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Social protection is fast becoming one of the most important themes in development policy. This collection, now available in paperback, examines the political processes shaping the formulation of social protection policies; compares the key conceptual frameworks available for analysing social protection; and provides a comparative discussion on the policies focused on the poor and the poorest. Drawing on key case studies from Africa, Latin America and Asia, the contributors outline solutions for the future of social protection in developing countries.

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Social Protection for the Poor and Poorest
Edited by Armando Barrientos and David Hulme



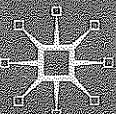
Social Protection for the Poor and Poorest

Concepts, Policies and Politics

Edited by

Armando Barrientos and David Hulme

Foreword by Frances Stewart



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Poverty Institute at the University of
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Glossary

- Beneficiaries:** Direct recipients of support from social assistance programmes.
- Cash for work:** Cash transfers distributed to vulnerable individuals or households in exchange for labour.
- Categorical targeting:** Selection of programme beneficiaries based on individual or household characteristics or assets; for example, age, disability, landlessness.
- Conditional cash transfer:** Cash distributed to vulnerable individuals or households on condition that they undertake specified activities; for example, that children attend school, or that mothers attend primary health centres.
- Evaluation:** Process of assessing whether a programme is fulfilling its objectives.
- Fee waiver:** Exemptions from payment of fees (for example, school fees, exam fees or fees for medical treatment) for selected vulnerable individuals or groups.
- Food-based transfer:** Food distributed to vulnerable individuals and households to alleviate poverty or malnutrition.
- Food for work:** Food distributed to vulnerable individuals or households in exchange for labour.
- Geographical targeting:** Selection of beneficiaries on the basis of their residence in poorer regions or locations.
- Grant:** A sum of money or in-kind subsidy awarded to compensate for specified contingencies; for example, resettlement, old age, disability.
- Gross domestic product (GDP):** A measure of the value of all the resources produced by a country in a year.
- In-kind transfer:** Non-cash transfers (for example, wheat or flour) distributed to vulnerable individual or households (see Food-based transfer).
- Leakage:** The extent to which a programme includes beneficiaries not in the target group. The leakage rate of a poverty programme measures the proportion of beneficiaries that are not poor.
- Means or Income test:** A test applied to determine eligibility for programme benefits. It usually defines a threshold above which applicants are not eligible for support. The threshold can be based on the income or assets, or both, of the applicant and his/her immediate family (spouse, household). The test

can also help to determine the value of the benefit paid; for example, the difference between current income and the threshold.

Near cash transfer: A non-monetary transfer to vulnerable individuals or households that can be exchange for goods or services – for example, food stamps or school vouchers.

Pilot project: A small-scale project undertaken in an effort to determine whether a larger-scale project should be undertaken at a later date.

Poverty gap: The difference between the current income or expenditure of those in poverty and the poverty line.

Poverty headcount: The proportion of a population who are in poverty.

Programme coverage: The population reached by a programme. Coverage rate measures the extent to which programmes reach their target population.

Proxy index: A test of whether individuals or households are eligible for participation in a programme, based on an index calculated from several variables (quality of housing, assets, household composition, etc.) but excluding income or expenditure. Households are then ranked according to their index value, and programme beneficiaries are selected if their index value is below a threshold.

Self-targeting: Applies to programmes lacking explicit eligibility requirements but including design features that attract some target population only; for example, public works that pay wages lower than the market wage will only attract the unemployed or underemployed.

Social assistance: Programmes providing cash or in-kind support for individuals or households in poverty, normally tax-financed.

Social insurance: Programmes providing pre-specified support for affiliated individuals in the event of specific contingencies, such as work-related injury or sickness, old age, and disability. Social insurance programmes are normally financed through contributions from employees and employers.

Social pension: Applies to non-contributory pensions, and describes unconditional cash transfers paid to older or disabled people, normally tax-financed.

Targeting: The method and process of selection of programme beneficiaries.

Unconditional cash transfer: Cash transferred to vulnerable individuals and/or households without conditions or requirements.

Vulnerability: The probability that individuals and households will be in poverty in the future.

1

Social Protection for the Poor and Poorest: An Introduction

Armando Barrientos and David Hulme

What is social protection?

There is an emerging consensus around the view that social protection provides an effective response to poverty and vulnerability in developing countries.¹ This is finding expression in the growing number of national governments adopting social protection strategies, and in the rapidly expanding set of policies and programmes being implemented in developing countries.² There is also rising interest in social protection among development researchers, with social protection being viewed increasingly as the emerging paradigm for social policy in developing countries.

Social protection has been around for some time. It is defined as 'public actions taken in response to levels of vulnerability, risk, and deprivation which are deemed socially unacceptable within a given polity or society' (Conway, de Haan and Norton 2000). In the work of the ILO it has been associated with a range of public institutions, norms and programmes aimed at protecting individuals and their households from poverty and deprivation. Broadly, these can be grouped under three main headings: social insurance, social assistance, and labour market regulation. *Social insurance* consists of programmes providing protection against contingencies arising from life-course contingencies such as maternity and old age, or from work-related contingencies such as unemployment or sickness. *Social assistance* provides support for those in poverty. Normally, social insurance is financed from contributions by workers and their employers, whereas social assistance (in some countries known as public assistance) is tax-financed. Finally, *labour market regulation* ensures basic standards at work, and extend rights to organisation and voice.

In the 1990s, social protection underwent a significant transformation, especially in the context of developing countries. Against a background of economic crises, structural adjustment and globalisation, social protection increasingly defines an agenda for social policy in developing countries. There are several distinguishing features of the emerging paradigm. Social

protection has a strong focus on poverty reduction and on providing support to the poorest (de Haan 2000). It seeks to address the causes of poverty, and not simply its symptoms (World Bank 2001). It is based on the view that a primary cause of poverty is to be found in the constraints faced by the poor in taking advantage of economic opportunity arising from their vulnerability to the impact of economic, social and natural hazards. In the absence of social protection, these hazards impact directly on living standards, but can in addition motivate risk-averse behaviour among the poor and poorest that is detrimental to their long-term welfare. By focusing on vulnerability – that is, the likelihood of being in poverty in the future – social protection places us in a better position to understand the dynamic nature of poverty. In its new guise, and in particular in the context of developing countries, social protection must perform three main functions: (i) to help protect basic levels of consumption among those in poverty or in danger of falling into poverty; (ii) to facilitate investment in human and other productive assets that alone can provide escape routes from persistent and intergenerational poverty; and (iii) to strengthen the agency of those in poverty so that they can overcome their predicament (Barrientos forthcoming).

Social protection and development: linking policy to conceptual frameworks

Beyond its role as a policy framework addressing poverty and vulnerability, social protection embodies and extends alternative approaches to economic and social development. In developing countries in particular, all public policy is concerned with social transformation, and social protection is not an exception. It is important to trace back alternative approaches to social protection to the different perspectives on social transformation in which they are rooted. Some locate the basis of social protection in a rights perspective to human development, others locate it in the context of the satisfaction of basic needs, and yet others ground it in the context of lifting the constraints to human and economic development posed by social risk. A conceptual focus on risks, needs and rights can support alternative views of social protection. Munro's chapter in this volume discusses these alternative frameworks for social protection in detail.

Here, we can illustrate this point by considering the different perspectives on social protection proposed by multilateral organisations. The ILO understands social protection as arising from human rights. It is defined by 'entitlement to benefits that society provides to individuals and households – through public and collective measures – to protect against low or declining living standards arising out of a number of basic risks and needs' (van Ginneken 2000, p. 34). The international community acknowledged that social protection is a basic human right to be enshrined in the Universal Declaration of Human Rights agreed by the United Nations General Assembly

in 1948. In the words of the Declaration, 'everyone has the right to a standard of living adequate for the health and well-being of himself and of his family'. The ILO's recent reformulation of its mission statement as involving work to 'secure decent work for women and men everywhere' is an affirmation of their rights perspective and reflects the Declaration's commitment to extend social protection to all.³

The UN defines social protection as 'a set of public and private policies and programmes undertaken by societies in response to various contingencies to offset the absence or substantial reduction of income from work; to provide assistance to families with children as well as provide people with basic health care and housing' (United Nations 2000, p. 4). It is underpinned by shared 'fundamental values concerning acceptable levels and security of access to income, livelihood, employment, health and education services, nutrition and shelter' (United Nations 2000, p. 4). This approach extends the role of social protection to securing basic needs as a precondition for human and economic development.

