

# The Social Protection Programmes and Inclusive Growth: A Theoretical Analysis

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**Abstract:** Today the whole world is increasingly interconnected, prone to beneficial impacts as well as severity of risks that arise from economic progress. Poverty, inequality and exclusion have become the shackles to the improvement in productivity and environmental quality and the lack of equality of opportunity to access to quality education, health and nutrition have become the major speed-breakers. Consequently, the world has been facing unemployment or underemployment, social and income insecurity and low skills to get the opportunities made available by the on-going economic growth process. Majority of the developing countries today are implementing a variety of social protection policies comprising social Insurance, social assistance and labour market programmes to improve the income levels, consumption and to impact the human development process. In some countries children-specific and senior citizen –specific social protection policies are being implemented to protect the households and to lift them above the poverty line by reducing the vulnerability and severity of poverty. This paper, based on secondary data, primarily aims at the presentation of a theoretical analysis of these social protection policies and the impact of the investments made into these programmes and how the developing countries are moving toward integrated social protection programmes, as it was experienced that no single instrument can have a fatal attack on reducing the poverty.

**Keywords:** Extreme Poverty, Social Protection, Income Security, Social Insurance, Social Assistance, Labour Market Programmes.

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## I. INTRODUCTION

In recent years the economists and researchers have been engaged in the analytical studies of the concept “Poverty” and its duration. They have been striving to invent and discover its different dimensions by which it can be measured and defined. Of late it is viewed from “Social Participation and Inclusion” perspective. Looking and analysing poverty from its duration, it was defined as the “exclusion from cooperative activity, those in poverty are not able to participate in the social life of a community at a minimally acceptable level” (Kanbur, 1987; Barrientos, 2010; ILO, 2015). Today, the concept of poverty not only represents the deficits in well-being and identifying the determining factors at micro level but also on the macro-aggregate factors which generate poverty within societies. As one of these macro-aggregates, the discussion on the concept “poverty” is looking at its vulnerability trends and multidimensionality. The research has identified a key dimension of poverty – duration – which deals with the causes of mobility into and out of poverty (Hulme and Shepherd, 2003; Baulch and Hoddinott, 2000; CPRC, 2005). This notion of “vulnerability” was named as “a prospective approach to poverty duration”. This approach is predictive exercise which deals with probability that “the individuals, households or communities will be in poverty in future” and expects that those currently in poverty have a significantly higher probability of being poor in the future caught in “poverty trap” (Heitzman et.al.2002; Hoddinott and Quisumbing,2003;Armando Barrientos,2010). These research observations revealed that “Poverty begets Poverty” and vulnerability was not only a dimension of poverty but could also be cause of poverty and its persistence.

Moving Beyond the deficits in well-being, most of the developing countries have aimed at multidimensionality of poverty and vulnerability which were exerting high pressure on development with social justice. In this context, they have adopted “Social Protection” as an important poverty frame work to address poverty and vulnerability. Complementing to these efforts, a number of multilateral and bilateral organisations and non-governmental organisations have also began to adopt social protection programmes. This approach to development with social justice has got momentum particularly by the recommendation of ILO concerning “National Floors of Social Protection (No.202)” adopted in 2012. This recommendation has reflected in the joint commitment of governments, employers and workers building nationally defined social protection floors which aimed at a guarantee of at least a basic level of social security to all, encompassing access to health care and income security throughout people’s lives and ensuring their dignity and rights. As it was observed, even today, the world has been facing a deep social crisis, a crisis of social justice and also the progress made in reducing the levels of extreme poverty is not satisfactory, the adoption of social protection measures were felt as

necessary elements of a policy response that could address the poverty and vulnerability both in developed and developing countries.

