POVERTY ALLEVIATION OR SOCIAL COHESION:
Conflicting outcomes of social protection?

Marianne S. Ulriksen,
Centre for Social Development in Africa

FOCUS OF PRESENTATION

Concern

- Extreme poverty and inequality is problematic
- Poverty targeted programmes can threaten social cohesion & sustainability of social protection

Presentation

- Pro-poor focus => targeted cash transfers
- Impacts on poverty and redistribution
- Impacts on social cohesion and long-term sustainability
- Conclusion
‘POVERTY TARGETED’ SOCIAL PROTECTION

Social protection denotes the combination of formal and informal initiatives that provide income or in-kind transfer in combination with other forms of support to poor and vulnerable households to:

i) act as a safety net for extremely poor people;

ii) protect people against risks and consequences of livelihood shocks;

iii) promote people out of poverty; and

iv) support social justice for more equitable outcomes for all

‘POVERTY TARGETED’ SOCIAL PROTECTION (cont.)

UN/ILO, the Social Protection Floor:
“support policies and activities that extend countries’ social protection systems and basic social services in line with the needs of their population, especially poor and vulnerable groups”

World Bank, Africa Social Protection Strategy:
Social protection is “a key component in poverty reduction strategies”, and “can contribute significantly to reduction of inequality, by redistributing income to poor households”
‘POVERTY TARGETED’ SOCIAL PROTECTION (cont)

• Contexts of large informal sectors and deep poverty
• Financial arguments...
• Targeted at the poor and vulnerable
• Focus on cash transfer programmes
• Expect poverty reduction and redistribution
TARGETED SP: ECONOMIC OUTCOMES

Case of South Africa
• Extensive, pro-poor cash transfer programme

Impacts
• Reduction in (depth of) poverty
• Improvements in well-being generally
• Some reduction in inequality

But
• Some still excluded and extremely poor
• Inequality still high (multiple causes ... )
TARGETED SP: ECONOMIC OUTCOMES (cont.)

Problems with targeting

• Require knowledge of incomes/consumption
• Errors of inclusion and exclusion
• Difficult and expensive to implement
• Stigma and social divisions ...

Would universal transfers be worse for the poor?

• No unfortunate exclusion
• More support, more funds ...
Case of Malawi

- Pilot cash transfer programmes to ultra-poor

Challenge of poverty focus

- Poverty line arbitrary
- Relative even incomes – ‘we are all poor here’
- Considerable movements above/below line
- Shared sense of vulnerability

=> ‘dividing potentials’
Dividing potentials: “unfairness”

“notwithstanding the efforts made by agencies delivering targeted social transfers to explain transparently why certain individuals or families are deemed eligible to receive transfers while others are not, and despite involving communities in beneficiary selection, a sense of puzzlement and unfairness about the selection process can nevertheless persist in communities long after targeting decisions have been made”

Dividing potentials: “poor are different”

“These negotiations [selection] – always in plenary – reflect and communicate to most of the population that there is a distinction between the poor, who qualify for certain state resources, and the less poor, who are expected to manage on their own”

TARGETED vs UNIVERSAL: Political sustainability

Potential consequences of targeting
• Poor different to less poor, although not felt reality
• Unfairness and lack of social acceptability
• Poverty targeted programmes can cause resentment and lose political appeal

Advantages of universal programmes
• All benefit (maybe within certain category)
• Broad appeal, broad support
• Difficult to retrench, tend to receive stronger budgetary support in long run
• But, universal programmes more expensive...
CONCLUSION: WHAT TO DO?

• Social protection critical to ensure income security over a life time for everyone
• Social protection best in combination
• Social assistance & social insurance
• Start somewhere, a process
• Consider:
  • Need
  • Inclusiveness/broader appeal
  • Opportunities for expansion
CONCLUSION: WHAT TO DO?

• Universal, categorical cash transfers
  • Need: old & young
  • Appeal: recognised as vulnerable
  • Expansion: progressive realisation

• Health insurance schemes
  • Need: reach both formal and informal sectors
  • Appeal: all can benefit from this; the more inclusive, the more financially viable
  • Expansion: Rwanda, other insurance schemes to follow