The Social Protection Strategy Paper from the World Bank moves beyond 'traditional' social protection in defining a 'social risk management' framework adding macroeconomic stability and financial market development to typical social protection programmes. Social risk management consists of public interventions 'to assist individuals, households and communities in better managing income risks' (Holzmann and Jorgensen 1999, p. 4). The emphasis on risk assumes that vulnerability to hazards is a significant constraint on economic and human development, and that efforts to reduce the likelihood of hazards, or to ameliorate their effects on living standards are essential to growth and development.

As can be seen from this brief review, the different definitions of social protection adopted by these organisations in fact reflect the different perspectives on development on which they are grounded. It is important to explore the conceptual underpinnings of the different policy frameworks that agencies or individuals propose, as these determine what practical actions are (or are not) emphasised in the framework. Because it focuses purely on the concept of risk, the World Bank is often accused of having a narrow framework focused on 'safety nets'. By contrast, Sabates-Wheeler and Devereux (Chapter 4 in this volume) weave together the concepts of rights, needs, and empowerment to produce an all-encompassing policy framework of 'transformative social protection'.

The rise of social protection in development policy

What are the main drivers of social protection? Current interest in social protection among policy-makers developed in the context of the sharp rise in poverty and vulnerability in the 1980s and 1990s. This led to a better understanding of the human and developmental costs associated with not

having adequate social protection policies and programmes in developing countries. More recently, the Millennium Development Goals (MDGs) have focused attention on poverty and vulnerability reduction, and as a result the social protection agenda has been given a high profile.

Social protection as a response to global insecurity and vulnerability

A number of factors explain the rise of social protection as a dominant agenda for social policy, but the effects of globalisation and rapid economic transformation are the most important. Globalisation has been a significant factor in the emergence of social protection, as it raises the demand for social protection (Rodrik 1997, 2001). The greater openness of developing economies implies increased vulnerability to changes in global markets, and a greater concentration of social and economic hazards on the less powerful participants. In the 1980s and 1990s, economic transformation unfolded at a rapid pace in Latin America and East Asia. The 1980s were characterised by acute and sustained economic and financial crises as well as structural adjustment in the economies of Latin America. The financial crisis in 1997 affected in similar ways the countries in East Asia. The transition economies underwent deep structural reforms and transformation.

In all cases, the outcomes of these changes were at first a rapid rise in poverty and vulnerability, which laid bare the glaring gaps in social protection in developing countries. In the countries affected, the adverse impacts of transformation were concentrated on the more vulnerable sectors. The immediate impact of the crises and transformation on poverty and vulnerability, and the threat of conflict and social unrest they presaged, focused attention on strengthening social protection policies and programmes. Sumarto *et al.* (Chapter 6 in this volume) track the hasty introduction of safety nets in Indonesia as the financial crises in 1997 led to the incidence of poverty doubling from 15 per cent to 33 per cent by the end of 1998. Relatedly, Britto (Chapter 9 in this volume) examines the emergence of conditional cash transfer programmes in Latin America as a response to the 1980s crises. Increasing poverty and vulnerability arising from globalisation and economic transformation are therefore key drivers for social protection. In addition, the continuing and perhaps rising levels of violent conflict in many parts of the world (especially Afghanistan, Iraq and Sub-Saharan Africa) further increase vulnerability and insecurity across those regions.

For Africa, and perhaps in the future for parts of Asia, HIV/AIDS has become a major factor that increases vulnerability. As Slater (Chapter 7 in this volume) describes the high incidence of HIV/AIDS in some countries has had catastrophic effects on household, community and national human security.

The cost of not having social protection

The rise in poverty and vulnerability has facilitated an improved understanding of the costs associated with the glaring gaps in social protection in developing countries. In fact, an extensive literature is available measuring these costs in a variety of settings (Morduch 1998; Dercon 2005). Table 1.1 extracts some estimates from this literature.

Table 1.1 The cost of not having social protection: selected estimates

Sources of vulnerability and nature of adverse impact	Estimates of impact
Exposure to natural, economic, and political (conflict) shocks reduces growth and development	An IMF report identified the negative impact of shocks on GDP growth as follows: Cambodia (drought/flood 1994) less than 1%; Zimbabwe (drought, 1992) 8.5%; Mali (export price shock, 1992–1993) 1.8% per year; Uganda (export price shock, 1987–1992) 3.5% per year for 6 years; Honduras (hurricanes, 1987–1992) 13,700 people dead or missing and direct damages estimated at 47% of 1997 GDP (IMF 2003)
Transient poverty can be attributed to direct exposure to employment, health and other idiosyncratic hazards	In China, it was estimated that transient poverty accounts for half of the squared poverty gap (Jalan and Ravallion 2001) In rural Ethiopia, transient poverty accounts for 45% of the squared poverty gap (Dercon and Krishnan 2000)
Exposure to hazards can also cause chronic poverty through behavioural responses to risk by the poor. For example, through:	
<ul style="list-style-type: none"> • lower farm productivity from choosing low-return/low-risk crops 	In India, providing the poorest quartile with the same protection against rainfall time variation as the top quartile would improve their farm profits by 35% (Rosenzweig and Binswanger 1993) In rural Tanzania, the cost to the poorest quintile arising from growing low-return/low-risk crops is lower returns by 20% compared to the wealthiest group (Dercon 2005)
<ul style="list-style-type: none"> • the impact of hazards on the asset base of the poor 	In Ethiopia's famine years (1984–1985) 60% of households reported having had to sell livestock, and herds declined by 40%; 90% of households reported having cut back on food consumption. By 1994, herds were still only 87% of pre-famine size (Dercon 2005)

Table 1.1 Continued

Sources of vulnerability and nature of adverse impact	Estimates of impact
<ul style="list-style-type: none"> the impact of hazards on human capital 	<p>The negative impact of crises on child labour and schooling has been observed in a wide range of developing countries, and in particular among larger countries such as Brazil, India and Indonesia (Priyambada, Suryahadi and Sumarto 2002)</p> <p>The impact on nutrition has also been observed for many countries. In Zimbabwe, a severe drought resulted in poor nutrition and stunting, with permanent loss of 1–2 cm of height on average (Hoddinott and Kinsey 2001)</p> <p>In Mexico, there is evidence that crises result in cuts in spending on health care and nutrition for both young and old, leading to higher mortality rates for these groups (Cutler, Knaul, Lozano <i>et al.</i> 2000)</p>

The Table provides an indication of the substantial welfare gaps arising from the absence of social protection in developing countries.⁴ There are large direct costs associated with economy-wide, and sometimes region-wide, natural, economic and political hazards. The extent of transient poverty provides a good indicator of the losses associated with the absence of social protection. On the assumption that appropriate social protection could help to stabilise income and consumption in the event of idiosyncratic health or employment hazards, say, transient poverty could in principle be eradicated by social protection. Transient poverty itself therefore provides a good measure of the gaps in social protection.

Gaps in social protection can also be responsible for chronic poverty, especially in situations where the social protection instruments available to those below or near the poverty line are limited, and as a result they are forced to adopt alternatives with detrimental long-run effects. Taking children out of school, cutting down on health care, sub-standard nutrition, or less productive employment or crops, can push households into persistent poverty. This brief review of estimates of the impact of hazards strongly suggests that there are large losses associated with not having adequate social protection, and consequently large gains to be captured

by establishing strong social protection institutions. An improved understanding of these losses and potential gains has been an important driver for social protection.

The Millennium Development Goals and social protection

The adoption of the Millennium Declaration in 2000 has focused the attention of international organisations, poor and rich country governments, and the citizens and celebrities of Europe and North America, on poverty and vulnerability reduction more than any other global initiative in the past (Greig, Hulme and Turner 2007, pp. 129–161). Leaving aside an assessment of the desirability of the enterprise,⁵ or the extent to which it sits comfortably with ongoing initiatives such as Poverty Reduction Strategies (PRs), the focus on poverty has been a strong driver for the extension of social protection in many developing countries.

