

OI Policy Compendium Note on Social Protection

Overview: Oxfam International's position on Social Protection

According to Oxfam, social protection *is a basic right for all people that is realized through public or publicly mandated actions that enable people to deal with risk and vulnerability, that provide support in cases of extreme and chronic poverty and enhance the social status and rights of marginalized groups.*

Social protection is critical to achieve social inclusion, to strengthen legitimacy of governance, to reduce the possibility of conflict and achieve sustainable economic growth with equity.

Social protection does not replace, but goes hand in hand with livelihood promotion and strengthening of basic rights. These three policies are mutually reinforcing and provide an effective strategy to enable poor people to escape chronic poverty and to achieve sustainable development.

The choice of specific instruments to provide social protection will depend on the needs of people and specific country contexts. However the instrument chosen should respect a number of principles based on social protection as a right for all.

Oxfam applauds the recognition of the importance of social protection amongst donors and recent initiatives to increase funding for developing countries in the current economic crisis. However it emphasizes that meaningful social protection will require a long-term commitment from donors and governments that go beyond providing temporary solutions.

Social protection is primarily a responsibility of national governments. However civil society, donors and international NGOs have an important role to play in building meaningful comprehensive social protection systems and secure long-term funding.

1.1 What is Social Protection?

Social protection can be broadly defined as public or publicly mandated actions – carried out by the state or privately – that enable people to deal more effectively with risk and vulnerability and help tackle extreme and chronic poverty.

Social protection is a basic right of all people, rooted in the *Universal Declaration of Human Rights* (articles 22 and 25) and the International Labour Organisation (ILO) *Convention 102 (1952) on Social Security (Minimum Standards)*.

Social security traditionally referred to public measures to provide financial protection in the case of illness and loss of income from work; *social protection*, by contrast, has evolved as a more comprehensive approach to poverty and vulnerability covering:

- *Protective* measures: to provide relief from deprivation
- *Preventive* measures: to avert deprivation as a result of livelihoods shocks
- *Promotive* measures: to enhance income and capabilities, as well as asset formation

- *Transformative* measures: to address vulnerabilities arising from social inequity and exclusion

Social Protection is provided through (a combination of) universal services, social insurance and social assistance (benefits targeted to poor people). The most common way of delivering protection is through cash transfers (e.g. pensions, child allowance), but it is also provided through service provision (e.g. health care), in-kind (e.g. food) or employment opportunities (e.g. public work programs). Social protection can also be provided by setting and enforcing minimum standards and entitlements to protect people (e.g. the Indian National Employment Guarantee Act or the definition of minimum or living wages). Social protection is not only provided by governments, but also cover private and community-based instruments that have a public character and is part of a national or communal strategy (e.g. *mutuelles de santé* in West Africa)

Social protection goes beyond (social) safety nets. Safety nets commonly refer to temporary transfers that protect lives and ensure minimum subsistence in times of crisis. Social protection has a broader goal of tackling poverty and vulnerability and puts more emphasis on protection as a basic right and government responsibility.

1.2 Social Protection in the international development agenda

For more than 20 years reduction of public spending, liberalization and privatization were promoted as a recipe for economic growth and poverty reduction. While neo-liberal policies enabled macroeconomic growth in some countries, it did little or nothing for poor people. On the contrary: the abandoning, dismantling or privatizing of social policy and institutions increased vulnerability and inequality in these societies.

As a response governments (especially in Latin America and India) introduced a range of (conditional) cash transfer programs during the nineties. These programs were often criticised as ineffective investments of scarce public resources in people unable or unwilling to work.

The World Development Report 2000/01 brought vulnerability and security into sharp focus, linking the increased capacity of poor people to manage risks with investment and economic growth. This led the World Bank to develop the Social Risk Management (SRM) framework, a tool to help understand risks of poor people and identify potential responses.

Social protection is also a core element of the ILO's 'decent work' agenda. In 2003 the ILO launched the '*Global Campaign on Social Security and Coverage for All*' and since 2007 the campaign has promoted the idea of a *Social Security Floor* - a minimum set of social security benefits that is affordable for poor countries and that anybody in the world should be able to enjoy.

In 2006, 13 African Countries signed the Livingstone Call for Action, in which they recognized the key role of social protection and social transfers in 'reducing poverty and promoting growth'. In 2008 the African Union endorsed this call, providing broader political support to the commitments made.

In 2008 the UN High Level Task Force (HLTF) on the global food crisis defined a Comprehensive Framework for Action to achieve long-term food and nutrition security. Key pillars of this plan are: 1) smallholder farmer food production growth, 2) improved international food markets, 3) international biofuel consensus and 4) expanded social protection systems.

The global economic crisis opened the door to another set of initiatives related to social protection. At the beginning of 2009 the World Bank called for developed countries to dedicate 0.7% of their economic stimulus packages to a Vulnerability Fund for developing countries. Also in 2009, the Chief Executives Board of the United Nations agreed upon a common framework to

confront the global economic crisis, including food security, trade, a greener economy, a global jobs pact and a social protection floor.

