Development Policy Review, 2002, 20 (5): 541-567

Social Protection: Defining the Field of Action and Policy

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This article reviews recent developments in the concept of social protection, beginning with an attempt to establish a working definition of the term. This is set in the context of globalisation and new thinking on connections between the management of vulnerability, risk and poverty on the one hand and long-term economic and social development on the other. The article identifies aspects of the debate which require further development, by exploring the relationship between social protection, equality, social cohesion and rights. It also reviews contemporary definitions of social protection in the policies of donors and international organisations, and summarises lessons to be learnt from experience to date with civil society practices and state policies in the developing world.

In the last few years, interest has been growing among development policy-makers in the topic of social protection. Several key donor institutions have been prominent in this debate and, through channels such as dialogue around Poverty Reduction Stategy Papers, they have started to influence the formulation of risk management and social assistance policies in developing countries. This article aims to provide a strategic, policy-focused overview of the issue of social protection, including current global thinking in key international organisations. Discussion concentrates upon low-income countries in particular (although some reference is made to issues in middle-income and transitional economies), and focuses deliberately on social protection in non-emergency situations, since there is generally a separation of institutional responsibilities for 'emergency' and 'developmental' aid within and between international organisations.

The article seeks to draw particular attention to the governance aspects of the provision of social protection, and the importance of links between national and international frameworks of targets and rights and the provision of effective protection. The overarching global framework for such an effort is taken to be the Millennium Development Goals (MDGs), which are designed to provide milestones against which progress towards the goal of poverty reduction can be measured. While most donors have adopted the realisation of the MDGs as the ultimate aim of their work, some have gone further in explicitly using them as the basis of strategic thinking on the actions needed to achieve global poverty reduction. The UK Department for International Development (DFID), for example, has elaborated Target Strategy Papers (TSPs) which

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Published by Blackwell Publishers, Oxford OX4 1JF, UK and 350 Main Street, Malden, MA 02148, USA.

spell out the action required to achieve each of the targets, including the key target of reducing the proportion of the world's population living on less than a dollar a day to half its 1990 level by 2015.[1]

It is also worth noting the strong links between social protection and the human rights framework.[2] The right to livelihood security is recognised in a number of international documents, including the Universal Declaration of Human Rights (UDHR). The essence of this right is the guarantee of a minimum livelihood (not necessarily income) in circumstances which jeopardise an individual's survival. Since the UDHR, the themes of rights and sustainability in the provision of social protection have been pursued in a number of ILO Declarations.[3] Applying a rights framework to social protection in developing country contexts raises the following basic question: how can countries, which lack the resources to provide transfers to the poorest on a sustainable basis in conditions of widespread deprivation, best act to ensure the fulfilment of the right to minimum livelihood with dignity for their citizens?

This article is, in a sense, an attempt to address this question. Two basic points are worth noting at this point.[4] Firstly, the state has obligations to respect, protect and promote social and economic rights. While the state should respect the right to minimum livelihood under all circumstances (i.e. never act in such a way as to undermine this right – for example, by taxing the starving), in other conditions in which scarcity of resources makes full immediate realisation unattainable it should seek to work towards progressive realisation of this right. Secondly, the state's obligation in respect to social protection for its citizens does not mean that it has to achieve this solely or even primarily by providing social security transfers. Promoting an enabling environment in which people can use their own efforts to achieve security of livelihoods is equally critical.

Towards a conceptual and operational framework

The first issue that needs to be addressed is the distinction, if any, between social protection and alternative terms in circulation. *Social security* is the best established of these terms, but is still associated primarily with the comprehensive social insurance and social assistance systems of the developed world. As such, it may be seen as inappropriate to the fundamentally different challenges in much of the South,

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1. DAC (1996); DFID (1997); see also Christiansen et al. (2002). There are also qualitative goals (for example, democratic accountability, the protection of human rights and the rule of law) which are less amenable to quantification but nonetheless essential to the attainment of the quantitative targets. Recognising this, DFID has also prepared TSPs on human rights and governance. Although work on social protection falls within the strategic ambit of the economic well-being target, it should be recognised that social protection contributes to achievement of *all* the MDGs, most critically by enabling households and individuals to maintain access to key services in times of severe distress.
2. DFID's Target Strategy Paper on Human Rights (2000) has also provided useful guidance for this article.
3. The primary ILO Convention in this field is C102 – the Social Security (Minimum Standards) Convention of 1952. The ILO instruments, however, have tended to rely heavily on assumptions geared to conditions of work typical of the formal sector and the developed world. Recent ILO work emphasises the need for radical re-thinking if the Organisation is to supply appropriate leadership and guidance on issues of social protection for developing country contexts (van Ginneken, 1999a, b).
4. Following the work of the UN Committee on Economic, Social and Cultural Rights (see Ferguson, 1999: 8).

characterised by higher levels of absolute poverty and financially and institutionally weak states. The language of *safety nets/social safety nets* is by contrast associated primarily with developing countries, and implies a more limited range of interventions (notably, targeted social assistance), often originally conceived of as short-term, compensatory measures during structural adjustment or other national crises.

Social protection, by contrast, has only relatively recently come into widespread use. For Lund and Srinivas (1994: 14), the term has the advantage of

> the same encompassing tenor or umbrella sense as social security ... [but also] the advantage, over social security, of being extensively used in both 'more developed' and 'less developed' parts of the world.

However, there is also a danger that different researchers and development agencies use social protection with different meanings in mind. Understandings of the definition of social protection vary between broad and narrow perspectives; between definitions which focus on the nature of the problems addressed and those which focus on policy response and instruments; and between those which take a conceptual as opposed to a pragmatic approach.

Most definitions have a dual character, referring to both the nature of deprivation and the form of policy response. However, almost all address:

- vulnerability and risk;
- and levels of (absolute) deprivation deemed unacceptable;
- through a form of response which is both social and public in character.

For the purposes of this article we shall use the following definition:

> Social protection refers to the public actions taken in response to levels of vulnerability, risk and deprivation which are deemed socially unacceptable within a given polity or society.

According to this understanding, social protection deals with both (i) the absolute deprivation and vulnerabilities of the poorest and (ii) the need of the non-poor for security in the face of shocks and the difficulties of different stages of the life-cycle (for example, pregnancy and child-rearing, marriage, death and funerals). As such, it encompasses as its core two main broad fields of policy response: *social assistance*, which encompasses public actions designed to transfer resources to groups deemed eligible because of deprivation (defined by low income, or in terms of other dimensions of poverty such as social or nutritional status); and *social insurance* (social security financed by contributions and based on the insurance principle: that is, individuals or households protect themselves against risk by pooling resources with a larger number of similarly exposed individuals or households).[5]

5. Many descriptions (e.g. van Ginneken, 1999b: 6) recognise that non-state institutions may provide insurance-based social protection, but are specific on the identification of the state as the provider of social assistance. Given the importance of informal transfers (from community, kin, or religious groups) in the livelihoods of the poor (see, for example, Cox, 2001), we suggest that the concept of social assistance

The field of social protection thus encompasses a number of different areas and traditions of policy response, many highly technical and specialised in character (for example, insurance systems or pension reform). Definitions that seek to locate social protection within a broad context can go further: some include famine relief, while some include most forms of public policy to support well-being and reduce poverty (e.g. Getubig and Schmidt, 1992). Arguably, for example, providing an education system is a way of mitigating deprivation. It is important therefore to read the definition as referring to the *protection* of those who fall temporarily or persistently under levels of livelihood deemed acceptable, or are likely to do so, rather than the *promotion* of a general standard of opportunity and livelihood for all citizens.[6] While the definition remains broad, it can thus be distinguished from areas of general development policy, although issues of overlap with promotional policies will inevitably remain.