While all the MDGs can contribute to reduced vulnerability and poverty reduction, a number of the MDG targets have particular significance for social protection (see Table 1.2).

Table 1.2 The MDGs and social protection

Goal/target	Objective	Implications for social protection
Goal 1 Target 1	Halve the proportion of people whose income is less than US\$1 a day (1990–2015)	While the MDGs assume that this will be achieved largely by economic growth, this also promotes cash transfers to those not benefiting from growth
Goal 1 Target 2	Halve the proportion of people suffering from hunger (1990–2015)	This supports nutritional interventions (humanitarian aid, mid-day meals) and/or basic income grants
Goal 2 Target 3	Universal primary education by 2015	More concerted efforts to reduce the withdrawal of children from school as a vulnerability coping mechanism
Goal 4 Target 5	Reduce the under-5 mortality rate by two-thirds (1990–2015)	Promotes improved access to basic health services for children and free provision or improved health insurance schemes
Goal 5 Target 6 Goal 6	Reduce the maternal mortality ratio by three-quarters (1990–2015)	Promotes improved access to basic health services for women and free provision or improved health insurance schemes

Continued

Table 1.2 Continued

Goal/target	Objective	Implications for social protection
Targets 7 & 8	Halt and reverse the spread of HIV/AIDS, malaria and other diseases by 2015	Supports more effective disease prevention and improved access to health services
Goal 7 Target 10	Halve the proportion of people without access to safe water and basic sanitation by 2015	Encourages basic infrastructural development leading to fewer health shocks and reduced morbidity and mortality
Goal 7 Target 11	Significant improvements in the lives of at least 100 million slum dwellers by 2020	Promotes initiatives to reduce the vulnerability of slum dwellers

Source: UN Millennium Development Goals, <http://www.un.org/millenniumgoals>.

Table 1.2 reveals the potential encouragement that the MDGs provide for an increased emphasis on social protection policies. However, three limitations to this must be considered. First, the rich world has not matched its promises to support the MDGs with increased aid and related policy reforms (trade and debt). Second, the relatively high rates of pro-poor economic growth assumed in the MDG scenario have not occurred in some regions, particularly Sub-Saharan Africa, where growth has been based on oil and mineral extraction. Finally, while the governments of developing countries have signed up to the MDGs, and this is reflected by the inclusion of social protection policies in PRSs, policy implementation in many countries has been ineffective. This has been particularly the case in countries where the need for social protection is greatest.

Main actors

The policy agenda around social protection involves key development actors: multilateral and bilateral organisations, international NGOs, national governments and agencies, and research institutes. This section discusses their recent contributions.

Among multilaterals, the ILO has traditionally taken the lead in advocating and supporting social protection, and has been in large part responsible for the spread of social protection institutions in developing countries (Usui 1994). Its tripartite governance system, involving trade unions, employers'

associations and governments has proved effective in gathering support for the extension of social protection for organised workers. However, the growth in informality, and the relative decline of organised formal employment in recent times has been particularly challenging to these structures. Concerns with the capacity of traditional approaches and institutions to extend social protection coverage to workers in informal employment, a majority of workers in the South, has encouraged important shifts in perspective. It has led to a new focus on 'decent work' as a framework for extending basic rights to all workers, regardless of their employment relationship (ILO 2001b). Decent work is defined as productive and secure employment, with respect for labour rights, providing adequate income and social protection, and enabling dialogue and participation. There are direct linkages to social protection and poverty reduction, in so far as decent work includes protection and provides a direct escape from poverty. Social protection is not restricted to the employment relationship, and extends to all. The ILO has recently advocated a basic package of social protection measures among low-income countries (ILO 2006).

The World Bank developed a social protection strategy in the mid-1990s as a response to the impact of structural adjustment on developing countries, and the failure of 'social dimensions' and safety net approaches. The Bank established a Social Protection Group, initially focused on labour market and pension reform, and safety nets, but more recently focused on a wider range of instruments, including cash transfers.⁶ The World Bank is now a major player in social protection, leveraging change through technical assistance and financial support.⁷ Its role as a bank restricts its social protection work in both low-income countries and middle-income countries with high debt levels. Partnerships with bilaterals, such as the Social Protection Trust Fund established by DFID to support joint initiatives, provide a facility with which to influence policy developments in these countries. The risk-based approach to social protection embraced by the World Bank at times enforces a more technocratic approach.⁸

Other parts of the UN family have adopted social protection policies, including UNDP, UNICEF, WHO (United Nations 2000). Bilaterals such as DFID, GTZ and USAID are increasingly developing and supporting social protection policies. DFID is a large player through the funding of social protection initiatives of multilaterals (DFID 2005).

Increasingly, national governments are developing social protection strategies in an effort to consolidate and institutionalise cross-sectoral policies. In middle-income countries, social protection strategies have involved the reform of social insurance schemes and a stronger effort to develop effective social assistance. This is especially true of transition economies, but also of countries in Latin America and the Caribbean. In low-income countries, national social protection strategies have developed around second-generation PRSs, in an effort to develop pro-active and integrated social protection

policies. In low-income countries in Africa, pilot programmes focused around cash transfers are also spearheading efforts to establish social protection strategies and institutions (Barrientos forthcoming). An important recent change in many countries has been the growing interest of ministries of finance because of donor financial support for social protection. This can be beneficial, as the welfare ministries that traditionally oversee social assistance often have limited capacity for policy analysis and evaluation.

Apart from humanitarian relief and assistance,⁹ the adoption of social protection among international NGOs has been slower. Receptiveness to the social protection agenda has been greater among international NGOs committed to poverty reduction and advocating policies directed at groups whose vulnerability arises from life-course conditions. Help Age International, and more recently Save the Children, have embraced the social protection agenda (Beales and German 2006). The 'Grow Free from Poverty Coalition' and 'Pensions not Poverty' are interlinked advocacy platforms gathering support for the extension of social protection in developing countries. NGOs involved in the delivery of development programmes, on the other hand, have been slower to adopt social protection, in part because their experience and orientation is focused on piecemeal programmes with a fixed time-frame. There are some elements of the social protection policy agenda that are inimical to their orientation, especially the often acknowledged need to move beyond fragmented programmes delivered by structures running in parallel to, or independent from, government agencies. Nevertheless, some change can be observed among NGOs focused on delivery; for example, OXFAM's involvement in the Orphans and Vulnerable Children (OVCs) Cash Transfer Programme in Kenya, or the involvement of CARE in the delivery of pilot cash transfers in Zambia.

Interestingly, it is among the NGOs involved in delivering emergency and humanitarian assistance that a receptiveness to social protection as a longer-term response to conflict and emergency is strongest (Harvey 2005). Beyond advocacy, the role of NGOs in social protection in the medium and longer term is not well defined. Social protection acknowledges, in both principle and practice, the advantages of mixed provision, but at the same time it assigns to public agencies a primary role in policy development, co-ordination and regulation. NGOs engaged in social protection will need to adjust to this parameter.

An important constraint in the development of social protection in developing countries is the absence of a strong research base in universities and leading development institutes. Compared to the related areas of education or health, it is difficult to identify an equivalent institutional research and policy base for social protection. Social policy has never become established as a discipline outside Europe, and the sub-discipline of 'social development' (see Booth 1994) which might have filled this institutional and intellectual vacuum, focused on participation, and has a suspicion of delivery programmes

by public agencies. In terms of academic research, social protection works under the twin disadvantages of its multidisciplinary and its strong policy focus. Moreover, the evolution, institutions and policies that characterise social protection in developed countries are hard to replicate in developing countries, even among the most advanced. Typically, in developed countries, researchers engaged with social protection are based in development studies institutes or think tanks. Despite the significant role and profile of social protection within the current development policy agenda, there are few researchers specialising in this area, even fewer in developing countries, and they are scattered across countries and institutions.¹⁰ A challenge for the development of social protection in developing countries will be the need to strengthen research capacity promoting the development of an epistemic community that engages directly with policy, and to integrate the range of expertise needed to advise developing countries.¹¹

At present, and in the future, institutional partnerships to devise, advocate and deliver social protection seem likely. These can involve national governments, national and international NGOs, bilateral and multilateral aid agencies and research institutes. Each can contribute its strengths – national coverage, links to poor people, finance, analytical and monitoring capacity etc. Such partnerships are not without their problems, however – for example, when a donor tries to impose its model of social protection on a recipient government.

