ANALYSIS

Basic Social Protection

Positions of Key Development Actors

www.brot-fuer-die-welt.de

Imprint

Published by
Diakonisches Werk der EKD e.V.
for „Bread for the World"
Stafflenbergstraße 76
D-70184 Stuttgart

Phone: ++49 (711) 2159-0
Fax: ++49 (711) 2159-288
E-Mail: info@brot-fuer-die-welt.de
www.brot-fuer-die-welt.de

Art. Nr.: 121 319 018

Author: Dr. Markus Loewe
Editorial Staff: Dr. Klaus Seitz, Mechthild Schirmer, Sabine Schlecht
Layout: Jörg Jenrich, Katrin Gottwald
Responsible: Thomas Sandner
Cover Photo: Christof Krackhardt
Printing: Kuppinger, Weinstadt
Translation: Birgit Kolboske

Printed on recycled paper

Stuttgart, October 2008

Basic Social Protection

Positions of Key Development Actors

by Markus Loewe

(German Development Institute)

Contents

Abbreviations

ADB	Asian Development Bank, Philippines
AfDB	African Development Bank, Côte d'Ivoire
AIDS	Acquired Immune Deficiency Syndrome
BMZ	Federal Ministry for Economic Cooperation and Development, Germany
CCT	Conditional Cash Transfer
DED	German Development Service
DFID	Department for International Development of the United Kingdom
DIE	German Development Institute
EC	European Commission
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
GDP	gross domestic product
GNI	gross national income
GTZ	German Technical Cooperation
IADB	Interamerican Development Bank
IFAD	International Fund for Agricultural Development
ILC	International Labour Conference
ILO	International Labour Organization
IMF	International Monetary Fund
IPC	International Poverty Center, Brazil
IPEA	Instituto de Pesquisa Econômica Aplicada, Brazil
MDGs	Millennium Development Goals
NGOs	non-governmental organizations
ODI	Overseas Development Institute, UK
OECD	Organisation for Economic Co-operation and Development, France
OECD-DAC	Development Assistance Committee of the OECD
PROGRESA	Programa de Educación, Salud y Alimentación, Mexico
SA	Social Assistance
SDC	Swiss Agency for Development and Cooperation
SIF	Social Investment Fund
SP	Social or Non-contributory Pension Scheme
UNDESA	United Nations Department for Economic and Social Affairs
UNDP	United Nations Development Fund
UNICEF	United Nations Children's Fund
UNO	United Nations Organization
USAID	United States Agency for International Development
WFP	World Food Programme
WHO	World Health Organization
WP	(Public) Work Programmes

Overviews

Annex

Preface

Economic globalization has enforced social injustice both, inside states as well as among them along with increasing impoverishment and social exclusion. Despite enormous increases in production, economic exchange and global economic integration on an undreamt of scale, we have to come to the following conclusion: while the 500 richest individuals of the world have a joint income that is bigger than that of the poorest 416 million people, more than a billion people have to make do with less than one US dollar a day. Hence a life in absolute poverty is predefined for them. This situation and the comprehensive exclusion from the opportunity to become politically involved is a violation of human dignity.

For many years now the work of "Bread for the World" and its partners has focussed on the poor, with the aim to do them justice and to spur self-improvement. A series of so-called "Hunger Studies" in various countries and world regions proved the need for specific strategies to reach the poorest of the poor. For these communities existential security has become the prerequisite for income-generating measures and thus for forms of help towards self-help. Hence within the framework of the "Global Poverty" project "Bread for the World" and its partners want to enhance their engagement on the issue of social security, in particular by approaches to basic social protection aimed at the poorest of the poor. Guidance by human rights is the foundation for that.

The present study elaborated by Markus Loewe, senior researcher at the German Development Institute, on behalf of "Bread for the World" specifies the meaning of "social basic protection" as well as the positions significant development actors have adopted in connection with fighting poverty. But this study should not merely provide an important educational basis for our own position finding process and concept development. It can moreover make an important contribution to current debates in Germany, triggered by resolutions of the German Parliament regarding future weighty dealings of public development cooperation with social protection.

Stuttgart, August 2008

Mechthild Schirmer
Bread for the World
"Global Poverty" Project

1 Introduction

More than half of all people worldwide lack reliable protection against the effects of hazards like e.g. diseases, old age or unemployment. This is due to the fact that in most countries just a small minority group of the population is in the possession of social insurance (often only civil servants and members of the armed forces), and commercial insurance products are likewise too expensive for most people.

Sure enough, in many places especially the rural population is still embedded into networks and communities bound by solidarity (like for instance extended families, the tribe, the village community or friends) whose members support each other in case of emergency. There is, however, no enforceable legal claim to this support, making it less and less reliable with the erosion of traditional social structures. Then there is also the fact that unified communities can no longer cushion risks like droughts, flooding, HIV/ AIDS or flood disasters given that usually many members of the same community are affected by them.

Thus since the mid-1990s a major subject in the international development debate has been the issue, how better and more predictable protection against the effects of hazards can be provided for people in developing countries. Various proposals are being discussed, including in particular

- opening existing social security schemes for additional segments of the population,

- establishing new social security schemes tailored to the requirements of the so far less protected population groups;

- establishing or extending tax-funded health care systems offering free or heavily subsidized health services, thus offering at least partial protection against the economic impact of diseases,

- strengthening and formalizing traditional institutions of social security (like for instance the aforementioned unified communities) or

- establishing micro-insurance schemes, which offer insurance products with low rates of contribution and limits of indemnity that are tailored to the specific possibilities and requirements of those groups, plus

- creating schemes for basic needs, guaranteeing one's livelihood by paying social transfers either universally to all members of a target group, e.g. as citizen's dividend; or targeted to the financially suffering members of this group, e.g. as social assistance (Loewe 2004a; Loewe 2004b).

The last mentioned suggestion has become increasingly popular over the last years. While most of the richer, industrialized countries have already disposed for several decades of basic social protection schemes, the developing countries were in the past largely dissuaded from applying them. An often-used argument against those schemes were the costs they implied for the state, which were – according to a popular notion – competing with a more productive use of sparse public funds. Only recently there is a growing number of experts, who hold a more nuanced view on that and several bi- and multilateral donors have explicitly advocated the promotion of basic social protection schemes under certain circumstances in developing countries.

Thus in the following the arguments in favor of and against establishing and extending basic social protection schemes in developing countries will be discussed, as well as the positions taken by key actors in bi- and multilateral development cooperation regarding these systems. This will be done in four steps. Chapter 2 defines what is exactly understood by basic social protection; which forms of social protection schemes there are, which are the arguments in favor of establishing or expanding them in developing countries and what are the objections against them.

Chapter 3 explains, what caused in recent years social protection schemes to become increasingly regarded as both an option for the developing countries as well as an area of operation for development cooperation. Chapter 4 analyses the positions of fifteen key actors in bi- and multilateral development cooperation regarding the promotion of social protection schemes in developing countries. Chapter 5 offers a conclusion.

2 Basic Social Protection

What is basic social protection?

'Basic social protection' refers to benefits, i.e. instruments and programs that protect individuals and households against the worst forms of poverty independent of whether they have made an advance payment or belong to a specific community.[1] Another way of putting it would be that society, as a whole, understands itself as one big insurance community, whose members try to protect each other at least against existence-threatening poverty. Therefore part of the taxes could be regarded as the membership fee of the insurant. Nobody can escape membership in the community, it originates from the individual's or household's affiliation to that particular society – just like a basic claim to benefits in case of need.

Yet according to practice so far, basic social protection schemes only take effect, when all others systems of social protection have been exhausted, that is when a hazard like for instance crop shortfall has occurred, which is covered by neither private nor national social insurance; or in case of pension claims too low to cover the minimum subsistence level. Naturally non-governmental actors can likewise establish basic social protection schemes. But since it really matters here that one can rely on one's entitlement to benefits, they are in practice exclusively managed and funded (usually with tax money) by the state. Only the state has the means to compensate increasing benefit payments with increasing revenues, by obligating the members of society with an increase in taxes to higher fees.

What types of basic social protection schemes are there?

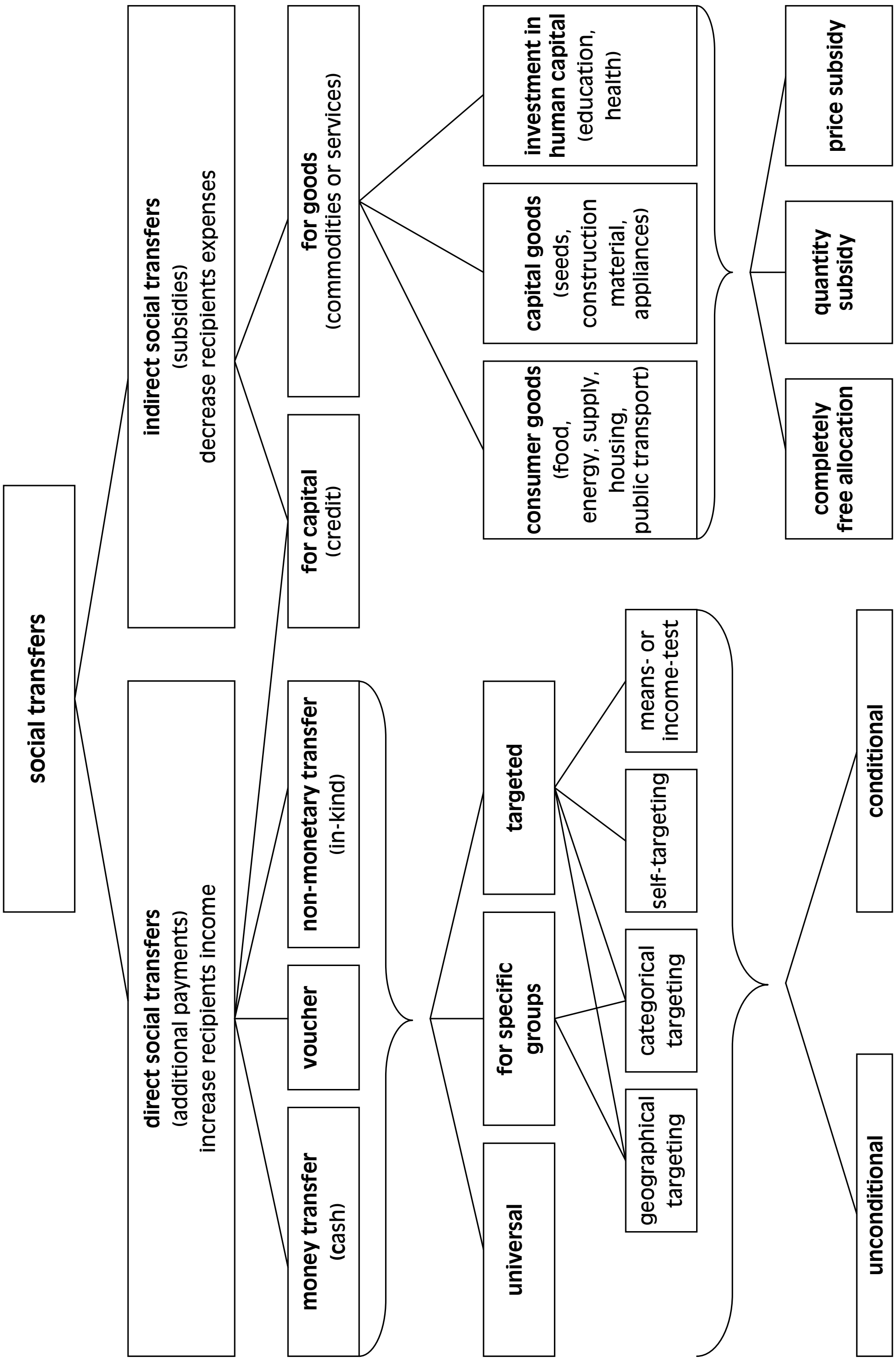
The benefits of basic social protection schemes are called social transfers, with a lot of different kinds of social benefits. Not all of them are equally apt to actually meet the requirements of basic social protection schemes. Corresponding to direct and indirect taxes, one distinguishes between direct and indirect social transfers (see overview 1). Just like direct taxes like for instance income tax has to be paid by the taxed persons themselves, direct social transfers (sometimes also called 'additional payments') are being paid directly to the beneficiary. This may involve money transfers (e.g. social assistance), vouchers (e.g. for food or to prove one is entitled to housing benefits), or in-kind transfers (e.g. food parcels, seed, construction material, medication). The aim of direct social transfers is to improve the income of the beneficiaries. Whereas indirect social transfers are supposed to reduce their expenses, by cheapening the goods predominantly demanded by the transfer's target group. Thus it is a matter of subventions - of consumer goods (like e.g. food, petrol, electricity, housing, or public transport) or investments in human capital (educational opportunities or health services). Subsidized credits are marginal cases: since lower credit rates altogether improve a household's possibility to consume it could as well be called a direct transfer.

Apart from their nature (cash, voucher, in-kind) the main difference of social transfers lies above all in the definition of their beneficiaries. Every member of society or pertaining to a subgroup of society (e.g. everybody over 65, or all families with children under age) is entitled to universal transfers. Targeted transfers, however, are only supposed to flow into the hands of those who really depend on it. In more developed countries this is determined via so-called income-tests, where the household income is compared to its consumer needs. In developing countries, however, it is often impossible to establish the income reliably. Thus the needs of a household have to be established by other criteria (Coady/Grosh/Hoddinott 2002):

- Means-tests quantify the equipment of a household with sound durable consumer goods (car, washing ma-

[1] In some countries, however, the benefit of social welfare is attached to the condition that the recipient is a citizen or at least residing for a certain amount of time on national territory

Overview 1: Categorization of the different kinds of social transfers



Source: Loewe taking into account Alderman (2002); Chu/Gupta (1993); Coady/Grosh/Hoddinott (2002); Coudouel et al. (2002); Euzéby (1987); Kaltenborn (1995); Norton/Conway/Foster (2001); Subbarao et al. (1997).

chine, heating, furnishings, firm roof, lockable front-door) as a proxy-indicator for their level of prosperity.

- Categorical and geographical targeting proceeds on the assumption that members of certain household categories (single mothers, parents with more than three children, disabled persons) or the inhabitants of specific regions (e.g. rural areas or the mountain localities of Upper Egypt or North-eastern Brazil) are disproportionally affected by poverty and should therefore receive assistance.

- In the case of community-based targeting the village community, which knows its members so much better than any civil servant will ever do, are asked to identify the beneficiaries of social transfers themselves.

- Self-targeting assumes that the promised social transfer will only be granted under certain conditions that will discourage anybody, who is not indigent. For instance in Egypt only dark-grained bread is subsidized, because any Egyptian who can somehow afford it, will not do without white bread. Food-for-work programs grant support in exchange for hard menial work.

Conditioning social transfers as in self-targeting may, however, pursue other goals as well. Thus so-called conditional cash or conditional food transfer programs have been en vogue in recent years, granting their benefits only conditionally. Typically households identified as eligible for benefits have to send their children to school regularly and all mothers and children have to undergo regular preventive medical exams. As a result one hopes to prevent child labor, promote education and health and to abolish gender inequity (de la Brière/Rawlings 2006).

Several kinds of targeting and conditioning social transfers can be combined. Thus for instance the Mexican Programa de Educación, Salud y Alimentación (PROGRESA; the program is now called Oportunidades), which paid conditional cash transfers (CCT) had a three-step selection procedure: eligible were only (i) the inhabitants of particularly poor regions, whom (ii) means-testing had identified as beneficiaries and (iii) whose children attended school and the preventive medical exams on a regular basis (Coady 2002).

Overview 2 shows the targeting criteria and additional conditions some especially often-practiced forms of social transfers combine. That includes among others

- the aforementioned conditional cash or conditional food transfer programs,

- public work programs that may involve the already mentioned cash-for-work programs but also food-for work programs (Missaglia/de Boehr 2004),

- social assistance programs,

- non-contributory basic pension and non-contributory means-tested pension schemes,

- universal child allowance and means-tested child allowance schemes as well as

- food parcels, food stamps, and food subsidies.

In addition to social transfers (cash, voucher, in-kind) and delimitating the circle of beneficiaries there are numerous distinguishing criteria more, like for instance their amount and assessment basis deciding about the transfer amount in the individual case. Some of these criteria are shown in overview 3. For all these criteria a decision has to be made for one option or another, when a social transfer system is designed or newly established.

What are the reasons for establishing safety nets?

One should think that this question has already been answered. Social protection schemes are to take effect when all other social security schemes fail to get anywhere, in order to prevent the worst effects of poverty.

It is after all the predominant opinion that not only do they promote social justice in society, but also allocate efficiency in economics and stability of the political system:

Overview 2: Typical Social Transfers at a Glance

Assessment of requirements	Unconditional	Conditional
Universal	■ General food subsidies ■ (Citizen´s dividend)	■ Cash- or food-for-work program ■ Cash- or food-for-education/ health program
Universal for all members of a specific social group (categorical or geographical targeting)	■ Non-contributory basic pension ■ Universal child/family allowance ■ Food parcels/rations	■ Cash- or food-for-work program ■ Cash- or food-for-education/ health program
Needs-based (income- oder means-test or community-based targeting)	■ Social assistance ■ Food stamps	■ Cash- or food-for-work program ■ Cash- or food-for-education/ health program
Needs-based Income or means-testing **plus** only for members or a specific social group (categorical or geographical testing)	■ Social pension (non-contributory means-tested pension) ■ Means-tested child/family allowance ■ Food stamps	■ Cash- or food-for-work program ■ Cash- or food-for-education/ health program
Source: Loewe 2007		

1. Social justice in society: Unlike other systems of social security basic social protection schemes not only fight transitory, but also structural poverty.[2] (Devereux 2002; Farrington/Harvey/Slater 2005). For one thing, when a risk like e.g. unemployment, disease or crop failure occurs and the other systems of social security cannot prevent that the people affected by this hazard will impoverish, they see to it that at least their poverty will not become a threat to their existence. For another, basic social protection schemes shield against the worst effects of the risk of being born into a poor family: it is nobody's fault to grow up in poor circumstances – according to Rawls[3] – which is why society should at least see to it, that nobody will have to live in dire poverty just because of his social background, and likewise that each member of society gets at least the chance to improve his situation by his own efforts. That is, basic social protection schemes pursue the triple goal of (i) preventing that people become completely destitute, (ii) guaranteeing that poverty will not perpetuate, i.e. that it will not be passed on automatically from one generation to the next and (iii) seeing to it, that the persons af-

[2] Poverty is called 'structural' or 'chronic' when it is due to a lack in possibilities and often passed on from one generation to another; when the general conditions for the target group do not change. Whereas 'transitory' poverty is triggered by hazards impoverishing people, who had before not necessarily been poor.