It is also important to locate social protection in terms of significant relationships with other areas of policy. Firstly, linkages between social protection and the broader field of social policy in which it falls are important to the identification and prioritisation of public policies and expenditures. Particularly in poorer countries with limited state capacities, difficult choices need to be made regarding the allocation of financial and human resources to other fields of social development (such as health or education) as well as social protection. Secondly, it is important to see social protection as dealing not only with residual problems of human welfare, but as policy which liberates human potential and promotes equality of opportunity as well as of outcome. A balanced approach to social protection may thus contribute to economic well-being through three channels (DFID, 1999):

- by increasing *security*, by helping households and communities sustain their livelihoods in the face of shocks, and by reducing the likelihood of such shocks occurring;
- by contributing to *equality* through: (i) promoting levels of livelihood sufficient to ensure enhanced equality of opportunity (allowing for all households to achieve basic education for their children, as well as standards of health and nutrition necessary for human development); and (ii) raising the levels of consumption and livelihood of the poorest; and
- by promoting *growth* through: (i) ensuring that all households are able to provide for basic human development, ensuring a skilled, productive workforce; (ii) reinforcing social solidarity and thereby contributing to levels of social cohesion necessary for long-term economic development; and (iii) providing an environment in which individuals and households can adapt and change livelihood strategies without fear of calamity should such strategies fail.

By contrast, inappropriate social protection policy may act to undermine any or all of the above. Using statutory forms of social insurance to provide pensions and other benefits to workers in uneconomic state enterprises, for example, has been shown in

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should apply to all forms of public action intended to transfer resources to groups deemed eligible due to deprivation.

6. This distinction follows Drèze and Sen (1989).

practice to increase inequality in many developing countries, by effectively taxing poorer workers to provide benefits for the non-poor (van Ginneken, 1999a, b). There is also the danger that a growing burden of public expenditure in social assistance transfers may destabilise the public budget and undermine the state's ability to provide the investments in public infrastructure and services required for growth and security of livelihoods.[7] It is therefore worth outlining some basic underlying criteria for policy in this field (Box 1).

Box 1: Principles for social protection policy and programme responses

Policy options should be:

- responsive to the needs and realities of those whose livelihoods they are intended to enhance;
- affordable (in the context of short- and medium-term budget planning for the public budget, and in terms of not placing unreasonable burdens on households and communities);
- sustainable (both financially and politically – but with a requirement on government to ensure that the state's role in social protection reflects adequate levels of public support for interventions to assist the poorest);
- mainstreamed institutionally within sustainable structures of governance and implementation (whether within state or civil society structures);
- built on a principle of utilising the capabilities of individuals, households and communities and avoiding creation of dependency and stigma;
- flexible (capable of responding to rapidly changing scenarios and the emergence of new challenges (e.g. HIV/AIDS), and of supporting individuals through the changing demands of the life-cycle).

The rationale for social protection

Therefore, discussion on the definition of social protection and its relationships to other fields of policy has already touched on some of the main reasons for its systematic treatment. A review of the literature provides a wide range of specific justifications for the development of social protection policy. Variously, social protection is argued to be necessary in order to: (i) develop social support for reform programmes; (ii) promote social justice and equity, and make growth more efficient and equitable; (iii) provide policy-led support to those outside the labour market or with insufficient assets to achieve a secure livelihood; (iv) provide all citizens with protection against risk (including financial crises); (v) ensure basic acceptable livelihood standards for all; (vi) facilitate investment in human capital for poor households and communities; (vii) enable people to take economic risks; (viii) promote social cohesion and stability; (ix) compensate for declining effectiveness of traditional and informal systems for sustaining livelihood security; and (x) ensure continuity of access for all to the basic services necessary for developing human capital and meeting basic needs. A summary

7. Lund and Srinivas (2000: 17-18) discuss some of the commonly expressed fears about the distortionary effects of social protection and briefly evaluate the evidence for each.

rationale for pursuing social protection in the context of international development would be *to promote dynamic, cohesive, stable societies through increased equity and security.*

The economic rationale for involving government in social protection derives from the inability of the private sector unaided to solve two problems. The first problem is that of the low average living standards (and hence high poverty) of some individuals or groups. Market mechanisms, however well they function, do not guarantee a minimally acceptable standard of life. Transfers of assets or income are needed to fulfil the moral obligation to guarantee this minimum standard. The second problem relates to the vulnerability of other groups to transient poverty because of highly variable incomes and lack of effective consumption-smoothing strategies. Insurance markets are notoriously incomplete: market failure occurs because of inadequate information with which to assess risk; adverse selection (for example, the unhealthy are most likely to seek health insurance); high transaction costs for poor and dispersed populations; covariant risks which bankrupt the insurance institution if a high proportion of those insured are affected at once; and, arguably, moral hazard (insured individuals have lower incentives to avoid risk).

The problem of absolute average poverty requires redistributive policies. These can be of three main types:

- increasing the level and diversity of assets available to the poorest (for example, via land reform or investments in human capital through health and education). Such interventions would be indistinguishable from general poverty reduction policies. Though primarily aimed at raising average income, asset transfers also enable poor people to smooth consumption more effectively because they can diversify income sources, and sell or mortgage assets when bad times strike;
- measures to raise the returns on assets held by the poor, or to raise wages or the price of crops produced by the poor;
- direct targeted transfers, in cash or in kind (through free or subsidised access to merit goods, for example, food rations at free or subsidised prices, or exemptions from user fees). The central problem is how to target the poor while minimising leakage, keeping costs manageable, and avoiding incentive problems and the creation of dependence.

The insurance role of the state in smoothing consumption can be performed at a range of levels from macro to micro. All governments have a responsibility to react to emergency situations affecting large numbers of people (for example, by releasing emergency food grain reserves or converting foreign-exchange reserves to support extra spending; borrowing; or calling on the donor community in dealing with widespread emergencies).[8] While emergency response is not the main focus of this article, there are linkages between contingency planning for such events and ongoing social protection provision. When an administrative infrastructure exists for providing targeted support to

8. Donors recognise the importance of these reserves: witness the provision of DFID general balance-of-payments support as the main mechanism to help governments in Southern Africa deal with the 1992/3 drought.

the poorest (for example, through food for work and other feeding schemes), it can more readily be expanded in times of emergency.[9]

The extent to which the state can intervene to protect individuals from misfortune is in practice heavily constrained in low-income countries. Where many are poor, difficult choices have to be made about the resources devoted to the poorest of the poor, with potential trade-offs between development activities and state-funded social protection. Although there may be the opportunity for beneficial public sector intervention, there are also opportunity costs. In looking at which measures a government can afford and can practically implement, capacity and accountability of government action will be key considerations.