Key issues

In this section we focus on the main issues emerging from the ongoing expansion of social protection in developing countries since the early 1990s. We focus on issues of scale, scope, integration, financing and politics.

Scale

Without doubt, by far the most important issue in social protection is the scale of recent initiatives. Whereas since the early to mid-1990s the coverage of social insurance in developing countries has stagnated or declined, the coverage of social assistance programmes has risen at a staggering pace. Take a handful of recent income transfer initiatives: the Child Support Grant in South Africa implemented in stages since 2003 now reaches 7.2 million children; the Minimum Living Standards Scheme in China rose from 2.6 million beneficiaries in 1999 to 20.6 million in 2002, and 22.4 million in 2006. Mexico's *Oportunidades*, which replaced *Progres*a in 2002, now reaches 5 million households. *Bolsa Familia*, which replaced *Bolsa Escola* in 2004, now reaches 11 million households in Brazil; Indonesia's Safety Net cash transfer scheme introduced in 2005 reaches more than 15 million households. The Employment Guarantee Scheme, aiming to provide 100 days' guaranteed income for the rural poor in India, is currently being implemented and is

expected to reach around 26 million households when fully operational. Admittedly, these are countries with large populations, and a more comprehensive list would need to include a large number of programmes recently introduced in other countries in Latin America and the Caribbean, Asia and Africa,¹² but they show the extent and speed of growth in the global coverage of social assistance. It is apparent from this brief list that the recent growth in social protection in developing countries has the potential to make a very significant contribution to the reduction of poverty and vulnerability on a global scale.

Scope

We have grouped these programmes under social assistance because they are focused on the poorest, rely mainly on income transfers, and are tax-financed; but it would be wrong to see them in the same light as compensatory social assistance programmes in developed countries. Increasingly, social assistance programmes in developing countries are based around regular and predictable transfers, and combine a range of developmental interventions addressing the multidimensional and persistent nature of poverty. Social assistance programmes in developing countries are widening in terms of their scope too. This is particularly the case among programmes targeting households in extreme or persistent poverty.

A couple of examples may be helpful. Mexico's *Progresa* is a targeted conditional cash transfer programme. It pioneered income transfers, directed towards the poorest, that were conditional on households sending children to school and attendance at health centres with early childhood and nutrition interventions. *Progresa* was designed to reflect an assessment that the incidence and persistence of poverty in rural Mexico resulted not only from consumption deficits but also from insufficient investment in human capital. The extension of *Progresa* to the rest of the country in 2006 as *Oportunidades* also widened the scope of the programme. It now includes subsidies supporting education beyond secondary school, skills training for the unemployed in urban areas, additional subsidies for people aged over 70, and a range of micro-saving and micro-enterprise development components.¹³

In Bangladesh, BRAC (the largest NGO working on poverty reduction in South Asia) accumulated experience with micro-finance and micro-enterprise development interventions over three decades, and concluded that the poorest are unable to benefit from conventional asset accumulation programmes because of their social exclusion, acute deficits in nutrition and health, and low borrowing capacity. This led to the design of a poverty reduction programme specifically for the poorest – the Targeting the Ultra Poor (TUP) programme, introduced in 2001 following a multi-stage approach combining a monthly cash stipend boosting the consumption of the poorest households, confidence building, social

development in the form of health interventions, and income-generating skills training promoting an economic project for each participant household. The objective is to combine a range of interventions strengthening the productive capacity of beneficiaries up to a level where they can make full use of conventional asset accumulation programmes. Hulme and Moore, in Chapter 10 in this volume take a closer look at BRAC's experience with the TUP programme. Widening the scope of social protection programmes is the most effective approach to addressing the multiple causes of chronic poverty, and its persistence (Barrientos, Hulme and Shepherd 2005).

Integrating social protection in national development strategies

Social assistance programmes in developing countries are necessarily 'productivist' in so far as they must combine interventions aimed at strengthening the productive capacity of the poor and poorest, as an essential component of an integrated poverty reduction and development strategy.¹⁴ In this context, the integration of social protection interventions becomes a crucial issue. The integration of multiple interventions based on an assessment of the factors generating persistent poverty in different countries or regions is increasingly a feature of social protection interventions. In many countries, a widening of the scope of the programmes has followed directly from the lessons emerging from the evaluation of narrower, sectoral, and fragmented programmes. *Chile Solidario*, for example, combines interventions along seven different dimensions of poverty: income, employment, health, education, housing, registration, and intra-household dynamics, in an effort to eradicate extreme poverty (Barrientos 2006b).

It is likely that, in low-income countries at least, the evolution towards a comprehensive social protection system for developing countries will be led by the kind of social assistance programmes reviewed above. The widening of the scope of social assistance beyond income transfers provides important clues as to the future evolution of these programmes. Assumptions about the evolution of social protection systems in developing countries often takes it for granted that they will follow the pathway used by present-day developed countries. In these countries, social insurance gradually extended to larger sections of the population, with social assistance becoming largely residual. In low-income countries, a different evolutionary pathway seems probable, moving outwards from social assistance and with a strong 'productivist' orientation. Tracking the integration and dynamics of the social protection mix is a priority for further research, and is an issue that we shall come back to in the context of the politics of social protection (see Chapters 13 by Hickey and Chapter 14 by Munemo in this volume).¹⁵

Financing social protection

What are the options for financing the expansion of social protection in developing countries? Finance is rightly perceived as one of two main constraints, the other being political commitment, on the expansion of social protection, especially in low-income countries. It will help our discussion to distinguish between two separate issues: (i) determining the level of financing required to ensure a minimum level of social protection; and (ii) finding out how developing countries might finance this.

As regards the first issue, the ILO's Social Security Department has performed some simulations for low-income countries in Africa and Asia to indicate the resources required to provide a basic social assistance package for low-income countries. These are reported in Chapter 15 by Berendt in this volume. Their main findings are that the cost of a basic package including a universal pension covering old age and disability and a child benefit would absorb, on average, around 2–3 per cent of GDP.¹⁶ Naturally, the cost of the same package in different countries would differ in line with demographic, macroeconomic and fiscal conditions. At the same time, varying the level of the benefit and targeting only the poor could reduce the size of the resources required significantly. We could also take a positive approach to determining the resources required by considering the cost of existing social assistance programmes. With the exception of the Minimum Living Standards Scheme in China, social assistance programmes in developing countries aim to cover only a fraction of household consumption.¹⁷ The targeted conditional cash transfer programmes introduced in Latin America and the Caribbean absorb less than 1 per cent of GDP. As a rough rule of thumb, around 1–2 per cent of GDP appears to be the level of resources required to finance a basic level of social assistance in developing countries.

Financing this basic level of social assistance appears to be affordable for most developing countries, but it is bound to be more difficult to achieve for low-income countries with low revenue mobilisation capacity. Uganda, for example, only manages to collect taxes equivalent to 13 per cent of GDP, and therefore allocating 1 per cent of GDP for social protection would require a substantial budget change. Economic growth could generate additional resources, while at the same time a reduction in demand for social assistance would reduce fiscal pressures. Aside from growth, there are two main options to be considered: raising tax revenues as a proportion of GDP through improvements in the efficiency of tax-collection agencies.¹⁸ Another option would be to switch expenditure from poorly performing poverty budget allocations. However, in low-income countries there is only very limited scope for expenditure switching. It would make little sense to divert resources supporting the provision of basic services, or supporting productive investment, to finance social assistance. The latter relies on basic service infrastructure and growing economic opportunity. There is a case for using

official development assistance to finance the start-up costs of social protection programmes and to ease financial constraints in their initial stages. In the medium and longer run, sustainable and effective social protection has to be financed from domestic resources. In middle-income countries, there is greater scope for expenditure switching, especially in countries devoting considerable resources to poorly performing poverty reduction interventions, or to subsidise financially unsustainable and highly unequal social insurance schemes.¹⁹

The politics of social protection

Extending social protection in developing countries also requires a propitious political environment in which demand for social protection can translate into appropriate government responses. It is useful to make a distinction between the political conditions needed for the adoption of social protection initiatives, and those required for the sustainability of programmes.