### **What is “Social Protection”?**

According to Asian Development Bank, social protection is a “set of policies, programmes designed to reduce poverty and vulnerability by promoting efficient labour markets, diminishing people’s exposure to risks and enhancing their capacity to protect themselves against hazards and interruption/loss of income” (Asian Development Bank, 2001). The UN Research Institute for Social Development (UNSRD) defined social protection as policies which are “concerned with preventing, managing and overcoming situations that adversely affect people’s well-being”. UNICEF and the World Bank have defined social protection as “a set of policies and programmes seeking to reduce social and economic risk to alleviate extreme poverty and deprivation and to promote decent standards of living stemming in part from fair and equitable working standards” (UNESCO, 2012). Based on this definition UNICEF developed a child – sensitive system of social protection, representing the following three core dimensions:

- (1) the protection and support of minimum income standards for families with children,
- (2) the protection of children’s access to adequate parental time and adult supervision, and
- (3) the provision of services and support vital to well-being and healthy development.

The above mentioned definitions are self-explanatory which explain that social protection is recognised as the fundamental human right to social security. It includes not only public social security schemes but also private or non-statutory schemes with a similar objective such as mutual benefit societies and occupational pension schemes, provided that the contributions to those schemes are not wholly determined by the market forces. It is to be noted that as the definitions reveal, the lack of access to social protection constitutes a major obstacle to economic and social development. Besides, inadequate or absence of social protection coverage is associated with high and persistent levels of inequality and insufficient investments in human capital and human capabilities (ILO, 2014).

By going through the above discussion, we can simply identify the policy prescription of social protection programmes as:

1. Pro-poor growth, and
2. Policies that build the assets of poor (human development), which are sufficient conditions for poverty eradication.

Consequently in recent years, social protection has been shifting towards social risk management to reduce the economic vulnerability of households with appropriate instruments. Being influenced by these approaches, Ms. Sepulveda was appointed in 2008 to examine the relationship between extreme poverty and the enjoyment of human rights paying particular attention to the situation of vulnerable groups and the impact of discrimination with particular reference to Millennium Development Goal-1. In her report, she has recommended that there was a strong evidence to prove that social protection systems have the potential to assist in realisation of the right to an adequate standard of living (including the right to adequate food and housing), the right to social security, the right to education and the right to the highest attainable standard of health (Magdalena Sepulveda and Nyst, 2012).

Of late, it is recognised by many of the developing countries that social protection is a key element of national strategies to promote human development, political stability and inclusive growth. Though the two concepts – social protection and social security – are synonyms for some institutions like ILO, we can simply draw a line of demarcation in between them. Social protection is a broader term which consists of social security, social assistance and welfare programmes. Social security is related to contributory schemes which are mainly concentrating in the formal sector of an economy and social assistance and welfare programmes are non-contributory in nature. According to ILO, social security is the protection that a society provides to individuals and households to ensure access to health care and guarantee income security, particularly in the cases of old age, unemployment, sickness, invalidity, maternity or loss of a bread winner (ILO, Fact Sheet on Social Security, 2016). The recent Human Development Report-2015 which dealt with the methodology to enhance the human development through work observed that the strategy of social protection and the policy options to expand social protection for enhancing the links between work and human development.(UNDP, 2013;2015; Christopher J. Anderson and Jonas Partusson,2006). The Report suggested the persuasion of well designed, appropriately targeted and well implemented social protection programmes with appropriate work strategies.

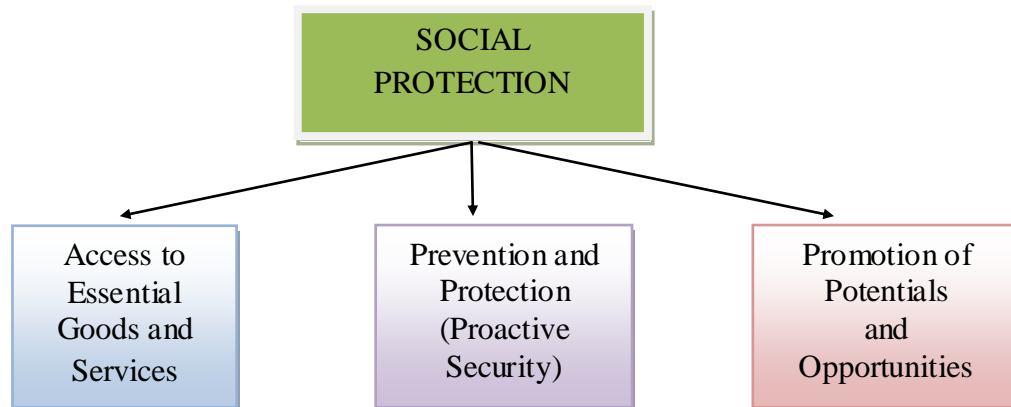
### **The Principles of Social Protection Programmes**

There are some guiding principles of social protection strategy which are based on the theory and practice and these principles help to identify appropriate ways to meet the above said objectives. The following are the principles.