Why now? Globalisation, vulnerability and social policy

Growing concern with the global dimensions of social policy has been apparent since the late 1990s, in both academic and policy debate.[10] In large part this reflects a change in thinking in response to the financial crisis that broke in Asia in mid-1997, causing recession and serious hardship in countries such as South Korea, Indonesia and Thailand previously regarded as developmental success stories. The crisis provoked the international community to examine the changing context for economic and social policy and the need for an institutional framework for managing risk and promoting opportunity. Although policy regimes differed between the countries affected, they could all be characterised as having pursued a path to poverty reduction based on relatively open markets and rapid, broad-based economic growth. This general strategy had been widely praised and, albeit with different emphases, endorsed in international policy discourse (World Bank, 1990, 1993). With the benefit of hindsight, however, it can be argued that the neglect of social protection provisions made these countries vulnerable, following an economic crash, to rapid increases in poverty, and the adoption of household-level coping mechanisms which slowed economic recovery and undermined long-term human development.[11]

Following and in turn followed by crises in Latin America and the former Soviet Union, the Asian crisis stimulated a debate on the adequacy of the 'global financial architecture' provided by the Bretton Woods institutions in a world of increasingly volatile commodity relations and capital flows. Any new global institutional arrangements will obviously have implications for economic and social policy. Work on global social policy also reflects recognition of the fact that international economic integration is leaving nation states – and poorer nation states, in particular – with less power to regulate relationships between capital and labour, access to internal markets, and levels of budgetary support for human development. As the nation-state remains the key framework for formal political participation, there is a clear danger of an emergent vacuum in terms of accountability and legitimacy. The accelerated integration of

9. The World Bank refers to these as 'simmering' safety nets.

10. For differing reviews and perspectives see for example Deacon (2000); Deacon et al. (1997); and Brown (1998).

11. Knowles et al. (1999). Of course, the crisis also generated another debate (which received much more attention than that concerning social protection), with regard to the origins and evolution of the crisis, and the roles played by structural weaknesses, 'globalisation' and openness, and the decisions national leaders and the IFIs took in response to the breaking crisis (see, for example, ADB, 1999a, b).

societies and economies – which has great potential for increasing growth and human well-being – may in the long run be threatened if growing inequality fosters a perception that basic standards of social justice are not being met. This suggests that the institutional framework for social policy must adapt in response, at the local, national and global levels. Serious political interest in the development of a *global* social policy is seen most clearly in a request in October 1998, from the Development Committee of the World Bank/IMF, that the World Bank should 'work with the United Nations, the Fund and other partners to develop general principles of good practice in structural and social policies'. The appropriate agenda for a global social policy framework is, however, still contested (Deacon et al., 1997; Norton, 2000; ILO, 1999b).

These events clearly form part of the ongoing debates concerning the phenomenon of 'globalisation', a term used to describe (i) accelerated global integration of various kinds (driven by liberalisation of trade and capital flows, and by technological changes which foster growth and shifts in information flows) and (ii) the institutional responses to these integrative processes, from global through to local scales (UNDP, 1999). Analysis of the economic and social consequences of globalisation now tends to stress two differing and parallel dimensions. On the one hand, current global processes of change are seen as increasing opportunities for all, including poor people and poor countries; on the other, they are seen as exacerbating insecurity, in terms of both the increased probability that economic shocks will be international rather than national in scale, and the increased severity (breadth and depth) of these shocks when they do occur.[12]

Thus, while much of the policy-focused analysis of poverty has concentrated upon national and sub-national processes that cause or reduce poverty, the anti-poverty debate has also come to address aspects of contemporary globalisation which are seen to necessitate a supranational policy response. These secular trends include freer movement of capital between nations, which creates the possibility for them to compete for foreign investment by adopting lower standards of labour rights and protection and lower taxes on labour and productive enterprises, prompting fears that capital goes 'regime shopping', engendering a 'race to the bottom' in standards of labour rights and social investment. The case for such a process is not yet proven, however: a study in 1996 found that investors' decisions were not in general guided by a desire to seek out 'low rights' legal and policy environments (OECD, 1996). It is nonetheless possible that governments in the developing world believe that this is the case, and act to restrict rights on the basis of the (erroneous) belief that this is what investors want.

As part of the same phenomenon, the increasingly liberalised international economic environment restricts the ability of governments to mobilise many of the sources of revenue (for example, trade tariffs or labour taxes) conventionally used to fund social expenditures, threatening a 'fiscal squeeze' on the public revenues required to fund state-provided social expenditures. There is a trend to lower tax on higher incomes, resulting in less redistributive tax systems (ILO, 1999b). All of these shifts contribute to increasing levels of inequality, both within and between countries (Cornia, 1999; Stewart, 1999), with labour market segmentations becoming increasingly sharp and significant. Finally, the accelerated integration of national economies results in

12. Whether the perception of increasing insecurity matches reality is open to question. See Page (2000) and Giddens (2000).

increasing exposure to greater variability in supply, demand and price. Many developing countries – especially those with a narrow export base – see themselves as increasingly vulnerable to international shocks.

These processes have elicited conscious responses from key international actors, responses which are themselves part of the fabric of globalisation. During the 1990s, multilateral institutions (such as the World Bank and IMF) have become increasingly engaged with core social policy issues through an increasing focus on poverty reduction and the social sectors (e.g. Chu and Gupta, 1998). Along with other actors, they have also been involved in debates reflecting international concern about the volatility of short-term capital flows and the potential for these flows to initiate rapidly developing welfare crises. Northern governments as well as international organisations are also increasingly concerned with labour migration from poorer to richer countries, which underscores the practical as well as moral imperative for treating poverty as a global, rather than simply national, issue. In parallel, increasing awareness of economic and political connections between different parts of the world has fostered new forms of solidarity-based civil society action (for example, the 'ethical trade' initiative).

The increasing focus on social protection in international development organisations such as the World Bank and Asian Development Bank must thus be seen, at least in part, as the reaction of policy-makers to recent financial crises. Underlying this, however, has been a more general trend towards refocusing development co-operation on the elimination of poverty. While the response to the regional and global crises of the late 1990s undoubtedly provided much of the impetus for renewed interest in vulnerability and social protection, analytical and policy work has also been carried out in countries and sub-national regions which are characterised by enduring high levels of chronic poverty (including some which are largely marginalised in the global economy) and thus facing different kinds of risk management and poverty reduction issues. Transition economies (both relatively successful examples, such as China, and less successful cases such as Russia and Moldova) present another set of challenges, as governments struggle to dismantle extensive, expensive and inefficient social security structures while simultaneously constructing new systems of insurance and transfers more appropriate to and supportive of a market-based economy.[13]

It is thus possible to draw a crude distinction between countries in which social protection is needed primarily to increase the equity and ensure the sustainability of growth-led gains in poverty reduction, and countries in which social protection is required in the first place to address extremes of current deprivation and lay the foundations for accelerated growth. In both cases, it is important to reflect the recognition (drawn from thinking on social policy in the North) that social policy is inextricably linked to economic policy, and not a residual category dealing with welfare.[14] Good social policy is increasingly needed to provide the investment required for a cohesive, dynamic society with a skilled and healthy workforce. In short, it is as much about enhancing opportunities as it is about providing protection for those not able to secure a decent livelihood through the market or social institutions.