Considering the adoption of social protection programmes, there is surprisingly little research on developing countries. Public choice models of policy processes are perhaps not very helpful in this context, especially low-income countries. They rely on assumptions about the existence of a competitive political system in which voters signal preferences over different policy alternatives, and politicians have no option but to respond. In developing countries, and in particular low-income ones, the shortcomings of median voter models of policy adoption are apparent. Voters are ill-informed about the relative advantages of policy options, and the promises of politicians have little or no credibility (Keefer and Khemani 2003). Patronage, clientelism and corruption undermine the basis for competitive politics. The political system is, as a result, less effective in aggregating voter preferences than in protecting and nurturing patron–client relationships. Hickey's Chapter 13 in this volume reflects on these issues in the context of Africa.

This underscores the importance of factors exogenous to the political system, such as major disasters or crises, or the intervention of donors and NGOs, in forcing social protection into the political agenda. It is not surprising that the adoption of social protection programmes often reflects a desire on the part of policy-makers to counteract real or perceived opposition to government policy, and the threat of social unrest. Social protection programmes can play a very significant part in facilitating social and economic transformation, especially where the associated losses are large and up-front. A good example is the introduction of Bolivia's *Bono Solidario*. The government used the pension programme as a means of ensuring political support for the privatisation of utilities, by promising to use the proceeds from privatisation to fund a pension scheme (Gray-Molina 1999). Interestingly, the government suspended the pension entitlement after successfully completing the privatisation process, but reinstated it later under public pressure, with a reduced level of benefits. Later, renewed public pressure led a new

government to reinstate the pension in full (Barrientos 2006a). The rapid expansion of China's Minimum Living Standards Scheme or Argentina's *Jefes y Jefas* constituted a response to rapidly rising unemployment and the threat of unrest.

The political conditions required for the political sustainability of social protection programmes are less demanding, but this can be problematic. Discussing the spread of income transfer programmes in Latin America, Britto (Chapter 9 in this volume) notes how quickly political support can be gathered for poverty reduction programmes that are perceived to be both effective in reaching the poor and efficient in the use of resources. Social protection programmes can quickly build coalitions of support. This can also be a disadvantage in so far as social protection shows strong path dependence, with the implication that often it will be difficult to reform them or replace them with better alternatives.

Structure of the book

The book is divided into three main sections. The first section focuses on the conceptual frameworks supporting social protection: risks, needs and rights. As noted above, there is very little discussion in the social protection literature on the deeper theoretical underpinnings of social protection. Social protection is usually considered as a policy framework, but we have argued that policy frameworks need to be grounded in theories of economic and social development. We have also demonstrated that differences in the approach to, and definition of, social protection in multilateral agencies can be tracked down to differences in their development perspectives. Chapter 2 by Munro unpacks the three main conceptual frameworks for social protection, taking care to identify and discuss the main areas of agreement and disagreement existing between them. We are then better placed to understand divergent perspectives on social protection. As he puts it, it 'is important to understand why we support what we support'. Even more importantly for our purposes, it facilitates the task of reconsidering these perspectives in the context of extreme and chronic poverty.

The next three contributions focus on these perspectives and their interactions. Dercon, Bold and Calvo, in Chapter 3, expand on the risk perspective in order to examine the impact of risk on those in poverty, including the risks associated with the limited provision of insurance for the poorest, and to consider ways in which improved insurance instruments may be deployed effectively to support them. Sabates-Wheeler and Devereux adopt a rights perspective in Chapter 4 to argue for a transformative social protection, understood as 'policies that integrate individuals into society, allowing everyone to take advantage of the benefits of growth and enabling excluded or marginalised groups to claim their rights'. Carter, Little, Mogues and Negatufocus in Chapter 5 on the way in which the impacts of

natural hazards on rural households are mediated by social and economic institutions. They find that environmental shocks could generate 'poverty traps' among those with high sensitivity to shocks, and low resilience. Their contribution highlights how effective social protection strategies needs to integrate concerns with risks, needs, and rights.

The second section includes several chapters discussing social protection policies and programmes that show promise in working for the poor and poorest. Sumarto, Suryahadi and Bazzi provide in Chapter 6 an insightful and comprehensive discussion of the design and evolution of social protection in Indonesia as a response to the 1997 financial crisis. Their contribution tracks the evolution of social protection from the immediate response to the crisis, which consisted of a range of temporary safety nets, to the design and implementation of more permanent social protection programmes targeting human development. The chapter raises three important themes that are discussed through the book: the tensions and dynamics shown by the rapid development of social protection policies and programmes; the significance of external factors, lesson learning, and political institutions in shaping these dynamics; and the shift in focus from risk responses to human development strengthening over time. In Chapter 7, Slater considers the extent to which social protection has a role to play in developing a comprehensive response to the spread of HIV/AIDS in developing countries, while in Chapter 8 McCord provides a critical assessment of short-term public works as a response to persistent poverty and vulnerability. In Chapter 9, Britto traces the origins of conditional cash transfer programmes in Latin America, and outlines the policy environment in which they were implemented. Slater, McCord and Britto agree that, to be effective, social protection requires stable and longer-term institutional structures, focused beyond immediate responses to shocks and external factors.

The final two chapters in this section examine the role and effectiveness of social protection in low-income countries. In Chapter 10, Hulme and Moore discuss BRAC's Targeting the Ultra-Poor (TUP) Programme, which offers support to the very poorest in Bangladesh. TUP is one of several path-breaking poverty reduction initiatives in the developing world aiming to develop interventions that are effective in supporting households in extreme and persistent poverty to find pathways out of their predicament. In Chapter 11, Schubert discusses another such initiative, a cash transfer programme in the Kalomo district of Zambia, focused on the poorest 10 per cent of households. Chapters 10 and 11 illustrate the feasibility and constraints involved in extending social protection for the poorest in low-income countries.

The third section tackles the thorny issues of the politics and finance of social protection. In Chapter 12, Pellissery provides an insightful account of the micro-politics and process deficits associated with the delivery of the National Social Assistance Programme in India. Based on the findings of detailed field research, he brings to the fore the influence of powerful elites,

government officials and private intermediaries on the delivery of public assistance to the poorest. Hickey, in Chapter 13, takes a broader perspective on the macro-politics of extending social protection in Africa, in the context of fragmented and clientilistic political systems. His analysis suggests that the process of arriving at social contracts between the governed and the governing is a necessary condition for the development of comprehensive social protection in that region. In Chapter 14, Munemo points to the significance of politics in the selection of policy responses to drought relief in Africa. His analysis finds that a secure political environment for incumbents facilitates a longer-term view of the advantages of public works, whereas an insecure environment is more conducive to incumbents relying on food relief, to make short-term political gains. Taken together, these three chapters underscore the significance of politics in the design, development and effectiveness of social protection in developing countries.

The remaining two chapters in this section discuss the financing of social protection. Behrendt reports in Chapter 15 on detailed simulations, conducted by the Social Security Department of the ILO, of the finance required for a basic package of social protection in low-income countries in Africa. Her conclusion is that most developing countries can afford programmes that ensure basic living standards among the poorest, especially the young, the old and those affected by disabilities. Barrientos argues in Chapter 16 that financing the extension of social protection in developing countries requires changes to the financing mix, from a strong reliance on out-of-pocket household financing to an increased role for tax financing, supported in low-income countries by international aid. It is important that the financing mix mobilises sufficient resources for the extension of social protection, but also that it ensures appropriate incentives and secures legitimacy for the relevant institutions and policy.

