IBSA Academic Forum

Session Briefing Note
Social Development Strategies for Inclusive Growth
April 12, 2010

Learning from the Social Development Strategies from IBSA countries

The objective of this session is to facilitate an exchange between researchers and policy makers in the three countries on their social development strategies and to identify potential themes for a collaborative applied policy research programme involving Indian, Brazilian and South African researchers, which can also potentially contribute to the IBSA working group on Social Development .

As a result of their own specific institutional histories and approaches to social development, the three countries have innovated in different areas of social development for which they are also well known: e.g., Brazil's social transfers, in particular, Bolsa Familia, a large scale conditional cash transfer programme that has contributed to the recent fall in inequality; India's Mahatma Gandhi National Rural Employment Guarantee Act, and South Africa's , Child Support and Grants and Old Age Pensions, as well as its Expanded Public Works Programme (EPWP). Emerging evidence suggests that the three countries have not only demonstrated the potential for adopting and implementing large social assistance programmes effectively but they may also be able to point to significant positive impacts of such policies on macroeconomic resilience, equity and poverty reduction. This suggests that a new more inclusive and resilient growth paradigm may be an important development innovation that these countries are able to put forward in the near future.

At the same time, each of the countries also appear to be interested in exploring how to go beyond their current achievements to better integrate or expand the employment or the social transfer dimension of their social development strategies with a view to making them more comprehensive. The first two panels of this session will thus focus on cash transfer s/social assistance programmes and employment policies. Although, social development encompasses additional dimensions, recent innovations in these areas and growing knowledge about their impacts makes these two areas clear priorities for an IBSA dialogue. Panel presentations are expected to highlight the main elements of the programmes in question as well as to identify the opportunities and the challenges involved in substantively and operationally linking employment, social investment and cash transfer programmes. In fact the last panel of the day is explicitly aimed at identifying synergies and hearing back from policy makers on how the different sets of policies could be better integrated in order to address the needs of families and individuals over their life course.

(1) "The Role of (Non-Contributory) Cash Transfers

Different modalities of cash transfer programmes exist in the three IBSA countries. The Brazilian and South African constitutions have enshrined social assistance as a right. Social transfers - mostly means-tested - have been stepped up in both countries and include the Old Age Pension, Disability Grant, Child Support Grant, Foster Care Grant and Care Dependency Grant programmes in South Africa and the universal non-contributory rural pension, old age and disability benefit (BPC) and the conditional cash transfer programme, *Bolsa Familia*, in Brazil. Social grants/transfers have had measurable positive impacts on poverty and on social development investments – e.g. schooling, health, nutrition n South Africa -- although the impact on inequality appears to be a more complex phenomenon to disentangle.

While there has been a rapid expansion in spending on social assistance over the last decade with a notable increase in the number of beneficiaries, there is still exclusion of some of the poorest segments of society from the coverage of the programmes, particularly, in the case of the child support grant mostly due to a lack of correct documentation on the part of the beneficiaries. Solutions to address issues of documentation thus appear to be a priority to guarantee full coverage of potential beneficiaries.

In Brazil, social transfers have contributed decisively to fight both poverty and inequality. Spending on social transfers have increased in the past decade in pace with a policy of real increases in the minimum wage to which both BPC and the rural pension are linked. Unlike South Africa, Brazil has opted to adopt conditionalities for *Bolsa Familia* that resembles the Child Support Grant in other aspects. *Bolsa Familia* has also been a protagonist with regards to the relationship among the different layers of government, involving municipalities in the implementation of the programme unlike other CCT programmes in Latin America. This close link with municipalities has also helped to consolidate the Unique System of Social Assistance (SUAS). The single registry for social programmes that grown in scale with the spread of *Bolsa Familia* may be of interest as a model to the other countries to operationally integrate their different social development programmes.

In India, social transfers are not as widespread as in the other two countries. However, India has recently expanded the eligibility to its National Old Age Pension Scheme (NOAPS) to cover the elderly living below the poverty line and not only the destitute. Its largely decentralized nature (state level programmes in addition to the central government programme) poses challenges in terms of ensuring coverage as well as adequate levels of payment especially in the poorer states. India's main equivalent social investment programme encompasses a more explicit gender dimension. *Ladli*, the social security pension allowance scheme aims to change parents' behavior *vis-à-vis* their girl children. Under the scheme, on the birth of the second girl child on or after August 20, 2005, the mother as well as the new-born girl child would get an annual transfer for a span of five years with the amount being invested and maturing when the second girl child attains the age of 18. Under the Ladli Social Security Scheme in the state of Haryana, parents who are left to fend for themselves after the marriage of their daughters would also receive a monthly pension from their 55th year until their 60th birthday. The programme was initially launched by the governments of Delhi and Haryana and is now being extended to a number of other states with some variation in design. Also of interest is the c*onvergence* approach to different programmes which has been adopted by the Government of India. In particular, in the union territory of Delhi, *Mission Convergence* has been set up with a view to integrate different social protection programmes and perhaps to introduce a state level CCT/cash transfer programme.