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13. See articles in this volume by Stephen Devereux (Southern Africa), Caroline Moser with Oscar Antezana (Bolivia) and Sarah Cook (China).
14. Also critical is the ongoing global demographic transition. Growth in the absolute and relative numerical significance of older people poses a complex challenge to systems of social protection (Heslop, 1999).

Conceptual foundations from research on poverty and deprivation

Debates on social protection can draw heavily upon a rich literature dealing with the nature of poverty and deprivation and related public policy choices. The increasing importance attached to social protection issues within debates on poverty reduction can be illustrated by comparing the two 'decennial' poverty-themed World Bank *World Development Reports* for 1990 and 2000/01. *WDR 1990* included safety nets as part of a 'three-legged' poverty reduction strategy (human development and labour-intensive growth constituting the other two legs). During the 1990s many criticised the 'safety-net' formulation, which implied a perception of the poorest as passive recipients of transfers rather than as active agents. Nonetheless, *WDR 1990* still represented a major watershed, bringing state-provided social protection back into the mainstream of debate on international development following the neo-liberal consensus of the 1980s.

Attacking Poverty (*WDR 2000/01*) is conceptually a broader document, dealing with experiential and qualitative as well as consumption-based dimensions of poverty. Its overall framework for the conceptualisation of measures needed to tackle poverty is built on three new thematic 'legs': empowerment, security and opportunity. The debate around livelihood security stimulated by *WDR 2000/01* has given considerable momentum to the development of social protection policy.

Risk and vulnerability

The literature on risk and vulnerability falls broadly within two traditions. One is based on participatory and ethnographic understandings of the nature of poor people's realities and livelihoods.[15] In the late 1980s and early 1990s when survey-based approaches focused on providing static 'snapshot' pictures of the levels of deprivation, this literature was influential in bringing issues of vulnerability into the mainstream of policy debate, emphasising that poor people's own perceptions of well-being placed considerable emphasis on issues of security, both of the person and of livelihoods.

The other tradition comprises a comprehensive revisiting of the issue of risk and vulnerability in quantitative and conceptual economic analysis. This conceptualisation of 'risk' draws on various roots, most notably the World Bank's conceptual framework for social protection policy.[16] From the perspective of an individual actor, risk can be described in terms of a balance between probability and magnitude. Scaling up to address policy implications, it is possible to make some further categorisations of risk,

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15. The evolution of this literature can be traced from the articles in *IDS Bulletin* 1989 20 (2) (in particular Chambers, Swift) through Norton and Stephens (1995), Norton et al. (1995) and Robb (1999). Significant developments in terms of asset/vulnerability frameworks include Moser (1996), Scoones (1998) and DFID (1999).
16. Holtzmann and Jorgensen (1999). Also worth noting are the increasing number and sophistication of panel studies examining the incidence and correlates of household movements into poverty (e.g. McCulloch and Baulch, 1999; Haughton et al., 2001) and econometric estimates of vulnerability from one-off survey data (e.g. Chaudhuri and Datt, 2001). Deacon (2000) makes the case for a quantitative approach to vulnerability analysis which is not confined to income or consumption but also addresses assets and human development.

relating to the numbers likely to be affected at one time, and the sequencing of shocks (World Bank, 1999a: 22-3):

- *Patterned (or 'idiosyncratic') vs. generalised (or 'covariant') shocks.* Shocks which affect only certain individuals or households (e.g. accidents, frictional unemployment, etc.) call for different kinds of preparations and responses compared to those required to address shocks which affect all those in the society or region under question (e.g. inflation or widespread flooding).
- *Single versus repeated shocks.* Many shocks are correlated (e.g. disease following famine). Strategies to mitigate or cope with a single shock may fail under the impact of repeated shocks.
- *Catastrophic vs. non-catastrophic shocks.* This essentially relates to the magnitude of the shock: small shocks can be absorbed through minor adjustments in the household economy, while others are potentially ruinous.

Box 2: Risk management strategies

The World Bank places considerable emphasis on an analysis of strategies for coping with risk. Based upon what they know of the likely probability and magnitude of the risks facing them, individuals or institutions may attempt to manage risk in three different ways.

- *Risk reduction:* actions, taken in advance of a shock, which reduce the probability that the risk event will occur (e.g. economic policy measures to minimise risk of inflation or currency crisis).
- *Risk mitigation:* actions taken in advance of a shock which reduce the magnitude of the potential risk event (e.g. diversification of livelihood strategies, so that if the return to one activity declines dramatically subsistence or income can still be obtained from other activities; taking out insurance; and cultivating social ties which might be of assistance in the event of a crisis).
- *Risk coping:* actions taken once the risk has occurred which reduce – or distribute – the effects (e.g. selling assets, reducing consumption, or adopting risky or socially marginal occupations).

Balancing these strategic considerations can guide actors towards different livelihood decisions. Both the individual strategies and the models of decision-making based upon them are of course highly formalised: in practice, actors typically combine two or more strategies at any one time. There are also trade-offs between reduction, mitigation and coping. Coping strategies (e.g. reducing consumption or selling assets) may make the household more exposed to other shocks having once recovered (i.e. undermine risk mitigation). The Bank therefore emphasises the role of state policy in complementing existing social risk management mechanisms, matching instruments to gaps in existing coverage, and argues that governments should devote more effort to attempting to reduce risk rather than (as at present) attempting to mitigate and cope with it.

It is important to stress that none of these distinctions are hard and fast. The magnitude of a shock may be defined in either absolute or relative terms: for a household with only one economically active adult and no assets, even a short-term illness of the head of household may be devastating, whereas for a household that is equally poor but has more labourers such an illness could perhaps be absorbed. Similarly, whether a crisis is considered general or discriminating depends upon the scale of analysis: a local flood or decline in price of a particular local product may be considered relatively discriminating on a national scale but can affect the whole society on the local scale, with important implications for the ability of local institutional arrangements to provide relief.

From the point of view of social protection policy, the literature on risk and vulnerability implies the following:

- options should be responsive to the realities of people's livelihoods, and informed by awareness of the assets and capabilities available to the poor and vulnerable;
- policies and programmes should be integrated. Interventions should aim to reduce and mitigate significant risks (both those common risks – e.g. illness – which affect many individuals and households *as* individuals and households, and those covariant risks – e.g. financial crisis – which, while infrequent, affect large numbers at one time), as well as helping people to cope with the consequences.

Social exclusion and social cohesion

In the final chapter of the classic anthropological text *The Gift* (Mauss, 1954), it is argued that principles of reciprocity and mutual obligation – including forms of mutual insurance against risk and eventualities such as old age – are fundamental to the values of solidarity and identity that underpin the cohesion of societies. The tradition in which Mauss was writing was one which, in contrast to the liberal individualistic traditions more associated with the anglophone world, placed social relations at the heart of the motivations and incentives of behaviour and policy.