In the Conclusion, we return to the main themes of the book and consider the future of social protection in developing countries. We begin by discussing regional trajectories with regard to social protection policies, in order to locate firmly current trends and innovation. It is apparent that there is a good measure of diversity in social protection policies across the different regions, and even within regions. There are many, and diverse, pathways for the extension of social protection. Some common features also emerge. With few exceptions, the extension of social protection is dominated by the introduction, or expansion, of social assistance programmes and institutions, focused on poor and poorest households. Within these, income transfers also dominate. It is remarkable both the speed and spread of social assistance in the developing world is remarkable and promises to make a measurable dent on global poverty and vulnerability. The second section examines key policy issues – programme design, beneficiary selection, affordability and implementation capacity. The final section points out that while the medium- and long-term impact of this extension of social

protection cannot be predicted reliably, strong and durable partnerships among all the main stakeholders involved, led by national governments and nurtured by energetic debates within civil society about the means and ends of social policy, could ensure that the emerging institutions of social protection are sustained and supported into the future.

Notes

1. This is acknowledged by many multilateral and bilateral organisations, national governments and NGOs (IADB 2000; United Nations 2000; World Bank 2001; ADB 2001; ILO 2001a; HAI 2003; DFID 2005).
2. For a database of social protection programmes in developing countries, see Barrientos and Holmes (2006).
3. The more recent *Social Security. A New Consensus*, notes that one 'of the essential features of the decent work approach is that everybody is entitled to basic social protection' (ILO 2001a, p. 39). This is taken to be an extension of the 1948 Universal Declaration of Human Rights' article 22, via the 1966 International Covenant on Economic, Social and Cultural Rights', article 9 stating 'the right of everyone to social security, including social insurance' (ILO 2001a).
4. Behind these statistics are the harrowing accounts of individual human suffering that tens of millions of people have experienced because social protection has not been available – hunger, social stigma, lives constrained by withdrawal from education and easily preventable deaths.
5. For critiques, see Clemens *et al.* (2004) and Saith (2006).
6. For a discussion of the evolution of social protection in the Bank, see Social Protection Sector Strategy: From Safety Net to Springboard (World Bank 2001). For a discussion of social policy and social protection in the Bank, see Hall (2007).
7. A recent review of social safety nets (social assistance) work by the World Bank in the period 2002–2006 concluded that 9 per cent of all Bank projects (lending and analytical) involved safety nets; that safety nets absorbed 3 per cent of total Bank lending; and that safety nets absorb one half of the social protection portfolio (Milazzo and Grosh 2007).
8. This is explored briefly in Sabates-Wheeler and Devereux (Chapter 4 in this volume).
9. Many NGOs have decades of experience in responding to emergency and humanitarian crises, and some are global leaders in this field.
10. South Africa is considering instituting what to our knowledge is the first-ever Chair in the Economics of Social Protection.
11. A new Centre for Social Protection launched at IDS in the UK in November 2006 aims to strengthen research and policy links across the South.
12. See Barrientos and Holmes' Social Assistance in Developing Countries database posted at www.chronicpoverty.org for a regularly updated list (Barrientos and Holmes 2006).
13. For example, beneficiaries aged 30–69 can open a retirement savings account to which the federal government contributes counterpart amounts. In effect, this extends government subsidies to workers affiliated to pension plans (mainly workers in formal employment) to the beneficiaries of *Oportunidades*, who commonly work in the informal sector.

14. Barrientos (2007) makes the point that, in developed countries, social assistance is a residual component of social protection, coming into play only where basic services, labour market regulation and social insurance have failed. In the eyes of researchers and policy-makers in developed countries, the very presence of social assistance is an embarrassment. In developing countries, on the other hand, where basic services are often inadequate, labour market regulation extends at best to a minority of the labour force, and social insurance covers a fraction of the population, social assistance is the main component of social protection.
15. Even in middle-income developing countries, such as Mexico or China, with established social insurance schemes, the social protection mix shows considerable flux. In Mexico, the administration at the time of writing has committed itself to shifting public expenditure from supporting social insurance to extending social assistance. In China, the restructuring of state enterprises has meant a rapid dismantling of employment-based protection, and the expansion of the Minimum Living Standards Scheme.
16. If, in addition, a basic health insurance is added, it would absorb on average an extra 2 per cent of GDP.
17. Many programmes aim to transfer an additional 20 per cent of household consumption, for the average beneficiary household.
18. Warlters and Auriol argue convincingly that improvements in the efficiency of tax collection are likely to be more effective than expanding the tax base as a means of raising revenues in low-income countries (Auriol and Warlters 2002; Warlters and Auriol 2005).
19. Sumarto *et al.* (Chapter 6 in this volume) discuss how the expansion of social protection in Indonesia was financed by switching resources away from petrol subsidies. Chapter 9 by Britto (in this volume) makes reference to Brazil's partially successful efforts to switch government subsidies from generous pensions for civil servants to programmes such as *Bolsa Escola* targeting the poor.

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Part II

Conceptual Frameworks for Social Protection: Risks, Needs and Rights

2

Risks, Needs and Rights: Compatible or Contradictory Bases for Social Protection

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Introduction¹

Justifications for the welfare state in general, and for social protection and the attack on chronic poverty in particular, have traditionally come from three sources: an analysis of uninsurable risks and other market failures; doctrines of human rights – specifically, economic and social rights; and needs-based doctrines. The risk school emphasises failures in insurance markets, specifically the inability of private and communal insurance mechanisms to provide cover against all forms of risk, often due to asymmetrical or incomplete information. These important failures in insurance markets are compounded by other failures in markets for labour, credit and human capital. The social and economic rights school focuses on the obligations of the state derived from the assertion that citizens possess social and economic rights that are legally enforceable claims on the state. These rights are usually said to be defined in the Universal Declaration of Human Rights (UN 1948) and the International Covenant on Economic, Social and Cultural Rights (UN 1996a), among other sources of international law, and are frequently asserted as coming from natural law. The needs-based doctrine stresses the practical and moral importance for poor and non-poor alike of eliminating (or at least alleviating or reducing) chronic poverty, and asserts both moral and economic claims in favour of social protection measures.

Perhaps because the three discourses of risks, needs and rights arose from different academic disciplines, the three tend to run in parallel, with remarkably few intersection points. In public policy debates, the three discourses tend to come into and fall out of fashion, only to return later. The rights-based argument, for example, is currently in the ascendancy, at least with certain UN agencies and many development-orientated NGOs. In the 1970s, the needs-based approach held sway, and it has enjoyed something of a revival recently in the form of the Millennium Development Goals. From

the 1930s to the 1960s, market failures were used as the grounds for a considerable expansion of the state's economic roles, including the growth of the modern welfare state. The recent granting of the Nobel Prize to three leading figures in the economics of asymmetrical information (with its implications for insurance markets, among other things) attests to the continuing power of the risk-based tradition.

Given these political and intellectual dynamics, those who support social protection and reduction of chronic poverty need to understand each of these three discourses, including the areas where they are mutually supportive or where they are mutually contradictory. Certainly, the critics of increased social protection will pick and choose their counter-arguments, and many of them will be tempted to pick apart arguments from one source to discredit the entire project of social protection and poverty reduction. This chapter begins by outlining each of the three main sources of support for social protection, and then explores those areas where the three discourses provide mutual support or mutual contradiction. The main purpose of this chapter is to help proponents of social protection to understand these areas better. A secondary objective is to suggest areas where members of the three traditions might usefully co-operate.

The three discourses explained

Uninsurable risks and market failures

In neo-classical economics, it is universally admitted that real world markets – as opposed to the perfectly competitive ones found in elementary textbooks – frequently suffer from market failure. The traditional list of market failures includes public goods, externalities, incomplete markets, imperfect competition, imperfect information and (less frequently) merit goods. Variations of this list are found in every textbook of public economics (for example, Barr 1998: 78–85; Stiglitz 2000: 76–88).

Nicholas Barr was the first to point out that the traditional list of market failures might explain many types of government intervention in the economy, but did little to explain or justify the emergence of a comprehensive welfare state. His 'main conclusion is how thin, at least in utilitarian terms, is the traditional justification for large-scale, publicly organized welfare state services. To the extent that the traditional market failures support welfare state institutions at all, they justify only a residual welfare state' (Barr 1992: 749). Extensive public provisioning in health care, education and social security is justified in large part by 'information failures' – that is, incomplete and/or asymmetrical information between (would-be) parties to a transaction (Barr 1992: 749).

