



# The Rise of Social Protection in Development: Progress and Pitfalls

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**THE RISE OF SOCIAL PROTECTION IN DEVELOPMENT: PROGRESS AND PITFALLS**

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**Abstract**

This paper reflects on the political context(s) in which the rise of social protection on the development agenda has taken place. While the 1997 crisis contributed to a Polanyian reaction to previous growth patterns, two years after the financial crisis of 2008 we witness more divergent responses. Emerging economies seem to be on a path of secular expansion of social services and protection, but the tide of social policies within Europe has turned, including in increasingly exclusionary practices vis-à-vis immigrants. While questions continue to be posed regarding the role of international development co-operation, and the role of new donors continues to grow, the emergence of developmentalist approaches may create new opportunities for agendas for social justice, but there is a corresponding risk of instrumentalisation of social policies. This paper therefore reflects on the way approaches in international development are embedded in global politics (and the more mundane operation of donors) – and thus impact on and are conditioned by national politics – as these are critical for the sustainability of progressive approaches.

## **Introduction**

The meteoric speed of the rise of social protection on the development agenda is barely subject of discussion anymore. In the late 1990s, it did exist in the vocabulary of a number of organisations, but for only a few, and very few had major spending programmes. It was not very popular, for example, in the view of those who pushed poverty to the core of the international development agenda, like Clare Short and perhaps even Jim Wolfensohn (a professed supporter of community driven development, for example, as described brilliantly in Mallaby 2005). Over the next ten years, social protection became among the fastest growing sectors in the aid industry. The global financial and economic crisis since 2008 at least temporarily reinforced this interest, as the crisis was perhaps ‘an opportunity’, and social protection part of the desired counter-cyclical instrument (of course, the latter has provided to be a short-lived hope within Europe which now appears to face a second wave of rolling back the state, as manifested in the UK by the ‘big society’ idea, and in the Netherlands by similar liberal-party emphasis of return of society).

This paper reflects on and analyses the context – political and otherwise – in which this rise of social protection has taken place, and speculates about its future. It does so from the perspective that enhanced social protection is desirable, at national and international levels (through new forms of taxation, countering a tiny bit of the incredible rise of global inequalities particularly at the top end of the income distribution). At the same time, continued reflection on the way approaches in international development are embedded in global politics – and thus impact on and are conditioned by national politics – is critical for the sustainability of progressive approaches (as well as for renewing the legitimacy of development initiatives). In particular, it is important that we consider the emergence or return of a developmentalist approach, partly driven by the new international role of emerging economies, and ensure that the analysis of and advocacy for social protection is embedded in a broader notion of national policy making in globalised contexts.

### **Why did social protection become popular?**

First, why did social protection become so popular in international development, during a period that we now are likely to regard as that of ‘inclusive neo-liberalism’?<sup>1</sup> As we discovered in 2000, social protection was defined rather differently by different agencies (Conway, de Haan, Norton 2000). Since then, this malleability has proven to be a great strength. For some agencies, notably the World Bank, social protection had been an ideal vehicle for addressing the critique of

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<sup>1</sup> Craig and Porter (2005); note the importance of PRSPs, at the time, which ‘represent both a primary policy device of international development institutions, and an instance of a wider international convergence of public policy around global integration and social inclusion’ (Craig and Porter 2003: 53).

the impact of structural adjustment, first through the projectised Social Funds, often combining with a CDD approach (e.g. in Indonesia), and increasingly through more programmatic social protection lending. Regional Banks show very interesting differences in approaches to social protection, with for example the Asian Development Bank usually reflecting a much more productivist focus typical of the region's predominant public policy discourse.<sup>2</sup>

The UK came relatively late to the scene of social protection, because of the twin forces of a dominant 'growth-first' approach, and because its social development advisers continued to focus on mainstreaming social development objectives (in the World Bank the fields of social 'development' and 'protection' were institutionally segregated as well). But since the mid 2000s it has been among the strongest advocates. For the NORDIC countries and to some extent Germany a focus on social protection came natural, as their own histories and ideology made them believe almost instinctively in the complementarity of social and economic policies (rather than the fear of trade-off much more dominant in the Anglo-Saxon world).<sup>3</sup> Only very recently has the EC entered the debate on social protection, with the *European Development Report*, a brief mention in new policy documentation, and co-support to programmes in Africa.