In modern development theory this approach has found expression in the concept of social exclusion, which has been advocated as a framework for analysing deprivation and the social and political processes which lie behind it.[17] In its original form, social exclusion refers primarily to a rupture of the social and moral bonds between an individual or group and society. It is worth highlighting the following implications of a discourse of social exclusion for social protection policy:

- Standing outside of collective, mutual forms of solidarity and support (citizenship of a country or membership of a community) is itself a form of exclusion.
- Citizenship – or membership of groups – is often defined by the entitlement to public support in times of hardship and need. The state's capacity to facilitate the development of a consensus on its role in social protection (commensurate

17. See de Haan (1999), Rodgers et al. (1995), especially the chapter by Silver.

with its institutional and fiscal capability) and subsequently to deliver on its side of the bargain is critical to sustaining its own legitimacy.

- Not all forms of social protection foster social inclusion. Highly targeted transfers, based on means-testing or other selection criteria, can create a sense of stigma which is itself exclusionary. Forms of social protection based on mutual obligation and some sense of reciprocal obligation may protect the poorest against shocks just as effectively but lessen the demeaning connotations.[18]
- The delivery of benefits to groups often erroneously assumed to be outside the labour market (for example, older people or people with disabilities) needs to be based upon sensitivity to the perception of these benefits by the recipients and by society in general. Too often social assistance based upon misguided assumptions of dependency results in counter-productive social protection policies.

Notions of social exclusion are also frequently applied in the arguments concerning increasing levels of inequality under globalisation. Civil society activism in the North is steadily moving away from charitable giving to address structural issues of social justice (debt relief, ethical standards in global trade, etc.). These shifts suggest the growth of new forms of global solidarity, although the capacity to address growing polarisation within the global economy clearly has limits.

The politics of protection: rights and accountability

There is a growing literature suggesting linkages between the nature of national governance and the effective reduction of poverty. A cross-country study of 61 developing countries (Moore et al., 1999) found that a country's effectiveness at converting resources (p.c. GDP) into human development was correlated with (among other variables) the extent to which the state was dependent on taxing its citizens (rather than upon extractive industries or donors) for revenue generation. This suggests that dependence upon a broad revenue base tends (at least under some conditions) to reinforce the accountability and thus the quality of public services delivery. Historical studies of the development of welfare capacities in both developed and developing countries suggest that the level of livelihood risk is a key determinant of the level of state interventions with social objectives. Experience suggests that while developed countries respond to pressures around economic uncertainty by increasing social spending, poor countries typically lack the capacity to implement effective social welfare programmes to mitigate risk, and so tend to respond by expanding government consumption, creating government jobs and 'development programmes' which reach key constituencies of political support, if not the broader population.[19]

What do these findings imply for policy? Primarily, they strongly suggest that most developing countries need to strengthen their institutional capacities and the structure of

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18. The argument against such schemes is that they often are seen to involve elements of paternalism and control.
19. See, however, Yang (2000). It should be noted that studies of poor people's own perceptions of poverty commonly highlight their consciousness of a lack of 'voice', or the capacity to influence public policy and services which affect them.

governance and accountability. Without these preconditions, conditions of increasing risk will be unlikely to lead to broad-based action to support the livelihoods of the poorest.

The lack of entitlement to state social protection has deep roots in many developing countries. Mamdani, for example, traces the segmented nature of African societies to the period when white colonisers had rights as 'citizens' while Africans existed as 'subjects'. While race is no longer the principal dimension of exclusion, the legacy of the bifurcated society persists, underpinning the current division in many African states between 'citizens' working in the core segments of the labour market and enjoying decent wages, job security, decent working conditions and social benefits, and 'subjects' – the marginalised, often rural segments of society, characterised by informal livelihoods and low levels of access to public services (Mamdani, 1996; Kabeer, 1999). Such segmentation has major policy implications for social protection. While it can be addressed through technocratic innovations, in full-blown form structural inequalities of this kind are problematic not just for the detail of programme design, but for the development of governance and society at a fundamental level.

As we noted at the beginning of this article, international human rights documentation (the UDHR and ILO Declarations) lays out the aspiration to broad-based forms of social protection. Contemporary approaches to integrating human rights into development practice have highlighted the need to convert such aspirations into standards and entitlements which reflect consensus on sustainable approaches and which are communicated widely. In this form they can assist groups which lack voice and the political and social networks required to claim these benefits successfully. Without such concrete elaboration, however, statements of rights are of questionable policy relevance. Their potential lies in enhancing the vertical accountability of public policy to the population, particularly the poor, and in emphasising the social dimensions of equality of access (for example, through the principle of non-discrimination).

In conclusion, the literature on the interactions between politics, governance and poverty provides the following key insights on social protection:

- Active civic pressure for effective state action helps to deliver broad-based and effective social protection. Institutional capacity is critical but chronically underdeveloped in many developing countries.
- Many developing countries suffer from forms of structural inequality which mean that formal mechanisms of social protection are unavailable to the majority of the population. Under these conditions, social protection tends to exacerbate rather than reduce inequality. The clearest example is over-protection of formal sector employees in countries where the majority of the labour force (including its poorest members) work in the informal sector or subsistence-oriented agriculture.
- Human rights provisions have to be turned into negotiated understandings of entitlements and standards (which can be sustainably delivered) in order to provide a framework against which the poorest can make claims for more effective public action.

Development agency perspectives on social protection[20]

Most development agencies prefer to see their role as supporting long-term reductions in poverty (implying an eventual reduction in the need for aid), rather than helping to protect livelihoods, especially where such support involves a recurrent service with no clear exit. As such, many have traditionally been reluctant to become engaged in social protection. However, increasing recognition of the need for donors to engage with the full range of state policies in partner countries, and to take a long-term view of the development process, implies a certain convergence of interest. As social protection expenditures form part of a country's overall budget and social policy actions, even agencies with no historical competency in social protection need to develop understanding of issues in the field.

Development agencies bring with them to the issue of social protection a set of concerns, some reasonably general and some more specific. These will include:

- the overall policy framework, objectives and understanding of key concepts (e.g. the nature of poverty);
- issues of structural overlap between social protection and other programmes and professional groupings. For example, if the agency in question has a professional group dealing with health, health insurance policy may well be covered already under sector policy. There may also be specific programmatic approaches to the issue of vulnerability (for example, the sustainable livelihoods approach) already in circulation within the organisation: those seeking to develop an agency position on social protection will need to take account of this existing division of labour.