1. Equality of Treatment (Equality)
2. Recognition of individual rights (Solidarity)
3. All members of society should participate and benefit from social protection (Inclusiveness)
4. General responsibility of the State, and
5. Transparent and Democratic management of the programmes.

### **The Dimensions of Social Protection**

If the social protection strategy is to be successful in achieving the above said objectives, it must be approached on the following three levels:



The experiences of not only European countries, developed countries but also developing countries amply reveal that social protection programmes with the dimensions presented above have been significantly contribution to reduction in the depth and duration of adverse economic situations and have been acting as the influencing factors for the stabilization of labour markets and consumption. Social protection provides a safety net for the poor caught in vicious circles of poverty and also a stabilizing effect on the overall demand for goods and services produced in the economy. It is a human right, a social and political necessity and the governments that have introduced and maintained strong social security systems have not only significantly reduced inequality but also earned the trust of their citizens by providing them with reliable benefits and quality services and plays a key role in fostering social pace and social justice (ILO, 2014/15). The experiences of European countries show that social protection system has acted as an automatic stabilizer on the revenue side and the expenditure side of the government budgets and the social security systems in particular (European Parliament, 2010). Similarly the UNICEF reports exhibited that social protection is essential for preventing and reducing poverty for children and families in addressing the realization of children's rights (UNICEF, 2012, 2013, 2014). In Australia, the "bridging arrangements" for persons with disabilities and the "disability support pension" have resulted in greater participation in work and for more hours of work per week. The cases of Ireland, Saudi Arabia, UK, USA, Paraguay, Ghana, Hungary, Lithuania and the Russian Federation, the efforts of social protection implemented for persons with disabilities have yielded fruitful and positive results for their economies (ILO, 2014/15). Social Protection plays a key role for women and men of working age by stabilizing their incomes during the periods of unemployment. Worldwide, it is estimated that 2.3 per cent of GDP is allocated to social protection expenditure for women and men in ensuring income security. Unemployment benefit schemes were introduced in Bhutan, Vietnam, India, Bangladesh and old age pensions were considered as one of the human rights instruments, as majority of the older women and men have no income security in these countries. In India, a rights based-employment generation programme "Mahatma Gandhi National Rural Employment Guarantee Act" was introduced in 2005 as a social safety programme and the World Bank report entitled "The State of Social Safety Net-2015 ranked this programme as the world's largest public work programme. This programme is an entitlement to work and guarantees 100 days of unskilled work for every household which demands employment. Government of India appreciated the performance of this programme and called it as a shining example of political wisdom and commitment of the Government for social protection as it is the largest employment programme in human history. Besides, it is estimated that only 12.0 per cent of the labour force worldwide actually receive unemployment benefits and this proportion is very low at 7.0 per cent in Asia and Pacific region, 5.0 per cent in Latin America and less than 3.0 per cent in Middle East and Africa (ILO, 2014/15).

### **The Necessity of Social Protection Programmes**

The Human Development Report-2015 has identified that worldwide workers are in abusive situations and certain groups are particularly vulnerable including illegal migrants, domestic workers, sex workers and the

people who are working in hazardous industries. This report estimated that today only 27.0 per cent of the world's population is covered by a comprehensive social protection system. To put it in other words, 73.0 per cent of the people do not have access to comprehensive social protection. The data presented in Table. 1 reveals this fact and pathetic condition of the workers.

