearning destructive processes and relearning restorative processes: "we have to stop raping the soil" by over-exploiting it, over-fertilising it and using bad rotation practices (Hans Herren quoted in IFAD 2009).	Adapting cultivation and harvesting methods to local contexts in ways that enhance the diversity of the local gene pool and local food and water sources.	Protection for the future and for future generations, includes: <ul style="list-style-type: none"> ■ conservation of forests and watersheds; ■ preservation of seed varieties; ■ fishing methods that promote long-term fish stocks; and ■ sequestering soil carbon to enhance future productivity. It combines risk reduction with the creation of safety nets and contingency plans for smallholder farmers.

Reference:

Jessop, D. (2009). 'The View From Europe: Caribbean Agriculture & Food Security', Shridath Ramphal Centre website, 11 May 2009, <http://www.shridathramphalcentre.org/index.php?option=com_content&view=category&layout=blog&id=22&Itemid=100014&limitstart=10>. (accessed 11 July 2013).

Note:

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Fiscal Equity: Distributional Impacts of Taxation and Social Spending in Brazil

by Fernando Gaiger Silveira, Ipea; Fernando Rezende, EBAPE/FGV;
Jose Roberto Afonso, IBRE/FGV and Jhonatan Ferreira, SAS Institute Brazil

A behavioural analysis of the distributional impacts of tax policy and public spending shows that the Brazilian tax system has remained quite regressive, and, as an innovation, there have been gains, some quite significant, in the progressivity of social spending. While, in 2003, the progressivity of social spending moderately compensated for the regressivity of the tax system, in 2009, with the increase in social spending and the deepening of its progressivity, its distributional effects have overcome the concentrating impact of collection.

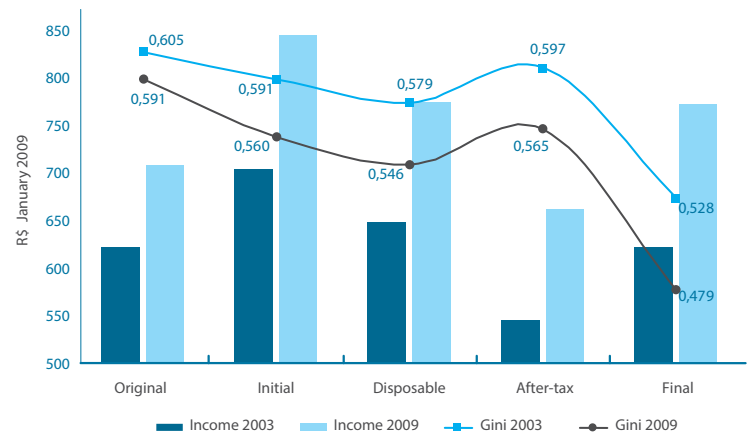
The regressivity of the Brazilian tax system—that is, the excessive burden that taxes have on the income of the poor and the intermediate income strata of the population—is due to indirect taxes or, more specifically, their magnitude. Such regressivity in indirect taxation does not clash with the international reality, but the burden of indirect taxes in tax collection enhances its income concentration effect. In turn, the progressivity of direct taxation is relatively high; however, the distributional effect is attenuated by the small burden that these taxes place on income. As such, the regressivity of the tax system in Brazil is not so much a result of the progressivity and regressivity of direct and indirect taxes, respectively, but of how important each of these types of taxes is for income. Between 2003 and 2009, the tax burden on families did not increase, while there was a significant drop in income inequality—resulting from the social spending component of the country's fiscal policy.

The areas placed under these dynamics—of greater amounts spent and higher progressivity—include the national social security regime (*Instituto Nacional do Seguro Social*, INSS), public education and health and social welfare, especially the *Bolsa Família* programme. Even the highly-regressive income 'stratum'—public employee retirement and other pensions—boasted a distributional effect of income, as there has been a decline in its income share and a decrease in the degree of regressivity.

The dynamics of the progressivity/regressivity of spending can be seen in the figure, in which the bars show the average per capita household incomes in the different income stages, according to state intervention: (i) original income, which considers all revenue, except benefits received by households; (ii) initial income, which considers the original income plus benefits; (iii) disposable income, which is initial income minus direct taxes; and (iv) after-tax income, which is disposable income minus indirect taxes. Finally, when we add the monetary value of benefits-in-kind—public health and education—we arrive at (v) the final income.

There was a reduction in income inequality with the provision of social security welfare benefits and the incidence of direct taxes. This reduction is partially reversed through the incidence of indirect taxes, because of the regressive nature and size of these taxes. Social spending on education and health, however, lead to a very significant decrease in inequality.

Behaviour of the Gini Index in the Total, Original, Initial, Disposable and Final Incomes—Brazil, 2002-2003 and 2008-2009 (per capita monthly incomes, 2009 amounts, BRL)



Source: POF/IBGE micro-data. Creation: Ipea.

Comparing the Gini indices for the 2003 and 2009 original income levels, there is a relatively smooth decline in distribution inequality. This change becomes more pronounced when looking at initial income—the Gini index dropped 5.0 per cent in 2009, compared to a decline of only 1.7 per cent in original income. This difference was only slightly altered when considering direct and indirect taxation; however, it grows substantially when public spending on education and health is added. In 2009, the Gini index for final income was 9.6 per cent lower than in 2003, which is almost double the drop in inequality achieved through social security and assistance policies. Therefore, it is clear that the progress made in 2009 is due to social policies and not to changes in the tax structure.

Results show that, if there is one new component in fiscal policy, it is the increased importance of social spending in conjunction with a deeper progressive profile. As such, the increased criticism of the tax burden is rather surprising—and is reflected in initiatives such as the *Impostômetro* (tax meter), the number of work days needed to pay taxes and no-tax day—seeing as how the most significant changes were not in the amount of taxes but, rather, their destination. Given this situation, it seems that this is not a reaction to the size of the burden but to the changes in the tax spending profile.

Reference:

Gaiger F. S. et al. (2013). 'Fiscal Equity: Distributional Impacts of Taxation and Social Spending in Brazil', *IPC-IG Working Paper No. 115*, Brasília, International Policy Centre for Inclusive Growth.
This work was supported by CNPq.

Social Assistance in Developing Countries

by Armando Barrientos, Professor and Research Director of the Brooks World Poverty Institute at the University of Manchester

In a comparatively short period of time, programmes providing direct transfers in cash and in kind to households in poverty have expanded to reach between 740 million and 1 billion people in the South. The book *Social Assistance in Developing Countries* provides a comprehensive account of the global growth of social assistance transfer programmes in developing countries.

Social assistance describes programmes and policies addressing poverty and vulnerability. In the 'golden age' of European welfare states, social assistance was seen as a residual institution and expected to wither away. In the last two decades, developing countries have introduced or expanded innovative forms of social assistance contributing to the reduction of global poverty.

The book is divided into two parts: foundations and practice.

Part I develops a framework linking the ethics of assistance, poverty analysis, the economics of social assistance and institutional dynamics. It argues that assisting people in poverty can be grounded on a political notion of justice which gives priority to assisting disadvantaged groups with the aim of securing their full participation in society.

Together with a primer on poverty analysis, this informs a discussion on optimal transfer programmes. The economics of optimal transfer programmes suggests ways in which programme design features could improve the effectiveness of antipoverty transfers.

Part II focuses on existing practice in developing countries. Research aiming to take a comparative view of social assistance will face the challenge of organising the considerable diversity in programme design and objectives; therefore, classification into three categories is proposed: pure income transfers; transfers combined with asset accumulation; and integrated antipoverty programmes.

The classification is based on the understandings of poverty underpinning these programmes. Pure income transfers focus on income or consumption poverty. Transfers combined with asset accumulation are based on multidimensional perspectives on poverty. Integrated antipoverty programmes stress the role of social exclusion. This classification helps to analyse three key features of social assistance in the South: attention to incentives; packaging of interventions; and a focus on enhancing productive capacity.

A chapter is devoted to the three I's: incidence, implementation and impact. It notes the relative advantage of a process approach to beneficiary selection over 'targeting' approaches. It argues that greater attention needs to be paid to implementation issues than has been the case in the literature. Summarising the growing evidence on the impact of social assistance, it confirms the basis for a growing consensus on the effectiveness of well-designed and well-implemented programmes, alongside significant evidence gaps.

Researchers have paid scant attention to the politics of social assistance. A discussion of politics is linked to a discussion of financing. The dominant 'resource mobilisation' perspective favoured by donors is contrasted with a more rounded approach to financing which incorporates incentives and legitimacy into the financing mix. The financing options open to developing countries involve resource revenues and consumption taxes, each with distinct challenges.

Where do we go from here? The book argues that the best way to understand the growth of social assistance in developing countries is in terms of institution building.

Democratisation has placed a premium on the inclusion of low-income and vulnerable groups. Growth has expanded the fiscal space available to policymakers. The remarkable expansion of transfer programmes in the South signals a route to establishing strong and stable institutions in the South capable of reducing poverty to zero and keeping it there.

Note:

Social Assistance in Developing Countries was published by Cambridge University Press in August 2013.

Human Development Challenges of a Metropolis: Mumbai

by M. H. Suryanarayana, Indira Gandhi Institute of Development Research, Mumbai¹

Mumbai, the capital city of the state of Maharashtra in India, is in fact the financial capital of India. With a population of 13.4 million (Municipal Corporation of Greater Mumbai, 2010), it is the most populous city in India. It is also the most prosperous city in India, with the highest levels of per capita income and consumption. It is one of the top 10 financial centres of the world.

Its commercial activity and prosperity has attracted migrants from all over the country. As a result, there are pockets of slums all over the city, including Dharavi, one of the largest and best-known slums in the world. Mumbai has four more slums which are larger than Dharavi.

Given the prosperity, market infrastructure and access to modern facilities, one would expect a population homogenous in terms of the different human development indicators, in terms of levels as well as spread. A moot question would be how prosperous is the city in terms of human development dimensions.

Information on relevant indicators of human development is not available; the limited available information on proxy indicators has its own limitations.

Thus, we draw radar charts/profiles of human development across wards in Mumbai in terms of the following indicators which have a bearing on the three major dimensions of human development:

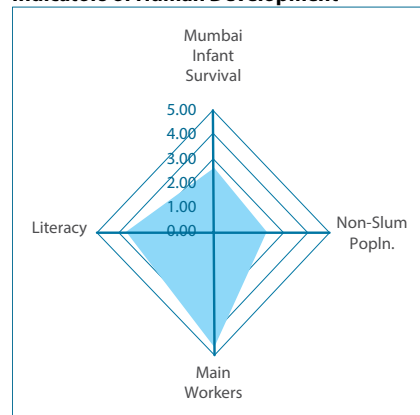
- total literacy rate (2001);
- proportion of slum population (2001);
- proportion of marginal workers² (2001); and
- infant mortality rate (2006).

Total literacy rate is used as a measure for knowledge; relative shares of slum population and marginal workforce as surrogates for measures of deprivation in standard of living or income; and infant mortality rate to gauge the health status. Information on all these indicators is normalised according to the Human Development Index (HDI) rule with reference to the goalposts. The goalposts fixed for literacy rate, slum population (percentage) and marginal workers (percentage) are at their lower and upper bounds.

The last three of these four indicators are measures of deprivation. Since human development is a measure of achievement, these three indicators of deprivation are transformed into measures of achievement by taking their complements. Finally, their scale is changed to fall in the interval of 0–5 to facilitate a radar plot.

Their radar profiles bring out contrasting performances of wards by the four indicators considered.

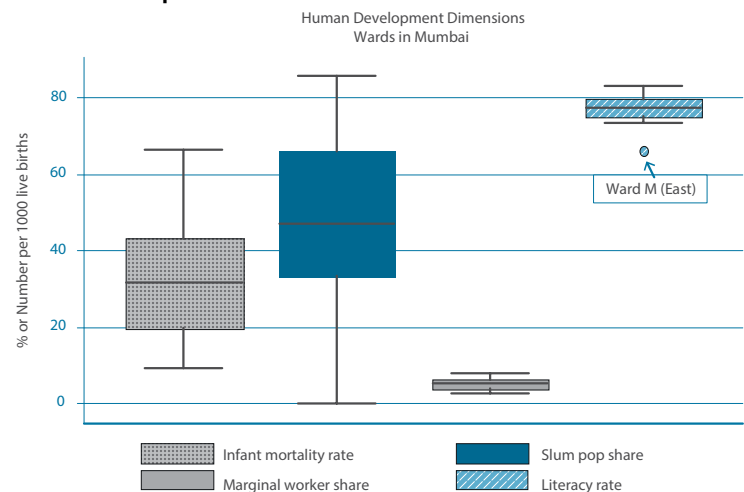
Figure 1: Mumbai Indicators of Human Development



Finally, the aggregate profile for Mumbai as a whole presented in Figure 1 demonstrates the inadequate performance with respect to infant survival and non-slum population factors.

The box plot (Figure 2) shows quite clearly the uneven performance across wards on account of these two factors.

Figure 2: Mumbai Human Development Dimensions



The messages which emerge from the analysis are as follows:

- Even within metropolitan Mumbai, there are wards performing quite poorly in terms of infant survival rate. This feature is also perceptible at the aggregate profile for Mumbai. This is one area which calls for serious policy attention and response.
- Another factor which accounts for inter-ward differentials in human development radar profiles is the share of non-slum population. Thus, habitation is another issue which has to be addressed on a priority basis.
- As regards educational achievement, though the spread across wards is relatively even, ward M (East) is not even in the mainstream and needs policy focus.
- The lack of sound information on all related indicators of human development is a constraint on situation review, policy choice and evaluation. Therefore, there is an urgent need to address this issue by improving or setting up a sound institutional capacity to monitor human development in Mumbai.

Reference:

Municipal Corporation of Greater Mumbai (2010). Mumbai Human Development Report 2009. New Delhi, Oxford University Press.

Notes:

1. Thanks are due to Dr Sangita Kamdar for the information base.
2. A marginal worker is one who has worked for less than 180 days during the reference period.

Human Development Income Transfers in the Longer Term

by Armando Barrientos, Professor and Research Director of the Brooks World Poverty Institute at the University of Manchester

In the remarkable expansion of anti-poverty transfer programmes in developing countries in the last decade, human development income transfer programmes, popularly known as conditional cash transfers, have played a very significant role. Their core feature combines income transfers to households in poverty with measures to facilitate investment in human development, particularly among children.

From their humble beginnings in Mexico and Brazil as interventions responding to crises, they have evolved into flagship institutions leading national anti-poverty strategies. They have now spread to countries in Africa, the Middle East and Asia.

Bolsa Familia's 10th anniversary provides an opportunity to speculate on their future role.

Current debate on the post-2015 international development agenda helps identify some parameters of their future role. Trends in global extreme poverty suggest that the Millennium Development Goal target to halve the share of the world's population living on less than USD1/day will be achieved by 2015.

Projecting these trends into the future suggest that a zero target for 2030 can be achieved.

Sustaining poverty reduction trends into the future will not be easy; it will require high and sustained economic growth as well as effective social policies to ensure a fair distribution of the opportunities and benefits generated by growth.

For middle-income countries in Latin America, and elsewhere, a zero target for extreme poverty is within reach. However, sustaining zero poverty will prove challenging. It will prove just as challenging as the efforts to drive poverty towards zero rates—if not more so.

The central challenge for middle-income countries is to equip their emerging welfare institutions with the capacity to transition from a primary focus on (extreme) poverty reduction to a focus on sustaining poverty eradication.

Maintaining poverty at zero or near zero levels requires strong, innovative and dynamic welfare institutions, in addition to economic growth and the provision of quality basic services.

In the context of human development income transfer programmes in the region, this involves managing two key progressions and satisfying one condition.

First, it requires a progression from flagship programmes aimed at driving poverty to zero to stable and permanent institutions capable of sustaining zero poverty.

Second, it entails a shift in perspective, placing greater emphasis on the role of social assistance in ensuring human development and opportunity as a means of achieving social and economic inclusion for disadvantaged groups.

A condition for these two progressions is the presence of positive policy-to-politics feedback effects capable of sustaining political support for social assistance.

The evolution of *Bolsa Familia* in its first decade provides important lessons for other countries regarding these two transitions.

The growing institutionalisation of *Bolsa Familia*, and social assistance more broadly, including the formation of the Ministry of Social Development and Zero Hunger in 2004, point in the direction of stable and permanent institutions capable of sustaining zero poverty.

Debates around the role of social assistance, including *Bolsa Familia*, identify the options ahead in terms of extending social and economic inclusion in Brazil. Human development income transfer programmes have a promising future at the centre of emerging welfare institutions in the South.

Reference:

Barrientos A. (2013). 'Human Development Income Transfers in the Longer Term', *IPC-IG Working Paper No. 116*, Brasilia, International Policy Centre for Inclusive Growth.

A Re-examination of the Expected Years of Schooling: What Can It Tell us?

by José Irineu Rangel Rigotti,¹ Diana Oya Sawyer,² Laécia Rodrigues de Souza² and Clarissa Guimarães Rodrigues²

Expected Years of Schooling (EYS) is a measure of the number of years of schooling a child at the start of their education trajectory is expected to receive, if current rates of enrolment are maintained throughout the child's life (UNESCO, 2009). It is one of the components of the education indicator in the Human Development Index (HDI) (UNDP, 2010). Among the advantages of using this indicator are that it takes into account both stock and flow dimensions in the school system, and that it does not require standardisation in comparisons involving countries with distinct age profiles.

One of the shortfalls of the EYS is that it does not capture age-grade-specific enrolment structures, which in turn could represent different flows of promotions, repetitions, late entries and school drop-outs. Therefore, the indicator tends to be overestimated in regions where the repetition rate is high—as in the case of Brazil—since repeating students have the same contribution to the average schooling as regular students, according to the UNESCO (2009) method.

This study proposes adjustments to the original indicator by introducing a new weighting function. A regular student contributes one year to the EYS indicator, while a late student contributes a fraction of a year, which will be proportionally lower according to his/her age-grade gap. Thus, in addition to age and enrolment, the adjustment also takes into consideration a third component, related to the grade in which the student is enrolled. This adjusted indicator for comparative purposes works better if calculated up to an age compatible with the completion of the last cycle in the school system.

Equation 1 calculates Adjusted Expected Years of Schooling (EAYS).

The ratio $\left(\frac{a_{i,x}}{r_{i,x}}\right)$ is the adjustment or weighting factor.

$$EAYS_{\alpha} = \sum_{x=\alpha}^{\omega} \sum_{i=1}^z \left(\frac{a_{i,x}}{r_{i,x}}\right) \times \frac{f_{i,x}}{p_x} \quad (1)$$

i = grade of pupils aged x ;

z = highest grade finished by pupils aged x ;

$a_{i,x}$ = years of schooling concluded by pupils, up to grade i at age x ;

$r_{i,x}$ = years of schooling a regular pupil would have concluded by grade i at age x ;

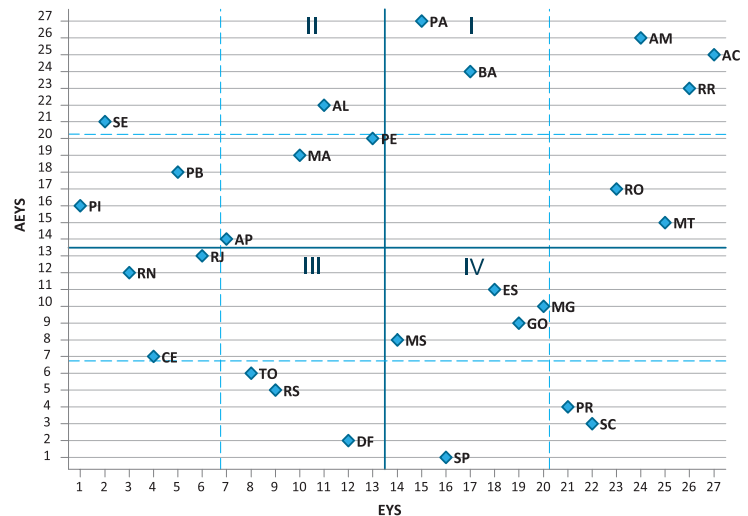
$f_{i,x}$ = number of pupils enrolled in grade i at age x ;

p_x = population at age x .

The original and new indicators—EYS and AEYS—were calculated for the population aged 6–18 years for all 27 Brazilian states. The figure depicts the overall changes in the ranks of the Brazilian states, by plotting the highest value in the first position and the lowest in 27th position.

The most interesting results are found in Quadrants II and IV, since Quadrants I and III do not show a clear pattern of improving or worsening positions. Quadrant II includes states that ranked lower after the age-grade adjustment. These are predominantly in the Northeast, such as Piauí (PI), Paraíba (PB) and Sergipe (SE), which went from 1st, 5th and 2nd places,

Position of States According to Expected Years of Schooling (EYS) and Adjusted Expected Years of Schooling (AEYS)—Brazil, 2010



Source: Author's elaboration based on the 2010 Brazilian Demographic Census.

respectively, to 16th, 18th and 21st, respectively. The Northeast is one of the most impoverished regions of Brazil, and is also characterised as having the poorest levels of school performance in the country. This exercise clearly shows that the original EYS is inappropriately inflated due to high levels of repetition that affect students in that region. Quadrant IV shows states that moved up in the ranking after the adjustment: São Paulo (SP), Santa Catarina (SC) and Paraná (PR) moved from 16th, 22nd and 21st places, respectively, to 1st, 3rd and 4th, respectively. They are located mainly in the South and Southeast, the two more developed regions of Brazil.

Our findings suggest that the proposed indicator—Adjusted Expected Years of Schooling—is more suitable to the localities with irregular school flows. Its use can bring greater robustness to the measure, ensuring a fairer comparison among countries or regions, by overcoming some of the shortfalls in the original Expected Years of Schooling indicator.

References:

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- UNESCO Institute for Statistics (2009). *Education Indicators: Technical Guidelines*. Paris, United Nations Educational, Scientific and Cultural Organization.

Notes:

1. Centre of Regional Development and Planning (CEDEPLAR) and Department of Demography, Federal University of Minas Gerais (UFMG).
2. International Policy Centre for Inclusive Growth, UNDP.

Bolsa Família, Occupational Choice and Informality in Brazil¹

by Ana Luiza Neves de Holanda Barbosa² and Carlos Henrique L. Corseuil³

This study assesses the impact of the conditional cash transfer programme, *Programa Bolsa Família* (PBF), on the occupational composition of the Brazilian labour market. In particular, the goal is to analyse to what extent the PBF distorts the occupational choice of beneficiaries in the sense of making them more likely to opt for an informal occupation.

The motive behind this investigation is the idea that income from informal employment is less visible to the institution managing the programme than income from formal employment.

There is, however, a major challenge in evaluating the effects of the PBF on the adult labour supply. Participation in this type of programme is voluntary. Therefore, the group of beneficiaries may differ in certain aspects from the group of non-beneficiaries, which might affect both participation and the choice of occupation. This makes it difficult to find a comparison group that resembles the treatment group.

Our strategy for identifying the PBF's effect on occupational choice seeks to isolate the programme's real effect from these differences in the unobservable characteristics of individuals.

One of the major contributions of our article is the application of a method that allows us to deal with the problem of self-selection within the PBF based on unobservable characteristics. We exploited a discontinuity present in the eligibility criteria of the programme, about the age of the youngest child of the household. We assumed that the discontinuity around a critical age value (16 years old) represents an exogenous variation in eligibility that could be accompanied by a variation in programme participation also around this critical value. This last variation would represent the effect of the programme on the occupational choice of the household heads.

This type of strategy is known as Regression Discontinuity Design (RDD).⁴ In particular, since eligibility does not coincide with participation in the programme, the explored methodology uses the case known as a *fuzzy* RDD. Our main identification hypothesis is to assume that the unobservable characteristics of adults in families whose youngest child reaches the age threshold for eligibility shortly *before* the beginning of the school year are very similar to those of families whose youngest child reaches the eligibility age threshold shortly *after* the beginning of the school year.

This is considered a weak assumption, given the randomness component involved in determining an individual's exact date of birth. In addition, we carried out tests whose results are consistent with the validity of this hypothesis.

The analysis is carried out with 2006 microdata from the National Household Sample Survey (PNAD) conducted by the Brazilian Institute of Geography and Statistics (IBGE).

Unlike what was found in the existing empirical literature, our results suggest that the cash transfer has no impact on the occupational choice of Brazilian adults

among formal and informal jobs. This result appears in estimates both in a sample of household heads (Table 1) and in what we will call secondary jobs—that is, those who contribute at home with the second largest source of income from work, secondary to the income from the main occupation held by the head of household (Table 2). It is worth mentioning that this result is solid in a wide range of situations that we have considered. Twelve separate household samples were used to estimate our parameter of interest. In all these situations, the estimate was statistically nil.

Table 1: Impact of the PBF on the Occupational Choice of the Household Head

	Total Sample All households receiving the PBF benefit		Filter I Households with PCHIs < BRL700.00		Filter II Households with PCHIs > BRL50.00 and PCHIs < BRL700.00	
	Coef.	Optimal Window	Coef.	Optimal Window	Coef.	Optimal Window
<i>Bolsa-Família</i> (standard error)	-3.237 (3.329)	1.61	-2.417 (1.460)	1.78	-2.429 (1.485)	1.76
<i>Bolsa-Família</i> (bandwidth = 110) (standard error)	-2.339 (1.612)	1.77	-2.846 (1.797)	1.96	-2.629 (1.580)	1.94
<i>Bolsa-Família</i> (bandwidth = 125) (standard error)	-1.996 (1.387)	2.01	-2.607 (1.875)	2.23	-2.697 (1.747)	2.20
<i>Bolsa-Família</i> (bandwidth = 150) (standard error)	-1.122 (0.973)	2.41	-2.539 (1.614)	2.67	-2.648 (1.563)	2.64

Source: IBGE, 2006.

Table 2: Impact of the PBF on the Secondary Occupational Choice

	Total Sample All households receiving the PBF benefit		Filter I Households with PCHIs < BRL700.00		Filter II Households with PCHIs > BRL50.00 and PCHIs < BRL700.00	
	Coef.	Optimal Window	Coef.	Optimal Window	Coef.	Optimal Window
<i>Bolsa-Família</i> (standard error)	-1.196 (1.339)	1.74	-1.997 (1.355)	1.81	-1.904 (1.347)	1.91
<i>Bolsa-Família</i> (bandwidth = 110) (standard error)	-1.614 (1.563)	1.92	-1.970 (1.366)	1.99	-1.626 (0.983)	2.10
<i>Bolsa-Família</i> (bandwidth = 125) (standard error)	-1.304 (1.627)	2.18	-1.347 (1.236)	2.27	-1.301 (1.208)	2.38
<i>Bolsa-Família</i> (bandwidth = 150) (standard error)	-1.107 (1.023)	2.62	-1.481 (1.235)	2.72	-0.854 (0.956)	2.86

Source: IBGE, 2006.

References:

IBGE (2006). Pesquisa Nacional por Amostra de Domicílio. Brasília, Instituto Brasileiro de Geografia e Estatística.

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Notes:

1. The authors would like to thank Sergei Soares for several explanations on the inner workings of *Bolsa Família*. We benefited from valuable comments from our colleagues Peter Herculano de Souza, Miguel Foguel and Fábio Soares. Finally, we are grateful to Italo Cabral de Souza for his assistance in processing the 2006 PNAD.

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3. Researcher and Deputy Director of Disoc at Ipea. Email: carlos.corseuil@ipea.gov.br.

4. See Imbens and Lemieux, 2008.

Bolsa Família and Fertility Transition in Brazil

by José Eustáquio Diniz Alves, Researcher at the National School of Statistical Sciences (ENCE) of the Brazilian Institute of Geography and Statistics (IBGE) and Suzana Cavenaghi, Researcher at ENCE/IBGE

The debate about the relationship between income and life events such as mortality and fertility has been ongoing for over 200 years. It remains a recurring topic of modern debate. In the last decade of the 18th century, the Marquis de Condorcet, in France, and William Godwin, in England, believed that economic development—leading to improvements in the quality of life—would have the effect of reducing not only mortality rates but also fertility rates. However, in his *Essay on Population*, published in 1798, Thomas Malthus takes issue with the progressive ideas of the two rational Enlightenment thinkers.

History has proven that Condorcet and Godwin's optimism was well founded—international data show that vital rates fall concomitantly with a rise in income, as stated in the theory of demographic transition. All countries in the world that have succeeded in their development and in eradicating poverty boast low mortality and fertility rates. Development and demographic transition are modern and synchronous phenomena that feed into each other. The advances of productive forces and the eradication of poverty contribute to reducing both fertility and the demographic dependency ratio, thus creating a window of opportunity that accelerates the process of improving quality of life.

However, some members of the public consider that the *Programa Bolsa Família* (PBF)—which offers benefits that increase according to the number of children, up to a maximum of five (three children aged 0–15 years and up to two adolescents aged 16–17 years)—could have a pronatalist effect, which would curb the decline in fertility among the low-income population.

However, academic studies show that, in practice, the PBF has not caused an increase in the number of children in beneficiary households. Based on the study 'Impacts of *Bolsa Família* in Reconfiguring Family Arrangements, in Gender Asymmetries and in the Individuation of Women' conducted in the city of Recife in 2007/2008, Alves and Cavenaghi (2011) show that there was no significant difference in reproductive behaviour among women living in households registered in the Single Registry (*Cadastro Único*) that benefited from the PBF and those that did not.

Although the trend of beneficiary families having a slightly higher fertility rate does exist, and there is, indeed, a slightly higher share of women who have three or more children (22.7 per cent versus 16.4 per cent among non-beneficiaries), the presence of a larger number of children tends to reduce per capita income, thus increasing the likelihood of families becoming eligible for PBF benefits. As such, the direction of causality between the number of children and those receiving PBF benefits would be the opposite. Women do not have more children because they receive PBF benefits—rather, by having more children, and thereby reducing per capita household income, women qualify for PBF benefits.

The higher fertility among the poor and less-educated population—with lower consumption rates and worse housing conditions—is a reality found throughout all reproductive behaviour studies conducted in Brazil.

Literature shows that, to a large extent, the higher fertility rate is due to a lack of access to sexual and reproductive health services, as well as a lack of professional and educational prospects and of a life trajectory that would enable the cultural and material progress of these young women.

The study data also show that there is a high percentage of women in unplanned pregnancies, regardless of whether they receive PBF benefits. In a way, this confirms the hypothesis that these women are in the programme because they had children—not the opposite. As noted in demographic literature, women with lower income and education levels in Brazil start having children earlier (rejuvenation of fertility) and also perform 'control by termination' earlier, after having had a certain number of children. As these women find it difficult to gain efficient and steady access to contraception methods, they eventually resort to sterilisation after exceeding the ideal family size.

That is, research shows that, much like the entire Brazilian population, the poor portion of Recife's population registered in the Single Registry has also undergone the process of fertility transition. Both the women who receive PBF benefits and the women who do not wish to have fewer children. However, there is a perverse effect that takes place due to the high rate of unplanned pregnancies, as the Unified Health System (*Sistema Único de Saúde*—SUS) has been unable to make sexual and reproductive health services universally accessible.

Despite the SUS's shortcomings, fertility rates have dropped, from around six children per woman (before 1970) to fewer than two children (in 2010). There has been a widespread trend towards smaller family sizes.

There has also been a convergence between the fertility rates of women in different income groups; in recent times, this reduction has been greatest among the poorest households. Projections show a continued decline in the coming decades.

Although the PBF has what could be considered a pronatalist design, in practice the poor population covered by it continues to experience a decline in fertility. This happens due to the reversal in the flow of intergenerational wealth, as well as reductions in gender inequalities and gains stemming from social inclusion in the country. History is full of examples that show that citizenship is the best contraceptive, and that effective reproductive self-determination contributes to the process of upward social mobility.

References:

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From *Bolsa Família* to *Brasil Sem Miséria*: a Summary of Brazil's Recent Journey Towards Overcoming Extreme Poverty

by Luis Henrique Paiva, Tiago Falcão and Leticia Bartholo, Ministry of Development and Fight against Hunger, Brazil

The Programa Bolsa Família (PBF) has brought about two important developments for the Brazilian social protection system: 1) it has merged similar programmes, which operated separately, thus eliminating gaps, overlaps and inefficiencies; and 2) it gave that system a new dimension by expanding transfers to households mostly headed by adults of working age, ultimately reaching out to groups that had enjoyed residual coverage of the system—especially children. Before the PBF, the social protection system in Brazil was mostly based on contributory and non-contributory benefits granted preferentially to individuals who had lost their productive capacity.

With regards to its institutional arrangements, the PBF's emphasis on conditionalities as a way to ensure families' access to basic education, health and social assistance services required strong intersectoral coordination. Institutional efforts to implement the PBF have also demanded intense coordination between the different layers of government (federal, state and municipality levels). The decentralised structure of social assistance services at the municipal level and of education and health structures has been key to the implementation of the programme at the local level.

However, the evolution of the programme hinged mainly on the creation of the Single Registry of Targeted Social Programmes, made possible by the coordination of the different layers of government to implement the PBF, the main user of the registry. The Single Registry currently encompasses 23 million registered low-income households. Of these, 13.8 million are PBF beneficiaries.

The PBF is at least as effective in reaching poor households as similar programmes in other countries. The adoption of self-reported income as a criterion for entering and remaining in the PBF has simplified communication with beneficiaries, given transparency to the granting of benefits and facilitated control checks. Other targeting tools are the estimated number of poor households in each municipality used as a parameter for setting the number of beneficiaries per municipality and periodic checks of the data reported by beneficiaries, cross-checking them with other administrative records.

Research on the PBF has shown that its targeting has remained very good, despite the substantial expansion of its coverage, which explains the programme's low costs (0.5 per cent of GDP) and its significant impact on reducing extreme poverty (Barros et al., 2010). It is estimated that the level of extreme poverty would be between a 33 per cent and 50 per cent higher without the PBF. The programme has also contributed to reducing income inequality, accounting for 12–21 per cent of the recent sharp decline in the Gini coefficient (Soares et al., 2010).

Studies have also dismissed fears that the PBF could discourage the participation of beneficiaries in the labour market or encourage childbearing among beneficiaries (Oliveira and Soares, 2013). Regarding education, the PBF led to lower drop-out rates and higher progression rates among beneficiaries (Simões, 2012). The longer a household remains in the PBF, the greater the impact. In the health sector, in addition to the programme's contribution to reducing child mortality (Rasella et al., 2013), it was shown that beneficiary children have higher vaccination rates and pregnant women receive more prenatal care than non-beneficiaries with a similar profile.

The programme has positive effects on the entire economy. It has a large multiplier effect on GDP and on total household income, in addition to reducing regional inequalities. These results alone would justify keeping the PBF as it was in 2010. However, the launch of *Brasil Sem Miséria* (BSM — Brazil without Extreme Poverty), with its ambitious goal of overcoming extreme poverty in a very short period of time, has brought about new challenges. One of them is to include all households eligible for the benefit but which are not receiving it. From the launch of the BSM, in June of 2011, until July 2013, over 1.1 million extremely poor families were registered in the Single Registry and added to the PBF through active search efforts made by all levels of government.

The other innovation was the effort to boost families' income so that they could overcome the extreme poverty income threshold (set at BRL70 per person per month). As such, the BSM adjusted the PBF benefit amounts; it increased the cap on the number of children and adolescents that could receive the variable benefit in each family; it began paying benefits to pregnant and lactating women; and, most importantly, it created a new benefit that closed the extreme poverty gap for all extremely poor families in the programme. Through these measures, 22 million people have overcome extreme poverty since the launch of the BSM. From an income perspective, that marked the end of extreme poverty among PBF beneficiary households.

But guaranteed income is but one of the pillars supporting the BSM. The plan also reinforces the provision of full-time education, with priority given to schools where most students are PBF participants. Through *Brasil Carinhoso*, the BSM expands access to child day care for PBF families and provides vitamin supplements and free medication. To improve employment opportunities at the local level, the BSM offers vocational training and undertakes labour intermediation, micro-entrepreneurship and solidarity-based economic activities. In rural areas, activities include technical assistance to family farmers and building cisterns in the semi-arid region.

Together, the PBF and the Single Registry have provided a solid foundation for the coordinated expansion and consolidation of policies aimed at the most vulnerable segment of the population. At the same time, the BSM poses a constant challenge to the quality of the registry and of the PBF itself, as its success hinges on their good coverage and targeting performance.

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Programa Bolsa Família and the Recent Decline in Regional Income Inequality in Brazil

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There is seemingly no doubt that the *Programa Bolsa Família* (PBF) has contributed significantly to reducing income inequality among Brazilians during the last decade (Soares, 2012). A product of a timely correlation between the nature of the programme and the nature of regional income disparities in Brazil, the PBF's distributional impacts have an important spatial dimension that has not been explored in depth in the existing literature about the programme.

In terms of public policy design, the PBF, by promoting universal access to basic education, for example, constitutes a **spatially blind** type of public policy, as its focus is defined by the social standing of individuals, without any reference to their territorial or regional location. In this sense, it is quite distinct from traditional political policies focused on attracting productive (and, generally, industrial) investments to the poorest regions, such as in the use of Constitutional Funds for regional development (FNE for the North-East, FNO for the North and FCO for the Centre-West regions) or policies for directing credit with spatial conditionalities, as in the case of Banco do Nordeste's CrediAmigo microcredit programme.

Regional income disparity in Brazil is characterised by the fact that poorer states are geographically clustered in the north-east and north of the country and have high numbers of people living in poverty and extreme poverty: these are poor neighbouring states with many poor inhabitants. For example, in the specific case of Maranhão (the poorest state in the country), in 2006, 39.5 per cent of the population had a per capita household income lower than the PBF's upper limit at the time, of BRL100, while in São Paulo, in that same year, the proportion was only 5.8 per cent. In such a situation, public policies that focus on the poorest people ultimately have a stronger relative impact on the incomes of the poorest states.

This is exactly the case of the PBF. The table illustrates this point clearly: the traditional Gini index is used as an indicator of inequality in the per capita income distribution among the states. With a share of only 0.5 per cent of the total income (average for 1995 and 2006), the numbers in the second column indicate that the PBF accounted for almost 15 per cent of the reduction in regional income inequality in Brazil between 1995 and 2006, of about 12.2 per cent.

Impact of the *Programa Bolsa Família* on Regional Income Inequality among Units of the Federation 1995–2006 (%)

	Share of total income (average 1995–2006)	Contribution to reducing regional inequality	Elasticities of regional inequality in relation to income sources
Labour income	80.22	76.00	0.036
Retirement and other pensions	15.71	-5.4	-0.011
Capital or property income	3.25	0.7	0.003
Programa Bolsa Família	0.50	14.8	-0.020
Continued Cash Benefit (BPC)*	0.34	8.9	-0.012

Note: * BPC is a benefit for elderly people or persons with disabilities living in extreme poverty. Source: Silveira Neto and Azzoni (2012). During this period, there was a 12.2 per cent reduction in the Gini index (from 0.2214 to 0.1942).

Other sources of non-labour income sometimes account for a greater share of the total (e.g. retirement and other persons) but contribute far less towards mitigating regional inequality in Brazil.

Finally, the table's third column shows the measures (elasticities) that inform us about the percentage impact on inequality triggered by a 1 per cent variation in each income source. In the case of the PBF, a 1 per cent increase in programme funding was associated with a 0.02 per cent reduction in regional inequality (as measured by the Gini index). No other non-labour income boasts a greater distributional impact, and all other variations entail much higher costs.

Finally, the evidence presented in the table leaves very little doubt as to the role of labour income in the evolution of regional income inequality in Brazil. With the PBF's extension threshold about to be reached (there are progressively fewer eligible individuals still excluded), it is likely that the importance of labour income will continue to rise. Also increasingly important are policies that allow for a better insertion of the poorest people into the labour market (e.g. by improving public education).

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What is the Future of the *Bolsa Família*?

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The Bolsa Família Programme, the biggest cash transfer programme of its kind, is now 10 years old. It is only natural that we should start to think about its future.

When speculating about the programme's near future, two distinct visions come to mind. In the first, by transferring cash to eligible poor people and targeting social services at them, the programme will take over the core of the Brazilian welfare state. In the other, the programme will find a proper place within a universalistic, rights-based social welfare architecture. In the first vision, the programme would absorb the energies of the welfare state, while in the latter it would be absorbed by it. Both extreme possibilities are latent in the programme's cash-cum-service design: *Bolsa Família* provides cash to beneficiary families with children and sets requirements of service use for continuing eligibility, all this in a setting where the public supply and quality of social services are seriously deficient. This suggests that to fulfil one vision or the other, existing services must be either targeted at poor households or extended to both poor and non-poor. Another point of contention is eligibility itself, which, in one vision, should remain a necessary but not sufficient criterion of access to the transfers, while in the other it should be converted into an entitlement. Although a caricature to some extent, these distinct conceptions seem to account for a perceived dissonance among public officials regarding issues such as eligibility criteria, benefit levels, the moral, efficiency and effectiveness aspects of conditionalities, and other relevant minutiae.

One way to 'decide' which road to take is to recall the original vision. But what was the original vision, the 'spirit of 2003', and what is needed for the programme to live up to that vision?

Back in the origins of the 2001 *Bolsa Escola*, and especially later with the 2003 *Bolsa Família* programme's inclusion of extremely poor childless families, one finds a plain rejection of pauperism. These programmes were based on the non-pauperist assumption that poverty is not fundamentally a matter of wrong choices by poor people but, rather, a lack of social and economic opportunities and protection—a diagnosis that couches them in the tradition of the universalistic welfare state (the second vision described above). After a somewhat irregular evolution, recent adjustments in *Bolsa Família* have reinforced this impression: more children were allowed in, a two-year permanent income criterion together with automatic readmission were included, a shift was made from poverty alleviation to extreme poverty elimination and thus from efficiency to effectiveness concerns. The programme's budget, as a result, increased from the initial 0.2 per cent of GDP in 2003 to more than 0.5 per cent in 2012.

But the programme still leaves a lot of poor people uncovered, by budget and design. Among those excluded by design are childless families living between extreme poverty and the poverty cut-offs and all those obviously poor though with income levels above the programme's very low poverty thresholds. Also, the meagre benefits, especially the basic benefit to

extremely poor households, have not risen in line with inflation rates and thus have suffered a decline in real terms. In fact, although the programme is great at reducing inequality among poor households and extreme poverty (because of the very low cut-offs), it has not been as good at reducing poverty, even under the official floor (Soares, 2012).