[3] Rawls (1971) argues, that social justice corresponds to that kind of resource allocation of a society desired by everybody, if everyone would not be a priori aware of his (economic) station in society. Under the veil of ignorance, however, people would advocate to improve the situation of the least well off members of society, so that in case they themselves become the poor members of society, they will not have to suffer too much. According to Rawls this so-called maximin rule would represent a formulation of social equality.

Overview 3: Design options in constructing social transfer system

■ What is the benefit? (Cash, voucher, payments in-kind, price advantage, tax allowance, free service) ■ Who or what is the subject for assessment? ■ Which is the level of groups of persons entitled to benefits? (Individual, household, family, clan, village community...) ■ Who is entitled to benefits? (All: universal transfers, all members of specific categorical or geographical groups or just the needy) ■ How will be established who belongs to the group of beneficiaries? (Income-test, means-test, categorical targeting, geographical targeting, self-targeting) ■ Does the amount of benefits vary? (Universal vs. variable transfers) ■ How much is granted? (Maximum and minimum amount of social transfer) ■ Which is the basis for assessment of the exact transfer amount in the individual case? (Income, consumer expenses, price of the consumer good, number of children, degree of disability etc.) ■ How strong is the influence of the assessment on the transfer amount? How high is the withdrawal of transfer rate? ■ How does one deal with the loss in real value due to inflation of the initially fixed benefit amount, i.e. how are benefits dynamized? ■ How often and for how long are social benefits going to be paid? When will the entitlement to benefit be due for another examination? ■ How does one deal with insufficient self-help? What are the possibilities for sanctions? ■ Which are the requirements for getting benefits, or aren't there any? ■ How are social transfers financed? (General budget, special taxes, credit/deficit, external aid) ■ Who disburses the social transfer to the beneficiaries? (Social Services Department, branch banks, post offices, schools, hospitals, ATMs, local trades/supermarkets, mobile street workers)
Source: Compilation by Loewe considering Chapman (2006, 16-21); Coudouel et al. (2002, 540); DFID (2006, 30); Kaltenborn (1995, 11-15); Loewe (2004b, 62f.).

fected get at least a chance to get rid of poverty (Loewe 2004b, 35).

But the existence of basic social protection for every human being is not just a desirable goal of social justice, but a declared human right. Thus it says, e.g. in Article 22 of the Universal Declaration of Human Rights in 1948:

> *"Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality." (UN 1948)*

2. Allocative efficiency of the economy: The economic function of basic social security consists in protecting human and real capital and promoting the accumulation of further human and real capital – one could almost say: it is the prerequisite for that.

On the one hand, an existing basic social protection keeps people from selling essential capital in order to guarantee their (economic) survival. One can observe that people without basic social protection are forced to sell all their production assets so as to survive. But in doing so, they lose the most valuable instrument to escape poverty when the crisis is over. In addition to that, many people feel obliged to take up health-damaging jobs and even take their kids out of schools, so that those can earn some money too, thus also destroying the family's human capital (de Janvry et al. 2006, 5 f.).

On the other hand, the existence of basic social protection encourages members of all social classes (maybe with the exception of the most desperate poor) to invest into productive capital and education. People without any social security will behave especially averse to risks: they will evade investments linked to risks, i.e. the yield of which is not clearly fixed. If they put any money aside at all, they will hoard it or put it recklessly in the bank or into a savings account, to ensure that the saved money will by no means diminish in value and be immediately available in case of need. The disadvantage of such behavior is that likewise the money put aside will hardly increase in value. The chance of making a significant profit with investments of any kind is nearly almost linked to a certain risk.

In the capital market it says: the investor's willingness will be rewarded with a higher forward rate. Something similar applies for investments in real capital and education, which on average generate a comparatively high return, but occasionally may also cause a loss. That is, a risk only those can take, who are at least protected against the most severe risks of everyday life (like e.g. diseases or accidents), and thus will not spiral down into existence-shattering poverty (Lipton 2003). This is exactly the security safety nets can provide – for people of all social classes. Hence they make an important contribution to increasing the productivity of the economy affected as well as accelerating economic growth.

3. Stability of state and society: The political function of basic social protection schemes is at least as important as the social and economic role. That is especially true for developing countries, and in particular for both young democracies as well as fragile and decaying states. By fighting poverty, providing for an equal income distribution and stimulating economic growth, systems of basic social protection increase the citizens' happiness, improve acceptance of the political system and the state as such, and strengthen social cohesion in society. Especially poorer members of society often see no reason to accept and respect a social contract or the likes of it, unless they can detect a substantial material advantage for themselves, and as basic social protection schemes do provide them (Johnson/Williamson 2006, 51 f.; Barrientos/DeJong 2004, 7 f.).

Many social protection schemes possess additional side effects, with some of them actually turning into the decisive argument to establish or promote them:

- Social and non-contributory pensions paid to older and unemployable/disabled persons improve their self-esteem and station in society. Sometimes they even increase the willingness of working people to take care of their older or disabled relatives and friends.

■ Moreover one observed in Southern Africa that it is to the benefit of many AIDS orphans, when their grandparents receive social or non-contributory pensions. When people suffering from AIDS die early, the grandparents often raise their children, even if they can hardly subsist themselves. If those grandparents are granted a social or non-contributory pension, they often use it so that their grandchildren can attend school and receive good medical care (Duflo 2003).

■ Conditional cash transfer (CCT) programs only grant assistance under the condition that the recipients' children attend school and undergo medical prevention exams on a regular basis. Apart from the effect on the beneficiaries' income, they have a positive effect on the human development situation that exceeds the above already mentioned effect (safety nets as enticement to invest increasingly in real and human capital; Lavinas 2003; Rawlings/Rubio 2005).

■ Likewise work programs should always pursue a double goal. In the first place they represent a substitute source of income for the employed worker. But their work could produce goods that are beneficial especially for the poor; to mention a few examples: drinking and waste water systems as well as roads connecting remote villages to town markets (Ravallion 1998).

■ Social transfers can help to develop local markets in poorer regions. Often the sole reason that such markets do not exist is that not enough people with buying spending power live there. Even vital goods are not offered, because the transport into that region does not pay off given the extremely small number of solvent clients. In situations like that social transfers can push the spending power of enough households over the critical threshold that demarcates a sufficiently strong demand. Trade people and craftsmen will benefit from that without being themselves recipients of social transfers. The increase of their buying power may as well benefit the recipients of social transfer in a second round, because now their goods are increasingly in demand. Such multiplier effects could activate a cycle that will sustainably stimulate the productivity and economic development of a region.

In a quite similar way this may have the effect that a denser network of post offices, banks and insurance agencies will emerge in a so far underserved region and the financial sector as a whole will be fortified. Especially so, when not just the population of that region will (thanks to primary and secondary profits) save increasingly and be able to take out provisions; but if the government will commission those banks and post offices disburse the social transfers, which, in doing so, can already cover a significant fee.

What are the arguments against social protection schemes?

Several arguments against the establishment and expansion of basic social protection schemes in developing countries came up in the international debate. Naturally costs were the main argument. Until recently many argued that social transfer represented a discharge of means, which then were no longer available for productive purposes (thus e.g. Chu/Gupta 1998). Hence, the argument went, one had to decide in principle whether one really wanted to spend the sparse public funds of developing countries on fighting poverty and redistribution, or rather on higher economic growth, which in the long term would reduce poverty so much more sustainably. Today this argument is rarely proffered in this form. By now most experts acknowledge that social transfers can even be rather significant for an increase in economic growth – as described above.

Nevertheless it is difficult for developing countries to spend large sums on social transfers: First, their revenues are often so low, that any expense is hard for them. Second, it depends on each individual case, if social transfers are actually more important than other government expenditures. In favor of the payment of social transfer is the right to social security manifested in the Universal Declaration of Human Rights. Yet money spent on social transfers may be missing in health or education policies, both human rights in their own. Third, politics often fail to convince their voters of the necessity of social transfers, even when there are a lot of good reasons for them. This has to do with the fact that in many countries the urban middle classes represent the most important clientele of politicians, which in turn tends to object to programs that are to the sole benefit of the poor. All other arguments against social protection in developing countries are less substantial and some even unfounded (DFID 2005, 2-3; Gore/Patel 2006, 13 ff.):

■ Developing countries do not possess the required capacities both in designing and establishing programs as well as allocating the social transfers: The same could be said for most investments in other political domains, implemented for the first time by a country. There is no country today in the possession of a social transfer system that at some point has not been obliged to acquire the necessary know-how. Moreover the developed countries can give them a hand.

■ Developing countries are incapable of targeting transfers: As a matter of fact there is no such thing as perfect targeting – and much less so in developing countries. Still this cannot be used as a fundamental argument against the establishment of social transfers, if these have proved necessary. In an extreme case one has to make do without targeting and pay universal transfers instead.

■ The risk of corruption and misappropriation of funds is too high: This risk lurks in all places where the government spends money; and it is by no means bigger for social transfers than for any other area.

■ The poor could misuse (lavish) the transfers: The first argument against this is that the poor in developing countries are so busy struggling to survive, that they are not even tempted to use social transfers for anything else but the most important consumer needs. A fact that is proved by all relevant studies. Second, this is a risk that can never be ruled out completely in any connection with state benefits. Yet this argument is seldom used when the beneficiaries of state expenditures are in particular the middle classes. Thirdly one should beware of placing the beneficiaries of social transfer under disability. The risk of sub-optimal use of money is likewise given when the money stems from other sources, like e.g. earned income.

■ Social transfers diminish the incentive to proper provision and self-help through work: Of course there is certain justification for this argument, yet it affects mainly those countries where, the social transfers lie clearly above the income level required for mere subsistence. Typically social transfers in developing countries are kept so tight that they will hardly quench the incentive for many people to work or to make provisions.

■ The increased spending power of the poor will be partly annulled due to the fact that an increased demand will lead to a rise in local prices: This too may sporadically be the case when deficits are competing. Again a sharp limit of the social transfer amount paid out will help here.

■ National social protection schemes will add to crowding-out traditional subsidiary networks: The majority of empiric studies on this issue have established that this effect is limited and thus acceptable. Besides traditional systems of social securities erode (at least) in urban spheres anyway, so that sooner or later they are not reliable any more.

3 The new interest in social protection schemes

For some years now social protection schemes enjoy notably growing attention. Until the late 1990s the almost exclusive issues of debates on social security in developing countries had been reform options for social insurance and the high costs for consumer goods' subsidies. Social transfers were only mentioned as a facility to cushion structural adjustment programs socially, and thus smoothing their political enforceability – if at all. The only way to explain that this understanding has fundamentally changed in the new millennium is the comprehensive paradigm shift in the international development debate, which ended in 2000 with the so-called Millennium Summit in New York, where the international community of states set out to accomplish the Millennium Development Goals (MDGs) until 2015.

Starting point for the development was the so-called Washington Consensus, based on neo-liberal economics that ruled the 1980s. It was above all manifested in the stabilization and structural adjustment programs (SAPs) of the International Monetary Fund (IMF) and the World Bank that intended the consolidation of trade and budget balance in the indebted developing countries; a continued and non-interventionist monetary and fiscal policy as well as the structural reform of markets. Poverty reduction was to a high degree equated with an increase in economic growth, since one assumed that owing to the trickle down effect the poor would sooner or later benefit from growth as well.

Already in the mid-1980s there were indications for the unsustainability of this assumption. In many developing countries that had implemented those stabilization and structural adjustment programs instead of decreasing, income poverty increased (especially in Africa and Western Asia). In almost all countries affected, the indicators for non-monetary aspects of poverty deteriorated for the first time in decades. That was mainly due to the fact that in many developing countries budget consolidation was achieved especially via spending cuts in the social sectors (health, education, water supply, housing, nutrition, social assistance) and many public enterprises were privatized in the context of structural adjustment programs, whose employees were subsequently dismissed. Hence the United Nations Children's Fund UNICEF demanded "structural adjustment programs with a human face".

World Bank and IMF refined their programs more and more, and flanked them with social components. Thus so-called social investment funds were established in many countries, indemnifying the social losers of the programs unbureaucratically, thus trying to reduce the resistance they met with in the local affected population.

The SIFs typically financed measures to improve the infrastructure in underserved areas (food- resp. cash-for-work programs) on the one hand and on the other micro credit programs for small and micro enterprises. At least in the beginning the funds were conceived as temporary tools, supposed to support in particular the new poor (i.e. the victims of structural adjustment measures). They were certainly not regarded as instruments for individual risk-management not to mention chronic poverty.

Then there is also the fact that in most countries the funds only had very little financial capital and worked rather inefficiently. Thus for instance the cash-for-work programs spent most of their budget on planning and the construction material for the financed infrastructural measures. Only a smaller part was spent on the workers. Thus the balance of the social investment funds turned out rather modest. They succeeded above all in improving the infrastructure in rural regions, while notable effects on poverty and unemployment rates remained to be seen. Hence the funds can only help to prevent the risks if at all. They are largely unsuited to overcome individual risks and macro shocks a posteriori (Cornia 2001; Witt 1997).

The trend reversal in international development policy was launched by the United Nations Development Programme (UNDP), which in 1991 confronted the World Bank's World Development Report for the first time with a Human Development Report (El Masry 2003). Therein the UNDP explained that economic growth would by no means automatically lead to an improvement in social development. Moreover the UNDP criticized in this report that a one-dimensional, purely economic understanding of poverty, neglecting the socio-economic, political and socio-cultural aspects of poverty marked the international development debate. Hence it should not come as a surprise – so the UNDP in the report – that among other things the health and educational situation of a majority of the population had rather deteriorated than improved during the 1980s in many developing countries (UNDP 1991).

During the following years United Nations sub-organizations and programs organized numerous conferences where the international community of states set itself detailed goals to improve the social and economic development worldwide. The prelude to this was in 1990 the UNESCO organized conference Education for All in Jomtien (Thailand) and the United Nations World Summit for Children in New York. In 1992 followed the so-called Earth Summit in Rio de Janeiro. Another very important meeting was the 1995 World Summit for Social Development in Copenhagen.

The result of the world summits and their resolutions was a slowly emerging new paradigm in the international development debate, that was first joined by the UN and the Organisation for Economic Cooperation and Development (OECD), and finally as well by the World Bank and the IMF. The new paradigm stands in clear contrast to the development philosophy of the 1980s and is as such sometimes called ‘post-Washington-consensus’.

Characteristic is its more comprehensive understanding of poverty that not only covers the lack of income, but also includes the lack in health and education, political rights and social security. As a result the one-sided concentration on economic target values like economic growth, income and combating inflation were replaced by the concept of an ecologically, socially and economically sustainable development. The new paradigm also regards a competitive, equity-oriented economic order as a requirement for development and poverty reduction; but in contrast to the Washington Consensus it emphasizes that competition and equity can often only be maintained with targeted interventions of the government. This development reached its hitherto climax in 2000 with the so-called Millennium Summit in New York, during which the United Nations adopted the Millennium Declaration. Its four main chapters “Peace, Security and Disarmament”, “Human Rights, Democracy and Good Governance”, “Development and Poverty Eradication” as well as “Protecting our Common Environment” summarize the most important goals of the preceding world summits. Out of the goals contained in the last two chapters were developed with few modifications the Millennium Development Goals (MDGs) in 2001 and in 2002 adopted on the International Conference on Financing for Development in Monterrey (Mexico) from the international community of states (cf. Overview 4).

Since then the international development debate is dominated by the question how the Millennium Development Goals can be achieved until 2015. It turned out that in many developing countries much less shortages on the supply side (lack of schools, teachers, health facilities, drinking water pipelines etc.) got into the way of implementing the Goals, than deficits on the demand side (little interest, inability to pay off the users).

As a result the user fees for education and health systems introduced as part of the stabilization and structural adjustment programs are abolished again in many places. During the 1980s one had foremost the consolidation of national budgets in mind and feared that educational and health services offered for free could be used unduly. By this time the eradication of poverty with all its dimensions is back to the fore again, and with it the willingness to pay for that. User fees for education and health services are opposed to this goal. Plus now there is sufficient empiric prove for the fact that in the long-term, investing into education and health pays even from an economic point of view (Clemens/Kenny/Moss 2004). Thus the government is well-advised to compensate the insufficient payment capacity and reserves of its citizens.

Overview 4: The Millennium Development Goals (MDGs)

MDG 1	**Eradicate Extreme Poverty and Hunger** Target 1: Halve, between 1990 and 2015, the proportion of people whose income is less than $1a day. Target 2: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.
MDG 2	**Achieve Universal Primary Education** Target 3: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.
MDG 3	**Promote Gender Equality and Empower Women** Target 4: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.
MDG 4	**Reduce Child Mortality** Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.
MDG 5	**Improve Maternal Health** Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.
MDG 6	**Combat HIV/AIDS, Malaria and Other Diseases** Target 7: Have halted by 2015 and begun to reverse the spread of HIV/AIDS. Target 8: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.
MDG 7	**Ensure Environmental Sustainability** Target 9: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources. Target 10: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation. Target 11: Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers.
MDG 8	**Develop a Global Partnership for Development** Target 12: Develop further an open, rule-based, predictable, nondiscriminatory trading and financial system. Target 13: Address the special needs of the Least Developed Countries. Target 14: Address the special needs of landlocked developing countries and small island developing states. Target 15: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. Target 16: In cooperation with developing countries, develop and implement strategies for decent and productive work for youth. Target 17: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries. Target 18: In cooperation with the private sector, make available the benefits of new technologies, especially information and communication technologies.
Source: MDG Monitor, 2008	

A similar change of perspective occurred in the social protection schemes. With the exception of the social investment funds they played no significant part during the era of stabilization and structural adjustments. The developing countries successively reduced the generous subsidies they had granted until the late 1990s on staple food, electricity, fuel oil and public transport to make the purchase of vital goods easier for the poor, without in exchange increasing the amount of direct social transfers granted by the state. Many governments argued, given that developing countries could not afford major social programs, they should better use the sparse public funds for productive purposes. The change of thinking only started with the declaration of the MDGs. Since that time, social protection schemes are considered as an instrument for poverty eradication.