Among the multilaterals, UNICEF has been amongst the most fervent supporters of social protection, partly because of the potentials for inter-generational support of cash transfers. In the latter part of the 2000s the ILO regained some of the ground of the development debate it had lost since the 1970s, particularly with the technical analysis showing the affordability of social protection,<sup>4</sup> and in promoting the initiative towards a Global Social Protection Floor, in which it has been joined by a number of other agencies. Social protection, while being hugely contested in national public policies, thus became an ideal concept for the consensus-oriented aid industry.

The flip side of this question of course is: why did social protection become so popular in the South? The reasons for this 'quiet revolution' (Barrientos and Hulme 2008) are more diverse – and perhaps more tentative<sup>5</sup> – than one may expect. One key turning point was the 1997 East Asia crisis,<sup>6</sup> which brought home the message that growth was not enough, or at least not sustainable as had been hoped for. Protective measures became to be as key to development and political stability and reform, as Huck-ju Kwon (2005, 2008, 2009) has described for South

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<sup>2</sup> See Barrientos and Hulme 2008 and Cook and Kabeer 2009 for descriptions of regional diversity of approaches

<sup>3</sup> Timo Voipio has been amongst active advocates for social protection in the donor community; see Voipio 2007.

<sup>4</sup> Pal et al. 2005, Behrendt 2008; assumptions behind these calculations have been discussed by Klasen (2010).

<sup>5</sup> Not in the sense of expanding social protection instruments in emerging economies, as the history of expansion of social protection has a secular tendency of 'growing public' (Lindert 2004); it is tentative in the sense of the consensus this provides for international development practice.

<sup>6</sup> The 2008 crisis had a very different impact on East Asia, of course; one of the significant facts for the international development *debate* was the emphasis that the crisis had originated in the West (combined with the emphasis on failure of 1997 responses, notably that of the IMF).

Korea. In Indonesia, the 1997 economic and political crises led to a fairly rapid institutionalisation of a social welfare/security system (Murniningtyas 2009).

Changes in the world's two largest emerging economies will be attracting increasing attention, as their policies directly impact over one-third of the world's population, and their development models will increasingly influence the global debate. China remained fiscally conservative after the 1997 crisis, but was gradually expanding social services and social security (which it had let collapse with 'growth-first' reforms since 1978), and the 2008 crisis led to enhanced push to create a social safety net (de Haan and Sen, forthcoming). In India, the 'Inclusive Growth' aspirations of the post-2004 Congress-led government and the civil society advocacy for rights-based development gave a major push to development of social protection schemes, most notably NREGA, and (subsequently shelved) planned legislation for informal sector workers.

The much-celebrated popularity of social protection (particularly cash transfers) in Latin America had partly similar origins, as the continent suffered from more economic crises than anybody else during the 1990s (and it was the place of the first experiment of the World Bank's Social Funds, in Bolivia). However, probably more important was the rise of the democratic and pro-market populism that has been most clearly manifested in the successes of Bolsa Familia under Lula (Fenwick 2008, Zucco 2009), where it was shown that pro-poor policies could become both economically and politically (and institutionally) sustainable. The Latin American success has now been disseminated widely, including in New York City where Mayor Michael Bloomberg, after visiting Oportunidades in Mexico promoted a privately-funded pilot conditional cash transfer in one of NYC's deprived neighbourhoods.<sup>7</sup>

Within Africa, social protection has become an important part of the donor-focus on poverty reduction, and the political alliances with leaders like Paul Kagame (through the VUP), Ethiopia (through the Productive Safety Net Programme), and perhaps to a lesser extent Uganda (through the Social Action Fund, see Hickey 2007, and the recent multi-donor social protection programme). Other recent programmes in the area of social protection include pensions in Lesotho, school feeding in Kenya, and health insurance in Ghana. The African Union has made promotion of social protection a central part of its mandate, as manifested in the 2008 Social Policy Framework, and the 2010 Khartoum Declaration.

In South Africa, very impressive social pensions and child support programmes, as part of the post-Apartheid strategy to build up a comprehensive social insurance system, and to redress the injustice of Apartheid (alongside economic empowerment programmes), supported by moderate but sustained economic growth and enhanced fiscal revenue. As described by Stephen Devereux,

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<sup>7</sup> [www.socialprotectionnet.org](http://www.socialprotectionnet.org); Lloyd-Sherlock and Barrientos (2009)

there are direct links of the South African experience to the surrounding countries – but the lessons from these are likely to be unique as well.

