Social and Financial Protection for Vulnerable Groups

Meredith Edwards
Committee of Experts on Public Administration
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Purpose and Context

*Introduce and stimulate discussion on:*

• how best to focus social and financial protection on the most vulnerable
  - to reduce their poverty; and
  - improve on their life chances
  so the most vulnerable have the opportunity to function fully in society.
This raises two key questions:

• How much SP expenditure is to occur - the GFC puts social protection under pressure, given economic and other priority expenditures; and

• How are limited resources available for SP to be distributed most effectively?
The answers depend on another set of questions:

- To what extent are economic and SP goals seen as interrelated?
- What trade-offs are to be made between competing SP objectives
  - such as coverage, adequacy, efficiency?
Purpose and Context (cont.)

• What is to be the balance between rights and responsibilities of SP recipients?
• To what extent will citizen-centred policies be implemented? And
• What is the capacity of the public sector and its partners to deliver SP effectively?
Outline

Set questions relate to:

• Dimensions of social protection (SP)
• Innovative targeting mechanisms
• Implementing citizen-centred policies
• Key governance challenges
1. Dimensions of Social Protection

Who are the most vulnerable?

- Unemployed, sick, poor families, older without insurance, people with disabilities
- Also (particularly post GFC) self-employed (especially in rural areas), migrant workers, refugees and
- Informal economy workers
  - majority of whom are women.

(ISSA 2009b; UN 2007; ADB 2003)
1. Dimensions of Social Protection (cont.)

What are the main forms of SP?

- Cash or in-kind benefits (education, health etc)
- Social assistance or social insurance
  - Tax financed or contributory
- Universal or categorical (targeted)
  - targeted by group, means or place
- Unconditional or conditional
1. Dimensions of Social Protection (cont.)

When is targeting most useful?

• when want:
  - Quick expansion of coverage
  - To address needs of special groups
  - To provide minimum level of benefits at lower cost than universal approach (e.g. aged)

• Where adequacy is paramount
1. Dimensions of Social Protection  
(cont.)

*When to use what form of SP?*

- When available resources cannot cover needs, target most vulnerable using distributional analysis: e.g.
  - If vulnerability analysis shows high child/adult ratios, target children; or
  - If most vulnerable in rural areas, decentralise resources to that group

(https://www.adb.org/Documents/Policies/Social_Protection/social302.asp, p.4)
1. Dimensions of Social Protection (cont.)

Problems with targeting (UN 2007:33-34)
- Administratively costly and complex
- Incentive distortions
- May sacrifice horizontal equity
- May lead to lack of public support

“Benefits meant exclusively for the poor often end up being poor benefits” (Sen 1995)
1. Dimensions of Social Protection (cont.)

What are the trade-offs in objectives?

• Coverage
• Adequacy
• Gender issues
• Sustainability
• Equity
• Administrative efficiency

Which Instrument?

• Also depends on who: (e.g. aged versus young)
2. Innovative Targeting Mechanisms

Range of Innovative Mechanisms:

- Australian examples
  - Income Contingent Loans
  - Mandatory quarantining of payments
- Numerous local country examples
- Conditional Cash Transfers (CCTs)
  - focus on CCTs for children
  - found in over 30 countries
2. Innovative Targeting Mechanisms (cont.)

*What are CCTs?*

- Provide cash payments to poor households provided they meet certain behavioural requirements such as
  - children’s health (e.g. immunisation)
  - education (e.g. school attendance)
2. Innovative Targeting Mechanisms (cont.)

*Have CCT worked?*

- Evaluations show significant effect on outputs and also (less so) on outcomes
- Valuable where households otherwise would under-invest in human capital
- Usually paid to the mother
- Public opinion more likely to support
- Flexibility (e.g. targeting girl students)

But
2. Innovative Targeting Mechanisms (cont.)

Have CCTs worked (cont.)?

- Need adequate coverage/quality to work
- “runs counter to social inclusion goals”
  - lack of community voice
  - can lead to community tensions
- Cannot deal easily with transient poverty
  so
- Cannot work in isolation
  - need to be part of integrated SP
2. Innovative Targeting Mechanisms (cont.)

*Some key CCT questions:*

- What is the right balance between citizen rights and responsibilities?
- What would be the costs/benefits of different forms of conditionality?
2. Innovative Targeting Mechanisms (cont.)

*If CCTs are used, some other questions:*

- Should focus be on quality as well as coverage?
- Should there also (or instead) be rewards?
- How should CCTs be integrated into wider reforms?
- How can communities be more involved?

(see World Bank 2009:8).
3. Implementing Citizen-Centred Policies

Risk-management framework:
• Why involve citizens?
  - Information, consultation or engagement?
  - Importance of expectations (rhetoric only?)
• When to involve citizens?
• How to involve citizens?
• Who to involve?

(Edwards 2008)
3. Implementing Citizen-Centred Policies (cont.)

Fundamental Challenges:

• Strong Leadership

• Building and maintaining trusting relationships

• Willingness to share decision-making power
  - empowering citizens
  - empowering civil society organisations

(Edwards 2008)
3. Implementing Citizen-Centred Policies (cont.)

*Practical implementation challenges:*

- Reshaping accountability arrangements
- Aligning structures and processes
- Building policy capabilities and cultures
  - public servants as facilitators
  - empowering public servants at the front
  - “community capacity builders”
- Evaluating what works, when and why.

(Edwards 2008)
4. Key Governance Challenges

Some surmountable and practical challenges:

• Clarity in respective roles and responsibilities
• Clear performance indicators and targets
• Global mechanisms for sharing what works, when and why
4. Key Governance Challenges

Hard governance challenges:

• Strong steering role of the State in implementation (ISSA:2009b)

• Coordination across agencies and levels of government

• An active participatory approach to SP policy, delivery and evaluation
  – genuine voice from civil society
Tying the Threads Together

• SP needs to be integrated with:
  - economic policies
  - other social policies (universal and targeted)
  - various levels of government
  - citizens in policy development

• Dynamic learning process as effective SP instruments are tested and evolve
  - requires attention to governance challenges
References


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