This certainly carries the risk that social transfer systems are established in order to obtain successes in the implementation of the MDGs as quickly as possible, which are not necessarily sustainable. It is e.g. feasible that developing countries have their social expenditures financed by donors without taking into account that it is by no means a safe thing that donors will continue their payments post-2015.

Hence donors emphasize that social protection schemes should not be established just due to their short-term reducing effect on income poverty, but because of their secondary and long-term effects on the different dimensions of poverty: the expenditures of the poor for education and health, their capacity to rid themselves from poverty as well as the willingness of the a little bit better off to make longer-term investments in productive and human capital.

4 Positions of key actors

The new interest of donors and other important international development institutions in social transfers shows a relatively wide spectrum. It ranges from a rather benevolent evaluation over active support to the readiness to finance perpetually current social benefits in developing countries.

In the following the positions of some of these donors will be presented. The most influential international agencies in the area of social security (World Bank, ILO, UNO, UNICEF, UNDP and World Food Programme/ WFP) were selected for this purpose as well as three regional development banks, the Development Assistance Committee (DAC) of the OECD plus three bilateral donors (the European Commission, the United Kingdom and Germany). That the International Monetary Fund is not presented in this survey is due to the fact that since the late 1990s it offers no more individual expertise on subjects, but subscribes to the World Bank positions (Gupta/Dicks-Mireaux 2000). Other possible choices for bilateral donors could have been the United States, the Netherlands, Denmark or Spain. In order not to prolong this study unnecessarily only those countries were included that in specific considered a stronger commitment in the area of social protection.

All of the donors presented in this study regard social transfers as an interesting and important instrument in eradicating poverty, to generate equal opportunities, to improve social cohesion and the acceptance of the state as well as for the promotion of investments, productivity and growth. Some donors add that social protection schemes also serve to redistribute income, whereas other claim, that these schemes improve the acceptance of urgently required economic reforms (liberalization, privatization) in the lower classes. Half of the donors state the consideration of human rights as the reason for their positions.

All of the nine actors have a more or less positive assessment of social assistance and social pension programs. Most of them also welcome conditional cash transfers (CCTs). Yet a minority takes a skeptical view; they question that the conditionality of social transfers makes sense, especially as previous experience has shown that poorer households spend a relatively large portion of additional income on the health and education of their children. Almost all donors hold an ambivalent opinion on public work programs: in some situations this approach might prove helpful, they believe, but to achieve that, a series of quite restrictive requirements has to be met. On the other hand in-kind transfers are unanimously regarded as second-best solutions, only to be adopted when for some reason or other no cash transfer system could be realized. The differences in opinion become especially marked regarding the issue, if needs-based or universal social transfers are better suited to fight poverty. The IADB and the German Federal Ministry for Economic Cooperation and Development (BMZ) tend to needs-based transfers, whereas the British Department for International Development (DFID), the ILO and the UNDP prefer universal transfers. World Bank, ADB and UNICEF have not committed themselves to general answer on this topic.

All actors examined here hold a positive view on the participation of the private sector and civil society in the conception, establishment and operation of social transfer systems. They hold different views, however, regarding the role of foreign donors. Without exception consultation, personnel training and financing credits were estimated favorably. But ILO, UNICEF, UNDP, and DFID go clearly beyond that scope: they demand that the donor countries should permanently participate in the funding of social transfers in developing countries (cf. overview A1 in the annex). Especially the ILO, the World Bank and the DFID distinguish themselves with specific activities. The ILO renders technical assistance for numerous projects in developing countries and will establish a fund, which can channel financial means from the developed countries into social transfer programs in developing countries. The DFID has financed a series of studies on the strengths and weaknesses of the different kinds of social transfer systems in developing countries. And the World Bank finances the establishment of different social transfer systems in at least 28 countries (cf. overview A2 in the annex).

4.1 The World Bank

At least since 1990 the World Bank has a positive attitude towards social transfer programs for poor and disadvantaged population groups; however, its evaluation and prioritization of the different kinds of social transfer programs have changed in course of time.

Especially striking is that the actual orientation of the World Bank regarding its cooperation with developing countries is always at least several years behind its conceptual and strategic papers.

World Development Report 1990

The World Development Report 1990: Poverty suggests a strategy to eradicate poverty that has three elements: (i) to promote economic growth that includes the poor, (ii) to provide basic social services to the poor (especially primary health care and primary education), as well as (iii) to flank the first two elements with social transfers.

The explanation for that runs as follows:

> *"Not all the poor will benefit from the policies discussed in Chapters 4 and 5. In the first place, it may take a long time for some of the poor - including the working poor and those in remote regions - to fully participate, and the old or disabled may never be able to do so. Second, even those who do benefit from the policies, there will be some who remain acutely vulnerable to adverse events." (World Bank 1990, 90)*

And it goes on:

> *"The state therefore has a role in aiding households or communities in times of insecurity and in ensuring minimum levels of provision to those unable to gain from the growth process." (Ibid. 90)*

Food subsidies and in-kind transfers (like e.g. food parcels) are judged critically largely owing to their negative effects on the consumer behavior of the households. Need-based social assistance is only recommended to support people like e.g. old or disabled people and orphans, who cannot take care of themselves; whereas cash-for-work programs are recommended for the working poor due to self-selection mechanisms:

> *"Public employment schemes are often cost-effective. Since poor people are willing to work for low wages, public employment programs can offer wages that screen out the nonpoor so that resources can be used more effectively." (Ibid. 97)*

World Development Report 2000/2001 and Sector Strategy Social Protection 2001

Ten years later the World Bank issued the World Development Report 2000/2001, again on the subject of eradicating poverty. This time the Bank granted social assistance programs a notably higher status than before:

> *"In countries with large informal sectors, where formal unemployment insurance is not feasible, means-tested social assistance is an important way of assisting the unemployed and underemployed." (World Bank 2000, 158)*

WDR 2000/2001 argues that there are three kinds of original causes for poverty:

- the affected person's lack in human, physical, natural, social, and financial assets,

- insufficient returns from the existing capital owing to obstructions in the marketing of the products, in the purchase of advances or in assuming rights,

wild fluctuations in profits due to an insufficient protection against social and economic risks, leading to loss of income or high expenses, perhaps forcing the affected persons to sell part of their assets.

Thus safety nets protecting against the consequences of the different kinds of risks are a vital instrument in eradicating poverty, and social transfers are an important measure for social security:

> *"Social assistance [...] is needed for those who fall outside the insurance net, including those who are self-employed and those who derive their income from informal sector activities." (Tabor 2002, 13)*

In addition to that, social transfers – just like any other social protection scheme – do stimulate higher growth. If they know that in case of need they are entitled to social assistance, low-income households too will be ready to incur more risks by investing savings into production assets and the education of their children, instead of stashing them away for emergencies – a basic prerequisite to increase their income in the long run:

> *"Knowing that safety nets exist can allow households to take initiatives that incur some risks, but bring potentially higher returns, such as growing higher yield varieties of crops and using modern farming methods; concentrating household labor on the highest return activities rather than working in many separate informal activities; holding assets in more productive, but less liquid ways than cash under the mattress. When hard times do hit households, safety nets reduce the need to make decisions that will diminish the chances of escaping poverty in the long run, such as withdrawing children from school or selling the assets that the household's livelihood rely upon." (World Bank 2007)*

Only a year after the World Development Report 2000/2001 the World Band published the paper Social Protection Sector Strategy: From Safety Net to Spring Board, which was directly based on that. Therein the Bank emphasized that each country had to decide individually on choice and design of the social transfer programs based on and corresponding to its own specifics:

> *"There are three main forms of public risk-coping assistance: (a) needs-based cash transfers; (b) in-kind transfers, subsidies, and fee waivers; and (c) public works. Each has advantages and disadvantages and presents different options for dealing with issues such as targeting, coverage, and incentive effects. The appropriate size and mix of possible programs will vary from country to country." (World Bank 2001, 33)*

But in general it gave cash transfers precedence over in-kind transfers:

> *"From an economic efficiency perspective, cash transfers are generally deemed to be superior to in-kind transfers because they do not directly influence market prices." (Tabor 2002, 7)*

> *"Cash subsidies provide recipients with greater freedom of choice [...] than is the case with in-kind transfers. With an in-kind transfer program, beneficiaries consume more of the subsidized target good than they would in the absence of the program." (Ibid. 8)*

> *"Cash transfer programs do not need to incur the costs of printing, securing, collecting, or processing quasi-cash claims. Unlike public works programs, there is little need for site-specific design or technical supervision services. Also, the logistics of moving cash from one point to another are fairly straightforward compared with moving large quantities of a subsidized commodity." (Ibid. 11)*

> *"Empirical research indicates that, in general, they [subsidies for goods] benefit the better-off more than the poor. Even when poor people do benefit, the income effect is typically small while the cost to the public budget is high." (World Bank 2001, 33)*

In the World Development Report 2000/2001 the World Bank recommended in specific both conditional cash transfers as well as tax-funded non-contributory pension schemes in addition to capital-covered privately managed 'formal pension' schemes:

"The general recommendation for pension reform is to establish a multipillar system: combining a publicly managed defined-benefit plan with a privately managed defined-contribution plan, supplemented by voluntary retirement savings. The publicly managed plan, funded from general tax revenues, can address poverty and equity concerns." (World Bank 2000, 153)

Other than in the WDR 1990 (see above) the World Bank now advocated in specific that families with many children should be supported by child allowances as well as very poor households by needs-based social assistance benefits:

"Cross-country experience suggests that family assistance and targeted social assistance are effective for reducing poverty in the short term, especially in countries with relatively little poverty." (World Bank 2000, 158)

In comparison to ten years before, public work programs now received a critical assessment:

"On the negative side, the cost of transferring benefits through public works programs is often high because of the need to finance materials and other inputs in addition to labor. In some countries, it has proven difficult to get to a labor intensity of more than 30 percent. This problem is compounded by an apparent trade-off between the degree of labor intensity and the quality of the infrastructure created. In addition, politicians often use these programs to help increase support for the governing party, and there have been serious allegations of corruption in many countries, mostly in programs where community involvement and project management have been absent or low." (World Bank 2001, 33f.)

A slight preference for universal transfers can be noted in WDR 2000/2001, where old or disabled persons, orphans or other persons fit only for limited employment need assistance. In case of the working poor, however, the report rather recommends targeting.

The World Development Report 2006

Since 2000 the World Bank's focus has slightly shifted again. Due to recent, very positive experiences it turned its attentions in recent years increasingly to tax-funded social pensions. Hence it says in the World Development Report 2006: Equity and Development:

"Even purely redistributive programs can have important opportunity-enhancing impacts. Take the example of social pension schemes in Brazil and South Africa. These schemes are pure transfers targeted to the elderly, geared strictly to avoiding destitution, but they have important welfare impacts beyond that. They improve the recipients' access to credit, thanks to the regularity of pension payments, and lead to higher investments in the household's physical capital and in the human capital of its children and elderly." (World Bank 2005, 148)

Whereas after having hyped CCTs for at least five years, the World Bank now considers them more soberly:

"In the CCT programs with good data, the targeting outcomes have been quite good at generally reasonable administrative costs. [...] The conditioning of benefits on use of health and education services serves the dual objectives of avoiding severe deprivation and enhancing opportunities for human development. But there is a tension between these goals. [...] In settings with low access to health and education services, this tension means that conditional transfer programs may not be appropriate vehicles for social assistance. The conditions would keep the program from serving the poorest. The opposite may be true as well: when the use of services is already satisfactory, it may not be worth using administrative resources to verify compliance with service use conditions." (Ibid., 153)

Actual Commitment

In the time between the publication of WDR 1990 and WDR 2000/2001 the World Bank's total volume of allowances in the field social protection has become seven times as large as the original amount. Schubert (2005) criticizes that the share of social protection projects in this increase is insignificant and on the whole allegedly only seven World Bank projects could be attributed to this field. But that is not true. The World Bank actually supported during the last years:

- CCT programs in at least nine countries (Bangladesh, Brazil, Dominican Republic, Ecuador, Indonesia, Jamaica, Columbia, Mexico and Turkey),

- Public work programs in at least 11 countries (Argentina, Ethiopia, Bolivia, Haiti, Columbia, Madagascar, Malawi, Palestine, Zambia, Sierra Leone and Tanzania),

- Social welfare programs in at least 17 countries (Afghanistan, Albania, Angola, Argentine, Bosnia-Herzegovina, Brazil, Chile, Eritrea, Indonesia, Yemen, Democratic Republic of the Congo, the Maldives, Palestine, Romania, Serbia, Sri Lanka and Uruguay),

- Social pension schemes in at least three countries (Argentina, Chile and Guyana) plus

- Food aid in at least four countries (Burundi, Dominican Republic, Pakistan and Guyana) (cf. Overview A2 in the annex).

By its own accord the World Bank has been active in 116 countries in the field of basic social protection during the last five years; in doing so implementing training measures in 85 countries, consultations in 84 countries and giving financial aid to 62 countries (Milazzo/Grosh 2007, 26). Furthermore remarkable is that the World Bank, which until the late 1990s only implemented short-term, smaller investments, by now not only supports long-term, large-scale projects, but even finances them in isolated cases (Barrientos/Smith 2005).

4.2 The Asian Development Bank (ADB)

The changes in the Asian Development Bank (ADB) ran parallel to the World Bank processes, the effects on the ADB programmatic orientation, however, were so much more advanced inasmuch as prior to the East Asian Financial Crisis the ADB had never developed its own profile in the field of social policy. Whereas the ADB borrowing policy remained more or less unaffected by the strategic reorientation.

Social Protection Strategy

The devastating social effects of the Asian crisis in 1997 caused the ADB to regard poverty reduction as their main goal in its cooperation with less developed member states. Thus in 1999 it published for the first time a poverty eradication strategy and two years later the Social Protection Strategy derived from that (ADB 2002).[4] For the regional bank that so far had been geared to promote growth and productivity in its member states, these steps marked a realignment of policy that was by no means undisputed within the ADB.

The sector strategy defines social security as:

> *"the set of policies and programs designed to reduce poverty and vulnerability by promoting efficient labor markets, diminishing people's exposure to risks, and enhancing their capacity to protect themselves against hazards and interruption/loss of income." (ADB 2003, 1)*

According to the ADB this includes five sets of instruments: (i) Labor Market Policies (including public work programs), (ii) Social Insurance Programs, (iii) Social Assistance and Welfare Service Programs, (iv) Micro and

---

4 The 2001 Sector Strategy was re-issued in 2003 in an unchanged version.

Area-Based Schemes, to address risk and vulnerability at the community level, like e.g. agricultural insurance and reinsurance, as well as (v) Child Protection Programs (ibid. 14).

Under point three, social assistance and welfare programs, the ADB subsumes (i) welfare and social services, institutionalized or community-based, for especially vulnerable groups of the population (orphans, old people, the physically or mentally disabled, drug addicts); (ii) (cash or in-kind transfers (e.g., food stamps); (c) temporary subsidies (e.g., energy life-line tariffs, lower prices of staple food in times of crisis); as well as (iv) price guarantees (ibid. 18). According to the sector strategy paper the overall goal of these measures is:

> *"to provide protection to those who cannot qualify for insurance payments or would otherwise receive inadequate benefits. Social assistance programs are designed primarily to enhance social welfare by reducing poverty directly. Programs targeted to younger people can also promote longer term growth and development by encouraging greater investment in human capital." (ibid., 18)*

As the target group of social assistance and welfare programs the ADB names people, who are unable to obtain sufficiently high earned incomes: the old, the physically or mentally disabled, widows, orphans, families with many children and long-term unemployed.

The ADB does not object to public work programs, yet judges their potential rather more critically than the World Bank. It thoroughly explains, that these programs can become very expensive and are especially suited for the temporary support of recently dismissed workers and very poor long-term unemployed during an urgent economic crisis in poor regions, but not as a long-term solution. In this context it makes sense that the ADB does not categorize work programs in the social assistance and welfare programs, but in the above mentioned labor market policy. In order to cap the costs the ADB recommends for both, public work programs as well as social assistance and welfare programs rigid targeting, that is to limit the circle of beneficiaries to the most needy members of society, which are identified by transparent criteria:

> *"Where allocated public funds are limited and country needs are large, public programs will likely be unable to provide adequate coverage; resources should thus be targeted to those most in need." (ADB 2003, 54)*

The ADB takes a different attitude with programs whose target group are children or adolescents, belonging to the fifth category of social policy measures: (i) early child development interventions; (ii) school feeding programs, scholarships, waiving of health fees, family allowances; (iii) street children initiatives; (iv) child rights advocacy/awareness programs, including for child labor, trafficking, and sexual exploitation; and (v) youth programs to avoid social anomies in teenagers, drug addiction, early pregnancies, HIV/AIDS and other transmittable diseases. Ideally, so the estimation of the ADB, all these programs would be available universally (ADB 2003, 23).

Likewise CCTs receive a positive assessment by the ADB. But instead of reducing income poverty, they should better be used to increase the school attendance of children from poor families:

> *"Social assistance programs have been used to achieve other social objectives, for example the provision of free school meals to encourage poor families to keep their children in education (especially girls) as well as providing basic nutritional needs to meet health objectives. However, the education or health sectors may now incorporate this kind of program, rather than include the program as part of a social assistance scheme." (Howell 2001a, 258)*

At the bottom of this is the same thought the World Bank has considered as well in WDR 2006 (see above), i.e. that families in need, which - for whatever reasons - cannot meet the requirements of the CCT programs are excluded from state allowances. The important thing, the ADB claims, is that all measures and programs share an integrated socio-political approach:

> *"to ensure consistency across programs, appropriate prioritization of in-country social protection needs, and adequate sequencing of reforms." (ADB 2003, 55)*

According to the ADB the state has primary responsibility for the establishment of social schemes and the welfare of especially poor and weak members of society. It explains this with Article 25 of the Universal Declaration of Human Rights (Howell 2001a, 278). Moreover – says the ADB – all its members had

> *"agreed, as part of the ESCAP Agenda for Action on Social Development (1995), that they will: (i) By 2000, formulate an overall policy framework that will accord priority to social protection for all, in accordance with the prevailing standards of society within available resources; (ii) Broaden coverage of formal social security systems or appropriate alternatives, especially for informal sector workers; (iii) Provide people with disabilities with education, health care, training and employment, and other social services; (iv) Establish social security and support services to bring elderly people into the economic and social mainstream; and (v) Provide fiscal and other incentives in support of the family as the basic provider of social protection to its dependent members." (Ibid., 278f.)*[5]

But the state should include the private sector, the local authorities and the non-governmental organizations (NGOs) in his socio-political efforts.