1.3 Why Social Protection is important for Oxfam International

Climate change and the fuel, food and financial crises have highlighted the increasing vulnerabilities of countries and their citizens to global risks. In *Right to Survive*¹ Oxfam International predicts that the number of people affected by natural disasters will increase from a yearly average of 250 million to more than 375 million in 2015. Additionally, risk and vulnerability has trapped between 320 and 443 million people in chronic poverty².

Increased vulnerability has major consequences for Oxfam. Our investments in livelihoods development and progress on the Millennium Development Goals are threatened. A new balance has to be sought between building and protecting assets, with a major emphasis on the latter.

On the other hand, our humanitarian work is confronted with more frequent and severe humanitarian crises. Often these crises have a more-or-less permanent character and are more the result of poverty and inequality than by natural events. In these cases humanitarian aid is becoming a substitute for the incapacity or unwillingness of governments to support poor and vulnerable people.

This is one of the reasons why social protection has particular significance in the context of fragile and conflict-affected states. In such countries organizations like Oxfam provide humanitarian aid as an inadequate but often only source of relief for vulnerable people. Here, social protection can be seen as an agenda to work towards more comprehensive and predictable support and to enhance the social contract between the state and its citizens.

Increasing international attention on social protection policy confirms Oxfam's belief that governments have a crucial responsibility in making economic growth work for poor people and that aid too often has served as an ineffective and unpredictable substitute for pro-poor policies.

1.4 Oxfam International's position on Social Protection

According to Oxfam, social protection is a basic right of all people, that is realized through public or publicly mandated actions that enable people to deal with risk and vulnerability, that provide support in cases of extreme and chronic poverty and that enhance the social status and rights of marginalized groups.

This position highlights the importance to recognize social protection as a right and the responsibility of governments to make this right a reality. It also links vulnerability and poverty to discrimination and exclusion.

Oxfam rejects the idea that social protection is an ineffective use of scarce public resources to support inactive or unproductive people. On the contrary: poor people are often actively involved in a variety of livelihood activities, investing their scarce resources to increase welfare and manage risks. Asset constraints as well as discrimination and social exclusion (especially in the case of women) limit income options and reduce the capacity to deal with risks. Small income gains are often offset when illness or natural hazard strike. Helping people to manage risks can enable them to invest, build up assets and provide an escape from poverty (graduation).

¹ <http://www.oxfam.org/en/policy/right-to-survive-report>

² CPRC, 2008: Chronic Poverty Report 2008-09: Escaping Poverty Traps: <http://www.chronicpoverty.org/page/report-2008-09>

Social protection does not only benefit poor people. Universal benefits will also reduce vulnerability of other income groups. Therefore it should not be seen as charity but as a mechanism to reduce the vulnerability of a society and enable sustained development.

Social protection, livelihood promotion and enhancement of rights

Social protection does not replace actions to develop livelihoods (like agricultural investment or education) or to enhance basic rights (e.g. participation, gender equality or land rights). Providing income security without livelihood promotion will limit opportunities for graduation. Social assistance without strengthening rights may lead to political clientelism or stigmatization. Social protection, livelihood promotion and improvement of rights are different strategies with different roles that mutually reinforce each other.

Social protection principles and choice of instruments

There is a lively debate on the choice of instruments, targeting issues, conditionalities, the role of stakeholders and affordability of social protection. It is very difficult to make general statements on these issues, as they will largely depend on the specific context and the needs of the people involved. It seems more promising to define a number of principles that should be taken into account when evaluating social protection policy. Oxfam defines the following principles:

- Social protection is a right of all people and therefore a primary responsibility of governments in terms of design, delivery, funding and monitoring.
- Social protection should respect dignity and favour empowerment of the target population.
- Social protection should foster equity, as a mechanism to redistribute resources in society and by providing benefits on an equitable basis to the recipient population. .
- Social protection requires a long term commitment in terms of institutional arrangements and funding and means that benefits are predictable for the population.
- Social protection should be large in scale and have broad coverage. Pilot schemes should be evaluated on their potential to be upscaled, including on simplicity, cost-effectiveness and fraud resistance.
- Meaningful social protection requires an active involvement of civil society. The population should be informed of their rights, so that states can be held accountable for their policies.

Adopting these principles will have significant consequences for the choice of policies. Examples:

Critics often see social protection as 'paying people to do nothing'. As a consequence, benefits are made conditional to certain actions taken by the recipients – e.g. school enrolment or health clinic attendance – or are provided through public work programs. These programs can be favourable as they stimulate local development and strengthen the capacities and skills of the recipient population. However, when public works have low economic value, they can become a source of indecent labour. Conditionalities can undermine the effectiveness of instruments when it increases the burden for those who are most in need (e.g. female headed households) or when corresponding services are of bad quality or simply inaccessible.

Targeting benefits to poor people seems effective as scarce public resources are benefiting the people most in need. However targeting is complex and has significant administrative and political costs. Universal benefits can be simpler and therefore a more cost-effective alternative.