The programme's non-pauperist vocation then requires its universalisation, with the provision of adequate benefits to all Brazilians who need them, which in one simulation would raise the budget to around 1.5 per cent of GDP (Monçores, 2012). The figure, though small, is not as 'invisible' as the marketing of the conditional cash transfer programmes often boasts. This suggests that to redress past injustices in the distribution of social opportunities, as they are crystallised in present poverty, renewed discussion of the social contract seems inescapable. So there is going to be some political debate in the future.

A non-pauperist orientation may also entail a readjustment of our current arrangements concerning opportunities in connection with *Bolsa Família*. Thus far the burden has mainly been borne by the beneficiaries, who risk losing the transfers if they do not ensure their children go to school and attend health check-ups. And yet good public provision—rather than the willingness of beneficiaries to use services—is what is lacking. Although a new emphasis on the provision of services to beneficiaries suggests an increasing awareness of these problems, an undesirable collision between draining social services to poor people and the legally guaranteed universality of these services to all Brazilians is foreseeable. This is a fearsome prospect, not the least because the biggest protection to quality services for poor people is that they cater to the standards of potential middle-class users. Also, an emphasis on conditions or counterparts to cash transfers constitutes a distraction from the real objectives of the policy (Kerstenetzky, 2013). One should not neglect the unintended implications in terms of norms and perceptions that non-poor people who fund the policy end up developing, such as that there is no free lunch. Cash transfers for poor people are not a free lunch. They are a repayment of a social debt—a historical debt that Brazilians do not want to perpetuate. That is why they concocted a cash-cum-services programme. So, making explicit the non-pauperist assumptions of the *Bolsa Família* programme—and unambiguously acting on them—may be the expected contributions of the public officials in charge of it to the public conversation on the programme's future.

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The *Programa Bolsa Família* and its Relevance for the ILO's Concept of the Social Protection Floor

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During the last decade the role of social protection has been strengthened in the international debate on development. Inspired by various concrete examples of social policies in the Americas and elsewhere, the model of 'inclusive growth' has developed. Social protection is no longer seen only as a condition that favours development, but as an indispensable element of equity that can have sustainable effects on opportunities and the potential of a country's future development (ILO, 2011). It is now understood as a right to which everyone should have access.

This development has been strongly supported by the International Labour Organization (ILO) and was most recently expressed in ILO Recommendation No. 202 on the social protection floor (SPF) (ILO, 2012). The ILO aims to extend social protection by means of a two-dimensional strategy: the vertical dimension refers to the quantity of social security branches covered and to the quality of the benefits, and usually consists of obligatory and voluntary contributory schemes. It seeks a progressive achievement of higher levels of protection according to Convention No. 102 (on minimum standards of social security). The horizontal dimension refers to the quantity of people covered and aims at the rapid implementation of national SPFs containing basic social security guarantees at a nationally defined level in line with Recommendation No. 202. These basic guarantees are universal access to essential health services, and basic income guarantees for families with children, for people of working age who are not able to obtain sufficient income themselves, and for elderly people (ILO, 2012: art. 4–6).

The SPF leaves the concrete design and adequate combination of schemes and programmes as well as the level of the benefits to each country, allowing the adaptation of the recommendations to its context and capacities. Benefits should permit a dignified life for everyone (ibid: art. 8), and the guarantees should be inscribed into national law to turn them into a right for all citizens (ibid: art. 7). The SPF emphasises furthermore that social policies should be coordinated together with other policies (ibid: art. 10) and that a system of monitoring should be established (ibid: art. 19). Whenever possible, SPFs should be financed by national resources (ibid: art. 12). In addition member states are asked to develop 'national strategies to extend social security' (ibid: art. 14).

The SPF was inspired by different international experiences, which proved that it is—conceptually and logistically—possible to construct large-scale programmes with a positive impact on poverty and inequality. SPF policies should be coordinated with a number of other policies, such as education, employment and health, and extend the range of social protection beyond the classic contributory regimes. One example is conditional cash transfers (CCTs), which combine monetary transfers to poor families with access to social services. The Brazilian *Programa Bolsa Família* (PBF) is one of the largest and most successful CCTs, with an important demonstrative international role. The programme combines the objectives of alleviating extreme poverty through monetary transfers to families below the poverty line,

and of interrupting intergenerational poverty transmission by ensuring the realisation of the beneficiaries' right to health and education. To manage the conceptual challenges involved—for example, regarding registering, targeting and monitoring—innovative and exemplary mechanisms of coordination, evaluation and management were developed. It should be stressed that the programme reaches 13 million families (over 50 million people) at a cost of only 0.5 per cent of GDP. An additional aspect to be highlighted is the embedding of the PBF in the *Sistema Único de Assistência Social* (SUAS) and its integration into the national extreme poverty eradication plan *Brasil sem Miséria*, launched in 2011. It is thus an important element in the long-term strategy of Brazilian social security policies. The PBF also shows that it is possible to develop an anti-poverty programme that is based on rights and not a 'gift' to poor people by some governor.

In the view of the ILO's Social Protection Department, the Brazilian experience, and especially the PBF, documents that it is possible to gradually expand non-contributory policies which universalise, in a coordinated way, access to basic social benefits, at a comparably low cost and with an elevated impact as proposed by the SPF concept (UNDP/ILO, 2011; ILO, 2013).

When looking into future possible developments of the Brazilian social security system, it is very likely that the PBF will continue its development and might be increasingly linked to other social services, such as measures to support the inclusion of beneficiary adults into the formal labour market (already in process). It will be important to guarantee financing for the programme in the long term. Looking at demographics and the lower number of young people in the future suggests that the principles of universalism can be further applied by coordinating the PBF and the contributory *Salário Família*, to provide universal child benefit coverage. A programme targeting adults of working age could also evolve, offering them, for example, access to services that facilitate integration into the labour market. This is especially important, as there is still a coverage gap regarding unemployment benefits and other labour market programmes, which currently focus on formally employed workers.

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The Risks of Integration: the Rise and Recent Fall of Emerging Markets

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The increased importance of finance is the main characteristic of the current capitalist system. At the international level, the increase in cross-border financial transactions signals what has been called 'financial globalisation' or 'international financialisation'. The rise of this system is associated with the emergence of money managers—professionals seeking the best possible return for their portfolios worldwide. From the 1990s on, this liquidity has started to reach those developing countries that have liberalised their capital accounts and has since then been flowing in marked cycles. Today's slumping stock markets and major exchange rate depreciation in several emerging markets may signal the end of one these cycles.

But what are the reasons for this cyclical nature of capital flows to emerging markets? A seminal debate on this topic distinguishes between 'push' and 'pull' factors. While standard neoclassical theories would predict that higher returns due to lower capital stocks would 'pull' capital from richer to poorer countries, many scholars found that low returns in advanced countries were a primary cause of such movements, highlighting the importance of conditions external to emerging markets.

According to this framework, emerging countries' current outflows are due to a 'push factor', the (perspective of) changes in monetary policies in advanced economies; while different fundamentals lead to different scales of capital outflows.

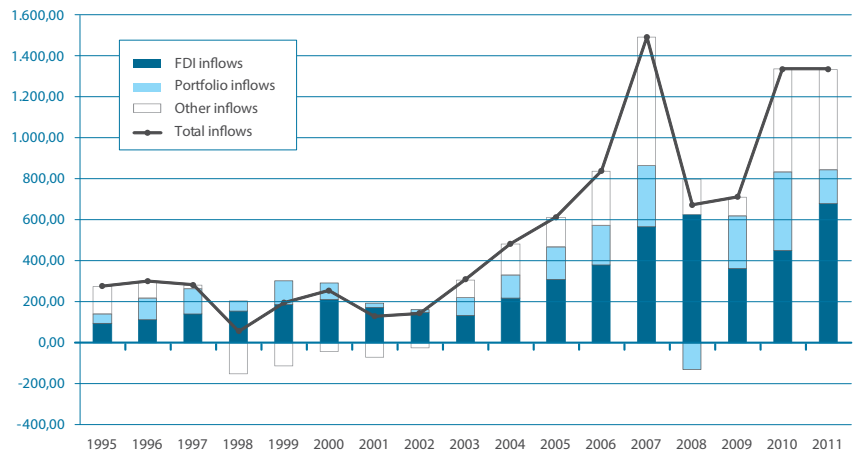
However, such analyses do not take into consideration a main feature of emerging markets: the lower liquidity of their currencies in the international financial system (see Andrade and Prates, 2013). Currencies of advanced economies, chiefly the US dollar, serve internationally as a store of value, means of payment and unit of account. Emerging-market currencies do not, and are thus subject to wide fluctuations, following changes in global liquidity provision and the state of liquidity preference.

In the case of turmoil, exchange rate and asset depreciation might put at risk any gain from portfolio allocation in these countries, limiting such investments to periods of tranquility internationally, characterised by high liquidity provision or by low liquidity preference. In such a situation, portfolios will include riskier assets, such as emerging countries' assets.

Conversely, when the preference for higher liquidity increases, due to an increase in uncertainty, or when the availability of liquidity decreases, portfolios will be limited to the most liquid assets—such as those denominated in the most liquid currencies.

Liquidity is thus a main driver of financial flows to emerging countries, and the marked cyclical nature of liquidity and, as a consequence, of flows to these countries increases their importance in determining exchange rate patterns—as investment takes place in blocks, at certain times only.

Gross Capital Flows to Emerging Markets, 1995–2011 (USD billions)



Data source: IMF, Balance of Payments Statistics.

Another important aspect that increases this cyclical nature is the influence of exchange rate gains in determining financial flows themselves: an exchange rate appreciation in a period of boom increases an investment's total return, and the expectation of higher returns increases inflows; in the bust phase, exchange rate depreciation leads to outflows as investors try to avoid losses. This captures perfectly emerging markets' current situation. Investors expect the end of a boom of liquidity with the change in monetary policies in the USA and outflows from emerging markets.

Fearing significant exchange rate depreciation, they quickly sell out these assets. As flows of funds, financial flows are related to capital stocks—in other words, outflows depend on the stock of liabilities accumulated in the boom phase. The impacts of changes in the international scenario are thus closely related to the developments of the boom phase; the potential exchange rate depreciation being intimately related to the prior appreciation.

The new configuration of capitalism, with the increased importance of finance, has important consequences for emerging countries. In this system, the role played by these countries is very specific: to provide high-return assets for portfolio allocation in periods of higher liquidity. To choose this type of integration in the international financial market, therefore, means to accept having the exchange rate, and asset prices, determined by international liquidity cycles. In light of recent events, such a choice would appear not to be best suited to fostering sustainable economic development.

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The Impact of the *Programa Bolsa Família* on Grade Repetition: Results from the Single Registry, Attendance Project and School Census

by Luis Felipe Batista de Oliveira and Sergei S. D. Soares, Institute for Applied Economic Research (Ipea)

One of the goals of targeted conditional cash transfer programmes is to increase the human capital of their beneficiaries. Were it not for that, the existence of conditionalities would not make sense. The rationale is clear: the transfer alleviates poverty today, and this condition sets families on the path to future success. However, for all this to make sense, conditionalities need to work.

However, it is not easy to ascertain the impact of the largest targeted conditional cash transfer programme in Brazil, the *Programa Bolsa Família* (PBF), on the academic performance of school beneficiaries. Unlike (a few) other programmes, which were designed to be evaluated from the very beginning, the PBF was created first and only afterwards was the issue of its impact evaluation considered. There is no control group, and, in fact, for a long time there was not even a single data source which monitored children from one year to the next, allowing for their academic performance to be measured.

Although the PBF's design remains non-experimental, today we have information from the new School Census and the School Attendance of the Beneficiaries project that is individualised and longitudinal, which means that we can now monitor children from one school year to the next and observe their school history.

Our study estimates the effect of the PBF on academic performance through the use of three individual data sources: i) the Single Registry (CadÚnico), which is the administrative registry that unifies the PBF; ii) the School Census, which collects information on each pupil; and iii) the Attendance project, which is a database of records about the attendance of children that benefit from the programme.

Unfortunately, integrating the information on each pupil from these three databases is not straightforward. There is no unique identification key that identifies, with perfection, the same child in the three databases. To that end, we have built the INEP key variable, composed of information regarding the pupils' city of birth, school code, date of birth and gender. This information can be easily obtained from the three databases.

Our results show that pupils who repeated the previous year have a 46 per cent greater chance of repeating than those who passed. Boys have a 70 per cent greater chance of repeating than girls, and pupils who are above the appropriate age range for the grade level (attainment gap) are also at a disadvantage.

One of the most significant problems is the high level of repetition among pupils with special needs. This demonstrates that the Brazilian school system has found it difficult to deal with these individuals. Data show that this group has approximately 80 per cent more chance of repeating than those who have no type of disability.

It is important to highlight that the longer the duration of the classes, the lower the chances of repetition. As expected, in terms of net values, the pupils who receive more information throughout their school day are more prepared for their exams. If class sizes are too large, there is also a greater chance of failure. With regards to the cost–benefit ratio, it seems that extending the duration of classes is more effective than reducing the class size.

The more people there are in a household, the greater the probability of repetition. The poverty level of the family can also be proxied by the number of rooms in the household: the larger the number of rooms, the lower the poverty level, and, concurrently, the lower the chances of repetition. This is also true for households that have better infrastructure, such as water and sewage services, and masonry structures. Nonetheless, the most important family variable is the parents' level of education. If a child's legal representative has completed at least primary school, this reduces the weighted probability of repetition by a little over 30 per cent.

The main objective of this paper is to assess the effect of the PBF on repetition rates. In the first approach, which focuses only on the *CadÚnico* universe, the likelihood of repetition among pupils who are PBF recipients is 11 per cent lower than for other pupils.

Observing the dose–response relationship exclusively for programme recipients, we conclude that an increase in cash transfers does not appear to generate higher or lower repetition rates. On the other hand, pupils who fulfil the programme's attendance conditionality have 40 per cent less chance of repeating than those who do not. Nevertheless, it would be rash to say that this is a direct impact of the requirement, given that the vast majority of the pupils in this model abide by the rules, and, in the absence of other instrumental variables capable of explaining this issue, we cannot overlook the fact that the attendance rates and cash transfers are endogenously related.

Given that administrative records are subject to operational errors and quality flaws, the data must be considered in a broader sense and interpreted more in terms of the trends they reveal than the actual values they convey. The continuous improvement of the *CadÚnico* (such as version 7) and of the School Census is expected to produce more dependable information. This would enable the development of future studies, with more reliable estimates. Nevertheless, the main conclusion is that there is evidence to suggest that the PBF reduces school repetition among its recipients.

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The Impact of the Expansion of the *Programa Bolsa Família* on School Attendance¹

by Lia Chitolina, University of São Paulo; Miguel Nathan Foguel, Institute for Applied Economic Research (Ipea) and Naercio Menezes-Filho, Insper and University of São Paulo

Conditional Cash Transfer (CCT) programmes have been extensively used by many governments worldwide with the dual purpose of alleviating poverty in the short term and increasing investment in human capital for children from poor families, so that they can achieve better living conditions in the long term. The first goal is usually achieved through the money transfer component of programmes, and the second by making the transfer conditional on certain actions undertaken by beneficiary families, such as prenatal care, child immunisation and school attendance of children and adolescents. Therefore, it is expected that the children of beneficiary families will acquire the necessary skills to escape from poverty in the long term.

The success of such programmes in reducing poverty, however, depends on the extent to which the transfers and conditions affect the allocation of the beneficiaries' time, particularly with respect to schooling decisions. The key contribution of this study is to perform an empirical assessment of the effects on schooling and labour supply of extending the coverage of a CCT programme to youths. More specifically, the study evaluates the impacts of expanding the Brazilian *Programa Bolsa Família* (PBF) with the creation of the *Benefício Variável Jovem* (BVJ—Variable Benefit for Youngsters) in 2007 on the time allocation of beneficiary household members.

The BVJ is a variable benefit component of the PBF that offers cash transfers to poor families and requires school attendance by family members aged 16 and 17. As school drop-out in Brazil increases significantly at age 15, the main purpose of introducing the benefit was to encourage young people to stay longer in school.

The data for the study come from the *Pesquisas Nacionais por Amostra de Domicílios* (PNAD), the main household survey in Brazil. The effects of the BVJ are estimated using the differences-in-differences methodology. Households that are among the poorest 20 per cent in Brazil and have 16-year-old adolescents are included in the treatment group. The control group consists of households that are also part of the poorest 20 per cent segment of the population and have 15-year-old children. The identifying assumption here is that whatever factors that affected the control group in the interval before and after the intervention would have affected the treatment group as well in the absence of the intervention. Note that this condition does not require that the groups are similar before the programme implementation.

Impact of the BVJ on School Attendance

Variables	Without controls	With controls
Treated	-0.07 (0.014)***	-0.066 (0.014)***
2009	0.035 (0.011)***	0.028 (0.011)***
Treated*2009	0.044 (0.018)**	0.040 (0.018)**
Constant	0.88 (0.008)***	0.921 (0.040)***
Observations	5451	5441
R ²	0.013	0.049

Source: PNAD, 2006.
Note: Robust standard error in parentheses. ***1 per cent significance;
** 5 per cent significance and *10 per cent significance.

The table presents one of the main results of the research, showing that the creation of the BVJ had a positive impact on school attendance, increasing the probability of youngsters' school attendance by 4 percentage points, even after controlling for the number of children in the household, the educational level and age of the mother, race and indicators for urban areas and state of residence.

When the sample was split by the regions of Brazil, positive effects were found on school attendance especially in the Northeast and Southeast regions. Moreover, the effects on school attendance were greater for young males and for the youngest child in the household. The effects were especially large for male youngsters who were the youngest child of the household. In sum, the introduction of the BVJ has increased school attendance of youngsters in Brazil, though perhaps by a small amount.

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Note:

1. Based on Chitolina, Foguel and Menezes-Filho (2013).

A Substitute for Substitution: *Bolsa Família's* Effects on the Combination of Work and School for Children and Adolescents Aged 10–18

by Fernando Gaiger Silveira, Institute for Applied Economic Research (Ipea); Ross van Horn, Lyndon B. Johnson School of Public Affairs, University of Texas at Austin; and Bernardo Campolina, CEDEPLAR/UFMG

Evidence suggests that insufficient household income can lead to labour supplementation by children and adolescents. The pressure on them to enter the labour market results in less time available for school activities and, ultimately, in school drop-out. Thus most impact evaluations of conditional or unconditional cash transfer programmes tend to pay special attention to programmes' impacts on children's and adolescents' school attendance and participation in the labour market. In a cyclical fashion, the so called 'substitution effect' of work for school reproduces a reality experienced by low-income parents, derived from low schooling levels, for future generations.

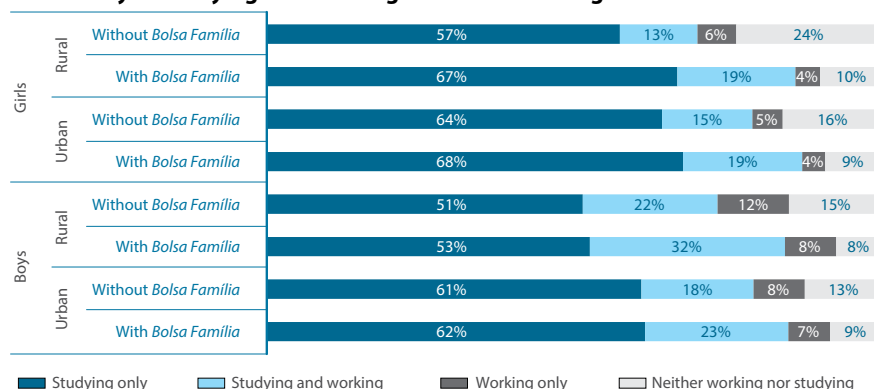
Gaiger, F.S. et al. (2013) examine the extent to which transfers from Brazil's flagship cash transfer programme, *Bolsa Família*, has affected the allocation of time between work and school for children and adolescents.

We use the 2010 census to estimate programme effects. The 2010 census is particularly suitable because it offers the most recent survey with a strong sample that directly determines the beneficiary population, which minimises the selection bias that arises when the National Household Survey is used.

Estimates were developed with the use of the multinomial logit and bivariate probit models, using inverse propensity weighting and trimming techniques. The effects of *Bolsa Família* are evaluated for 12 population groups, according to age, gender and area of residence. Here, we focus on the results for adolescents between 15 and 17 years of age, which is the age group most likely to drop out of school and/or start working.

The figure shows the predicted distribution of beneficiary and non-beneficiary children (derived from propensity score estimates) between 15 and 17 years old, according to the combination of school and work, estimated through a multinomial logit and propensity scores with weights between 0.03 and 0.95. It is in this age group that the most significant differences in rates of school attendance and participation in the workforce between beneficiaries and non-beneficiaries become evident. This finding is very marked when looking at differences between urban boys and girls. Among urban girls, *Bolsa Família* increases the probability of school attendance by 8 percentage points, with similar increases in studying only and studying in combination with work. Among urban

Probability of Studying and Working for Adolescents Aged 15–17



boys, nearly all of the difference in the probability of studying among beneficiaries and non-beneficiaries, about 6 percentage points, is due to the greater proportion of those who combine school attendance and work. Overall, *Bolsa Família* beneficiaries are about 5 percentage points more likely to attend school than non-beneficiaries. However, it is important to stress the negative impact of *Bolsa Família* on the probability of only working in rural areas. This result suggests the existence of the substitution effect in rural areas, especially for boys.

Our results call into question the idea that *Bolsa Família* would lead to a simple substitution effect between child labour and school attendance. As demonstrated in the analysis, the aggregate effect of the transfer actually increases both school attendance and workforce participation. Instead of a substitution effect, whereby the probability of only studying increases while the probability of only working decreases as a result of the programme, the results from the multinomial logit show that the main impact is the increase in the proportion of 15–17-year-olds who combine school and work, especially in urban areas. Gender differences are also very clear: the programme has a positive effect among girls, with relatively pronounced decreases in the proportion of those who do not study or work, and increases in the rate of school attendance.

Reference:

Gaiger, F.S., R. van Horn and B. Campolina (2013). 'A Substitute for Substitution: *Bolsa Família's* Effects on the Combination of Work and School for Children and Adolescents Aged 10–18', *Working Paper*, No. 121. Brasília, International Policy Centre for Inclusive Growth.

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Social Transfers: Incentives and Disincentives to Labour Insertion and Income Generation

by Simone Cecchini, Economic Commission for Latin America and the Caribbean (ECLAC)

Over the last decade and a half, conditional cash transfer (CCT) programmes—together with other non-contributory social protection programmes such as social pensions—have become the main gateway into social protection systems for poor and vulnerable populations in Latin America and the Caribbean, which were long excluded from any social protection benefit. Today, CCTs cover 127 million people, or 21 per cent of the region's population. In several countries—including Brazil and Mexico—these programmes, which grant families a cash transfer on condition that they fulfil specific commitments aimed at improving their human capacities, have contributed significantly to reduce poverty and inequality.

However, criticism has been raised against CCTs because of their supposed negative impacts on the labour insertion of working-age adults from beneficiary families. There exists a belief that these programmes are creating dependency instead of fostering families' autonomous efforts to overcome poverty. This argument is frequently associated with a vision according to which people live in poverty because of their own lack of effort, rather than because of the structural problems that characterise our societies. CCT programmes, in particular, would constitute a disincentive to poor people to search for work, because families receiving cash transfers would already have a certain level of income guaranteed.

Cecchini (2013) shows that CCTs often have quite limited capacity to cover the income deficit of poor families. Around 2008, the regional average of the maximum per capita amount of transfers was USD16, about 20 per cent of the rural poverty line. It is thus quite difficult for poor people to stop looking for work simply because they receive public cash transfers. Families will have to continue trying to lift themselves out of poverty through their own efforts. Indeed, impact evaluations available for countries as diverse as Brazil, Chile, Honduras, Mexico, Nicaragua and Paraguay do not find empirical evidence of CCTs' disincentives to beneficiaries' labour insertion.

In turn, Levy (2010) has argued against a 'vicious circle' of non-contributory social programmes that generate subsidies to the informal sector, incentivising workers to look for low-productivity jobs (to avoid compulsory social security savings), lowering the productivity of labour and capital, and fostering the generation of low-quality employment.

However, the risk of giving social benefits to informal workers seems to have been overstated, as Latin America's informality rate has decreased while CCTs and social pensions have expanded, falling from 54.6 per cent of employed workers in 1990 to 49.1 per cent in 2009. Most CCTs are not directed to working-age adults, but rather to children; nor are they targeted according to the working conditions of beneficiaries.

If incomes generated in the labour market do not have an impact on the transfers that can be received by families through social programmes, then there should not be any perverse incentives to informalisation.

Chile's CCT—*Ingreso Etico Familiar*—actually attempts to provide correct incentives by providing an extra formalisation bonus to women who contribute to social security during their participation in the programme.

Furthermore, the theory of the 'vicious circle' is based on debatable assumptions: on the one hand, that social expenditure is not productive and offsets investment in employment-generating activities and, on the other, that self-employment is voluntary, meaning that most—if not all—of informal-sector workers choose jobs in the low-productivity sector.

However, social protection is an investment in human capacities, leading to important productivity gains. Also, in most cases, workers do not choose to work in the informal sector, but, rather, it is their only choice. Informality is the by-product of the heterogeneity of the productive structure, which creates and maintains the informal sector because of the weak capacity of the modern, higher-productivity sectors to absorb the labour force.

Contrary to the 'vicious circle' of greater informality and lower productivity, it can thus be argued that positive synergies exist among inclusive social protection, growth and decent work. Cash transfers financed by general taxation which are guaranteed and constant over time represent a basic social protection floor for poor households and can contribute to a 'virtuous circle' of autonomous income generation. People living in poverty who receive transfers have a better chance of participating in the labour market, as they have resources to search for work and to cover the costs of transport to and from work. Furthermore, they are able to look for better work, as they have better negotiating power in relation to very low salaries, as well as more resources to invest in productive activities, be they microentrepreneurial or agricultural.

In conclusion, while it is true that if poverty reduction programmes are not designed carefully—for instance, selecting families according to the labour status of their members—they may end up providing wrong incentives, the concerns of the supposed 'vicious circle' seem exaggerated, especially given the still very limited amounts transferred via most non-contributory social programmes in Latin America and the Caribbean.

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Possibilities and Limitations of the Expansion of Social Protection through Classic Contributory Schemes: Notes on the Social Security Inclusion of the Poor Working Population

by Leonardo José Rolim Guimarães, Secretary of Social Security Policies; Rogério Nagamine Costanzi, Director of the Department of the General Social Security Regime and Graziela Ansiliero, Public Policy and Government Management Specialist

Brazil has been making significant progress in its social protection system over the last 10 years. These advances result from improvements made possible through the contributory pillar, such as social security, through non-contributory pillars, and through the coordination of contributory and non-contributory policies. Specifically with regard to social security, there has been a significant increase in the social security coverage of the population (Figure).

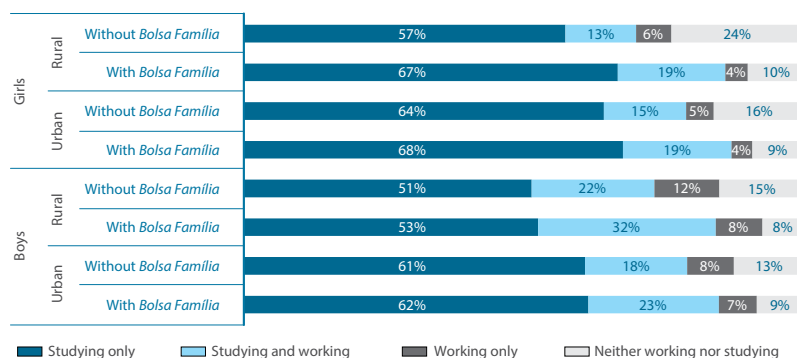
Although these advances have not been homogeneous, as they seem to have reached different levels of intensity in different segments, it can be said that virtually all categories of workers benefit from improved access to labour and social security rights. The most significant improvements seen in social security indicators resulted from the combination of a generalised increase in the number of people employed in the formal sector coupled with social security inclusion measures aimed at groups with traditionally low levels of coverage, particularly self-employed workers—for example, the social security 'simplified plan' and Microempreendedor Individual (MEI—individual micro-entrepreneur).

The improvement in the protection of the working population has affected all groups—male and female, urban and rural areas, metropolitan and non-metropolitan areas—reaching workers in various niches of economic activity, including agricultural activities, which is usually characterised by precarious work conditions and a historical and persistent lack of protection. Differences in coverage by gender, region and type of activity (agricultural and non-agricultural) have reduced. These positive results reflect the good economic dynamics experienced by the country—at least for most of the last decade—and the good performance of the labour market: lower unemployment, expansion of the formal labour market, increased real wages and income and better income distribution from a regional perspective.

Data from administrative records also lend credence to the diagnosis that social security coverage has been expanded. According to data from the *Ministério da Previdência Social* (MPS—Ministry of Social Security), the number of individuals who have made at least one annual contribution to the *Regime Geral de Previdência Social* (RGPS—General Social Security Regime) grew from about 39.85 million in 2003 to 67.1 million in 2012—an increase of 27.3 million people (or 68.5 per cent). In terms of average annual growth, the peak was about 6 per cent a year—in absolute figures, about 3 million additional contributors a year between 2003 and 2012. This pronounced increase is linked to significant levels of formal job creation during the period, as well as the increasing number of contributors among self-employed workers.

Despite this progress in the process of expanding social security coverage, nearly 30 per cent of the working population remain uncovered by social security. Another point to be considered is that as the level of protection of the working population grows, subsequent steps tend to become more complex than previous ones: those who are last in line for inclusion are prone to be the most vulnerable in an already fragile and heterogeneous environment.

Evolution in Social Security Protection of the Working Population (16–59 years old), Brazil (1992–2012)



Source: Created based on PNAD/IBGE microdata (1992–2012).

As such, the search for these citizens—often dispersed in a labour market still marked by labour and social security informality—is a challenge. In fact, in countries such as those in Latin America—where a significant proportion of the population earns a low income and, therefore, has a limited capacity to contribute—the advancement of social protection must necessarily involve the coordination of contributory, semi-contributory and non-contributory policies, as well as measures to reduce the precariousness of the labour market.

This makes it easier to understand the main justification for the scope of social security inclusion initiatives undertaken by the federal government, particularly in the last decade, which differ from the RGPS's contributory rationale, as their ties between contributions and benefits are much weaker. The semi-contributory nature of such initiatives derives from the prevalent socio-economic profile observed in the unprotected working population—individuals who often do not have money to pay traditional social security contributions in addition to paying for the subsistence of their own families.

There are, however, limitations to the strategy of expanding social coverage through contributions, since a part of the working population, largely composed of adults in chronic poverty, are not able to contribute (despite subsidies), and the RGPS faces limitations in expanding coverage, to ensure actuarial soundness. The path ahead must necessarily include improved coordination between contributory (or semi-contributory) social protection and social assistance policies, so as to reach those who—temporarily or permanently—do not have the means to fund their own livelihoods or those of their families.

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The Impact of *Bolsa Família* on Women's Decision-making Power

by Alan de Brauw, Daniel O. Gilligan, John Hoddinott and Shalini Roy,
International Food Policy Research Institute

In many conditional cash transfer (CCT) programmes worldwide—including Brazil's *Bolsa Família*—cash transfers are preferentially made to women. This feature was motivated by earlier research showing that greater control over resources among women is linked to an increase in their decision-making power and improved outcomes among children (e.g. Quisumbing, 2003). However, there is little quantitative evidence demonstrating that CCT programmes with female beneficiaries trigger increases in women's decision-making power.

Previous research does not find consensus on the issue, and, further, it is largely drawn from CCTs in rural Mexico, giving little insight into how impacts might differ in different contexts. It is also important to note that transferring cash to women does not **guarantee** that women's control over resources will increase. For example, women's spouses or other household members could take control over the cash once it is transferred.

Therefore, empirical evidence is required to assess whether CCTs can be effective in increasing women's decision-making power, and under what circumstances. Given the growing popularity of CCTs and widespread interest in increasing women's empowerment worldwide, the question has become increasingly compelling.

Brazil is a particularly interesting place to study the potential impacts of a CCT on women's decision-making power. Brazil has prioritised women's empowerment in its national policy. And *Bolsa Família* has more beneficiaries than any other CCT in the world, so any impacts found would suggest empowerment among a large population of women. Thus *Bolsa Família* provides a unique opportunity to assess the impacts of CCTs on women's decision-making in a large, diverse setting covering both rural and urban areas and where women's empowerment is a key goal.

In a recent paper (de Brauw et al., 2012), we estimate the impacts of transfers associated with *Bolsa Família* on several measures of women's decision-making power. To do so, we use a rich longitudinal dataset of *Bolsa Família* beneficiary and non-beneficiary households collected in 2005 and 2009. Outcomes are measured using a series of questions asked of the main female respondent regarding who in the household generally made decisions about a range of issues.

We estimate impacts of *Bolsa Família* on these outcomes solely among households headed by a male and female partnership. Since benefits from *Bolsa Família* were not randomly assigned, we use propensity score weighting (Hirano, Imbens and Ridder, 2003) to construct a statistically balanced comparison group of non-beneficiaries.

Propensity scores are constructed using extensive information on socio-economic characteristics collected at baseline, combined with municipal characteristics measured around the time of baseline.

We find that *Bolsa Família* increases women's decision-making power along several dimensions, but with heterogeneity in impacts. A key finding is that participation in *Bolsa Família* significantly increases the share of women who report exclusive control over contraception decisions over our entire estimation sample, by about 10 percentage points. While we cannot infer from the survey response whether being the decision-maker regarding contraception necessarily means deciding to use contraception, this result is compelling in light of concerns that CCT programmes providing transfers on a per-child basis may encourage increased fertility. Disaggregating between urban and rural areas, we find that impacts on decision-making regarding contraception are even larger in urban areas and more precisely estimated, and there are also significant increases in women's voice in several other areas including children's school attendance, children's health expenses, and purchases of durable goods.

The disaggregation reveals that all statistically significant positive impacts in our sample are concentrated in urban areas. In rural areas, we find no causal impacts of *Bolsa Família* on women's decision-making power. While the sample size in rural areas is small relative to the urban sample, estimated differences between impacts across subsamples are statistically significant, suggesting that cash transfers to women may translate very differently to women's control over resources in urban versus rural areas.

Our findings suggest that *Bolsa Família* has had meaningful impacts on women's control over decision-making in urban areas. While the results represent some of the first direct quantitative evidence of a CCT's impact on specific areas of women's decision-making, the impacts vary by place.

The findings span several decision-making spheres, suggesting that impacts may be interpreted as greater equity in the household rather than a greater burden on women with gender-stereotyped roles. As such, these results indicate that, particularly in urban areas, CCTs distributed to women in the household may be an effective way to give women more voice in household decisions.

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Bolsa Família and Household Labour Supply

by Alan de Brauw, Daniel O. Gilligan, John Hoddinott and Shalini Roy, International Food Policy Research Institute

A common concern about social protection programmes is that the transfers they provide may create disincentives for work. By raising incomes, transfer payments may encourage households to seek more leisure time and reduce their participation in the labour force or the number of hours worked, even in poor households. Evidence from evaluation studies of conditional cash transfer programmes suggests that such concerns are overstated; most studies find no disincentive effects or, at most, modest reductions in labour supply (Fiszbein and Schady, 2009). However, much less attention has been paid to the effect of social protection programmes on other forms of labour reallocation. In particular, targeted, means-tested programmes that determine eligibility as a function of income earned in the formal sector may encourage households near the threshold for eligibility to reallocate labour towards the informal sector, to ensure their eligibility. If this behaviour exists, it could have unintended consequences for the future earnings potential for these households and for economic growth.

In a recent paper (de Brauw et al., 2013), we estimate the impact of Brazil's *Bolsa Família* cash transfer programme on several dimensions of household labour supply, including participation in the labour force and the number of hours worked, disaggregating labour time devoted to the formal and informal sectors. Eligibility for *Bolsa Família* is based on self-reported income provided at the time of application for the programme. The government checks this information against a database of formal-sector earnings. Households whose income is near the threshold might supply additional labour hours in the informal sector rather than the formal sector, since additional formal-sector work might jeopardise their eligibility for the programme. Since formal employment pays higher wages on average than informal employment, households may forgo formal employment offers, or even applying for formal employment, to maintain their *Bolsa Família* eligibility. According to our data, the differential between formal and informal wages is larger in rural than urban areas, creating even greater incentives for labour reallocation there. Therefore, we disaggregate impact estimates on the sectoral allocation of labour by urban and rural location.

We use rich longitudinal household-level data, collected in both 2005 and 2009, to evaluate the impact of *Bolsa Família* on the labour supply of household members. The sample includes households in both urban and rural areas, and the survey includes questions at the individual level that allow us to assign work as being in either the formal or informal sector.

To account for non-random assignment of poor households into the programme, we use propensity score weighting to construct a statistical comparison group for *Bolsa Família* beneficiaries (Hirano, Imbens and Ridder, 2003).

In the aggregate, we find no significant impacts of *Bolsa Família* on individual participation in the labour force or the number of household work hours. However, in rural areas, we find that *Bolsa Família* causes a small but significant decrease in the proportion of women currently working (about 13 percentage points), corresponding to women dropping out of the labour force. Meanwhile, rural men slightly increase their weekly work hours to compensate, such that rural household hours are unchanged overall. We also find a large and highly significant shift in household work hours away from the formal sector (a decrease of about 8 hours per week per household member) into the informal sector (an increase of about 8 hours per week per household member). The shift is driven by urban households, where the lost earnings from shifting from formal to informal sector work are lower than in rural areas. In rural areas, we find no similar sectoral shift.

These results have compelling implications. While we find little evidence of the negative consequences most often discussed in the context of cash transfer programmes—reliance on the programme through reduced overall work—we find different and more subtle forms of potential reliance. If the programme encourages urban households to shift from formal to informal work, these households may forgo more stable work with better employee protections, better benefits and higher returns to tenure.

The effect is that, while urban beneficiary households do not reduce their total labour supplied, they may be more vulnerable as workers should they cease to receive the programme. Meanwhile, if the programme encourages women in rural areas to drop out of the labour force, rural women may become less self-reliant. Even if rural men compensate by increasing their work hours such that overall household work hours are unaffected, rural women's autonomy may be adversely affected.

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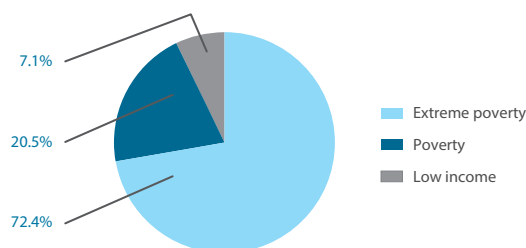
Socio-economic Profile of *Programa Bolsa Família* Recipients: What Does the Single Registry Reveal?

by Camila Fracaro Camargo,¹ Claudia Regina Baddini Currello,² Elaine Cristina Licio³ and Joana Mostafa⁴

Camargo et al. (2013) discuss the socio-economic profile of *Programa Bolsa Família* (PBF) recipients based on an analysis of the information available in the Single Registry. In March 2013, the Single Registry database contained information on 24.5 million families, of which 23 million (91 per cent) had per capita household incomes of under half the minimum wage—the income bracket that encompasses its targeted group. Out of this population, 13.9 million households (or 50 million people—roughly 26 per cent of the Brazilian population) are PBF beneficiaries and receive an average benefit of BRL149.71. These families comprise 3.6 people on average. Most of them (50.2 per cent) live in the north-eastern region of the country.

Before receiving the PBF, most of the recipient families had been in extreme poverty (72.4 per cent), which means that their per capita household income was under BRL70.00.

Figure 1: Percentage of Families by Income Bracket



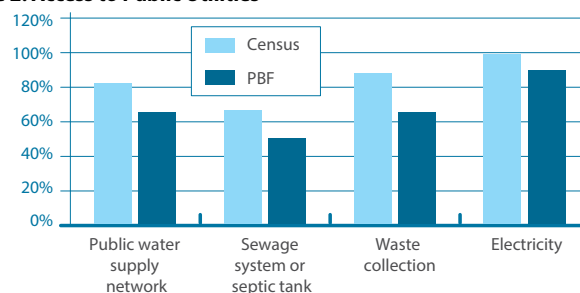
An analysis of the family composition of PBF recipients reveals that female-headed single-parent households represent the largest group (42.2 per cent), followed by two-parent families (37.6 per cent). This percentage suggests a trend in the coping strategies adopted by the most vulnerable families, given that, in many cases, the spouse's presence and income within a household is erratic, as demonstrated by several anthropological studies conducted on recipients. Part of this phenomenon can also be explained by the increase in the number of single mothers among Brazilian families, especially those with low incomes.

Using the 2010 census as a reference, a comparison with the national figures reveals that PBF beneficiary households have poor access to public utilities. The same result was found for all items analysed.

Only 38.1 per cent of PBF households have simultaneous access to direct or indirect waste collection services, public sewage systems or septic tanks, electricity and public water supply networks. Even in urban areas, where such services are regularly provided, only 48.9 per cent of recipient families benefit from a complete service package. In rural areas, this percentage drops to 5.2 per cent for PBF households.

The majority of PBF recipients are women, and black or mixed-race individuals. The large number of young people under the age of 17 (48.8 per cent of the recipients) is yet another noteworthy feature. This young profile is to be expected, since the social security policy and the non-contributory benefits provided to senior citizens (BPC) cover most of the elderly population, preventing this group from being poverty-stricken.

Figure 2: Access to Public Utilities

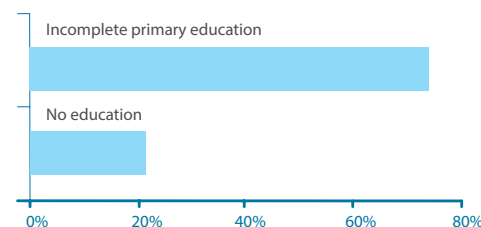


Schooling levels among PBF recipients are quite low: over two thirds (69 per cent) of programme participants have not concluded primary school. The fragility of this population is more dramatic in the north-eastern region of the country, where 20.3 per cent of the recipients above the age of 25 are illiterate.

On the one hand, the identification of these vulnerabilities in different dimensions of the lives of PBF beneficiaries confirms that the programme is adequately targeted and that the Single Registry is an effective tool to identify low-income families. On the other hand, it also reveals several challenges that must be tackled to overcome poverty.