These should participate in the design, establishment and implementation of social transfer programs (Howell 2001b, 309). Moreover external donors were in duty bound:

> *"External aid for social assistance programs will be necessary for most of the countries in the region in the medium term. This aid may be restricted to technical assistance or be a more significant component, depending on the individual circumstances of the country. Both the overall amount of the aid and the areas to which it is channeled will be important for vulnerable groups." (Howell 2001b, 309)*

Thus the sector strategy paper of 2003 demands that likewise the ADB should show more commitment than before in the field of social protection with technical cooperation and credits (ADB 2003, 52). At the same time it concedes however, that the ADB is rather inexperienced with social assistance and social insurance schemes, thus suggesting that the ADB should seek cooperations with experienced partners like e.g. the ILO, the World Bank etc. (ADB 2003, 56).

Actual Commitment

From 1997 to 2001 the ADB has notably increased its activities to improve social security in its member states. For a while 13 percent of the volume of all credits went into that sector.

It is a clear reflection of the regional bank's programmatic realignment in the post-Asian Financial Crisis era. But in 2001 the majority of projects in the sector social protection were again emergency measures to manage urgent economic crises and natural disasters. Only 2.5 percent of the payment was linked to social assistance and social welfare measures (Schubert 2005, 7 f.).

By now the commitment of the ADB in the social protection sector has notably declined. Basically the bank has returned to its old point-of-main-effort sectors infrastructure, energy, financial systems, and agriculture. Of the loans promised in 2006, only 3 percent went into the educational sector and none into health or social

[5] ESCAP is the Economic and Social Commission for Asia and the Pacific, which is subordinate to the Economic and Social Council of the United Nations Organization as a regional office.

protection (ADB 2006). From the preceding years food-for-education projects in Bangladesh, Indonesia and Thailand as well as food resp. cash-for-work projects in Bangladesh, China, India, the Philippines and Sri Lanka are known (Islam 2002, 196; ADB 2004, 26).

4.3 The Interamerican Development Bank (IADB)

Unlike the World Band and ADB the Interamerican Development Bank (IADB) gives no indication of policy adjustment in its socio-political conception since 2000. To this day the IADB has no sector strategy social protection. Sure enough, it has always supported projects in the social protection sector and continues to do so, with a share that is even bigger than the whole loan accommodations of the ADB.

These assistance measures, however, are very orthodox. In the past they involved work programs, social investment funds or the privatization of social insurance schemes, while recently mainly CCT programs were supported. No other institution makes so unreserved propaganda for CCTs like this American regional bank.

The Poverty Reduction Strategy of 2003

The IADB regards social transfers as one of several possible instruments for social security, which are defined as a means to cushion severe macro-economic and individual risks (Aduan 2004; IADB 2003a).

On the whole basic social protection schemes are estimated positively. But they are to benefit in particular those, who are poor because they are a priori disadvantaged [due to age or mental/physical disability]:

> *"Governments have a responsibility to define and to provide effective safety nets for those unable to care for themselves. There will always be families who are poor because the adults are disabled or retired, or the head of the family has few job skills. In addition, there are families who are poor because they have a large number of dependents relative to the earning power of working family members. This sort of poverty is unlikely to be curable by measures to improve worker productivity because the family has too few working members per dependent. Safety nets should adequately address the specific needs of these groups through the use of compensatory targeted programs within the constraints of the fiscal budget." (IADB 1997, 12)*

It is made plain that social transfer system should only be used to reduce extreme poverty and not for large-scale income redistribution:

> *"Latin America has the most unequal distribution of income in the world. [...] A tempting reaction to this situation might seem to the direct transfer from the rich [...]. But no one advocates this method of poverty reduction both because it is not politically sustainable and because it would sharply curtail growth in a market economy with freedom of capital movement. What we propose here instead is a growth strategy whose benefits are progressive and is accompanied by government social spending and tax policies that favor the poor. If this is achieved, much of the potential for destabilizing violence will disappear as poverty goes down." (IADB 1997, 16)*

According to the IADB, objectives of social security in general and basic social protection in specific are (i) to prevent that low-income members of society have to shoulder bigger drops in welfare/income because they are not shielded against idiosyncratic shocks or systemic risks; (ii) to encourage poorer people to take riskier activities, but with higher returns, in the production sphere and labor market, thus spurring growth; as well as (iii) to arouse the readiness of major population groups to agree to liberalization and privatization measures of the government:

> *"Lastly, if the poor are shielded from income fluctuations associated with the lowering of*

trade barriers and flexible labor markets they will be more likely to back liberalization programs and pro-growth reforms." (IADB 2003a, 11)

In the opinion of the IADB the question, which concept is best suited to achieve the goals mentioned, depends to a certain degree on the context in each affected country. Usually different approaches would have to be combined:

> *"In practice, social safety nets will typically comprise a variety of programs and targeting methods, including cash transfers, public works programs and human development programs." (IADB 2003b, 13)*

In principle the IADB is open-minded towards in-kind transfers and subsidies, but the Bank as such promotes chiefly cash transfers. In the past it was in particular involved in financing numerous social investment funds, supposed to cushion the negative effects of structural adjustment programs, hence improving popular approval of these programs:

> *"Social investment funds [...] were an attractive instrument for governments because of their potential for offsetting spending cuts and the negative impact of the reforms on the poor. [...] Governments and the international community think of social investment funds as effective channels for assistance to the poorest communities. This is reflected in their ability to attract financial support from a wide range of bilateral and multilateral sources." (Bouillon/Jarque/Ferroni 2005, 56f.)*

Apart from that, the IADB has always acknowledged the potential of work programs, which had allegedly improved their design in the 1990s:

> *"The region has a great need for programs to help people who are temporarily unemployed to maintain a minimum income level and improve their employability. The programs carried out in the 1980s were heavily criticized because of the negative experiences with programs such as the minimum employment program [...] and the employment program for heads of households [...] in Chile and the labor intensive investment program [...] in Peru [...]. However, during the 1990s, there were better experiences with programs such as Trabajar in Argentina and Proempleo in Chile." (Bouillon/Tejerina (2006, 62)*

Though the IADB never advocated specifically excluding social assistance programs, it supported reform measures in this sector under certain conditions:

> *"The Bolsa Familia program was launched in 2003 with the unification of several existing cash transfer programs, and represents the government's most important poverty reduction initiative. The unification of several programs under Bolsa Familia reduces institutional and sector fragmentation [...]." (Bouillon/Jarque/Ferroni 2005, 61)*

The IADB likewise approves of non-contributory pension schemes, provided the budgetary position of the country in question allows for that:

> *"The Bank, observing fiscal sustainability criteria, shall promote the creation of noncontributive pension systems especially in rural areas. These pensions should be particularly relevant for rural women, who most often have spent their working lives in unpaid agricultural production or the informal rural sector. Given higher mortality rates for males, many elderly women become heads of rural house-holds without adequate means for survival." (IADB 2003b, 19f.)*

The pet programs of the IADB are, however, CCTs. The IADB had already been involved in the pilot programs of that kind as well in their advancement. The IADB cites as main reason for this, that CCTs not only improved the current but also future situation of the beneficiaries, since they invested specifically in human capital:

> *"If a government is going to use transfers to the poor as part of its poverty strategy, it should be looking for those with an investment component that increases the earning power of individuals. For example, as already discussed, providing access to education for poor children allows them to permanently escape poverty. The type of transfers that contribute to a successful poverty strategy are those that contain a significant investment component in addition to the cash or goods that are provided directly to the poor." (IADB 1997, 12)*

For all kinds of programs mentioned, the IADB recommended radical targeting:

> *"Universality signifies that no one should be denied the opportunity to satisfy basic needs, within the constraints imposed by the productive dimensions of the economy. Targeting, by favoring those who are poor and excluded in the allocation of public resources, is an instrument for pursuing universal access." (IADB 2003b, 19f.)*

In the understanding of the IADB it is certainly not their sole task to manage social transfer programs. Though the state will usually accept the bulk of costs, NGOs, self-help groups or religious organizations could take care of the implementation. This often had a positive effect on efficiency and acceptance of the programs, it claimed. But apart from that many countries are dependent on external aid.

Actual Commitment

The IADB still supports social investment funds, but recently mainly CCT programs. From 1989 to 2004 it granted 146 loans worth of US $ 2.8 billion for the establishment or reform of SIFs; that equals about 17 percent of its accommodation of funds or more than 3 percent of its total budget. Plus from 2000 to 2004, credits amounting to US $ 2.6 billion, equaling after all 60 percent of the business field 'social investments' and 9 percent of the total budget. Currently CCT programs are funded in Honduras, Columbia and Nicaragua (Barrientos/Smith 2005; Bouillon/Jarque/Ferroni 2005, 56).

4.4 The African Development Bank (AfDB)

Since recently the African Development Bank has a business field 'Social Security and Risk Management', but so far no projects have been attributed to that. Likewise no conceptual designs have been made for a commitment in that sector. Merely some emergency relief, children and HIV/AIDS projects have components that could be regarded as activities of basic social protection. Thus Schubert (2005, 9) cites a children's relief project in Zambia, where the AfDB is involved in cooperation with the GTZ. Within the scope of this project social transfers shall be granted to poorer households.

4.5 The International Labour Organization (ILO)

Much more than any other of the actors described before, the International Labour Organization has changed its positions on the subject of social transfers. Apart from the DFID und UNICEF the ILO is currently the most important power to advocate social transfer programs as a means of fighting poverty in the international arena. In order to achieve that, the ILO plans to create a 'Global Social Trust' by itself, an innovative financing mechanism based on international solidarity, where wealthier countries deposit money to fund the establishment of basic social protection schemes in developing countries.

The traditional ILO perspective

Traditionally the ILO defines social security rather instrumentally as the sum of all conceivable social insurance, social transfer and provisions systems that offer protection against the worst social risks. In accordance with the ILO Social Security (Minimum Standards) Convention, 1952 (No. 102) that includes temporary or permanent loss of income due to sickness or injuries, maternity, invalidity, old-age, unemployment or death of the family's breadwinner as well as the unexpected expenses incurred because of diseases, maternity, accident, death or a large number of children.

The ILO held a positive view on the existence of a cost-efficient social assistance program in addition to a powerful social insurance, provided the budget of the affected country allowed that. But at least in earlier decades the ILO's main attention was turned to social insurance. This may be attributed to the fact that the ILO trinity philosophy (i.e. the cooperation of trade unions, employers' federations and government) can be almost exemplary realized in establishment and administration of social insurance schemes, whereas social assistance schemes are usually managed by the state alone. But another reason is probably that in the past only in very few countries social transfer systems existed:

> *"Social assistance is to be found in virtually all industrialized countries. [...] In developing countries social assistance is much less widespread. Where it exists, it is usually restricted to just one or two categories of the population, such as the elderly. The relative paucity of social assistance schemes in the developing world testifies to the problems which many governments have in devoting adequate resources to it. This should not be seen purely as a reflection of the low absolute level of national income or of government revenue. It may be questioned whether governments, in establishing their priorities, always give sufficient weight to their social assistance schemes, whose beneficiaries are rarely in a position of political strength." (ILO 2000, 65)*

The ILO emphasizes that everyone is entitled to adequate social security ensuing from the Universal Declaration of Human Rights as well as their own Convention No. 102, which was acknowledged by most countries worldwide:

> *"Social security is very important for the well-being of workers, their families and the entire community. It is a basic human right and a fundamental means for creating social cohesion, thereby helping to ensure social peace and social inclusion. It is an indispensable part of government social policy and an important tool to prevent and alleviate poverty. It can, through national solidarity and fair burden sharing, contribute to human dignity, equity and social justice. It is also important for political inclusion, empowerment and the development of democracy." (ILO 2001, 1f.)*

Yet in developing countries most people are de facto unshielded against social risks (Garcia/Gruat 2003). World Report 2000 deals with this issue, discussing four possible approaches to solution:

- an increase in the cash ration of social insurance systems,

- the establishment and expansion of needs-based social assistance schemes,

- the creation of universal transfer systems to guarantee a social subsistence minimum, as well as

- the promotion of micro-insurance systems (ILO 2001, 66).

The ILO principally does not give precedence to one of these options, since it believes that the decision for or against one social security strategy or another can only be made context specific:

> *"There is no single right model of social security. It grows and evolves over time. There are schemes of social assistance, universal schemes, social insurance and public or private provisions. Each society must determine how best to ensure income security and access to health care." (Ibid., 2)*

The ILO does not have a single answer to the question, if social transfers should be granted needs-based or universally. But if targeting takes place, the ILO advocates that is its based on conclusive and transparent characteristics (ILO 2001, 64-68). Whereas according to the World Labour Report 2000, it is an argument in favor of universal benefits that social programs should principally meet the approval of as much of the population as possible (ILO 2000, 188f). Admittedly such transfers existed only rarely in developing countries:

> *"Universal cash benefits are to be found in a number of industrialized countries, but only rarely in developing countries, one example being Mauritius. Universal services, particularly public health services, are more common. However, in recent years the universal character of these health services has been greatly eroded by the imposition of user charges, from which only the destitute tend to be exempt." (ILO 2001, 64)*

The ILO Campaign 'Social Security for All'

For some years now the ILO has increasingly favored social transfer systems in developing countries. This has several reasons:

For one thing, the ILO has realized that for many people in developing countries – in particular in the rural area - its traditional foci, i.e. the afore-mentioned risks, do not pose the biggest problem at all. For instance droughts, flooding, civil wars, price shocks etc. are much more dangerous for them, i.e. risks that always occur for a great number of people simultaneously. Insurance for such so-called co varying risks is difficult.

Secondly, many people in developing countries are poor by birth. At no point do they earn an income that allows them to make payments for social insurance fees to prevent future risks. On the contrary, they would need certain funds in the first place to build up a gainful occupation, from which they could earn an income.

Thirdly, social security is only a very limited instrument to achieve the Millennium Development Goals (MDGs). In most cases only the urban middle classes are insured. In particular the most needy, the rural population and the urban poor, have no access since membership in social insurance is linked to regular employment in the formal sector.

> *"Many people – working in the informal economy or those without any labour market attachments – have little or no contributory capacity. As a result, tax-financed social benefits provide their only prospect for social security coverage." (van Ginneken 2003, 53)*

Fourthly, the ILO recognized that international efforts for the implementation of the MDGs could lead to a significant increase in global development aid transfers, from which the ILO could benefit in particular, if it possesses expertise for socio-political instruments, bespeaking an immediate effect on the MDGs; or even better, advertises itself as the broker for channeling funds to the corresponding social systems in developing countries. So against this backdrop it is not a surprise that the newly awakened interest in social transfer systems comes in handy for the ILO, which probably has to do with the fact, that the ILO itself has kindled it.It was already speculated in World Labour Report 2000 that

> *"it would be important to make estimates of how much it would cost in terms of social assistance and other anti-poverty measures to eliminate the worst forms of poverty in the world as a whole." (ILO 2000, 189)*

And van Ginneken (2003) stated:

> *"Compared with developed countries, the scope for tax-financed benefits is much smaller in developing countries where governments have fewer tax resources at their disposal. However, this scope could widen in the future, if some basic income support could be financed from international resources." (van Ginneken 2003, 53)*

Even more recent definitions of 'social security' reflect the ILO reorientation. Thus for instance van Ginneken (2003) writes:

"Social security is defined here as 'benefits that society provides to individuals and households – through public and collective measures – to guarantee them a minimum standard of living and to protect them against low or declining living standards arising out of a number of basic risks and needs'." (van Ginneken 2003, 11)

Unlike social insurance benefits social transfers should always benefit in particular the poorest and most needy, which do not put away savings and cannot afford insurance fees, believes the ILO (2006, 33). That would be an argument for targeting:

"The two main components of social security are social insurance and tax-financed social benefits. Tax-financed social benefits are usually targeted on the needy, and are often awarded on the basis of an income and/or asset test." (van Ginneken 2003, 11)

But targeting also has disadvantages, since it often excludes the needy from benefits:

"Social assistance benefits fail to reach many of those in greatest need for one or more of the following reasons:
- they are unwilling to apply because of social stigma;
- they may be unaware of their rights under the legislation;
- they find it difficult to submit an application for benefit, as procedures are often complicated and time-consuming;
- social assistance is often subject to considerable administrative discretion, opening the way to favoritism, clientelism and discrimination.

The more rigorous the means test, the greater the likelihood that people will be put off from applying and that those in real need will fail to obtain benefit. [...] Means-tested social assistance has another major drawback, as it can discourage people from saving (or encourage dissaving) if they think that any savings they have will simply be deducted from the benefit that they would otherwise receive. Similarly, it may act as a disincentive from contributing to other forms of social protection. Thus it can help to create situations of need because of the perverse incentives inherent in means testing." (ILO 2001, 66)

In 2001 the ILO had still interpreted that as a recommendation in favor of self-targeting over means-tests:

"Self-selection mechanisms are often more appropriate than means testing, especially in the context of developing countries. These tend to be used, for example, in the provision of paid work in labour-intensive projects and of basic food aid." (ILO 2001, 66)

Yet in 2003 van Ginneken (2003) notes, that the above-listed problems are not limited to means and income-tests only, but also occur to a certain degree with all other forms of targeting:

"which has led some analysts to plead for a move towards an unconditional basic income. This approach has various attractive properties, in particular the fact that the take-up rate, and its poverty reduction effectiveness, is in principle very high compared to means-tested social assistance benefits." (van Ginneken 2003, 55)

And in 2006 the ILO concludes the following:

"The key objective is universality. That is the core mandate of the ILO global campaign on social security and coverage for all. As mentioned above, The International Labor Conference in 2001 unanimously entrusted the ILO with conducting that campaign." (ILO 2006, 33)

Another argument in favor of universal transfers is that they are politically easier to execute, since the middle classes (so important for political processes) also benefit from them.But owing to the limited financial capacities of the developing countries, the ILO suggests that they should primarily establish social transfer programs with an investive factor as large as possible, i.e. the recipients will actually spend the benefits on social investments (better alimentation, education and health) and not only on consumer goods. Here the ILO has in mind e.g. children's allowances conducing a higher attendance in primary schools (ILO 2006). Perhaps the ILO has not taken into consideration that especially the poor do not fit that criterion, since the first thing in their minds is to satisfy their acute consumer needs, instead of improving their middle-term developmental chances.