Many parts of the welfare state are a response to pervasive technical problems in private markets, and therefore serve not only the distributional

and other objectives (of)...poverty relief,...equity, dignity and social solidarity, but also efficiency objectives such as income smoothing and the protection of accustomed living standards in the face of uninsurable risks and capital market imperfections... [T]here is an *efficiency* case for a universal welfare state. (Barr 1998: 98; emphasis in original)

Commercial insurance will not cover a large number of risks, or will cover them only incompletely. These are related to principal-agent problems between the insurer and the insured, asymmetrical information about intentions and states of health, uncertainty about the future, and moral hazard problems. Together, these explain why the private sector is generally loath to insure against unemployment or pregnancy, or to cover certain types of health risks (Barr 1998: 108–126; Stiglitz 2000: 359–363). Paradoxically, commercial insurance may deny cover to low-risk cases while providing it to higher-risk cases, which violates the risk-sharing principle underlying insurance (Barr 1998: 117; Stiglitz 2000: 316–317).

Since the profitability of insurance companies depends on the independence of risks between insured parties, the existence of strong covariant risks is a strong discouragement to the formation of insurance markets. If all (or many) of the insured parties make claims at the same time, the insurer may be bankrupted. Typical covariant risks include many 'natural' disasters such as droughts, floods, some pest infestations (for example, locusts), and armed conflict. The private insurance company is unlikely to provide full cover for such areas without state guarantees, or without strict limitations on the type and level of liability.² Commercial insurers do not provide unemployment insurance either, and again the reason is largely covariant risk; a recession resulting in widespread unemployment could bankrupt the insurer.³

Similar problems affect other markets. Uncertainty about future earnings means that banks will not generally lend money to students without state guarantees or collateral from parents.⁴ This amounts to an imperfection in the market for human capital formation, since children from poor households are too great a risk for most lenders. Uncertainty about future earnings and the risk of operative failure also explains why banks do not lend money to help poor people to pay for expensive, but life-saving, medical procedures.

These and many other, often overlapping, market failures help to explain why the richer countries have built comprehensive welfare states. While developing countries do not have the comprehensive welfare systems of the West, they often do have free or subsidised education and health care, state pensions, food subsidies, various conditional and unconditional cash transfers, and disaster relief, for similar reasons.

In the risk-based school, social protection measures are justified 'in utilitarian terms' (Barr 1992: 749) on the basis of real or potential welfare losses arising from market failures and the ability of public action to prevent or

compensate for these losses. Deciding on the appropriate nature and scope of social protection measures is a pragmatic exercise based on the costs and benefits, judged in utilitarian terms, of various possible government interventions (for example, taxation, subsidisation, regulation or direct provision) versus the costs of leaving the problem to the market.

There is little talk of rights or needs in this discourse. Indeed, the index to Stiglitz's major textbook (Stiglitz 2000) contains no entries for 'rights', 'human rights', 'needs' or 'basic needs'. Barr, a leader in the risk-based literature on social protection, goes further than most, but he subsumes rights under statements of 'value judgement' and 'ideology'. '[T]he proper place of ideology is in the choice of aims, particularly in the definition of social justice and in its trade-off with economic efficiency; but, *once these aims have been agreed*, the choice of method should be regarded as a technical issue' (Barr 1998: 98; emphasis in original). 'There is wide acceptance of the value judgement that people have a right to adequate nutrition and health care. These are *aims*; but the existence of these rights does not, per se, have any implications for the best method of achieving them' (Barr 1998: 100).

The neo-classical risk-based literature is much concerned with poverty, though it defines this solely in terms of income; within the income poverty school, its concern is usually absolute poverty. There is an extensive literature on possible public policy interventions to alleviate inadequate incomes (see, for example, Barr 1998, Stiglitz 2000 and the sources they cite). The risk-based school has only just begun to grapple with chronic poverty. There is often the (reasonable) assumption that chronic poverty is linked to depth of poverty. To the extent that this is true, the very poor and/or the chronically poor may suffer from several overlapping and mutually reinforcing market failures that prevent them from using the market to manage risk. Social protection measures are particularly important for such people.

Rights-based arguments for social protection

Since the Universal Declaration of Human Rights (UN 1948) declared the existence of economic and social rights, the discourse on rights and social protection has taken root. In essence, this literature suggests that the state should provide social protection to its citizens as a matter of right.⁵

But where do human rights come from? One can discern three traditions within the human rights school:

- natural law;
- constitutional law and international law, especially international human rights law; and
- a theory of human needs as a basis for human rights.

Natural law has a quasi-theological character and is rooted in the Judeo-Christian tradition. Natural law is based on a few axioms or articles of faith. In this tradition, all humans have rights because of their inherent human dignity. The respect of that dignity implies a system of rights and obligations, or duties. One of the clearest expressions of the natural law tradition comes from the American Declaration of Independence: 'We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights'. The natural law tradition is now widely (though not universally)⁶ held to include economic and social rights, as well as the more traditional civil and political rights of classical liberalism.

The second source of human rights is constitutional and international law. Since the Second World War, there has developed a large corpus of international law, including international human rights law and international humanitarian law. For the purposes of this chapter, the most important parts of the corpus are the Universal Declaration of Human Rights (UN 1948) and the International Covenant on Economic, Social and Cultural Rights (ICESCR) (UN 1966a).⁷ National constitutions also frequently enshrine rights for their citizens. This 'legalistic' interpretation of rights says that human rights exist because the great majority of the world's states have ratified a certain number of human rights treaties, or because national constitutions confer rights on their citizens.⁸

Rights are not about charity or morality; they are binding legal obligations, in this view. The UN High Commissioner for Human Rights put it this way: 'the power or human rights lies not just in the expression of an aspiration ... but in the articulation of a legally binding framework' (Arbour 2005: 5). This emphasis on rights being grounded in law is an attempt to give rights, especially economic, social and cultural rights, the political and policy traction that they might not otherwise have. Contrary to what some liberal critics of economic and social rights have argued in the past (see, for example, Barry 1990: 80), economic and social rights are justifiable. Courts in Canada, India and South Africa have ruled that economic and social rights are justifiable (see, for example, Rights and Democracy 2003).

Natural law and the legalistic traditions of human rights are often linked; for example, the preambles of the main human rights treaties allude to the natural law principle of the inherent dignity of the human person (UN 1948: Preamble; UN 1966a: Preamble).⁹

But natural law and legalistic traditions can also contradict each other; for example, on the question of whether laws give rise to rights, or whether rights exist prior to (and without) law. Jeremy Bentham believed the former, saying that '*Right*, the substantive *right*, is the child of law ... from laws of nature [can come only] *imaginary rights*' (Bentham 1998; emphasis in original). The drafters of the American Declaration of Independence took

the latter view, saying that it is 'self-evident' that 'Governments are instituted among Men' to 'secure these rights'.

The third tradition within the human rights school is sceptical about both the faith-based character of natural law and the legalistic grounding of human rights. Since natural law is essentially faith-based, what can one do about non-believers? What does one say to the drafters of the American Declaration of Independence if one does not accept that these 'truths' are 'self-evident'? And of the legalists one could ask what would happen if enough states withdrew their ratifications of these human rights conventions: would human rights then cease to exist? Indeed, if rights are based on the existence of conventions and constitutions, were there no rights before the conventions or constitutions came into force? This third tradition asserts that the notion of human rights can only be grounded on a theory of basic human needs (Doyal and Gough 1991; Taylor-Gooby 1991; Munro 2000; see also Sen 2004).

The needs-based theory of rights sees human rights as part of moral philosophy. To have any system of moral philosophy, one must have a moral agent. A moral agent is a person who is capable of making choices, specifically of choosing between good and bad. Going back to Thomas Hobbes (1651), the mere existence of human life is not enough to ensure a decent existence; for that, security of the person and his/her property are essential. Therefore, the survival and 'avoidance of serious harm' (Doyal and Gough, 1991: 40) to the moral agent are the basis for any system of moral philosophy, whatever its ends may be. Human needs can be defined as those things that are required to avoid serious harm to the moral agent. Though the boundaries of this set of things may be fuzzy, the core set is clear enough: physical and psychological security, the ability to participate in decisions that affect oneself and one's community, health care, basic education, adequate nutrition, an adequate livelihood. To say that someone has a 'right' to any of these things is merely to say that he or she needs them in order to be and remain a moral agent.¹⁰ The realisation of rights is thus essential to any moral philosophy; indeed to any system of law. In short, a convincing theory of rights can be built without recourse to natural law, constitutions or international treaties.