On the role of national governments

In several recent publications Oxfam has called on national governments to invest in social protection as an indispensable strategy to achieve long-term resilience towards climate shocks and long-term food security.³ An increasing number of (low income) countries have demonstrated that, with sufficient commitment, well designed basic social protection is feasible and affordable.

³ See: The Right to Survive (2009), A Billion hungry People (2008), Double Edged Prices (2008) and The Time is Now: how world leaders should respond to the food price crises (2008): <http://www.oxfam.org/>

Social protection is a mechanism to enhance the social contract between government and citizens. This is relevant for all countries, but especially for those affected by armed conflict.

On the role of civil society

Social protection is often seen as the legacy of a specific politician, but is mostly the result of the struggle of vulnerable people and their organizations. Their efforts ensure that social protection goes beyond temporary programmes and becomes law: turning benefits into entitlements and securing the long-term commitment of the state in implementation and funding.

Non-state actors can play a complementary role in delivering social protection, building capacity of public entities or bridging gaps with groups that are difficult to reach. However non-state actors should ensure a sufficient level of government buy-in, as their capacity to sustain social protection schemes on a significant scale is very limited.

The role of civil society is even more crucial when governments discriminate against groups or are affected by corruption. Social monitoring and evaluation of public programs is fundamental to achieve accountability and equity in social protection policies.

On the role of donors

The growing recognition of the importance of social protection and increased funding by donors is promising. Only a decade ago, it would have been highly improbable that bilateral and multilateral donors would support programs that provide regular and reliable transfers to poor people. Oxfam applauds these initiatives and sees them as recognition for the role that governments and donors should play in protecting poor people.

At the same time Oxfam stresses the need for a long-term commitment from donors, as social protection requires the establishment of regulatory frameworks, institutional arrangements and secure funding. Without this commitment, social protection will do little to help poor people escape the poverty trap and increase social justice.

Donors have used their funding to push for solutions that often do not coincide with national or community preferences. Examples include poverty-targeted programs and the push for private sector solutions (e.g. private health insurance) that have often turned out to be unpopular and unfeasible in low-income countries. As a consequence, several donor-funded projects have limited chances of being scaled up as national policy, while national programs do not receive funding as they don't fit the approaches of donors.

Oxfam calls on donors to follow the principles of aid effectiveness, established in the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008). Aid should align with objectives and strategies set by countries; funding should be predictable, and donor agencies should harmonize their policies and be accountable.

Recommendations

For governments:

- Recognize the right to social protection, as grounded in the *Universal Declaration of Human Rights* and *ILO Convention 102 on Social Security (Minimum Standards)* and accept the responsibility to create the necessary policies, institutional arrangements and legislation to make this right a reality for its inhabitants.
- Invest in social protection as an effective way to reduce poverty, help populations cope with shocks, enhance economic justice and strengthen the social contract.

- Work progressively towards a national policy on social protection including: instruments to address vulnerability, legislation that protects entitlements and minimum standards, institutional arrangements to implement this policy and the empowerment of people to claim their rights.
- Articulate social protection with other policies on livelihoods promotion and the enhancement of social, economical and political justice and rights.
- Secure domestic resources for long-term funding of a national social protection policy, including progressive tax reforms, as necessary.
- Recognize the role of civil society organizations in building meaningful social protection, and involve these organizations in its design, capacity building, implementation and evaluation.

For donor countries and multilateral institutions:

- Follow commitments, principles and agreements on aid effectiveness established in the Paris Declaration and Accra Agenda for Action, especially regarding the alignment, predictability, harmonization and accountability of aid.
- Support poor countries to build sustainable and effective social protection systems, given that social protection is a right and a critical element in equitable development.
- Provide sufficient, long-term, predictable and coherent funding to social protection policy, with particular emphasis on (very) low income countries and countries affected by armed conflict.
- Promote social protection as a complement and not a substitute for effective delivery of essential services and promotion of free health and education. This also means that funding should not lead to a diversion or reduction of funds from other essential services.
- Avoid investments in isolated pilots, with low buy-in from government or communities and insecure funding.
- Support research and innovation on social protection particularly in contexts where state systems do not exist or are extremely constrained.

For International NGOs

- Recognize social protection as a right for all. Include this issue in work and campaigns on livelihoods, food security, essential services, economic justice, and humanitarian assistance.
- Invest in the empowerment of people and strengthening of a nation's civil society as a critical element in building meaningful social protection. Support also the exchange of information between civil society organizations by supporting regional and international platforms.
- Collaborate with international campaigns and coalitions for strengthening advocacy on social protection
- NGOs should not supplant the state or local government's responsibility to provide social protection services. If government is non-existent or weak, NGOs could play a role in implementing social protection schemes. However NGOs should be aware of their institutional, political and financial limitations, should count on sufficient commitment of governments and consider timely and appropriate transfer to local authorities.
- Conduct research to gather evidence on effectivity, affordability and impact and to improve design and delivery of social protection mechanisms

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