From this decision criterion for the prioritization of social expenditures, the ILO derived the recommendation in which order developing countries should ideally establish social programs for poor and needy households:

1. abolish fees for primary medical benefits (especially in HIV/AIDS countries);

2. grant family allowances preventing child labor;

3. grant households without working members targeted cash transfers;

4. establish cash for work programs for working poor, and

5. pay universal non-contributory pensions to old and disabled persons as well as to surviving dependents (ILO 2006).

If countries like India, Pakistan or Vietnam would give just a little more priority to social security and were actually willing to reserve (up to) 20 percent of the national expenditure, they could finance a package like that even today with their current fiscal revenues. Other countries, like for example Bangladesh or Nepal, however, would only be able to finance half of the costs incurred. Thus they did depend on external aid (Mizunoya et al. 2006; Pal 2005).

Hence the ILO advocates that bi- and multilateral donors of development cooperation not only assist poorer developing countries with training and consulting measures in establishing social systems, but also that they fund part of the current expenses, especially as in view of the ILO, social protection schemes are an especially effective and efficient instrument in implementing the MDGs.

Actual Commitment

By its own account the ILO states

"The ILO is committed, as shown by the consensus reached at the ILC (International Labour Conference) in 2001 [...]. Social security is a vital element in the struggle against poverty, and it should therefore be possible to forge partnerships with all those who support the UN Millennium Development Goal of Poverty Reduction." (van Ginneken 2003, 76)

Currently the ILO supports among other things a CCT program in Brazil. At the same time the ILO works on a 'Global Social Trust', which will be financed with a voluntary contribution of the employed in the wealthier countries in order to develop social security coverage for people in developing countries. The objective of the ILO is to rid 100 million absolutely poor people of poverty with the help of the 'Global Social Trust' by providing (i) free basic health care and (ii) and an unconditional basic income. To support 1.3 billion absolute poor worldwide in this manner, it would require 2 percent of the global gross domestic product (van Ginneken 2003, 63).

4.6 The United Nations

The United Nations Organization (UNO) as such does not offer a statement on the issue of social protection; there is, however, the UN DESA (United Nations Department for Economic and Social Affairs) policy note 'Social Policy'. It was written by Isabel Ortiz, who was Senior Economist (Poverty Reduction) in the Strategy and Policy Department of the Asian Development Bank (ADB) until 2003. Hence it is not surprising that the DESA policy note coincides in many assessments with the ADB sector strategy paper 'Social Security', it exceeds, however, the recommendations derived there by far. Thus social protection schemes are recommended for developing and donor countries as especially effective means for quick wins in the implementation of MDGs.

In the UN DESA paper social protection is defined as

> *"a set of instruments to bridge the gap between vulnerable groups and the non-vulnerable by diminishing people's exposure to risks and enhancing their capacity to protect themselves against hazards/loss of income." (Ortiz 2007, 54)*

According to the author this includes (i) social insurance schemes, (ii) social transfer programs and (iii) other schemes to assist the informal sector (social funds, agricultural insurance, food insecurity programs, disaster prevention and management etc.). She deplores that during the 1980s and 1990s social protection policies went out of fashion (except pension reform projects) and in Bolivia the Ministry of Social Security was even closed down:

> *"However, social protection is necessary in any society because the benefits of growth do not reach all, and people do not have the same capacity to overcome risks. Given the urgency to eradicate poverty, social protection is currently at the forefront of the social development agenda." (Ortiz 2007, 54)*

Ortiz takes a positive view on CCTs, social pensions, children's allowances, free school meals, food parcels, temporary subsidies (such as energy life-line tariffs, housing subsidies and food) as well as social services (for disability, orphans, street children, battered women, substance abusers, migrant workers) (Ortiz 2007, 54).

Rather doubtful, however, is her assessment of public work programs, given that they do not reduce long-term unemployment. The positive side is that such programs provide a useful infrastructure and keep workers in contact with the labor market (i.e. preventing that they become stigmatized by being unemployed for too long) (Ortiz 2007, 45). UNDESA also believes that in respect to targeting, the disadvantages outweigh the advantages. Targeting was administratively costly, excluded the needs of minorities and specific population groups, generated negative incentives for the employed and weakened the approval of social transfers. Hence targeting only made sense, if the poor represented merely a minority of the total population or to address the needs of specific population groups (e.g. ethnic minor-ities, families with many children, disabled person etc.). Otherwise there was a strong rationale for adopting universal policies (Ortiz 2007, 45).

Ortiz (2007) emphatically reminds in her last chapter, that many developing countries are completely dependant on the goodwill of external donors. Hence those should not just approve of the establishment of redistributive social transfer systems, but fund them within the scope of budgetary and program support. Social protection schemes were not just ideally suited to achieve quick successes with the MDGs, but also to abolish global distribution ineq-uities.

4.7 The United Nations Development Programme (UNDP)

The United Nations Development Programme is also a strong supporter for the establishment and extension of donor-funded social protection schemes in developing countries (Kamerman/Gabel 2006). According to UNDP estimates, social transfers do not only contribute to eradicating poverty and reducing social injustice, but also to economic growth, social cohesion, world peace and global security:

> *"Basic social security is effective in reducing poverty now and enabling inclusive growth and development. Basic social security is affordable [...]. The acid test is that governments of poor countries are already choosing to spend public funds on basic social assistance and noting its effectiveness as a weapon to fight poverty. Very basic social assistance could probably be financed with around 2% of Low Income Coun-*

try GNI - between $13b and $26b a year – well within the ambit of 0.7% of donor country GNI. Poverty, security, social justice and development are indivisible." (UNDP 2005, 3)

"Social assistance makes people less poor now and in the future. It reaches the poorest, protects the vulnerable and safeguards their rights. It is a current investment in productivity and growth – removing barriers to risk taking. It is a long term investment in human capital which prevents poverty from reproducing itself." (UNDP 2005, 10)

Hence the UNDP appeals to the donor countries not to cling to outdated doctrines and practices, but to support developing countries instead:

"Aid has a historic role to play in providing long term, reliable resources to fund the global provision of social security. To do so, it needs to break out of its current mindset and leave behind many of its entrenched orthodoxies and procedures." (UNDP 2005, 3)

One of the "orthodoxies" the UNDP regards as outdated is for instance the principle of economic sustainability of socio-political debates:

"One of the orthodoxies that needs to be challenged is the application of the idea of sustainable development. Sustainable development had an honourable beginning in linking poverty and environment, but has since become a mantra: misinterpreted as a legitimate reason for failure to fund anything which could not, within five or ten years, be paid for by people in poverty themselves. [...] Public budgets in the poorest countries need sustained support to deliver basic services alongside social assistance and social protection programmes – not just for a year or two, but for a generation." (Ibid., 4)

Public work and social assistance programs in particular receive a positive assessment by the UNDP (2005, 15-17). Even so small a transfer like e.g. US $ 1 per person/month could notably improve the recipients situation. Less enthusiastic is the UNDP about in-kind transfers; it definitely prefers cash transfers, since they are more versatile to the needy can and cheaper to transfer (ibid., 4).

Likewise CCT programs are favorably mentioned by the UNDP (2005, 17). However the International Poverty Center (IPC), a UNDP funded research center in Brazil, has strong doubts. It raises the question, if the same positive effects CCTs had on the investments of beneficiaries in education and health (proven by numerous empirical studies) could not have been achieved without conditionality as well:

"A crucial question is the need for conditionalities in the first place. The assumption that poor households would not automatically choose to invest in human capital cannot be taken for granted. Would the same impact not be obtained through unconditional transfers combined with significant improvements in the delivery of social services?" (Britto 2006, 17)

The IPC suspects that the current popularity of CCTs has to be attributed to the fact, that some multi-lateral donors feel uneasy about transfers being paid without conditions and restrictions – 'unearned' in a manner of speaking – to households in developing countries – possibly even with their support. Said discomfort, coupled with the great influence these organizations - referring to the World Bank and IADB - have on the international development debate, made the CCT concept so popular in the first place:

"Their visibility to donors was enhanced by scientifically 'proven' results made possible by the experimental evaluation of Progresa. This visibility, in turn, accounts for the popularity of CCTs, as additional loans and funds are made available for governments willing to implement them. Moreover, it is translated in considerable efforts of dissemination, as donor agencies increasingly act as intermediaries for the diffusion

> *of 'best practices' among developing countries. This illustrates how international organizations shape the discourse and practice of social policy around the developing world, but it does not lead to a clear-cut conclusion that governments have no room for manoeuver." (Britto 2006, 17)*

No less critical is the IPC position on the targeting of transfers:

> *"Most studies clearly show that identifying and reaching only the poor involves high administrative costs and requires capacity that may simply not exist in many developing countries. [...] It is easy to argue that scarce resources should be concentrated on those in need. However, neither the objectives nor the constraints are simple; they are both subject to political processes that determine what is to be allocated and to whom and for what reasons. [...] There is ample evidence of poor countries that have reduced poverty through universal social provision and from whose experiences much can be learnt." (Mkandawire 2005, 5)*

Following the Tsunami disaster the UNDP as such had supported cash-for-work projects in several affected Asian countries for the first six months. It currently supports a social assistance project in Chad (ibid.). But it also appeals to the donors to make large-scale investments in social protection schemes in developing countries.

As models for such a commitment the UNDP cites the Marshall Plan and the Solidarity Fund within the European Union (2005, 23-27). Admittedly, that would involve a great deal of expenditure, but the expenses for doing nothing would be much higher, it stated:

> *"At one level, the cost of doing nothing will result in continued poverty and increased insecurity for poor people themselves. Stunting for instance affects more than 90 million children in developing countries, and its impact will be felt into the next generation through reduced physical and mental health, mortality and morbidity. Increased poverty and inequality – bad in themselves - will fuel the forces that cause social unrest and conflict, affecting the security of all." (UNDP 2005, 25)*

Besides – the UNDP (2005, 25) argued on a concluding note – the donors had agreed to increase their development aid payments to 0,7 percent of the gross national product. At least in part this additional money could be used to fund social transfer systems.

4.8 The United Nation Children's Fund (UNICEF)

UNICEF as well has for some years now advocated social transfer systems in developing countries. That is attributed to the realization that worldwide children are disproportionally affected by poverty in all its dimensions, thus making them in particular beneficiaries of tax-funded reimbursements. Moreover especially poorer families spend additional incomes primarily on the education and health of their children.

In a similar way like other UN organizations, UNICEF had for years neglected to perceive cash transfer programs as a means for poverty reduction (Farrington/Harvey/Slater 2005, 17). In a 2005 publication on "Core commitments for children in emergencies" they are not even mentioned (UNICEF 2005).

The main reason for this is the concern that the governments and citizens of the countries, which are the main funders of UNICEF, expect to see tangible results of UNICEF's work. In the case of cash transfers this will not always be possible, given that specific changes in the target group cannot always be unmistakably attributed to the transfers (Gore/Patel 2006, 22).

However this concern has largely been overcome, the more so since important donors like e.g. DFID not only regard social transfer programs as an interesting instrument in fighting poverty, but also support them within the scope of their own bilateral developmental cooperation. For UNICEF social transfers are a key instrument in social protection, which is particular suited to support children, the main target group of UNICEF:

> *"As a component of social protection, cash transfers are a significant policy option to support vulnerable children and households." (Gore/Patel 2006, 1)*

> *"Social safety nets and other protection measures form a key component of social policy." (Köhler/Keane 2006, 10)*

They prevent that people will impoverish due to the occurrence of risks, thus encouraging low-income households to incur further risks to improve their income situation, and in doing so they increase the economic productivity and social cohesion:

> *"They can encourage willingness and ability to take risks, which can increase employment and reduce loss of human capital. They can prevent people from falling into poverty as a result of financial or economic shocks, such as sudden loss of income opportunities, or sudden health care costs. Studies cited by the Asian Development Bank have also shown that countries with more effective social protection programmes exhibit higher productivity. Finally, depending on how they are administered, social protection measures can also promote social cohesion." (Köhler/Keane 2006, 10)*

Yet the main function of social transfers is according to UNICEF the generation of social justice due to financial or in-kind support of the most poor and needy members of society:

> *"The aim of the social welfare system is to achieve welfare justice. This is done through provision of services to citizens, following certain rules and regulations, and through redistribution of resources to those in most need." (UNICEF 2003, 8)*

UNICEF believes that in most cases cash transfers are preferable to in-kind transfers like e.g. price subsidies or food rations. Their main advantage is their universal applicability: each household could decide on its own, what to use them for and chose the goods, it needed most:

> *"A key advantage is that unlike in-kind aid, cash allows households flexibility in deciding their spending needs. This can have positive results for children through its impacts on nutrition, health and education." (Gore/Patel 2006, 1)*

UNICEF makes no prioritization regarding the different kinds of cash transfer schemes (social assistance, social pension, CCT etc.). Likewise it does not give a categorical answer regarding universal or needs-based transfers:

> *"There are advantages to both approaches. The universality principle may be more expensive as more people would be eligible for social benefits. However, it also makes sure that all citizens have an interest in maintaining high quality of services. Experience has shown that the targeted approach, which benefits only the poorest, may become 'poor services for the poor'." (UNICEF 2003, 10)*

Even on the subject of conditionality of social assistance UNICEF obviously prefers to remain inconclusive in its judgment:

> *"Conditionality is a debated issue in social protection. On the one hand, it can ensure that critical needs are met, such as outcomes in nutrition or school attendance. On the other hand, imposing restrictions how the cash can be spent may diminish one of the main advantages of cash over in-kind aid: flexibility." (Köhler/Keane 2006, 10)*

However regarding the donor's role in establishing social transfer systems in developing countries UNICEF has an unmistakable position: In some cases they should even finance the social transfers themselves - long-term funding included. Especially concerning programs for AIDS orphans this will be inevitable, given that the affected countries possess by no means sufficient financial funds (UNICEF 2005, 6).

UNICEF itself currently co-finances the social assistance program in Mozambique. In addition to that it supports a CCT program in Brazil as well as children's allowance programs in Burundi and Kenya (Barrientos/Smith 2005, 13; Devereux et al. 2005, 9 f.; Leisering/ Buhr/ Traiser-Diop 2005, 125).

4.9 The World Food Programme (WFP)

Even the United Nations Food Programme, explicitly bound by its mandate to provide food in kind, is considering to accept cash transfers as a potential instrument for its own work (Gore/Patel 2006, 22).

This is not an easy move for the WFP, since it not only contradicts the Programmes mandate in principle; but it also lacks the required experiences and capacities to establish, consult or monitor cash transfer programs. So far the WFP has exclusively provided food assistance programs (Howell 2001b).

Nevertheless the WFP recently published a strategy paper (WFP 2006), in which it demands to have its own activities monitored for economic efficiency and effectiveness on a regular basis. In doing so, the WFP expressed doubts concerning the suitability of food assistance programs as an instrument in the (re-) creation of food security and challenges their advantage over cash transfers as the simpler and cheaper means for the undernourished.

4.10 The World Health Organization (WHO)

Traditionally the World Health Organization deals only marginally with social protection – obviously in the context of funding health care systems. Besides out of pocket spending (for health care services) this usually concerns social health insurance, private health insurance, tax-funded health care and remission of especially poor households as well as every conceivable hybrid version of these schemes. Only recently the WHO has taken into consideration the possibility of using unconditional social transfers to increase the solvency of poor households. In 2006 a commission was appointed to this end that has, however, not submitted any results so far (Chapman 2006, 1).

4.11 The Organisation for Economic Co-operation and Development (OECD)

The objective of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) is to coordinate development cooperation of Western bilateral donors. They discuss related issues with developing countries to find out where they share the same views. For these views in common they develop strategic guidelines that pretend to a certain liability for the development cooperation of the Committee's member states and act to some degree as a counterbalance to the World Bank's opinion leadership in the international development debate. There are for instance guidelines on the subjects of 'Poverty reduction' (OECD-DAC 2001), 'Poverty and health' (OECD-DAC 2003), and 'Promoting pro-poor growth' (OECD-DAC 2007).

So far there are no guidelines on the topic of social protection, there is however a Task Team on Social Protection and Empowerment (until recently 'Risk and Vulnerability Task Team'), sounding out the chances for consent in this sector. The Team proceeds on the assumption that social production is not competing with the resources in the productive sectors. In fact one should assume that social security and economic growth supplemented each other. And the same applied for social transfer systems:

> *"As well as providing safety nets, social protection reduces vulnerability to risk and so facilitates engagement by the poor in more produc-*

tive enterprises; they also reduce the dangers of an outflow of capital from productive activities to meet domestic shocks and stresses. Recent experience suggests an important role for cash transfers in both development and rehabilitation contexts." (Voipio 2006, 19)

Thus the DAC-POVNET Task Team on Risk, Vulnerability and Pro-Poor Growth registered in its discussions that the South African cash transfer system had notably reduced the number of poor people. In some countries more than 90 percent of the benefits paid flow to the poorer half of the population. As a result the nutrition situation of the poor improved substantially. Yet such a success required

- that the government of the respective country is seriously bent on fighting poverty,
- that it has permanently sufficient resources (taxes or development aid) at hand to fund the social transfers,
- that the targeting criteria are simple and transparent,
- that the disbursement methods work automatically and reliable, and that the target group is sufficiently informed about its benefits (Voipio 2006, 19).

The OECD-DAC principally adopts an open attitude towards social transfer programs, with a tendency to prefer cash transfers to in-kind transfers. Especially price subsidies, food-for-work programs and food parcels in particular are regarded skeptically. Cash-for-work programs and social pensions, however, receive particularly favorable assessments (OECD-DAC 2001, 34 and 69; Voipio 2006, 19).

So far the OECD-DAC has not developed policy recommendations for its members. Hence it is not clear how the role of development cooperation is regarded in the context of social protection schemes. The Department for International Development is obviously anxious for the OECD-DAC to advocate a clearly pro-active donor role in the establishment of such schemes. Other countries show more reservation. The end of that debate remains to be seen. But it would not be the first time within the circle of bilateral donors that the Brits carry their well-documented concepts home.