The predominant explanation of the popularity has tended to be along social-democratic (or Polanyian) lines, in which needs and growing inequalities and vulnerabilities trigger expansions of public policies. These interpretations have tended to neglect the political nature of social policies, which highlight that expansion of social policies occur under very varied political impulses and regimes (Moore 2000, Putzel 2002, Hickey 2008), and we should not be naïve regarding the political motivations of expansion of social protection in for example China and Ethiopia, and apparently also Iran. Moreover, while in Latin America expansion of social protection is firmly embedded in the democratic neo-liberal compact, in the poorest countries the fiscal sustainability nor political commitment can be taken for granted, while at the same time the international scene is taking a dramatic turn.

### **Is the tide turning ?**

With such a wide-spread recognition, and much empirical evidence to substantiate the case for social protection, including possibilities to limit costs and disincentives, one could be forgiven to be only optimistic regarding the future development of social protection as a core part of the development agenda. However, there are reasons to temper such optimism, or rather to deepen our understanding of the national and international politics in which social policies are embedded, to strengthen advocacy.

In the first place, as has been highlighted by Peter Lindert (2004) in his seminal work on the history of social protection in the North, where he demonstrates the welfare state can be a ‘free lunch’, no amount of technical analysis and evidence will obliterate the political differences around social provisioning (and of course the fierce debates around Obama’s health care reforms proved exactly that). The recent experience in Brazil gives ground for optimism but does not reject this hypothesis: the sustainability of the successful Bolsa Familia is predicated upon limitation of costs to the taxpayers, and limitation of costs to those who benefit from other, regressive social policies, during a period of high economic growth. Similarly, the expansion of social protection under China’s ‘harmonious society’ project remains fiscally conservative, and is as much informed by concerns for social unrest (and public health concerns after SARS), as a concern for citizens’ well-being.

Second, there is an enormous danger in the way the aid industry is marked by fads and buzz-words. These are partly driven by political changes in donor countries, and recent shifts in Europe pose large challenges as we discuss below. But the constant changing of priorities amongst donor agencies is more endemic than these democratically-induced pressures. Arguably, one of the reasons for popularity of social protection within some agencies was the idea that

social protection can yield quick results, and can have a direct and measurable impact against for example the Millennium Development Goals. Of course, social protection is not a fad, but an indispensable element of sustainable development, but even in 2010 there were already signs that the interest in social protection was waning, as was a critique of an unbalanced expansion of social protection under a donor-driven ‘piloting’ mode.<sup>8</sup>

Inevitably, perceptions in countries in Africa regarding the need to expand social protection are diverse. There is no doubt that an increasing number of countries have introduced social protection programmes. At the same time, and fuelled by critique of aid like that of Dambisa Moyo – an increasing number of voices appear to be voicing concerns with the welfarist nature of aid provision – which originated under the efforts to balance the growth-first emphasis under structural adjustment, amended but deepened to a certain extent under the MDG project – and arguing for a stronger emphasis on creating the pre-conditions of economic growth, for investment in ‘productive’ activities, infrastructure, irrigation etc. This shift is clearly demonstrated in the recent development plan of Uganda, which does include poverty and human development objectives, but much less central than in the late 1990s/early 2000s (Hickey 2010). As programmes and their extensions (to national scale, as VUP in Rwanda), are dependent on aid flows, these shifts are of critical importance.

The changing positioning of development objectives and approaches are promoted – partly intentionally, largely unintentionally – by the growing role of emerging economies in Africa and elsewhere. China in particular has presented itself as an opportunity for African leaders not only in terms of a new channel of access to global markets and (particularly) exports of raw materials, but also in terms of new ways of doing business and aid relations. While the idea of a post-Washington Consensus being replaced by a Beijing Consensus is perhaps illusory (certainly the idea of a ‘Beijing Consensus’ has little empirical grounding), China’s emphasis on providing essential infrastructure (rather than social services) and promoting mutually beneficial economic relations (rather than aid) clearly does chime well with the turn towards productivist approaches described above. The fact that social protection was not seen – partly wrongly<sup>9</sup> – as key to China’s growth successes since 1978 reinforces a risk that social protection might be dropping in rank of development priorities. In any case, there are few signs that the role of the new donors will strengthen the case for social protection.