A deeper analysis of the socio-economic condition of the poorest segments of the Brazilian population demonstrates, albeit recent positive evolution, that racial issues, gender-related aspects, schooling levels and access to public utilities must be addressed by cross-cutting

Figure 3: PBF Recipients (Aged 25 or Older)



actions implemented at all levels of government. It is also extremely important to coordinate cash transfer programmes with the provision of services and the productive inclusion of the poorest population groups. Additionally, local investments must be encouraged in sanitation services and waste collection systems, which are essential to improving the health conditions of this segment of the population.

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Notes:

1. Consultant to the Single Registry, Department of the Ministry of Social Development and Fight against Hunger (MDS).
2. Director, MDS.
3. Adviser to the Single Registry Department, MDS.
4. General Coordinator for Monitoring and Improvement of the Single Registry, MDS.

Conditionalities, School Performance and Progression of *Bolsa Família* Programme Recipients

by Flávio Cireno, Ministry of Social Development and Fight against Hunger, Brazil; Joana Silva and Rafael Proença, World Bank

Cireno et al. (2013) compare the school performance and progression of recipients and non-recipients of the *Programa Bolsa Família* (PBF) using administrative data obtained from the Ministry of Education (MEC), specifically the *Sistema Presença*, which monitors the school attendance of PBF recipients, and the *Prova Brasil* (results of individual pupils from the 5th to 9th years). This information is cross-referenced to administrative data from the Single Registry of the Ministry of Social Development and Fight against Hunger (MDS). Based on this data set, we analysed data on PBF recipients and non-recipients and assessed how it relates to performance in the *Prova Brasil*, failure rates, school drop-out rates and age-grade distortion rates.

Initially, the differences in the variable means were calculated for the 5th and 9th years separately, and subsequently tests were conducted to evaluate if there was a statistically significant difference (test *t*) (see Table 1). We found that, without attempting to control for school and pupils' characteristics, pupils who participate in the PBF perform worse than non-recipients. This evidence matches the literature on the topic (see, for example, World Bank, 2011).

Nevertheless, there is a considerable drop in this disparity level between the 5th and 9th years, suggesting that participation in the programme,

especially compliance with the conditionalities, may contribute to reducing the performance gap between recipients and non-recipients over time.

Given that the socio-economic characteristics of the recipients and the schools they attend are significantly worse than those of non-recipients, to better compare the results concerning these two groups, we conducted regression analyses using as control variables school attributes (school socio-economic level, quality of school facilities, urban or rural location, administrative dependency on municipal, state or federal government, and school shift), and pupil and family characteristics (gender, race, whether or not the pupil works, and parents' schooling level). For the continuous variables (Average Proficiency in *Prova Brasil*), the Ordinary Least Squares (OLS) method was used, and for the discrete variables (drop-out rate, failure rate and age-grade distortion rate) the probit model was adopted.

The pupils who participate in the programme present lower drop-out and age-grade distortion rates in the 5th and 9th years (see Table 2), implying that the programme plays an important role in keeping low-income pupils in school. The results also suggest that programme recipients on average perform worse in the *Prova Brasil* than non-recipients, although part of this discrepancy can be explained by their socio-economic conditions and

the characteristics of the school they attend. It is important to highlight that, when we compare the 5th and 9th years, this drawback is either reversed (performance and failure), or in the 5th year the recipients gain an advantage. Bearing in mind the programme's level of coverage, evidence suggests that conditionalities, at least in the education area, have a positive impact on these pupils' school progress. Thus, the PBF leads to a reduction in educational inequality when these pupils are compared to other public school students, helping to curb the intergenerational poverty cycle and minimise the negative impacts it has on these children's school progress.

Table 1: Difference between Variables Concerning Proficiency and Educational Progress among Pupils Submitted to *Prova Brasil* (2011)

	5 th Year				9 th Year				DIF-DIF
	Recipient		Difference	Sig.	Recipient		Difference	Sig.	
	Yes	No			Yes	No			
Average proficiency	3.29	3.92	-0.63	0.00	4.86	5.30	-0.44	0.00	0.18
Failure rate in 2011	9.07%	5.49%	3.58%	0.00	8.63%	8.22%	0.42%	0.00	-3.16%
Drop-out rate in 2011	0.32%	0.27%	0.06%	0.00	0.49%	0.53%	-0.04%	0.00	-0.10%
Age-grade distortion rate	27.79%	17.30%	10.49%	0.00	21.78%	21.18%	0.60%	0.00	-9.89%
N	941,860	1,251,333			643,703	1,274,934			

Source: Calculated by the authors using the School Census/*Bolsa Família* database (INEP/MDS).

Table 2: Association between Participation and Exposure to the *Programa Bolsa Família* and School Performance and Progress Using Varied Models (2011)

	5 th Year	9 th Year	5 th Year	9 th Year	5 th Year	9 th Year	5 th Year	9 th Year
	Performance measured in <i>Prova Brasil</i>		Failure rate		Drop-out rate		Distortion rate	
Participates in the programme	-0.106	0.0819	0.00234	-0.00678	-0.000529	-0.00245	-0.00862	-0.135
	(-29.65)	(20.37)	(3.629)	(-8.096)	(-4.809)	(-15.49)	(-7.582)	(-111.2)
Exposure to programme	-0.0124	-0.0160	0.000736	0.00100	-3.63e-06	7.07e-05	0.00308	0.00671
	(-55.77)	(-64.82)	(18.86)	(19.62)	(-0.550)	(6.994)	(44.42)	(86.19)

Source: Calculated by the authors using the School Census/*Bolsa Família* database (INEP/MDS).

References:

Cireno, F., J. Silva and R. Proença (2013). 'Condicionalidades, desempenho e percurso escolar de beneficiários do programa bolsa família' in T. Campello and M. Côrtes Neri (eds), *Programa Bolsa Família: uma década de inclusão e cidadania*. Brasília, Ipea, chapter 19: 297-304, <http://www.ipea.gov.br/portal/images/stories/PDFs/livros/livros/livro_bolsafamilia_10anos.pdf>.

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Combining Conditional Cash Transfers and Primary Health Care to Reduce Childhood Mortality in Brazil

by Davide Rasella, Instituto de Saúde Coletiva, Federal University of Bahia and Rômulo Paes-Sousa, World Centre for Sustainable Development, RIO+ Centre

Strategies adopted to reduce child mortality in developing countries are usually focused on interventions addressing biological causes, without considering its key underlying determinants. Conditional cash transfers (CCTs) are poverty reduction interventions that transfer money to poor households with the requirement that parents comply with specific conditions focused on improving health and education for their children.

The Brazilian CCT *Programa Bolsa Família* was launched in 2003. In 2012, it was already the world's largest CCT programme, enrolling 13.9 million families across all municipalities. To meet the conditions related to health, children younger than 7 years must be fully vaccinated and must comply with routine health check-ups and growth monitoring. Pregnant and lactating women must attend scheduled prenatal and postnatal visits, and attend educational activities on health and nutrition. If the family is within its catchment area, health-related conditions should be met using the facilities of the main primary health care strategy in Brazil, the *Programa Saúde da Família* (PSF—Family Health Programme).

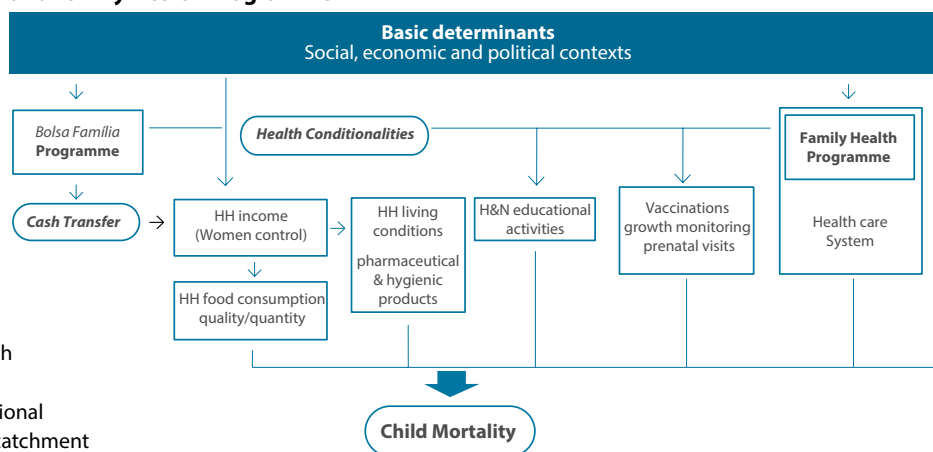
The PSF is a large-scale national programme implemented in Brazil in the last 20 years, covering currently 54.8 per cent of the population to offer free community-based health care, especially in deprived and rural areas.

Bolsa Família, in combination with the PSF, can affect child survival in different ways, as shown in the figure: an increased income can increase access to food and health-related goods such as drugs or hygiene products, and the health-related conditions of the programme can improve access to health services.

In our study we found that coverage of both *Bolsa Família* and the PSF were associated with a significant reduction in the under-5 mortality rate (U5MR) during the period 2004–2009 in Brazilian municipalities (Rasella et al., 2013). The effect of *Bolsa Família* was greatest when the programme had a high level of coverage (>32 per cent) of the total population in a municipality, and all poor eligible households were enrolled and remained in the programme for four years or more, in which case it was responsible for a 17 per cent reduction in the U5MR. The effect of the PSF was greatest when the programme reached a high level of coverage of the population in the municipality (>70 per cent) for four years or more, in which case it reduced the U5MR by 12 per cent.

The greatest impact of *Bolsa Família* was on the U5MR resulting from malnutrition and diarrhoea, causing a reduction of 65 per cent and 53 per cent, respectively, in municipalities with a higher level of coverage, whereas a high level of PSF coverage was associated with a reduction in the U5MR from

Framework for Childhood Mortality Reduction due to Brazil's *Bolsa Família* and Family Health Programme



diarrhoeal diseases (47 per cent) and infections of the lower respiratory tract (30 per cent). Greater *Bolsa Família* coverage increased vaccination coverage, reduced the number of pregnant women who delivered without receiving any prenatal care, and reduced rates of hospitalisations of children under 5, in particular for malnutrition and diarrhoea. When the two programmes were implemented simultaneously and with a high level of coverage in the municipality, they had a synergistic effect on reducing the U5MR.

It has to be considered that the size of cash transfer provided by *Bolsa Família* correlates with the level of poverty of the beneficiary family, and that the association between income and health is non-linear: even a small amount of financial aid given to extremely poor families could have a significant effect on child health. This does not necessarily mean that a small financial transfer fulfils all the main demands of poor families, but it could have large beneficial effects in relation to reducing childhood mortality levels.

Our study provides evidence that a multisectoral approach, comprising a conditional cash transfer programme acting on the social determinants of health, with a primary health care programme responding to basic health demands of the population, can substantially reduce childhood morbidity and mortality from poverty-related diseases in low- or middle-income countries.

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The Dual Nature of *Bolsa Família* and its Implications for the Programme's Future

by Fábio Veras Soares, Institute for Applied Economic Research (Ipea) and International Policy Centre for Inclusive Growth (IPC-IG)

To discuss the future of the *Programa Bolsa Família* it is necessary to acknowledge its dual nature—namely, a targeted minimum income programme and a targeted child allowance.

The targeted minimum income relates to the basic benefit (BRL70) paid to families living in **extreme poverty** regardless of their family composition.¹ The child allowance relates to the variable benefit paid to both **poor and extremely poor** families who have children of less than 18 years old and/or pregnant or nursing women. The total amount a family can receive from the variable benefit varies according to the number and age of children and adolescents in the family. There is a cap at five benefits for children aged 0–15 (also including pregnant and nursing women) and two for adolescents aged 16–17 years old.

Osório and Souza (2013) show that the real value of the basic benefit has decreased by almost 10 per cent between 2003 and 2012, whereas the variable benefit for a child aged 0–15 has increased by 37 per cent, and the one for adolescents aged 16–17 years has increased slightly by 3.4 per cent. In May 2012, a new benefit aimed at closing the poverty gap for extremely poor families with children aged 0–6 years was created as part of the *Brasil Carinhoso* programme. The combination of the introduction of this new benefit, the increase in the cap of the number of beneficiary children aged 0–15 from three to five, and the real increase in the value of the variable benefit for children aged 0–15 years led to a 77 per cent real increase in the average value of the transfer per beneficiary family. The real average value increased from BRL18.50 in 2003 to BRL32.00 in 2012.

What do these changes mean for the dual nature of the programme? On the one hand, it suggests a clear priority on children, especially younger children, since families with children aged 0–15 years benefit from the increase in the value of the variable benefit. On the other hand, only extremely poor families with children aged 0–6 years were entitled to the benefit equivalent to their extreme poverty gap. Thus the eradication of extreme poverty was only guaranteed for families with young children.

In November 2012 the *Brasil Carinhoso* benefit was extended to all families with children aged 0–15 years living in extreme poverty, and in February 2013 to all families living in extreme poverty regardless of family composition. This benefit was then renamed as the benefit to overcome extreme poverty—a key component of the *Brasil sem Miséria* plan. As this benefit takes into account the overall poverty gap of the family—i.e. the difference between the family's monthly per capita income as self-reported in the Single Registry and the extreme poverty line (BRL70 per capita)—all extremely poor families should receive a sufficient transfer to, in principle, bridge that gap on a per capita basis. Thus, the government has established a minimum income below which no Brazilian citizen and their families should fall as long as they are in the Single Registry.

The recent changes in the *Bolsa Família* benefit structure were largely inspired by Ipea's Discussion Paper 'To Eradicate Extreme Poverty: a goal at Brazil's reach' (Osório, Soares and Souza, 2013). In this paper, the authors advocate that the basic benefit should be replaced by a per person transfer equal to the value of the poverty line. Therefore, all extremely poor families would receive a transfer that equals BRL70.00 times the number of family members, regardless of their specific poverty gap. This is a more radical approach than the one later adopted by Ministry of Social Development (MDS) and described above. As the authors put it, "*Bolsa Família* would become a minimum income guarantee programme with full coverage of the extremely poor population." This expansion of the *Bolsa Família* would cost 0.45 per cent of the GDP according to their simulations, including the cost of reducing exclusion error through 'active search'.

What about the child allowance component of *Bolsa Família*, especially for poor and vulnerable families? Soares and Souza (2012) suggest that the *Bolsa Família* variable benefit, the family allowance for low-wage formal-sector workers (*Salário Família*)² and the income tax deduction for dependent children could be merged into a universal child allowance. Similar reforms have taken place in Uruguay and Argentina as a result of the evolution of their conditional cash transfer programmes, but unfortunately this discussion does not seem to be on the agenda in Brazil. There are clear inequities in the transfers from the State to Brazilian children that could be addressed through a universal child allowance.

From an institutional viewpoint it seems that, in the future, the dual nature of the *Bolsa Família* benefit will lead to two different programmes—namely, an unconditional targeted minimum income programme to tackle extreme poverty, which is the direction that has recently taken the core resources of the programme, and a universal child allowance. The variable benefit could be merged with other child-centred transfers, as suggested by Soares and Souza (2012), with a view to universalising and rationalising transfers from the State to families with children. The latter is a key component of social protection in many developed countries. However, transfers for children in Brazil take place through an unfair three-tier system. This system leaves out mainly those children whose families are in the middle of the income distribution, in favour of the extremes—poor and rich households.

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Notes:

1. Currently 15.5 per cent of the beneficiary families have no children.
2. It is interesting to note that *Salário Família* also has health and education conditionalities.

The Macroeconomic Effects of Government Transfers: a Social Accounting Matrix Approach

by Marcelo Neri, Secretariat of Strategic Affairs (SAE) and Institute for Applied Economic Research (Ipea);
Fabio Monteiro Vaz and Pedro Herculano Guimarães Ferreira de Souza, Ipea

Government transfers to individuals and families play a central role in the Brazilian social protection system, accounting for almost 14 per cent of Gross Domestic Product (GDP) in 2009. While their fiscal and redistributive impacts have been widely studied, the macroeconomic effects of transfers are harder to ascertain.

Following previous research based on the circular flow of income in Brazil, Neri et al. (2013) constructed a Social Accounting Matrix (SAM) for 2009 and estimated the short-term accounting multipliers for seven different government monetary transfers: Social Security pensions for former private-sector workers and civil servants (RGPS and RPPS, respectively); the Continuous Cash Benefit (*Benefício de Prestação Continuada*), a non-contributory, means-tested old-age and disability benefit; the *Programa Bolsa Família*, a conditional cash transfer targeting poor families; the *Abono Salarial*, a yearly wage subsidy to low-wage workers in the formal sector; unemployment insurance for formal-sector workers; and the lump-sum withdrawals from the *Fundo de Garantia por Tempo de Serviço* (FGTS), a mandatory savings account for formal private-sector workers.

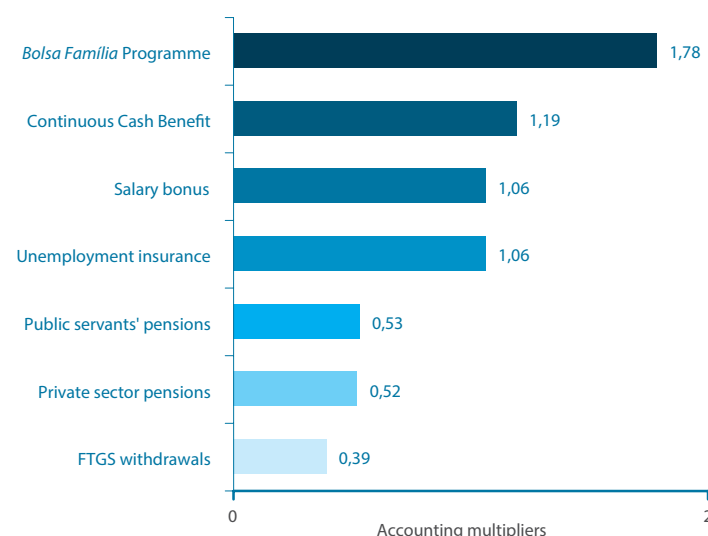
The SAM is a double-entry square matrix depicting all income flows in the economy. The data were compiled mostly from the 2009 Brazilian National Accounts and the 2008/2009 POF, a household budget survey. Our SAM was disaggregated into 56 sectors, 110 commodities, 200 household groups and seven factors of production (capital plus six types of labour, according to schooling). Finally, we ran a set of regressions to separate household consumption into 'autonomous' (or 'exogenous') and 'endogenous' components.

The economic modelling based on the SAM begins by specifying the endogenous and exogenous accounts. The latter comprise expenditures which are independent of current income. In our case, all government expenditures, capital investments, property incomes, the household's autonomous consumption and imports/exports are exogenous; more specifically, we are interested in the effects of an exogenous injection into each of the seven government transfers outlined above. All the other accounts are thus endogenous. So-called 'leaks' are income flows from the endogenous to the exogenous accounts. The leaks—such as savings, taxes and imports—are crucial to determine the multiplier effect of an exogenous injection, as they allow the system to go back to equilibrium.

The model rests on three other key assumptions. First, it follows the demand-driven Keynesian tradition, and thus assumes that causality starts with demand injections. Second, it assumes that supply is perfectly elastic. Third, it assumes that the families' propensity to save and consumption profile are fixed—that is, rising incomes do not provoke changes in behaviour.

The figure shows the multiplier effects of the seven government transfers on GDP. Their interpretation is straightforward: each multiplier corresponds to the growth in GDP resulting from each additional dollar injected into each transfer.

Multiplier Effects of Monetary Transfers on GDP



Source: Estimated from the Social Accounting Matrix.

The *Programa Bolsa Família* has the highest effect by a large margin: according to the model, if the government increased *Bolsa Família* expenditures by 1 per cent of GDP, overall economic activity would grow by 1.78 per cent. Another means-tested transfer, the Continuous Cash Benefit, comes second. Only three transfers—the private-sector and public servants' pensions and FGTS withdrawals—had multipliers lower than unity—that is, the exogenous injections in these transfers leak out of the circular flow of income early.

The multipliers for other relevant macroeconomic aggregates—household and total consumption, disposable income etc.—reveal a similar pattern, with *Bolsa Família* on top, and pensions and the FGTS at the bottom.

Thus, under the admittedly stringent assumptions of our model, the results largely confirm the hypothesis that the government transfers targeting poor households, such as the *Bolsa Família*, help foster economic growth. Naturally, it should be stressed that the multipliers relate marginal injections into government transfers to short-term economic performance. In the long term, there is no doubt that what truly matters is the expansion of the country's productive capacity.

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The Poor, the Prosperous and the 'Inbetweeners': a Fresh Perspective on Global Society, Inequality and Growth

by Peter Edward, Newcastle University Business School and
Andy Sumner, King's International Development Institute, King's College London

Global consumption grew by USD10 trillion from 1990 to 2010. Who benefited, and what has happened to global and national inequality since 1990?

We find that, first, one can say that total global inequality was relatively static from the late 1980s to 2005, because rising inequality within countries was largely offset by falling inequality between countries. Since 2005 between-country inequality has been falling more quickly than before, and as a result total global inequality has also fallen. We find that falls in total global inequality and global between-country inequality and rises in global within-country inequality in the last 20 to 30 years are all predominantly attributable to rising prosperity in China. The picture looks rather different when China is excluded. Throughout this entire period within-country inequality in the rest of the world has overall been remarkably constant—as some countries have become less equal, others have become more so—while between-country inequality has actually increased slightly.

Second, one can identify a persistent global structure of two relatively homogeneous clusters (the poor/insecure and the secure/prosperous), but we also detect the emergence of a rapidly changing and heterogeneous 'new global middle'. However, most of the 'structural' change in the distribution of global consumption is confined to the upper middle-income countries (UMICs).

This leads us to question whether the emerging global middle really does represent an evolution away from the historical two-cluster world or whether it simply represents a transition phase as some elements in emerging economies move from the poor/insecure cluster into the secure/prosperous cluster.

Table 1
Global Population by Consumption Groups in 2010

	Less than USD2	USD2–USD10	USD10–USD50	USD50+	USD75+	Global total
	Global Absolute Poor	Global Insecure	Global Secure	Global Prosperous	Top 1%	
Total (millions)	2407	2910	1351	227	69	6894
As % of global population	35	42	20	3	1	100

Table 2
Shares of Global Consumption Growth

Global segment (in 2010)	Share of global population (%)	Share of global consumption growth 1990 to 2010 (%)
Global Absolute Poor (<USD2)	34.9	5.1
Global Insecure (USD2.01– USD10)	42.3	24.7
Global Secure (USD10.01– USD50)	19.5	41.4
Global Prosperous (USD50.01+)	3.3	28.7
Top 1% (USD75+)	1.0	14.9

Third, we find that 15 per cent of global consumption growth from 1990 to 2010 went to the richest 1 per cent of the global population. At the other end of the distribution, the 53 per cent of the population living on under USD2/day in 1990 benefited from less than an eighth of that global growth, and the 37 per cent on less than USD1.25/day benefited by little more than a 20th of that growth. Furthermore, a rather modest amount of redistribution would have ended USD2 poverty: if the share of global growth since 1990 flowing to the 35 per cent of the global population who were living on USD2/day in 2010 had increased from 5 per cent to 12 per cent, this would have been sufficient to end poverty at USD2/day.

Finally, we find five different stylised patterns of national growth: pro-poor growth (e.g. Ethiopia); pro-middle growth (e.g. Brazil); anti-poor growth (e.g. Nigeria); anti-middle growth (e.g. Zambia) and equitable growth (e.g. Vietnam). In short, at a national level one could note that different countries manage or govern growth very differently, and this plays, with other factors, an important role in who benefits from economic growth and how much.

Reference:

Edward, P. and A. Sumner (2013). 'The Poor, the Prosperous and the 'Inbetweeners': A Fresh Perspective on Global Society, Inequality and Growth', *IPC-IG Working Paper*, No. 122. Brasilia, International Policy Centre for Inclusive Growth.

Sustainable Agriculture: an Assessment of Brazil's Family Farm Programmes in Scaling up Agroecological Food Production

by Ryan Nehring and Ben McKay, International Policy Centre for Inclusive Growth

Agroecological methods of agricultural production have been shown to be an ecologically sustainable and socially and economically viable way to support national food systems (Altieri and Toledo, 2011; IAASTD, 2008). When the prices of key staple crops more than doubled during the 2008 food crisis, it became apparent that alternatives to the current global food system are desperately needed. The current global food system—from seed to supermarket—has become increasingly monopolised by agri-food supply chains. This has led to overproduction of food while simultaneously leaving roughly 925 million people hungry worldwide, and has also contributed to severe environmental degradation and malnutrition (IAASTD, 2008).

As a science and set of practices, agroecology is very knowledge-intensive, participatory, organised and innovative. Derived from the convergence of two disciplines—agronomy and ecology—agroecology implies farming methods based on diversification, biological interactions and agroecosystem synergies which generate and enhance soil fertility, productivity and crop resilience. In addition to its emphasis on sustaining the environment and social inclusion through participatory frameworks, agroecology-based models have produced impressive economic results in terms of yields, productivity and efficiency (Pretty et al., 2006).

Brazil's recent policy experience has demonstrated a commitment from the State to support family farmers in the transition to agroecological production. Initiatives under the Zero Hunger (Fome Zero) policy framework and the latest addition of a National Plan for Agroecological and Organic Production (PLANAPO) represent such efforts to provide incentives for producers nationwide to adopt new productive methods. McKay and Nehring (2013) analyse the current policies available for Brazilian family farmers to make an agroecological transition. Based on secondary research and qualitative fieldwork conducted in April 2012 in the northeastern states of Piauí and Ceará, the authors identify some key shortcomings in the overall policy design of some of Brazil's agroecological initiatives.

Part of the story here is what the authors call the 'Brazilian agricultural dilemma' or the contradictions and conflicts of disproportionately supporting large-scale agribusiness for export over small-scale family farm production for domestic consumption. This structure creates a dualism in the countryside where one system of agricultural production is favoured over the other. However, in contrast to large-scale agribusiness is a vast array of rural movements and farmer associations and cooperatives that provide a solid organisational base to implement and scale up agroecological policies. Brazil's recently launched PLANAPO is one such plan that intends to implement new policies and scale up existing initiatives.

The authors argue that, despite some commendable advances towards a transition to agroecology, Brazil's policies and programmes supporting agroecological initiatives must overcome four main weaknesses: i) programme awareness; ii) technical assistance and extension services; iii) public-supported

farmers' networks; and iv) scale-up. While the PLANAPO has addressed some of these weaknesses, the effectiveness of the on-the-ground implementation will depend on the relations between policy origins (state actors) and society. Further, Brazil's 'agro-industrial bias' and unequal land access relations present deeper, structural problems that must be overcome for the country to commit to a transition of nationwide agroecological production.

Despite such shortcomings, Brazil's policies and programmes represent a significant advancement and open up space for alternatives which will foster a transition to agroecology-based production. Notably, the Food Acquisition Programme (PAA) and the National School Feeding Programme (PNAE) offer incentives of a 30 per cent price increase to farmers that produce using agroecology-based methods. McKay and Nehring (2013) found that, for the PAA and PNAE to be effective in supporting an agroecological transition for its beneficiaries, a more comprehensive and flexible system of registration needs to be in place. This would facilitate not only the recognition of agroecologically produced food through the process but also inform producers about the 30 per cent price increase.

Brazil's transition to sustainable agriculture certainly has a long way to go. However, with continual improvements in the existing institutional framework supporting family farmers, as well as the recently launched PLANAPO, Brazil is making tremendous progress. However, its leadership in global agriculture spans two diverging trajectories—export-oriented agroindustry and sustainable family farming. Can these two conflicting agricultural development models co-exist or will one eventually lead to the demise of the other? While corporate interests and lobbying certainly side with industry, pro-reformists in favour of an agroecological alternative within the State and civil society must strategically and collectively organise to increasingly push for more support and redistribution of resources. Moreover, we must continue to critically analyse the economic, social and environmental effects of both agricultural models to reveal future outcomes and trajectories of agrarian change.

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'Inclusive Social Protection' and the Post-2015 Agenda

by Stephen Devereux and Keetie Roelen, Director and Co-Director, Centre for Social Protection, Institute of Development Studies, Brighton, UK

Social protection has proven its ability to provide an effective toolkit for addressing vulnerability and poverty, and has made significant contributions to the achievement of the Millennium Development Goals (MDGs) in many countries. But much work remains to be done, particularly in terms of social protection's role in the post-2015 development framework. Operationally, the coverage and quality of social protection programmes need to be substantially improved. Conceptually, the shift from discretionary 'charity' to rights-based claims is far from complete, and, we would argue, social protection needs to refocus on its core functions.

In a recent IDS Policy Briefing (Roelen and Devereux, 2013) the Centre for Social Protection argues that post-2015 development thinking offers an opportunity to promote a more inclusive approach to social protection that could help to address these challenges. We identify six principles for 'Inclusive Social Protection'.

1. Include everyone in social protection systems. Social protection in developing countries was initially conceptualised as handouts targeting poor people who are unable to support themselves. However, everyone needs social protection, either social assistance (child grants so that all children can exercise their right to go to school) or social insurance (universal pensions so that all retired workers can enjoy their right to income security in old age). Reinforcing this inclusive message is one way of overcoming complaints about 'fiscal unaffordability' and 'dependency creation', which are largely unfounded but widely held prejudices against social transfers. Growing disparities between the 'haves' and 'have-nots' exemplify the need for greater inclusivity.
2. Include rights in social protection systems. All governments and development agencies should explicitly acknowledge that all people have a human right to social protection, and should take more active steps towards the progressive realisation of this right. A rights-based approach to public works projects, for instance, translates this supply-driven instrument into demand-driven employment guarantee schemes. This thinking increasingly extends to how social protection is delivered, which should be underpinned and guaranteed by enforceable 'customer service' charters and grievance mechanisms. Current thinking about the post-2015 agenda makes this an ideal time to make these rights real.
3. Include managing vulnerability and strengthening resilience as primary objectives for social protection systems. Social protection should prioritise managing or reducing vulnerability and building resilience against risks and shocks, rather than reducing the poverty headcount, which is not its *raison d'être*. The current push to 'graduate' participants out of social protection programmes confuses these two functions. The defining task of social protection, especially in a global context of ongoing financial crises and commodity price shocks, is to establish mechanisms that will stabilise consumption and protect assets against all threats to lives and livelihoods—and let 'development' policies do the rest.

4. Include addressing the underlying causes of vulnerability and poverty as secondary objectives for social protection systems. The social protection agenda has become dominated by social transfers targeted at individuals and households. Alleviating chronic poverty with cash transfers, or providing public works in response to food price spikes, is necessary to address the immediate consequences of vulnerability and poverty but is not sufficient to address their fundamental causes. Innovative interventions are needed at the sectoral and macroeconomic levels to address the structural weaknesses and constraints that generate vulnerability and poverty. Does it make more sense to hand out food aid when prices escalate, or to stabilise prices?
5. Include all social protection projects and programmes in 'scaled-up and joined-up' national social protection systems. Despite the proliferation of social protection interventions in even the poorest countries, coverage remains limited and is characterised by projects and programmes that are time-bound and exclude large segments of the population. These scattered and unconnected interventions need to scale up, by expanding or replicating existing projects until national coverage is achieved, and to join up, by ensuring that all social protection needs are covered with a comprehensive suite of interventions that are institutionalised within government structures.
6. Include linkages with other social and economic sectors in comprehensive social protection systems. Experience has shown that social protection generates powerful synergies with social and economic development when it is directly linked to social sectors (such as education and health) and complemented with economic support (such as livelihood packages and financial inclusion). On the other hand, the accessibility and quality of social services and economic programmes need to be adequate to match the demand-side push that social protection generates. Such an integrated approach will allow both 'livelihood protection' and 'livelihood promotion' objectives to be achieved.

Social protection needs to be at the centre of the post-2015 development agenda. The concept of 'Inclusive Social Protection' is fully aligned with the principles of inclusive social and economic development, and resonates with several themes that have informed the post-2015 discourse—notably rights, equity, sustainability and national ownership. Inclusive approaches to social protection are more effective at tackling the multiple dimensions of poverty and inequality, and have greater potential to focus on underlying drivers of vulnerability and poverty, rather than merely alleviating their symptoms.

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Land Grab in Africa: a Review of Emerging Issues and Implications for Policy Options

by Ayodele F. Odusola, MDG and Development Policy Adviser, UNDP Regional Bureau for Africa, New York

The intensity and magnitude of large-scale land acquisition in Africa over the past decade is putting severe pressure on the demand for land and the quality of land available for less powerful users. The most heavily targeted countries are DRC, Ethiopia, Madagascar, Mozambique, Sudan, Tanzania and Zambia (see Table).

There appears to be some divergence of interest between Africans and foreign investors in the demand for African land. African governments' use of land as a commodity is shaped by their quest to transform the agricultural sector with a view to raising productivity, increasing food supply, reducing poverty and expanding livelihoods. However, the motivation for most foreign investors includes investing in countries' food supply chains and security, meeting demand for bio-fuels, mineral resource exploration etc. The exportation of almost all food produced to investors' countries, and non-implementation of agreed contracts, including compensation for displaced people, among other issues, tend to confirm this divergence of objectives and the dichotomies it creates between intentions and reality.

That there are potential benefits in a well-managed land distribution system is undeniable. These can include foreign capital and economic infrastructure, promoting livelihoods, facilitating access to markets and technology, generating tax revenues and foreign exchange, and raising the productivity of smallholder farming. However, a number of significant risks, mentioned above, also make these potential benefits elusive.

These risks are driven by a number of structural realities, including:

- i. weak land governance and a failure to recognise, protect and properly compensate local communities' land rights;
- ii. lack of country capacity to process and manage large-scale investments;
- iii. foreign investors' proposals that are inconsistent with local and national visions;
- iv. resource conflict with negative distributional and gender effects; and
- v. inadequate capacity to assess the social, economic and environmental impact of the project on local communities.

Addressing these complex challenges requires bold and focused policy actions. The paper suggests a 10-point agenda:

1. African governments must address certain structural issues that make African land very attractive to foreigners but render associated benefits marginal to local people (e.g. neglect of technology, infrastructure and of existing local land rights).
2. There is urgent need to review existing land laws and ensure that large-scale land acquisition aligns with local development aspirations.
3. The design of regulatory frameworks to monitor progress on how local people are benefiting from land acquisition is ineluctable.

Top 10 Targeted Countries Globally (2000 to April 2012)

Rank	Country	Volume of land acquired (ha)	No. of deals	Average deal
1	Indonesia	9,527,760	24	396,990
2	Democratic Republic of Congo	8,051,870	10	805,187
3	Ethiopia	5,345,228	83	64,400.34
4	Philippines	5,182,021	46	112,652.6
5	Malaysia	4,819,483	20	240,974.2
6	India	4,628,578	113	40,960.87
7	Sudan	3,923,430	18	217,968.3
8	Brazil	3,871,824	61	63,472.52
9	Madagascar	3,779,741	39	96,916.44
10	Zambia	2,273,413	9	252,601.4

Source: Author's compilation and computation from Land Matrix Database, April 2012 (accessed May 2012).

4. Africa should urgently improve land governance to enhance efficiency and to protect traditional land rights.
5. It is important to promote welfare-enhancing and transparent land transfers through enhanced beneficiary participation and objective public scrutiny (e.g. a transparent auction system and outsourcing approach).
6. African countries must design strategies to reduce the large power imbalance between foreign investors and current landowners, with seasoned experts being involved in the negotiation process.
7. There is urgent need to invest heavily on land titling and registration, as is currently being done in Benin, Ethiopia, Rwanda etc.
8. Governments need to explore alternative business models to land acquisition, such as joint ventures, contract farming and out-grower schemes.
9. Policy measures to increase smallholders' productivity should be effectively promoted.
10. A regional framework and guidelines for development-oriented, large-scale land acquisition should be developed.

Foreign investors' objectives must be consistent with local and national development visions. For large-scale foreign land acquisition to lead to social and economic transformation, it must ensure adequate compensation of displaced communities, raise smallholders' productivity, promote livelihoods and accelerate food security for Africans. Strong political buy-in is central to implementing the 10-point agenda that will make land acquisition beneficial to Africa.

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Multi-dimensional Poverty Index and Tackling Interlocking Deprivations in the Arab States

by Abdel-Hameed Nawar, Faculty of Economics and Political Science, Cairo University

Research into multidimensional poverty has gathered momentum in the last half decade, most notably in the aftermath of the global food and financial crises of 2007–2008. It has gained further momentum since the UNDP-OPHI launched the *2010 Human Development Report* and more recently as part of the continuing debate on the post-2015 global development agenda. The availability of very large and rich datasets on households and individuals from micro surveys and the advances in survey data analysis have transformed research into. Not only does this raise new policy questions, but it also suggests new policy instruments.

Theories on multidimensional poverty have been vigorously advocated by some of the most thoughtful and hard-working economists. The Alkire-Foster Multidimensional Poverty Index (MPI) measures overlapping multiple deprivations that people face simultaneously. It is compatible with the Millennium Development Goals and has the advantage that it distils those multiple indicators into a single score. While the standardised global MPI model allows for international comparisons to be made for different countries, numerous caveats exist when using it nationally 'as is'. Individual countries can refine the global MPI model to make it more applicable to their own conditions by expanding the scope for incorporating national- or subnational-specific dimensions, indicators, weights and cut-offs.

Nawar (2014) analyses the recent round of multidimensional poverty and inequality results for Arab States at the national and subnational levels using the 2013 results from the OPHI's standardised global Alkire-Foster MPI model. It also explores how some countries in the Arab region can use the MPI as a tool to develop targeted policies aimed at tackling the 'hard core of poverty' at the national and subnational level.

Analyses show that the Arab region has 21.5 million people vulnerable to or at risk of multidimensional poverty, and 18.8 million people in 'severe' multidimensional poverty—representing, respectively, 9.3 per cent and 7.9 per cent of a total population of 231.1 million people in 12 Arab States in 2010. Within the Arab region, data show that the vulnerability rates are high and less heterogeneous across the subregions, while very high rates of severe multidimensional poverty prevail in Arab Least Developed Countries.

Comparisons between urban and rural areas make the multidimensional inequality obvious. The MPI at the subnational level reveals that a high degree of social deprivations—and, therefore, low resilience—is inflicting huge suffering on ordinary citizens in rural and certain geographic areas within the Arab States. Moreover, it is shown that income poverty and multidimensional poverty measures typically do not move together.

The relationship between income inequality and multidimensional poverty measures is spherical. Hence, if income poverty alone is used for policymaking, poverty mapping and targeting, it leads to significant distortions and may overlook a large proportion of poor people. Hence, poverty and inequality in the Arab States have been on a trajectory that is unsustainable.

The development of the MPI model for public policymaking is still at a very preliminary stage in the Arab States, but various international experiences reviewed and assessed in Nawar (2014)—namely, Mexico, Colombia and Brazil—substantiate the success of using the MPI in the policymaking process. While, of course, there are common threads running through all of the MPIs, it is shown in the case of Mexico's that it incorporates both income and non-income aspects, whereas elsewhere the country-specific MPI complements the income measurement. Lessons learned from international experiences suggest that a change in paradigm is needed and opportunities found so that successes can be replicated in the Arab States.

The key messages are:

1. the measurement of poverty and inequality cannot be restricted to just one indicator, lack of income;
2. multidimensional aspects should be integrated into poverty mapping in the Arab States;
3. a focus is needed on targeted interventions on the parts of the country that are left behind, such as rural areas;
4. public provision of goods and services is necessary to build poor people's capabilities and human and social capital;
5. a dashboard and an overall single index can go together;
6. the MPI should be augmented with unemployment, and certain targets should be set in that context;
7. a data revolution is essential for monitoring and evaluation of multidimensional poverty dynamics; and
8. strong 'political will' is needed to boost critical institutional reforms to break the deadlock in the current institutional setting of socio-economic policymaking and to ensure good governance.

In conclusion, it is argued that when multidimensional deprivations serve as a framework within which all sorts of policies are conducted, Arab States will start to bend the staggering cost curve of poverty and inequality and will cease to face further decades of lost development.

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Cadastro Único: a Registry Supported by a National Public Bank

by Joana Mostafa, Director of the Department of Cadastro Único at the Ministry of Social Development (MDS) and Researcher at the Institute for Applied Economic Research (Ipea); and Natália G. D. Sátyro, Professor at the Department of Political Science, Federal University of Minas Gerais (UFMG)

The *Cadastro Único* is the main registry for programmes and policies directed at low-income populations in Brazil. It was formally created in 2001, through the consolidation of a number of different cash transfer programmes. The registry intended to unify, in a single database, the individual registries of these programmes, thus minimising data collection efforts for each individual programme. Before the *Cadastro Único* registries were kept apart even within the same ministry or agency. There was a great variety of databases which basically housed the same data, no quality control and scarce communication between them. Taken separately, each database was relatively small, which did not justify updating them individually, or inclusion and systematisation efforts. Taken together, the policies were not coordinated. As a result, some families received multiple benefits, while similar families which were never included in the databases, never received any cash transfers or services. Today, the *Cadastro Único* is a unified registry which supports all the main programmes of several ministries of the central government (at least 20) and at subnational levels.

Hence, the *Cadastro Único* is a national reference source, and it also practically serves as a census of the Brazilian low-income population (those living on half a minimum wage per capita—USD6/day or USD170/month). The registry contains basic personal and household identification and profile data, grouped into six basic sets of data: personal identification, family identification, household characteristics, schooling, as well as work and income information. Other supplementary data are collected, such as household expenditures, programme participation, characteristics of traditional communities, and conditions of vulnerability (homeless, engaged in child labour etc.).

The registry contains data on over 23 million low-income families and 78 million people. Estimates based on the 2010 census data show that there are 20 million low-income families in Brazil (67 million people) or 35 per cent of the total Brazilian population. Therefore, there is 114.5 per cent coverage. Its biggest programme is the conditional cash transfer called the *Programa Bolsa Família* (PBF—Family Grant), which is transferred monthly by a magnetic card to 13.9 million families throughout the country, making it the largest conditional cash transfer programme in the world in terms of the number of monthly payments. This is a huge undertaking, given that Brazil is the fifth largest country in the world (8.5 million km²).

The most important feature of the *Cadastro Único*, differentiating it from most targeted registries around the world, is that income is declared by the families themselves. Founded on a relationship of trust, programmes

that use the *Cadastro Único* rely on the veracity of the declared information, which has proven to provide good results. The PBF, which today covers the whole population living in poverty, has a targeting performance that is as good as that of similar programmes around the world that use other types of (proxy) means testing.

Data collection and entry for the *Cadastro Único* is undertaken by the 5570 local governments of Brazil, the municipalities. The software for data entry was developed by *CAIXA Econômica Federal* (a Brazilian public bank). The software's latest version was launched in 2010, together with a new data form designed to collect much more information about both families and individuals, in a format and concept as close as possible to that of data collected by the official national census and household surveys.