4.12 The European Commission

Likewise the Directorate-General for Employment, Social Affairs and Equal Opportunities of the European Commission has (so far) no strategy paper that answers the issues of social protection; much less a position on the promotion of basic social protection schemes. The Commission has registered that the existence of tax-funded social transfer programs extends to the developing countries, but is not aware of the fact that these programs represent a potential field of action in developmental cooperation. Currently it is only involved in the funding of public work programs in Ethiopia (EC 2007; Kaseke 1999).

4.13 The (British) Department for International Development (DFID)

No other actor in development cooperation has insisted so categorically in the establishment of social transfer programs like the Department for International Development.

Like in other sectors before, the DFID has at first processed its conceptual approach thoroughly, sparing no expenses in doing so, and then put it to the test with pilot projects, so as to present it to other donors with solid arguments and proofs.

In this manner the DFID has already accomplished more than once to consolidate a broad alliance that facilitated to achieve the British goals and strategies (in a way it could not have been done single-handed). Thus it would not come as a surprise if the whole current debate on social protection schemes could largely be attributed to the British campaign. The ace up in the British sleeve is their ability to define conclusively, which goal they pursue for what reason with which funds.

The practice paper 'Social transfers and chronic poverty'

Officially the DFID defines social security as

> *"a sub-set of public actions – carried out by the state or privately – that address risk, vulnerability and chronic poverty." (DFID 2005, 6)*

Similar to the ADB the DFID argues, however, that operationally, it is often more helpful to understand social protection as the sum of (i) social insurance, (ii) social transfers, and iii) minimum standards to protect citizens within the workplace (ibid.). DFID points out that social protection is a fundamental human right manifested in the Articles 22, 23.3 and 25 of the Universal Declaration of Human Rights of 1948; in Article 11 of the International Covenant on Economic, Social and Cultural Rights (1966) as well as Article 24.2c of the Convention on the Rights of the Child (DFID 2005, 6; Schubert 2005, 10).

Yet the practice paper 'Social transfers and chronic poverty' (DFID 2005) emerging evidence and the challenge ahead does not regard social transfers as a mere instrument of risk management. It is not located primarily within the British concept for the promotion of social protection schemes in developing countries. In fact the paper proceeds from the openly asked question, how to fight poverty in all contexts effectively, and offer the following answer:

> *"The evidence suggests, therefore, that social transfers could play an important role in achieving the MDGs." (Ibid., 17)*

That social transfers contribute sustainably to the achievement of MDG 1 (fighting income poverty and hunger) makes perfect sense. But according to the DFID they have also a positive impact on education and health (MDGs 2-5), by providing low-income families with the funds they need to pay school fees, tutoring, school materials, remedies, medical treatment as well as the fare for the way to school or the doctor. Likewise social transfers proved to be an indispensable instrument in many places to cushion the effects of HIV/AIDS (MDG6): especially households consisting only of children, old and sick persons were completely dependent on external assistance. F

inally, the DFID states, social transfers could address gender imbalances and strengthen the social position of women and girls (MDG3), who are nearly everywhere in the world disproportionately represented among the extreme poor (DFID 2000; DFID 2005, 13-16).

> *"Social transfers can be an effective way of targeting resources to the poorest and socially excluded, to help get and keep children in schools and to use health services. Even where services are provided free, or fee-waivers operate well, the poor and socially excluded still face other barriers to access such as the costs of transport, medicines, uniforms and textbooks; discrimination against girls and other socially excluded groups; the loss of income from children attending school rather than working; and lack of knowledge of the value of education and preventive healthcare. Social transfers can address all of these demand-side barriers, especially if school attendance and/or use of preventive health services are conditions of payment." (DFID 2006, 2)*

According to the DFID (2005, 17 f.), social transfers promoted in addition to that economic growth and employment. First of all, they increased the self-confidence of poor households by guaranteeing them a minimum income to fall back on. Thus allowing them not to brood all the time over the everyday battle for existence, but to make plans and strategic decisions (like e.g. school attendance of a child) instead. Then, it encouraged households to undertake more risky activities, thus creating the foundations for a sustainable escape from poverty. And thirdly, they improved the relation between state and citizens, thus building confidence in the government, society and economy of the country in question.

Hence the DFID regards social transfers as well as a means to prevent possible problems with cash outflow in the next years, during which the development aid is supposed to increase significantly:

> *"There is a growing international consensus that levels of spending on aid need to be scaled up. Within this context, social transfers could have a role in channelling at least part of this extra spending directly to the very poor, supporting their own efforts to climb out of poverty and providing a stimulus to local economic development." (DFID 2005, 7)*

Only concern for the costs involved could explain why not much more social transfer programs existed in developing countries. But the DFID regards that concern as unjustified. For the currently preferred alternatives in the battle against poverty, were usually not less cost intensive:

> *"One of the main arguments against social transfers in developing countries has been cost. Yet evidence is growing that modest transfers are affordable in even the poorest countries, particularly when the additional resources received from international development assistance are taken into account. In addition, social transfers may well be a more cost-effective option than other initiatives currently used to address chronic poverty. In particular, they offer a cheaper and more effective option to the humanitarian assistance – usually in the form of food." (DFID 2005, 1)*

It was apparently the vital strength of social transfers that instead of lowering some way or other the price for goods demanded by the poor, their own spending power was boosted. T

he DFID defines social transfers as a demand-sided intervention – in contrast to supply-sided interventions like e.g. distribution of food, price subsidies or free provision of educational offers:

> *"Social transfers are one way to boost demand for services and reduce some of the demand-side barriers (particularly costs) to access by targeting subsidies directly to specific groups of individuals and households."(Chapman 2006, 2)*

For all these reasons the DFID advocates social transfer schemes:

> *"Social transfer programmes are compatible and consistent with country-led approaches to development and innovative approaches to development financing such as poverty reduction budget support. In combination with other interventions, they can play a key role in ensuring that a country-led approach meets the needs and interests of the most excluded and poorest citizens." (DFID 2005, 24)*

> *"Wherever possible, social transfers should be an integral part of country-led poverty reduction plans." (Chapman 2006, 24)*

Possible target groups of transfers are families with many children, AIDS orphans, children and adolescents, old people, the hungry as well as poor households in general (DFID 2006). The DFID principally prefers cash transfers to in-kind transfers and vouchers. Only in some cases food provisions could be indispensable:

> *"In many contexts, cash offers significant advantages. It is cheaper to deliver and is much less likely to harm local markets than, for example, food or agricultural inputs [...]. A key disadvantage of vouchers, even when they are not restricted to specific purposes, is that they can often be redeemed only at certain outlets, thereby disadvantaging other market providers. Providing cash also demonstrates a recognition by development practitioners that the poor are often in the best position to decide how to care for their own families. Food is insufficient for all their needs. Cash enables them to buy other essentials and invest in healthcare, education and other productive activities. [...] Nonetheless, in some circumstances cash may not be the best option. Where local markets are undeveloped*

and purchases are difficult to make, food may be a better short-term option. However, in the medium to long-term, the evidence suggests that traders are able to respond to influxes of cash even in remote or conflict-affected areas." (DFID 2005, 9)

Likewise work programs meet with the disapproval of the DFID. They were only suited to bridge urgent, temporary crises:

"When well-implemented, work programmes can be a useful social protection tool. However, they have limitations. They are not appropriate for chronically poor households that are unable to participate in the labour market; for this group, social transfers should be the main focus of support. And the reality is that many work programmes are poorly designed and implemented, often providing employment for too short a period with minimal monitoring of the quality or usefulness of the assets left in place." (DFID 2005, 11f.)

In the experience of the DFID administrative and materials costs of the programs are so high, that one could as well finance large-scale social transfer systems with the same money.

As a matter of fact, the only reason for their preference was that politicians and citizens had difficulties in getting used to the idea of giving the needy money for nothing in return:

"The demand for recipients to work is often in response to ideological concerns that people should not receive something for nothing." (DFID 2005, 22)

The DFID assesses both, tax-funded non-contributory pensions as well as social assistance programs favorably. Regarding CCT programs the DFID makes out advantages and disadvantages. An argument in favor of conditionality was that it simultaneously increased social investments of the poor.

"It is their dual impact on reducing current and future poverty that makes them valuable." (Chapman 2006, 13)

Arguments against them were the higher administrative costs they implied, and that they excluded those poor people from the benefits, who did not comply with the programs' conditions:

"They require greater administrative capacity than simple unconditional cash transfers and depend on other services being in place. [...] If health and education services are not in place, conditional cash transfers are not an appropriate instrument. Furthermore, families who are unable to send their children to school for reasons other than lack of money may miss out." (DFID 2005, 11)

"Care must be taken not to impose conditions that exclude the very groups that need the transfers. [...] A recent evaluation shows that the girls who are less likely to do well (and therefore to be excluded from the scheme) are the same ones who are more likely to drop out of school without the extra payment." (Chapman 2006, 12)

Plus – the DFID states – several studies showed that poor people spend unconditional cash transfers likewise on education and health (DFID 2006, 6).

An equally ambivalent position has the DFID taken regarding the targeting of social transfers. Though an argument in their favor was, that it maximized the total percentage of transfers actually administered to poor households. But it was impossible to ensure perfect targeting of transfers, and as a result some potential beneficiaries would miss out. In addition to that, targeting always involved certain procedures and hence expenditures (DFID 2005, 27 f.). And finally there were also politico-economic arguments against targeting:

"Putting in place universal benefits, for example, could gain the support of the middle class

and those in the formal economy." (DFID 2005, 24)

In case a country should not have adequate national structures for the disbursement of transfers, the government should cooperate with the private sector (banks, post offices, supermarkets). For remote locations schools or health centers or NGOs could be possible alternatives. Experience proved that even in fragile and collapsing countries it was possible to pay regularly and reliably cash to beneficiaries (DFID 2005, 30).

The DFID is sure that in establishing social transfer systems, the developing countries should receive the support of the development cooperation donors in every context. The Department regarded transfers as a suited tool to prevent that in some developing countries increasing development aid caused efflux of funds:

> *"Within a context of rising levels of international development assistance in countries with a limited capacity to absorb these extra funds, social transfers may offer an innovative delivery system that allows donors to reach the poor directly." (DFID 2005, 21)*

That applies in particular for those countries, where governments are unresponsive to the needs of their poor citizens or unable to deliver effective support for whatever reason. In these countries, the donors had an even greater responsibility to provide and fund social transfers completely. The DFID (2005, 25) believes that this is even in lieu of functional state structures possible – in such situations donors should engage non-state actors. However, donors should keep one thing in mind: if a social transfer should work at its most effective, it cannot be simply dismantled over night. Hence donors have to guarantee that they will maintain long-term and predictable funding of the programs supported by them (DFID 2005, 25).

Actual Commitment

Given the DFID's clarity in advocating social transfer programs in developing countries, it may come as a surprise that so far only four British projects exist in this sector: in Bangladesh, Malawi and Zambia the DFID supports the establishment of social transfer programs, and in Ethiopia it strives to combine a work program with as cash transfer program (Barrientos/Smith 2005; DFID 2005, 22).

4.14 The German Federal Ministry for Economic Cooperation and Development (BMZ)

So far German development cooperation is almost inexperienced in promoting social transfer programs. Though the German Federal Ministry for Economic Cooperation and Development (BMZ) discusses this option in the position paper 'Promoting social security and social protection systems in developing countries' (BMZ 2003) it is rarely put into practice.

The position paper 'Support social security and social systems security in developing countries'

The BMZ regards social transfers as an instrument for social protection. By this it understands

> *"institutionally rooted support systems helping to cope with risks and to minimize their effects." (BMZ 2003, 5)*

According to the BMZ social transfer systems are a safety net, catching those who slip through the net of private and social insurance:

> *"In each society there are groups of people that neither have a proper income nor can count on the support of familiar or community-based security systems. [...] These people depend on charity support respectively social assistance. Furthermore unemployed and sick people depend on social assistance, if the other support mechanisms fail." (BMZ 2003, 27)*

Against this backdrop social transfer systems play a quadruple role: (i) poverty eradication by risk protection, (ii) children's aid, (iii) aid for the poor, (iv) support for groups incapable of self-help (ibid.). Human Rights, however, are not distinguished as a motive for the promotion of social transfer systems.

As possible target groups for social transfers the BMZ (2003, 27) mentions disabled persons, war victims, and refugees, persons infected with HIV/AIDS, older widows, orphans, and old people. It only addresses three kinds of social transfer systems more detailed: (i) CCT programs, (ii) social assistance programs, and (iii) public work programs. CCT programs receive an altogether positive assessment:

> *"A child allowance dependent on school attendance has proved to be an effective instrument in fighting child labor. Supplemented by school meals and free access to teaching aids this is a successful approach to facilitate school attendance for the children of very poor parents as well. At this, active child protection proves to be at the same time a significant educational investment." (BMZ 2003, 25)*

Regarding social assistance programs, however, the BMZ (2003, 27) makes some restrictions. Those shall always be needs-based/targeted and only established in contexts, where alternative support mechanisms have failed. They are expected to be capable of reacting adequately to new challenges (like e.g. the effects of HIV/AIDS) and always remain affordable in doing so. After all it was a matter strengthening the self-help capacities of the target group and not of creating permanent dependencies (BMZ 2003, 27).

More or less the same applies for work programs. The BMZ only approves of them under certain conditions. Firstly, they are only to be implemented temporarily to support poor or unskilled labor force during acute macro-economic crises. Secondly, salaries are supposed to be so low, that they only attract those who can find no other jobs (self-targeting). Thirdly, they should leave in place assets that benefit the wider community (such as roads or irrigation systems). Fourthly, the costs thereby incurred should not exceed the salaries paid by far (BMZ 2003, 18 f.). According to the BMZ (2003, 27) the state should possibly involve churches, charity organizations, non-profit NGOs, and the private sector in the design, establishment and management of social transfer systems.

External donors, however, should support the establishment of social transfer systems in the developing countries. Whereas the BMZ limits direct financing of the transfer to exceptional situations (2003, 27 f.). As examples it cites urgent emergencies following natural disasters or civil wars as well the HIV/AIDS crisis in Southern Africa. This is interpreted by the GTZ as an indication of the BMZ's disposition towards long-term funding of social assistance programs in certain countries.

Actual Commitment

So far German development cooperation only participated in three countries in the establishment of social transfer systems. From 1989 to 1993 it advised Mozambique's Ministry for Social Affairs and since 2003 the Ministry of Community Development and Social Welfare in Zambia (Schubert 2005, 13). In addition to that, the German Welthungerhilfe supports on behalf of the BMZ a quite efficient cash-for-work program in Ethiopia (Barrientos/Smith 2005, 18).

4.15 German Technical Cooperation (GTZ)

The German Technical Cooperation (GTZ) is - just like the KfW Development Bank, InWEnt or the German Development Service (DED) – an implementation for German development cooperation. It works in commission and for account of the BMZ. Hence its radius of design is per se limited. But in fact GTZ employees represent quite often the German position in structural debates. The GTZ develops its own regional and sector concepts and acts internationally like a donor. Due to this unique presence in the landscape of donors, the author of this study was asked to present the GTZ ideas as an individual position.

In 2005/2006 the GTZ commissioned two studies evaluating the potential of basic social protection schemes in development cooperation (Schubert 2005; Leisering/ Buhr/Traiser-Diop 2006). In both of them social transfers are positively reviewed and are granted a notably higher potential than in the BMZ position paper. There are several reasons for that.

First of all, both studies were issued two years after the BMZ position paper and were already influenced by the emerging international debate on social transfer systems. Second, independent experts, who – in contrast to the BMZ – are not obliged to consider politics in their evaluations, wrote them. Thirdly, for the GTZ their preparation was a matter of using a new international trend for their own purposes. This becomes obvious in the final chapter of the first study, where the key assessment criterion is no longer the development political benefit of social transfer systems, but the marketability of corresponding GTZ products:

> *"Well-funded demand for development aid benefits always materialize when the decision makers in charge of the development cooperation of a recipient country and their counterparts of a donor country (in Germany employees of the BMZ) or an international organization (e.g. the World Bank) have agreed on a venture. For the implementation of such ventures they either commission specific technical cooperation agencies (like the GTZ) or financial cooperation agencies (like the KfW) or they invite tenders for the ventures. Hence it is important for the internal schedules of the implementation agencies (product development, charging of personnel to obtain information regarding the future status of basic protection from both the perspective of the recipient countries as well as from the perspective of the donor organizations so as to estimate the trend of demand." (Schubert 2005, 33)*

Since both studies were commissioned by the BMZ it is safe to assume that their strategic direction does not violate the wishes of the Ministry. Nevertheless they focus exactly on the situation that had been presented in the BMZ position paper as the exception from the rule - i.e. the broad funding of social transfer systems - justifying it with the HIV/AIDS crisis in Southern Africa, which is bound to prevail for decades to come:

> *"For the implementation of the guideline contained in the BMZ position paper, whereby in crisis situations basic protection can be co-funded with means from the financial cooperation, the BMZ departments responsible for Africa South of the Sahara should start including the promotion of basic protection in the government negotiations and programs for such heavily indebted poor countries (HIPC) that are especially hard hit by the HIV/AIDS crisis." (Schubert 2005, 19)*

In both studies social transfers to families with many children, CCTs, and tax-funded pensions receive especially favorable assessments. They are less enthusiastic about work programs and food aid. That is, in those their position is not very different from the one of the BMZ (see above). Yet a clear distinction is apparent in the evaluation of targeting for social assistance programs. There is no objection against universal transfers, which are, however, only granted to certain households (old people, families without working men, families with many children).

In the deciding in favor or against targeting, it was necessary to set off its costs (mainly administrative) with the costs that arise when non-poor households also enjoy the benefits. As a rule applied, that targeting is the more important, the smaller the percentage of needy population is. Vice versa, targeting did not pay off at all in some rural regions of Africa, because up to 90 percent of the population have to be categorized as poor. It is certainly cheaper to pay also transfers to the 10 percent non-poor than single them out with transparent procedures from the rest of the population (Leisering/ Buhr/Traiser-Diop 2006, 41f.).