Finally, the biggest threat perhaps comes from the (old) donor nations. The move towards a more progressive poverty approach (and untying of aid) since the late 1990s was of course facilitated

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<sup>8</sup> It is important to distinguish the practices of piloting and experimentation as implemented in India and China (where experimentation is a core part of reforms), and the way for example Bolsa Familia built on local programmes, from the piloting promoted by donors, for example in Zambia.

<sup>9</sup> China’s extensive social services pre-1978 arguably have been key to its successful integration into the global economy; since then, however, its social policies have been marked by a productivist orientation.

by the political changes in Europe at the time (notably, in the UK; but even in the 2000s strong forces notably of the security agenda kept aid ‘political’). The aftermath of the crisis brought short-lived optimism regarding strengthening of Keynesian and redistributive policies, but with the political changes in 2010 these now appear distant hopes.<sup>10</sup> Though the UK has ring-fenced its aid budget, the Netherlands has reverted to an instrumentalisation of aid for national political and economic purposes,<sup>11</sup> and even in the UK political pressure inevitably will change practices. A decline or even stagnation of aid flows will put social protection systems now in its primacy like in Rwanda at risk. At least in the Netherlands, it is clear that social protection will be very low on the ladder of priorities. The emergence of G20 is unlikely to make up for this, as mentioned, as emerging economies are likely to promote a focus on infrastructure in development efforts; in fact, China and India have done so in the last ten years in their engagement within the World Bank (Mallaby 2005), and again it is hard to argue this is not desirable.

### **Where next?**

Where does this lead us? First of all, to harness efforts to strengthen social protection, we need a better political understanding of the social protection agenda, at international and national levels, and of the partnerships between international agencies and national agendas (Barrientos and Hulme 2008). ‘Social’ policies are no less political than other policies; in fact they often are more so. With the existence of different political models, and the new politics of aid, the link between politics and social protection are becoming increasingly relevant. This is directly relevant for a rights-focus within the social protection debate, as the realisation of rights and building of social contracts (and accompanying patterns of taxation) are, of course, inherently political projects.

Second, the social protection debate needs to be better embedded in broader debates of public policies, and not seen as alternatives. Perhaps by chance rather than by design, the move towards a more productivist focus may well be in line with the social policy (rather than social *protection*) approach that has been promoted through the UNRISD research led by Thandika Mkandawire, and well articulated in Jimi Adesina’s background paper for the European Development Report. This argues for social policy – health, education, social protection, labour – in a developmental sense (manifested in histories of late industrialisers), and thus stresses the role of social protection in processes of nation building (and this structuring of citizenship), productive investment and social transformation, revenue generation, and thus implies a critique of the residual notion of social policy that became dominant in the 1980s. Again, the recent development plans of Uganda suggest there may well be some convergence around a

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<sup>10</sup> Paul Krugman, *Leaving Children Behind*,

[http://www.nytimes.com/2011/02/28/opinion/28krugman.html?\\_r=2&scp=2&sq=krugman&st=cse](http://www.nytimes.com/2011/02/28/opinion/28krugman.html?_r=2&scp=2&sq=krugman&st=cse)

<sup>11</sup> <http://www.iss.nl/Conferences-Seminars-Public-Debates/ISS-development-debate-2010>



developmentalist approach; however this can only be an opportunity for a social protection agenda as this is seen as fundamentally complementary (but politically contested) to other elements of development policy.

Thirdly, while more can be done to document the lessons from good experiences and successes in social protection, more also needs to be done to explain *what* the relevance of these lessons are (such as the need for political ‘will’ or ‘demand’), and to develop a more conscious reflection on the processes of lesson learning. The history of social policy in Europe, and policy design in China, has drawn heavily on international experience, but this lesson learning has been on the basis of equal power relations, and it critically relevant that we think about how international power structures (North-South, but also South-South, or triangular) networks of learning.

From this follows a conclusion that much more needs to be done to use global networks of learning to support stronger and more independent national capacities and traditions for policy formulation and implementation. There has been much focus on technical capacity for assessing social protection, and this has contributed to its success; future work should include more attention to understanding the local politics and social contracts (Graham 2002, Hickey 2008) in which these programmes are embedded, and the way research-policy links are structured in particular contexts.

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