In relation to social protection, the International Labour Office got close to this theory in 1942, when it defined a social safety net as 'a form of social security which provides assistance to persons of small earnings granted *as of right* in amounts (that should be) sufficient to meet a minimum standard of *need*' (ILO 1942: 84; italics added).

In all three versions, human rights theory holds that rights are binding obligations. This means that someone is obligated. For every rights holder there must then be a duty bearer. Sometimes the duty is simply to forbear from acting: for example, I must abstain from hitting you unless you attack me first. But this is merely respecting your rights, and, to be meaningful,

rights must be respected, protected and fulfilled. There are therefore also duties to protect rights; for example, a policewoman is duty-bound to protect a person who is being hit. And there are duties to fulfil rights: the state is obliged to help people who have been hit – for example by providing medical care and counselling.

But not all rights are claims against the state. Sometimes the claims may be against other citizens. Take the case of a girl's right to an education (UN 1948: Article 26; UN 1966a: Article 13; UN 1989: Article 28). This right implies that the state has a duty to 'take steps... to the maximum of its available resources, with a view to achieving progressively the full realisation of the [girl's] right' (UN 1966a: Article 2) to schooling of adequate quality near the girl's home. The girl has claims against the state in that sense. But the girl also has claims against her family and her community. The girl's parents are obliged to allow the girl to go to school. They must not put any obstacles in her way. Similarly, members of the girl's community are constrained from taking any steps to prevent the girl attending school – for example, by harassing her on the way to and from school.

All rights, including civil and political rights, have resource implications; elections cost money, as do police forces and judicial systems. But many economic and social rights (for example, education, health care, social security) are particularly resource-intensive. Rights-based thinkers acknowledge the scarcity of resources in the face of an unlimited number of possible demands; all rights cannot be realised immediately for all people everywhere. Hence the international human rights instruments incorporate the doctrine of the progressive realisation of rights. They accept that scarcity is a problem, but insist that governments and other duty bearers must make a concerted effort over time to allocate resources to the fulfilment of their duties to rights holders. The ICESCR requires that 'Each State Party to the present Covenant undertakes to take steps... to the maximum of its available resources, with a view to achieving progressively the full realization of the rights recognised in the present Covenant' (UN 1966a: Article 2). But how much effort is enough? What are 'the standards and processes for monitoring... [the] core minimum obligations of State parties and the progressive steps required' (O'Neill and Bye 2002: 29)? Neither the statute law nor the subsequent case law clarifies the issue much (Robertson, 1994; O'Neill and Bye 2002: 31–32, 42).

A rights-based approach to development is now the official policy of many development organisations. Several United Nations agencies have developed a 'common understanding' of the human rights-based approach to programming (UNDG 2003). Among the NGOs, the BRAC, Oxfam, the Save the Children Alliance, and World Vision are the leaders in the rights-based approach to development. All these organisations are trying, with varying degrees of difficulty and success, to understand the implications of incorporating human rights into the daily business of project and programme

planning in general (Brouwer 2005; Courdesse and Hemmingway 2005; Goulden *et al.* 2005; Ljungman and Forti 2005; Munro forthcoming) and into concrete domains such as social protection in particular. UNICEF took the lead in designing a 'rights-based approach to programming' (UNICEF 1998) including in situations of social protection. It includes a sophisticated, rights-based situation analysis for identifying when and how violations of rights are occurring, and hence, who is responsible (UNICEF 2000a,b, 2004). The UNICEF tool and other project-level tools like it (for example, NORAD 2001) are useful in designing individual interventions, including in social protection. Since the doctrine of human rights is loath to create a hierarchy of rights, however, such project-level tools are of little use in deciding which violation(s) of rights are the most serious. It is unclear what their role should be in broader public policy debates— that is, at programme and policy levels (Munro forthcoming). The risk-based thinkers, with their concepts of welfare losses and opportunity costs, have much less difficulty.

Needs-based arguments for social protection

The concept of human needs stretches back at least as far as Thomas Hobbes (1651), who insisted that security of the person and of property was necessary for any kind of decent life. The poverty studies of the nineteenth and twentieth centuries described the poor diet and insecure and unhealthy living conditions of the poor (for example, Engels 1845; Riis 1890; Rowntree 1901). These authors used words such as 'necessity' to describe such things as a basic diet, adequate shelter, sanitary living conditions and simple clothing. At the same time, they used words such as 'insufficiency' and 'lack' to describe their absence.

Such studies laid the foundation for the now established tradition of poverty surveys based on poverty lines. These surveys establish and cost out a list of basic needs, including a minimum diet, defined by the level of caloric intake needed to remain alive and economically active, and usually some other necessities such as clothing and shelter. Often health care and education costs are included as well. People whose income is below the level required to purchase this set of commodities are deemed to be 'poor'.

The 1970s saw the ascendancy of the 'basic human needs' school of development policy (Afrentiou 1990).¹¹ The basic needs school set itself up in contrast to the earlier fixation of development economics with the growth of income per capita. The basic needs school redefined development in a more humanistic fashion, as the extent to which people's basic needs for health, nutrition, literacy, shelter, clothing, employment and security were met. The list of basic human needs they used has its roots in the nineteenth- and early twentieth-century poverty studies, and to later poverty line studies: people living below the poverty line are unable to meet their basic needs.

The basic needs school relied, usually implicitly, on Maslow's hierarchy of human needs (Maslow 1943), which was popular throughout the social sciences in the 1960s and 1970s. The usual 1970s list of basic needs corresponded closely with the bottom two levels of Maslow's hierarchy, namely 'physiological' needs (health, nutrition, clothing, shelter) and 'safety' needs (adequate income, security).

The seminal article in the basic needs school was Dudley Seers' 'The meaning of development' (Seers 1969), which questioned whether the growth of GNP (gross national product) per capita was an adequate measure of development. Seers suggested not that GNP per capita is irrelevant, but that distributional issues are also important. Most importantly, growth is possible, they asserted, without any improvement – and possibly with a deterioration – in the levels of things that really matter for the quality of human life: the basic needs of health, nutrition, literacy, shelter, clothing, employment and security. The job of social protection is to ensure that these needs are met if they cannot be met through individual or community effort. Indeed, the objective of public policy generally should be to ensure that basic human needs are met.

There are three arguments in favour of basic needs: a moral or intrinsic argument for the satisfaction of basic needs, an instrumental argument for the satisfaction of basic needs, and a political argument (Streeten *et al.* 1981). The moral case asserts that the satisfaction of basic needs is a good thing in, and of, itself. The mental and physical suffering caused by the lack of satisfaction of basic needs is largely avoidable, given modern wealth and technology. The obstacles to the universal satisfaction of basic needs are mainly social, political and economic (and thus amenable to public policy), not technical or scarcity-based. Continuing to allow current levels of unsatisfied basic needs when they can be satisfied is morally repugnant.

The original proponents of the basic needs school in the 1970s were mainly economists, agronomists, nutritionists and medical professionals (for example, McHale and McHale 1977). The moral and political theory underlying the basic needs school was not very sophisticated, and the legal arguments were conspicuous by their absence. Some leading lights of the basic needs school even argued that basic needs could *not* be seen as human rights (Streeten *et al.* 1981: 184–192). The basic needs school relied on an intuitive approach to morality based on a sense of human solidarity and compassion in the face of unnecessary suffering. Social protection, at least in the sense of providing basic human needs to all, especially to those who are least able to support themselves, is thus a moral imperative.

The second argument is that the satisfaction of basic needs is good not only intrinsically, but also instrumentally. Expenditure on primary health care, basic education, sanitation and nutrition is not consumption, but rather investment, with high rates of private and social return. Healthy, well-nourished and well-educated people are more productive, can support