There are a number of questions that may of interest from a comparative policy perspective:

- How important have the conditionalities been for ensuring development impacts?
- What have been the direct and indirect impacts on labour force participation?
- What accounts for their differential impacts on poverty and inequality across the three countries? What has been the primary focus - income transfer and consumption smoothing or long term investment?
- What has been the approach taken to complementary programmes?
- How have the cash transfer programmes dealt with the supply of services on the one hand and income generation and/or employment on the other?
- What have been the uses of the information available in the social registries?
- What are promising practices as regards reductions in overhead costs of targeting and assessment of eligibility requirements?

- To what extent is attention shifting to ensuring social protection over the life-cycle/life-course as opposed to focusing on a range of vulnerable groups?

(2) The Role of Employment Programmes/Policies

Conventionally, public works programmes (PWPs) have been proposed as short term measures and/or as safety nets. However, the deployment of the National Rural Employment Guarantee Scheme (NREGS) in India and the Expanded Public Works Program in South Africa point to the potential of locating these programmes within a longer term development rationale. India's National Rural Employment Guarantee Scheme (NREGS) guarantees one hundred days of work per household at the statutory prevailing minimum wage as an entitlement/right. There is also an inbuilt focus on fostering transparency through the use of formal social audits. South Africa has also innovated in terms of the traditional public works model with the inclusion of social services such as care activities as one of its areas, instead of focusing only on infrastructure works. Emerging evidence from such programmes suggests that the perceptions against public works and their often real weaknesses have had to do with their conceptualisation as temporary safety nets, and that, done right, such programmes can be useful in addressing high levels of precarious employment, involuntary underemployment and working poverty.

In Brazil, public works programmes have not been on the agenda in the past few decades. Much of the government effort with regards to employment policies in Brazil has revolved around the establishment of a Public Employment System encompassing an unemployment benefit – as a passive employment policy – and job placement and training – as an active employment policy, covering mostly formal sector workers. The incorporation of the informal sector workers within this system has happened at a slow pace and at a small scale through training, income generation and microcredit programmes. The latter has shown some good results as far as the microcredit component is concerned, particularly in the Northeast, the poorest region in the country. However, according to some researchers, the predominant focus on the 'supply side' has led to a less than desired level of integration between the mechanisms available for the government to coordinate private sector investment through credit and government procurement mechanisms and a proactive employment policy. The success of such programmes also depends upon having an economy that creates jobs and/or other mechanisms to enhance income-generating opportunities. It points to another area of discussion for the three countries – to what extent can focusing on improving the 'employability' or individual productivity of poor "ensure their sustainable graduation from poverty"?

There are a number of other questions that may of interest from a comparative policy perspective:

- What mix of macro and meso level policies can help to facilitate structural transformation of the economy to facilitate the creation of 'good jobs'? What is the role for employment creation programmes in this context?
- By drawing in people who have often never been part of the formal workforce before – like women in many circumstances - or who face long-term structural unemployment, can employment guarantee programmes increase their 'employability' and/or facilitate their re-entry into the labour force?
- Can employment programmes also be used to address 'supply side' service delivery relevant for many cash transfer programmes and enable the poor, particularly women, to take advantage of job opportunities – e.g. through provision of childcare?

- How have public employment programmes addressed the twin issues of job creation and quality assets and services? To what extent have the programmes managed to produce assets and services that have also had a second round impact on employment and job creation?

(3) Plenary Session – A portfolio of pro poor social policies?

The plenary sessions will seek to foster discussion on the intersecting use of the policy instruments discussed in the first two sessions. . To date, in some quarters, employment guarantee schemes and public works and cash transfers have been viewed as competing policy instruments. Knowledge sharing on programme consolidation and convergence could be of interest to the three countries.

At the moment there is not enough focus on how the different policies can fit together in a broader development framework for inclusive growth although emerging evidence on macroeconomic and development impacts is promising. Whereas India has focused on Employment Guarantee Schemes, mostly in the rural areas, Brazil has focused on social transfers, and South Africa has been experimented with both. At this stage, important lessons of what has been working and what has not worked and what can potentially be adapted from one country context to another can be drawn. This policy dialogue on social development in the first day of the academic forum aims to identify the potential areas for joint research with a view to better contributing to the improvement of social development policies in our three countries.

Besides the complementarities mentioned above, there are important common issues that a research agenda on large social development programmes – either cash transfer or employment programme – should be able to address in the three countries. It includes the debate around the fiscal space and sustainability of social development programmes; their impact on the overall macroeconomic performance and not only on local economic development, particularly, in the aftermath of the recent economic crisis; and their capacity to bring in financial inclusion for the poor through access to the banking system.