

The Evolution of Social Protection Systems in the Developing World:  
An Analysis of Coverage, Components, Financing  
and Political Economy

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# Motivation for study

- Recognition of developing social protection systems to combat multidimensional poverty and vulnerability, along with complementary investments in education and health to experience more inclusive social development and economic growth, exists internationally.
- Countries are still confronted with new challenges as they scale up and out programs.
- Moreover while empirical analysis on certain components of social protection is quite extensive. ( Eg cash transfer, school feeding etc).
- **Little is known on how social protection systems evolve and what the underlying factors are.**

# Research questions

- How do social protection system develop over time?
- How have key aspects such as their coverage, components, and financing evolved?
- What are the financing and political economy factors that determine allocations across programs? How do they determine the evolution of Social protection system in place?

# Why important ?

- There is increasing interest in scaling up, improving, or reforming SP in different contexts; however:
- Synergies across the different parts of the SP system tend to be underutilized
- Challenges in coordination across ministries remain
- Little understood across countries on sustainable financing options and financing ‘systems’, rather than components
- Lessons for other countries on how to develop their social protection system-spectrum of policy options.

# Policy relevance

- Document and share lessons on how developing countries institutionalize and expand the scale and scope of programs.
- Inform possible strategies in the development of social protection systems in different country contexts.
- Present policy options and potential challenges in composition, sequencing, scaling up and scaling out of social protection systems.

# Social Protection Systems and Financing

## A Study: 2 Components

### Component 1

- Survey Mapping of 50 countries, 22 of them are OOSC initiative countries (pending sufficient data)
- Output: Country snapshots that will include:
  - Quantitative data on social protection programmes at different points in time – coverage of different populations, expenditure, etc.
  - Tracking of financing sources and allocations
  - Analysis of trends across the 50 countries
- Commissioned Team
  - Team of researchers led by Chris De Neubourg at the Innocenti Research Centre (IRC)

### Component 2

- In-depth case studies in five countries
- Brazil, Ghana, Ethiopia, Bangladesh and Indonesia
- Analysis will focus on :
  - Description of how systems have evolved through
  - Analysis of the political economy behind the development of the system
  - Effectiveness of the SP system across sectors
  - **Financing composition and changes over time, and impact**
  - Overall analysis of lessons, trends and innovations
- Commissioned Team
  - Fordham University and The New School, led by Prof. Shirley Gatenio Gabel, Consultants: Prof. Alberto Minujin and Prof. Marciana Popescu

# Methodology on selection of countries

- Brazil, Ghana, Ethiopia, Bangladesh and Indonesia: Countries selected on the basis of :
  - ❖ Diversity in regions, level of development, governance.
  - ❖ Data availability and access to key informants.
  - ❖ Countries at different points in development of a social protection system
  - ❖ Diversity in approaches/emphasis of social protection programmes, e.g. universal vs targeted, emphasis on income support, insurance, social support, etc.
  - ❖ Approach: centralized vs decentralized/bottom-up
  - ❖ Inclusion of at least two in case studies from the Out of School Children Initiative countries (within data limitations).
  - ❖ Countries which allow this project to bring added value and new information, i.e. not exclusive focus on countries that are well-documented.
- 50 countries? Jenn can you add on this part.