A number of development agencies thus provide specialised expertise with regard to specific geographical regions or components of social protection policy.[21] A few donors, however, are distinctive in combining a holistic framework for social protection policy work with widespread influence. The **World Bank** is increasingly important in the field: lending for social protection has grown rapidly (reaching 13% of total lending in 1998). The Social Protection Sector was established in 1996, drawing on and, gradually, drawing together various strands of social protection work within the Bank (for example, work on the social dimensions of adjustment in Africa, social security reform in transition economies, and social funds). A cohesive conceptual basis for these diverse approaches to social protection, outlined in Holtzman and Jorgensen (2000) and the Social Protection Sector Strategy Paper (SPSSP), was presented to the Board in mid-2000. This theoretical treatment (based on social risk management, or SRM) focuses on how policy can help the poor to manage risk in the interest of human capital development and the prudent risk-taking necessary for long-term, poverty-reducing economic growth. This marks a serious attempt to build linkages between a broadened definition and rationale for social protection and more general principles of

20. For more details on agency positions, see Conway et al. (2000).
21. E.g. the Inter-American Development Bank (IADB, 2000), WHO, UNICEF, Germany (BMZ, 1999) and the EU.

development, bringing together concerns traditionally divided between economic and social policy departments.[22]

The importance of issues of vulnerability and insecurity within Bank analysis and strategy has been reinforced by the findings of Participatory Poverty Assessments. The focus on qualitative dimensions of poverty is striking in *WDR 2000/01*, in which livelihood security is identified as one of three central components required for a sustainable poverty reduction strategy. The Poverty Reduction Strategy Paper (PRSP) Sourcebook contains a chapter on social protection which builds on the typology of risk developed in the sector strategy paper,[23] strengthens the emphasis on linking social protection policies with an over-arching national analysis of poverty and vulnerability, and should lead to a more central role for social protection issues within policy dialogue at the national level.[24]

The strengths of the Bank's contribution can be seen to lie in its growing experience with different approaches to social protection, the influence it can bring to bear by virtue of the volume of lending activities in the sector, and the considerable volume of conceptual work on risk and risk management produced in recent years. The conceptual framework of social risk management has already been influential on other authors in the field of social protection (e.g. Lund and Srinivas, 1999).

The increasing involvement of IFIs in the social policy domain is, however, not always welcomed. Some developing countries fear that this involvement will eventually lead to loan conditionality based on inappropriate standards of social policy. Social policy specialists meanwhile have noted with unease that Bank policy advice has tended to promote North American, market-oriented models of social provision (for example, cost recovery for health and education services, or a residualist 'safety-net' approach), and have argued that it would be more appropriate for the social policy organs of the UN rather than the IFIs to take the lead in the field of social policy (Deacon, 1997). Given the considerable influence of the Bank in determining the allocation of public expenditures in most poor countries, we would argue that, while it is of course vital that other voices in the field of international organisations (such as the ILO) continue to provide an alternative perspective, the increasing concern of the Bank over issues of social protection and vulnerability should be welcomed rather than opposed.

The **ILO** approach to social security, as mentioned above, has been through a period of transition over recent years. Traditionally, the ILO has promoted statutory social insurance programmes following a model based upon the historical experience of the developed world. The emphasis has now shifted. New conceptual work is integrated within an overall recasting of ILO's approach under the heading of 'decent work for all', using a much broader definition of 'work' which encompasses domestic work and

22. Other Bank work in the sector has a more pronounced empirical basis than the SPSSP. Morduch (1999), for example, examines social protection mechanisms designed primarily to deal both with more mundane crises *and* with problems which occur with sufficient frequency (albeit some uncertainty as to timing) that it is not even clear that they are best approached through the framework of risk analysis.

23. PRSPs are the key policy statements guiding concessional lending and debt relief in poorer countries (World Bank, 2000a). They are to be formulated through a participatory process led by government in consultation with other stakeholders, and guide the overall focus on poverty reduction throughout public policy.

24. The Bank formulation of risk management activities and their relationship to social protection instruments has, for example, been drawn upon in analysis of social protection issues in the PRSP process in Vietnam (Conway and Turk, 2001) and Bolivia (see Moser with Antezana in this volume).

the 'care economy' (ILO, 1999a; van Ginneken, 2000: 4). The 'decent work' agenda has four strategic objectives, of which 'enhancing the coverage and effectiveness of social protection for all' is one. The other three objectives – to promote and realise standards and fundamental principles and rights at work; to create greater opportunities for women and men to secure decent employment and income; and to strengthen tripartism (i.e. the negotiation of social policy between unions, governments and businesses) and social dialogue – are also clearly related to an expanded definition of social protection.

Although it is changing under the influence of the new strategic vision, the most operationally-developed elements of the ILO's social protection approach nonetheless still reflect its concern with employment issues in its primary focus upon insurance-based mechanisms. The key strength to the new ILO framework is a participatory approach, which starts from the livelihood strategies, resources and needs of the poor, rather than (as in the past) starting with the state. The focus of ILO operational research began to shift in the late 1990s, with one major strand focusing on appropriate forms of insurance-based social protection for the informal sector (Gruat, 1997; van Ginneken 1999a, b). This approach starts from the observation that only a very small proportion of the developing world's population enjoys any protection from conventional statutory social security. Pilot studies in four countries examined the reasons for this poor coverage; drew out general patterns (and important variations) in the social protection priorities of the poor; and identified the possibilities for encompassing those currently excluded, whether by extending statutory systems or developing alternatives. Analysis of the strengths and weaknesses of innovative schemes in these countries (and later in China) has provided insights into the possibilities for extending social insurance to the informal sector (broadly defined).

The **Asian Development Bank** has relatively recently adopted as its overarching mission 'to help its developing members achieve accelerated and irreversible reductions in poverty'. Social protection is seen as an integral component of this goal, in terms of 'making growth more efficient and equitable' (ADB, 1999b: 12) by smoothing labour markets, facilitating investment in human capital, and providing the poor with subsistence security which will enable them to take productive risks. The rationale for ADB work in social protection thus resembles that of the World Bank. Unlike the latter's SPSSP, however, the strategy paper pays relatively little attention to macroeconomic crises: the crisis which hit East and South-east Asia from mid-1997 is mentioned as a reason for the development of a cohesive social protection strategy, but most of the strategy relates to more long-term concerns. Other ADB work has, however, picked up on the theme of state and community responsiveness to national crises (e.g. Knowles et al., 1999).

The follow-through (in identification of country-level influences on social protection development strategies and the implications for ADB operations) is pragmatic and flexible (Ortiz, 2001). Particular attention has been given to labour market policies, crop insurance and price supports for agriculture, social assistance and welfare (Ortiz, 2000). Given the quality of the strategy paper, the range of country contexts within Asia and the associated range of perspectives on social protection, and the fact that the Bank is a membership organisation, the ADB has considerable potential to develop and share valuable expertise on a wide range of social protection topics.[25]

Lessons from experience

Social protection outside the state

Evidence suggests that the poorest households in poor countries scarcely ever benefit from direct state support, relying instead on transfers from non-state sources (kin, community, religious organisations, etc). But traditional forms of solidarity and collective organisation tend to become eroded as local economies become increasingly monetised and integrated into market relations. Such forms of assistance and mutual support may also exclude many of the poorest (Magagna, 1991). Policy-makers therefore need a realistic understanding of social systems: it is important to look beyond romanticised images of harmonious rural communities which venerate the elderly and care for the vulnerable. Mutual support and solidarity are important characteristics in most of the developing world, but that does not mean that they fulfil all the functions desired of a national social protection policy.

There is historical evidence from developed countries that the development of informal social protection has produced subtle but powerful benefits, strengthening social capital and governance and contributing significantly to the development of the fabric of civil society. In the UK, for example, the development of civil forms of social insurance – starting with burial societies and evolving through the 'friendly' or 'beneficial' societies of the late eighteenth and early nineteenth centuries – laid the foundations of a striking number of the key civil society institutions of modern Britain, and contributed to the development of civil society pressure for public provision in health (Thompson, 1968; Thompson, 1988). Organising around the insurance principle can provide the seedbed for the emergence of civil society structures, with long-term benefits in the form of enhanced accountability and governance as well as welfare provision.