CAIXA is a public bank in charge of maintaining the *Cadastro Único*'s systems and databases, despite its core business being financial. At the moment, CAIXA is the second largest bank in the country (in terms of the volume of deposits), just behind another public bank, Banco do Brasil. There are basically two sets of services that CAIXA provides to the Ministry of Social Development and Fight Against Hunger (MDS) regarding the *Cadastro Único* and PBF:

- services linked to family and personal registration: online data entry software, data consistency, data matching to control multiplicity levels, and database information security, among others; and
- services linked to payroll and benefit payments: the payroll system, the issuing and delivery of magnetic cards, and monthly benefit payment through four different channels, among others.

CAIXA played a central role in transforming the *Cadastro Único* into the database it is today. Its relevance derives from its bureaucratic insulation, its geographic reach and its proven technical capacity to deal with the challenges posed by such a large and dynamic data flow. This capacity would be more difficult to locate or develop within a government ministry such as the MDS, founded only in 2003. As for payment services, CAIXA's contribution could not have been more welcome, as it has been able to make 13.9 million monthly payments with no delay. No less important is the fact that payments made directly to the beneficiaries through a trusted bank eliminate a great part of local clientelism, enforcing the perception of the PBF as a right instead of a favour or charity (Mostafa and Sátyro, 2013).

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Possible Choices, Valuable Meanings: an Overview of the Activities of Brazilian Recyclable Materials Pickers

by Beatriz Justice Magalhães, International Policy Centre for Inclusive Growth

Recyclable materials pickers have been sorting through garbage and transforming it into usable commodities for a long time in many places across the globe. In Brazil they have been organising themselves in associations and social movements since the late 1980s. More recently, important events such as the creation of the National Movement of Recyclable Materials Pickers in 2001 and the approval of the National Law on Solid Waste in 2010 helped to raise the profile of pickers among policymakers, enterprises and non-governmental organisations.

The activity of collecting and selling garbage was originally created to enable the survival of people who had no other options for work. Collecting and selling garbage was thus a way to survive through work in a society where opportunities have always been remarkably unequal and where essential rights have long been disrespected. So, in the past, long before the institution of selective collection, pickers performed the activity of waste separation as the pioneers of this urban ecology related to waste.

In a broader work (Magalhães, 2012), it was seen that this category, more generally known as 'waste pickers' (a name that they do not recognise as the most appropriate, preferring to be called 'recyclable materials pickers') was treated for a long time with prejudice and stigma by many sections of Brazilian society, including public administration.

It could also be seen that pickers often perceive themselves as doing activities that promote cleanliness and the preservation of the environment. Thus, during the fieldwork conducted, it was noticeable that this role is often undertaken and claimed to present the pickers as directly opposed to segments of the population who do not care about recycling programmes.

It was thus suggested that the activities of pickers could be characterised as what Joan Martinez-Alier (2002) classifies as "the environmentalism of the poor". For her, the inevitable conflict between the dominant economic order and the environment gives room for the creation of this current of environmentalism. Furthermore, the author points out that "the main thrust of this third current is not a sacred reverence for Nature but a material interest in the environment as a source and a requirement for livelihood (...). Its ethics derives from a demand for contemporary social justice among humans" (Martinez-Alier, 2002).

The analysis conducted in the research also makes it possible to say that pickers are in an ambiguous situation. First, while they are responsible for extending the life cycle of products (by transforming garbage into

a commodity), thus contributing to the creation and reproduction of a market at the heart of the economic system, they are, however, excluded and marginalised in many respects. Victims of prejudice because they work with waste, they constitute part of the poorest segment of the population and subsequently are denied access to a series of rights and conditions that only higher incomes seem to provide in Brazil.

Second, considering that the pickers perform a service of public utility, the ambiguity of the role that is the preliminary basis for their activity becomes even clearer. Although part of an economy of survival for those who do the work, the reintegration of garbage into the production cycle generates positive benefits for nature and society, since it promotes the efficient use of natural resources and spaces for the storage of waste. Thus, at the same time that the pickers are marginalised by society, they perform the recycling activities that have been incorporated into the emerging paradigm of respect for the environment and, therefore, have recently become more valued by society.

These considerations lead us to ask the following questions: after the rise of the environmental paradigm in recent years, what are the effects of this new valuation of recycling? Will it produce positive outcomes for pickers? Will they be effectively recognised as the protagonists and pioneers of an activity that has only very recently been valued by society? Will they receive decent remuneration for their services and as a consequence emerge from the group of the poorest and most excluded members of society? Will there be an increase in the professionalisation of the profession, and will greater dignity follow?

Some recent steps taken by the government (for instance, attempts to include pickers in a national solid waste plan) and by the pickers (organising themselves in cooperatives and social movements and claiming their rights) are beginning to address these questions. However, most of the answers are still to come, as we still do not know whether these recent events will help to shape a new order, with greater recognition of pickers in Brazilian society, or whether they will remain excluded from formal society.

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Mobilising Domestic Resources for Development Financing in Namibia—Constraints and Opportunities

by Ojijo Odhiambo, United Nations Development Programme, Namibia

Aid disbursements to Namibia, historically one of the main recipients of official development assistance (ODA) in Africa, are projected to decline over the next few years. Namibia aspires to become a prosperous and industrialised country and to be ranked among the developed countries of the world by 2030. To realise this vision, the government recognises the need for enhanced revenue mobilisation while at the same time improving internal efficiency and reducing wastage.

Revenue mobilisation reduces a country's dependence on external flows which are highly volatile; allows governments greater flexibility in designing and controlling their development agenda; conditions States to improve their domestic environment and the management of public affairs, which creates a conducive environment for foreign investments; enhances national ownership over development processes; and strengthens the bonds of accountability between governments and their citizens. Revenue mobilisation is important in creating the necessary fiscal space for governments to implement their development programmes.

Fiscal space can be viewed as the outcome of interactions between the government's own fiscal revenue, public debt, external financing and expenditure restructuring. Taxation remains the main source of government revenue in Namibia, accounting for about 94 per cent of total revenue in 2011/12. Between 1990 and 2011, Namibia's tax/gross domestic product (GDP) fluctuated between 23 per cent and 32 per cent, averaging around 27.5 per cent over the entire period. Although the limit on debt stock as set in the rolling Medium-Term Expenditure Frameworks (MTEF) has been in the range of 25 to 30 per cent of GDP, this was revised upwards to 35 per cent in the 2011/12 to 2013/14 MTEF to reflect the fiscal expansion under the Targeted Intervention Programme for Employment and Economic Growth (TIPEEG) programme.

Namibia's debt stock as a percentage of GDP experienced an upward trend between 1998 and 2005, starting from 20.8 per cent of GDP in 1998 before peaking at 34.5 per cent in 2005. After 2005, however, Namibia steadily reduced its debt stock to 24.7 per cent of GDP in 2010 before it rose again, reaching 27 per cent of GDP in the 2011/12 fiscal year.

Over the period 1990–2011, Namibia had a negative excess of investment over saving—that is, national savings exceeded domestic investments—meaning that the country has not historically been relying on external capital to finance investments. In terms of expenditure restructuring, the public wage bill has generally averaged between 14 and 16 per cent of GDP, which is quite high relative to capital (development) expenditure as a percentage of GDP, which averaged around 5 per cent between 1997 and 2004.

On the one hand, Namibia has one of the most sophisticated, diverse and developed financial systems in Africa. On the other hand, the financial system remains highly concentrated and consists of only four commercial banks, four specialised finance institutions, other non-bank institutions which include insurance companies and pension funds and other smaller institutions, and the stock exchange. As a result of this high concentration, an estimated 31 per cent of the Namibian population are currently excluded from financial services.

Between 1970 and 2010 total capital flight from 13 Southern Africa Development Community (SADC) countries, excluding Namibia, amounted to USD250.9 billion (in constant 2010 USD), and by 2010 the stock of capital flight including compound interest earnings for these countries had reached USD348.7 billion, which exceeded the stock of external debt (USD98.8 billion) owed by these countries—in effect, making them a 'net creditor' to the rest of the world. Although Namibia was not included in the countries sampled, it is plausible to assume that Namibia, like other SADC countries, has been adversely affected by capital flight.

Over the past two decades, the pace of revenue mobilisation in Namibia has been slow compared to the 28 sub-Saharan African low-income countries included in the Drummond et al. (2012) study. This implies that there is only limited scope for the Namibian economy to mobilise additional tax resources to fund national development programmes and projects, especially in the short run. Therefore, in addition to effecting tax reform measures such as widening the tax base, alternative sources of revenue and policy and institutional reforms are needed for Namibia to fund its development programmes, especially in the wake of the projected decline in ODA over the next few years.

As a country with high tax collection, high tax effort and a generally negative pace of revenue mobilisation, the greatest potential for enhancing domestic resource mobilisation in Namibia lies in exploring other economic policy options and institutional reforms, including, but not limited to, boosting domestic savings and promoting investments on a sustained basis; fighting capital flight; judicious and innovative use of pension funds and remittances; and external borrowing.

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Brazil: Strengthening Resilience through an Innovative Income-led Strategy

by Bruno De Conti, University of Campinas, Brazil

Peripheral countries usually encounter significant economic problems as a result of external factors. Brazil is an example, since its economy has always been extremely affected by international crises. The external debt crisis of the 1980s and the 'financial globalisation' crisis in the 1990s all caused private capital to suddenly stop flowing into Brazil, demanding restrictive domestic policies and resulting in low economic dynamism and growing unemployment.

The current situation is quite different, despite the most recent crisis being deemed the 'biggest economic crisis since 1929'; and the Brazilian economy is showing some resilience, based on an innovative income-led strategy. To understand it, it is necessary to analyse the two dimensions of this resilience: external and internal.

The external dimension: From 2003 to 2007 world economic growth was very high, led mainly by China and its international trade. This benign external environment was particularly positive for commodity exporters, since its terms of trade reached historical records.

Brazil took advantage of this context, obtaining current account surpluses that allowed its government to adopt an aggressive strategy of accumulating international reserves, which grew from USD39 billion in January 2003 to USD208 billion in September 2008. When Lehman Brothers failed, the Brazilian economy was thus relatively well protected on this external front. After a brief "sudden stop" in 2008, a "sudden reversal" (Biancarelli, 2012) occurred, and Brazilian international reserves began to rise again.

The internal dimension: The important point, however, is that Brazilian resilience was not limited to the external dimension. Although the initial economic stimulus came from the external front, it has been internalised.

The idea behind the policies of the Workers' Party-led government was that a 'mass consumption market' might be seen as a dynamic market. The aforementioned external stimuli made it easier for the government to foster this internal market, mainly through the expansion of social policies. The most important ones include:

i) *Bolsa Família*: the result of the unification of various cash transfer programmes aimed at fighting poverty and hunger through the direct transfer of cash to poor families. The programme provides families with a modest amount of funds, but, according to some researchers, the multiplier effect has been around 1.8. The programme grew quickly, serving around 6 million families in 2004 and 14 million in 2012 (approximately 25 per cent of the Brazilian population). Its cost in 2012 was around 0.5 per cent of Brazilian GDP, an extremely low-cost programme when compared to its scope and importance for Brazilian society.

ii) Minimum wage policy: the annual average of its real growth was 6.6 per cent between 2003 and 2010 (2 percentage points above the 1995-2002 average). It is particularly important in Brazil because the minimum wage is an anchor for the revenues of almost a quarter of its population.

In addition to these two policies, some other measures were important to foster economic growth and strengthen economic resilience— notably:

credit policy, with an important role played by the public banks, increasing the share of credit from 25 per cent of GDP in 2003 to 45 per cent in 2010; public investments, mainly those made by state companies; and the increase in formalisation of the labour market, with 13 million formal jobs created between 2003 and 2012.

The achievements of these policies have been remarkable. Estimates show that poverty in Brazil has been reduced by 50.7 per cent from December 2002 to December 2010. It means that Brazil achieved one of the Millennium Development Goals in eight years. Nevertheless, what really constitutes a novelty in the Brazilian economy is that this process is the result of economic growth alongside income redistribution. The Brazilian Gini index fell from 0.58 in 2003 to 0.53 in 2012.

Income distribution: beyond a social issue, a strong economic engine

All these interrelated phenomena have created a virtuous circle of income distribution and economic growth. This must be highlighted because it is a novelty in Brazilian history and something rare in the world today. Moreover, it allowed the source of economic dynamism to be internalised: if exports formed the main contribution of GDP growth in 2003/4, after that they were replaced by the contribution of household consumption. In this context, the Brazilian economy has proved much more resilient to the negative effects of the 2008 financial crisis.

Brazilian external vulnerability is lower now than it was in 2002. Biancarelli (2012) shows that the data for 2002 and 2012 were, respectively: international reserves/external debt: 20 per cent vs. 119 per cent; external debt/GDP: 45 per cent vs. 15 per cent; external debt/exports: 3.5 per cent vs. 1.3 per cent. Moreover, there has been an increase in the share of foreign direct investment in financial account flows and of external liabilities denominated in Brazilian Reais instead of US dollars. Internally, although there has been a deceleration of economic growth, the unemployment rate has continued to decline—reaching a historical low of 4.3 per cent in December 2013.

The first important question to be raised is: are these achievements perennial? The answer is 'no'. They depend on **political will** and **economic growth**. The second important question is: is this model of growth exhausted? Again my answer is 'no'. Nevertheless, it will depend on higher rates of investment, both public and private, mainly in infrastructure.

Brazil is still one of the most unequal countries in the world. Continuing to reduce such inequalities remains simultaneously a matter of **social justice** as well as a driver of **economic growth**. This task should continue to be pursued through two complementary channels: income redistribution and the improvement of public goods and services.

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Professional Qualification in the Urban Productive Inclusion Strategy of *Plano Brasil Sem Miséria*

by Patrícia Vieira da Costa and Luiz Herberto Müller, Ministry of Social Development and Fight against Hunger (MDS)

The majority of poor working-age Brazilians are economically active. However, as their ties to the labour market tend to be weak, they have low and unstable earnings. This is largely due to their low level of formal education and lack of access to vocational training. The *Brasil sem Miséria* plan, whose priority is the fight against extreme poverty, has put forward a productive inclusion strategy that has brought new perspectives to these individuals.

In urban areas the flagship initiative is the *Programa Nacional de Ensino Técnico e Emprego* (Pronatec—National Programme for Access to Technical Education and Employment), which offers free high-quality training courses, recognised by the Ministry of Education and by the market, taught at employer-supported or public vocational schools. The courses have a minimum duration of 160 hours, and there are 441 modalities available, such as computer operator, receptionist, electrician and mason.

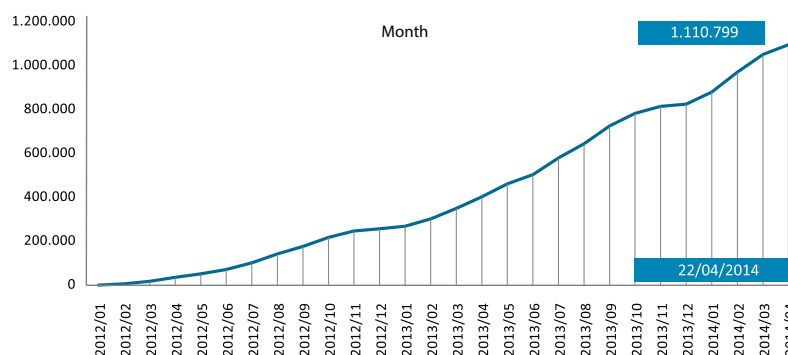
Previous attempts to expand the scale of the vocational education aimed at the poor population failed due to some characteristics of this group which require tailor-made policies. A lack of access to information, low educational levels, long working hours and long commutes to school, and very low incomes hindered their participation. Therefore, in addition to the courses' tuition fees, the federal government started to finance educational materials, transportation and snacks.

However, there were still two major challenges to overcome. The first comprised the difficulties in disseminating information about the courses and raising public awareness about the importance of improving skills. Many poor people did not feel entitled to that particular policy. Once the social assistance network was brought to the strategy, the situation changed. Its experience in providing services to vulnerable families, coupled with its nationwide network and national coverage, made it the ideal partner to assist the Ministry of Education in the program. The social assistance network reaches low-income individuals and refers them to vocational courses and labour intermediation services.

Another challenge was adapting the courses to the target population. The educational materials were revised, and the start of each new class came to be preceded by a welcoming period for the poorer individuals. Unlike previous initiatives, most students (43 per cent) now take evening courses, so they may combine work and study. Educational prerequisites were reassessed—today, 62 per cent of students enrol in courses that only require them to have partially completed fundamental education (which comprises a total of nine years of schooling—ISCED 2).

The number of vacancies and the courses offered in each city are negotiated with local government, schools, workers and entrepreneurs. This decision takes into account the economic vocation and labour deficits in the region, thus increasing the participants' chances of finding work. In just over two years, 1.1 million people have enrolled in *Pronatec Brasil sem Miséria* almost 70 per cent of whom are women.

Evolution in the Number of Enrolments in *Pronatec Brasil sem Miséria*



Source: Authors' elaboration.

Moreover, the programme was not restricted to capitals and major cities: courses are offered in 3479 of the 5570 municipalities.

Job intermediation services, coordinated by the Ministry of Labour with support from the social assistance network, are crucial. Of no less importance are partnerships with companies responsible for major infrastructure projects to qualify and hire local workers—thus reducing worker migration rates and mitigating the social problems that arise from migration.

Pronatec vocational courses also improve the productive inclusion of micro-entrepreneurs. Nearly 400,000 *Bolsa Família* beneficiaries have become formal individual micro-entrepreneurs. To support them in structuring and expanding their business, they have access to productive microcredit at lower interest rates as part of *Programa Crescer*, which, to date, has completed 2.8 million transactions with *Bolsa Família* beneficiaries. *Brasil sem Miséria* also supports 7800 enterprises engaged in solidarity economy across the country, directly benefiting over 150,000 people.

Through widespread access to high-quality training and by encouraging entrepreneurship and facilitating credit, Brazil has set itself on the right track to continue reducing inequalities in the labour market.

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Maximizing the Economic Impact of Cash Transfers: Why do Complementary Investments Matter?

by Stephanie Levy, London School of Economics, Department of International Development and Sherman Robinson, International Food Policy Research Institute Environment and Production Technology Division

Providing safety nets to the poor is part of the agenda of most developing countries. When poverty incidence is high, providing a significant share of the population with social transfers implies substantial mobilization of resources for the government. It also implies that a large injection of funds will flow into the economy and reach a population that will mostly consume the transfers they receive. This increase in households' consumption will increase demand for all sorts of goods and services and will have varying economic impacts depending on whether it reaches markets that have the elasticity needed to respond efficiently and rapidly enough to prevent prices from increasing.

Lack of market integration, which is characteristic of remote areas and rural villages where social protection programs are especially needed, implies that such a rise in household demand for goods and services could generate price increases and hence compromise the benefit of the measure for both recipients, whose real income might not increase as expected, and non-recipients who will also see their purchasing power affected. Rising prices may also induce increased imports, thereby lessening the potential benefit to domestic producers, which has been noted in relation to the economic impact of social transfers (Barrientos 2012). Such risks could affect the efficiency of cash transfer policies.

Since pilot projects were implemented in the early 2000's, research on social protection has mainly focused on its impact at the level of households, through their behavior and decision making. Very few studies (Alderman and Yemtsov 2013) have analyzed or tested empirically the impact that social transfers are likely to have on the local economy.

We have developed a macroeconomic model of the Cambodian economy that was tailored specifically to simulate a large range of social policies and household targeting strategies. This simulation tool allows us to analyze the potential economic impact that social protection policies might have in a small economy with market imperfections and weak market integration between rural and urban areas. This study (Levy and Robinson 2014) illustrates why cash transfers might induce price increases that could reduce the efficiency of the policy and calls for complementary measures to benefit both recipients and the domestic economy.

Price effects and impact on local markets

When cash transfer policies are simulated alone, we find no increase in real GDP, even when up to 2 per cent of the gross domestic product is distributed to households and even when the policy is fully funded by aid or by the Cambodian oil and gas revenue—and so does not increase the tax burden that could slow down the domestic economy. This result holds whatever household targeting strategy is used: cash transfers appear insufficient to promote economic growth when implemented alone. Why?

The rapid introduction of a relatively large scale cash transfer programme could give rise to distortions on local markets, agricultural markets in particular, where supply fails to adjust rapidly enough to the increase in household demand through production, and even, for parts of the country, through trade. Our results

show a potential increase in some domestic prices, agricultural commodities' in particular. This outcome would be bad news for both direct beneficiaries and non-beneficiaries of the measure. Even if many targeted households decide to invest part of the transfer they receive into productive activities and assets (such as cattle, tools, seeds), the benefit of this investment on the domestic economy seems insufficient to overcome the distortion on domestic markets.

Combining cash transfers with productive investment

So what role can social transfers play in an economic growth strategy? Our results show a strong complementarity between cash transfers and productive investment in agriculture (i.e. rural infrastructure, irrigation and productivity-enhancing inputs). For example, we find that it would be economically more efficient to share public spending between such productive investment and cash transfer, than dedicating it to any of these measures alone. Such an association of policies creates strong synergies and would be conducive of a beneficial combination of economy-wide impact and poverty reduction among all Cambodian households, compared to social transfers or investment measure alone.

By stimulating domestic supply and allowing it respond to the increase in demand without increasing prices, public investment appears to be an ideal complement to social protection, and the combination of the two provides a robust engine for growth. This means that combining cash transfers with such targeted public investment is likely (i) to significantly stimulate the domestic economy and (ii) generate better outcomes in terms of poverty reduction than each measure separately.

In our results, poverty reduction among all households becomes then greater than when CTs are implemented alone. This means that safety nets are likely to have better poverty impact when integrated in larger investment and rural development programmes that enhances productivity in economic sectors that are key for the poor. Such policies should be designed in conjunction rather than in parallel.

Policy makers have limited, typically scarce, funding capacity. They demand realistic assessment about what social protection can achieve. Our results suggest that the efficiency of these policies could be improved by taking into account and supporting, at an early stage of policy design, the capacity of local production to respond to a sustained increase in domestic demand.

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Productive Spillovers of Social Cash Transfers in Africa: a Local Economy-wide Impact Evaluation (LEWIE) Approach

by J. Edward Taylor and Karen Thome, University of California, Davis; Mateusz Filipiński, International Food Policy Research Institute (IFPRI) and Benjamin Davis, Food and Agriculture Organization of the United Nations (FAO)

Many countries around the globe, including in sub-Saharan Africa, have implemented social cash transfers (SCTs) as a new line of attack against extreme poverty. Most African SCT programmes involve the unconditional transfer of cash to households that are both asset- and labour-poor. The stated goals of these programmes are social: to improve the welfare of the treated households by providing cash and encouraging changes in behaviour related to nutrition, education and health. But by providing poor households with cash, SCT programmes also treat the local economies of which these households are part, by stimulating demand for local goods and services. In light of the eligibility criteria for SCTs, ineligible households may be more likely than eligible households to expand their production to meet new local demand. If the local supply response is sufficiently elastic, the impacts in local economies may be expansionary rather than inflationary.

Local economy-wide impact evaluation (LEWIE) links models of treated and non-treated households into general-equilibrium (GE) models of project-area economies, explicitly capturing interactions among households. LEWIE models are estimated with microdata from baseline surveys carried out as part of a randomised controlled trials. Thus they provide the micro focus needed to realistically simulate programme impacts, and their simulations can be complemented by experimental estimates. Local impacts cannot be evaluated using aggregate (e.g. national) GE models.

To date, LEWIE simulations reveal important spillovers from SCTs in project-area economies. For example, the Zambia Child Grants Programme generates local income multipliers of up to 1.87 kwacha per kwacha transferred to poor households. Lesotho's Child Grants Programme creates a local multiplier of 2.23 per maloti transferred. Most of the spillover—0.62 per kwacha transferred in Zambia, 1.08 per maloti transferred in Lesotho—is found in households ineligible for the programme. Monte Carlo methods find that the local spillovers are statistically as well as quantitatively significant. Where data from follow-on surveys are becoming available, they confirm that these transfer programmes generate significant productive impacts. Prices play a central role in GE models. SCT programmes can potentially produce price effects that reduce their efficiency at raising real incomes and possibly even harm

non-beneficiaries. However, prices are also the mechanism by which programme impacts are transmitted from demand to production and from beneficiary to non-beneficiary households. The hope is that the local supply response to prices is elastic, so that production expands and price inflation is held in check. There is no question that cash transfer programmes have the potential to be inflationary if the local supply of non-tradables is inelastic.

We find compelling evidence that local production, particularly in project-ineligible households, expands in response to cash transfers. Having models with a fine local resolution is a prerequisite to identifying local production impacts. If the local supply is inelastic, our simulations reveal that real income multipliers diverge from nominal ones, but except in the most extreme of cases, they are always significantly greater than 1.0.

Complementary interventions may be needed to increase the local supply response. Such interventions would need to target SCT-ineligible as well as SCT-eligible households. LEWIE models can be used to simulate the joint impacts of cash transfers and productive programmes that loosen capital and liquidity constraints on local production for different household groups. Such simulations confirm that programme-interaction effects are potentially large and can significantly enhance the local productive impacts of SCTs.

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Institutions and Policy Change: the Development of the Child Support Grant in South Africa

by Leon Schreiber, Doctoral Candidate, Department of Political and Social Sciences, Freie Universität Berlin

It is widely accepted that the Child Support Grant (CSG) has become one of South Africa's flagship instruments in combating poverty and inequality since its introduction in 1998. UNICEF (2012) regards it as "an exemplary model of a social cash transfer programme" that contributed to the development of a refashioned social protection system. The language of exceptionalism and significant change emerged in the context of the transition to democracy, with the incoming government emphasising the importance of implementing transformative policies.

The Lund Committee on Child and Family Support was established by the Minister's Committee on Welfare and Population in December 1995 to make recommendations on the redesign of the family support system. The Lund Committee, as well as its successor charged with implementation—the Child Support Grant Task Team (CSGTT)—embody a set of 'change agent' actors. This was a diverse group of mainly independent experts, including leading economists, representatives from civil society organisations and academic researchers. The change agents were external reformers attempting to transform the institution of state child support. The other actors were internal departmental bureaucrats, politicians and state legal advisers. These state actors are characterised as 'veto players', as they were sufficiently powerful to overrule reform recommendations with which they did not agree.

Despite the focus on transformation, a systematic examination reveals that the process whereby the CSG was initially introduced represents a case of only partial policy adaptation. Despite attempts by policy change agents to comprehensively transform the previous State Maintenance Grant (SMG)—which had been in existence since the 1930s—the CSG continued to implement certain procedures that were almost exactly the same as those of the SMG. Attempts were made to abolish the SMG's means-tested approach and enact a universal CSG, reform the delivery system by drawing beneficiaries into the banking system, simplify the application procedure and create linkages with the health care system as an incentive. All of these recommendations were nullified by veto players, resulting in the continuation of the SMG's approach featuring a rigid means test, cash-based delivery system, complex application procedure and purely unconditional approach.

Policy changes were much more transformative (although not necessarily normatively 'positive') in determining payment levels and eligible racial and age cohorts. The SMG had been a highly racially discriminatory programme, with black children being almost entirely outside the system. For the few who did receive grants, the payment was much lower than for other groups. The SMG had also been available to children up to the age of 18, or even 22 if they were still in secondary or tertiary education. In terms of eligibility, the reforms resulting in the CSG were sweeping. The CSG was made available to all racial groups, while age eligibility was slashed to 7 years old under the CSG.

Faced with the proposition of determining eligibility while staying within the limits of the veto players' preference for fiscal constraint, change agents were determined to focus on the age cohort where the greatest impact could be achieved. The same logic resulted in radical change in terms of benefit levels. Where the SMG had paid between ZAR225 (USD40) and ZAR565 (USD102) per child to (white) beneficiaries, the CSG subsequently paid only ZAR100 (USD18) per child.

Why were changes not wholly transformative across the board? Why did certain significant features of the SMG survive the attempt at fundamental transformation, even when important actors were in favour of reform? Why did change occur in other areas? Insight from neoinstitutionalism provides a perspective for interpreting this incomplete adaptation. In contrast to the conventional depiction of the main variants of this tradition—historical and rational choice institutionalism—as being opposed to one another, the paper reveals that it is precisely through sequentially integrating their insights that partial policy change can be convincingly accounted for.

The analysis highlights the different preferences held by disparate sets of policy actors, with preferences originally emanating from the different institutional contexts inhabited by different actors. It shows how powerful internal veto players were able to block the reform suggestions of external change agents attempting wide-ranging transformation. The only areas to witness significant change were those where a consensual preference existed between veto players and change agents—the preference for non-discrimination and equality; state actors were able to veto all other reform suggestions. Veto players had to agree that certain norms and procedures were 'part of the problem' if they were to support reforms.

The SMG's features, therefore, survived in all areas where state actors perceived regulations to be 'technical' and not directly related to decisions about how much money to give and to whom. This unequal power distribution, and the fact that consensus was limited to the (nonetheless hugely significant) preference for removing discrimination and equalising the system of child support, explains why change was incomplete.

The outcome was the survival of the SMG's institutional norms and procedures in many aspects of the CSG's operation, with change limited to decisions about payment levels and eligibility. The results indicate that, contrary to the popular narrative, the CSG did not so much replace the SMG as it preserved and adapted its features in a process of institutional layering. In a policy sense the creation of the CSG thus featured significant transformation in some regards, while change was decidedly limited in others.

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The Evolution of the Middle Class in Latin America

by Leopoldo Tornarolli, Centro de Estudios Distributivos, Laborales y Sociales,
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In several Latin American countries the middle class has not historically represented a significant proportion of the population. However, during the last few years, most countries in the region have experienced economic growth accompanied by decreases in income inequality, which has resulted in an increase in the share of the population belonging to the middle class in Latin America. This work traces the evolution of the middle class in 16 Latin American countries during the period 2001–2011.

Data and methodology

The household surveys utilised in this work belong to the Socio-Economic Database for Latin America and the Caribbean (SEDLAC), a joint project between the *Centro de Estudios Distributivos, Laborales y Sociales* (CEDLAS) of the Universidad Nacional de La Plata (Argentina) and The World Bank's Poverty Group (LCSPG).

Regarding the definition of the middle class, absolute income thresholds are used to identify whether or not a household is part of this socio-economic group. In particular, the definition adopted is the one proposed by the *Secretaria de Assuntos Estratégicos (SAE) da Presidência do Brasil*.

In the empirical work, a household is considered middle class if it has a level of per capita household income between USD4.35 and USD15.23 a day at 2010 purchasing power parity (2005 PPP). Households with per capita household income lower than USD4.35 a day at 2005 PPP belong to a lower class, while those with per capita household income higher than USD15.23 a day at 2005 PPP are considered part of the upper class.

The evolution of the middle class in Latin America

When considering Latin America as a whole, the results confirm that the region's middle class has experienced a significant increase in the last decade: while it accounted for 40.7 per cent of the population of the region in 2001, by 2011 that share had risen to 51.4 per cent. In the same period, the size of the upper class also increased, from 13.1 per cent to 19.3 per cent. The trend was not consistent throughout the period: between 2001 and 2003 the size of middle class remained virtually unchanged in the region, but from 2003 to 2008 there was a strong growth in the percentage of Latin American households that moved from the lower to the middle class. Between 2008 and 2009 the growth of the middle class happened at a slower pace due to the international financial crisis, but after 2009 the share of this social group within the total population grew at a rate similar to that observed between 2003 and 2008.

Is there convergence across countries in the population share of the middle class?

Was the evolution of the population share of the middle class similar across countries? If it was not, is there some pattern that helps to explain

that different evolution between countries? The results show that the evolution of the population share of the middle class was not the same in all countries: those countries where the middle class represented a lower proportion of the population in 2001 (e.g. Bolivia, Peru and Ecuador) had the highest growth rate in the population share of the middle class between 2001 and 2011.

By contrast, the countries with the highest population share of the middle class in 2001 (e.g. Uruguay and Chile) had the lowest growth rate in the population share of the middle class. In that sense, there appears to be some convergence in the proportion of the population that represents the middle class in the different Latin American countries. Those results are compatible with the predictions of Paes de Barros and Grosner (2013), who evaluate the evolution of income distribution by monitoring the population shares of the three income classes (lower, middle and upper).

The authors propose that the different stages of the process of transition from a poor society, where most of the population belongs to the lower class, to a wealthy society, where most of the population belongs to the upper class, can be characterised in terms of the relative size of the three income classes.

During the first stages of the development process the relative size of the middle class tends to increase, but when a country reaches a certain level of development, the relative size of the middle class starts to shrink. To put it differently, the middle class has a maximum size in each country.

Given that Latin American countries differ in their levels of income and development, the rates of growth of the population share in the middle class should also be different among them. Moreover, a contraction in the size of the middle class should be expected in those countries with the highest level of development.

In other words, while at first sight there is (seemingly clear) convergence in the size of the middle class across Latin American countries, a deeper examination of the process shows that this convergence is just a transitory result of countries with different levels of development moving through different stages of income distribution.

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An Exploratory Analysis of the Effects of the Formalisation Policy for Individual Micro-entrepreneurs

by Carlos Henrique L. Corseuil, Deputy Director of the Directorate for Social Studies and Policies (Disoc) at Institute for Applied Economic Research (Ipea)
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Most businesses in Brazil are informal: about 75 per cent of entrepreneurs are not registered with the federal tax authorities (do not hold a *Cadastro Nacional de Pessoa Jurídica*—CNPJ) and do not contribute to the social security system. This feature is even more pronounced among micro-entrepreneurs who employ up to one employee, who account for about a quarter of the total working population and 89 per cent of entrepreneurs in Brazil.

In 2009, the federal government introduced a new policy directed exclusively at micro-entrepreneurs who employ up to one employee, henceforth referred to as *microempreendedores individuais* (MEIs) or individual micro-entrepreneurs. This policy, enacted with full national coverage, significantly reduced the costs of formalising businesses by obtaining a CNPJ and by contributing to the social security system. As such, the policy encourages micro-entrepreneurs to formalise their businesses in both senses, and generates a link between them for this group of entrepreneurs.

Corseuil et al. present evidence that helps clarify, albeit only partially, whether the MEI policy was successful in promoting: i) micro-entrepreneurship in Brazil; and ii) the formalisation of entrepreneurs. To achieve this goal, they proceed in two alternative ways. First, evidence is gathered for each of these two issues, using specific methodologies for each one. Second, an integrated analysis of these two issues is performed, by tracking the transitions of individuals through different labour market situations, including their occupations and formalisation status.

This integrated analysis can also contribute to raise a third inquiry, namely: can employers use the MEI policy to avoid paying labour taxes, by replacing labour contracts with service contracts signed by alleged individual entrepreneurs?

The results about the specific investigation around the promotion of entrepreneurship suggest that the MEI policy may have had a

reduction-of-scale effect on those who were already entrepreneurs, but there is no evidence of changes in the pattern of occupational choice—between being a small entrepreneur and holding other positions. Regarding the analysis of the decision to formalise, results suggest that the policy may have had a positive impact on the decision by individual entrepreneurs to contribute to the social security system.

Finally, an integrated analysis of labour market flows based on data from the Monthly Employment Survey (PME) of the Brazilian Institute of Geography and Statistics (IBGE) reveals that all occupations became less-absorbing states when compared to the option of being formally self-employed. This includes both the formalisation of workers who were already self-employed as well as effects on the reduction of the scale of businesses. Furthermore, a relative reduction in the wages paid to the labour force is noted, particularly in the likelihood of being in formal employment. This latter result is consistent with the hypothesis that certain companies, particularly smaller ones, are using MEIs to change the employment status of their employees from wage-earning work to services rendered. The authors have no way of proving this, since the PME/IBGE data do not provide a way to verify whether the transition from employee to self-employed was also accompanied by a change in that individual's workplace.

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Climate Variability in Semi-arid Brazil: Food Insecurity, Agricultural Production and Adjustment to Perceived Changes¹

by Patricia S. Mesquita and Marcel Bursztyn, University of Brasília² and Hannah Wittman, University of British Columbia³

Climate change and variability are among the main threats to socio-ecological sustainability in many semi-arid regions. High levels of social vulnerability in the northeast of Brazil make this region one of the most susceptible to the impacts of climate change in the country. Within the region, the state of Ceará is one of the most vulnerable to the foreseen climatic impacts (PBMC, 2013). The year 2012 was marked by a long and severe drought that affected millions of people, primarily due to the significant decrease in agricultural production yields and the death of cattle.

Among the 184 municipalities of the state of Ceará, 174 were declared to be in state of emergency, with government interventions such as water supply trucks provided by the army, and other compensatory measures. Below we provide a brief analysis of the local vulnerability status during this period and policy implications related to our findings. Interviews were conducted with 233 family farmers in four municipalities of Ceará (Altaneira, Mauriti, Missão Velga and Salitre) in January 2013.

Food insecurity

According to the Brazilian Household Food Insecurity Measurement Scale (*Aprimoramento da Escala Brasileira de Medida Domiciliar de Insegurança Alimentar—EBIA*) (Segall-Correa et al., 2003), 103 households (44.21 per cent) reported food insecurity. Several socio-economic variables, such as education, are related to the productive capacity, food security and social vulnerability of households. Many of the interviewed family heads were illiterate (N=60), and only 30 per cent (N=70) had an education beyond the fourth grade.

Production

Almost 100 per cent of participants (N=229) reported agriculture as the main productive activity. The main staples cultivated were found to be beans (N=218), maize (N=197) and cassava (N=70), followed by other products on a smaller scale of production. The interviewees mostly depend on a small diversity of rain-fed cultivated items, which could be a major concern for the food and nutritional security of family farmers in this area. Only 25 per cent of households reported using some sort of fertiliser (organic = 37; inorganic = 13), while 82 per cent reported the use of industrial pesticides. Increased knowledge about traditional and alternative ways to tackle crop problems could drive changes towards more sustainable techniques that would be less damaging to farmers, local food security and ecosystem health. Institutional demand for organic products (e.g. the *Programa de Aquisição de Alimentos* (PAA) food acquisition programme), in conjunction with increased technical assistance to demonstrate sustainable production practices more adapted to the drought-prone environment, could lead to an increased use of sustainable techniques.

Climate change perception

Most of the participants (N=194) perceive the climate to be worse now than when they were 20 years old, while 11 stated that it had improved. Additionally, 219 (94 per cent) believe that temperatures have indeed changed (N=207, warmer), while

12 did not report any difference. The majority (N=208) consider that changes in temperatures have had a negative effect on household agricultural production.

Productive adjustments

One third (36 per cent) of the households (N=85) confirmed changing the planting schedule in previous years, while 138 (59 per cent) did not report any changes. Modifications in the timing of farm activities have been suggested as an important tool in the face of unpredictable weather (Smit and Skinner, 2002). Some 58 per cent (N=134) confirmed having experienced crop failure due to changes in climate, pests and other challenges. Only 12.6 per cent (N=17) reported adopting a new crop in the same period. Abandoning crops without replacing them with new varieties can lead to a decrease in food diversity, and a reduced level of food and nutritional security if households are mainly subsistence farmers.

Recommendation

The results indicate that farmers in this area can be characterised as being reliant on a limited diversity of crops, with limited use of fertiliser and few adjustments in production in response to climate variability. Despite the high perception of changes in climate, few farmers appear to be taking proactive measures to replace crops that were abandoned in the past due to environmental and economic reasons. Therefore, additional research is needed to better understand the rationale for the apparent inaction when presented with such changes, to more specifically adjust programmes and policies to the local context. The failure to adopt ex ante adaptation measures could be related to the lack of trust in climate forecasts and other traditional beliefs that are ingrained in the culture, lack of education, weak technical assistance and the historical reliance on emergency aid and programmes. We believe that programmes dealing with rural development and social protection (including those directed towards food security) must urgently tackle the foreseen challenges related to climate variability and change, and make use of geographical as well as social targeting.

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1. Research supported by the Climate Network (REDE CLIMA) – Regional Development research team at the Centre for Sustainable Development at the University of Brasília.
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How to Engage Parliamentarians in Evaluation

by Asela Kalugampitiya, EvalPartners; Livia Maria da Costa Nogueira and Paola De Orte, the International Policy Centre for Inclusive Growth, UNDP

This One-Pager summarises the main issues raised in an online discussion on 'How to Engage Parliamentarians in Evaluation' hosted by the International Policy Centre for Inclusive Growth (IPC-IG) <www.unteamworks.org/NEC> as a follow-up to the 18 National Evaluation Capacities (NEC) commitments adopted during the last NEC conference in São Paulo. Contributors shared their experience in implementing National Evaluation Policies (NEPs) and in engaging parliaments to ensure policymakers make good use of evaluation.

Parliamentarians, as policymakers, have a great need for verified data and can support the establishment of National Evaluation Policy and Systems. During the online discussion, examples of successful initiatives that aim to engage parliamentarians were presented. In Uganda a number of policies have been put into practice: encouraging parliamentarians to take field trips; promoting the development of studies to identify critical sectors in parliamentary research departments; training the Public Accounts Committee to ascertain impact; and conducting group discussions in constituencies. The country was also responsible for sponsoring a Ugandan Evaluation Week. In Malaysia the Integrated Results-Based Management System (IRBM) combines the RBM system and the MyResults software so as to integrate outcomes-driven development with outcomes-driven budgets.

Morocco has shown commitment to institutionalising evaluation and engaging parliamentarians, as its 2011 Constitution states that the parliament should be involved in evaluating public policies. In Malawi the focus is on monitoring, not evaluation—an issue also observed in Kenya—though an NEP exists. There are sector working groups, the Office of the President has a Programs and Projects Monitoring Unit that uses an Independent Evaluation Committee, and the Ministry of Finance has a monitoring and evaluation (M&E) section. Nevertheless, the parliament has little knowledge of programmes' performance.

Kenya has developed a National Integrated Monitoring and Evaluation System (NIMES), coordinated by the Monitoring and Evaluation Directorate; together they are building an NEP. Policymakers in the country are involved in M&E, since its governance consists of not only parliamentarians but also governors.

Challenges in developing strong NEPs were identified, such as officers being more engaged in intelligence activities than in M&E practices, NGOs being too involved in projects to evaluate and critique them, and local governments not taking into account evaluations carried out by NGOs. Also, district M&E officers passively wait for reports and do not resort to verification, whereas NGOs do not prepare annual reports and operate on donors' conditions, not on nationally established terms. Often, donors stop funding projects not only because money is embezzled but also due to a lack of M&E. In many countries, M&E is only working at the local government level.