# Descriptive Analysis

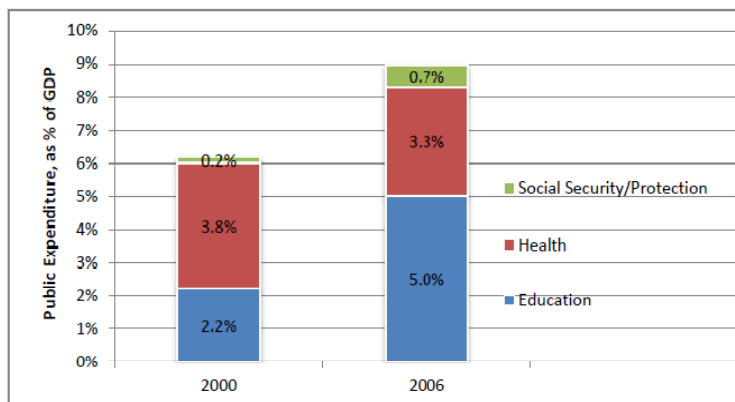
- From snapshots :
  - Regional analysis :
    - Trends in GDP growth, social spending, social protection spending. Preliminary analysis shows that 40/50 countries show an increase in social welfare/protection spending as a percent of total social spending between the years of 2000-2008.  
Data – mainly available from the ILO. Data points vary for countries.
    - Composition of social protection systems- to see if any emerging trends from a region: For example :South Asia – largest programs are public work type programs for example: MGNREGA – India , 100 day employment Guarantee program in Bangladesh.

## Example of a snapshot

Title of the Program	Cost		Coverage		Financing
	<i>early 2000s</i>	<i>late 2000s<sup>1</sup></i>	<i>early 2000s</i>	<i>late 2000s</i>	
Pension for Retired Government Employees and their families	8802,0 million Tk (0.29% of GDP) (2003)	36,166,500,000 Taka (0.6% of GDP) (2009)	179,886 (3% of population 65+ ; 0.12% of the total population) (2003)		Government budget: Ministry of Finance
Old age allowance (Boishka Bhata)		6 billion Taka (0.1% of GDP) (2009)	499,662 (8.2% of population 65+ ; 0.34% of total population) (2003)	1.32 million (21% of population 65+ ; 0.85% of total population) (2006)	Government budget: Ministry of Social Welfare
Allowances for the Widowed, Distressed and Destitute Women		2,7 billion Taka (0.04% of GDP) (2009)	266,000 (0.18% of total population)(2003)		Government budget: Ministry of Social Welfare
100-Day Employment Generation Programme		9,260 million Tk (0.15% of GDP) (2009)		2 million (1.2% of population) (2009)	Government budget: Ministry of Food and Disaster Management
Micro-Finance schemes, Micro-Credits		3 billion Tk (0.05% of GDP) (2009)	2,154,789 (1.5% population) (2003)		The government; NGOs: Grameen Bank, BRAC, Proshika, ASA, Karma Sangsthan Bank, Caritas.
Micro-insurance health schemes	25.0 million Tk (2003)		1,393,856 (1% of population) (2003)		Private Yearly Contributions
Medical Allowances to pensioners			499,662 (0.34% of population) (2003)		Government Budget: Ministry of Social Welfare
Female Secondary School Assistance Programme	3.9 billion Tk, (6% of the education budget) (2000)	3,316,100,000 TK (0.05% of GDP) (2009)	4.2 million girls annually		Government Budget: Ministry of Education, Directorate of Secondary and Higher Education
Primary Education Stipend Programme		4,880 m Tk (0.08% of GDP) (2009)			Government Budget: Ministry of Education
Cash for Education Program	US\$ 77 million (2000)		550,000 (0.37% of population) (2003)		Government Budget: Ministry of Education
Vulnerable Group Feeding (VGF) --> Vulnerable Group Development (VGD) Programme	US\$ 54 million (2003).	22,183,800,000 Tk (0.36% of GDP) (2009)	2,300,000 (1.6% of population) (2003)		World Food Programme
Food (Cash) for Work programme	Tk 2713 million in (2002)	10,339,300,000 Tk (0.17% of GDP) (2009)	60,300 (2003)	1 million (0.6% of the population) (2008)	Government budget: Ministry of Food and Disaster Management, Ministry of Women's and Children's Affairs; World Food Programme