The data presented in Table. 1 reveals that still high level of child labour is prevalent in Sub-Saharan Africa, followed by South Asia. The poor working at PPP \$ 2 a day are found very high in Sub-Saharan Africa region followed by South Asia and East Asia and Pacific. It is pathetic to note that a low percentage of (12.2 per cent) of the unemployed are receiving unemployment benefits and it is almost absent in South Asian region. Though a high percentage of old age people were found receiving pensions (86.1 per cent) in Europe and

Table: 1. Risks and Uncertainties faced by the People around the World

Regions	Child Labour (% ages 5-14) (2005-13)	Working Poor at PPP \$ 2 a day	Security from Employment		Overall Life Satisfaction Index ( 0= least satisfied, 10= most satisfied (2014)
			Unemployment Benefits recipients (% of employed ages 15-64) (2005-13)	Old age pension recipients (% of statutory pension age population)	
1. Arab States	10.5	17.3	1.7	35.7	5.0
2. East Asia and Pacific	--	23.8	1.6	65.3	--
3. Europe and Central Asia	5.4	3.8	6.2	86.1	5.3
4. Latin America and Caribbean	10.8	5.6	5.3	60.8	6.5
5. South Asia	12.3	54.9	0.0	23.9	4.5
6. Sub-Saharan Africa	24.7	70.5	2.3	21.9	4.3
WORLD	14.5	26.4	12.2	65.0	5.3

**Source:** UNDP (2015) Human Development Report- 2015, Table: A1, p.50 and Table. 16, p.269.

Central Asia, this proportion was estimated as very low in Sub-Saharan Africa (21.9 per cent) and South Asia (23.9 per cent) and it is evident that 35.0 per cent of the statutory pension age population did not have access to old age income security around the world. As a cumulative effect, the Life Satisfaction Index values were found very low at 4.3 and 4.5 for Sub-Saharan Africa and South Asian Regions respectively. The overall Life Satisfaction Index value for the world is only 5.3 which indicate that almost half of the world population is not satisfied with the lives what they are experiencing. At this juncture, investments in social protection programmes provide fruitful results by ensuring higher income security, which automatically impact the different dimensions of Human Development in both developing and developed countries. As it is observed these investments lead to better health and physical development, better educational performance, and ensures better health status and consequently strengthens the human resources and transforms them into more productive and better employable workforce.

All these illustrations amply reveal that social protection schemes are highly essential for achieving inclusive growth driven by the rising labour productivity and empowering people to find "work and not jobs". It is beyond doubt that the Governments should realise that expenditures on social protection programmes is nothing but an investment in their country's "human infrastructure", which is more important than the investments in physical infrastructure. Realising this significant contribution of social protection, ILO has developed "the Social Protection Floors" approach based on these experiences of extending protection mostly in developing countries (ILO, 2011). Being driven by this approach, China formed the social protection system adapted to the market economic system comprising three basis systems, viz., a social insurance system, a social assistance system and a social welfare system (Juwei, 2010). In India, Mahatma Gandhi National Rural Employment Guarantee Act came into existence on February, 2, 2006 as a "rights based-employment generation programme" and also a social safety programme and the World Bank report entitled "The State of Social Safety Net-2015 ranked this programme as the world's largest public work programme. This programme is an entitlement to work and guarantees 100 days of unskilled work for every household which demands employment.. Government of India appreciated the performance of this programme and called it as "a shining example of political wisdom and commitment of the Government for social protection" as it is the largest employment programme in human history (Government of India, 2015). This programme focuses on creation of community assets or individual assets for vulnerable sections such as improving land productivity, providing suitable infrastructure for irrigation, construction of houses, promotion of livestock and soil conservation. This

programme is also designed to enhance the quality of environmental services such as water for irrigation and improvement in soil quality (Tiwari Rakesh, et. al. 2011).

### The Empirical Evidence

Much discussion has been carried out to identify the advantages and disadvantages of social protection instruments and their impact on poverty, human development and social and income security. Generally, the social protection programmes are categorised into the following four categories:

1. Pure Income Transfer Programmes
2. Income Transfer Programmes conditional on the supply of Labour
3. Income Transfer Programmes conditional on Human Capital Investment and
4. Integrated Poverty Reduction Programmes.