Social protection and the state: the developing country experience

The provision of social protection by the state is associated with a wide range of instruments and institutional relations. State social protection instruments may be grouped under three headings: insurance-based policies and programmes, social assistance, and 'other' instruments. The vast majority of the population in low-income countries is *not* covered by any form of statutory social protection. Both state and private insurers find it hard – and risky – to cover the majority of the workforce in the informal sector, who cannot support regular social insurance contributions from low and irregular wages. The poor meanwhile find that the services offered by statutory coverage (for example, pensions or unemployment benefit) do not match their priorities (smoothing health care expenditure, assistance with funeral and survivor costs, and

25. Note, for example, the range of presentations on social protection topics made at the ADB-hosted Asia and Pacific Forum on Poverty (www.adb.org/Poverty/Forum/social.htm).

smoothing the impact on expenditure and income forgone that result from maternity, childcare and basic education).

The coverage of *social insurance* may be progressively extended from its current small base in the privileged wage-labour segments of the economy by removing legal restrictions on membership, streamlining administrative procedures, and adjusting the balance between pay-as-you-go and 'funded' components of pension schemes. More fundamental innovations – flexible contribution schedules and more appropriate benefit packages – will be required in order to incorporate significant numbers of informal sector workers. For those whose livelihood is centred around agriculture, crop insurance may perform the same function as social insurance does for waged labour, by guaranteeing a minimum income: but here too those in the informal sector – marginal farmers oriented to on-farm consumption – may be unable or unwilling to allocate a significant portion of their income to insurance premiums.

Health insurance is potentially of great benefit, given that medical expenses constitute one of the main threats to household livelihood. Given the high costs of statutory or private health insurance (where they exist), most of those in the developing world who do take out insurance do so through local associations. These arrangements can cope relatively well with high-frequency, low unit-cost expenditure on primary and some secondary health (costs that are covered by what is referred to as Type II insurance cover), but are hard pressed to provide what is most needed, namely, effective Type I cover against low-frequency, high-cost health expenditure (such as hospitalisation). Hospital-based schemes are also problematic. The state should seek to facilitate the effectiveness of associations providing Type II cover while developing suitable partnerships to deliver Type I cover. These arrangements may require quite complex hybridised systems for the sharing of contributions and costs (Xiaoyi et al., 1999: 71-4).

Social assistance (non-contributory, tax-financed benefits, in cash or kind, sometimes universal but more often targeted) is typically of minor importance in low-income countries. Subsidies towards or exemptions from state services may be used, however, and may contribute to other social policy ends: the provision of free school meals, for example, may be used to encourage poor families to keep their children (especially girls) in education. Many forms of social assistance in poor countries have a problematic record, reflecting deficiencies in both financial resources and state institutional capacity and accountability. Attempts to operate exemptions to cost recovery in health service delivery have a particularly unsatisfactory record when based on supposedly means-tested poverty criteria, but may be more effective when applied by age groups or other easily identifiable categories (such as pregnant women).

There remains a somewhat residual category of social protection instruments that are neither contribution-funded insurance nor tax-funded assistance *per se*. *Labour market policies* (labour exchanges, prudent labour standards and so on) that facilitate fuller and more rewarding employment are primarily relevant to the formal sector. Other policies oriented more towards the needs of the informal sector (broadly defined so as to include subsistence-oriented agriculture) each have their own strengths and weaknesses. *Employment support* through public works is widely used, most recently as the primary component of social funds in Africa and Latin America. In practice it is very hard to achieve two goals (the creation of infrastructure and the self-targeted provision of a minimal wage to the poor) satisfactorily, and critics note that public works may be an inefficient way of providing benefits. However, such an approach does have the advantage of political acceptability (benefits are related to work, and the non-poor benefit from the infrastructure that is created), and the administrative machinery, once established, is relatively flexible, with the capacity to scale-up during a crisis.

Price support for goods produced by the poor or *price ceilings* for subsistence commodities (such as food staples) can smooth income and consumption respectively. But these measures, best used on a temporary basis, can easily become institutionalised and, under political pressure, expanded, thus distorting the state budget and undermining national competitiveness. While some groups among the poor may benefit, others may suffer, depending upon their position as net consumers or producers of the commodity in question. *Microfinance* services may contribute to social protection, enabling the poor to save and to access loans (used either to invest in an income-generating activity or to meet consumption needs without the necessity to sell assets, cut back on education, or take out usurious private sector loans). The scope for using microfinance to achieve social protection will depend heavily upon macroeconomic stability and the quality of the microfinance institution.

Finally, there is a role for instruments which seek *to increase the assets* (financial, physical or human) of individuals and households not covered by conventional means of social protection. This may involve improving security of access (for example, tenancy reform, protection of access to common property resources) or distributive measures (for example, land reform).

The handling of social protection issues within state structures is often fragmented and poorly co-ordinated, making balanced judgements about priorities and the appropriate role for public policy difficult. Ministries which deal specifically with the area (for example, Ministries of Social Welfare) are often marginal and poorly resourced, operating a range of outdated welfare programmes of dubious relevance.[26] This institutional fragmentation is not surprising, given the great breadth of policies which relate to social protection. In most countries social protection policy – whether broadly or narrowly defined – involves a bewildering range of state actors and institutions. Improving overall co-ordination of social policy is a major priority under most conditions.

Without going into prescriptions in great detail, a few key points can be made. Firstly, an integrated perspective on social protection policy, taking on board dialogue with civil society groups, a coherent view on rights and entitlements, and the range of interests and priorities of the public sector, is unlikely to emerge unaided from technocrats scattered between different parts of government service; and, if it did, it would lack the legitimacy required. Recognition of the importance of social protection and identification of the overall policy direction have to come from a country's political leadership, which requires political leaders to become familiar with a challenging range of highly technical issues. In developing an informed national consensus, an effective information base is very important, allowing for policy-makers to engage with the realities of deprivation and vulnerability.

Secondly, it is generally desirable that state bodies other than social welfare agencies (such as the Ministry of Finance, Planning Commission, or Cabinet Office)

26. van Ginneken (1999b: 187) provides an illustrative example of how administrative segmentation has contributed to the lack of focus and thrust in social security policy in India, at both Union and state levels.

become centrally involved in the development of social protection policy. Institutional actors of this weight will help to broker amongst the numerous interests involved and increase the chances of coming to an appropriate view on the state's role, resources and priorities. Governments need to identify a central institutional location in which to develop capacity in poverty analysis and monitoring in general, and in the development of social policy more broadly.[27]

Conclusion: future directions and strategic priorities

This article has attempted in the space available to do justice to the challenging scope and wide body of relevant experience involved in the contemporary debate on social protection. We conclude by highlighting a few policy issues which we judge merit more consideration, either because of evolving global trends or because they have to date been neglected in the literature.