Finally both studies assign more significance development cooperation than the BMZ position paper:

"Basic protection is first and foremost a national task. Hence sustainable funding of social protection is first of all a matter of tapping national financial resources, or else of considering the funding of basic protection in the political negotiation for the allocation of sparse budgetary means adequately. Political counsel and dialogue can contribute to that, especially if it is a matter of using means available from the debt relief or within the scope of PRS process. At the same time there is broad agreement regarding the fact that HIPCs can hardly fund the all-encompassing social protection of its welfare cases from its own tax money alone." (Schubert 2005, 18)

5 Outlook

What follows from these results? What are the consequences of the fact that a whole series of bi- und multilateral donors is increasingly interested in basic social protection schemes?

One is well-advised to remain cautious and not to jump to conclusions. Time and again new approaches and concepts are the subjects of discussion in international development policy, only to be shelved afterwards - justified or not - or else a new trend is set and concepts only just discussed fall into oblivion. And even if that is not the case, it remains to be seen, which will be the effects the recently awakened interest for basic social protection schemes will actually have on the political practice of both the donor as well as the developing countries.

Sure enough, the days are gone when social transfers were regarded as merely an instrument of distribution politics, and as such refuted in the mainstream development debate with the argument that developing countries should rather use their sparse resources in a productive way. Today most of the experts acknowledge the great importance basic social protection not only has for the urgent poverty eradication, but also on economic growth and thus for long-term poverty reduction, since it strengthens the readiness and capability to invest in human and in-kind capital in almost all population sectors. Plus there is the realization that long-term granted social transfers are more efficient than ad hoc emergency measures, supposed to cushion socio-economic shocks. Likewise it is a known fact, that in certain situations universal transfers are more cost-efficient than targeted social assistance. As a result, socio-political concepts like the citizen's dividend or negative income tax become increasingly popular in developed countries.

However there is not sufficient indication of a large-scale establishment of social transfer programs in the developing countries, or else an increased commitment of the donors in this sector. A significant trend reversal in actual politics can only be expected, if the donors keep their promises and notably increase their payments of development aid in the next years. Otherwise the increasing expenses in the field of basic social protection would inevitably be borne by the development cooperation in other sectors.

Besides the question, if such a substantial trend reversal is actually desired, remains to be answered. For a better response to that, much more research is required. Thus the effects of the already existing basic social protection schemes in developing countries have to be scrutinized more closely than before. In doing so, it will not be enough to examine, which of these programs has achieved their goals or which are their expected/ unexpected effects. In fact it is a matter of finding out, why they had this and that effect: whether it is generally due to the social system in question or its design in the particular case.

Yet even comprehensive empirical research will not provide a conclusive answer. It will always depend to a certain degree on the political prioritization. That is theoretically also a matter of the status one assigns to poverty reduction in comparison to other goals. In practice an additional factor is that political prioritization is always also the result of negotiation processes, in which the interests if diverse social groups have to be brought in balance. Of course one does not simply have to await this result. For all intents and purposes it is open to influence. And thus it is of utmost importance for those, who regard themselves as advocates of the poor, to interfere as early as possible with allegations and background information in the political negotiation process.

Annex

Overview A1: Comparing the positions of key actors on the role of basic social protection schemes in developing and newly industrialized countries

	World Bank
How are basic social protection schemes regarded in developing and newly industrialized countries?	Positive social transfer systems are desperately needed for those without any other shielding mechanism against poverty.
What are the objectives?	Poverty eradication; reducing income inequities; protect existing and establish additional human capital by the poor, so that poverty will not be passed on from one generation to the next; increase of productivity and growth.
Are legally based approaches discernible?	No.
Is the positioning on issues of basic needs part of an advanced social security concept?	Yes, social transfers are seen in the context of the risk-management concept.
What is the estimate on in-kind transfers in specific?	Cash transfers tend to be superior, because they do not affect the market price structure directly, because they leave the decisions for what to use the transfer to the recipients and because their transaction fees are low.
And social assistance programs?	Child allowances and targeted social assistance get positive assessments. Primary target groups are large families and households without working members, under certain circumstances poor households in general as well.
And non-contributory pensions?	Non-contributory pensions have positive effects. In many countries targeting makes no sense, when the transfer are not too high.

The Asian Development Bank (ADB)	The Interamerican Development Bank (IADB)
Basic social protection schemes are important for all those, who have no access to insurance schemes or cannot afford the rates from them. They are fundamental in poverty reduction and economic growth.	Governments should establish social transfer system for those, who cannot take care of themselves (disabled and old people, people without training), have to care of many children and old people, or lost their jobs without their own fault.
Generating equal opportunities; accumulation of human capital; improving future earning capacities; improving social cohesion in society; greater economic growth.	Protection against social risks; supporting the chronic poor; promoting economic growth by encouraging low-income households to incur riskier investments; promoting approval of liberalization and privatization – no redistributive abuse.
Yes, establishment of social transfer systems is also explained with Article 25 of the Universal Declaration of Human Rights.	No.
Social transfer systems are regarded as one of the five pillars of social security (beside labor market policy, social insurance systems, micro-insurance systems and the protection of children).	Decidedly so.
Depending on the situation in-kind transfers are regarded as rational, but food vouchers for poor households are preferred to general food subsidies.	Generally possible.
Social assistance is favorably evaluated to reduce poverty: targeted transfers or universal transfers to all members of social group in particular affected by poverty (e.g. disabled, orphans, families with many children).	Social assistance can be granted to households without or else not enough working members. But CCTs are better.
Non-contributory pensions make sense where older people are disproportionally poor. Also they can be granted to everyone above a certain age; then they work as incentives for the younger people to take care of the elder ones.	Non-contributory pension schemes can be the rationale, provided the budgetary situation of the state in question allows that.

Continuance 1
Overview A1: Comparing the positions of key actors on the role of basic social protection schemes in developing and newly industrialized countries

	The International Labour Organization (ILO)
How are basic social protection schemes regarded in developing and newly industrialized countries?	Social transfer systems should exist in every country, even though industrialized countries have a greater financial scope for that, and are therefore in the position to establish a larger number of systems with generous more benefits.
What are the objectives?	Protection against risks other social security schemes cannot provide an instrument to extend the coverage of formal security systems e.g. for the informal sector (beside social insurance and micro insurance schemes).
Are legally based approaches discernible?	The ILO emphasizes that everyone is entitled to adequate social security, in doing so referring to the Universal Declaration of Human Rights as well as the ILO Convention N. 102.
Is the positioning on issues of basic needs part of an advanced social security concept?	Yes, social protection is also defined as the sum of social insurance and social transfer systems.
What is the estimate on in-kind transfers in specific?	The most important and effective social transfer system is the provision of free health care services.
And social assistance programs?	Second to that comes family/children allowance preventing child labor. Next is a social assistance scheme for households without working members.
And non-contributory pensions?	Fifth in line are non-contributory pensions for the old, the disabled and surviving dependants.

The United Nations Development Programme (UNDP)	The United Nations Children's Fund (UNICEF)
Social transfer systems are an important tool in poverty reduction that should be used in many developing countries more and should also be funded by the donors.	Social transfer systems are very favorably evaluated due to their many positive effects.
Implementation of the MDGs/fighting poverty in all its contexts (income, education, gender equity, health etc.); decrease in social injustice; increase in productivity an economic growth; advancement of peace and global security.	Protection of children, mothers and other helpless people creating a higher degree of social justice in the developing countries and worldwide.
Yes, a minimum subsistence level is explicitly stated as a human right.	In general: yes; but not stated explicitly in the relevant documents used for this study.
No.	No.
No conclusive statement. But generally cash transfers are preferred.	In-kind transfers make only sense there, where the supplied goods do not exist at all (for instance in the aftermath of catastrophic droughts). If just the recipient does not have the money to buy the goods, cash transfers are notably more efficient.
Positive.	Social assistance programs are in general favorably evaluated.
Positive.	No statement.

Continuance 2
Overview A1: Comparing the positions of key actors on the role of basic social protection schemes in developing and newly industrialized countries

	The OECD-DAC
How are basic social protection schemes regarded in developing and newly industrialized countries?	(Basic) Social protection schemes are the perfect vehicle to contribute simultaneously to poverty reduction and growth.
What are the objectives?	Promoting pro-poor-growth.
Are legally based approaches discernible?	No.
Is the positioning on issues of basic needs part of an advanced social security concept?	Yes, social transfers are above all debated in the working group ‚Social protection and empowerment', which deals in general with risks and risk-management.
What is the estimate on in-kind transfers in specific?	Tendentially cash transfers are preferred to in-kind transfers, since they permit the recipient to make his own consumer choices.
And social assistance programs?	In general social assistance programs are positively rated.
And non-contributory pensions?	Non-contributory pensions are generally positively rated.

Das Department for International Development (DFID)	The German Federal Ministry for Economic Cooperation and Development (BMZ)
Wherever possible social transfer systems should be supported within the scope of development cooperation.	Social transfer systems are required since every society has specific groups that neither possess a proper income nor can count on the support of familiar or community protection schemes.
Implementation of the MDGs (fighting income poverty and hunger; improving education, health and gender equity; cushioning the effects of HIV/AIDS); promoting economic growth and employment, strengthening social cohesion.	Poverty reduction through risk-protection; care for children; relief for the poor; supporting groups incapable of self-help (like e.g. disabled persons).
Basic social protection is regarded as a human right that is manifested for instance in the Universal Declaration of the Human Rights, in the International Covenant on Economic, Social and Cultural Rights as well as in the Convention on the Rights of the Child.	No.
Partly. Social transfers are regarded as an important instrument of social protection, yet their role is mainly seen as a means to fight poverty in all its dimensions.	Yes, social transfers are only discussed in the position paper on social protection schemes.
In general the DFID gives cash transfers preference over in-kind transfers and vouchers. Just in a few specific situations food provisions are indispensable as an instrument of emergency relief.	No statement.
Social assistance programs are rated positively.	Social assistance programs should only be considered in contexts, where alternative support mechanisms have failed. They should be targeted, affordable, adjustable, and should not create new dependencies.
Non-contributory pension schemes also receive positive evaluations.	No statement.

Continuance 3
Overview A1: Comparing the positions of key actors on the role of basic social protection schemes in developing and newly industrialized countries

	World Bank
And conditioned cash transfers/CCTs (cash/ food for education and health)?	CCTs fight income poverty and promote at the same time investments into health and education. They are recommended in all places, where the health care and educational infrastructure works.
And public work programs (cash/food for work)?	Work programs are recommended for a temporary support of the unskilled unemployed, provided it is matter of generating useful public goods and the additional costs (to the salaries) are not too high.
Are targeted or universal transfers preferred?	This decision depends on each situation.
What is the opinion on the conditionality of social transfers?	Conditionality is good due to its positive impact on the consumer behavior of the families. But it should not threaten the primary goal of poverty reduction by excluding the poorest households from the benefits.
How is the distribution of responsibilities and tasks between state and non-state actors regarded?	In many situations it makes sense to involve non-state actors (NGOs, self-help groups, private sector) in the design, administration and implementation of social transfer programs.
What is the role of development cooperation?	No conclusive statements: the World Bank as such participates in technical help (consultation) and loans to very diverse social transfer programs.
Has the positioning entailed practical consequences?	The World Bank supports social transfer programs in 116 countries (of these at least CCT programs in nine countries, work programs in eleven countries, social assistance programs in 17 countries, non-contributory pension schemes in three countries and food aid programs in four countries.

The Asian Development Bank (ADB)	The Interamerican Development Bank (IADB)
CCTs are also favorable. Yet they should rather be used to increase school attendance of children from poor families and improve health prevention care, instead of fighting income poverty.	CCTs are superior to all other forms of social transfer due to their double contribution to poverty reduction and accumulation of human capital.
Work programs can bridge urgent crises; one has to take care, however, that they do not become too expensive, and they should leave in place assets that benefit the wider community.	The evaluation of work programs depends on their design. They should contribute to the employee's qualification, generate useful assets and do not be too expensive.
This question has to be decided context specific. Tendentially radical targeting is recommended for social assistance programs, whereas transfers to children, disabled and old people should be granted universally.	Wherever possible social transfers should be targeted.
Conditionality of social transfers only makes sense when the primary target is the promotion of health and education. Otherwise it contains the risk that especially the poorest miss out on the benefits.	Wherever possible social transfers should be targeted to exert positive side effects.
The main responsibility lies with the state that should, however, involve the private sector, self-help groups and NGOs in design and establishment of social transfer programs. Also they could play an important role in the disbursement of benefits.	The participation of NGOs, self-help groups and religious organizations in social transfer schemes helps to make the STPs efficient and adapt them to the needs of the poor.
In establishing social transfer systems many countries are dependant on external aid. In some countries long-term financial aid would be sensible. But the ADB solely grants loans.	The IADB plans to finance in particular CCTs, work programs and emergency measures.
So far the ADB has very little experience with social transfer systems. In the past the ADB has only supported a few cash-for-work projects; since 2006 it has made no new commitments at all regarding social transfer systems.	Currently the IADB support CCT programs in nine countries as well as an undistingished number of SIFs.

Continuance 4

Overview A1: Comparing the positions of key actors on the role of basic social protection schemes in developing and newly industrialized countries

	The International Labour Organization (ILO)
And conditioned cash transfers/ CCTs (cash/ food for education and health)?	No statement.
And public work programs (cash/food for work)?	The fourth point on the state agenda should be work programs for the employable poor. Self-help groups should organize these.
Are targeted or universal transfers preferred?	If the budget permits it, universal transfers are preferable. Targeted transfers are stigmatizing, exclude poor people from the benefits, are open to abuse, and have a negative effect on working and saving habits.
What is the opinion on the conditionality of social transfers?	The long-term goal should be unconditional transfers. Temporarily conditionality may make sense, if all households can meet the requirement in general and finally benefit from it.
How is the distribution of responsibilities and tasks between state and non-state actors regarded?	No statement.
What is the role of development cooperation?	Rich countries should support the establishment of social transfer systems in developing countries and fund especially in the poorer developing countries part of the running charges (i.e. the transfers as such), since they are a very effective means to realize the MDGs.
Has the positioning entailed practical consequences?	Currently the ILO only supports one CCT program in Brazil. Yet the ILO plans to create a ‚Global Social Trust' to fund social transfer systems in developing countries, which will be financed with a voluntary contribution of the employed in the industrialized countries.

The United Nations Development Programme (UNDP)	The United Nations Children's Fund (UNICEF)
Positive. However the UNDP funded International Poverty Center rejects CCTs on the grounds that even without conditionality poor people tend to invest additional income in the education and health of their children.	UNICEF gives no conclusive statement in favor of CCT instead of unconditional social assistance.
No statement.	In general favorable assessment of work programs.
Clear preference of universal transfers.	UNICEF comes to no final verdict in favor of targeted or else universal transfers.
No general preference for conditional or unconditional transfers.	UNICEF takes up no conclusive position in favor or against the conditionality of social transfers.
No statement.	Where it seems opportune the state can cooperate with NGOs in the establishment and management of social transfer programs. But it should consider carefully which NGOs would be licensed for that.
If necessary, the wealthy countries should support social transfer systems by funding the running charges. As examples for that the Marshall Plan and the Solidarity Agreement of the European Community are cited.	The donors should support social transfer systems in developing countries, and under certain circumstances even finance the transfers themselves – even long-term. This applies especially for the programs for AIDS orphans, since the countries impacted by AIDS do not possess the necessary financial means.
Following the Tsunami disaster UNDP as such supported cash-for-work projects in several Asian states. Currently it supports a social assistance program in Chad.	UNICEF currently co-finances Mozambique's social assistance program. In addition to that it supports a CCT program in Brazil as well as a children's allowance program in Burundi and Kenya.

Continuance 5
Overview A1: Comparing the positions of key actors on the role of basic social protection schemes in developing and newly industrialized countries

	The OECD-DAC
And conditioned cash transfers/ CCTs (cash/ food for education and health)?	No statement.
And public work programs (cash/food for work)?	Public work programs are generally positively rated.
Are targeted or universal transfers preferred?	No statement.
What is the opinion on the conditionality of social transfers?	So far no clear positioning regarding the conditionality of social transfers has become apparent.
How is the distribution of responsibilities and tasks between state and non-state actors regarded?	No statement.
What is the role of development cooperation?	No statement.
Has the positioning entailed practical consequences?	Since the OECD/DAC is no donor it does not realize development cooperation. Its task is to coordinate the development cooperation of the Western bilateral donors.

The Department for International Development (DFID)	The German Federal Ministry for Economic Cooperation and Development (BMZ)
CCT programs receive an ambivalent assessment. True, they increase social investments of the poor, but also imply increased administrative costs and may exclude poor people from the benefits.	Unreservedly positive evaluation of CCT programs.
Work programs meet with reservation, since they often lack in design and implementation. If at all, they are only suited to bridge temporary employment crises.	Work programs should only be used temporarily during urgent crises to support unskilled workers. Their salaries should be so low that they are only attractive to those, who cannot find any other job.
The DFID is also ambivalent where targeting if social transfers is concerned, due to its high administrative costs and the fact, that some needy households always miss out on the benefits.	No conclusive statement, but the frequent use of the term 'social assistance' indicates a preference for targeted transfers.
See above.	Clear approval of conditionality of social transfers.
In the disbursement of social transfers the state can cooperate with the private sector (bank branches, post offices, supermarkets) or NGOs.	Churches, charity organizations, NGOs and the private sector should become actively involved in the design, development and implementation of social transfer systems.
In every respect the donors should support social transfer systems in developing countries – even if that implies the funding of current expenses. They represented an adept means to prevent the efflux of funds in many developing countries.	Social transfer systems can receive technical support. Financial support could only be considered in acute emergencies (natural disasters, civil wars) and extraordinary crises (e.g. caused by HIV/AIDS in Southern Africa).
So far the DFID as such only supports the establishment of social assistance programs in three countries, and a pilot project in another one, combining work creation schemes with a social assistance program.	So far the BMZ only participated in three countries in the establishment of social transfer systems. From 1989 to 1993 it made consultations in Mozambique; currently the GTZ is consultant of the Ministry for Community Development and Social Welfare in Zambia, while the Welthungerhilfe supports on behalf of the BMZ a cash-for-work program in Ethiopia.