Participants also mentioned challenges regarding the engagement of parliamentarians. Parliamentarians' political needs were mentioned, and it was suggested that, to overcome this problem, the political party system in developing countries should be restructured. Another suggestion was to convince parliamentarians that promoting evaluation could be good for their prospects of re-election—for instance, by ensuring that the promise of the

Kenyan Devolution Agenda is delivered. To make them understand this, it was mentioned that young people are key actors, since they are the ones that suffer from unemployment and have greater access to social media.

Other challenges include evaluation policies in developed countries. In Europe, countries have NEPs, but they are not always functional. Canada also has an NEP, but it only works at the national level, as the provinces have their own systems.

Some initiatives were praised, such as a public hearing at the European Parliament conducted by the European Evaluation Society (EES); the Parliamentarians Evaluation Seminar, organised by the Malaysian Evaluation Society; and the workshop on results-based M&E promoted by the Moroccan Evaluation Association. In addition, the South Asia Parliamentarians Forum for Development Evaluation (PFDE) <www.pfde.net> is engaged in building a model NEP and is conducting a 'regional consultation on NEPs'. With support from EvalPartners, it has documented case studies on NEPs in six countries; these and other relevant resources are available on the organisation's website. Also, EvalPartners will host a meeting on 'Towards a Global Parliamentarians Forum for Development Evaluation' in Dublin in conjunction with an EES conference, while Nepal launched the first National Parliamentarians Forum on Development Evaluation Policy. As regards knowledge-sharing, EvalPartners has a toolkit on Advocacy for Evaluation and an e-learning course that has a module on the subject.

Regarding the future, the majority of participants agree that institutionalising evaluation is a major step in ensuring that policymakers make good use of evaluation and that parliamentarians are aware that they should engage in evaluation and demand it. In addition, it is important to build capacity and improve policy frameworks. Also, the subject of engaging Voluntary Organisations of Professional Evaluators (VOPEs) and parliamentarians in building national evaluation systems was brought up and supported by many participants, who emphasised the fact that it is in the best interest of VOPEs to do so, as they could gain national visibility and recognition.

There were many contributions on how to strengthen and enhance evaluation policies, such as reporting documents with best M&E practices, engaging parliamentarians by conducting quarterly surveys on M&E systems and building strong connections between parliamentarians and research departments. As evaluation practices are usually carried out at the administration level, some competencies should be transferred to parliaments. Also, a link must be built between administrations and parliaments, to involve civil society in evaluation. To ensure ministries are informed by evaluation, strong legal frameworks must be built. Finally, to safeguard citizen participation and transparency, there must be a focus on pluralism and on multidisciplinary policies in civil society.

Notes:

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'Model National Evaluation Policy With Key Elements' at <<http://www.pfde.net/images/pdf/MNEP.pdf>>.

'Ten Reasons for Parliamentarians to Engage in National Evaluation Policy Process' at <<http://www.pfde.net/images/pdf/101.pdf>>.

Social Protection Systems in Latin America and the Caribbean: Peru

by Milena Lavigne, Consultant of the Social Development Division of ECLAC

In the past decade Peru has undergone great economic and social changes. The country has experienced rapid economic growth, accompanied by increased social policy efforts. Indeed, since the 2000s, the Peruvian State has adopted important innovations for the provision of basic social services in the areas of health and education. Efforts have also been made to develop and expand poverty reduction programmes, such as *Juntos*, as well as non-contributory social pensions for elderly people living in poverty.

Peru has a pension system made up of contributory and non-contributory systems. Contributory pensions, which covered only 24.8 per cent of the working population in 2008, fall under three main regimes: the National Pension System (*Sistema Nacional de Pensiones*—SNP), the Living Decree (*Cédula Viva*) and the Private Pension System (*Sistema Privado de Pensiones*—SPP), which is an individual capitalisation system. The two first regimes are part of the public pension system and are managed by the State. The third one is administered by private pension fund administrators (*Administradoras de Fondos de Pensiones*—AFP). In 2008, a new Social Pension System (SPS) was established by law.

The Peruvian State also offers two non-contributory pensions for vulnerable elderly people who have not contributed to a pension fund or whose contributions do not allow them to receive a decent pension: the Minimum Pension for Old Age (*Pensión Mínima de Vejez*), created in 2001, and the National Solidarity Assistance Pension (*Pensión Nacional de Asistencia Solidaria*, 'Pensión 65'), implemented in 2011.

The health system is also divided into a universal public health sector and a private sector. One of the major issues concerning the health system in Peru has been the lack of public funding. Social spending on health has a low priority in public social expenditure and is mainly targeted at poor households, trying to ensure access to maternal and older adults' health care. Moreover, health insurance falls under a range of different regimes and institutions. Contributory health insurance is managed by Institutions for the Administration of Health Insurance Funds (*Instituciones Administradoras de Fondos de Aseguramiento en Salud*—IAFAs). Among the IAFAs there are private-sector insurance companies and private health provision entities (*Entidades Prestadoras de Salud*—EPSs), as well as public health insurance programmes, such as the Social Health Insurance (*Es Salud*). The Universal Health Insurance (*Aseguramiento Universal de Salud*—AUS) of 2009 and implementation in the same year of the new Essential Health Insurance Plan (*Plan Esencial de Aseguramiento en Salud*—PEAS) changed the design of the Peruvian health insurance system. The AUS established the compulsory nature of insurance and free access to health care for all the residents of the country through the PEAS. It also determined the dissociation of the functions of insurance and provision of health services, encouraging the participation of private entities in the health system.

In 1991, the first instrument to combat poverty was implemented: the National Fund for Social Development (FONCODES). More recently, in 2005, the country implemented the conditional cash transfer programme *Juntos*, targeted at the population living in poverty and extreme poverty. The programme focuses particularly on rural areas, where poverty is more concentrated. However, its coverage has been widened since its creation: the number of beneficiaries has increased from 124,025 people in 2005 to 2,765,521 people in 2011, which constitutes about 7.6 per cent of the total Peruvian population and 21.2 per cent of the population living in extreme poverty.

Concerning education, Peru (together with Chile and Argentina) is one of the countries with the highest primary and secondary school attendance rates in Latin America. It also has almost universal coverage of primary education (94.1 per cent net attendance in 2009), but not secondary education (78.3 per cent). Since 2005, the enrolment rate in primary education has been slowly decreasing, while the secondary-school enrolment rate has been increasing. In both cases, enrolment rates are lower in rural areas. Education receives the second highest amount of social spending in Peru. Yet the low level of public spending on education (compared to other Latin American countries) creates several problems in terms of the quality of teaching and infrastructure, and contributes to accentuating inequalities not only between private and public schools but also within public schools, where the poorest cannot use private resources to fund their education.

The country has achieved good results in terms of reducing poverty and, to a lesser extent, income inequality—although their levels remain quite high—and the expansion of health and education services. Access to public health services has improved with the introduction of the free public health insurance scheme (Integral Health Insurance—SIS). Primary and secondary schooling rates have improved and are now quite high, in particular at the primary education level. However, the importance of labour informality and of geographical differences continues to shape the unequal access to social services and to social protection in the country. Public services still lack adequate funding and remain of poor quality, especially in comparison with those provided by the private sector. Thus, improvements in social indicators such as poverty and income inequality do not necessarily mean that Peru has overcome all the challenges in terms of social protection, especially with respect to guaranteeing universal access to public services and enhancing the quality of services.

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Social Protection Systems in Latin America and the Caribbean: Paraguay

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Since its transition to democracy at the beginning of the 1990s, Paraguay has made considerable progress in confronting poverty and social inequality. The fact that poverty has become a major issue on the public agenda since then has furthered the development of social protection and promotion programmes. The implementation of social policies has focused not only on education, health and pensions, but also on youth, employment protection and housing, showing a new approach to poverty and vulnerability.

Paraguay does not have a truly integrated pension system but, rather, a group of different public or private entities that grant coverage to different groups of workers, financed through an individual capitalisation regime. Paraguay has the lowest rate of coverage of social security and pensions in Latin America. In 2008, the pension system covered about 13 per cent of the Paraguayan working population. In the public sector, almost all workers are covered by a pension fund, but in the private sector, coverage is only about 30 per cent of workers (40 per cent in urban areas and less than 15 per cent in rural areas).

The Paraguayan public health system is supposed to have universal coverage, but the reality is quite different: the lack of public funds (Paraguay's spending on the health sector is one of the lowest in Latin America), the superposition of functions and the lack of coordination between the different organisations have created an unequal distribution of services between different geographical areas in the country. Still, coverage by the public sector has increased over time, and has passed from benefiting mainly the population from the second to the fourth quintile of the income distribution in 2003, to benefiting mainly the lower-income population in 2004 (from the first to the third quintile). However, there are still great coverage gaps and inequalities in public health access: according to the national census, in 2010 only 23.4 per cent of the Paraguayan population had medical insurance—the lowest proportion in Latin America excluding Haiti. Coverage is higher for the urban population than the rural population: in 2010, 34 per cent of the urban population had medical insurance, compared to only 8.1 per cent of the rural population.

Beginning in 2012, the implementation of the *Sáso Pyahu* system, as part of the Public Policy for Social Development 2010–2020: 'Paraguay for all' (*Política pública para el desarrollo social 2010–2020: 'Paraguay para todos y todas'*), will aim to improve the efficiency of social protection policies and to spread their coverage to deal better with the multidimensional aspects of poverty and indigence. It takes into consideration the multiple aspects of poverty (such as the context and the family dynamics within households: identification, education, nutrition, health and housing) to combat it efficiently. It comprises three main axes of action: (i) improving social protection and promotion programmes that already exist, in particular conditional cash transfers

(*Tekoporá, Ñopytyvó, Abrazo*); (ii) implementing family monitoring and care programmes; and (iii) facilitating access to social promotion programmes.

Moreover, The *Ñamba'apo Paraguay* programme, part of the *Sáso Pyahu* system, has been implemented to promote decent labour and improve labour skills for people living in poverty and extreme poverty. The programme, which started in 2010, focuses on the population in situations of socio-economic vulnerability and unemployment or under-employment.

Malnutrition and food security are important issues for Paraguay, closely linked to poverty and social development. Child malnutrition indicators are particularly worrying: according to UNICEF, in 2005, 14.2 per cent of children suffered from chronic malnutrition. This problem is particularly acute among indigenous children, 41.8 per cent of whom suffered from chronic malnutrition. To address this issue, in 2005 the Government of Paraguay created the Nutrition and Food Assistance Programme (*Programa de Asistencia Alimentaria y Nutricional—PROAN*) with the objective of reducing malnutrition among children under five and pregnant women through the delivery of a basket of food and vitamins.

The main challenges for the education system in Paraguay are inequality of access, low attendance in secondary education, the cultural and linguistic variations of the different groups that constitute Paraguayan society, and the quality of education. The inequalities in attendance mirror socio-economic inequalities between different population groups, as well as the gap between indigenous and non-indigenous and afro-descendent communities. Education is the social sector with the highest level of public spending, which was about 42.3 per cent of total social spending in 2010. Even if Paraguay has made significant progress in enrolment rates since the end of dictatorship, the education system in the country does not reach the whole school-age population. Moreover, there was a marked tendency towards a decrease in net enrolment in primary education between 2005 (94.4 per cent) and 2009 (85.1 per cent), which is quite worrying.

Hence, the universal fulfilment of social rights is still quite far from being reached and constitutes a great debt for Paraguay. This is due in part to the lack of economic resources available to implement social protection measures, but also to the lack of coordination and cooperation between different public institutions devoted to social policy. As a result, it is unlikely that Paraguay will achieve the Millennium Development Goals (MDGs) by 2015, in particular MDG1 on poverty and hunger and MDG5 on maternal health.

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The BRICS Youth, the Financial Crisis and Job Promotion

by Ashleigh Kate Slingsby and Pedro Lara de Arruda, the International Policy Centre for Inclusive Growth, UNDP

Since the 2008 financial crisis

there has been an increasing focus on the creation of decent and productive employment for youth. This movement has recently been formally entrenched in the construction of the post-2015 Sustainable Development Goals agenda, under core dimension number 3: 'Inclusive social development'.

The BRICS grouping, created in 2006, was initiated in light of the prospect of its Member States representing the world's largest aggregate economy by 2050. It has since seen the protection of youth and the promotion of jobs emerge as a leading area of its social agenda. Currently the BRICS youth represent approximately one fifth of the world's working-age population; therefore, capitalising on their exceptionally low dependency rates (demographic bonus) represents one of the group's central priorities.

For many of the BRICS nations, the time of experiencing such low dependency rates is coming to an end. Hypothetically, if no measures are taken, the dependent populations in Russia and Brazil will overtake the working-age population by the 2050s. China's turning point could be almost 15 years earlier. This has two implications: countries can no longer postpone investments in the productive allocation of their youth; and such investments have to be capable of increasing productivity and strengthening social protection networks so that today's youth are not left unassisted when they grow old.

The slowdown in employment generation among all the BRICS countries, particularly among the youth, as a result of the 2008 financial crisis represents a major challenge for these countries, as it comes at a time when financial resources are required to actively invest in the youth. Even so, the same context of crisis since 2008 has highlighted the positive effects and efficiency of social programmes as instruments of resilience and inclusive growth among all the BRICS countries. Therefore, it is important to address how these countries utilise their globally recognised experience in implementing and managing social protection programmes and policies for the purpose of actively protecting and promoting their youth.

Inclusive production programmes among the BRICS countries fall into three broad categories: workfare; technical and professional training/education; and access to credit/grants to promote self-employment and entrepreneurship.

Our analysis suggests that inclusive programmes for youth have the potential to counteract or mitigate labour-market distortions, facilitating a smooth demographic transition that favours inclusive growth. In South Africa, which has the worst indicators for youth (un)employment, youth and women are the most benefited by its EPWP. In some Indian states, similar outcomes can also be attributed to the MGNREGA, even though this programme does not include youth quotas, unlike South Africa's EPWP. More sustainable experiences are

Productive Inclusion Programmes Among the BRICS Countries

Country	Workforce	Professional training/education	Access To credit/grant/entrepreneurship
BRAZIL	--	PRONATEC	
		Projovem	Programa de Inclusão Produtiva
		Soldado Cidadão	Pronaf Jovem
		Proeja	ProUni Bolsa Família – Variável Jovem
INDIA	Mahatma Gandhi National Rural Employment Guaranteed Act (MGNREGA)	Urban Self-Employment Programme (USEP)	
	Swarna Jayanti Rozgar Yojana Shahari (SJSRY)	Urban Wage Employment Programme (UWEP)	
	--	Prime Minister's Employment Generation Programme (PMEGP)	Targeted Public Distribution Programme (TPDS)
CHINA	Yigong-daizhen	Young Laid-off Employees and Promoting the Reemployment of Laid-off Young People Programme	--
	--	Yulu Jihua	Tax reduction for enterprises hiring youth
SOUTH AFRICA	Expanded Public Works Programme (EPWP)	National Student Financial Aid Scheme (NSFAS)	Youth Employment Subsidy
		National Youth Development Agency (NYDA) Programmes	South African Unemployment Insurance Fund (UIF)

Source: Author's elaboration.

found in all the BRICS countries with regard to programmes that foster rural and urban entrepreneurship by means of affording credit/grants and training to the most marginalised and vulnerable youth. Brazil's PRONATEC, which unified and coordinated many pre-existing federal government initiatives for the youth, shows that more structured investments tend to lead to better outcomes.

For the BRICS nations to capitalise on their demographic momentum at a time of global financial crisis, our analysis recommends expansionist rather than retractionist political-economic choices. We propose that investments be made not only through the market but also through progressive social programmes and policies capable of targeting the most vulnerable and marginalised youth. Naturally, we recognise that the necessary institutional set-ups are not yet fully functional in the BRICS countries. Many Russian initiatives still lack progressivity. There is a mismatch between assistance programmes and overall precarious working conditions in India. China's *Hukou* system still antagonises state-supplied safety nets and traditional family support in the case of migrants.

Overall, the need for better coordination of existing initiatives is essential, as well as the provision of mechanisms that go beyond merely covering educational gaps of the past or fast-forwarding the youth to the working reality of adults. There is a need to productively include the youth in a manner that allows them to express creativity, to actively defend and promote new values, to become agents of social transformation and to experience higher levels of sustainable autonomy.

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Social Protection Systems in Latin America and the Caribbean: **Argentina**

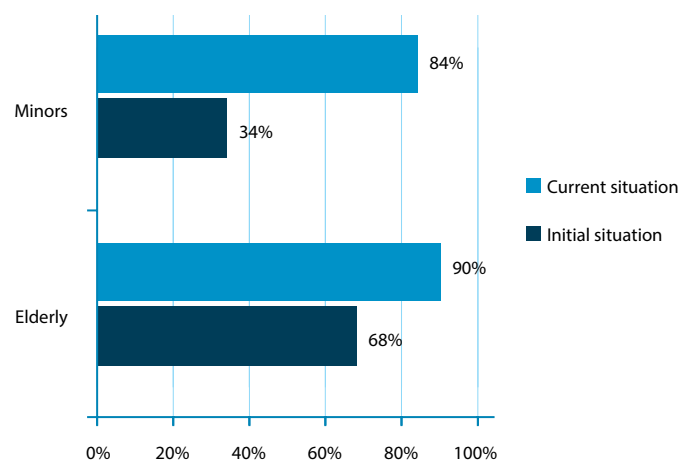
by Fabián Repetto and Fernanda Potenza Dal Masetto

The social protection regime in Argentina has undergone changes over the past two decades. From the early 1990s until the 2001/02 crisis, privatisation of social security and decentralisation of health care and education in favour of provincial governments prevailed, while actions aimed at reducing poverty proliferated and successive (and failed) attempts were made to form a 'social authority'. Finally, starting in 2001, a new regime began to take shape, whose central features included strengthening the role of the State as the driver of decentralised health care and education systems and unifying initiatives aimed at reducing poverty. In addition, the State has regained control of retirement funds and made advances in the progressive universalisation of social security by linking the contributory and non-contributory pillars. However, Argentina has not managed to strengthen social institutionality to promote integration based on measures that would be both relevant and necessary, like those described.

The social security system has seen the most substantial changes in recent years. Argentina has implemented its *Plan de Inclusión Previsional* (Pension Inclusion Plan), the result of which is that the country now has the highest rate of retirement coverage in Latin America: nine out of ten people of retirement age now receive some type of pension benefit, as compared to around only seven out of ten in the mid-1990s (UNDP and *Consejo Nacional de Coordinación de Políticas Sociales*, 2010). In addition, the State has taken control of privately managed pension funds, ending the individual capitalisation system (Law No. 26.425). Periodic updates (twice a year) to pension and retirement funds (Law No. 26.417) have been instated, although they are still far from meeting the minimum needs of the elderly population. The number of non-contributory pensions increased significantly as a result of improved management to speed up procedures, but also because granting these pensions fulfills a right that was under threat (see figure). Finally, by creating the *Asignación Universal por Hijo* (Universal Allocation per Child—AUH), progress was made in linking the pillars of social security. The AUH was included as the third pillar of the Family Allocations Regime (Decree No. 1602), meant to meet the needs of minors in family groups that were previously unprotected. In 2012, contributory and non-contributory social security coverage for children and teenagers was approximately 84 per cent (Danani and Hintze, 2013), and 51 per cent of the children and teenagers now covered by the AUH had never received social assistance in the form of a money transfer prior to its implementation (*Ministerio de Trabajo, Empleo y Seguridad Social*, 2009).

Although these changes are heading in the right (and necessary) direction, they have lacked a precise economic and political strategy to back them up, which could help strengthen each reform, especially once a new social policy regime has been consolidated. This lack of strategy leaves behind structural deficits in terms of state capacities to prioritise fundamental problems, choose substantive courses of action and ensure that reforms are implemented successfully to broaden rights and reduce inequalities. In light of the territorial inequalities that still persist in the country, this is a task left not only to the national State but also to other levels of government.

Proportion of Adults above Age 65 and Youth under the Age of 18 Covered by the Social Security System (Select Years)



Source: Danani and Hintze (2013).

Note: The data for adults were taken from 2003 and 2012, while the data for minors were taken from 2005 and 2012.

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Social Protection Systems in Latin America and the Caribbean: Ecuador

by Mariana Naranjo Bonilla, Researcher, Pontificia Universidad Católica del Ecuador

Over the past three decades, the Ecuadorian social protection system has been characterised by universal interventions in the education and health care sectors, along with the implementation of specific social welfare programmes targeted at the poorest populations, such as the *Bono de Desarrollo Humano* (Human Development Bonus—BDH) and a welfare pension for persons with disabilities. Although Ecuador has managed to expand its social infrastructure and the population's health and education have improved, the redistributive effects of social policies have been limited, especially among rural and marginalised urban populations in the major cities of the country.

In implementing social protection policies over the past 30 years, there have been both key advances and areas of inaction. The major changes are related to the overall approach and explicit objectives of these policies, although the principal tools and methods of intervention have largely been maintained. For example, Ecuador has continued to provide free health care and education services. There has also been centralised planning of the public supply and public interventions organised by sector, financed with fiscal resources. Similarly, a significant number of welfare programmes such as BDH, childcare programmes for children under the age of five and school meal programmes have become permanent components of social policy. Social services have improved in terms of infrastructure and equipment, but still lack quality and timeliness, which means that inequalities remain.

As such, social protection in Ecuador now faces new and complex challenges. Since the start of President Rafael Correa's term in January 2007, the government has aimed to make the State a protagonist once again in designing and executing social protection policy and in establishing new modalities and institutions. Actions have aimed to replace targeted and decentralised efforts buoyed by the private sector with strengthened universal, centralised and sector-based delivery of normal public services. The institutional framework of social protection has also changed. The government has chosen to strengthen the bureaucratic structure by eliminating the non-ministerial agencies created in the 1990s. It has also implemented institutional reorganisations and mergers, which, in the area of social protection, include the Sectoral Council on Social Policy.

Another essential difference defining current social protection policy is that the way in which social actions are financed has changed. Interventions revolve around strengthening production and public financing of social services, and providing free services rather than mixed

alternatives (private production and public financing or private production and mixed financing, shared by the State and beneficiaries). The coverage achieved by the social protection system in Ecuador has been financed by enormous resources from irregular and impermanent sources (such as higher international oil prices and internal and external indebtedness), which threatens the sustainability of current policies and programmes. Officials must pay special attention to this area to prevent setbacks.

Although the measures adopted in recent years by President Correa's government point in a new direction, they have yet to achieve a wholly new model. The changes made to current policies and programmes have rather sought to adapt what already existed to the objectives set forth in the 'Citizens' Revolution' the government has undertaken, but fewer structural changes have been made. Similarly, the regulatory and institutional changes that have been introduced do represent a shift in the social protection approach but have not always been made concrete to improve the welfare of excluded people.

Despite the tremendous amount of resources invested—social expenditures rose from 10.7 per cent of Gross Domestic Product in 2006 to 15.0 per cent in 2012—and new attempts to reform the Ecuadorian social protection regime, the country still needs a critical discussion on the effects of the policies implemented. Government actions still lack accountability, evaluation and public scrutiny. A constructive debate on the changes that must accompany actions in this sector in the term from 2013 to 2017 is still unresolved.

Finally, it must be recognised that in a country in which one third of the economically active population exists in a self-consumption and subsistence economy, efforts over the last term have indeed managed to increase the income of the population and reduce inequality, mainly in the modern formal sector. The Gini coefficient for national income fell from 0.56 in 2002 to 0.48 in 2012. However, the non-commercial sector has not seen the same changes. Moreover, we must keep in mind that there are other important components of inequality besides income, such as unequal access to health care, education, nutrition, housing and employment, especially in marginalised urban and rural areas in Ecuador whose needs are still not being met.

Reference:

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This One Pager is a partnership between the IPC-IG and ECLAC.

How do Cash Transfers Create Businesses?

by Rafael P. Ribas, University of Amsterdam

The creation of small, but formal, enterprises is one of the engines for the process of economic growth with poverty reduction. Among all kinds of policy thought to foster entrepreneurial activity, access to financial services, particularly credit and insurance, usually receives the most attention. The common presumption is that microloans and cash transfers provide the liquidity to poor individuals who want to start a business but cannot afford the start-up costs and potential losses with their own savings.

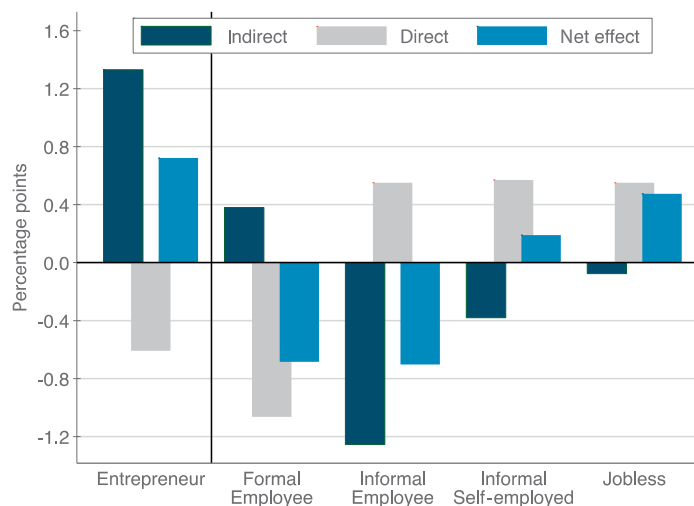
This presumption, however, ignores the role of risk-sharing strategies and mutual assistance between households in investment decisions. Indeed, informal financial arrangements, such as interpersonal lending and mutual insurance, are often reported as a form of poor households sharing idiosyncratic risks. Accordingly, small entrepreneurs may also lean on friends and relatives as a source of credit and insurance. In this case, they are not financially constrained, but their investments are more responsive to the liquidity in the informal system than in the formal market.

Social transfers may increase liquidity in the informal market because their recipients might use them to invest or just help another household's business, instead of saving or spending them. In Brazil participants in the *Bolsa Família* programme are found to be 40 per cent more likely to make private transfers to other households than non-participants with the same level of income. Despite their low income, by receiving a steady transfer every month, programme participants have enough room to become a crucial source of liquidity in their communities. Then the programme produces spill-overs that indirectly affect the decision of both recipients and non-recipients to be an entrepreneur.

In a recent study (Ribas, 2014), I found that the proportion of small entrepreneurs has grown by at least 10 per cent (or 7 percentage points) because of the liquidity provided by *Bolsa Família* in urban areas. Nevertheless, after decomposing this impact into direct and indirect effects, I observe that they go in opposite directions. While the rise in entrepreneurial activity is entirely driven by spill-overs within villages, the direct response of participants reduces the overall impact by 40 per cent.

My results, on the one hand, confirm that the indirect impact of cash transfers is associated with an increase in private transfers between households. Then the liquidity shock delivered by the programme appears to reduce the opportunity cost of risk-sharing among poor households, rather than lessening individual financial constraints. Furthermore, the indirect effect of *Bolsa Família* on entrepreneurship

Indirect, Direct and Net Effects of *Bolsa Família* on Occupation



is at least as high as the effect of other similar cash transfer programmes and microfinance policies. This finding is consistent with the fact that in a risk-sharing network the transfers made to any household will eventually end up in the hands of potential entrepreneurs.

On the other hand, an eligibility rule tends to encourage recipients to either reduce their labour supply or move to the informal sector so that they continue receiving their benefit. In fact, the negative direct response of participants in *Bolsa Família* is followed by an increasing participation in the informal sector. It is worth noting that informal workers do not have their earnings tracked by the government, unlike formal workers and entrepreneurs.

Given those two opposite gradients, the net growth of entrepreneurship depends on the initial level of liquidity in the local economy. As a result, the program is not effective in creating businesses in large cities, because the negative direct response offsets the small spillover. The program's impact is rather concentrated in small villages. This result reveals the importance of combining geographic targeting with household targeting for the programme to be more cost-effective.

Reference:

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Social Protection Systems in Latin America and the Caribbean: Uruguay

by Fernando Filgueira, ECLAC Consultant

Uruguay's welfare state can be characterised by its universal primary education system, its early and robust social security system as well as widespread health coverage and benefits. Uruguay also has one of Latin America's highest levels of social spending in terms of Gross Domestic Product (GDP) (24.3 per cent) and as a percentage of total public spending (80.6 per cent).

Yet the Uruguayan welfare state is rigid and increasingly unable to confront social risks. The decline of the State's capacity to do so is due to the fact that while family structures have entered the second demographic transition and labour markets have become increasingly precarious, the Uruguayan welfare architecture has remained structured on the idealised version of traditional family patterns and highly formal, full-employment labour markets. Additionally, ageing has placed increasing fiscal burdens on the social security and health care systems.

Uruguay has three major social state pillars: social security—including contributory and non-contributory transfers—education and health care. Labour protection and housing complete the social architecture of the Uruguayan State.

Social security and social assistance spending is concentrated in the *Banco de Previsión Social* (BPS) and represents more than 46 per cent of social spending (11.5 per cent of GDP), and 70–75 per cent is spent on old-age, survivor and disability (OASD) benefits, 5–7 per cent on family allowances, and 15–18 per cent on other transfers (unemployment, sickness and maternity leave). OASD benefits are organised in a three-tier system: non-contributory, needs-based OASD, contributory pay-as-you-go pensions and individual, privately administered capitalisation funds. Social security coverage of labour is high (75 per cent), and pension coverage reaches around 90 per cent of those older than 64. The BPS receives large subsidies from the general treasury, almost one third of all contributory benefits. Reforms have facilitated access to non-contributory pensions and to the contributory pillar.

Unemployment insurance covers those engaged in formal employment with benefits for six months, with a declining replacement rate (66 per cent to 40 per cent of original wages). Recent reforms introduced this declining replacement rate and have also added benefits for some special circumstances (economic crises, population aged 50 or above).

Family allowances were targeted at low-wage formal workers, but a reform has created a new regime that is targeted and non-contributory, increasing the benefits from USD20 to USD50 per first child (and 66 per cent of that for each subsequent child). Currently 500,000 family allowances are paid, covering 80 per cent of households with children in the three lowest income deciles.

Uruguay had a two-tier system of health care: state provision (general state health services (ASSE) and police and military health providers) and private non-profit insurance called 'mutual aid societies' (MAS). The latter could be accessed either through private fees or by contributing as a formal worker to the *Dirección Seguros de Salud del Estado* (DISSE). The 2007 health reform created a broader insurance system that combines contributory and family-based non-contributory

criteria for eligibility. The Health Care Fund (FONASA) created by this law is financed through contributions from formal workers and the general Treasury. If one member of a household contributes to social security, all members are eligible and can select a provider (state-based or MAS) of their choosing. In households where nobody contributes to social security, only state providers grant access. Health spending increased substantially (from 4 per cent to 6 per cent of GDP; and from 21 per cent to 25 per cent of social spending between 2005 and 2012), as has the number of people able to access MAS.

Today, 97.5 per cent of Uruguayans have access to some form of health care, with 60 per cent affiliated with MAS and the rest with access to state providers. Health care indicators have benefited: infant mortality is among the lowest in the region (8.3/1000 in 2013), all births are attended by specialised personnel, and 97 per cent of children have their basic vaccines delivered in a timely fashion.

Public education covers 84 per cent of all students. Private education receives no subsidies. Education is compulsory from ages 4 to 17, though coverage is universal only between 5 and 13 years. Ten per cent of four-year-old children remain out of the system, and after age 13 there is a steady decline in coverage due to high drop-out rates. Primary-school completion rates are almost universal, though only 80 per cent of students do so at their expected age. Some 69 per cent of 18–20-year-olds complete lower high school, while only 38 per cent of 21–23-year-olds complete upper high school. Recent reforms sought to increase time in school for primary-school students and decrease drop-out rates in high school. Spending has increased from 3.2 per cent of GDP in 2005 to 4.5 per cent of GDP in 2013. Results have been disappointing regarding high school. A reform aiming mostly at curricula, evaluation systems and teacher training is currently being discussed regarding high school.

Family allowances, health, pension and social security reform have partly filled the gap between the new risk structure and the old social protection architecture. But welfare imbalances remain. Old-age and social security protection for formal workers is far greater than protection aimed at children and women, who are less likely to be employed and, especially, formally employed. The need to create a non-contributory state-led assistance system, with new services and transfers, is part of the reform agenda. The recent reform of family and maternity leave—increasing population coverage and length of time—and the expansion of full-time schools and pre-school care showcases some possible new directions for Latin America's oldest welfare state.

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- This One Pager is a partnership between the IPC-IG and ECLAC.

Social Protection Systems in Latin America and the Caribbean: **Colombia**

by Lucía Mina, Professor at Pontificia Universidad Javeriana, Bogotá, Colombia

Social protection tends to revolve around the labour market, social security and social welfare. In Colombia, these issues are characterised by social disarticulation, both at the level of institutional capacity, as well as between supply and demand. In the early 21st century, the social protection system began to adopt a social risk management approach, understood as a *set of public policies to reduce vulnerability and improve the quality of life of Colombians, especially among the most unprotected population*. Since then, universal social protection has been associated with the notion of vulnerability, with a marked emphasis on social welfare.

With the exception of health insurance, social protection in Colombia has not reached full coverage. In 1993, less than one quarter of the population was enrolled in the health sub-system, a figure that grew to 91.3 per cent by 2013. Two areas in which social protection reflects inequalities in Colombia are early childhood care and access to pensions. At the end of the 1990s, two thirds of children under the age of six did not have access to a care centre, and in 2011 the situation remained unchanged. By 2013, coverage had improved to 37.7 per cent.

Only half of the employed population in Colombia works in a formal job, which is reflected in the number of people with access to pensions. At the beginning of the 1990s, pension coverage measured as a proportion of the economically active population was barely over 21 per cent, far below the Latin American average, which hovered around 40 to 50 per cent. In 2011, members of the pension sub-system accounted for 27.3 per cent of the economically active population. In other words, only one in every three people older than 65 received an old-age pension. To help solve this problem, the *Beneficios Económicos Periódicos* (BEP — Periodic Economic Benefits) programme was designed to encourage saving by providing additional government subsidies that increase proportionally to contributions made by low-income workers.

The 2006–2010 National Development Plan added two components to social protection: social promotion and human capital formation. Social promotion refers to programmes previously managed within the scope of social welfare. These measures aim to break the cycle of poverty and dependency that has emerged from protection network programmes. Human capital formation is a mechanism to generate income and improve living conditions.

Over the past two decades, social welfare has mainly consisted of conditional cash transfer programmes, formerly known as *Familias*

en Acción and now renamed *Más Familias en Acción* (More Families in Action). Between 2002 and 2013, programme coverage rose from 320,716 families to 2,681,552, reaching every municipality in the country. The programme offers health incentives ranging from USD33 to USD39 a month per family, and education incentives of between USD6 and USD30 a month per child. The list of cash or in-kind subsidies is long: *Jóvenes en Acción* (Youth in Action), BEP, aid for displaced or demobilised persons and free food and housing. In other words, social welfare has grown disproportionately, distorting the meaning of social protection.

In this environment, Colombia must target its efforts to achieve long-term results, by reducing the predominance of social welfare in favour of the other two areas that comprise social protection: the labour market and social security. To do so, the country will have to make strong investments in education, not only in terms of increasing coverage but also in improving quality. Currently, the educational system is rather precarious, as evidenced by PISA test results in recent years, measured by the Organisation for Economic Co-operation and Development (OECD).

In 2013, Colombia was ranked 62nd out of 65 countries in an OECD test measuring knowledge of language, mathematics and science among teenagers aged 15 and 16 years old. Results from 2014 were even more devastating. A test administered to 15-years-olds to measure their daily problem-solving skills ranked Colombia last among 44 countries. On average, Colombian teenagers scored 399 points, compared to the first-place country, Singapore, at 562 points.

In summary, investing in the quality of education would spur the development of real opportunities for a large proportion of the population that is currently marginalised by being confined to the informal economy. This group mainly attends public schools, which face the most critical challenges in terms of quality. Allocating a larger portion of the General Royalties System to education could be an alternative source of financing. Better educational quality, along with reduced economic informality, would mean a greater number of people contributing to the financing of social protection.

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Mina, L. (2013). 'Social Protection Systems in Latin America and the Caribbean: Colombia', *Project document*, No. 538. Santiago, Chile, Economic Commission for Latin America and the Caribbean.
This One Pager is a partnership between the IPC-IG and ECLAC.

The Impacts of Cash Transfers on Community Dynamics in Tigray, Ethiopia

by Pamela Pozarny, Food and Agriculture of the United Nations and Sara Pavanello, Oxford Policy Management

In 2011, the Tigray Bureau of Labour and Social Affairs launched the Social Cash Transfer Pilot Programme (SCTPP) with support from UNICEF. The programme, which is based in the Tigray region of Ethiopia, aims to improve the quality of life of orphans, vulnerable children, the elderly and persons with disabilities, and to enhance their access to health care, education and other essential services.

The SCTPP operates in two *woredas* or districts: rural Hintalo Wajirat and urban Abi Adi. The programme provides monthly cash transfers of USD7.88 to the poorest and labour-constrained households. In addition, eligible households receive USD1.27 for each child and an additional USD0.50 for each child enrolled in school, up to a maximum of four children. Households with a disabled child receive an additional USD2.00, with a disabled adult USD2.54, and with an elderly dependent USD3.05.

Community Care Coalitions (CCCs)—community-based committees—identify the beneficiary households with input from district social workers. By 2014, the programme was reaching 3,767 households, 75 per cent of which are female-headed. The pilot phase finishes at the end of 2014.

The evaluation

This brief is based on data collected during fieldwork in March 2014. It is an input to a broad evaluation of SCTPP by the International Food Policy Research Institute, together with its collaborators, the Institute of Development Studies and the Department of Economics, Mekelle University. The evaluation contributes to a six-country study exploring the impact of cash transfer programmes on household decision-making, the local economy and social networks in sub-Saharan Africa. The research in Tigray involved focus groups, in-depth interviews and household case studies; it used participatory methods and tools, including social mapping, livelihood analysis, institutional analysis and household income and expenditure analysis.

Impacts

Impact on the household economy – The cash transfer is a safety net enabling beneficiaries to meet their immediate needs and stabilise their consumption. Most recipients reported a considerable improvement in their diets, personal hygiene, housing conditions and access to education, and performance in primary and secondary schools. Regular cash payments allowed households to plan their expenditure allocations and minimise negative coping strategies, such as begging or sharecropping. A number of beneficiaries were able to take on new activities, such as petty trade and farming, and to maintain savings, requiring a degree of risk-taking and planning. The transfers increased access to and control over resources by female-headed households, allowing them to hire labourers rather than relying on male sharecroppers.

Impact on the local economy – The SCTPP boosted local businesses. Households were able to obtain goods throughout the month, thanks to local shopkeepers

who supplied goods on credit more readily, having greater trust in timely repayments. Beneficiaries felt ‘safer’ as a result. The monthly cash injections did not lead to local inflation.

Impact on social networks – The SCTPP increased social connectedness and risk-sharing among beneficiaries. Some people joined informal savings groups and community networks, which promote mutual aid and economic collaboration. The cash transfers allowed households to contribute to local institutions, such as the Church and the CCCs, as well as to assist other poor households, further building social capital and solidarity. Re-entering social relations promoted reciprocity in the community and gave rise to greater confidence and hope for the future. Nevertheless, gains in social inclusion had their limits: beneficiaries were unable to join the most important local networks—burial societies (*Iddir*)—because of prohibitive subscription fees. Overall, the SCTPP’s targeting process was considered fair, causing few feelings of jealousy.

Conclusions

The evaluation recommends strengthening the CCCs to better fulfil their responsibilities, including managing community care and support systems. Specifically, the following are advised: review CCC membership; put into place a capacity development programme; support more systematic activity planning; and agree on a set of operational principles. The report also recommends revising the CCC manual of operations to tailor support to various categories of beneficiaries, differentiating those able to engage in income-generating activities from those who are not.

The evaluation proposes institutional and capacity strengthening at the district level to ensure more effective oversight of the SCTPP. The role and responsibilities of social workers for implementing the programme should be clarified.

Stronger links between the SCTPP and existing livelihood initiatives would help improve household economies and welfare. While the CCCs limit beneficiaries to a single programme to avoid jealousy, access to complementary services could help reduce economic and social risks and promote greater self-reliance and well-being. This could serve as an exit strategy for households that are able to engage in income-generating activities.

Consideration should be given to adjusting the cash transfers for inflation: a deterioration of purchasing power can erode the impacts of the programme. Indeed, many beneficiaries expressed a preference for food transfers due to general inflation.

Reference:

Oxford Policy Management (2014). *Qualitative research and analyses of the economic impact of cash transfer programmes in sub-Saharan Africa: Ethiopia Country Case Study Report*. PtoP project report. Rome, Food and Agriculture Organization of the United Nations.

For more information, contact the PtoP team at <ptop-team@fao.org> or visit the website <www.fao.org/economic/ptop>.

The Impact of Ghana's LEAP Programme

by Benjamin Davis and Silvio Daidone, Food and Agriculture Organization of the United Nations; Sudhanshu Handa and Michael Park, University of North Carolina; and Robert Osei Darko and Isaac Osei-Akoto, University of Ghana

Ghana's Livelihood Empowerment Against Poverty (LEAP) programme provides cash transfers to very poor people, particularly in households with orphans or vulnerable children, the elderly and people with extreme disabilities. Beneficiaries also receive free national health insurance. LEAP's objectives are to alleviate short-term poverty and to promote the development of human education, experience and abilities. The government-funded programme receives support from the World Bank and the UK's Department of International Development.

Established in 2008, by 2012 LEAP was providing cash payments of USD4–8 every two months to 70,000 households across Ghana; these figures, which vary according to household size, are equal to about 10 per cent of baseline household consumption. Payments were sometimes irregular during the period under review (May 2010 – May 2012). A gap in payments in 2011 was followed by a triple payment in February 2012 to settle arrears. The amount of the transfers was tripled in the same year.

The evaluation

In 2010, baseline data were collected from 699 future LEAP beneficiaries in three regions. Propensity score matching techniques were used to construct a comparison group of 914 households coming from a nationally representative household survey implemented during the same year. Beneficiary and comparison households were interviewed again after 24 months.

A local economy-wide impact evaluation (LEWIE) model was used to simulate the effect of cash transfers on the local economy in the regions included in the quantitative study. Researchers used participatory methods and in-depth case studies to gather perceptions of LEAP's impact on household decision-making, community dynamics and social networks.