Global redistribution, global governance and globalisation of social policy

The debate on global social policy principles has focused on national-level guidelines for good practice in various fields, including social protection (Norton, 2000). The international community can help to meet the challenges posed by growing levels of insecurity and inequality in the following ways:

- combating growing global inequality, by reversing the decline in development assistance flows to poor countries observed during the 1990s, and by addressing trade and debt issues;
- continuing to mobilise global civil and political pressure for sustainable poverty reduction, establishing links with related movements (such as that for ethical standards in business and trade);
- establishing global and regional mechanisms to aid countries in temporary crisis, helping to support basic livelihoods and ensure that long-term investments in human and social capabilities are not compromised;
- analysing the risks associated with globalisation processes that are likely to continue to grow (for example, volatility of investment flows, diminishing revenue base for poorer countries); and taking action to reduce the harmful effects of globalisation and prevent further shocks and deterioration;
- seeking to strengthen mechanisms of global social governance within the UN system, so that the sense of global entitlement for the poor embodied in commitments such as the MDGs can be reinforced through enhanced accountability.

27. The development of the Poverty Eradication Action Plan and subsequent policy frameworks in Uganda – in which the Ministry of Finance, Planning and Economic Development has provided strong leadership in developing national strategies – provides useful guidance in this respect.

Governance and social protection

To date, work on social protection has been largely technocratic in character, focusing on the elaboration of forms of deprivation and the policy instruments which can be deployed to achieve objectives. By contrast, there has been a general lack of attention to the ways in which those objectives are set by the societies concerned, despite clear evidence that this objective-setting is a highly contested process, in which great political skill is needed to facilitate consensus on the level to which the public at large is willing to see tax-funded resources spent protecting the poor and vulnerable. While civil society groups (NGOs, social movements, pressure groups and the media) play important roles in these debates, the literature on social protection tends to analyse the role of civil society in social protection merely as delivery mechanisms for policy goals. It is clear that these groups also function to press public bodies to develop effective policy approaches and allocate resources and to demand accountability from providers. Technical assistance from development agencies needs to be related to an improved capacity to analyse social protection within a holistic treatment of issues of governance and public policy.

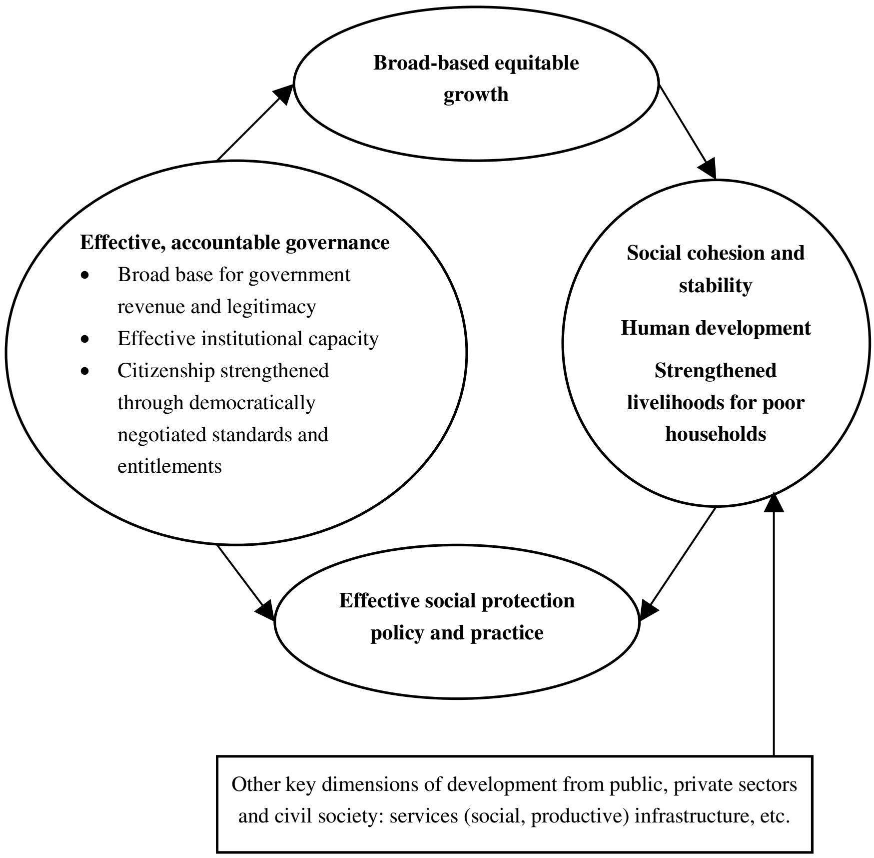
Social protection, the development process and poverty reduction

Figure 1 represents the role of appropriate social protection policy in promoting development. The primary linkages are between social protection policy and the strengthening of social cohesion, human development and livelihoods. Through these channels social protection can help to ensure broad-based, equitable growth. This, in turn, strengthens effective, accountable governance (through enhanced legitimacy, revenue and capacity), without which, in turn, social protection policy is not likely to be effective.

A number of strategic policy priorities must underlie the development of effective social protection policy. Firstly, policy development should start from the needs, realities and priorities of the groups intended to benefit from social protection. There are a range of factors – notably governance, transparency and information – which contribute to the creation of policy and programme systems responsive to the needs of the poor. Core priorities for government are establishing an information base (both quantitative and qualitative) on issues of poverty and deprivation; disseminating this information to inform public debate; and engaging in negotiation with different institutions and groups in order to strengthen consensus about the rights and entitlements in the field of social protection, and the role of government in fulfilling them

Policy development in developing countries needs to take account of the rich variety of institutions outside the public sector which are performing social protection functions, and engage with informal, traditional and private systems to ensure that public policy makes best use of their potential. Governments need to ensure that policy-makers have an adequate understanding of the various non-state forms of social protection currently operating to provide insurance and assistance to poor people, and support through appropriate regulation and programmes the development of local groups which enhance the livelihood security of poor people. Such institutional arrangements may include savings and credit groups, informal mutual aid and insurance groups, user groups for managing common property resources, etc.

Figure 1: Initiating a virtuous circle – social protection, the development process and poverty reduction



Public policy for social protection needs to include a balance between interventions designed to *prevent* shocks which will have a negative impact on the poor (through appropriate trade and macro policy, flood protection, primary health care, and so on); *ex ante* measures which *reduce* the impact of such shocks when they happen (for example, by promoting diversified income sources for the poor); and *post facto* policies which help those affected *cope* once shocks have occurred. As a general rule, public policy needs to strengthen measures for preventing and mitigating shocks rather than merely relying on policies to assist people to cope afterwards.

Finally, strengthening the capacity of public policy to help the poorest (those who suffer from persistent rather than transitory deprivation) is a priority in many developing countries. This is a challenging area, requiring sophisticated institutional capacity both to identify groups needing special assistance, and to develop complex and differentiated policy responses. In order to help the poorest, the state must improve the capacity of publicly-led assistance to identify effectively the poorest and most vulnerable; to make state structures more responsive to the needs of those who are in the weakest position to voice demands; to strengthen the capacity of civil society groups representing the poorest to hold service providers accountable; and to increase substantially the institutional capacity and transparency of public services, in order to enhance the likelihood that transfers reach those who need them.

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