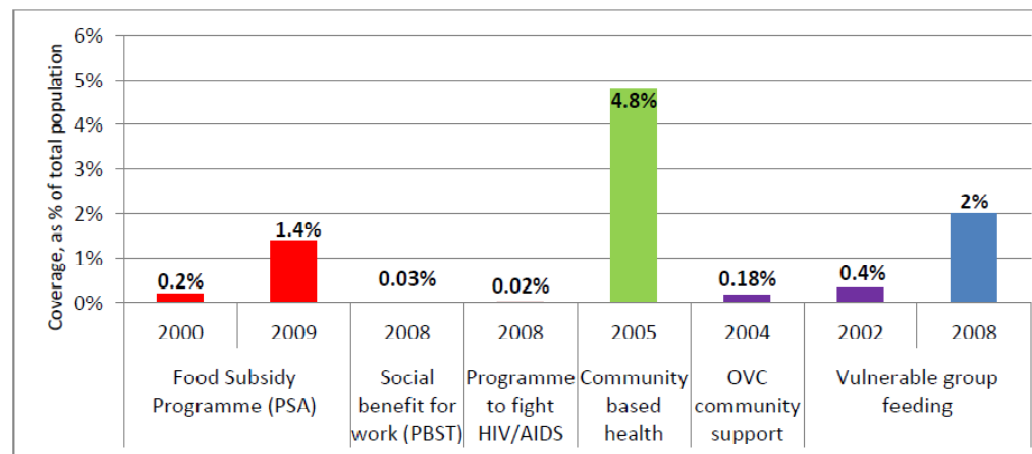
# Graph examples from snapshots

Composition of social expenditure, as % of GDP, in Mozambique between 2000 and 2006



Source: ILO (2011), WB (2011)

Coverage, as % of total population, of key social protection programmes for selected years



Sources: MCDSS, RHVP, UNDP

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# Analysis : Case studies

## Overall financing related questions:

- ❖ How much does the public sector spend each year on each component of the social protection system. And, if any, what is the private sector contribution?
- ❖ How did the financing of various parts of the social protection system evolve over time? Are some financing mechanisms more pro-poor/pro-equity than others, and what are the political economy implications?
- ❖ Did the financing of new social protection policies and strategies in a specific sector require cutbacks or constraints in the growth of other social protection policies and strategies?
- ❖ What are the changes in allocations over time to programs both across and within the different sources of funding?
- ❖ With respect to financing : Were the politics for the adaption of certain social protection policies and strategies different from the politics of sustaining them? In what ways?

## Financing questions related to a specific policy/strategy :

- ❖ Which Ministry or Agency has the main responsibility to ensure adequate financing of this policy and strategy?
- ❖ Was financing ( of program) a key issue? How were they (specific policies and strategies) initially financed?

# Preliminary analysis from case study : Indonesia

- Economic crises has served as the impetus driving the **creation** and **expansion** of social protection in Indonesia
- **Politics** – maintained and shaped its growth. Elections have acted as strong incentives to initiate and expand social protection in Indonesia. Importance of SP as a means of garnering political support.
- A review of major activities undertaken reveals an emphasis on labor and vulnerability issues as well as the targeting of vulnerable groups.
- Role of **donors** and their influence on programs: Indonesia is protective of its policy making boundaries – example of continuing support for community based programs despite lack of support.
- Micro finance programs in Indonesia unlike other countries was a government led initiative.

## Preliminary analysis from case study related to financing

- Fuel subsidy was cut by 12 percent in 2000 and these savings were reallocated to new programs in health and education more specifically the BKM and BKS.
- In 2005 Government slashed the fuel subsidy again and as a temporary measure introduced the unconditional cash transfer BLT to address the purchasing power of the poor as domestic oil prices were increased.
- BLT was only temporary – a move towards more targeted efforts led to the introduction of Program Keluarga Harapan(PKH)-conditional cash transfer.
- Continued support for Community based anti-poverty programs- introduction of PNPM Genrasi – similar to PKH but benefits accrue to the community not an individual. Politically easier to start a new program instead of building on PKH.

# Next steps

- Synthesis report ( including country snapshots)

Expected: August 31<sup>st</sup>

- Country Case studies

Expected: July 30<sup>th</sup>

- Policy briefs.

- Inputs in the OOSC initiative( Country studies and global chapter)

Expected – September 30<sup>th</sup>



**Thank you!**  
**Questions?**

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