Impacts

Access to health insurance and education

- About 90 per cent of the LEAP households enrolled at least one member in the national health insurance system. This included a 34 per cent increase among children under six years old, and a 16 per cent increase among children from six to 17 years old.
- The programme slightly increased preventive care for children. LEAP households were more likely to report sickness in young children, although they were less likely to report sickness among older children.
- The transfer enabled household members to pay for ongoing prescription medicines for the elderly and infirm.
- LEAP increased school enrolment among secondary school children by 7 percentage points and reduced grade repetition by children of primary and secondary school age. Among primary school children, LEAP reduced absenteeism by 10 percentage points. The increase in secondary school enrolment was limited to boys, while the increase in attendance was more pronounced for girls.
- Beneficiaries perceived that child labour shrank as enrolment and school retention increased.

Savings, debt reduction and social networks

- LEAP beneficiaries were nearly 11 per cent more likely to save money.

- Beneficiaries reduced their borrowing, repaid debt more promptly and gave gifts or credit to others.
- LEAP households were considered financially reliable and thus creditworthy.
- The transfers had no lasting effect on consumption patterns, probably due to irregular payments.
- LEAP enabled beneficiaries to spend more time working on their farms and to hire outside labour.
- The transfers provided capital for activities such as petty trading, and reduced the use of negative coping strategies.
- LEAP increased the economic empowerment of some female-headed beneficiary households.
- Beneficiaries rejoined or strengthened their role in social networks, resulting in greater status, and self-esteem.
- LEAP household heads—particularly women—were 16 percentage points more likely to feel happy about their lives.

Impact on the local economy

- Every Ghanaian Cedi (GHS) transferred through LEAP has the potential to raise local income by GHS2.50, with non-LEAP households receiving most of the indirect benefit.
- The largest positive effects would be on retail, with a multiplier of GHS0.78.
- The estimated income multipliers reflect a context in which payments are regular and predictable, which did not occur in this case.

Conclusions

Irregular and low-value payments discouraged consumption; however, the large lump-sum payment in February 2012 increased the tendency of LEAP households to save money and reduce their debt—activities that strengthened community networks and the social capital of LEAP households.

Local economy simulations suggest that if LEAP could regularise payments, the spillover effects would be significant. Measures to maximise such effects should target ineligible households, which provide many goods and services in the local economy.

Three issues arose from the impact evaluation. First was the low value of the cash transfer, which was resolved by tripling the payment amount in January 2012. Second were the irregular payments, which did not allow households to improve permanent consumption or effectively manage risk. The third issue concerned the lack of synergies with other social programmes, including health services and programmes for sustainable livelihoods. Greater support for social programmes at the community level has the potential to considerably improve LEAP's impacts.

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- For more information, contact the PtoP team at <ptop-team@fao.org> or visit the website <www.fao.org/economic/ptop>.

The Use of Data in the Monitoring and Evaluation of Public Policies

by Paola de Orte and Livia Maria da Costa Nogueira (IPC-IG); Cecilia Lariu, Júlio Cesar Fonseca and Yuri Silva (MDS)

From 1 September to 14 November 2014 the National Evaluation Capacities (NEC) Community, with support from the UNDP International Policy Centre for Inclusive Growth (IPC-IG) and the Brazilian Ministry of Social Development (MDS), promoted an online discussion on 'The Role of Public Registries, Administrative Records and National Statistics in the Monitoring and Evaluation (M&E) of Public Policies'.

The aim of the NEC Community is to discuss and present how national governments and partners are cooperating to implement the 18 NEC commitments¹ agreed on by the NEC conference participants in the lead-up to 2015, the International Year of Evaluation. The main ideas and perspectives shared in the latest e-discussion are presented here:

- In **Sri Lanka**, the Millennium Development Goals (MDGs) have helped to target social interventions, to facilitate the collection of data on provincial distributions of Gross Domestic Product (GDP), which helped the government formulate the 'Vision for the Future' national development framework, focused on inclusive growth and development.
- **Mexican** evaluations often feature questions that are considered to be far too open-ended and make it hard to generate statistics. Sometimes they also lack key indicators and do not adhere to standard formats, which hinders the process of extracting data to create a database. This becomes a challenge when evaluators try to compare institutions and statistics.
- In **Malawi**, cooperation between governments and statistics offices depends on whether they are part of the government or independent. When governments consider data produced by the statistics office as negative, there is a tendency to shy away from them. A solution would be to promote the independence of statistics offices, while sensitising top officials as to the importance of accurate data and employing research-based evaluations. Better funding is also an issue, as statistics institutions often depend on donor funds.
- **Brazilian** participants mentioned that it is necessary to dedicate more resources to collecting data and evaluating policies targeting vulnerable groups. Two suggestions were proposed: strengthening techniques to generate more disaggregated primary information, in partnership with local experts, and developing a federated infrastructure of government data, supported by agencies at federal, state and local levels, to promote cooperation between governments and national statistics institutions. To achieve this, it would be necessary to aggregate state and local databases. In addition, if there were more applications for government data, then demand for high-quality data would also grow.
- **Uganda** has implemented measures to produce disaggregated data, which has helped make issues such as gender budgeting and M&E become more institutionalised. However, these processes are more developed at central than at local government levels. Other highlights are the Ugandan Poverty Eradication Action Plan and the Participatory Poverty Assessment Process, which introduced the use of qualitative data in decision-making. It was also mentioned that qualitative data must be woven with quantitative data for meaningful interpretation of people's livelihoods, policy evolution and programme impact.
- Census, evaluations and administrative data are the main sources of accurate data in **Australia**. The 'Closing the Gap' data collected on indigenous issues are often used by policymakers. Census data, in general, are extensively used in policymaking, though sometimes they are used to justify decisions that have already been made.
- In **Peru**, concerns about confidentiality prevent government entities from using National Statistics Office data. It was also mentioned that the best way to conduct M&E is to use the right data, so it is necessary to align the objectives of social programmes with the data collected by institutions.
- **Egypt** has strong data and information collection capacities, although the public and policymakers do not always have access to it, due to bureaucracy or security issues, which is often the case in heavily militarised countries, where data are perceived as a key security issue. Nevertheless, the production of MDG reports has been useful in promoting inclusive data.
- In **Madagascar**, the last national census was conducted in 1993, which enhances the argument that frequency is a major issue. Often, data are neither available nor free. To obtain high-quality data, it would be necessary to promote an M&E culture, and to ensure the quality of administrative registries, it would be interesting to compare this information with studies conducted by other stakeholders.
- A participant from **Panama** shared insights on methodology: longitudinal panels are useful for historical follow-ups, which are important in domains such as poverty eradication, usually considered a long-term goal. Cross-sectional research should complement it, to capture changes in behaviour of critical variables. Descriptive analysis is useful to understand what has transpired, but not impacts. Inferential analysis allows for projections of the future, helping policymakers in their decision-making process. M&E in results-based management organisations should be enhanced, and research capacities in social fields must be increased, to use sophisticated technological research designs. Above all, it is necessary to sensitise policymakers to the fact that policies are a mix of political processes and scientific knowledge.
- The Evaluation Society of **Kenya** is a key actor in promoting a multi-stakeholder approach to M&E. Media and public awareness are also key tools in promoting the role of statistics in evidence-based decision-making. The declaration of 2015 as the International Year of Evaluation and other international initiatives, such as the NEC Community, are helping increase awareness of M&E. The necessity of promoting an M&E culture was emphasised by all the participants.

Data are the main pillar of the planning cycle for public policies. Enriched data are fundamental to good policy formulation, implementation and M&E. Evidence helps identify gaps in poorer regions to support programmes, since figures are important for budget allocations. This is especially relevant in sectors such as health, agriculture and trade. To be of use for policymakers, data must be credible, clear and gathered on a regular basis; they should also be transparent and readily available, to encourage feedback by civil society and crucial partners.

Reference:
National Evaluation Capacities Community UN Teamworks space <<https://www.unteamworks.org/NEC>> (accessed 19 November 2014).

Note:
1. <<https://www.unteamworks.org/node/406397>>.

Social Protection Systems in Latin America and the Caribbean: Brazil

by Claudia Robles and Vlado Mirosevic, Social Development Division, ECLAC

In recent years, Brazil has developed a series of economic and social policies designed to overcome social exclusion, hunger, inequality and poverty. The non-contributory social protection programmes developed over the past two decades are some of the best known of these efforts. However, Brazil has also implemented substantial economic reforms, driving economic growth, creating new job opportunities and regulating the labour market—including raising the minimum wage. These actions, together with the expansion and improvement of both contributory and non-contributory benefits, have helped improve access to welfare for the population as a whole.

The foundation for social protection in Brazil derives from the country's 1988 Constitution, which recognises the role of the State in ensuring social rights in the areas of education, health, labour and social security for all citizens. The Constitution also promotes decentralisation and social participation in implementing public policies, and created the social security system, Sistema de Seguridade Social, which consists of a non-contributory pillar (*assistência social*), a contribution-based social security system (*previdência*) and health policies (*saúde*).

Brazil has implemented two multi-sector plans to comprehensively fight poverty and hunger: *Fome Zero* (Zero Hunger) (2003) and *Brasil Sem Miséria* (Brazil Without Extreme Poverty) (2011). *Fome Zero* includes various multi-sector policies related to food security and reducing poverty, grouped into four main areas: nutrition, strengthening family agriculture, family income, and social responsibility and participation. *Brasil Sem Miséria* was set up in response to the persistence of extreme poverty among certain population groups that were excluded from the social protection umbrella. It aims to foster cooperation among social programmes in the areas of education, health, social welfare, sanitation and electricity, with economic and job policies organised into three categories: income guarantees, economic inclusion and access to public services.

Non-contributory cash transfers are probably the best known welfare programmes in Brazil. Three cash transfer programmes are especially notable: the rural pension for rural workers; the *Benefício de Prestação Continuada* (BPC—Continuing Benefit Payment), a cash amount equivalent to the minimum wage and defined as a constitutional right for persons with disabilities or elderly people above age 65 with insufficient pensions and no other economic resource; and the conditional cash transfer programme *Bolsa Família* (Family Allowance) for people living in extreme poverty, which also includes various health and education benefits. *Bolsa Família* is highly dependent on multiple sectors, as it requires the coordination of public health, education, food security, labour, social welfare and economic development services made available to beneficiary families. More recently, the programme *Brasil Carinhoso* (Caring Brazil) has joined this list, specifically targeting families in extreme poverty with children under the age of six,

and ensuring preferential access to the network of social services, as well as a guaranteed cash transfers for families in extreme poverty. Alongside these programmes, there are others implemented at state and municipal levels.

For contribution-based pensions and social security, there is a dual system with different benefit structures for public- and private-sector workers. Besides the classic contribution-based benefits and the BPC, semi-contribution-based rural pensions are managed by the *Ministério da Previdência Social* (Ministry of Social Security), to which rural workers contribute an amount equivalent to 2.1 per cent of their production sold each year. The rural pension derives from the constitutional guarantee of equal treatment for urban and rural workers to deliver a pension equivalent to the minimum wage. Together with the BPC, these are highly progressive transfers that have helped to substantially reduce poverty among people aged 65 years and older.

In the area of sector-based policy, educational coverage has recently been expanded, and a unified public health system, the *Sistema Único de Saúde* (SUS—Single Health System), has been created. The SUS ensures that access to health care is comprehensive, universal and free of charge, although Brazil has a mixed system of access and financing for health care. Despite this progress, both sectors still face challenges in terms of the quality of services provided, especially among the poorest and most vulnerable populations. Something similar is true of employment policy. Although directed actions have been taken in favour of public employment, existing benefits are mainly oriented towards formal workers. Job opportunities and training for the most vulnerable populations are largely available thanks to the connection between programmes and initiatives such as *Bolsa Família* or *Brasil Sem Miséria*.

Finally, other key challenges facing social protection in Brazil include the need for greater cooperation between federal and decentralised agencies and better definition of their respective roles in managing social protection policy. It will also be necessary to bolster the fiscal sustainability and efficiency of non-contributory and rural pension operations. That said, the Brazilian social protection system is still a clear example of lasting innovation and substantial progress on the path towards eliminating hunger, eradicating poverty and achieving greater social justice in the country.

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Social Protection Systems in Latin America and the Caribbean: Mexico

by Enrique Valencia Lomelí, University of Guadalajara

In terms of rights, the Mexican social protection system (MSPS) has been relatively ineffective; it is incomplete, weakly integrated, segmented and stratified, weak in terms of labour protection and conservative in its gender approach, and, furthermore, it is also fiscally weak. Alongside social security and educational organisations, institutions of social protection for poor people have recently been created. However, enormous challenges still remain for the MSPS to guarantee social rights. Limited advances in the progressivity of rights, which have come with the creation of new institutions, may maintain levels of profound inequality, without the universalisation of benefits.

The relative ineffectiveness of the MSPS is reflected in the steady rate of poverty in recent decades (between 1992 and 2012 income poverty barely dropped less than one percentage point, from 53.1 per cent to 52.3 per cent). Also, despite advances in social indicators, Mexican society still has high indices of inequality (with a Gini coefficient of 0.498 in 2012).

The MSPS is incomplete in its general structure and coverage: it has a long and slow history of coverage by social security institutions (70 years after it was implemented, in 2013, only 41.7 per cent of the population was affiliated with social security) and of basic education. Though there is no form of unemployment benefit yet, the new government of Enrique Peña Nieto has proposed an 'unemployment insurance' that will start with very limited coverage. Additionally, child-care establishments are remarkably weak (in 2013, public nurseries only cared for 2.9 per cent of children 6 years of age and under), and medical services and pension schemes are full of gaps in their coverage and services (in 2013, 22.7 per cent of the population was not affiliated with any medical insurance scheme; nearly half of the economically active population are excluded from contribution-based pensions).

The MSPS is significantly segmented and stratified. The first segments to be developed were the contributory segments of the social security system, followed by the segments of social protection for poor people: voluntary health insurance through *Seguro Popular* (which covered 34.7 per cent of the population in 2013); minimum non-contribution-based pensions for those over 70 years of age; since then, the 2013 national law which extended such pensions for those over 65 years of age; and conditional cash transfers, most of all those of the *Oportunidades* programme. For example, the contributory pension system consists of over 100 non-integrated hierarchical fragments with

benefits depending on different types of workers and categories of civil servants. The new institutions for poor people (also segmented) are disintegrated from the contributory segments and are characterised by less generous benefits: in 2010, the larger contributory pensions were 291 times larger than the non-contributory ones for seniors over the age of 70. In regards to health care coverage, the *Seguro Popular* scheme only covers 13 per cent of the diagnoses specifically included within the social security coverage categories. Thus, many services are not covered by the scheme. These segmented, disarticulated and stratified structures have created a variety of social citizenships with unequal social rights.

The MSPS also fails to adequately provide protection for labour, due to a labour law that is seldom applied or to the tardiness of court decisions in labour cases, and to a system of minimum wages that is used as an instrument for keeping inflation down (between 1976 and 2001 the real minimum wage fell by 77 per cent, and between 2001 and 2010 it hardly changed); it is also conservative in its gender-based approach because it tends to strengthen women's familialisation (especially with respect to unremunerated care activities).

Finally, the MSPS is fiscally weak. The fiscal burden of the Mexican economy remains very low, with a historical resistance by economic elites to paying higher taxes. Consequently, the social commitment (budgetary allocations) of the State is very low in comparative terms, although social expenditures have increased in recent years (in 2010 it reached 11.2 per cent of Gross Domestic Product).

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Productive Impacts of the Child Grant Programme in Zambia

by *Silvio Daidone, Benjamin Davis and Joshua Dewbre, Food and Agriculture Organization of the United Nations; Mario González-Flores, American University; Sudhanshu Handa, University of North Carolina; David Seidenfeld, American Institutes for Research; and Gelson Tembo, Palm Associates*

The Child Grant Programme (CGP) is one of Zambia's flagship social protection schemes. It targets ultra-poor districts not previously served by other government programmes. Established in 2010, the CGP reaches 20,000 households with children under the age of five. At the time of the baseline household survey in 2010, beneficiary households received Kwacha (ZMK) 55 a month (about USD12) regardless of household size; this amount was subsequently increased to ZMK60 a month. The grant represents 28 per cent of monthly consumption. Payments were regular and made on a bimonthly basis.

The purpose of the CGP is to reduce extreme poverty and to stop its transfer to the next generation. The programme aims to supplement household income; increase the number of children in primary schools; reduce the rate of mortality and disease among young children; reduce stunting and wasting among young children; increase the number of households with agricultural assets; and increase the number of households that consume two meals a day.

The evaluation

The study used data collected from a 24-month impact evaluation (2010 and 2012) with a randomised phase-in control experimental design to analyse the productive impacts of the Zambia CGP at household level.

A local economy-wide impact evaluation (LEWIE) model simulated impacts on the local economy, using the CGP household survey data, the CGP business enterprise survey and the 2010 Living Conditions Measurement Survey (LCMS), a nationally representative household survey conducted by the Central Statistical Office of Zambia, needed to obtain information on ineligible households.

There is good reason to believe that the CGP can boost the livelihoods of beneficiary households. Since the programme targets rural areas, most beneficiaries depend on subsistence agriculture and live in communities where the markets for financial services (such as credit and insurance), labour, goods and productive inputs are likely to be insufficient or non-existent. In such circumstances, regular and predictable cash transfers can help households to overcome credit constraints and better manage their risk.

Impacts

Impact on asset ownership – The CGP had a significant impact on the accumulation of productive assets. Today, a larger share of households (21 percentage points) own animals, and households that owned animals previously own more than they did before the programme began. In particular, the CGP increased the ownership of poultry. In addition, a greater number of beneficiaries accumulated agricultural tools thanks to the programme; these include new types of agricultural implements as well as additional sets of tools already owned by many households at the time of the baseline study.

Impact on agricultural activity – The CGP led to a large increase in the area of land under production as well as a boost in the use of agricultural inputs, including seeds, fertilisers and hired labour. We found a small but significant increase

in maize and rice production among smaller households, and a decrease in cassava production, particularly in larger households. The increase in production appeared to comprise crops that were primarily sold, rather than consumed on the farm. All told, the CGP led to an increase of 12 percentage points (from a 23 per cent base) in the share of households selling their harvest.

Impact on non-farm business activities – Households benefiting from the CGP are significantly more likely to have a non-farm business (17 percentage points). Further, beneficiaries operated enterprises for longer periods (1.5 months more on average) and more profitably—earning about ZMK69 more than control businesses. Results also suggest the programme is enabling businesses to accumulate physical capital.

Impact on labour supply – The CGP transfers led family members to reduce their participation in agricultural wage labour, reducing the intensity of such labour overall. The impact was particularly pronounced among women, with a 17-percentage-point reduction in women's participation and 12 fewer days spent in wage labour per year. Both men and women spent more time on family agricultural and non-agricultural businesses. For men, there was also evidence of greater participation in non-agricultural wage labour activities. The CGP was not found to have an impact on child labour.

Impact on local economies – The LEWIE model for the CGP found that the transfers had the potential to lead to relatively large income multipliers. Every Kwacha transferred to poor households could raise local income by ZMK1.79. Beneficiary households received the direct benefit of the transfer plus a spillover effect of ZMK0.17 for each Kwacha transferred. Because of their ownership of productive assets, ineligible households benefited from the CGP, especially those with a retail activity. However, if land and capital constraints limit the supply response, higher demand for local commodities may put upward pressure on prices, and the real income multiplier could be as low as ZMK1.34.

Conclusions

The CGP programme has a direct influence on the livelihood strategies of poor households, with the extent of the impact determined by household size. The programme has helped families increase productive activities and assets, including livestock holdings, which was one of the original six objectives of the programme. Furthermore, the CGP increases the flexibility of labour allocation, especially for women.

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The Impacts of Malawi's Social Cash Transfer Programme on Community Dynamics

by Pamela Pozarny, Food and Agriculture Organization of the United Nations and Clare O'Brien, Oxford Policy Management

Malawi's Social Cash Transfer (SCT) programme was launched in Mchinji district in 2006. The programme provides regular cash payments to ultra-poor and labour-constrained households. It seeks to reduce poverty and hunger; increase school enrolment and attendance; and improve the health, nutrition and well-being of vulnerable children. Operated by the Ministry of Gender, Children and Community Development, the programme had reached approximately 30,000 households in seven districts by August 2013 and is expected to serve 300,000 households by 2015.

SCT households receive a bimonthly allowance of between USD4.60 and USD11.00, with the maximum payments going to households with four or more members. This basic allowance is topped up by an additional bimonthly bonus of USD1.40 for each child enrolled in primary school and USD2.80 for each child in secondary school. The SCT programme is implemented by District Social Welfare Offices and Community Social Support Committees (CSSCs).

The evaluation

This brief draws on data collected during qualitative fieldwork in March 2014 as part of a broad impact evaluation of SCT by the University of North Carolina, UNICEF, the Center for Social Research and the Food and Agriculture Organization of the United Nations. Salima district in the central region and Phalombe in the south were sampled for the study. Research methods included key informant interviews, household case studies and focus group discussion using tools such as social mapping, livelihood analysis, institutional analysis and household income and expenditure analysis.

Impacts

Impact on the household economy – The SCT is an important source of income, particularly for elderly beneficiaries. Reducing the need to engage in short-term rural labour or *ganyu* work has been a major benefit for some households. A number of beneficiaries were able to hire on-farm labour. Investments in off-farm small businesses were common, particularly in well-connected areas. Many beneficiaries reported being able to invest in livestock, particularly chickens and goats. SCT beneficiaries spent much of their income on widening the variety of purchased foods, including eggs, meat and beans. Delayed payments limited this effect, however. Many families reported that they were able to enrol their children in school after starting the programme. Some beneficiaries used the money to renovate their home or buy clothes, reducing visible signs of poverty and enhancing their dignity. While adult members of households typically made decisions together, the SCT did not seem to affect decision-making patterns or traditional gender norms. The SCT reduced negative risk-coping strategies, such as absenteeism and withdrawing children from school; however, a payment delay in 2013 left some families unable to pay for school and reverting to depending on their children to supplement incomes.

Impact on the local economy – The SCT programme had a positive effect on the market economy, particularly around payday, and improved labour opportunities, since some beneficiaries were able to hire farm workers. Nevertheless,

the multiplier effect on local goods, services and labour markets was modest, largely because beneficiaries made up a small proportion of the population. The programme does not appear to have had much impact on local inflation. The SCT programme increased the creditworthiness of beneficiaries, although payment delays eroded the trust of some vendors. In addition, beneficiaries tended to be risk-averse and reluctant to take loans due to the uncertainty of payments. A few did contribute to, or take loans from, village savings and loans schemes.

Impact on social networks – The SCT beneficiaries gained access to networks requiring financial contributions. However, communities often excluded beneficiaries from other social programmes for equity reasons, despite this not being official policy. While some personal ties may have been affected by jealousy, the SCT generally promoted new ties, closer relationships and stronger support networks among beneficiaries. Despite little change in their formal standing in the community, the SCT beneficiaries felt greater dignity due to their increased well-being.

Conclusions

The CSSCs are critical to the success of the SCT programme. These mostly voluntary committees provide information on payment schedules and advise households how best to use the cash transfers. Strengthening the committees and providing them with material and technical support, including training, could be an important incentive.

The SCT programme cannot permanently raise the living standards of vulnerable households on its own. Fragmentation of complementary social services, such as agriculture, health and education, limits their potential to achieve sustainable improvements in livelihoods and well-being. Better integration of the SCT programme with other social initiatives will help maximise overall impacts.

Unpredictable transfer payments jeopardise household planning and the well-being of cash-dependent beneficiary households. Inconsistent payments threaten the credibility and authority of the CSSCs. Ensuring regular and predictable cash transfer payments is vital to the success of the SCT programme.

A strong monitoring and evaluation system is needed to track the status of beneficiaries, including their entry and exit from the SCT programme. The programme is currently finalising a strategy for common institutional arrangements at district level, including a single management information system. This should enhance programme monitoring, ensuring that beneficiary households receive their entitlements at the appropriate time.

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Sustainable Development Goals (SDGs): Less is More!

by Sergei Suarez Dillon Soares and Rafael Guerreiro Osório, Institute for Applied Economic Research (Ipea)

The Sustainable Development Goals (SDGs) can be seen as the latest incarnation of a movement that started with the launch of the first Human Development Report (HDR) in 1990. Long before the first HDR, many thinkers had already strongly argued that GDP size and growth should not be considered the sole yardstick of development. Nevertheless, there is no doubt that the HDR and its companion, the Human Development Index (HDI), played a great role in mainstreaming the notion that development should result in better lives for people, something which GDP sheds little light upon. Although we surely cannot establish how much, it is fair to consider that the Millennium Development Goals (MDGs) benefited from the consensus, quickly formed in the international community, over the “people-centric” notion of human development.

Despite its many shortcomings, HDI gained in popularity because it evoked the widely supported notion that “money is not everything”. Money is worthless if you are unhealthy; and the same majority of human beings do wish to live a healthy long life, to be educated enough to make choices with awareness of the options and of their consequences, and have enough to lead a comfortable life. The idea that development was much more than GDP won over the hearts and minds of the world. However HDI is based on averages, which—as is known—can hide very unequal distributions.

With the dawn of the 21st century, the world agreed upon the Millennium Development Goals (MDGs), which represented a great leap forward. The MDGs strategy kept the notion of human development, but in a sort of a Rawlsian inflexion changed the focus from the average to the minima. Instead of GDP or GNI, the MDGs looked at the extreme poverty headcount and gap. The MDGs required that people had a minimum level of income or consumption, that they were not malnourished or hungry, that all children had the chance to complete primary education and to live beyond five years of age, that people would have access to the treatment of diseases, to water and sanitation, and to decent housing.

In the original human development perspective, sustainability was understood as the non-depletion of resources and was relevant because it was good for the preservation of current and future generations of our species. In the MDGs, sustainability is conceived as not only for us (humans), but also for other species on the planet, not only because we co-exist within the same system, but because they, as us, deserve to exist. Thus, the MDGs addressed the loss of biodiversity, the sustainable use of resources, and pollution that drives climate change.

Alas, the world will not meet all of the many targets set forth by the eight MDGs. Extreme poverty, child mortality and illiteracy, all of which are unacceptable, still plague the world. Should we substitute or add new goals before reaching the old ones? Or should all efforts be committed to guaranteeing the minima implied in the MDGs for all human beings, seeking more ambitious targets, such as the eradication of extreme poverty, hunger and of child mortality due to preventable causes?

Today, the world is debating the adoption of the SDGs. They can be understood as the MDGs recast in order to frame development across the three pillars: the economic, the environmental and the social. There is an emerging—and wrong—perception, that to cover these three aspects of development, the world needs a lot of SDGs. Activists of all sorts want to have their own SDG, or even more than one. Too many goals and targets will endanger the future SDG strategy. If we think about the MDGs, eight goals were already too much. Many people, even those who have certain familiarity with the subject have trouble recalling those eight and their many targets. What would happen if we had almost 20 goals and more than one hundred targets? Can we really mobilise people to fight for so many issues?

Another problem is that some debates are shifting from goals or targets to the ways of achieving them. It is always important to know how countries achieved success, which policies were put in place and what results were attained. Nevertheless, each country has its own path to follow. Recent history is full of examples of one-size-fits-all solutions and ready-made recipes for success that resulted in colossal failures for countries which went “by the book” adopting policies and processes that were deemed successful elsewhere. The debates surrounding the SDGs should be more about goals and targets, and less about policy.

The SDGs are about where we want to go, not how to get there. Few goals, around which there is an overwhelming consensus, will make it easier to mobilize people to fight for them. When it comes to the SDGs, less is more.

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The Effectiveness of Public Works Programmes in Reinforcing the Social Protection System in Namibia

by Ojjo Odhiambo, United Nations Development Programme, Namibia

Compared to many African countries, Namibia has a very well-developed social protection system, comprised of seven formal and wholly publicly funded programmes, as well as contributory pension schemes. There are, however, still a large number of Namibians—especially those who are able-bodied albeit with low levels of education and limited-to-no skills—who are excluded from the existing social protection system. Despite impressive economic growth, averaging 5 per cent per annum between 2002 and 2012, and a 40 per cent increase in per capita income between 2004 and 2012, an estimated 29 per cent of the population are still classified as poor, while 30 per cent of the labour force are unemployed. Women and young people are affected most, with unemployment rates of 33 per cent and 53 per cent (for those aged 20–24), respectively.

For these and other groups of people, Public Works Programmes (PWP) can provide useful employment opportunities, serve as an important vehicle for skills acquisition and help to address poverty and vulnerability. PWPs, which are based on the fundamental principle that poor people's most abundant asset is their labour, have long been used as counter-cyclical interventions during periods of depressed economic activities. At the household level, PWPs can be viewed as a mitigating factor against individuals or households sliding into poverty or as a means of escaping from poverty through increased access to wage employment and/or food consumption. The wages earned from PWPs, in addition to enabling individuals and households to increase their consumption in the short term, can also be used to accumulate productive assets at the household level and/or invest in other economic activities which would act as a cushion against future economic shocks. PWPs play an important role in addressing persistent or seasonal poverty, as well as protecting households from income shocks.

PWPs can, therefore, be viewed as an integral part of the social safety nets that a country can offer the able-bodied albeit poor and unskilled or semi-skilled members of society. From a broader perspective, however, the programmes can be viewed as a macroeconomic policy intervention aimed at restoring or increasing aggregate demand for goods and services. To be cost-effective, PWPs should be designed to encourage self-selection by poor people and avoid crowding out private-sector jobs.

Using data and information from a survey conducted among participants in three rural road networks in northern Namibia, it has been established that PWPs have a positive effect on the socio-economic situation of the participants and their communities through increased spending power. A large majority of the participants, about 97 per cent, received earnings of less than NAD1500¹ per month, which is lower than the prevailing gazetted minimum monthly wage of NAD2131.36 for the construction industry

and average monthly wage of NAD2116 for unskilled workers performing similar tasks in the general labour market. An estimated 64 per cent of the participants, however, had wage earnings of less than NAD500 per month, an income band which is far below the minimum wage, but is nonetheless comparable to the value of most of the social grants which have been documented to reduce the number of poor individuals by 10 per cent and the number of very poor individuals by 22 per cent. That the wages earned are lower than those prevailing in the market is important for self-selection by poor people, and consequently poverty reduction.

In Namibia, wages from the PWP are mostly invested in improving communication (acquisition of mobile telephones), starting businesses and, to a limited extent, the purchase of livestock and agricultural land—important economic assets with the potential to improve the PWP participants' future socio-economic well-being. The wages are also used to improve access to basic social services—education and health. The wage earnings and investments of such wages in economic assets and increased expenditure on social services all serve to reinforce the country's well-developed social protection system. PWPs, however, have not been effective in improving the employment status of the participants beyond the programme lifespan, despite a vast majority acquiring some skills during the programme, implying that either the skills and experience gained are at variance with what the market demands or that there are simply no alternative wage employment opportunities in the localities where the programmes were implemented.

For the PWPs to be more effective in meeting the stated objectives of employment creation, poverty reduction and, importantly, reinforcing the existing social protection system, it will be necessary for the government to constantly review the level of remuneration to be as near the prevailing market rates as possible. This will achieve the twin objectives of self-selection by poor people and increasing their incomes. There is also a need to ensure that the PWPs have an inbuilt mechanism for the transfer of the skills that are demanded by the labour market in Namibia, enabling the workers to secure employment beyond the PWP's lifespan. It is also necessary for the government to design complementary policies and programmes that promote long-term investments, especially by the private sector, in rural areas to tap into and utilise the reservoir of skills acquired as a result of the PWPs.

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Note:

1. NAD = 0.086USD (As of 12/01/2015).

Social Protection Systems in Latin America and the Caribbean: Chile

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Chile has a long history of implementing social policies. It was one of the first countries in Latin America to expand free health care coverage and education, incorporating cash and in-kind transfers to promote access to social services and offer diverse protection mechanisms for its most vulnerable population groups. That said, its current social protection model is the result of a series of efforts, institutions and policies that have been consolidated over time.

Known for its political and economic stability, sustained increases in social spending and systematic decreases in poverty, although not inequality, over the past decade, Chile has undertaken reforms in health care, social security and poverty reduction policies. Since then, universal social protection has become the central pillar of social policy in this country. Looking at institutional transformations, in 2006 the tool to target social programmes was improved, and the *Ficha de Protección Social* (FPS—Social Protection Card) was created. Then, in 2011, the Ministry of Social Development (MDS) was created to replace the Ministry of Planning (MIDEPLAN).

The social protection system in Chile consists of a network of contributory and non-contributory services and policies carried out with the involvement of multiple sectors and designed to offer protection throughout the life cycle of all socio-economic groups. It includes policies related to social security, access to health care services and education, employment and housing, as well as social welfare for the poorest and most vulnerable groups, and other transfers in situations of economic risk.

One of the landmarks in the formation of the Chilean social protection system was the creation of transfer programmes with a strong psychosocial component linked to the network of public social services, offering preferential access to public programmes for the poorest and most vulnerable population groups. Some examples include the *Puente* (Bridge) (2002), *Chile Solidario* (Solidary Chile) (2004) and *Ingreso Ético Familiar* (Ethical Family Income) (2012) programmes. It is worth noting that these programmes include specific provisions to target certain vulnerable groups, such as the elderly, the homeless and children in families where one or more members have broken the law.

In September 2009, Law No. 20.379 provided institutional sustainability for Solidary Chile, creating the Multi-Sector Social Protection System, as well as the Sub-System for Comprehensive Childhood Protection, *Chile Crece Contigo* (Chile Grows With You). This last programme aims to guarantee rights to children through multisectoral efforts that follow up on childhood development from gestation until four years of age and provide free access to daycare and preschool, as well as access to the social network of benefits and programmes for children and families within the poorest 60 per cent of the country's population.

Specifically, two reforms instituted since 2000 are especially relevant to the current social protection system: the 2004 health reform and the 2008 social security reform, both designed from the perspective of rights, enacting a series of minimum guarantees for citizens.

The health reform sought to reduce inequalities among different population groups according to their income in terms of health, financial and service quality indicators. To do so, Explicit Health Guarantees were established, which allowed the population to claim four basic rights—access, quality, timeliness and financial protection—for 56 high-cost diseases.

The 2008 social security reform aimed to increase coordination between contributory and non-contributory components to improve equal access to pensions. The reform was based on three elements: i) mandatory individual capitalisation (contribution-based pillar); ii) Voluntary Social Security Savings (voluntary pillar); and iii) the Solidary Pension System (SPS). This last element created the Basic Solidary Pension and the Solidary Social Security Contribution (APS) for elderly persons and persons with disabilities whose contributions were below a certain threshold.

Finally, the system also includes a series of interventions to guarantee access to education for vulnerable students and make educational coverage universal for the 12 years required in Chile. These efforts tackle the housing deficit through programmes that include subsidies for the most vulnerable groups and the middle class and programmes to develop urban spaces and improve public infrastructure. In addition, the system helps the poorest and most vulnerable groups become more employable through work training programmes—especially for women and young people—and direct and indirect job creation and by promoting entrepreneurship among small enterprises.

In summary, the Chilean social protection system is an example of the progressive expansion of non-contributory policies and greater coordination with contribution-based pillars, establishing a robust multisectoral system with various tools to meet the needs of diverse groups. Still, Chile is facing profound challenges in, among other aspects, persistent economic inequality, quality and timeliness of health care services and education and the concentration of opportunities. These challenges are at the heart of actions that should be taken to guarantee effective universal social protection for all citizens.

Reference:

Robles, C. (2013). 'Social Protection Systems in Latin America and the Caribbean: Chile', *Project Document*, No. 511. Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC).

This One Pager is a partnership between the IPC-IG and ECLAC.

Social Protection Systems in Latin America and the Caribbean: **Trinidad and Tobago**

by Claudia Robles and Luis Hernán Vargas, Social Development Division, Economic Commission for Latin America and the Caribbean

Over the course of the 20th century, Trinidad and Tobago gradually built up a social protection model with a strong contribution-based pillar (with growing access to health care services and education) in conjunction with a non-contributory pillar directed at vulnerable families. Trinidad and Tobago is an oil-producing country and has the third-highest per capita Gross Domestic Product (GDP) in the Caribbean, nearly double the sub-regional average. This favourable situation has given the nation the fiscal flexibility to invest in social protection. However, the country's economic growth is highly susceptible to global fluctuations in oil prices.

The social security system in Trinidad and Tobago dates back to 1938. The private social security system was set up in 1966, and, in later years, private contribution-based pension fund plans were reformed. In addition, in 1996, the country signed the CARICOM Agreement on Social Security, stipulating that all citizens have access to Caribbean pension systems, in acknowledgement of the migratory reality of the region. Currently, the old-age pension system consists of three pillars: public, mandatory private and voluntary. These pillars are complemented by social welfare programmes for senior citizens with low resources. There are also two types of pensions for persons with disabilities: one contributory and one non-contributory.

Non-contributory social security, of which one notable effort is the Targeted Conditional Cash Transfer Programme (TCCTP), is managed by the Ministry of the People and Social Development (MPSD) and is mainly regulated by the 1999 Public Assistance Act and the 2010 Senior Citizens' Pension Act. These laws regulate the benefits granted based on income level, and these benefits include cash transfers, social funds and other programmes, all of which are decentralised. One of the most important innovations in this area is the National Strategy of Trinidad and Tobago for the Reduction of Poverty, conducted through the Poverty Reduction Programme. This programme aims to improve the social information system, strengthen social institutions and promote decentralisation and the creation of a network of national security contacts, including various non-governmental organisations. In addition, the MPSD manages a series of programmes and transfers for vulnerable groups: a pension for senior citizens and persons with disabilities, a public welfare fund and a general welfare fund that covers various types of support in case of risk events. In 2008, social security and welfare spending accounted for 1.8 per cent of GDP.

The health system combines centralised management with decentralised institutions. Regional Health Authorities are in charge of ensuring access to health care services, while the Health Ministry regulates the industry by setting protocols to ensure that quality services are provided. There is no public social security system, but the majority of benefits

can be accessed for free at health clinics. There is also a private plan to finance health benefits at certain facilities. Likewise, the plan is to reform the social security system in the health care sector to guarantee basic services to all citizens and reduce out-of-pocket spending on health care.

In terms of employment policy, Trinidad and Tobago strongly supports cooperatives and small and medium-sized enterprises, aiming to improve employment opportunities and ensure the right to work among the economically active population. There are also aid programmes for unemployed people that offer short-term work and training activities, as well as programmes for young workers to bolster both their technical and soft skills. Institutionally, the goal has been to install a decent labour plan, update labour security legislation and promote social dialogue.

Education is regulated by the 1966 Education Act, which ensures free and mandatory education for all children between 6 and 12 years of age. The education system is financed by the national government, but it coexists alongside private schools, which are required to offer a basic national curriculum. The education system consists of three levels: i) early childhood care and education; ii) primary and secondary education (under the responsibility of the Education Ministry); and iii) higher education (under the power of the Ministry of Science, Technology and Higher Education). In 2008, public spending on education was around 5 per cent of GDP, but this share has fallen, both for primary and secondary school. In terms of coverage, Trinidad and Tobago has practically universal enrolment at the primary-school level, but this figure falls to 89.9 per cent for secondary school. Between 2000 and 2009, there was an overall improvement in coverage, drop-out rates and grade repeat rates, with an additional decrease in the gender gap. The Education for All plan aims to ensure that the education system is universal, with high-quality standards, as well as gender equality in access to primary and secondary education.

In conclusion, Trinidad and Tobago is a successful example of a country that has increased contributory and non-contributory social protection coverage, improved access to education and set up a free public health care system. Consolidating its comprehensive social promotion and protection system will be a significant opportunity for the country to strengthen its coverage and improve the results of its social protection policies.

Reference:

Robles, C. and L.H. Vargas (2012). 'Social Protection Systems in Latin America and the Caribbean: Trinidad and Tobago', *Project Document*, No. 516. Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC).

This One Pager is a partnership between the IPC-IG and ECLAC.

The Impacts of the Child Grants Programme in Lesotho

by Benjamin Davis, Silvio Daidone and Joshua Dewbre, Food and Agriculture Organization of the United Nations;
and Katia Covarrubias, Graduate Institute of International and Development Studies

Lesotho's Child Grants Programme (CGP) provides cash transfers to reduce malnutrition, improve health and increase school enrolment among orphans and vulnerable children. The programme has undergone a major transformation since it started in 2009: funding has largely been taken over by the government, and the institutional and operational systems needed for a nationwide programme are in place. Today, the CGP reaches nearly 20,000 households and 65,000 children across Lesotho.

At the time of baseline data collection in 2011, beneficiary households received a quarterly payment of Maloti (M) 360 (about USD36). In April 2013, the transfer was indexed to the number of children in each household, ranging from M360 for households with one to two children, to M600 (USD60) for households with three to four children and M750 (USD75) for households with five children or more. During the study period, payments were not always on schedule.

The evaluation

The impact evaluation was based on a randomised control trial design, where a representative sample of CGP beneficiaries, together with a control group, were interviewed for a baseline survey in 2011 and for a follow-up in 2013. A local economy-wide impact evaluation (LEWIE) model simulated impacts on the local economy, combining households survey data with a business enterprise survey. Researchers collected information on beneficiaries' perceptions of the programme's impact on household decision-making, community dynamics and social networks. Finally, a costing study reviewed the historical costs of the CGP and assessed its affordability in the current fiscal environment.

Impacts

Increased spending on children – The messaging of the programme—that the CGP funds should be used in the interest of children—was strictly followed by beneficiary households. The CGP stimulated a large growth in school-related expenditures, including a 26 percentage point increase in the share of pupils (ages 6–19) with uniforms and shoes. The impact was particularly pronounced for young boys and girls: from a base of M60 (USD6.00), the CGP increased the amount spent on each student under 12 years during the school year to M83 (USD8.30).

Increase in birth registration and child health – The CGP increased birth registration—a requirement of the programme—by 37 percentage points among children six years and under. While the study showed no real increase in the number of children who visited a health care provider, there was a 15 percentage point reduction in the proportion of boys and girls under five years suffering from illness prior to the survey.

Increase in school enrolment – The CGP increased the number of children enrolled in primary school, particularly teenage boys who might have otherwise dropped out. The programme did not have any noticeable impact on other dimensions of school progression.

Increased protection against food insecurity – While food security continues to be a complex issue in Lesotho, the CGP reduced the number of months in which households experience extreme food shortages. This meant food security gains for both adults and children. Nevertheless, the effects on food consumption and dietary diversity were concentrated around pay dates, possibly due to the unpredictability of payments.