Overview A2: Promoting cash transfer systems with multi- and bilateral donors (selection)

	AfDB	IADB	IFAD	ILO	UNDP	UNICEF	World Bank
Afghanistan							SA
Angola							SA
Argentina							WP, SA, SP
Bangladesh							CCT
Bolivia							WP
Brazil				CCT		CCT	SA, CCT
Burundi						SA	
Chad			SA		SA		
Chile		CCT					SA, SP
Columbia							WP, CCT
Congo (DR)							SA
Dom. Republic							CCT
Ecuador							CCT
Ethiopia							WP
Eritrea							SA
Georgia							
Guyana							SP
Haiti							WP
Honduras		CCT					
Indonesia							SA, CCT
Jamaica							CCT
Kenya						SA	
Lebanon							
Madagascar							WP
Malawi							WP
Maldives							SA
Mexico							CCT
Mozambique						SA	
Nicaragua		CCT					
Palestina							WP, SA
Sierra Leone							WP
Sri Lanka							SA
Tanzania							WP
Uruguay							SA
Yemen							SA
Zambia	SA						WP

WFP	Belgium	Germany (BMZ)	EC	Switzerland (DEZA)	UK (DFID)	USAID	
							Afghanistan
							Angola
							Argentina
SA			SA		SA	CCT	**Bangladesh**
							Bolivia
						CCT	**Brazil**
							Burundi
SA	SA						**Chad**
							Chile
							Columbia
							Congo
							Dom. Republic
							Ecuador
					SA, WP		**Ethiopia**
		CCT					**Eritrea**
				SA			**Georgia**
							Guyana
							Haiti
							Honduras
				WP			**Indonesia**
							Jamaica
							Kenya
				WP			**Lebanon**
							Madagascar
					SA		**Malawi**
							Maldives
							Mexico
						SA	**Mozambique**
							Nicaragua
							Palestina
							Sierra Leone
				WP			**Sri Lanka**
							Tanzania
							Uruguay
							Yemen
		SA			SA		**Zambia**

References

Aduan, W. E. (2004): Integral policies of poverty reduction: The challenge of effectiveness, Washington, DC Inter-American Development Bank (IADB), mimeo

ADB (Asian Development Bank)

– (2002): Social Protection Strategy: Progress report to the Board of Directors, Manila

– (2003): Social protection: Our Framework: Policies and Strategies, Manila

– (2004): Social Protection Strategy: 2003 Progress report to the Board of Directors, Manila

– (2006): Financing Operations 2006, Manila

– (2007): Philippines: Early childhood development project, Manila

Alderman, H. (2002): Subsidies as a social safety net: Effectiveness and challenges, Washington, DC: World Bank (Social Protection Discussion Paper 0224)

Barrientos, A./J. DeJong (2004): Child poverty and cash transfers, London: Childhood Poverty Research and Policy Centre (Report 4)

Barrientos, A/R. Smith (2005): Social assistance in low income countries database, London: Department for International Development (DFID)

Bertranou, F./W. van Ginneken/C. Solorio (2004): The impact of tax-financed pensions on poverty reduction in Latin America: Evidence from Argentina, Brazil, Chile, Costa Rica and Uruguay, in: International Social Security Review 57 (4), 3-18

Besley, T./S. Coate (1995): The design of income maintenance programmes, in: Review of Economic Studies 62, 187-221

BMZ (Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung)

– (2002): Förderung sozialer Sicherheit und sozialer Sicherungssysteme in Entwicklungsländern: Ein Positionspapier des BMZ, Bonn

– (2005): Der Beitrag Deutschlands zur Erreichung der Millenniums-Entwicklungsziele, Bonn (BMZ-Materialien 140)

Bouillon, C./C. Jarque/M. Ferroni (2005): The millennium development goals in Latin America and the Caribbean: progress, priorities and IDB support for their implementation, Washington, DC: Inter-American Development Bank

Bouillon, C. P./L. Tejerin (2006): Do we know what works? A systematic review of impact evaluations of social programs in Latin America and the Caribbean, Washington, DC: Inter-American Development Bank (IADB), mimeo

Britto, T. (2006): Conditional cash transfers in Latin America, in: Poverty in Focus 06/2006, 15–17

Chapman, K. (2006): Using social transfers to scale up equitable access to education and health services, London: Department for International Development (DFID)

Chu, K.-Y./S. Gupta

– (1993): Protecting the poor: Social safety nets during transition, in: Finance & Development 13 (2), 24-27

– (1998): Social Safety Nets in Economic Reform, in: K.-Y. Chu/S. Gupta (eds.), Social Safety Nets: Issues and Recent Experiences, Washington, DC: International Monetary Fund, 7–33

Clemens, M./C. Kenny/T. Moss (2004): The trouble with the MDGs: Confronting expectations of aid and development success, Washington, DC: Center for Global Development (Working Paper 40); online: http://www.cgdev.org/docs/cgd_wp040Rev2.pdf

Coady, D. P. (2002): Social safety nets, human capital and the poor evidence from program evaluations, Konferenzpapier für ein Seminar der Inter-American Development Bank und der Asian Development Bank zu ‚Social Protection for the Poor in Asia and Latin America: Concepts and Experiences', Manila, 21.–25. Oktober 2002

Coady, D. P./M. Grosh/J. Hoddinott (2002): The targeting of transfers in developing countries: Review of experience and lessons, Washington, DC: The World Bank (Social Safety Net Primer)

Cornia, G. (2001): Social funds in stabilization and adjustment programmes: A critique, in: Development and Change 32 (1), 1–32

Coudouel, A. et al. (2002): Social protection, in: J. Klugman (ed.), A Sourcebook for Poverty Reduction Strategies, Volume 1, Washington, DC: The World Bank, 163-200 and 509-542

de Janvry, A./E. Sadoulet (1989): Efficiency, welfare effects, and political feasibility of alternative antipoverty and adjustment programs, Paris: OECD Development Centre (Working Paper 6)

de Janvry, A. et al. (2006): Uninsured risk and asset protection: Can conditional cash transfer programs serve as safety nets?, Washington, DC: The World Bank (Social Protection Discussion Paper 0604)

de la Brière, B./L. B. Rawlings (2006): Examining conditional cash transfer programs: A role for increases social inclusion?, Washington, DC: The World Bank (Social Protection Discussion Paper 0603)

Devereux, S. (2002): Can social safety nets reduce chronic poverty?, in: Development Policy Review 20 (5), 657-675

Devereux, S. et al. (2005): Making cash count, lessons from cash transfer schemes in East and Southern Africa for supporting the most vulnerable children and households, mimeo

DFID (Department for International Development)

– (2000): Halving world poverty by 2015: economic growth, equity and security, London

– (2005): Social transfers and chronic poverty: Emerging evidence and the challenge ahead, London

– (2006): Using social transfers to improve human development, London (Social protection briefing note 3)

Dixon, J. (2001): Ein Prinzip erobert die Welt: Die soziale Sicherung geht überall auf sieben verschiedene Traditionen zurück, in: Der Überblick 37 (1), 23-28

Duflo, E. (2003): Grandmothers and granddaughters: Old-age pensions and intrahousehold allocation in South Africa, in: The World Bank Economic Review 17 (1), 1-25

EC (European Commission) (2007): Investing in people: Strategy Paper for the Thematic Programme 2007-2013, Brüssel

El-Masry, I. (2003): Von der Rentenökonomie zur Wissensgesellschaft: Der Arab Human Development Report, in: Entwicklung und Zusammenarbeit 44 (12), 471-473

Euzéby, C. (1987): A minimum guaranteed income: Experiments and proposals, in: International Labour Review 126 (3), 253-276

Farrington, J./P. Harvey/R. Slater (2005): Cash transfers in the context of pro-poor growth: discussion paper for OECD/DAC Povnet Risk and Vulnerability Task Group, Paris

Garcia, A. B./J. V. Gruat (2003): Social protection: A life cycle continuum investment, Genève: International Labour Organization

Gentilini, U. (2005): Mainstreaming safety nets in the social protection policy agenda: A new vision or the same old perspective?, in: Journal of Agricultural and Development Economics 2 (2), 133-157

Gore, R./M. Patel (2006): Cash transfers in emergencies: A review drawing upon the tsunami and other experience, Bangkok: UNICEF East Asia and the Pacific Regional Office

Gupta, S./L. Dicks-Mireaux (2000): Social issues in IMF-supported programs, Washington, DC: International Monetary Fund (Occasional Paper 191)

HelpAge International (2003): Non-contributory pensions and poverty prevention: A comparative study of Brazil and South Africa, London

Howell, F.

– (2001a): Social assistance: Theoretical background, in: I. Ortiz (ed.), Social Protection in Asia and the Pacific, Manila: Asian Development Bank, 257-306

– (2001b): Social assistance: Project and program issues, in: I. Ortiz (ed.), Social Protection in Asia and the Pacific, Manila: Asian Development Bank, 307-364

– (2002): Equitable growth and access: the role of social assistance, in: I. Ortiz (ed.), Defining an agenda for poverty reduction, Volume 2, Manila: Asian Development Bank, 159-179

IADB (Inter-American Development Bank)

– (1997): A strategy for poverty reduction, Washington, DC

– (2001): Social safety nets in response to crisis: Lessons and guidelines from Asia and Latin America, mimeo

– (2003a): Poverty reduction and promotion of social equity, strategy document, Washington, DC

– (2003b): Social development, strategy document, Washington, DC

ILO (International Labour Organization)

– (2000): World labour report: Income security and social pro¬tection in a changing world, Genève

– (2001): Social security: A new consensus, Genève

– (2006): Costing of basic social protection benefits for selected Asian countries: First results of a modelling exercise, Genève (Issues in Social Protection Discussion Paper 17)

Islam, R. (2002): Poverty alleviation, employment and labor market: Lesssons from the Asian experience and policies, in: I. Ortiz (ed.), Defining an agenda for poverty reduction, Volume 1, Manila: Asian Development Bank, 187-206

Johnson, J. K. M./J. B. Williamson (2006): Do universal non-contributory old-age pensions make sense for rural areas in low-income countries?, in: International Social Security Review 59 (4), 47-65

Kaltenborn, B. (1995): Modelle der Grundsicherung: Ein systematischer Vergleich, Baden-Baden: Nomos Verlagsgesellschaft

Kamerman, S./S. Gabel (2006): Social Protection for Children and their Families: A Global Overview, Konferenzpapier für eine Konferenz von UNICEF zum Thema „Social protection initiatives for children, women, and families: An analysis of recent experience", 30.-31. Oktober 2006, New York

Kaseke, E. (1999): Social security and the elderly: the African experience, in: The Courier (176), 50-52

Köhler, G./J. Keane (2006): Social policy in South Asia: Towards universal coverage and transformation for achieving the Millennium Development Goals, Analytical Report, New York: UNICEF

Lavinas, L. (2003): Encouraging school attendance in Mozambique by granting a minimum income to parents, in: International Social Security Review 56 (3-4), 139-155

Leatt, A./D. Budlender (2007): Under what conditions? Social security for children in South Africa, Cape Town: University, mimeo

Leisering, L./P. Buhr/U. Traiser-Diop (2006): Grundsicherung als globale Herausforderung, Eschborn: Deutsche Gesellschaft für Technische Zusammenarbeit

Lipton, M. (2003): The role of safety sets in social policy: Roundtable discussion: Transcript of Remarks, Washington, DC: The World Bank (Social Safety Nets Primer)

Loewe, M.

– (2004a): New avenues to be opened for social protection in the Arab world: The case of Egypt, in: International Journal of Social Welfare 13 (1), 3–14

– (2004b): Soziale Sicherung und informeller Sektor: Stand der theoretischen Diskussion und kritische Analyse der Situation in den arabischen Ländern unter besonderer Berücksichtigung des Kleinstversicherungsansatzes, Heidelberg: Universität

– (2004c): Maßnahmen zur Verbesserung der sozialen Sicherheit im informellen Sektor: Das Beispiel der arabischen Welt, in: D. Messner/I. Scholz (eds.), Zukunftsfragen der Entwicklungspolitik, Baden-Baden: Nomos, 221–235

– (2005): Downscaling, upgrading or linking? Ways to realize micro-insurance, in: International Social

Security Review 59 (2), 37–60
Milazzo, A./M. Grosh (2007): Social safety nets in World Bank lending and analytic work: FY2002-2006, i Washington, DC: The World Bank (Social Protection Discussion Paper 0705)
Missaglia, M./P. de Boehr (2004): Food-for-work versus cash-for-work: Emergency assistance in Palestine, in: Economic Systems Research 16 (4), 367-389
Mizunoya, S. et al. (2006): Social security for all: Investing in global social and economic development: A consultation, Genève: International Labour Organization (Issues in Social Protection Discussion Paper 16)
Mkandawire, T. (2005): Targeting and universalism in poverty reduction, in: Poverty in Focus 6/2006, 3-5
Norton, A./T. Conway/M. Foster (2001): Social protection concepts and approaches: Implications for policy and practice in international development, London: Overseas Development Institute (Working Paper 143)
Nzau-Muteta, G. (2004): The Child Welfare Project, Republic of Zambia, Abidjan: African Development Fund, mimeo
OECD-DAC (Organisation for Economic Co-operation and Development - Development Assistance Committee) (ed.)
– (2001): Guidelines on poverty reduction, Paris
– (2003) (ed.) (2001): Guidelines on poverty and health, Paris
– (2007) (ed.) (2001): Guidelines on promoting pro-poor growth, Paris
Ortiz, I. (2007): Social policy, New York: United Nations Department for Economic and Social Affairs
Ould el Hadj, S./M. Diakhate Social protection schemes in West and Central Africa: A proposal for renewal, Wcaro: UNICEF, mimeo
Pal, K. et al. (2005): Can low income countries afford basic social protection? First results of a modelling exercise, Genève: International Labour Organization (Issues in Social Protection Discussion Paper 13)
Rauch, E./H. Scheuer (2007) : SDC cash workbook: A practical user's guide for the preparation and implementation of Cash Projects, Bern: Swiss Agency for Development & Cooperation
Ravallion, M. (1998): Appraising workfare programs, Washington, DC: The World Bank (Policy Research Working Paper 1955)
Rawlings, L. B./G. M. Rubio (2005): Evaluating the impact of conditional cash transfer programs, in: The World Bank Research Observer 20 (1), 29-55
Rawls, J. (1971): A theory of justice, Cambridge, MA: Harvard Univ. Press.
Schapper, A. (2006): Conditional cash transfers: An annotated bibliography, Genève: International Labour Organization
Schenk, K. et al. (2007): Who are the vulnerable children? Exploring the implications of different criteria for determining eligibility for program assistance, New York: UNICEF, mimeo
Schubert, B. (2000): Grundsicherung in der Entwicklungszusammenarbeit, Eschborn: Deutsche Gesellschaft für Technische Zusammenarbeit
Schubert, B./M. Huijbregts (2006): The Malawi social cash transfer pilot scheme, preliminary lessons learned, Konferenzpapier für eine Konferenz von UNICEF zum Thema 'Social protection initiatives for children, women, and families: An analysis of recent experience', 30.-31. Oktober 2006, New York
Shepherd, A. (2004): Policy paper on social protection, London: Overseas Development Institute
Soares, S./E. Zepeda (2007): Can all cash transfers reduce inequality? Brasilia: International Poverty Center (One pager 36)
Subbarao, K. et al. (1997): Safety net programs and poverty reduction: Lessons from cross-country experience, Washington, DC: The World Bank
Tabor, S. R. (2002): Assisting the poor with cash: Design and implementation of social transfer programs, Washington, DC: The World Bank (Social Protection Discussion Paper 0223)

Townsend, P. (2007): The right to social security and national development: Lessons from OECD experience for low-income countries, Genève: International Labour Office (Social Security Discussion Paper 18)

Turnham, D. (1993): Employment creation and development strategy, Paris: OECD Development Centre (Policy Brief 7)

UN (United Nations) (1948): Resolution 217A (III) of the General Assembly, 20 December 1948, New York

UNDP (United Nations Development Programme) (1991): Human Development Report 1991, New York

– (2005): Human Development Report 2005, New York

– (2006): Poverty in focus, social protection: The role of cash transfers, New York, mimeo

– (2007): UNDP-homepage, http://www.undp.org/poverty/propoor.htm (Stand: 15.08.2007)

UNICEF (United Nations Children's Fund)

– (2003): Creating a protective environment for children, Child Protection Seminar, 29-30 September 2003, Almaty, New York

– (2005): Core commitments for children in emergencies, New York

– (2006): Cash subsidies for children affected by HIV/AIDS, New York, mimeo

UNRISD (United Nations Research Institute for Social Development) (2007): Financing social policy: Report of the UNRISD International Workshop, 1-2 March 2007, Genève

Utting, P. (2006): Social policy in a development and political context, Konferenzpapier für eine Konferenz von UNICEF zum Thema 'Social Policy in South Asia: Towards universal coverage and transformation for achieving the Millennium Development Goals', 24-25 May 2006, Kathmandu

van Ginneken, W. (2003): Extending social security: Policies for developing countries, Genève: International Labour Office (Extension of Social Security Paper 13)

Voipio, T. (2006): Social protection for pro-poor growth: The Development Assistance Committee, DAC, of the Organisation for Economic Cooperation and Development, OECD, in: Poverty in Focus 1 (1), 18-19

WFP (World Food Programme) (2006): The role and applications of economic analysis in WFP, Roma

Whande, N. (1999): Focus on refugee situations: The needs of older people are often overlooked, in: The Courier 176, 57-59

Whiteford, P./W. Adema (2007): What works best in reducing child poverty: A benefit or work strategy?, Paris: Organisation for Economic Co-operation and Development (Social, Employment and Migration Working Paper 51)

Witt, M. (1995): Nothilfe – kein Ersatz für Sozialpolitik: Armutsbekämpfung durch Sozialfonds in Lateinamerika, in: Der Überblick 31 (1), 54–55

World Bank

– (1990): Poverty: World Development Report 1990, Washington, DC

– (2000): Attacking poverty: World Development Report 2000/2001, Washington, DC

– (2001): Social protection sector strategy: From safety net to Spring Board, Washington, DC

– (2005): Equity and development: World Development Report 2006, Washington, DC

– (2007): Overview: What are Safety Nets Programs? Homepage der World Bank, http://go.worldbank.org/RJP1CF2CM0 (Stand: 15.08.2007)

Diakonisches Werk der Evangelischen Kirche
in Deutschland e.V.
for „Bread for the World"
POB 10 11 42
D-70010 Stuttgart
Stafflenbergstraße 76
D-70184 Stuttgart

Phone: ++49 (711) 2159-0
E-Mail: info@brot-fuer-die-welt.de
www.brot-fuer-die-welt.de

Brot für die Welt
www.brot-fuer-die-welt.de

Im Verbund der
Diakonie