The experiences of Zambia, Malawi, Bangladesh, Bolivia, Botswana, Brazil, India, Mauritius, Namibia, Nepal, Kenya, Mongolia and South Africa show that social protection programmes had a significant poverty reduction-effect in their economies (OECD,2009;Asian Development Bank,2013;UNDP,2013; Sharma,2014;Barrientos,2010, Institute of Development Studies, 2011). These programmes had a beneficial effect on vulnerability among older people and their households, facilitated investments in schooling, smoothened the seasonal income fluctuations in rural areas. The experiences of Brazil, Mexico, Bangladesh, and Chile have proved that investments in social protection programmes ensured improvements in consumption, facilitated investments in nutrition, health care and availability and utilisation of basic services in urban areas also. It was proved that they have improved their human and productive asset base and consequently they could achieve minimum threshold across seven main dimensions of well-being: income, employment, housing, health, education, registration and household dynamics.

The Atlas of Social Protection Indicators of Resilience and Equity (ASPIRE) prepared by the World Bank, covering 57 developing countries, 5 million individuals and 1.3 million households revealed that the benefit incidence and the coverage of social protection programmes during the period 2005-2010 are significant in all the country groups as shown in Table. 2.

Table: 2. The Benefit Incidence and Coverage of Social Protection Programmes

S. No.	Country Groups	Households in Poorest Quintile (%)	
		Benefit Incidence *	Coverage of the Social Assistance Programmes @
1	East Asia and Pacific	22.7	47.6
2	Europe and Central Asia	31.9	50.8
3	Latin America & Caribbean	29.4	50.9
4	Middle East & North Africa	22.2	28.3
5	South Asia	22.2	33.7
6	Sub-Saharan Africa	9.4	23.4

**Note:** \*Benefit incidence refers to the percentage of benefits going to the poorest quintile of the post-transfer welfare distribution relative to the total (Sum of all transfers received by all individuals in the quintile) / (Sum of all transactions received by all individuals in total beneficiaries @ coverage refers to the percentage of population participating in social protection and labour programmes. It is computed as the number of members receives the transfer) / (Number of Individual in that quintile)

Source: [www.worldbank.org/aspire](http://www.worldbank.org/aspire)

The data presented in Table. 2 amply reveals that the benefit incidence was found highest in Europe and Central Asia (31.9%), followed by Latin America and Caribbean (29.4%). Though the coverage of the social assistance programmes was high, the benefit incidence was found low in all the country groups and the benefit incidence was lowest in Sub-Saharan African countries. However, these programmes have benefitted a significant proportion of poorest households.

## II. CONCLUSION

Social Protection Programmes serve as the best approach for social risk management and provides a useful framework particularly for rural areas. These programmes can be used as “livelihood promotion” programmes rather than “livelihood protection” activities. The Governments must put efforts to make social protection activities as a powerful toolkit for economic as well as social development. Governments must focus their attention to transform social protection programmes must be redesigned to facilitate “climate proof” rural economies by designing suitable disaster risk reduction policies. The economies in which a high proportion of workers are dependent on agriculture sector, must initiate intervention policies by which social protection and agricultural activities are meaningfully combined for reducing poverty in rural areas. The Governments must realise the policy linkages between social protection and achieving food security and design suitable and useful

framework which converts the social protection instruments that suits their plan priorities, objectives and functions. Every social protection activity must contain the element of “Gender Sensitivity” and must ensure ‘inclusive growth’ particularly for vulnerable and poor women and should aim at the promotion of “socially inclusive growth”. It was argued that social protection activities must be directed towards a plan of planting fruit trees on degraded lands allotted to poor to make their diet more nutritious, diversify their livelihoods and to reduce seasonal vulnerability (Saxena, 2008). Hence, keeping in the local economic, social and geographical conditions, every government must try to design and evaluate social protection programmes and utmost care should be taken to link the social protection programmes to other public interventions in an integrated systems approach. It is to be noticed that social protection programmes which are well integrated with agriculture sector policies and are aligned with the objectives, and priorities of development plans have yielded the desired results. Evaluative and analytical research is necessary shedding light on the complementary role that these programmes play in economic development of the developing economies. The Governments should realise the fact that the expenditure made on these programmes is not a “fiscal burden” but an investment into human development, which enriches the quality of human resources and provides both income and social security and must consider it as a productive input that spirals the process of economic development.

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