Impact on household livelihoods – The CGP increased the purchase of crop inputs, such as pesticides, and boosted maize and vegetable production, likely due in part to a food grant in 2012 and 2013, as an emergency response to the poor harvest that affected food supply in Lesotho. Beneficiaries tended to reduce their involvement in paid labour and, overall, were more resilient to shocks and less prone to engage in disruptive risk-coping strategies.

Impact on social networks – The CGP strengthened informal sharing arrangements in the community, giving rise to cash and in-kind support both from and to beneficiary and non-beneficiary households. The existence of strong reciprocity bonds increased self-esteem in CGP communities.

Impact on the local economy – The LEWIE model for the CGP found that the transfers had the potential to lead to relatively large income multipliers. Every Maloti transferred to poor households could raise local income by M2.23, with ineligible households receiving the bulk of the indirect benefit. If land and capital constraints limit the supply response, higher demand for local commodities may put upward pressure on prices, and the real income multiplier could be as low as M1.36.

Cost and affordability – Assessments of current and future costs of the programme suggest the CGP to be affordable under the current macroeconomic framework in the medium term (2014/15–2017/18) and—with significantly less certainty about macroeconomic assumptions—in the longer term. The total cost of the programme during its initial phase of implementation stood at M82 million between October 2007 and December 2012, of which 38 per cent was transferred to beneficiaries.

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- For more information, contact the PtoP team at <ptop-team@fao.org> or visit the website <www.fao.org/economic/ptop>.

Impacts of Climate Variability on Food Acquisition Programmes: Lessons from the Brazilian Semi-arid Region¹

by Patricia S. Mesquita and Marcel Bursztyn, Centre for Sustainable Development, University of Brasília

Besides tackling socio-economic vulnerabilities, social protection interventions can be an important tool in the field of climate change adaptation (Davies et al., 2008). Social protection programmes foster adaptive capacities through improvements in socio-economic variables (e.g. education, health etc.) but, on the other hand, can also be disrupted by climate change and variability. Nonetheless, not much attention has been paid to the impacts of climate or other environmental issues on the implementation and functioning of these strategies. Specifically for regions that are characterised by significant climatic variability (e.g. semi-arid regions), current shocks can serve as lessons for better planning and implementation of social protection programmes in the face of climate change.

In Brazil, the Food Acquisition Programme (*Programa de Aquisição de Alimentos*—PAA) has had many positive effects on the well-being of smallholder farmers. Increases in production, income and crop diversification, along with a stronger inclination to remain in rural areas, are some outcomes that have been associated with the PAA in the literature. However, the necessity of new information about the impacts of climate shocks on the functioning of the programme has received less attention.

As such, a set of institutional interviews was performed in four municipalities in a semi-arid region of Brazil (Cariri), covering the municipalities of Altaneira, Mauriti, Missão Velha and Salitre (Ceará). In these interviews we explored perceptions about the impacts of the 2012 drought on the functioning of the PAA. In addition to using the results as a proxy for the impacts of climate change on the local food-based safety net (FBSN), we use suggestions for programme improvements to discuss how to foster the resilience of such strategies. A total of 12 institutions were interviewed in November 2012, but five were considered relevant for this discussion.

Impacts of climate variability on the PAA

The 2012 drought exposed the Cariri region to many challenges. As observed in our fieldwork, many farmers lost animals due to a lack of water and food. Even though some programmes, such as *Compra de Milho Balcão* (CONAB), were providing subsidised grains to feed livestock, the constraints in access due to limited programme supply or a lack of financial assets to purchase feed resulted in the death of animals. For the PAA, the institutional actors described many impacts, including:

- dried products;
- crops not produced or yields of lower than usual quality;
- farmers redirecting production to local markets (higher prices);
- farmers not reaching quota;
- interruption of PAA-leite (for milk); and
- farmers interrupting participation.

Some of the interviewees also predicted a future lack of motivation to participate in the PAA due to challenges during drought periods.

Adjustments for a resilient PAA

According to the institutional actors, the existing bureaucracy, which leads to delays in payments and provides limited-to-no access to funding and credit,

appears to be obstructing the complete set of benefits that could be acquired from social protection programmes. Institutional constraints are related to people's ability to adapt to climate change and other environmental stresses (Adger, 2001). Another suggested adjustment for programme improvement is in relation to the institutional arrangement as well, but undoubtedly associated with historic structures of power and hierarchy in the semi-arid region of Brazil.

One of the actors stated that the PAA needs to become a government service free from the influence and effects of local political and partisan disputes over political power. The need for more flexibility and a certain elasticity to adapt to seasonal climate oscillations was also deemed necessary. Finally, some actors highlighted the need for improved technical assistance. Upgrading the technical assistance for participants and the dissemination of knowledge between farmers through local farmers' markets can help create climate-resilient programmes. The role of local institutions, including those providing extension services, is widely recognised as improving the capacity of farmers to adapt to climate change (Agrawal et al., 2008).

Conclusions and recommendations

The impacts of the 2012 drought on the PAA highlight the need to incorporate the environmental sphere into social strategies that have proven to be successful in vulnerable areas of developing countries, to ensure that the gains acquired from such strategies are not lost due to nature-related shocks. Improved technical assistance and knowledge exchange between farmers, access to credit, and better institutional capacity are a small set of straightforward strategies with the potential to tackle the current issues and also assist the transformation of the PAA into a resilient FBSN programme. The need for greater flexibility to adapt to seasonal variability was also highlighted.

Even though all these measures could produce a positive outcome for FBSN programmes in countries spread across a wide geographical area (and with varied climatic challenges), improvements in formal institutions related to programme functioning must first be addressed. This care would limit the negative impact of the deeply entrenched power structures on the more flexible and locally adapted implementations and variations of the programme. Our results are noteworthy not only for Brazil, but also in the context of increased interest of other countries with semi-arid regions in the FBSN programmes already active in Brazil and shared through South–South Cooperation agreements.

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Note:

1. Research supported by the Climate Network (Rede CLIMA) — Regional Development research team at the Centre for Sustainable Development at the University of Brasília (CDS-UnB), with financial assistance from Banco do Nordeste do Brasil (BNB), CNPq and Science without Borders scholarships.

Challenges to Integrating Gender Equality Approaches into Evaluation¹

by Paola De Orte,² Marco Segone,³ Livia Maria da Costa Nogueira,² Florencia Tateossian³ and Josephilda Nhlapo-Hlope⁴

From 24 November to 23 December 2014 the UNDP International Policy Centre for Inclusive Growth (IPC-IG) hosted an online discussion on how to incorporate gender perspectives in the Monitoring and Evaluation (M&E) of national systems at the National Evaluation Capacities (NEC) Community.

The discussion was linked to NEC Commitment 18, and was based on the paper *Four steps to more gender-responsive evaluations* by Marco Segone of UN Women. The main question posed was: 'What do you think are the main challenges to integrating gender equality approaches into evaluation?' The key ideas shared by participants are presented here.

- Advocacy to mainstream gender equality is crucial, since gender is a key aspect to achieving inclusive and sustainable development, according to a participant from [Madagascar](#). To achieve better gender equality-focused evaluations, governments should focus on national policies and commitment to gender issues. Projects should implement an M&E system with gender-sensitive indicators and disaggregated data. The participant also stressed how more M&E funds should be allocated to furthering gender equality, as well as the importance of promoting evaluation.
- In [Mexico](#), gender equality is stated in the Constitution, but the production of gender-disaggregated data is neither mandatory nor collected evenly throughout the administration. According to a participant from Mexico, if an efficient system of sanctions were implemented, there would be more comparative studies, public policies would be more easily adapted, and evaluations would be of higher quality. Collection of disaggregated data should be encouraged, especially in Latin America and the Caribbean, where lack of information is an issue and makes it difficult to identify gaps and make comparisons.
- An insight from [Spain](#) has shown that there needs to be an upgrade as well as an increase in the support and development of gender equality policies globally, as well as consultations between advocates, practitioners and policymakers. Even though a rich and complex theoretical body of feminist research exists, resistance from evaluators still remains. Since gender issues are located within a political and ideological arena, resistance often does arise. There might be problems if evaluation is understood as a tool that contributes to redressing gender inequalities. However, if gender equality is ignored, evaluations may misrepresent the situations they seek to assess and further marginalise individuals and groups.
- Gender Equality and Women's Empowerment (GEWE) evaluation approaches must be focused on results and impacts, according to a participant from [Egypt](#). There should be properly adjusted performance baselines, according to contexts, and all stakeholders should collaborate. The main challenge is to establish these baselines, and then evaluate their importance relative to a particular context.
- In [Morocco](#), the Moudawana (the family code, according to Moroccan law) has been reformed to enhance women's role in society and open up many sectors to social change. In addition, the electoral, labour and nationality codes have also been reformed to favour gender issues. Furthermore, a Budget Sensitive to Gender (BSG) was institutionalised to promote human rights for both sexes. This has helped boost gender sensitivity within evaluations, especially since 2002, when analytical instruments and synthetic indicators sensitive to gender issues, which reinforce gender M&E mechanisms, were created. This has allowed governments to better understand challenges regarding access to the law.

- In [Uganda](#), ministries regularly assess the extent to which sectors incorporate gender approaches in their budget framework papers and advise governments. The Uganda Bureau of Statistics regularly produces gender-disaggregated data, which are often used by research organisations, non-governmental organisations and government entities in their M&E systems. Gender has been effectively mainstreamed in government processes, both at the policy and implementation levels; officials from key sectors have received training on gender and equity budgeting; and every government entity is required to indicate the gender issues in their plans and budgets and ensure that they are implemented. The Uganda Evaluation Association (UEA) has produced evaluation standards that require evaluators to incorporate gender approaches, and is organising the Uganda Evaluation Week, where one of the key topics of discussion is gender.
- In [Tunisia](#), a network of focal points was created to discuss and promote gender issues in every ministry. It was also mentioned that quantitative and qualitative data must be collected, to ensure gender analyses that reflect gender equality issues in every government domain. Gender-sensitive indicators must be implemented, allowing for gender evaluations that measure the impact on gender equality of every public policy.
- The Evaluation Society of [Kenya](#) (ESK) is very active; the government has implemented a National Gender Policy and has created a National Gender Equality Commission. The 2010 Constitution reinforces affirmative actions regarding women's participation in decision-making, but men still dominate, especially in critical decision-making such as national budgetary allocation, which is crucial to effective gender-responsive M&E. Gender is seen largely as a 'women's' and not a development issue. In this light, M&E is sometimes resisted, as it is perceived as a 'policing' rather than a management tool. There is a lack of capacities to implement gender-responsive M&E, and institutional linkages for data processes are weak in Kenya. Demand for evaluations, let alone from a gendered perspective, is low; most of the focus has been on monitoring. However, the momentum created by the declaration of 2015 as the International Evaluation Year may amplify the gender-responsive M&E cause.

The declaration of 2015 as the International Evaluation Year has helped boost evaluation capacities in many countries, but doing so in a gender-sensitive way remains an issue, especially the implementation of gender-responsive evaluations. To overcome these challenges, participants agreed that all stakeholders should engage in either advocating for more evaluation policies or demanding more evaluations to achieve better results in policymaking.

Reference:

Segone, M. (2014). *Four steps to more gender-responsive evaluations: The challenge of mainstreaming gender-responsive evaluations*. New York, UN Women, <<https://www.unteamworks.org/fr/node/466372>> (accessed 3 February 2015).

Notes:

1. This article summarises an online discussion of the NEC platform (<www.unteamworks.org/NEC>) and does not reflect the views of institutions and national governments mentioned. The views expressed are those of the discussion participants alone.
2. UNDP/IPC-IG.
3. UN Women Independent Evaluation Office.
4. Department of Planning, Monitoring and Evaluation of the Presidency of South Africa.

Social Protection Systems in Latin America and the Caribbean: a Comparative Perspective¹

by Simone Cecchini, Fernando Filgueira and Claudia Robles,
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National case studies on social protection systems in Latin America and the Caribbean, published by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC),² reveal that over the past 10 years social protection systems and, in general, social policies in the region have been transformed. This shift is very different than the nature of reforms in the 1980s and early 1990s. While that time period was characterised by the State pulling back from and limiting its role in social actions (reducing or freezing social spending, privatisation, restricted targeting), the new century has seen the State play a larger role in social issues (expanded coverage, partial or total re-nationalisation, increased social spending).

Specifically, four clear trends emerge in the vast majority of case studies: i) stronger and increased coverage in social protection; ii) increased quality and greater variety of social protection options, both in terms of programmes and in the growing specificity of the population served; iii) a growing institutional/regulatory framework to support benefits (laws, earmarked fiscal allocations, rights-based identification of beneficiaries); and iv) efforts to achieve greater coordination and cooperation among various social sectors and programmes.

Although countries in Latin America and the Caribbean have made progress in strengthening social protection, it is evident that they have embraced these broad trends in diverse ways and to varying degrees of success, consistency and preferences for the instruments used. These disparate levels of progress are also due to the specific nature of each labour market, as well as each country's fertility rate, age structure and capacity to raise and spend resources. As such, based on recent data on social spending, coverage of social protection systems and social services, the capacity of the labour market to offer adequate wages for the population and the role of families in social protection, the various social welfare regimes in the region were classified using hierarchical clustering analysis (see Table).

Countries with modest welfare gaps have made the most progress in the four social protection trends: Argentina, Brazil, Chile, Uruguay and, to a lesser extent, Panama. Some countries are excluded from this general conclusion, however, for positive reasons: the Plurinational State of Bolivia, Ecuador and El Salvador. Mexico and Paraguay have

Welfare Regimes, Country Groups Sorted by Cluster Analysis, around 2012

Severe gaps	Moderate gaps	Modest gaps
Bolivia (Plurinational State of), El Salvador, Guatemala, Honduras, Nicaragua, Paraguay	Colombia, Dominican Republic, Ecuador, Mexico, Peru	Argentina, Brazil, Costa Rica, Chile, Panama, Uruguay, Venezuela (Bolivarian Republic of)

Source: Created by the authors based on ECLAC data.
Note: Countries for which there was insufficient information available were not included in this table. Based on their GDP and dependency rates, Jamaica has moderate gaps, while Cuba and Trinidad and Tobago have modest gaps.

unveiled interesting initiatives which are still hindered by extremely low fiscal commitment. Guatemala, Honduras and Nicaragua have made the least progress. The case studies revealed that although initiatives in Colombia and Peru were not always strong, advances were made.

Beyond the debate surrounding the merits of each country, it is clear that the region is at a stage where it is progressively building social citizenship, both in terms of protection as well as promoting human development and social investment. The push to transform coverage, benefits, fiscal efforts and innovation to achieve comprehensive programmes and the regulations that sustain them is evidence of this. However, it is also clear that although there has been progress, the four areas in which social protection systems have historically been deficient are still lacking: the absence of guaranteed basic social protection floors; fragmented efforts; lack of full progressiveness (i.e. less regressive social taxation systems); and weak positive articulation between social protection and investment.

Reference:

Cecchini, S., F. Filgueira, and C. Robles (2014). 'Social protection systems in Latin America and the Caribbean: A comparative view', *Social Policy Series* No. 202. Santiago, Chile, Economic Commission for Latin America and the Caribbean.

Notes:

1. This One-Pager is a partnership between the IPC-IG and ECLAC.
2. See <<http://dds.cepal.org/socialprotection/social-protection-systems/>>.

Social Protection Systems in Latin America and the Caribbean: El Salvador

by Juliana Martinez Franzoni, Associate Professor at the University of Costa Rica and Diego Sánchez-Ancochea, Associate Professor at the University of Oxford

Since the end of a civil war in 1992, El Salvador has embarked on important policy transformations. Despite volatile economic growth—6 per cent annually over the first half of the 1990s and 3 per cent since then—social policy has grown in prominence. Public social spending grew from 8 per cent of Gross Domestic Product (GDP) in 1998 to 13 per cent in 2009 and from USD191 per capita to USD382 per capita over the same period. Having grown 3.2 percentage points, more than any other sector, social security today represents the largest sector for social spending, followed by health and education.

During the 1990s, progress was made in areas such as primary education, the control of infectious diseases and the eradication of polio, measles and malaria. In the mid-2000s the first conditional cash transfer programme was launched. Since 2009 social policy has been framed as a matter of a universal right for all.

Old-age pensions have low and unequal coverage: 19 per cent of the working population, but only 7 per cent among the poorest quintile, compared to 48 per cent among the wealthiest. Pension regimes include the now closed Public System of Pensions (*Sistema público de pensiones*—SPS), which gave way to the Individual Capitalisation System (*Sistema de Afiliación Privada*—SAP); the Teachers' Welfare (*Bienestar Magisterial*); and the Institute of Social Security for the Armed Forces (*Instituto de Previsión Social de la Fuerza Armada*—IPSA).

In 2008 only 14.5 per cent of the population aged 65 years or more was granted a pension. Six out of every ten workers work informally, and formality among workers is volatile over time, therefore posing severe constraints on the expansion of contributory pensions. In 2009 the Universal Basic Pension (*Pensión básica universal*) covered extremely poor people aged 70 years or more. However, since it offers very limited benefits, elderly people rely mostly on family networks.

Health care provision is delivered through three different programmes but still insufficient. Social insurance reaches formal workers and their dependents. Women have greater access than men, largely because they can access health care as dependent family members. Coverage for spouses, partners and children involves, however, a limited set of benefits—mainly maternal care and the primary care of children under 12 years of age. The Ministry of Health (*Ministerio de Salud*—MINSAL) provides formally all services to only half the population lacking medical insurance due to the shortage of human and medical resources. The third sub-system is over-the-counter, private spending, as private insurance is negligible. The State is responsible for half of all health care spending. MINSAL devotes most resources to primary care, while social insurance primarily covers curative and hospital services. Since 2009 a national reform expanded primary care and equipped and funded outpatient clinics and hospitals.

Social assistance has been one of the priorities of recent governments, with the creation of the Solidarity Network (*Red Solidaria*) in 2005. This conditional cash transfer programme focused on supporting children and pregnant women in extremely poor rural areas. In 2009 the programme turned into Solidarity in Communities (*Comunidades Solidarias*), which extended measures among rural communities and also began to tackle urban poverty. Transfers equate to 15–18 per cent of the minimum rural wage, but the programme also improved basic health care, nutrition and education services as well as water, electricity and roads. In 2009 the government moved from single programmes to the life cycle as the unit of policy planning with the creation of the National System of Universal Social Protection (*Sistema de Protección Social Universal*—SPSU). Although in practice targeting poor households, the system sought to combine targeted measures and others aimed at the middle class, particularly concerning education and social insurance.

Most students attend public schools overseen by the Ministry of Education (*Ministerio de Educación*—MINED). Public spending on education in 2009 represented almost a third of total public spending and 3.9 per cent of GDP. Also in the late 2000s the rate of school enrolment was 92 per cent in primary and 45 per cent in secondary education. Pre-school education for children aged 5 and 6 increased from 28 per cent in 1998 to 43 per cent in 2005. By the late 2000s private enrolment was only 18 per cent in primary and 11 per cent in secondary education. During the 1990s, under the Programme of Education with the Participation of the Community (*Programa de Educación con Participación de la Comunidad*—EDUCO), the administration of public schools was handed over to Communal Associations for Education (*Asociaciones Comunes para la Educación*—ACE). Since 2010, as part of the Universal System of Social Protection, the government has been providing school uniforms and supplies to first to third graders in public schools.

Rising public spending possibly had an impact on poverty and extreme poverty, which showed a modest decline in the country. Between 1995 and 2010 poverty decreased from 54 per cent to 47 per cent of the population, while extreme poverty declined from 22 per cent to 17 per cent. Emigration also played a major role, both in demographic terms—the current population of El Salvador is at least 1 million less than projections had expected by 2007—and in economic terms, due to the key role of remittances in fuelling private consumption.

Reference:

Martinez Franzoni, J. (2013). 'Social protection systems in Latin America and the Caribbean: El Salvador', *Project Document*, No. 521. Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC).

This One Pager is a partnership between the IPC-IG and ECLAC.

Scaling up Cash Transfer Programmes in Kenya

by Winnie Mwasiagi, National Coordinator, Social Protection Secretariat (MLSSS)

The Kenyan Ministry of Labour, Social Security & Services (MLSSS) implements three main cash transfer programmes that were scaled up in 2013 and will be further scaled up and integrated under the *Inua Jamii* programme:

- the Cash Transfer to Orphans and Vulnerable Children (CT-OVC), started in 2004 and which covered 259,000 beneficiary households in 2014;
- the Older Persons Cash Transfer Programme (OPCT), targeted at those aged 65+ and which started in 2006 (164,000 beneficiary households); and
- the Cash Transfer to Persons with Severe Disabilities (PWSRCT), started in 2010 (27,200 beneficiary households).

All the cash transfer programmes give beneficiary households a transfer of KES2000¹ per month (USD22) and target households living in poverty that have at least one member from categories covered by each programme (OVC, elderly and people with severe disabilities). The primary objective of these programmes is to improve the well-being of the beneficiaries and increase their access to services.

Drivers for the scale-up of cash transfers in Kenya: Despite their relatively low coverage in relation to the target population (estimated to number 2 million households), the programmes' coverage increased from 226,730 households in 2012/13 to 450,000 in the 2013/14 financial year. There were four main drivers for the scale-up of cash transfers in Kenya:

- the high level of poverty and vulnerability in Kenya;
- the need to implement programmes that address Article 43 of the new Kenyan Constitution that states the "right for every person to social security and binds the State to provide appropriate social security to persons who are unable to support themselves and their dependants";
- the political perception that scaling up cash transfers can yield a good electoral return by addressing the basic needs of the communities; and
- the results of the CT-OVC impact evaluation—e.g. showing a 13 percentage point reduction in poverty among beneficiaries (OPM, 2010).

Implementation challenges: Several challenges emerged during the 2013/14 scale-up, especially because it lacked a proper expansion plan for that fiscal year. This negatively affected the quality of targeting due to hurried implementation. Moreover, poor infrastructure in some areas; a lack of equipment and vehicles; a lack of national identification cards for potential beneficiaries; inadequate capacity (numbers and technical experience of staff); delays in procurement processes; delays in the release of funds at the beginning of the financial year; and inadequate operational costs for implementation also challenged the scale-up process.

Lessons learned from the last scale-up: Despite all the challenges, several lessons were learned:

- the importance of bringing local leaders into the process, which enhanced ownership and transparency during the targeting process;
- the use of management information systems (MIS) to assist in cross-checking databases and to speed up the generation of payrolls;
- the importance of doing data entry at the local level to allow timely data verification;
- the importance of a continuous targeting process; and
- the potential challenge of political interests, which must not be overlooked.

Preparation for the next scale-up: Several reforms have been planned to support the next scale-up of the MLSSS cash transfer programmes, such as the establishment of technical working groups and a management team for the programme, and the consolidation, across programmes, of key areas of operations such as targeting, payments, monitoring and evaluation, monitoring and information systems, and complaints and grievances mechanisms. Another reform is to redesign the scale-up process itself. This will include designing a common targeting tool across different programmes; piloting electronic and real-time data collection and verification; and the use of existing data of listed potential beneficiaries from other programmes (data sharing). Payment reforms will include contracting a new service provider, which will move beneficiaries from a semi-manual payment system to an electronic payment system with a two-factor authentication process using smart card and biometric identification. There is also the possibility of introducing a savings option under this payment process.

Finally, the MIS of the three programmes will be linked to a *single registry*, allowing programmes to carry out several cross-references and registry checks. This will help to reduce 'double dipping', by allowing beneficiaries' identity in the single registry to be validated with data from the Integrated Population Registry Services. This will help to identify abnormal transfer amounts and enhance the efficiency of payroll.

Plans are under way to decentralise certain MIS functions to the county level (e.g. data entry, change management). Efforts towards this include: undertaking an ICT audit in selected counties to identify existing infrastructure gaps; procurement of ICT equipment (which has been initiated); and capacity-building of staff with regards to MIS for the implementers, which has also already commenced.

The way forward: A Common Geographical Expansion plan with targets by location was developed based on a poverty map using data from the Kenyan Integrated Household Budget Survey. Targeting will be carried out as per the agreed criteria, ensuring that 30 per cent will be allocated for equalisation across constituencies to ensure geographical equity (up to the poverty ceiling), and 70 per cent allocated based on poverty criteria.

Resources will be mobilised jointly by the three cash transfer programmes through the Medium-Term Expenditure Framework, which is to reflect the scale-up plan beyond the current financial year. In terms of capacity-building, human resources will be enhanced through rationalisation, the re-deployment of officers and recruitment of additional staff where necessary. Improvements in the quality of data collection will rely on the mobilisation and sensitisation of community structures and capacity-building for county and sub-county implementers to enhance ownership and the quality of implementation. The target is to reach 521,000 households by 2016.

Reference:

OPM (2010). *Cash Transfer Programme for Orphans and Vulnerable Children (CT-OVC) Kenya – Operational and Impact Evaluation, 2007–2009. Final Report*. Oxford, Oxford Policy Management. <http://www.unicef.org/evaluation/files/OPM_CT-OVC_evaluation_report_july2010-final_Kenya_2010-019.pdf> (accessed 24 February 2015).

Note:

1. Kenyan Shillings.

This One Pager is part of the DFID-supported project: "Brazil & Africa: fighting poverty and empowering women via South-South cooperation".

Social Cash Transfer Scale-up for Zambia

by Stanfield Michelo, Director of Social Welfare, MCDMCH¹

What started as an 'experiment' on the desirability and feasibility of a social cash transfer programme in Zambia has now mutated into the national flagship social protection programme. How did this happen?

In 2003 the then Ministry of Community Development and Social Services decided to start implementing the Social Cash Transfer Programme in Kalomo district, Southern Province, targeting 159 labour-constrained, poor households. At the time, the population of the province had been experiencing high levels of hunger as a consequence of a drought and a high HIV/AIDS prevalence. Kalomo was chosen in particular because it had adequate administrative capacity to implement the programme, the main objective of which was to reduce hunger and the intergenerational transmission of poverty.

Many stakeholders were apprehensive because this was a new concept; thus, the programme's roll-out and expansion were conducted carefully. In 2005 the scheme was expanded to Kazungula district and then to Monze in 2007, reaching about 1000 households at this stage. The programme arrived in Katete via the implementation of a pension model; this is a universal model that targets older persons (aged 60 years and above) regardless of socio-economic status. Aiming to respond to child poverty, the child grant model was introduced in 2010 in Kalabo, Shangombo and Kaputa districts. The child grant programme is an unconditional cash transfer programme targeted at households with children under 5 years of age. It started in 2010, pursuing the same general objective of the Social Cash Transfer Programme with a specific focus on children's school enrolment and reducing the rate of mortality, morbidity, stunting and wasting among children under 5 years of age.

Although by 2013 the scheme was already being implemented in 19 districts—reaching 61,000 households—calls from many stakeholders, especially Members of Parliament, to expand to other districts were getting louder by the day. Thus, in 2013 the new government—which was elected on a pro-poor agenda—increased funding by an unprecedented 700 per cent (from USD2.7 million to USD23.8 million), to undertake a massive scale-up. The reasons for this scale-up were the following:

- the stubbornly high poverty levels, with extreme poverty standing at 42 per cent;
- the realisation that about 15–20 per cent of households were labour-constrained, such as those headed by elderly or chronically sick people, which depend on external support to survive;
- the generation of robust and reliable impact evaluation results, which had shown positive impacts of the Social Cash Transfer Programme on key indicators such as poverty reduction, food security and livelihoods (see Daidone et al., 2015); and
- solid experience amassed by the Ministry in implementing the scheme over the past 10 years, which made the mammoth task of expansion feasible.

The scale-up aimed to increase geographical coverage, the number of beneficiaries and to implement a harmonised scheme targeting the incapacitated households. Previously, the scheme was implementing four different targeting models, namely: labour-constrained, universal old-age pension, child grant and multiple categorical models. An evaluation of

the targeting categories of each model (OPM et al., 2015) indicated that the incapacitated (labour-constrained) model had a higher correlation with poverty. Thus, the targeting was streamlined to focus only on the incapacitated household model. An ambitious plan was set out to cover an additional 31 districts and 145,000 households in a period of six months.

The consequences of failure to implement the scale-up would have been dire, both politically and financially, as the government would be reluctant to provide additional funds for the cash transfers if the ongoing scale-up failed. As the expansion of the programme was deemed 'too big to fail', the following strategic decisions were made:

- the support from cooperating partners (Department for International Development, United Nations Children's Fund, Irish Aid and the Finnish Embassy) was now to be reoriented towards capacity-building of the Ministry by purchasing equipment and training personnel;
- three additional staff members were contracted to help with the 'burst' period (time-frame);
- teachers were engaged to be enumerators (during school holidays), to improve the quality of data capture;
- a proxy means test with elements of community-based targeting was introduced; this involved administering a questionnaire capturing data on households' living conditions to enable the determination of their poverty level; and
- multi-disciplinary teams were formed to undertake inception visits in the various new districts.

The major challenges during the scale-up process included poor terrain and poor road conditions after heavy rains, which made it difficult for the teams to reach some towns. The limited mobile phone network coverage made communication even more challenging in terms of arranging meetings at short notice in the communities. The institutional landscape in terms of vision, strategic plan and policy allowed for the scale-up. After six months, the scale-up increased from 19 to 50 districts, while the number of beneficiaries increased from 61,000 to 145,000 households. Moving forward in 2015, the Ministry hopes to consolidate its gains and will focus its attention on the use of mobile data capture technology, the design of the scheme and linkages to other sectors, such as health and education.

References:

- Daidone, S. et al. (2015). 'Productive Impact of the Child Grant Programme in Zambia', *One Pager*, No. 275. Brasilia, International Policy Centre for Inclusive Growth, <http://www.ipc-undp.org/pub/eng/OP275_Productive_Impacts_of_the_Child_Grant_Programme_in_Zambia.pdf> (accessed 24 February 2014).
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- MCDMCH (2013) Social Cash Transfer Scheme: 24-month Impact Report for the Child Support Grant Programme <<http://www.cpc.unc.edu/projects/transfer/countries/zambia/zambia2019s-child-grant-program-24-month-impact-report>> (accessed 24 February 2014).

Note:

1. Ministry of Community Development, Mother and Child Health, Zambia.
This One Pager is part of the DFID-supported project: "Brazil & Africa: fighting poverty and empowering women via South-South cooperation".

Innovative Technology Serving Social Cash Transfers in Remote Rural Areas of Ethiopia

written by the Bureau of Labour and Social Affairs Tigray and the Ministry of Labour and Social Affairs of the Government of Ethiopia

In 2011 the Bureau of Labour and Social Affairs (BoLSA), UNICEF and a number of donors including Irish Aid initiated the Tigray Social Cash Transfer Programme (TSCTP) in the Tigray region of Ethiopia. The programme aimed to reduce poverty and hunger in extremely poor and labour-constrained households. From 2011 to 2014, 3367 households received a monthly cash payment of at least ETB155 (approx. USD8)¹ made by the Dedebit Microfinance Institution (DECSI) through five payment distribution points. To access these payments, beneficiaries face the following challenges:

- payment points that are on average 10–20 km away from their homes;
- transportation costs of about ETB20 (approx. USD1) to reach payment points;
- beneficiaries' inability or difficulty to collect the benefit themselves, and the subsequent need to delegate its collection to another individual on their behalf (considering that about 70 per cent of beneficiary households are headed by elderly individuals, and 2 per cent by children);
- long queues and waiting times (up to several hours) at some distribution points; and
- limited payment days (maximum of four days each month).

Objectives and benefits of the M-BIRR pilot

To overcome the difficulties faced by beneficiaries, in early 2014, under the initiative of BoLSA, Irish Aid and UNICEF, the decision was made to pilot the M-BIRR Mobile Money Service to deliver the cash transfer. In the Tigray region, DECSI is the provider of the M-BIRR mobile and agent banking service. Mobile and agent banking allows a financial institution to set up a large number of agents (e.g. shops) in areas without branches, without any capital expenditure costs. The electronic payment is made to the M-BIRR beneficiary household² account each month. Withdrawals may be carried out by programme beneficiaries at their convenience, without any time or date constraints, or associated fees.

As such, the potential benefits of the M-BIRR service are clear:

- **Proximity and cost reduction for households:** by setting up four DECSI M-BIRR branches and accrediting four proximity agents within most communities;
- **Financial inclusion:** in communities where no financial services were available before the TSCTP, all households now have a DECSI M-BIRR account into which money could be conveniently deposited by family members working in cities or even abroad;
- **Convenience:** the replacement of five payment points by a large number of branches and proximity agents gives the beneficiary more flexibility to withdraw their cash wherever and whenever is convenient for them (any time after transfer from DECSI). This removes the risk of beneficiaries missing their monthly payment due to illness or any circumstances that might prevent them or their proxies from presenting themselves at the former payment points, and eliminates queues and long waiting times;
- **Fast reporting process and easier monitoring:** the system generates automatic reports;
- **Better auditability:** all electronic transactions are recorded and time-stamped;
- **Scalability:** easily replicable in other areas and/or regions;

- Very **secure** and minimised occurrence of theft: as the National Bank of Ethiopia requires a Know Your Customer (KYC) process to be carried out for each household representative to open an account, the risk of fraud and 'ghost households' is drastically reduced; and
- It uses **mobile networks**, and an **off-line** version is currently under development.

Challenges

The first phase of the TSCTP M-BIRR pilot was dedicated to raising grass-roots awareness and collecting feedback from households and social workers involved in the TSCTP. It transpired that households targeted by this programme were so poor that none of them had a mobile phone. It also became clear that due to the remoteness of some rural areas and the age of the beneficiaries, having to remember a secret Personal Identification Number (PIN) to access their DECSI M-BIRR account through the agent's phone would be extremely challenging. Based on these findings, the programme stakeholders then asked the M-BIRR service technology provider (MOSS) to come up with an alternative solution.

Innovation

The solution designed to overcome these challenges relied on agents being equipped with an Android™ smartphone with an integrated Near Field Communication (NFC) reader and each household receiving an NFC wristband containing their PIN. The PIN can only be read by the agent's smartphone and is not visible on the bracelet.

The combination of photo identification card, account number and PIN has allowed every household to withdraw money securely from their DECSI M-BIRR account at their nearest agent.

Scalability

The M-BIRR Mobile Money Service is now delivered nationwide in Ethiopia by the five largest microfinance institutions through the sole existing mobile network (Ethio Telecom)³. The M-BIRR service reaches users across Ethiopia through Unstructured Supplementary Service Data (USSD), a Global System for Mobile Communication (GSM) legacy technology available on all mobile phones. After the successful TSCTP pilot experience, the M-BIRR Mobile Money Service expanded in January 2015 into the Oromia region via the Productive Safety Net Programme (PSNP), one of the largest African social protection programmes.

Notes:

1. The minimum monthly payment per beneficiary is ETB155 (Ethiopian Birr)—approximately USD8. It can increase depending on the number of beneficiaries in the household and their characteristics (i.e. dependence grant for out-of-school children and disabled or elderly family members).

2. Even though the account is in the name of one household member—often the head of the household—payments may target more than one beneficiary in the household.

3. Additional information on the M-BIRR service, including its fee structure, can be found at: <www.mbirr.com>.

This One Pager is part of the DFID-supported project: "Brazil & Africa: fighting poverty and empowering women via South-South cooperation".

Aiding Social Transfers in Low-income Countries: Is there a Catalytic Effect?

by Cécile Cherrier, Maastricht Graduate School of Governance/UNU-MERIT

Non-contributory social transfers¹ have shown great potential to tackle poverty and inequality and to support inclusive socio-economic development. However, they also represent a long-term financial commitment, and in environments where they are most needed, the capacity of the State to provide them tends to be lower. As a response, foreign aid actors have been allocating resources to support the expansion of social transfers in low-income countries. After over a decade of such aid efforts in sub-Saharan Africa, however, uncertainty over the future of donor-supported social transfers prevailed.² In particular, the limited degree of institutionalisation, domestic financing and, in most cases, political commitment meant that the prospects for these initiatives to translate into sustainable policy changes were unclear.

Where do we stand today? Has foreign aid had any catalytic effect on the mobilisation of domestic resources for social transfers in low-income countries? Empirical evidence from six African case studies that fed into the UNRISD Working Paper presented in this brief (Cherrier, 2015) suggests that it has. This investigation covered a set of sizeable social transfer schemes recently introduced in low-income country contexts, namely: Ethiopia's Productive Safety Net Programme (PSNP); Ghana's Livelihoods Empowerment Against Poverty (LEAP) programme; Kenya's Cash Transfers for Orphans and Vulnerable Children (CT-OVC); Lesotho's Old Age Pension (OAP); Mozambique's *Programa de Subsídio Social Básico* (PSSB); and Zambia's Social Cash Transfer (SCT) scheme.³

Unravelling the origins of these schemes reveals foreign aid actors as important players in the mobilisation of resources for social transfers. **Influential aid actors** have included international financial institutions recommending the reform of costly subsidy policies, agencies specialised in social protection advocating for coverage extension, and humanitarian actors calling for more cost-effective ways to provide assistance in protracted crises. Processes behind the emergence of these schemes can be categorised according to the degree to which foreign aid actors were involved, and whether or not the scheme resulted from the reform of an existing programme.

In terms of resulting policy features, the schemes studied can be qualified as being, to differing degrees, **nationally owned**, even in contexts of strong aid engagement. It is often not possible to establish clearly whether the initial impulse (that is, the very first idea of considering a social transfer policy instrument) came from foreign aid actors or domestic stakeholders. Rather, foreign aid actors tended to give weight to existing national proponents and help upgrade institutions entrusted to deliver social assistance. Initiatives supported by aid actors tended to strengthen the voice of ministries in charge of social affairs, and encourage the adoption of innovative mechanisms for more transparent and accountable delivery systems. Decisions to scale up social transfer schemes tended to occur within broader strategies of state-led social protection and pro-poor policy extension, possibly as part of deliberate moves towards making the State the primary welfare provider. With the notable exception of Lesotho's OAP, donor funding of social transfers remains high. However, the share of domestic contribution is on the rise, and there are good prospects to see all these schemes fully funded domestically in the future.

Yet, if these case studies suggest a catalytic effect of aid on mobilising additional domestic resources for social transfers, they also raise important questions. Findings show that dialogue over the provision of social transfers has occurred primarily in restricted policy spaces, with the executive branch behind closed doors with donors (or creditors). Citizens may have played a role as voters via elections, which has been identified as an important factor conducive to the adoption of social transfers. With schemes increasingly funded by domestic resources, **dialogue between the State and citizens** over these questions may intensify in the future. In the meantime, however, certain types of social transfers will have been put in place, which may be hard for citizens to challenge in favour of preferred alternative practices for social protection.

These case studies prompt further questions over the extent to which foreign aid helps promote a rights-based approach to social protection. The rights-based perspective is at the core of the Social Protection Floor initiative, and measures need to be put in place to gradually improve the **rights-based design** of social transfer schemes, and eventually move towards social guarantees. The dominant poverty reduction discourse among foreign aid actors has tended to give policies a certain shape: rationed, tight poverty-based targeting, conditionality and progressive roll-out strategies. This contrasts with the entitlement design of Lesotho's OAP, for example, where any citizen meeting eligibility criteria can claim their benefits.

Furthermore, at least in some cases such as Zambia's SCT and Ethiopia's PSNP, a narrow focus on social transfer instruments may have redirected public attention and resources (domestic and foreign) away from deeper causes of poverty and marginalisation, undermining the **transformative agenda** development partners claim to defend. This points to the importance of conceptualising social and economic policies in tandem, and moving away from approaches that focus on poor people exclusively towards more universal and integrative approaches.

The ongoing promotion of social transfers by aid actors in developing countries requires a closer examination of the associated opportunities and risks, especially in countries with low state capacity. While placing social transfers high on development partners' agendas could potentially translate into poverty alleviation for millions—if supported by effective strategies and sufficient resources—it also presents the risk of an excessive policy push from aid actors that could jeopardise the ability of recipient countries to develop their own social policies, possibly hindering their evolution into aid-independent countries.

Reference:

Cherrier, C. (2015). 'Examining the Catalytic Effect of Aid on Domestic Resource Mobilisation for Social Transfers in Low-Income Countries', *UNRISD Working Paper Series*, No. 2015-3. Geneva, United Nations Research Institute for Social Development, <<http://www.unrisd.org/cherrier>> (accessed 16 March 2015).

Notes:

1. Social transfers are understood here as a specific subset of social policy and social protection instruments: non-contributory, publicly funded, direct, regular and predictable resource transfers (in cash or in kind) to vulnerable individuals.
2. See, for instance, M. Niño-Zarazúa, A. Barrientos, D. Hulme and S. Hickey (2010). 'Social Protection in Sub-Saharan Africa: Will the Green Shoots Blossom?', *BWPI Working Paper Series*, No. 116. Manchester, Brooks World Poverty Institute.
3. The study is a contribution to the United Nations Research Institute for Social Development (UNRISD) research project on 'Politics of Domestic Resource Mobilization for Social Development'. For more information, see <www.unrisd.org/pdrm>.

The Impact of Social Cash Transfer Programmes on Community Dynamics in Sub-Saharan Africa

by Benjamin Davis, Food and Agriculture Organization of the United Nations (FAO)

Social cash transfers are on the rise in sub-Saharan Africa. The African Union's 2008 Social Policy Framework Plan of Action prompted a number of member countries to prioritise social protection strategies, including cash transfers. Such strategies—often partly supported by development partners—address hunger and food insecurity, school enrolment and attendance, the well-being of children, and poverty reduction.

Cash transfer programmes provide a regular cash allowance to beneficiary households that are usually targeted through a mix of surveys and community-based processes. These programmes are typically administered by the local offices of ministries for social affairs, children and/or community development.

This One-Pager describes key findings of a four-year research project, *From Protection to Production* (PtoP), which analysed the impact of social cash transfer programmes in sub-Saharan Africa. The qualitative studies specifically explored impacts on household economic decision-making, the local economy and social networks. They also examined how the design and implementation of the programmes affected decisions and economic impacts at household and community levels. Qualitative studies were carried out in six countries: Ghana Livelihood Empowerment Against Poverty (LEAP); Kenya Cash Transfer to Orphans and Vulnerable Children (CT-OVC); Malawi Social Cash Transfer (SCT); Lesotho Child Grant Programme (CGP); Zimbabwe Harmonized Social Cash Transfer Programme (HSCTP); and Ethiopia Social Cash Transfer Pilot Programme (SCTPP).

Impacts on the household economy: Cash transfers encouraged income-generating activities in all six countries. Even a small amount of cash improved livelihood choices, and, if payments were predictable and regular, the impact could be even greater. Land-holding beneficiaries were able to reduce their time as casual labourers—considered a 'last resort'—and spend more time on their own farms. The transfers allowed beneficiaries to hire labourers, increasing productivity and, in some instances, enabling them to diversify their crops. Cash transfers helped satisfy the immediate needs of the poorest recipients, generating feelings of hope and a sense of security about the future; they alleviated worry and stress and allowed the households time to 'rest.'

Importantly, the cash transfer programmes enabled beneficiaries to end or reduce their reliance on negative coping strategies, such as begging, sex work, distressed sales of assets, reducing the number of meals, and *ganyu* labour (Casual and temporary rural work). Late or missed payments, however, led some beneficiaries to revert to previous behaviour.

Cash transfers were most effective at improving agricultural productivity where the primary constraint was working capital rather than land. Investment in small livestock (both to enhance assets and as a source of food) was also prevalent among beneficiaries with more resources.

Cash transfer programmes promoted school enrolment and attendance, with indications that they could also improve performance. More children stayed in school, which led to reductions in child labour. The transfers were mostly spent on food, increasing consumption, diversity and quality of diet. Beneficiaries also used the transfers to purchase clothes and personal hygiene items and to make home repairs, renewing their confidence and self-esteem. This led many people to re-establish social ties and participate more frequently in community events.

Cash transfers did not significantly transform structural gender norms, particularly the balance in strategic household decision-making, nor was this an explicit objective of the programmes. However, programmes targeting orphans and vulnerable children, which tended to include many female-headed households,

increased women's access to and control over resources in circumstances where they already had a say in household spending decisions.

Local economic impacts: Cash transfers had positive—if minor—effects on the local markets in all countries. The transfers did not create new markets, although there was a marginal boost to local businesses (particularly around payment days), since beneficiaries generally made purchases in or near their communities. Despite surges in demand, the cash transfers did not cause price increases. Cash transfers led to the diversification of goods offered in local markets and of shifts in purchasing patterns, such as more bulk purchases of goods.

All beneficiaries valued their new creditworthiness, which could help them smooth consumption throughout the month. They were more confident about borrowing money or purchasing food and household items on credit from local vendors. Nevertheless, some were still reticent to use credit due to fear of falling into debt, particularly when cash transfer payments were irregular. As a result, some lenders linked their loans directly to the timing and amount of payments.

Social networks: Regular cash transfers improved the access of beneficiaries to economic collaboration with others in the absence of basic needs-spending priorities. They were able to join or re-enter the circles of their extended families and communities, decreasing the social distance between poor and wealthier households and local institutions. Beneficiaries often joined contribution-based social structures, including funeral networks, faith-based groups, community-based savings groups and informal financial networks. The cash transfers reduced their need for financial assistance and sometimes even allowed them to extend financial contributions to others.

Operational impacts and recommendations: While the targeting of beneficiaries was generally effective, communication about the process was often weak, resulting in confusion and sometimes resentment. Irregular and unpredictable payments reduced the positive impact on beneficiaries in most programmes, threatening their achievements and prompting negative risk-coping mechanisms.

Cash transfer local implementation committees, at the front line and critical to the success of the programmes, were often poorly informed, minimally trained and under-resourced. Committees were generally weak in programme 'messaging' and unable to support grievance mechanisms or ensure effective monitoring. The enabling environment surrounding cash transfer programmes was fragmented, lacking direct links to health, education, agricultural and social service programmes in the area.

The research led to a number of recommendations to ensure wider and stronger impact:

- Strengthening community and district level committees could optimise the impacts of social cash transfer programmes and address beneficiary well-being and livelihoods.
- Improve communication with all stakeholders to promote greater awareness of the programmes, and strengthen monitoring and grievance mechanisms.
- Ensure regular and predictable payments.
- Promote stronger links between social and development programmes and services.

Reference:

Barca, V., S. Brook, J. Holland, M. Otulana and P. Pozarny (2014). *Qualitative research and analyses of the economic impact of cash transfer programmes in sub-Saharan Africa: Synthesis report*. Rome: Food and Agriculture Organization.

For more information, please visit: <www.fao.org/economic/ptop/programmes> or write to: benjamin.davis@fao.org.

Social Protection Systems in Latin America and the Caribbean: Jamaica

by Milena Lavigne and Luis Hernán Vargas, Economic Commission for Latin America and the Caribbean (ECLAC)

The current social protection policies and programmes in Jamaica can trace their origins to the beginning of the second decade of the 20th century. With the independence of the country from the United Kingdom in 1962, the new Jamaican government moved away from past colonial social policies, increasing social spending and establishing a new social protection system through the implementation of the Old Age and Superannuation Scheme Law in 1958 and the National Insurance Act of 1965, which created the National Insurance Scheme (NIS), a pay-as-you-go social security system, which is compulsory for the entire active population.

Social policies during the 1980s and the 1990s focused on assistance to the unemployed, the underemployed, people with disabilities and children living in poverty. These public assistance programmes and policies—such as the Food Stamp programme which started in 1984, the Rehabilitation Grants, the Compassionate Grants and the Emergency Relief Assistance—placed more emphasis on the idea of ‘rehabilitation’, with vulnerability being seen as the result of misfortune or accidents of life (unemployment, death, natural or man-made disasters) and possible to overcome with the aid of public assistance.

With the reform of its safety net, which took place during the 1990s, the Jamaican government tried to improve the efficiency and the effectiveness of social protection and other social policies. An important step in this direction was the establishment, in 2002, of the Programme of Advancement through Health and Education (PATH), a conditional cash transfer programme which replaced social assistance programmes such as the Old Age and Incapacity Programme, the Food Stamp Programme and the Outdoor Poor Relief Programme.

The Jamaican social security system is made up of a large public scheme—the NIS—which offers pensions and other benefits, including, since 2003, a health insurance plan (the NI-Gold), a health care programme for pensioners of the NIS, which provides them with coverage for hospitalisation, medical check-ups, prescription medicines, dental and optical services and surgery. In addition, there are several private pension schemes that cover around 10 per cent of Jamaican households, providing mainly complementary benefits.

The Jamaican health system is characterised by the public-sector provision of services that cover the majority of the population. The public health system is shaped by the Public Health Act of 1985 and managed by the Ministry of Health. Until 2008, the health services were partially funded by the State. Since 2008, the public health services have become fully subsidised by the State and user fees for services were eliminated. The private health sector—which is unregulated—comprises health insurance as well as health care services (the country has eight private hospitals) and pharmaceutical provisions. Private health care is financed through out-of-pocket disbursements.

The Jamaican social sector had to face several challenges in the last decades, in particular because of its lack of efficiency as well as its administrative fragmentation and duplication. For these reasons, in 1999 the Government of Jamaica started a complete reform of the social safety net, which included “institutional changes, such as the merger of existing programmes, amendments in the legislative framework, strengthening of institutional capacity, [and] the use of a scientific targeting mechanism” (Innerarity and Roberts Ridsen, 2010). The main component of this reform was undoubtedly the implementation of PATH, whose components are the health, education and post-secondary school grants. Since 2010 the programme has included a base benefit that ensures a minimum monthly transfer of JMD400 for all PATH beneficiary families, including those who do not comply with any conditionality.

Education is the social sector in which the Jamaican government invests the most (7 per cent of GDP in 2009), but with contrasting results in terms of access (especially in rural areas) and the quality of teaching. Women’s school participation rates have shown very good progress: the gender gap in secondary and tertiary education is now in favour of women, and enrolment rates are very high. However, children’s school attendance is still irregular, and there is a worrisome decline in net enrolment rates in primary (90.8 per cent in 2004 vs. 85.2 per cent in 2013) and secondary education (83.4 per cent in 2004 vs. 68.9 per cent in 2013).

The Ministry of Labour and Social Security (MLSS) is the main institution that regulates the labour market and employment. Its employment promotion strategy is based on labour intermediation services (the creation of a database of job opportunities that connects job seekers and employers) and employment promotion programmes, especially targeting youth.

Although significant efforts have been made to extend coverage, the Jamaican social protection system still faces major challenges. The main problems identified are the lack of efficiency of public services and, to a lesser extent, the low level of public funding. Moreover, in the case of special education programmes (targeting specific groups), and employment promotion policies, the State has allowed ample space to non-governmental organisations and international cooperation agencies which focus on special groups and do not provide global coverage to Jamaican society more broadly.

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This One Pager is a partnership between the IPC-IG and ECLAC.

Delivering Conditional Cash Transfers via Savings Accounts¹

by Carlos Chiapa, El Colegio de México, Mexico City and Silvia Prina, Case Western Reserve University, Cleveland²

Improving the financial inclusion of the poor is a global challenge that, if overcome, could help many to escape poverty. To tackle this challenge, some conditional cash transfer (CCT) programmes have started depositing transfers directly into beneficiaries' savings accounts.

One such programme is *PROSPERA*, formerly *PROGRESA/Oportunidades*, in Mexico. As of January 2012, all six million recipients of the programme received transfers directly into savings accounts at the *Banco del Ahorro Nacional y Servicios Financieros* (BANSEFI). Thus, most of the poorest Mexican households have been incorporated into the formal financial system. However, empirical evidence suggests there is still a long way to go before *PROSPERA* recipients can be considered included in the Mexican financial system.

Target problem

Having a bank account is a necessary, however not sufficient, condition for being included in the financial system. Financial inclusion refers not only to access to financial products and services but also to their educated use (Atkinson and Messy, 2013). Available data suggest there are issues regarding the effective use of the savings accounts given to *PROSPERA*'s recipients. First, only recipients living in urban, semi-urban, or rural areas close to an urban zone are able to use their accounts.

These recipients represent just 15 per cent of all *PROSPERA* recipients. The lack of bank branches and points of sale with the technology to provide banking services impedes account usage in rural areas. Hence, the lack of banking facilities and technology seems to be a major hurdle for real financial inclusion.

Second, demand-side issues also seem to be relevant in this regard. Data collected by Chiapa and Prina in 2014 for a sample of recipients living in urban and semi-urban areas (i.e. able to use their accounts) show that 51 per cent of recipients did not save (formally or informally) during the previous 12 months due to a lack of money available to set aside.

Furthermore, of the 49 per cent who reported saving during the previous 12 months, only 25 per cent saved in the account in which they received transfers. This means that 88 per cent of the recipients used their bank accounts simply to withdraw their transfers once they became available.

Mis- and dis-information and low levels of financial literacy may be behind the low usage rate of these accounts. The most commonly stated reasons why recipients did not save in their savings accounts are:

- "Somebody told me to withdraw all my money" (43 per cent);
- "I'm afraid of being kicked out of the programme" (11 per cent);
- "I'm afraid the government will keep my money" (11 per cent); and
- "I don't trust the bank" (9 per cent).

In addition, only 51 per cent of the recipients knew they could save in their accounts. Most beneficiaries were not aware of the associated withdrawal fees. Moreover, 70 per cent did not know where to go to make a deposit. When asked basic financial literacy questions, recipients did not fare well either.

Policy implications

As previously mentioned, there is still a long way to go before CCT recipients who receive their transfers directly into savings accounts can be considered included in the financial system. There are important supply issues that need to be addressed, but solving them may be expensive. Additionally, it seems fruitless to invest in solving them if very few recipients will demand the newly offered services afterwards. Hence, more attention should be devoted to increasing usage of the products offered.

Data from Chiapa and Prina (2014) suggest that providing accurate information about the characteristics of the savings accounts offered and how to use them seems necessary to increase their use. Providing this information should not be expensive. Furthermore, CCT programmes could inform their recipients that saving is a good habit, carries a number of benefits, and is not penalised by the programme. Banks, on the other hand, should encourage the recipients to save in the accounts offered, and ensure they understand that they are the sole owners of the account, that their money is protected by the government, and that any information pertaining to the account is confidential. The costs of doing this are also quite low.

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Notes:

1. Generous financial support was received from the *Todas Cuentan* (Everyone Counts) initiative, a project financed by the International Development Research Centre (IDRC) of Canada and implemented by the Economics and Business Department of the University of Chile, along with the Institute of Peruvian Studies (*Instituto de Estudios Peruanos*, IEP) and the Capital Foundation (*Fundación Capital*), and supported by the Ford Foundation and the IDRC of Canada, the Citi – Innovations for Poverty Action (IPA) Financial Capability Research Fund supported by the Citi Foundation, and the Research Department of the Inter-American Development Bank (IDB).

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Social Protection Systems in Latin America and the Caribbean: **Costa Rica**

by Isabel Román, researcher at the Estado de la Nación Programme

In the mid-20th century, Costa Rica designed a universal social protection system dedicated to the promotion of citizenship and fundamental social rights. The institutionalisation of social policy, the development of universal policies for health care, security, education, housing and basic services (water and electricity), together with significant economic growth, allowed for a continuous improvement in human development and significant, internationally recognised achievements. Among these are the reduction in infant mortality, which dropped from 123 children per 1000 born in 1940, to 61.5 in 1970 and 9.1 in 2011; the increase in life expectancy, which rose from 55.6 years in 1950 to 79.3 in 2011; and the reduction of poverty incidence, from 50 per cent of households in 1950 to 20 per cent at the end of the century.

The development of the welfare state during this period comprised strengthening democratic processes, designing an economic development strategy aimed at diversifying production, and giving the State a central role of promoting economic growth and providing well-being to the population through partnerships with national and international business groups of all sizes. In addition to these elements, we can add a robust social legislation and important events such as the institution of a Labour Code, the inclusion of social guarantees in the country's Constitution (dated from 1949), bank nationalisation, the abolition of the army and the creation of key institutions for national development, including the Costa Rican Social Security Fund (*Caja Costarricense de Seguro Social, CCSS*) and the Costa Rican Institute of Electricity (ICE).

The distribution of welfare among the population was made possible by strong social investment, policies aimed at increasing wages and land redistribution. These served as redistributive mechanisms that gave way to a more symmetric social structure. The design of the Costa Rican social protection system was innovative from the start, as evidenced by strong sectoral institutions created to promote universal policies, in conjunction with specific instruments established by law—with the country's own resources—dedicated to bring forth targeted policies for the poorest and most vulnerable populations.

At the beginning of the 1980s, Costa Rica—like the rest of Latin America—faced a major economic crisis as a result of the increase in oil prices and foreign debt. This generated a severe impact on poverty figures, cuts in social investment and poor performance in key indicators, such as education. From 1982 onwards, in response to the crisis at that time, the country adopted policies to open trade in

general and become an active worldwide player in the global market, which led to a deeper and more diversified participation in the world's economic system. The country shifted from a type of development based on an agricultural exporting economy (accompanied by a strategy of substitutive industrialisation geared towards the Central American regional market) to a development focused on the promotion of non-traditional exports, which set the stage for new productive sectors. Out of this new style of development a two-sided economy emerged: a dynamic and non-traditional export sector focused on the external market and services (the 'new economy') and large and relatively stagnant segments concentrated on the domestic market (the 'old economy').

The institutional strength forged throughout decades, based on universal social policies coupled with an extraordinary effort in the 1990s to recover social investment, has allowed Costa Rica to maintain important social achievements in difficult times, associated with structural changes in its production model and various economic crises. However, the benefits reaped from such a strong institutional framework tend to run out, creating new challenges related to the clear possibility of degradation of the welfare state thus far enjoyed by the Costa Rican population.

The main consequences of this new production model—in which sectors of the new economy accumulate higher revenues without paying sufficient taxes—are increasing inequality and fewer possibilities of improvement for citizens in terms of access to goods and services. This sets the country relatively backwards with regard to some of its social indicators, while other nations make swift progress.

At the dawn of the 21st century, Costa Rican society needs to renovate its social policy strategy and, furthermore, modernise its institutions in such a way that they are able to answer to the needs of the emerging risks that affect the country's population. To this end, new agreements must be carried out among the major social and political forces, to provide new funds to the State and maintain a level of sustained social investment capable of preserving and multiplying the country's achievements in human development as well as addressing the issue of increasing inequality.

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Román, I. (2013). 'Social Protection Systems in Latin America and the Caribbean: Costa Rica', *Project Document*, No. 538. Santiago, Chile, Economic Commission for Latin America and the Caribbean (ECLAC).
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Preliminary Observations on Social Security and Health Care Systems of the BRICS

by Pedro Lara de Arruda, International Policy Centre for Inclusive Growth and Mary MacLennan, Health Economic Consultant

This summary provides some preliminary findings of research on social security and health care policies in the BRICS countries. Thus far, our research demonstrates some basic institutional information about the social security and health care policies of the BRICS countries, as well as about their complementary policy aims.

Social security (old-age pensions)

India is the only BRICS country in which the private provision of **social security services** is as structurally relevant (and often even more) than the state-operated schemes. Public social security schemes are relatively limited—to public servant pension funds, public subsidies towards private pension plans, non-contributory programmes and fragmented sub-national initiatives.

India has the lowest absolute level of social security coverage. On the one hand, this cannot be attributed solely to the country's social security arrangements, particularly since India has a very small formal labour market; International Labour Organization data point out that 83.6 per cent of India's non-agricultural working population were informally employed in 2012, while 67.5 per cent of all those employed were working in the informal sector. On the other hand, when we look at the other BRICS countries regarding these same indicators (Brazil—42.2 per cent and 32.1 per cent; the Russian Federation—n.a. and 12.1 per cent; China—32.6 per cent and 21.9 per cent; and South Africa—32.7 per cent and 17.8 per cent), there is no clear, direct, self-evident correlation between the coverage and quality of the pension systems and the size of the informal labour market in these countries, except for possibly the Russian Federation.

Brazil presents an interesting case of institutional structure that makes contributory pillars¹ attractive, even for the large informal labour market. This is evidenced by the significant number of contributors in the informal labour market.

South Africa, which has the lowest employment-to-population ratio of the group, largely due to the legacy of Apartheid, presents an alternative strategy which is not so attractive for members of the informal labour market, but is rather successful at promoting a non-contributory (direct-benefit) pension option which serves to protect its large population which lacks the capacity to contribute to direct-contribution pension schemes (informal workers and, mostly, the unemployed).

Overall, the BRICS experiences echo the global trend calling for a multi-pillared approach to social security systems as the most effective arrangement—with the State directly providing a contributory option, in addition to supporting targeted non-contributory options and

policies stimulating regulated complementary private options. The BRICS countries with the most diversified social security set-ups and most proactive public programmes tend to be the ones with the highest rates of coverage.

Health care (access to)

Regarding **health care services**, **India** and **South Africa** are the BRICS countries that depend the most on public-private partnerships for health care provision, although they differ largely in that India has a more progressive set-up for ensuring access, yet room for improvement still exists in terms of enhancing cost-effectiveness and coordination. In contrast, the health care services subsidy policies of South Africa still fall short of reaching the most vulnerable populations.

Among the countries whose health care policies are more dependent on direct government provision, Brazil stands out as the one which does not charge formal user fees. To mitigate the gaps in coverage of its contributory initiatives, **China** is developing subsidy funds and non-contributory streams. **The Russian Federation's** big formal labour market makes it relatively easy to provide mandatory basic health insurance, though the country still faces the challenge of expanding voluntary health insurance coverage, which aims to mitigate the costs associated with more specialised health care services.

Brazil's need for health professionals, especially in less developed and rural areas, has pushed the country towards hiring foreign doctors.

If the BRICS countries find creative solutions to bridge language and cultural barriers, exchange initiatives could assist in addressing similar problems of social security and health care coverage. This is particularly important with respect to possible cooperation between the Russian Federation and Brazil, since Russia has a surplus of doctors as the demand in some areas has decreased as a result of the country's demographic changes and the restructuring that followed the end of the Soviet Union. This excess supply of health services and professionals in certain areas, however, does not mean there are not severe gaps due to regional inequalities and rationalisation issues in Russia.

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Note:

1. This is in reference to a multi-pillared approach to social security systems consisting of: Pillar 1 (public non-contributory pension scheme), Pillar 2 (public contributory pension scheme) and Pillar 3 (private voluntary retirement savings plan/scheme).

Associated Factors Contributing to Child Stunting in Yemen¹

by Laetícia Rodrigues de Souza, International Policy Centre for Inclusive Growth (IPC-IG)

Malnutrition is part of a vicious cycle involving associated underlying factors, which means that undernourishment is related not only to biological but also social aspects. As the causes of child malnutrition are complex, there are several models explaining its determinants. We have adapted the conceptual framework developed by Hien and Hoa (2009), which provides a way of understanding how different factors affecting child malnutrition may be connected. This framework allows us to verify how distal factors may operate through intermediate and proximal factors to affect children's nutritional status, so that the characteristics associated with child malnutrition in Yemen are disaggregated into three groups:

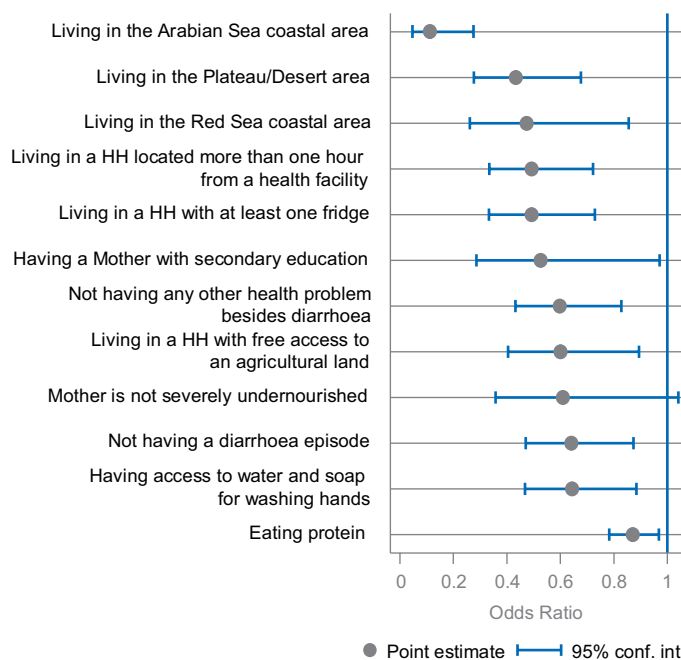
- distal factors, indicated by socio-economic variables such as region of residence, mother's education, and access to land;
- intermediate factors, including availability/use of water/soap for washing hands, protein intake and factors related to the mother's health; and
- proximal factors, such as incidence of disease, and age and sex of the child.

De Souza (2015) assesses child stunting in Yemen, given that nearly two fifths of Yemeni children (1.1 million children) are stunted. These results are based on the fourth round of the National Social Protection Monitoring Survey (NSPMS) in Yemen; within this round, data were collected over three months, from July to September 2013.

As our dependent variable is a dummy variable for stunting, in which 1 means the child is stunted and 0 means the child is not stunted, we estimate a logistic model. The figure shows our main results. For the complete list of the dependent variables and a detailed interpretation of the findings, please refer to de Souza (2015).

First, all odds ratios are below 1, which means that after controlling for a set of confounding factors, each characteristic reported in this graph operates to reduce child stunting compared to the reference category.² For instance, a child living in the Arabian Sea coastal area has an 89 per cent lower probability of being stunted than a child living in the mountainous area of the country. By the same token, eating protein would lead to a 13 per cent lower probability of stunting relative to not eating protein. The remaining characteristics represent reductions in the likelihood of being stunted that are between these values. In general, we found that higher nutrition and education levels of mothers, access to land, eating protein, having good hygiene practices, owning a refrigerator, living in the Arabian Sea coastal area, and not being sick are factors strongly associated with a lower likelihood of child stunting in Yemen.

Odds Ratios Showing the Strength of the Association between each of the Main Risk Factors Investigated and Child Stunting, Yemen, 2013



Source: NSPMS (2012–2013), round 4.

To improve the nutritional status of Yemeni children, factors which are significantly associated with stunting should be addressed. First, the correlation between regions of residence and prevalence of child stunting could be reduced by putting in place culturally suitable policies to promote adequate food intake; these need to apply not only to the children but also to their mothers (especially while nursing). Such interventions, together with policies aimed at changing attitudes towards women's education, would also help to promote proper child feeding practices. Furthermore, pro-poor programmes should be implemented to reduce the positive association between household wealth and the likelihood of a child being stunted.

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Notes:

1. This One-Pager is based on the IPC-IG Working Paper No. 133, 'Stunting Among Children in Yemen: Prevalence and Associated Factors'.
2. The only variable positively associated with child stunting is their age. As stunting is caused by long-term insufficient nutrient intake and frequent infections, children should be watched at all ages. This is why we did not highlight this outcome among our main findings.

Social Protection Systems in Latin America and the Caribbean: Dominican Republic

by Milena Lavigne and Luis Hernán Vargas, consultants for the Economic Commission for Latin America and the Caribbean (ECLAC)

During the 20th century, the political and social development of the Dominican Republic was marked by the dictatorship of Rafael Trujillo (1930–1961), who forged the institutional and legal bases of Dominican social policies, and successive governments headed by Joaquín Balaguer (1960–1962, 1966–1978 and 1986–1996). During the 1990s, the Dominican government started once more to implement social policies, among which we can highlight the Fund for the Promotion of Community Initiatives (*PROCOMUNIDAD*), the country's first poverty reduction programme. During the 2000s, some social reforms were undertaken, such as the creation of the Social Cabinet and reform of the pension system, which set up a model of individual capitalisation. Finally, after the economic crisis that affected the Dominican Republic in 2003, programmes aiming to reduce malnutrition (*Comer es Primero*) and poverty (*Solidaridad*) began to be implemented.

In 2010, with the approval of the new Constitution, there was a shift towards greater social protection through the inclusion of social rights such as: universal access to social security; access to decent and remunerated employment; access to free, inclusive, good-quality and compulsory education, both at primary and secondary levels; and access to comprehensive health care.

The current social security system was created in 2001, although it is still in a period of transition, in which individual capitalisation lives alongside the old pay-as-you-go system. However, tax incentives were put in place to promote the shift from the old to the new pension system (contributory, subsidised schemes that cover self-employed professionals and technicians, offering cash benefits equal to or higher than the minimum wage), achieving a coverage of 25.5 per cent of the population.

Regarding non-contributory social protection, it is organised through the Social Protection Network, based on three pillars: conditional cash transfer programmes, social and human development programmes and social inclusion programmes. This network is managed by the Presidency's Cabinet for the Coordination of Social Policies, which hands out magnetic cards (*Tarjeta Solidaridad*) used for transfers made by the Social Subsidies Administration (ADESS). The main non-contributory scheme is the Solidarity Programme (*Solidaridad*), currently integrated with other programmes under the name *Progresando con Solidaridad* (Making Progress with Solidarity). This programme has improved access to food and has created a network of social provision by setting up warehouses in priority areas of poverty. The transfers delivered by the programme are: *Comer es Primero* (Eating Comes First), *Incentivo a la Asistencia Escolar* (School Assistance Incentive), *Apoyo al Adulto Mayor* (Support to the Senior Population), *BonoGas* (Gas Bonus), *BonoLuz* (Light Bonus), *Incentivo a la Educación Superior* (Higher Education Incentive), *el Programa de Incentivo a la Policía Preventiva* (Incentive Programme for Preventive Police) and *Programa de Incentivo a los Alistados de la Marina de Guerra* (Incentive Programme for Members of the Navy).

The health care system is going through a process of territorial and administrative decentralisation and faces significant challenges in terms of equity and access. Even though coverage is high, health services are concentrated in urban areas, while the most vulnerable populations face difficulties in terms of access to basic services and are not covered by any health insurance. Social security in health care is universal and compulsory; however, in 2012 it only covered 47 per cent of the population.

Although employment is a constitutional right, the Dominican Republic does not have sufficient capabilities to ensure this mandate. In any case, job creation and market regulation policies have been implemented by the Ministry of Labour. One notable example is the existence of different minimum wage values according to the sector (public or private) and size of companies, although in 2012 the average among these various minimum wages was USD171.5, one of the lowest in the region. To promote work among vulnerable groups, several programmes have been launched as part of a social development strategy based on economic inclusion, mostly geared towards young people. Among them, we can highlight two examples: *Juventud y Empleo* (Youth and Employment), to improve the employability of poor youth, and *Santiago Trabaja* (Santiago Works), aimed at promoting employment among working-age adults.

Education is regulated by the General Education Act 66-97, which seeks to enforce this constitutional right based on the principles of equality and non-discrimination, in addition to setting a minimum threshold for education funding of 4 per cent of GDP, or 16 per cent of the total social expenditure. The public management of school education is decentralised through regional and municipal councils; however, these do not have enough decision-making power. In regards to higher education, the State Secretariat for Higher Education, Science and Technology is in charge of authorising the operation of educational establishments. The net school enrolment rate increased significantly between 1999 and 2012 for both primary education (from 82.5 per cent to 90.2 per cent) and secondary education (from 39.4 per cent to 62.3 per cent).

In conclusion, the social protection system seeks to achieve three objectives: the promotion of inclusive growth, the fight against poverty and the creation of productive employment. To this end, the latest Dominican governments have implemented social policies based on three complementary pillars: the Social Protection Network; pension and health care systems with universal coverage, whose services are provided through the social security system; and universal social promotion services (education and training).

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Promoting Very Poor Women's Entrepreneurship: Combining Social Security with Training and Micro-credit

by Dev Nathan, Institute for Human Development, New Delhi, India and Duke University, USA;
and Govind Kelkar, Landesa, Rural Development Institute, New Delhi, India and Seattle, USA

In India and other South Asian developing economies there is a high level of under-employment, with large numbers of women who are not engaged in income-earning activities.

One way of absorbing this surplus labour is the adoption of self-employment through entrepreneurial activity: 'replicative entrepreneurs' using local business opportunities such as raising chicken for sale, for instance, or managing a village grocery store. Such self-employment has been promoted in Bangladesh through the micro-credit movement; in India through women's organisations, known as Self-Help Groups (SHGs); and through Micro-Finance Institutions (MFIs) in many developing countries.

A key weakness of the promotion of entrepreneurship based on micro-credit is that it does not reach the poorest people (Kabeer 2012).¹ Micro-credit does not require any material collateral and can provide access to resources; however, the poorest people, who lack other core capabilities such as health and education, may be unable to undertake the risk of any loans whatsoever. Having acute consumption deficiencies, they are not able to invest in assets for self-employment, though some do save for contingencies (Collins et al 2009); or, if provided with assets, they may be forced into distress sale. Can some forms of social security promote entrepreneurship among poor women?

Social security is usually considered as being provided by the State, but it can also be provided through MFIs that specifically target the ultra-poor. The programme run by BRAC, a Bangladeshi non-governmental organisation,² starts with food support from the government's programme along with transfers of assets, such as a goat or chickens, and skills training. In India, BASIX and PRADAN³ both start with savings and insurance, before moving on to credit (Srinivasan 2012). In all these schemes for the ultra-poor, after a few cycles the women go on to take out a loan (or graduate to micro-credit), which is used for entrepreneurial investments such as self-employment.

In BRAC's programmes for the ultra-poor, women's income increased significantly, exceeding the value of donated wheat. Seventy per cent of women remained in the micro-credit programmes even beyond three loan cycles (Matin, Sulaiman and Rabbani 2010).

In India, social security support through the provision of food or insurance has enabled poor women to become entrepreneurs (Sriram n.d). A study of five MFIs in seven districts of four states found that the incidence of engagement with entrepreneurial investments increased with each cycle (Srinivasan 2013, 105-108).

A study of the SHG that provided financial support during illness (Sriram n.d.) compared women in the first loan cycle with those in the fourth loan cycle and found that the proportion spent on daily consumption fell from 24 per cent to 16 per cent.

A recent large-scale study (with 10,495 participants) across six countries (Ethiopia, Ghana, Honduras, India, Pakistan and Peru) found that a multifaceted programme, including temporary consumption support, asset transfers and training led to lasting progress for very poor people—based largely on income from self-employment, or, in other words, replicative entrepreneurship (Bannerjee et al 2015). With the support of some guaranteed income, poor women are able to increase their involvement in entrepreneurial activities.

This points to a policy conclusion: to promote entrepreneurial activity by poor women, along with social security support there should also be some financial help in the form of loans—which is a form of conditional transfer—as well as training. As Banerjee et al. (2015) put it, a multifaceted programme, including social security as temporary support for consumption, can cause lasting progress for very poor people. Loans, by themselves, may not promote entrepreneurship among poor women, while the same happens with social security by itself; but a combination of both, along with training, could work towards promoting the entrepreneurship of self-employed poor women.

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2. BRAC is one of the pioneers of micro-credit in Bangladesh, and now operates in a number of countries.
3. BASIX is the brand name of a group of not-for-profit companies engaged in promoting rural livelihoods, while PRADAN is a voluntary organisation that promotes SHGs as part of its rural development programme.

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How to Move beyond the Impact Evaluation Trap? Setting up Comprehensive M&E Systems for Social Protection Programmes

by Ramlatu Attah,¹ Valentina Barca,¹ Ian MacAuslan,¹ Luca Pellerano,¹ Luigi Peter Ragno,² Nils Riemenschneider¹ and Claire Simon³

“It is tempting—but dangerous—to view M&E as having inherent value.

The value of M&E does not come simply from conducting M&E or from having such information available”, but from “using the information to help improve government performance” (Mackay 2007). When set up appropriately, monitoring and evaluation (M&E) systems can support policymaking, performance budgeting and planning; help to manage activities; and enhance transparency and accountability. In the context of social protection programmes, M&E can play a critical role in improving programme design (including building synergies with other sectoral policies), solving problems in programme implementation and aiding decision-making (e.g. prioritising and budgeting), while also fostering the political and social support needed for scaling up from pilots to nationally owned programmes.

So which key factors play a role in successfully introducing and embedding M&E in social protection programmes? And how to establish a comprehensive system that goes beyond the undertaking of a few specific ad hoc external studies, to provide systematic and continuous information for internal improvement and external accountability? This brief provides a framework for answering these questions drawing on the work that Oxford Policy Management has carried out developing M&E systems for social protection programmes in four countries: Ghana, Kenya, Moldova and Mozambique.

Conceptual framework and findings

For an M&E system to be successful, it needs to be able to provide reliable, quality information (supply) while also ensuring there is actual use of M&E information to support core programme/government activities at all levels (demand). This is shown graphically in the conceptual framework in the figure.

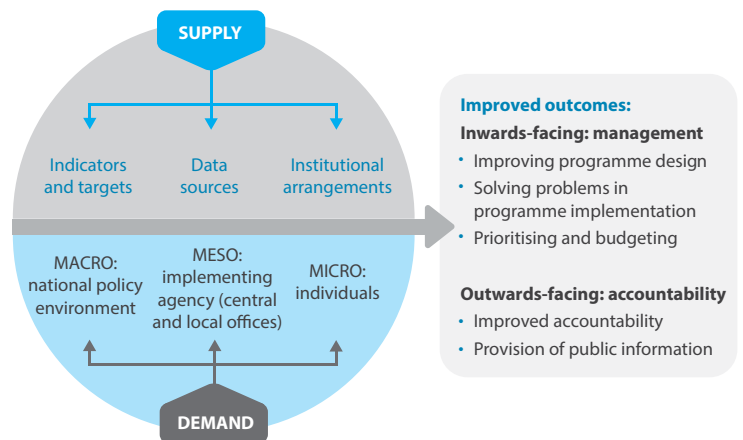
As the case study country experience highlighted, on the **supply side**, this will be the case when:

- **indicators** have been agreed on, prioritised and refined as the result of a participatory and iterative process that accounts for the information needs of stakeholders at all levels, as well as reflecting the programme’s objectives, Theory of Change, and core business processes;
- a range of **data sources** (both internal and external) is adopted, ensuring these build on existing sources, minimising the burden of data collection and reporting, and prioritising monitoring over evaluation at the initial stages of programme maturity; and
- **institutional arrangements** of the M&E system reflect the overall institutional structure of the programme, work with existing systems, staff and processes, and are built acknowledging the need for time, dedication and in some cases legal frameworks or memoranda of understanding.

On the **demand side**, evidence from Ghana, Kenya, Moldova and Mozambique showed that use of M&E data will be enhanced when:

- the macro-level **national policy environment** is ‘enabling’ (performance-oriented and with a strong focus on Standard Assessment Procedures, offers an overall institutional culture that fosters linkages between different ministries and has actors focused on planning, and allows for donors and civil society to play an active role in fostering M&E practice;

Conceptual Framework: Demand and Supply of M&E Data for Social Protection Programmes



- the meso-level **implementing agency** has a sufficient level of autonomy in decision-making to ensure M&E activities are perceived as useful and not frustrating, has backed the process of developing an M&E system in the first place, and has a culture of benchmarking performance across different locations. This is especially the case where there is strong liaison between central and decentralised levels, based on mutual feedback and awareness of location-specific constraints (M&E perceived as learning rather than judgement) and where standard service agreements help to transparently frame objectives in terms of service delivery; and
- at the micro-level, **individuals** responsible for M&E understand its potential usefulness, do not ‘fear’ M&E as a ‘controlling’ function and have sufficient capacity to perform their duties. To achieve this, managers need to shift the focus of M&E from ‘controlling’ to ‘learning’ and build forums for local and central-level administrators to compare and contrast their experiences and learn from each other.

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Notes:

1. Oxford Policy Management.
 2. UNICEF – Ghana.
 3. Independent Consultant: Research, Evaluation and Learning.
- This One Pager is a partnership between the IPC-IG and Oxford Policy Management.

The 2015 NEC Conference in Bangkok: Enhancing National Evaluation Capacities and Achieving the Sustainable Development Goals

by Ariane Cassoli Alvarenga,¹ Ana Rosa Soares² and Livia Maria da Costa Nogueira¹

From 27 April to 22 May 2015 the National Evaluation Capacities (NEC) Community of Practice (COP), with support from the UNDP International Policy Centre for Inclusive Growth (IPC-IG) and the UNDP Independent Evaluation Office (IEO), promoted an online discussion³ linked to the upcoming NEC conference in Bangkok, on “How the 2015 NEC Conference in Bangkok: ‘Blending Evaluation Principles with Development Practices’ can enhance national evaluation capacities and help to develop and achieve the Sustainable Development Goals?”⁴ The following is a series of key ideas shared by participants.

A participant from **Cameroon** raised relevant points that could be addressed during the conference: how to promote national evaluation strategies with integrated methodologies, within the framework of budgeted programmes, following/promoting results-based management of national and public finances; how to use evaluations to avoid duplication of efforts and promote better aid coordination; sharing lessons learned in developing evaluation policies; how to use national mechanisms for monitoring and evaluation (M&E), especially for programmes financed by international partners, which do not follow domestic procedures; and how to strengthen planning, by working on setting/using/producing baselines and workable/SMART indicators for the Sustainable Development Goals (SDGs).

For a representative from **Guatemala**, exchanging lessons learned from achievements and limitations of M&E is essential to achieve the SDGs; there should be horizontal spaces to promote these exchanges. Suggestions for discussions at the conference included: linking evaluation results with policy decisions; capacity-building for people to properly interpret the results of evaluation; and promoting the connection between evaluation and civil society groups to use its results in the new areas of advocacy.

For a representative from **Kenya**, the conference could address the reasons for measuring (different kinds of) indicators of sustainability; analyse different frameworks that assist in the design and adaptation of (current) indexes or indicators in use (aggregates or sets of indicators), and assess their advantages and disadvantages; compare and establish the criteria for a useful SDG index or indicator, stressing the importance of data limitations; communicate lessons learned and capture best practices, to assess progress of the range of indicators towards the Millennium Development Goals (MDGs); deliberate on how to localise official development aid; develop innovative and responsible ways for international finance institutions to support subnational governments in developing countries to increase resources for measuring and implementing the SDGs at the local level. Another idea is to strengthen linkages with stakeholders; first, between national M&E and data producers; second, between governments and Voluntary Organisations for Professional Evaluation (VOPEs); and third, between national M&E and the national parliament, to increase the number of countries with evaluation policies.

From **Morocco**, a participant suggested that not considering evaluation for the construction of the SDGs and their indicators would risk developing an unsustainable framework to promote development. The need for regular and accurate data should be highlighted during the NEC conference. This could be

done in partnership with developed countries, where analytical and statistical capacities are more disseminated. The SDGs will probably result in institutional changes at the local level; decentralised cooperation would play an important role in supporting local collectives and improving governance and local development. Another participant from Morocco raised the questions: How to understand sustainable development? Which tools should be put in practice regarding the SDGs? Which are the main issues in evaluation, regarding the SDGs?

Lessons learned from the MDGs should be applied to the SDGs. In the **Asia and Pacific** region, national capacities in evaluation have improved, according to a local participant. New development intervention modalities—such as triangular cooperation or public–private partnerships (PPPs)—should continue to build proper evaluation capacities. In the future, results can be monitored and evaluated regarding their sustainability.

A participant from **Guyana** suggested to keep supporting capacity-building and development by strengthening statistical institutions—nationally and internationally—as well as within universities and civil society. These stakeholders are critical in developing the SDGs. On opportunities for young evaluators, joint evaluations allow for local/national capacity-building. This is also being discussed by the International Development Evaluation Association (IDEAS), which will collaborate with the conference and hold joint sessions.

Participants from **Algeria** agree with other country representatives regarding the need for a forum to exchange good practices and lessons learned from the MDGs to adjust for the SDGs. There are still challenges regarding the difficult access to data, poor national evaluation capacities and a lack of support from public policies. Development should be sustainable, focused on people and use participatory approaches.

A participant from **Malawi** highlights the strategic need to build evaluation capacities for governments. In that country, there has been a focus on the monitoring of projects and programmes whereas less is being done on conducting credible evaluations for them, which are necessary to ensure positive impacts. This requires building capacities for evaluators in government departments and institutionalising sound evaluation systems and frameworks. Suggestions for the country to achieve the SDGs include: having joint evaluations to ensure that skills are imparted to the local evaluators; raising awareness of the general public about the SDGs to create demand for evaluations; and building capacities for evaluation units or sections in government ministries and the statistics office.

The consensus among the COP contributions is that the NEC conference should dedicate space to the SDGs in addition to the exchange of good practices and lessons learned from the MDGs.

Notes:

1. UNDP/International Policy Centre for inclusive Growth.
2. UNDP Independent Evaluation Office.
3. See <www.unteamworks.org/nec>.
4. Indran Naidoo, Director of UNDP IEO; Ana Rosa Soares, Evaluation Advisor from UNDP IEO; and Haroldo Machado Filho, Programme Specialist and SDGs Specialist from UNDP Brazil were content moderators in this e-discussion.

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*Diana Sawyer, Fábio Veras Soares and Rafael Guerreiro Osório,
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One Pagers help familiarise readers with policy discussions, based on analytical and comparative perspectives.

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